

Superintendent's Proposed 2023-24 Operating Budget

April 11, 2023



Superintendent's Proposed 2023-24 Operating Budget

Tonight

- Presentation for informational purposes
- Background landscape & context as we developed the proposed budget
- Potential risks
- Review of funding requests
- Budget development time-line & next steps

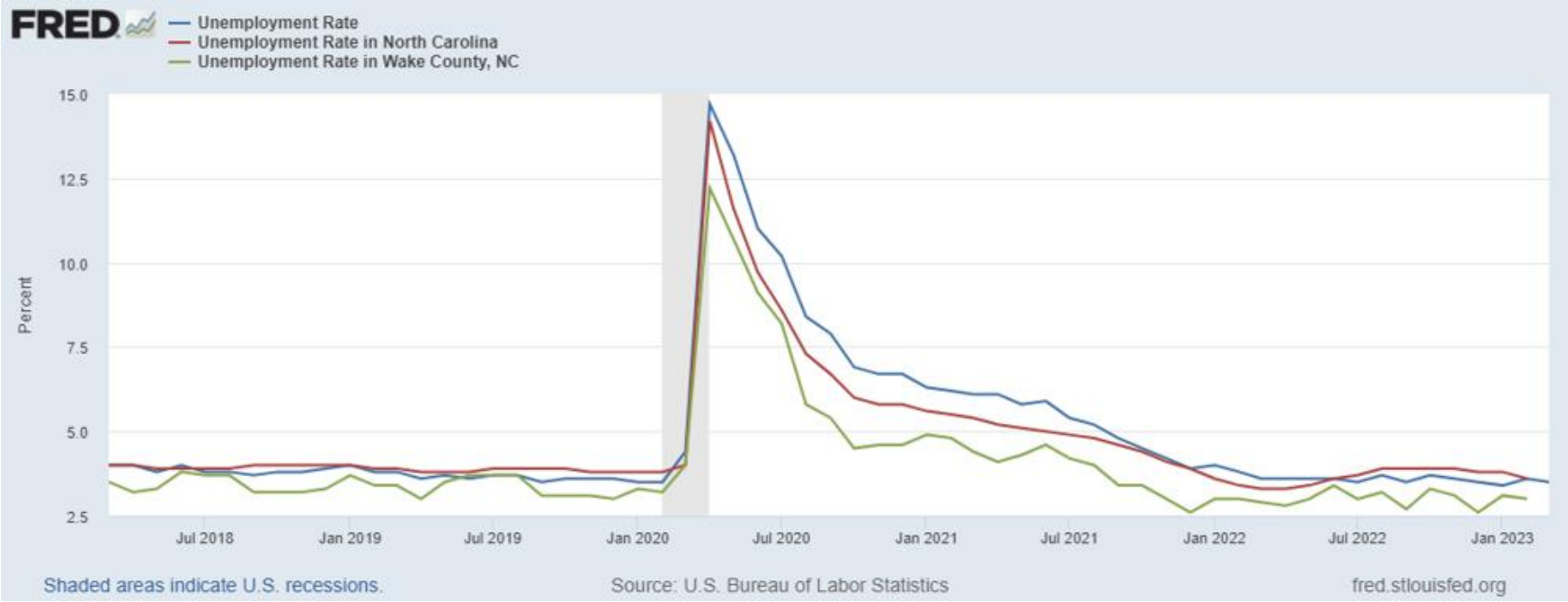
Superintendent's Proposed 2023-24 Operating Budget

Landscape & Context

- Why does the economic outlook matter?
- Unlike most states, North Carolina does not provide taxing authority to schools
- NC School Boards dependent upon Federal, State, & Local governing bodies for funding decisions
- In turn, economy & policies from funding governing bodies matter

