



# WCPSS Budget Update & Activity

Board of Education Retreat

December 18, 2024

# Today's Overview

- Brief update on status of current year budget
- WCPSS Budget 101 in context with Public Education Budgeting
- A very early glimpse of what the proposed 2025-26 budget has in store\*
- Set the stage for break-out work groups & reporting out

\* Financial data from this section should be considered extremely rough estimates with a large range of possible variance from final forecast estimates. It is simply too early in the budget development process for reasonable forecast projections to be made.

# Current Year Budget Update

## Quick Review of Issues Presented to BOE on December 10

- CNS required to maintain a minimum 2-month operating reserve
- Audit of FY 2024 confirms CNS operating reserve below 2-month level as of June 30, 2024
- Indirect Costs cannot be charged against CNS as a result
- 2024-2025 Budget included \$3 million of indirect cost revenue
- A \$3 million budget shortfall must now be addressed

# Current Year Budget Update

## Criminal Record Checks Employees & Volunteers

- \$658k additional funding needed for CRC contract
- Similar deficit was in place last year and supported by special project funding
- Unassigned fund balance drops below the 6% threshold as of June 30, 2024, and special projects funding for the current year not available
- Funding must be identified within existing operating budget

# Current Year Budget Update

## Charter Schools Expenditures

- Initial invoicing indicates funding budgeted for charter school payments will have a shortfall
- \$1.3 million funding currently estimated beyond current budget will be required
- The additional \$1.3 million funding requirement represents a conservative estimate & could become larger
- Funding must be identified within existing operating budget

# Current Year Budget Update

## Vacancy Rate Decrease

- Salary and benefit budgets are very tight based on increase in fill rates
- Overall district vacancy rate has shifted from 8.4% one year ago to a current 6.8%
- The reduction in lapsed salaries removes potential savings during the year
- Annual cost of full-time entry level employee @ \$17.75/hour → ≈ \$57k (salary & benefits)
- Annual cost of full-time entry level teacher (schedule A0) ≈ \$72k (salary & benefits)
- The reduction in lapsed salaries removes potential savings during the year

# Current Year Budget Update

## Increased Number of Restart Schools

- Restart Schools grew to a total of 40 in the current school year, up from 34 last year.
- WCPSS allows Restart Schools to access lapses salaries (not required).
- As the number of restart schools has significantly grown over the past ten years, lapsing salaries that would otherwise create current year savings are being expended by Restart Schools.
- Further impact on any potential current year savings

# Current Year Budget Update

## Utilities

- Current budget for utilities is \$2.5m less than prior year actual expenditures
- Staff will monitor this through the year
- Funding for any shortfall must be identified within existing operating budget

# Current Year Budget Update

## Current Year Savings

- There are no current year's savings available to fund unbudgeted issues
- Staff does not foresee any meaningful savings accumulating near term
- Former sources of current year savings are simply not in place primarily based upon reductions to lapsed salaries and changes in state funding protocols

# Current Year Budget Update

## Unassigned Fund Balance

- Drops below 6% threshold as of June 30, 2024
- Impacts the amount of funding available to invest in 2025-26 budget
- Anticipated as we move through final phases of fiscal transition

# Current Year Budget Update

## Summary

- CNS Indirect Cost revenue will not be realized - \$3 million
- Additional funding for CRC checks for Volunteers & New Employees - \$658k
- Additional funding for Charter School payments - \$1.3 million or possibly more
- Utility expenditures last year in excess of current year budget - \$2.5 million
- Potential for additional issues based upon vacancy rate through the year
- ≈ \$7.5 million shortfall

# Current Year Budget – 2024-25

## Update on Additional State Funding for ADM Growth

- WCPSS learned last week it will receive additional State Funding for current year
- Based upon student ADM growth in month 2 State new funding can be used to offset some of those shortfalls
- Staff is reviewing options to use this funding to offset many of the current year shortfalls
- Additional measures may still need to be put into place

