



Preview of Superintendent's Proposed 2026-27 Operating Budget

Board of Education Meeting
March 17, 2026

2026-27 Operating Budget Preview

Today

- Highlights of Superintendent's Proposed Budget
- Review the landscape leading up to the Proposed 2026-27 Budget
- Share known risks, concerns, and challenges
- Provide update on Federal Funding
- Review timeline on budget development
- Q & A

2026-27 Operating Budget Preview

Superintendent's Proposed Budget

- Perhaps one of the most challenging budgets to prepare in the past 20 years
- Uncertainty of federal funding
- Lack of a state budget to project future costs upon
- Changing landscape of local funding capacity
- Lower carryover and fund balance availability
- Preview tonight to provide insight to board & public prior to formal April 7 presentation

2026-27 Operating Budget Preview

In the Superintendent's Proposed Budget

- Operating costs to open the new Hilltop Needmore Elementary School
- Increasing share of local revenues to Charter Schools
- Increasing Master's Pay supplement as state "held harmless" teachers retire
- Funding needed to maintain dental insurance program for staff
- Increases to employers' cost of health insurance & retirement benefits
- Local funds required to support an estimated state compensation increase
- Contracted lease escalation amounts
- Funds to support insurance premium increases
- Funds to maintain Magnet Programs in schools upon grant expiration

2026-27 Operating Budget Preview

Not in the Superintendent's Proposed Budget

- Funding for new programs
- Funding for prior multi-year initiatives
- Expansion of existing programs
- Expansion of existing support structures

2026-27 Operating Budget Preview

In the Superintendent's Proposed Budget

- Budget will request an increase in county appropriation in the \$25 million range
- Additional local funding associated with new needs exceeds this amount
- Requiring budget reductions to support

2026-27 Operating Budget Preview

In the Superintendent's Proposed Budget

- Budget will request an increase in county appropriation in the \$25 million range
- Amount is based upon understanding of capacity of Wake County
- Property tax provides majority of funding to Wake County
- Update from County staff of revenue projections at March 18 Joint Boards Meeting

2026-27 Operating Budget Preview

In the Superintendent's Proposed Budget

- Budget will request an increase in county appropriation in the \$25 million range
- Average county appropriation increase past four years → \$49.7k million
- Recent budgets have been challenging to balance
- Challenging work ahead

2026-27 Operating Budget Preview

Landscape – Federal Funding

- Federal funding for 2026-27 now appears to be stable
- Lower carryover amounts resulting in less total revenue available
- Means lower expenditure levels must be established
- Means something must be given up

2026-27 Operating Budget Preview

Landscape – Special Education

Growing student needs and rising service costs continue to outpace available funding.

Specific challenges include:

- Growth in preschool special education services
- Increasing high-cost placements and specialized supports
- Rising staffing and service costs
- Limited flexibility within IDEA and grant funding

Even with current year cost-cutting measures, a budget reduction will be required for 2026-27.

2026-27 Operating Budget Preview

Landscape – State Funding

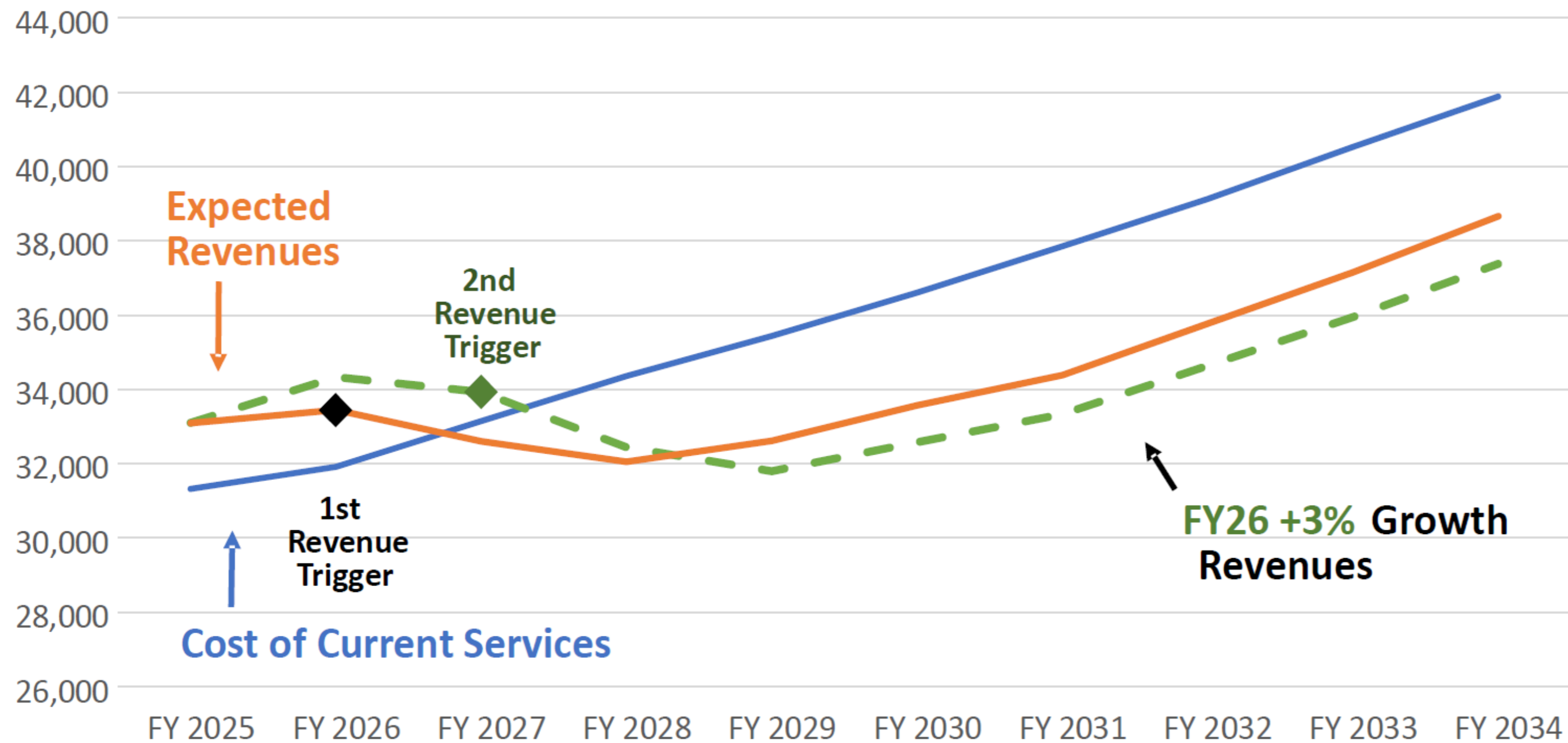
- NC is now the only state in the country without a budget for the current year
- There is no second year of a biennial budget to base projections upon
- Apparent disagreement over how to address current state income tax structure?
- What will the short-session bring? Session begins April 21

