

Superintendent's Proposed 2026-27 Operating Budget

April 7, 2026



Superintendent's Proposed 2026-27 Operating Budget

Today

Presentation for informational purposes

- Go back to early December 10, 2025 Board Retreat presentation for context / expectations
- Review of funding requests
- Review of potential risks
- Transition from Superintendent to Board of Education & related timeline
- Next steps

December 2025 Board Retreat

- Provide landscape & background as we prepare the 2026-27 Operating Budget
- Identify significant known issues / challenges
- Review potential for material uncertainties
- Share planned timeline for budget development

State Funding

- NC General Assembly has not passed a comprehensive 2025-27 budget
- 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 in state categorical programs
- The state may be “inheriting” issues from the federal level

State Funding

- WCPSS student membership changes may impact funding
- Current state income tax policy will pressure resources available → a growing population, inflation, & aging infrastructure require additional resources to maintain services → growth does not usually “pay for itself”
- Federal policy & decisions can further impact state resource availability

State Funding

- 2026 is a short session for legislature → return in Spring
- Bottom line for WCPSS 2026-27 Operating Budget?
- Unknown

2026-27 Operating Budget Outlook - December 10, 2025

Local Funding

- Wake County revenues are projected to grow ~ 2 percent annually for an approximate total of \$175 million cumulatively between fiscal year 2026 and fiscal year 2029
- Natural revenue growth projected to provide \$40 - \$50 million in new revenue for 2026-27
- Wake County must use year over year revenue growth to support all needs of the county
- WCPSS has recently received significant year over year increases in county appropriation

Other Pressure Points

- Staff vacancy rates continue to drop – good news that comes w fiscal pressures
- Funds that carryover have been used to smooth bumps, but they don't replenish
- 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

Other Pressure Points

- Without revenue changes, CNS Operations are on the cusp of requiring Operating Budget funds to remain a going concern
- Some of the lowest per pupil funding in the country, combined with a decade and a half of fiscal scrubbing
- It is difficult to make fiscal decisions that require giving something up

2026-27 Operating Budget Outlook - December 10, 2025

Anticipated cost increases for 2026-27 budget requiring a funding source

- Any state-legislated salary and benefit increases
- Local master's pay for all new teacher hires
- Pass-through due to charter schools
- Costs for opening one new elementary school
- Contractually obligated cost increases (e.g. lease escalations)
- Other inflationary costs (e.g. property & liability insurance premiums)
- Any unfunded legislated mandates
- Desired backfilling based upon potential federal & state decisions

Superintendent's Proposed 2026-27 Operating Budget



Superintendent
Dr. Robert P. Taylor
5625 Dillard Drive
Cary, NC 27518
wcpss.net

tel: (919) 533-7769
fax: (919) 589-8199

Dear Chair Swanson and Members of the Wake County Board of Education,

I respectfully present the 2026–27 Superintendent's Proposed Budget and request county appropriations to support the continued success of the Wake County Public School System.

Wake County has long recognized that strong public schools are essential to a thriving community. This community's sustained investment in public education has helped build one of the most successful school systems in North Carolina — one that attracts families, supports a strong workforce, and contributes to the economic vitality and quality of life that define Wake County.

This year's budget arrives at a time of considerable uncertainty. The financial environment facing our school district is shaped by several factors beyond our control, including rising operational costs and evolving federal and state funding conditions. At the same time, our community continues to expect — and our students deserve — the high level of educational opportunity that has long defined the Wake County Public School System.

Each year, it becomes more expensive to maintain current service levels. Rising costs for staffing, benefits, transportation, utilities, and essential operations continue to increase pressure on the district's operating budget.

This budget includes targeted reductions and operational adjustments designed to manage costs responsibly while preserving the core educational services that support teaching and learning in our schools. We recognize that every reduction affects our families, students, and the dedicated staff who serve them each day.

Please note that because this proposed budget was developed before the Board of Education directed staff to identify options outside of Special Education, it still reflects previously discussed reductions in special education positions. That portion of the proposal should be disregarded, and the Superintendent will present alternative options to the Board that do not include these reductions.

