



The Citizen Advisory Committee (CAC) for Appropriate Funding of Public Education in Wake County was created in August of 2001 as the result of an agreement between the Wake County Board of Commissioners (BOC) and the Wake County Board of Education (BOE). The underlying purpose of the CAC was to find a way to reconcile a long-running and seemingly intractable conflict between the BOC and BOE over funding for the Wake County Public School System (WCPSS or the School System).

The primary charges to the CAC were to:



determine the appropriate level of funding to ensure progress toward having 95% of students achieve at or above grade level on end-of-grade tests by 2003,



develop a funding methodology that includes appropriate adjustments for growth, inflation, expected productivity measurements and cost-saving strategies,



assess the fiscal policies and procedures for stewardship, accountability and financial stability.

The CAC employed the services of consultant MGT of America, Inc., to examine the financial and organizational structure of WCPSS and to provide recommendations to assist the CAC in the execution of its charges. The consultants began work with a target deadline of May 15, 2002, for a final report.

**The four-year
potential net cost
of the sixteen
accepted MGT
recommendations
approximate
\$36.1 million,
beginning in FY
2003-04.**

MGT provided hundreds of detailed recommendations, with many being organizational suggestions to increase effectiveness but having little or no financial impact. MGT provided only a superficial recommendation regarding a future funding methodology, and did not attempt to put forth recommendations regarding the appropriate amount of funding to achieve the 95% goal. MGT was generally complimentary of the financial and educational effectiveness of WCPSS.

To effectively consider the detailed recommendations in the MGT report, the CAC created subcommittees to review each section and recommend adoption, rejection or alteration of each recommendation. The primary focus of each subcommittee's review process related to recommendations with an annual financial impact greater than \$100,000. Twenty-two recommendations met this review threshold; of these, the CAC accepted sixteen either in original form or as modified. The four-year potential net cost for the sixteen accepted recommendations approximates \$36.1 million beginning in fiscal 2003-04.

Realizing the lack of a substantive recommendation by MGT related to a future funding methodology and the 95% goal issues, a subcommittee was formed to explore these two specific areas. The subcommittee formed two working groups – a financial group to address the future funding methodology, and an education group to address the 95% goal. The objective of the future funding working group was to develop a methodology that accounted for inflation, student growth, state-mandated programs and an approximation of funding needs.

The objective of the 95%-goal working group was to document initiatives that the WCPSS had proposed in pursuit of the goal, to assess each, and to judge which should be pursued. Fifteen such initiatives were documented. The working group suggested that the 95% goal be reset to a realistic date in the medium term and recommended adoption of six of the fifteen initiatives. The six initiatives recommended for adoption have a four-year cost of \$60.5 million, beginning in fiscal 2003-04.



The CAC also appointed a subcommittee to address perceived issues with human resources matters, most specifically teacher recruitment and retention. The subcommittee recommended four specific actions related to teacher recruitment, with a four-year total of \$2.3 million, and five specific actions to improve teacher retention, with a four-year total of \$50.4 million. In total, teacher recruitment and retention strategies as recommended would cost \$52.8 million over four years, beginning in fiscal 2003-04.

The total estimated potential four-year cost of the three areas, beginning in fiscal 2003-04, is \$149.3 million (please note that all totals are rounded to the nearest \$100,000, and may not add due to this. For exact numbers, see the Financial Summary section).

This includes:

MGT recommendations	\$36.1 million
95% goal strategies	\$60.5 million
Human Resources recommendations (teacher recruitment and retention)	\$52.8 million

Total \$149.3 million

The four-year cost of recommended strategies to ensure progress toward the 95% goal: \$60.5 million.

The four-year cost of recommended teacher recruitment, retention strategies: \$52.8 million.

The CAC also suggested that WCPSS use a “business-case” model to prepare presentations for new funding. Assuming the School System and BOE adopt the model in the future, it should make the budgeting process more understandable to the BOC and to the public.

The total estimated potential four-year cost of all areas: \$149.3 million.

CAC Conclusions

The overall conclusions of the CAC are summarized as follows:

1. We reaffirm the proper stewardship of public funds by WCPSS, including the operations of the central office/administration.
2. Human Resources has significant needs for additional resources to recruit and retain the required number of excellent teachers.
3. We have developed a methodology to project future funding needs. This methodology should make funding decisions arising from inflation and enrollment growth more routine. The methodology establishes a baseline for adequate funding of WCPSS operations. It also requires WCPSS to provide a business case to the BOC and the public in order to request funding for any additional program initiative. We understand that the BOC needs to consider the business case of any proposed initiatives in light of total funding needs of Wake County.
4. We commend the strides made by WCPSS in approaching the 95% goal. Based on a business case presentation of proposals for further progress toward the goal, we recommend six additional programs for funding. We do not believe the goal will be reached in 2003. Therefore, WCPSS should revise the target date for the goal in light of all available data.

5. Aside from new funding that will be required for inflation, student growth and state-mandated programs, the CAC believes that additional funding is required to make adequate progress toward the 95% goal and to assist with teacher recruitment and retention. The net new funding that will be required in each of the next four fiscal years approximates \$17.4 million in 2003-2004, \$14.7 million in 2004-2005, \$12.4 million in 2005-2006 and \$10.8 million in 2006-2007.

The CAC is well aware of the hard choices involved in funding a growing and improving School System. We hope our fact-finding and evaluation will provide a useful basis for public discussion and decision-making by elected officials.

The Charge of the Citizen Advisory Committee

The CAC was appointed on August 20, 2001, with Cressie Thigpen and Jim Talton as co-chairs. Fourteen other members were appointed, with equal appointments by the BOC and BOE. One County Commissioner and one Board of Education member were appointed as ex officio members.

