

**SUPERINTENDENT'S PROPOSED BUDGET**

FISCAL YEAR JULY 1, 2022 - JUNE 30, 2023



CARY, NORTH CAROLINA

# Superintendent's Proposed 2022-23 Operating Budget

April 5, 2022

# Superintendent's Proposed 2022-23 Operating Budget

## Tonight

- Presentation for informational purposes
- Background landscape & context as we developed the proposed budget
- Potential risks
- Review of funding requests
- Budget development time-line & next steps

# Superintendent's Proposed 2022-23 Operating Budget

## Landscape & Context

- Process began much later than normal.....2021-22 State Budget delays
- 2022-23 State Budget second year of Biennium
- 2.5% avg. increases for Teachers, School Administrators, Support Staff already in law
- Will State make changes to second year of Biennial Budget?
- Economic uncertainty based upon world events

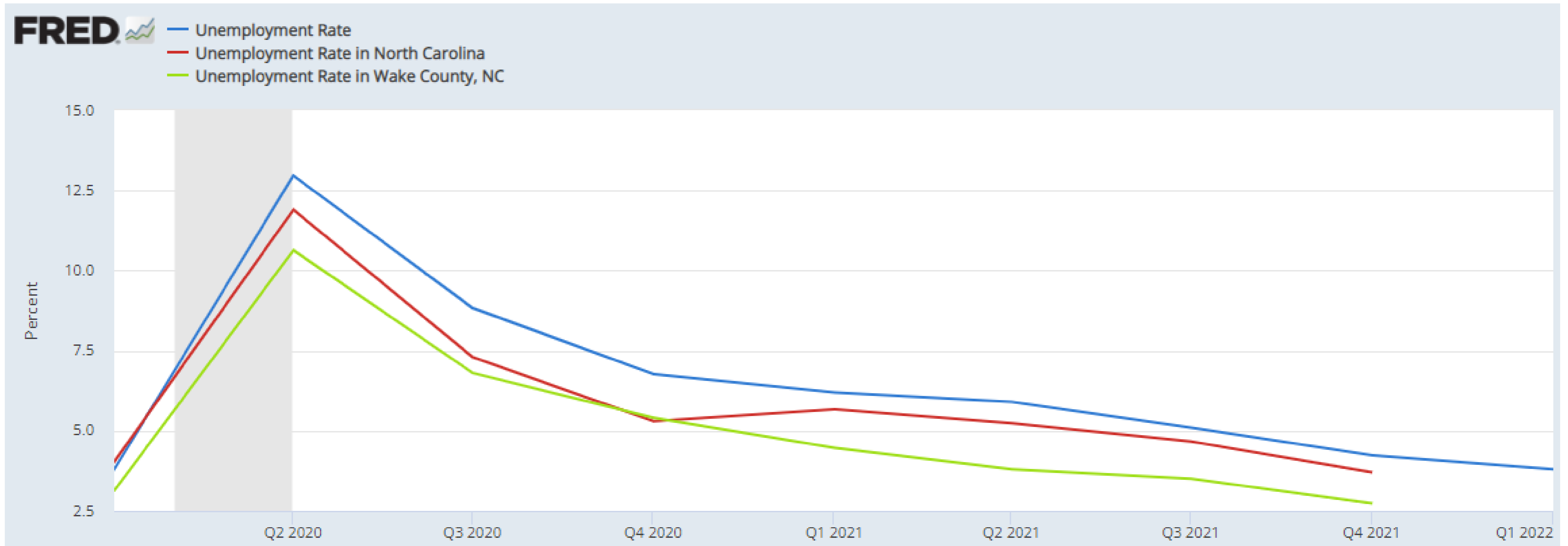
# Superintendent's Proposed 2022-23 Operating Budget

## Landscape & Context

- Why does the economic outlook matter?
- Unlike most states, North Carolina does not provide taxing authority to schools
- NC School Boards dependent upon Federal, State, & Local governing bodies for funding decisions
- In turn, economy & policies from funding governing bodies matter

