

# January 27, 2023



# Finance Discussion

1. Budget Process
2. Capital Outlay
3. Funding/Expenses
4. Fund Balance
5. Discussion



# Budget Process

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# Budget Calendar

- **January 27** – Board of Education (BOE) Retreat
- **January and February** – Gather information from Directors and Department Supervisors
- **March** – Present Superintendent's Budget Request to BOE
- **April** – Discuss and adopt GCS Budget Request



# Budget Calendar

- **May** – Deliver GCS Budget Request to County
- **May or June** – County approves local budget
- **June** – BOE approves balanced interim budget
- **June to September** – BOE approves final budget resolution after State Budget is approved



# 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
- Public





# Budget Survey Calendar

Date	Description
December 9, 2022	Send budget questionnaire to Leadership and Directors
December 9, 2022	Send budget questionnaire to all Principals and Assistant Principals
December 19, 2022	Post the budget questionnaire on the GCS website
December 28, 2022	Send budget questionnaire to all members of the Teacher Advisory Committee, NCAE officers and Pinnacle Leaders
December 28, 2022	Send budget questionnaire to all members of the Superintendent's Student Advisory Council and the Superintendent's Parent Advisory Council
January 27, 2023	<b>Board of Education Retreat - Present and discuss results of budget questionnaire</b>

# 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"/> <b>Increase Teacher Supplement</b>       | <input type="checkbox"/> <b>More Teacher Assistants</b>          |
| <input type="checkbox"/> <b>Incr. Principal/AP Supplement</b>     | <input type="checkbox"/> <b>Increase Student Support</b>         |
| <input type="checkbox"/> <b>Increase Classified Salaries</b>      | <input type="checkbox"/> <b>Increase Instructional Support</b>   |
| <input type="checkbox"/> <b>Expand CTE Program Offerings</b>      | <input type="checkbox"/> <b>More School Office Support Staff</b> |
| <input type="checkbox"/> <b>Offer More Instructional Programs</b> | <input type="checkbox"/> <b>Provide More Technology</b>          |
| <input type="checkbox"/> <b>Expand AIG Program</b>                | <input type="checkbox"/> <b>Increase Number of Library Books</b> |
| <input type="checkbox"/> <b>Increase the Number of AP Classes</b> | <input type="checkbox"/> <b>Expand Classroom Libraries</b>       |
| <input type="checkbox"/> <b>Offer More ESL Classes</b>            | <input type="checkbox"/> <b>Upgrade School Safety Systems</b>    |
| <input type="checkbox"/> <b>Increase Funding for the Arts</b>     | <input type="checkbox"/> <b>Increase Training for Teachers</b>   |
| <input type="checkbox"/> <b>Provide More Choice Options</b>       | <input type="checkbox"/> <b>Improve Exterior Appearance</b>      |
| <input type="checkbox"/> <b>Increase Funding for EC Students</b>  | <input type="checkbox"/> <b>Upgrade Interior of Schools</b>      |

# Budget Survey Results

What Do You Think?



# Budget Survey Results

**Increase Teacher Supplements**

**#1 Funding Request Nine Years in a row!**



# Budget Survey Results

List of Funding Priorities	% in Top 5
Increase Teacher Supplement	78%
Increase Principal/AP Supplement	29%
Increase Classified Salaries	67%
Expand CTE Program Offerings	11%
Expand Instructional Programs	12%
Expand AIG Program	5%
Increase Number of AP Classes	10%
Offer more ESL classes	12%
Increase Funding for the Arts	15%
Provide more Choice Options	10%
Increase Funding for EC Students	27%

List of Funding Priorities	% in Top 5
More Teacher Assistants	34%
Increase Student Support	43%
Increase Instructional Support	14%
More School Support Staff	8%
Provide More Computing Devices	11%
Increase Number of Library Books	3%
Expand Classroom Libraries	5%
Upgrade School Safety Systems	33%
Increase PD for Teachers	11%
Improve Exterior Appearance	12%
Upgrade School Interior	15%

# Budget Survey Results

Funding Priorities	% in Top Five Priorities					Change
	2019	2020	2021	2022	2023	2019-23 *
Increase Teacher Supplement	63%	67%	75%	79%	78%	15%
Increase Classified Salaries	36%	47%	51%	65%	67%	31%
Increase Student Support	49%	51%	51%	40%	43%	-6%
More Teacher Assistants	35%	34%	25%	41%	34%	-1%
Upgrade School Safety Systems	41%	26%	24%	26%	33%	-8%
Increase Principal/AP Supplement	19%	13%	18%	21%	29%	10%
Increase Funding for EC Students	NA	14%	15%	18%	27%	13%
Upgrade Interior of Schools	NA	19%	21%	26%	15%	-4%
Increase Funding for the Arts	24%	22%	14%	20%	15%	-9%
Increase Instructional Support	14%	20%	18%	13%	14%	0%
Offer More ESL classes	3%	3%	7%	7%	12%	9%

