



# WCPSS 2024-25 Budget Priority Areas

Board of Education Retreat

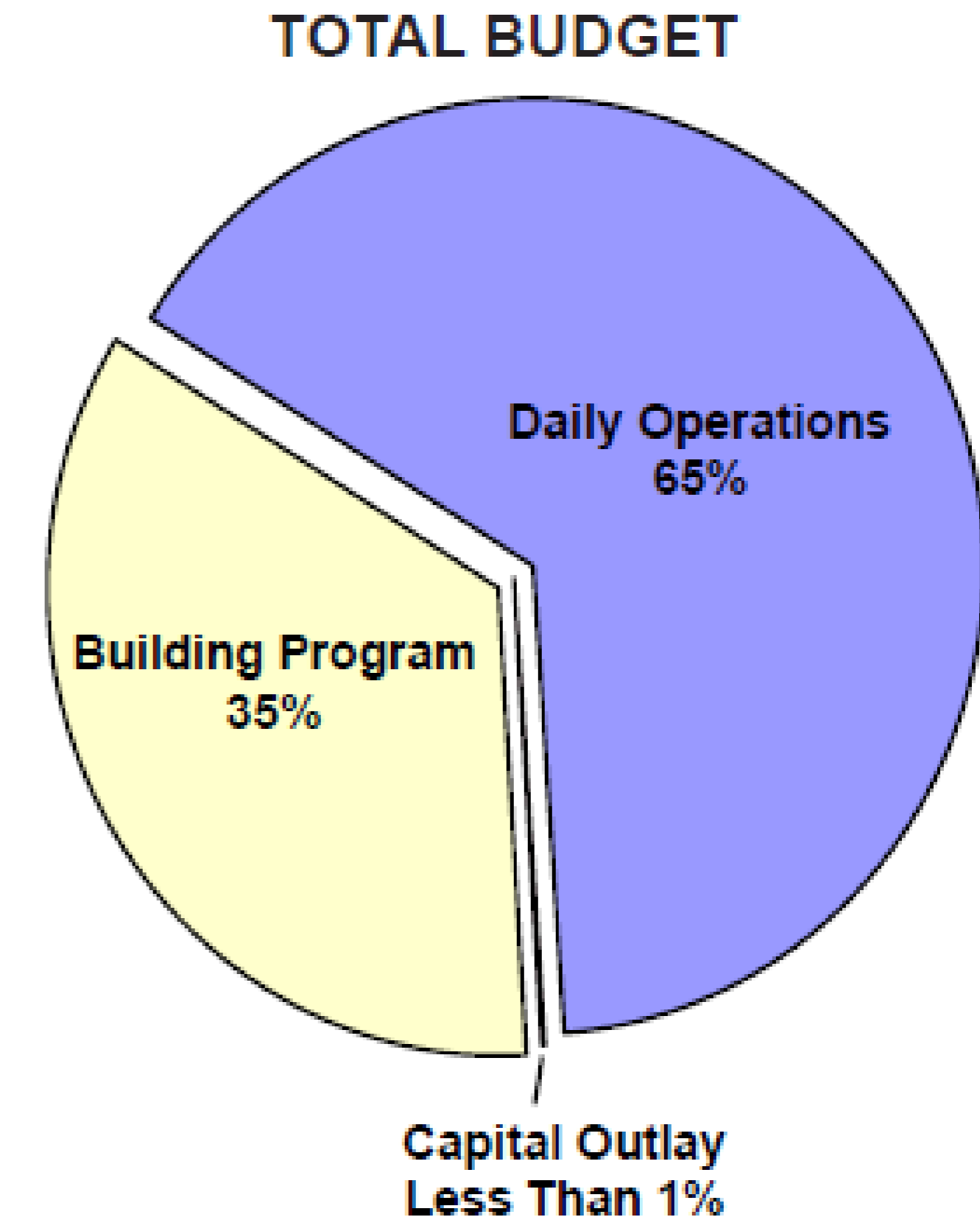
February 23, 2024

# Today's Overview

- Review highlights of WCPSS Operating Budget for increased understanding
- Look at radar for requirements of the 2024-25 expansion budget
- Review multi-year initiatives currently in place
- Set the stage for break-out work groups & reporting out

