

# 2020-2021 Budget

Presentation to Board of Education 10/5/20

# Budget Background Refresher

Information shared previously with Board by School Operations  
Specialists



# *School Operations Specialists*

*"Succeeding Together"*

Wayne County Public Schools  
Board of Education Meeting  
June 29, 2020





## Contributing factors to budget shortfalls

- Expenses exceed revenue
- Local funding level
- Decrease in ADM
- Increased charter school enrollment
- Unfunded positions added
- Increased contractual services
- Expensive programming and individual schools
- New initiatives not adequately funded
- Early implementation of K-3 class size
- Fixed cost increases not budgeted
- Inefficiencies within organization
- Lack of position control
- State and federal mandates

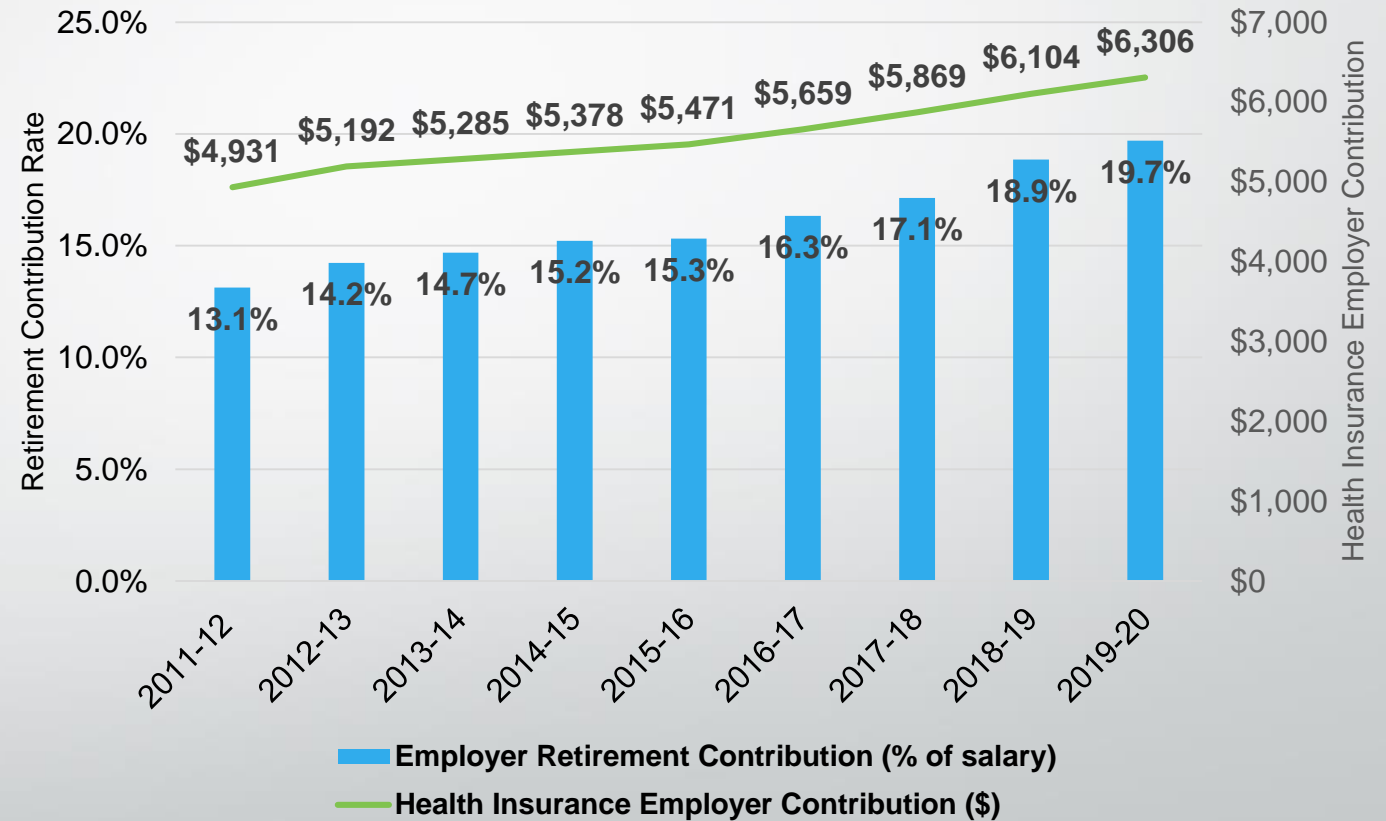


## Employee Benefit Trends

- Employer health insurance costs are increasing at twice the overall rate of inflation as measured by the Consumer Price Index for Urban Consumers (CPI-U)
- Employer costs for state retirement contributions are increasing at nearly four times the overall rate of inflation.
- Both trends place ever increasing pressure on the WCPS local budget.