# Budget Survey Results

Funding Priorities	% in Top Five Priorities					Change
	2019	2020	2021	2022	2023	2019-23 *
Improve Exterior Appearance	NA	21%	16%	10%	12%	-9%
Expand Instructional Programs	22%	14%	18%	10%	12%	-10%
Provide More Computing Devices	34%	23%	35%	19%	11%	-23%
Expand CTE Program Offerings	22%	18%	16%	14%	11%	-11%
Increase Training for Teachers	24%	17%	11%	8%	11%	-13%
Provide More Choice Options	29%	9%	8%	13%	10%	-19%
Increase Number of AP Classes	10%	16%	14%	10%	10%	0%
More School Support Staff	11%	6%	5%	8%	8%	-3%
Expand AIG Program	8%	4%	12%	12%	5%	-3%
Expand Classroom Libraries	14%	12%	8%	6%	5%	-9%
Increase Number of Library Books	11%	11%	10%	4%	3%	-8%
Respondents	258	197	179	268	178	-80



# Budget Survey Results

Top Funding Priorities	2023-24	Funding Source
Increase Teacher Supplement	78%	County Expansion Request
Increase Classified Salaries	67%	County Expansion Request
Increase Student Support	43%	COVID Funds
More Teacher Assistants	34%	State Funded
Upgrade School Safety Systems	33%	School Bond Funds / Capital Outlay

# Teacher Supplements

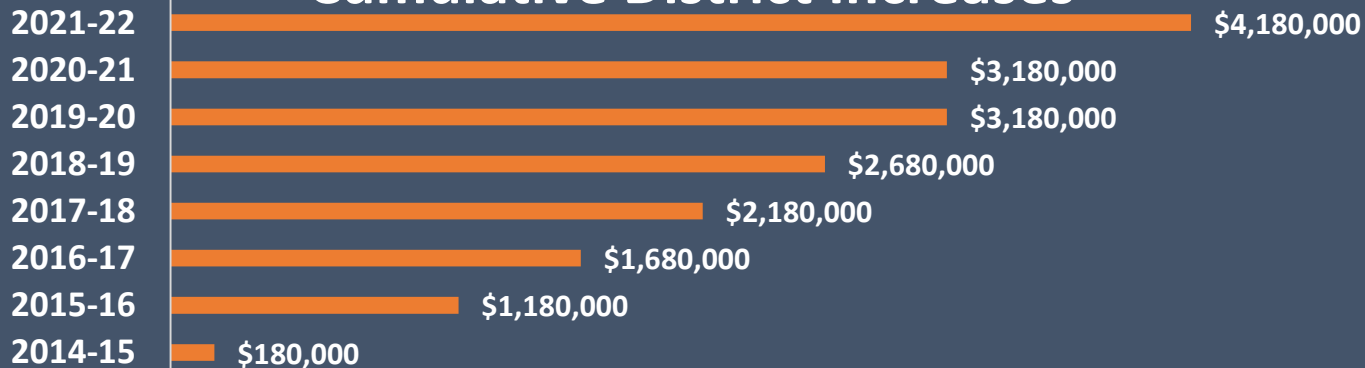
- Over the past eight years, the County has increased teacher supplements by **\$4.18 million**
- A **\$500,000** increase in teacher supplements would improve net average annual supplements by about \$180 per teacher
- There was **no increase in teacher supplements** for 2020-2021 due to the impact of the pandemic on local sales tax revenues

# Teacher Supplements

## District Increases



## Cumulative District Increases



# Budget Survey Results

**Why are Increasing Teacher  
Supplements Still Our #1 Funding  
Priority?**



# Local Teacher Supplements

Similar Size Districts (ADM)	Average Supplement
New Hanover County (25,082)	\$ 8,663
Buncombe County (22,041)	8,183
Durham County (31,124)	7,543
Johnston County (36,838)	5,494
State Avg. Local Teacher Supplement	5,123
Cabarrus County (34,674)	4,700
Union County (41,196)	4,405
Onslow County (27,768)	4,374
Gaston County (29,936)	3,199

Source: DPI FY 2021-2022 Table 20 for Average Supplement and  
DPI FY 2021-2022 Table 10 for ADM

# Local Teacher Supplements

Neighboring Districts (ADM)	Average Supplement
Charlotte-Mecklenburg (141,217)	\$ 8,678
State Avg. Local Teacher Supplement	5,123
Cabarrus County (34,674)	4,700
Union County (41,196)	4,405
Lincoln County (11,406)	4,237
Catawba County (15,448)	3,788
Gaston County (29,936)	3,199
Iredell-Statesville Schools (20,516)	3,010
Rowan-Salisbury County (18,000)	2,888
Cleveland County (14,011)	1,933

Source: DPI FY 2021-2022 Table 20 for Average Supplement and  
DPI FY 2021-2022 Table 10 for ADM

