

**WS/FCS Appeal to State
Board of Education
Pursuant to State Board
Policy
ALOT-002**

September 2, 2025

OUR MISSION

Winston-Salem/Forsyth County Schools will engage all students in high-quality, relevant learning experiences so they will graduate with interpersonal, academic, and workforce skills to compete globally and contribute to society.

OUR VISION

Winston-Salem/Forsyth County Schools will be the best place to learn and work through excellence, collaboration, and inclusiveness.



“The Perfect Storm”

How Did We Get Here?

Ending Fiscal Year 2024-2025

- The budget deficit for Fiscal Year 2024-25 is a debt of:
 - \$16.1 million owed to three “big” vendors
 - \$11.3 million (now \$3.4 million) owed to DPI
 - \$2 million owed to WS/FCS Child Nutrition
 - Estimated \$15-20 million owed to “ourselves” (WS/FCS) in local, capital and grant funds.

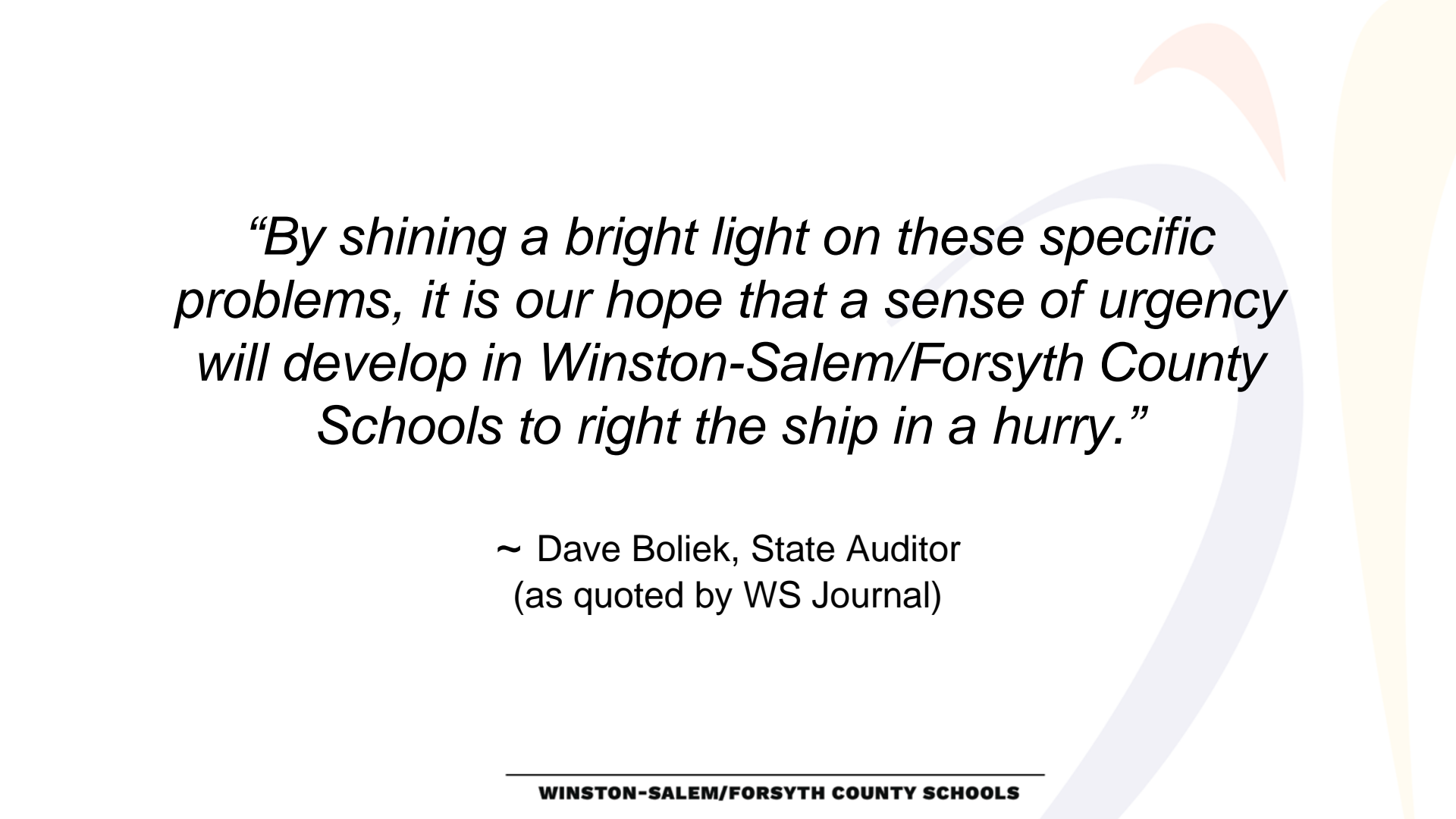
Beginning Fiscal Year 2025-2026

- Further reductions needed based on:
 - Reduction by \$5 million in State allotments
 - Reduction by \$8 million in federal carryover funds
 - Accounting for \$5 million in local fund balance used in FY25
- Estimated \$18-20 million needed to balance 2025-2026 budget.

Office of State Auditor Review

What the Audit Found

- Seven findings and one additional assessment
- Overstaffing, not scaling back expenses when pandemic funding expired, and poor financial practices caused \$46.1 million deficit.
- No “malfeasance” – no fraud, theft, missing money or referral for criminal investigation
- WS/FCS spent beyond available revenue.
- Fiscal issues date back to 2017



“By shining a bright light on these specific problems, it is our hope that a sense of urgency will develop in Winston-Salem/Forsyth County Schools to right the ship in a hurry.”

~ Dave Boliek, State Auditor
(as quoted by WS Journal)



“Right the Ship”

Fiscal Accountability

Fiscal Accountability

Corrective Actions Deadlines & Status

Finding	Deadline	Status
Finding 1	December 1, 2025 & August 1, 2026	●
Finding 2	June 30, 2026	●
Finding 3	June 30, 2026	●
Finding 4	August 2025	●
Finding 5	Complete for FY 25-26 Cont. Budget Resolution	●
Finding 6	June 30, 2026	●
Finding 7	June 30, 2026	●
Add'l Assessment	Ongoing	●