WCPS

**Employer Health Insurance and Retirement Cost Trends**  
(FY 2011-12 to FY 2020-21)



Data Source: [NCGA Fiscal Research – History of Budget Legislation](#) 10/5/20

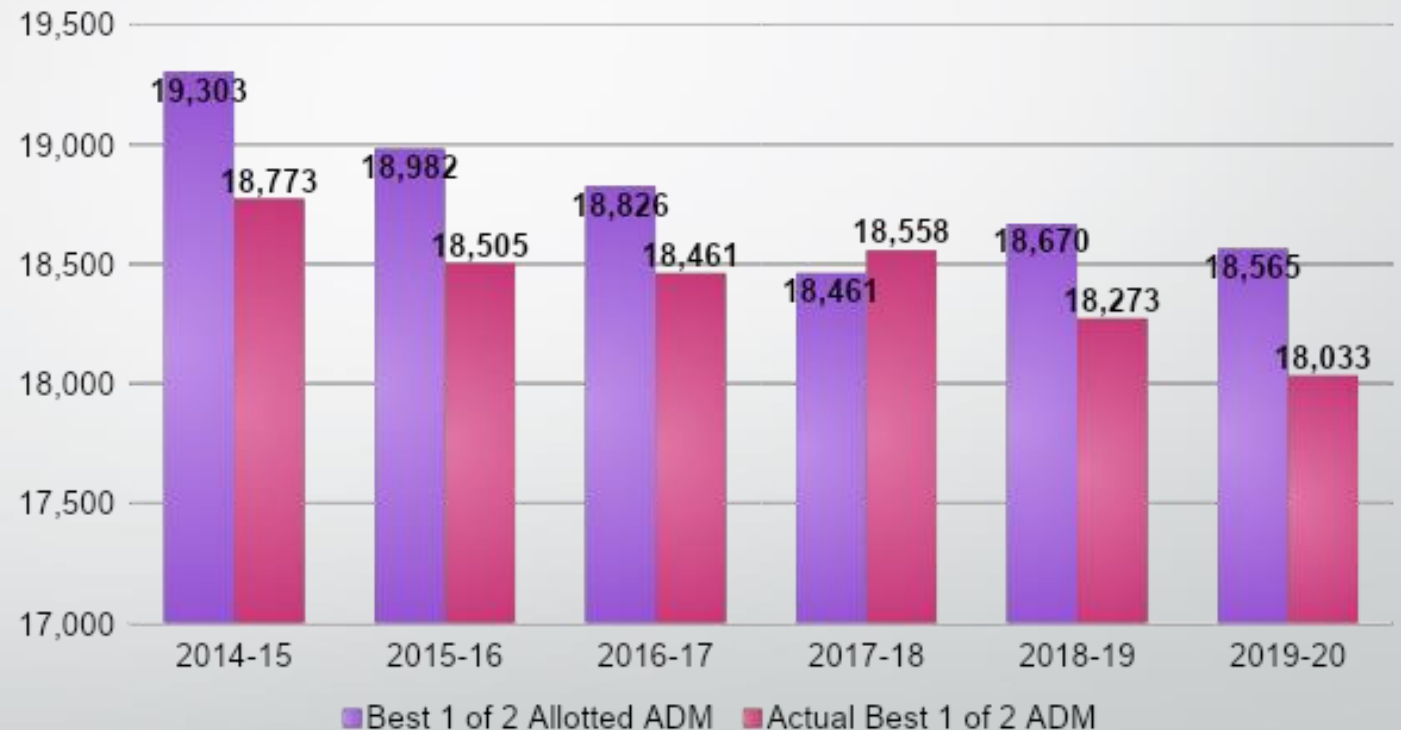


# Enrollment Trends

- With 18,033 students in 2019-20 Average Daily Membership (best 1 of 2), Wayne County Public Schools (WCPS) is the 21st largest district in North Carolina
- Enrollment declined by 525 students (2.8%) in the past three years.

