



# Charlotte-Mecklenburg Schools Funding Scenarios

Board of County Commissioners  
Public Policy Workshop  
April 12, 2016



# Purpose of Presentation

- Provide FY2017 revenue estimate update
- Continuation from Board retreat of CMS funding formula dialogue



# Revenue Update

Item	Dollar Amount
"Total Dollars" growth revenue – <b>all funds</b>	\$40,000,000
"County Dollar" <b>general fund</b> growth revenue	\$31,400,000
Debt Service Fund (DSF) Appropriation – maintain 20¢	-6,700,000
"County Dollar" <b>general fund available after DSF adjustment</b>	\$24,700,000



# Funding Formula Objectives

- Simplify budget decisions
- Provide certainty early in the budget process
- A per pupil funding scenario factors student growth
- A revenue based scenario ensure that County services are not negatively impacted
- A formula would result in the County no longer having to match State compensation funding



# CMS

## Approved Funding

	FY2012	FY2013	FY2014	FY2015	FY2016
Operating	\$326,039,101	\$335,132,664	\$354,244,548	\$385,936,594	\$399,902,352
Capital Replacement	4,960,000	4,960,000	4,960,000	4,960,000	4,960,000
Fines & Forfeitures	2,300,000	2,300,000	2,300,000	2,300,000	2,300,000
<b>Total</b>	<b>\$333,299,101</b>	<b>\$342,392,664</b>	<b>\$361,504,548</b>	<b>\$393,196,594</b>	<b>\$407,162,352</b>



# Challenges to Formula Funding

- Forecasting enrollment early in the year with limited data
- Getting accurate growth data (CMS vs DPI)
- Accounting for impact of inflation
- Incorporating revenue availability to support need



# Summary of Variables Used in Scenarios

- Available revenue
  - general County dollar growth
- Student enrollment
  - NC Department of Public Information actual student count
  - Average Daily Membership of month 3(ADM)
  - Membership Last Day(MLD) of month 1
- Adjusted for Consumer Price Index (CPI)
  - Southern urban consumer price index



# Types of Scenarios

- Revenue Based
  - Flat percentage of available general County dollar revenue
  - Same percentage of general County growth
- Per-Pupil (adjusted for CPI)
  - based on combined CMS & charter enrollment 3 year average
  - based on ADM 3 year rolling average
  - based on FY2016 CMS student growth





