

Board of Education Retreat January 17, 2020



Finance Discussion
Radar Staff Development Center

Celebrate! Gaston County Schools



Finance Discussion

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



Budget Calendar

- **January 17** – 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 request

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

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 budgeting seminars, read trade organization materials, analyze historical budget data
- 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 Questionnaire

DATE	DESCRIPTION
December 10, 2019	Send budget questionnaire to Leadership and Directors
December 10, 2019	Send budget questionnaire to all Principals and Assistant Principals
December 19, 2019	Send budget questionnaire to all members of the Teacher Advisory Committee and all Pinnacle Leaders
December 19, 2019	Send budget questionnaire to all members of the Superintendent's Student Advisory Council and the Superintendent's Parent Advisory Council
December 19, 2019	Send budget questionnaire to Gaston County business and community partners and post on GCS website
January 17, 2020	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 Options

What Do You Think?



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Budget Survey Results

Teacher Supplements

1 Funding Request Six Years in a row!



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Budget Survey Results

List of Funding Priorities	% in Top 5
Increase Teacher Supplement	67%
Increase Principal/AP Supplement	13%
Increase Classified Salaries	47%
Expand CTE Program Offerings	18%
Expand Instructional Programs	14%
Expand AIG Program	4%
Increase Number of AP Classes	16%
Offer more ESL classes	3%
Increase Funding for the Arts	22%
Increase Funding for EC Students	14%
Provide more Choice Options	9%

List of Funding Priorities	% in Top 5
More Teacher Assistants	34%
Increase Student Support	51%
Increase Instructional Support	20%
More School Support Staff	6%
Provide More Computing Devices	23%
Increase Number of Library Books	11%
Expand Classroom Libraries	12%
Upgrade School Safety Systems	26%
Increase PD for Teachers	17%
Improve Exterior Appearance	21%
Upgrade School Interior	19%

Budget Survey Results

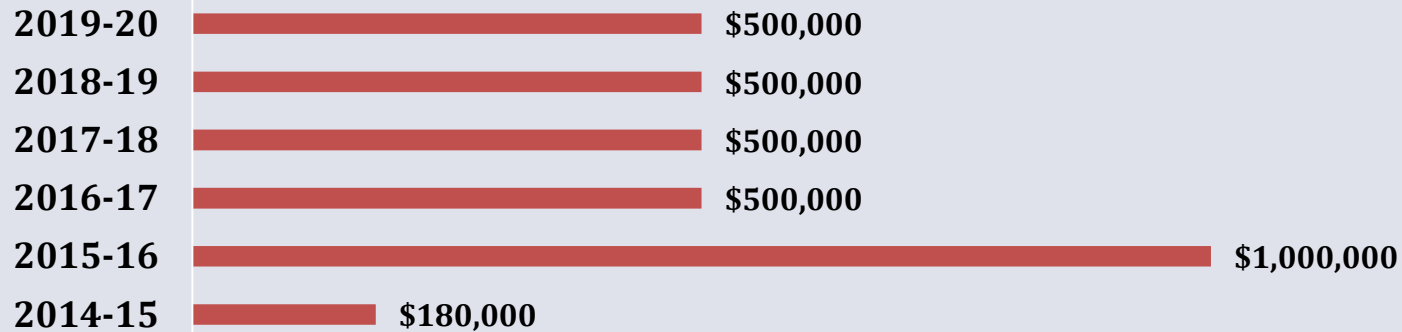
Top Funding Priorities	<u>% in Top Five Priorities</u>					Change 2016-20
	2016	2017	2018	2019	2020	
Increase Teacher Supplement	76%	68%	67%	63%	67%	-9%
Increase Student Support	11%	14%	21%	49%	51%	40%
Increase Classified Salaries	38%	37%	34%	36%	47%	9%
More Teacher Assistants	38%	35%	33%	35%	34%	-4%
Upgrade School Safety Systems	NA	NA	33%	41%	26%	NA
Increase Computing Devices	36%	36%	33%	34%	23%	-13%
Increase Funding for the Arts	14%	26%	20%	24%	22%	8%
Improve Exterior Appearance	NA	NA	NA	NA	21%	NA
<i>Respondents</i>	169	190	251	258	197	28