WCPS

## Allotted and Actual Best 1 of 2 Average Daily Membership Trends (2014-15 to 2019-20)



Data Source: [NC DPI Student Accounting Data](#)

Note: 2014-15 and 2015-16 actual ADM figures are final month, not best 1 of 2<sup>10/5/20</sup>, due to lack of publicly available data.<sup>7</sup>



## School Operations Specialists

*"Succeeding Together"*

Wayne County Public Schools  
General Fund  
Audited Financial Statements

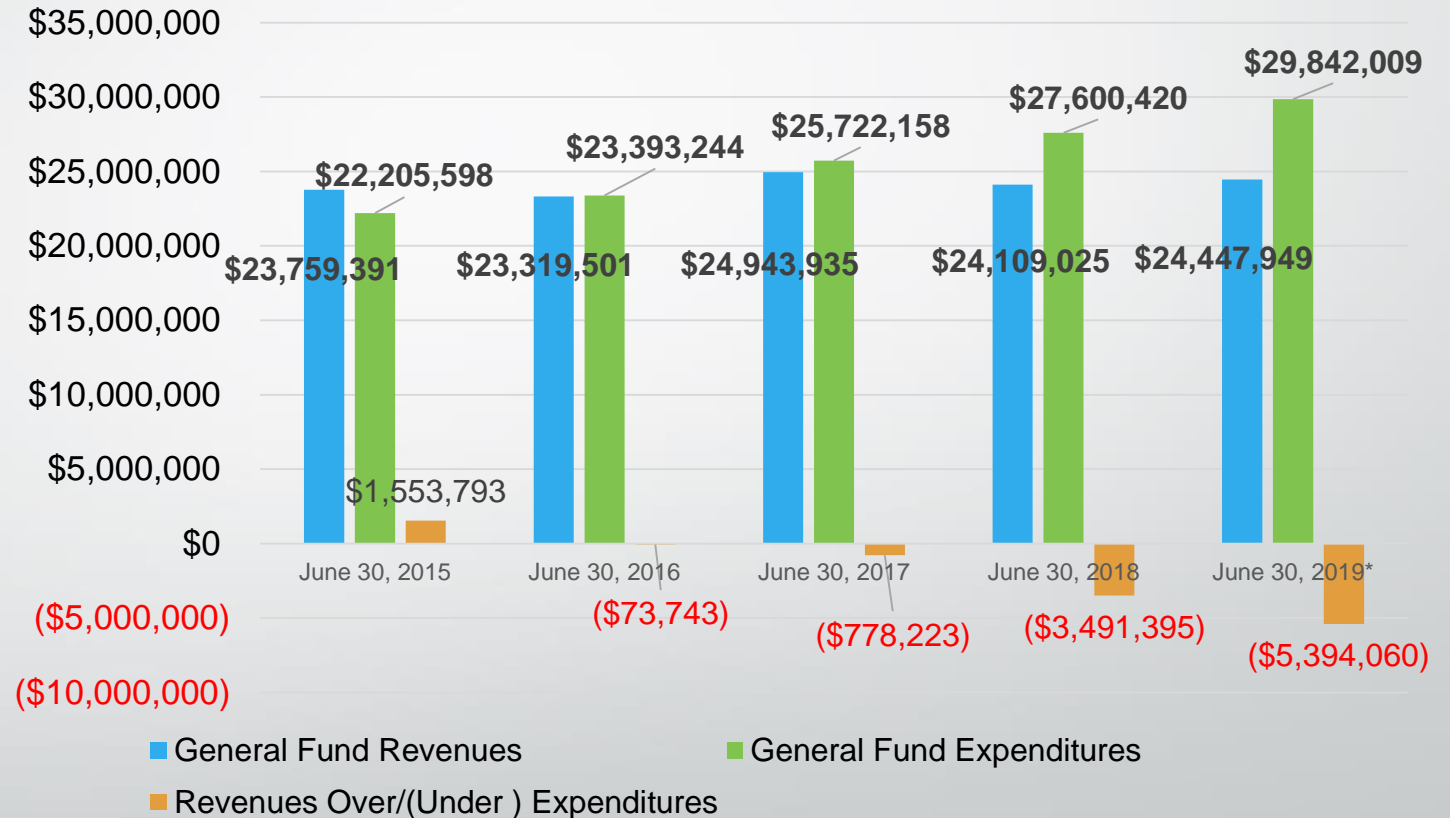
	6/30/2015	6/30/2016	6/30/2017	6/30/2018	6/30/2019
Fund Balance					
Restricted	\$ 1,457,428	\$ 672,094	\$ 1,009,983	\$ 973,922	\$ 1,201,962
Assigned	\$ 3,128,664	\$ 964,449	\$ 791,603	\$ 72,187	-
Unassigned	<b>\$ 2,505,526</b>	<b>\$ 5,381,332</b>	<b>\$ 4,468,728</b>	<b>\$ 1,709,764</b>	<b>\$ (3,618,654)</b>
	<u>\$ 7,091,618</u>	<u>\$ 7,017,875</u>	<u>\$ 6,270,314</u>	<u>\$ 2,755,873</u>	<u>\$ (2,416,692)</u>
	2015	2016	2017	2018	2019
Revenues	\$ 23,759,391	\$ 23,319,501	\$ 24,943,935	\$ 24,109,025	\$ 31,036,580
Expenses	\$ 22,205,598	\$ 23,393,244	\$ 25,722,158	\$ 27,600,420	\$ 36,430,640
Excess(Deficit)	<b>\$ 1,553,793</b>	<b>\$ (73,743)</b>	<b>\$ (778,223)</b>	<b>\$ (3,491,395)</b>	<b>\$ (5,394,060)</b>