# Revenue Based CMS Funding Scenarios



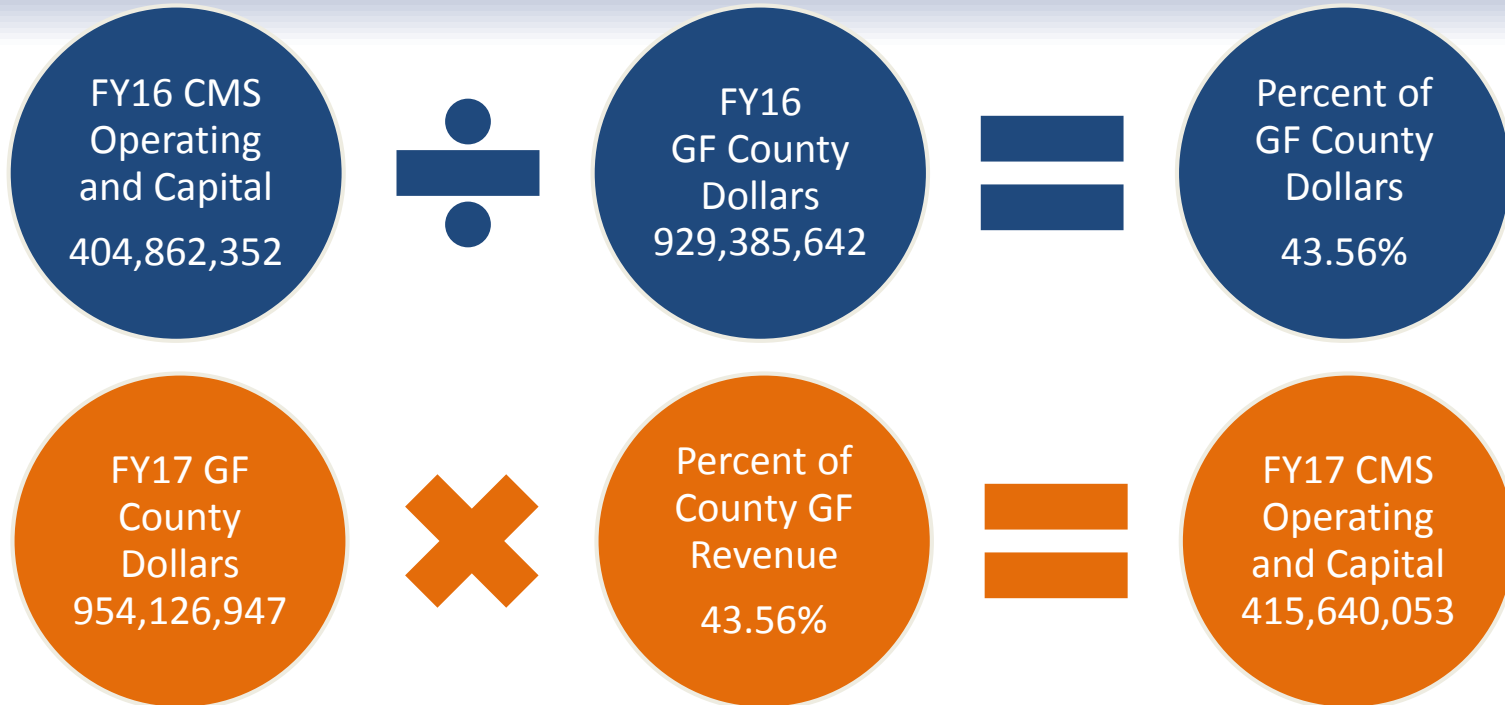
## Scenario 1:

# Flat Percent of County General Revenue

- Use the percentage of general fund County dollars provided to CMS in FY2016
- Apply same percentage to CMS for FY2017
- Based on CMS operating & capital replacement
- Excludes debt service
- Does not apply to fines & forfeitures



# Scenario 1: Flat Percent of County General Revenue



- FY2016 operating and capital funding for CMS was equal to 43.56% of the general fund County dollars
- Estimated increase in FY17 funding is **10,777,701**
- CMS receives 43.56% of estimated general County dollar growth