The partnership between the Wake County Board of Education and the Wake County Board of Commissioners has been instrumental in building the educational opportunities available to our students today. The investments made by this community over many years have created schools that prepare students for college, careers, and civic life while strengthening the economic and social fabric of Wake County.

www.wcpss.net

Superintendent's Proposed 2026-27 Operating Budget

State Budget

- North Carolina is the only state in the United State without a budget for this fiscal year
- Operating under mini-budgets due to stalemates over tax cuts and educator pay
- General Assembly will convene for the short session on April 21
- State funding is 55 percent of WCPSS operating budget
- Superintendent's Proposed Budget includes an estimated state increase of \$44.3 million based on the following assumptions:

State will provide pay increases	\$ 34.7 m
Employer matching retirement and hospitalization insurance rates will increase	15.6 m
State will provide resources for one new school	0.7 m
Decrease due to student membership changes	(5.5 m)
Changes in carryover funds and categorical allotments	(1.2 m)
	<u>\$ 44.3 m</u>

Superintendent's Proposed 2026-27 Operating Budget

Federal Funding

- Federal dollars account for 7% of WCPSS operating budget
- Proposed budget assumes most federal programs will be funded at a flat amount based on P.L. 119-75 Consolidated Appropriations Act, 2026 signed into law on February 3, 2026
- Estimated federal funding decrease of \$27.5 million primarily due to lower carryover amounts
- Special education expenditures shifting to local funds for program continuity
- Staff will present *alternative options to the reductions in special education positions included in the proposed budget at Board's first Budget Work-Session*

Superintendent's Proposed 2026-27 Operating Budget

Local Revenues

- Local sources support 38 percent of WCPSS operating budget
 - 34 percent from county appropriation
 - 4 percent from other local sources (fund balance appropriation, enterprise funds, fines and forfeitures, interest earned, grants, donations, and rebates)
- Tuition and fees decreasing \$1.3 million due to use of carryover to support the Extended Care program in 2025-26.
- Child Nutrition Services must run revenue neutral and may require operating budget funds to balance

Superintendent's Proposed 2026-27 Operating Budget

County Appropriation Request

The superintendent recommends the Wake County Board of Education request an increase of \$25.3 million for 2026-27 for a total county appropriation of \$768.2 million.

	2025-26	Proposed 2026-27	Difference	Percent Increase
County Appropriation				
Current Expense - Recurring	\$ 741,944,152	\$ 767,203,363	\$ 25,259,211	
Crossroads Lease	963,164	971,806	8,642	
	<u>\$ 742,907,316</u>	<u>\$ 768,175,169</u>	<u>\$ 25,267,853</u>	3%
Student Membership				
WCPSS	160,510	160,461	(49)	(<1%)
Charter Schools	18,730	18,939	209	1%
	<u>179,240</u>	<u>179,400</u>	<u>160</u>	<1%
Allocation Per Student	\$ 4,145	\$ 4,282	\$ 137	3%

Changes in revenues supporting local expenditures (pages 43-45)	
Tuition and Fees	\$ (1,897,150)
Child Nutrition	(1,672,547)
Local Unrestricted Revenues	(640,473)
Local Restricted Revenues	(619,227)
Positions Funded by Individual School Accounts	(1,120,206)
	<u>\$ (5,949,603)</u>
Decreases in fund balance appropriated for the local budget (page 45)	
Beginning appropriated fund balance	\$ (2,900,000)
Mid-year appropriations of fund balance for one-time costs	(7,019,994)
	<u>\$ (9,919,994)</u>
Changes in local expenditures (page 14)	
Employee Compensation	\$ 14,044,595
Legislative Requirements	11,794,540
New Schools and School Changes	3,422,505
Student Membership Changes	(4,789,915)
Program Continuity	7,861,698
Increasing Property Costs	1,562,532
Removal of Prior Year One-time Costs	(15,699,005)
Strategic Budget Realignment	(5,206,527)
Changes to Grants, Donations, and Fees	(3,256,815)
Grants, Donations, and Fees Ending	(335,352)
	<u>\$ 9,398,256</u>
Equals change in county appropriation (page 42)	<u>\$ 25,267,853</u>