The BOC and BOE prepared a one-page document setting out the name, purpose, charge, membership and structure of a proposed Citizen Advisory Committee for Appropriate Funding of Public Education in Wake County. The charge was a three-point statement of the work to be done:

1. Determine the appropriate level of funding to ensure progress toward having 95% of Wake County students achieve at or above grade level.
2. Develop a funding strategy that includes appropriate adjustments for growth and inflation, expected productivity measurements, and cost-saving strategies.
3. Assess the fiscal policies and procedures of the school system for stewardship, accountability, and financial stability.

After the CAC was formed, the committee chairs amplified the three-part charge with ten points that more specifically addressed some of the elements of the charge:

1. To review all prior external audits, management reviews and compensation studies of WCPSS.
2. To review the entire operating budget and determine the appropriate level of funding to ensure progress toward having 95% of Wake County students achieve at or above grade level.
3. To develop a method of calculating the appropriate level of funding to achieve the goal of having 95% of Wake County students achieve at or above grade level, taking into consideration adjustments for growth in student enrollment and future inflation.
4. To conduct a comprehensive review and analysis of the organizational structure to determine the effectiveness of functions and job responsibilities in comparison to other similarly situated school systems.
5. To assess the appropriateness of current staffing levels and the amount of budget resources required compared to other similarly situated school systems.
6. To assess WCPSS's management plan for recruitment and retention of teachers.
7. To evaluate the technology department of WCPSS.











8. To measure the effectiveness of current operating procedures and practices and determine the efficiency of WCPSS operations.
9. To provide recommendations for changes that will provide increased functionality, service and cost savings.
10. To identify areas of strengths and weaknesses of WCPSS and recommend ways in which expenses may be cut and costs reduced.

Following the initial meeting in September of 2001, the BOC agreed to provide funding to allow the CAC to employ a consultant to assist with the detailed study of the school system. The CAC issued a Request for Proposals in October, and subsequently interviewed several professional consulting organizations. The CAC selected MGT of America, Inc., primarily due to its financial assessment skills and education-related experience from similar engagements. Due diligence calls were made to several MGT clients, with satisfactory results.

In addition to the financial audit, MGT was asked to examine the programs of the School System for effectiveness. The company also was asked to recommend organizational and program changes that would result in savings without being detrimental to Goal 2003.

MGT was asked to initiate the engagement as soon as possible to potentially allow for the results to be used by the County and the School System in the fiscal 2002-03 budget discussions. MGT did not initiate the engagement until January 2002. The first draft of "preliminary issues" from MGT was rendered to the CAC in April 2002, with the final draft report issued on May 6, 2002. This draft report was 817 pages long including exhibits. The draft report was issued too late to be considered in the development of the 2002-03 budget. After several months of review by the CAC, the WCPSS and the County, the final report was issued to the CAC in August 2002.

Areas reviewed by MGT included:

-  Comparison of WCPSS to peer systems
-  Survey results – teachers, principals and central office
-  WCPSS organization and management
-  Educational service delivery
-  Human resources management
-  Purchasing, warehouse and fixed assets
-  Facilities
-  Communications and community involvement
-  Administrative and instructional technology
-  Transportation



Food service



Safety and security

MGT summarized its work in a thirty-page executive summary and nearly 1,000 pages of detailed findings. A significant part of the report was a detailed financial audit that confirmed appropriate financial stewardship by the WCPSS. No material problems were found.

MGT provided hundreds of detailed recommendations, with many being organizational suggestions to increase the effectiveness of the WCPSS but having no significant financial impact.

CAC's Review of the MGT Report

To effectively consider the detailed recommendations in the MGT report, the CAC created subcommittees to review each section and recommend adoption, rejection or alteration of each recommendation. The CAC reviewed all recommendations made by MGT; however, in an effort to make the best use of the committee's time and ensure its efficacy, the primary focus of each subcommittee's review process related only to those MGT recommendations that had an annual financial impact greater than \$100,000. Twenty-two recommendations met this threshold.

Sixteen of the twenty-two recommendations reviewed by the subcommittees were accepted by the CAC either in original form as submitted by MGT or in a modified form. Six of the recommendations reviewed by the subcommittees were not accepted. Of the sixteen accepted, the subcommittee disagreed with the potential financial impact of five of the recommendations.

MGT recommendations that were accepted were (please note that two recommendations are combined in item #3):

1. **Addition of one Assistant Superintendent and Executive Assistant** – net four-year cost of \$598,000.
2. **Increase diversity through the magnet school program** – no financial impact could be reliably projected by CAC.
3. **Restructure the Division of Instructional Services to consolidate and better align reporting relationships and related responsibilities, including the creation of a Department of Reading and Literacy Initiatives (two recommendations combined into this one item)** – net four-year cost of \$390,000
4. **Establish a committee to discuss areas where unchecked flexibility may affect WCPSS programs, areas of redundancy, and related economies of scale** – no financial impact could reliably be projected by CAC.
5. **Transfer psychological services and Section 504 (special needs students) to the Department of Guidance and Social Work; create a Department of Intervention and Prevention** – no net savings or costs.
6. **Hire five additional school counselors per year and assign to schools in most need** – net four-year cost of \$3,100,000.
7. **Eliminate the option of additional payrolls and checks over a 12-month period for 10- and 11-month employees** – net four-year savings of \$500,000.



