

EDENTON-CHOWAN SCHOOLS

2010-2011 BUDGET REQUESTS EXECUTIVE SUMMARY

MARCH 2010



Post Office Box 206 Edenton, North Carolina 27932
Telephone: (252) 482-4436 Fax: (252) 482-7309
www.ecps.k12.nc.us

Allan T. Smith, *Superintendent*

2010-2011 LOCAL BUDGET REQUEST

The enclosed 2010-2011 budget request is submitted by the Edenton-Chowan Board of Education after a careful review of the needs of the school system and in consideration of the current economic environment. The request represents no expansion of instructional programs or an increase in the level of services, other than for capital outlay expenditures. Nor does the current expense request address the reductions in the preliminary state allocations which include the loss of two classroom teachers and elimination of textbook and driver training dollars. It does include a request for additional funds to meet mandated increases in benefits for locally paid employees, small losses in other local revenues, and restoration of salary reductions. The conservative request is made despite severe reductions in revenue over the past two years and further anticipated reductions in state allotments for 2010-2011.

PRESENT STATUS: Since last year the schools have experienced unprecedented reductions in revenue which has negatively affected the quality of services for students. From February 2009 to the present, the combined effects of state and local reductions and the decrease of other local revenue has resulted in a loss of funds for current operating expenses of nearly \$3 million. A variety of measures were implemented to meet this shortfall for 2009-2010.

A substantial infusion of funds from the American Recovery and Reinvestment Act (ARRA) provided significant relief. More than \$1.2 million dollars in ARRA funds have been received for the 2009-2010 school year. However, much of the funds are earmarked for specific purposes such as Title I and services for children with disabilities, limiting the flexibility of how the funds may be utilized. It should be noted that all of the ARRA funds are scheduled to expire after the 2010-2011 school year, leaving a large "gap" in available fiscal resources.

Unfortunately, ARRA funds were not sufficient to fill the revenue void. It was necessary to evoke the reduction in force policy resulting in the elimination of 24 positions (8 licensed and 16 classified) from the 2009-2010 budget. In addition to the loss of personnel, employees of Edenton-Chowan Schools are experiencing a reduction of at least 2% in their annual compensation and every member of the Board of Education voted to suspend all of their compensation for the current school year.

Further personnel reductions could not be implemented without negatively affecting class sizes or eliminating viable instructional programs and services for students. Therefore, an increase of \$510,000 in the allocation from the school system's fund reserve was made in order to limit the reduction of staff and to balance the budget. Provided below are two charts illustrating the loss of revenue and the budget adjustments that had to be made to accommodate them.

LOST REVENUE FROM 2/25/09 TO 2/4/10

SOURCE OF REVENUE	DIFFERENCE
State Allocation	-\$1,774,003
Local Current Expense Allocation	-\$800,000
Local Technology Allocation	-\$200,000
Mandated Employee Benefits	-\$111,603
Loss Earned Interest	-\$40,000
TOTAL	(\$2,925,606)

BUDGET ADJUSTMENTS TO MEET LOST REVENUE

SOURCE OF REVENUE	DIFFERENCE
Federal ARRA Sources	\$1,276,700
Personnel Reductions (24 positions)	\$914,737
Increase Contribution from Reserve to Balance Budget	\$510,000
Salary/Compensation Reductions	\$353,053
TOTAL	\$3,054,490

2010-2011 BUDGET REQUEST: Despite these drastic reductions, the Board of Education's 2010-2011 current expense request does not include any expansion of instructional programs or an increase in the level of services over the current operating budget. Nor does the request seek relief from additional reductions in the anticipated state and federal allocations. While not all of the allocations have been released, the school system has been notified of the loss of two classroom teachers; elimination of funds for textbooks and driver training; and reduction of federal stimulus and other state dollars of approximately \$200,000.