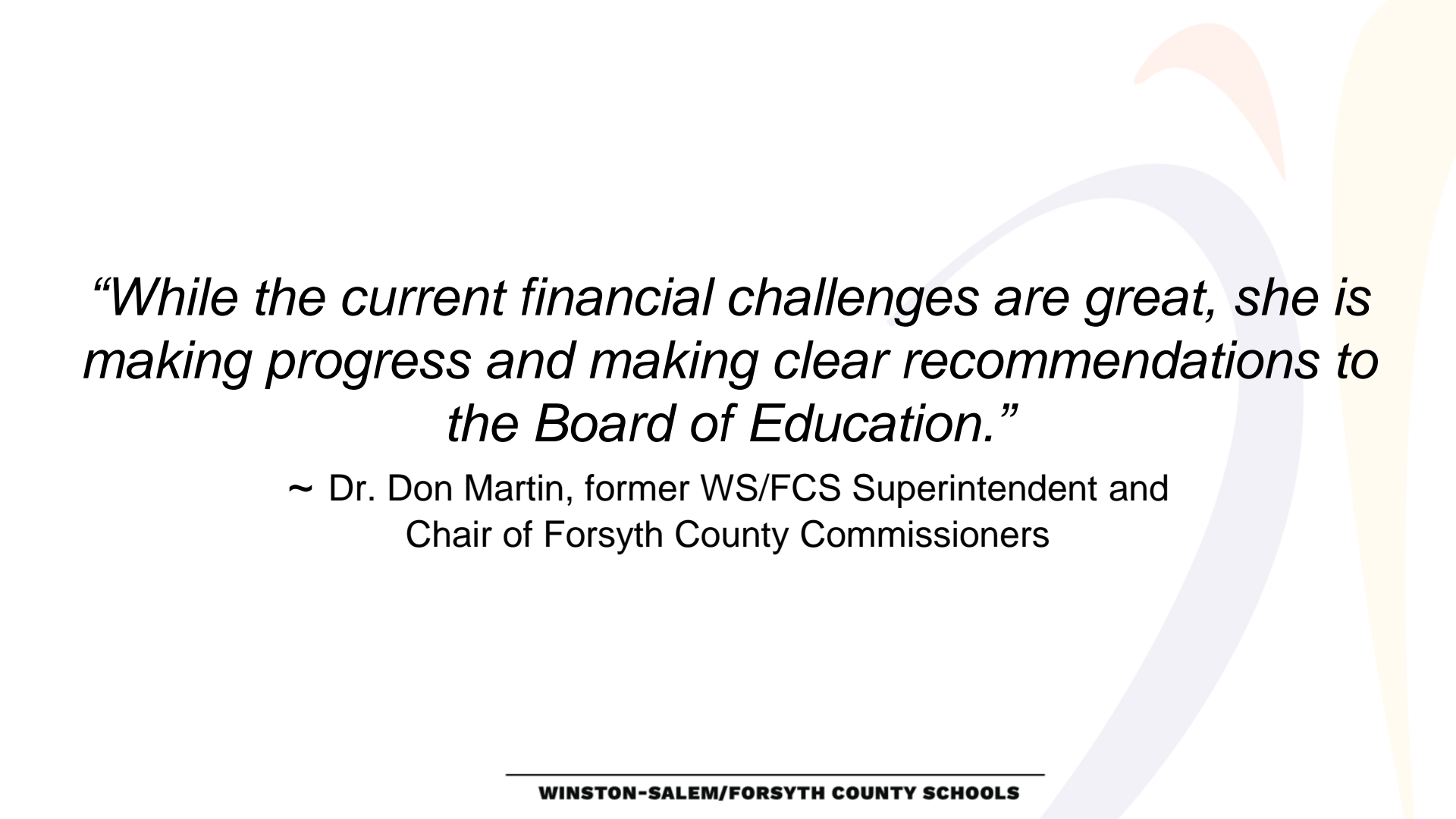
Not started



In progress

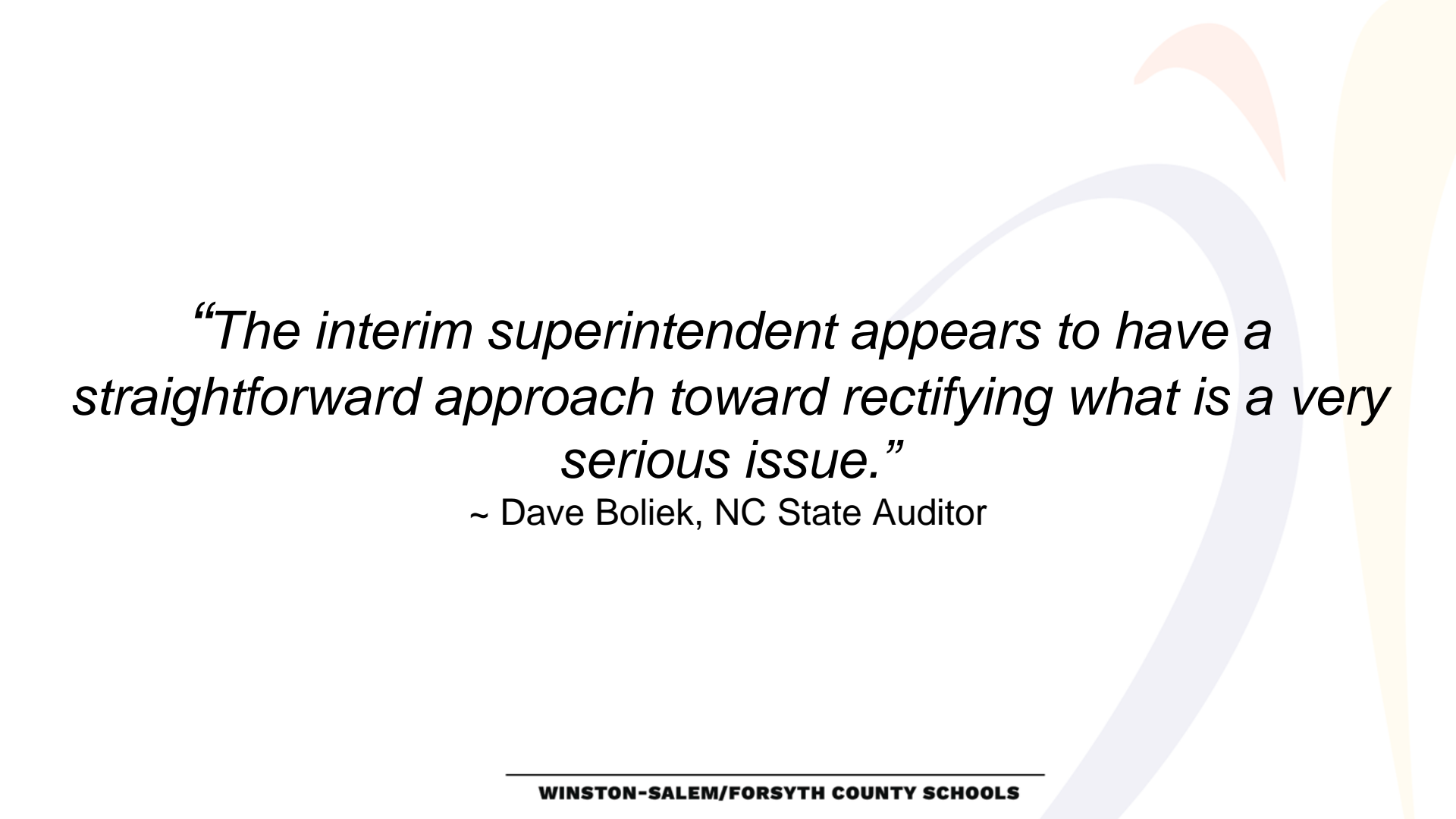


Complete



“While the current financial challenges are great, she is making progress and making clear recommendations to the Board of Education.”

~ Dr. Don Martin, former WS/FCS Superintendent and
Chair of Forsyth County Commissioners



“The interim superintendent appears to have a straightforward approach toward rectifying what is a very serious issue.”

~ Dave Boliek, NC State Auditor



“She has been collaborative, forthright, and transparent. I value her partnership and openness in addressing WS/FCS’s financial challenges.”

~Shontell Robinson, Forsyth County Manager



“Throwing a Life Jacket”

Request for Assistance

Request for Assistance

WS/FCS Appeal Request:

Recommend to the State Board of Education that it waive State Board Policy ALOT-002 and the imposition of a 1% penalty on the remaining balance of \$3,409,545.33 that is owed to DPI.

OPTION A

Request for Assistance