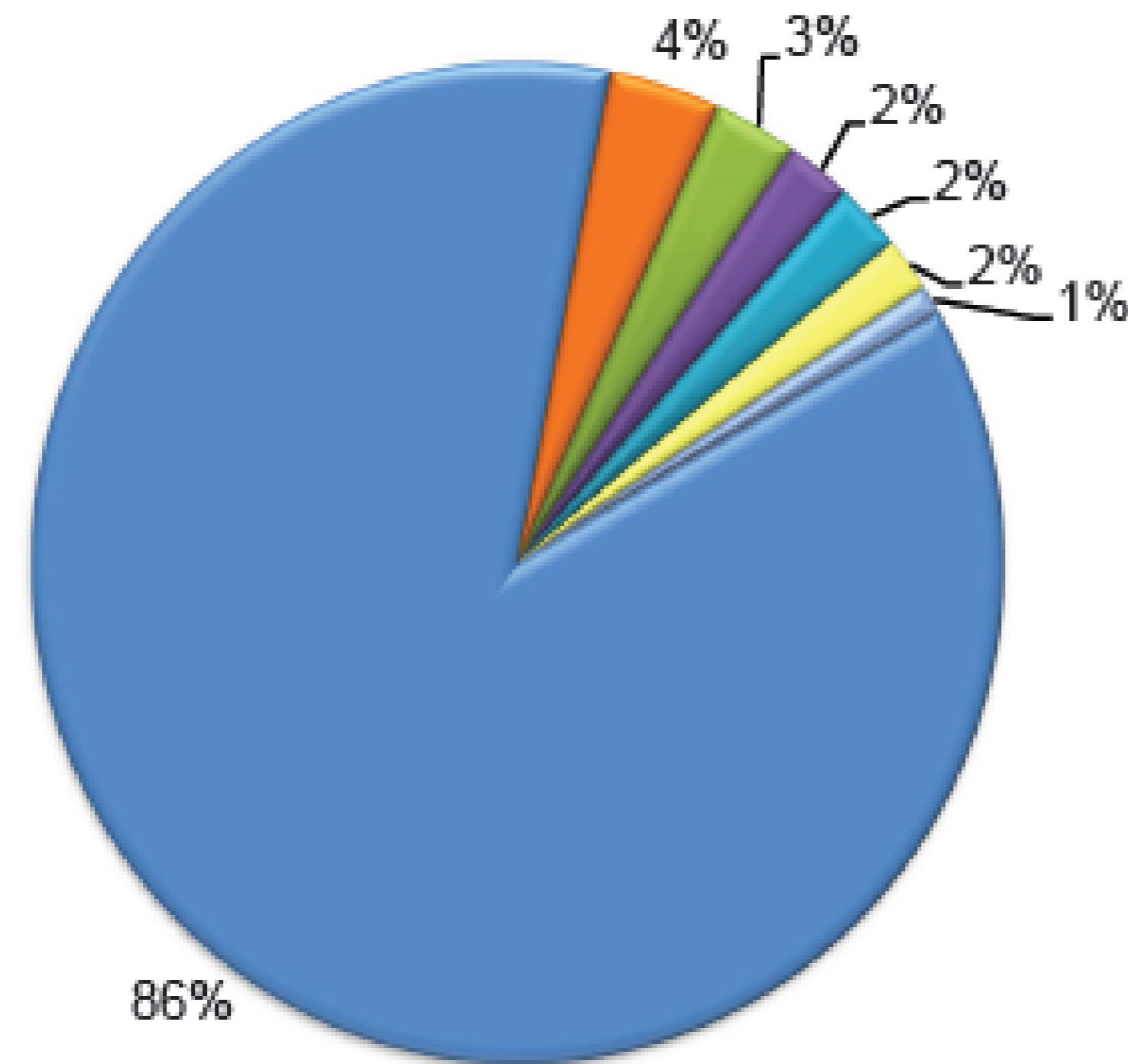
# WCPSS Total Budget

TOTAL BUDGET FOR 2023-24		
DAILY OPERATIONS	\$ 2,208,031,802	65%
+ Capital Outlay (vehicles and equipment)	\$ 3,733,728	<1%
<b>EQUALS OPERATING BUDGET</b>	<b>\$ 2,211,765,530</b>	<b>65%</b>
+ Building Program (provided by taxpayer bonds)	\$ 1,184,872,414	35%
<b>EQUALS TOTAL BUDGET</b>	<b>\$ 3,396,637,944</b>	<b>100%</b>