Superintendent's Proposed 2023-24 Operating Budget

Landscape & Context



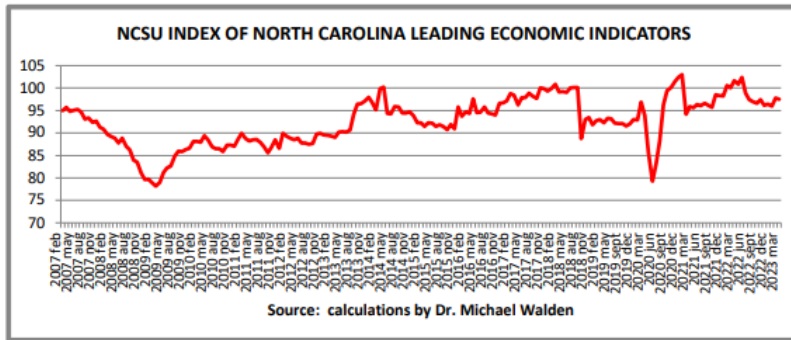
Superintendent's Proposed 2023-24 Operating Budget

NCSU INDEX OF NORTH CAROLINA LEADING ECONOMIC INDICATORS

Vol. 14, No. 3

March 2023

The *NCSU INDEX OF NORTH CAROLINA LEADING ECONOMIC INDICATORS* (the "Index"), a forecast of the state economy's direction, resumed its decline in February, posting a 0.3% drop from its level in January. Although the reduction was modest, it was widespread, with only one of



the Index's components – building permits – improving. Initial claims for unemployment registered the largest adverse change, with claims rising 4% during the month. Manufacturing hours were off 1%, and manufacturing earnings fell 1.4%. The Index is now down 5% since its recent peak in May 2022. In the "subprime" recession of the late 2000s decade, the Index dropped 6% before the start of that recession. Are we on the same path now? If a recession is ahead, will it be a "typical" downturn? These are questions all of us are waiting to be answered.

Chg. from prev. month Chg. from prev. year

	Chg. from prev. month	Chg. from prev. year
INDEX	-0.3%	-4.2%
ECRI-WLI	-0.3%	-7.5%
Claims	4.0%	-2.6%
Permits	14.6%	-2.8%
Hours	-1.0%	-3.6%
Earnings	-1.4%	2.6%

About the Index: The Index is composed of five components: the Economic Cycle Research Institute (ECRI)'s Weekly Leading Index (<http://www.businesscycle.com/resources/>), North Carolina initial claims for unemployment benefits, North Carolina building permits, average weekly hours of work of all North Carolina employees in manufacturing, and average weekly earnings of all North Carolina employees in manufacturing. All data are seasonally-adjusted and modified for differences in prices levels where appropriate. Data are from the U.S. Bureau of Labor Statistics, the U.S. Census Bureau, and ECRI, whose permission to use their Weekly Leading Index is greatly appreciated. All calculations are done by Dr. Michael Walden, and comments can be sent to michael_walden@ncsu.edu.

Superintendent's Proposed 2023-24 Operating Budget

Landscape & Context

- Fed to continue interest rate increases?
- Forecast mild recession late CY 2023?
- Impact on State Revenues?
- Impact on County Revenues (sales tax)?

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State Budget

- 2023-24 State Budget first year of Biennium
- March 8 - NC House and Senate agreed on a target amount for the 2023-24 budget
- March 15 – Governor Cooper released his [Proposed Budget](#)
- March 29 – NC House released its proposed budget in [House Bill 259](#)
- NC Senate expected to release its budget proposal later this Spring

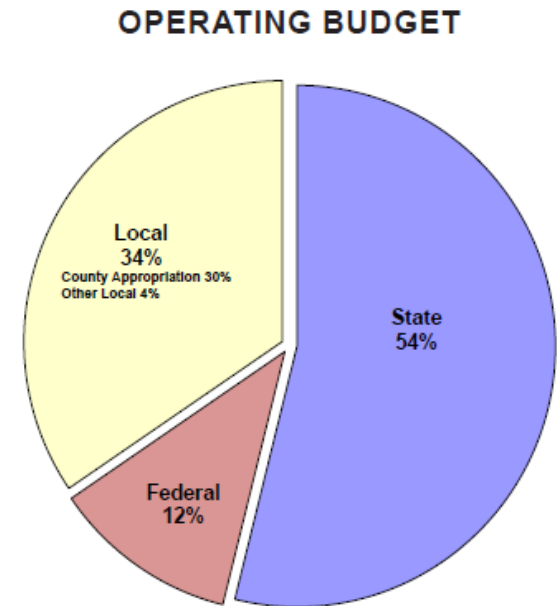
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Potential Risks








