



Every Child. Every Day. For a Better Tomorrow.

Superintendent's 2015-16 Operating Budget Recommendation

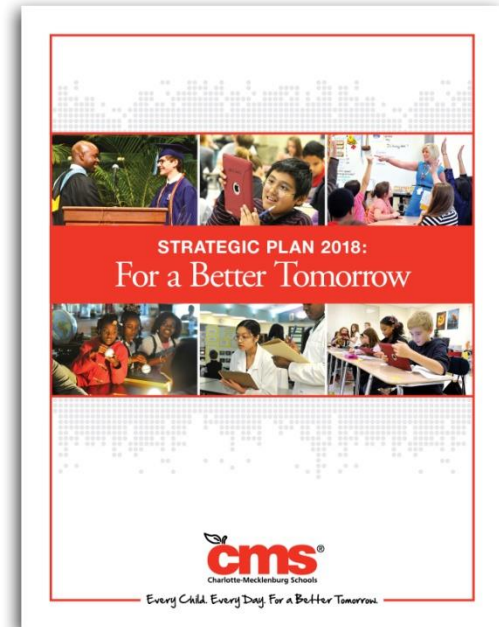
April 14, 2015

Board of Education



Charlotte-Mecklenburg Schools has a clear mission: to maximize academic achievement by every child in every school.

We also have a roadmap.
Strategic Plan 2018: For a Better Tomorrow sets six strategic goals.



Goal 1 – our top priority

Maximize academic achievement in a personalized 21st-century learning environment for every child to graduate college- and career-ready.





The other five goals support Goal 1.

Goal 2 *Recruit, develop, retain and reward a premier workforce*

Goal 3 *Cultivate partnerships with families, businesses, faith-based groups and community organizations*

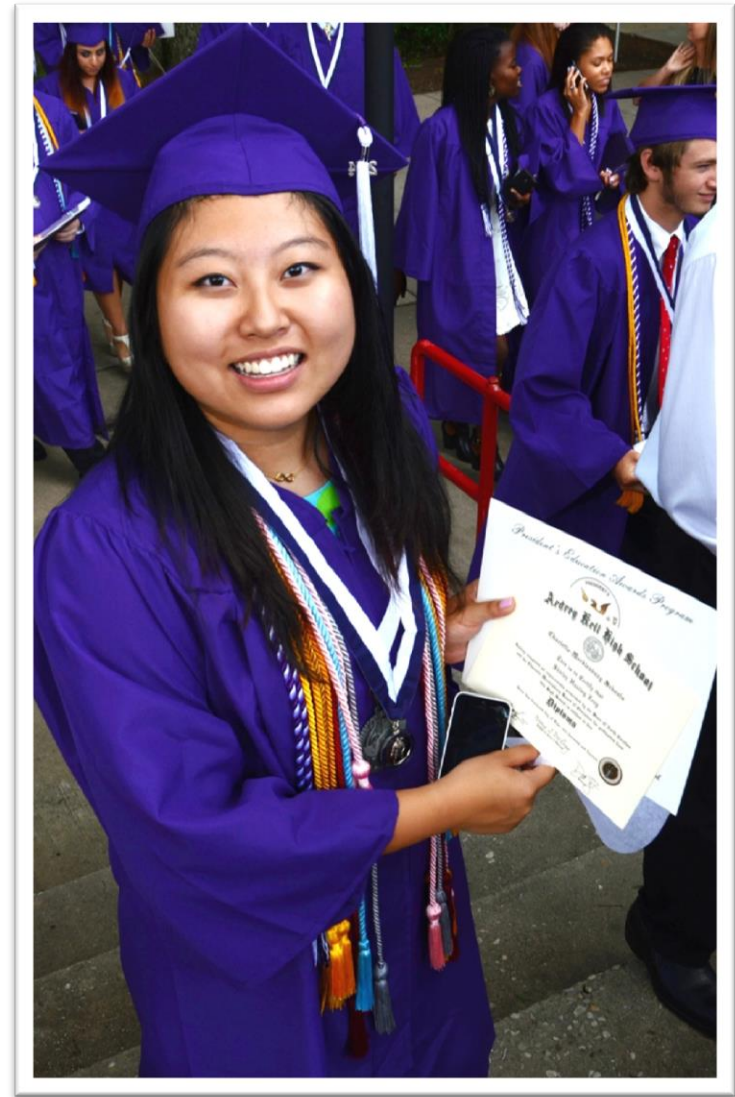
Goal 4 *Promote a system-wide culture of safety, high engagement, cultural competency and customer service*

Goal 5 *Optimize district performance and accountability*

Goal 6 *Inspire and nurture learning, creativity, innovation and entrepreneurship*

We are seeing significant progress on our goals.

