

# \$1 billion budget by '05-'06

**CMS estimates cost of meeting growth, achievement, equity goals; \$14.9 million request now with county to rise to \$96 million next year; impact on budget talks uncertain, but cost of trip to excellence clear**

The first projections of the cost of creating schools that excel on all measures, for all kids, is a 12-ounce document that may set off a five-alarm firestorm.

The 32-page report fulfills a request by two outside groups and the school board for longer-term financial information on where CMS is headed.

The answer is a series of expensive efforts to push student achievement among both low- and high-achievers, and to close achievement gaps. And to get there, Supt. Jim Pughsley envisions boosting local funding for the school system by about 50% in two years.

The forecast's release comes as county commissioners are deeply divided over whether to meet a request for what in comparison looks like a paltry sum of an additional \$14.9 million in local money.

Asked Tuesday night if the forecast's projection of a \$96.4 million increase to be requested in 12 months would help or hurt chances for obtaining the \$14.9 million this year, board chairperson Wilhelmenia Rembert said, "I don't know."

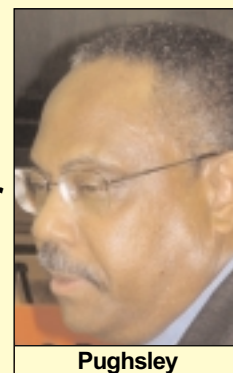
Vice chairperson Louise Woods said Wednesday morning that the \$96.4 million shows how sensitive Pughsley and the board were to the current economic downturn when they asked for just \$14.9 million this year.

For nearly a decade, Charlotte-Mecklenburg has been financing through bond issues a drive to bring CMS school buildings up to standard. That work will take about 15 more years, given the rate at which county commissioners are now allowing bond sales.

But Pughsley's forecast deals with the equally daunting issue of providing quality teachers to boost all students to their potential. More than 80% of CMS operating dollars go directly to salaries and benefits.

Pughsley says CMS faces its most critical challenge at middle and high schools, where a large group of underperforming students are making their way through the system. He told the Education Budget Advisory Committee (EBAC) Wednesday morning that limited resources are forcing him to

**"The Charlotte-Mecklenburg community has kept its centuries-old spirit to aspire to a greater future, and its citizens must keep their commitment to involve themselves in the hard work and risk-taking necessary to address the challenges before us in public education."**



Pughsley

cut back on higher-level courses to provide the remedial work these students need.

That's precisely the scenario that education advocates nationwide worry about in urban school districts. Such decisions often signal the erosion of the quality programs that retain high-achieving students in public education.

Maintaining opportunities for children of all levels of achievement is a mainstay of the school board's commitment to equity, but the school board does not have taxing authority to raise the money it needs.

Rembert, who has been negotiating with county commissioners as part of a standing budget liaison committee created by the two boards, acknowledges that a majority of commissioners made a commitment to voters last election season that, if elected, they would not increase taxes.

"But we have a commitment from the public that they will pay for equity. There's the rub," Rembert said Tuesday night.

## Making it safe for teachers to use imagination

“...Many schools place more faith in routinized procedures than in the imaginations of their educators. Every day, teachers and administrators get powerful messages from their supervisors that what school systems and schools value is compliance with directives and procedures. In this environment, many educators do not feel it is safe for them to develop and use their imaginations. That is why they are so often dispirited....

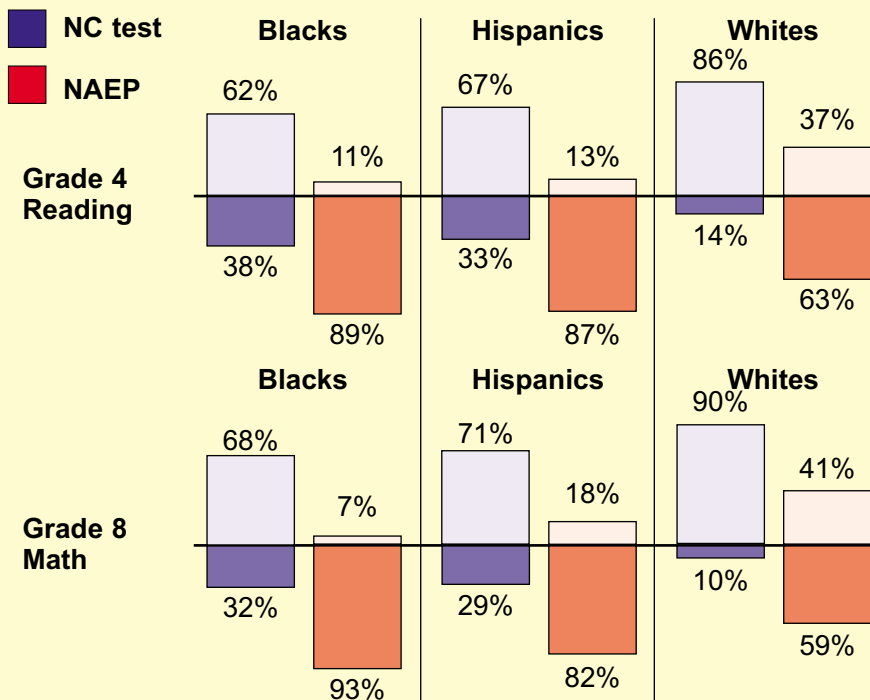
“Most teachers and administrators succumb to the cultures and conventions of their school systems and schools and thereby give up the possibilities of using their imaginations to further their work in new ways. In effect, they cut themselves off from one of the most valuable and affirming resources they have, their own imaginations. This cannot change, it will not change until school system and school leaders create environments in which imagination is understood, valued, and applied as one important means to increase the performance levels of educators, students, and schools.

– Hayes Mizell of the National Staff Development Council, speaking May 21 to middle school leaders in Corpus Christi, Texas

## A reminder of state, U.S. test result differences

To mark the 49th anniversary of Brown vs. Board, the landmark Supreme Court decision ordering an end to separate and unequal minority schools, the Education Trust tracked test-score evidence that suggests that state testing programs overstate the academic accomplishments of all groups, but particularly minorities.

Chart show above the baseline the percentage of students testing proficient or on or above grade level. Bars below the baseline show the percentage not proficient or below grade level. Tests are the most recent N.C. end-of-grade test and the relevant counterpart from the most recent National Assessment of Educational Progress.



Data source: The Education Trust www.edtrust.org

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# Pughsley on ‘true cost of the journey’

*Text of a May 27 letter to the school board accompanying the financial projection document.*

The development of this document, “Financial Projection for the Years Ending June 30, 2004 through 2006, serves as a long-term overview of the financial forecast for the Charlotte-Mecklenburg Schools.

In response to the recommendations of the McKinsey team and its steering committee in January 2002 and the request of the Education Budget Advisory Committee to develop a plan detailing school challenges and priorities, the Board of education authorized the administration to move forward accordingly with an analysis of budget projections for the next three years.

With the assistance of staff, I have made every effort to develop a realistic and detailed projection that identifies the resources needed to fund the equity template and other needed programs and services.

To create a true financial forecast in today’s tough and uncertain economic times was extremely difficult given that a forecast is usually an estimate or prediction of coming events.

However, in the spirit of the request, we have attempted to develop a projection, or a plan, to chart our future course of action that reflects the funding requirements we believe are needed to overcome the most significant challenges our district faces.

In detailing the financial projection that confronts us over the next three years, our *journey* continues to be driven by

our quest to achieve a “culture of excellence, fairness and hope,” the long-range vision for our district.

The *journey* continues to be a marathon of three to five years, and not a sprint.

The Charlotte-Mecklenburg community has kept its centuries-old spirit to aspire to a greater future, and its citizens must keep their commitments to involve themselves in the hard work and risk-taking necessary to address the challenges before us in public education.

The Charlotte-Mecklenburg School district has made strong gains in academic achievement, but that momentum can only continue with the appropriate resources and direction in place.

I have said on several occasions

that we have an opportunity to serve as a beacon for addressing the needs of ALL children in the public school setting.

We face a critical three- to five-year window of opportunity to become the school district we desire for all children of this community. Challenges such as the recruitment of quality teachers, support for the growing non-English speaking population, providing for high level and/or AP/IB type students, and equity throughout the district must continue to be addressed.

I have been asked what is the true cost of the *journey*. This three-year financial projection outlines the roadmap and realistic costs for our *journey*.

