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# DPS Budget Update

## BOCC Budget Work Session

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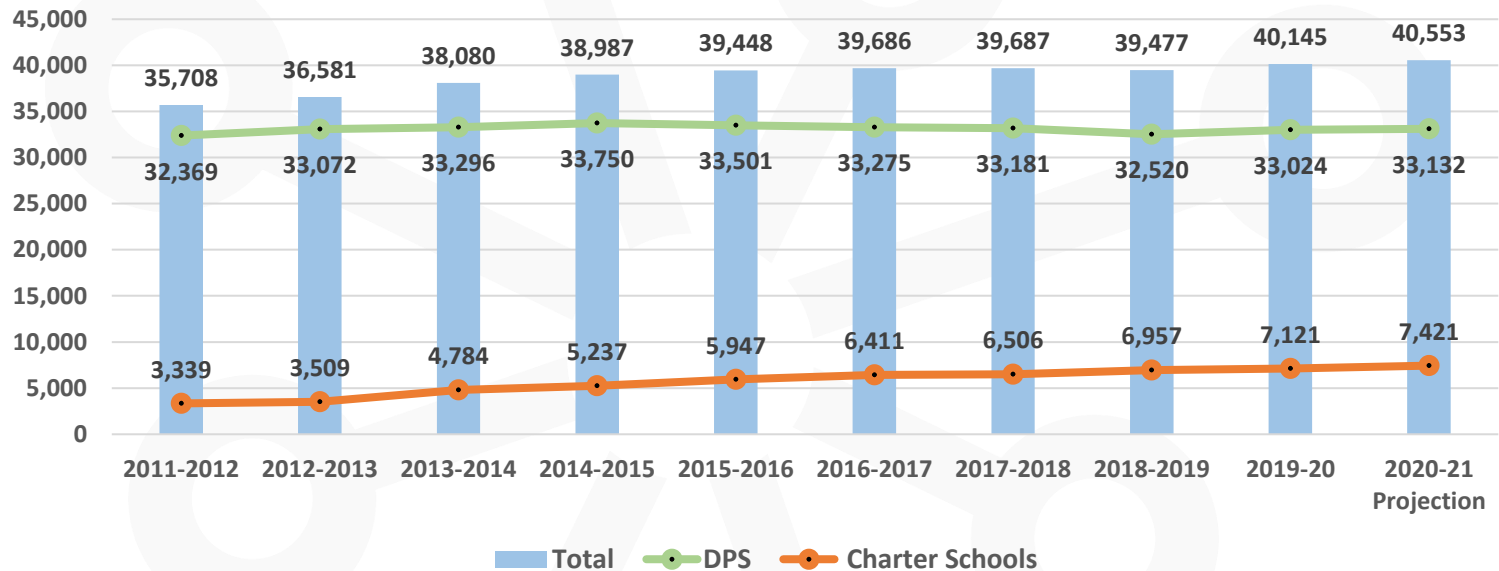
May 28, 2020



## Durham K-12 Enrollment Projected at 40,553 for FY20-21

Enrollment could increase significantly beyond initial projections due to economic fallout from COVID-19

Trends in Durham County K-12 Student Enrollment  
(FY 2011-12 to FY 2020-21 Projection)



- Nearly all DPS allotments to schools are based on student enrollment – **funding must increase commensurately with enrollment to maintain service levels.**
- **Actual DPS & charter enrollment exceeded budgeted enrollment by 761 students this year** and is projected to increase by an additional 408 students in FY 2021.
- Enrollment will be closely monitored throughout the summer with heightened uncertainty regarding the ramifications of COVID-19 on FY 2021 traditional public, charter, private, and home school enrollment.

# Budget Request Summary

- The DPS budget proposal for FY 2020-21 passed by the Board of Education on March 26th included a **request for \$18.9M in additional local funding** intended to cover:
  - Anticipated **salary/benefit and fixed cost increases** and continued increases in **local teacher salary supplements**.
  - Additional **staffing needs** for **Students with Disabilities, English learners, professional school counselors**, and overall staffing needs based on significant enrollment growth.
  - A **\$15 per hour minimum wage** for all classified employees.
  - Additional **annual capital outlays** to support **improved routine building maintenance**.
  - **Additional charter school pass-through funding** based on anticipated charter school enrollment.



# BOE Funding Request from 3/26/2020



	Description	Cost	Calculation
<b>DPS Operating Requirements</b>	Certified Salary Increase (3% estimate for FY 2020-21)	\$960,000	
	Classified Salary Increase (2.5% estimate for FY 2020-21)	\$750,000	
	Health Insurance (\$6,306 to \$6,647)	\$350,000	
	Retirement (19.7% to 21.6%)	\$1,250,000	
	Utility and Insurance Increases	\$500,000	
	Increase minimum wage for classified employees to \$15/hour	\$1,700,000	
	Increase local teacher salary supplements	\$1,400,000	
	Additional professional school counselors	\$1,000,000	
	EC Staffing Requirements	\$1,000,000	
	Additional positions to support English Learners	\$500,000	
	<b>Subtotal</b>	<b>\$9,410,000</b>	<b>A</b>
<b>DPS Portion of Enrollment Growth Adjustment*</b>		<b>\$2,239,608</b>	<b>B</b>
<b>Total DPS Annual Operating Requirements</b>		<b>\$11,649,608</b>	<b>C = A + B</b>
<b>Capital Outlays</b>	<b>Increase Annual Appropriation from \$1.37M to \$6M</b>	<b>\$4,630,000</b>	<b>D</b>
<b>Charter School Requirements</b>	Charter school funds associated w/ requested \$9.41M for DPS (based on 18.3% of total Durham County K-12 enrollment)	\$2,117,777	<b>E</b>
	Charter School Enrollment Growth Adjustment*	\$491,621	
	<b>Charter School New Money Requirements</b>	<b>\$2,609,398</b>	
<b>Grand Total</b>		<b>\$18,889,006</b>	<b>C + D + E</b>