- Building Substitutes
- Charter Schools
- Child Nutrition Services
- COVID-19 Pandemic/Fiscal Transition
- Legislative Impact
- Projected Student Membership
- Targeted Enrollment
- Technology Replenishment
- Transportation
- Utilities

Superintendent's Proposed 2023-24 Operating Budget

OPERATING BUDGET FOR 2023-24			
	Operating Budget		Per Pupil Budget
State	\$ 1,155,638,146	54%	\$ 7,266
County Appropriation	\$ 650,094,842	30%	\$ 3,688
Enterprise Funds	\$ 42,002,305	2%	\$ 264
Fund Balance Appropriation	\$ 25,200,000	1%	\$ 158
Other Local	\$ 20,629,495	1%	\$ 130
Local - Current Expense Non-Restricted	\$ 2,672,500	<1%	\$ 15
Local	<u>\$ 740,599,142</u>	34%	<u>\$ 4,255</u>
Federal	\$ 249,159,974	12%	\$ 1,567
TOTAL	<u><u>\$ 2,145,397,262</u></u>	100%	<u><u>\$ 13,088</u></u>



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-  Schools - 88%
-  Facilities and Operations - 4%
-  Charter Schools Pass-Through - 3%*
-  Board of Education, Superintendent's Office, Communications, Chief of Staff and Strategic Planning, Chief of Schools - 2%
-  Academic Advancement - 1%
-  Administrative Services - 1%
-  Technology Services - 1%

*Charter schools receive state funds directly from NCDPI. The local pass through to charter schools represents over 9% of the local funds due to charter schools.

Superintendent's Proposed 2023-24 Operating Budget

Per pupil spending as of 2019-20 is the most recent data available for national comparisons. The national average for per pupil spending in 2019-20 was \$13,494. The average per pupil spending in North Carolina that same year was \$9,958. WCPSS spent \$9,610 per student; 4 percent less than the state average, and 40 percent less than the national average.

Comparison of Per Pupil Spending with National Districts as of 2019-20*

School System	City	2019-20 Enrollment	Rank by Enrollment	Per Pupil Spending
Montgomery County	Rockville, MD	165,267	14	\$ 16,697
Fairfax	Fairfax, VA	188,887	11	\$ 16,085
Prince George's	Upper Marlboro, MD	135,952	18	\$ 15,913
San Diego	San Diego, CA	102,270	27	\$ 14,540
Philadelphia	Philadelphia, PA	130,617	19	\$ 13,616
Gwinnett County	Lawrenceville, GA	180,589	13	\$ 11,327
Dallas	Dallas, TX	153,861	16	\$ 11,097
Shelby	Memphis, TN	113,198	23	\$ 10,812
Charlotte-Mecklenburg	Charlotte, NC	149,845	17	\$ 9,812
Wake County	Cary, NC	163,404	15	\$ 9,610

*This is the most recent national data available.

Source: U.S. Census Bureau website: <https://www.census.gov/data/tables/2020/econ/school-finances/secondary-education-finance.html>

Superintendent's Proposed 2023-24 Operating Budget

Priority Areas

In 2019-20, WCPSS began multi-year initiatives to address long-term needs

Multi-year initiatives remain a central focus in 2023-24.

They now compete with the needs of the fiscal transition for 2 years.