## Financial Projection Summary

	'03-'04	'04-'05	'05-'06	Increase/ (reduction)
Base budget*	\$787,498,230	\$838,486,439	\$960,600,576	
Local redirections	(10,023,703)	(8,398,049)	(11,290,456)	(\$29,712,208)
NC, US reductions	-	(10,634,414)	(11,213,323)	(21,847,737)
Partial Replacement of NC cuts with local funds	-	4,149,905	4,119,786	8,269,691
Replacement of critical US funds with local funds	-	450,000	800,000	1,250,000
Replacement of NC capital replacement funding with local funds	-	5,000,000	-	5,000,000
Additional expenditures for sustaining operations, growth, new Initiatives	61,011,912	131,546,695	97,240,659	289,799,266
Net annual increase	50,988,209	122,114,137	79,656,666	252,759,012
Total expenditures	838,486,439	960,600,576	1,040,257,242	
<b>Net Annual Projected Increase by Funding Source</b>				
State	36,042,208	22,448,184	26,305,717	84,796,109
Local	14,946,001	96,413,566	49,912,748	161,272,315
Federal, other local	-	3,252,387	3,438,201	6,690,588
Net annual increase	50,988,209	122,114,137	79,656,666	252,759,012
% over Base Year	6.47%	14.56%	8.29%	32.10%

**Notes:** \*Includes state revisions and anticipated revenue adjustments to 2002-03 Adopted Budget.

# CMS projects budget of \$1 billion in '05-'06

Continued from Page 1

The clock is ticking on the schools' own commitments to improve academic achievement.

The board's 2005 goals include having 95% of all children reading at or above grade level in grades 3, 5 and 8. Last year's tests placed them at 78%, 81% and 81%.

The forecast was first suggested about 18 months ago. A draft without numbers was given to the board in March. Pughsley delayed its release on May 12, saying he needed more time to review the projections.

At EBAC's meeting Wednesday morning, Pughsley walked members through the document, just had he had done with the school board Tuesday night.

School board members received their copies just as Pughsley began the presentation, and there were no visuals for the public to watch as CMS-TV broadcast the session live. Rembert ruled out questions from board members Tuesday night.

But on Wednesday, the business executives were not shy and asked lots of questions. The majority on the business-dominated advisory group is supportive of the effort to project costs out three years. The majority also believes that the true costs of running CMS with high student outcomes will be far higher than today's budgets allow.

Indeed, there was

much discussion Wednesday of a Newsweek magazine article, highly promoted by CMS officials, that ranked CMS high schools well nationally.

The narrow grounds used for the rankings left some worrying that the Charlotte-Mecklenburg public would fail to grasp the

need for additional resources to improve achievement.

"We still have some significant challenges before us and that is what the forecast is about," Pughsley said.

Key to understanding the financial information in the forecast

Continued on Page 6

## Total Revenues – All Sources

	Adopted '02-'03	Proposed '03-'04	Projected '04-'05	Projected '05-'06
NC	\$466,535,064	\$497,012,266	\$519,460,450	\$545,766,167
Mecklenburg	264,988,951	279,934,952	376,348,518	426,261,266
Federal, other local	67,961,069	61,539,221	64,791,608	68,229,809
<b>Total</b>	<b>799,485,084</b>	<b>838,486,439</b>	<b>960,600,576</b>	<b>1,040,257,242</b>

## Expenditures – All Sources

	Adopted '02-'03	Proposed '03-'04	Projected '04-'05	Projected '05-'06
<b>Instruction</b>				
Regular	\$331,452,110	\$355,966,736	\$421,665,546	\$461,709,431
Special	81,006,420	79,307,868	89,583,272	98,602,799
Adult Educational	40,403	-	-	-
Co-Curricular	3,261,973	3,471,286	3,619,280	3,771,066
Student Services	49,798,804	49,821,554	53,866,034	58,122,382
Benefits (Instuction)	114,614,214	117,755,743	138,340,625	154,013,813
<b>Total</b>	<b>580,173,924</b>	<b>606,323,187</b>	<b>707,074,757</b>	<b>776,219,491</b>
<b>Instructional Support</b>				
Pupil Support Services	1,900,233	1,676,571	1,741,529	1,808,439
Instructional Staff	9,800,024	9,638,934	9,821,623	10,011,286
<b>Total</b>	<b>11,700,257</b>	<b>11,315,505</b>	<b>11,563,152</b>	<b>11,819,725</b>
<b>Operations</b>				
Business Support	104,925,123	107,156,684	128,300,281	141,334,879
Central Support	18,117,474	20,613,601	23,848,950	26,453,647
Community Services	500,432	497,062	512,268	528,000
Other	1,598,905	1,928,064	1,928,064	1,928,064
<b>Total</b>	<b>125,141,934</b>	<b>130,195,411</b>	<b>154,589,563</b>	<b>170,244,590</b>
<b>Leadership</b>				
Administrative	5,424,903	5,316,896	5,504,898	5,838,978
School Administrative	42,622,647	45,900,986	47,419,644	48,735,269
<b>Total Leadership</b>	<b>48,047,550</b>	<b>51,217,882</b>	<b>52,924,542</b>	<b>54,574,247</b>
<b>Benefits (Support)</b>	<b>31,383,216</b>	<b>35,133,822</b>	<b>38,357,998</b>	<b>41,963,704</b>
<b>Charter Schools</b>	<b>3,038,203</b>	<b>4,300,632</b>	<b>4,488,613</b>	<b>5,123,990</b>
<b>Redirections/Reductions*</b>	<b>-</b>	<b>-</b>	<b>(8,398,049)</b>	<b>(19,688,505)*</b>
<b>TOTAL</b>	<b>799,485,084</b>	<b>838,486,439</b>	<b>960,600,576</b>	<b>1,040,257,242</b>

**Notes:** \*The total local redirection of \$19,688,505 is the cumulative redirection for FY 2004-05 and 2005-06 because the 2004-05 redirection has not been allocated by function code in the projection. The local redirection for FY 2005-06 is projected to be \$11,290,456. The local total redirections for the three years projected equal \$29,712,208 in accordance with Assumption A (See Page 16).

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(reproduced on these pages) are “certain assumptions that are in place,” Pughsley said. Those assumptions are reproduced beginning on page 16.

Pughsley said the forecast assumes that the state will cut its support for CMS by 2% in each of the next two years. That’s based on “the history of the last two or three years,” he said.

As CMS continues to grow, that pattern of state withdrawal of support has led to increasing reliance on local dollars, financed by the county property tax.

Pughsley wants to boost county spending to replace up to \$1.25 million in lost federal dollars as well.

The forecast includes nearly \$30 million in “redirected” moneys – programs ended or shaved. Pughsley is seeking a modest increase for his evaluation section to do the assessments that will lead to such redirections.

Pughsley said another driver of the budget numbers is an ever-growing number of costly-to-educate children. “Our demographics are changing,” he said.

Said Rembert Tuesday night, “Big urban systems that look like ours are expensive.”

While the projections deal with the full range of school spending, Pughsley has broken down costs by what he calls the system’s major challenges. That

data begins on Page 9.

“Our secondary schools are the real challenge before us,” he said.

One element of meeting the challenge is completing the task of funding so-called “equity” issues: smaller class sizes for students who need it, assuring that supplies and materials are adequate at all schools.

The forecast includes the full \$20 million additional needed to complete the equity effort.

But to raise achievement, Pughsley envisions a number of new programs to raise test scores among underachieving students.

Those programs for elementary,

middle and high schools are mentioned beginning on Page 13 under “Models for school-level enhancements.”

Many of the curriculum efforts are not new, but many will be expanded. Financial details for each of those programs are not listed in the forecast, but are embedded in the overall financial figures.

Pughsley told EBAC not to be misled by a line reprinted on Page 10 that lists no cost to achieve the federal mandates of No Child Left Behind, the Individual Disabilities Education

Continued on Page 7

## Expenditures – State funds

	Adopted '02-'03	Proposed '03-'04	Projected '04-'05	Projected '05-'06
<b>Instruction</b>				
Regular	\$229,460,014	\$249,950,310	\$261,847,875	\$276,299,325
Special	44,778,341	44,797,411	47,308,117	49,373,971
Adult educational	-	-	-	-
Co-Curricular	-	-	-	-
Student services	34,842,900	35,910,840	36,414,490	36,862,188
Benefits (Instruction)	75,943,760	77,418,858	84,831,827	93,493,940
<b>Total</b>	<b>385,025,015</b>	<b>408,077,419</b>	<b>430,402,309</b>	<b>456,029,424</b>
<b>Instructional support</b>				
Pupil support services	102,775	53,202	54,798	56,442
Instructional staff	2,782,696	2,523,681	2,507,188	2,492,293
<b>Total</b>	<b>2,885,471</b>	<b>2,576,883</b>	<b>2,561,986</b>	<b>2,548,735</b>
<b>Operations</b>				
Business support	35,113,650	35,216,239	35,037,331	34,863,993
Central support	230,599	265,556	220,511	200,615
Community services	-	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>35,344,249</b>	<b>35,481,795</b>	<b>35,257,842</b>	<b>35,064,608</b>
<b>Leadership</b>				
Administrative	120,555	116,268	119,756	123,349
School administrative	26,797,664	33,149,885	32,507,123	32,138,763
<b>Total</b>	<b>26,918,219</b>	<b>33,266,153</b>	<b>32,626,879</b>	<b>32,262,112</b>
<b>Benefits (Support)</b>	<b>16,362,110</b>	<b>17,610,016</b>	<b>18,611,434</b>	<b>19,861,288</b>
<b>Charter schools</b>	-	-	-	-
<b>Redirections/Reductions*</b>	-	-	-	-
<b>TOTAL</b>	<b>466,535,064</b>	<b>497,012,266</b>	<b>519,460,450</b>	<b>545,766,167</b>

**Notes:** Reduction of approximately 2% of total state revenue projected (including growth) was spread across function codes based upon the areas anticipated that state reductions will likely occur for the FY 2004-05 and FY 2005-06.