Superintendent's Proposed 2026-27 Operating Budget

Use of Fund Balance

- Unassigned fund balance reserves are below targeted thresholds and are limited in capacity to assist in balancing the budget
- The unassigned fund balance as of June 30, 2025, was \$37.0 million
- Superintendent's proposed budget invests \$18.5 million toward the beginning budget. This is \$2.9 million less than the \$21.4 million appropriated toward the 2025-26 beginning budget.
- Proposed budget appropriates \$611,354 of fund balance reserved for programs funded by one-time JUUL and Altria legal settlements

Superintendent's Proposed 2026-27 Operating Budget

Local Budget Adjustments

Employee Compensation - \$14.0 million increase

- Estimated legislated increase of 3%
- Continue local master's pay for teacher hires
- Increase locally funded salary supplement by 1%
- Employer matching dental rate increase to maintain program
- Extra duty pay scale adjusted to 2025-26 level

Legislative Requirements - \$11.8 million increase

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

Superintendent's Proposed 2026-27 Operating Budget

Local Budget Adjustments

New Schools and School Changes - \$3.4 million increase

- Opening Hilltop Needmore Road Elementary in 2026-27
- Felton Grove High adding 11th grade
- Lake Myra Elementary changing from Track 4 calendar to year-round calendar

Student Membership Changes - \$4.8 million decrease

- Decreased allotments to schools based on a decrease in student membership

Superintendent's Proposed 2026-27 Operating Budget

Local Budget Adjustments

Program Continuity - \$7.9 million increase

- Maintain special education teacher and magnet teacher positions
- Funding for SparkNC position