*Employee
Compensation*

*Instructional
Support
Technicians*

*Behavioral
Health
Supports*

*Maintenance and
Operations
Formula
Alignment*

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Federal Pandemic Funding Fiscal Transition

- One-time Federal Pandemic Relief Funds allowed WCPSS to continue to invest in multi-year priority areas including:
 - School based Behavioral Health Support position expansion
 - School based Instructional Technology Support position expansion
 - Facility Maintenance & Operations expansion to national standard
 - Building Level Substitutes
- ≈ \$32 million required to manage through fiscal transition
- Proposed 2023-24 Budget shifts \$12.6 million from Federal Relief Funds

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Federal Pandemic Relief Funding

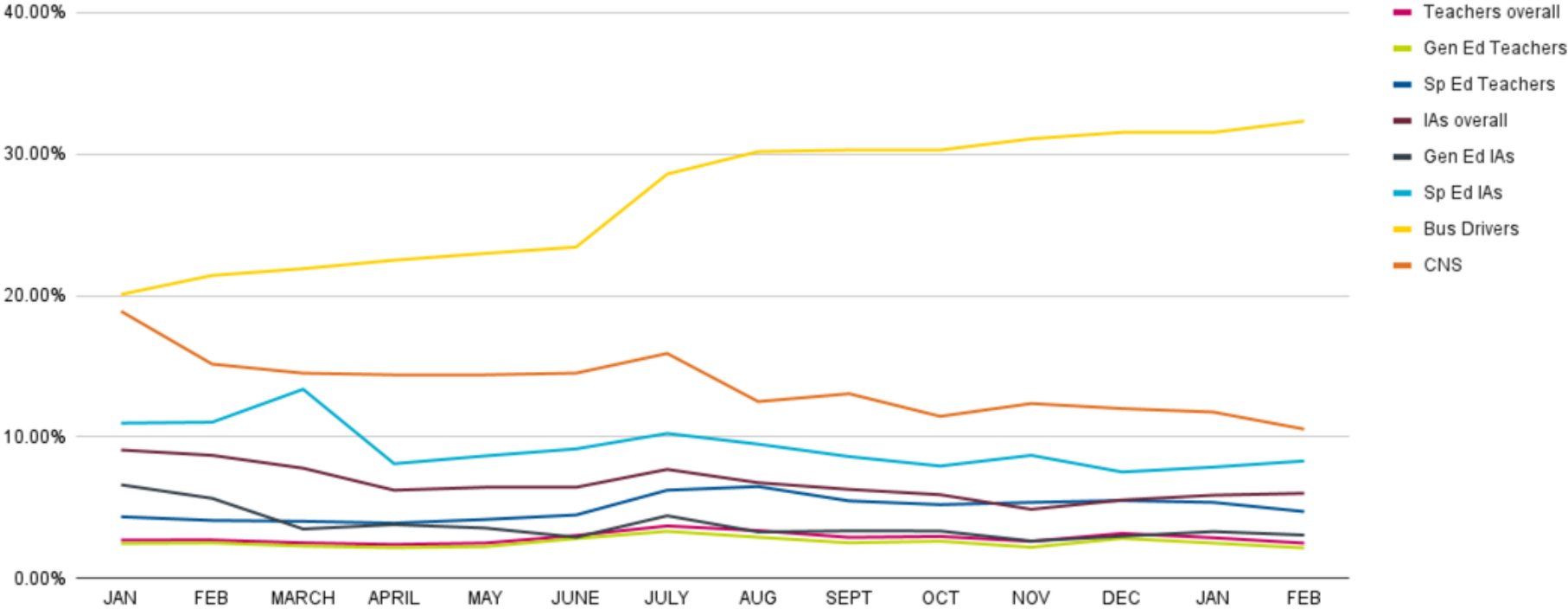
Pandemic relief funding is non-recurring	\$474.9m
Estimated spending through June 30, 2023	(\$378.8m)
Planned pandemic initiatives 2023-24	\$96.1m

