

FY 2026-2027 Budget Considerations

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Budget Work Session 1/27/2026

- Share planned timeline for budget development.
- Identify financial issues / challenges, State and Federal.
- Review Staff vs ADM, Expenditures, and Fund Balance.
- History of Local Current Expense Fund as we prepare the 2026-27 Budget.
- Review retained ESSER funded items.
- Identify initial local budget needs.

Please note that the information provided in this presentation is a working draft. Due to the lack of a comprehensive 2025-27 NC General Assembly budget and pending federal proposals, all data is subject to significant modification as official funding levels are confirmed.

Budget Preparation Timeline

1/27/2026	Board of Education budget work session – Board will determine next steps.
1/30/2026	Department discretionary budget templates will be provided to Directors.
2/20/2026	Department discretionary budgets will be submitted to the Finance Officer.
2/24/2026	Board of Education budget work session.
2/27/2026	Projected school enrollments provided to schools.
3/9-3/20, 2026	Superintendent and Finance Officer will meet with the County on budget issues and district initiatives.
4/10/2026	Planning allotments provided to schools by this date.
4/14/2026	Finance Officer will present a budget request to the Board of Education for consideration of approval to submit to the County Commissioners.
5/1/2026	Statutory date that the Superintendent must submit the proposed budget to the Board of Education.
5/4/2026	Superintendent and Finance Officer will present the Board of Education approved request to the County Commissioners.
5/15/2026	Statutory date that the Board of Education budget request must be submitted.
6/16/2026	Interim Budget Resolution presented in the Board of Education work session.

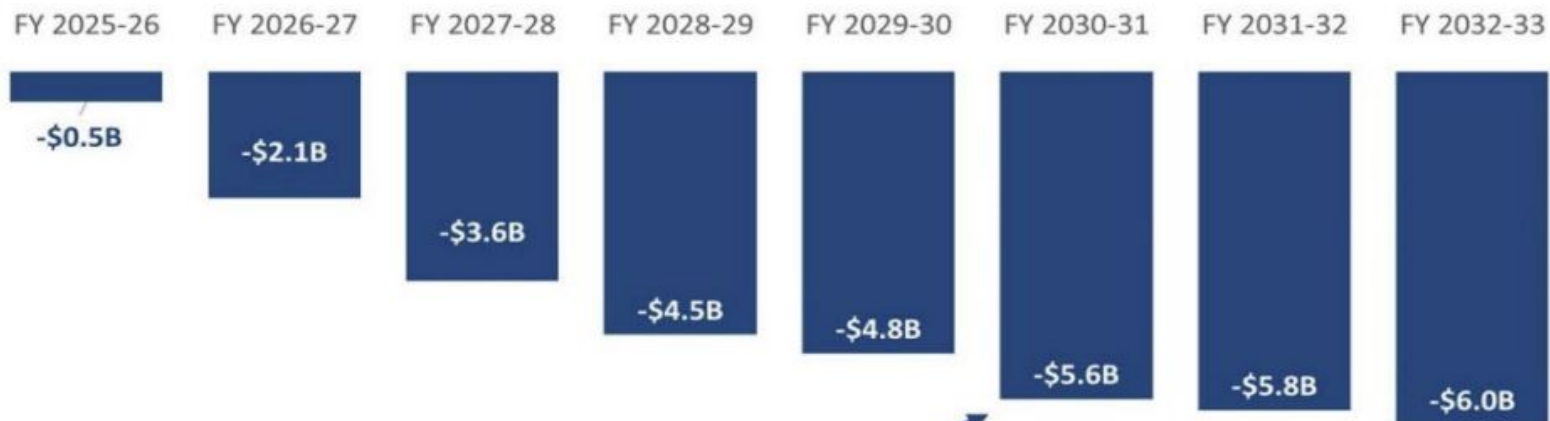
State Funding

- NC General Assembly has not passed a comprehensive 2025-26 budget.
 - Only state in the US without a budget for this fiscal year.
- No basis to forecast adjustments for 2026-27.
- Unfunded state budget requirements seen in 2025-26 → Required to use local funding to support legislated step increases for certified staff.
- State revenues declining - the tax rate is slated to drop to 3.99% in 2026 and 3.49% in 2027.
- Future rate cuts (beyond 2026) are not guaranteed; they depend on whether state revenue meets established thresholds for fiscal years 2025-26 and beyond, designed to trigger further drops.

