

Education Budget Reduction Options – Public Schools

	10-11 Authorized Budget	11-12 Base Budget	Agency 5% Options	Agency 10% Options	Governor's Budget	Other Options
Technical Changes - State Public School Fund						
1 Average Daily Membership	N/A	N/A				
The Governor's Base Budget included 2 major departures from prior practice with regards to ADM growth:						
1) Did not include growth in the base budget						
2) Only recommended increases for growth associated with classroom instruction.						
Other option fully funds ADM Growth. After growth is restored, affected allotments may still be cut if subcommittee wants to reduce funding.					38,274,686	55,882,651
2 Average Salary Adjustment	N/A	N/A				
Adjusts for average salary changes. Adjustment is usually included in base budget.					(21,792,273)	
Targeted Options/Program Eliminations - State Public School Fund						
1 LEA Adjustment	(304,744,366)	(304,744,366)				
Flexible cut is included in the base budget and LEAs must identify a pro-rata share of reduction from State allotments. Options include adding to this reserve in lieu of selecting specific State cuts, preserving the \$304.7 million reduction and making specific State cuts, or eliminating the reserve entirely and making additional targeted cuts. Agency 5% and 10% options propose eliminating the LEA Adjustment.						
2 Classroom Teachers (includes benefits)	3,814,600,742	3,814,600,742				
a. <u>Increase the student-teacher ratio for all grades by 1.0 students (eliminates approximately 1,804 positions) in grades 4-12.</u> Research indicates that student performance is unrelated to class size outside of beginning grades. Positive impact of smaller classes in beginning grades observed as teacher-to-student ratio approaches 1:15 (current required NC ratio is 1:21).						
						(98,980,068)
b. Increase the student-teacher ratio for all grades by 1.0 students (eliminates approximately 3,165 positions).						
						(173,626,622)
c. Increase the student-teacher ratio for all grades by 2.0 students (eliminates approximately 6,062 positions).						
						(332,603,754)
d. Increase Class Size Ratio in Grade Span K-3 by 1; 4-6 by 2; 7-8 by 3; 9 by 1.5. Eliminates 4,341 positions.						
				(238,935,844)		
e. Increase Class size Ratio in Grade Span K-3 by 1; 4-6 by 3; 7-8 by 4; 9 by 1.5. Eliminates 5,313 positions.						
					(292,470,024)	

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3 Teacher Assistants	527,793,315	527,793,315				
a. Fund only for grades K-1 instead of K-3 (eliminates equivalent of approx 8,694 positions).			(258,647,482)			
b. Fund only for kindergarten only instead of K-3 (eliminates equivalent of approx 13,127 positions).				(390,519,448)		
c. Eliminate funding (eliminates equivalent of approx 17,741 positions).						(527,793,315)
4 Masters Teachers	181,073,145	181,073,145				
a. Reduce existing 10% salary increment to 8% salary increment. Multiple studies, including several examining NC data, indicate that teachers with advanced degrees perform no better than teachers without advanced degrees.						(36,280,535)
b. Under this option, the State would no longer provide 10% master's salary supplement to teachers who did not have their master's degree before July 1, 2011.						(15,000,000)
5 National Board for Professional Teaching Standards (NBPTS)	82,817,741	82,817,741				
a. Reduce existing 12% salary increment to a 10% salary increment.						(13,796,924)
b. Currently teachers with both designations receive a total salary increment of 23.2%. This policy would change the total increment for such teachers to 22.0%.						(4,651,988)
6 Fund One LEA Per County	11,071,255	11,071,255				
Provides base allotments for 6 formulas only to 1 LEA in each county. This option would not require that city LEAs merge with county LEA. 11 Counties have multiple LEAs.						(11,071,255)
7 Testing	11,336,289	11,336,289				
Agency 10% option is a 10% reduction. Other option eliminates four tests not required by NCLB (Algebra II, Physical Science, US History, and Civics & Economics).				(1,133,629)		(1,746,797)