“The imposition of this penalty places additional financial strain on the district at a time when every available resource is needed to support student achievement, classroom instruction, and critical operational needs. While fiscal responsibility and accountability are important, applying this large a penalty is counterproductive at this time because it diverts funds away from students and into interest costs.”

~ Dr. Don Martin, Chair of Forsyth County Commissioners

Request for Assistance

“I am confident that the mistakes that were made have been corrected and that the cost reduction have been made to ensure fiscal responsibility in the future. A decision to waive this interest will enable the school system to move forward with their mission of educating the children of our community.”

~Don Flow, CEO of Flow Companies

Request for Assistance

“There have been obvious serious mistakes, and the cause is very hard to understand and explain. But, I feel strongly that for the good of our kids and our community, it is time to look forward and do what is right for the kids and the future for Winston-Salem/Forsyth County Public Schools. ... but it is devastating to our kids and our community. I feel they have been punished enough, when they are really not at fault.”

~ Paul Fulton, public school advocate

Request for Assistance

OPTION B

Recommend to the State Board of Education that it delay the imposition of the 1% penalty until January 1, 2027.

Request for Assistance

OPTION C

Recommend to the State Board of Education that it assess the monthly penalty but defer any payments on the accrued penalties for a period of 36 months, until September 2028. In exchange for the deferred penalties, the WS/FCS will work collaboratively with DPI to establish a payment plan that resolves the principal balance of \$3.4 million debt within the allotted time. If the district defaults on the payment plan, then the accrued penalties will become due and owing, and will continue to be assessed on a monthly basis going forward.

Request for Assistance

OPTION D

Recommend to the State Board of Education that it modify ALOT-002 to assess an annual penalty of 1% rather than a monthly compounding penalty.



“Throwing a Life Jacket”

Questions for Consideration

Reminder: Request for Assistance

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OPTION A

Reminder: Request for Assistance

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“A Safe Harbor”

Impact to Students