

Board of Education Retreat January 18, 2019



Budget Discussion for
FY 2019-2020

Celebrate! Gaston County Schools



Budget Overview

- **Budget Calendar**
- **Budget Process**
- **Funding Review**
- **Operating Expenses**
- **Fund Balance**
- **Capital Request**



Budget Calendar

- **January 18** – Board retreat
- **January & February** – Meet with Fund Managers and Department Directors
- **March** – Board budget work session
 - Present Superintendent’s budget to Board of Education
- **April** – Board adoption of budget resolution

Budget Calendar

- **May** – Deliver Board of Education budget request to County
- **May or June** – County approves local budget
- **June** – 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

List of Funding Priorities	% in Top 5
Increase Teacher Supplement	63%
Increase Principal/AP Supplement	19%
Increase Classified Salaries	36%
Expand CTE Program Offerings	22%
Expand Instructional Programs	22%
Expand AIG Program	8%
Increase Number of AP Classes	10%
Offer more ESL classes	3%
Increase Funding for the Arts	24%
Provide more Choice Options	29%

List of Funding Priorities	% in Top 5
More Teacher Assistants	35%
Increase Student Support	49%
Increase Instructional Support	14%
More School Support Staff	11%
Provide More Computing Devices	34%
Increase Number of Library Books	11%
Expand Classroom Libraries	14%
Upgrade School Safety Systems	41%
Increase PD for Teachers	24%
Other	6%



Budget Survey Results

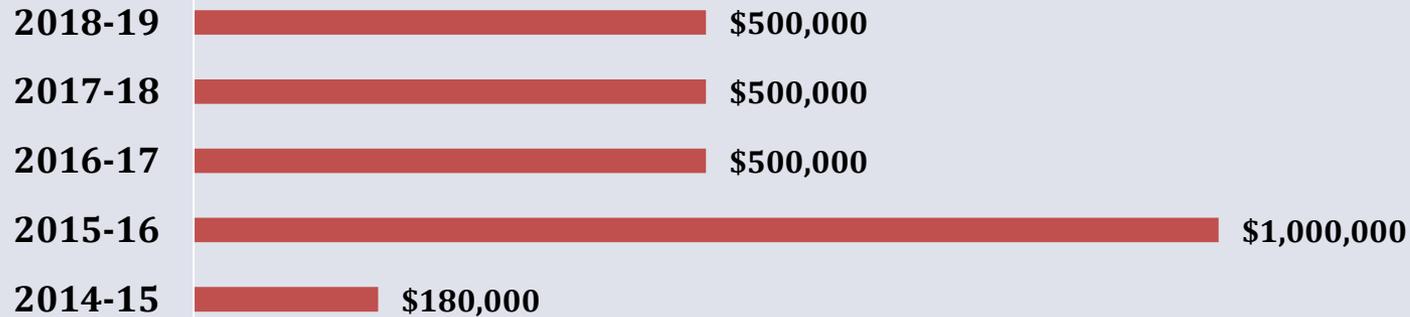
Top Funding Priorities	<u>% in Top Five Priorities</u>					Change 2015-19
	2015	2016	2017	2018	2019	
Increase Teacher Supplement	84%	76%	68%	67%	63%	-21%
Increase Student Support	NA	11%	14%	21%	49%	NA
Upgrade School Safety Systems	NA	NA	NA	33%	41%	NA
Increase Classified Salaries	34%	38%	37%	34%	36%	2%
More Teacher Assistants	57%	38%	35%	33%	35%	-22%
Increase Computing Devices	37%	36%	36%	33%	34%	-3%
Provide more Choice Options	NA	30%	37%	29%	29%	NA
<i>Respondents</i>	140	169	190	251	258	118

Teacher Supplements

- The County has systematically increased teacher supplements over a five year period
- Over the past five years, the County has increased teacher supplements by \$2.68 million
- A **\$500,000** increase in teacher supplements would improve average annual supplements by about \$200-\$250 per teacher