# Operating Budget

Operating Budget: \$2,211,765,530

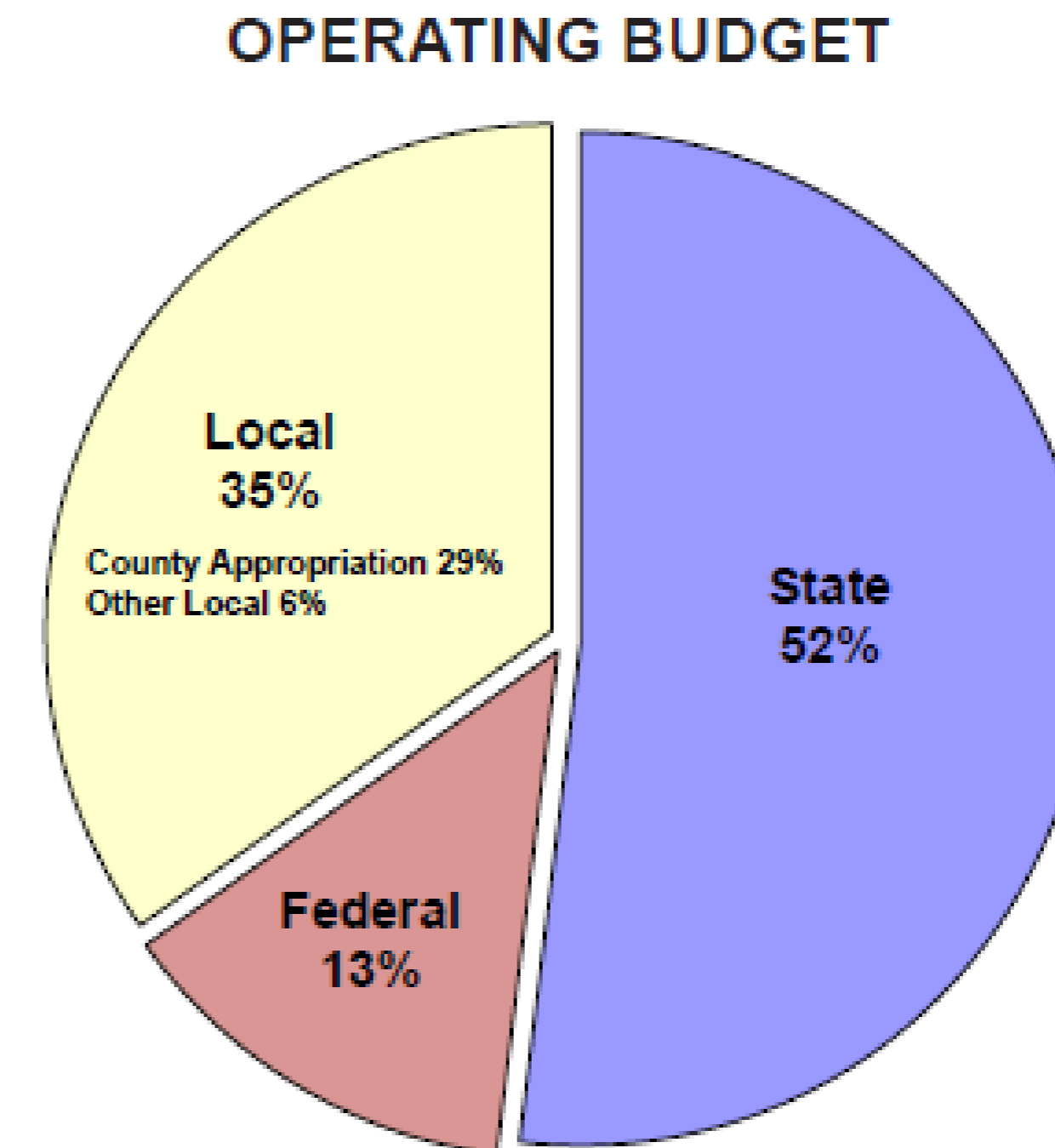


- Schools - 86%
- Facilities and Operations - 4%
- Charter Schools Pass-Through - 3%\*
- Board of Education, Superintendent's Office, Communications, Chief of Staff and Strategic Planning, Chief of Schools - 2%
- Academic Advancement - 2%
- Administrative Services - 2%
- Technology Services - 1%

\*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.

# Operating Budget Per Pupil

OPERATING BUDGET FOR 2023-24				
		Operating Budget		Per Pupil Budget
<b>State</b>	\$	<b>1,148,677,931</b>	<b>52%</b>	\$ <b>7,222</b>
County Appropriation	\$	644,262,316	29%	\$ 3,655
Fund Balance Appropriation	\$	51,144,993	2%	\$ 322
Enterprise Funds	\$	46,434,518	2%	\$ 292
Other Local	\$	25,928,424	1%	\$ 163
Local - Current Expense Non-Restricted	\$	3,398,864	<1%	\$ 19
<b>Local</b>	<b>\$</b>	<b>771,169,115</b>	<b>35%</b>	<b>\$ 4,451</b>
<b>Federal</b>	<b>\$</b>	<b>291,918,484</b>	<b>13%</b>	<b>\$ 1,835</b>
<b>TOTAL</b>	<b>\$</b>	<b>2,211,765,530</b>	<b>100%</b>	<b>\$ 13,508</b>



# Where are the funds spent?

## **State -**

- Salaries and Benefits
- Purchased Services
- Supplies and Materials
- Capital Outlay

## **Local -**

- Salaries and Benefits (local salary supplement for all teachers and school-based administrators is included in salaries and benefits).
- Purchased Services
- Supplies and Materials
- Capital Outlay (mobile units, vehicles, and equipment)
- Transfers to Charter Schools
- Utilities

## **Federal -**

- Salaries and Benefits
- Purchased Services
- Supplies and Materials
- Capital Outlay

