

Item Title: Amendments to the Wake County Public School System Appropriation

Specific Action Requested:

That the Board of Commissioners amend the FY 2019 General Fund Budget Ordinance to appropriate \$448,679 of the Actual Enrollment Reserve to the Wake County Public School System and reflect realignment of WCPSS's allocation by purpose and function based on the Board of Education's revised budget.

Item Summary:

Purpose: The Board of Commissioners must approve all changes to the adopted budget.

Background: Section 4(B) of the County's FY 2019 adopted General Fund budget ordinance established an Actual Enrollment Reserve, holding back appropriations to the Wake County Public School System (WCPSS) until the 40th day enrollment numbers (Month 2 ADM) for WCPSS and charter schools were reported. The ordinance requires calculation of the final FY 2019 appropriation based on the actual enrollment counts.

The County's FY 2019 adopted General Fund budget ordinance also appropriated funding to WCPSS by purpose and function, per NC General Statutes (NCGS) 115C-426 and 115C-429(b). Per NCGS 115C-433 and Section 4(D) of the adopted budget ordinance, when increases or decreases to WCPSS's budget for county appropriations allocated by purpose and function exceed 15%, those changes are required to be reported to the Board of Commissioners.

Board Goal: This action supports efforts associated with the Board's goal to collaborate with WCPSS Board of Education to establish a mutually agreed-upon process for WCPSS local operating budget funding.

Fiscal Impact: The recalculation of the County's appropriation to WCPSS based on actual enrollment counts releases \$448,679 of the Actual Enrollment Reserve for FY 2019. There is no fiscal impact related to these previously appropriated funds.

Additional Information:

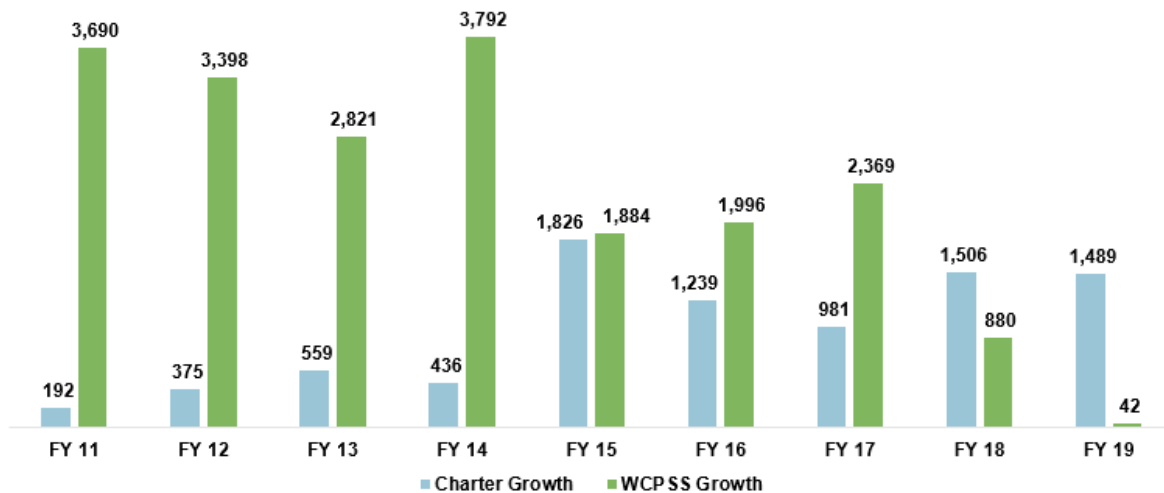
Calculation and Appropriation of Budget Reserves: The County's FY 2019 adopted budget included two reserves to be appropriated under certain conditions: a Social Emotional Learning Reserve totaling \$2,000,000 and an Actual Enrollment Reserve totaling \$5,404,578.

Following action by the Board of Education, the Board of Commissioners appropriated the Social Emotional Learning Reserve to WCPSS in September 2018, bringing the amended County appropriation to \$470,506,422.

The Actual Enrollment Reserve held back \$5,404,578 (\$2,702.29 per pupil funding x 2,000 students) of the County's total budgeted amount for WCPSS until the 40th day WCPSS enrollment numbers as reported by the NC Department of Instruction (NCDPI) and the charter school enrollment numbers as of the same period were known. Per the ordinance, the WCPSS appropriation would be recalculated based on actual enrollment counts to set the final FY 2019 budget.

The following chart reflects enrollment growth for WCPSS and charter schools over the past several years. The calculation of the enrollment reserve is based on the Month 2 Average Daily Membership (ADM) and the resulting net enrollment gain for FY 2019.