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Continued from Page 6

Act and mandates for English as a Second Language.

“Believe me those costs have been put in other parts of the document.”

“This document is one of the most important exercise I’ve seen in the nine years I’ve been in Charlotte,” said retired furniture executive Howard Haworth. “It’s going to take the board and EBAC and the public a significant amount of time to understand it.”

The forecast, he said is “a beginning of letting the public know what the cost of the trip will be.”

Pughsley said later, “We certainly have pockets of excellence... but my goal is to have a school district of excellence

“I am seeking achievement such that we would be among the top 100 against any criterion.”

EBAC member Haze Moore suggested that the projection should “have a calming effect on the detractors of public education.

“Hopefully people will get behind what we are trying to achieve and forget about the dollars. It’s about doing what we know needs to be done.”

“This is not a Dr. Pughsley and (Finance Officer) Sheila Shirley wish list,” said banker and Chamber of Commerce leader Ernie Dehnert. He called the projection an “attempt to quantify the journey

and where we need to go. Hopefully the community will put it in that perspective.”

Pughsley said the projection would be updated annually. “It serves a useful purpose as it relates to planning. We didn’t make this investment and not intend to use it.”

Asked what the system gets out of the additional money contemplated in the forecast, Pughsley said, “We have a number of Level One students rolling up to the high schools... We have to address that,” but doing so “may

take away from some of the higher level courses.” Additional funds in the projection would install an remediation “academy” at high school level.

Other dollars in the projection will address the system’s “trending toward more needy students.”

Fully funding equity programs will cost about \$96 million annually. About \$66 million has been built into budgets thus far, he said. “This will take us the balance of the way.”

Several members of EBAC sug-  
Continued on Page 8

## Expenditures – County funds

	Adopted '02-'03	Proposed '03-'04	Projected '04-'05	Projected '05-'06
<b>Instruction</b>				
Regular	\$81,180,215	\$87,232,252	\$141,066,381	\$166,651,706
Special	13,617,806	12,513,559	18,201,690	23,012,560
Adult educational				
Co-curricular	3,248,190	3,471,286	3,619,280	3,771,066
Student services	9,269,680	10,031,030	13,372,940	16,976,701
Benefits (Instruction)	28,028,450	30,397,848	42,637,986	48,647,771
<b>Total</b>	<b>135,344,341</b>	<b>143,645,975</b>	<b>218,898,277</b>	<b>259,059,804</b>
<b>Instructional support</b>				
Pupil support services	1,624,775	1,598,686	1,661,308	1,725,811
Instructional staff	6,511,158	6,593,208	6,780,385	6,972,577
<b>Total</b>	<b>8,135,933</b>	<b>8,191,894</b>	<b>8,441,693</b>	<b>8,698,388</b>
<b>Operations</b>				
Business support	67,305,616	70,363,829	91,680,775	104,882,985
Central support	16,867,129	19,158,553	22,425,799	25,036,849
Community services	206,732	210,113	225,319	241,051
Other	-	-	-	-
<b>Total</b>	<b>84,379,477</b>	<b>89,732,495</b>	<b>114,331,893</b>	<b>130,160,885</b>
<b>Leadership</b>				
Administrative	4,400,765	4,367,284	4,527,703	4,833,373
School administrative	15,252,568	12,751,101	14,912,521	16,596,506
<b>Total</b>	<b>19,653,333</b>	<b>17,118,385</b>	<b>19,440,224</b>	<b>21,429,879</b>
<b>Benefits (Support)</b>	<b>14,437,664</b>	<b>16,945,571</b>	<b>19,145,867</b>	<b>21,476,825</b>
<b>Charter schools</b>	<b>3,038,203</b>	<b>4,300,632</b>	<b>4,488,613</b>	<b>5,123,990</b>
<b>Redirections/Reductions*</b>	<b>-</b>	<b>-</b>	<b>(8,398,049)</b>	<b>(19,688,505)</b>
<b>TOTAL</b>	<b>264,988,951</b>	<b>279,934,952</b>	<b>376,348,518</b>	<b>426,261,266</b>

**Notes:** The total local redirection of \$19,688,505 is the cumulative redirection for FY 2004-05 and 2005-06 because the 2004-05 redirection has not been allocated by function code in the projection. The local redirection for FY 2005-06 is projected to be \$11,290,567. The total local redirections for the three years projected equal \$29,712,208 in accordance with Assumption A.

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gested that CMS would need evidence of increasing achievement to gain public support for the larger budgets in the projections.

Pughsley replied that he would be reporting out preliminary data on end-of-grade testing on June 10. Then “we will know... where we expect to be after another year.

“I think there may be some surprises even this year – of a pleasant nature,” he said.

County budget director Russ Crider reminded the group that Pughsley’s forecasts do not include the cost of servicing CMS’s debt – which will be \$87.5 million in the coming fiscal year.

EBAC chairman Ken Harris said a committee headed by Dehnert would collate the group’s questions.

In two weeks, the school board may have some as well.

“We asked for this,” Harris quipped.

“It’s going to take a lot of community support to implement this.

“An informed community is very important.”

Former school board chairman Arthur Griffin, who meets with EBAC, said the board had set its 2005 goals and was working toward meeting them.

“If we are able to achieve this you won’t find another school system in the nation that will match us.”

At the same time, he noted, N.C. court rulings have laid out what “a sound, basic education” means, and districts may soon be

responsible for providing it to every child.

He also encouraged members to assess the connection between high home resale values and the quality of the schools serving that neighborhood.

“You can sell that to the community,” he said.

– Steve Johnston

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*This edition of Educate! is devoted to presenting the text of this three-year projection.*

*Only the chart on Page 2 is a small reminder from another source that the goal of achieving excellent educational outcomes has eluded the community’s best efforts thus far.*

*There is, as Pughsley and others argue, a journey not yet taken.*

*Our thanks to Finance Officer Sheila Shirley and her associate Andrea Williams for assistance transferring the electronic files of the projection document by e-mail.*

*Minor editing of CMS’s documents have been required to fit the material into the tables and charts published here. No other changes have been made intentionally.*

*Any errors introduced into the text in the editing and layout process will be corrected in a future edition, and the PDF file of this edition will be corrected in the Educate! online archive at [www.educateclt.org](http://www.educateclt.org)*

## Expenditures – Federal funds

	Adopted '02-'03	Proposed '03-'04	Projected '04-'05	Projected '05-'06
<b>Instruction</b>				
Regular	\$20,811,881	\$18,784,174	\$18,751,290	\$18,758,400
Special	22,610,273	21,996,898	24,073,465	26,216,268
Adult educational	40,403	-	-	-
Co-curricular	13,783	-	-	-
Student services	5,686,224	3,879,684	4,078,604	4,283,493
Benefits (Instruction)	10,642,004	9,939,037	10,870,812	11,872,102
<b>Total</b>	<b>59,804,568</b>	<b>54,599,793</b>	<b>57,774,171</b>	<b>61,130,263</b>
<b>Instructional support</b>				
Pupil Support Services	172,683	24,683	25,423	26,186
Instructional Staff	506,170	522,045	534,050	546,416
<b>Total</b>	<b>678,853</b>	<b>546,728</b>	<b>559,473</b>	<b>572,602</b>
<b>Operations</b>				
Business support	2,505,857	1,576,616	1,582,175	1,587,901
Central support	1,019,746	1,189,492	1,202,640	1,216,183
Community services	293,700	286,949	286,949	286,949
Other	1,598,905	1,928,064	1,928,064	1,928,064
<b>Total</b>	<b>5,418,208</b>	<b>4,981,121</b>	<b>4,999,828</b>	<b>5,019,097</b>
<b>Leadership</b>				
Administrative	903,583	833,344	857,439	882,256
School administrative	572,415	-	-	-
<b>Total</b>	<b>1,475,998</b>	<b>833,344</b>	<b>857,439</b>	<b>882,256</b>
<b>Benefits (Support)</b>	<b>583,442</b>	<b>578,235</b>	<b>600,697</b>	<b>625,591</b>
<b>Charter schools</b>	-	-	-	-
<b>Redirections/Reductions*</b>	-	-	-	-
<b>TOTAL</b>	<b>67,961,069</b>	<b>61,539,221</b>	<b>64,791,608</b>	<b>68,229,809</b>

