

Community Guide to Understanding the CMS Budget

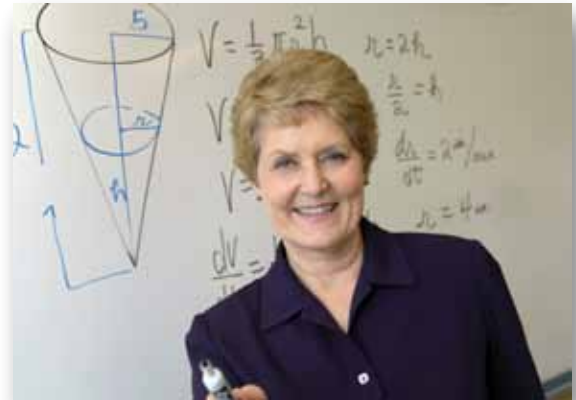


Rising costs, shrinking resources

Charlotte-Mecklenburg Schools is the second-largest school district in North Carolina and the 18th-largest in the U.S. It is also a significant employer and economic factor in Mecklenburg County.

Like all school districts in the state, CMS is dependently funded: The money for the \$1 billion-plus operating budget comes from local, state and federal sources. The largest share of the district's funding for the operating budget is provided by the state, although the percentage has been declining in recent years.

The CMS budget is developed each year starting in the fall. Although final amounts for both local and state funding are often not available until late in the process, district officials must begin considerations early to allow the Charlotte-Mecklenburg Board of Education, which makes final budget decisions, time to consider a variety of options. These options allow the Board to see how CMS can adapt to more or less funding from the state and county, without forcing the district to lock into a budget that might not fit the final funding amount.



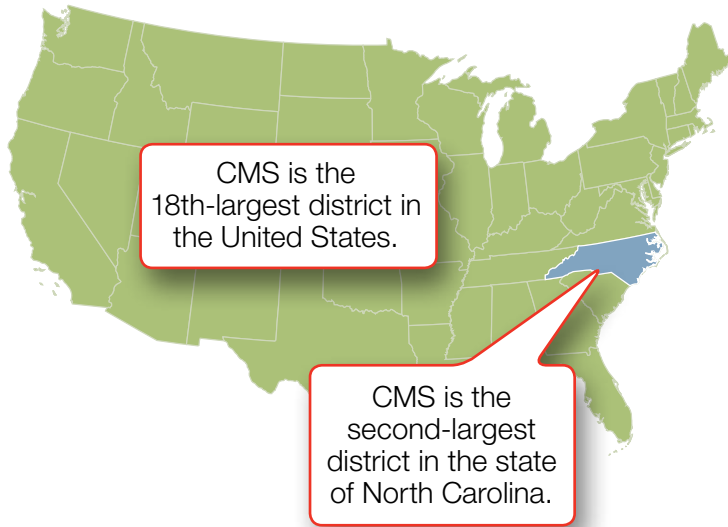
It is important to keep in mind that the district has two budgets that do not share funds. The district's operating budget is used to run schools and administrative offices. The capital budget is used to fund design, construction and renovation of district schools and other buildings.

CMS also has two enterprise funds: Child Nutrition and the After-School Enrichment Program. These pay for programs that support the educational mission. The After-School Enrichment Program receives no money from the operating budget; Child Nutrition receives a tiny amount.

We hope this document will help you better understand CMS, how it is funded and what the money in each year's operating budget buys. For the third year in a row, CMS is facing steep reductions in funding from various sources. In addition, the federal funding provided for two years by the American Recovery and Reinvestment Act is ending. Together, these circumstances have created a difficult financial environment for CMS, one in which significant cuts are expected for the 2011-2012 budget.