# Wake County Funding

## What areas is Wake funding primarily used for? Supplements? Key personnel not funded by the State?

- Base pay and employer matching benefits for locally funded employees
- Supplementary pay and employer matching social security and retirement on supplementary pay for state and locally-funded certified employees
- Dental insurance for state and locally-funded employees
- Utilities and maintenance costs
- Substitute pay
- Charter schools
- Extra duty pay
- Children with disabilities
- Transportation
- Classroom teachers
- Instructional support
- Classroom materials, instructional supplies, equipment
- General operation in central support departments

# Federal Funding – 2023-24

Federal sources support 13%\* of the school system’s operating budget. Federal funding is primarily comprised of restricted and unrestricted grants. Some grants from the federal government are routed through the North Carolina Department of Public Instruction (NCDPI) and some are received directly. Restricted grants are to be used for specific purposes, while unrestricted grants can be used for multiple purposes.

Federal Revenue	
Restricted Grants (Received through NCDPI)	\$ 115,310,326
Restricted Grants (Received through NCDPI) - COVID-19	97,928,311
Restricted Grants (Received Directly)	40,957,130
USDA Grants	37,156,233
ROTC	566,484
<b>Total</b>	<b>\$ 291,918,484</b>

Federal Expenditures 13% of the Operating Budget		
Salaries and Benefits	\$ 163,564,283	56%
Purchased Services	85,275,898	29%
Supplies and Materials	41,510,542	14%
Capital Outlay	1,567,761	1%
<b>Total</b>	<b>\$ 291,918,484</b>	<b>100%</b>

\*Down from 17% in 2022-23, Will drop further in 2024-25. Expiration of Pandemic Relief funds.