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8 Dropout Prevention Grants	13,290,683	13,290,683				
Eliminate program. Program design makes it nearly impossible to identify programs that are successfully preventing dropouts.						(13,290,683)
9 Student Diagnostic Pilot	10,000,000	10,000,000				
Eliminate new program that is funding the implementation of handheld devices and individualized learning software for certain elementary reading and math classrooms across the State. Agency 10% option represents 10% reduction.				(1,000,000)		(10,000,000)
10 Learn and Earn Virtual Schools	1,000,000	1,000,000				
Provides funding for the four Learn and Earn Virtual high schools in Currituck, Hyde, Jackson and Tyrrell Counties. Agency 10% option (10%); Other (elimination).				(100,000)		(1,000,000)
11 Education Value Added System (EVAAS)	1,845,000	1,845,000				
Discontinue State support (LEAs would have to pay licensing fee) for SAS data tool that compares student achievement growth against a calculated projection and estimates the value added of teachers in standardized-tested subjects/grades.						(1,845,000)
12 Child & Family Support Teams	9,198,576	9,198,576				
Eliminate program that provides teams of nurses, social workers, and other mental health services to 79 high-need schools.						(9,198,576)
13 Learn and Earn Bricks and Mortar	22,490,863	22,490,863				
Agency 10% option would reduce program funding by 10% for the 66 Learn and Earn sites currently in operation. This funding is provided in addition to other State funding that is provided on behalf of all high school students at traditional and Learn and Earn high schools.				(2,249,086)		
14 Learn and Earn Online	4,875,000	4,875,000				
Allows public school students to take online university courses to earn high school and college credit. Agency 10% option proposes 10% reduction. Other option is program elimination.				(487,500)		(4,875,000)

Education Budget Reduction Options – Public Schools

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15 Low Wealth Funding	223,335,000	223,335,000				
Allotment currently provides support to 68 counties judged to be low wealth by a legislative funding formula. Agency 10% option would fund only those districts below the 90th percentile of State average wealth, causing 12 counties to no longer receive funding. Agency 10% option is approximately a 7.5% cut to the allotment. The other option would fund only those districts below the 85th percentile of State average wealth. 21 counties would no longer receive funding under this option. Other option reduces the allotment by approximately 14%.				(16,816,290)		(31,437,870)
16 Disadvantaged Student Supplemental Funding	78,753,727	78,753,727				
a. Provides support to all districts for services aimed to serve its most vulnerable populations. Other option shows a 12% reduction to the allotment.						(9,450,447)
b. Eliminate hold harmless for original DSSF LEAs. The original DSSF districts receive a DSSF appropriation that is higher than other LEAs with similar wealth.						(1,925,688)
17 At-Risk Student Services	235,873,311	235,873,311				
Provides funding to identify students likely to drop out and to provide special alternative instructional programs for these at-risk students. Also provides funding for summer school instruction and transportation, remediation, alcohol and drug prevention, early intervention, safe schools, and preschool screening. Reductions options are: Agency 5% and Agency 10% (10%); Other (12%).			(23,587,331)	(23,587,331)		(28,304,797)
18 Small County Supplemental Funding	44,073,736	44,073,736				
Provides support to North Carolina's 28 smallest districts to compensate for diseconomies of scale. Agency 10% option is a 25% reduction to the allotment. Other option is a 12% reduction.			(11,018,434)			(5,288,848)
19 Noninstructional Support Personnel	23,723,656	397,005,304				
Provides funding for custodian and clerical positions. Reductions options are: Agency 5% (10%); Agency 10% and Gov Bud (15%); Other (12%).			(39,700,530)	(59,550,796)	(59,550,796)	(47,427,063)

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20 Textbooks	2,500,000	115,410,044				
Provides funding for textbooks. Reductions options are: Agency 5% (10%); Agency 10% (25%); Gov Bud (35%); Other (12%). Governor option adequate to support the costs of textbook adoptions over biennium.			(11,541,004)	(28,852,511)	(40,000,000)	(13,849,205)
21 Instructional Supplies & Materials	90,901,761	90,901,761				
Provides funding for instructional supplies and materials. Agency 5% and 10% proposed a 10% reduction. Other option shows a 12% reduction to the allotment.			(9,090,176)	(9,090,176)		(10,908,211)
22 Academically and Intellectually Gifted	70,413,503	70,413,503				
Provides support to every district for services targeting identified students. Reductions options are: Agency 5% (5%); Agency 10% (10%); Other (12%).			(3,520,675)	(7,041,350)		(8,449,620)
23 Children with Disabilities	693,894,148	693,894,148				
a. Provides LEAs \$3,598 per identified student for a program of services designed to address the unique needs of this population. Due to Federal Maintenance of Effort requirements for "IDEA" funding, it is unclear whether NC will jeopardize Federal funding if the State cuts its own support for this purpose. Agency 5% option is a 3.4% cut and Agency 10% option is a 4.2% cut. As staff further investigates this option, a 5% reduction placeholder is used in the other option column instead of 12% which may not be a feasible alternative.			(23,964,707)	(29,042,061)		(34,694,707)
b. Anticipates a reduction based on prior year April 1 headcount revisions which have tended to find slightly fewer students than budgeted.					(7,000,000)	
24 Central Office Administration	107,450,586	107,450,586				
Supports superintendent, CFO, Assistant Superintendent, and other district-level management expenditures. State funds are a far greater percentage of total Central Office budgets in smaller, rural districts than larger, urban districts with significant local support. Current funding levels have been essentially reduced to the FY 2000-01 level over the last biennium. Reductions options are: Agency (5% & 8%); Gov Bud (10%); Other (12%)			(5,372,529)	(8,058,794)	(10,745,059)	(12,894,070)