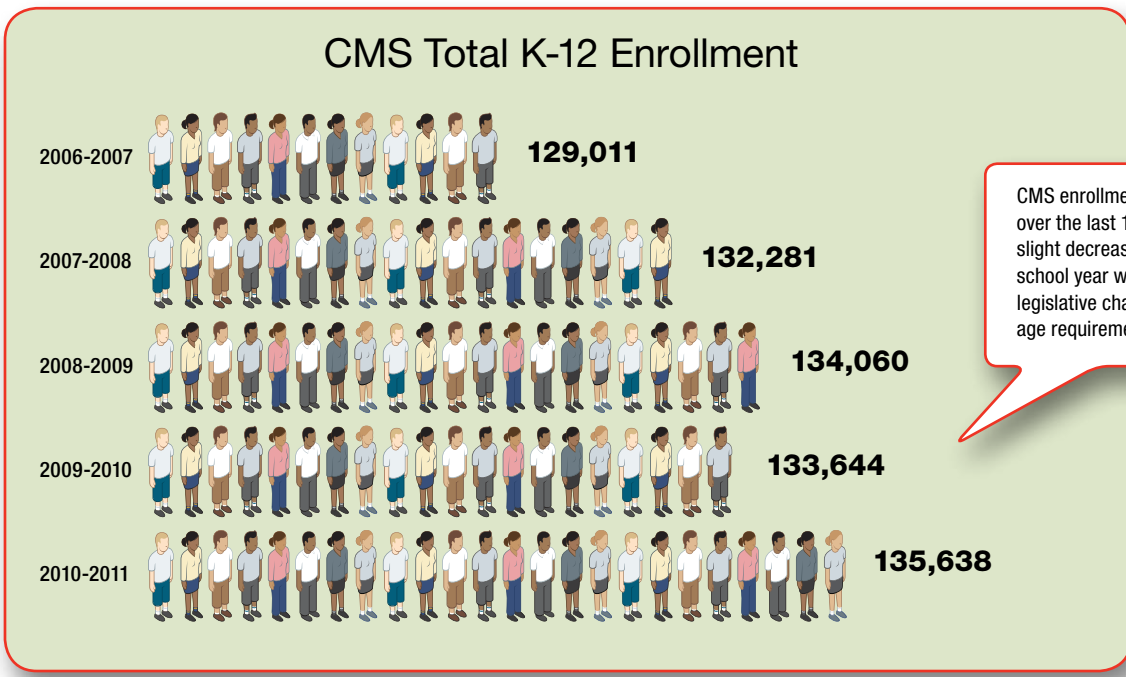
CMS Snapshot

The mission of Charlotte-Mecklenburg Schools is to maximize academic achievement by every student in every school.



Number of schools:	
Elementary	100
Middle.	36
High.	33
Alternative.	4
Pre-kindergarten centers.	5
TOTAL SCHOOLS	178
Ethnic distribution:	
African-American	41.2%
White	32.8%
Hispanic.	16.4%
Asian	5%
American Indian/Multiracial	4.6%
Other demographics:	
Limited English proficient	14,204 students
Self-contained exceptional children.	2,514 students
Percentage of economically disadvantaged students	53.4%

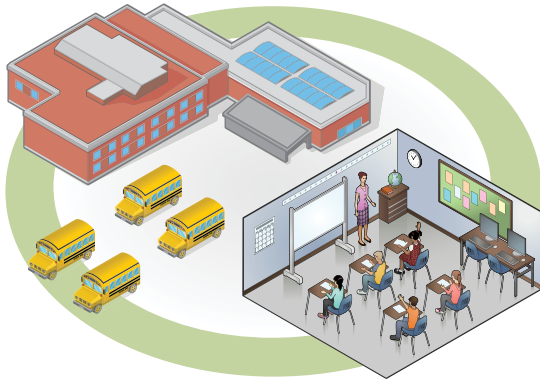
In the 2010-2011 school year, there are 135,638 students enrolled in K-12 classes and 3,169 students enrolled in pre-kindergarten classes. CMS projected 134,951 students in the 2010-2011 school year, but actual enrollment exceeded projections.



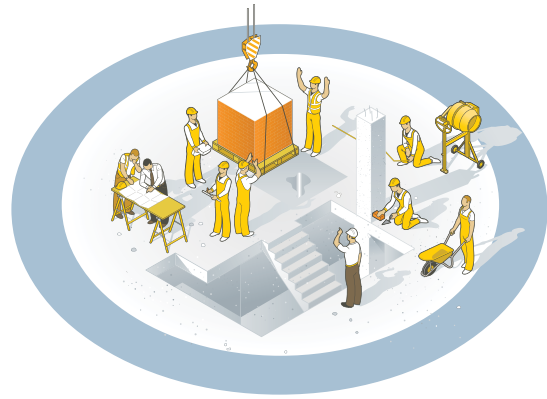
CMS enrollment has grown steadily over the last 10 years, except for a slight decrease in the 2009-2010 school year which was due to a legislative change in the kindergarten age requirement.

What funding does CMS receive?

CMS receives two basic types of funding—operating and capital funds—which are very different, but equally important.



The operating budget includes expenses such as salaries and benefits, utilities, supplies and transportation. The operating budget pays for the day-to-day expenses of running the district. It includes a mix of county, state and federal funds. Generally, when people refer to the CMS annual budget, they are talking about the operating budget.



The capital budget pays for the design and construction of new schools, expansion of existing schools and major renovation and replacement of older facilities to meet education standards. Funding comes from state and local sources—primarily from bonds.

The Operating Budget

How is the budget created?

CMS Superintendent Peter Gorman, department heads, managers and school leaders work together to develop a budget that is presented to the Charlotte-Mecklenburg Board of Education. The Board discusses, reviews and amends the drafts of the budget before approving a final version, which is then sent to the Board of County Commissioners. The commissioners may make additional adjustments to the funding level when they approve their budget, which requires CMS to adjust its budget accordingly.