# Federal Funding (COVID)

Three major federal relief packages approved:

## **Coronavirus Aid, Relief, and Economic Security (CARES) Act**

Signed into law March 27, 2020

- Coronavirus Relief Fund (CRF)
- Elementary and Secondary School Emergency Relief Fund (ESSER I)
- Governor's Emergency Education Relief Fund (GEER)

## **Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act**

Signed into law December 27, 2020

- ESSER II

## **American Rescue Plan (ARP) Act**

Signed into law March 11, 2021

ESSER III

# Federal Funding (COVID)

One-time funding due to COVID-19 increased WCPSS's federal funding significantly. This is a temporary increase in resources for school systems. It is likely federal sources will return to approximately 8 percent of the school budget once the one-time COVID-19 funding expires.

Must transition recurring items from the one-time federal funds by 2024-25 Budget

Began this process in the 2023-24 Operating Budget

Remaining ≈ \$22 million in recurring funding that must be transitioned

Behavioral support positions & building level substitute teachers

Any current year (2023-24) savings provide an opportunity to reduce the amount that must be transitioned in 2024-25

# Fiscal Accountability & Transparency

## Who decides how we can invest our funding?

- State Legislature & related law
- State Board of Education
- Federal law & related agencies
- Other governing bodies
- WCPSS Board of Education

# Financial Reporting - Budget Transfers and Amendments

General Statute 115C-422 [Amendments to the budget resolution; budget transfers](#)

In accordance with state law, changes to the budget are reported to the board of education each month.

The budget is a flexible, dynamic process. Each month there are amendments to the budget for:

- state allotment revisions from NC Department of Public Instruction
- grant awards or revisions
- changes in fee driven programs
- changes in revenue collections compared to budget

# Financial Reporting - Quarterly Budget Status Report

- Provide on a quarterly basis with an exception at the end of the year
- Information on budget, expenditures and remaining balances for all funding sources
- This report provides an up-to-date status of the annual budget and expenditures

# WCPSS' Funding Control

- Unlike most other States, NC Boards of Education have no taxing authority
- NC State Legislature develops Biennial Budget that establishes majority of funding
- Long Session establishes the Biennial Budget
- Short Session can modify the second year
- Federal Government establishes funding that flows through DPI
- *BOE has no direct control over State & Federal funding amounts*
- *Limited State increases in funding in recent history (e.g. AIG / Special Needs)*

# WCPSS' Funding Control

- Board of Education can request additional local funding from County
- Decision making on any increased funding resides with the County Commissioners
- Two primary ways to fund new priorities - if not funded by State/Federal:
  - Request & receive additional local funding
  - Strategic Alignment (repurpose existing funding)

# History of County Appropriation Increases

<b>Wake County Public School System</b>			
<b>Historical Data on County Appropriation - Funded</b>			
	<b>County Appropriation</b>		
	<b>County Appropriation Total</b>	<b>Dollar Increase Over Previous Year Funded</b>	<b>Percent Increase Over Previous Year Funded</b>
2023-24	\$644,262,316	\$50,009,271	<b>8%</b>
2022-23	\$594,253,045	\$50,047,944	<b>9%</b>
2021-22	\$544,205,101	\$16,301,000	<b>3%</b>
2020-21	\$527,904,101	\$11,949,000	<b>2%</b>
2019-20	\$515,955,101	\$40,035,857	<b>8%</b>
2018-19	\$475,919,244	\$45,008,244	<b>10%</b>

# Multi-Year Funding Initiatives

- WCPSS currently has in place multi-year initiatives to increase funding in priority areas:
  - Staff compensation
  - Behavioral Health support staff to serve students
  - Maintenance & Operations funding to a level of national standards for all WCPSS facilities
  - Expansion of Instructional Support Technician staff serving our teachers & students, with the need exacerbated by migration to a 1 to 1 device student ratio during the pandemic.

