

Board of Education Retreat January 20, 2018



Budget Discussion for
FY 2018-2019

Budget Overview

- Budget Calendar
- Budget Process
- Funding Review
- Operating Expenses
- Fund Balance



Budget Calendar

- **January 20** – Board retreat
- **January & February** – Meet with Fund Managers and Department Directors
- **March 5** – Board budget work session
- **March 19** – Present Superintendent's budget to Board of Education
- **April 16** – Board adoption of budget resolution

Budget Calendar

- **May 15** – Deliver Board of Education budget request to County
- **May or June** – County approves local budget
- **June 18** – Board of Education approves balanced interim budget
- **July or August** – General Assembly and the Governor approve State budget
- **August or September** – Board of Education approves final budget resolution

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Budget Process

Some of the decisions that need to be made:

- What new initiatives and/or expansions should be funded?
- Which existing programs should be modified and/or eliminated?
- How do we best realize cost savings?
- How do we prioritize our capital needs?

Budget Process

- Monitor effectiveness of current budget
- Attend State budgeting seminars and read materials from trade organizations regarding budget issues
- Solicit input from stakeholders
- Identify funding priorities
- Communicate results to Superintendent and Board for further direction

Stakeholders

- District Leadership
- School Administrators
- Teachers
- Parents
- Students
- Community and Business Leaders

Budget Survey Options

Please check the box next to the initiatives listed below that you believe best supports the educational goals of the District. Please only select your **top five** choices (all are important):

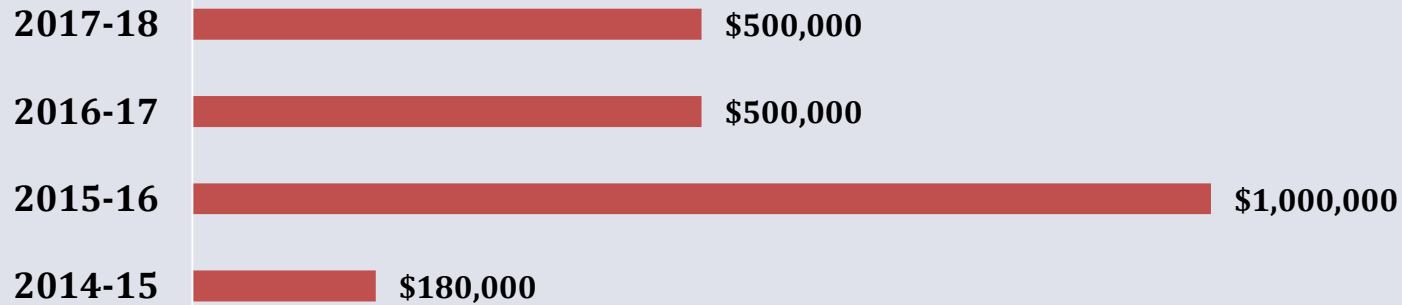
- | | |
|---|--|
| <input type="checkbox"/> Increase Teacher Supplement | <input type="checkbox"/> More Teacher Assistants |
| <input type="checkbox"/> Incr. Principal/AP Supplement | <input type="checkbox"/> Increase Student Support |
| <input type="checkbox"/> Increase Classified Salaries | <input type="checkbox"/> Increase Instructional Support |
| <input type="checkbox"/> Expand CTE Program Offerings | <input type="checkbox"/> More School Support Staff |
| <input type="checkbox"/> Offer more Instructional Programs | <input type="checkbox"/> Provide more Computing Devices |
| <input type="checkbox"/> Expand AIG Program | <input type="checkbox"/> Increase Number of Library Books |
| <input type="checkbox"/> Increase the Number of AP Classes | <input type="checkbox"/> Expand Classroom Libraries |
| <input type="checkbox"/> Offer more ESL Classes | <input type="checkbox"/> Upgrade School Safety Systems |
| <input type="checkbox"/> Increase Funding for the Arts | <input type="checkbox"/> Increase PD for Teachers |
| <input type="checkbox"/> Provide more Choice Options | <input type="checkbox"/> Other |

