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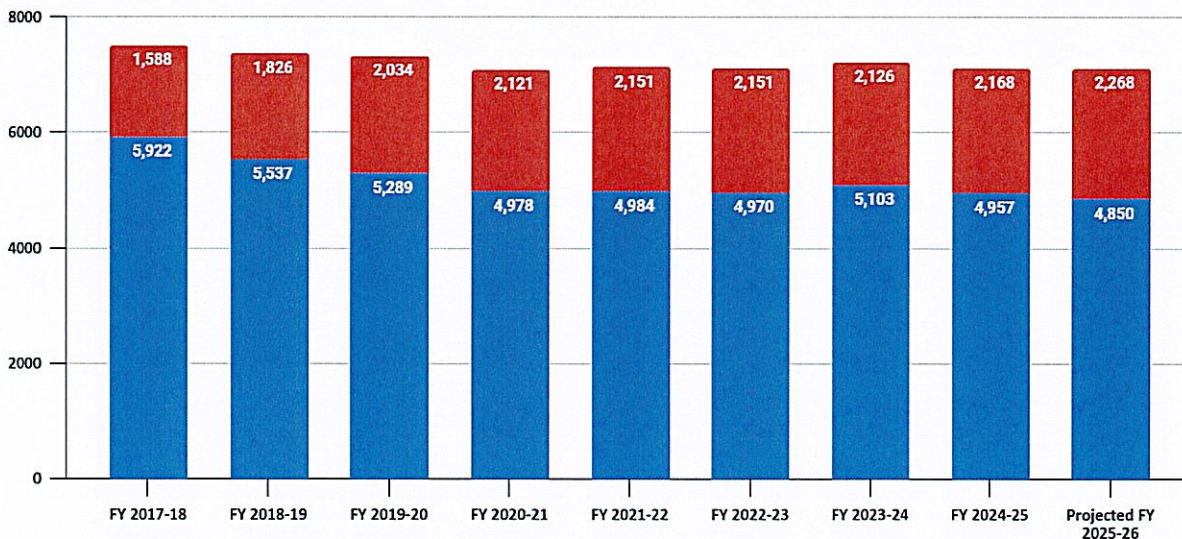
TO: Renee Perry, County Manager
FROM: Dr. Cindy Bennett, Superintendent

SUBJECT: Board of Education County Budget Request Fiscal Year 2025-2026

The Vance County Board of Education approved the County Budget Request for Fiscal Year 2025-2026 at their monthly board meeting held on May 12, 2025. The Board is requesting a 5% increase in local funds for utility and operational costs and a 3% increase in salary costs along with matching benefits for FICA, hospitalization insurance and retirement contribution.

As stated for a couple years, student growth in the county has plateaued. The current charter schools have reached capacity in their facilities. Absent expanded charter facilities, the students for both Vance County Schools and the area charter schools will decrease slightly. This will change for the 2025-2026 fiscal year as the North Carolina Department of Instruction has approved the opening of a new charter school in Vance County, The Sledge Institute. This new charter school will open with K-2 and sixth grades and then expand each year after that. Charter Schools still continue to be approximately 30% of our local budget that is transferred to them. At this time, Vance County Schools pays 21 charter schools with 2,137 students.

Student Membership/History Projection



*Vance County Schools student projection from NCDPI has not been released at time of approval

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We also recognize that the North Carolina General Assembly now allows Opportunity Scholarships for those families who wish for their students to attend a private school. We do not know how many students may take advantage of the Opportunity Scholarships next year but currently there are 235 scholarship recipients in Vance County. This data is provided by the North Carolina Public School Forum.

We thank the County for the additional funds that were appropriated this fiscal year (\$400,000) to continue our efforts supporting our students. At this time, we do not have any information as to what may be set forth in the upcoming State budget. Our district is budgeting a 3% increase for salaries, 25.0% increase in retirement, and \$8,500 for hospitalization insurance. Operational costs such as utilities, fuel and supplies, across the board, have reached increasing high levels with our current local funding. We are budgeting for a 5% increase in this category.

