

# 2021 Board of Commissioner Financial Planning Retreat

March 29, 2021



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# Retreat Objectives

## Board understands

- FY 2021 economic outlook
- Current FY 2022 revenue projection
- Steps in FY 2022 recommended budget development

# Today, the focus is on the operating budget

- FY21 Revenue Projection
- FY22 General Fund Preliminary Revenue Preview
- County Operations
- Education Funding

# Budget Process



# FY 2021 Financial Projection

Understanding Current Fiscal Outlook  
& Impacts for the Future



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# COVID-19 outbreak continues to impact community, economy and operations

- Increased demands on County public health, human services, housing, emergency management, and public safety
- Wake concurrently operating multiple testing and vaccination sites
- As teachers prioritized for vaccines, students shifting to mix of remote, hybrid and in-classroom instruction
- Hospitality industry remains depressed with lodging and food/beverage taxes down
- Households and businesses continue to benefit from stimulus programs and changes in consumer patterns

# At outbreak of COVID-19 pandemic, Wake revised downward FY20 and FY21 economic projections

- At the start of the COVID-19 pandemic, FY 2020 and FY 2021 estimates were lowered because of a declining economic environment
- FY 2021 adopted budget projected \$41.8 million loss in sales tax revenue based on historic trends and FY 2020 actuals through December 2019
- Negative projection informed by the FY 2008 – FY 2010 Great Recession but with an assumed shorter time horizon
  - 27% projected decline in real property sales and transfers
  - 10% projected decline in permitting, development and construction
  - Projected decline in property tax rate collection rate from 99.65% to 99.25%

# County responded to negative outlook by reducing departments FY21 budgets by 2.2%

	FY20 Adopted Budget	FY21 Adopted Budget	\$ Change	% Change
Behavioral Health	\$30,489,704	\$29,391,388	(\$1,098,316)	(3.6%)
Board of Elections	\$8,347,873	\$7,852,497	(\$495,376)	(5.9%)
Community Services and Environmental Services	\$55,852,510	\$53,283,389	(\$2,569,121)	(4.6%)
General Government	\$54,646,938	\$51,589,451	(\$3,057,487)	(5.6%)
General Services	\$31,643,853	\$30,993,455	(\$650,398)	(2.1%)
Human Services and Housing	\$181,716,969	\$182,898,845	\$1,181,876	0.7%
Public Safety	\$162,169,220	\$157,538,133	(\$4,631,087)	(2.9%)
<b>Total</b>	<b>\$524,867,067</b>	<b>\$513,547,158</b>	<b>(\$11,319,909)</b>	<b>(2.2%)</b>



# FY 21 budget assumed declines for Register of Deeds transactions have not materialized

## Real Property Transfer Tax

County collects \$2 per \$1,000 of value on real estate transactions and retains half

In December 2020, nine transactions totaling just over \$549 million were made

Projected to exceed budget by \$6.8 million

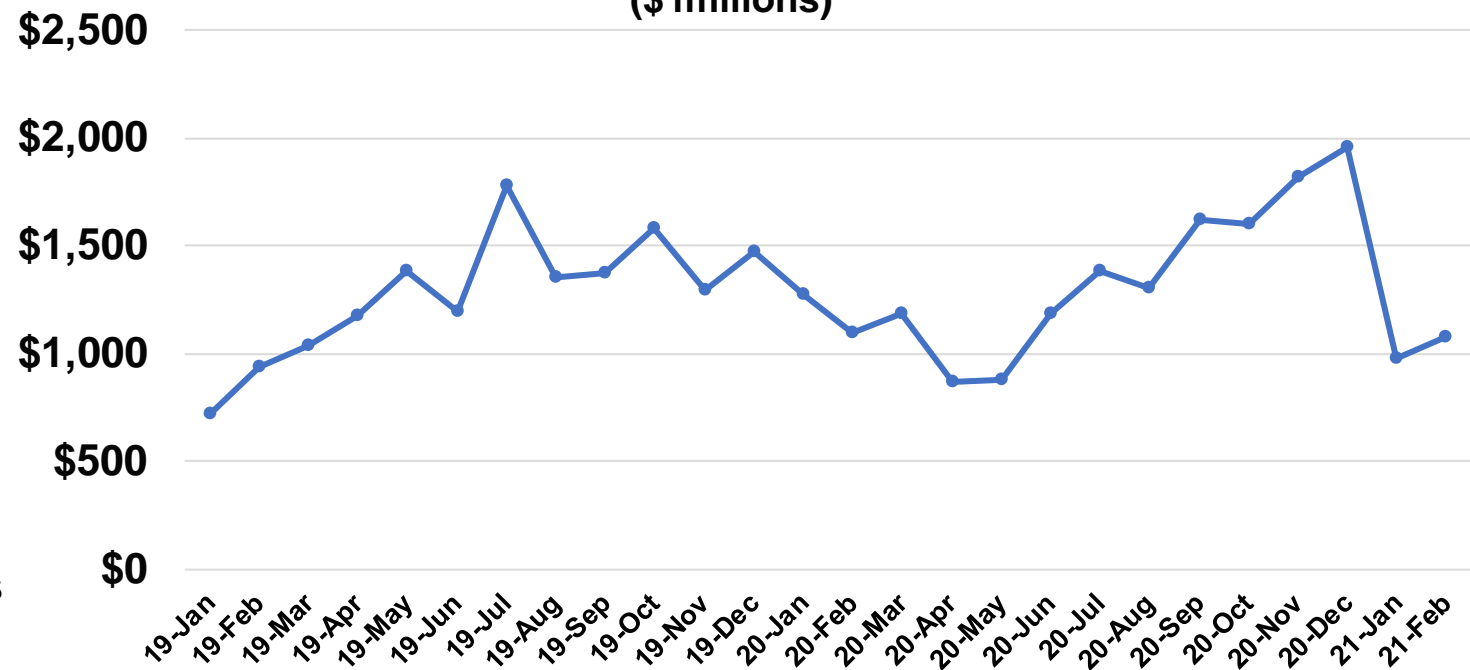
## Deed of Trust (Mortgage) Revenues

County collects \$64 for first 35 pages, plus \$4/page for each additional page

Document recording fee; largely low interest rates driving refinancing and sales

Projected to exceed budget by \$1.7 million

Aggregate Value of Wake County Real Estate Transactions  
Monthly 2019 - February 2021  
(\$ millions)



Source: Wake County Register of Deeds

# FY21 sales tax revenue actuals higher than budget

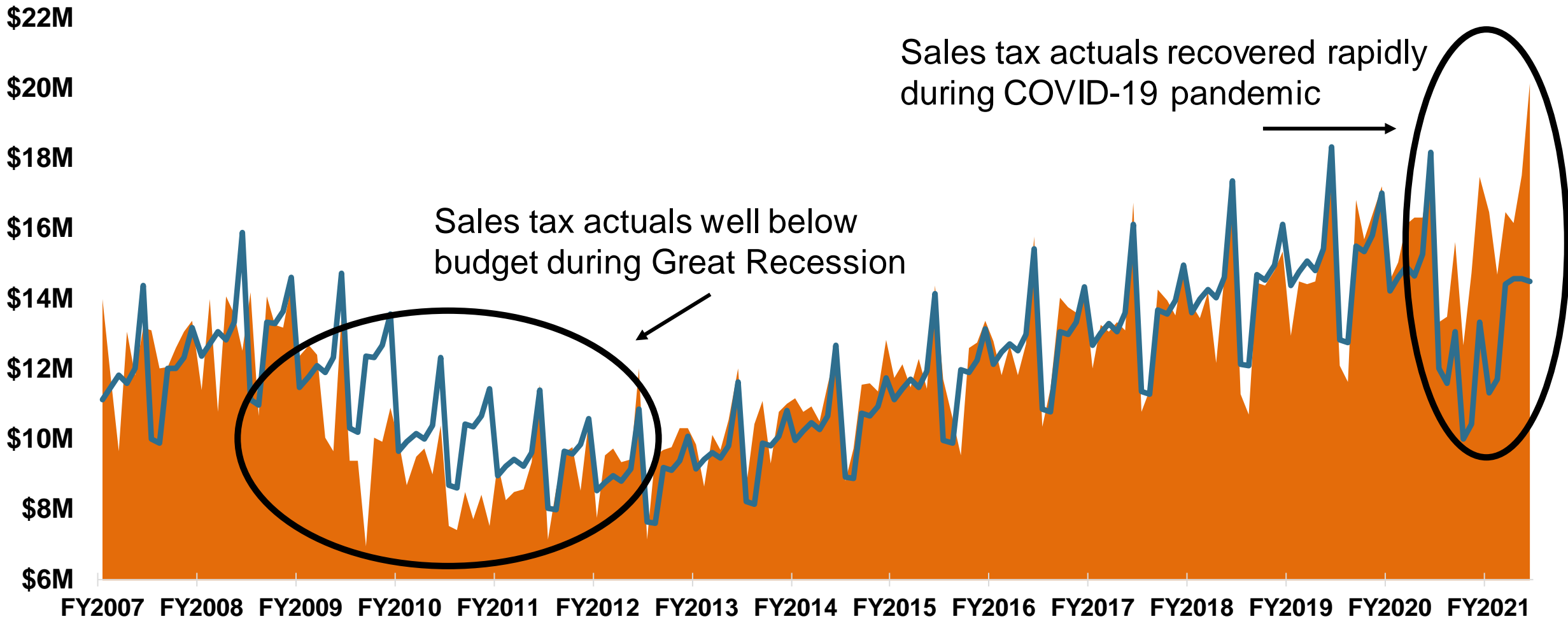
Sales tax collections through December 2020 have seen year-over-year growth