# Other Funding Priorities

## Increased Classified Salaries

**WHY** - Inflation increased significantly in 2021 and has negatively impacted employee purchasing power

- Minimum hourly pay rate from \$7.25 to \$13.00 in 2021 and \$15.00 in 2022
- GCS implemented experience steps for hourly employees
- GCS moved from monthly pay to bi-weekly pay



# Other Funding Priorities

## Increased Student Support

**WHY** - Mental health concerns are increasing and are prevalent throughout our society

- State is increasing allotments and pay for student support personnel (social workers, school counselors, etc.)
- We have added nursing position at all schools paid using COVID funding – some staff and some contract

# Other Funding Priorities

## More Teacher Assistants (TAs)

**WHY** – Increased workload and stress in our schools can be reduced with additional qualified personnel

- Increased minimum hourly rate from \$14.00 in 2021 to \$16.00 in 2022
- Implemented experience steps in 2020
- Increased from a 200-day calendar to a 215-day calendar around 2019

# Other Funding Priorities

## Upgraded School Safety Systems

**WHY** – Multiple accounts of school violence have occurred throughout the Country

- Increased pay rate by \$0.50 per hour for SROs and after hours security
- Additional metal detectors and upgraded digital radios at schools
- Continue to upgrade our camera, intercom and alarm systems at our schools

# Looking Ahead

- Continue to address **student achievement gap** caused by the pandemic
- Continue to improve **security** systems, devices and procedures at our schools
- Issue new **Chromebooks** to all rising 2<sup>nd</sup>, 6<sup>th</sup> and 9<sup>th</sup> grade students (approx. 6,900 students)
- Continue to employ **COVID-related safety protocols**

# 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 operating request for 2022-23 was **\$54.9 million**
- The County funded **\$53.3 million (97%)** of our operating request
- About **10%** of County funds are remitted to charter schools based on their current enrollment

# Budget Risks

- Declining student enrollment and/or increasing charter school enrollment
- Inflationary increases in good and services
- State budget uncertainty for public education
- Increases in employer benefit costs
- Future County funding of expenses currently paid from ESSER funding
- Future pandemic related expenditures



# Capital Outlay

2



# Capital Outlay

Capital Outlay is used for the following purposes:

