

2021 Board Retreat



Finance Discussion

January 15, 2021

Finance Discussion

- Budget Process
- Capital Outlay
- Funding/Expenses
- Fund Balance
- Discussion



Budget Process



Budget Calendar

- **January 15** – Board Retreat
- **January & February** – Meet with Directors and Department Supervisors
- **March** – Budget work session and Superintendent's Budget Request to BOE
- **April** – Adoption of GCS Budget



Budget Calendar

- **May** – Deliver GCS Budget Request to County
- **May or June** – County approves local budget
- **June** – BOE approves balanced interim budget
- **June to August** – General Assembly and Governor approves NC State budget
- **July to October** – BOE approves final budget resolution

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 capital needs?



Budget Process

- Monitor effectiveness of current budget
- Attend budgeting seminars, read trade organization materials, analyze historical budget data
- **Solicit input from Stakeholders**
- Identify funding priorities
- Communicate results to Superintendent and BOE for further direction

Stakeholders

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



Budget Survey Calendar

DATE	DESCRIPTION
December 9, 2020	Send budget questionnaire to Leadership and Directors
December 9, 2020	Send budget questionnaire to all Principals and Assistant Principals
December 16, 2020	Send budget questionnaire to all members of the Teacher Advisory Committee and all Pinnacle Leaders
December 16, 2020	Send budget questionnaire to all members of the Superintendent's Student Advisory Council and the Superintendent's Parent Advisory Council
December 16, 2020	Send budget questionnaire to Gaston County business and community partners and post on GCS website
January 15, 2021	Board of Education Retreat - Present and discuss results of budget questionnaire

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/ELS 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"/> Improve Exterior Appearance |
| <input type="checkbox"/> Increase Funding for EC Students | <input type="checkbox"/> Upgrade School Interior |

Budget Survey Results

What Do You Think?



Budget Survey Results

Teacher Supplements

#1 Funding Request Seven Years in a row!



Budget Survey Results

Top Funding Priorities	<u>% in Top Five</u>					Change 2017-21
	2017	2018	2019	2020	2021	
Increase Teacher Supplement	68%	67%	63%	67%	75%	7%
Increase Student Support	14%	21%	49%	51%	51%	37%
Increase Classified Salaries	37%	34%	36%	47%	51%	14%
Increase Computing Devices	36%	33%	34%	23%	35%	-1%
More Teacher Assistants	35%	33%	35%	34%	25%	-10%
Upgrade School Safety Systems	0%	33%	41%	26%	24%	-9%
Improve School Interior	0%	0%	0%	19%	21%	2%
<i>Respondents</i>	190	251	258	197	179	(11)

Budget Survey Results

List of Funding Priorities	% in Top 5
Increase Teacher Supplement	75%
Increase Principal/AP Supplement	18%
Increase Classified Salaries	51%
Expand CTE Program Offerings	16%
Expand Instructional Programs	18%
Expand AIG Program	7%
Increase Number of AP Classes	13%
Offer more ESL classes	6%
Increase Funding for the Arts	17%
Provide more Choice Options	12%
Increase Funding for EC Students	16%

List of Funding Priorities	% in Top 5
More Teacher Assistants	25%
Increase Student Support	51%
Increase Instructional Support	18%
More School Support Staff	5%
Provide More Computing Devices	35%
Increase Number of Library Books	10%
Expand Classroom Libraries	8%
Upgrade School Safety Systems	24%
Increase PD for Teachers	11%
Improve Exterior Appearance	16%
Upgrade School Interior	21%

Teacher Supplements

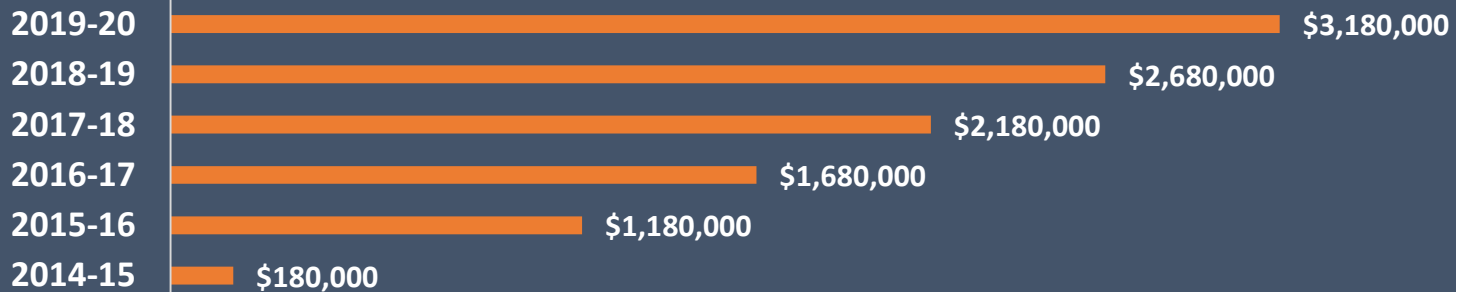
- Over the past seven years, the County has increased teacher supplements by **\$3.18 million**
- A \$500,000 increase in teacher supplements would improve net average annual supplements by about **\$180 per teacher**
- There was **no increase in teacher supplements** for 2020-2021 due to the impact of the pandemic on local sales tax revenues