Month Sales Occurred	July – August	September – February	March – June
Impact Projected	Expected to be similar to Great Recession	Half of FY 2009 to FY 2010 decline	Modeled after FY10 to FY11 growth over prior month
Budget (% weighted by article)	(22.0%) year-over-year	(11.05%) year-over-year	5.7% month-over-month recovery
Actual Experience	5.4% year-over-year	5.5% year-over-year through December 2020	Jan-June revised projection of 9.0% year-over-year

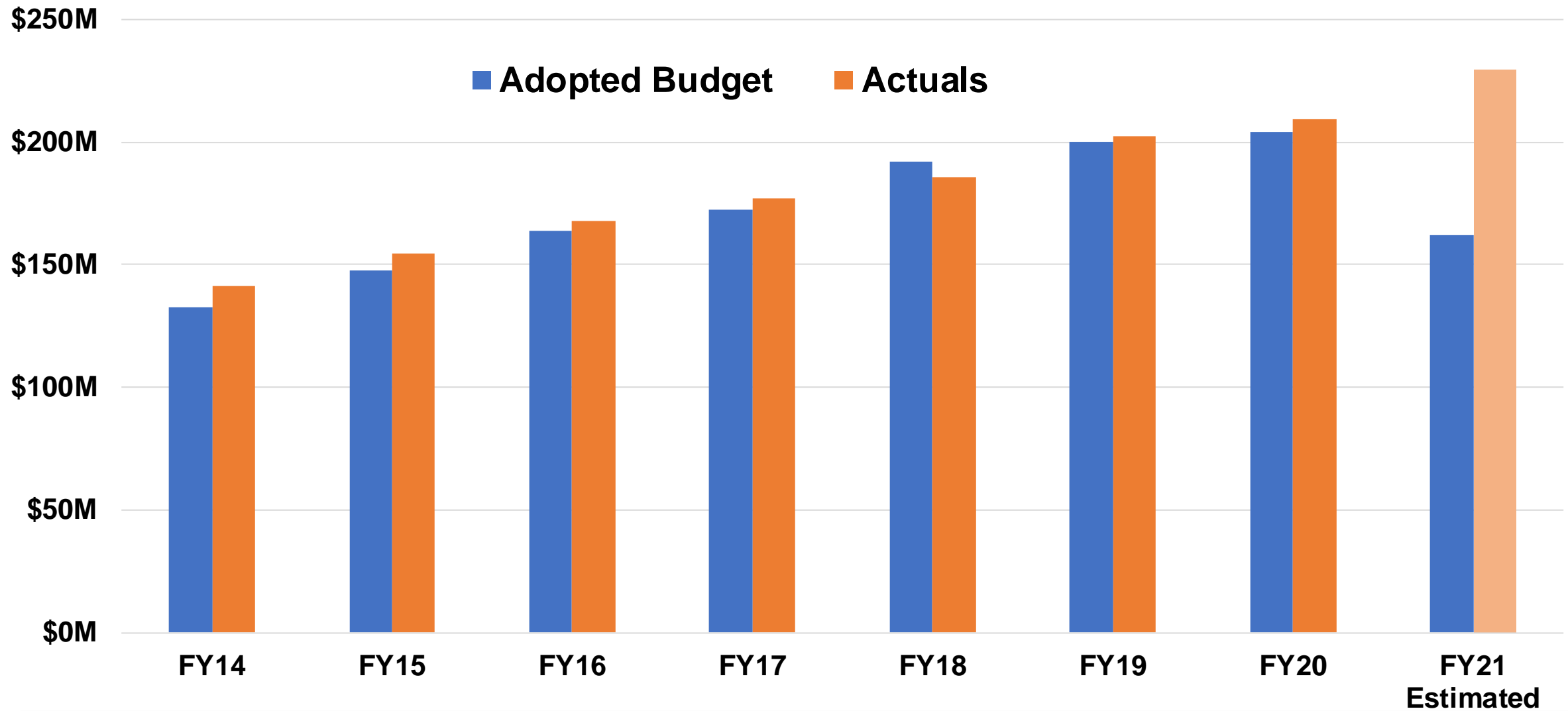
Note: Projection percentages not applied to Medicaid Hold Harmless, which was projected separately

# Sales taxes recovered more rapidly than projected, maintaining growth despite COVID-19 pandemic

■ Monthly Actuals    — Monthly Budget



# FY21 sales tax revenues projected to grow total of 9.6% more than FY20 actuals



# Significant COVID-19 federal funding likely boosted NC spending, employment, and production

## Several streams of federal funding

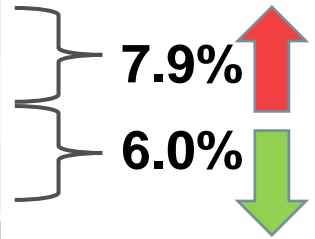
- **Individual economic assistance** through stimulus and child tax credit
- **Unemployment assistance** supplement and extension
- **Business support** through PPP loans and employee retention
- **State and local government aid** to navigate testing, vaccinations, rental/housing assistance, food security, broadband infrastructure

## NC recovering faster than US

- **Income per capita** in NC did not drop during pandemic, supporting statewide purchases and sales tax
- **Unemployment** reducing from 12.9% (Apr. 2020) to 5.9% (Jan 2021) to 5.2% (Dec. 2021 projected)
- **Production** is 98% of pre-pandemic levels for most major economic sectors and forecast to return to its pre-pandemic level of aggregate production by the end of 2021

# Wake unemployment significantly recovered; still 2% higher than pre-COVID-19 pandemic

Period	Labor Force	Employed	Unemployed	Unemployment Rate (%)
February 2020	610,600	591,633	18,967	3.1
April 2020	542,408	482,857	59,551	11.0
January 2021	591,129	561,838	29,291	5.0
<b>Total Change</b>	<b>(19,471)</b>	<b>(29,795)</b>	<b>10,324</b>	



## COVID-19 had major initial impact on employment in Wake County

- Unemployment increased and 68,000 people left the labor force between Feb to April 2020
- However, impact was still lower than projected
  - 2020 unemployment projections estimated 40% of NC's working-age population would be at risk for layoffs or reductions in pay
  - Only 28.6% of the 5.01 million NC workers have filed a state or federal unemployment claim

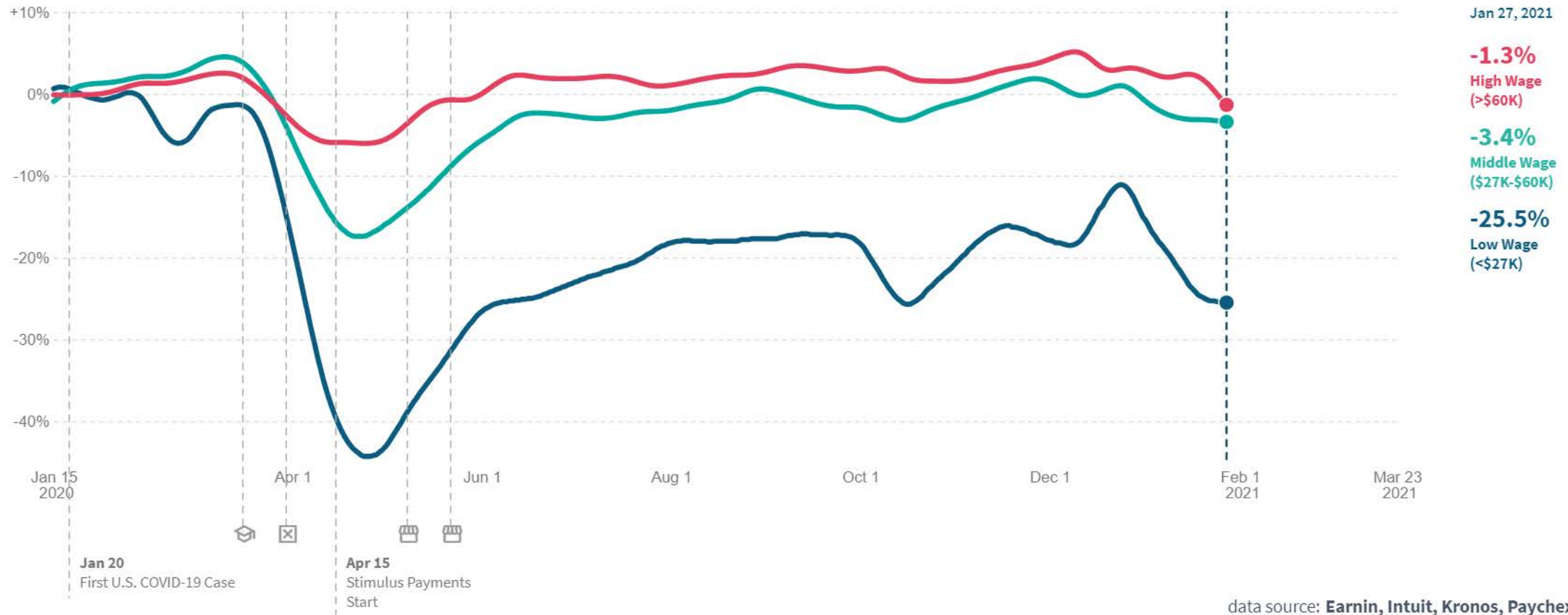
## Significant improvement since April 2020, but still below full employment

- 79,000 workers have returned to employment
- Unemployment rate is still 1.9 percentage points higher than in February 2020

# Employment rate in Wake recovering quickly for high and middle wage workers, not low wage workers

## Percent Change in Employment\*

In **Wake**, as of **January 27, 2021**, employment rates among workers in the bottom wage quartile **decreased** by **25.5%** compared to January 2020 (not seasonally adjusted).