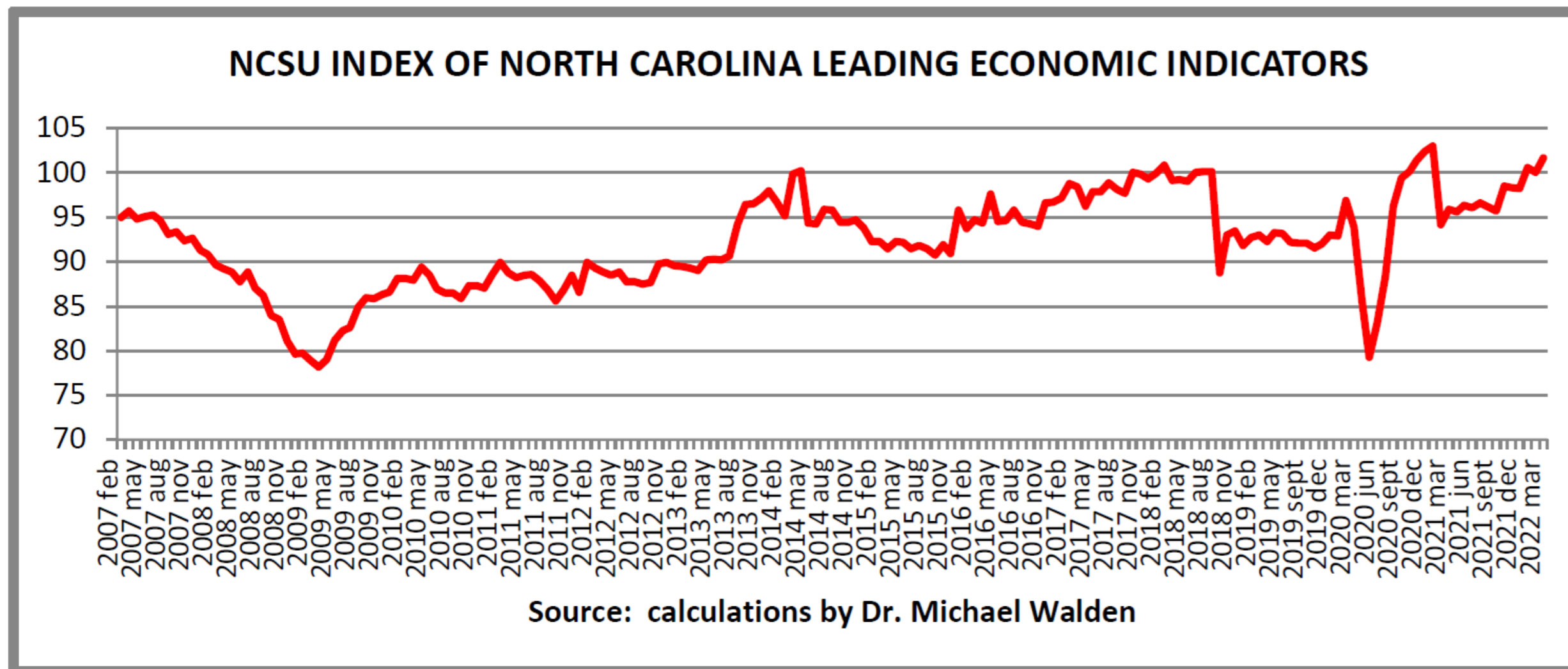
# Superintendent's Proposed 2022-23 Operating Budget

## Landscape & Context – State, Local, & Federal



# Superintendent's Proposed 2022-23 Operating Budget

## Background Landscape on Operating Budget - State



Vol. 13, No. 3

March 2022

The *NCSU INDEX OF NORTH CAROLINA LEADING ECONOMIC INDICATORS* (the “Index”), a forecast of the state economy’s direction four to six months ahead, rose a strong 1.7% in February from its level in January. Gains in manufacturing hours, manufacturing earnings, and building permits more than countered a decline in the national index and a rise in new unemployment claims. The Index is now 7% higher than a year ago and has especially accelerated since last Fall. Three factors will drive the future course of the North Carolina economy. One is Covid, which will be a positive for the economy if cases and severity decline. Second is the Ukraine War. If it escalates and directly involves U.S. forces, fear of what may happen could put the economy in reverse. Conversely, a settlement or even a stalemate would be viewed positively. Third is how fast the Federal Reserve tightens monetary policy and slows the economy to curtail inflation. The worry is if the Fed’s actions push the economy from growing more slowly to not growing at all – meaning a recession.