Report on the Tax Cuts

Source: OSBM

Upcoming Income Tax Reductions in Current Law Will Reduce Annual Revenues by \$5.6 Billion in FY 2030-31
Revenue impacts in billions compared to 2025 policy (4.25% personal income tax rate and 2.25% corporate income tax rate)



Revenues approximately 13% lower by
FY 2030-31 due to rate reductions

What does this mean for Craven County Schools?

Education is 40% of the state budget. In FY 26-27, a \$2.1 billion decrease in state revenues would equal a reduction of funding to K-12 of \$840 million.

NC Total ADM	1,347,455
Craven County Schools ADM	11,644
% of NC Total ADM	0.86%
State K-12 Reduction	\$840,000,000
Craven County Reduction	\$7,258,840

Federal Budget Proposals

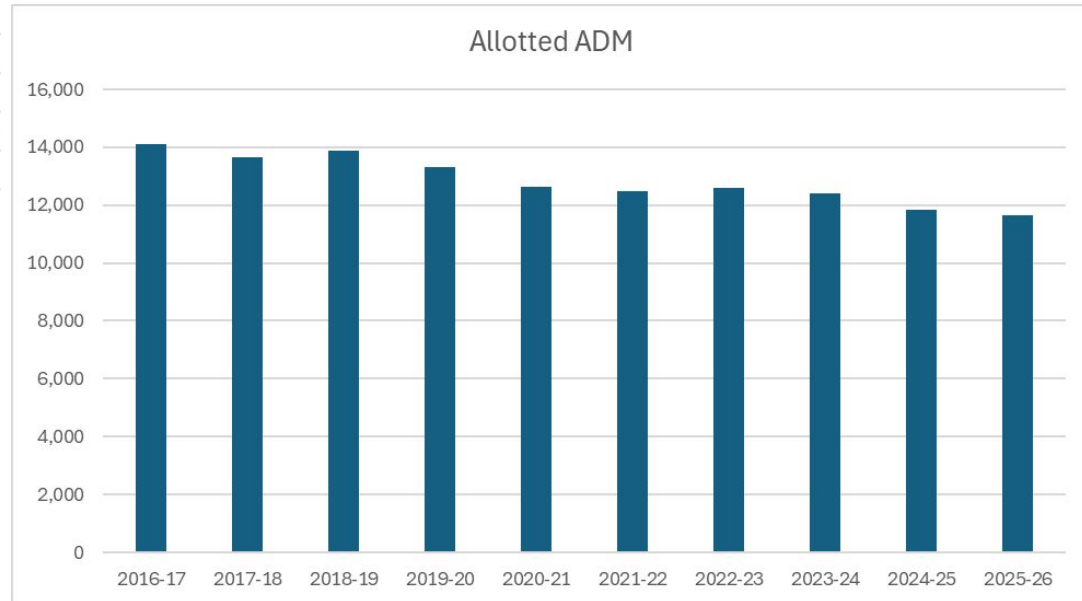
Program	President's Budget Proposal	Senate Budget Proposal	House Budget Proposal
Title I (PRC 050)	Maintains FY 2024 funding levels	Increases by \$50 million	Cuts by \$3.6 billion; also rescinded \$1 billion in this fiscal year (GY26 funds)
IDEA (PRCs 060, 049, 114, 070, 049, 118, 119, 082)	Slight increase for state programs IDEA preschool grants cut (PRC 049)	Maintains FY 2024 funding levels	Maintain FY 2024 funding levels
CTE (PRC 017)	Maintains FY 2024 funding levels	Increases by \$12 million	Increases by \$35 million
Other Grants	Consolidate 18 competitive and formula grant programs and cut them by \$4.5 billion	Maintain or increase funding for these programs	Cuts specific grant programs

Potential Federal Funding Impact - (\$2.5 million)