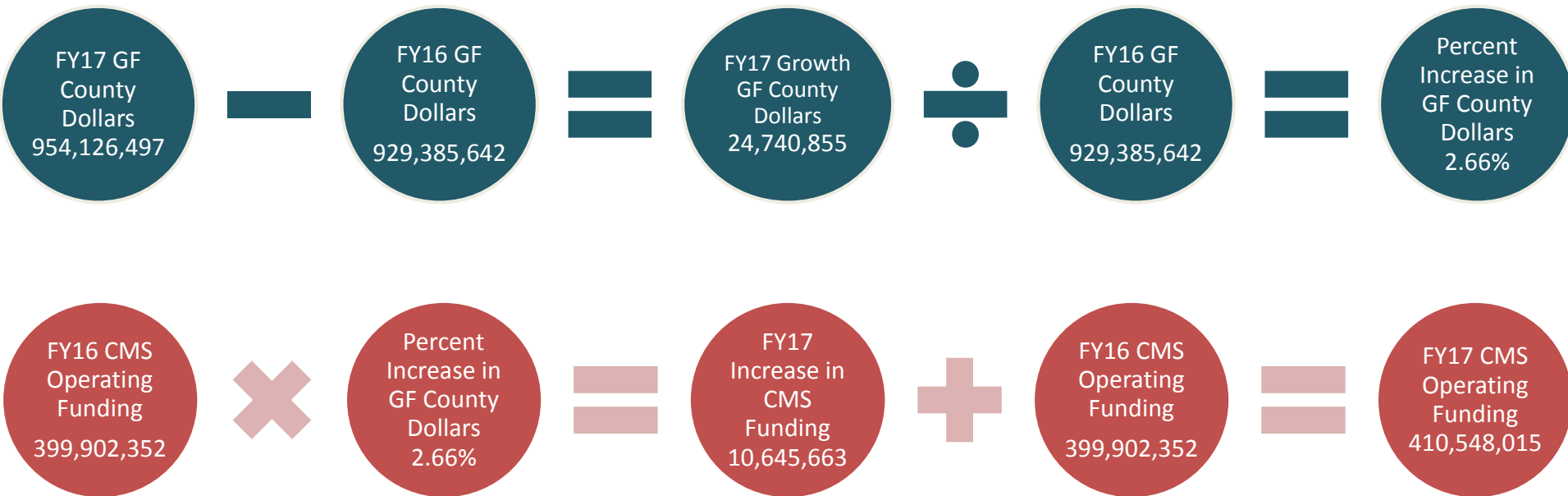


## Scenario 2: Increase at the same percent of County General Revenue

- Appropriates the same percent of County general revenue to CMS
- Excludes debt service