CMS' budget can be affected by several factors, including the following:

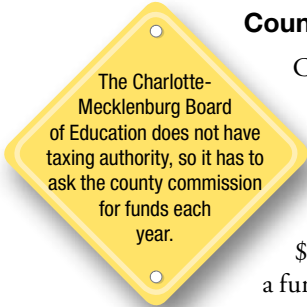
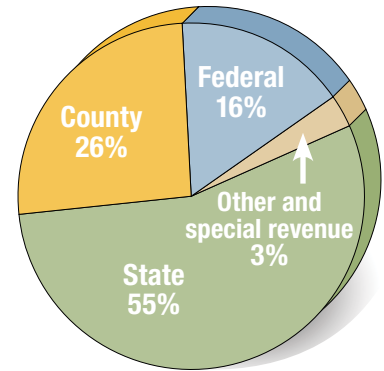
- **The economy.** In difficult financial times, funding can be tight from local, state and federal sources.
- **Enrollment.** As enrollment increases, the resources and personnel required to meet the needs of all CMS students may also increase.
- **New ways to support** goals and objectives of *Strategic Plan 2014*, including Strategic Staffing and programs to increase the district's graduation rate.

Just as in a typical household, CMS expenses naturally rise over time. There are many factors that cause this increase and affect the CMS budget.



Where does the money come from?

Little of CMS' funding is discretionary. In 2010-2011, 26 percent of the school system's total annual budget came from the county; 55 percent came from the state; 16 percent came from federal sources; and three percent from other sources and special revenue. It should be noted that federal funds are restricted to certain student populations, such as special education services.



County funding

County revenues come from several different sources, including property taxes on homes and businesses, county sales taxes and fees. Unfortunately, the economic downturn has resulted in less revenue for the county. That means there are fewer dollars available for local agencies, departments and programs, such as the library system and CMS.

In fact, in 2009-2010, CMS received a 9.7 percent reduction from the county, which amounted to a \$33,999,394 loss. The North Carolina school district with the next largest cut was Wake County, with a funding reduction of \$2.8 million.

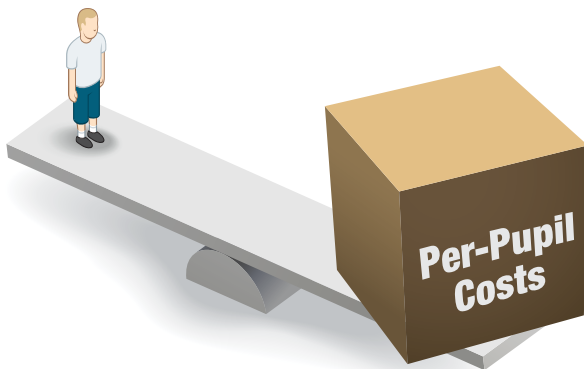
State funding

Each year, the state legislature approves the state budget. A portion is allocated to North Carolina's Department of Public Instruction, which divides funds among all 115 school districts in the state, including CMS.

2010-2011 Per-pupil funding: Each district's allocation is based on the number of students and their special needs, family-income levels and other factors. Most state funding is categorical, meaning it must be used for specific purposes or programs.

Nationally, North Carolina ranks 42nd in current per-pupil expenditure. The state average is \$8,743 per student.

CMS is the state's second-largest district, but it is near the bottom of the ranking for per-pupil expenditure. Other school districts with large numbers of students are also near the bottom of the list, while Hyde County—a district with a small student population—is at the top. Many of the state's formulas provide a base amount of funds to every district, regardless of size. This base amount means fewer dollars per pupil in larger districts. Also, some small districts get special funding allocations.



Key Contributing Factors

- Site-specific personnel costs
- Facility maintenance costs
- Special student populations
- Site-specific special programs
- Staff vacancies
- Teachers and certified staff years of experience
- FOCUS school designation
- Grant funding

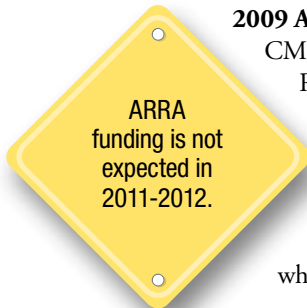
Federal funding

Almost all federal funds are targeted for specific programs. CMS is expected to receive \$185 million in federal funding and grants for the 2010-2011 school year. Some of the federal funds, such as Title I, are allocated based on formulas reflecting the makeup of the CMS student population. For other resources, the school district must submit competitive grant applications. Federal funds also go to the district's Child Nutrition program, which provides free or reduced-price meals to children in need. This program is not included in the CMS operating budget.



2010-2011 Federal Funding for CMS

Program	Amount
Exceptional Children Services.....	\$51 million
State Stabilization.....	\$38.1 million
Title I (economically disadvantaged students).....	\$38.4 million
Bright Beginnings Pre-K Program	\$18.8 million
Improving Teacher Quality.....	\$7 million
Education Jobs Fund	\$5.2 million
English as a Second Language.....	\$2.6 million
TIF-LEAP program.....	\$2.4 million