\*Change in employment rates (not seasonally adjusted), indexed to January 4-31, 2020. This series is based on payroll data from Paychex and Intuit, worker-level data on employment and earnings from Earnin, and timesheet data from Kronos. The dotted line is a prediction of employment rates based on Kronos and Paychex data.

last updated: March 20, 2021 next update expected: March 26, 2021

visit [tracktherecovery.org](https://tracktherecovery.org) to explore

# Strong development and sales tax revenues driving 5% positive variance in projected revenues

	FY21 Adopted	FY21 Projected	Projected - Adopted	% Change
Taxes	1,304,273,003	1,378,957,806	74,684,803	6%
Federal	12,608,641	12,365,148	(243,493)	-2%
State	56,711,872	59,593,726	2,881,854	5%
Local	4,101,444	4,152,034	50,590	1%
Charges, Licenses and Permits	67,189,281	67,557,542	368,261	1%
Other	391,046	446,851	55,805	14%
Other Financing Sources	10,043,985	10,049,459	5,474	0%
Transfers	10,760,728	10,760,728	-	0%
<b>Total Revenues</b>	<b>1,466,080,000</b>	<b>1,543,883,294</b>	<b>77,803,294</b>	<b>5%</b>



# First \$12.3 million of positive variance represents portion of sales tax dedicated to WCPSS debt service

- Significant one-time positive revenue variance in budget-to-actuals
- Update transfers of Sales Tax Articles 40 and 42 dedicated to WCPSS debt service (\$12.3 million)

	<b>FY21 Adopted</b>	<b>FY21 Projected</b>	<b>Proj. Less Adopted</b>
<b>Article 40 Transfer</b>	\$12.1M	\$15.0M	\$2.9M
<b>Article 42 Transfer</b>	\$26.6M	\$36.0M	\$9.4M
<b>Total</b>	<b>\$38.7M</b>	<b>\$51.0M</b>	<b>\$12.3M</b>

# One-time funds can restore FY21 reductions to debt and capital and fund postponed projects and investments

Appropriate potential uses for one-time capital needs, deferred and delayed:

- Restore reduction to the Housing capital program, which supports tax credit and non-tax credit affordable rental housing projects, including permanent supportive housing
- Use funds to continue to respond to COVID-19, where federal/state funding is not eligible
- Facility, technology and one-time operational adjustments to adapt to post-pandemic environment
- Initiate one-time projects put on hold because of FY21 budget reductions

# FY 2022 Operating Budget

## Understanding Fiscal Outlook



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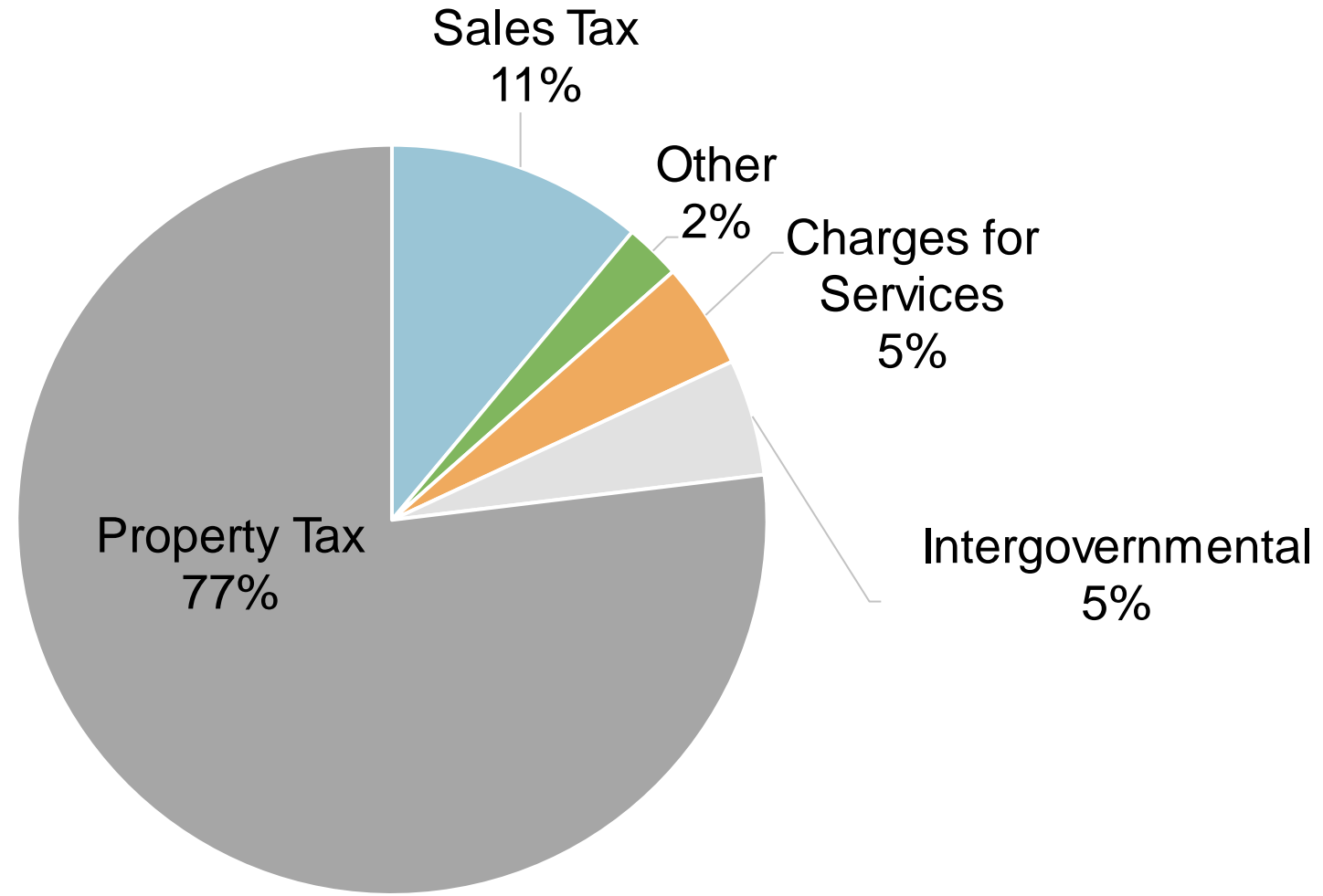
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# Revenue Outlook

**In this section we will review:**

- **Key revenue assumptions used to develop estimates for FY 2022**
- **Resulting revenue picture**

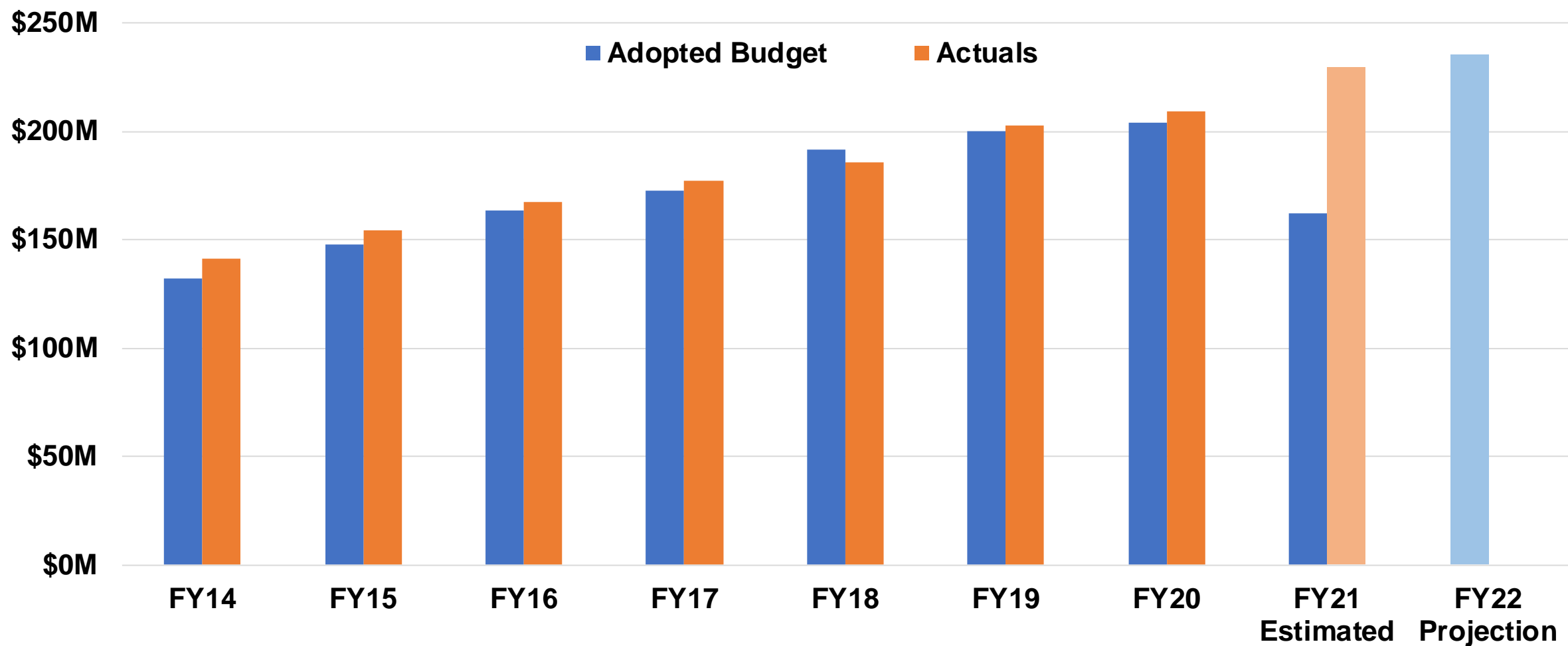
# FY21 Adopted Budget of \$1.47 billion largely supported by property tax