Notes: Reduction in federal funding is included in regular instruction



## Expenditures by Major Challenges; Page 1

	"Assumption" reference number; see full list, pp. 16-19	Proposed '03-'04	Projected '04-'05	Projected '05-'06
<b>Base Expenditure Budget</b>		\$787,498,230	\$838,486,439	\$960,600,576
<b>Redirections and Reductions</b>				
Local Redirections				
Programs and services "sunset clause" evaluations	A	(10,023,703)	(8,398,049)	(11,290,456)
Anticipated state reductions	B	-	(10,634,414)	(11,213,323)
Total		(10,023,703)	(19,032,463)	(22,503,779)
<b>Sustaining Operations</b>				
Salary increases	1	11,737,732	19,665,173	20,255,139
Benefits increases				
Health insurance	2	9,625,055	8,296,924	9,541,464
Retirement	3	10,165,158	-	-
Insurance costs				
Premiums/Self insurance program	4	468,967	261,580	287,738
General operating expenditures	5	1,216,376	1,280,630	1,312,137
Instructional materials	6	-	815,448	-
Charter school enrollment	7	1,262,429	187,981	635,377
Replace critical federal funding	8	-	450,000	800,000
Partial replacement of anticipated state reductions	9	-	4,149,905	4,119,786
Total		34,475,717	35,107,641	36,951,641
<b>Changes in Student Population</b>				
Student Growth				
Position allotments based on enrollment	10	12,619,895	16,486,622	21,872,251
Non-personnel costs for growth	11	864,467	1,477,265	1,244,099
Buses purchased for growth	11a	-	1,981,000	2,041,000
Opening of New Schools				
Staffing	12	3,800,852	1,447,267	1,892,859
Non-personnel costs	13	310,742	184,178	360,889
Maintenance	14	2,536,279	555,375	3,345,695
Athletics	15	126,743	58,062	59,802
Program cost for changing demographics	16	-	9,739,019	4,949,797
Total		20,258,978	31,928,788	35,766,392
<b>Impact of the Choice Plan</b>				
Transportation				
Increased ridership and miles driven	17	-	-	-
Additional facilities	18	-	-	-
Fueling capabilities	19	-	-	-
Recruitment and retention	20	-	67,354	15,826
Title I - increased demand for similar services	21	-	-	-
Communication	22	-	-	-
Mobile units				
Purchase of units	23	-	4,420,000	-
Movement of units	24	-	431,200	-
Total		-	4,918,554	15,826
<b>Student Achievement</b>				
High schools	25	-	18,248,315	114,334
Middle schools	26	-	17,013,734	475,335
Elementaries	27	-	375,703	64,334
Achievement gap	28	-	-	-
No Child Left Behind unfunded mandates	29	-	13,000	15,850
Total		-	35,650,752	669,853

**Expenditures by Major Challenges: Page 2**

		<b>“Assumption” reference number; see full list, pp. 16-19</b>	<b>Proposed '03-'04</b>	<b>Projected '04-'05</b>	<b>Projected '05-'06</b>
<b>Teaching/Administrative Staff</b>					
Quantity of teachers		30	-	-	-
Quality of staff		31	1,858,055	1,269,124	1,350,124
Reducing turnover		32	-	-	-
Staff development		33	138,330	68,580	71,000
Total for teaching/administrative staff			1,996,385	1,337,704	1,421,124
<b>Equity initiatives</b>					
Equity Standards Instructional Template		34	1,478,770	9,342,751	9,342,751
Total			1,478,770	9,342,751	9,342,751
<b>Instructional programs</b>					
Traditional high schools converting third semester schools		35	433,900	488,788	977,577
Instructional program changes		36	177,645	4,242,947	5,119,075
Textbooks		37	-	-	-
Total			611,545	4,731,735	6,096,652
<b>Technology</b>					
Instructional technology		38	175,000	7,257,928	8,311,718
Management systems		39	-	1,716,000	-
Total			175,000	8,973,928	8,311,718
<b>State / Federal mandates</b>					
No Child Left Behind		40	-	-	-
IDEA		41	-	-	-
ESL		42	-	-	-
Total		-	-	-	-
<b>Maintenance and Operations</b>					
Capital Replacement					
Scheduled replacement of vehicles and equip.		43	-	1,150,259	-
Replacement of state funding source		44	-	5,000,000	-
Square footage increase		45	-	-	-
Preventive maintenance program		46	-	2,920,000	3,500,000
Total			-	9,070,259	3,500,000
<b>Other Initiatives</b>					
Prevention and Intervention		47	955,731	-	-
Sunset evaluation		48	191,167	-	-
Competency based performance pay plan		49	868,619	84,488	84,488
Total			2,015,517	84,488	84,488
<b>Total projected expenditures</b>			<b>838,486,439</b>	<b>960,600,576</b>	<b>1,040,257,242</b>
<b>Net annual projected increase</b>			<b>50,988,209</b>	<b>122,114,137</b>	<b>79,656,666</b>

**Projected Increases – by source, 2003-04**

Assumption code, pp. 16-19	Program change	State	Local	Federal and other local	Grand total
A	Local redirects	-	(10,023,703)	-	(10,023,703)
1	Salary increases	8,251,237	3,486,495	-	11,737,732
2	Health insurance	9,625,055	-	-	9,625,055
3	Retirement Increase	7,181,489	2,983,669	-	10,165,158
4	Premiums/self insurance program	-	468,967	-	468,967
5	General operating expenditures	-	1,216,376	-	1,216,376
7	Charter school enrollment	-	1,262,429	-	1,262,429
10	Position allotments based on enrollment	8,603,833	4,016,062	-	12,619,895
11	Non-personnel costs for growth	161,789	702,678	-	864,467
12	Staffing for new schools	1,897,687	1,903,165	-	3,800,852
13	Non-personnel costs for new schools	161,042	149,700	-	310,742
14	Maintenance	160,076	2,376,203	-	2,536,279
15	Athletics	-	126,743	-	126,743
31	Quality of staff	-	1,858,055	-	1,858,055
33	Staff development	-	138,330	-	138,330
34	Equity Standards Instructional Template	-	1,478,770	-	1,478,770
35	High schools converting 3rd-semester schools	-	433,900	-	433,900
36	Instructional program changes	-	177,645	-	177,645
38	Instructional technology	-	175,000	-	175,000
47	Prevention and Intervention	-	955,731	-	955,731
48	Sunset evaluation	-	191,167	-	191,167
49	Competency Based Performance Pay Plan	-	868,619	-	868,619
Net annual projected increase		36,042,208	14,946,001	-	50,988,209

**Projected Increases – by source, 2004-05**

Assumption code, pp. 16-19	Program change	State	Federal and Local	Grand other local	total
A	Local Redirects	-	(8,398,049)	-	(8,398,049)
B	Anticipated State/Federal Reductions	(10,299,657)	-	(334,757)	(10,634,414)
1	Salary increases	12,914,347	5,728,788	1,022,038	19,665,173
2	Health insurance	6,252,611	1,657,328	386,985	8,296,924
4	Premiums/Self insurance program	-	261,580	-	261,580
5	General operating expenditures	-	1,280,630	-	1,280,630
6	Instructional Materials	-	815,448	-	815,448
7	Charter School enrollment	-	187,981	-	187,981
8	Replace Critical Federal Funding	-	450,000	-	450,000
9	Partial Replacement of anticipated State reductions	-	4,149,905	-	4,149,905
10	Position allotments based on enrollment	11,654,998	4,549,844	281,780	16,486,622
11	Non-personnel costs for growth	364,831	914,289	198,145	1,477,265
11a	Buses purchased for growth	-	1,981,000	-	1,981,000
12	Staffing for New Schools	928,151	519,116	-	1,447,267
13	Non-personnel costs for New Schools	-	184,178	-	184,178
14	Maintenance	-	555,375	-	555,375
15	Athletics	-	58,062	-	58,062
16	Program cost for changing demographics	632,903	7,420,920	1,685,196	9,739,019
20	Recruitment and retention	-	67,354	-	67,354
23	Purchase of mobile units	-	4,420,000	-	4,420,000
24	Movement of mobile units	-	431,200	-	431,200
25	High School Achievement	-	18,248,315	-	18,248,315
26	Middle School Achievement	-	17,013,734	-	17,013,734
27	Elementary School Achievement	-	375,703	-	375,703
29	No Child Left Behind Unfunded Mandates	-	-	13,000	13,000
31	Quality of Staff	-	1,269,124	-	1,269,124