The long-term effect of dependence upon fiscal reserves to meet recurring expenses is of particular concern. However, considering the present financial situation the Board of Education has determined to draw upon their reserves once again for the upcoming school year. Based on the amount of the reserves used from March 2009 and projecting through June 2011 to balance the budget, it is estimated that the reserve will shrink to pre-1998 levels. Unless this trend is reversed, funds to meet emergency needs will be depleted and the practice of assisting the County with cash flow issues by deferring local allocations will not be possible.

The Board of Education's request does include additional funds to meet mandated increases in benefits for locally paid employees, small losses in other local revenues, and restoration of salary reductions. The conservative request is made despite severe reductions in revenue over the past two years and further anticipated reductions in state allotments for 2010-2011.

The Board of Education is appreciative of the County Commission's action on February 25, 2010 designating funds received from the land transfer tax to the school capital outlay fund. This will allow the Board of Education to be proactive in prioritizing needs beyond a single year, plan for circular replacement of items such as student furniture, activity buses, etc., and schedule "big cost" items over a multi-year period.

There are four primary capital outlay projects identified for 2010-2011. Three of the projects are based directly on the results of an independent energy audit conducted at all of the schools. These projects constitute the improvements that will return the greatest energy savings in the shortest period of time. A description of each project is provided below:

CAPITAL OUTLAY ENERGY PROJECTS

PROJECT DESCRIPTION	COST	SAVINGS PER YEAR	PAYBACK PERIOD
HVAC Analysis and Optimization (D. F. Walker)	\$11,000	\$22,705	0.5 Years
Replace T12 Fluorescent Fixtures with T8 with Electronic Ballasts (Chowan Middle & John A. Holmes)	\$11,800	\$9,692	1.2 Years
Replace Single Pane Windows with Thermal Double Pane Windows (John A. Holmes)	\$269,000	\$31,600	8.5 Years

The costs of the projects described above will be mitigated through the receipt of a \$200,000 Energy Conservation grant. The grant is part of the ARRA and is awarded through the North Carolina Energy Department to implement the HVAC analysis at D. F. Walker, replacement of the fluorescent fixtures at the middle and high schools, and \$177,200 toward the replacement of the windows at John A. Holmes.

The fourth project, which is related to the replacement of the windows on the front of the main building at John A. Holmes, is contingent upon the receipt of the Energy Conservation grant. If the grant is not received, then the project will be delayed until funds are available. Windows at other locations of the building have been previously replaced. As the windows are replaced, additional renovations will be required to address moisture damage and other issues. The plaster on the outside wall will need to be removed and replaced which will also require the replacement of the existing radiators located on the outside wall. The radiators are original to the building and once dismantled cannot be salvaged. Other energy related and cosmetic renovations

are needed to bring them to the condition of the classrooms consistent with the classrooms across the hall on the back side of the building which was renovated in 2002. This will include lowering the ceiling, installing new lights (part of the lighting project), extending the HVAC ductwork, and painting. It is anticipated a transfer of \$100,000 from the school system's reserve fund will be required to complete the project.

The budget request was developed by the Edenton-Chowan Board of Education to meet the requirements stipulated by the North Carolina Department of Public Instruction and the maintenance of basic instructional services. Every effort has been made and a wide array of options was considered to minimize the amount of the budget request while attempting to minimize the negative impact upon student services. Even if local funding is proved at the requested level, additional reductions and budget adjustments may be necessary to meet anticipated declines in funding from the state. The Board of Education wishes to recognize the continual support of the Board of Commissioners in the provision of quality educational services for the boys and girls of Chowan County.

SUPPORTING BUDGET DOCUMENTS

Provided below is a description of the supporting budget documents included in the 2010-2011 Edenton-Chowan Schools budget request to the Chowan County Board of Commissioners.

POSITIONS AND EMPLOYEES LOST DUE TO BUDGET REDUCTIONS

(2008-2009 to 2009-2010): A summary of the number and types of positions eliminated due to the 2009-2010 budget reductions. The summary also provides an analysis of the employees who were impacted by the implementation of the reduction in force policy.