Superintendent's Proposed 2023-24 Operating Budget

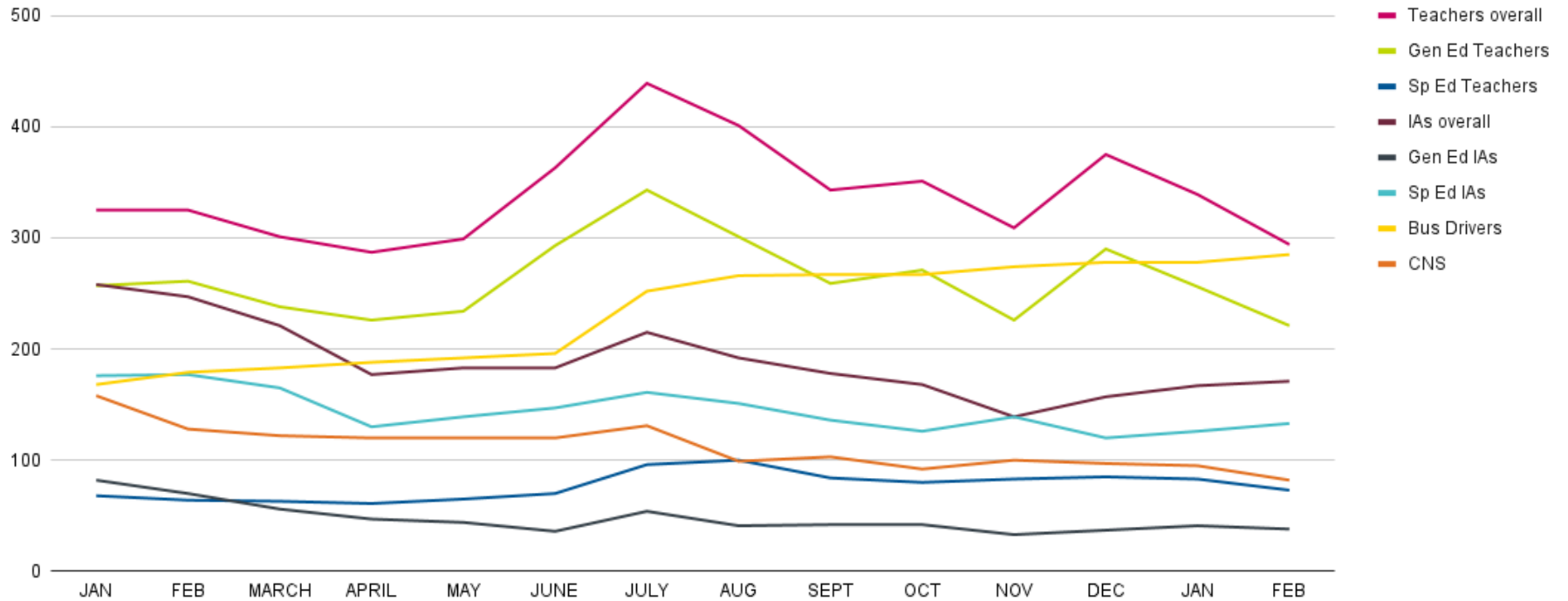
Priority Area - Employee Compensation

- Public Education is human resource intensive
- 82% of Operating Budget to Salaries & Benefits
- State funding of compensation increases has not kept pace
- Crosses the boundaries of School Administrators, Teachers, & Support Staff
- “New” employment market exacerbated pre-existing non-competitive wage.

Vacancy Rates - January 2022 to February 2023



Vacancy Totals - January 2022 to February 2023



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Priority Area - Employee Compensation

- Estimated 3% state legislated salary increase all categories
- \$17 per hour locally funded minimum support rate with 25 cent step differential and 40 cent grade differential to address compression, or 4% increase, whichever is greater
- 4.5% increase to local supplements for Certified Staff
- 1.5% local increase beyond estimated state legislated increase for admin & tech band positions, principals, SLT, to address compression
- Addition of women's wrestling coach supplement
- Increase in pay for IA as substitute pay

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Priority Area – Instructional Support Technicians

- Support positions essential to managing new student device density
- Shifts \$865k off one-time federal funding
- Targets continued expansion in 2024-25