We also continue to request continued support for our Local Supplement of \$2,500 per teacher and certified instructional support. As we continue to right-size the staff to align with student enrollment, we are getting closer to the elimination of the funding gap for the teacher supplement. This funding gap is currently \$41,391 for which we are requesting appropriation but this does not include the approximately 30% needed to pay charter schools that must "come off the top". In the past we recorded Local Supplements in Fund 8 (Restricted Funds) in our General Ledger. Charter Schools are now entitled to that appropriation. In order for Vance County Schools to sustain our \$2,500 local supplement, we are requesting an additional \$401,929 for the Charter School portion. As noted, Charter School students make up approximately 30% of the Vance County student population.

Certified teachers and staff have received \$2,500 for over 25 years. We are requesting an increase to this Local Supplement as well as a consideration for a Local Supplement for classified staff. Vance County Schools is requesting an additional \$2,500 for certified teachers and staff for a total Local Supplement of \$5,000. The district is also requesting a 10% Local Supplement for all classified staff. Including benefits and the 30% for charters this would be an increase to the budget request of \$4,752,969. This would help in our recruiting and retention efforts district wide and for us to compete better in the local region.

During the North Carolina General Assembly 2021 Session, Session Law 2021-180 was passed. In this session law is *Supplemental Funds for Teacher Compensation*, Section 7A.12. This provides funds to eligible Local Education Agencies (LEA) to provide state funded salary supplements to teachers and certified instructional support in those LEAs. An important aspect of this is that the LEA who receives funds under this program shall use funds to supplement and not supplant non-state funds for salary supplements for teachers and certified instructional support. A LEA is considered to have supplanted non-state funds if the amount of non-state funds for supplements is less than 95% of the maintenance of effort. If an LEA has been found to supplant funds, then the LEA shall not receive the allocation the next fiscal year. Charter schools in the County will lose this funding as well. Currently, Vance County Schools is not supplanting our local supplements but this will be a noted item going forward. Should Vance County Schools come into a situation where supplanting of funds takes place during a fiscal year, we may ask the County for increased funding in that fiscal year.

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For the 2025-26 budget request, Vance County Schools is requesting \$600,000 for Capital Outlay (Routine Maintenance) and \$250,000 for Capital Outlay (Technology). The additional \$75,000 for Maintenance will help us maintain our campuses and make some needed improvements. The additional \$25,000 in Technology is due to increasing supply costs. This will help ensure we continue to supply our students with 1:1 laptops and meet the ever growing needs of technology.

Looking forward to the 2025-26 school year and beyond, we will continue our discussions with the County about roof replacements which are big projects we will need help financing. Vance County Schools is requesting funding for two replacements: Pinkston Street Elementary (replaced in 1998) and E.M. Rollins Elementary (replaced in 1997). The total estimated cost is \$1,893,600. The Board also recognizes the increased need for safety measures at our schools. With this in mind, we are requesting \$850,000 for additional security equipment such as cameras, door access, panic locks and building security vestibules at main entrances to force visitors into the main office before entering the rest of the building. The total cost for these projects for the upcoming school year is \$2,743,600.

Although the district received various COVID Relief funding from the Federal government, none of those funds could be used for general operating costs and regular salaries, expenditures, etc. They were only used for items specific to the pandemic, learning loss, and our required response. Our goal was to use those funds strategically to ensure the use of the funding outlives this pandemic and educational crisis. An example of this would be newly installed HVAC updates, fitness stations and outdoor learning environments at our schools. We spent almost \$13,000,000 on these updates so that we do not need to seek funding from the County.

Overall, we feel our request is reasonable and reflects the continued partnership we have with the County to educate our county's students. Our district also wants to recruit and retain a talented workforce in an ever more competitive work environment. We have little room in our local operating funds to absorb additional costs without support from the County. However, we understand the economic pressures that are placed on all government agencies as our request reflects. Thank you for your consideration for funding the hopes and dreams of Vance County students.

We encourage each of you to visit our schools to see the learning opportunities and experiences that are occurring on a daily basis in our classrooms.