# Multi-Year Funding Initiatives

## Priority Areas

2022-23 - \$21,694,000

- \$16 per hour minimum
- 25 cent step differential and 40 cent grade differential to address compression

Proposed July 1, 2023 - \$10,000,000

- Graded staff receive greater of \$17 per hour minimum or 4 percent increase (1 percent beyond state-legislated increase)
- 25 cent step differential and 40 cent grade differential
- 1.5 percent beyond state-legislated 3 percent increase for administrative, technology band, and Superintendent’s Leadership Team (SLT) for a total of a 4.5 percent increase

Multi-Year Plan	
<b>Actual</b>	
2019-20	\$ 7,700,000
2020-21	\$ 1,568,000
2021-22	\$ 23,300,000
2022-23	\$ 21,694,000
<b>Proposed</b>	
2023-24*	\$ 10,000,000
2024-25*	\$ 12,000,000
<b>Total</b>	<b>\$ 76,262,000</b>

\*Estimates for 2023-24 and 2024-25 are subject to revision. Estimates for planning are based on \$17 per hour minimum in 2023-24 and \$18 per hour minimum in 2024-25 while continuing a 25 cent step differential and 40 cent grade differential and a minimum overall increase of 4 percent for non-certified staff and 4.5 percent for administrative, technology band, and SLT.

# Multi-Year Funding Initiatives

## Local Funding Requirement Estimates Associated with Desired Compensation Increases for Staff

- Increasing the Local Salary Supplement for Certified Staff by 4%\*  $\approx$  \$7.3 million
- Increasing minimum hourly rate for school administrators, banded positions, and classified staff from current \$17/hr minimum to \$18/hr minimum & expanding state legislated 3% increase for non-certified staff to 4% - \$8 million

# Multi-Year Funding Initiatives

## Priority Areas

### BEHAVIORAL HEALTH SUPPORTS

One of the surest paths to safe, secure, and academically successful children is an appropriate number of counselors, psychologists, social workers, and nurses. Providing an appropriate number of counselors will help to ensure we are supporting our students' social, emotional, and behavioral needs.

After the joint Wake County commissioners and school board meeting in May 2018, it was suggested that a multi-year plan would help to outline and highlight the total instructional support staff needed in our district. During the Wake County Board of Education's Student Achievement Committee (SAC) meeting on August 13, 2018, it was requested that a five-year plan be developed around how to address the need for additional instructional support staff based on an acuity model that favors need.

**Demonstrated Need:** The Adverse Childhood Experiences (ACE) study indicates that adults who experienced multiple indicators of trauma in childhood had more negative health outcomes as adults. ACE indicators are physical, sexual, and emotional abuse, physical and emotional neglect, intimate partner violence, mother treated violently, substance misuse within household, household mental illness, parental separation/divorce, and incarcerated household member. Other barriers are homelessness, hunger, chronic absenteeism, substance abuse, and mental health challenges.

2021-22 Data

504	6,077	Behavior Incidents	66,817
Homelessness	4,747	In School Suspensions	25,422
Suicide Screenings	4,119	Short-Term Suspensions	11,347
Child Protective Services (CPS) Referrals	1,540	Long-Term Suspensions/Expulsions	3/5
Self-Injury	675	ACE Referrals	781
Foster Care Placement	515	Mental Health Referrals	428

School Physical Health 2020-21

Medical Care Plans	18,865	Medications	2,132
Chronic Health Conditions	17,009	Invasive Procedures	149

This is now an eight-year plan for expanding behavioral health supports. WCPSS used one-time federal funds in 2020-21, 2021-22, and 2022-23 to support behavioral health positions. WCPSS intends for these costs to return to the recurring operating budget when the one-time federal dollars expire.

For 2023-24, 250 Months of Employment (MOE) are needed to maintain the needs-based allotment formula at the K-5 level and stabilize positions at high needs middle schools.

Multi-Year Plan

	State		Local		Federal		Total	
	MOE	Cost	MOE	Cost	MOE	Cost	MOE	Cost
<b>Actual</b>								
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
<b>Proposed</b>								
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
<b>Total</b>	<b>270</b>	<b>\$ 1.7 m</b>	<b>3,249</b>	<b>\$ 24.9 m</b>	<b>1,421</b>	<b>\$ 11.2 m</b>	<b>4,940</b>	<b>\$ 37.8 m</b>

# Multi-Year Funding Initiatives

## Priority Areas

**MAINTENANCE AND OPERATIONS FORMULA ALIGNMENT**

While the salaries of maintenance and operation employees have fallen significantly below market rates, the maintenance needs of our buildings have been deferred to create and maintain funding for teachers and classrooms. This has created a constant backlog of work orders, many of which involve regular repairs to heating and cooling systems stretched beyond normal and recommended life spans.