- Does not apply to fines & forfeitures
- Excludes capital replacement because the number is flat



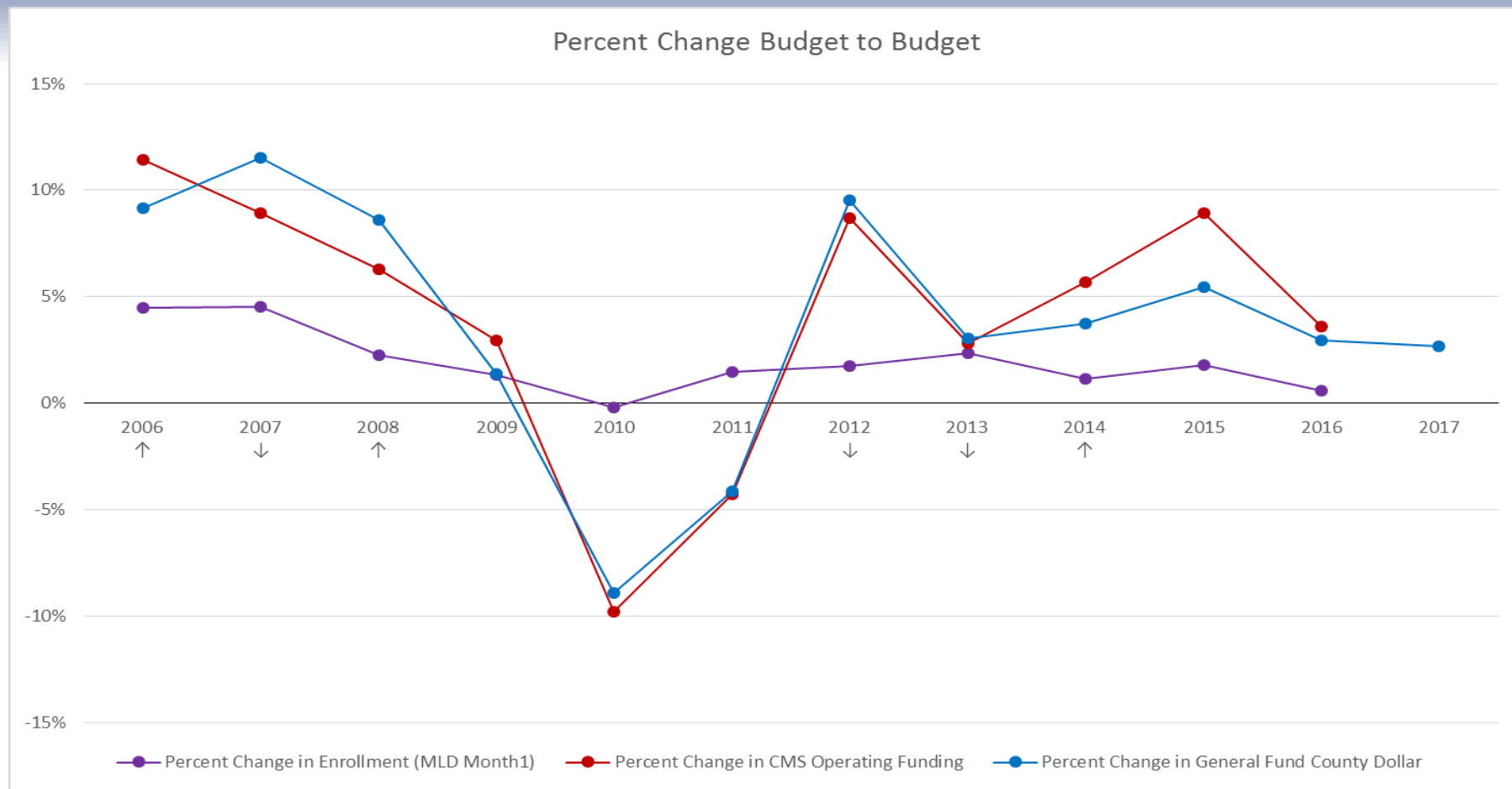
# Scenario 2: Increase at the same percent of County General Revenue