Education Budget Reduction Options – Public Schools

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25 School Building Administration (includes benefits)	260,067,059	260,067,059				
Funds principals and assistant principals. Reductions from this allotment would have to come from the assistant principal piece of the allotment unless the General Assembly were to change its policy of funding one guaranteed principal position per school. Agency 5% (14% of assistant principal funding, 2,558 assistant principal months of employment); Agency 10% (21% of assistant principal funding, 3,828 assistant principal months of employment); Gov Bud (21% of assistant principal funding, 3,827 assistant principal months of employment); Other option (26% of assistant principal funding, 4,853 assistant principal months of employment).			(16,450,498)	(24,617,868)	(24,612,054)	(31,208,047)
26 Instructional Support (includes benefits)	460,117,028	460,117,028				
Supports guidance counselors, social workers, media specialists and other miscellaneous personnel. Reduction options are: Agency 5% (10%, 743 positions); Agency 10% (11.2%, 832 positions); Gov Bud (5%, 290 positions); Other reduction (12%, 893 positions).			(45,925,110)	(51,460,864)	(22,964,555)	(55,214,043)
27 Limited English Proficiency	76,536,814	76,536,814				
Supports services in districts with higher proportions of students who have limited proficiency in English. Reduction options are: Agency 5% and Agency 10% (10%); Other reduction (12%).			(7,653,681)	(7,653,681)		(9,184,418)
28 Transportation	403,042,227	403,042,227				
Supports maintenance and operation (fuel, driver salaries) of yellow bus service for public school pupils. Note that the Governor's continuation budget funds fuel at \$2.71 per gallon. At February 23rd's price of \$2.99 per gallon, the allotment is underfunded for fuel by \$7.8 million. Agency 10% (5%); Gov Bud (10%); Other reduction (12%).				(20,152,111)	(40,304,223)	(48,365,067)

Education Budget Reduction Options – Public Schools

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29 School Bus Replacement	56,851,619	56,851,619				
Note that buses were not replaced in FY 2010-11 and buses don't become eligible for replacement until the vehicle reaches 20 years of services or 200,000 miles traveled. Agency 10% option is a 35% reduction to allotment. Governor proposes two-year moratorium on purchases of replacement school buses. Under Governor's option, approximately 1,600 buses over either 20 years of services or 200,000 miles will not be replaced. Remaining funds are for existing replacement bus finance payments.				(19,898,066)	(35,223,642)	
30 Mentoring	-	9,214,190				
Agency 5% and 10% options propose eliminating allotment that provides flexible funds to all LEAs for teacher mentoring services to beginning teachers. Funds have been eliminated on a nonrecurring basis over the last biennium.			(9,214,190)	(9,214,190)		
31 School Technology Fund	1,000,000	10,000,000				
Eliminates the dedicated source of State General Fund support for technology. \$18 million would still remain available for this Fund from civil fines and			(10,000,000)	(10,000,000)	(10,000,000)	
32 Staff Development	-	12,555,269				
Agency and Governor options propose eliminating State allotment for professional development. This allotment had been eliminated on a nonrecurring basis over the past two years of the biennium. Additionally, other State and federal funds can be used for professional development.			(12,555,269)	(12,555,269)	(12,555,269)	
33 CTE Months of Employment (includes benefits)	377,275,185	377,275,185				
Allotment provides months of teacher employment based on LEA ADM in grades 8-12. One of the few allotments that was not reduced over 2009-11 biennium. Reductions options are: Agency 5% (5%); Agency 10% (7.5%); Other (12%).			(18,875,990)	(28,301,070)		(45,273,022)
34 CTE Program Support	19,394,444	19,394,444				
Allotment provides additional funds to support CTE programs based on LEA ADM in grades 8-12. One of the few allotments that was not reduced over 2009-11 biennium. Reductions options are: Agency 5% and Agency 10% (5%); Other (12%).			(969,722)	(969,722)		(2,327,333)

