

**BALTIMORE COUNTY PUBLIC SCHOOLS**

**DATE:** December 15, 2009

**TO:** **BOARD OF EDUCATION**

**FROM:** Dr. Joe A. Hairston, Superintendent

**SUBJECT:** **REPORT ON UPCOMING FY 2011 BUDGET ISSUES**

**ORIGINATOR:** J. Robert Haines, Esq., Deputy Superintendent

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

**RECOMMENDATION**

That the Board of Education review upcoming FY 2011 budget issues in preparation for the superintendent’s budget request presentation to the board on January 12, 2010, the Board’s work session on January 26, 2010, and Board action scheduled for February 9, 2010.

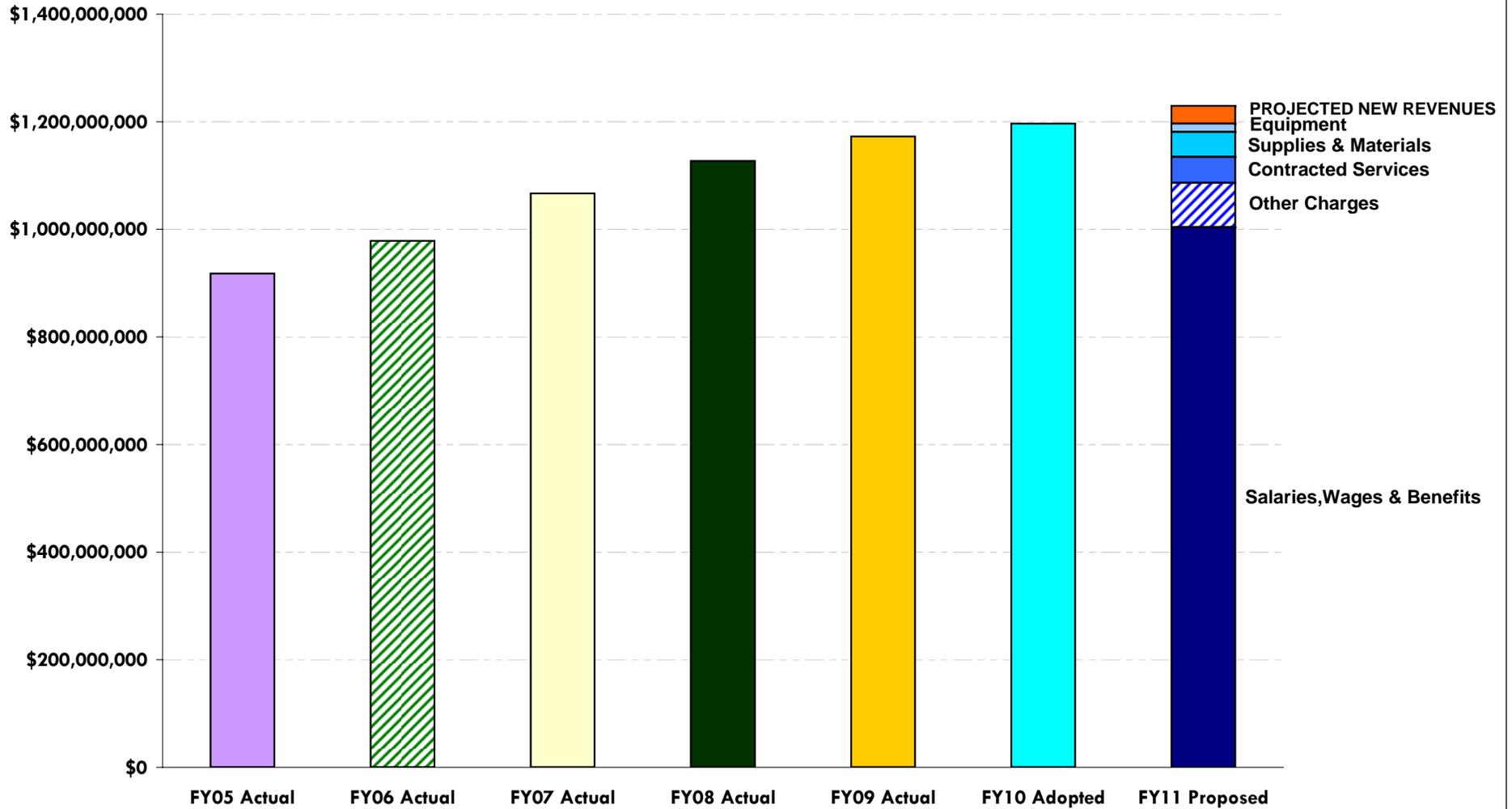
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- Attachment I – FY 2011 Operating Budget Revenue Estimates
- Attachment II – General Fund Revenues and Expenditures
- Attachment III – Realignment of Teacher Positions Due to Reduced Enrollment
- Attachment IV – Major FY 2011 Operating Budget Discussion Items
- Attachment V – Spending Affordability FY 2010