Budget Survey Results

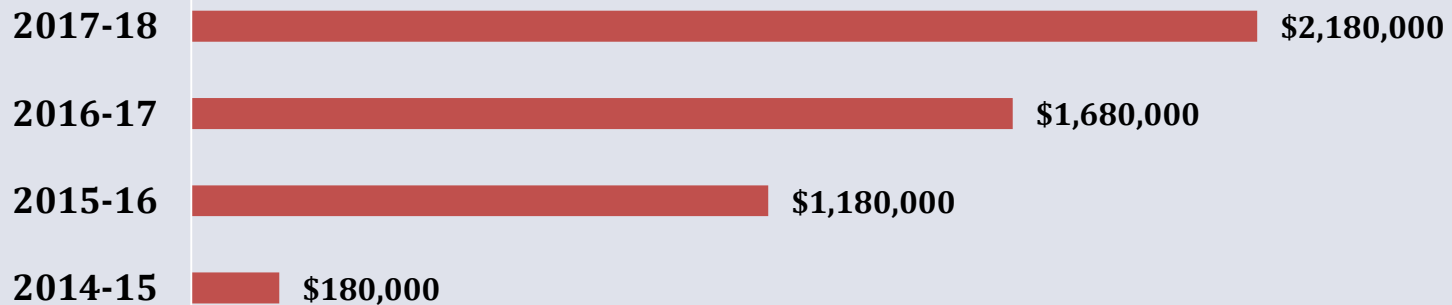
Top Funding Priorities	<u>Weighted Average</u>				Change
	2015	2016	2017	2018	2015-18
Increase Teacher Supplement	84%	76%	68%	67%	-17%
Increase Classified Salaries	34%	38%	37%	34%	0%
Increase Computing Devices	37%	36%	36%	33%	-4%
More Teacher Assistants	57%	38%	35%	33%	-24%
Upgrade School Safety Systems	NA	NA	NA	33%	NA
Expand CTE Program Offerings	15%	22%	31%	32%	17%
Provide more Choice Options	NA	30%	37%	29%	NA
<i>Respondents</i>	140	169	190	251	111

Teacher Supplements

District Increases



Cumulative District Increases

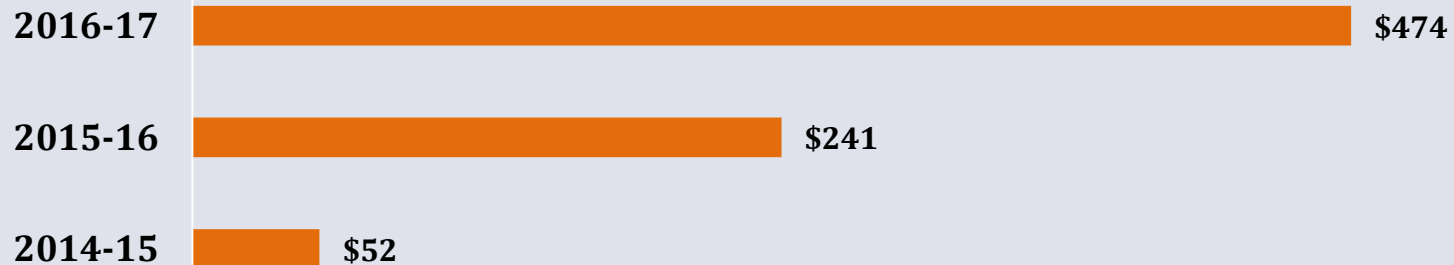


Teacher Supplements

Average Teacher Supplement



Cumulative Avg. Supplement Increase



Teacher Supplements

LEA - Neighboring (ADM)	Average Supplement
Charlotte-Mecklenburg (147,157)	\$ 6,985
Union (41,511)	4,476
State Average	4,194
Catawba (16,353)	3,797
Cabarrus (31,909)	3,053
Lincoln (11,383)	2,926
Iredell-Statesville (20,418)	2,781
Gaston (31,499)	2,651
Cleveland (14,779)	1,867

