

Budget Update August 26, 2025



OUR MISSION

Winston-Salem/Forsyth County Schools will engage all students in high-quality, relevant learning experiences so they will graduate with interpersonal, academic, and workforce skills to compete globally and contribute to society.

OUR VISION

Winston-Salem/Forsyth County Schools will be the best place to learn and work through excellence, collaboration, and inclusiveness.

Fiscal Year 2024-25 Budget Deficit Update

Fiscal Year 2024-25

- The three “big” vendor payments still due total \$16.1 million and include ESS, SSC, and Forsyth County.
- WS/FCS owes DPI \$11.3 million (\$3.375).
- WS/FCS owes our Child Nutrition Fund \$2 million.
- DPI has provided a grace period for payment until September 20, 2025. One percent monthly interest penalty will be enacted after that date.
- The WS/FCS School Board has appealed the application of the interest penalty to the State Board of Education, requesting it be waived. The hearing on this request will be September 2.

Fiscal Year 2024-25 (Cont.)

- August 14, County Commissioners approved the District request for flexibility/additional funds of \$8.5 million.
- Payment to DPI will occur this week. A portion of the \$8.5 million must be sent to charter schools. Our remaining debt to DPI will be \$3.375 million.
- The WS/FCS Board and members of the Local Delegation have agreed to meet on September 22 to discuss the District's request for financial support for the budget deficit from 2024-25.
- Payroll staff have been in communication with the IRS and have submitted/resubmitted documents to reconcile our account. Former Payroll Director has transitioned out of the District, and a retired WS/FCS staff person is serving as Interim Director.

Fiscal Year 2024-25 Deficit Summary

- The budget deficit for Fiscal Year 2024-25 is a debt of:
 - \$16.1 million - owed to three vendors
 - \$11.3 million (\$3.375 million) - owed to DPI
 - \$2 million - owed to WS/FCS Child Nutrition
 - Estimated \$15-20 million - owed to “ourselves” (WS/FCS) in local, capital, and grant funds
- Funds owed show as negatives in our year-end fund balances in annual audit.
- The \$8.5 million approved by the County will be applied to debt owed to DPI.
- Request to the Legislature for financial support is for the Fiscal Year 2024-25 budget deficit. The Fiscal Year 2024-25 budget deficit requires one-time funding or payment; or a schedule of payments to pay down the debt.

Fiscal Accountability

NC Office of the State Auditor

- On August 14, the NC Office of the State Auditor released an investigative findings report of the WS/FCS financial systems and processes.
- The Board received an overview of the report findings and recommendations, and the District response and plan to implement the OSA recommendations.
- On August 19, State Auditor Dave Boliek requested that the State Board of Education (SBE) and the Local Government Commission (LGC) “exercise its authority under NC GS 115C-447(b) to jointly hire an audit firm to ‘review the internal control procedures’ of the WS/FCS.”

Opening of Fiscal Year 2025-26

Tyler and Red Rover Implementation

- Tyler transition is ongoing.
- Budget, accounts payable, accounts receivable, purchasing, and general ledger functions are all active.
- Next stage will include Payroll and HR functions, including recruiting, benefits, personnel actions, and employee self-service.
- Payroll and HR functions were scheduled to go live in January. That timeline has been moved to April 1 due to current needs in HR and Payroll.
- The district is also implementing Red Rover for substitute management, timekeeping for hourly employees, and leave management. Sub management is active now. Other modules launch midyear.

Personnel and Non-Personnel Budgets

- All hiring at central services remains frozen.
- All school-based hiring remains frozen. Target for releasing the hiring freeze is mid/late September pending final reconciliation of position allotments.
- Local Funds for instructional supply allotments were released at 50 percent in August. Remaining 50 percent will be released mid-year, pending fund availability.
- Title I funds have not been reduced. Principals are reviewing their Title I Funding Plans and some revisions have been requested.

Reduction in Force (RIF)

- WS/FCS Reduction in Force (Policy Code: 4119.3 Reduction in Force) enacted due to financial need:
 - Decrease in district revenues due to decrease in state allotments; federal carry over funds; and use of fund balance in FY 2024-25.
 - HIL Consultants are projecting a budget shortfall for FY 2025-26, which is separate from the debt owed from 2024-25. They also recommend that budget reductions incorporate savings that could be used to pay debt from FY 2024-25.
 - Staff reviewed areas for RIF, including current levels of funding, and the relative standard of support of peer districts.
- On August 19, the Board voted to implement a RIF, based on the staff recommendation.

RIF Next Steps and Support

- Communication to impacted staff and in-person meetings to administer the RIF letter have begun.
- Affected employees are receiving detailed transition information and support from mental health counselors.
- WS/FCS will pay the employer portion of COBRA health insurance for up to one year. School Health Alliance will provide up to 12 free supportive counseling sessions.
- WS/FCS is hosting a Reverse Job Fair on September 4. The District has invited neighboring school systems, Forsyth Technical Community College, and Forsyth County.

RIF Next Steps and Support (Cont.)

- The reduction of months of employment to 10-month positions will be communicated next week for identified central services and school-based staff.
- The furlough plan will be communicated next week to identified central services staff.
- Assistant Principals, EC staff, and some other employees may be reassigned to new schools, classrooms, or departments. Schools will communicate changes to families.
- Principals or department leaders will be working on plans to reorganize, change service delivery, or reassign responsibilities.
- Principal request for Teacher Workday/Non-Student day on September 15 is on the agenda for action tonight.

RIF Summary

- WS/FCS Reduction in Force (Policy Code: 4119.3 Reduction in Force) enacted due to financial need.
- WS/FCS must bring a balanced budget to the Board for approval, so reductions must be made in the Fiscal Year 2025-26 budget.
- The reductions for Fiscal year 2025-26 are separate from the debt owed for Fiscal Year 2024-25.

NC Lottery Funds

NC Lottery Funds

- The net proceeds of the North Carolina Education Lottery go to education expenses, including reduced class size in early grades, academic Pre-Kindergarten programs, **school construction**, and scholarships for needy college and university students.
- Originally, 35 percent of lottery proceeds were required to go to education, but the legislature changed this requirement to a guideline in 2007.
- The funds that flow through the County from the Lottery are through the Public School Building Capital Fund.
- Each year, the school system submits a letter to the County to jointly apply for lottery proceeds to retire a portion of debt incurred by the County for public school construction projects.

NC Lottery Funds (Cont.)

According to the NC Education Lottery website, \$20 million went to education programs in Forsyth County in Fiscal Year 2023-2024. This includes:

- \$4.2 million for School Construction, 20.1%
- \$13 million for School Staff, 62.6%
- \$1.6 million for Pre-Kindergarten, 7.5%
- \$1.5 million for College Scholarships, 7.5%
- \$495,216 for School Transportation, 2.4%

Total amount received in Forsyth County since 2006: \$321.6 million





Questions?