- The graduation rate rose to **85.1 percent**. Graduation rates also increased in all subgroups of students.
- Our state test scores last year showed gains in proficiency ranging from **nine to 18 points**.
- Students testing at **college- and career-ready levels** increased in all subjects except reading.
- SAT performance improved by **18 points** in CMS, higher than the state in every area and overall.





Our budget proposal is a statement of our priorities – what we believe will best help us increase student academic achievement next year.

How did we identify these priorities?

Our budget development process included input from various stakeholders.

- Community engagement sessions
- Budget sessions with the Charlotte-Mecklenburg Board of Education
- Student engagement
- Input from superintendent's advisory councils
- Input from district senior leadership



Three priorities for next year

1. Continue and expand literacy supports.
2. Recruit and retain top-quality employees with competitive salaries.
3. Continue and expand student support services.

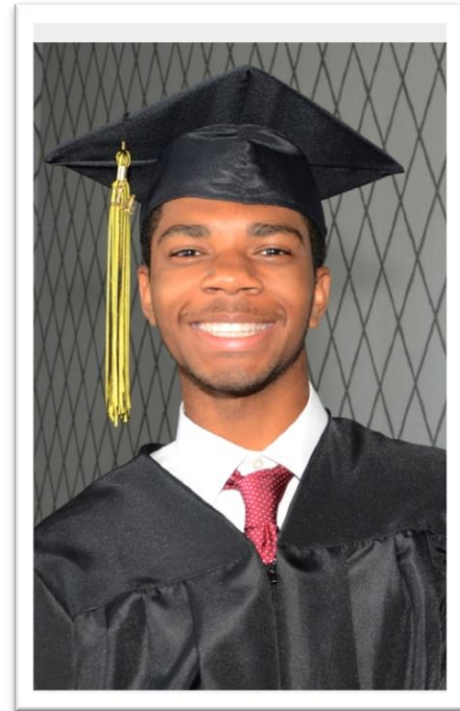
Here's why we think they are a wise investment that will benefit our students.



1. Continue and expand literacy supports.



*We will continue to work toward having every child reading on grade level by the end of third grade. But we must also address the needs of middle and high school students so that **every** student becomes a better reader **every** year.*



*Academic achievement is our top strategic goal. Our top priority is **literacy**.*



Literacy components

- ✓ Reading
- ✓ Writing
- ✓ Speaking
- ✓ Listening



1. Continue and expand literacy supports

- Maintain existing teacher assistant positions
- Targeted professional development for secondary teachers
- Expand state-funded summer reading camp for rising 4th graders to rising 3rd graders



*Improving literacy means that **every** student becomes a better reader **every** year.*

2. Recruit and retain top-quality employees with more competitive salaries

100



Percentage of employees responsible for helping students succeed

42



**National ranking of NC average teacher salaries*

0



Number of neighboring states with average teacher pay lower than NC

In 2008, North Carolina was ranked 25th in average teacher salary.

**Source: National Education Association Research, 2014-15 Estimated Average Annual Salaries of Classroom Teachers*

2. Recruit and retain top-quality employees with more competitive salaries

- Cover local impact of state-proposed increase to \$35,000 for beginning teachers and others advancing to a different salary band
- Two percent increase for any employee not receiving the state-proposed increase described above
- Cover estimated health and retirement cost increases determined by the state

An example: How benefits costs have affected employee salaries since 2008

Not adjusted for inflation or increases in deductibles, coinsurance, housing, food, gas and other living expenses