## General Fund Expenditure Trends

- General fund expenditures exceeded revenues by \$3.5 in FY 2017-18 and by \$5.4M in FY 2018-19

WCPS - General Fund Revenue and Expenditure Trends  
FY 2014-15 to FY 2018-19



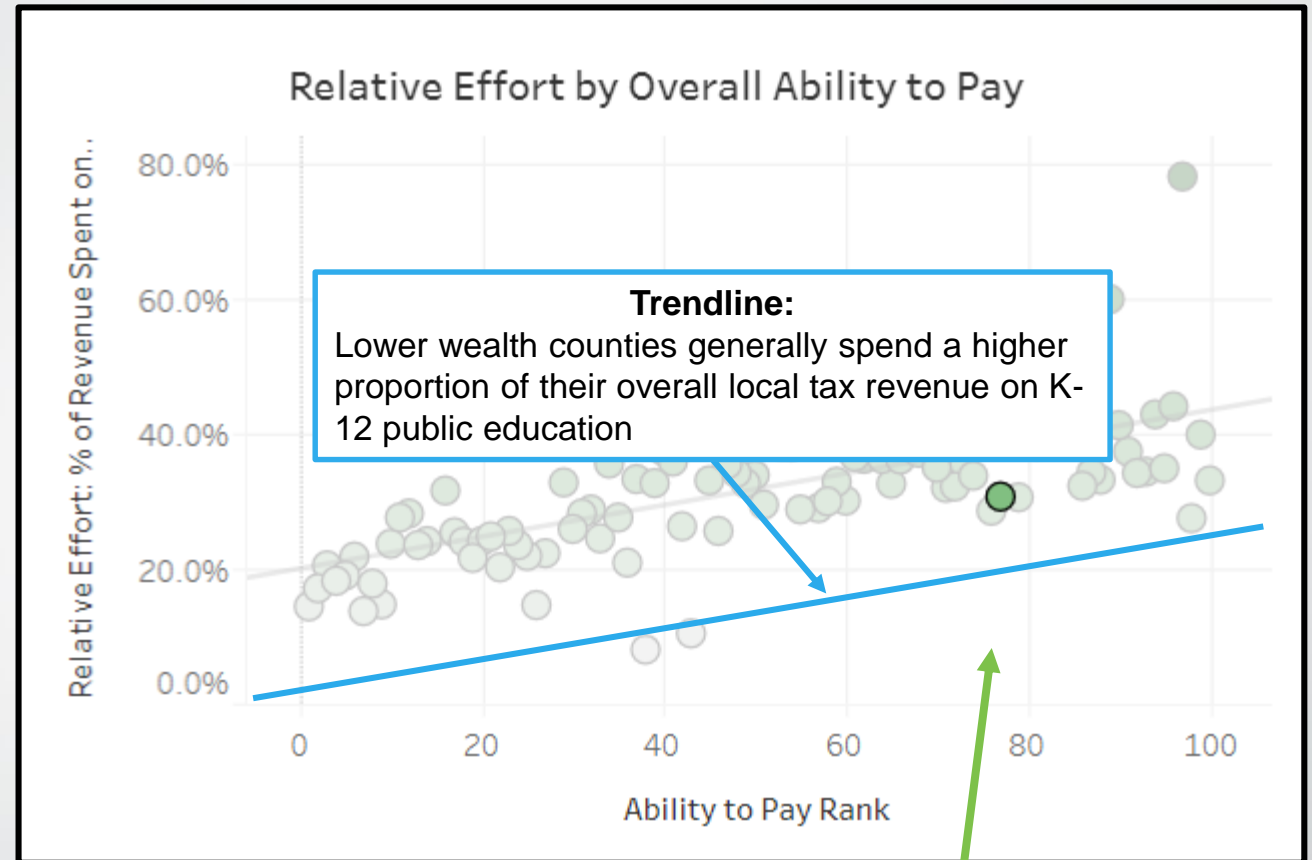




## Public School Forum's Local Finance Study

- In the Public School Forum's [2019 Local Finance Study](#), Wayne County ranked 77<sup>th</sup> out of 100 counties in ability to pay, and 57<sup>th</sup> in relative effort measured as the percent of local revenue spent on K-12 public education
- In general, lower wealth counties spend a higher proportion of their overall local tax revenue on K-12 education than higher wealth counties, but **Wayne County spends proportionally less local revenue on K-12 education than counties with a similar ability to pay.**

WCPS



### Wayne County:

Wayne County spends proportionally less local tax revenue on K-12 public education than most counties with a similar ability to pay, but proportionally more than most high wealth counties.

10/5/20

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# Building the 2020-2021 Budget

# Initial Efforts to Reduce Expenditures in July 2020

<b>ALL LOCAL REDUCTIONS JULY 2020</b>				
<b>Budget Code</b>	<b>Item</b>	<b>Reduction</b>	<b>Balance</b>	<b>R=Recurring</b>