### 3-Year Financial Projection – Draft

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33	Staff Development	-	68,580	-	68,580
34	Equity Standards Instructional Template	-	9,342,751	-	9,342,751
35	High schools converting 3rd-semester schools	-	488,788	-	488,788
36	Instructional program changes	-	4,242,947	-	4,242,947
38	Instructional technology	-	7,257,928	-	7,257,928
39	Management systems	-	1,716,000	-	1,716,000
43	Scheduled replacement of vehicles, eqpt.	-	1,150,259	-	1,150,259
44	Replacement of state funding source	-	5,000,000	-	5,000,000
46	Preventive Maintenance Program	-	2,920,000	-	2,920,000
49	Competency Based Performance Pay Plan	-	84,488	-	84,488
Net annual projected increase			22,448,184	96,413,566	3,252,387 122,114,137

### Projected Increases – by source, 2005-06

Assumption code, pp. 16-19	Program change	State	Federal and Local	other local	Grand total
A	Local Redirects	-	(11,290,456)	-	(11,290,456)
B	Anticipated State/Federal Reductions	(10,853,127)	-	(360,196)	(11,213,323)
1	Salary increases	13,301,782	5,900,657	1,052,700	20,255,139
2	Health insurance	7,190,501	1,905,929	445,034	9,541,464
4	Premiums/Self insurance program	-	287,738	-	287,738
5	General operating expenditures	-	1,312,137	-	1,312,137
7	Charter School enrollment	-	635,377	-	635,377
8	Replace Critical Federal Funding	-	800,000	-	800,000
9	Partial Replacement of anticipated State reductions	-	4,119,786	-	4,119,786
10	Position allotments based on enrollment	15,314,968	6,257,636	299,647	21,872,251
11	Non-personnel costs for growth	425,586	558,048	260,465	1,244,099
11a	Buses purchased for growth	-	2,041,000	-	2,041,000
12	Staffing for new schools	926,007	966,852	-	1,892,859
13	Non-personnel costs for New Schools	-	360,889	-	360,889
14	Maintenance	-	3,345,695	-	3,345,695
15	Athletics	-	59,802	-	59,802
16	Program cost for changing demographics	-	3,225,096	1,724,701	4,949,797
20	Recruitment and retention	-	15,826	-	15,826
25	High School Achievement	-	114,334	-	114,334
26	Middle School Achievement	-	475,335	-	475,335
27	Elementary School Achievement	-	64,334	-	64,334
29	No Child Left Behind Unfunded Mandates	-	-	15,850	15,850
31	Quality of Staff	-	1,350,124	-	1,350,124
33	Staff Development	-	71,000	-	71,000
34	Equity Standards Instructional Template	-	9,342,751	-	9,342,751
35	High Schools converting 3rd-semester schools	-	977,577	-	977,577
36	Instructional program changes	-	5,119,075	-	5,119,075
38	Instructional technology	-	8,311,718	-	8,311,718
46	Preventive Maintenance Program	-	3,500,000	-	3,500,000
49	Competency Based Performance Pay Plan	-	84,488	-	84,488
Net annual projected increase		26,305,717	49,912,748	3,438,201	79,656,666

## ‘Models for school-level enhancements’

*As part of the forecasting, Supt. Pughsley has collocated the administration’s programs it wants to use in the effort to raise achievement. There’s a small elementary program here, but the focus is on middle and high school programs. In the material below, costs of each item were not included.*

### Elementaries

#### Mentors/Coaches

6 Math Coaches  
2 for each elementary region  
Major focus on implementing and sustaining the 2004-05 mathematics adoption  
Support for RST support at targeted schools  
Professional Development on site for targeted schools

### Middle schools

#### Curriculum & Instruction Alignment

Pacing Calendar, Alignment Guides, Instructional Focus Lessons and Daily Lesson Plans are available for all core classes. These resources are aligned to the North Carolina Standard Course of Study.

#### Comprehensive programs

Comprehensive Content Program  
All content areas have defined curriculum that all students access. In addition, specific curriculum is available for targeted, intensive intervention and accelerated students.

#### A+ Support \*

Researched based process that has clearly defined goals. A structured system for assessment and accountability, a rigorous curriculum, emphasis on quality instruction and opportunities for students to have additional instructional support.

#### AVID

Advancement Via Individual Determination is a program that aims to enhance the performance of students who are potential first generation college entrants.

#### Reading/writing \*

Teacher positions to instruct specifically in reading and writing development, comprehension, strategies, expository and information reading/writing. Writing plan based upon individualized diagnostic results and targeted to quarterlies and EOGs.

#### Math teachers \*

Teacher positions for improving performance, achievement and acceleration in EOGs/EOCs (algebra and geometry). Concentration on Algebraic Thinking, problem solving, pacing, alignment, focus lessons and inquiry practices.

#### Algebraic thinking

A program aimed to help students understand and apply algebraic concepts. It is designed to use research based instructional strategies and developmentally appropriate methods. Program aims to increase the number of students prepared to successfully complete Algebra I and higher math classes by grade 9.

#### School-based tech support \*

Technology Support Position to provide instruction and coordination of technological resources in each middle school – assist in implementation of computer assisted instruction (i.e. Plato, GRADE). Organized Distance Learning opportunities and Just-In-Time (JIT) training for classroom teachers.

#### CTE Middle School

#### Mathematics/Science/Literacy Integration Program \*

Teams of CTE and Mathematics teachers will continue to develop higher level Mathematics content problems that reinforce mathematics, science and literacy concepts in CTE courses in Horticulture, Business/Marketing, Health Occupations, Auto Technology, and Construction Technology following CORD’s Model for Math Enrichment in CTE courses.

#### Co-Curricular Standards

Equity effort across schools to ensure that basic Co-Curricular opportunities are available at each middle school. These include Debate and National Academic League.

#### Parent Communication

Increase parental communication regarding student progress in school via web based technology.

### Instructional Management

#### Common planning

Dedicated time for content teachers to meet and plan together, review data and develop integrated lessons increases student achievement. A strong well developed School Improvement Plan supports common planning.

#### Instructional monitoring

Personalized Education Plans, Mini Assessments, quarterlies and homework rubrics are measures to track, record and communicate student progress. These tools also enable teachers to target specific areas of need and plan instruction to address identified areas throughout the school year.

#### Use of student achievement data

Schools have access to various tools, Data Warehouse and Sparta, to track student performance. These tools enable teachers to develop lesson plans that are directly related to areas identified in the data. Report cards contain essential academic and attendance information for parents.

### Professional development

#### Principal training

Principal Leadership training conducted through monthly principal meetings and other programs are held at the Leadership Academy. Curriculum overview sessions are held with new principals.

#### Teacher training

**3-Year Financial Projection – Draft****Models for academic enhancements**

Continued from Page 13

Just-In-Time Staff Development Training is tailored based on school site staff development needs. Training will further support National Board Certification, New Teacher Support Programs and a Lateral Entry Summer Academy.

**Mentors / Coaches \***

New teacher support to increase retention of new teachers. Support in instructional planning, classroom organization and management, assessment provided by experienced teachers for newly hired teachers. Concentration on success with Praxis Test.

Experienced successful teachers in core content areas (English, Math, Science, Social Studies). Work in targeted schools to improve student achievement. Concentration on focus lessons, content assessment and instructional delivery.

**Scheduling**

Provide continual support to schools as they implement the A/B day schedule and provide extended day/year instructional opportunities. Schedule time for teachers to plan and review data together and for students to be double-blocked and re-looped.

**Student management****Administrative Programs/ Guidance/Support Positions \***

BMT (Behavior Management Technicians): Specially trained technicians that work with emotionally or behaviorally challenged students. Emphasis is upon positive/constructive management of difficult behavior.

**Staffing**

Academic facilitators \*: Provide additional support to improve the academic program for Talent Development and students needing assistance. Focus upon language arts, math, science, and social

studies. Positions will focus on acceleration, re-teaching, team planning, data analysis and co-teaching.

**Incentives**

Milken Teacher Advancement Program (TAP) Comprehensive incentive strategy to attract, retain and motivate the best talent to the teaching profession. Areas of focus include recruitment, training, induction, professional development, compensation, performance evaluation and career advancement. Address critical shortage in math, science, foreign language, and the exceptional children's program.

**Transition Program****Smaller Teacher/Student Ratios – 6th Grade \***

Reduction of class size for 6th grade students. Research shows that both the 6th and 9th grades are critical transition years for adolescents. During these transition years teachers can better meet the needs of students in the smaller learning communities with a smaller teacher/student ratio.

**Counselors \***

Work with incoming students in 6th grade. Concentration will be on monitoring academic progress, social skills development, and personal growth. Time management, study skills and organizational skills will be emphasized. The Character education initiative will be integrated in the counseling program.

**High schools****Curriculum & Instruction****Alignment**

Use of Pacing Calendars, Alignment Guides, Focus Lessons and Daily Lesson Plans aligned to the North Carolina Standard Course of Study.