2010-2011 CURRENT EXPENSE REQUEST: Represents the budget requests from each of the schools and at the school system level for the ensuing school year. The chart is segmented by personnel needs, instructional needs, and revenue adjustments. While needs of approximately \$2 million were identified, the request is limited to mandated cost increases associated benefits of locally paid employees (\$53,243); restoration of salary reductions (\$353,053); and \$35,000 in lost revenue from local collections of fines and forfeitures and earned interest.

2010-2011 CAPITAL OUTLAY REQUEST: A listing of identified capital outlay needs segmented into first tier, second tier, and long range priority projects. Only the first tier projects are slated for funding in 2010-2011. Two scenarios are provided contingent upon the awarding of an energy Conservation grant. Regardless of which budget option is implemented, the budget request remains at \$200,000 plus a request to transfer \$91,800 from the school system's current expense fund balance to the 2010-2011 capital outlay budget.

BUDGET REQUEST: The last page provides a summary of the current expense and capital outlay budget requests for the ensuing fiscal year.

**POSITIONS AND EMPLOYEES LOST DUE TO BUDGET REDUCTIONS
2008-2009 TO 2009-2010**

LICENSED STAFF

	POSITIONS	EMPLOYEES
WHITE OAK	2	0
D. F. WALKER	1	0
CHOWAN MIDDLE	3	1
JOHN A. HOLMES	1	1
SYSTEM LEVEL	1	1
TOTAL	8	3

CLASSIFIED STAFF

	POSITIONS	EMPLOYEES
WHITE OAK	5	3
Teacher Ass't	4	3
Custodian	1	0
D. F. WALKER	4	3
Teacher Ass't	3	2
Custodian	1	1
CHOWAN MIDDLE	2	0
Teacher Ass't	1	0
Custodian	1	0
JOHN A. HOLMES	2	1
Teacher Ass't	1	1
Custodian	1	0
SYSTEM LEVEL	3	3
Clerical	2	2
Technician	1	1
TOTAL	16	10
Teacher Ass't	9	6
Custodian	4	1
Clerical	2	2
Technician	1	1

Positions: Number of actual positions lost

Employees: Number of individuals who were RIFed; retirees and resignations not included

2010-2011 CURRENT EXPENSE REQUEST

PERSONNEL NEEDS

SCHOOL	ITEM	EST. COST	BUDGET REQUEST
System	Mandated State Health Insurance Increase: \$4,527 to \$4,929 per Employee (cost to local budget)	\$21,376	\$21,376
System	Mandated State Retirement Increase: 8.75% to 10.51% (cost to local budget)	\$31,867	\$31,867
System	Restore Salary Reductions	\$353,053	\$353,053
White Oak	Restore Intervention teacher	\$58,000	\$0
White Oak	Restore Custodian	\$30,000	\$0
D. F. Walker	Restore Behavioral Modification Teacher	\$58,000	\$0
Chowan Middle	Restore 2 Classroom Teachers for Class Size	\$116,000	\$0
Chowan Middle	Restore SOS program	\$60,000	\$0
System	Restore Community Schools Director	\$70,000	\$0
System	Restore Clerical	\$38,000	\$0
White Oak	Cultural Arts Teacher	\$58,000	\$0
D. F. Walker	Tutors for Intervention	\$30,000	\$0
D. F. Walker	EC Teacher to Expand Inclusion Services	\$58,000	\$0
John A. Holmes	Academic Coach	\$58,000	\$0
John A. Holmes	Behavioral Counselor	\$58,000	\$0
TOTAL			\$406,296

INSTRUCTIONAL NEEDS

SCHOOL	ITEM	EST. COST	BUDGET REQUEST
White Oak	Production Room Upgrade	\$1,500	\$0
Chowan Middle	Multimedia Carts (10 @ \$350)	\$3,500	\$0
System	NC Virtual School (\$247 per course)?	\$38,038	\$0
TOTAL			\$0