Multi-Year Plan						
	Local		Federal		Total	
	MOE	Cost	MOE	Cost	MOE	Cost
Actual						
2019-20	84.00	\$ 603,127			84.00	\$ 603,127
2020-21	84.00	\$ 614,884			84.00	\$ 614,884
2021-22			120.00	\$ 869,778	120.00	\$ 869,778
2022-23	120.00	\$ 960,237			120.00	\$ 960,237
Proposed						
2023-24	120.00	\$ 861,022	(120.00)	(865,204)	-	\$ (4,182)
2024-25	120.00	\$ 980,511			120.00	\$ 980,511
2025-26	120.00	\$ 980,511			120.00	\$ 980,511
Total	648.00	\$ 5,000,292	-	\$ 4,574	648.00	\$ 5,004,866

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Priority Area - Facility Maintenance & Operations Funding

- Multi-year initiative to reach funding at national standards
- Current funding at 77.6% of industry standards
- Shifts \$11.8 million off one-time federal funding
- Targets continued expansion in 2024-25

Multi-Year Plan			
	Local	Federal	Total
Actual			
2019-20	\$ 2,500,000		\$ 2,500,000
2020-21	\$ 1,000,000		\$ 1,000,000
2021-22	\$ (3,567,000)	\$ 13,567,000	\$ 10,000,000
2022-23	\$ 5,000,000	\$ (2,000,000)	\$ 3,000,000
Proposed			
2023-24	\$ 11,763,845	(11,763,845)	\$ -
2024-25	\$ 6,666,667		\$ 6,666,667
2025-26	\$ 6,666,667		\$ 6,666,667
2026-27	\$ 6,666,666		\$ 6,666,666
Total	\$ 36,696,845	\$ (196,845)	\$ 36,500,000

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Priority Area – Behavioral Health Support Positions

- Multi-year initiative established pre-pandemic
- Counselors, School Psychologist, & Social Workers
- Staff to student ratios not aligned with WCPSS student needs or national standards
- Progress has been made in this multi-year endeavor to target national standards
- Adds \$2.0 m for 250 months of counselor to recurring local funding.

	Multi-Year Plan							
	State		Local		Federal		Total	
	MOE	Cost	MOE	Cost	MOE	Cost	MOE	Cost
Actual								
2019-20	270	\$ 1.7 m	86	\$ 0.9 m			356	\$ 2.6 m
2020-21					310	\$ 2.3 m	310	\$ 2.3 m
2021-22					1,017	\$ 8.0 m	1,017	\$ 8.0 m
2022-23					94	\$ 0.9 m	94	\$ 0.9 m
Proposed								
2023-24			250	\$ 2.0 m			250	\$ 2.0 m
2024-25			786	\$ 6.0 m			786	\$ 6.0 m
2025-26			1,064	\$ 8.0 m			1,064	\$ 8.0 m
2026-27			1,063	\$ 8.0 m			1,063	\$ 8.0 m
Total	270	\$ 1.7 m	3,249	\$ 24.9 m	1,421	\$ 11.2 m	4,940	\$ 37.8 m

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Legislative Impact

- Estimated local increase due to charter schools as a pass through - **\$3.9m.**
- Estimated local increase for employer matching retirement and hospitalization - **\$5.2m.**

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New Programs

- Early Learning Center - **\$0.8m**
- Preschool Teachers and Instructional Assistants - **\$0.5m**

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Repurposing of Funds

Page 26 of the Superintendent's Proposed Budget shows where the district is repurposing funds within the local budget to support funding requests for program enhancement teachers, magnet priorities, instructional support technicians transitioning from federal dollars, and assistant principal months of employment adjustments at the academies and early college.