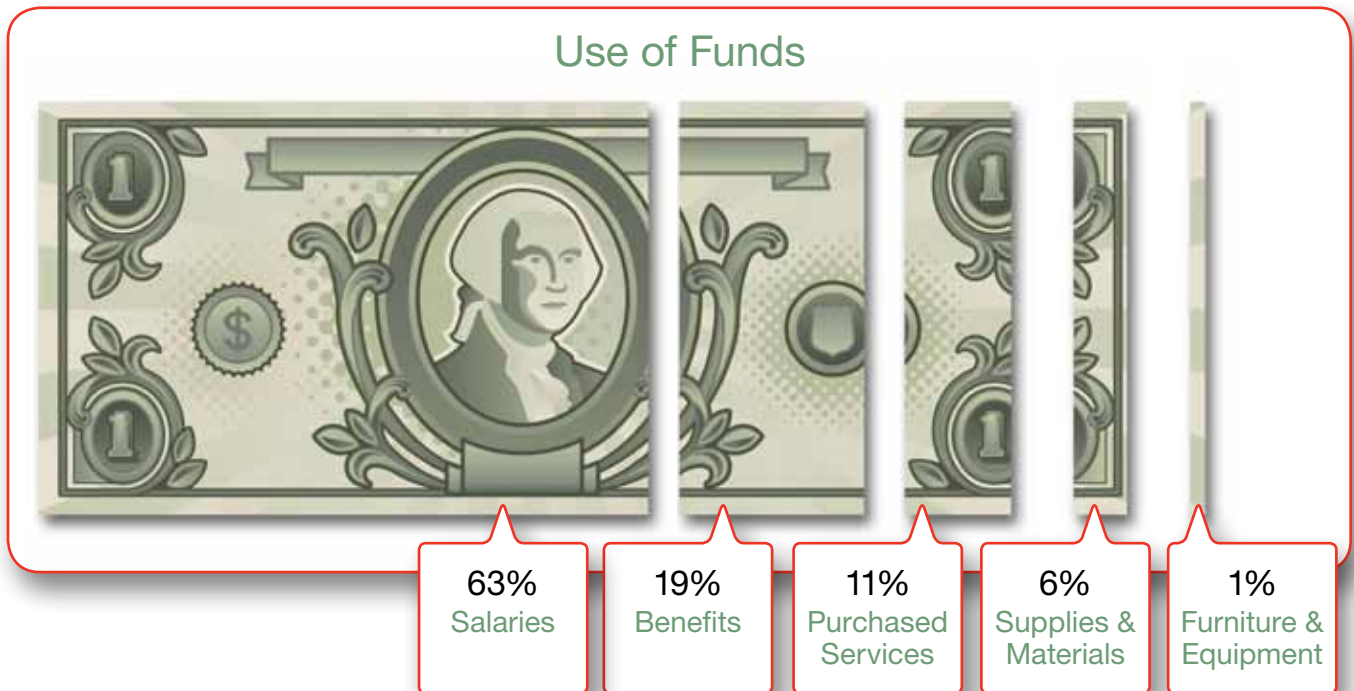
2009 American Recovery and Reinvestment Act funding: CMS received a total of \$131.5 million from the American Recovery and Reinvestment Act (ARRA) in 2009 and 2010. This is also called stimulus funding. Much of the ARRA-related money was designed to help Title I (economically disadvantaged) students and students with special needs. The 2010-2011 budget includes \$76.3 million in ARRA funds, a portion of which was carried over from 2009-2010.

Where does CMS spend the most operating money?

Employees

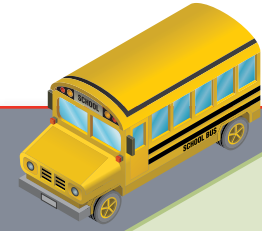
CMS is one of the largest employers in Mecklenburg County, with more than 17,000 full- and part-time employees. Close to 82 percent of the operating budget is used for salaries and benefits.

About 84 percent of CMS employees work in schools. Of the school-based employees, 66 percent are teachers. Administrators, guidance counselors, media specialists, teacher assistants, bus drivers and other support staff comprise the rest of school-based employees.



Transportation

On any given school day, about eight in 10 CMS students ride the bus. CMS is one of the largest transportation districts in the nation, moving an estimated 116,000 students approximately 20 million miles per year. This means that our buses travel further each year than CATS buses!



108,357

Miles traveled daily

1,075

Buses

116,000

*Number of students transported
(65,000 a decade ago)*

\$3.01

*Cost per mile
(\$1.83 a decade ago)*

\$80,000

*Average cost of a school bus
(\$62,000 a decade ago)*

**180,000 to
200,000 miles
or 20 years**

Average life of a school bus

Average amount spent on transporting each magnet student \$1,080.21
Average amount spent on transporting each partial magnet student . . . \$1,674.44
Average amount spent on transporting each home school student \$423.45

