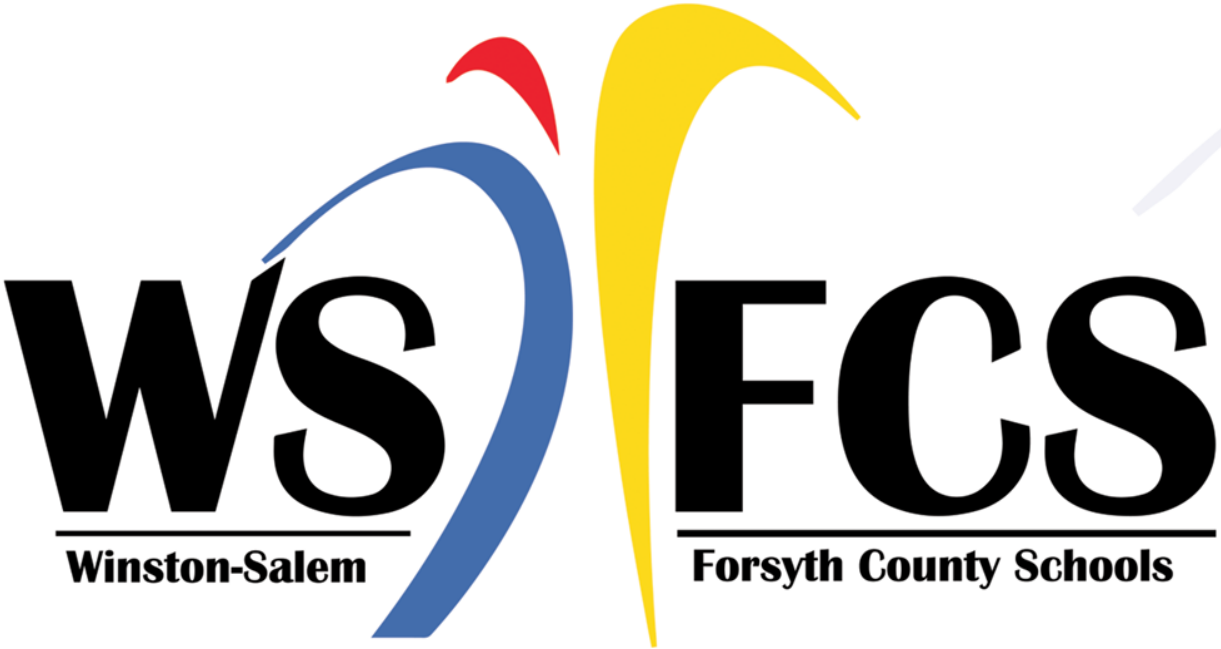


Budget Update

September 23, 2025



Winston-Salem

Forsyth County Schools

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 Deficit

- The three “big” vendor payments still due total just over \$15 million:

ESS	\$5,748,102.41
SSC	\$4,246,414.36
FC (SRO/Nurses)	<u>\$5,026,336.90</u>
Total	\$15,020,853.67

In addition:

- WS/FCS owes NC DPI \$3.4 million.
- ~~WS/FCS owes our Child Nutrition Fund \$2 million. Appropriated after June 30.~~
- Estimated \$15-20 million owed to WS/FCS in local, capital, and grant funds.
- Funds owed to WS/FCS will show as negatives in our year-end fund balances in the annual audit.

Progress Made to Reduce Budget Deficit

- July 2025 deficit estimate: \$46.1 million

- Payments made:

July estimate	\$46,100,000
ESS payments	(\$1,130,778.27)
DPI payment	(\$7,925,000)
Revised Deficit Estimate	\$37,044,221.73

- Figure will be finalized after Fiscal Year 2024-25 audit.
- Note: DPI payment was less than the \$8.5 million in funding flexibility from the county due to the requirement to provide a portion of the funds to charter schools.

September 22 Local Delegation Meeting

- Six members of the Forsyth County Local Delegation and all nine WS/FCS Board of Education members met at 9 am in the Education Building.
- Representative Lambeth shared information clarifying the legislative process, the NC Lottery funds disbursement, and the status of the Leandro lawsuit.
- WS/FCS shared information:
 - 2024-25 Budget deficit, including how we got here, contributing factors, and accountability efforts
 - 2025-26 Budget and efforts to present a final balanced budget resolution to the Board in October
 - Current and future efforts needed to support the district.

September 22 Local Delegation Meeting (Cont.)

Delegation members asked:

- What are some options for increased revenue?
- What is the impact of the RIF?
- Is there a potential for further reductions to make space to pay debt?
- As the district plans for space in our budget for repayment, what is a “good faith effort?”

September 22 Local Delegation Meeting (Cont.)

- For debt repayment, WS/FCS has two options:
 - Receive increased revenue.
 - Decrease expenses.
- Increased revenue could be:
 - A direct appropriation from the Legislature or the County. No need to be repay.
 - A loan or advance from the Legislature or the County. Repayment required.
- The impact of the RIF in the 2025-26 budget is being finalized and will be used to develop the final budget resolution.

September 22 Local Delegation Meeting (Cont.)