# Sales tax revenue projection considers moderate growth approach

- FY21 growth could be artificially inflated by stimulus funding, which may not continue in future fiscal years
- 2.5% growth currently projected for FY22, in line with longer-term trends
- County's debt and capital financial models rely on realistic, conservative projection approach
- In April 2021, staff will update projection for sales tax revenues
  - Update FY21 estimate with July – January actuals; project February to June
  - Finalize FY22 growth assumption

# Sales tax revenues projected for FY22 with moderate growth of \$5.74 million over FY21 projected



# Multiple factors driving changes in property tax revenue projections for FY22

- Supply chain disruptions due to COVID mitigation slowed new construction in 2020
- Businesses most likely did not invest in new equipment in 2020 at a level to offset annual depreciation
- State assessed public utility value will most likely be negatively affected by decreased airline valuations
- Vehicle registrations reduced due to COVID-19 relief, but used vehicle values increasing due to demand
- Estimated FY22 collection rate maintained at FY21 collection rate of 99.25% based on economic uncertainty

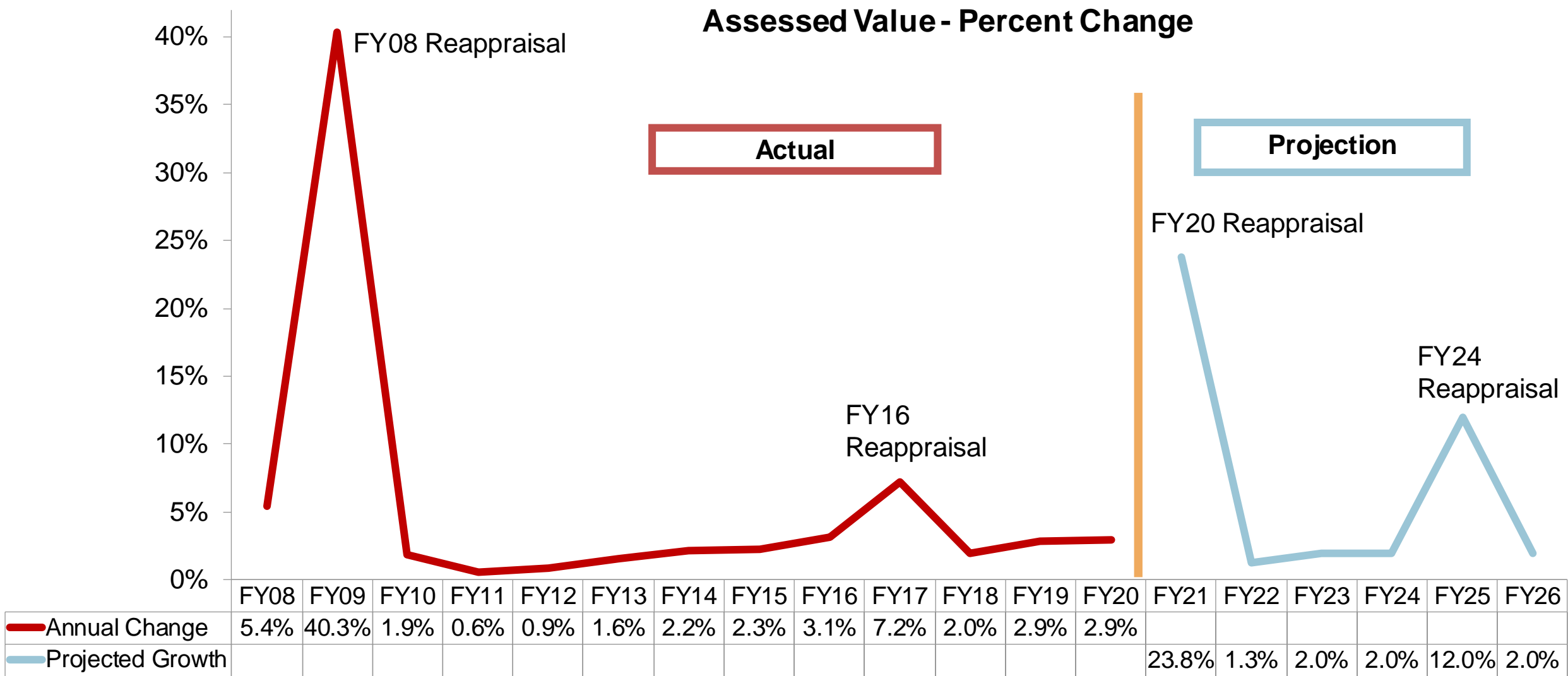


# COVID-19 Property Tax Relief Bill could impact FY 21 and FY 22 revenues

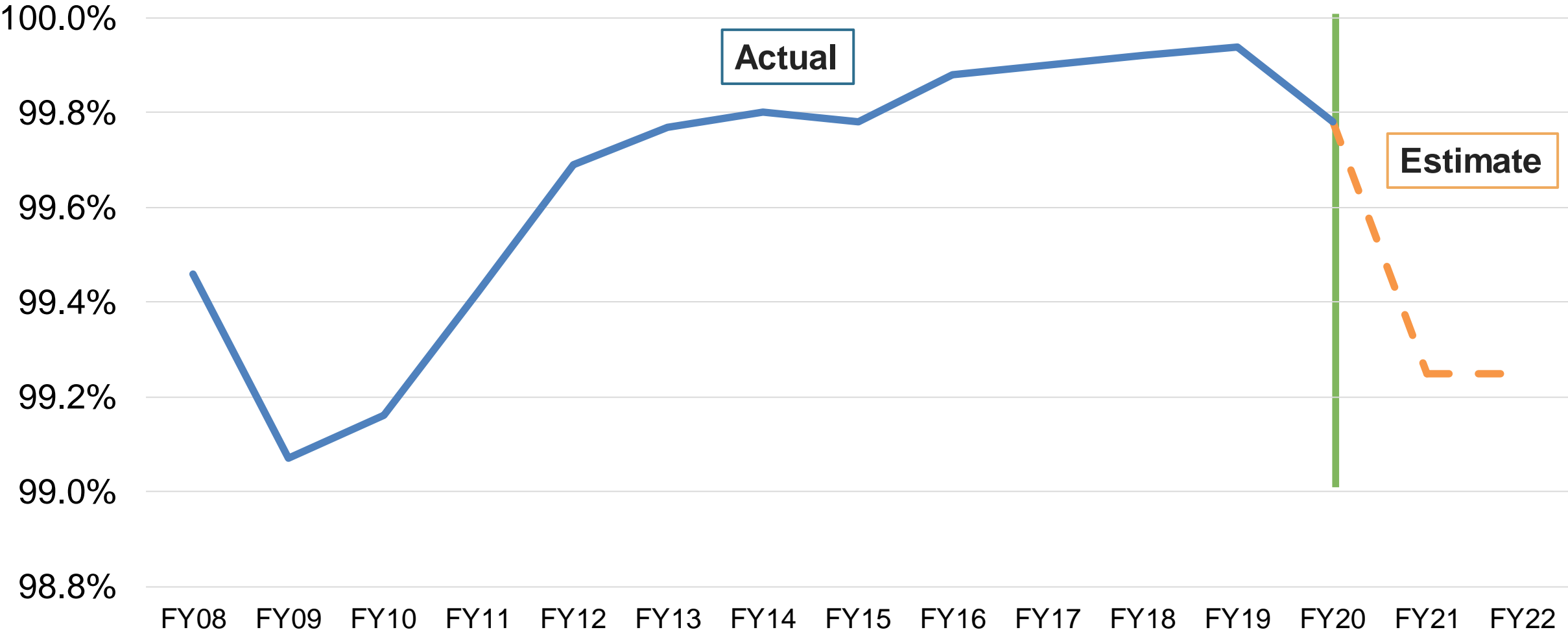
H.B. 119 was filed in General Assembly on February 19, 2021

