

Superintendent's Proposed 2025-26 Operating Budget

March 18, 2025



Superintendent's Proposed 2025-26 Operating Budget

Tonight

- Presentation of Superintendent's 2025-26 Budget
- For informational purposes only
- Budget development timeline detail to be provided including:
- Public input sessions, board questions & staff responses, & possible BOE redirection

Superintendent's Proposed 2025-26 Operating Budget

Context & Landscape

- Looking back to the Board's December 2024 Retreat
- Over \$60 million in estimated local funding needs to support 2025-26 operations
- Forecasted Wake County Revenues not in support of that level of increase
- Information presented again at Joint Boards Meeting in 2025
- With additional issues now at the Federal level
- Proposed Budget includes Strategic Repurposing (reductions to existing base budgets)

Superintendent's Proposed 2025-26 Operating Budget

Context & Landscape

- Budget presented in uncertain times
- Federal funding supports the State & Wake County
- Federal funding changes for state/county can have implications for WCPSS
- WCPSS also receives Federal funding directly via NC DPI passthrough
- Will the state mirror actions at the federal level?
- One thing is certain → Uncertainty will prevail

Superintendent's Proposed 2025-26 Operating Budget

Context & Landscape

- WCPSS must identify local funding to:
 - Support the opening of 4 new schools
 - Fund state legislated increases to employee benefit rates
 - Fund state legislated increases to compensation schedules
 - Increases legislatively required to pass through to Charter Schools
 - Provide Program Continuity for Behavioral Health Support Services for students

Superintendent's Proposed 2025-26 Operating Budget

Context & Landscape

The Proposed Budget includes:

- No funding requests for new programs or services
- Funding requests to maintain locally paid Master's Pay for instructional staff and 3% increase to teacher salary supplement
- No other funding requests for staff compensation beyond estimated state legislated increases
- No funding requests for prior year multi-year initiatives

Superintendent's Proposed 2025-26 Operating Budget

Timeline

- Formal presentation to BOE @ March 18 Board Meeting
- March 25 Finance Committee Meeting presentation on strategic budget repurposing
- Budget Work-Sessions April 8 & April 22 & during April 29 Finance Committee
- Submit questions to Terri Kimzey, Sr. Director of Budget at tkimzey@wcpss.net
- Questions & responses to be reviewed in work-sessions and posted online
- Public Hearing during April 8 Board Meeting
- Regional Public Meetings for input to BOE
- Board discussion & potential directions to superintendent and staff to make revisions
- Board Approves their Proposed Budget by their May 6 Meeting
- Board of Education's Proposed Budget delivered to county commissioners by May 15

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State Budget

- 2025-26 State Budget is the first year of Biennium
- General Assembly began the long session on January 8
- There are no state budget proposals at this time
- Superintendent's Proposed Budget includes an estimated state increase of \$56.8 million based on the following assumptions:

State will provide pay increases	\$ 34.7 m
Employer matching retirement and hospitalization insurance rates will increase	17.2 m
State will provide resources for four new schools	7.6 m
State will provide resources for student membership changes	6.9 m
Changes in carryover funds and categorical allotments	(9.6 m)
	<u>\$ 56.8 m</u>

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Federal Funding

- Final carryover of pandemic funding ended September 30, 2024
- USDA grants will increase based on number of schools in Community Eligibility Provision (CEP) providing free meals to students
- Federal funding account for 8% of WCPSS operating budget - \$178 million
- Last year federal funding budget was \$200 million
- Federal grant was terminated in February displacing staff & impacting recruitment of teachers
- Further reductions could have a material impact on student services & support
- Discussion at the federal level of further potential reductions to grants. Little is known now.

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Local Revenues

- Tuition and fees decreasing \$2.5 million due to use of carryover to support the Extended Care program in 2024-25.
- Child nutrition sales revenues decreasing \$8.5 million due to increase in schools in CEP receiving USDA grants
- Fines and Forfeitures decreasing \$1.4 million due to one-time settlement in 2024-25

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County Appropriation Request

The superintendent recommends the Wake County Board of Education request an increase of \$40.3 million for 2025-26 for a total county appropriation of \$742.9 million.