- *If the 2025-26 Final Budget cannot support a payment plan, what are the options to ensure that a debt payment plan can proceed?*
- Funds for debt repayment could come from:
 - Further reductions in local staff and non-personnel expenses
 - Reductions in other local expenses – salary supplements, classified local longevity
 - Expansion of furlough
- As an example, a target budget of \$300K per month for debt repayment would indicate a need for \$3.6 million across 12 months.
 - Equivalent to 48 staff at \$75K annual salary (includes benefits)
 - Equivalent to 10-15% of local supplement budget (\$32-34 million) not including Article 46

Community Engagement

During the past two weeks, presentations on the 2024-25 Budget Deficit and the 2025-26 Budget Process have been provided through:

- Action4Equity sponsored community meetings at Galilee Missionary Baptist Church, Temple Emanuel, and Una Bendición
- Forsyth Funders meeting at Winston-Salem Foundation
- Love Literacy community event
- State of Education event hosted by the Greater Winston-Salem Inc.
- WS/FCS Classified Staff Advisory Council
- WS/FCS Parent/Guardian Advisory Council

Fiscal Accountability

State Board of Education/Local Government Commission

- On August 19, State Auditor Dave Boliek requested the 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.”*
- SBE and LGC reviewed the Special Report from the State Auditor, which identified multiple material findings indicating significant management failures within the district and agreed to engage a firm to review the internal control procedures of the WS/FCS.
- WS/FCS is responsible for the cost of any additional audit/review.
- The SBE will take up the scope of the review at the October SBE meeting.

Fiscal Year 2025-26

Reduction in Force (RIF) Updates

- Overall, feedback on the September 4 Reverse Job Fair and September 15 Transition Day has been positive.
- Over 100 staff attended, and some organizations made job offers on-site.
- All hiring at central services remains frozen.
- All school-based hiring remains frozen, but will be lifted in these areas:
 - CTE Vacancies (State funded)
 - School-Based Data Managers
 - EC Teachers for Extended Content Standards
 - EC TA Vacancies
 - High needs schools with significant staffing needs (input from Area Superintendents)
- As required by policy, employees impacted by RIF will be offered open positions.
- Non-personnel budgets are being reviewed for potential further reductions, pending final calculations of the impact of the RIF.

Reduction in Force (RIF) Updates (Cont.)

The notifications of the reduction of months of employment to 10-month positions is in process and requires the administration of a letter.

Steps in the Process:

1. Employees receive an initial notification email beginning September 23.
2. HR sends a follow-up email to employees with instructions to sign-up for an in-person meeting to receive official letter from Cabinet member or HR representative.
3. Letters will be administered to employees between September 29 and October 10.
4. Completed letters will be returned to HR, and actions will be entered for the October payroll.

WS/FCS Enrollment

- Unofficial 10-day enrollment: 49,224 students, a difference of **-1,325** students from WS/FCS projection.
- WS/FCS Average Daily Membership for Month 1 reporting is delayed due to a technical issue in Infinite Campus.
- Schools have completed the reconciliation process to either reduce staff or gain additional staff based on the 10-day enrollment numbers.
- Staff reassignments in schools have been completed.
- Some reassigned staff chose to reduce their employment to remain in their current school.
- Some reassigned staff chose to resign, based on the reassignment options presented.

Next Steps in the Budget Process

- Forvis Mazars (audit firm) is on site reviewing financial statements for 2024-25.
- WS/FCS Finance staff and HIL staff are providing necessary information and consulting with auditors as needed.
- Forvis Mazars will present an overview of their work on October 28
- A final audit report will not be provided until the firm can review the findings from the independent review requested by the SBE and LGC.
- Staff expect to present the Board with the 2025-26 Final Budget Resolution in October.
- By the October Finance Committee meeting, the WS/FCS Board will review a draft State Board of Education Debt Repayment Plan for the November 4 meeting.
- Repayments to DPI must begin no later than January 2026.

Federal Grant Eliminations

- **Gear Up** (*Gaining Early Awareness and Readiness*) Program in partnership with Winston-Salem State University.
 - **Purpose:** To increase the number of low-income students prepared to enter and succeed in postsecondary education by providing academic and mentoring support.
 - **Middle Schools:** East, Flat Rock, Konnoak, Mineral Springs, Northwest, Paisley, Southeast, Walkertown, WSPA
 - **High Schools:** WSPA, Glenn, Mt. Tabor, North, and Parkland
- **NCFL** (*National Center for Families Learning*)
 - **Purpose:** To provide support to WS/FCS ELL families through engagement, events, and sessions to build capacity.
- Non-continuation of these grants provided by Department of Education with no extension option. Grants will end on September 30, 2025.

Additional Updates

- CFO search process is ongoing. Posting remains live, listed with job description and a salary range of \$155-180K. There are currently 8 applicants with varying backgrounds and experience.
- The district has made contact with the North Carolina Association of School Business Officers to request support with identifying candidates and the interview process.
- Tonight, the Board will consider approval of changes to the Employee Funded Dental Insurance program, presented to the Board in the August 12 Budget Update. Changes will take effect January 2026. Open Enrollment is open now. Savings for this year are estimated at \$1.3 million.



Questions?