Teacher Supplements

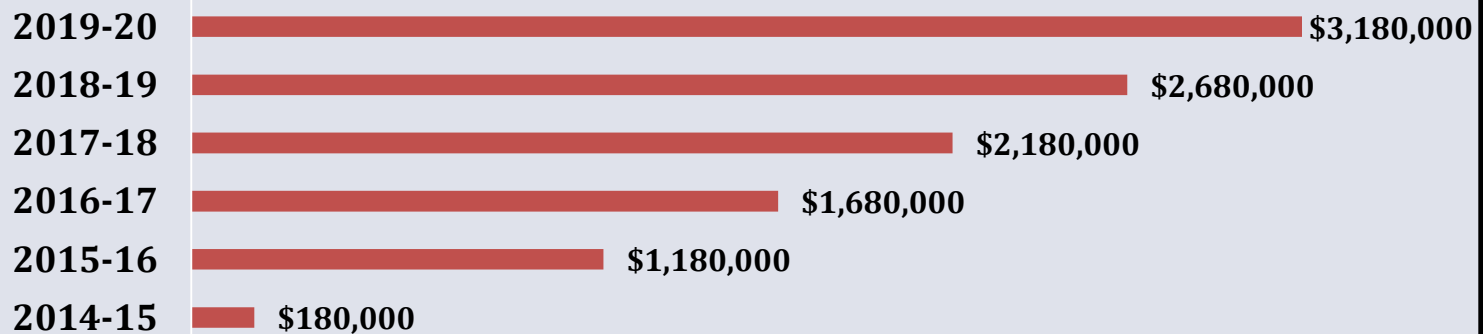
- Over the past six years, the County has increased teacher supplements by **\$3.18 million**
- A **\$500,000** increase in teacher supplements would improve net average annual supplements by about \$180 per teacher

Teacher Supplements

District Increases



Cumulative District Increases

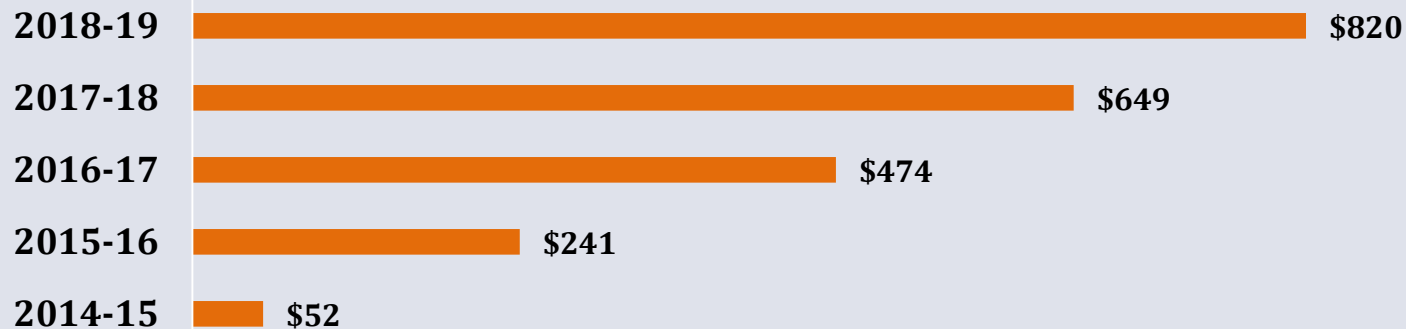


Teacher Supplements

Average Teacher Supplement



Cumulative Avg. Supplement Increase



Budget Survey Options

Why are Teacher Supplements Still
Our #1 Funding Priority?