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

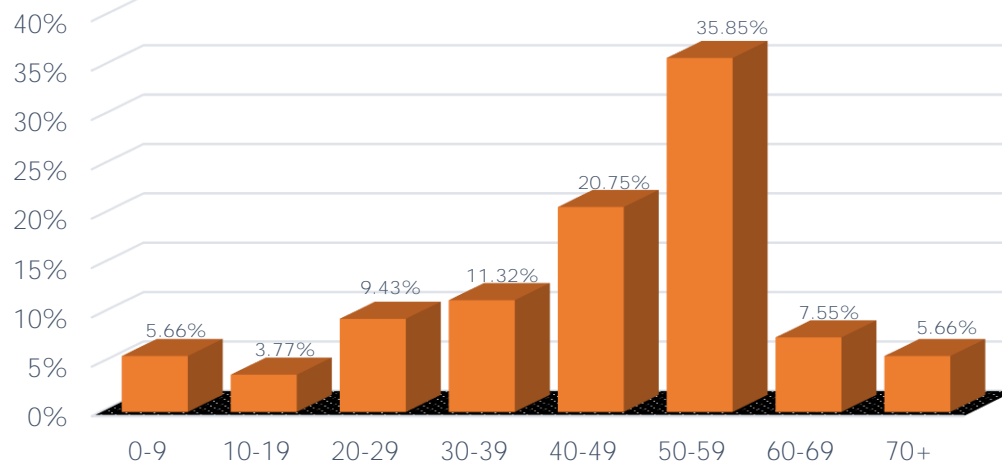
# Capital Outlay

## 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

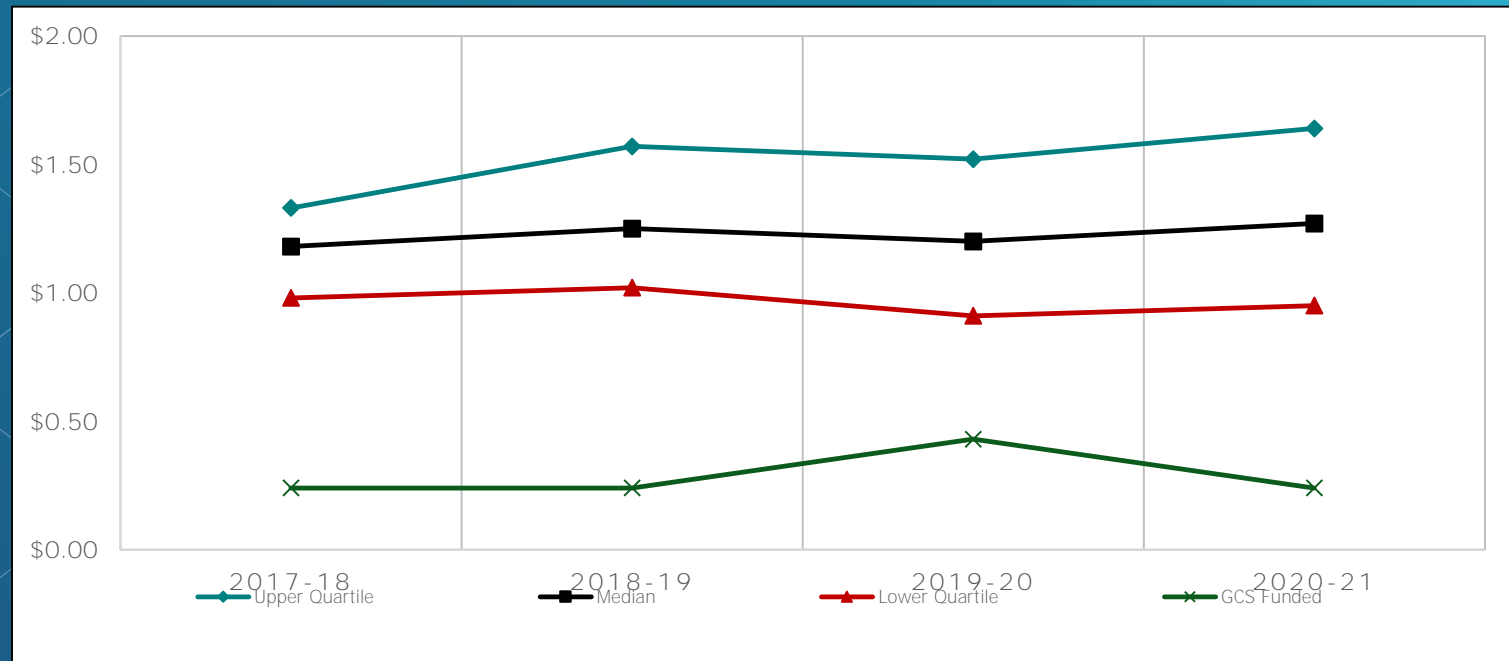
AGE OF SCHOOL BUILDINGS



Wtd Avg Age (Years)	Number of Schools
0-9	3
10-19	2
20-29	5
30-39	6
40-49	11
50-59	19
60-69	4
70+	3
Total	53

70% of our school buildings have a weighted average age of 40 years or older

# Maintenance Cost per Square Foot



	2017-18	2018-19	2019-20	2020-21
Upper Quartile	\$ 1.33	\$ 1.57	\$ 1.52	\$ 1.64
Median	1.18	1.25	1.20	1.27
Lower Quartile	0.98	1.02	0.91	0.95
GCS Funded	0.24	0.24	0.43	0.24

Source: Managing for Results in America's Great City Schools – 2022  
(results from fiscal year 2020-2021)

# Capital Outlay Request

- Schools and administrative buildings amount to about **5.1 million square feet**
- This year we received \$2.2 million in capital outlay, or about **\$0.44 per square foot**
- We requested \$6.3 million in capital outlay for 2022-23. This request amounted to **\$1.23 per square foot**

# Funding / Expenses

3





# Types of Funding

## Who Determines the Level of School Funding?

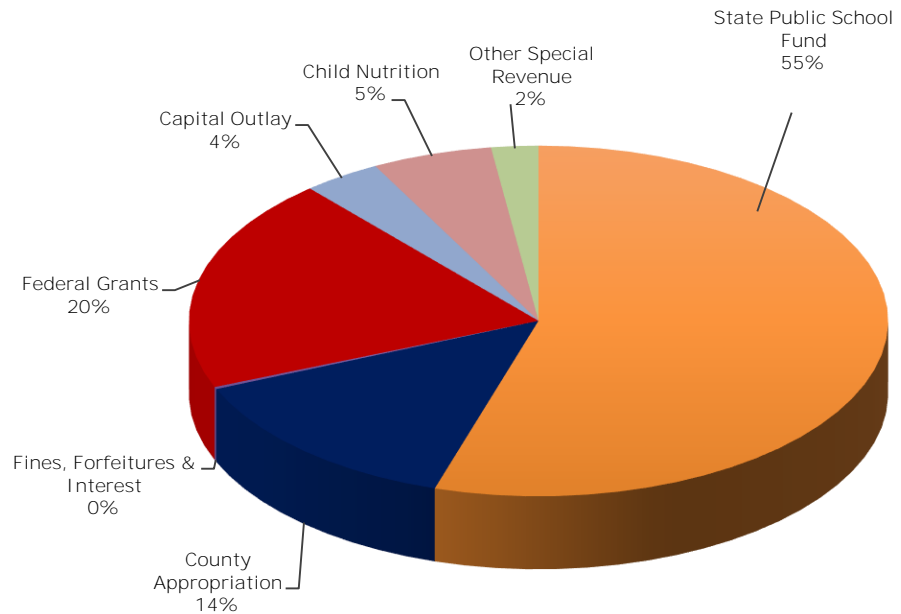
- NC General Assembly and DPI
- Gaston County Commissioners
- Federal Agencies (Medicaid, USDA, etc.)
- Various Federal, State and Local Grants

