



INVEST IN THE FUTURE
FUND SCHOOLS FIRST

Budget Basics

Preparing for the 2011 NC General
Assembly Session



Situation Analysis

- NC budget shortfall of approximately \$3.7 billion for the 2011-12 fiscal year.
- Cause: end of federal stabilization funds; end of some state taxes; end of nonrecurring cuts.
- Economic recovery continues to be slow.

Situation Analysis

- Loss of Federal ARRA Funds \$1.6 billion
- Taxes to expire June 30, 2011 \$1.3 billion
- Budget nonrecurring cuts \$300 million
- Required funding for state health plan and state retirement plan \$500 million

Total 2011-12 deficit

\$3.7 billion

Situation Analysis

- Public school budgets have been cut for three consecutive years.
- Yet, with approximately 40 percent of the state's overall budget tied up in public schools, it's tough to reach spending cut targets without impact to public schools.

Basic Facts

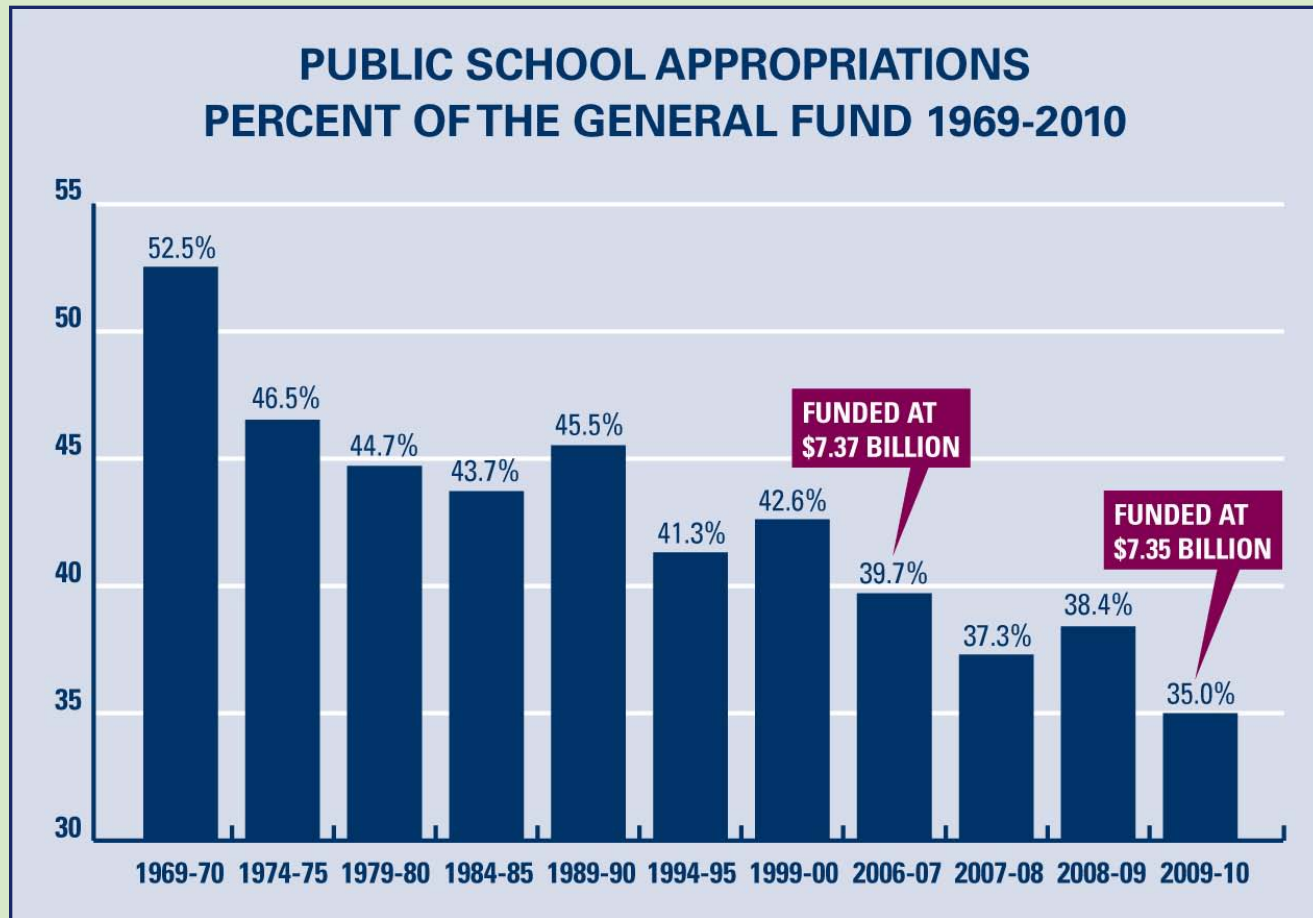
- State funds total approximately \$7.2 billion of public school funding or about 65 percent of the money schools spend to operate each year.
- Local funds = 25 percent.
- Federal funds = 10 percent.