Teacher Supplements

Similar Size Districts (ADM)	Average Supplement
Durham (32,928)	\$ 7,005
Buncombe (23,669)	5,465
Johnston (36,892)	5,417
State Average	4,580
Union (41,391)	4,521
Onslow County (26,771)	4,482
New Hanover (25,807)	4,067
Cabarrus (33,568)	3,451
Gaston (30,834)	2,997

Source: DPI FY 2018-2019 Table 20 for Average Supplement
DPI FY 2018-2019 Table 10 for ADM

Teacher Supplements

Neighboring Districts (ADM)	Average Supplement
Charlotte-Mecklenburg (146,888)	\$ 8,101
State Average	4,580
Union (41,391)	4,521
Catawba (15,727)	3,959
Cabarrus (33,568)	3,451
Lincoln (11,373)	3,271
Iredell-Statesville (20,403)	3,012
Gaston (30,834)	2,997
Rowan-Salisbury (18,742)	2,972
Cleveland (14,137)	1,934

Source: DPI FY 2018-2019 Table 20 for Average Supplement
DPI FY 2018-2019 Table 10 for ADM

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Other Funding Priorities

- Increase student support – social workers, school counselors, nurses, etc.
- Increase classified salaries – maintenance, school nutrition, administrative support, etc.
- Increase the number of Teaching Assistants
- Upgrade the school safety systems – fencing, alarms, cameras, intercom, etc.

Other Funding Priorities

- Replacement costs of out-of-date technology such as Chromebooks and SMART Boards
- Increase funding for the arts – band, art, chorus, theater, etc.
- Improve the exterior appearance of our schools - landscaping, entrance, parking lots, etc.

Potential Budget Risk

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

Options for Funding Needs

- 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 GCS unassigned fund balance

County Funding Request

- This year, we will receive **\$50.3 million** of operating funds from the County; **an increase of \$1.96 million** from the previous year.
- This increased funding was used to fund:
 - Teacher salary supplements **\$ 500K**
 - Expanded choice options **\$ 850K**
 - Replace end-of-life devices **\$ 610K**

Finance Discussion

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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 funding 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?