**Comprehensive programs**

**A+ Support \***: A coordinator for researched based comprehensive academic improvement program that has clearly defined goals. Includes a structured system for assessment and accountability, a rigorous curriculum, emphasis on

quality instruction and opportunities for students to have additional instructional support.

Specific curriculum is targeted with intensive intervention for all students.

**AVID** (Advancement Via Individual Determination): A program that aims to enhance the performance of students who are potential first generation college entrants.

**IB/AP**: Course of study at the highest level of academic excellence. AP Certificate Program, IB Certificate Program, Concentrated Studies Program, IB and AP Diploma Program.

**Reading/Writing Coaches \***

Teacher positions to instruct specifically in reading and writing development, comprehension, strategies, expository and information reading/writing. Writing plan based upon individualized diagnostics targeted to quarterlies and EOGs.

**Math teachers \***

Instruction to improve performance and achievement and acceleration in EOGs/EOCs (algebra and geometry). Concentration on Algebraic Thinking, problem solving, pacing, alignment, focus lessons and inquiry practices.

**School-based tech support \***

Technology Support Teacher staff to provide instruction and coordination of technological resources in each high school– assist in implementation of computer assisted instruction (i.e. Plato, GRADE). Support teacher staff will provide computer-assisted instruction at every high school as well as provide Distance Learning opportunities, and Just-In-Time (JIT) training for classroom teachers. This support enables the implementation of the North Carolina Standard Course of Study.

**CTE High School Mathematics Integration Program \***

Teams of CTE and Mathematics teachers will continue to develop higher level Mathematics content problems that reinforce mathematics concepts in CTE courses in Horticulture, Business/Marketing,

Continued on Page 15

## Models for academic enhancements

Continued from Page 14

Health Occupations, Auto Technology, and Construction Technology following CORD's Model for Math Enrichment in CTE courses.

Teams of CTE and English teachers will design a system of assignments that will engage CTE students in reading, writing, speaking and analyzing information within CTE courses.

### CTE High School Literacy Integration Program \*

2003-04 CTE teachers will utilize writing and higher order thinking skills as a tool to reinforce student understanding of technical concepts within the CTE courses.

### Co-Curricular Standards

Equity effort across schools to ensure that basic Co-Curricular opportunities are available at each high school. These include Debate, Chess Team and Science Olympiad.

### Parent Communication

Increase parental communication regarding student progress in school. Research use of E-Process reports at the school level.

## Instructional management

### Common Planning

Dedicated time for content teachers to meet and plan together, review data and develop integrated lessons increases student achievement. A strong well-developed School Improvement Plan supports common planning.

### Instructional Monitoring

Personalized Education Plans, Mini Assessments, quarterlies and homework rubrics are measures to track, record and communicate student progress. These tools also enable teachers to target specific areas of need and plan instruction to address identified areas throughout the school year.

### Use of student achievement data

Schools have access to various tools, Data Warehouse and Sparta to track student performance.

These tools enable teachers to develop lesson plans that are directly related to areas identified in the data. Report cards contain essential academic and attendance information for parents.

## Professional development

### Principal Training

Principal Leadership training conducted through monthly principal meetings and other programs are held at the Leadership Academy. Curriculum overview sessions are held with new principals.

### Teacher training \*

Just-In-Time Staff Development Training is tailored based on school site staff development needs. Training will further support National Board Certification, New Teacher Support Programs and a Lateral Entry Summer Academy.

## Mentors / Coaches

New teacher support for retention. Support in instructional planning, organization management, assessment provided by experienced teachers for newly hired teachers. Concentration on success with Praxis Test.

Experienced successful teachers in core content areas (English, Math, Science, Social Studies). Work in targeted schools to improve student achievement. Concentration on focus lessons, content assessment and instructional formatting.

## Scheduling

Provide continual support to schools as they implement the A/B day schedule and provide extended day instructional opportunities. Use of the common planning time enables teams of teachers to meet frequently, plan lessons together and review data to guide instructional decisions. The extended year program further offers focused instructional support and remediation to those students who are below grade level. Focus quality will be on teacher assignment for course levels. Focus also on quality time assignment for courses (4X4 extended day, extended year, tri-mester).

## Student Management

### Administrative

The Students Rights and Responsibilities/Student Code of Conduct defines a consistent, fair set of standards and procedures for principals and assistant principals throughout all high schools.

### Character Education

The Character Education initiative has established a program for counselors and other support positions to follow. This program fosters positive responsibility, character achievement, honesty and integrity for all students. It promotes safety and order in schools.

### Guidance \*

Guidance Services work is not only focused on specific needs of students and college admission. Guidance also has responsibility for PEPs, 504 Plans, Diploma Plus Program and PSAT/SAT preparation.

### Support Positions \*

#### Case Managers – Student

Support Case managers are assigned a specific number of students identified as at risk of dropping out of school or who have previously dropped out of school. By adding seven, all high schools should be covered.

**BMT \*** – (Behavior Management Technicians) Specially trained technicians that work with emotionally or behaviorally challenged students. Emphasis is upon positive/constructive management of difficult behavior.

#### Campus security associates \* –

Trained security personnel to provide monitoring and support to enhance safety at each school site with increased population at the high school level.

#### Special student services

**model\*** – E+ schools will receive an additional high school counselor to lower the counselor/student ratio. Counselor will also focus on alternatives to suspending and expelling students.

## Staffing

### Deans \*

Discipline for students. Work with

Continued on Page 16

**3-Year Financial Projection – Draft**

principal to coordinate safe schools and reports. Work with teachers on referrals for discipline. Work with, monitor, and coordinate security associates. Two per high school to serve a student population of 1,000 or more.

**ESL \***

Allocation of teachers positions to address the increase in numbers of ESL. Students increase in CMS population's 18 % per year. Reduce teacher/student ratio. Current ratio 1:30 reduce to 1:25.

**Academic Facilitator \***

Teacher level positions to increase instructional effectiveness in instructional content areas. Re-looping, reteaching, shared planning, teaching in the block. Focus in key areas (Chemistry, Physics, US History, Algebra, CTE, Geometry, ELP/Civics and Economics). Work closely with

new and or lateral entry teachers on content delivery. Pacing guides, daily lessons, instructional focus lessons. Emphasis on cross content instruction.

**Incentives \***

Milken Teacher Advancement Program (TAP) Comprehensive incentive strategy to attract, retain and motivate the best talent to the teaching profession. Areas of focus include recruitment, training, induction, professional development, compensation, performance evaluation and career advancement. Address critical shortage in math, science, foreign language, and the exceptional children's program.

**Transition program****Jump Start summer session \***

Program encompasses the diagnosis of rising 9th graders in areas

of math (pre-algebra, algebra, geometry) and diagnosis of student credits that put students in danger of not graduating on time. Jump Start Summer Program is offered to accelerate rising 9th graders in math.

**Graduate on Time summer program \***

Provides course work in subject areas to keep students on track for graduation.

**Counselors \***

Work with incoming students between 8th and 9th grade. Concentration will be on monitoring academic progress, social skills development, personal growth. Time management, study skills and organizational skills will be emphasized. Character education initiative will be integrated in the counseling program. Part of special transition program.

**Revenue assumptions made in this forecast**

The following provides a brief description of the detail elements included in the financial projection.

(Letters and numbers that begin each assumption refer back to financial charts.)

**Sustaining operations****Local revenue**

Assumption used was that county funding would be necessary to fund the projected expenditures in excess of the amounts provided by the other funding sources. In addition, local funding to cover anticipated salary and benefit increases was included for locally funded positions. The total county funding increase is offset by estimated redirections described below.

**A. Local redirections**

Projections include a redirection in local funds. This redirection was projected to equate to a minimum of the following: The lesser of 3% annually of the local base budget or \$30 million over the three year projected period.

**State revenue**

State revenues are projected to

increase by 6.5% in 2003-04, 7% in 2004-05 and 7.4% in 2005-06.

This funding increase for growth is expected, as the state has historically provided funding per state formulas for student growth. State funding to cover anticipated salary and benefit increases was included for state funded positions. The projected increase is offset by the projected reduction described below.

**B. Anticipated state reductions**

Projections include a decrease of approximately 2% of total state revenue projected after growth for both FY 2004-05 and FY 2005-06.

**Other Local Revenue**

It is projected that other local revenue will remain constant.

**Federal Revenue**

Funding increases were projected for growth in certain federal grants in FY 2004-05 and FY 2005-06. In addition, federal funding to cover anticipated salary and benefit increases was included for federal funded positions. However, other federal funding increases would likely be to supplement current funding or for designated targeted initiatives, therefore, those increas-

es would not be available to offset the expenditures included in this projection.

**1. Salary increase**

Projections include an average increase in salary for teachers and certified staff as follows: 2% in 2003-04, 3% in 2004-05 and 3% in 2005-06. For non-certified staff the increase is as follows:

2% in 2003-04, 3% in 2004-05, and 3% in 2005-06.