Source: DPI FY 2016-2017 Table 20 for average supplement
DPI FY 2016-2017 Table 10 for ADM

Teacher Supplements

LEA - Similar Size (ADM)	Average Supplement
Durham (33,151)	\$ 6,586
Buncombe (24,369)	4,718
Union (41,511)	4,476
State Average	4,194
New Hanover (26,287)	3,969
Johnston (35,088)	3,389
Cabarrus (31,909)	3,053
Gaston (31,499)	2,651

Source: DPI FY 2016-2017 Table 20 for average supplement
DPI FY 2016-2017 Table 10 for ADM

Teacher Supplements

- The County has agreed to systematically increase teacher supplements over a multi-year period
- Over the past two years, the County has increased teacher supplements by \$500,000 each year
- A \$500,000 increase would improve annual supplements by about \$250-\$300 per teacher

K-3 Class Size Changes

- We will need to add 25-30 new teachers to meet the new K-3 class size requirements
- The average salary and benefits costs of a new teacher is around \$50,000
- No additional funding is anticipated from the State
- The projected cost to implement this new requirement is \$1,250,000 to \$1,500,000

Other Considerations

- Potential increases in State mandated health and retirement benefits
- Possible State mandated increases in classified employee salaries
- Replacement costs of out-of-date technology such as Chromebooks and SMART Boards
- Inflationary costs for supplies, contracted services, books, utilities, etc.

Options for Funding Needs

- Request additional funding from the Gaston County Commissioners
- Implement additional cost saving measures and use savings for new initiatives
- Reallocate funding from one initiative to another
- Use a portion of the GCS unassigned fund balance

County Funding Request

- Last year, we received \$47.8 million of operating funds from the County; an increase of \$2.4 million from the previous year.
- This increased funding was used to:
 - Increase teacher salary supplements;
 - Adjust classified employee salaries;
 - Hire teachers for the K-3 class size changes;
 - Replace end-of-life Chromebooks;
 - Fund school choice.

Budget Overview

- Budget Calendar
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- **Funding Review**
- Operating Expenses
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Funding Review

- **Capital** – for the construction of new schools, additions to existing schools and maintenance and repairs of existing buildings
- **Operating** – for the daily operation of GCS, for the purposes of fulfilling the vision and mission statement set forth by the Board of Education

Operating Funds

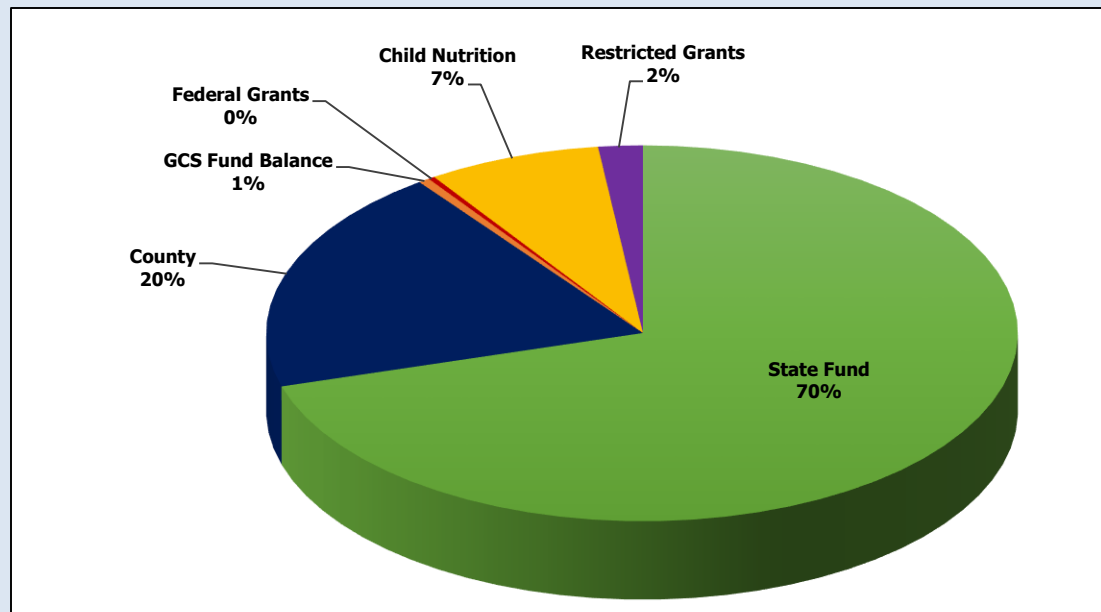
Who Determines the Level of School Funding?