8. **Implement a 5-8% reduction in space standards for high schools and a 10-12% reduction in space standards for middle schools** - no financial impact on operating costs projected by CAC as this recommendation relates to capital funds.
9. **Reduce change order rate to 4% on all future Plan 2000 projects of new construction** - no financial impact on operating costs projected by CAC as this recommendation relates to capital funds.
10. **Increase funding for maintenance of facilities by 10% over the next five years** – CAC estimated financial impact of \$36,400,000 for four-year period.
11. **Hire software support personnel to assist Human Resources** – net four-year cost of \$845,000.
12. **Establish and maintain a 100% budget rating from the NCDPI, maximizing state funding of WCPSS transportation** – net four-year savings of \$4,153,000.
13. **Where feasible, extend express routing in magnet and year-round schools** – no financial impact could be reliably projected by CAC.
14. **Phase in satellite maintenance facilities and centralized bus parking lots** – net four-year cost of \$435,000.
15. **Conduct a thorough review of the financial condition of each cafeteria operating at a loss for consecutive fiscal years** – net four-year savings of \$1,056,000.

The four-year potential net cost for the sixteen accepted recommendations is approximately \$36.1 million.

Future Funding Methodology and 95% Goal

MGT provided only a superficial recommendation on a future funding methodology and did not attempt to put forth recommendations on the appropriate amount of funding to realize Goal 2003. MGT was asked to supply a program evaluation tool; this was not provided. MGT did evaluate the programs of WCPSS, but other than providing a general description of the programs and its judgment of them, proposed no methodology that could be generally used, nor a numeric method of evaluation that would provide a common benchmark for all School System programs. In this regard, the CAC felt that the MGT report was incomplete.

Realizing the lack of a substantive recommendation by MGT related to a future funding methodology and the 95% goal issues, a subcommittee was formed to address these questions. The subcommittee formed two working groups: a financial group to focus on the future funding methodology and an education group to address the 95% goal issue.

Future Funding Working Group

The goal of the Future Funding Working Group was to develop a methodology that accounted for inflation, student growth and state-mandated programs. A workable methodology was developed that the CAC believes will narrow the range of annual funding debate. The methodology is not envisioned as replacement for a rigorous budget process and is by design less precise and less complex than the budget. The CAC believes that the methodology will continue to be modified and improved in practice.



During the subcommittee's visioning process, discussion ensued as to what the future funding methodology should be and how the BOC, BOE and WCPSS could use it as a tool. Specifically, a tool was needed that would:

1. Establish a methodology to approximate future funding needs.
2. Narrow the range and magnitude of debate over funding.
3. Be flexible enough to remain effective (with appropriate adjustments over time).
4. Allow single and multiple year projections benefiting long-term planning.

The subcommittee did not intend to create a substitute for the existing WCPSS budget process. By its nature, the methodology is not intended to be as detailed, complex and precise as the annual budget. The subcommittee believes the methodology should be modified as necessary to ensure it remains a reasonable proxy for the funding needs resulting from the budget process.

The CAC strongly believes that the funding methodology is sound and accomplishes the indicated objectives...and can be used well in advance of the budget preparation, allowing more time for discussion and analysis.

By creating a methodology and tool that could be agreed upon, the subcommittee hopes that much of the debate over funding needs for cost and student population changes would be unnecessary. Further, the subcommittee believes that this methodology, along with the independent CAC analysis of existing spending, would allow the funding debate to focus on incremental expenditures for new or existing programs intended to improve student achievement.

The logical starting point in the methodology was the elusive "appropriate level of funding." In the opinion of the subcommittee, this amount could be construed as the previous year's local appropriation, adjusted for increases and decreases agreed upon by the CAC.

To arrive at an "inflation factor," the existing local spending was first segmented into logical groups based upon similar cost drivers. Based on the relative current spending, the current appropriation per pupil was calculated for each category. A thorough understanding of the behavior of each cost segment allowed the model to reflect the appropriate assumptions regarding future costs.

Much of the effort of the subcommittee revolved around locally funded expenditures resulting from changes in the number and mix of students. A careful analysis of each cost category with a particular emphasis on looking for fixed costs and economies of scale led the entire subcommittee to agree that these locally funded costs behave almost exclusively as strict variable costs or stepped costs which can best be treated as variable costs. The subcommittee did, however, include a modification in this approach for changes in English as Second Language students and Special Education students.

Lastly, final adjustments were incorporated into the indicated funding needs in the methodology. These adjustments include new programs and increased funding for some existing programs, as well as the elimination of certain programs and decreased funding for some existing programs.

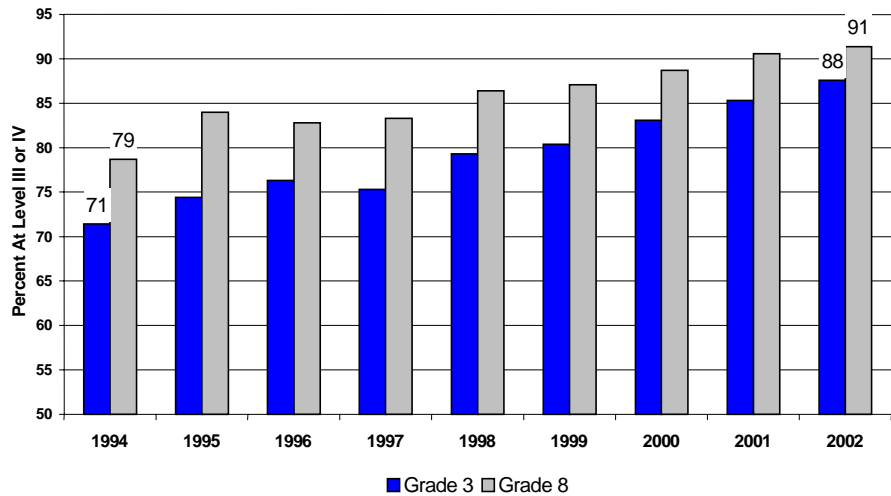
The CAC strongly believes that the methodology is sound and accomplishes the indicated objectives. Many who have reviewed it, including representatives of the WCPSS, Wake County Government and a prominent educational organization, have reinforced the efficacy of the methodology. The methodology can be used well in advance of the budget preparation, allowing more time for discussion and analysis. The methodology also indicates the source of funding needs within one page, making it easier to understand. It is the CAC's sincere hope that the BOE and BOC will use it productively to improve the existing appropriations process.