Actual increases will match the state-mandated increase as state budgets are determined by legislative action.

**2. Health insurance**

Despite the fact that health-related costs continue to rise sharply, the state did not impose an increase to the employee or employer portion of the health insurance premiums in 2002-03 (which followed a 30% increase in employee portion in the previous year). It is anticipated that rates will increase over the next three years by as much as 30% each year assuming no change in the plan design. The projection

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## Forecast's revenue assumptions

Continued from Page 16

includes a 30% increase for state and federal funded positions (local positions covered in base budget) in 2003-04 and a 15% increase for all positions each of the remaining years reflected.

Actual increases will match the state-mandated increase as state budgets are determined by legislative action.

### 3. Retirement

In 2002-03 the state required funding rate for retirement was 3.03%, which is only the disability, death and retiree medical portion of the retirement funding. Inevitably the state will have to increase the retirement funding percentage to cover anticipated retiree benefits. Because of the state budget shortfalls, this is expected to occur more slowly than desired. Therefore, the projections include a funding rate of 5% for all years projected.

### 4. Insurance premiums/self-insurance program

As insurance related costs continue to rise, it is anticipated that the insurance costs for the district will likely continue to increase in the next few years. This is expected in both our premium covered risks and our self-insured risks. The projection includes funding for a 22% increase in 2003-04 (as was previously expected) and a 10% increase in 2004-05 and 2005-06.

### 5. General operating Expenditures

Items such as utilities, supplies and materials, pupil transportation costs (fuel and maintenance), etc. that typically increase annually have been adjusted by 3-4% depending on the category. This approximates the CPI index expected. Generally price increases in these categories cannot be avoided.

### 6. Instructional materials

Projection includes an increase in the instructional materials allotment to schools of 10% in 2004-05.

### 7. Charter school enrollment

Charter School enrollments are expected to increase an average of 4% each year over the next three years. In addition, a new charter school is expected to open in 2005-06 with a projected enrollment of 200 students, resulting in a projected increase of 13% for that year.

### 8. Replace critical federal funding

Elimination of the Federal Perkins grant, currently allocated by ADM formula, will result in a decrease in funding typically used to fund new schools Career and Technical Education (CTE) needs, computer/software replacement within the CTE program and teacher training. Currently the district receives approximately \$1.2 million, however, this is expected to decline to approximately \$150,000 annually beginning in 2004-05. The use of future grant funds for equipment, computers/software and facilities will be prohibited. Thus, funding for essential CTE equipment is included in 2004-05 and 2005-06.

### 9. Partial replacement of anticipated state reductions

Partial replacement of the anticipated state reductions with local funding is included in the projection. Fiscal year 2004-05 includes replacement of 39% of the 2004-05 state reduction projected. FY 2005-06 reflects replacement of 37% of the 2005-06 state reduction projected.

## Student population

### Student growth

Student enrollment is projected to increase by 3,240 students in 2003-04, 3,507 students in 2004-05 and 4,610 students in 2005-06.

### 10. Position allotments (based on enrollment)

The district provides teachers, teacher assistants, assistant principals and other school based support staff based on student enrollment, and in accordance with prescribed formulas for each category (see allotment formulas pages 19-21). As enrollment increases, personnel needs are determined based on enrollment projections in

accordance with the formulas. The expenditures are adjusted to reflect the costs of these new positions (see enrollment projections).

### 11. Non-personnel costs for growth

Funding for equipment, materials, supplies and textbooks needed for new students are included in each year reflected. Transportation costs associated with growth and additional operational costs (i.e. fuel, repair and maintenance, etc.) are also included.

### 11A. Buses purchased for growth

Bus purchases associated with growth.

### Opening of new schools:

As new facilities are opened in accordance with the Master Facilities Plan, expenditures must be adjusted for the additional operating costs. The additional costs include items such as:

### 12. Staffing

Administrative, teachers, clerical and safety.

### 13. Non-personnel costs

Network connectivity and repair and maintenance costs of the critical systems and servers, start up materials and supplies.

### 14. Maintenance

Maintenance and custodial staff, supplies, utilities, vehicles and equipment. Major facility renovation and opening of new schools will result in additional square footage of 148,100 in 2004-05 and 891,362 in 2005-06.

### 15. Athletics

Coaching stipends, game officials, police officers, ambulance drivers, security, materials and equipment and insurance.

### 16. Program costs for changing Demographics

As the demographics of the district continue to change, additional funding will be necessary to ensure an equitable education for all students. Increased funding for our schools that meet certain criteria will be allocated in accordance with the existing formulas for our EquityPlus II schools. One such criteria includes high concentrations of students of low socioeconomic

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## Forecast's revenue assumptions

Continued from Page 17

status as determined by Free/Reduced lunch. Based on the changing trends in the student population, it is anticipated that the number of EquityPlus II schools will increase. (This requires lower staffing ratios and 30% additional materials, etc.)

Additional local funding will also be needed, based on the anticipated changing demographics of our student population, for the following programs over the next three years: Exceptional Children, Limited English Proficiency and At Risk.

### Impact of the choice plan

#### Transportation:

#### 17. Increased ridership and miles driven

Increased ridership and miles driven as a result of the Choice Program will cause costs to increase. (The projected cost increase of \$4.1 million, as previously reported, will be confirmed at the close of 2002-03 which may result in the adjustment of 2003-04 budget.)

#### 18. Additional facilities

Additional property locations for a turn-key staging facility. Purchase or lease cost? (to be evaluated)

#### 19. Fueling capabilities

Fueling capacities increased to support larger fleet (to be evaluated)

#### 20. Recruitment, retention and professional development

Recruitment and retention efforts for transportation staff as well as new driver and student safety programs.

21. Title 1 – Increased demand for similar services

There may be increased demand for similar services and level of intervention. Federal funding increases for targeted schools were not included at this time, nor were the anticipated costs associated with an increase in Title I schools.

#### 22. Communication

The Choice Program requires a

substantial increase in the level and quantity of communication required for parents to be informed and knowledgeable about the Choice Plan. Communication costs are projected to hold constant for the years reflected, but will be evaluated at the end of 2002-03.

#### 23. Mobile Units: purchase of units

It is estimated that we will have to acquire 84 new mobile units in 2005 and 45 in 2006 from general operating funds at a cost of \$45,000 /unit. In addition, we will have to acquire 10 new restroom units in 2005 and 4 in 2006 from general operating funds at a cost of \$64,000 /unit. Note: Since fewer units are required in 2005-06, no additional funding needs are projected for that year.

#### 24. Movement of units

Projection includes the cost anticipated for the movement of 22 mobile units in 2004-05.

### Student achievement

#### 25. High school achievement

Expansion and new initiatives to enhance high school achievement. See "Models for academic enhancements"

#### 26. Middle school achievement

Expansion and new initiatives to enhance middle school achievement. See "Models for academic enhancements"

#### 27. Elementary school achievement

New initiative for elementary school achievement. See "Models for academic enhancements"

#### 28. Achievement gap

New initiatives included above. Refer to items 25-27, 31-34.

#### 29. No Child Left Behind unfunded mandates

Cost of initiatives to comply with new regulations that are not incorporated into other areas. Refer to items 16,25-27,31-34.

### Teaching and administrative staff

#### 30. Quantity of teachers

Differentiated Staffing Model Enhancement

No change proposed in differenti-

ated staffing model currently in place. (This is covered in growth and opening of schools calculations per current formulas).

#### 31. Quality of staff

Quality Teacher Recruitment, Retention and Deployment Plan as proposed in the 2003-04 budget (Milken model and signing bonus components) is included to expand Milken model to additional schools in 2004-05 and 2005-06.

Funding included to expand Master Teacher Incentive Program in 2004-05 and 2005-06.

Current funding in place to support the Charter for Building Capacity in School-based Instructional Leadership Charter.

Funding to bring beginning teacher salary to \$32,000 and to equalize local supplement for all pay grades within each salary schedule is currently being evaluated but is not included in this projection.

#### 32. Reducing turnover

Decrease recruitment budget in the next three years as a result of reduced turnover.

#### 33. Staff development

New teacher training initiatives to be implemented in the next three years.

### Equity initiatives

#### 34. Equity Standards Instructional Template

Additional resources in staffing, materials and supplies will be needed to ensure that all students receive an equitable education. This funding will be necessary for the number of schools which presently meet the strict definition of an EquityPlus II school and have a demonstrated need based on the equity standards as outlined in the Equity Standards Instructional Template. Funds will be assigned to the most needy schools first. Cost to fully fund the Equity Standards Instructional Template will be phased in over the next three years.

### Instructional programs

#### 35. Traditional high schools converting to third-semester schools

# Forecast's revenue assumptions

Continued from Page 18

Expansion of Garinger Accelerated High School Model to one high school in 2004-05 and to two additional high schools in 2005-06.