- Title I (Basic Program, 40% free & reduced)- up to 20% reduction
 - PRC 50, \$6,422,565 - (\$1,284,500)
- Title II (Improving Teacher Quality)- loss of LEA funds
 - PRC 103, (\$840,276)
- Title III (Language Acquisition)- loss of LEA funds
 - PRC 104, (\$118,312)
- Title IV (Student Support, Academic Enrichment) - loss of LEA Funds
 - PRC 108, (\$300,282)
- IDEA, Part B (Special Needs)- increase of 1% - 4%
 - PRC 060 - \$3,323,035 - increase range \$33,230 - \$132,921

Allotted ADM

Fiscal Year	Allotted ADM	Change from Prior Year	% Change from Prior Year
2016-17	14,091	-234	-1.7%
2017-18	13,646	-445	-3.3%
2018-19	13,873	227	1.6%
2019-20	13,303	-570	-4.3%
2020-21	12,623	-680	-5.4%
2021-22	12,479	-144	-1.2%
2022-23	12,591	112	0.9%
2023-24	12,405	-186	-1.5%
2024-25	11,838	-567	-4.8%
2025-26	11,644	-194	-1.7%

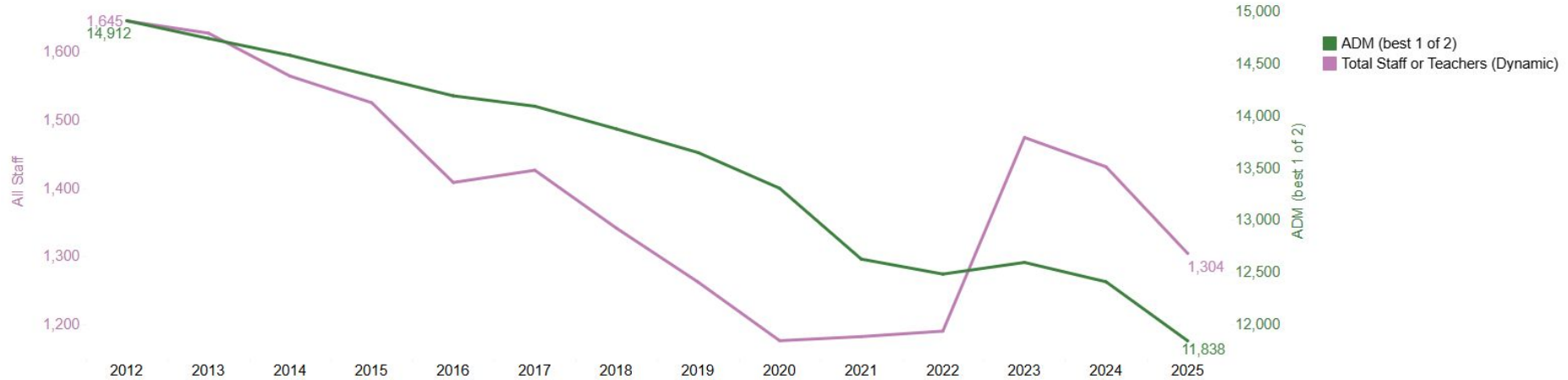