Teacher Supplements

District Increases

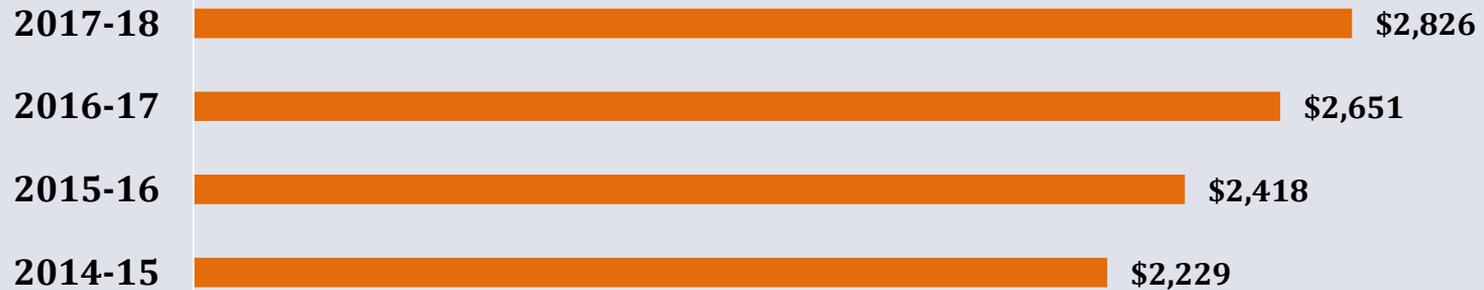


Cumulative District Increases



Teacher Supplements

Average Teacher Supplement



Cumulative Avg. Supplement Increase



Teacher Supplements

LEA - Neighboring (ADM)	Average Supplement
Charlotte-Mecklenburg (147,359)	\$ 7,159
Union (41,408)	4,524
State Average	4,337
Catawba (16,181)	3,755
Cabarrus (32,476)	3,140
Lincoln (11,318)	2,894
Iredell-Statesville (20,436)	2,853
Rowan-Salisbury (19,144)	2,831
Gaston (31,580)	2,826
Cleveland (14,581)	1,884

Source: DPI FY 2017-2018 Table 20 for average supplement
DPI FY 2017-2018 Table 10 for ADM

Teacher Supplements

LEA - Similar Size (ADM)	Average Supplement
Durham (33,072)	\$ 6,931
Buncombe (24,033)	5,276
Johnston (35,983)	4,993
Union (41,308)	4,524
State Average	4,337
Onslow County (26,469)	4,305
New Hanover (26,213)	3,976
Cabarrus (32,476)	3,140
Gaston (31,580)	2,826

Source: DPI FY 2017-2018 Table 20 for average supplement
DPI FY 2017-2018 Table 10 for ADM

Whole School Choice

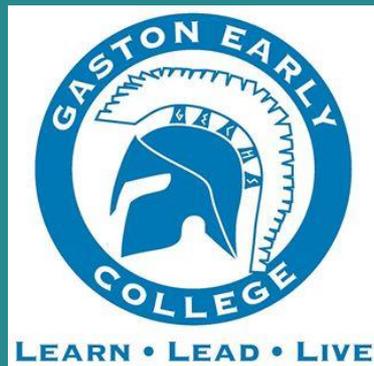
Magnet Schools:

Gaston County Virtual Academy

Gaston Early College

Hawks Nest STEAM Academy

Highland School of Technology



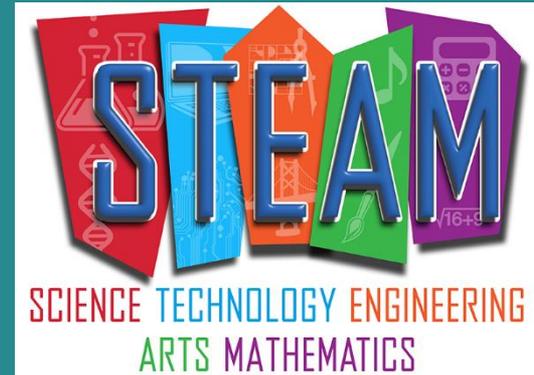
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School Choice Programs

Choice Programs

Gifted and Talented Academy at Pleasant Ridge
STEAM Academy at Stanley Middle School



School Choice Options

Expanded Magnet Options:

High School: Academy of Health Sciences
T&I Engineering Academy
College Prep Academy
Leadership Academy

Middle School: T&I Engineering Academy
Career Academy
Leadership Academy

Elementary: Leadership Academy

School Choice Options

- Additional instructional staff
- Additional training needed to prepare staff to teach the new curriculum
- Renovations to school buildings for new programs
- Total projected cost of **\$800,000**

Other Considerations

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

Potential Budget Risk

- State legislative impact
- State legislated compensation & benefit rate increased beyond estimates
- Increasing charter school enrollment and/or declining GCS enrollment
- Inflationary costs for supplies, contracted services, books, etc.