# Current Year Budget

## Actions taken in the past to address budget shortfall's have included:

- Restrictions on travel
- Restrict non-personnel expenditure to mission critical only
- Freeze specified vacant positions
- Other district budget reductions
- Future updates will be provided

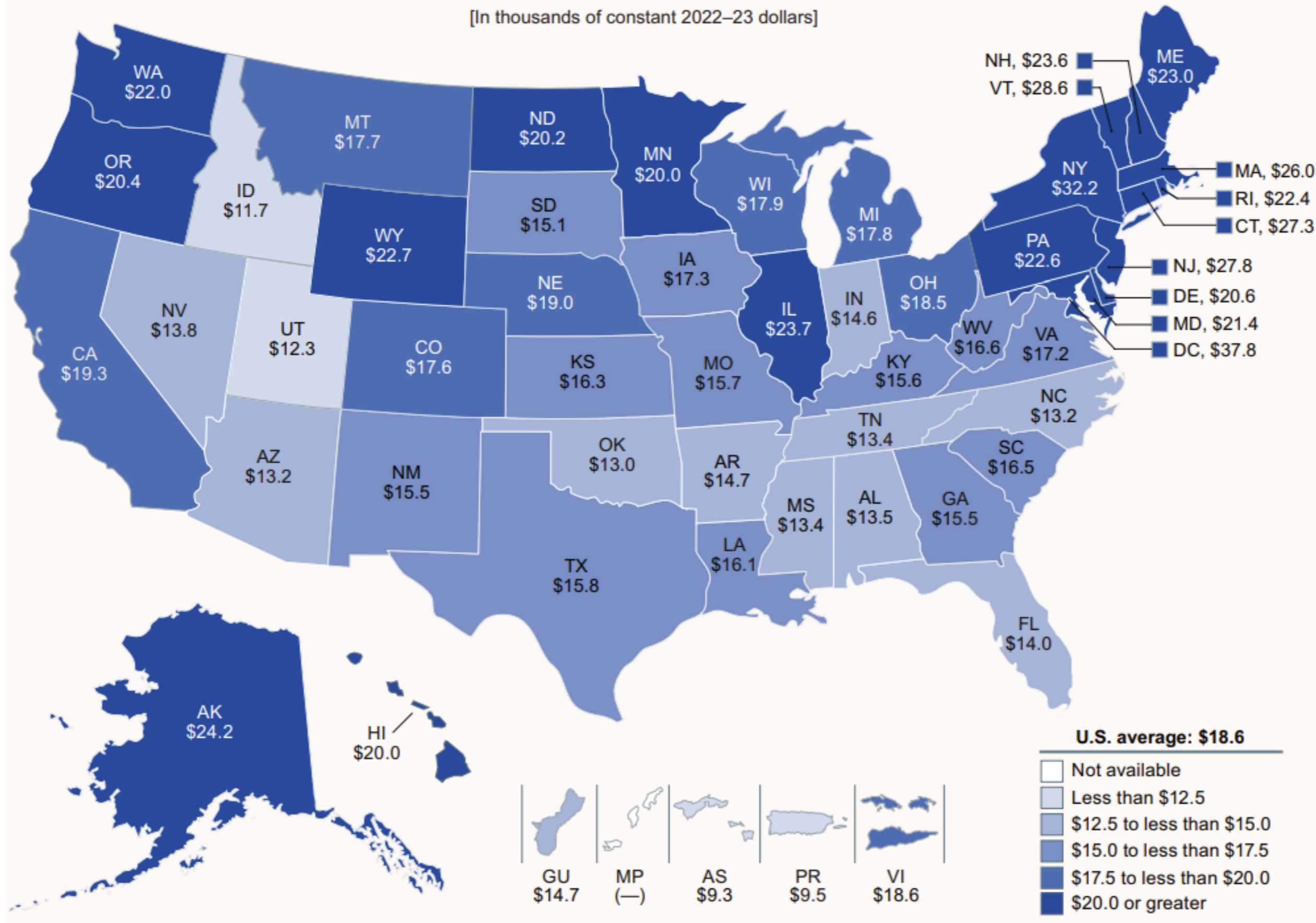
# Current Year Budget

## Q&A



# WCPSS Budget in context w Public Education Budgeting

Total expenditures per pupil in public elementary and secondary schools, by state or jurisdiction: School year 2020–21