WCPSS has a multi-year initiative to adjust the budget for Maintenance and Operations (M&O) to the industry standard based on the Current Replacement Value (CRV). WCPSS is currently funded at 77.6 percent of the industry standard for maintenance, operating capital, and capital improvement project funds. The plan began as a five-year implementation but has extended to an eight-year phase-in.

2022-23 CRV for M&O	\$ 4,417,470,000
Times Industry Standard Percentage	3%
Industry Standard for M&O Budgeting	\$ 132,524,100
2022-23 M&O Budget	\$ 102,876,239
Percent of Industry Standard	77.6%
2023-24 CRV for M&O	\$ 4,843,551,000
Times Industry Standard Percentage	3%
Industry Standard for M&O Budgeting	\$ 145,306,530
Less:	
2022-23 M&O Budget	\$ 102,876,239
2023-24 M&O Early Learning Center Funding Request	81,294
2023-24 M&O Lifecycle Increase in Capital Improvement Project	\$ 14,496,371
2023-24 Base Budget Adjusted	\$ 117,453,904
Anticipated Capital Improvement Project Funds	\$ 7,852,626
Equals Local Funds Needed to Reach Industry Standard	<b>\$ 20,000,000</b>

WCPSS will use \$7.8 million of anticipated capital improvement project funds over the next five years toward industry standard. M&O plans to request \$20 million over three years beginning in 2024-25 to reach industry standard. The proposal for 2023-24 is to transition \$11.8 million of maintenance, utilities, and custodial contract costs from federal funds to the recurring operating budget.

Multi-Year Plan			
	Local	Federal	Total
<b>Actual</b>			
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
<b>Proposed</b>			
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
<b>Total</b>	<b>\$ 36,696,845</b>	<b>\$ (196,845)</b>	<b>\$ 36,500,000</b>

# Multi-Year Funding Initiatives

## Priority Areas

### INSTRUCTIONAL SUPPORT TECHNICIANS

WCPSS added approximately 135,000 laptops and 6,000 iPads during the pandemic. In the coming years, an additional \$22 million to \$25 million will be spent annually on devices and classroom technology.

According to the North Carolina Digital Learning Media Inventory, the state average ratio of technician to devices is 1:1,956. The WCPSS ratio in 2018-19 was 1:7,714.

WCPSS created a multi-year phase-in plan to support the hiring of full-time Instructional Support Technicians (ISTs) and provide startup funds for the establishment of the positions. In 2019-20 and 2020-21, seven IST positions were added. In 2021-22 and 2022-23, 10 IST positions were added.

WCPSS used federal Elementary and Secondary School Emergency Relief (ESSER) II resources in 2021-22 to support the phase-in plan. ESSER II funds are expected to be expended by June 30, 2023.

The proposed budget includes an adjustment to move 120 IST Months of Employment (MOE) from ESSER II funding to the recurring operating budget. WCPSS will not add new IST positions in 2023-24. The plan will resume in 2024-25.

Multi-Year Plan						
	Local		Federal		Total	
	MOE	Cost	MOE	Cost	MOE	Cost
<b>Actual</b>						
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
<b>Proposed</b>						
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
<b>Total</b>	<b>648.00</b>	<b>\$ 5,000,292</b>	<b>-</b>	<b>\$ 4,574</b>	<b>648.00</b>	<b>\$ 5,004,866</b>

# Funding Priorities Identified by Staff as Required / Needed

## Initial Summary of Funding Requests – 2024-25 Operating Budget

- Staff compiled funding requests for consideration for the 2024-25 Operating Budget.
- The superintendent and his team are analyzing the requests while preparing the Superintendent's Proposed budget. The budget development process focuses on the use of local funding, as state and federal funding decisions are made independent of the district and board.