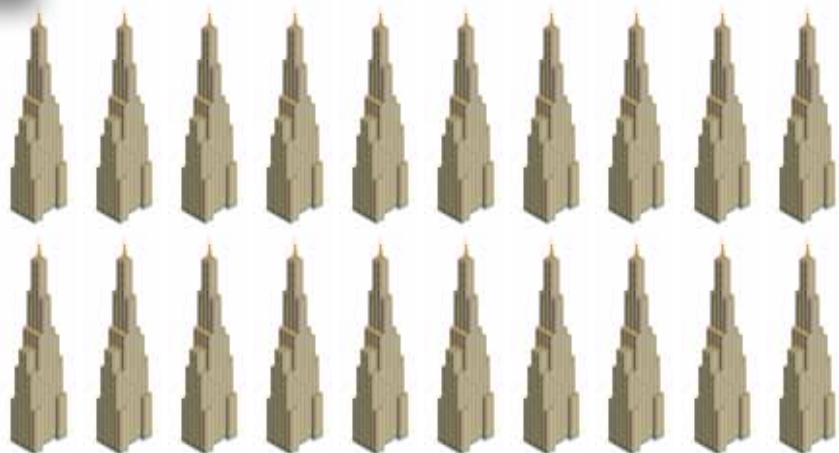
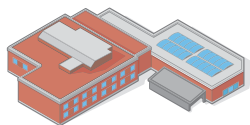
Reduction in common stops, adjusting bell schedule and establishing magnet shuttle stops realized savings of \$6.3 million.

Maintenance

Maintenance responsibilities include carpentry, painting, roofing, plumbing, heating and air conditioning, pest control, mechanics and welding. Custodial employees keep 670 buildings clean.

Building Services received nearly 90,000 work orders last year with estimated costs of \$17 million. As with any home or office building, costs depend not only on size and number of facilities, but also on the building's age.

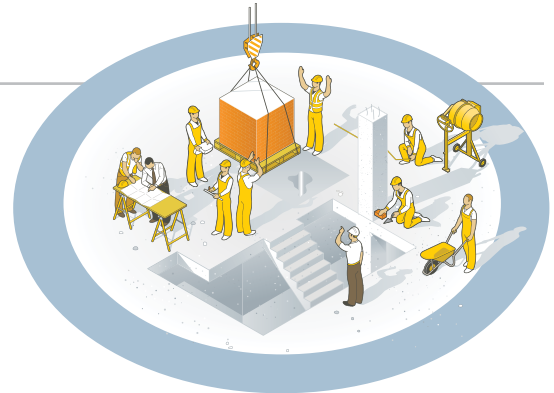
CMS buildings and mobile units cover 21.1 million square feet—about 20 times the floor space of the Bank of America Corporate Center.



The Capital Budget

As mentioned earlier, CMS has two budgets: operating and capital. By law, these budgets must be kept separate.

The operating budget covers the costs of running CMS—like the regular expenses incurred in running a home. The capital budget can be likened to the structural costs of a home, such as necessary renovations or improvements.



Where does the money come from?

The capital budget is primarily funded with money from bonds issued by the county. The state allocates lottery proceeds to the county, which can also be used for capital projects. At the present time, those funds are being used to pay for school bond debt repayment.



Construction bonds

In November 2007, voters overwhelmingly approved a \$516 million bond package that contained 40 projects, including 12 new schools. The bond package was intended to provide relief to 25 of the district's most overcrowded schools and about a dozen schools in need of major renovations. CMS has been given less than half of the \$516 million.

The county decided not to sell the remaining bonds. As a result, CMS has 19 projects that have not been started, and about \$320 million of the 2007 bond package remains unsold. County commissioners have said they want to be careful about incurring any additional debt during the current economic slump. The most recent 2007 bond projects included the two new high schools (Hough and Rocky River) that opened in 2010. It is not clear when the county will decide to sell the bonds for the rest of the 2007 bond package.

As a result of the bond situation and the current economic climate, CMS does not expect to build any more schools in the foreseeable future.

North Carolina Education Lottery

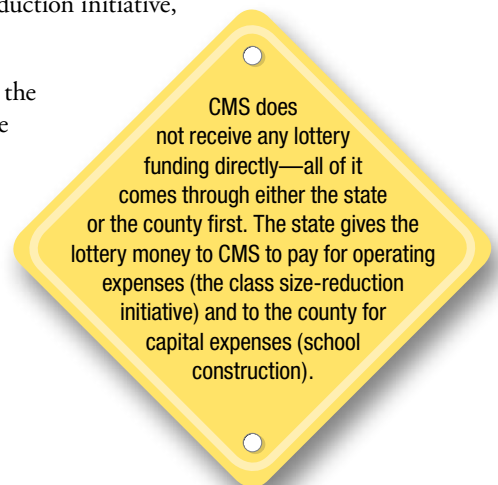
The lottery proceeds designated for kindergarten through 12th-grade public schools were earmarked for two major areas:

1. Class-size reduction. The previous governor's class size-reduction initiative has been in place for many years. Lottery money pays for increased teacher allotments to reduce class sizes. This has allowed some K-3 classes to have a teacher/student ratio of 1:18. Lottery revenue provided a permanent funding source for the governor's K-3 class size-reduction initiative, but CMS did not receive additional funds.

2. School construction. Lottery funds for this purpose are distributed to the counties, not the schools. CMS does not receive the money directly. Instead, Mecklenburg County uses these lottery funds to pay for debt service on school bonds and Certificates of Participation.

The school-construction portion of the lottery money is not available for CMS operating expenses.

Some of the lottery proceeds are also used to fund the state's pre-kindergarten program, More at Four. CMS is the contract administrator for all of Mecklenburg County's pre-kindergarten programs and passes the lottery money for pre-kindergarten on to the local pre-kindergarten providers.