Teacher Supplements

District Increases



Cumulative District Increases



Teacher Supplements

Average Teacher Supplement



Cumulative Avg. Supplement Increase



Budget Survey Results

Why are Teacher Supplements Still Our
#1 Funding Priority?



Teacher Supplements

Similar Size Districts (ADM)	Average Supplement
Buncombe (23,669)	\$ 7,616
Durham (32,928)	7,487
Johnston (36,892)	5,353
State Average	5,216
Onslow County (26,771)	4,461
Union (41,391)	4,448
New Hanover (25,807)	4,037
Cabarrus (33,568)	3,776
Gaston (30,834)	3,004

Source: DPI FY 2019-2020 Table 20 for average supplement

DPI FY 2019-2020 Table 10 for ADM

Teacher Supplements

Neighboring Districts (ADM)	Average Supplement
Charlotte-Mecklenburg (146,888)	\$ 8,782
State Average	5,216
Union (41,391)	4,448
Catawba (15,727)	3,899
Cabarrus (33,568)	3,776
Rowan-Salisbury (18,742)	3,258
Lincoln (11,373)	3,229
Gaston (30,834)	3,004
Iredell-Statesville (20,403)	2,946
Cleveland (14,137)	2,013

Source: DPI FY 2019-2020 Table 20 for average supplement

DPI FY 2019-2020 Table 10 for ADM

Other Funding Priorities

- Increase student support – social workers, school counselors, nurses, etc.
- Increase classified salaries – maintenance, school nutrition, admin. support, custodians, etc.
- Increase computing devices - replace out-of-date technology such as older Chromebooks and SMART Boards

Other Funding Priorities

- Increase the number of Teaching Assistants
- Upgrade the school safety systems – fencing, alarms, cameras, intercom, etc.
- Improve the interior appearance of our schools – bathrooms, classrooms, gyms, auditoriums, cafeterias, etc.

Activities for Next Year

- Address student achievement gap caused by pandemic
- Open Gaston Early College of Medical Sciences
- Relocate Belmont Middle School
- Issue new Chromebooks to all rising 2nd, 6th and 9th grade students (approx. 6,900 students)

Funding Options

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

County Funding Request

- Our County budget request for 2020-21 was \$53.3 million, **an increase of \$3.0 million** from the previous year
- This year we will actually receive \$49.8 million of operating funds from the County, **a decrease of \$500,000** from the previous year
- About **10%** of County funds are remitted to charter schools based on their current enrollment

Budget Risk

- Declining student enrollment and/or increasing charter school enrollment
- Continued State budget uncertainty
- Additional cuts in County funding
- Ongoing financial impact of Coronavirus
- Inflationary increases in good and services

Capital Outlay



Capital Outlay

Capital Outlay is used for the following purposes:

- Roofing
- HVAC
- Vehicles
- Plumbing
- Site Improvements
- Electrical
- Technology
- Furniture
- Life Safety
- Other Maintenance