# Superintendent's Proposed 2022-23 Operating Budget

## Landscape & Context - State

June 2021 Revised General Fund Consensus Summary (\$ in Millions)

Fiscal Year	February 2021 Forecast	June 2021 Revised Forecast	Change
2019-20 (actual)	\$23,939.3	n/a	n/a
2020-21	\$27,602.6	\$29,509.3	\$1,906.7
2021-22	\$27,350.6	\$29,705.4	\$2,354.8
2022-23	\$28,461.5	\$30,707.2	\$2,245.7

We expect solid revenue growth of 8.0% over the upcoming biennium. The February forecast expected growth of 7.3% over that period, with 3.1% growth in the first year (after adjusting for the delayed payments in 2020) and 4.1% in the second. We now expect faster growth in the first year (4.5%), and slower growth in the second (3.4%). The acceleration in expected growth comes from a faster than expected economic recovery.

Fiscal Research Division, North Carolina General Assembly

June 15, 2021



North Carolina General Fund  
Revenue Consensus Forecast: June Revision

# Superintendent's Proposed 2022-23 Operating Budget

## Landscape & Context - Wake County Economy

- Wake County Board of Commissioners Financial Planning Retreat March 28, 2022
- Link to presentation – [Wake County Government March 28, 2022 Presentation](#)
- Insight into how Wake County Revenues are generated & economic projections
- Overall positive outlook
- Things can change










# Superintendent's Proposed 2022-23 Operating Budget

## Potential Risks – page 13

- Budget planning without revenue authority
- Projections based upon future decisions of other governing bodies
- Assumptions vs final decisions
- Child Nutrition Services – Pandemic Federal Reimbursement Program ending
- Meal prices & or other supports
- Legislative decisions in second year of Biennial Budget
- Local funding implications for compensation, employer benefit rate contributions, etc.

# Superintendent's Proposed 2022-23 Operating Budget

## Overall Proposed Budget

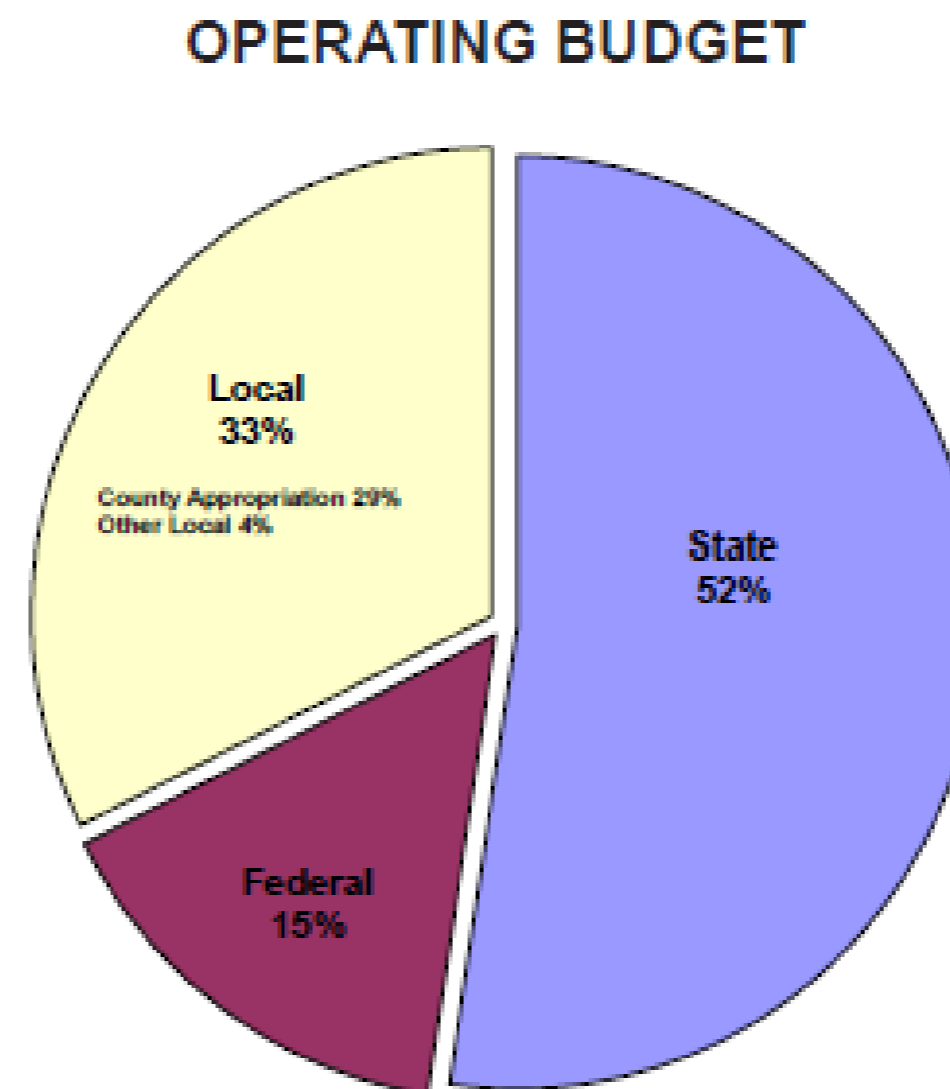
-  Schools - 89%
-  Facilities and Operations - 4%
-  Charter Schools Pass-Through - 2%\*
-  Board of Education, Superintendent's Office, Communications, Chief of Staff and Strategic Planning, Chief of Schools - 2%
-  Academic Advancement - 1%
-  Administrative Services - 1%
-  Technology Services - 1%