Our core business is K-12 education and the over 160,000 students we serve. Staff has identified four overarching areas to invest additional funding in as we fiscally plan the next school year. Funding to support our students. Funding to support our staff that serve and support those students. Funding to manage through the fiscal transition from the federal pandemic relief funds which will no longer be available beyond the current fiscal year. And funding to meet statutorily required obligations of the district. The four areas have many overlaps. This summary also includes funding priorities mentioned to us by the board during the final budget reconciliation process for the current year's operating budget.

# Funding Priorities Identified by Staff as Required / Needed

- Funding to support our students
- Funding to support our staff
- Funding to support through the fiscal transition
- Funding to meet statutorily required obligations

# Needs of Local 2024-25 Expansion Budget

- Increased funding due to Charter Schools\* - \$9m
- Local funding required for 2<sup>nd</sup> year of State biennial budget compensation increases - \$10m
- Local funding required for operating costs of one new school & early hires for five new schools in the 2025-26 year - \$4m
- Total on page ≈ \$23 million

\*estimate based upon an increase in local county appropriation based upon recent year increases, and related changes in WCPSS / Charter student population projections

# Needs of Local 2024-25 Expansion Budget

- Pandemic Relief Funds transition (Behavioral Health support positions, building level permanent substitute teachers) - \$21 million
- Total on page  $\approx$  \$21 million

# Expressed Board of Education Priority Areas

The board will have opportunities to provide input for the 2024-25 budget both before finalization of the Superintendent's Proposed Budget, and after it is submitted to the board. In October, the board already provided items to staff for consideration. These include:

- Reduction in student parking fees
- Coaches for low-performing schools
- Covering the cost of National Board Certification for teachers
- Providing dental and vision insurance coverage at no cost to employees
- Increasing pay for Maintenance & Operations staff to recruit and retain high-quality skilled trades staff to maintain HVAC systems.
- Funding for improvements to the Rock Quarry Road Facility supporting our transportation safety assistants.
- Funding is required to implement 2x / month pay for staff paid on an hourly basis.
- Funding to further mitigate the impact of the state teacher salary schedule not advancing annual pay for veteran teachers.

# Board Member Break-Out Sessions

- Recognizing fiscal needs for the 2024-2025 year will exceed available resources for an organization that has limited control over its funding:
- Review obligations required of the Board in light of desired needs/wants of the Board
- Identify Board budget priority areas beyond those it is statutorily required to meet that remain within requests of additional funding from the board of county commissioners.
  - Board budget priority areas already expressed
  - Multi-year initiatives currently in place – do they remain priorities?
  - Board funding priority areas already expressed
  - New Board funding requests vis a vis direction to request additional funding from Wake County vs identifying existing programs to reduce support for or eliminate.
  - Expectations of possible additional County Appropriation for 2024-25
- Funding for expansion projects can be supported by additional county appropriation, and or repurposing existing use of funding. Beyond possible additional county appropriation for 2024-25, discuss what programs/functions currently in place might be reduced or stopped.
- Report out of each board member group on how to reconcile funding needs with funding capacities.

# Board Member Break-Out Sessions

- The board will break out into groups of three board members for discussion
- Budget & Finance staff will be available to each group to answer questions, and guide as appropriate
- Chiefs will be available to aid the discussion of the three-board work-groups
- The focus of the small board group meetings is on the board having discussion and providing staff feedback on the board's budget priorities, considering the board's required funding obligations.
- Each board group shall select a board member to facilitate the board discussion and report on the group's discussion after the break-out session.

# Reporting Out

- Designated Board members from the three break-out groups will report on their funding priorities vis a vis funding obligations placed upon the board by outside governing bodies.
- Follow-up discussion on commonalities and differences from the three groups' discussion, and any further direction of the board before the finalization of the Superintendent's' Proposed Budget targeted to be presented to the Board at its March 19, 2024, meeting.



# WCPSS 2024-25 Budget Priority Areas

Board of Education Retreat

February 23, 2024