July 2008	Sample employee salary	\$ 35,000
July 2009	2009-10 Increase in health benefit cost*	\$ (523)
July 2010	2010-11 Increase in health benefit cost*	\$ (569)
July 2011	2011-12 Increase in health benefit cost*	\$ (628)
July 2012	2012-13 Salary increase – 3% state/local	\$ 1,050
	2012-13 Increase in health benefit cost*	\$ (401)
January 2014	2013-14 Increase in health benefit cost*	\$ (765)
July 2015	2014-15 Salary Increase - state	<u>\$ 500</u>
	Sample employee net salary	\$ 33,664
	Net decrease in salary since 2008	\$ (1,336)
	% decrease in salary since 2008	(3.8%)

* Fixed amount per employee; not salary dependent; assumes family coverage

3. Continue and expand support services

We launched a four-year plan in 2014-2015 to improve the social and emotional health of our students and the overall safety of our schools.

The second year of this expansion would add 34 school counselors, three psychologists and three social workers.



Quick view: Increase in county funding requested for 2015-2016

Charter school pass-through funding <i>(includes \$400,530 for Virtual Charter Schools)</i>	\$ 8.0 million
Sustaining operations <i>(includes \$2.6 million for Driver Ed)</i>	\$ 4.5 million
Student growth and additional space	\$ 5.8 million
Investing in our employees <i>(includes \$5 million for local impact of state-mandated increases for certified staff and \$9.8 million for a 2% raise for remaining employees)</i>	\$ 16.2 million
Literacy and student support services	\$ 8.8 million
Reductions and redirections	\$ (3.4) million
Increase over last year	\$ 39.9 million

2015-2016 Total Operating Budget

(all funding sources)

	<i>2015-2016 proposed budget</i>	<i>2014-2015 adopted budget</i>	<i>Percentage of change</i>
REVENUES			
State of North Carolina	\$773,040,553	\$749,327,262	3.2%
Mecklenburg County	\$428,129,792	\$388,236,594	10.3%
Federal and other grants	\$148,547,778	\$153,673,260	(3.3)%
Other and special revenues	\$19,397,730	\$20,658,033	(6.1)%
TOTAL REVENUES	<u>\$1,369,115,853</u>	<u>\$1,311,895,149</u>	4.4%

Putting it all together: Some context for the budget

How does Charlotte-Mecklenburg Schools compare with others on per-pupil spending?

How has the ratio of our funding changed in recent years?

What are the trends in employee benefits costs and how does that affect the budget?



Per-pupil expenditure ranking

North Carolina ranked **46th**

<u>State</u>	<u>Rank</u>	<u>Per pupil</u>	<u>State</u>	<u>Rank</u>	<u>Per pupil</u>
Vermont	1	\$23,149	Nevada	42	\$8,956
New York	2	\$21,366	Idaho	43	\$8,928
New Jersey	3	\$20,925	Alabama	44	\$8,797
Alaska	4	\$20,117	Mississippi	45	\$8,779
Rhode Island	5	\$19,676	North Carolina	46	\$8,620
Connecticut	6	\$17,759	North Dakota	47	\$8,518
New Hampshire	7	\$17,115	Indiana	48	\$8,034
Massachusetts	8	\$16,678	Oklahoma	49	\$7,977
Wyoming	9	\$16,127	Utah	50	\$7,711
Delaware	10	\$15,858	Arizona	51	\$7,461

National average = \$11,732

Source: National Education Association Research, Estimated Expenditures for Public Schools 2014-15