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	FY 2024-25 Current Budget	FY 2025-26 Projected Budget		Requested Funding Net Increase	
County Appropriation - Current	\$ 7,947,471	\$ 8,117,029	(B)	\$ 169,558	
<i>VCS Student Portion</i>	\$ 5,563,230	\$ 5,681,921		\$ 118,691	70.00%
<i>Charter School Student portion</i>	\$ 2,384,241	\$ 2,435,109		\$ 50,868	30.00%
Continuation Budget**					
Student Growth Net Increase (Decrease) (VCS+CS)		(\$9,084)	(A)		
Projected LOCAL Salary & Benefits Increase		\$63,080	(C)		
Subtotal Continuation Requirements		\$53,996		\$ 53,996	0.7%
Supplement Request for VCS Certified Teachers/Staff only					
VCS Certified Teachers/Staff Supplement (404 FTE @\$2500)	\$ 1,298,374	\$1,339,765	(D)	\$ 41,391	
Additional that must be paid to Charters (30%)		\$ 401,929		\$ 401,929	
Subtotal Supplement Requirements	\$1,298,374	\$1,741,694		\$ 443,320	34.1%
Total BASE County Appropriation Request	\$9,245,845	\$9,912,720		\$ 666,875	7.2%
Expansion Budget Request					
<i>Increase to Certified Teacher/Staff Supplement + benefits;</i>					
<i>additional \$2500</i>	\$ -	\$1,339,765		\$ 1,339,765	
Additional that must be paid to Charters (30%)		\$401,929		\$ 401,929	
10% Supplement + benefits for Classified Staff	\$ -	\$1,975,350		\$ 1,975,350	
Additional that must be paid to Charters (30%)		\$592,605		\$ 592,605	
Subtotal Expansion Request		\$4,309,649		\$ 4,309,649	
Total County OPERATING Appropriation Request	\$ 9,245,845	\$14,222,369		\$ 4,976,524	53.8%

	FY 2024-25 Current Budget	FY 2025-26 Projected Budget		Requested Funding Net Increase	
Capital Funds Request					
Capital Outlay (Routine Maintenance)	\$ 525,000	\$600,000		\$ 75,000	
Capital Outlay - Technology	\$ 225,000	\$250,000		\$ 25,000	
Total Capital Appropriation Request	\$750,000	\$850,000		\$ 100,000	13.3%
Total County Funding Request	\$9,995,845	\$15,072,369		\$ 5,076,524	50.8%

* See attached Continuation Budget detail worksheet

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CONTINUATION Budget Requirements - Fiscal Year 2025-26

Category	Funding	Subtotals by	% of Total
Continuation Budget Requirements			
Student Growth Projected FY 2025-26			
VCS Student Growth @ same \$ per pupil as FY 2024-25 (-107 students)	(\$138,850)		-62.11%
Charter Schools Student Growth @ same \$ per pupil as FY 2024-25 (+100 students)	\$ 129,767		58.05%
VANCE County Subtotal Projected Student Growth @ same \$ per pupil as FY 2024-25		(\$9,084)	-4.06%
Operational Costs			
Inflationary Cost required for Non-salary items - increase 3.0%	\$88,695		39.67%
Inflationary Cost required for Utilities/Fuel Cost required - avg 5.0% increase	\$80,864		36.17%
Subtotal Operations Requirement		\$169,558	75.85%
Salary and Benefits			
Estimated State Salary Increase for Local Staff (3% avg)	\$39,921		17.86%
FICA Increase on Salary increases	\$3,054		1.37%
State Employee Benefit Impact Retirement Rate 4% decrease from 24.04% to 25.00%	\$9,980		4.46%
Hospitalization Increase - Employer Cost 8% increase from \$8,095 to \$8,500 per employee (\$405 pp)	\$10,125		4.53%
Subtotal Salary and Benefit Requirement		\$63,080	28.22%
Subtotal Continuation Funding Requirements		\$223,555	100.00%

(D) Projected Supplement Requirements

Est FTE 25-26	Supplement	Benefits	Total	Funding	Diff
<i>Each</i>	<i>1.0</i>	<i>\$816.25</i>	<i>\$3,316.25</i>		
Teachers/Instr Support	404.0	\$329,765.00	\$1,339,765.00	\$1,298,374.00	-\$41,391.00
Total - Current Staff	404.0	\$329,765.00	\$1,339,765.00	\$1,298,374.00	-\$41,391.00

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