- NC General Assembly and DPI
- Gaston County Commissioners
- Federal Agencies (Dept. of Ed., USDA, etc.)
- Various Grant Agencies

Operating funds are largely driven by student population and identified needs (economic factors, disabilities, etc.)

Budgeted Operating Funds FY 2017-18

SOURCES OF REVENUE	
State Fund	\$ 175,461,908
County	48,501,704
GCS Fund Balance	1,200,000
Federal Grants	684,883
Child Nutrition	18,597,239
Restricted Grants	4,751,289
TOTAL	\$ 249,197,023



Note: Does not include capital outlay
Represents the initial budgeted amounts

Peer Group Funding

LEA Name	2013	2014	2015	2016	2017
Durham County Schools	21	23	22	24	26
New Hanover County Schools	66	58	60	59	48
Cleveland County Schools	48	57	55	61	58
Buncombe County Schools	81	80	68	71	65
Rowan-Salisbury Schools	76	76	90	99	79
Charlotte-Mecklenburg Schools	95	97	88	90	87
Union County Schools	106	112	103	107	102
Iredell-Statesville Schools	110	79	107	115	107
Gaston County Schools	114	113	109	114	109
Cabarrus County Schools	112	114	110	112	111
Catawba County Schools	108	101	95	104	112
Johnston County Schools	100	103	108	106	114
Lincoln County Schools	113	110	112	109	115

Source: 2016-2017 DPI Table 25

Peer Group includes LEAs that are comparable in either size and/or geographic location

Total number of LEAs in NC is 115

Celebrate! Gaston County Schools



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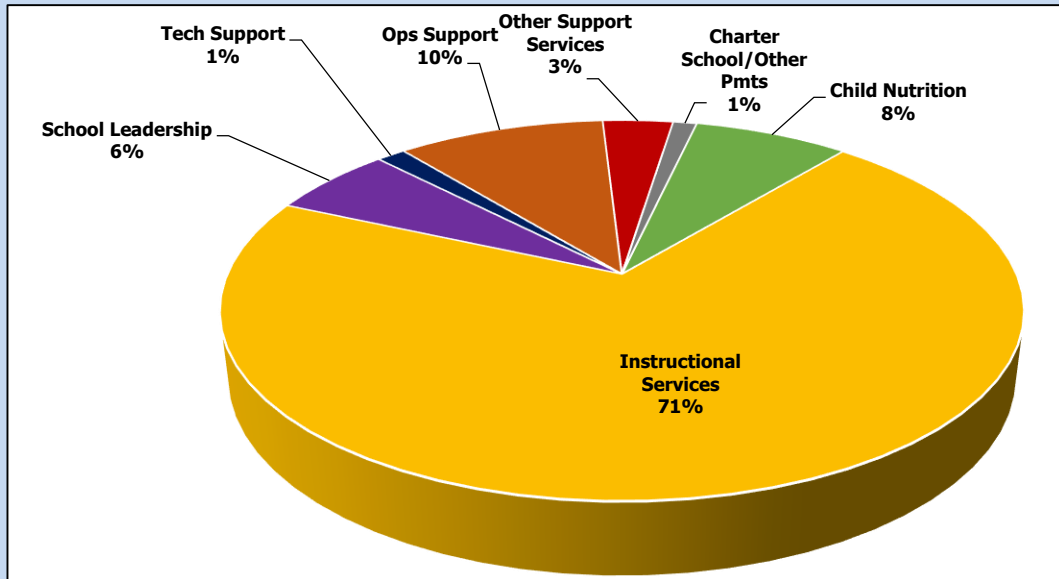
Operating Expenses