95% Goal Working Group

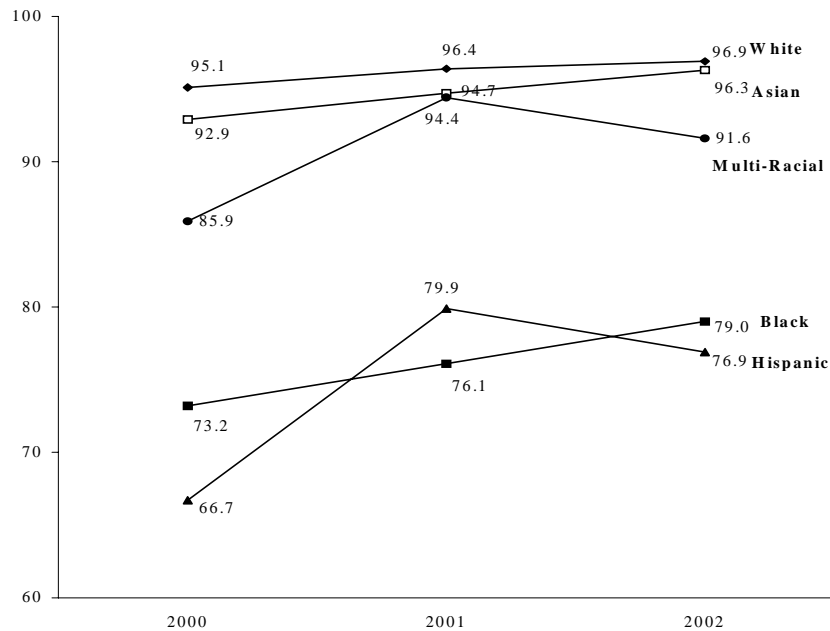
In 1998, WCPSS adopted Goal 2003, also referred to as the 95% goal, which stated: “By 2003, 95% of students tested will be at or above grade level as measured by N.C. End-of-Grade testing at grades 3 and 8.”

The percentages of students scoring at or above grade level in reading and math in grades 3-8 are approaching 90%, as seen in the chart at right, but the achievement of special education students, students from low-income homes, Hispanic/ Latino and Black students continues to lag behind that of White and Asian students and students from middle- and upper-income homes.



Since 1993, WCPSS has been actively studying, reporting, and working to reduce the achievement gap. The gap, particularly on End-of-Grade Reading and Math tests, has been decreasing during the past few years, but the School System and community still have much to accomplish.

The objective of the CAC’s 95% Goal Working Group was to identify initiatives WCPSS had proposed in pursuit of the 95% goal, to assess each and to judge which should be pursued. Fifteen such initiatives were identified. For each, the CAC requested that WCPSS provide the expected effect of the goal, evidence or reasoning for the strategy, number and kinds of students that would be helped, quantitative measures of impact, and priority and timing of the initiative in light of other tasks and costs. The working group adopted six of the fifteen initiatives, and suggested that the 95% goal be reset to a realistic date in the medium term.



Percent of 8th grade students at/above grade level on reading end-of-grade tests by race 2000-2002

The six initiatives recommended for adoption have a four-year cost of \$60.5 million, beginning in fiscal 2003-04.

Guidelines were developed to analyze the initiatives, including the following:

1. Degree of targeting toward low achieving or at-risk children.
2. Degree of experience and/or research to support certainty of impact.
3. Direct impact on students or teachers of the students.
4. Existence of pilot programs as a basis for expectations for success.
5. Phasing to allow experience-based improvements.
6. Cost.

Of the fifteen initiatives identified by WCPSS, the subcommittee recommended six:

1. **One instructional resource teacher in each middle school** – four-year cost of \$5,952,000.
2. **Four new positions per Title One elementary school to reduce class size** – four-year cost of \$11,100,000.
3. **Pre-kindergarten classes for four-year olds who lack needed skills** – four-year cost of \$20,101,800.
4. **100 new ESL teachers to serve base schools** – four-year cost of \$17,980,000.
5. **Expand Project Achieve to five additional schools** – four-year cost of \$3,700,000.
6. **Expand special education reading initiative to all schools** – four-year cost of \$1,639,000.

The six items have a total cost of \$6.3 million for 2003-2004, \$9.7 million for 2004-2005, \$17.0 million for 2005-2006 and \$27.5 million for 2006-2007.

The subcommittee made five additional suggestions:

1. **Establish a new target date for the 95% goal.**
2. **Continue to document and prioritize initiatives for the BOC.**
3. **Subject all initiatives to ongoing evaluation.**
4. **Dedicate additional resources to further increase the effectiveness of the Central Office.**
5. **Maintain an open and experimental attitude toward new program initiatives that may advance the overall goals of the WCPSS.**

Human Resources Needs


The critical success factor in achieving the 95% goal is the quality of teachers in sufficient numbers to meet the goal. The need for new teachers arises from retirement, resignation, enrollment growth and the addition of new programs. Currently, WCPSS estimates that approximately 1,200 new teachers must be hired annually. According to the American Business Institute, replacement cost per teacher is estimated

to be \$11,400 per teacher. This means the estimated cost for WCPSS to replace teachers lost through turnover approaches \$7 million annually.