- Extends monthly payment arrangements for qualifying businesses who apply by May 1 through the end of CY2021
- Waives interest and enforced collections
- Qualifying applicants can have filed FY21 taxes refunded and a payment plan established
- Business owners could seek Real Property Valuation adjustments based on COVID impact on business activity
- County staff actively monitoring and working with legislative delegation to discuss revenue impacts

# Lower assessed value growth projected for FY22



# Property tax collection rate of 99.25% based on continued uncertainty in certain economic sectors



# FY 22 projected property tax revenues increase \$17.1 million at current 60.0 cent property tax rate

Revenue Item (in millions)	FY21 Adopted	FY22 Base Projection	\$ Change	% Change
Real Property	1,047.1	1,060.9	13.7	1%
Vehicle Taxes	77.0	79.7	2.7	3%
Other	3.7	4.4	0.7	19%
<b>Total</b>	<b>\$1,127.9</b>	<b>\$1,145.0</b>	<b>\$17.1</b>	<b>2%</b>

\* Note: Staff will continue to work toward final revenue estimates as a recommended budget is developed; revenue estimates may be revised

# Intergovernmental revenues driven by State reimbursements and mandated activities

- Human Services function represents 87% of total intergovernmental funding
- \$2 million increase in local funds from budgeting recurring ABC distributions

Revenue Item (in millions)	FY21 Adopted	FY22 Base Projection	\$ Change	% Change
Federal	12.6	12.6	0.0	0%
State	56.7	57.2	0.5	1%
Local	4.1	6.1	2.0	48%
<b>Total</b>	<b>\$73.4</b>	<b>\$75.9</b>	<b>\$2.5</b>	<b>3%</b>

# Charges and fees experience limited changes over time; based on cost recovery or statutory limits

*Departments conduct periodic fee review for cost recovery*

Revenue Item (in millions)	FY21 Adopted	FY 22 Base Projection	\$ Change	% Change
EMS Billing	26.2	26.0	(0.2)	(1%)
Medicaid / Medicare / Client Fees	11.5	11.5	0.0	0%
Planning & Permitting	5.4	6.1	0.7	13%
Recording/ROD	5.4	6.0	0.6	10%
Sheriff Fees	4.6	4.6	0.0	0%
Public Safety Com. Reimbursements	2.0	2.1	0.1	7%
HS Reimbursements	0.8	0.8	0.0	1%
Other Fees and Charges	11.2	10.9	(0.3)	(3%)
<b>Total</b>	<b>\$67.2</b>	<b>\$68.1</b>	<b>\$0.9</b>	<b>1%</b>

# All other revenues projected at \$34.0 million

Revenue Item (in millions)	FY21 Adopted	FY 22 Base Projection	\$ Change	% Change
Real Property Transfer Tax	9.6	16.8	7.2	74%
Misc. and Other Taxes	5.0	5.0	0.0	0%
Transfers	10.8	12.2	1.5	14%
<b>Total</b>	<b>\$25.4</b>	<b>\$34.0</b>	<b>\$8.7</b>	<b>34%</b>

# FY22 revenues projected to increase 6.4%

Revenue Item (in millions)	FY21 Adopted	FY22 Base Projection	\$ Change	% Change
Property Taxes	1,127.9	1,145.0	17.1	1.5%
Sales Taxes	162.2	235.1	72.9	45.0%
Intergovernmental	73.4	75.9	2.5	3.4%
Charges, Permits and Fees	67.2	68.1	0.9	1.4%
Fund Balance*	10.0	1.1	-8.9	-88.8%
All Other Revenues	25.4	34.0	8.7	34.2%
<b>Total</b>	<b>\$1,466.1</b>	<b>\$1,559.2</b>	<b>\$93.2</b>	<b>6.4%</b>

\*Fund Balance appropriated for specific purposes, i.e. Behavioral Health Fund Balance exclusively funds Behavioral Health project and Register of Deeds Fund Balance exclusively funds ROD Automation projects

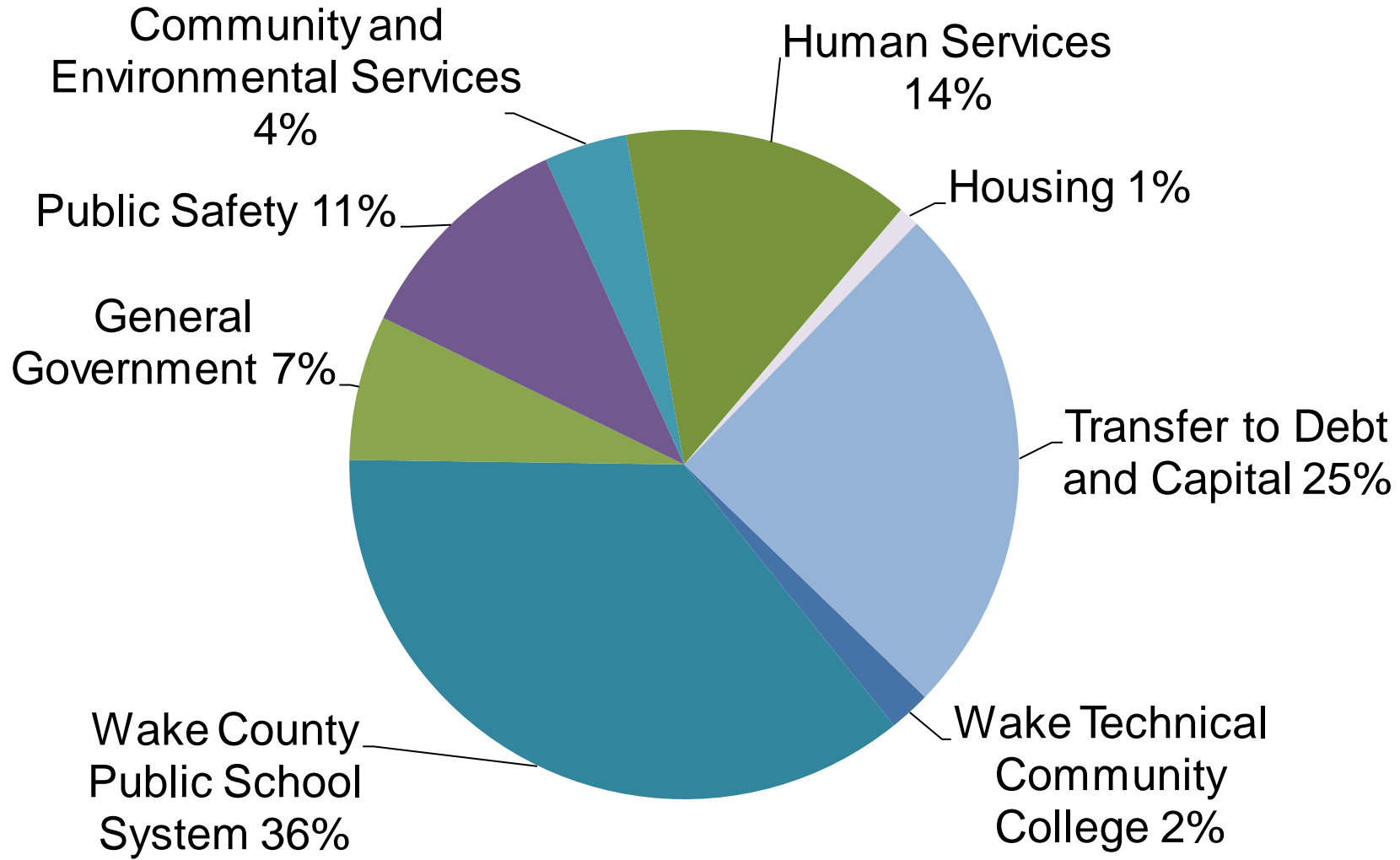


# Expenditure Components

**In this section we will review:**

- **Debt and Capital Transfers**
- **County Operational Requests**
- **Education**