	2024-25	Proposed 2025-26	Difference	Percent Increase
County Appropriation				
Current Expense - Recurring	\$ 701,653,022	\$ 741,912,043	\$ 40,259,021	
Crossroads Lease	954,294	963,164	8,870	
	\$ 702,607,316	\$ 742,875,207	\$ 40,267,891	6%
Student Membership				
WCPSS	161,115	162,420	1,305	1%
Charter Schools	18,772	19,721	949	5%
	179,887	182,141	2,254	1%
Allocation Per Student	\$ 3,906	\$ 4,079	\$ 173	4%

Changes in revenues supporting local expenditures (pages 45-47)	
Tuition and Fees	\$ (2,191,697)
Child Nutrition	(8,476,469)
Local Unrestricted Revenues	(1,410,668)
Local Restricted Revenues	(374,289)
Positions Funded by Individual School Accounts	(979,276)
	\$ (13,432,399)
Decreases in fund balance appropriated for the local budget (page 47)	
Beginning appropriated fund balance	\$ (10,996,095)
Mid-year appropriations of fund balance for one-time costs	(17,340,161)
	\$ (28,336,256)
Changes in local expenditures (page 13)	
Employee Compensation	\$ 16,392,309
Legislative Requirements	14,358,901
New Schools and School Changes	11,675,641
Student Membership Changes	2,043,748
Program Continuity	3,674,828
Increasing Property Costs	2,170,222
Removal of Prior Year One-time Costs	(23,620,337)
Strategic Budget Realignment	(18,731,304)
Changes to Grants, Donations, and Fees	(9,043,359)
Grants, Donations, and Fees Ending	(421,413)
	\$ (1,500,764)
Equals change in county appropriation (page 45)	\$ 40,267,891

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Use of Fund Balance

- The unassigned fund balance as of June 30, 2024, was \$39.3 million bringing it below the targeted 6% threshold.
- Superintendent's proposed budget invests \$21.4 million toward the beginning budget. This utilizes half of the unassigned fund balance \$19.7 million plus \$1.7 million of funds reserved in fund balance from a one-time settlement.
- \$21.4 million investment represents 54% of unassigned amount & would require waiver of board policy 8101
- Staff has made similar recommendations in the past

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Local Budget Adjustments

Employee Compensation - \$16.4 million increase

- Estimated legislated increase of 3%
- Continue local master's pay for teacher hires
- Increase locally funded salary supplement by 3%
- No change to extra duty pay scale – hold at 2024-25 level

Legislative Requirements - \$14.3 million increase

- Transfer to charter schools
- Employer matching retirement and hospitalization insurance increases

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Local Budget Adjustments

New Schools and School Changes - \$11.7 million increase

- Opening 4 new schools in 2025-26
 - Bowling Road ES (traditional)
 - Pleasant Plains ES (year-round)
 - Rex Road ES (year-round)
 - Felton Grove HS (traditional)
- Two schools changing calendar from multi-track year-round to traditional calendar (Pine Hollow MS and Rolesville MS)

Student Membership Changes - \$2.0 million increase

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Local Budget Adjustments

Program Continuity - \$3.7 million increase

- Resources for priority high schools to bridge loss of federal funds (East Wake, Southeast, South Garner, Knightdale)
- Maintain student behavioral health support positions (social workers, counselors, school psychologist partially funded by pandemic funds carryover in 2024-25).