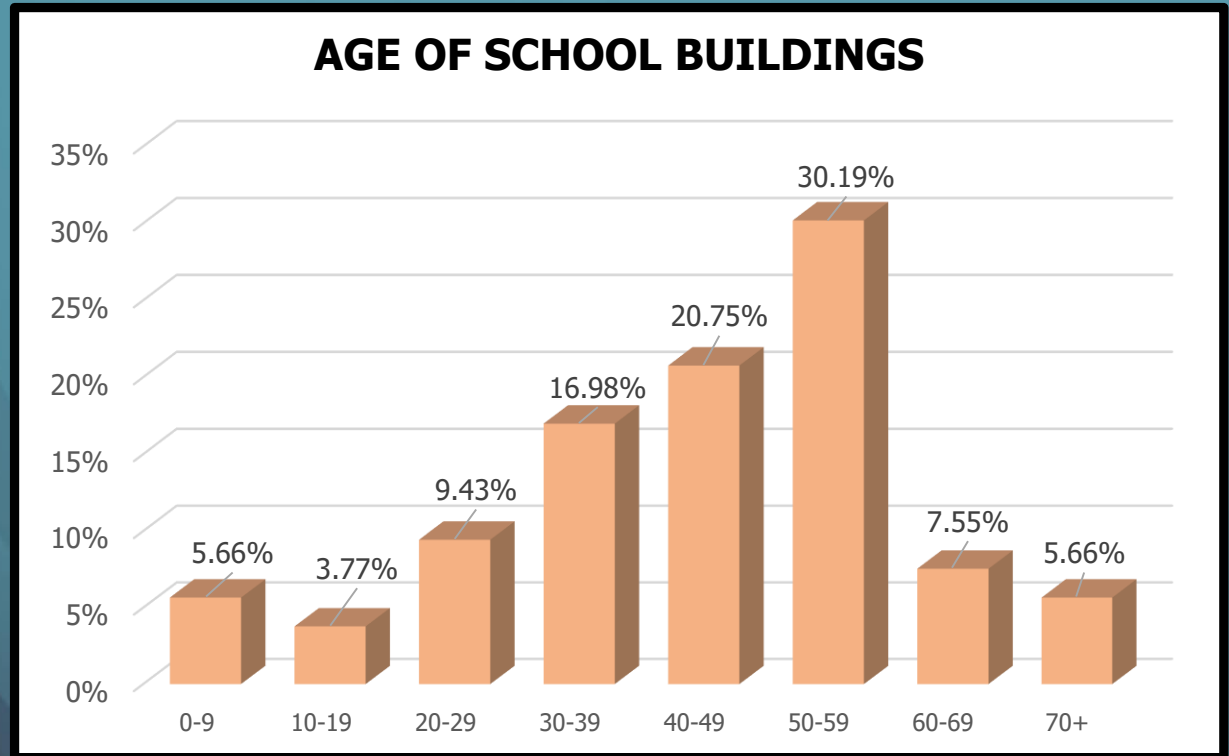
Capital Outlay

Routine Maintenance Costs Are Affected By:

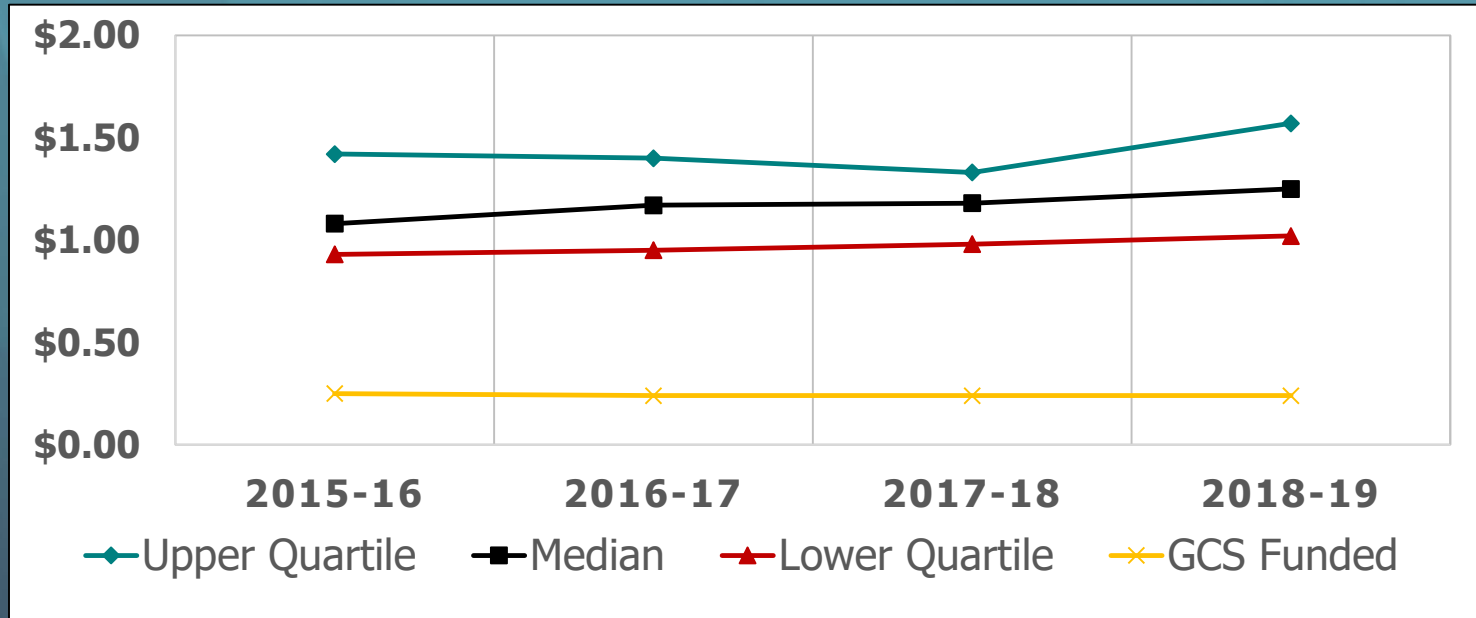
- Age of the Buildings
- Quality and Experience of Custodial Staff
- Training of Custodial Staff
- Deferred Maintenance Backlog