\*Charter schools receive state funds directly from NCDPI. The local pass through to charter schools represents over 8% of the local funds due to charter schools.

# Superintendent's Proposed 2022-23 Operating Budget

## Overall Proposed Budget

OPERATING BUDGET FOR 2022-23			
	Operating Budget		Per Pupil Budget
<b>State</b>	\$ 1,100,633,126	52%	\$ 6,899
County Appropriation	\$ 600,221,441	29%	\$ 3,394
Enterprise Funds	\$ 36,698,646	2%	\$ 230
Fund Balance Appropriation	\$ 24,974,214	1%	\$ 157
Other Local	\$ 17,532,067	1%	\$ 110
Local - Current Expense Non-Restricted	\$ 2,522,500	<1%	\$ 14
<b>Local</b>	<b>\$ 681,948,868</b>	<b>33%</b>	<b>\$ 3,905</b>
<b>Federal</b>	<b>\$ 319,689,979</b>	<b>15%</b>	<b>\$ 2,004</b>
<b>TOTAL</b>	<b>\$ 2,102,271,973</b>	<b>100%</b>	<b>\$ 12,808</b>



# Superintendent's Proposed 2022-23 Operating Budget

## Overall Proposed Budget

- Operating Budget in perspective
- Per pupil amount & comparisons

Comparison of Per Pupil Spending with National Districts as of 2018-19

School System	City	2018-19 Enrollment	Rank by Enrollment	Per Pupil Spending
Montgomery County	Rockville, MD	162,680	14	\$ 16,490
Prince George's	Upper Marlboro, MD	132,657	18	\$ 15,782
Fairfax	Fairfax, VA	187,797	11	\$ 15,690
San Diego	San Diego, CA	103,194	26	\$ 14,457
Philadelphia	Philadelphia, PA	132,520	19	\$ 12,421
Shelby	Memphis, TN	112,125	23	\$ 11,404
Gwinnett County	Lawrenceville, GA	179,758	13	\$ 11,099
Dallas	Dallas, TX	155,119	16	\$ 9,968
Charlotte-Mecklenburg	Charlotte, NC	147,638	17	\$ 9,464
<b>Wake County</b>	<b>Cary, NC</b>	<b>161,784</b>	<b>15</b>	<b>\$ 9,395</b>

Largest Five North Carolina Districts  
Per Pupil Expenditure (PPE) Ranking (excluding Child Nutrition) 2020-21