- Estimated increase in FY17 funding is **10,645,663**
- CMS receives 43.03% of estimated general County dollar growth



# Change in Revenue has had Stronger Correlation than Change in Enrollment



Pearson's Coefficient	Percent Change in CMS Operating and Percent Change in General Fund County \$	Percent Change in CMS Operating and Percent Change in Enrollment
	0.95	0.70

Change to Tax Rate ↑↓



# Per-Pupil Based CMS Funding Scenarios



# Funding Scenarios Based on Per-Pupil

- Challenges with forecasting enrollment
- Known counts could be used to indirectly factor enrollment trends
- NC Department of Public Instruction reported actuals
  - Average Daily Membership (ADM)
  - Membership Last Day (MLD)
- Adjustment for inflation (Southern Urban CPI)
- Per-Pupil formulas should be capped to account for available revenue
  - Percent of general fund County dollar growth



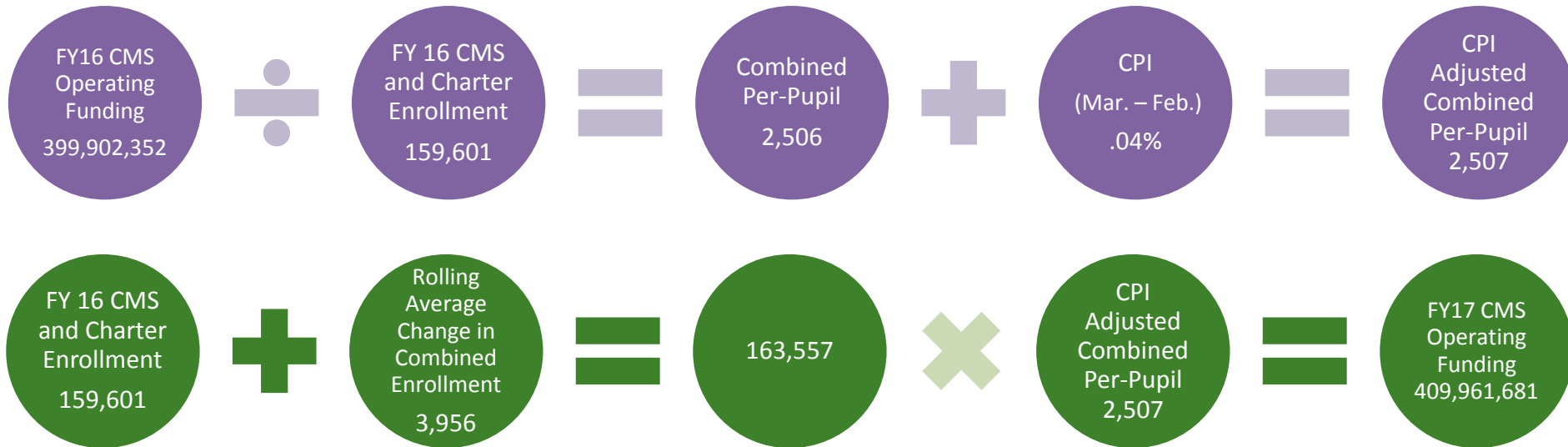


## Scenario 3: Per Pupil (CMS & Charter Combined) Adjusted for CPI and 3 year rolling average

- Current year combined charter & CMS student enrollment to calculate per pupil
- Adjusted for CPI
- Current year combined enrollment plus 3 year rolling average growth
- Multiply by the adjusted CPI per pupil
- Capped at same percentage of County dollar growth
- Excludes debt service
- Does not apply to fines & forfeitures
- Excludes capital replacement because the number is flat



# Scenario 3: Per Pupil (CMS & Charter Combined) Adjusted for CPI and 3 year rolling average



- Estimated increase in FY17 funding is **10,059,329**
- Below cap of increase in general County revenue growth (2.66%)
- CMS receives 40.66% of estimated general County dollar growth

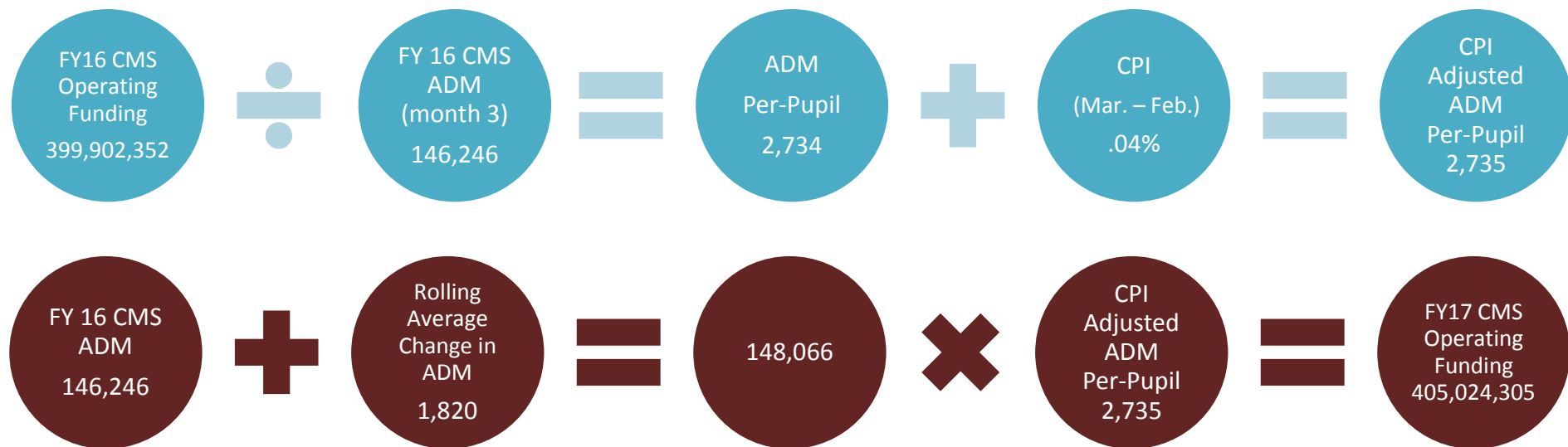


# Scenario 4: Per Pupil CMS Average Daily Enrollment Adjusted for CPI and 3 year Rolling Average Growth

- Current year CMS average daily membership (month 3)
- Adjusted for CPI
- Current year avg. daily membership (month 3) plus the 3 year rolling avg. growth
- Multiply by the adjusted CPI per pupil
- Capped at same percentage of County dollar growth
- Excludes debt service
- Does not apply to fines & forfeitures
- Excludes capital replacement because the number is flat