**FY 2011 OPERATING BUDGET REVENUE ESTIMATES**

1. The state has already implemented \$1.1 billion in reductions to the FY2010 operating budget; however, this has not directly affected aid to education or significantly impacted revenue sharing with local governments. Further adjustments to the current year budget may be debated when the state legislature convenes in January 2010.
2. State education aid to Baltimore County is not projected to increase in FY2011.
3. Federal stimulus funding designated for general education will increase by approximately \$5 million.
4. All other federal stimulus funding is highly restrictive and primarily directed toward Title I and IDEA special education programs.
5. Enrollment for FY2010 increased by 189 instead of the 512 we projected. Enrollment is projected to increase by another 180 students in FY2011. These relatively small increased enrollments will likely have no significant affect on state aid to education for FY2011 because it will be weighted against statewide changes in enrollment. This information will probably not be provided by MSDE until late December.
6. In recent fiscal years, county government has permitted BCPS to redirect funding from teaching positions to other academic programs as enrollment declined since September 30, 2004. As a result of lower actual enrollment, we propose to redirect approximately 13.6 positions for FY 2011.
7. County funding exceeded Maintenance of Effort (MOE) by 7.9% in FY 2001. Between 2003 and 2008, when state aid to education increased dramatically under the Bridge to Excellence, county funding in excess of MOE declined to a low of 0.8% in FY 2004. County funding increased from 2.2% above MOE in FY 2008, peaked at 5.7% in FY 2009, and declined to 4.9% above MOE in FY2010.
8. The county's Spending Affordability Committee recommended that county spending growth should not exceed 4.56% in FY 2009 and 4.24% in FY2010. The county adopted five-year averaging in its MOE calculations for FY2010 to smooth the impact of the economic recession. The FY 2011 guidelines are now being developed and will be released in February 2010.
9. BCPS plans to maintain all current programs and service levels for FY2011. County government has imposed increasing budget reductions for employee turnover that began at \$6 million in FY 2004 and increased to more than \$20 million in FY 2010. Operating budgets must be managed with utmost precision to maximize efficiencies and remain within legal spending requirements.