Options for Funding Needs

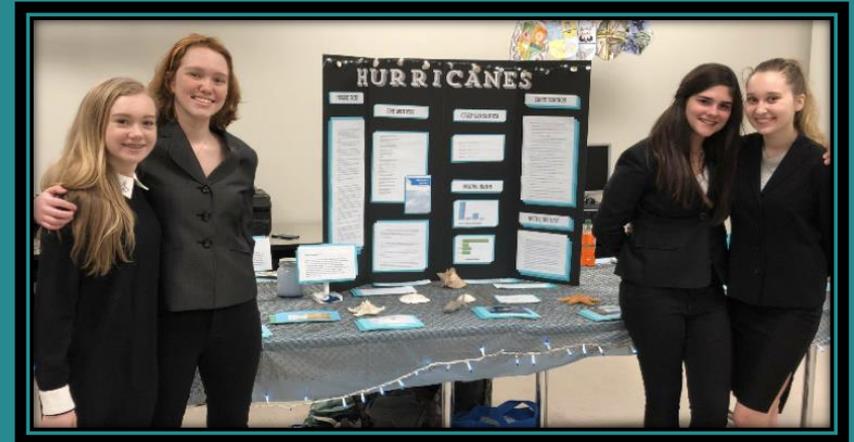
- Request additional funding from the Gaston County Commissioners
- Implement additional cost saving measures and use savings for new initiatives
- Reallocate funding from one initiative to another
- Use a portion of the GCS unassigned fund balance

County Funding Request

- Last year, we received **\$48.4 million** of operating funds from the County; **an increase of \$600,000** from the previous year.
- This increased funding was used to:
 - Teacher salary supplements - **\$ 500K**
 - Magnet program at Stanley MS - **\$ 100K**

Budget Overview

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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?

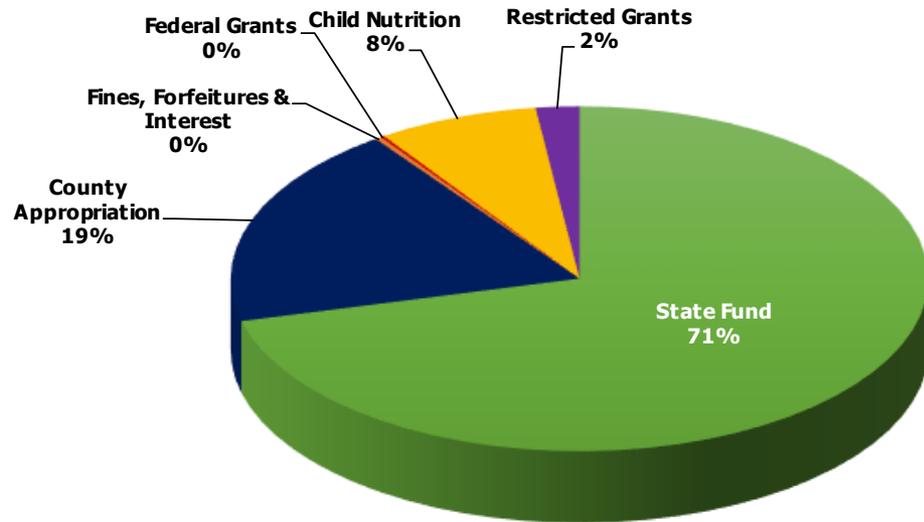
- NC General Assembly and DPI
- Gaston County Commissioners
- Federal Agencies (Medicaid, USDA, etc.)
- Various Grant Agencies

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

Budgeted Operating Funds FY 2018-19

SOURCES OF REVENUE

State Fund	\$	180,604,773
County Appropriation		48,351,704
Fines, Forfeitures & Interest		750,000
Federal Grants		416,814
Child Nutrition		19,001,616
Restricted Grants		5,138,670
TOTAL	\$	254,263,577