CMS spends less per pupil than many comparison districts

*(*ERS data adjusted for geographic differences and inflation)*

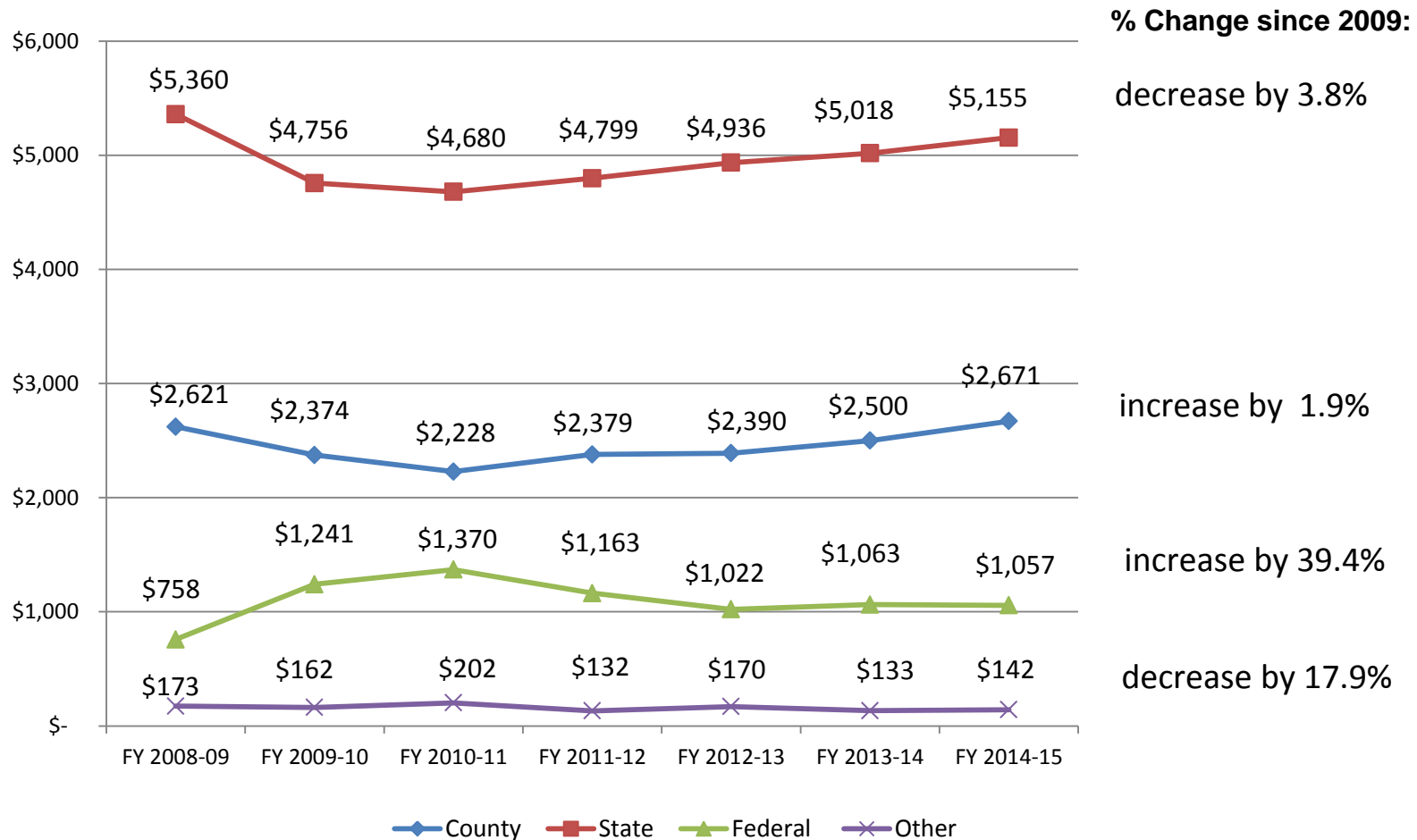
Denver, Colorado	\$11,900
Duval County, Florida	\$10,100
Fulton County, Georgia	\$10,000
Austin, Texas	\$ 9,900
Knoxville, Tennessee	\$ 9,000
Lake County, Florida	\$ 8,800
CMS	\$ 8,400
Aldine, Texas	\$ 7,600

Notes: Dollars represent PK-12 operating budget/expenditure for year studied. Dollars adjusted for geography using the National Center for Education Statistics 2005 School District Comparative Wage Index. Dollars adjusted to 2013-14 (inflation adjusted) using the Bureau of Labor Statistics CPI calculator

**Source: Education Resource Strategies' FY 13-14 Merged Financial File; ERS comparison database*

Budgeted per-pupil spending by funding source

Overall per-pupil increase of 1.3% since 2009 driven primarily by federal funding