005 School Bldg Admin				
5410-005-332	Travel Principal	38,400	0	R
5420-005-332	Travel Asst. Principal	25,000	0	R
6510-005-342	Postage	25,000	47,000	R
013 CTE				
5120-013-332	Voc Ed Travel	10,000	15,000	R
056 Transport of Pupils				
6550-056-311	Cont. Services	35,000	37,000	R
6550-056-326	Cont. Services	60,000	40,000	R
6550-056-341	Telephone-Land Based	65,000	0	R
061 Class Mater/Instr Supplies				
5110-061-411	Classroom Instructional	150,000	150,000	R
706 Local Transport Costs				
6550-706-551	Road Tax & Vehicle Purchase	100,000	41,277	R

# Expenditure Reductions July 2020 (continued)

<b>Budget Code</b>	<b>Item</b>		<b>Reduction</b>	<b>Balance</b>	<b>R=Recurring</b>
801 Board of Ed					
6910-801-312	Board Staff Development		25,000	25,000	R
6910-801-411	Board Supplies		10,000	10,000	R
802 Supt Office					
6941-802-311	Supt. Cont. Services		31,500	0	R
6941-802-312	Supt. Staff Devel		4,500	5,000	R
6941-802-313	Advertising		1,000	1,500	R
6941-802-332	Supt. Travel		2,000	3,000	R
804 Operations					
6540-804-311	Cont. Services		552,322	0	R
805 Maintenance					
6580-805-311	Cont. Services		75,000	200,000	R
6580-805-325	Cont. Land & Building		50,000	200,000	R
806 Public Relations					
6950-806-153	Salary Public Relations (1 pos)		51,204	0	R
			1,310,926		R