Increasing Property Costs - \$2.2 million increase

- Property and casualty insurance premiums
- Real estate leases

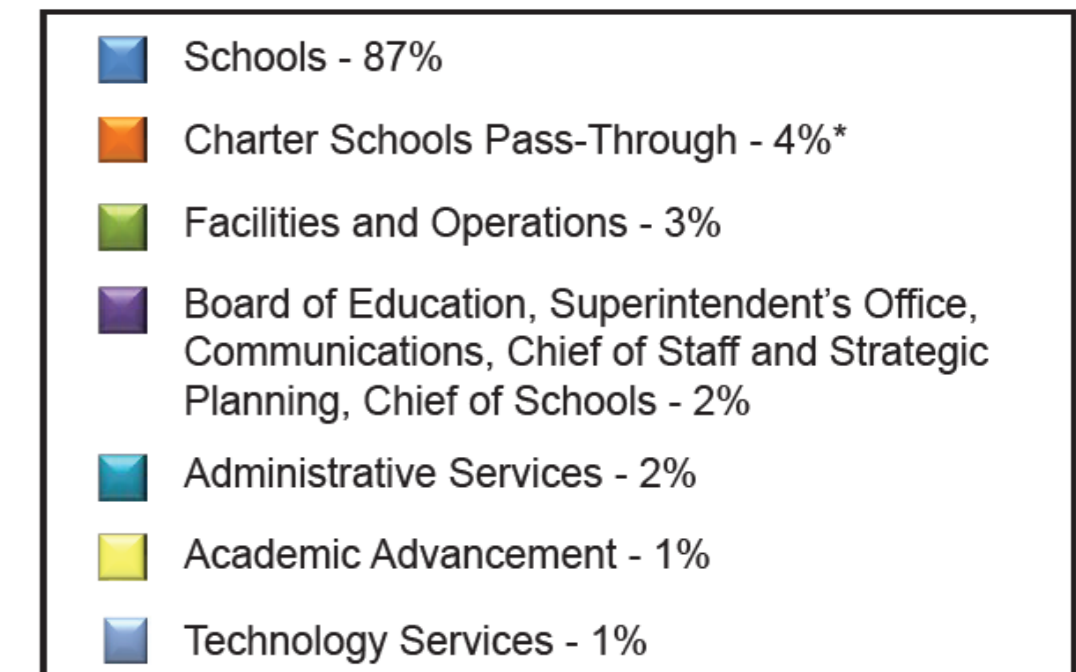
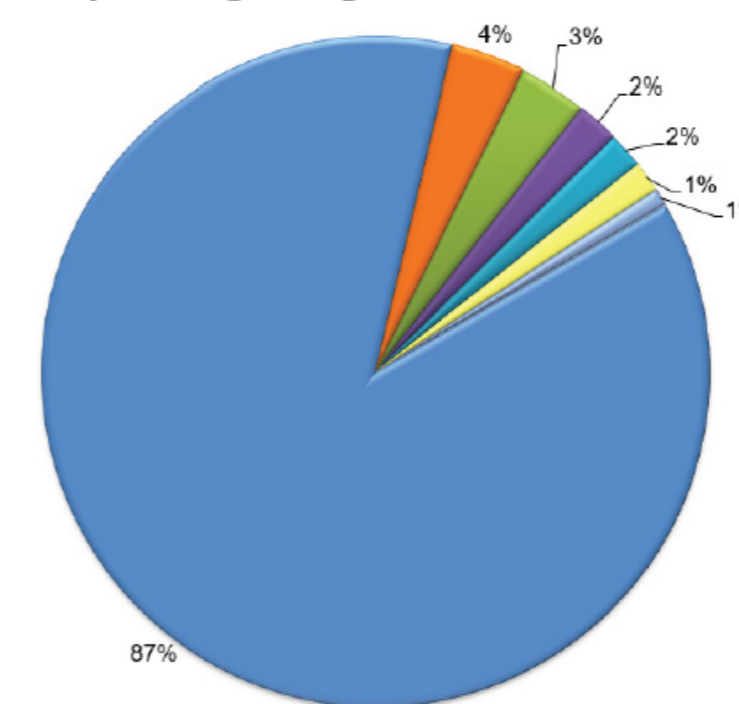
Remove One-Time Costs - \$23.6 million decrease

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Strategic Repurposing of Budget

- Requested county appropriation increase will not meet need for additional local funds required
- Repurposing existing budget to provide funds to fill gap
- Extremely difficult decisions
- Effectively 90% of our budget goes to schools
- Direct school funding, student transportation, utilities & maintenance of the buildings, CNS
- Any decisions will have indirect or direct impact on core business

Operating Budget: \$2,280,775,948



*Charter schools receive state funds directly from NCDPI. The local pass through to charter schools represents 11% of the local funds due to charter schools.