Increasing Property Costs - \$1.6 million increase

- Property and casualty insurance premiums
- Real estate leases

Remove One-Time Costs - \$15.7 million decrease

Superintendent's Proposed 2026-27 Operating Budget

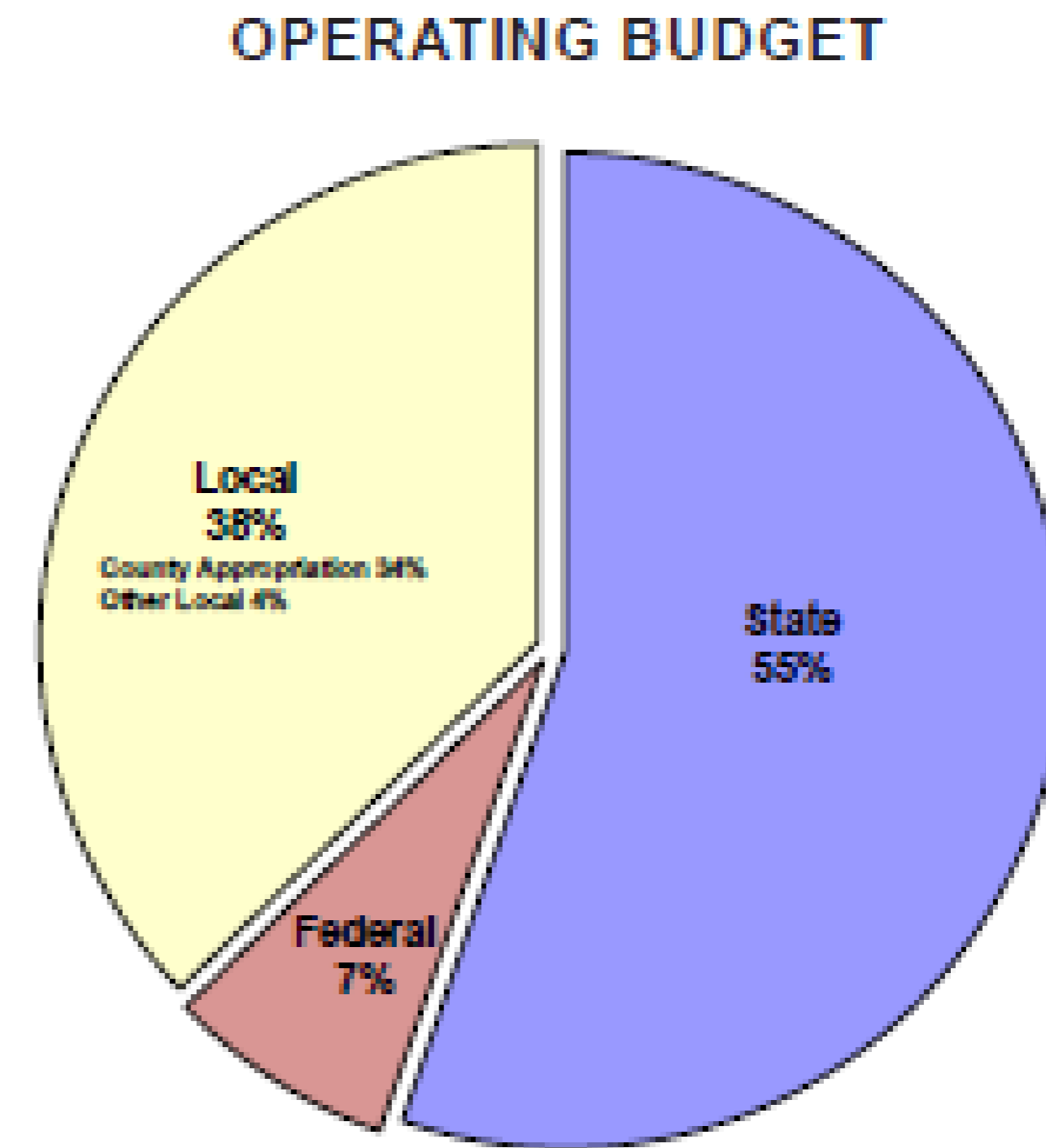
Local Budget Adjustments

Strategic Budget Realignment - \$5.2 million decrease

- Instructional Services Budget Reduction - \$500k
- Elementary Literacy Coaches Reduction of 248 Months of Employment – \$2.2m
- Transition to Digital Distribution of the Parent/Student Handbook - \$50k
- Transportation Budget Reduction Based on Annual Spending - \$2.5m