Enterprise Funds

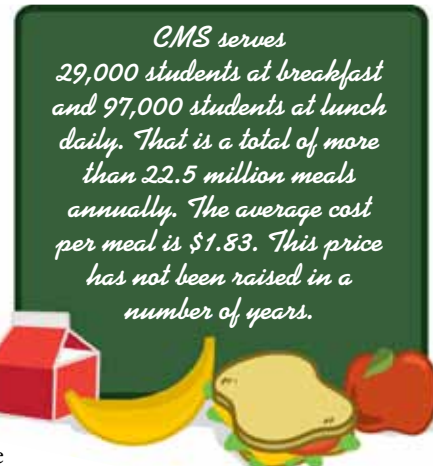
What are enterprise funds?

CMS has two enterprise funds: Child Nutrition and the After-School Enrichment Program. Although they form part of the regular services we provide to support students' educational needs, these enterprise funds receive very little money from the CMS operating budget.

Child Nutrition

This is the program that provides meals and snacks to students, including economically disadvantaged students who receive the free or reduced-price lunch subsidy.

Child Nutrition is funded by money from the federal government and meal fees. CMS provides a very small amount of money to help cover costs. Any profit stays in the program.



After-School Enrichment Program

The After-School Enrichment Program (ASEP) is currently offered at 96 elementary schools, 10 middle and pre-K-8 schools and five pre-K centers throughout CMS. The program serves more than 2,000 students each week in before-school programs and more than 5,700 students after school.

ASEP uses a curriculum aligned with the NC Standard Course of Study to supplement what students learn during the school day.

ASEP does not receive any money from the operating budget, but is funded by the money it generates from fees and federal revenues.

What special programs are included in the budget?

Most instruction dollars in the CMS budget go to regular classroom teaching, but a substantial amount also supports programs that target students with special needs or characteristics.

CMS is required by state and federal law to provide some of the programs listed below. Most of their funding comes from state and federal sources.

Cost of Special Programs

Program	Description	2010-2011 Budget
Exceptional Children	Programs and services for students with a variety of special needs	\$118 million
Alternative Education/Safe Schools	Schools for students with behavior problems or who are at risk of dropping out	\$3.6 million
Limited English Proficiency	Programs for students with limited English proficiency	\$20.4 million
Gifted and Talented	Programs for academically gifted students	\$7.3 million
Extended-Year Programs	After-school or extended-day and summer programs to help students	\$10.6 million
Title I	Programs for economically disadvantaged students	\$38.4 million
Magnet Schools	Theme-based education programs	\$0.6 million
ROTC	Program to develop knowledge in basic military skills and branches of service	\$3.3 million

Total cost: \$202.2 million

What did CMS cut in prior years?

CMS has cut and/or reduced programs and personnel for the past two years, while increasing the number of students and schools. Here are some of the areas that have been cut:

- CMS TV (eliminated except for the costs to broadcast Board meetings; channel programming is existing content from before July 2010)
- Employee dental insurance (employees pay all costs)
- Teacher tuition reimbursement (phased out)
- Bonuses for school staff based on test results
- Extended day and summer school programs (reduced)
- Middle school athletics (funding through fees, donations)
- Funding for advanced placement and International Baccalaureate exams
- Transportation costs (shuttle stops for magnet schools for students living more than five miles from schools)

Positions Reduced

Position	2009-2010	2010-2011
Administration (director and above)	6	8
Professional (Finance, HR, Technology, Assessment, PIO)	42.5	22
Licensed Support	24	23
Building Services	17	15
Clerical	23.75	15.75
Bus Drivers	–	54
PreK Safety Assistants/Technicians	–	–
Security	–	5
Custodial	–	–
Other (warehouse, etc.)	4	2
Teachers	252.5	437
Teacher Assistants	344	164
PreK Assistants	–	–
School Asst./Tech (BMT, ISS, Technology, Family School Advocate)	52	2
Principals	–	.5
Asst. Principals	47.5	–
Psychologist	–	–
Social Workers	21	–
School Support (Counselors, Facilitators, Media Spec. & other spt)	19	1
School Clerical	–	39
School-based CSAs	60	–
School Custodial	54	27.5
TOTAL	967.25	815.75

How Much and Where

Bars represent percentage of state and local budgeted positions reduced within each of the areas listed below.



Central Office: Positions that provide support outside of school sites (e.g. human resources, technology, curriculum and instruction, finance, accountability, executive staff, zone staff)



Support: Positions that provide support at school sites (e.g. maintenance crews, bus drivers, resource teachers, safety officers)



Schools: Positions that provide direct instructional and other support to children (e.g. teachers, administrative staff, teacher assistants, secretaries, custodians)

2009-2010



8.1%



1.8%



6.2%

2010-2011



5.9%



5.6%



5.6%

What could be cut in 2011-2012?