During 2001-02, 162 of 641 teacher resignations occurred mid-year, affecting roughly 4,050 students for at least 15 instructional days. The resulting use of substitute teachers diminished the value of academic learning time because of classroom management and other learning curve issues. Only by recruiting and maintaining an adequate pool of qualified applicants can the lost academic time and replacement cost be reduced. To reach the 95% goal, there must be an adequate pool of applicants for all academic areas so that hiring for positions can be completed promptly. Further, a sufficient number of qualified and experienced teachers and administrators must be employed in every school.

Significant issues impacting teacher retention include compensation, promotion opportunities, adequacy of planning time, uncertain schedules and a heavy load of paperwork and regulation.

To reach the 95% goal, WCPSS must strengthen teacher recruitment and retention strategies. To recruit teachers, the School System should increase the number of professionals dedicated to recruitment, implement a more systematic applicant screening process, provide teacher recruitment bonuses and other incentives and focus new teacher orientation and support services.



To reach the 95% goal, there must be an adequate pool of applicants for all academic areas so that hiring for positions can be completed promptly.

The recruitment strategies have an estimated cost of \$595,500 for fiscal 2003-04 and \$570,500 for each year thereafter, for a total four-year cost \$2.3 million.

Retention strategies recommended by the CAC are as follows:

1. **Outsource substitute teacher hiring to ensure 100% availability of substitute teachers and to protect teacher planning periods** – net four-year cost of \$5,130,768.
2. **Upgrade extra duty compensation for mentors** – net four-year cost of \$606,432.
3. **Establish faster and expanded financial and career progression options** – net four-year cost of \$21,783,875.
4. **Use extended contracts to provide more time for training, collaboration and instructional leadership roles** – net four-year cost of \$20,128,302.
5. **Encourage teachers to remain in the WCPSS by paying one-time bonuses to those who remain beyond five years** – net four-year cost of \$2,800,000.

The retention strategies have a cost of \$2.0 million for fiscal 2003-04, \$13.0 million for 2004-05 and \$17.7 million for each of 2005-06 and 2006-07, for a total of \$50.5 million for the four-year period. It should be noted that the net annual cost of the recommended retention strategies would be partially mitigated by reduced cost of turnover, although no precise quantification is put forth.

In total, the four-year cost for teacher recruitment and retention strategies is estimated at \$52.8 million.

Exhibits



Summary List of Financial Impact of CAC Recommendations



Future Funding Methodology



Business Case Outline for Evaluating Programs

Citizen Advisory Committee on School Funding							
Summary of Financial Impact of CAC Recommendations							
	Recommendation	-----Financial Impact Favorable (Unfavorable)-----					Four Year
	Number	2002-2003	2003-2004	2004-2005	2005-2006	2006-2007	Impact
							FY2004-07
<i>Accepted Recommendations from MGT:</i>							
Addition of one Assistant Superintendent and one Executive Assistant.	4-18	(112,099)	(149,465)	(149,465)	(149,465)	(149,465)	(597,860)
Increase diversity through magnet school program - agree with recommendation but do not concur with projected savings.	4-30	0	0	0	0	0	0
Restructure the Division of Instructional Services to consolidate and better align reporting relationships and related responsibilities. Adopt the proposed organization plan for the Curriculum and Instruction Department.	5-1 and 5-2	(97,500)	(97,500)	(97,500)	(97,500)	(97,500)	(390,000)
Establish a committee to discuss areas where unchecked flexibility may affect WCPSS programs, areas of redundancy, and related economies of scale - agree with recommendation but do not concur with projected savings	5-4	0	0	0	0	0	0
Transfer psychological services and create a Department of Intervention and Prevention	5-29	0	0	0	0	0	0
Hire five additional school counselors per year and assign to schools in most need.	5-34	(175,965)	(310,000)	(620,000)	(930,000)	(1,240,000)	(3,100,000)
Eliminate the option for additional payrolls and checks issued over a 12-month period for 10- and 11-month employees.	7-9	125,000	125,000	125,000	125,000	125,000	500,000

		-----Financial Impact Favorable (Unfavorable)-----					Four Year Impact FY2004-07
	Recommendation Number	2002-2003	2003-2004	2004-2005	2005-2006	2006-2007	
<i>Accepted Recommendations from MGT:</i>							
Implement a 5-8% reduction in space standards for high schools and a 10-12% reduction in space standards for middle schools - agree that continued monitoring and reporting of necessary space standards should be an ongoing priority, but do not believe that quantification of a dollar amount is justified or supportable.	9-1	0	0	0	0	0	0
Reduce change order rate to 4% on all future Plan 2000 projects of new construction - while the implementation this recommendation will reduce capital costs by \$1,932,000, there is no impact on operating costs.	9-3	0	0	0	0	0	0
Increase funding for maintenance of facilities by 10% over the next five years - agree that additional attention needs to be paid to building maintenance and have attempted to estimate financial impact	9-6	0	(9,100,000)	(9,100,000)	(9,100,000)	(9,100,000)	(36,400,000)
Hire software support personnel to assist Human Resources with its Oracle implementation.	11-6	(211,200)	(211,200)	(211,200)	(211,200)	(211,200)	(844,800)
Establish and maintain a 100% budget rating from the NCDPI, maximizing state funding of WCPSS transportation.	12-2	(259,544)	1,038,218	1,038,218	1,038,218	1,038,218	4,152,872
Where feasible implement express routing in magnet and year-round schools - no quantification of potential cost savings could be made.	12-13	0	0	0	0	0	0
Phase-in satellite maintenance facilities and centralized bus parking lots - part of these costs would be capital.	12-14	0	(104,930)	(29,930)	(150,000)	(150,000)	(434,860)