### 36. Instructional program changes

-Expansion of the Bright Beginnings program to an additional 1000 children for a total of 4000 children served by the end of 2005-06.

-A+ materials and supplies to expand to additional schools.

-Advanced Academics (Talent Development) program enhancements.

### 37. Textbooks

Only funding for student growth is included. (see Student Growth)

## Technology

### 38. Instructional Technology

Costs to keep school technology current, hardware and software upgrades, staffing to support new

or expanded technology.

### 39. Management Systems

Financial System Upgrades - Human Resource/Payroll system implementation.

## State/federal mandates

### 40. No Child Left Behind

Cost of initiatives to comply with new regulations that are not incorporated into other areas. Refer to items 16, 25-27, 31-34.

### 41. IDEA

Cost of initiatives to comply with new regulations that are not incorporated into other areas. Refer to items 10 and 13.

### 42. ESL

Cost of initiatives to comply with new regulations that are not incorporated into other areas. Refer to item 13.

## Maintenance, operations

### 43. Capital Replacement

Adequate scheduled replacement of district vehicles and equipment.

### 44. Replacement of state funding source

Capital replacement funding needed to cover anticipated loss of state funds for same purpose.

Funding currently used for capital replacement items and Phase I of Preventive Maintenance Program.

### 45. Square footage increase

Increase in costs related to additional square footage is covered in Opening of Schools. Refer to item 14.

### 46. Preventive maintenance

Full funding of preventive maintenance program. Funding needed for Phase II and Phase III of preventive maintenance program.

## Other Initiatives

### 47. Prevention and intervention

Short-term suspension program and expansion of case manager model.

### 48. Sunset evaluation

Cost to conduct program evaluations.

### 49. Competency based performance pay plan

Increased pay for office support personnel, especially targeting those who demonstrate deficiencies in competencies determined to be critical to their job performance.

*Note: Several of the items noted are being evaluated and may or not be included in the final projection.*

## Projected enrollment through 2012-13

LEVEL	Actual										
	02-03	03-04	04-05	05-06	06-07	07-08	08-09	09-10	10-11	11-12	12-13
K	8,846	9,546	9,904	11,046	10,845	11,390	12,000	12,576	13,203	13,687	14,338
1	8,683	9,167	9,902	10,283	11,437	11,246	11,809	12,443	13,039	13,685	14,190
2	8,471	8,647	9,121	9,875	10,268	11,408	11,210	11,773	12,410	13,005	13,646
3	8,775	8,585	8,759	9,270	10,061	10,472	11,593	11,398	11,980	12,631	13,234
4	8,472	8,757	8,572	8,765	9,273	10,037	10,461	11,583	11,390	11,968	12,615
5	8,638	8,462	8,765	8,598	8,797	9,301	10,055	10,486	11,615	11,421	11,998
6	8,760	8,827	8,645	8,950	8,775	8,979	9,497	10,266	10,705	11,857	11,659
7	8,382	8,882	8,949	8,771	9,068	8,895	9,103	9,628	10,407	10,851	12,019
8	8,321	8,365	8,872	8,953	8,791	9,090	8,898	9,110	9,640	10,421	10,864
9	10,230	10,681	10,814	11,423	11,508	11,331	11,704	11,464	11,729	12,411	13,421
10	7,718	8,291	8,595	8,718	9,245	9,299	9,152	9,447	9,259	9,476	10,024
11	6,023	6,248	6,721	6,943	7,029	7,442	7,512	7,390	7,622	7,468	7,644
12	5,364	5,317	5,537	6,016	6,248	6,298	6,638	6,714	6,616	6,824	6,679
K-12	106,683	109,775	113,156	117,611	121,345	125,188	129,632	134,278	139,615	145,705	152,331
SpecEd/EC	2,922	3,070	3,196	3,351	3,494	3,635	3,781	3,924	4,067	4,211	4,354
TOTAL	109,605	112,845	116,352	120,962	124,839	128,823	133,413	138,202	143,682	149,916	156,685
<b>Growth from prev. yr.</b>	<b>3.413</b>	<b>3.240</b>	<b>3.507</b>	<b>4.610</b>	<b>3.877</b>	<b>3.984</b>	<b>4.590</b>	<b>4.789</b>	<b>5.480</b>	<b>6.234</b>	<b>6.769</b>

# Allotment formulas built into the forecast

## Elementary schools

### Classroom Teachers (per average daily membership):

#### K-3rd:

16:1 student/teacher ratio for all

EquityPlus II schools, or

16:1 student/teacher ratio for schools with 60%+ students on free reduced lunch, or

19:1 student/teacher ratio for schools with 40-59% students on free or reduced lunch, or

22:1 student/teacher ratio for schools with 20-39% students on free or reduced lunch, or

23:1 student/teacher ratio for schools with less than 20% students on free or reduced lunch

#### 4th-5th:

19:1 student/teacher ratio for all

EquityPlus II schools, or

26:1 student/teacher ratio for all other schools

#### Rounding:

K-3rd and 4th-5th are each rounded to two decimal places and then the two totals are added together;

K-5th is then rounded to the nearest whole number

### Teacher assistants K-3rd

K:

25:1 student/teacher ratio

#### 1st-3rd:

28:1 student/teacher ratio

#### Rounding:

K total and 1st-3rd are each rounded to two decimal places and then the two totals are added together;

K-3rd total is then rounded to the nearest whole number.

### Support formulas

Assistant Principal

1.0 per school

2.0 per 751-1,000 students

3.0 per 1,001+ students

Teaching Asst. Principal (stipend) 1.0 per 376-750 students

Administrative Assistant

1.0 per 651-750 students

Student Services Specialist

1.0 per school

1.5 per 651-975 students

2.0 per 976-1,300 students

2.5 per 1,301+ students

Media Specialist

1.0 per school

1.5 per 651-975 students

2.0 per 976-1,300 students

2.5 per 1,301+ students

Media Assistant

0.5 per 401-700 students

1.0 per 701-1,000 students

1.5 per 1,001-1,300 students

2.0 per 1,301+ students

Secretary

1.5 per school

2.0 per 426-600 students

2.5 per 601-775 students

3.0 per 776-950 students

3.5 per 951-1,125 students

4.0 per 1,126-1,300 students

4.5 per 1,301+ students

## Middle schools

### Teachers (ADM):

18:1 student/teacher ratio for all

EquityPlus II schools, or

19:1 student/teacher ratio for schools with 50%+ students on free or reduced lunch, or

20.5:1 student/teacher ratio for schools with < 50% students on free or reduced lunch

#### Add:

1 additional position for schools with dual programs (two programs operating simultaneously, such as two magnet themes).

#### Rounding:

Ratios are rounded to two decimal places and then the sum total is rounded to the nearest whole number.

### Support formulas

Assistant principal

1.0 per school

2.0 per 501-750 students

3.0 per 751+ students

Counselor

1.0 per school

2.0 per 476-950 students

3.0 per 951-1,425 students

4.0 per 1,426-1,900 students

5.0 per 1,901+ students

Media specialist

1.0 per school

2.0 per 951-1,900 students

3.0 per 1,901+ students

Media assistant

1.0 per 701-1,400 students

1.5 per 1,401-2,100 students

2.0 per 2,100+ students

Secretary

3.0 per school

4.0 per 301-700 students

5.0 per 701-1,100 students

5.5 per 1,101-1,500 students

6.0 per 1,501-1,900 students

6.5 per 1,901+ students

Instructional facilitator

1 per school

## High schools

### Teachers (ADM):

9th-12th grade student enrollment (excluding EC self-contained students) is multiplied by 7. Number of workforce development teachers is multiplied by 50, and is then subtracted from the number above. This result is divided by 150.

#### Add:

2 additional position for schools with 30%+ students on free or reduced lunch

4-6 additional teachers for all EquityPlus II schools (determined by student enrollment)

#### Rounding:

Calculation is rounded to the nearest whole number.

### Support formulas

Assistant principal

1.0 per school

2.0 per 501-750 students

3.0 per 751+ students

4.0 per 1,601+ students

Counselor

1.0 per school

2.0 per 376-750 students

3.0 per 751-1,125 students

4.0 per 1,26-1,500 students

5.0 per 1,501-1,875 students

6.0 per 1,876-2,250

7.0 per 2,251-2,625 students

.0 per 2,626-3,000 students

9.0 per 3,001+ students

Media specialist

1.0 per school

2.0 per 1,501-3,000 students

3.0 per 3,001+ students

Media assistant

1.0 per school

Secretary

5.5 per school

6.0 per 1,401-1,800 students

6.5 per 1,,801-2,200 students

7.0 per 2,201-,600 students

7.5 per 2,601-3,000 students

8.0 per 3,001+ students

Instructional facilitator

1 per school