



2026-27 Operating Budget Update & Reconciliation

Board of Education Work Session

August 4, 2026

Operating Budget Update & Reconciliation

Today

- Overview of final state budget
- Review local impact of state budget
- Share reconciliation timeline & options
- Next steps

2026-27 Operating Budget Update & Reconciliation

2026-27 Operating Budget Timeline to Date

- May 15 – Board of Education's Proposed Budget sent to county commissioners
- June 1 – County approved budget including full appropriation requested by BOE
- June 17 – Board approved interim budget resolution
- July 7 – Governor Stein signed state budget into law
- July 15 – WCPSS Received state initial base allotments
- July 17 – WCPSS Received state initial non-base allotments
- August 4 – BOE Work Session - Discuss funding gap, timeline, options for balancing the budget

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State Budget Timeline

- May 12, 2026 – Budget framework agreement
- July 2, 2026 – Senate Bill 257 (2026 Appropriations Act) & House Bill 56 (2026 Budget Technical Corrections passed
- July 7, 2026 – Governor Stein signed budget and technical corrections into law
- July 27, 2026 – House and Senate adjourned

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State Budget Compensation Changes

- **Teachers & Instructional Support Personnel – Average 8 percent increase**
 - \$48,000 starting base pay for teachers
 - \$59,000 base pay for teachers with 25+ years of experience
 - Authorizes experience step increase
 - Range of step increase on the teacher bachelor scale: \$2,940 to \$7,250
 - Provides a one-time \$500 bonus for 0-15 years of experience; \$1,000 for 16+ years
- **Assistant Principals**
 - Salary increases tied to the teacher pay schedule + 19% differential
 - Provides a one-time \$500 bonus for 0-15 years of experience; \$1,000 for 16+ years

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State Budget Compensation Changes

- **Principals**

- 3 percent salary increase to certified monthly pay
- One-time \$1,750 bonus for employees earning less than \$65,000
- One-time \$1,000 bonus for employees earning greater than or equal to \$65,000
- Effective January 1, 2027, modified the principal schedule: All principals shall be paid on the Base pay. Principals who are eligible to be paid on the “Met” or “Exceeded” schedule shall receive half the difference of the Base pay and the Met or Exceeded schedule, respectively by January 31st, 2026.

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State Budget Compensation Changes

- **Central Office and Non-Certified Staff**

- 3 percent salary increase
- One-time \$1,750 bonus for employees earning \$65,000 or less
- One-time \$1,000 bonus for employees earning more than \$65,000
- State funds one-time \$1,750 bonus for locally and federally funded school nutrition and custodial personnel

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State Budget Compensation Changes

- **Bonuses**
 - Not subject to retirement
 - Must be paid by October 2026

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State Budget Employer Benefit Contribution Rate Changes

- State Health Plan Employer Contributions - \$8,925 per employee for 2026-27
- Retirement Employer Contributions - 26.1 percent for 2026-27

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State Budget Changes

- Report Local Salary Schedules

No later than November 15 of each year, every LEA shall report all variations of its experience-based salary schedules for teachers and instructional support personnel to the Department of State Auditor:

1. Base salary schedules for each class of teachers and instructional support personnel regardless of source of funds.
2. All supplementary salary amounts each class of teachers and instructional support personnel in the unit, delineated by source of funds.
3. Total salary amounts provided to each class of teachers and instructional support personnel.

No later than Feb 15, these schedules shall be published to the DPI website

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State Budget Changes

- **Public Workforce Modernization Act**

- Ratified by the General Assembly on July 2 and signed by the Governor on July 6.
- Updates and reorganizes the State Human Resources Act.
- Expands paid parental leave for state employees from up to 8 weeks for a parent who gives birth and up to 4 weeks for any other qualifying event to up to 12 weeks for any employee who becomes a parent.
- Requires local boards of education to adopt paid parental leave policies substantially similar to the policies adopted by the State Human Resources Commission in accordance with this bill.

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State Budget Changes – Eliminating DEI in Public Education

- Prohibits PSUs from doing the following:
 - Engaging in or advocating for discriminatory practices; Compelling students, teachers, administrators, or other school employees to affirm or profess belief in “divisive concepts”; Providing instruction to students on divisive concepts.
 - Engaging in professional development activities that include or advocate for divisive concepts or “discriminatory practices”; Maintaining an office or other unit (i) promoting discriminatory practices or divisive concepts or (ii) referred to as or named diversity, equity, and inclusion.
 - Employing or assigning an employee whose duties for a PSU include promoting discriminatory practices or divisive concepts
- Requires that PSUs by September 1 of each year certify to DPI in writing that they are in compliance

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State Budget Changes – Weighted Student Funding and Open Enrollment

- **Weighted Student Funding Formula Work Group**
 - The North Carolina Collaboratory will establish a work group including DPI, BEST NC, and other stakeholders to study and develop a three-year strategy to move North Carolina to a weighted student funding model for K-12 public education, including policy, messaging, and technical assistance.
- **Public Schools Open Enrollment Study**
 - The NC Collaboratory is directed to study how local school administrative units can allow students to attend any school within their home district rather than their assigned base school.