		-----Financial Impact Favorable (Unfavorable)-----					Four Year Impact
	Recommendation Number	2002-2003	2003-2004	2004-2005	2005-2006	2006-2007	2003/4-2006-7
<i>Accepted Recommendations from MGT:</i>							
Conduct a thorough review of the financial condition of each cafeteria operating at a loss for consecutive fiscal years.	13-2 *	257,424	259,998	262,598	265,224	267,877	1,055,697
* - The savings must remain with the Department of Child Nutrition and not become a part of the general operating budget.							
Total of Accepted Recommendations from MGT (Cost)		(\$473,884)	(\$8,549,879)	(\$8,782,279)	(\$9,209,723)	(\$9,517,070)	(\$36,058,951)
Net incremental costs per year			(\$8,075,995)	(\$232,400)	(\$427,444)	(\$307,347)	
<i>Rejected Recommendations from MGT:</i>							
	Recommendation Number						
Reorganize the Central Office by creating a Deputy Superintendent's position	4-12						
Create and implement a formual for the assignment of assistant principals to schools	4-27						
Reorganize the Office of Student Assignment	4-31						
Add another contractor to assist with the HR implementation	11-7						
Establish an average bus driver to team leader ratio of 22 to one - contrary to MGT Recommendation the Subcommittee advoacted retaining Team Leaders and allowing additional drivers to be added thereby increasing average ratio beyond 22 to one.	12-3						
Expand sraffing in the TIMS Transportation Section so that the benefits of TIMS can be fully realized.	12-11						

	Recommendation	-----Financial Impact Favorable (Unfavorable)-----					Four Year Impact
	Number	2002-2003	2003-2004	2004-2005	2005-2006	2006-2007	FY2004-07
<i>95% Goal Recommendations:</i>							
One instructional resource teacher in each middle school	1						
- New costs			(1,488,000)				(1,488,000)
- Recurring costs				(1,488,000)	(1,488,000)	(1,488,000)	(4,464,000)
- Total			(1,488,000)	(1,488,000)	(1,488,000)	(1,488,000)	(5,952,000)
Four new positions per Title One elementary school to reduce class size	2						
- New costs			0	0	(3,700,000)	(3,700,000)	(7,400,000)
- Recurring costs				0	0	(3,700,000)	(3,700,000)
- Total			0	0	(3,700,000)	(7,400,000)	(11,100,000)
Pre-kindergarten classes for four-year olds who lack needed skills	3						
- New costs			(1,107,200)	(2,214,400)	(1,107,200)	(6,816,200)	(11,245,000)
- Recurring costs				(1,107,200)	(3,321,600)	(4,428,000)	(8,856,800)
- Total			(1,107,200)	(3,321,600)	(4,428,800)	(11,244,200)	(20,101,800)
100 new ESL techers to serve base schools	4						
- New costs			(1,860,000)	(1,860,000)	(2,480,000)	0	(6,200,000)
- Recurring costs				(1,860,000)	(3,720,000)	(6,200,000)	(11,780,000)
- Total			(1,860,000)	(3,720,000)	(6,200,000)	(6,200,000)	(17,980,000)
Expand Project Achieve to five additional schools	5						
- New costs			(925,000)	0	0	0	(925,000)
- Recurring costs				(925,000)	(925,000)	(925,000)	(2,775,000)
- Total			(925,000)	(925,000)	(925,000)	(925,000)	(3,700,000)
Expand Special Education Reading to all schools	6						
- New costs			(889,000)	0	0	0	(889,000)
- Recurring costs				(250,000)	(250,000)	(250,000)	(750,000)
- Total			(889,000)	(250,000)	(250,000)	(250,000)	(1,639,000)
Total of 95% Goal Recommendations (Cost)			(\$6,269,200)	(\$9,704,600)	(\$16,991,800)	(\$27,507,200)	(\$60,472,800)
Net incremental costs per year			(\$6,269,200)	(\$3,435,400)	(\$7,287,200)	(\$10,515,400)	

	Recommendation	-----Financial Impact Favorable (Unfavorable)-----					Four Year
	Number	2002-2003	2003-2004	2004-2005	2005-2006	2006-2007	Impact FY2004-07
<i>Human Resources recommendations:</i>							
Teacher recruitment strategies							0
- 3 Recruitment Specialists	1		(223,665)	(223,665)	(223,665)	(223,665)	(894,660)
- Coordinator of Orientation and New Teacher Support	2		(82,548)	(82,548)	(82,548)	(82,548)	(330,192)
- Administrative support	3		(29,786)	(29,786)	(29,786)	(29,786)	(119,142)
- Gallup interview screening	4		(175,000)	(150,000)	(150,000)	(150,000)	(625,000)
- Critical needs teacher bonuses	5		(60,000)	(60,000)	(60,000)	(60,000)	(240,000)
- Recruitment marketing and travel	6		(24,500)	(24,500)	(24,500)	(24,500)	(98,000)
Total recruitment strategies			(595,499)	(570,499)	(570,499)	(570,499)	(2,306,994)
Teacher retention strategies							
- Outsource substitute teacher hiring	1		(1,282,692)	(1,282,692)	(1,282,692)	(1,282,692)	(5,130,768)
- Upgrade extra duty compensation	2		0	0	(303,216)	(303,216)	(606,432)
- Create pathways, increase career financial progression	3		0	(4,356,775)	(8,713,550)	(8,713,550)	(21,783,875)
- Use variable contracts to provide more time for training, collaboration and instructional leadership	4		0	(6,709,434)	(6,709,434)	(6,709,434)	(20,128,302)
- Pay fifth-year teachers a one-time bonus of \$2,000	5		(700,000)	(700,000)	(700,000)	(700,000)	(2,800,000)
Teacher retention strategies			(1,982,692)	(13,048,901)	(17,708,892)	(17,708,892)	(50,449,377)
Total of Human Resources Recommendations (Cost)			(\$2,578,191)	(\$13,619,400)	(\$18,279,391)	(\$18,279,391)	(\$52,756,371)
Net incremental costs per year			(\$2,578,191)	(\$11,041,209)	(\$4,659,991)	\$0	
Grand Total All CAC Recommendations (Cost)			(\$17,397,270)	(\$32,106,279)	(\$44,480,914)	(\$55,303,661)	(\$149,288,122)
Net incremental costs per year			(\$17,397,270)	(\$14,709,009)	(\$12,374,635)	(\$10,822,747)	