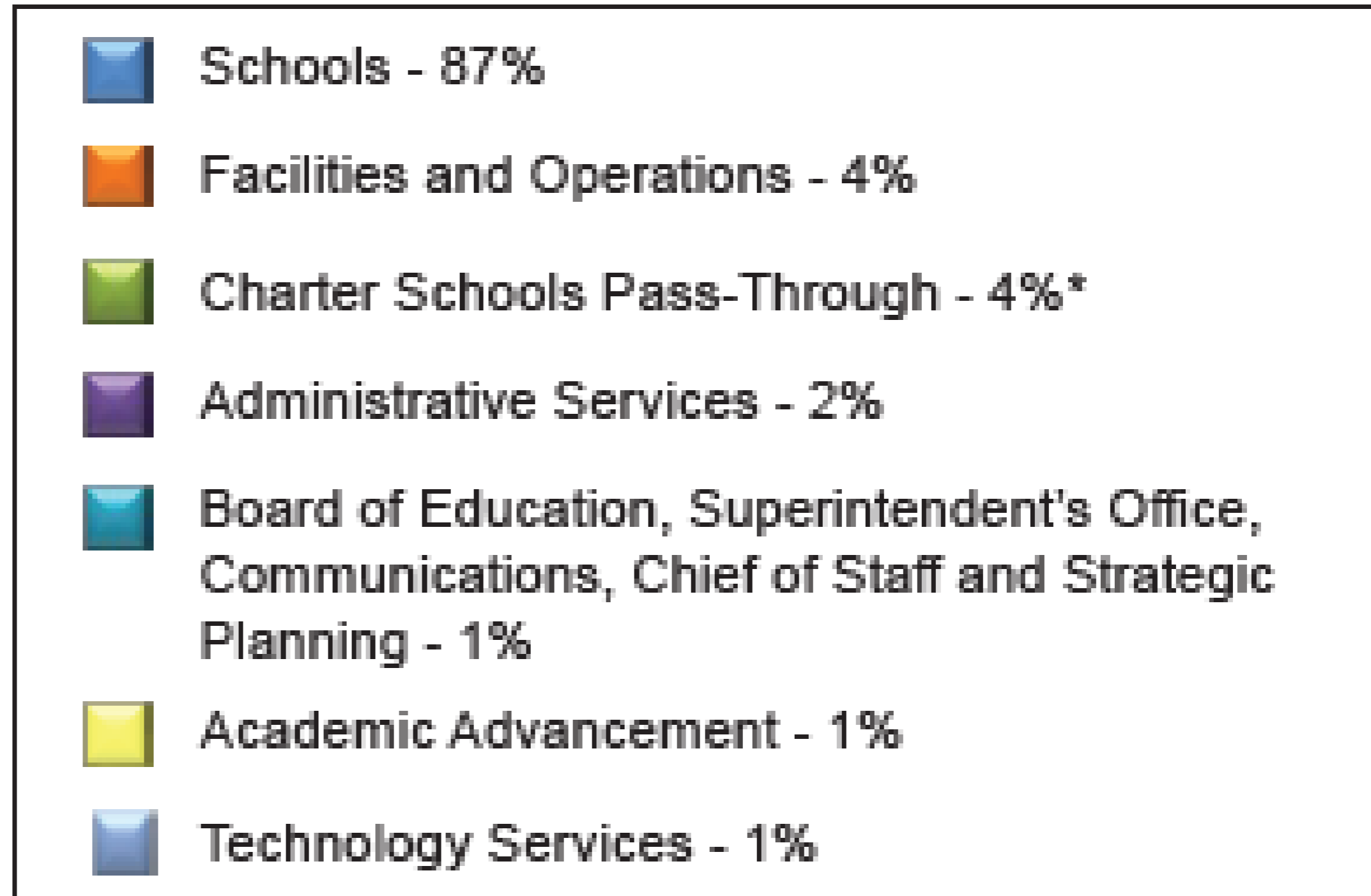
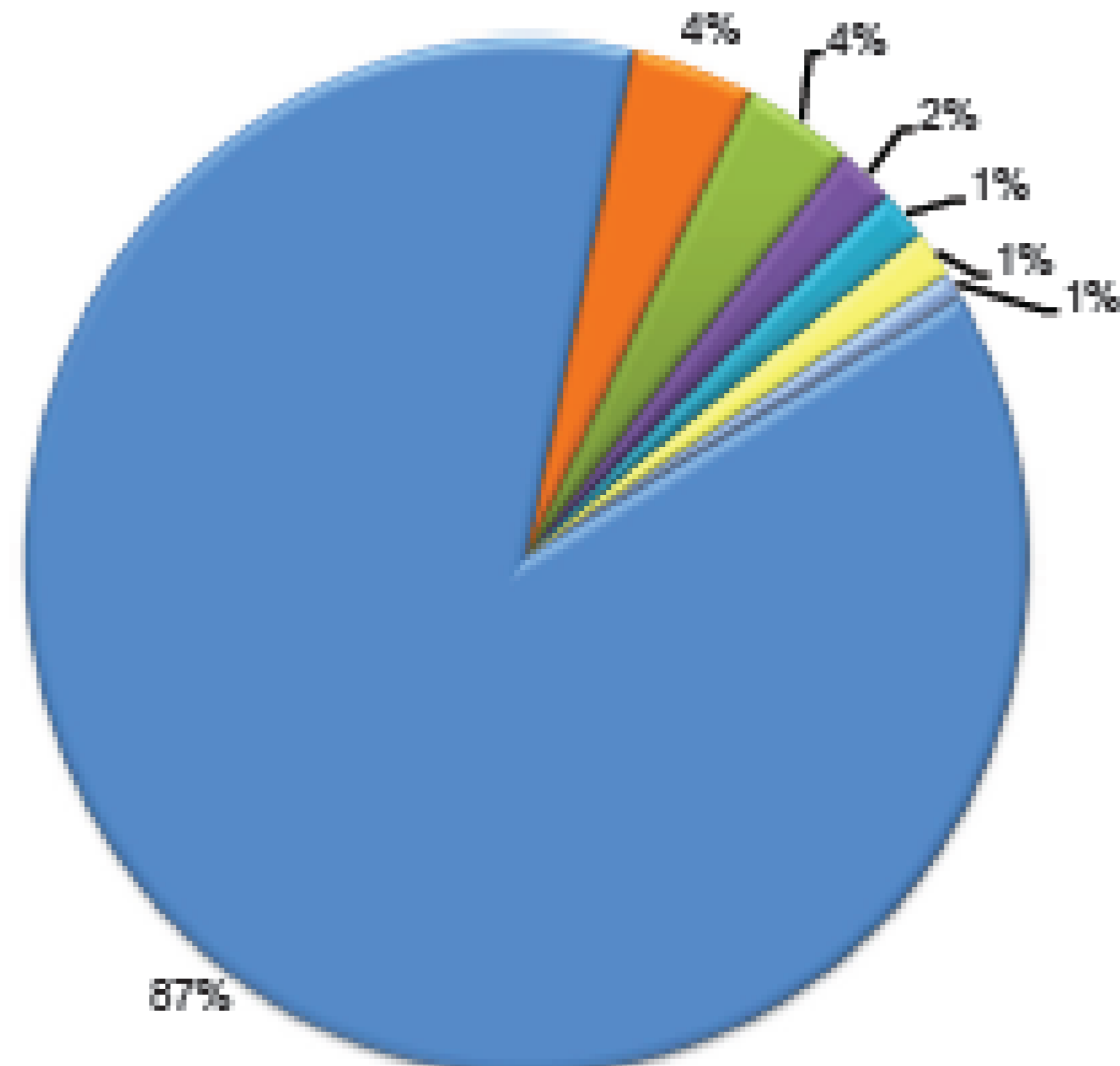
Superintendent's Proposed 2026-27 Operating Budget