School System	Final Average Daily Membership	State PPE	Rank	Federal PPE	Rank	Local PPE	Rank	Total PPE	Rank
<b>WCPSS</b>	<b>156,767</b>	<b>\$ 6,521</b>	<b>114</b>	<b>\$ 517</b>	<b>110</b>	<b>\$ 2,759</b>	<b>18</b>	<b>\$ 9,797</b>	<b>98</b>
Charlotte-Mecklenburg	137,578	\$ 6,627	111	\$ 822	84	\$ 2,835	17	\$10,284	75
Guilford	66,420	\$ 7,030	92	\$ 1,044	53	\$ 3,195	11	\$11,269	43
Forsyth	50,304	\$ 6,943	99	\$ 982	64	\$ 2,694	21	\$10,619	61
Cumberland	47,234	\$ 7,015	93	\$ 1,054	50	\$ 1,522	87	\$ 9,591	105
State	1,344,963	\$ 7,127		\$ 887		\$ 2,321		\$10,335	

# Superintendent's Proposed 2022-23 Operating Budget

## Pandemic Relief Funding Priority - Responding to Interrupted Learning

### Instructional Support Technicians (2021-2024)

- IST Positions support student and parent engagement in the district's instructional technology resources. These positions expand an existing support structure and ensures equitable access across all student populations.
- Digital Tools Administrator to support districtwide digital resources.

### Digital Learning Resources (2021-2024)

- Quaver Music
- Dreambox
- Instructure Canvas
- iReady
- Mackin Educational

### Intervention Teachers (2021-2024)

- Additional MOE must be used to provide intervention instruction to students requiring supplemental and/or intensive supports. This person works in conjunction with the Intervention Team Facilitator/Coordinator and the classroom teacher.



# Superintendent's Proposed 2022-23 Operating Budget

## Priority Areas

In 2019-20, the Wake County Public School System (WCPSS) began multi-year initiatives to address long-term needs that are critical to the operations of the school system.

*Employee  
Compensation*

*Instructional  
Support  
Technicians*

*Behavioral  
Health  
Supports*

*Maintenance and  
Operations  
Formula  
Alignment*

# Superintendent's Proposed 2022-23 Operating Budget

## Local Funding Request Priority - Staff Compensation

- Public Education is Human Resource Intensive
- 80% of Operating Budget to Salaries & Benefits
- State Funding of compensation increases has not kept pace
- Crosses the boundaries of School Administrators, Teachers, & Support Staff
- “New” Employment Market has exacerbated pre-existing non-competitive wages

# Superintendent's Proposed 2022-23 Operating Budget

## Staff Compensation – Areas of Biggest Recruitment Challenge

- Bus Drivers ≈ 22% vacancy
- Child Nutrition Workers ≈ 17% vacancy
- Skilled Craftsmen – Maintenance & Operations ≈ 25% vacancy
- Special Education Teachers ≈ 7.5% vacancy
- Instructional Assistants – Regular & Special Education ≈ (9% / 16%) vacancy
- Central Services Administrative Professionals ≈ 10% vacancy

# Superintendent's Proposed 2022-23 Operating Budget

## Staff Compensation – Some Progress

- Effective January 1, 2022 WCPSS implements \$15 / hour minimum
- Support Staff Grades saw increases averaging from 43% to 5.3% annually
- Increases highest in lowest Grades

# Superintendent's Proposed 2022-23 Operating Budget

## Local Funding Request Priority - Staff Compensation

- Seeks \$35.2 million in Local funding or 63% of total request
- Support Staff \$16/hour minimum or ½% increase beyond State Legislation\*
- Addresses compression by maintaining Step & Grade differentials

\*To continue to address compression

# Superintendent's Proposed 2022-23 Operating Budget

## Local Funding Request Priority - Staff Compensation

- Supports 2.5% increase to local compensation supplements
- Teachers, Instructional Support Staff, & School Administrators
- Aligns with current State legislated compensation increases for 2022-23

# Superintendent's Proposed 2022-23 Operating Budget

## Local Funding Request Priority – Non-Certified Support Staff Compensation

Multi-Year Plan	
<b>Actual</b>	
2019-20	\$ 7,700,000
2020-21	\$ 1,568,000
2021-22	\$ 23,300,000
<b>Proposed</b>	
2022-23	\$ 21,694,000
2023-24*	\$ 15,235,000
2024-25*	\$ 15,085,000
<b>Total</b>	<b>\$ 84,582,000</b>

\*Estimates for 2023-24 and 2024-25 are subject to revision. Estimates for planning are based on \$17 per hour minimum in 2023-24 and \$18 per hour minimum in 2024-25 while continuing a 25 cent step differential and 40 cent grade differential to address compression and a minimum overall increase of 2.5 percent for non-certified staff and 3 percent for administrative, technology band, and Superintendent's Leadership Team (SLT).