WCPSS pp expenditures 2020-21 - \$9.2k

WCPSS pp expenditures 2023-24 - \$12.2k

Chapel Hill/Carrboro pp expenditures 2020-21 - \$14.2k

Chapel Hill/Carrboro pp expenditures 2023-24 - \$17.3k

Charlotte/Meck pp expenditures 2020-21 - \$10.6k

Charlotte/Meck pp expenditures 2023-24 - \$13.1k

\*Source: NC DPI Statistical Section

Education Data Initiative sources: United States Census Bureau & National Center for Education Statistics

# WCPSS Budget in context w Public Education Budgeting

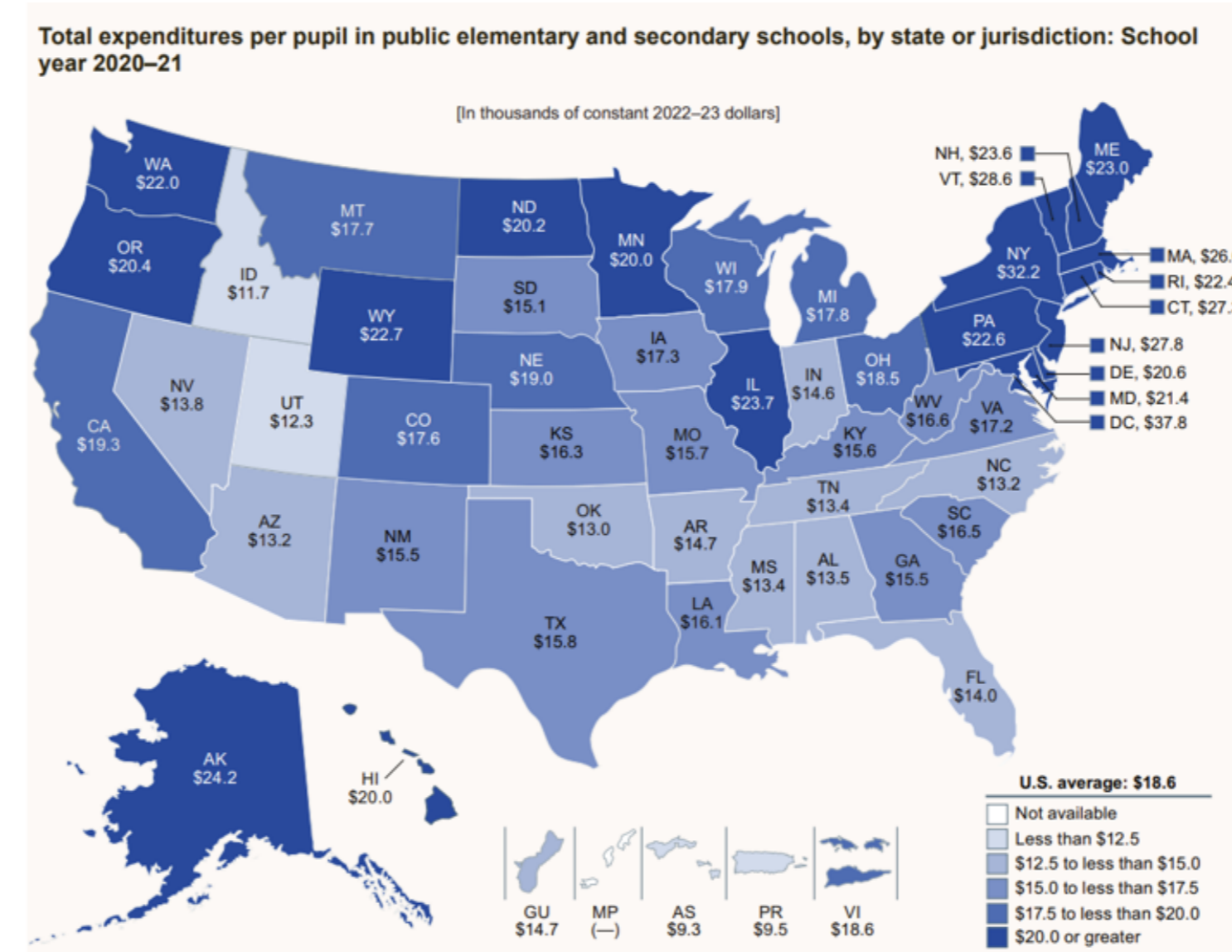
## WCPSS Revenue change based upon hypothetical increase in per pupil amount