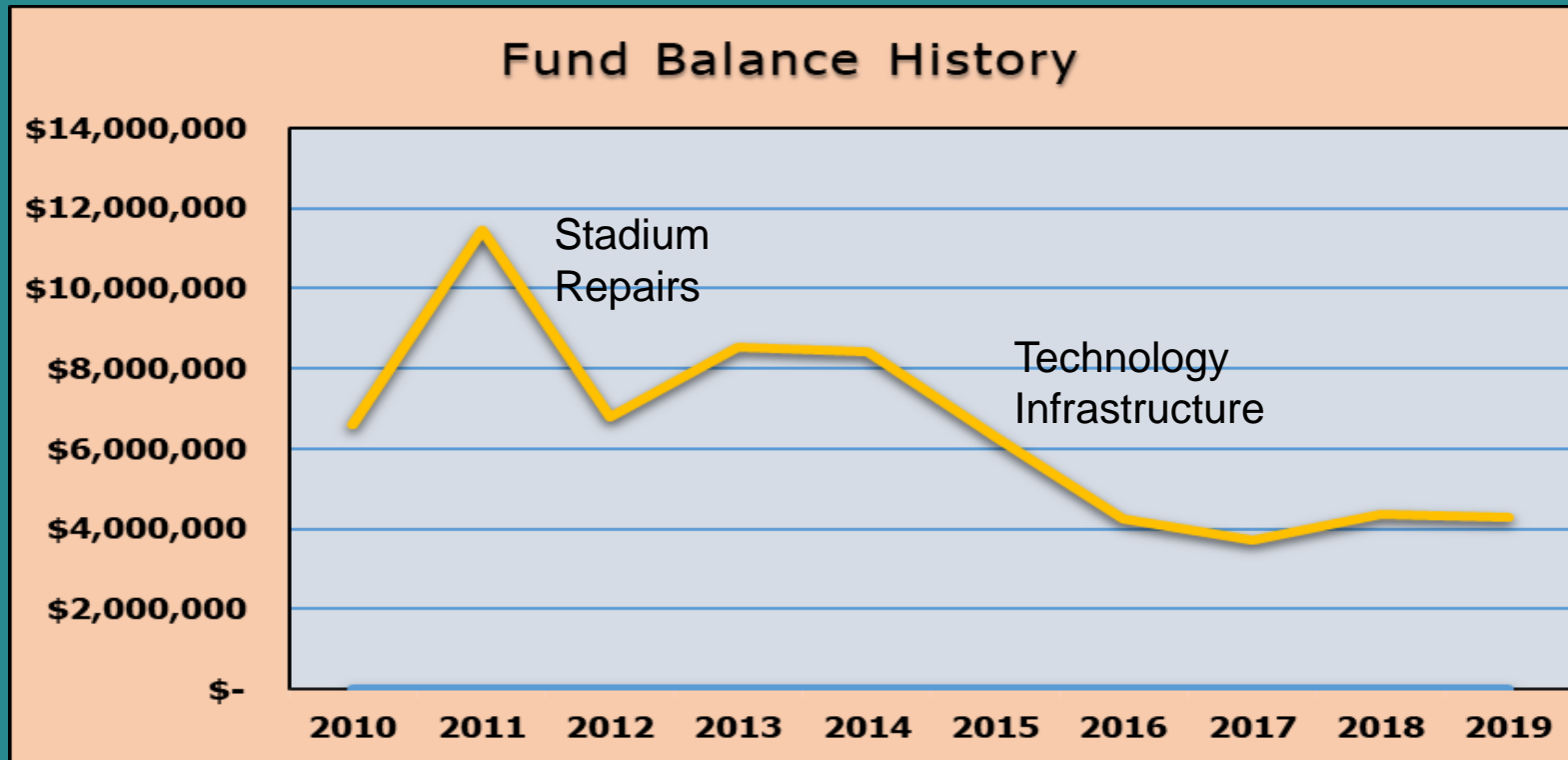
\$4,277,089



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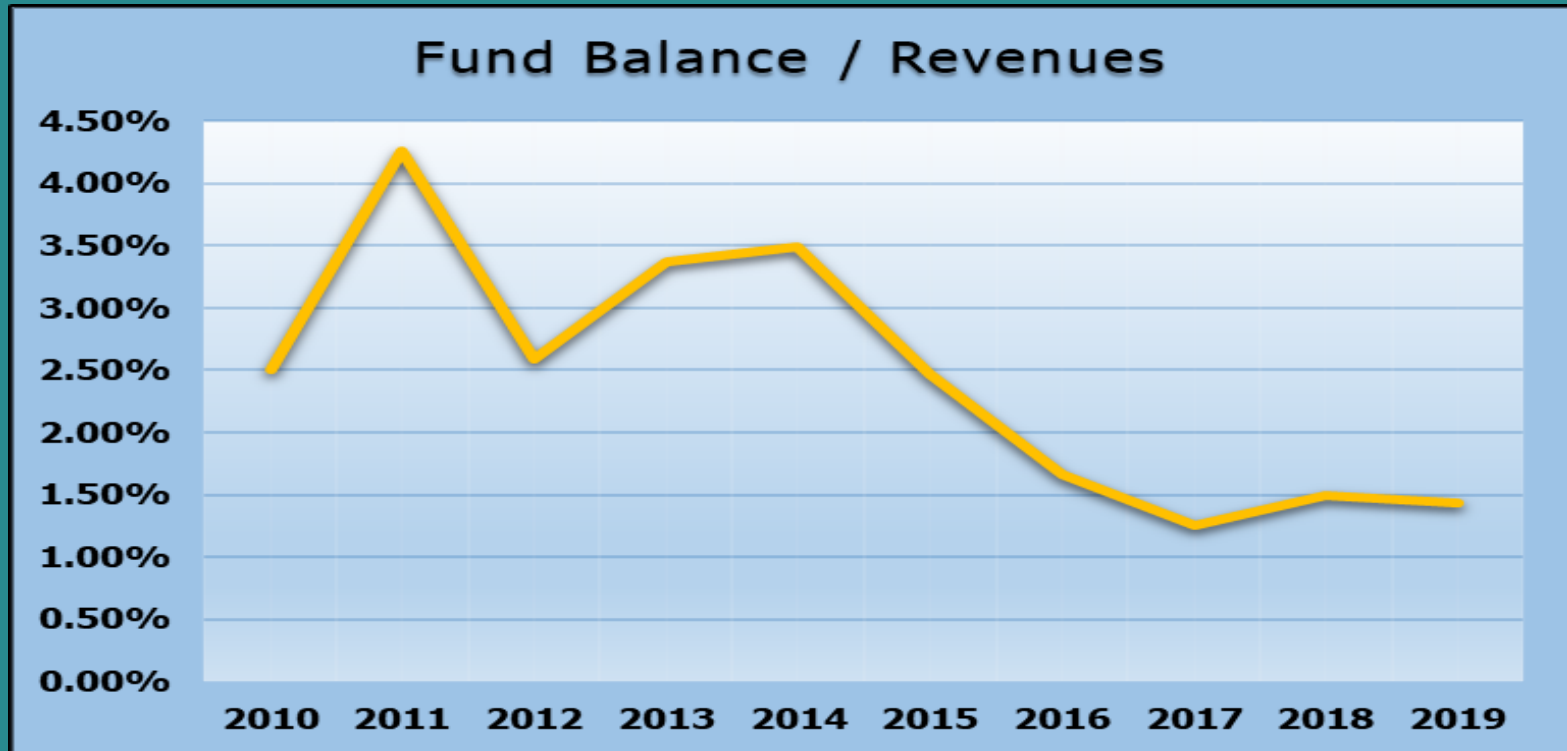


Fund Balance



	2010	2011	2012	2013	2014
Unassigned Fund Balance	6,619,094	11,475,596	6,810,382	8,543,572	8,421,435
Change in Fund Balance	2,146,319	4,856,502	(4,665,214)	1,733,190	(122,137)
	2015	2016	2017	2018	2019
Unassigned Fund Balance	6,299,324	4,267,131	3,713,330	4,371,959	4,277,089
Change in Fund Balance	(2,122,111)	(2,032,193)	(553,801)	658,629	(94,870)

Fund Balance / Revenues



	2010	2011	2012	2013	2014
Unassigned Fund Balance	6,619,094	11,475,596	6,810,382	8,543,572	8,421,435
Fund Balance / Revenues	2.50%	4.26%	2.59%	3.37%	3.49%
	2015	2016	2017	2018	2019
Unassigned Fund Balance	6,299,324	4,267,131	3,713,330	4,371,959	4,277,089
Fund Balance / Revenues	2.47%	1.66%	1.26%	1.49%	1.43%