# Expenditure Reductions July 2020 (continued)

Budget Code	Item	Reduction	R=Recurring
	Media Asistants to IA (15)	570,000	R
5420-005-116	Reduce assistant principals 4	355,410	R
8100-036-717	Charter school (lower ADM)	100,000	
6620-821-312	Workshop/In service HR	5,000	R
6620-821-411	Supplies HR	7,500	R
5501-891-181	Ath/Summer AD extra month	29,204	
5501-891-181	Ath/Summer Coaches 9.5 days	63,284	
5501-891-181	Ath/Summer Grass Mowing	19,500	
5100-001-121	ADM Class/size 50 (net 32)	2,080,000	R
	PRC 69 to Tech Support	100,000	R
6110-002-(112/113)	CO admins fund source (partial)	217,866	R
	Discontinue Navigate Contract (Ops)	32,000	R
	Rolling freeze state and local	150,000	
		3,729,764	
		Total Recurring	3,367,776
	<b>ALL JULY REDUCTIONS</b>	<b>5,040,690</b>	

# Why were July reductions insufficient?

- Predicated heavily on reducing 50 teachers by:
  - Increasing class sizes in grades 4-12
  - Reassigning existing staff to vacancies as they occur
  - Capturing some vacancies and eliminating them
- Only netted 32 of the planned 50
  - Many vacancies were critical positions and required filling
  - Far fewer vacancies occurred at high schools when seeking to increase class sizes so staff reductions will be phased in over 2 years
- Use of federal one-time carryover funds were no longer available
- State shifted Low Wealth funds to more restrictive Covid-19 funds

# Continued reductions necessary

- First payroll run in August showed 2020-2021 budget in the negative
- Factors working against reduction strategies
  - Mandatory fixed cost increases (employee retirement and insurance)
  - Irreducible exceptional children's budgets which require special services
  - Long-term obligations on maintenance service and performance contracts
  - Ongoing utility expenses
  - Covid-19 prevented reduction of some maintenance and custodial positions
  - Could not capture then reduce enough vacancies

# Continued Reductions Necessary September 2020

<b>ADDITIONAL STATE AND LOCAL REDUCTIONS GAINED SEPTEMBER 2020</b>					
<b>Current Code</b>	<b>Item</b>	<b>Reduction</b>	<b>Balance</b>	<b>Gain</b>	
1-5100-031-121	Tchrs	15		900,000	R
1-510-013-121	Voc Ed Tchrs		69.67		
1-5110-061-411	Classroom Inst. Supplies	45,000	0	45,000	
	State Total			945,000	
2-51xx-001-181	Tchr Supplement down 1/2%				
2-5501-891-181	Shortened coaching season	40/45%		300,000	
2-6580-805-175	Maint Workers	4	64	122,174	R
2-580-807-414	Library Books	90,000	0	90,000	
	Local Total			512,174	
	Recurring Reductions			1,022,174	
	Total September reductions			1,457,174	



# Able to Now Present Balanced 2020-2021 Budget for Board Approval (Budget Document Presentation)

- Introductory sections
  - Budget overview and calendar
  - Academics
    - School Performance
    - Student Achievement
  - Statistical information
    - Membership data
    - Teacher information
    - Enrollment trends
    - Per Pupil Expenditures
  - County effort to support schools
  - Covid-19 response funding
  - Facilities
  - Assumptions and Risks
  - Deferred Needs
- Financials—Line Item Budget

# Ongoing 2020-2021 Savings Strategies and 2021-2022 Budget Development

- A second year of austerity is needed to shore up finances and begin repayments to State and local school nutrition fund
- Continued hiring freeze and position by position review for remainder of this academic year
- Overstaffed in Instructional Assistants—eliminate as vacancies occur
- Tighten up teacher allotments at schools to more closely align with state staffing ratios--strictly implement new larger class size formulas, including year 2 for high schools
- Non-renew Beginning Teachers in years 1 and 2 (BT1 and BT2) with option for rehire
- \*\*\*\* Should not need to implement Reduction in Force or a reduction of employee supplements\*\*\*

# Next Steps

- Board of Education adopts budget tonight and the 2020-2021 Board Budget will be delivered to County Manager with copies for Commissioners
- New finance officer reports October 12 and assumes financial leadership
- Make first payments to State and local school nutrition fund
- Design and present first quarterly financial summary for Board of Education
- Begin development of 2021-2022 budget, estimating fixed cost increases and plans for perpetually overspent accounts (exceptional children, utilities and facility maintenance). Additionally prepare for an anticipated 2 year drop in ADM based on historic enrollment trends
- Receive and share with Board of Education in late fall external audit
- Develop allotment formulas for all positions

# QUESTIONS?