

BALTIMORE COUNTY PUBLIC SCHOOLS

DATE: November 23, 2010

TO: **BOARD OF EDUCATION**

FROM: Dr. Joe A. Hairston, Superintendent

SUBJECT: **UPDATE ON FISCAL YEAR 2012 OPERATING BUDGET**

ORIGINATOR: Joe A. Hairston, Superintendent

**RESOURCE
PERSON(S):** Barbara Burnopp, Chief Financial Officer
George Sarris, Director, Office of Budget and Reporting

INFORMATION

At the August 14, 2010, Board of Education retreat, Board members reviewed information on the financial climate likely facing the school system in FY12. This same information, in addition to examples of expenditure objects, was shared with the board president and vice president and with BCPS leadership on September 1, 2010, at the leadership retreat. These materials were updated and provided to the Board in October with the commitment to review expenditure reductions further in November. Updated materials with additional topics are attached.

At the superintendent's request, staff members have been studying a number of expenditure objects for possible realignment in connection with the preparation of the FY12 operating budget proposals. Some of those items are highlighted in the attached updated materials. Additional information will be shared with the Board at the December 21, 2010, Board work session, leading up to the January budget presentation by the superintendent.

School System Leadership Fiscal Challenges – Moving Forward in FY2012



November 23, 2010



School System Leadership

Responsibility and Accountability

Revenue Authority

- 54.8% of General Fund from Baltimore County
- 42.2% of General Fund from the state of Maryland
- No authority to tax, bond, or issue debt
- Federal stimulus revenue reductions
- State revenue reductions – possible distribution of pension costs to counties
- County revenue reductions – possible funding again at MOE



School System Leadership

Responsibility and Accountability
New Expenditure Needs for FY12

- Replace lost stimulus funding - \$19 million est.
- Increments - \$16 million est.
- Health Insurance - \$4 to \$7 million est.
- George Washington Carver Center start-up costs - \$1 million est.
- Built-in costs - \$2 million est.

FY2012 Operating Budget

Preliminary Estimates – 10/07/10 (in millions)

REVENUE AND EXPENDITURE PROJECTIONS over/under from FY2011	FY2012 Projection #1	FY2012 Projection #2	FY2012 Projection #3
REVENUE			
State	\$ -	\$ 4.76	\$ 9.67
Revenue Adjustment for Enrollment	2.05	2.05	2.05
Federal Stimulus	(\$19.36)	(\$19.36)	(\$19.36)
County Funding above MOE	0.00	6.61	13.23
TOTAL REVENUE	\$ (17.31)	\$ (5.94)	\$ 5.59
EXPENDITURES			
Compensation	\$ 16.10	\$ 16.10	\$ 16.10
Teacher Staffing for Enrollment Growth	0.85	0.85	0.85
Health Insurance/OPEB/FICA/Workers' Comp.	5.61	5.61	5.61
Special Education Paraeducators on ARRA Funding	3.20	3.20	3.20
Total Built-In, Mid-Year Add and Redirect Costs	0.43	0.43	0.43
George Washington Carver Center Start-up Costs	1.00	1.00	1.00
Total Master Plan Goals and Objectives	1.00	1.00	1.00
TOTAL EXPENDITURES	\$ 28.19	\$ 28.19	\$ 28.19
Percentage of FY2011 General Fund Budget	-3.8%	-2.8%	-1.9%
PROJECTED BUDGET SHORTFALL	\$ (45.5)	\$ (34.1)	\$ (22.6)

School System Leadership

Responsibility and Accountability

On-Going Expenditures in Base Budget

Examples of Where We Spend Our Funds

■ Extra teacher compensation (EYE, RF, EDA)	\$13.3 million
■ Office budgets	\$41 million
■ School budgets	\$18.2 million
■ Summer school	\$2.4 million
■ Library books	\$1.3 million
■ Computer purchases	\$2.0 million
■ Restructuring	\$1.6 million
■ Classroom teachers	\$289.6 million

Examples of FY2012 Budget Study Items

■ EYE, EDA, RF	\$2.3 - 5 million
■ 5% Reduction in office budgets	\$2.1 million
■ 5% Reduction in school budgets	\$.9 million
■ Limit summer school programs	TBD
■ Library books	TBD
■ Computer purchases	TBD
■ Schools emerging from restructuring	\$.3 - .9 million
■ Classroom teachers	TBD

The Right Strategies to Get the Right Results

- Right Strategies
 - Review of all programs
 - Avoid across the board cuts
 - Encourage innovation
- Right Results
 - Improve achievement for all students
 - Comply with regulations and mandates