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Fund Balance / Revenues

LEA Name	ADM	Unassigned Fund Balance	Total Revenues	Fund Balance / Revenues
Union County Schools	41,391	165,098	419,880,173	0.04%
Johnston County Schools	36,892	317,941	334,419,664	0.10%
<i>Buncombe County Schools</i>	<i>23,669</i>	<i>977,224</i>	<i>265,048,669</i>	<i>0.37%</i>
<i>Lincoln County Schools</i>	<i>11,373</i>	<i>480,007</i>	<i>97,148,368</i>	<i>0.49%</i>
Durham County Schools	32,928	2,425,310	397,209,537	0.61%
<i>Rowan-Salisbury County Schools</i>	<i>18,742</i>	<i>1,480,319</i>	<i>203,219,209</i>	<i>0.73%</i>
Cleveland County Schools	14,137	1,493,721	143,706,281	1.04%
Charlotte-Mecklenberg County Schools	146,888	21,022,000	1,601,096,000	1.31%
AVERAGE	34,224	4,841,637	361,343,772	1.34%
Gaston County Schools	30,834	4,277,089	298,701,509	1.43%
Catawba County Schools	15,727	2,741,739	152,295,303	1.80%
Onslow County Schools	26,771	7,411,510	279,824,064	2.65%
New Hanover County Schools	25,807	8,849,946	318,379,346	2.78%
Cabarrus County Schools	33,568	10,314,861	353,639,082	2.92%
Iredell-Statesville Schools	20,403	5,826,153	194,245,597	3.00%

Source: LEA's 2018 & 2019 CAFR and DPI 2019-2020 ADM

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Finance Discussion

- Budget Process
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Types of Funding

- **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?

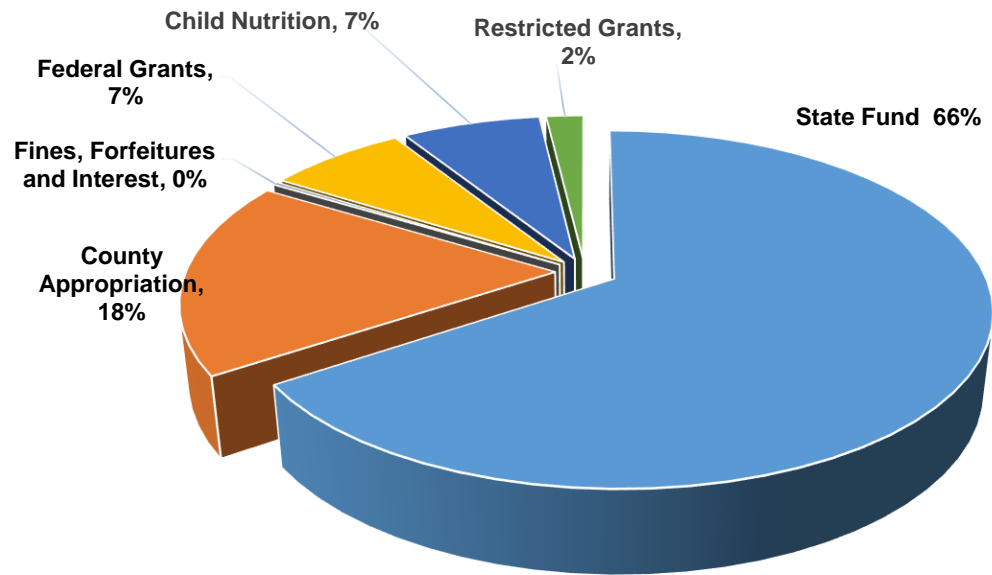
- NC General Assembly and DPI
- Gaston County Commissioners
- Federal Agencies (Medicaid, USDA, etc.)
- Various Grant Agencies

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

Budgeted Operating Funds

FY 2019-20

SOURCES OF REVENUE	
State Fund	\$ 184,438,114
County Appropriation	50,311,704
Fines, Forfeitures and Interest	750,000
Federal Grants	19,926,539
Child Nutrition	19,929,500
Restricted Grants	5,331,737
TOTAL	\$ 280,687,594