Age of Buildings

Wtd Avg Age (Years)	Number of Schools
0-9	3
10-19	2
20-29	5
30-39	9
40-49	11
50-59	16
60-69	4
70+	3
Total	53



Routine Maintenance Cost per Square Foot



	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
Upper Quartile	\$ 1.42	\$ 1.40	\$ 1.33	\$ 1.57
Median	1.08	1.17	1.18	1.25
Lower Quartile	0.93	0.95	0.98	1.02
GCS Funded	0.25	0.24	0.24	0.24

Source: Managing for Results in America's Great City Schools – 2020 (results from fiscal year 2018-2019)

Capital Request

- Schools and administrative buildings amount to about **5.2 million square feet**
- This year we received \$1.2 million in capital outlay, or about **\$0.24 per square foot**
- We requested \$6.2 million in capital outlay for 2020-21. This request amounted to **\$1.19 per square foot**

Funding / Expenses



Types of Funding

Who Determines the Level of School Funding?

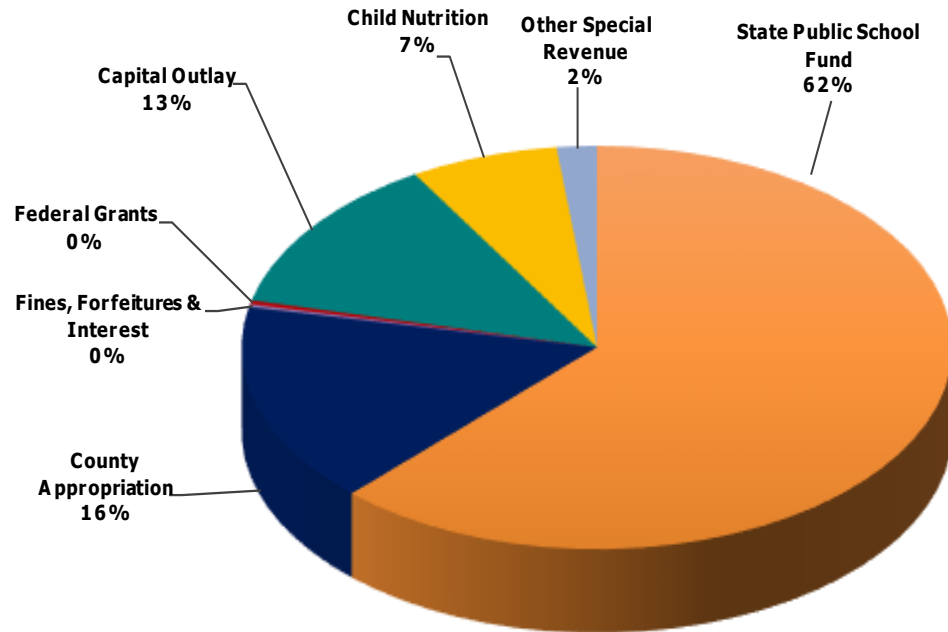
- NC General Assembly and DPI
- Gaston County Commissioners
- Federal Agencies (Medicaid, USDA, etc.)
- Various Federal, State and Local Grants

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

Operating Budget - Revenues

SOURCES OF REVENUE

State Public School Fund	\$	192,224,705
County Appropriation		49,811,704
Fines, Forfeitures & Interest		750,000
Federal Grants		937,792
Capital Outlay		39,261,780
Child Nutrition		20,877,500
Other Special Revenue		5,647,661
TOTAL		\$ 309,511,142