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

Celebrate! Gaston County Schools



Peer Group Per Pupil Funding

School District Name	State	Federal	Local	Total
Durham County Schools	\$6,210	\$806	\$3,579	\$10,595
New Hanover County Schools	\$5,820	\$586	\$3,042	\$9,448
Buncombe County Schools	\$5,985	\$611	\$2,613	\$9,209
Cleveland County Schools	\$6,464	\$727	\$1,991	\$9,182
Rowan-Salisbury County Schools	\$6,133	\$656	\$2,272	\$9,061
Charlotte-Mecklenburg County Schools	\$5,721	\$564	\$2,450	\$8,735
Johnston County Schools	\$6,046	\$438	\$1,830	\$8,314
Union County Schools	\$5,574	\$442	\$2,261	\$8,277
Gaston County Schools	\$5,908	\$618	\$1,718	\$8,244
Iredell-Statesville Schools	\$5,716	\$484	\$1,945	\$8,145
Cabarrus County Schools	\$5,724	\$345	\$2,043	\$8,112
Catawba County Schools	\$5,750	\$511	\$1,644	\$7,905
Lincoln County Schools	\$5,721	\$424	\$1,548	\$7,693

Source: 2017-2018 DPI Table 25

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

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Local Per Pupil Funding Rank

School District Name	2014	2015	2016	2017	2018
Durham County Schools	5	4	5	5	5
New Hanover County Schools	16	16	14	11	12
Buncombe County Schools	30	25	20	19	15
Charlotte-Mecklenburg County Schools	26	24	23	25	25
Rowan-Salisbury County Schools	46	52	63	44	30
Union County Schools	38	28	32	34	31
Cabarrus County Schools	61	44	39	39	49
Cleveland County Schools	33	42	47	46	53
Iredell-Statesville Schools	18	31	74	65	57
Johnston County Schools	66	70	73	73	72
Gaston County Schools	84	76	77	72	77
Catawba County Schools	56	57	66	76	85
Lincoln County Schools	74	77	78	95	91

Source: 2017-2018 DPI Table 25

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

There are 115 LEAs in NC

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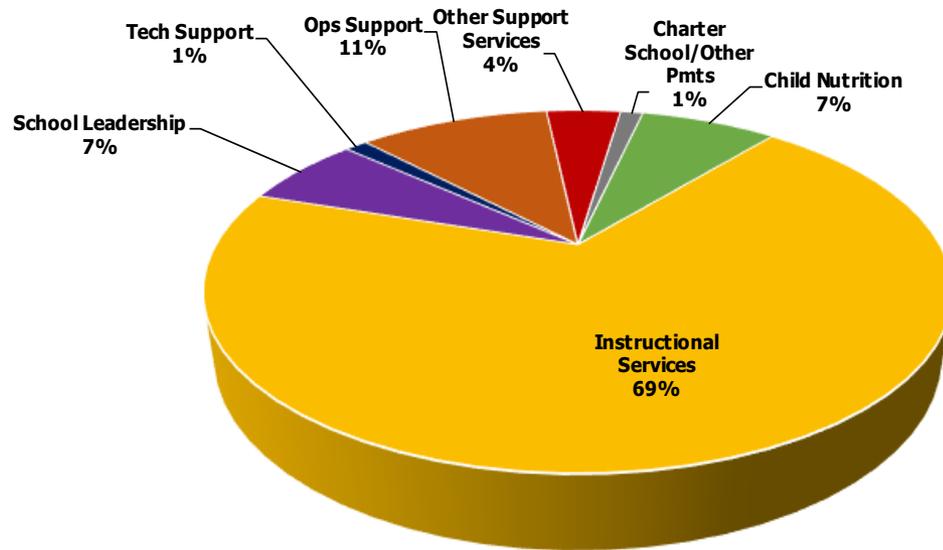


Operating Expenses

What is included in Operating Expenses?

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

Budgeted Operating Expenses FY 2018-19



BUDGETED EXPENDITURES

Instructional Services	\$	175,172,580
School Leadership		16,516,588
Tech Support		3,109,764
Ops Support		26,768,476
Other Support Services		10,485,413
Charter School/Other Pmts		3,155,841
Child Nutrition		19,054,915
TOTAL	\$	254,263,577

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

Celebrate! Gaston County Schools



NC Education Lottery

- Prizes – 63%
 - Education – 26%
 - Retail Compensation – 7%
 - Administration – 4%
-
- Supports lower class size, Pre-K programs, scholarships and construction
 - Gaston County receives about \$2.2 million which is used to pay school bond debt