# Scenario 4: Per Pupil CMS Average Daily Enrollment Adjusted for CPI and 3 year Rolling Average Growth



- Estimated increase in FY17 funding is **5,121,953**
- Below cap of increase in general County revenue growth (2.66%)
- CMS receives 20.70% of estimated general County dollar growth

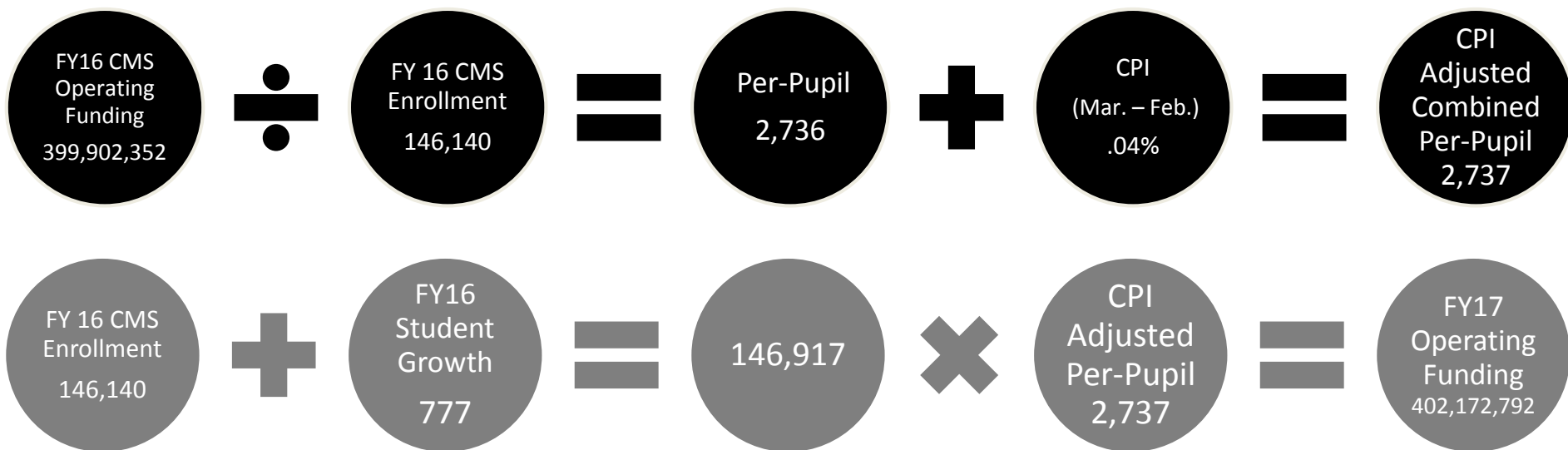


# Scenario 5: Per Pupil CMS enrollment adjusted for CPI applied to FY2016 Growth

- FY2016 CMS student growth (777)
- Adjusted for CPI
- Multiply by the adjusted CPI per pupil
- Excludes debt service
- Does not apply to fines & forfeitures
- Excludes capital replacement because the number is flat



# Scenario 5: Per Pupil CMS enrollment adjusted for CPI applied to FY2016 Growth



- Estimated increase in FY17 funding is **2,270,440**
- Below cap of increase in general County revenue growth (2.66%)
- CMS receives 9.18% of estimated general county dollar growth



# Discussion



# Next Steps

- Discussion will be factored as part of FY2017 Recommended Budget
- Staff will update formula(s) with CMS FY2017 estimates if Board endorse a scenario
- If formula is not endorsed by Board, the Manager will continue to review BOE's request based on County responsibility & affordability





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