Represents the FY 2020-21 beginning operating budget as of July 1, 2020

Per Pupil Funding

School District Name	State	Federal	Local	Total
Durham County Schools	\$6,696	\$715	\$3,801	\$11,212
Buncombe County Schools	\$6,453	\$639	\$2,924	\$10,016
New Hanover County Schools	\$6,373	\$525	\$3,018	\$9,916
Cleveland County Schools	\$7,068	\$767	\$1,781	\$9,616
Rowan-Salisbury County Schools	\$6,620	\$652	\$2,189	\$9,461
Charlotte-Mecklenburg County Schools	\$6,145	\$476	\$2,742	\$9,363
Onslow County Schools	\$6,370	\$520	\$2,116	\$9,006
Union County Schools	\$5,899	\$605	\$2,257	\$8,761
Johnston County Schools	\$6,538	\$458	\$1,718	\$8,714
Catawba County Schools	\$6,305	\$563	\$1,796	\$8,664
Cabarrus County Schools	\$6,165	\$359	\$2,135	\$8,659
Gaston County Schools	\$6,250	\$602	\$1,752	\$8,604
Iredell-Statesville Schools	\$6,194	\$533	\$1,771	\$8,498
Lincoln County Schools	\$6,218	\$392	\$1,629	\$8,239

Source: 2019-2020 DPI Table 25 - Per Pupil Expenditure Ranking (Child Nutrition Excluded)

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

Local Per Pupil Funding Rank

School District Name	2016	2017	2018	2019	2020
Durham County Schools	5	5	5	6	5
New Hanover County Schools	14	11	12	8	11
Buncombe County Schools	20	19	15	14	14
Charlotte-Mecklenburg County Schools	23	25	25	23	17
Union County Schools	32	34	31	31	30
Rowan-Salisbury County Schools	63	44	30	42	37
Cabarrus County Schools	39	39	49	46	39
Onslow County Schools	41	38	36	44	42
Catawba County Schools	66	76	85	76	66
Cleveland County Schools	47	46	53	72	68
Iredell-Statesville Schools	74	65	57	71	70
Gaston County Schools	77	72	77	75	71
Johnston County Schools	73	73	72	62	74
Lincoln County Schools	78	95	91	99	83

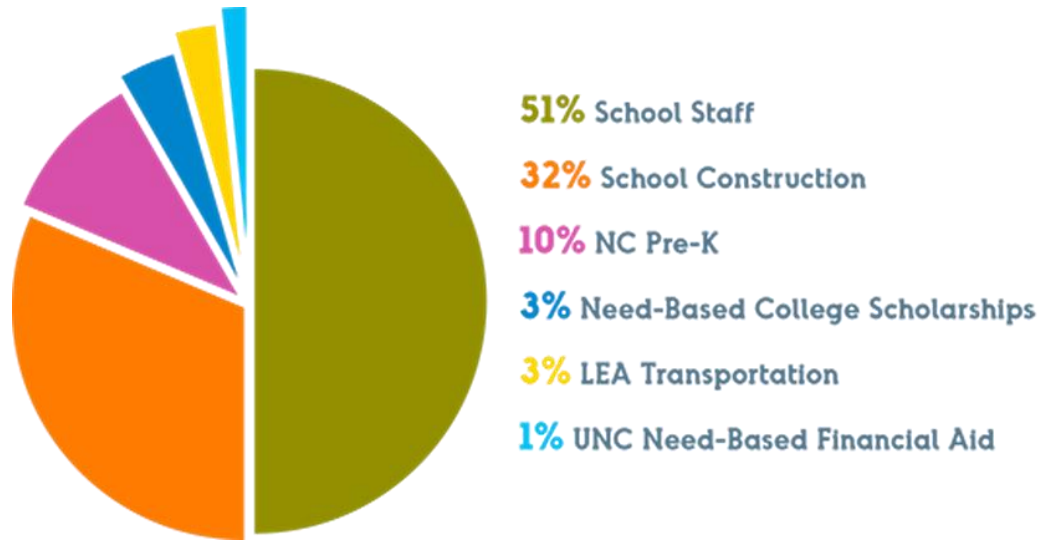
Source: 2019-2020 DPI Table 25

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

There are 115 LEAs in NC

NC Education Lottery

Here's how the money raised by the lottery was used last year:



Gaston County received \$2.3 million last year which was used to pay school bond debt