Based on 2017 data

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Budget Overview

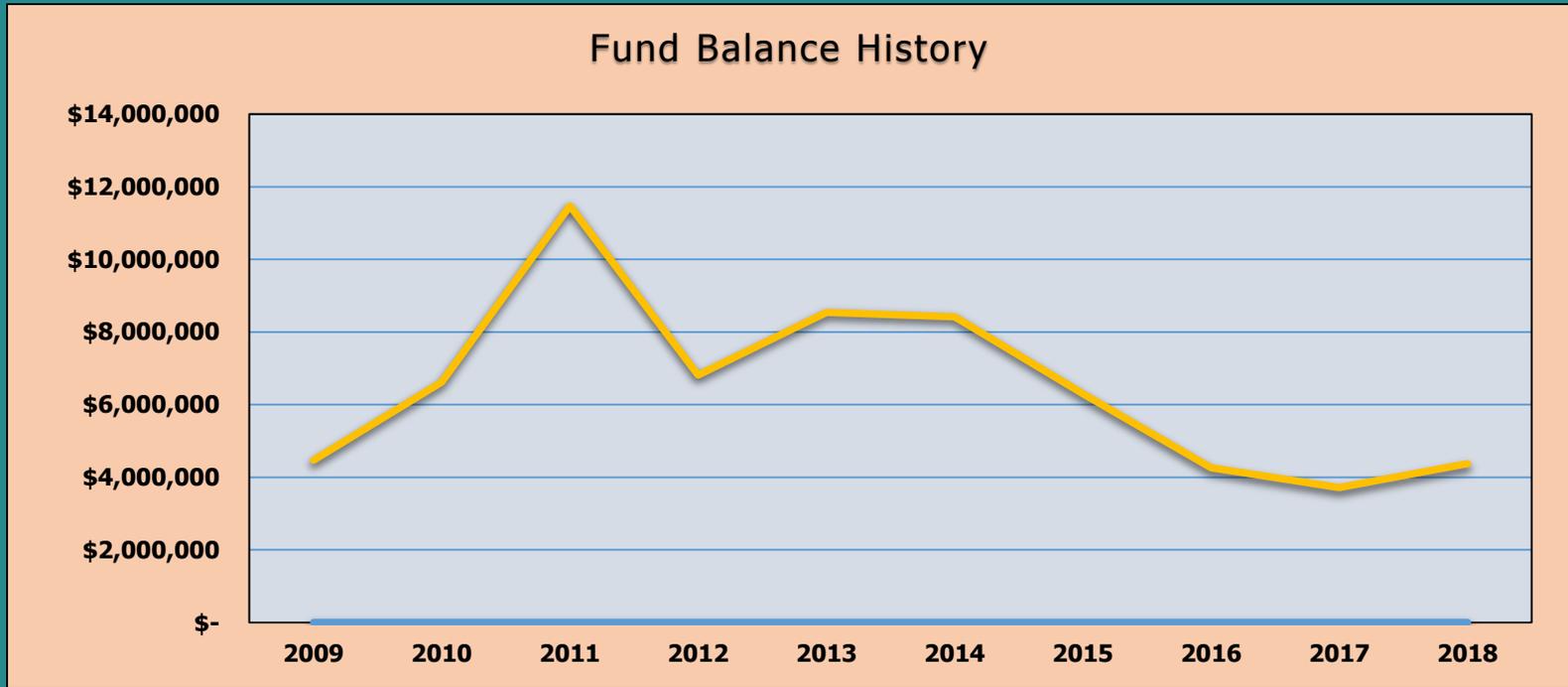
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Fund Balance