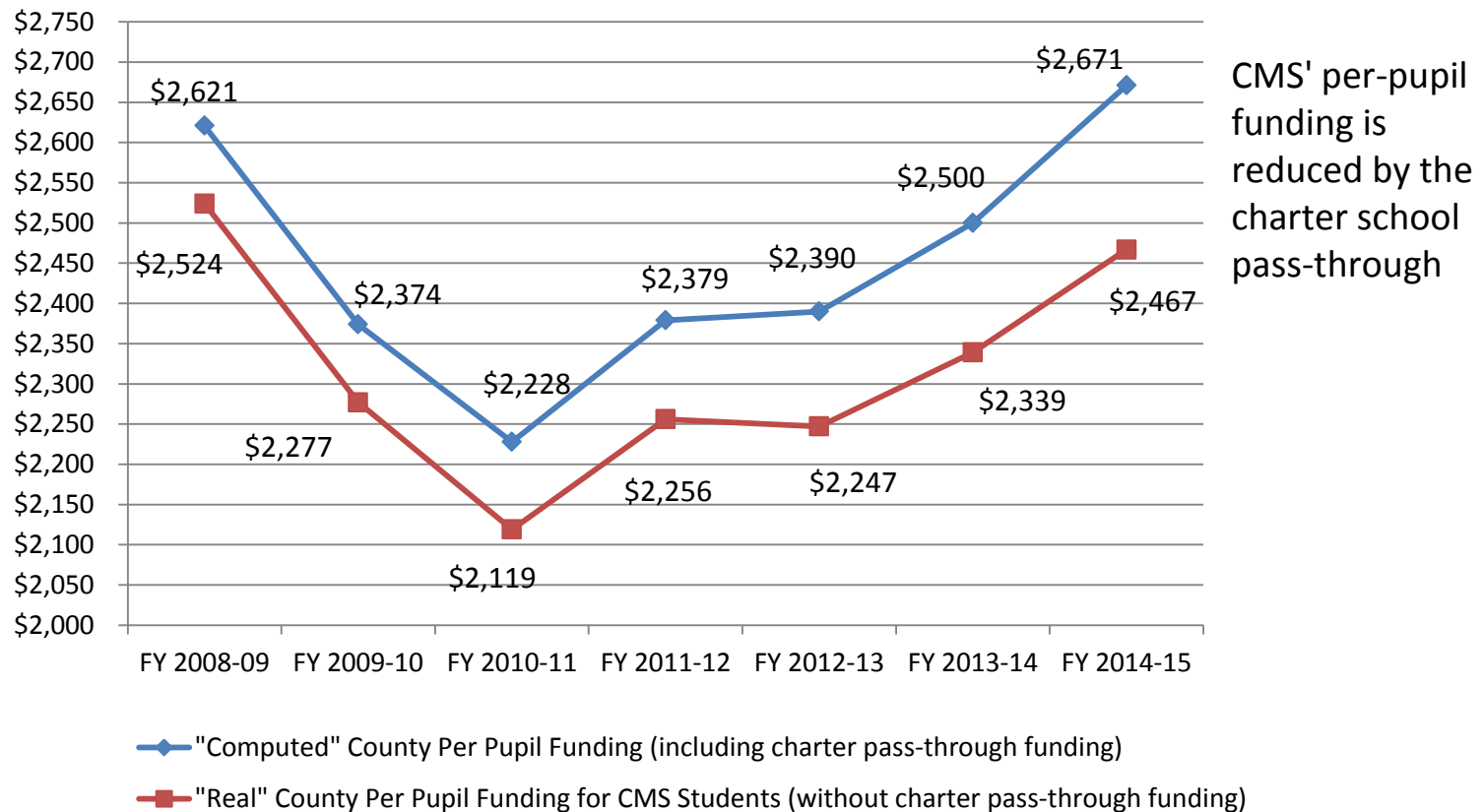
Adopted Budget **FY09** **FY10** **FY11** **FY12** **FY13** **FY14** **FY15**

Budgeted per pupil **\$8,912** \$8,533 \$8,480 \$8,473 \$8,518 \$8,714 **\$9,025**