Charter School Increase

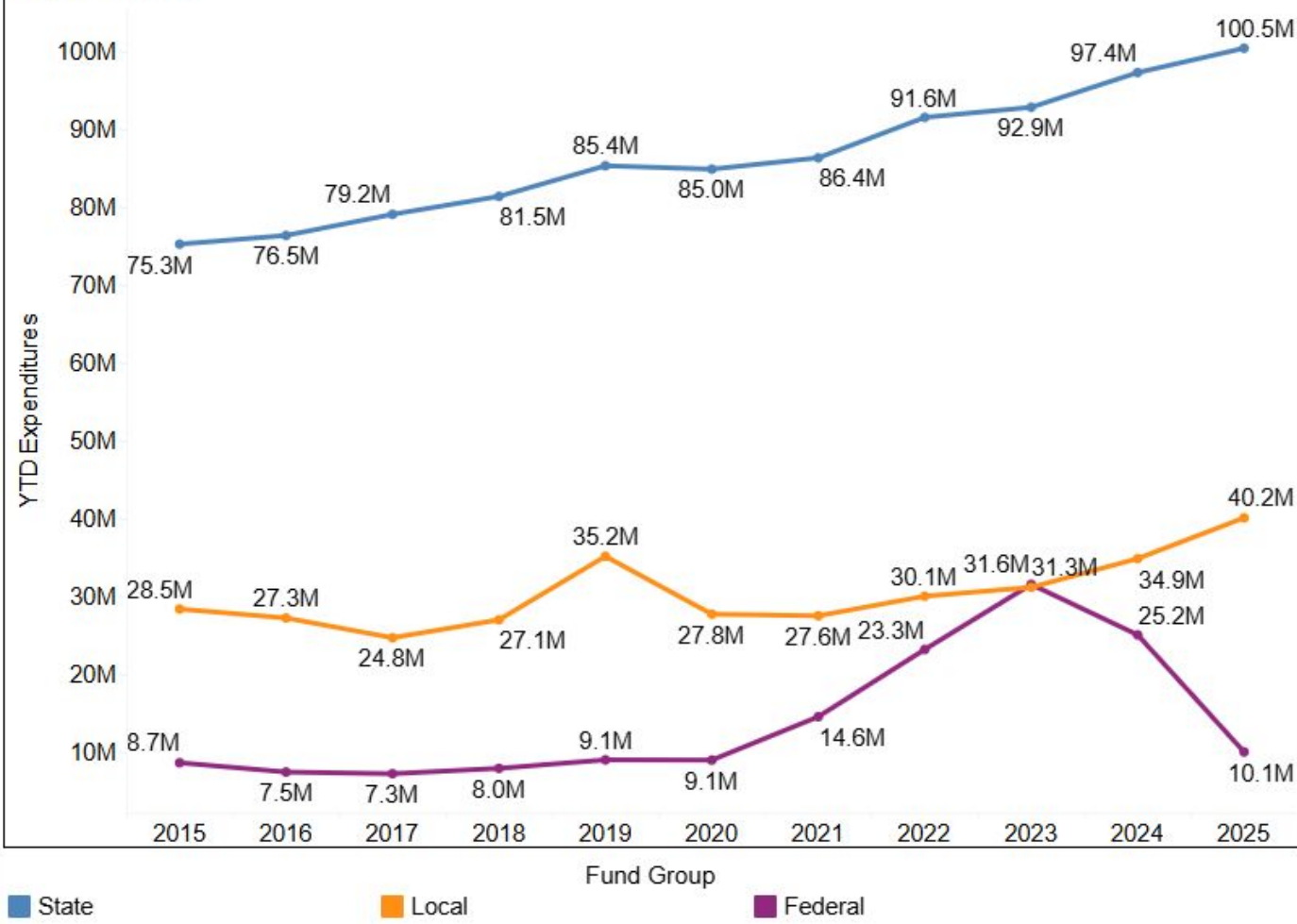
	2024-25		2025-26		Difference	
	Enrollment	Payments	Projected Enrollment	Projected Payments	Enrollment	Payments
Arapahoe	234	\$ 449,302	239.5	\$ 511,088	6	\$ 61,786
Tiller	18	\$ 34,636	12.0	\$ 25,608	(6)	\$ (9,028)
Winterville	4	\$ 7,697	3.0	\$ 6,402	(1)	\$ (1,295)
NC Cyber Academy	29	\$ 55,802	27.0	\$ 57,617	(2)	\$ 1,815
NC Virtual Academy	31.5	\$ 60,612	23.1	\$ 49,188	(8)	\$ (11,424)
Washington Montessori	1	\$ 1,924	4.0	\$ 8,536	3	\$ 6,612
Southern Wake Academy	2	\$ 3,848	-	\$ -	(2)	\$ (3,848)
Z.E.C.A. School of Arts and Technology	2	\$ 3,848	2.0	\$ 4,268	-	\$ 420
Riverside Leadership Academy	358	\$ 688,866	484.0	\$ 1,032,847	126	\$ 343,981
Pine Spring	19	\$ 35,598	23.7	\$ 50,575	5	\$ 14,978
Total	698	\$ 1,342,134	818	\$ 1,746,130	120	\$ 403,996