What is included in Operating Expenses?

- Employee salaries and benefits
- Instructional programs
- Technology - hardware, software, wireless access, etc.
- Transportation - yellow buses, white buses, contract transportation
- School nutrition - lunch and breakfast
- Utilities

Budgeted Operating Expenses

FY 2017-18



BUDGETED EXPENDITURES

Instructional Services	175,654,892
School Leadership	14,984,857
Tech Support	3,490,213
Ops Support	25,071,158
Other Support Services	8,484,318
Charter School/Other Pmts	2,849,029
Child Nutrition	18,662,556
TOTAL	249,197,023

Note: Does not include capital outlay
Represents the initial budgeted amounts

Celebrate! Gaston County Schools



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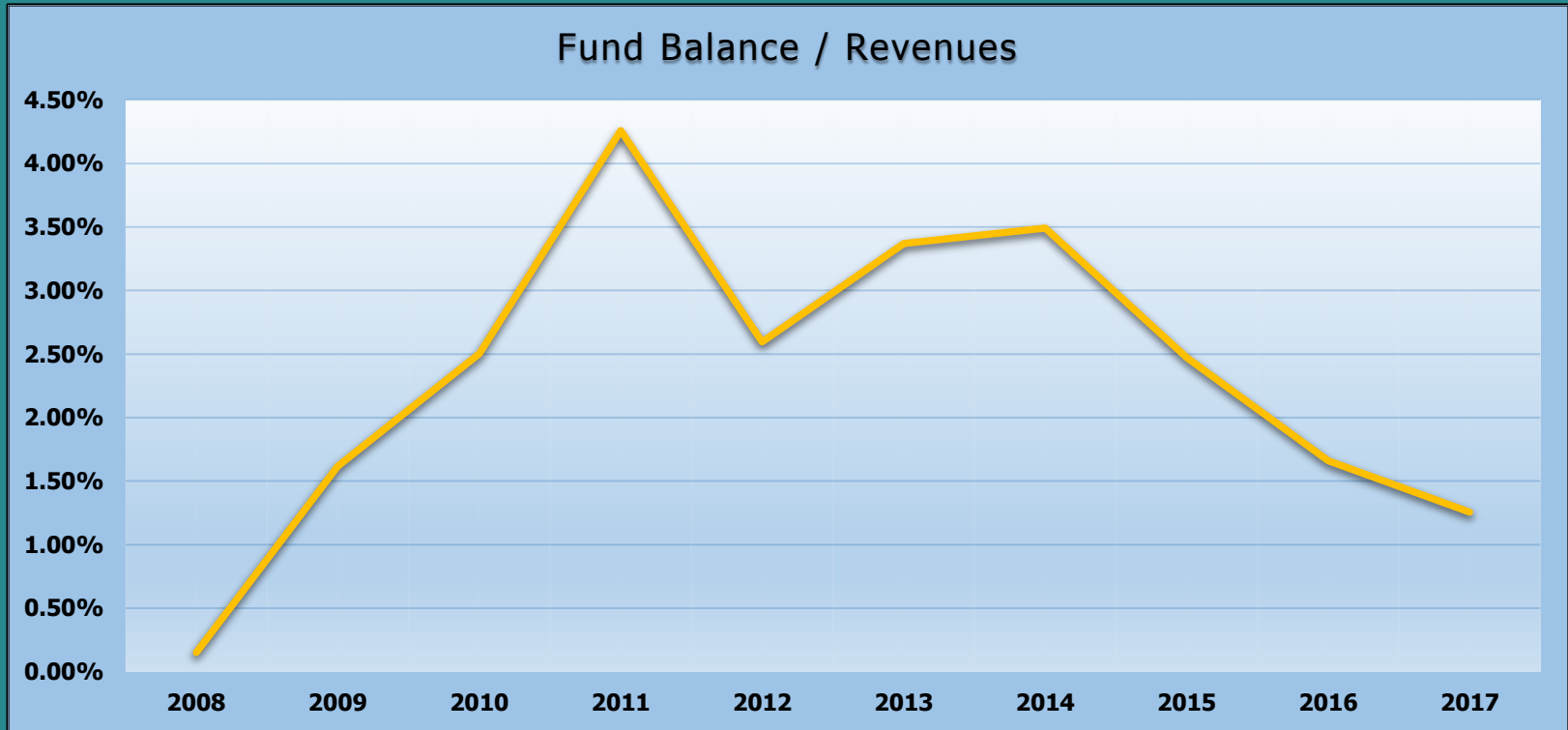
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Fund Balance