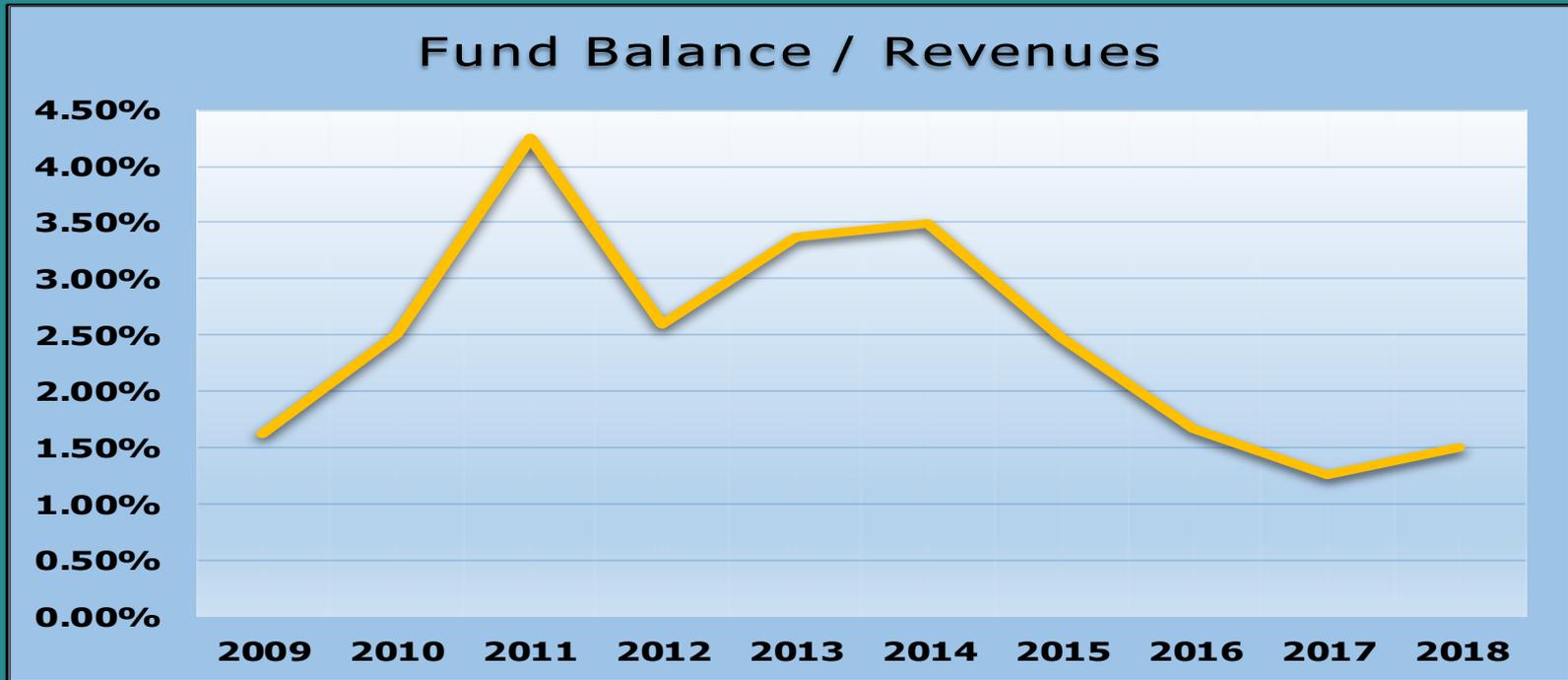
- Use of fund balance will ensure that we address some of our primary funding priorities
- Unassigned fund balance totaled **\$4.4 million** at June 30, 2018
- There are risks associated with funding on-going costs with fund balance

Fund Balance



Unassigned Fund Balance	4,472,775	6,619,094	11,475,596	6,810,382	8,543,572
Fund Balance / Revenues	1.62%	2.50%	4.26%	2.59%	3.37%
	2014	2015	2016	2017	2018
Unassigned Fund Balance	8,421,435	6,299,324	4,267,131	3,713,330	4,371,959
Fund Balance / Revenues	3.49%	2.47%	1.66%	1.26%	1.49%

Fund Balance



Unassigned Fund Balance	4,472,775	6,619,094	11,475,596	6,810,382	8,543,572
Fund Balance / Revenues	1.62%	2.50%	4.26%	2.59%	3.37%
	2014	2015	2016	2017	2018
Unassigned Fund Balance	8,421,435	6,299,324	4,267,131	3,713,330	4,371,959
Fund Balance / Revenues	3.49%	2.47%	1.66%	1.26%	1.49%