OPERATING BUDGET FOR 2026-27			
	Operating Budget		Per Pupil Budget
State	\$ 1,267,076,327	55%	\$ 7,896
County Appropriation	\$ 768,175,169	34%	\$ 4,282
Enterprise Funds	\$ 43,671,802	2%	\$ 272
Other Local	\$ 19,227,360	1%	\$ 120
Fund Balance Appropriation	\$ 19,111,354	1%	\$ 119
Local - Current Expense Non-Restricted	\$ 2,898,864	<1%	\$ 16
Local	\$ 853,084,549	38%	\$ 4,809
Federal	\$ 169,992,672	7%	\$ 1,059
TOTAL	\$ 2,290,153,548	100%	\$ 13,764



Superintendent's Proposed 2026-27 Operating Budget

Operating Budget: \$2,290,153,548



*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 2026-27 Operating Budget

Potential Risks

The following areas of uncertainty could impact costs in the 2026-27 budget:

Charter Schools

In accordance with General Statute 115C-218.105, WCPSS must distribute a portion of local current expense revenues to charter schools. The amount of the distribution fluctuates monthly based on student membership of WCPSS students, Wake County students attending charter schools, and total local current expense revenues. WCPSS monitors the projected status throughout the year. The proposed budget includes an increase of \$1.7 million for 2026-27. The actual increase could be different. Approximately 11 cents of each dollar of local current expense revenues goes to charters schools.

Child Nutrition Services

WCPSS continues to review the status of the child nutrition enterprise budget. Enterprise fund programs must run revenue neutral. Meal price increases will be proposed for next year. Without revenue changes, Child Nutrition Services is on the cusp of requiring operating budget to balance. Recent meal price increases have not fully covered cost increases. Other decisions have impacted costs with no associated revenues adjustments. If local funds are required to support the Child Nutrition Services operation, it will likely cause reductions in something else in the operating budget. Inflation continues to play a key role since food and labor costs are the major cost drivers.

Federal Funding Uncertainty

Federal funds represent approximately 7 percent of the WCPSS operating budget. Federal funding for 2026-27 now appears to be stable. WCPSS has lower carryover amounts resulting in less total revenue available. WCPSS remains alert to changes that could have an impact to our district.