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

Per Pupil Funding

School District Name	State	Federal	Local	Total
Durham County Schools	\$6,501	\$789	\$3,966	\$11,256
New Hanover County Schools	\$6,215	\$549	\$3,425	\$10,189
Buncombe County Schools	\$6,316	\$655	\$3,005	\$9,976
Rowan-Salisbury County Schools	\$6,574	\$659	\$2,182	\$9,415
Cleveland County Schools	\$6,820	\$664	\$1,855	\$9,339
Charlotte-Mecklenburg County Schools	\$5,964	\$446	\$2,660	\$9,070
Union County Schools	\$5,862	\$548	\$2,406	\$8,816
Johnston County Schools	\$6,295	\$419	\$1,981	\$8,695
Onslow County Schools	\$5,991	\$517	\$2,170	\$8,678
Gaston County Schools	\$6,227	\$609	\$1,829	\$8,665
Catawba County Schools	\$6,197	\$591	\$1,814	\$8,601
Cabarrus County Schools	\$5,981	\$341	\$2,155	\$8,477
Iredell-Statesville Schools	\$6,047	\$497	\$1,863	\$8,407
Lincoln County Schools	\$6,147	\$393	\$1,503	\$8,043

Source: 2018-2019 DPI Table 25 - Per Pupil Expenditure Ranking (Child Nutrition Excluded)
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	2015	2016	2017	2018	2019
Durham County Schools	4	5	5	5	6
New Hanover County Schools	16	14	11	12	8
Buncombe County Schools	25	20	19	15	14
Charlotte-Mecklenburg County Schools	24	23	25	25	23
Union County Schools	28	32	34	31	31
Rowan-Salisbury County Schools	52	63	44	30	42
Onslow County Schools	38	41	38	36	44
Cabarrus County Schools	44	39	39	49	46
Johnston County Schools	70	73	73	72	62
Iredell-Statesville Schools	31	74	65	57	71
Cleveland County Schools	42	47	46	53	72
Gaston County Schools	76	77	72	77	75
Catawba County Schools	57	66	76	85	76
Lincoln County Schools	77	78	95	91	99

Source: 2018-2019 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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NC Education Lottery



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



- 57%** Non-Instructional Support Staff
- 19%** School Construction
- 12%** Prekindergarten
- 6%** LEA Transportation
- 4%** Need-Based College Scholarships
- 2%** UNC Need-Based Financial Aid

Gaston County received \$2.4 million last year which was used to pay school bond debt

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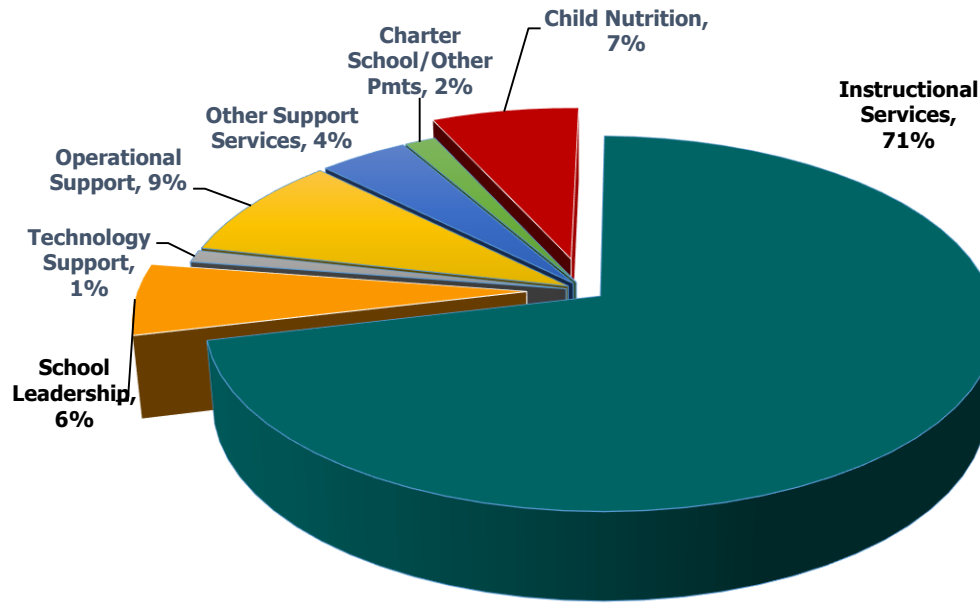
Operating Expenses