# Superintendent's Proposed 2022-23 Operating Budget

## Staff Compensation

- \$16 / hour still not level of current living wage
- Current inflation & escalating cost of housing exacerbate
- 2022-23 request a step forward but not a resolution
- Budget document includes estimates of moving to \$17 / hour minimum & beyond

# Superintendent's Proposed 2022-23 Operating Budget

## Local Funding Request Priority - Instructional Support Technicians

- Multi-year initiative established pre-pandemic
- Seeks \$960k in Local funding
- Provides instructional technology support services in the schools

# Superintendent's Proposed 2022-23 Operating Budget

## Local Funding Request Priority - Instructional Support Technicians

- Utilization of instructional technology continues to increase
- Pandemic has further accelerated:
  - Concentration of student devices
  - Digital Content Platforms
  - Student & Teacher Resource Applications
  - Virtual Teaching Platforms
  - Classroom Technology

# Superintendent's Proposed 2022-23 Operating Budget

## Local Funding Request Priority - Instructional Support Technicians

Multi-Year Plan						
	Local		Federal		Total	
	MOE	Cost	MOE	Cost	MOE	Cost
<b>Actual</b>						
2019-20	84.00	\$ 603,127			84.00	\$ 603,127
2020-21	84.00	\$ 614,884			84.00	\$ 614,884
2021-22			120.00	\$ 869,778	120.00	\$ 869,778
<b>Proposed</b>						
2022-23	120.00	\$ 960,237			120.00	\$ 960,237
2023-24	120.00	\$ 960,237			120.00	\$ 960,237
2024-25	120.00	\$ 960,237			120.00	\$ 960,237
<b>Total</b>	<b>528.00</b>	<b>\$ 4,098,722</b>	<b>120.00</b>	<b>\$ 869,778</b>	<b>648.00</b>	<b>\$ 4,968,500</b>

# Superintendent's Proposed 2022-23 Operating Budget

## Funding Request Priority - Behavioral Health Supports

- Multi-year initiative established pre-pandemic
- Pre-Pandemic identified area of critical need
- Counselors, School Psychologist, & Social Workers
- Ratios of students to staff not aligned with WCPSS student needs or national standards
- Progress has been made in this multi-year endeavor to target national standards
- Pandemic has exacerbated the need for these supports
- Invests additional \$900k of Pandemic Relief Funds

# Superintendent's Proposed 2022-23 Operating Budget

## Funding Request Priority - Behavioral Health Supports

	Multi-Year Plan							
	State		Local		Federal		Total	
	MOE	Cost	MOE	Cost	MOE	Cost	MOE	Cost
<b>Actual</b>								
2019-20	270	\$ 1.7 m	86	\$ 0.9 m			356	\$ 2.6 m
2020-21					310	\$ 2.3 m	310	\$ 2.3 m
2021-22					1,017	\$ 8.0 m	1,017	\$ 8.0 m
<b>Proposed</b>								
2022-23					94	\$ 0.9 m	94	\$ 0.9 m
2023-24			1,016	\$ 8.0 m			1,016	\$ 8.0 m
2024-25			1,016	\$ 8.0 m			1,016	\$ 8.0 m
2025-26			1,016	\$ 8.0 m			1,016	\$ 8.0 m
<b>Total</b>	<b>270</b>	<b>\$ 1.7 m</b>	<b>3,134</b>	<b>\$ 24.9 m</b>	<b>1,421</b>	<b>\$ 11.2 m</b>	<b>4,825</b>	<b>\$ 37.8 m</b>

# Superintendent's Proposed 2022-23 Operating Budget

## Local Funding Request Priority - Maintenance & Operations Funding

- Multi-year initiative established pre-pandemic to reach funding at national standards
- Current funding at 87.5% of industry standards
- M&O was one of many impacted by Great Recession budget reductions
- Requests \$5 million additional Local funding
- Removes \$2 million of funding from Pandemic Relief Funds → Mitigate Fiscal Cliff