Citizens Advisory Committee Future Funding Methodology

**CAC Methodology Alignment with Budget Request
May 6, 2003**

Basic Information

	2002-2003	Per Pupil
County Appropriation (Most recent year)	\$213,473,884	\$1,985.67

See Below for One Time Adjustments

Eliminated Programs or Decreased Funding for Existing Programs	(\$9,302,939)	<i>Details and Explanation in Budget Request</i>
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Revised Base Year	\$204,170,945	\$1,899.14
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Student Membership (For Most Recent Year):

WCPSS 20th Day	104,373	
Charter Schools	3,134	
Total	107,507	

**Local Spending Pattern (Most recent available)
Along With Projected Changes Per Pupil**

	Current Spending %s	Current Appropriation Per Pupil	Projected Change Per Pupil	Projected Appropriation Per Pupil
(1) Compensation:				
Salaries - Teachers	13.2%	\$250.69	\$5.52	\$256.20
Salaries - Principals and Asst. Principals	1.4%	\$26.59	\$0.58	\$27.17
Salaries - Teaching Assistants and Support Staff	15.5%	\$294.37	\$5.89	\$300.25
Salaries - Central Office Administration	4.6%	\$87.36	\$3.49	\$90.85
Salaries - Substitute Pay	1.4%	\$26.59	\$0.58	\$27.17
Supplementary Pay	18.6%	\$353.24	\$25.43	\$378.67
	54.7%	\$1,038.83	\$41.50	\$1,080.33
(2) Benefits:				
Employer's Social Security Costs (FICA)	3.6%	\$68.37	\$2.73	\$71.10
Employer's - WC and Unemployment Insurance	0.2%	\$3.80	\$0.15	\$3.95
Employer's - Hospitalization Costs	2.9%	\$55.08	\$12.39	\$67.47
Employer's - Dental Costs	1.1%	\$20.89	\$0.00	\$20.89
Employer's - Retirement Costs	2.2%	\$41.78	\$1.67	\$43.45
	10.0%	\$189.91	\$16.94	\$206.86
(3) Other:				
Contracted Services	18.6%	\$353.24	\$10.95	\$364.19
Utilities	6.9%	\$131.04	\$4.06	\$135.10
Supplies, Materials and Equipment	9.2%	\$174.72	\$5.42	\$180.14
Other (Insurance, Fees, etc)	0.6%	\$11.39	\$0.35	\$11.75
	35.3%	\$670.40	\$20.78	\$691.18
	100.0%	\$1,899.14	\$79.23	\$1,978.37

*Projected Changes
Calculated Below
See Numbers (1) - (3)*

The following net decrease in revenues that support the noncategorical local budget result in an increase of funds needed from the county.

Impact Area Grants	\$(10,000)
ROTC	\$(75,000)
Parking Fees	\$ 80,000
Regular Tuition	\$ 5,000
Interest - Fd. 2	\$(200,000)
Indirect Cost	\$ 100,000
Cellular Lease	\$ 45,000
Interest - Fd. 4	\$(132,016)
Sale of Property	\$ 26,000
	\$(161,016)

(4) Projected Changes Resulting From Changes In Number of Students

	Prior Year 2002-2003	Projected Change *	Projected
Student Membership	107,507	4,471	111,978

** Use County Estimate for Change*

Projected Per Pupil Cost Based Solely on Changes in Costs	\$1,978.37	<i>Calculated in (1) through (3) above</i>
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Projected Funding Need Based on Changes in Costs and Number of Students	\$221,533,610	
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(5) Adjustment For Changes in Makeup of Students

Projected Funding Needs Based on Changes in Costs and Students	\$222,391,204	<i>Change From Prior Year:</i>
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Changes in Funding Needs For:

(6) Significant Decreases (Increases) in Local Non Categorical Income	\$161,016	<i>Changes in Interest Income, etc.</i>
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(7) New Programs or Increased Funding for Existing Programs	\$8,012,557	<i>Details in Budget Request</i>
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Projected Funding Needs	\$230,564,777	\$2,059.02 Per Pupil
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Projected Funding Needs (Rounded to Nearest Million)	\$231,000,000	\$2,062.91 Per Pupil
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This figure is the \$10,340,180 of New Programs or Increased Funding for Existing Programs (supported by business cases) in the Superintendent's Budget Request less the first two items - (1) Supplementary pay increases for certified staff \$2,000,000 (2) Reinstate performance pay for central office administrators \$327,623.

These two items are included on the second page of this funding methodology in the fields for Adjustment % to Supplementary Pay Scales by the BOE and Merit Pay Increases for Central Office Administration.