Legislative Requirements

The proposed budget includes estimated legislated salary increases of 3 percent and estimates in the employer contribution requirements for healthcare insurance and retirement. Any differences in salary or rate increases than those estimated in the proposed budget will impact budget costs. Once the legislature approves a budget for 2026-27, staff will provide the impact on resources.

	Estimated 2026-27	Actual 2025-26	Rate Increase	Percent Increase
Retirement	26.00%	24.67%	1.33%	5.4%
Hospitalization	\$8,905	\$8,500	\$405	4.8%

Medicaid Direct Services Reimbursement Program

The proposed budget projects the school system will receive approximately \$5 million in the spring of 2026 and another \$5 million in the spring of 2027 that will support the 2026-27 budget. Therefore, there will be two years of reimbursements supporting the 2026-27 budget. The system will need to reduce costs in 2027-28 since revenues will likely be less than fiscal year.

Projected Student Membership

The proposed budget is based on a projected student membership of 160,461 for WCPSS and 18,939 for Wake County students attending charter schools. Some resources needed may change based on actual student membership for both WCPSS and charter schools.

	2026-27	2025-26	Difference
WCPSS Student Membership	160,461	160,510	(49)
Charter Student Membership	18,939	18,730	209
	<u>179,400</u>	<u>179,240</u>	<u>160</u>

Comparing projected student membership of 160,461 to current year best 1 of 2 average daily membership is a decrease of 49 students. Second month average daily membership is no longer the basis for state funding for WCPSS.

Superintendent's Proposed 2026-27 Operating Budget

Table of Contents

Introduction

- 1 **Budget at a Glance**
Overview of where funds originate and where funds are spent
- 7 **Budget Development**
Summary of how the budget is developed and timeline of budget activities
- 8 **Potential Risks**
List of areas of uncertainty regarding the budget
- 11 **Membership Data**
Information on student membership with historical data
- 12 **School Data**
Breakdown of schools by grade and school calendar as well as new schools opening in the upcoming school year
- 13 **Per Pupil Comparison**
Comparison of the Wake County Public School System's ranking within the state and nationally
- 14 **Operating Budget Changes by Category**
Overview of proposed operating budget changes by category
- 15 **Summary of Funding Requests**
List of all funding requests included in the proposed budget

Organization

- 21 Board of Education
- 22 Board's 2026 Legislative Agenda
- 24 WCPSS Mission, Vision, and Core Beliefs
- 25 Organization Charts
- 31 Budget Policies
- 35 Fiscal Accountability
- 37 Budget Administration & Management Process
- 39 Fund Balance

Financial

- 41 Revenues
- 47 Budget by Object Code
- 53 Staff Budget
- 55 Changes in Staff

Funding Requests

- 59 Introduction
- 60 Employee Compensation
- 65 Legislative Requirements
- 68 New Schools and School Changes
- 92 Student Membership Changes
- 99 Program Continuity
- 102 Increasing Property Costs
- 105 Removal of Prior Year One-Time Costs
- 108 Strategic Budget Realignment
- 113 Changes to Grants, Donations, and Fees
- 143 Grants, Donations, and Fees Ending
- 144 Capital Building Program

Index

- 145 Index

Superintendent's Proposed 2026-27 Operating Budget

Orientation to Budget Document

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

Superintendent's Proposed 2026-27 Operating Budget

Next Steps

- Community input sessions on April 8 & April 15
- April 21 Budget Work Session
 - Staff presents alternative budget reduction options to remove changes to special education funding included in initial proposal
 - Staff formally responds to board member questions about the budget
 - Board discussion and direction to staff to make changes
- April 21 Work Session
 - Board receives report on Draft Organizational Study & Draft Market Compensation Study
- Public Hearing during April 21 Board Meeting

Superintendent's Proposed 2026-27 Operating Budget

Next Steps

- Submit questions to Terri Kimzey, Sr. Director of Budget at tkimzey@wcpss.net
- Questions & responses to be reviewed in work-sessions and posted online
- Budget Work-Sessions April 21 → additional Work-Sessions as needed
- Board of Education's Proposed Budget delivered to county commissioners by May 15

Superintendent's Proposed 2026-27 Operating Budget

April 7, 2026