Superintendent's Proposed 2025-26 Operating Budget

Strategic Budget Realignment – Local Decrease of \$18.7m

Systemwide \$(2.5)m

- Remove employer contributions for dental insurance effective January 2026.

Schools \$(9.1)m

- Remove building substitutes and replace with regular substitute pay.
- Remove additional school secretary position in the high schools and revise the bands for clerical months of employment based on school size at the middle and high schools. No impact on positions such as lead secretary, student information data manager, bookkeeper, registrar, and receptionist.
- Reduce resources for area superintendents to use for allotments beyond formula for Restart schools from \$6m to \$5m.
- Adjust assistant principal formula by 100 students per tier at high schools.
- Reduce instructional supply allotment to schools from \$65.72 to \$60.72.
- Redefine formula for counselor and social worker positions.
- Extra duty pay scale will remain at 2024-25 levels for 2025-26.

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Chief of Schools \$(0.6)m

- Remove expansion of area superintendent, special assistant, and administrative assistant.
- Magnet – 10 percent local non-personnel budget reduction.
- Office of Student Assignment workshop expenses and rentals/leases.
- Geospatial supplies and materials.
- School choice workshop expenses.
- Real estate supplies and materials.
- Remove vacant director of school choice.
- Move student assignment position to building program funding.

Administrative Services \$(0.6)m

- Remove vacant senior administrator for talent acquisition.
- Contracted services reduction.

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Academic Advancement \$(2.3)m

- Remove 10 digital learning coordinators.
- Reduce instructional supplies and materials by 20 percent.
- Remove five vacant certified nurse positions.

Facilities and Operations \$(2.7)m

- Transportation parts and fuel reduction.
- Maintenance contracted repairs reduction.

Communications \$(0.2)m

- Let's Talk.

Technology \$(0.3)m

- Oracle bridge support.
- IBM MaaS360 license (android phones).
- Contracted services reduction.
- SignUp Genius

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Superintendent's Office \$(56)k