Staff vs ADM

All Staff vs ADM (Avg Daily Membership)



Expenditures



Unassigned General Fund Balance



Local Current Expense History

Local Current Expense Fund									
	Fiscal Year	County Allocation	Total Revenues	Expenditures	Beginning Fund Balance	Change in Fund Balance	Reserve for Inventories	Ending Fund Balance	Unassigned Fund Balance
Actual	2018-2019	21,211,289	30,822,813	31,714,291	7,547,719	(891,478)	50,564	6,706,805	5,464,110
Actual	2019-2020	22,022,229	25,741,368	24,028,577	6,706,805	1,712,791	9,315	8,428,911	5,985,191
Actual	2020-2021	22,021,335	27,494,748	24,189,033	8,428,911	3,305,715	281,881	12,016,507	9,217,206
Actual	2021-2022	22,068,879	31,266,637	25,853,574	12,016,507	5,413,063	(79,709)	17,349,861	13,690,668
Actual	2022-2023	22,004,991	27,114,737	26,581,878	17,349,861	532,859	(43,125)	17,839,595	10,960,739
Actual	2023-2024	22,004,991	23,138,745	28,343,327	17,839,595	(5,204,582)	22,950	12,657,963	3,368,590
Actual	2024-2025	23,284,991	24,146,813	30,272,909	12,657,963	(6,126,096)	(7,810)	6,524,057	645,180
Budgeted	2025-2026	25,546,954	26,446,954	31,727,950	6,524,057	(5,280,996)	-	1,243,061	-

Local Current Expense History Continued

Local Current Expense Fund								
	Fiscal Year	ESSER Funding	Salary & Benefits	Utilities	Repairs & Maintenance	Contract Services	Charter Payments	Supplies & Materials
Actual	2018-2019	-	15,580,000	2,871,000	2,122,000	968,000	462,000	6,400,000
Actual	2019-2020	1,014,445	15,063,000	2,459,000	1,968,000	1,282,000	490,000	1,206,000
Actual	2020-2021	8,022,997	14,847,000	2,582,000	1,777,000	1,672,000	608,000	329,000
Actual	2021-2022	16,987,468	14,134,000	2,907,000	1,743,000	1,583,000	554,000	582,000
Actual	2022-2023	22,011,162	16,393,000	3,002,000	1,565,000	1,806,000	521,000	637,000
Actual	2023-2024	15,124,459	17,444,000	2,394,000	2,242,000	2,973,501	548,000	448,822
Actual	2024-2025	974,922	21,085,000	505,000	1,407,000	3,156,000	1,312,000	652,000
Budgeted	2025-2026	-	20,577,000	1,551,000	1,271,000	2,889,000	1,346,000	1,021,000

Craven County Schools
Local Current Expense Summary by PRC

Program Description	PRC	2022-23 Actuals	2023-24 Actuals	2024-25 Actuals	2025-26 Budget	Increase over 22-23
Local Classroom Teachers	001	63,375	119,463	86,475	15,500	(47,875)
Central Office Admin	002	1,472,798	1,558,744	2,526,425	2,126,099	653,301
Non-Instructional Support	003	4,651,527	4,935,557	5,039,730	5,361,061	709,534
Local Nursing Supplies/Subs	004	79,715	173,406	92,304	664,330	584,615
School Building Administration	005	1,474,255	1,631,294	1,719,041	1,558,844	84,589
School Health Personnel	006	-	-	15,803	15,863	15,863
Instructional Support	007	3,562				(3,562)
Non-Contributory Employee Benefits	009	5,611,935	5,858,926	6,248,933	6,784,914	1,172,979
Voc Ed Program Support/ Local CTE Sup	014	47,447	49,929	53,161	54,937	7,490
Technology	015	681,357	822,291	639,078	942,126	260,769
Voc Ed Program Improvement	017	7,243				(7,243)
Teacher Assistants	027	-	3,491	-	-	-
Local Professional Development	028	44,275	76,821	223,180	-	(44,275)
Charter Schools	036	521,802	548,979	1,312,901	1,346,388	824,586
Local SRO Grant Match	039	377,954	430,895	274,995	274,995	(102,959)
Transportation	056	1,143	790	2,559	3,421	2,278
Local Supplies/Materials	061	196,345	62,087	168,395	150,000	(46,345)
Local ESSER	181	-	-	1,911,503	527,816	527,816
JROTC	301	64,458	-	-	-	(64,458)
Medicaid	305	124,775	-	-	-	(124,775)