## General Fund Revenues & Expenditures

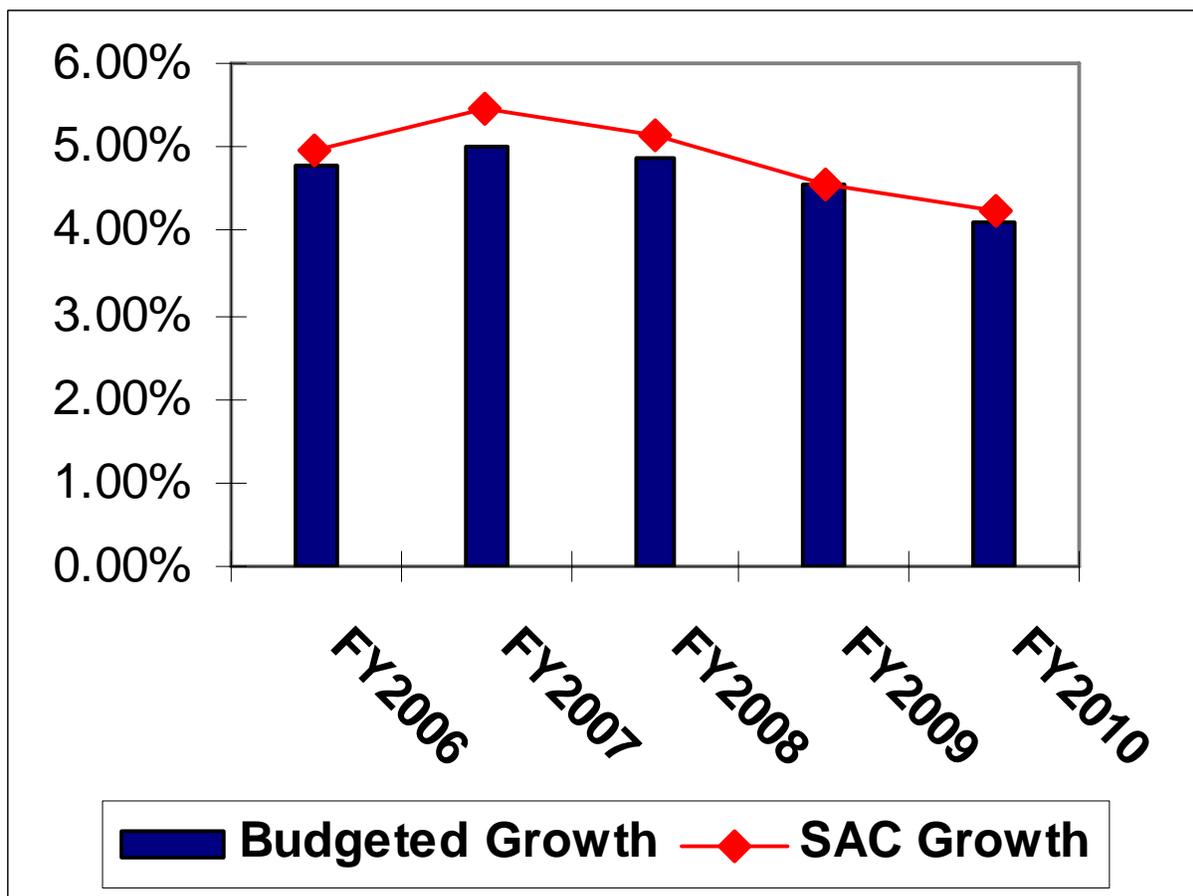




**MAJOR FY2011 OPERATING BUDGET DISCUSSION ITEMS**

1. Preserve programs and services for children to lock in the gains and progress made over the past ten years and to provide a platform from which to raise student achievement to even higher levels.
2. Increase budget for additional teachers, related services, non-public placements and transportation to comply with legal requirements for special education programs and students.
3. Provide staffing for West Towson Elementary School.
4. Provide support for restructuring plans at Woodlawn and Dundalk high schools and Southwest Academy, Lansdowne, Deer Park, and Old Court middle schools.
5. Fund twenty-first century classrooms initiatives and technology enhancements.
6. Retain all teaching and support positions to deliver our curriculum and provide a consistent academic environment.
7. Fund salary step increments associated with restructured wage schedules for all employees.
8. Increase budget for existing health benefits for all employees.
9. Increase budget at Imagine Discovery Charter School for an additional grade level.
10. Replace textbooks associated with new curriculum.

## Spending Affordability



In March 1990, the Baltimore County Council enacted legislation (Bill 33-90) that established a spending affordability law (Baltimore County Code sections 2-3-101 to 2-3-107) for Baltimore County to ensure that growth in county spending does not exceed the five-year average rate of growth of the county's economy. The law mandates that the Spending Affordability Committee (SAC) make a recommendation each fiscal year on a level of county spending that would be consistent with the county's economic growth.

Committee guidelines are intended to set recommended maximum county spending levels that should not be exceeded in a particular fiscal year; however, they may be exceeded at the discretion of the Baltimore County Executive and Baltimore County Council if a rationale is provided for doing so. The Baltimore County Executive has not proposed and the Baltimore County Council has not adopted a budget exceeding the committee's recommended guidelines since the committee was established. The committee's recommendation is released each February.