2026-27 Operating Budget Preview

Landscape – OSBM Projections for NC

Baseline and High-Growth Scenario Revenues

Revenue and Expenditure Levels in Millions of Dollars



Higher-than-expected growth triggers additional individual income tax rate cut

Leads to even **bigger shortfalls** beginning in FY 2027-28.

2026-27 NC School Funding Effort

NC ranks dead last in the country for school funding effort

- The Education Law Center has released its annual "Making the Grade" report on school funding across the country
- It also ranks dead last in terms of school funding effort. That's based on education spending as a percentage of the state's Gross Domestic Product. North Carolina gets an F
- In terms of per-pupil funding, North Carolina spends \$6,000 less than the national average

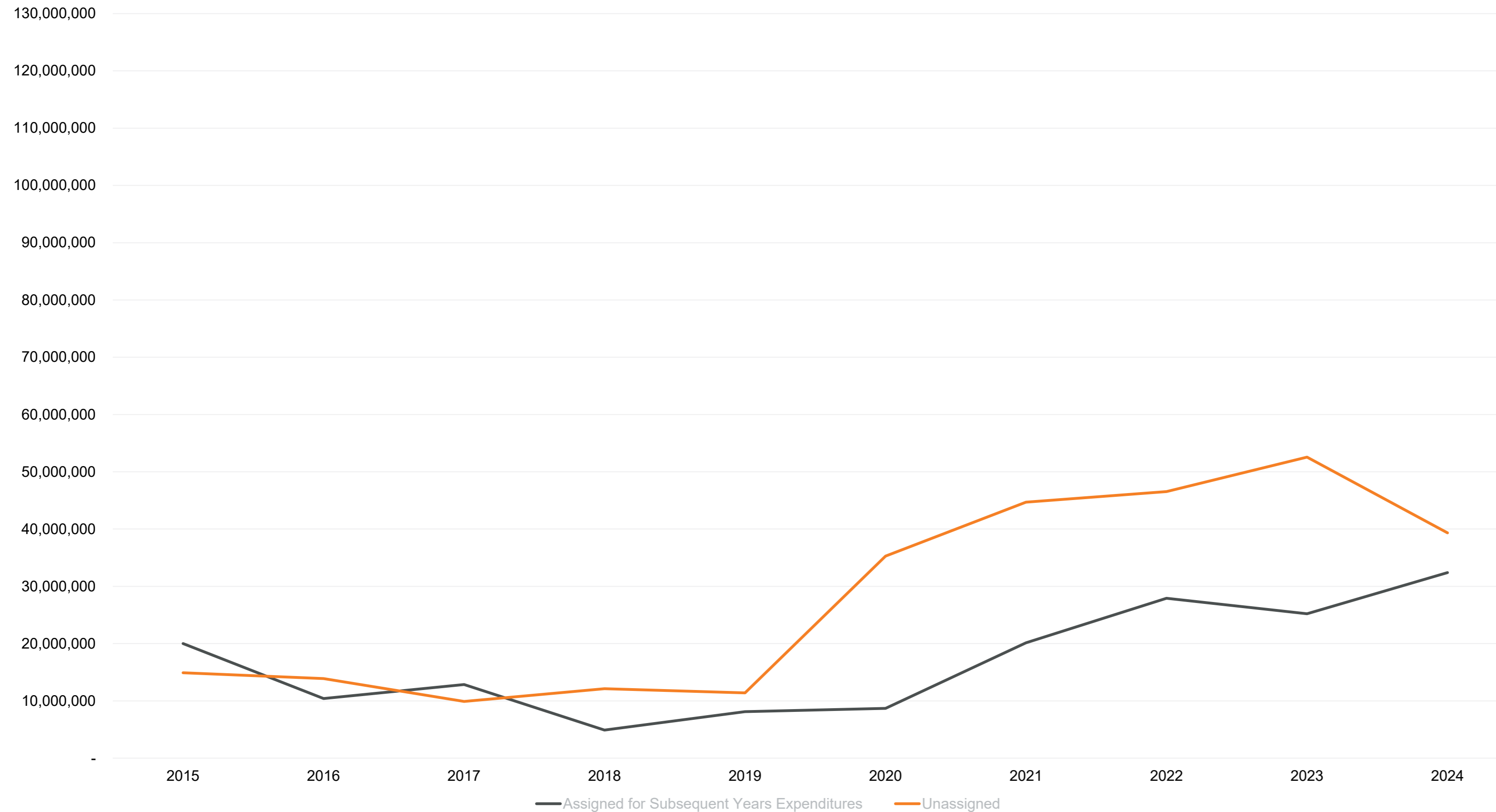
2026-27 Operating Budget Preview

Landscape - Other Pressure Points

- Staff vacancy rates continue to drop – good news that comes with fiscal pressures
- Funds that carryover have been used to smooth funding gaps and reserve amounts are shrinking
- Unassigned fund balance reserves have been used to manage through the Pandemic fiscal transition but are now below targeted thresholds and are limited in capacity to assist in balancing

2026-27 Operating Budget Development

Unassigned Fund Balance & Fund Balance Used to Balance Budget



Unassigned Balance of \$39.3M
1.7% of the Total Operating Budget
– FY 2024
5.6% of the Subsequent Year's
County Appropriation Budget

Assigned for Subsequent Years of
Expenditures FY 2025: \$32.4M

FY 2026 Assigned for Subsequent
Years of Expenditures decreased
by (\$11 M) to: \$21.4 M

FY 2027 Assigned for Subsequent
Years of Expenditures is estimated
at \$18.5 M (50% of Unassigned
FB)

2026-27 Operating Budget Preview

Landscape - CNS

- Without revenue changes, CNS on the cusp of requiring Operating Budget to balance
- Enterprise fund programs must run revenue neutral
- Recent meal price increases have not fully reflected cost increases
- Other decisions have impacted costs with no associated revenues
- When local funds are required to support the CNS operation.....
-What will be cut from the operating budget to support?