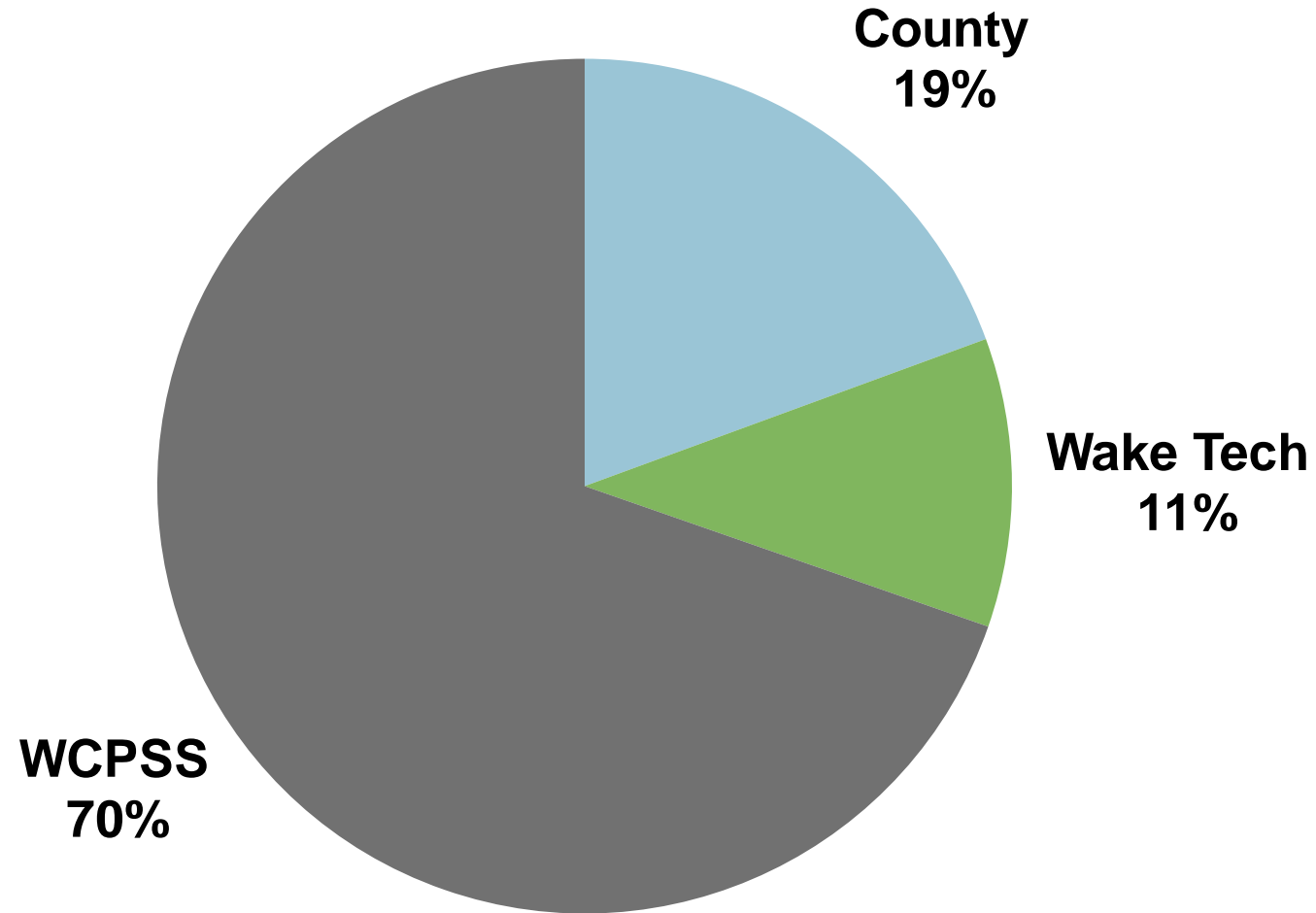
# FY21 Adopted Budget of \$1,466,080,000



# Debt and Capital Transfers

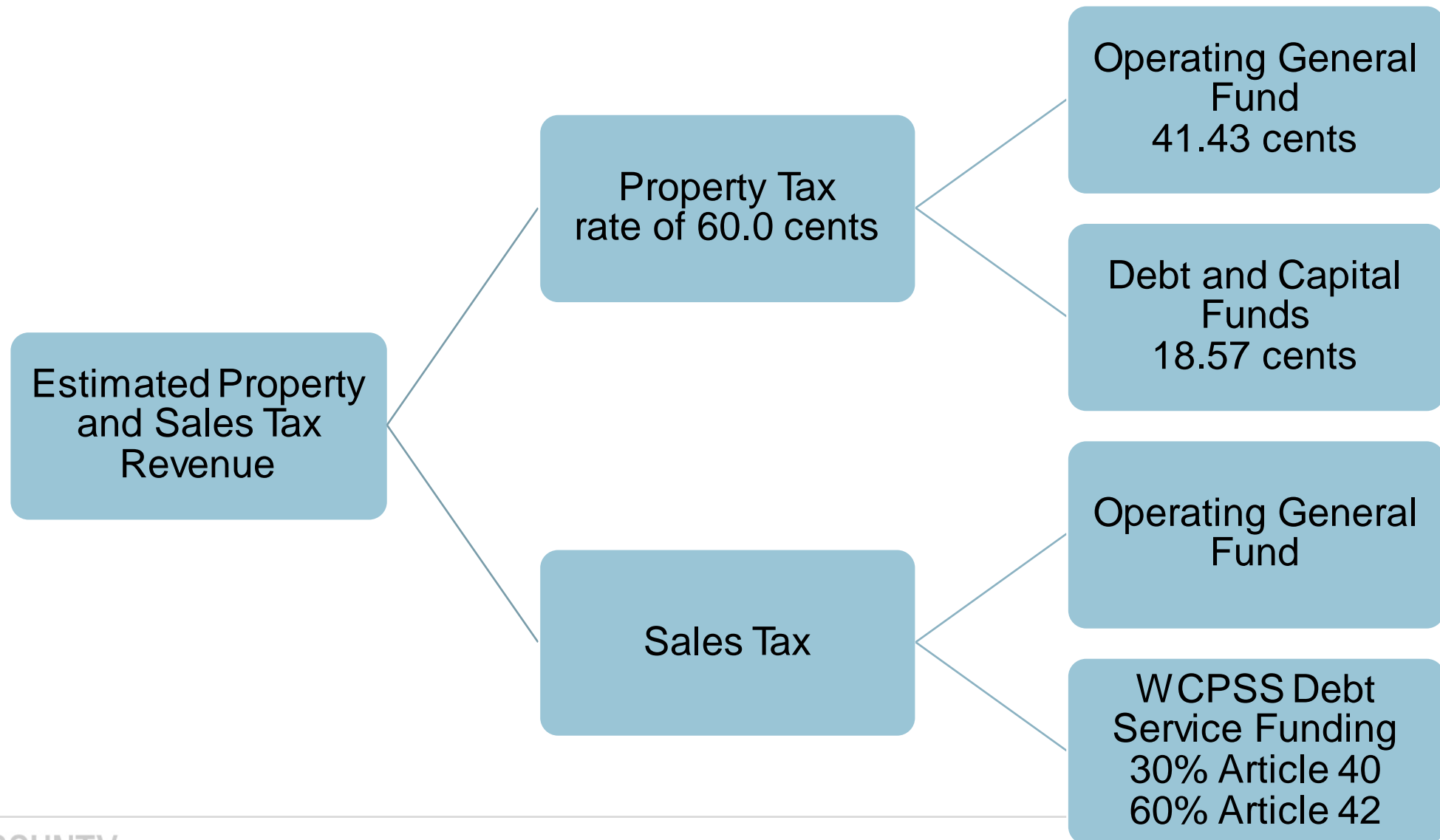
The County dedicates a portion of the property tax and transfers applicable sales tax, on an annual basis, to support the debt and capital programs for WCPSS, Wake Tech and County.

# Majority of debt and capital transfers allocated to WCPSS



**FY21 Adopted Budget: \$373.9 million**

# Portion of property and sales tax revenue transferred to debt and capital funds



# Debt and capital transfers projected to increase 8% based on adjusted economic outlook

Transfers (in millions)	FY20 Adopted	FY21 Adopted	FY22 Projected	Increase/ (Decrease)
Transfers of Property Tax	344.7	335.2	351.2	16.0
Transfers of Sales Tax	45.9	38.8	52.3	13.5
<b>Total</b>	<b>\$390.6</b>	<b>\$374.0</b>	<b>\$403.5</b>	<b>\$29.5</b>