CMS has begun the work of creating the 2011-2012 budget. The NC Office of State Budget and Management requested that all state agencies submit plans to reduce their budgets by 5, 10 and 15 percent. In addition, the district faces a federal funding cliff of \$15 million. Here are some potential scenarios:



A five percent cut in county and state funding would mean \$15 million less from the county; \$32 million less from the state; \$15 million federal cliff; and \$15 million needed for growth and sustaining for a total reduction (including ARRA) of \$77 million.



A 10 percent cut in county and state funding would mean \$30 million less from the county; \$63 million less from the state; \$15 million federal cliff; and \$15 million needed for growth and sustaining for a total reduction (including ARRA) of \$123 million.



A 15 percent cut in county and state funding would mean \$45 million less from the county; \$95 million less from the state; \$15 million federal cliff; and \$15 million needed for growth and sustaining for a total reduction (including ARRA) of \$170 million.

Why do some schools receive more resources than others?

Weighted Student Staffing

It is a fundamental principle of public education that all students have a right to the best education possible regardless of race, economic circumstances or academic ability. Like other districts, CMS stretches resources and cuts costs while striving to meet the needs of all students. As a result, allocating money and staff to individual schools requires particularly careful attention.

Weighted Student Staffing is the initiative that CMS employs to help all students achieve. Some schools have a significant concentration of economically disadvantaged students. Many students in poverty come to school less well-prepared to learn and they need extra help. CMS allots additional resources to schools with economically disadvantaged students so they may have every opportunity to achieve.

Not only economically disadvantaged students benefit from Weighted Student Staffing. Allocating additional resources to schools enables them to have more flexibility and offer higher-level instruction, such as honors and Advanced Placement courses, as well as remedial courses.

Weighted Student Staffing is an equitable solution to serving those students who require more help to succeed.

How does Weighted Student Staffing work?

The chart below illustrates how schools are affected by the “weight” depending on their population of economically disadvantaged students. In the 2010-2011 budget, economically disadvantaged students were weighted as 1.3, while all other students were weighted as 1. This example shows how teachers would be allotted to two schools with varying enrollments and student populations.

	EDS*	Enrollment	Weighting	Teacher Positions
School 1 800 total students	25%	Non-EDS students = 600 EDS students = 200	$600 \times 1 = 600$ $200 \times 1.3 = 260$ <hr/> TOTAL = 860	$860 \div 20 = \mathbf{43 \text{ teachers}}$ <i>Assumes class size of 20</i>
School 2 800 total students	80%	Non-EDS students = 160 EDS students = 640	$160 \times 1 = 160$ $640 \times 1.3 = 832$ <hr/> TOTAL = 992	$992 \div 20 = \mathbf{50 \text{ teachers}}$ <i>Assumes class size of 20</i>

*Economically disadvantaged students

In the 2010-2011 school year, 808 additional teaching positions were allocated to schools based on the Weighted Student Staffing formula. These extra positions provided flexibility to accommodate the needs of their students. For example, they may contribute to smaller class sizes in core subjects or some other type of support to benefit the school.

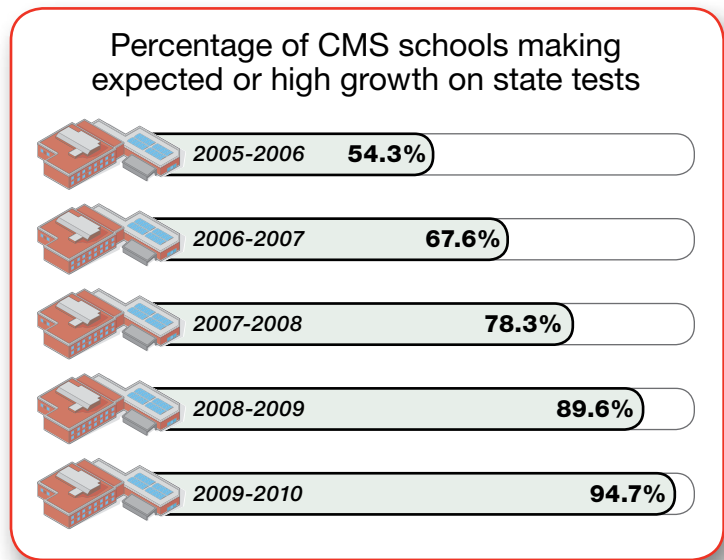
How have the budget cuts affected student achievement?

CMS has made solid gains since 2006. Reading and math scores are up, and the achievement gap has narrowed for minority students and economically disadvantaged students. In November 2010, CMS received district accreditation from AdvancEd, the world's largest educational network. Additionally, in 2010-2011, CMS exited Title I District Improvement status. This was a result of CMS meeting all target goals in one grade span (3-5, 6-8 or high school) in reading and math for two consecutive years.

CMS led Wake and Guilford counties in the number of schools making high or expected growth. Among elementary schools, 58 made high growth and 38 made expected growth; 24 middle schools made high growth and nine made expected growth, and in high schools, 25 made high growth and five made expected growth.

SAT data released by the College Board in 2010 show the district's top-tenth percentile of test-takers continued to outscore their peers, scoring 23 points above the North Carolina average. CMS students scored 1757, compared to the state average of 1734.