*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	\$	207,728,799
County Appropriation		52,501,704
Fines, Forfeitures & Interest		750,000
Federal Grants		75,081,040
Regular Grants	\$	2,201,784
COVID Funds	\$	72,879,256
Capital Outlay		13,739,098
Child Nutrition		21,090,500
Other Special Revenue		8,259,577
<b>TOTAL</b>		<b>\$ 379,150,718</b>



Represents the FY 2022-23 beginning operating budget as of July 1, 2022

# Per Pupil Funding

School District Name	State	Federal	Local	Total
Durham County Schools	\$7,583	\$2,314	\$4,608	\$14,505
New Hanover County Schools	\$7,280	\$1,760	\$3,923	\$12,963
Buncombe County Schools	\$7,414	\$2,209	\$3,014	\$12,637
Cleveland County Schools	\$7,753	\$1,562	\$2,218	\$11,533
Rowan-Salisbury County Schools	\$7,508	\$1,342	\$2,476	\$11,326
Charlotte-Mecklenburg County Schools	\$6,943	\$1,246	\$3,124	\$11,313
Catawba County Schools	\$7,067	\$1,872	\$1,902	\$10,841
Iredell-Statesville Schools	\$6,713	\$1,919	\$2,200	\$10,832
Gaston County Schools	\$7,150	\$1,527	\$1,869	\$10,546
Cabarrus County Schools	\$6,800	\$1,032	\$2,545	\$10,377
Johnston County Schools	\$7,078	\$1,343	\$1,895	\$10,316
Union County Schools	\$6,512	\$1,174	\$2,568	\$10,254
Onslow County Schools	\$6,778	\$1,393	\$2,074	\$10,245
Lincoln County Schools	\$6,918	\$1,366	\$1,760	\$10,044

Source: DPI FY 2021-2022 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

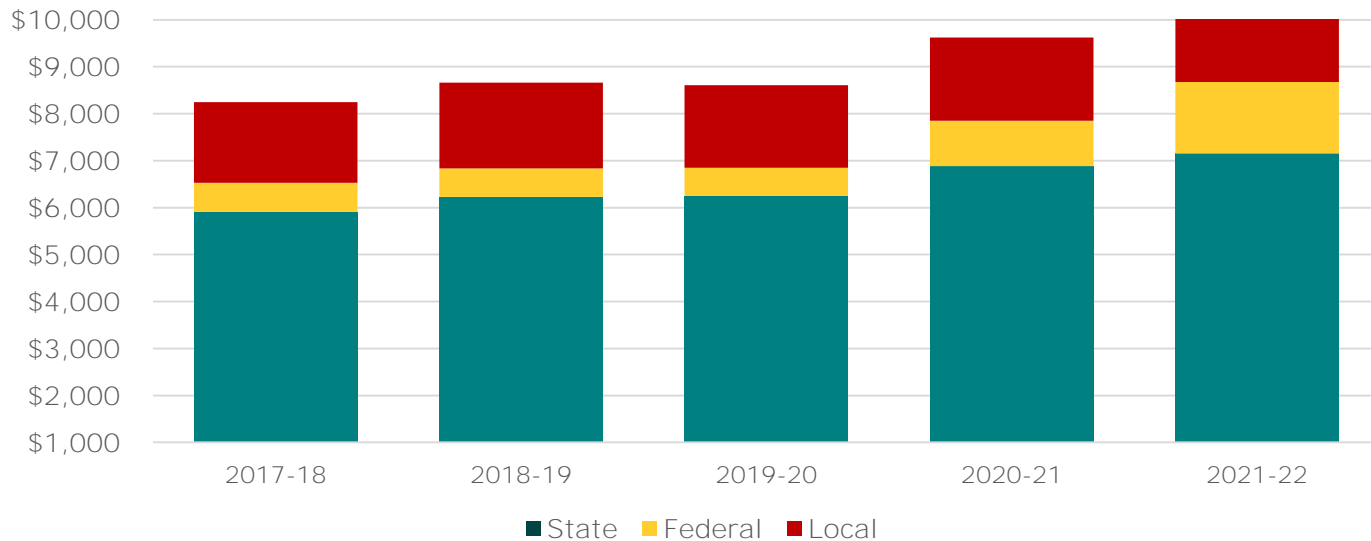
School District Name	2018	2019	2020	2021	2022
Durham County Schools	5	6	5	5	4
New Hanover County Schools	12	8	11	10	8
Charlotte-Mecklenburg County Schools	25	23	17	17	18
Buncombe County Schools	15	14	14	15	19
Union County Schools	31	31	30	37	32
Cabarrus County Schools	49	46	39	30	33
Rowan-Salisbury County Schools	30	42	37	32	35
Cleveland County Schools	53	72	68	46	53
Iredell-Statesville Schools	57	71	70	54	55
Onslow County Schools	36	44	42	34	68
Catawba County Schools	85	76	66	71	81
Johnston County Schools	72	62	74	85	82
<b>Gaston County Schools</b>	<b>77</b>	<b>75</b>	<b>71</b>	<b>70</b>	<b>84</b>
Lincoln County Schools	91	99	83	80	92