\$100 → \$16 million

\$500 → \$80 million

\$1,000 → \$160 million

\$5,000 → \$800 million



Education Data Initiative sources: United States Census Bureau & National Center for Education Statistics

WCPSS pp expenditures 2020-21 - \$9.2k

WCPSS pp expenditures 2023-24 - \$12.2k

Chapel Hill/Carrboro pp expenditures 2020-21 - \$14.2k

Chapel Hill/Carrboro pp expenditures 2023-24 - \$17.3k

Charlotte/Meck pp expenditures 2020-21 - \$10.6k

Charlotte/Meck pp expenditures 2023-24 - \$13.1k

\*Source: NC DPI Statistical Section

# WCPSS Budget in context w Public Education Budgeting

## North Carolina vs. National Average Comparison of Average Teacher Compensation



National Average from NEA Annual Rankings and Estimates.

North Carolina ranks 3<sup>rd</sup> in the Southeast in Average Teacher Compensation. Georgia average \$64,461 is the highest, with the group average of \$56,991 in 2023.

SE States included are VA, WV, AL, AR, FL, GA, KY, LA, MS, SC, TN, NC

\*Source: NC DPI

# WCPSS Budget in context w Public Education Budgeting

## Staff Budget

	Months of Employment					Increase/ Decrease
	2023-24	2024-25			Total	
	Total	State	Local	Federal		
Months Assigned Directly to Schools	186,264.01	136,145.28	37,605.73	9,713.00	183,464.01	(2,800.00)
Months Budgeted Centrally but Working in Schools						
Facilities and Operations	16,883.70	13,069.20	3,898.50		16,967.70	84.00
Academic Advancement	9,100.08	5,864.20	2,011.98	1,389.90	9,266.08	166.00
Technology Services	744.00	120.00	624.00		744.00	0.00
	<u>26,727.78</u>	<u>19,053.40</u>	<u>6,534.48</u>	<u>1,389.90</u>	<u>26,977.78</u>	<u>250.00</u>
<b>School-Based Months</b>	<b><u>212,991.79</u></b>	<b><u>155,198.68</u></b>	<b><u>44,140.21</u></b>	<b><u>11,102.90</u></b>	<b><u>210,441.79</u></b>	<b><u>(2,550.00)</u></b>
	95%				94%	
Central Services Months						
Facilities and Operations	3,360.00	1,470.00	1,890.00		3,360.00	0.00
Administrative Services	2,673.56	1,063.56	1,540.00	48.00	2,651.56	(22.00)
Academic Advancement	2,575.00	502.20	1,523.30	549.50	2,575.00	0.00
Technology Services	1,224.00	60.00	1,152.00	12.00	1,224.00	0.00
Chief of Schools	1,020.00	276.00	552.00	192.00	1,020.00	0.00
Chief of Staff and Strategic Planning	888.00	120.00	684.00	84.00	888.00	0.00
Communications	480.00	84.00	396.00		480.00	0.00
Superintendent's Office	120.00	36.00	84.00		120.00	0.00
<b>Central Services Months</b>	<b><u>12,340.56</u></b>	<b><u>3,611.76</u></b>	<b><u>7,821.30</u></b>	<b><u>885.50</u></b>	<b><u>12,318.56</u></b>	<b><u>(22.00)</u></b>
	5%				6%	

Where our staff work:

94% in our schools

6% supporting our schools

# WCPSS Budget in context w Public Education Budgeting

## Staff Budget

What our staff do:

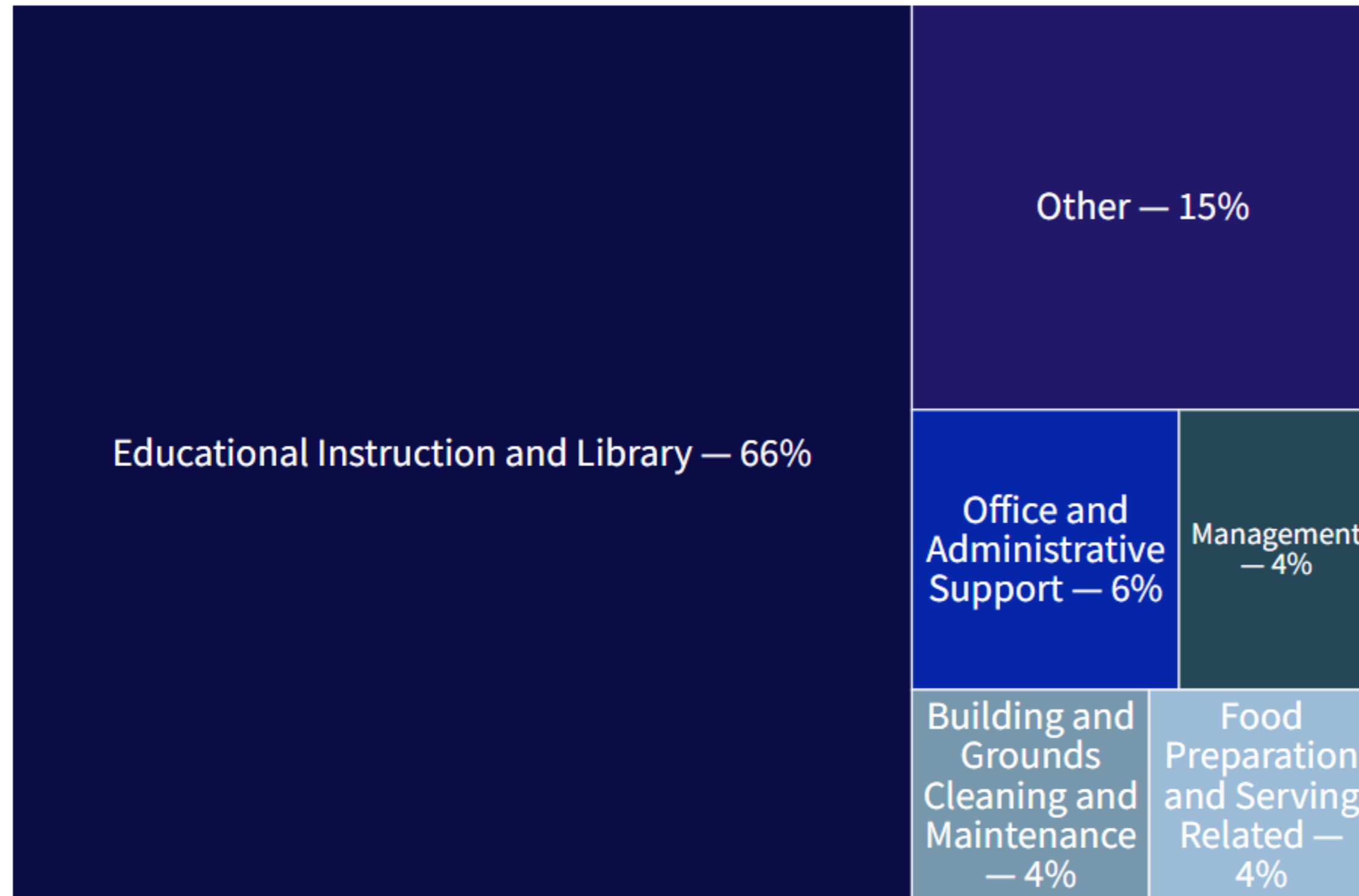
75% of our staff are certified teachers, certified instructional support personal, and non-certified instructional support personnel