- Use of fund balance will ensure that we address some of our primary funding priorities
- Unassigned fund balance totaled \$3.7 million at June 30, 2017
- There are risks associated with funding on-going costs with fund balance

Fund Balance



	2008	2009	2010	2011	2012
Unassigned Fund Balance	393,500	4,472,775	6,619,094	11,475,596	6,810,382
Fund Balance / Revenues	0.15%	1.62%	2.50%	4.26%	2.59%

	2013	2014	2015	2016	2017
Unassigned Fund Balance	8,543,572	8,421,435	6,299,324	4,267,131	3,713,330
Fund Balance / Revenues	3.37%	3.49%	2.47%	1.66%	1.26%



Fund Balance

LEA Name	ADM	Unassigned Fund Balance	Total Revenues	Fund Balance / Revenues
Lincoln County Schools	11,383	259,310	97,382,021	0.27%
Union County Schools	41,511	1,896,467	369,420,055	0.51%
Durham County Schools	33,151	2,835,538	379,233,829	0.75%
Johnston County Schools	35,088	2,805,807	317,884,149	0.88%
Catawba County Schools	16,353	1,455,716	138,742,993	1.05%
Gaston County Schools	31,499	3,713,330	295,813,630	1.26%
AVERAGE	26,238	4,418,015	251,603,937	1.76%
Cabarrus County Schools	31,909	7,406,823	314,915,870	2.35%
Iredell-Statesville Schools	20,418	4,481,667	173,681,530	2.58%
Cleveland County Schools	14,779	3,816,234	136,455,468	2.80%
New Hanover County Schools	26,287	15,509,260	292,509,821	5.30%

Source: LEA's CAFR (Exhibits 3 and 4) & DPI website (ADM)

Celebrate! Gaston County Schools



In Conclusion

We should always focus on fulfilling the GCS Vision to “inspire success and a lifetime of learning” in everything we do!