Source: DPI FY 2021-2022 Table 25 - **Local** Per Pupil Expenditure Ranking (Child Nutrition Excluded)

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

# Per Pupil Funding

Five Year History



	2017-18	2018-19	2019-20	2020-21	2021-22
State	\$ 5,908	\$ 6,227	\$ 6,250	\$ 6,884	\$ 7,150
Federal	618	609	602	969	1,527
Local	1,718	1,829	1,752	1,769	1,869
<b>TOTAL</b>	<b>\$ 8,244</b>	<b>\$ 8,665</b>	<b>\$ 8,604</b>	<b>\$ 9,622</b>	<b>\$ 10,546</b>
State Rank out of 115 LEAs	109	109	112	103	100

# State Lottery Proceeds

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



52% School Staff

11% NC Pre-K

29% School Construction

5% Education Lottery Scholarships  
& Grants

3% School Transportation



Gaston County received **\$2.4 million** in 2021 which was used to pay interest on school bond debt

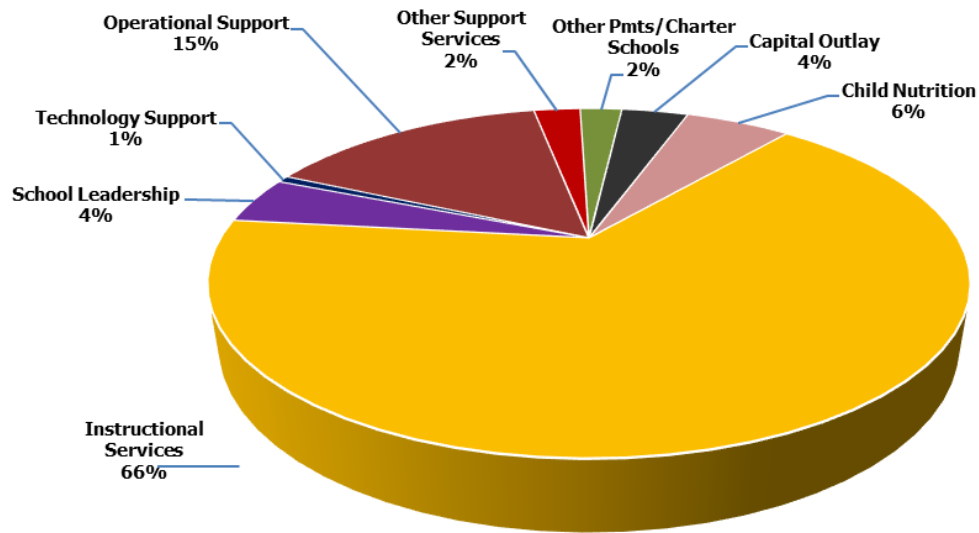
Source: Fiscal Research Division of the NC General Assembly

# 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	\$	248,940,643
School Leadership		16,769,065
Technology Support		2,420,037
Operational Support		57,474,310
Other Support Services		9,595,080
Other Pmts/Charter Schools		8,648,159
Capital Outlay		13,739,098
Child Nutrition		21,564,326
TOTAL		\$379,150,718

Represents the FY 2022-23 beginning operating budget as of July 1, 2022



# COVID Allotments

## Remaining COVID Allotments (as of 12/31/22):

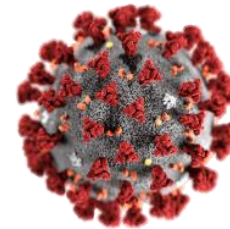
ARP	\$ 2.8 million	expires September 30, 2024
ESSER II	\$ 8.2 million	expires September 30, 2024
ESSER III	\$ 51.2 million	expires September 30, 2025
Total	\$ 62.2 million	remaining

All remaining COVID allotments have been  
**BUDGETED** with DPI review and approval

# COVID Expenses

## COVID 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
- Nurses, EC student support, etc.
- COVID retention bonuses
- Additional teaching allotments
- Dedicated substitute teachers
- Air purifiers for all classrooms
- Contracted custodial services



# Fund Balance

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# 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