- Meal price increases will be proposed for next year
- Inflation continues to play a key role (food & labor costs are the major drivers)

2026-27 Operating Budget Preview

Landscape - Inflation

- Inflation has always played a role in eroding district's buying capacity
- Current situation in Mid-East has the potential to disrupt a "normal" pattern of inflation
- Current price of oil up over 60% in past six months

Market Summary > Crude Oil Futures

96.81 USD

NYMEX: CLW00

+34.05 (54.25%) ↑ past 6 months

Mar 13, 2:27 PM EDT • [Disclaimer](#)

1D | 5D | 1M | **6M** | YTD | 1Y | 5Y | Max



Open	95.52	Low	91.09	Volume	260,777
High	97.31	Prev close	94.43	Open interest	266,909

2026-27 Operating Budget Preview

Landscape - Inflation

- Oil prices drive more than the cost of diesel fuel to support our yellow bus fleet
- About 20% of the Operating Budget is for non-personnel
- Products & Services
- Increasing oil prices increase product costs
- Increasing oil products increase the costs of service providers
- Oil prices are currently projected to move downward over 2026 & 2027
- World events can change that
- *When costs go up & revenues remain flat, something must be given up*

2026-27 Operating Budget Preview

Budget Development Timeline

- Presentation of Superintendent's Proposed 2026-27 Operating Budget – April 7
- Community input session – April 8 – Holly Grove Middle School
- Community input session – April 15 – Wakefield Middle School
- Public Hearing – April 21 – Board Room, Crossroads I, Cary
- Budget Work Sessions between April 7 & Approval of Board's Proposed Budget
- Approval of the Board's Proposed 2026-27 Operating Budget – May 5
- Board's Proposed Budget delivered to County Commissioners no later than May 15

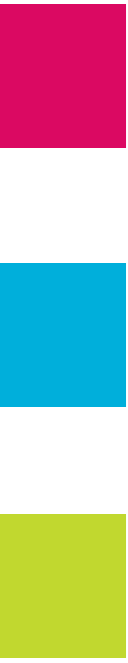
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Board Budget Development

- Board members will have opportunity to ask questions about the proposed budget
- Staff will present responses to questions at Board Budget Work-Sessions
- Budget documents, board questions and staff responses, all posted to WCPSS website

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Q&A





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