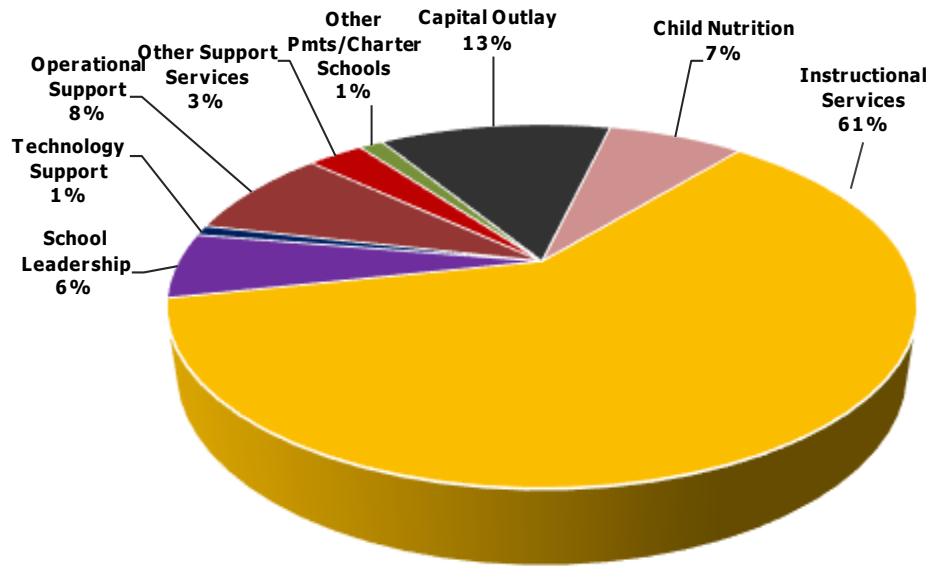


Operating Expenses

What is included in Operating Expenses?

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

Operating Budget - Expenses

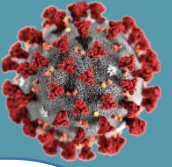


BUDGETED EXPENDITURES

Instructional Services	\$	187,596,668
School Leadership		18,095,367
Technology Support		2,825,335
Operational Support		25,554,989
Other Support Services		9,337,182
Other Pmts/Charter Schools		4,031,523
Capital Outlay		39,261,780
Child Nutrition		22,808,299
TOTAL		\$309,511,142

Represents the FY 2020-21 beginning operating budget as of July 1, 2020

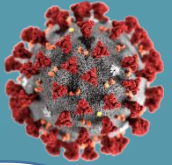
COVID Funding



CARES Act (Federal) - \$7.9 million

- Expires September 30, 2023
- \$5.6 million unencumbered
- Funds have been used for:
 - Online learning systems for students (i.e. Canvas)
 - Custodial supplies, disinfectant and sprayers
 - Face masks, gloves, shields, plexiglass barriers, etc.
 - School and office COVID signage
 - Equipment to deliver school lunches to classrooms and additional pest control due to classroom meals

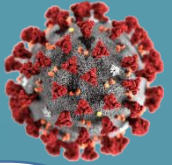
COVID Funding



Coronavirus Relief Funds (State) - \$6.9 million

- Expired December 30, 2020 (later extended)
- All funds used – no funds remaining
- Funds have been used for:
 - Chromebooks and Wi-Fi access devices for students
 - Books, printed materials, and supplies
 - Summer learning program and after school tutors
 - Online learning materials
 - School nutrition financial support
 - EC student support, health support personnel, etc.

COVID Funding



Coronavirus Response and Relief Act

- \$900 Billion pandemic emergency response bill passed December 21, 2020
- Expires September 30, 2023
- No funds yet distributed to school districts
- Funds likely to be used for:
 - Education technology for students
 - Summer learning/supplemental after school programs
 - Cleaning, sanitizing, repairing and improving facilities
 - Other COVID-related expenses (similar to CARES Act)

Fund Balance



Fund Balance

Why is a sufficient fund balance important?

Fund balance can be used to protect educational opportunities for our children in the event of some type of financial disruption. It also provides money for unanticipated repairs, fluctuations in spending or catastrophic events.

There are risks associated with funding on-going costs with fund balance or holding too much money in fund balance.