	Months of Employment					Increase/ Decrease
	2023-24	2024-25			Total	
	Total	State	Local	Federal		
<b>Instructional Personnel - Certified</b>						
Teacher	112,936.99	84,801.63	20,560.36	4,587.00	109,948.99	(2,988.00)
Interim Teacher (paid at non-certified rate)	65.00	30.00	35.00		65.00	0.00
Teacher - ROTC	180.00	72.00	13.50	94.50	180.00	0.00
Teacher - VIF	1,564.00	1,564.00			1,564.00	0.00
Extended Contracts	87.50	3.50	84.00		87.50	0.00
	<u>114,833.49</u>	<u>86,471.13</u>	<u>20,692.86</u>	<u>4,681.50</u>	<u>111,845.49</u>	<u>(2,988.00)</u>
<b>Instructional Support Personnel - Certified</b>						
Instructional Support I - Regular Pay Scale	12,516.00	7,398.70	4,443.90	545.40	12,388.00	(128.00)
Instructional Support II - Advanced Pay Scale	2,255.50	2,143.50	58.00	88.00	2,289.50	34.00
Psychologist	1,466.50	1,090.00	357.00	19.50	1,466.50	0.00
Instructional Facilitator	4,432.50	1,703.00	1,068.50	1,626.00	4,397.50	(35.00)
	<u>20,670.50</u>	<u>12,335.20</u>	<u>5,927.40</u>	<u>2,278.90</u>	<u>20,541.50</u>	<u>(129.00)</u>
<b>Instructional Support Personnel - Non-Certified</b>						
Instructional Assistant - Other	474.00	474.00			474.00	0.00
Instructional Assistant	28,024.30	23,103.00	1,409.80	3,773.50	28,286.30	262.00
Interpreter, Brailist, Translator, Education Interpreter	441.00	347.00	34.00	60.00	441.00	0.00
Therapist	985.00	889.00	24.00	204.00	1,117.00	132.00
School-Based Specialist	499.00		404.00	12.00	416.00	(83.00)
Monitor	1,819.00	1,819.00			1,819.00	0.00
Non-Certified Instructor	2,044.00		1,699.00	359.00	2,058.00	14.00
	<u>34,286.30</u>	<u>26,632.00</u>	<u>3,570.80</u>	<u>4,408.50</u>	<u>34,611.30</u>	<u>325.00</u>

# WCPSS Budget in context w Public Education Budgeting

## What types of work do people employed in schools do?

Elementary and secondary school jobs by occupation



SOURCE: Bureau of Labor Statistics, May 2021  
Percentages do not add to 100 due to rounding.



<https://www.edweek.org/leadership/school-staffing-by-the-numbers/2022/06>

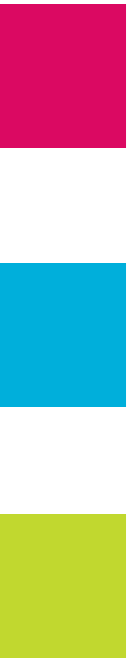
\* A Flourish hierarchy chart

# WCPSS Budget in Context w Public Education Budgeting

- WCPSS required to maintain a balanced budget w expenditures  $\leq$  revenues
- WCPSS effectively controls only one side of the equation
- Expenditures

# WCPSS Budget in context w Public Education Budgeting

## Q&A



# 2025-26 Operating Budget\*

- There will be areas requiring additional local funding:
  - Legislated salary changes
  - Legislated employer Benefit Rate Increases
  - Payments to Charter Schools
  - Operating costs associated with opening 4 new schools
  - Lease escalation and related contractual obligations
- There will be desired initiatives where additional local funding would be required:
  - Compensation increases beyond state legislated amount
  - New initiatives / programs

\*Financial data from this section should be considered extremely rough estimates with a large range of possible variance from final forecast estimates. It is simply too early in the budget development process for reasonable forecast projections to be made.