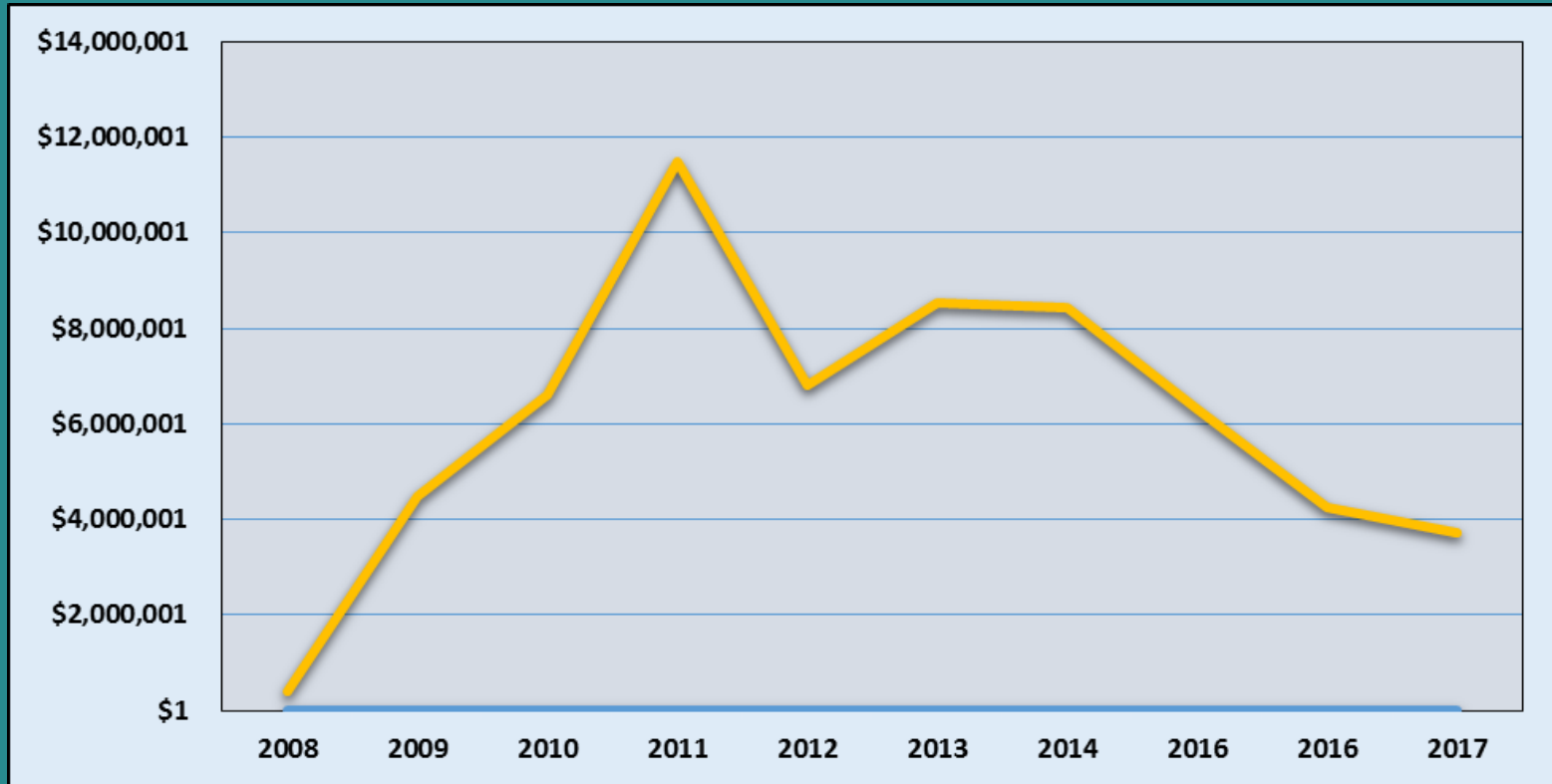
Discussion



Celebrate! Gaston County Schools



Fund Balance



	2008	2009	2010	2011	2012
Unassigned Fund Balance	393,500	4,472,775	6,619,094	11,475,596	6,810,382
Change in Fund Balance	(358,907)	4,079,275	2,146,319	4,856,502	6,810,382
	2013	2014	2015	2016	2017
Unassigned Fund Balance	8,543,572	8,421,435	6,299,324	4,267,131	3,713,330
Change in Fund Balance	1,733,190	(122,137)	(2,122,111)	(2,032,193)	(553,801)