Overall Increase 1.3%

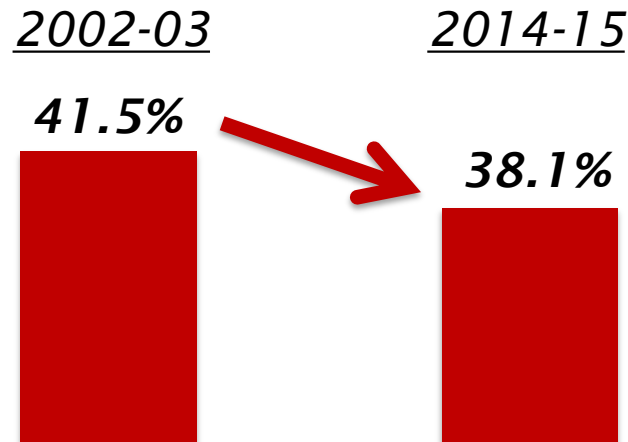
CMS' per-pupil funding from the county is effectively \$57 lower now than in FY09

CMS does not retain all funding received from the County - \$30 million goes to charter schools which reduces the funding to support CMS students



Impact of declining state and county allocations for K-12 education

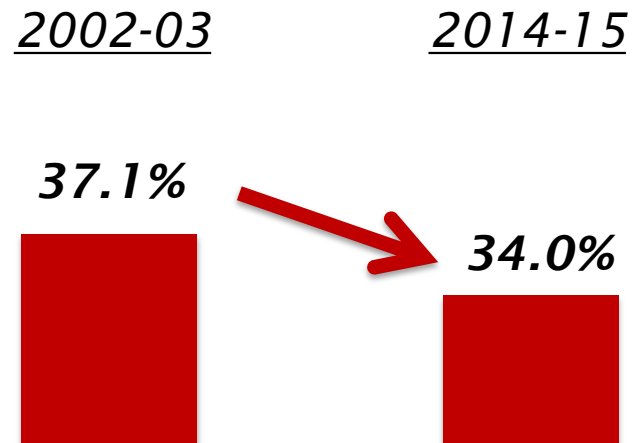
K-12 education as a % of total state budget