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 2019-20



BUDGETED EXPENDITURES	
Instructional Services	\$ 199,207,612
School Leadership	17,326,254
Technology Support	2,961,808
Operational Support	25,180,293
Other Support Services	11,859,750
Charter School/Other Pmts	4,169,100
Child Nutrition	19,982,777
TOTAL	\$ 280,687,594

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

Finance Discussion

- Budget Process
- Fund Balance
- Funding / Expenses
- **Capital Request**
- Discussion



Capital Request

Capital Outlay is used for the following purposes:

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



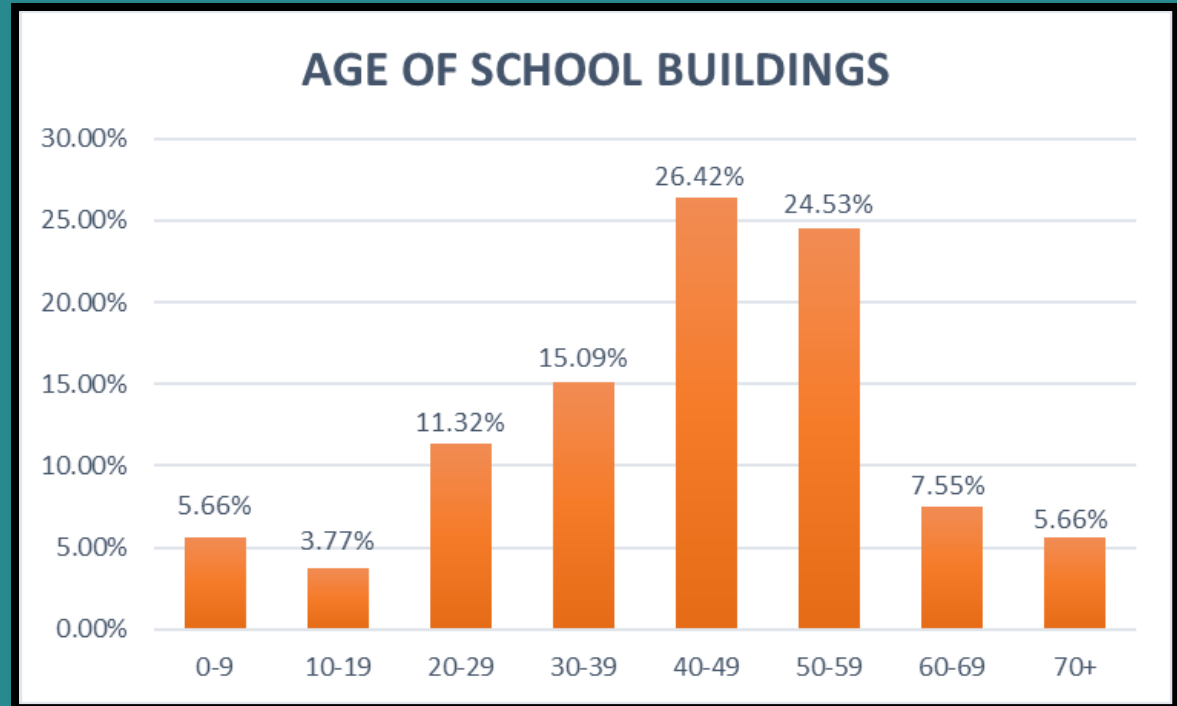
Capital Request

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

Wtd Avg Age (Years)	Number of Schools
0-9	3
10-19	2
20-29	6
30-39	8
40-49	14
50-59	13
60-69	4
70+	3
Total	53



Capital Request

- GCS schools and central office buildings amount to approximately 5.2 million square feet.
- Last year we received \$2.2 million in capital outlay, or about \$0.43 per square foot.
- We requested \$6.1 million in capital outlay for FY 2019-20. This request amounted to \$1.18 per square foot.

Discussion



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