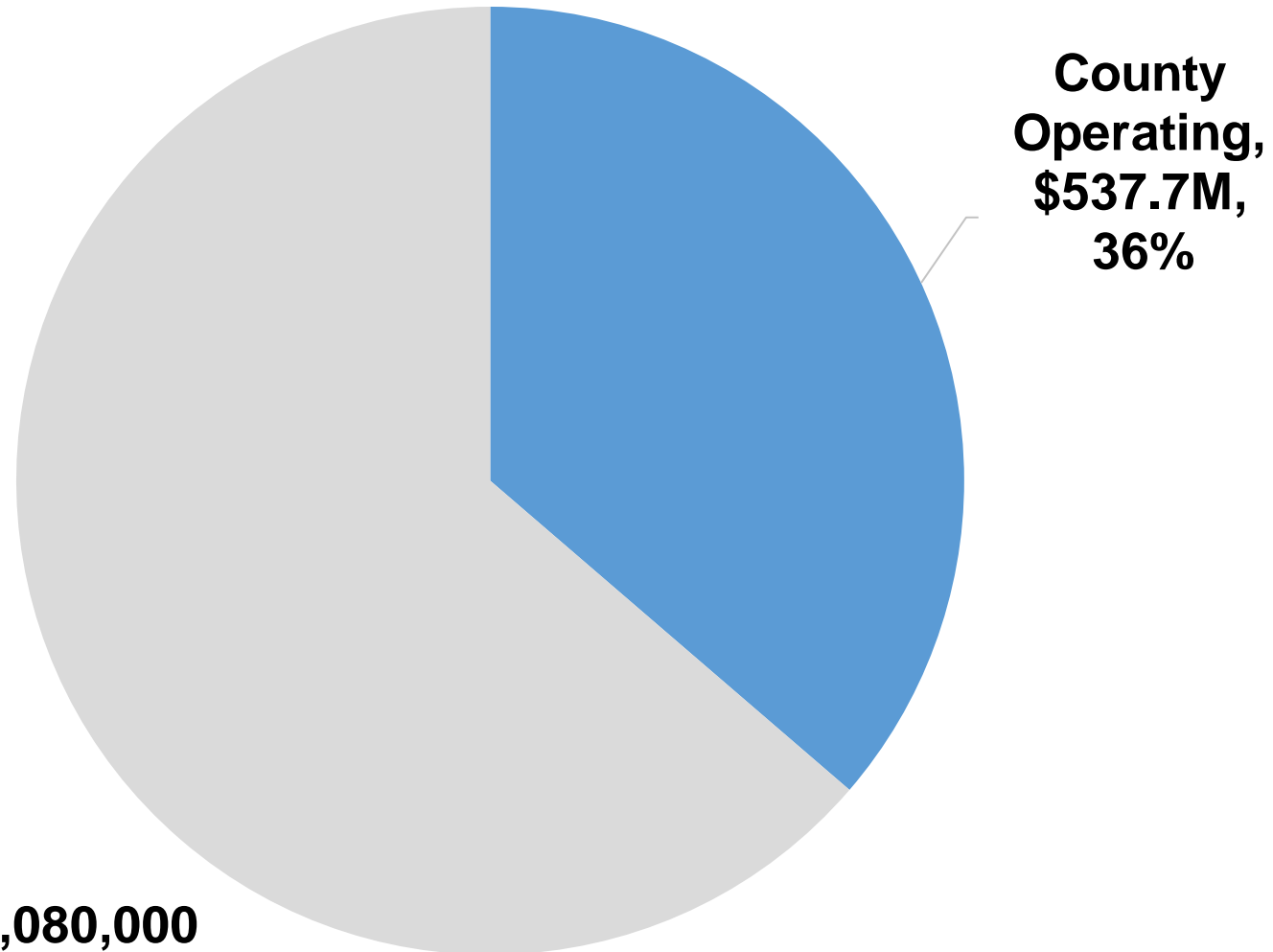
- FY22 restores property tax debt and capital transfers decreased in FY21 for one-time shifts from capital to operating
  - \$11.949 million shifted from WCPSS CIP to WCPSS operating
  - \$3.8 million of ABC Fund Balance supported Human Services Facilities Master Plan
- Stronger FY22 sales tax projection increases the transfer for WCPSS debt service above pre-pandemic levels

# County Operational Requests

**In this section, staff will:**

- **Highlight base budget adjustments**
- **Describe FY22 budget process**
- **Summarize current reduction and expansion considerations**

# General Fund County operations represent about 36% of FY21 adopted budget



**FY21 Adopted Budget: \$1,466,080,000**



# FY21 reduction measures reduced County departments expenditure budgets by 2.2%

	FY20 Adopted Budget	FY21 Adopted Budget	Difference	Percent
Behavioral Health	\$30,489,704	\$29,391,388	(\$1,098,316)	(3.6%)
Board of Elections	\$8,347,873	\$7,852,497	(\$495,376)	(5.9%)
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<b>Total</b>	<b>\$524,867,067</b>	<b>\$513,547,158</b>	<b>\$11,319,909</b>	<b>(2.2%)</b>

# County base expenditures increase \$2.7 million from FY21 Adopted

## Decreases/Removals

- 2020 Early Voting costs
- One-time Behavioral Health projects funded with fund balance

## Increases/Additions

- Full year funding for 6 Public Health and 1 HR positions approved mid-year
- Benefit rate increases, including:
  - Health insurance
  - Required retirement system contributions
- New facilities: Somerset, Departure Drive, BOE Training Facility, Sandy Pines Preserve

# **FY22 budget exercise asked departments to submit mix of strategies to respond to uncertainty**

Budget exercise established in fall of 2020, prior to knowing full economic impacts of COVID-19

Goal to remain adaptable, yet set strategy and structure

## **Mix of strategies to respond to uncertain budget season:**

- Collect submissions of new needs and restorations of reductions taken in FY21 (expansions)
- Collect submissions of 2% reduction options in case economic picture declined
- Consider whether property tax increase is viable and needed
- Identify one-time funding sources to support one-time needs

# Given updated economic information, only moving forward with reductions that make business sense

- Majority of submitted reduction options would have service level impacts
  - Front-line county services seeing increased community need, driving increasing demands
  - Majority of county services are state or federally mandated
- Small number of reductions align budget to current practice or projections and make good business sense to accept
  - Example: Centralizing to Microsoft 365 software has created licensing cost savings
  - Example: Utilities, housekeeping, security, landscaping, and maintenance for facilities no longer under county responsibility

# Departments requested expansions totaling \$24.5M

Function	FTE	One-time	Ongoing	Total
Board of Elections	4.00	3,309,820	349,615	3,659,435
General Government	29.50	738,801	3,384,466	4,123,267
General Services	1.00	34,743	258,137	292,880
Public Safety	108.00	1,532,234	8,313,785	9,846,019
Community and Environmental Services	8.500	66,699	1,019,553	1,086,252
Human Services and Housing	28.833	146,354	5,613,364	5,759,718
Behavioral Health		3,472,350	1,600,000	5,072,350
Non-Departmental requests		415,000	466,536	881,536
<b>Total</b>	<b>179.833</b>	<b>\$9,716,001</b>	<b>\$21,005,456</b>	<b>\$30,721,457</b>
<b>Corresponding Revenues</b>				<b>\$6,241,144</b>
<b>Net Total</b>				<b>\$24,480,313</b>

# Expansions request resources to continue to provide high quality services to residents

## Elections

Ensure safe, accurate municipal elections and 2022 primary, with early voting and increased absentee demand (\$3.7 million)

## Restore Reductions

Some reductions made in FY21 not sustainable and have longer term service delivery impacts or degrade operations (\$4.6 million)

## Maintain Services

Requests to maintain services, including needs identified in prior years unable to be addressed (\$4.2 million)

## Technology/ Infrastructure

Software, technology hardware, network, staff and security to support and enhance county services (\$3.2 million)

# Expansions request resources to prioritize Board and community goals

## Behavioral Health

Continue to invest in behavioral health programs and facilities for residents with limited access (\$5.0 million)

## Housing Affordability

Restore and expand support for affordable housing and permanent supportive housing (\$4.0 million)

## Diversity, Equity and Inclusion

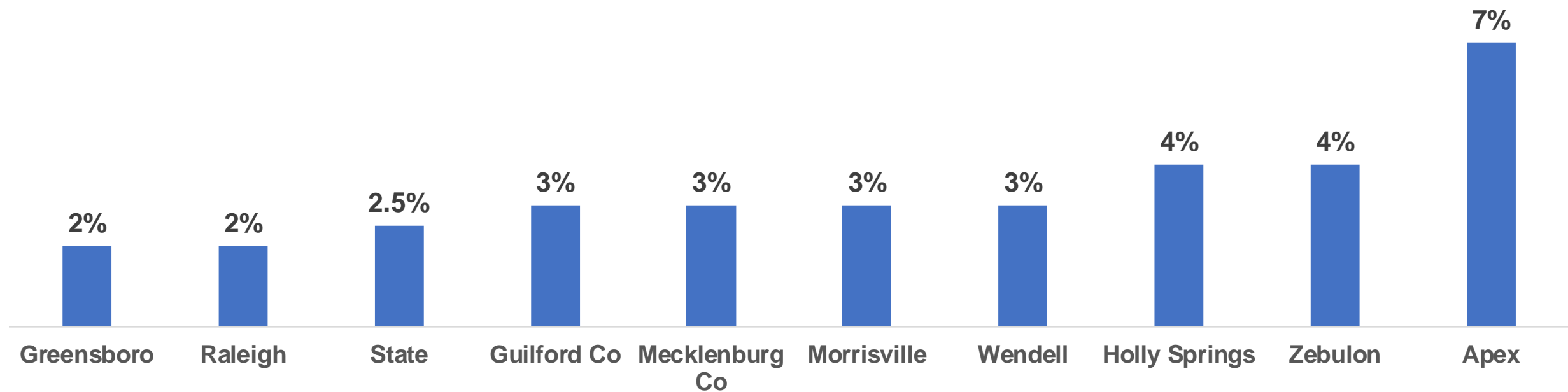
Identify and implement strategies to become a more diverse and equitable organization (\$730k)

## Growth and Sustainability

Promote sustainability through expanded energy conservation initiatives; increase access to open space preserves (\$770k)

# To remain competitive, priority to include pay adjustments, additional compensation for high performers

- FY21 budget did not include performance pay increases
- Peer organizations continue to provide wage increases
- Wages continued to increase in a strong local and regional job market





# Living wage and compression adjustments not addressed in FY21

- Pay study completed in 2019 led to an overhaul of the County's classification and compensation system, including changes in the pay structures
  - Next step: evaluate incumbent salaries for compression
- Living Wage increasing from \$15.76 to \$17.33/hour
  - Based on four-year average housing cost of a one bedroom according to Housing and Urban Development (HUD) Fair Market Rents in the Raleigh MSA
  - Impacts 237 employees

# Budget requests under review and will be shared as part of the Manager's Recommended Budget

- County Manager's Office, Budget and department representatives meeting January through April to discuss and gather more information to evaluate business cases
- CMO will monitor revenue outlook and make final decisions through April in advance of presenting recommended budget in early May