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State Budget Changes – School Business Systems Modernization

- DPI must develop a plan by November 1, 2026, to transition all public school units to a single, contract-managed Enterprise Resource Planning (ERP) platform.
- Full statewide transition must be completed June 30, 2031.

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Reconciliation Issues – Board's Proposed Budget to Final State Budget

- Staff bonuses will require additional \$3.4 million local funding
- Certified staff compensation will require additional \$13.7 million local funding
- Final Employer Retirement Rate contribution will require additional \$400k local funding
- Final Employer Health Insurance contribution will require additional \$100k local funding
- Total of \$17.6 million of additional local funding required
- Budget repurposing / reductions will be required to reconcile

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Local Funding Gap to Reconcile - \$17.6 million

	Board of Education's Proposed Budget	State Budget	Local Impact
Certified Staff & AP's	3% base salary increase	Average 8% salary increase	\$13.7m
Non-Certified Staff & Principals	3% salary increase	3% salary increase	\$0.0m
One-Time Bonuses (not subject to retirement)	No Bonuses	Teacher, IS, AP: \$500 or 1,000 based on step Principals, Central Office, Non- Certified: \$1,750 or \$1,000 based on salary	\$3.4m
Retirement Rate	26.0%	26.1%	\$0.4m
Hospitalization Rate	\$8,905	\$8,925	\$0.1m
Budget Reductions Required			\$17.6m

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2026-27 Operating Budget Timeline – State Budget Requirements

- Budget Reconciliation on a tight timeline & driven by state requirements
- Budget must be reconciled prior to consideration & approval of 2026-27 compensation schedules
- State requires bonuses to be paid by October 31. Bonuses are based on the step of employees as of October 1 & new salaries must be in place prior to
- Open enrollment for State Health Plan occurs in October. The plan is changing and employee costs depend on their new salary level
- Some carryover federal grants end September 30, 2026. Salary roll and retro in September allows appropriate costing to the grant

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2026-27 Operating Budget Timeline – Next Steps to Comply with State Law

- August 4 – State Budget update, summary of reconciliation needs, & reconciliation options
- August 18 – BOE Budget and Finance Committee & Work Session – Discuss budget reconciliation
- August 18 – BOE Meeting - Possible decisions and approval of salary schedules. If we do not have consensus, the board will need to add another meeting the week of August 24
- August 25 – Special called BOE meeting if needed to continue budget discussion and make decisions
- September 1 – BOE Work Session & Meeting – Approval of salary schedules if not already complete
- September 30 – If salary schedules are approved by September 1, employees will receive salary increase in September check
- October 31 – Employees receive bonuses and target retro pay for July and August

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Q&A prior to reconciliation options

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Local Funding Gap to Reconcile - \$17.6 million

Options for Consideration	Local Impact
Fund balance appropriation	\$5.0m
State Initial Allotments higher than projected – move local costs to state funding (Children with Disabilities: \$2.1m; At-Risk Student Services: \$2.0m; Limited English Proficiency: \$0.6m)	\$4.7m
Adjust charter schools budget based on prior year spending	\$2.0m
Remove Locally Funded Salary Supplement Increase included in the proposed budget	\$1.9m
Utilize Community Schools M&O funds for local M&O costs	\$1.1m
Decrease budget for substitutes based on prior year spending	\$1.0m
Reduce per pupil allotments to schools by \$3.22 per student	\$0.5m
Reduce Restart centralized budget available for beyond formula allotments to schools	\$0.5m
Across-the-board Central Services non-personnel budget reduction	\$0.5m
Reduction in costs for Crossroads lease	\$0.4m
Shift Facilities staff from operating budget to Building Program management	\$0.3m
Reduce contracted repairs and maintenance	\$0.2m
Options for Consideration Total	\$18.1m

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Q&A

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Known Fiscal Issues for 2027-28 – \$14.3 million

- Medicaid - \$5.0m
- IDEA - \$4.0m
- Local Masters Pay - \$2.4m
- Community Schools - \$2.1m
- MSAP Synergy Magnet Grant - \$0.8m



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