Impact Aid	308	99,999	-	-	-	(99,999)
DOD-PL 102-484	345	401,556	-	-	-	(401,556)
Local Transportation Costs	706	53,361	45,601	-	32,856	(20,505)
Local Visual Arts Program	801	15,319	11,589	10,167	12,098	(3,221)
Local Music Program	802	98,874	159,037	208,996	247,797	148,923
Athletics	804	864,849	930,615	1,050,783	1,131,939	267,090
School Info/Accountability	805	67,383	210,660	161,496	296,613	229,230
Public Relations	810	78,320	100,829	89,756	122,830	44,510
Human Resources	815	123,275	111,550	92,859	189,000	65,725
Finance	820	192,035	215,360	211,763	208,600	16,565
Board of Education	825	520,383	598,120	882,793	529,172	8,789
Utilities	830	3,379,553	2,684,918	454,272	1,914,197	(1,465,356)
Insurance	835	682,785	732,682	966,607	1,006,245	323,460
Facilities Support	840	4,168,179	5,868,158	5,403,194	5,757,452	1,589,273
Print Shop	850	412,041	401,535	425,740	452,859	40,818
Totals		26,581,878	28,343,327	30,272,909	31,727,950	5,146,072
Funding Source						
	County Appropriation	22,004,991	22,004,991	23,284,991	25,546,954	3,541,963
	Fines & Forfeitures	606,137	1,133,754	861,822	900,000	293,863
	Other Revenues	4,503,609	-			
	<i>(currently in 8, incl. \$2M US revenue)</i>					
	Total Funding Source	27,114,737	23,138,745	24,146,813	26,446,954	3,835,826
	Revenues over Expenditures	532,859	(5,204,582)	(6,126,096)	(5,280,996)	(1,604,109)

Fund 8 - Special Revenue Fund

As of FY 23-24:

- Recognition of other revenue in Fund 8
- Not all of the expense was recognized in Fund 8

Fund 8 - Special Revenue Fund				
	FY 22-23 Actual	FY 23-24 Actual	FY 24-25 Actual	FY 25-26 Budgeted
Revenue	5,056,132	9,351,051	9,793,796	5,835,599
Expenses	4,770,498	6,673,247	10,663,216	7,860,528
			<i>Utilities</i>	<i>Utilities</i>
Revenue over Expense	285,634	2,677,804	(869,420)	(2,024,929)
				<i>(grant carryover)</i>
Fund Balance BOY	5,656,044	5,941,678	8,619,482	8,619,482
Fund Balance EOY	5,941,678	8,619,482	7,750,062	6,594,553

ESSER Impact - Retained Positions and Recurring Expenses

<u>ESSER Positions</u>					
Job Title	# of Positions	Budget Code	Decription	Amount	Notes
ESOL Teacher	1	3.109	Title V	71,392	Move to State 024 in 26-27
Social Workers	4	3.109	Title V	287,075	Move to Local in 26-27
School Interventionists	3	1.001	Classroom Teachers	260,831	
School Interventionists	3	1.024	Disadvantaged Students	251,410	
Director	1	2.002	Central Office Administration	132,117	
Nurses	2	2.004	Local - K-5 Enhancement	164,447	
Subtotal				1,167,272	
ESSER Purchased Services					
Amergis - Nursing Contract		1.089	Children with Disabilities	26,128	
Amergis - Nursing Contract		2.004	Local - K-5 Enhancement	300,619	
Amergis - Nursing Contract		8.306	Medicaid Direct Services Reimbursement	200,000	
Subtotal				526,747	
ESSER - CVA					
Edmentum		1.131	Textbooks and Digital Resources	473,124	
Other Expenses	1.3	State	Salaries, Benefits, Supplies	125,718.22	
Other Expenses		Local	Supplies, Copier Contract	20,789.46	
Subtotal				619,631.69	
		Total		2,313,651.00	