Fund Balance

LEA Name	ADM	Unassigned Fund Balance	Total Revenues	Fund Balance / Revenues
Buncombe County Schools	24,033	977,224	265,048,669	0.37%
Lincoln County Schools	11,318	480,007	97,148,368	0.49%
<i>Cleveland County Schools</i>	<i>14,581</i>	<i>776,771</i>	<i>144,850,915</i>	<i>0.54%</i>
Rowan-Salisbury County Schools	19,144	1,480,319	203,219,209	0.73%
<i>Durham County Schools</i>	<i>33,072</i>	<i>2,835,538</i>	<i>379,233,829</i>	<i>0.75%</i>
Johnston County Schools	35,983	2,773,752	329,921,809	0.84%
Union County Schools	41,308	5,558,160	381,916,703	1.46%
Gaston County Schools	31,580	4,371,959	292,864,844	1.49%
AVERAGE	25,600	3,808,372	252,384,096	1.51%
Catawba County Schools	16,181	2,228,269	142,069,404	1.57%
Iredell-Statesville Schools	20,436	3,609,694	181,623,537	1.99%
New Hanover County Schools	26,213	7,034,835	291,232,489	2.42%
<i>Onslow County Schools</i>	<i>26,469</i>	<i>7,220,804</i>	<i>242,928,751</i>	<i>2.97%</i>
Cabarrus County Schools	32,476	10,161,509	328,934,716	3.09%

Source: LEA's 2017 & 2018 CAFR (Exhibits 3 and 4) & DPI website (ADM)

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Capital Request

Capital Outlay is used for the following purposes:

- Roofing
- HVAC
- Vehicles
- Plumbing
- Electrical
- Technology
- Furniture
- Life Safety Devices
- Other Maintenance Costs



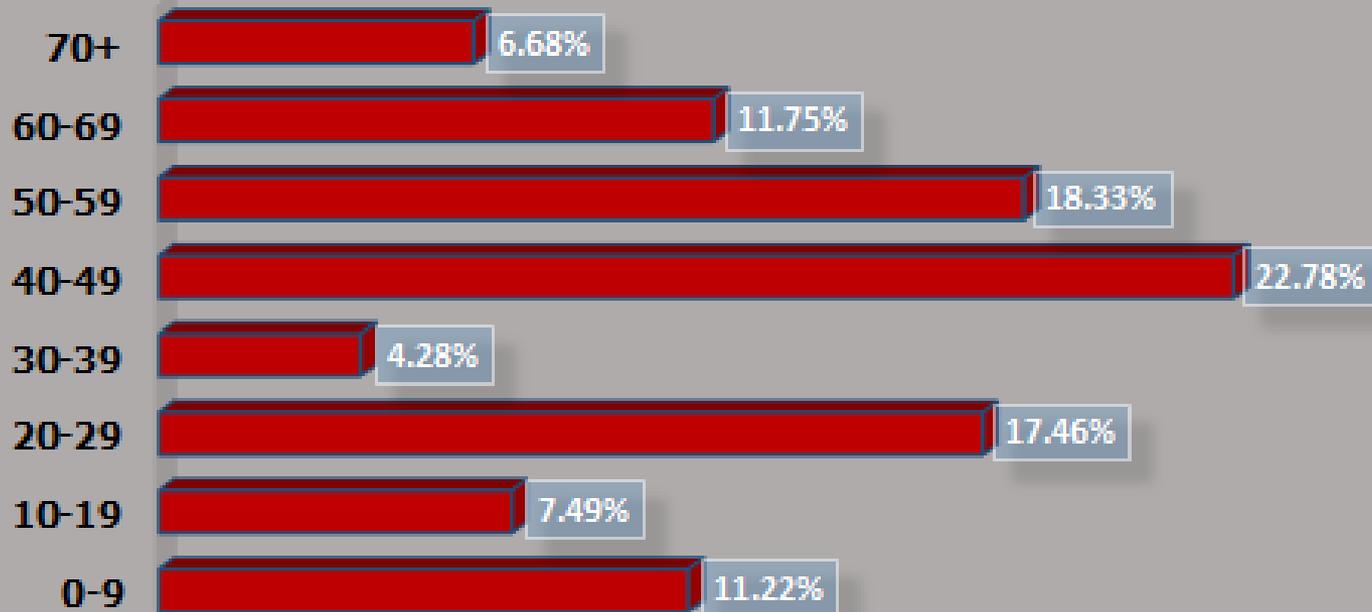
Capital Request

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



Capital Request

- GCS schools and central office buildings amount to approximately 5.2 million square feet.
- Last year we received \$1.2 million in capital outlay, or about \$0.24 per square foot.
- We requested \$5.9 million in capital outlay for FY 2018-19. This request amounted to \$1.14 per square foot.

In Conclusion

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



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Discussion



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