REVENUE ADJUSTMENTS

FUNDING SOURCE	ITEM	EST. COST	BUDGET REQUEST
Local	Decrease in Local Fines & Forfeitures	(\$30,000)	\$30,000
Local	Decrease in Local Interest Earned	(\$5,000)	\$5,000
Local	Restore Level of Local Fund Balance Appropriation	(\$510,000)	\$0
State	Discretionary Reduction (Anticipated increase from \$366,338 to \$484,114)	\$117,776	\$0
State	Elimination of State Textbooks Allotment (\$149,735 in 08-09 to \$97,187 in 09-10 to \$0 in 2010-2011)	(\$149,735)	\$0
State	Decrease in State Allotted Teachers	(\$107,046)	\$0
State	Decrease in Small County Allocation	(\$11,357)	\$0
State	Elimination of Driver Training Allocation	(\$55,463)	\$0
State	Decrease in Children with Disabilities Allocation	(\$33,410)	\$0
Federal	Decrease in ARRA Stabilization Funds	(\$24,125)	\$0
TOTAL			\$35,000

TOTAL INCREASE IN CURRENT EXPENSE REQUEST \$441,296

2010-2011 CAPITAL OUTLAY REQUEST

(If Energy Conservation Grant is Awarded)

	A	B	C	D	E	F	G	H	I
1	FIRST TIER PROJECTS DESCRIPTION	Walker	Chowan	White Oak	Holmes	Maint.	Trans.	Cent. Of.	Total
2	Furniture replacement (includes CMS band room)	\$2,000	\$6,000	\$2,000	\$5,000				\$0
3	Conversion to natural gas		\$28,000		\$28,000				\$0
4	Zero trac lawn mower				\$8,500				\$0
5	Specialty equipment (transmission jack high lift - \$2,700; oil change transfer tank - \$750)						\$3,450		\$0
6	Replace carpet in high traffic areas	\$5,000		\$5,000					\$0
7	Maintenance replacement van					\$17,000			\$0
8	Mechanical control HVAC analysis	\$11,000							\$11,000
9	Replace single pane windows with thermal double pane windows				\$269,000				\$269,000
10	Replace T12 fluorescent fixtures with T8 fixtures with electronic ballasts		\$9,833		\$1,967				\$11,800
11	Renovate classrooms/space on front of main building				\$200,000				\$200,000
12	Highest Priority Projects Total	\$18,000	\$45,833	\$7,000	\$512,467	\$17,000	\$3,450	\$0	\$491,800
13									
14									
15									
16									
17									
18									
19	NOTE: The Energy Conservation Grant will fund the HVAC analysis, replacement of fluorescent fixtures, and \$177,200 toward the replacement of the windows.								

2010-2011 CAPITAL OUTLAY REQUEST

(If Energy Conservation Grant is Awarded)

	A	B	C	D	E	F	G	H	I
39	LONG RANGE PROJECTS DESCRIPTION	Walker	Chowan	White Oak	Holmes	Main.	Trans.	Cent. Of.	Total
40	Create bus parking area between field house & storage buildings, extend asphalt to baseball field, repair area adjacent to Ex. Child Entrance				\$71,000				\$71,000
41	Provide curbing for parking lot			\$75,000					\$75,000
42	Add additional playground			\$25,000					\$25,000
43	Renovate, expand JAH				\$30,000,000				\$30,000,000
44	Provide angle parking in front of school				\$5,000				\$5,000
45	Expanded science lab and storage space		\$80,000						\$80,000
46	room		\$560,000						\$560,000
47	New building for admin, 6 classrooms, toilets & storage		\$1,000,000						\$1,000,000
48	Renovate exist. admin. to 2 classrooms & storage		\$125,000						\$125,000
49	Renovate exist. toilets and storage in 8th grade building		\$270,000						\$270,000
50									
51									
52	Total Long Range Plans	\$0	\$2,035,000	\$100,000	\$30,076,000	\$0	\$0	\$0	\$32,211,000
53	Grand Total	\$18,000	\$2,260,833	\$249,384	\$31,969,467	\$17,000	\$93,450	\$0	\$34,496,184