Recently the Governor Made Two Announcements:

- No extension of temporary taxes will be in the Governor's budget
- All state agencies are to submit plans for 5, 10 and 15% cuts



Trend over Time



Resources are Already Inadequate

- North Carolina (contrary to the opinion of some) is a low-spend state:
- Based on the most recent NEA rankings, North Carolina is 42nd on per pupil spending

2008-09 Per Pupil Expenditures

Rank	State	Per Pupil		Rank	State	Per Pupil
1	District of Columbia	\$17,638		42	North Carolina	\$8,743
2	Rhode Island	\$17,289		43	California	\$8,322
3	New Jersey	\$16,253		44	Tennessee	\$8,261
4	New York	\$15,997		45	North Dakota	\$8,222
5	Wyoming	\$14,732		46	Oklahoma	\$8,006
6	Vermont	\$14,679		47	Idaho	\$7,730
7	Massachusetts	\$13,901		48	Nevada	\$7,615
8	Connecticut	\$13,864		49	Mississippi	\$7,484
9	Maine	\$13,309		50	Arizona	\$5,932
10	Delaware	\$13,039		51	Utah	\$5,912

National Average = \$10,190

Common Questions

- **Why are schools always on the chopping block?**

NC's Public School Fund is the largest chunk of the state budget's General Fund.

Common Questions

- **What about the lottery funds – won't they help?**

Lottery funds do help – but they make up only about 3.9 percent of the budget. And, they're designated for specific purposes – K-3 teachers, More at Four, school construction and scholarships.

Common Questions

- **Can't we just cut administration and leave teachers alone?**

Eliminating all administration (NCDPI, central office staff, principals/assistant principals) would total \$478 million – less than a third of the possible \$1.6 billion in targeted cuts for K-12.

Common Questions

- **Why not cut out testing? Wouldn't that save a lot of money?**

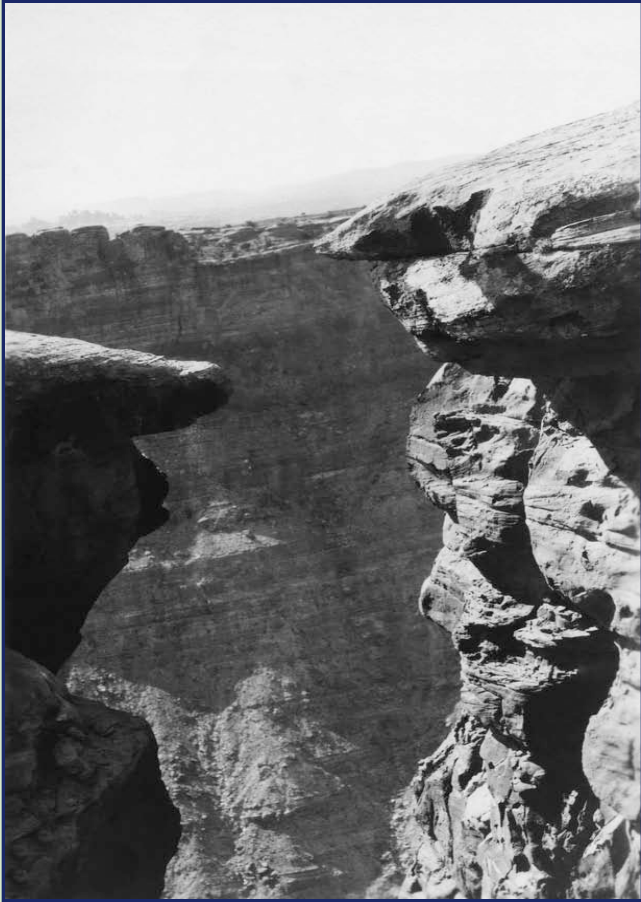
Cutting out all testing would save about \$11 million - far short of our needed cuts. Also, remember, NC is required to do some testing under federal and state laws.

Common Questions

- **Won't the federal Race to the Top funds help solve our budget problem?**

Race to the Top is providing nearly \$400 million over four years to North Carolina - but the funds are targeted for specific purposes and not for general use. Funds are a one-time allocation.

Where We Are



Just as NC schools are showing significant progress, our budget shortfall presents a significant gap.

WORST CASE LOCAL OPTIONS

- Across the Board Reductions
- Cut all but Essential Positions
- Transportation Efficiencies or Elimination of Program
- Elimination of Athletic Programs
- Consolidate and Close Facilities

Information Resources

- www.ncpublicschools.org
- NCDPI's Communication & Information division, 919-807-3450
- NCDPI's Financial & Business Services area, 919-807-3600
- www.ncasa.net
- www.ncsba.org