- Membership dues.
- Travel reimbursement.
- Supplies and materials

Board of Education \$(6)k

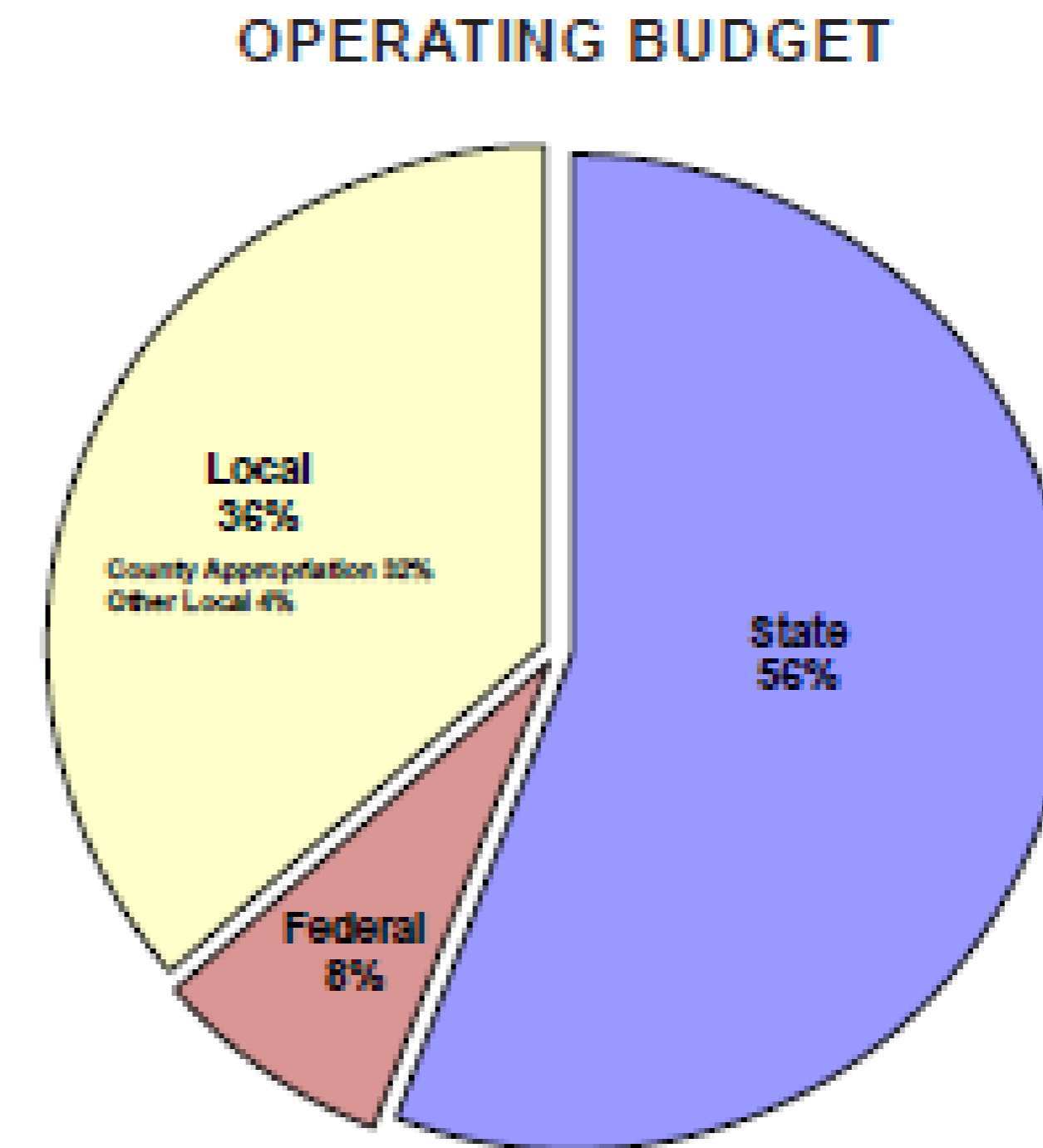
- Computer software and supplies.

Chief of Staff \$(0.4)m

- Remove vacant assistant superintendent position.
- Non-salary base budget reductions.

