

KNOX COUNTY SCHOOLS

ANDREW JOHNSON BUILDING

Dr. James P. McIntyre Jr., Superintendent



MEMORANDUM

To: Chair and Members
Knox County Board of Education

From: Dr. James P. McIntyre, Jr.
Superintendent

Date: May 5, 2010

Subject: Revised Fiscal Year 2011 Budget Recommendation

A handwritten signature in black ink, which appears to read "James P. McIntyre Jr.", followed by a horizontal line extending to the right.

Since the School Board's most recent discussion of the FY2011 budget proposal, two important dynamics have occurred:

- The membership of the Knox County Education Association (KCEA) rejected the tentative agreement on compensation that had been negotiated, creating an additional budget liability of just under \$2 million to address.
- We received the initial notification from the Tennessee Department of Education regarding the Basic Education Program (BEP) funding, which indicated projected revenues roughly \$650,000 less than our preliminary assumptions.

These dynamics have resulted in our having to identify significant additional budget reductions in order to balance our FY11 budget proposal. Given the budget cuts that have already been recommended, and the additional financial challenge we face, there really are no attractive choices available to reduce spending at this time; therefore we will be compelled to make the following adjustments and reductions:

- Cut twenty-one (21) additional teacher positions.¹
- Reduce instructional aides by ten (10) positions.
- Eliminate two (2) instructional “coaching” support positions.
- Cut an additional six (6) positions from the Central Office, including professional, supervisory, and clerical positions.
- Implement a one-day unpaid “furlough” for Central Office employees.
- Reduce athletic coaching supplements by 2%.
- Increase fees for external use of school facilities.
- Discontinue parking subsidies for Central Office administrators at the Dwight Kessel garage.
- Further decrease spending on temporary personnel and contractors.
- Eliminate travel supplements for itinerant personnel who do not travel between schools in a given school day.
- Increase the recommended level of fund balance committed by \$180,000.
- Limit implementation of additional school administrator positions recommended within the school budget allocation formula.
- Identify additional reductions in our student transportation program.

Over the past several weeks, we made clear in direct conversation and in public statements that if the KCEA membership did not ratify the tentative compensation agreement to forego raises for next year, we would be forced to cut additional positions, including teacher positions. Unfortunately, those statements were correct. This revised proposal includes an additional overall reduction of thirty-nine (39) positions, including an additional twenty-one (21) teacher positions.

Our focus throughout the budget development process has been to try to minimize the impact of this difficult fiscal environment on classroom instruction. While our options are now extremely limited, we have attempted to identify several non-personnel strategies that would mitigate the number of positions needed to be reduced in order to balance our budget.

¹ Detailed school staffing allocations are included in the documentation provided with this memorandum.

We have continued to work closely with Mayor Ragsdale and the County Finance Office to share our assumptions, reconcile our projections, and seek additional resources to balance our budget. You may recall that some \$400,000 in additional litigation tax revenue was identified by the County Finance Office earlier in the budget development process. More recently, finance officials have indicated that reconfiguring of debt will allow us to reduce our expected debt service by approximately \$250,000 next year, thus eliminating any FY11 general fund expenditure obligations associated with FY11 capital projects. We appreciate the continued collaboration with Knox County government.

While this budget proposal is far more painful than the prior iteration, I believe that the budget as recommended is a reasonable response to both our current economic landscape and our educational need. This FY2011 budget will allow us to continue the vital work of instructional improvement and build upon our solid foundation of academic success. Despite the significant fiscal challenges we face and the resulting tradeoffs we have had to make, this budget steadfastly maintains our focus on achieving our ambitious goal of *Excellence for All Children*.

The attached documents provide detailed information regarding this revised FY2011 budget recommendation. Please let me know if you have any questions.

cc: B. Thomas
R. McPherson