Enrollment Growth – WCPSS & Charter Schools, FY 2011 – 2019



Based on the actual enrollment numbers reported by NCDPI, the County's appropriation to WCPSS should be increased by \$448,679, as follows:

	<u>Updated Appropriation</u>
Actual Enrollment:	
WCPSS	160,471
Charter Schools	13,809
Total Actual Enrollment	174,280
Multiplied By:	
Per Pupil Funding	\$ 2,702.29
Updated Appropriation	\$ 470,955,101
Less:	
Appropriations to Date	\$ (470,506,422)
Additional Funding Appropriation	\$ 448,679

Realignment of WCPSS Purpose and Function: At the time the County's FY 2019 budget was adopted in June 2018, the State had not yet adopted its budget and its impact to the WCPSS budget was unknown. WCPSS provided an estimate of the adopted County appropriation of \$468,506,422 by purpose and function for inclusion in the County's budget ordinance. WCPSS adopted its revised budget in November 2018 because of the finalized state budget, adjusting the some of the local allocation purpose and function.

Per NCGS and County ordinance, WCPSS's changes to the local appropriations by purpose and function come back to the Board of Commissioners so that the County's budget ordinance can be adjusted accordingly.

The following table reflects the changes to the local appropriation by purpose and function. Explanations of significant changes are provided in the attached WCPSS response.

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PURPOSE/FUNCTION	FY 2019 Adopted Budget	FY 19 Amended Budget	Increase/ (Decrease)	% Change
Instructional Services				
Regular Instructional Services	115,634,826	150,943,124	35,308,298	30.5%
Special Populations Services	71,677,540	48,758,487	(22,919,053)	-32.0%
Alternative Programs and Services	17,540,718	17,214,181	(326,537)	-1.9%
School Leadership Services	26,279,012	15,630,225	(10,648,787)	-40.5%
Co-Curricular Services	14,392,721	15,713,218	1,320,497	9.2%
School-Based Support Services	26,763,110	34,695,469	7,932,359	29.6%
Subtotal, Instructional Services	272,287,927	282,954,704	10,666,777	3.9%
Systemwide Support Services			-	
Support and Developmental Services	9,267,437	6,192,470	(3,074,967)	-33.2%
Special Populations Support and Development Services	4,772,118	4,956,150	184,032	3.9%
Alternative Programs and Services Support and Development Services	1,520,471	1,863,701	343,230	22.6%
Technology Support Services	14,867,272	14,910,351	43,079	0.3%
Operational Support Services (Fund 2)	104,619,124	96,568,037	(8,051,087)	-7.7%
Operational Support Services (Fund 4)	141,961	71,961	(70,000)	-49.3%
Operational Support Services (Fund 8)	909,362	909,362	-	0.0%
Financial and Human Resource Services	13,188,557	14,894,551	1,705,994	12.9%
Accountability Services	2,622,737	2,137,434	(485,303)	-18.5%
Systemwide Pupil Support Services	4,913,031	4,032,558	(880,473)	-17.9%
Policy, Leadership, and Public Relations Services	8,405,310	8,703,158	297,848	3.5%
Subtotal, Systemwide Support Services	165,227,380	155,239,733	(9,987,647)	-6.0%
Non-Programmed Charges				
Payments to Other Governmental Units	30,991,115	32,311,985	1,320,870	4.3%
Unbudgeted Funds		-	-	
Interfund Transfers		-	-	
Subtotal, Non-Programmed Charges	30,991,115	32,311,985	1,320,870	4.3%
Total Expenditures	468,506,422	470,506,422	2,000,000	0.4%

Although not yet incorporated in to WCPSS's budget, the additional appropriation of \$448,679 from the County will be added to the Payments to Other Governments purpose of the WCPSS budget at a future Board of Education meeting.

Since their final adopted budget, WCPSS has made further amendments which meet the 15% notification threshold to the Board, specifically as it relates to the Special Populations Services function. This change does not require action, but the WCPSS January 2019 County Appropriation by Purpose Code with explanation of changes is attached for your information.

Summary: This item amends the County's ordinance to reflect the additional appropriation of \$448,679 to WCPSS as well as to align the purposes and functions of the County's appropriation to WCPSS with their own adopted budget.

Attachments:

1. Budget Memo, FY 2019 Non-Departmental
2. Budget Memo, FY 2019 Wake County Public School System
3. WCPSS Summary of Changes to Purpose and Function Allocations
4. WCPSS County Appropriation by Purpose Code – January 2019