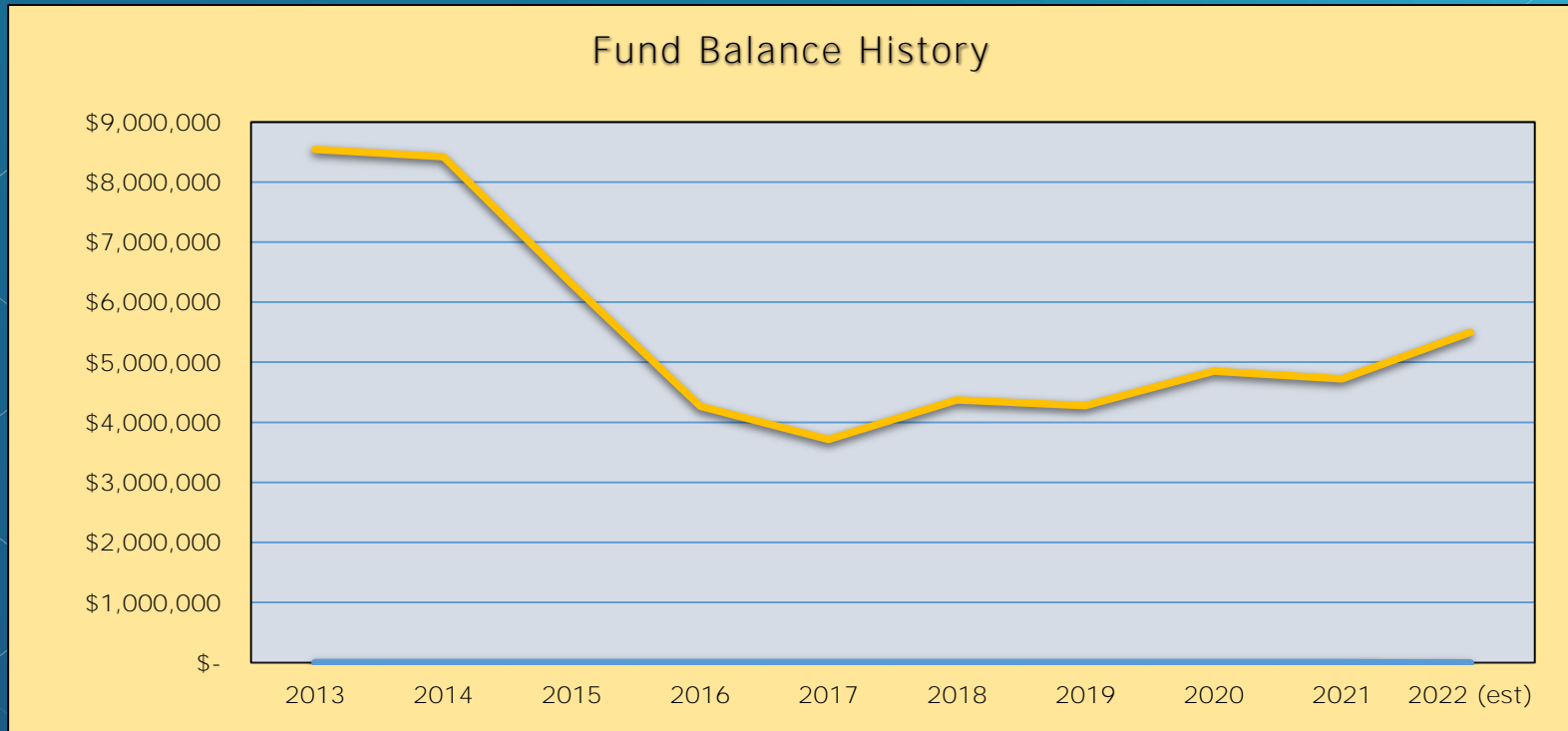
How much is our Unassigned Fund Balance?

**\$5,500,000**

(estimate for June 30, 2022)