2010-2011 CAPITAL OUTLAY REQUEST

(If Energy Conservation Grant is not Awarded)

	A	B	C	D	E	F	G	H	I
37	LONG RANGE PROJECTS DESCRIPTION	Walker	Chowan	White Oak	Holmes	Main.	Trans.	Cent. Of.	Total
38	Create bus parking area between field house & storage buildings, extend asphalt to baseball field, repair area adjacent to Ex. Child Entrance				\$71,000				\$71,000
39	Provide curbing for parking lot			\$75,000					\$75,000
40	Add additional playground			\$25,000					\$25,000
41	Renovate, expand JAH				\$30,000,000				\$30,000,000
42	Provide angle parking in front of school				\$5,000				\$5,000
43	Expanded science lab and storage space		\$80,000						\$80,000
44	room		\$560,000						\$560,000
45	New building for admin, 6 classrooms, toilets & storage		\$1,000,000						\$1,000,000
46	Renovate exist. admin. to 2 classrooms & storage		\$125,000						\$125,000
47	Renovate exist. toilets and storage in 8th grade building		\$270,000						\$270,000
48									
49									
50	Total Long Range Plans	\$0	\$2,035,000	\$100,000	\$30,076,000	\$0	\$0	\$0	\$32,211,000
51	Grand Total	\$18,000	\$2,260,833	\$249,384	\$31,969,467	\$17,000	\$93,450	\$0	\$34,496,184

EDENTON-CHOWAN SCHOOLS
BUDGET REQUEST
2010-2011

LOCAL COUNTY APPROPRIATIONS	2008-2009 BUDGET	2009-2010 BUDGET	DIFFERENCE (08-09 & 09-10)	2010-2011 REQUEST	DIFFERENCE (08-09 & 10-11)
Current Expense Appropriation	\$3,865,660	\$3,065,660	-\$800,000	\$3,506,956 Increase of \$441,296 above the 2009-2010 appropriation	-\$358,704
Technology Appropriation	\$200,000	\$0	-\$200,000	\$0	-\$200,000
Capital Outlay Appropriation	\$200,000	\$115,000	-\$85,000	\$200,000 Increase of \$85,000 above the 2009-2010 appropriation	\$0
TOTAL COUNTY REQUEST	\$4,265,660	\$3,180,660	-\$1,085,000	\$3,706,956 Increase of \$526,296 above the 2009-2010 appropriation	-\$558,704

PROJECTED OTHER LOCAL REVENUE	2008-2009 BUDGET	2009-2010 BUDGET	DIFFERENCE (08-09 & 09-10)	2010-2011 PROJECTED	DIFFERENCE (08-09 & 10-11)
Fines and Forfeitures	\$90,000	\$90,000	\$0	\$60,000	-\$30,000
Interest Earned	\$50,000	\$10,000	-\$40,000	\$5,000	-\$45,000
Indirect Cost Payments	\$65,000	\$65,000	\$0	\$65,000	\$0
Sales Tax Refund	\$30,000	\$30,000	\$0	\$30,000	\$0
Fund Balance Appropriation (Current Exp.)					
Contingency	\$290,000	\$290,000	\$0	\$250,000	-\$40,000
Appropriation to Balance Budget	\$0	\$510,000	\$510,000	\$500,000	\$500,000
Fund Balance Appropriation (Cap. Outlay)	\$0	\$0	\$0	\$91,800	\$91,800
TOTAL OTHER LOCAL REVENUE	\$525,000	\$995,000	\$470,000	\$1,001,800	\$476,800