The graduating class of 2010 earned \$66.7 million in academic and athletic scholarships and included 18 National Merit semifinalists.



How can I stay informed about the budget process?

Do you have a comment or question about the budget? Do you want to follow the budget's creation?

You can do any of the following:

- Submit questions about the CMS budget to budgetquestions@cms.k12.nc.us.
- Check out the latest budget news on the CMS website.
- Follow budget work sessions in real time on Twitter (CMS_Schools).
- Attend budget work sessions and/or meetings.
- Watch Board of Education meetings on CMS TV.

Is there anything I can do?

The economic recession has squeezed state, local and federal budgets. Where do we go from here? In large part, the answer depends on informed, involved community members like you.

You can write letters to state, federal and local politicians, telling them about the issues that matter to you. You can attend the Board of Education meetings and county public hearings and comment on the school budget. You can volunteer in the schools, sharing your own knowledge and expertise.

Most of all, you can stay informed about school budget issues throughout the school year. Know where your education dollars are going. Know how schools are performing. Know politicians' voting records. And bring that knowledge with you when you vote.

Frequently Asked Questions

Why can't CMS have a four-day work week to save money? School days could be lengthened to make up the time.

The CMS school calendar is tightly regulated by the state. The legislature sets the start date, August 25, and the end date, June 10. The state also sets the number of school days (180) and the hours required to satisfy the requirements for a full school year.

There is another factor, too: testing. The state Department of Public Instruction sets the testing calendar each year. A four-day school week would extend the school year to achieve the same number of school days. The state would have to approve an alternative calendar.

Four long school days with one weekday off could also create a hardship for families who rely on childcare.

Why did staff recommendations not include an across-the-board pay cut?

Under state law, pay cuts to certified personnel (e.g. tenured teachers) salaries are regarded as demotions, which would trigger appeal and hearing rights. Further, there have been no salary increases for the past three years as other costs continue to rise (fuel, food, etc.). Our employees have taken on extra work as we have made cuts and that is likely to continue. Taken together, these factors represent an ongoing salary cut that will continue next year.

Why was a furlough not among staff recommendations?

As presently written, the furlough authority given to school districts in North Carolina is too restrictive for our use. In order to use the furlough power granted us by the General Assembly, we would first have to end all bonus and extra payments to teachers. This includes our successful Strategic Staffing Initiative, which pays more to teachers and principals who take on challenging schools. We are not willing to end this program because it is producing results.

An additional problem is that furloughs cannot be applied to employees who earn less than \$32,000 per year. A significant number of our employees would thus be exempted from furloughs, raising the issue of fairness across the district and reducing the value of the savings.

Budget Calendar

For information about upcoming Board of Education work sessions and meetings, and scheduled community meetings, [please click here](#).

Want to share your views on budget issues?

Here is a list of general addresses and the role each organization plays in the budget process.

Want to learn more about budget issues?

These organizations can help.

Contacts

Charlotte-Mecklenburg Schools

Draws up initial CMS budget request and plans for long-term growth.

www.cms.k12.nc.us

Email: budgetquestions@cms.k12.nc.us

Write to: Charlotte-Mecklenburg Schools

P.O. Box 30035

Charlotte, NC 28230

Charlotte-Mecklenburg Board of Education

Votes on final budget and presents it to the county.

www.cms.k12.nc.us/boe/Pages/default.aspx

Write to: Attn: CMS Board Member name

P.O. Box 30035

Charlotte, NC 28230

Email:

Chairperson Eric Davis: Ericc.davis@cms.k12.nc.us

Vice Chairperson Tom Tate: Tom.tate@cms.k12.nc.us

Member At-Large Kaye McGarry: Kaye.mcgarry@cms.k12.nc.us

Member At-Large Trent Merchant: Trent.merchant@cms.k12.nc.us

Member At-Large "Coach" Joe I. White Jr.: Coachjoew@cms.k12.nc.us

Member District 1 Rhonda Lennon: Rhonda.lennon@cms.k12.nc.us

Member District 2 Richard McElrath Sr.: Richard.mcelrath@cms.k12.nc.us

Member District 3 Dr. Joyce Waddell: Joyce.waddell@cms.k12.nc.us

Member District 6 Timothy Morgan: Tim.morgan@cms.k12.nc.us

Mecklenburg County Board of Commissioners

Allocates local money to schools.

<http://charmec.org/mecklenburg/county/BOCC/Pages/Home.aspx>

Write to: Commissioners' and Manager's Office

Charlotte-Mecklenburg Government Center

600 East 4th Street

Charlotte, NC 28202

North Carolina General Assembly

Allocates state funding for schools and sets requirements for districts.

www.ncga.state.nc.us

This Web page will show you who represents you.

Resources

Charlotte-Mecklenburg Schools

www.cms.k12.nc.us/Pages/Default.aspx

Communications Department: (980) 343-7450

MeckEd

Mecklenburg Citizens for Public Education

www.mecked.org

(704) 335-0100

Charlotte Chamber of Commerce

www.charlottechamber.com

(704) 378-1300

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