# Superintendent's Proposed 2022-23 Operating Budget

## Local Funding Request Priority - Maintenance & Operations Funding

	Multi-Year Plan		
	Local	Federal	Total
<b>Actual</b>			
2019-20	\$ 2,500,000		\$ 2,500,000
2020-21	\$ 1,000,000		\$ 1,000,000
2021-22*	\$ (3,567,000)	\$ 13,567,000	\$ 10,000,000
<b>Proposed</b>			
2022-23	\$ 5,000,000	\$ (2,000,000)	\$ 3,000,000
2023-24**	\$ 5,651,517		\$ 5,651,517
2024-25**	\$ 5,651,517		\$ 5,651,517
2025-26**	\$ 5,651,516		\$ 5,651,516
<b>Total</b>	<b>\$ 21,887,550</b>	<b>\$ 11,567,000</b>	<b>\$ 33,454,550</b>

# Superintendent's Proposed 2022-23 Operating Budget

## Fund Balance Investment

- Invests \$25 million of fund balance\*
- Represents over 50% of Unassigned Fund Balance – June 30, 2022

\*Will require waiver of board policy

# Superintendent's Proposed 2022-23 Operating Budget

## New Schools & School Changes

- Requests \$6.4 million Local funding
- Four new schools opening:
  - Apex Friendship Elementary
  - Barton Pond Elementary
  - Herbert Akins Middle
  - Wake Early College of Information & Biotechnologies
- Utilities
- Maintenance
- Custodial
- Staffing independent of student counts

# Superintendent's Proposed 2022-23 Operating Budget

## New or Expanding Programs

- Requests \$4.9 million Local funding
- High School Assistant Principal formula change
- High School Clerical Assistant change to Receptionist
- Expansion of Magnet School programming
- Athletics staffing & school allotment expansion
- Performing Arts allotment expansion
- Academically Intellectually Gifted expansion
- Central Services support positions
- Details beginning on page 154 of document

# Superintendent's Proposed 2022-23 Operating Budget

## Orientation to the Budget Document

- Budget document now posted at [www.wcpss.net](http://www.wcpss.net)
- PDF available to view or download
- All budget documents posted online:
  - Superintendent's Proposed Budget
  - Board's Proposed Budget
  - Board's Adopted Budget

# Superintendent's Proposed 2022-23 Operating Budget

## Orientation to the Budget Document

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# Superintendent's Proposed 2022-23 Operating Budget

## Fiscal Cliff – Pandemic Relief Funds

- ≈ \$30 million invested in desired recurring expenditures
- Behavioral Health Supports
- Instructional Support Technicians
- Maintenance & Operations funding to national formula standard
- Priority competing needs → Limited cliff reduction in proposed 2022-23 Budget
- Likely competing needs for additional local funding in subsequent years
- Focus on repurposing within existing Operating Budget
- 3 Budget cycles to address

# Superintendent's Proposed 2022-23 Operating Budget

## Next Steps

- Board Questions → Terri Kimzey [tkimzey@wcpss.net](mailto:tkimzey@wcpss.net)
- Budget Work-Session - Finance Committee & Board Work-Session April 19
- Public Hearing – April 19 Board Meeting
- Additional Budget Work-Session as required
- Board approves Proposed Budget – May 3
- Proposed Budget to Wake County before May 15

# Superintendent's Proposed 2022-23 Operating Budget

## Board Work-Sessions

- Board discussion & direction to Superintendent & Staff to make changes
- Direct questions to Terri Kimzey, Sr. Director of Budget at [tkimzey@wcpss.net](mailto:tkimzey@wcpss.net)
- Questions & responses to be reviewed in work-sessions and posted on-line

**SUPERINTENDENT'S PROPOSED BUDGET**

FISCAL YEAR JULY 1, 2022 - JUNE 30, 2023



CARY, NORTH CAROLINA

# Superintendent's Proposed 2022-23 Operating Budget

April 5, 2022



WHAT  
STARTS HERE  
CHANGES EVERYTHING.