\*Actual DPS and charter enrollment exceeded budgeted enrollment by 761 students in FY 2019-20.  
 Funding request based on current \$3,589 per pupil Durham County appropriation to maintain service levels.  
 No additional funding is requested for the projected DPS/charter enrollment increase of 108/300 students respectively in FY 20-21<sup>4</sup>

# Durham County Manager's Budget Recommendation



- The Durham County Manager's recommended budget for FY 2021 includes an **additional \$3.24M in annual operating appropriations** for DPS as well as **\$2M in additional annual capital outlays** for routine building maintenance.
- Assuming a pay freeze and no additional professional school counselor or English Learner support positions, **the Durham County Manager's proposal still leaves DPS with an estimated \$3.75M operating budget shortfall.**
- The estimated \$3.75M budget operating budget shortfall **does not include additional technology costs** (devices and internet connectivity) **or additional cleaning/disinfecting and PPE costs** stemming from COVID-19

# Estimated FY 2020-21 Budget Shortfall

## Operational Cost Increases for DPS + Charter Schools & Estimated Budget Gap - FY 2020-21



	Description	Cost
<b>DPS Budget Requirements for FY 2020-21</b>	Sustaining funds for locally funded FY 2019-20 Classified Salary Increases	\$800,000
	Reduced reliance on fund balance used to support enrollment growth	\$750,000
	EC Staffing Requirements currently funded from fund balance	\$1,000,000
	Additional EC Pre-K classrooms for FY 2020-21	\$750,000
	Anticipated reduction in local fines and forfeitures revenue	\$750,000
	Additional Requirements for K-5 Literacy Curriculum Adoption	\$500,000
	Adverse Impact of State Changes in ESL Allotment Usage	\$150,000
	Health Insurance (\$6,306 to \$6,647)	\$350,000
	Retirement (19.7% to 21.6%)	\$1,250,000
	Utility and Insurance Cost Increases	\$500,000
	<b>Total DPS Requirements</b>	<b>\$6,800,000</b>

<b>Charter School Enrollment Adjustment</b>	Additional pass-through funds based on estimated FY 2020-21 DPS and charter enrollment of 33,132 and 7,421 students respectively	\$187,946
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<b>Total Continuation Requirements for DPS and Charter Schools</b>	<b>\$6,987,946</b>
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<b>Durham County Manager's Annual Operating Appropriations Increase</b>	<b>\$3,239,608</b>
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<b>Anticipated Annual Operating Budget Shortfall for FY 2020-21*</b>	<b>\$3,748,338</b>
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*\*Does not include additional costs for enhanced school cleaning/disinfecting & PPE or technology (device and internet connectivity) requirements stemming from COVID-19.*

# \$15 per Hour Minimum Wage Update



- **The \$1.7M initial cost estimate** to move to a \$15 per hour minimum wage for all DPS employees **assumed additional state and local funding for an estimated 2.5% pay raise** for classified employees.
- **In the absence of additional state and local funding for classified employees pay raises, the cost estimate increases to \$3.4M.**
- **An additional \$450K is required to increase the pay for all before and afterschool care workers to \$15 per hour in lieu of tuition increases for families, bringing the total estimated cost to \$3.85M.**
- **This \$3.85M cost would increase the current budget shortfall from \$3.75M as detailed on the previous slide to \$7.6M.**
- The cost estimates include adjustments to grades 50-64 of the classified salary schedules to maintain pay differentiation across grades and years of experience.

# Digital Learning Budget Requirements

- To maintain instruction throughout the 2020-21 academic year, **DPS is pursuing a one to one initiative for student devices.**
  - Given our current inventory, **at least \$7M is needed to purchases devices.**
  - The **primary funding source** for the device purchases will be \$11.8 in **Federal CARES Act** appropriations.
  - In addition to the cost of the devices themselves, **internet connectivity is a significant additional expense. Collaboration with Durham City and County Government, non-profits, and internet service providers will be required** to ensure that all students have reliable internet access.
  - DPS staff is also working through how best to **support a one to one initiative with IT and instructional support staff and teacher professional development**, trying to manage costs associated with requirements for an effective roll-out with significant budget constraints.







# State Budget Update

- The North Carolina General Assembly convened for their short session on April 28<sup>th</sup>
  - Thus far, the NCGA has only considered COVID-related bills.
  - Actual **budget requirements and overall funding shortfalls cannot be determined until the state passes a full Appropriations Act.**
  - **The best-case scenario** is likely **continuation-level funding** in FY 2020-21 and funding to implement K-3 class size reduction.
  - The **current budget shortfall** based on proposed Durham County funding **could increase significantly if the state were to cut any allotments** for K-12 education.
  - DPS may need to allocate unassigned fund balance for FY 2020-21 to cover costs associated with enhanced cleaning requirements and PPE if NCGA does not provide funding to offset additional costs.

# Budget Timeline

- **May – NCGA Legislative Short Session**
- **June 8 – BOCC Budget Adoption**
- **June 30 – DPS BOE to adopt a continuing resolution for FY 2021 pending passage of a full state budget**



# Questions