Snapshot of Positions that Impact Fund Balance

Program Description	Fund	Purpose	PRC	Description	Job Code	FTE	Amount
STATE							
Classroom Teachers	1	5210	001	EC Teacher	CERT10	9	558,810.00
School Health Personnel	1	5210	006	Psychologist	CERT10	4	256,400.00
Disadvantaged Student Supplement	1	5110	024	Teacher - Regular Curricular	CERT10	8	329,500.00
Disadvantaged Student Supplement	1	5110	024	Teacher - Remedial and Suppl Services	CERT10	4	220,080.00
Low-Wealth Counties	1	5510	031	Teacher - Regular Curricular	CERT10	8	336,250.00
Low-Wealth Counties	1	5510	031	Teacher - Remedial and Suppl Services	CERT10	1	41,750.00
Low-Wealth Counties	1	5510	031	Instructional Support	NURSE	8.58	478,928.10
At-Risk Student Services	1	5420	069	Assistant Principal	PRINA	12.35	859,542.00
At-Risk Student Services	1	5420	069	Instructional Support	NURSE	0.93	57,241.50
At-Risk Student Services	1	5420	069	Instructional Support - Counselors	CERT10	4	172,180.00
At-Risk Student Services	1	5420	069	Educational Media	CERT10	1	44,000.00
Subtotal							3,354,681.60
LOCAL							
Non-instructional Support	2	6400	003	Technician	TECH12	3	223,825.00
Non-instructional Support	2	6400	003	Custodian	CUST12	6	208,693.56
K-5 Program Enhancement Teachers	2	5840	004	Instructional Support	NURSE	5.58	290,336.70
School Building Administration	2	5420	005	Assistant Principal	PRINA	8	495,670.00
School Technology Fund	2	6400	015	Technician	TECH12	1	50,296.68
Subtotal							1,268,821.94

Budget Considerations - Initial Local Budget Needs Identified

Amount	Description
\$300,730	•Salary increase - projected at 3%
\$37,325	•Retirement rate increase from 24.67 to 25.17
\$53,800	•Health insurance increase from \$8,500 to \$8,925
\$200,000	•Cost to maintain 10.5% Teacher supplement with 3% salary increase
\$400,000	•Charter school increase
\$250,000	•Insurance premiums
\$200,000	•Utility increases
\$1,441,855	•Projected total for Legislative required items and fixed cost items
???	•Cost of doing business (inflationary increases)

Summary

Revenue Uncertainty:

- Significant uncertainty remains regarding State and Federal revenue levels for FY 2026–27.

Decreasing ADM / Charter Increase:

- Funding decreases due to reduction in ADM.
- Increasing Charter ADM, resulting in an increased allocation of Local revenues.

Revenue Recognition Change:

- Prior to FY 23–24, certain revenues were recognized in the Local Current Expense Fund.
- Beginning in FY 23–24, these revenues were recognized in the Special Revenue Fund without moving the expense.

Previously funded by ESSER Expenses:

- Approximately \$2.3 million in expenses have been retained and recoded.

Positions that Impact Fund Balance

- FTE placed in alternative Fund/PRCs due to budget limitations.

Please note that the information provided in this presentation is a working draft. Due to the lack of a comprehensive 2025-27 NC General Assembly budget and pending federal proposals, all data is subject to significant modification as official funding levels are confirmed.

Next Steps

- Provide updates on Federal and State funding.
- Establish Board priorities and guiding principles.
- Define budget development parameters, including required savings targets.
- Direct administration to develop reduction options aligned to the established savings targets, including staffing, programs, and operational expenditures.
- Develop and present multiple budget reduction scenarios for consideration to achieve a balanced budget.