If % of state budget for K-12 education remained at 41.5% =

+\$701 million this year

*K-12 operating allocation as a % of county revenues
(excludes capital)*

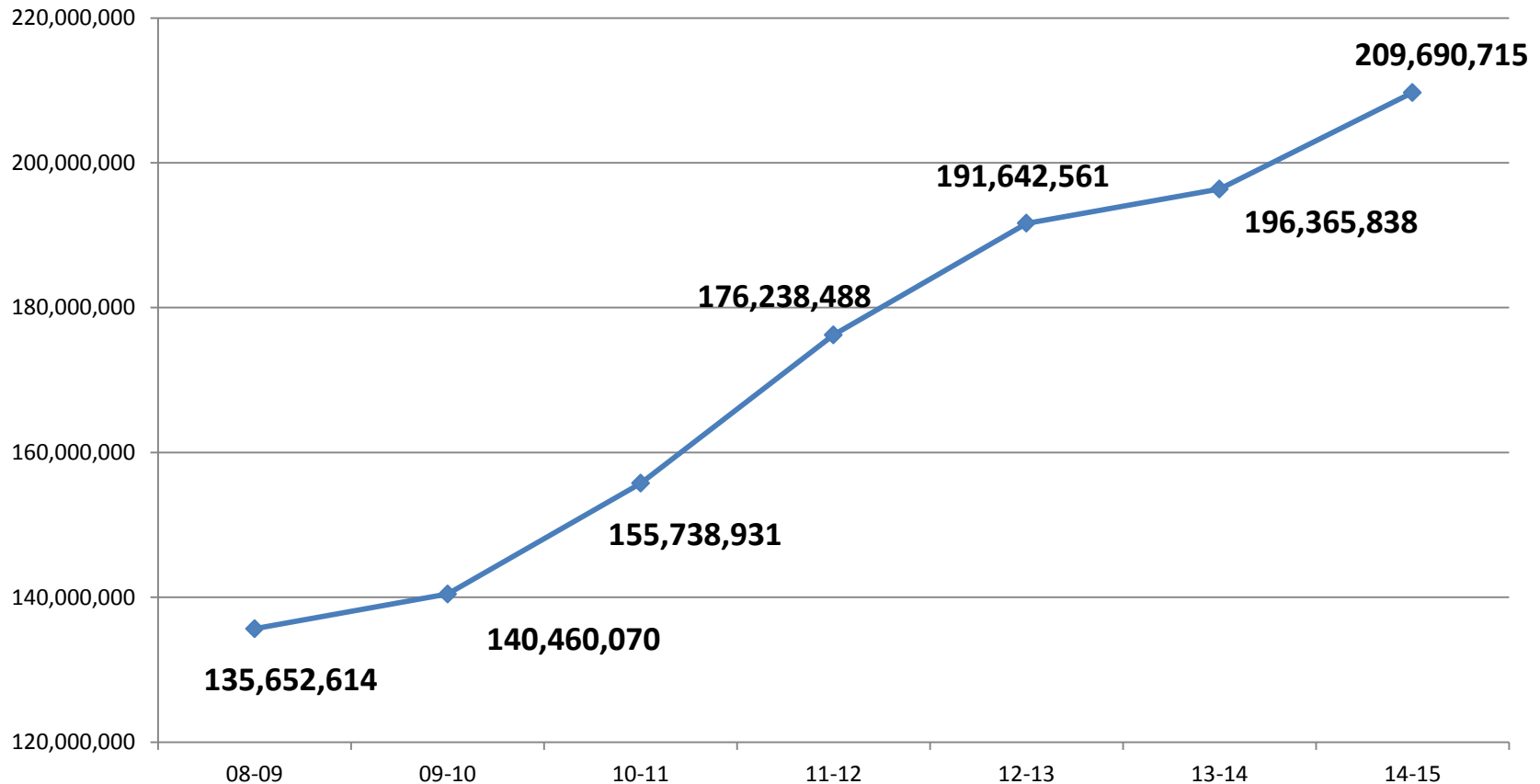


If % of county revenues for K-12 operating allocation remained at 37.1% =

+\$33 million this year

Employer benefits costs have increased 55% since 2009

Health and retirement costs (+\$74 million) account for more than 63% of the overall budget increase since 2009



2015-16 Total Proposed Budget

REVENUES

	<u>Proposed Budget</u>	<u>% of Total</u>
State of North Carolina	\$ 773,040,553	56.5%
Mecklenburg County	428,129,792	31.3%
Federal and Other Grants	148,547,778	10.8%
Other and Special Revenue	<u>19,397,730</u>	<u>1.4%</u>
TOTAL OPERATING BUDGET	\$ 1,369,115,853	100%
Capital Replacement	10,000,000	
Child Nutrition Program	68,958,721	
After School Enrichment Program	<u>13,771,819</u>	
TOTAL PROPOSED BUDGET	\$ 1,461,846,393	

What's Next - Key Dates

Date	Activity	Location
April 16 6:00-7:30 p.m.	Community meeting on Superintendent's Budget Recommendation	Hopewell HS
April 27 & May 4 6:00-7:30 p.m.	Community meetings on Superintendent's Budget Recommendation	Vance HS JM Robinson MS
April 28 6:00 p.m.	Public hearing on Superintendent's Budget Recommendation	BOE Meeting
May 5 3:30-5:30 p.m.	Board of Education budget work session	CMGC, Rooms 527/528
May 12 6:00 p.m.	Board of Education approval of 2015-16 Budget Request	BOE meeting
May 15	Board of Education's 2015-16 Budget Request submitted to the county	
May 19 12:00 p.m.	Board of Education/Board of County Commissioners workshop on budget	CMGC, Room 267
May 28 11:30 a.m.	County Manager's Recommended Operating and Capital Budgets presented to BOCC	CMGC Meeting Chamber
June 10 6:00 p.m.	Public hearing on county's budget	CMGC Meeting Chamber
June 16 6:00 p.m.	County adopts 2015-16 Operating Budget	CMGC Meeting Chamber
July-Sept.	2015-16 Operating Budget finalized and approved by BOE	BOE meeting

Superintendent's Closing Comments