# 2025-26 Operating Budget\*

2025-2026 WCPSS Operating Budget	
Estimated Local Funding Required For	
An estimated 3.5% average legislated staff increase, an additional 1% locally funded increase, and bringing the minimum hourly rate from \$17.75/hour to \$18.55/hour	\$ 25,000,000
Legislative requirements for employer benefit rate increases & charter schools	\$ 16,400,000
Opening of four new schools & school changes	\$ 10,200,000
Program Continuity for Behavioral Health Support Positions & Building Level Substitutes	\$ 3,800,000
Student membership changes	\$ 1,000,000
Reduction in amount of fund balance applied to budget from prior year	<u>\$ 13,000,000</u>
	\$ 69,400,000

\*Financial data from this section should be considered extremely rough estimates with a large range of possible variance from final forecast estimates. It is simply too early in the budget development process for reasonable forecast projections to be made.

# 2025-26 Operating Budget\*

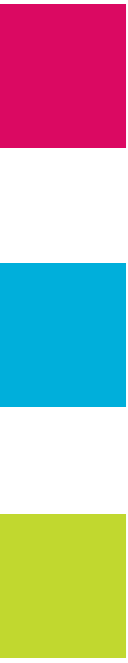
- WCPSS received a \$58.3 million county appropriation increase in 2024-25
- We do not anticipate a year over year county appropriation increase at the level of recent increases based upon county revenue projections
- Just an initial glimpse with very rough estimates\*

2025-2026 WCPSS Operating Budget	
Estimated Local Funding Required For	
An estimated 3.5% average legislated staff increase, an additional 1% locally funded increase, and bringing the minimum hourly rate from \$17.75/hour to \$18.55/hour	\$ 25,000,000
Legislative requirements for employer benefit rate increases & charter schools	\$ 16,400,000
Opening of four new schools & school changes	\$ 10,200,000
Program Continuity for Behavioral Health Support Positions & Building Level Substitutes	\$ 3,800,000
Student membership changes	\$ 1,000,000
Reduction in amount of fund balance applied to budget from prior year	\$ 13,000,000
	\$ 69,400,000

\*Financial data from this section should be considered extremely rough estimates with a large range of possible variance from final forecast estimates. It is simply too early in the budget development process for reasonable forecast projections to be made.

# 2025-26 Operating Budget

## Q&A



# Board Small Group Break-Outs

## Acknowledging:

- WCPSS really only controls the expenditure side of the Expenditures  $\leq$  Revenues equation
- 94% of our staff are working directly in our schools
- 64% of non-personnel expenditures are also in our schools, and a large percent of the remaining non-personnel expenditures are effectively for our schools (e.g. utilities, insurance, academic programming, etc.).
- WCPSS is funded (significantly) less than many (most) other districts in the country
- We would like to have more programming and services to offer our students, better compensation & benefits for staff, and may need to find other sources of funding just to meet our obligations for next year...

# Board Small Group Break-Outs

## Keeping in Mind Acknowledgments, Discuss in Small Groups:

- What should we stop doing or do less of in our schools?
- Should allotment formulas WCPSS uses to push out resources to schools, that are greater than the state funding formulas, be considered for reduction? Human resource allotments include teachers, IA's, behavioral health support positions, etc. Non-human resources pushed out to schools via allotment formulas include instructional supplies?
- Should we consider changing our Assistant Principal allotment formula that is more generous than what other districts push out?
- Should we look at sunseting specific programs, and if so, which ones?
- We have many specialized schools within the district that require a significantly higher per pupil expenditure. Should we look at downsizing?
- What is your elevator speech to a constituent that thinks we should implement a new program, knowing that a source of funding will be required for such?

# Board Small Group Break-Outs

## Be Prepared to Report Out:

- Results of the discussions your group had
- Specific examples of possible areas for school spending reductions to be made
- Possible methodologies for decision making about any such reductions
- What is your elevator speech about implementing a new program that requires funding



# WCPSS Budget Update & Activity

Board of Education Retreat

December 18, 2024