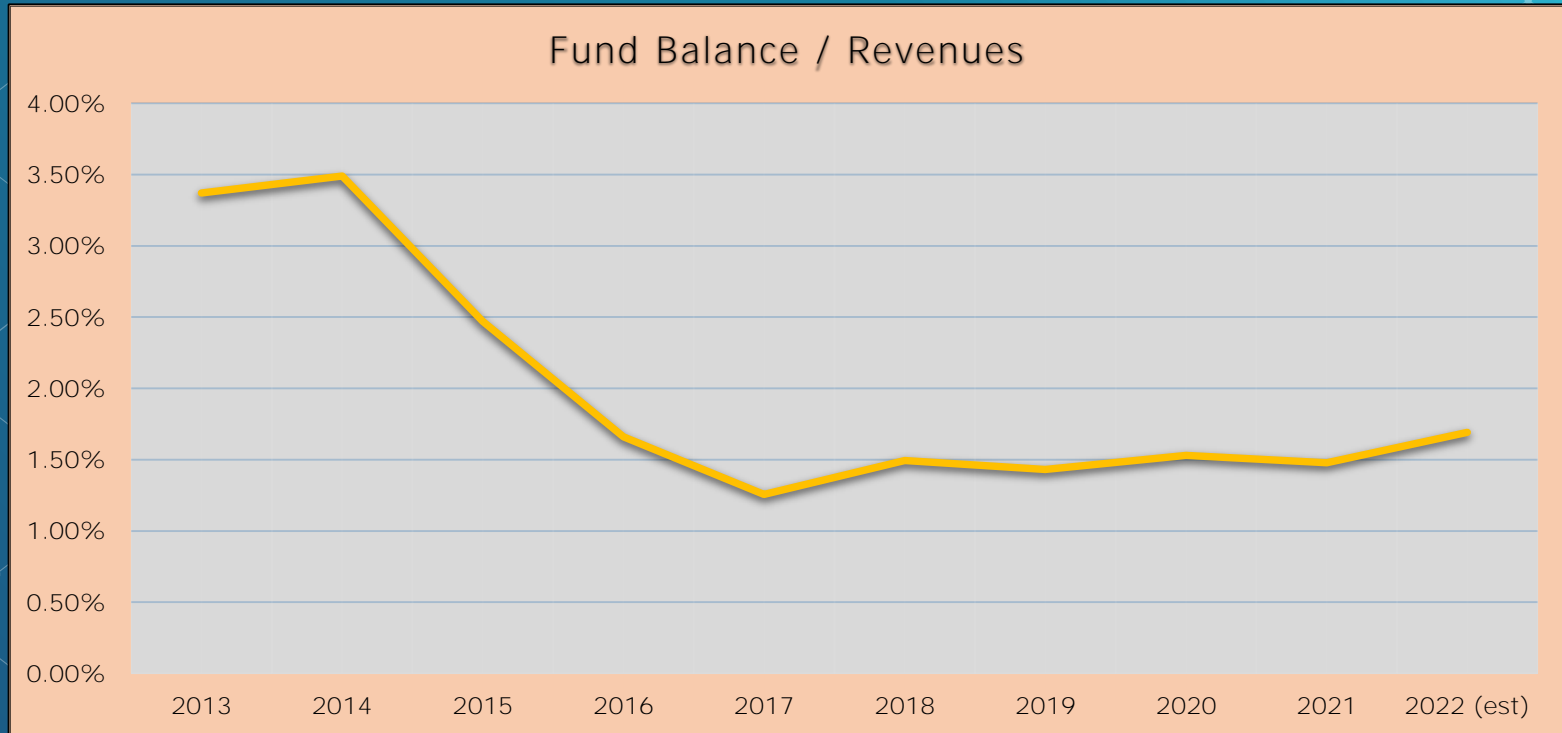


# Fund Balance History



	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)
	2018	2019	2020	2021	2022 (est)
Unassigned Fund Balance	4,371,959	4,277,089	4,851,995	4,722,972	5,500,000
Change in Fund Balance	658,629	(94,870)	574,906	(129,023)	777,028

# Fund Balance / Revenues



	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%
	2018	2019	2020	2021	2022 (est)
Unassigned Fund Balance	4,371,959	4,277,089	4,851,995	4,722,972	5,500,000
Change in Fund Balance	1.49%	1.43%	1.53%	1.48%	1.69%

# Fund Balance / Revenues

LEA Name	ADM	Unassigned Fund Balance	Total Revenues	Fund Balance / Revenues
<i>Johnston County Schools</i>	36,838	23,266,768	428,456,858	5.43%
Iredell-Statesville Schools	20,516	10,188,556	216,985,573	4.70%
<i>Cleveland County Schools</i>	14,011	5,364,539	176,479,343	3.04%
Onslow County Schools	27,768	9,193,501	323,859,922	2.84%
Catawba County Schools	15,448	4,480,868	160,298,235	2.80%
Union County Schools	41,196	9,446,925	425,096,282	2.22%
<i>New Hanover County Schools</i>	25,082	6,642,895	348,993,208	1.90%
<b>PEER GROUP AVERAGE</b>	<b>33,794</b>	<b>7,759,947</b>	<b>416,652,700</b>	<b>1.86%</b>
<b>Gaston County Schools</b>	<b>29,936</b>	<b>5,500,000</b>	<b>325,000,000</b>	<b>1.69%</b>
Durham County Schools	31,124	7,680,139	457,969,513	1.68%
Rowan-Salisbury County Schools	18,000	2,653,950	203,775,500	1.30%
Lincoln County Schools	11,406	1,271,716	113,751,930	1.12%
Charlotte-Mecklenberg County Schools	141,217	16,656,000	1,881,361,000	0.89%
Buncombe County Schools	22,041	2,019,050	287,854,917	0.70%
<i>Cabarrus County Schools</i>	34,674	2,014,405	391,602,825	0.51%

Sources: LEA's 2021 and **2022** Annual Financial Report (exhibits 3 and 4) and DPI website (Table 10 – 2023 ADM)



# Discussion

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