Citizens Advisory Committee Future Funding Methodology

CAC Methodology Alignment with Budget Request

One Time Adjustment to Prior Year Funding Amount

County Appropriation (Most recent year)		\$203,000,000	
Use of WCPSS Fund Balance for Local Expenditures		\$10,000,000	
Net Changes Resulting From Citizens Advisory Committee	<i>Provide Details</i>	\$473,884	<i>Detailed in CAC Financial Summary</i>
"Appropriate Funding Level"		\$213,473,884	

Projected Changes In Costs For Constant Number of Students:

	<u>Information as to Source of Changes</u>	<u>Instructions</u>		Projected Change Per Pupil
(1) Compensation				
Salaries - Teachers	<i>Legislated Increase or Decrease</i>	<i>Insert Anticipated % Change</i>	2.20%	\$5.52
Salaries - Principals and Asst. Principals	<i>Legislated Increase or Decrease</i>	<i>Insert Anticipated % Change</i>	2.20%	\$0.58
Salaries - Teaching Assistants and Support Staff	<i>Legislated Increase or Decrease</i>	<i>Insert Anticipated % Change</i>	2.00%	\$5.89
Salaries - Central Office Administration	<i>Legislated Increase or Decrease</i>	<i>Insert Anticipated % Change</i>	2.00%	\$1.75
Salaries - Substitute Pay	<i>Legislated Increase or Decrease</i>	<i>Insert Anticipated % Change</i>	2.20%	\$0.58
Supplementary Pay	<i>Legislated Increase or Decrease</i>	<i>Same % as Teachers Salaries</i>	2.20%	\$7.77
Adjustment (%) to Supplementary Pay Scales	<i>Board of Education</i>	<i>Insert Anticipated % Change</i>	5.00%	\$17.66
Adjustment (%) to Support Staff Pay Scales Beyond Legislated Changes (Market Driven)	<i>Board of Education</i>	<i>Insert Anticipated % Change</i>	0.00%	\$0.00
Merit Pay Increases For Central Office Administration	<i>Board of Education</i>	<i>Insert Anticipated % Change</i>	2.00%	\$1.75
(2) Benefits				
Employer's Social Security Costs (FICA)	<i>Rate Set By Federal Government</i>	<i>Insert Anticipated % Rate Change</i>	0.00%	\$0.00
Employer's - WC and Unemployment Insurance	<i>Negotiated / Experience Based</i>	<i>Insert Anticipated % Rate Change</i>	0.00%	\$0.00
Employer's - Hospitalization Costs	<i>Legislated Increase or Decrease</i>	<i>Insert Anticipated % Rate Change</i>	22.50%	\$12.39
Employer's - Dental Costs	<i>Legislated Increase or Decrease</i>	<i>Insert Anticipated % Rate Change</i>	0.00%	\$0.00
Employer's - Retirement Costs	<i>Legislated Increase or Decrease</i>	<i>Insert Anticipated % Rate Change</i>	0.00%	\$0.00
Anticipated Changes in Benefits Resulting From Compensation Increases (changes in volume vs. rate)				
Employer's Social Security Costs (FICA)		<i>Automatically Calculated Based Upon Ratio of Benefit / Compensation, then Adjusted for Changes in Benefit Rates and Compensation Amounts</i>		\$2.73
Employer's - WC and Unemployment Insurance				\$0.15
Employer's - Retirement Costs				\$1.67
(3) Other				
Contracted Services	<i>Use Southern Urban CPI (Trailing 12 Months)</i>	<i>Enter Southern Urban CPI %</i>	3.10%	\$10.95
Utilities	<i>If Expected Rate of Inflation for These Costs are Anticipated to Vary Significantly From Southern Urban CPI, Documentation Required</i>	http://data.bls.gov/cgi-bin/surveymost?cu		\$4.06
Supplies, Materials and Equipment				\$5.42
Other (Insurance, Fees, etc)				\$0.35

(5) Adjustment For Changes in Makeup of Students

		Projected		
	Prior Year	Change	Projected	
Number of Special Education Students	15,525	820	16,345	<i>Either Enter Projected Change or Projected Assumes Same % as Prior Year State Now Funds Costs, but Capped at 12.5% of Total Students</i>
State Funded % of total students	12.50%	13,438	13,997	
Locally Funded	2,087		2,348	
Increase or (Decrease)			261	
Estimated Incremental Expenditures per SE pupil (vs. non SE)		\$2,750		<i>2002-03 State Allotment for Children with Special Needs in PRC 032 divided by the number of special education students within the cap in 02-03.</i>
Cost Impact of Changes in Number of Special Education Students			\$718,094	
Changes In Funding for Changes in ESL Students				
Anticipated Increase in Number of ESL Students		900		
Anticipated Incremental Expenditures per ESL pupil (vs. non ESL)		\$155		<i>2002-03 Local Allotment for ESL in PRC 054 divided by the number of ESL students in 02-03.</i>
Cost Impact of Changes in Number of ESL Students			\$139,500	
Cost Impact of Changes in Makeup of Students			\$857,594	



BUSINESS CASE OUTLINE FOR EVALUATING PROGRAMS

Outline of suggested documentation for each proposal. Answer each of the questions as succinctly and on as few sheets of paper as possible.

1. What is the name of the project?
2. What is the expected effect on the 95% goal?
3. How it would help?
4. What is the evidence or reasoning for this strategy?
5. How many and what kind of students that would be helped?
6. What are the compliance/regulatory issues?
7. Are there other *important* effects? List.
8. What are the quantitative measures of impacts?
9. What is the priority of proposed initiative?
10. What is the timing or sequencing of implementation?
11. What are the personnel, capital, and other costs associated with proposal?