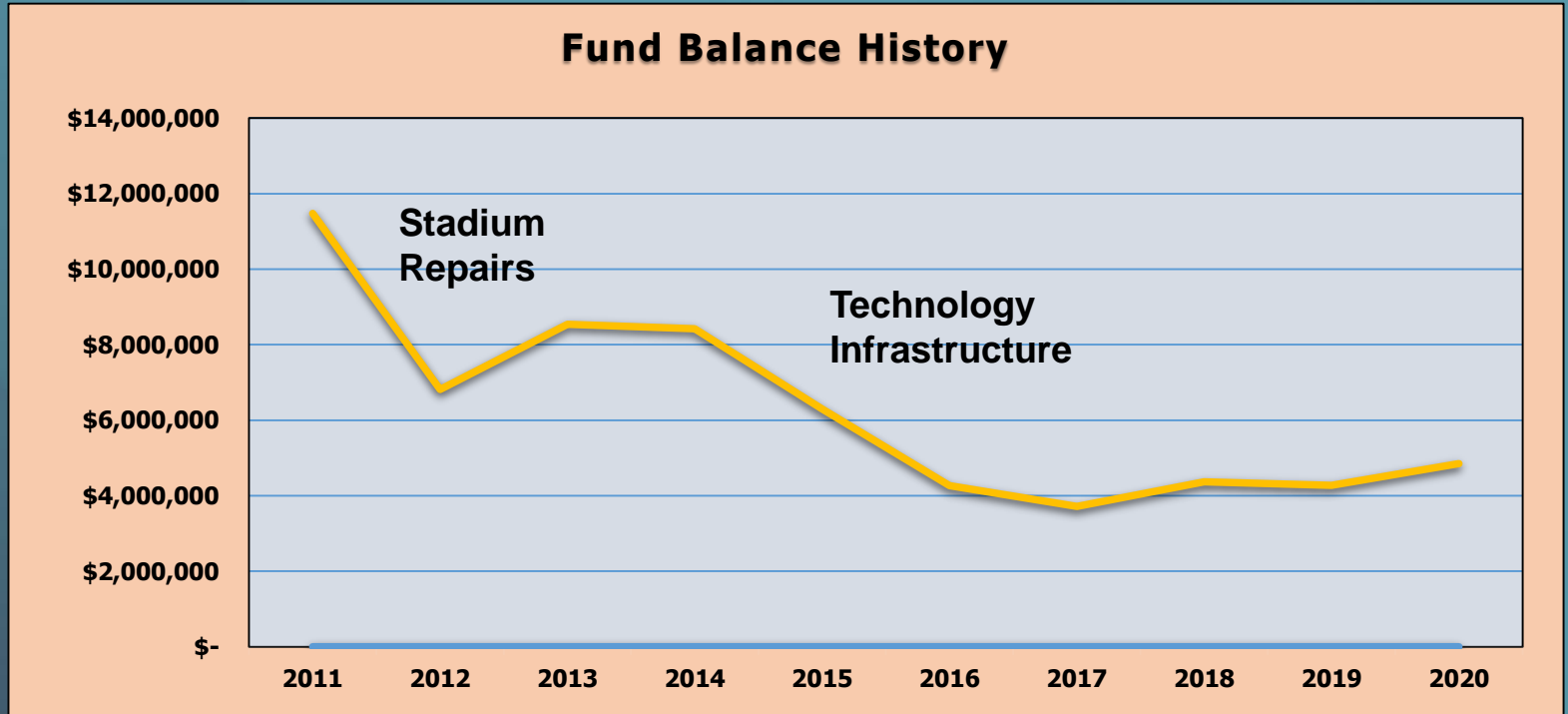
Fund Balance

What is our Unassigned Fund Balance?