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34 Governor's School	849,588	849,588				
Eliminate State support for this summer program for outstanding students. Could consider making the program entirely fee-supported. Currently \$500 tuition is charged to each participant.						(849,588)
35 Worker's Compensation	33,759,906	33,759,906				
Would devolve State support for state-funded and split-funded claims and claims management to the school districts, with extremely limited support for existing claims. Recommends \$180,394 be transferred to DOJ to support the cost of 2 workers' comp. attorneys to dispose of existing claims.					(34,648,327)	
36 Tort Claims	4,772,103	4,772,103				
Would also devolve State support for Tort Claims and make payment a local responsibility. Transfers \$172,878 to DOJ for 3 Tort Claims positions in 2011-12.					(4,599,225)	
37 UERS	12,360,074	12,360,074				
Agency 5% option and Governor's option reduce funds used to support NC WISE and other IT projects/systems by 17%. Balance sufficient to support existing projects through the biennium. Agency 10% option is a 23% reduction.			(2,101,213)	(2,842,817)	(2,101,213)	
38 Pass-throughs	3,731,969	3,731,969				
The following entities receive a direct appropriation from the State for activities in the public schools arena.						
Communities in Schools	1,446,750	1,446,750				
Provides programs to reduce dropouts in 42 North Carolina counties across the State. Governor proposes 10% reduction. While research indicates that CIS's Performance Learning Centers and graduation coach models can likely improve graduation rates, the other option considers no longer funding nonprofits.			(72,337)	(144,675)	(144,675)	(1,446,750)
Teacher Cadet	340,000	340,000				
Courses for high school junior or seniors to promote interest in those students who may consider teaching as a profession. Governor proposes full elimination.			(17,000)	(34,000)	(340,000)	
Science Olympiad	152,500	127,500				
NCSO hosts science tournaments on university, community college, and public school campuses across the state. Governor proposes full elimination.			(6,375)	(12,750)	(127,500)	

Education Budget Reduction Options – Public Schools

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Teach for America TFA provides a corps of recent college graduates who commit two years to teach in high-need urban and rural public schools. TFA teachers have generally been found to be more effective than their peers. Governor proposes 10% reduction, other option considers no longer funding nonprofits	900,000	900,000	(45,000)	(90,000)	(90,000)	(900,000)
Kids Voting Program promoting voter participation and student education regarding the voting process. Governor proposes full elimination.	50,000	50,000	(2,500)	(5,000)	(50,000)	
North Carolina Science, Math and Technical Education Center Provides professional development to teachers in science, mathematics, and technology. Governor proposes full elimination.	100,000	100,000	(5,000)	(10,000)	(100,000)	
Tarheel Challenge Tarheel Challenge is a quasi-military program for high school dropouts, or expellees. This program was funded out of the JPS budget prior to the 09-10 fiscal year. As a result of a 2009 Continuation Review of this program, the JPS Chairs decided to eliminate funding for the program. However, funding was restored out of the Education Budget. Governor proposes 10% cut and sending back to JPS. Other option proposes elimination of funding.	767,719	767,719	(38,386)	(76,772)	(767,719)	(767,719)

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39 Retirement Incentives for LEAs	N/A	N/A				
A one-time \$10,000 incentive to those who are eligible to retire with unreduced benefits, and a one-time \$20,000 incentive to those who are eligible to retire with reduced benefits. OSBM estimates 179 LEA positions will be eliminated as a result of the incentive.					(30,836,878)	
40 Teaching Fellows	12,760,000	12,760,000				
a. Reduce Fund Balance on a one-time basis.						(6,000,000)
b. Phase-out program. Note that decisions on the incoming class are nearly finalized and elimination of this amount would remove support for this fall's freshman class.						(3,250,000)
Targeted Options/Program Eliminations - DPI						
1 Teacher Academy	4,762,874	4,762,874				
Agency 5% (5.7%). Agency 10% (8.5%). Governor's Budget (5%). Other option would eliminate all funding (14 State-funded positions).			(270,776)	(406,164)	(238,144)	(4,762,874)
2 North Carolina Center for the Advancement of Teaching	6,102,495	6,102,495				
Agency 5% (5%). Agency 10% (9.25%). Governor's Budget (5%). Other option would eliminate all funding (80.25 State-funded, 1 receipt-supported).			(303,761)	(564,704)	(610,250)	(6,102,495)
3 Governor's Education Cabinet	206,063	206,063				
Eliminates two DPI State-funded positions in the Governor's office supporting the Education Cabinet.						(206,063)
4 NC Professional Teaching Standards Commission	235,646	235,646				
Eliminates two State-funded positions supporting the Professional Teaching Standards Commission.						(235,646)
5 Curriculum	3,016,799	3,016,799				
Eliminates 15% of State-funded curriculum positions. Would eliminate 3.5 FTE from regular curriculum and 2.0 FTE from Career and Technical Education						(457,690)