Funding Request Name	Page	Repurposed Funds
STUDENT MEMBERSHIP CHANGES		
ACADEMICS		
Program Enhancement Teacher (K-5)	91	\$ 203,008
Supplies and Materials		(64,027)
Workshop Expenses		(46,749)
Staff Development Substitute Pay		(40,000)
Curriculum Development Pay		(20,000)
Contracted Services		(11,733)
Employer Provided Benefits		(10,890)
Travel Reimbursement		(5,004)
Staff Development Participant Pay		(4,185)
Staff Development Instructor		(420)
		<u>\$ -</u>

PROGRAM CONTINUITY		
CHIEF OF SCHOOLS		
Magnet Months of Employment and Program Support	98	\$ 591,511
Targeted Enrollment	110	(591,511)
MSAP Cornerstone 2017 Months of Employment	100	883,832
Targeted Enrollment	110	(883,832)
ACADEMICS		
Engagement Review for Reaccreditation for High School	101	24,000
Workshop Expenses		(24,000)
		<u>\$ -</u>
PRIORITY AREAS - MULTI-YEAR PLAN		
TECHNOLOGY		
Instructional Support Technicians	115	\$ 861,022
Targeted Enrollment	110	(861,022)
		<u>\$ -</u>
NEW OR EXPANDING PROGRAM		
CHIEF OF SCHOOLS		
Assistant Principal Months of Employment	116	\$ 26,693
Targeted Enrollment	110	(26,693)
		<u>\$ -</u>

Superintendent's Proposed 2023-24 Operating Budget

County Appropriation Request

The superintendent recommends the Wake County Board of Education request an increase of \$55.8 million for 2023-24 for a total county appropriation of \$650.1 million.

Employee compensation increases recommended in the superintendent's budget account for \$25.8 million of the local increase. Estimated increases to employer matching retirement and hospitalization insurance are \$5.2 million of the local increase.

	2022-23	Proposed 2023-24	Difference	Percent Increase
County Appropriation				
Current Expense - Recurring	\$ 593,317,101	\$ 649,149,627	\$ 55,832,526	
Crossroads Lease	935,944	945,215	9,271	
	\$ 594,253,045	\$ 650,094,842	\$ 55,841,797	9%
Student Membership				
WCPSS	158,412	159,051	639	<1%
Charter Schools	16,900	17,233	333	2%
	175,312	176,284	972	1%
Allocation Per Student	\$ 3,390	\$ 3,688	\$ 298	9%

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Use of Fund Balance

- Invests \$25.2 million of fund balance*
- The unassigned fund balance as of June 30, 2022, is \$46.5 million

*Will require waiver of board policy

Superintendent's Proposed 2023-24 Operating Budget

Orientation to Budget Document

- Budget document now posted at www.wcpss.net
- PDF available to view or download
- All budget documents posted online:
 - Superintendent's Proposed Budget
 - Board's Proposed Budget
 - Board's Adopted Budget

Superintendent's Proposed 2023-24 Operating Budget

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April 11	Superintendent delivers Superintendent's Proposed Budget for 2023-24 to Board of Education
April 25	Board of Education budget work session during Board Work-Session and public hearing on Superintendent's Proposed Budget at Board Meeting
May 1	Wake County Commissioner Regular Meeting (Recommended Budget)
May 2	Board of Education approves Board of Education's Proposed Budget
May 8	Wake County Commissioner Budget Work Session
By May 15	Deliver WCPSS's BOE Proposed Budget to the Wake County Commissioners
	Wake County Commissioner Regular Meeting (Budget Public Hearing)
May 22	Wake County Commissioner Budget Work Session
June 5	Wake County Commissioner Regular Meeting (Budget Adoption)
June	Possible Board of Education budget work session based on approved county budget
June 20	Board of Education approves budget resolution or interim budget resolution (Most likely an interim budget resolution if there is not an approved state budget)

Superintendent's Proposed 2023-24 Operating Budget

Board Budget Work-Sessions

- Board discussion & directives to Superintendent & Staff to make revisions
- Submit questions to Terri Kimzey, Sr. Director of Budget at tkimzey@wcpss.net
- Questions & responses to be reviewed in work-sessions and posted online

Superintendent's Proposed 2023-24 Operating Budget

April 11, 2023

SUPERINTENDENT'S PROPOSED BUDGET
FISCAL YEAR JULY 1, 2023 - JUNE 30, 2024

**WAKE COUNTY
PUBLIC SCHOOL SYSTEM**
From here, anything is possible.

CARY, NORTH CAROLINA