\$4,851,995

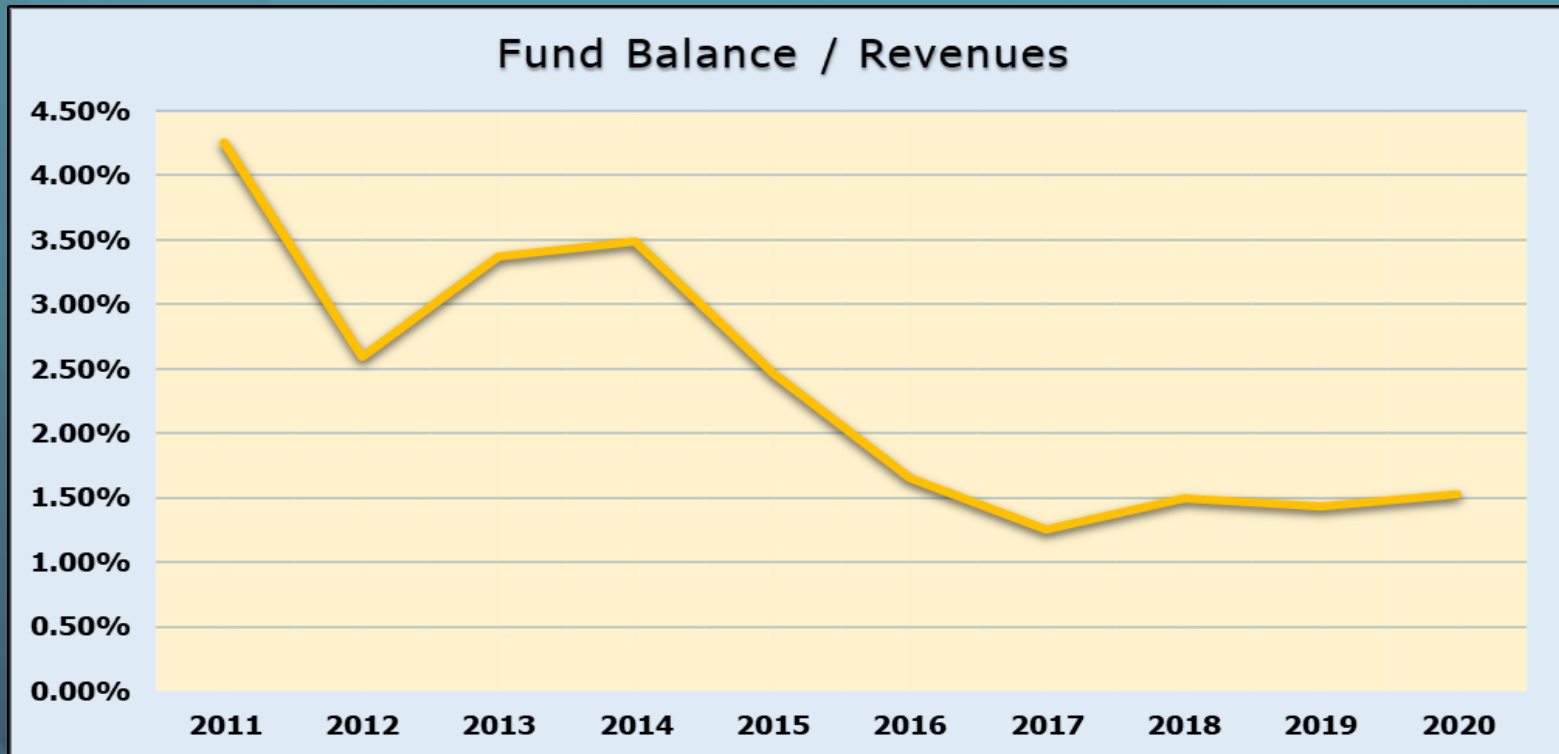


Fund Balance History



	2011	2012	2013	2014	2015
Unassigned Fund Balance	11,475,596	6,810,382	8,543,572	8,421,435	6,299,324
Fund Balance / Revenues	4.26%	2.59%	3.37%	3.49%	2.47%
	2016	2017	2018	2019	2020
Unassigned Fund Balance	4,267,131	3,713,330	4,371,959	4,277,089	4,851,995
Fund Balance / Revenues	1.66%	1.26%	1.49%	1.43%	1.53%

Fund Balance / Revenues



	2011	2012	2013	2014	2015
Unassigned Fund Balance	11,475,596	6,810,382	8,543,572	8,421,435	6,299,324
Fund Balance / Revenues	4.26%	2.59%	3.37%	3.49%	2.47%
	2016	2017	2018	2019	2020
Unassigned Fund Balance	4,267,131	3,713,330	4,371,959	4,277,089	4,851,995
Change in Fund Balance	1.66%	1.26%	1.49%	1.43%	1.53%

Fund Balance / Revenues

LEA Name	ADM	Unassigned Fund Balance	Total Revenues	Fund Balance / Revenues
Union County Schools	39,934	165,098	419,880,173	0.04%
Johnston County Schools	36,112	317,941	334,419,664	0.10%
Buncombe County Schools	22,298	819,727	277,432,118	0.30%
Lincoln County Schools	11,077	1,107,517	107,100,222	1.03%
Cleveland County Schools	13,865	1,493,721	143,706,281	1.04%
Charlotte-Mecklenberg County Schools	140,073	21,022,000	1,601,096,000	1.31%
Gaston County Schools	29,490	4,851,995	317,339,452	1.53%
PEER GROUP AVERAGE	32,961	6,211,504	365,696,319	1.70%
Durham County Schools	31,603	8,439,706	422,626,777	2.00%
Catawba County Schools	15,370	3,092,881	152,281,097	2.03%
Cabarrus County Schools	32,729	7,977,662	356,828,179	2.24%
Rowan-Salisbury County Schools	18,004	5,145,244	197,349,212	2.61%
Onslow County Schools	26,140	8,641,516	278,804,434	3.10%
Iredell-Statesville Schools	20,038	7,953,068	197,073,283	4.04%
New Hanover County Schools	24,721	15,932,985	313,811,574	5.08%

Source: LEA's 2019 & 2020 CAFR and DPI 2020-2021 ADM

Discussion