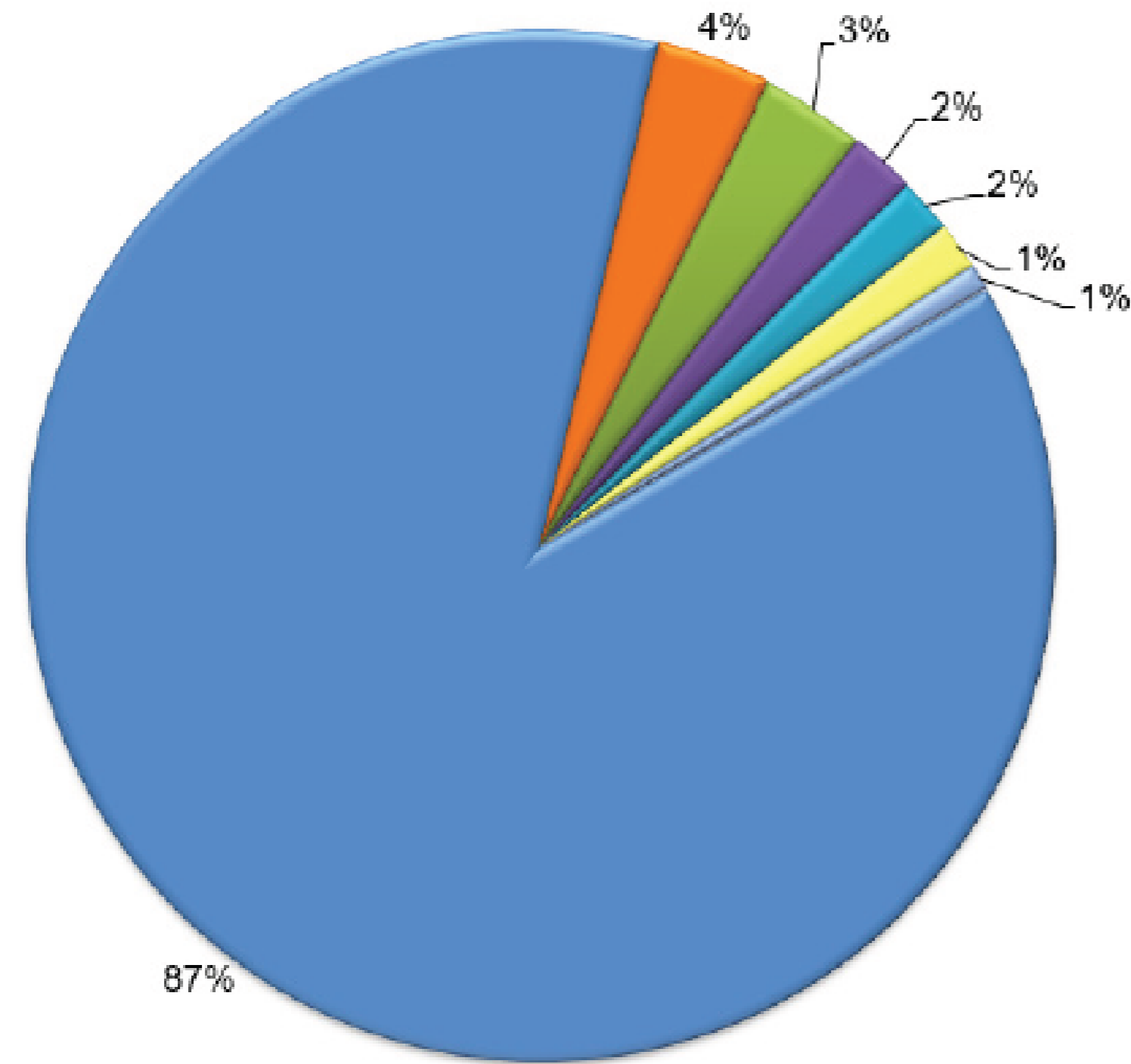
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OPERATING BUDGET FOR 2025-26				
		Operating Budget		Per Pupil Budget
State	\$	1,271,605,340	56%	\$ 7,829
County Appropriation	\$	742,875,207	32%	\$ 4,079
Enterprise Funds	\$	44,229,742	2%	\$ 272
Fund Balance Appropriation	\$	21,400,000	1%	\$ 132
Other Local	\$	19,830,919	1%	\$ 122
Local - Current Expense Non-Restricted	\$	2,898,864	<1%	\$ 16
Local	\$	831,234,732	36%	\$ 4,621
Federal	\$	177,935,876	8%	\$ 1,096
TOTAL	\$	2,280,775,948	100%	\$ 13,546



Superintendent's Proposed 2025-26 Operating Budget

Operating Budget: \$2,280,775,948



- Schools - 87%
- Charter Schools Pass-Through - 4%*
- Facilities and Operations - 3%
- Board of Education, Superintendent's Office, Communications, Chief of Staff and Strategic Planning, Chief of Schools - 2%
- Administrative Services - 2%
- Academic Advancement - 1%
- Technology Services - 1%

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Potential Risks

- Charter Schools
- Child Nutrition Services
- Federal Funding Uncertainty
- Funding in Arrears
- Legislative Requirements
- Projected Student Membership
- Salaries and Benefits
- Targeted Assistance
- Transportation
- Unemployment Insurance

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Orientation to Budget Document

- Budget document now posted at www.wcpss.net
- PDF available to view or download

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Next Steps

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- Budget Work-Sessions April 8 & April 22 & during April 29 Finance Committee
- Submit questions to Terri Kimzey, Sr. Director of Budget at tkimzey@wcpss.net
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