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6 Technology Services	9,198,839	9,198,839				
Eliminates 15.0 FTE from DPI's Technology Services Division, or approximately 15% of existing Division positions.						(1,356,494)
7 Communications	912,368	912,368				
Eliminates 25% of DPI's communications staff (4.0 FTE).						(246,586)
8 Management Flexibility Reduction	40,569,327	40,569,327				
Governor proposes an 11% reduction to the department budget. OSBM estimates that such a cut might eliminate 40 FTE.					(4,374,612)	
9 Residential Schools for the Deaf and Blind	32,632,108	32,632,108				
Agency 5% and Governor propose a 5% reduction to the residential schools. Agency 10% option is a 10% reduction.			(1,631,605)	(3,263,210)	(1,691,445)	
10 Retirement Incentive for Department Personnel	N/A	N/A				
A one-time \$10,000 incentive to those who are eligible to retire with unreduced benefits, and a one-time \$20,000 incentive to those who are eligible to retire with reduced benefits. OSBM estimates 4.1 DPI positions will be eliminated as a result of the incentive.					(163,593)	
11 Connectivity	19,942,093	19,942,093				
Agency 5% and 10% options include a 2.5% cut to funds supporting LEA connection to MCNC internet backbone and assistance with e-Rate reimbursements. Other option eliminates transfers to Governor's Office for e-learning portal and transfer to Friday Institute for evaluation.			(498,552)	(498,552)		(650,000)

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Pre-K Options						
State expenditures for Birth-Kindergarten education have grown substantially over the last decade. While most funding sources are found at DHHS with the Child Care Subsidy and Smart Start programs, the More at Four program is housed at DPI. It has a much narrower focus than either HHS program, as it is designed only to provide high-quality educational services for low-income 4-year olds.						
These differences do not preclude consolidation, or elimination, but it is important to note that the three programs have similar, but not identical missions. More at Four has been the most carefully evaluated of the three programs, and a recent study found that students participating in MAF have substantially higher reading and math test scores in third grade than their non-participating peers. No study of longer-term results has been completed.						
1 Eliminate More at Four/DPI Office of School Readiness	81,011,651	81,011,651				
a. The primary rationale for this option would be that the State can't afford to provide high-quality educational services to 4-year olds, regardless of their economic status. Unlike DHHS' Child Care Subsidy, More at Four doesn't require a family fee and is entirely supported through State and other funds. Program elimination would end services for about 30,800 4-year olds. <u>In addition to General Fund savings, \$79.6m in Lottery funds would be available to be repurposed to another State expenditure with a statutory change.</u> Would eliminate 25 receipt-supported FTE.						(81,011,651)
Reduce MAF program funding by 10 percent.						
b. Would eliminate approximately 3,080 full year-slots or lessen State contribution per slot from approximately \$5,000 to 4,500 per slot. The average total expenditure per slot is approximately \$8,000 in combined State and other funds.						(16,064,736)
Consolidate MAF into HHS child care structure						
c. There are a number of options for transferring MAF to HHS and using some or all of the funding to support services for 4 year-olds. DPI's administrative budget for the program is approximately \$2.5 million (nearly all Lottery receipts) and would be reduced or eliminated depending on how MAF is conveyed or reconstituted.						

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5% Cut to General Fund Appropriation						
c. Agency and Governor options propose cutting More at Four's GF appropriation by 5%. Reduction is offset on a nonrecurring basis by the transfer of \$6.3 million from HHS Temporary Assistance for Needy Families block grant receipts.			(4,041,386)	(4,041,386)	(4,041,386)	

Non-General Fund Options

1 Eliminate Corporate Income Tax Setaside (i.e. "ADM Fund")	-	-				
The Public School Building Capital Fund (PSBCF) is the major source of State support for school capital needs (primarily a local responsibility). 7.25% of the Corporate Income tax is dedicated for the PSBCF. The other source of PSBCF funding is a portion of the net proceeds of the Education Lottery. \$113.7 million is budgeted in FY 2010-11 for the Lottery proceeds dedicated to the PSBCF.					(72,000,000)	(64,500,000)
PLEASE NOTE: Staff is unclear whether this option would "count" against subcommittee target.						