# COVID-19 response needs not factored into annual FY22 General Fund budget

- Originally asked departments to identify COVID-19 response needs for FY22 anticipating the need to incorporate into General Fund budget
- Now looking at how to fund these needs with new American Rescue Plan federal (and/or state) resources
  - Testing, vaccination and public health
  - Housing and other community response programs
  - Acquisition of PPE
  - Technology needs
  - Security, building modifications, sanitation
- Staff will be presenting multi-year COVID-response funding plan to Board in early April

# Education

**Operating, debt, and capital funding for education (Wake Tech and WCPSS) represented more than 58% of the County's FY21 General Fund Budget.**

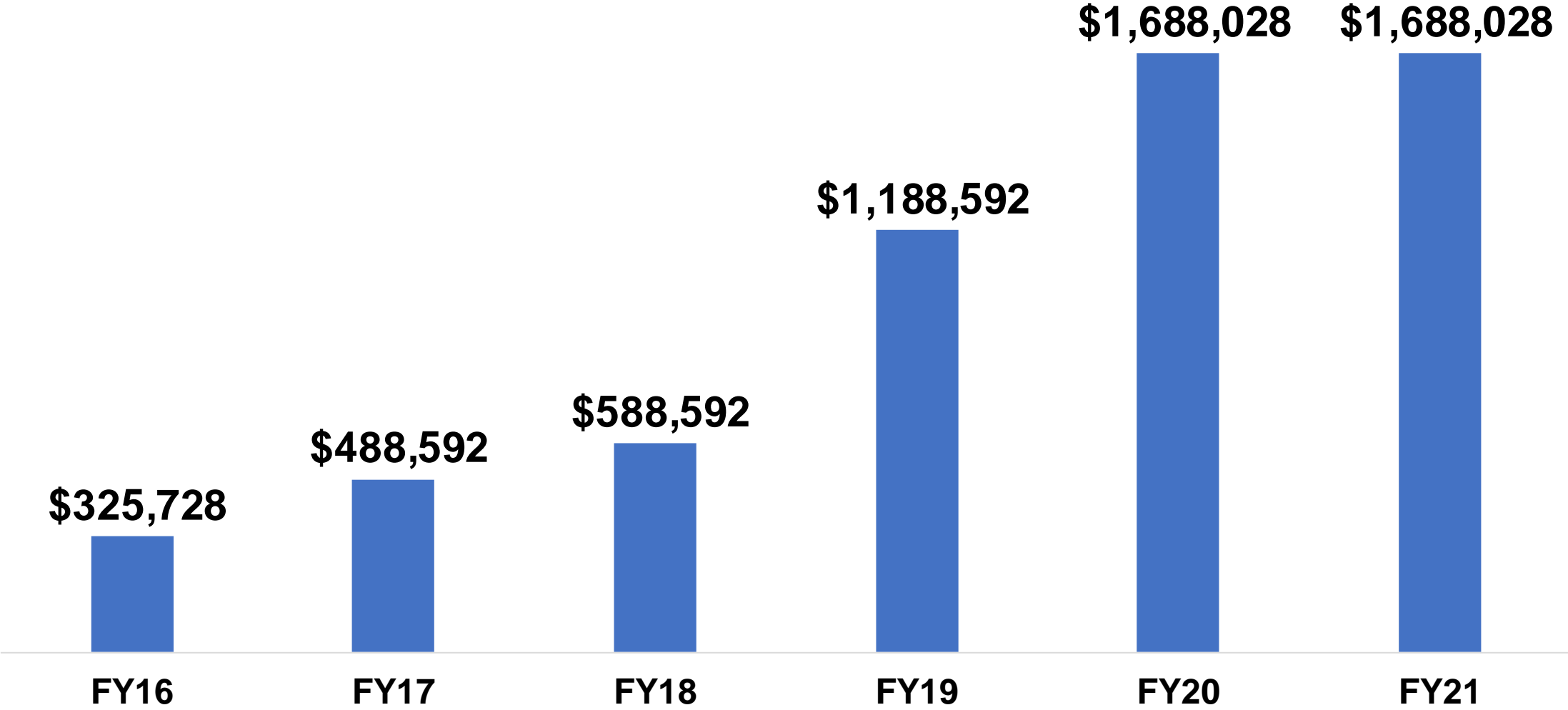
**In this section:**

- **Smart Start support,**
- **Wake Tech operating request, and**
- **WCPSS preliminary operating funding**

# Smart Start



# Wake County contribution to Smart Start has increased almost \$1.4 million since FY16



# Smart Start: March 8 Work Session

## **Current Status:**

- Current estimate: 86% of income-eligible 4-year-olds are currently being served through a pre-k program
- 4-year-old population not projected to increase in upcoming year; no additional slots projected to maintain 85% coverage goal

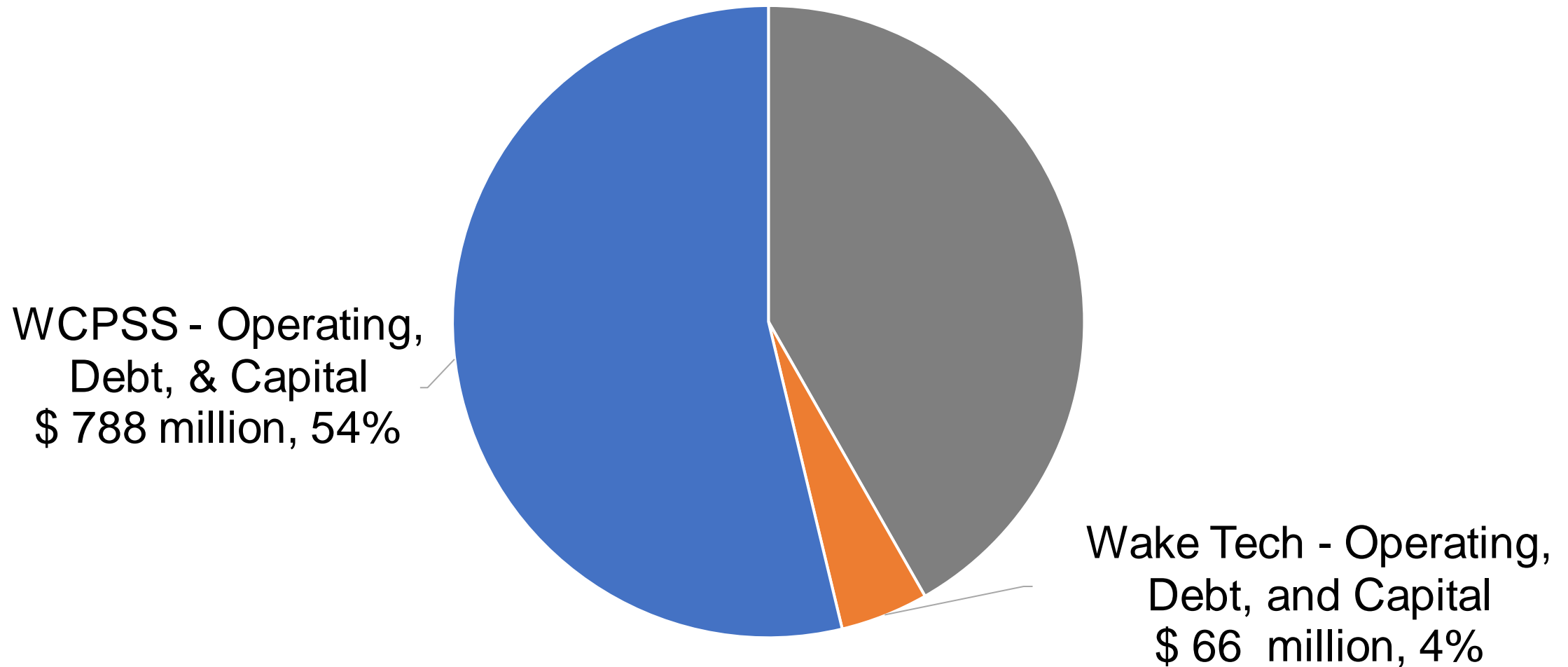
## **Staff Researching:**

- Estimated unmet early childhood education needs among 3-year-olds in Wake County
- Feasibility of County support of HS Childcare Subsidy

## **Next Steps:**

- Staff brings back information on above topics to April 12, 2021 Work Session

# Wake Tech and WCPSS appropriations equals 58% of FY21 Adopted Budget





# Wake Tech



# FY21 Funding for Wake Tech held flat with exception of new WakeWorks positions

Function Area	Description of Services	FY21 Funding
Institutional Support (Non-ITS)	General support services and initiatives, including: College-wide facility insurance, GoRaleigh Bus Service, dental and vision insurance, six warehouse positions, County portion of the Presidents salary and benefits, one Wake Invests in Women position, Community Use of Schools	3,447,430
Institutional Support (ITS)	Provides oversight and support for college-wide information technology infrastructure and security	2,470,427
Academic Support (ITS)	Provides information technology related oversight and support to classroom-based technology and infrastructure	2,792,599
Plant Operations and Maintenance	Facilities staff	3,038,068
	Facilities maintenance, landscaping, janitorial, and equipment service contracts; Other operating	9,109,143
	College-wide Utilities	3,890,363
<b>Total Wake County Support for Wake Tech Operating</b>		<b>\$24,748,030</b>

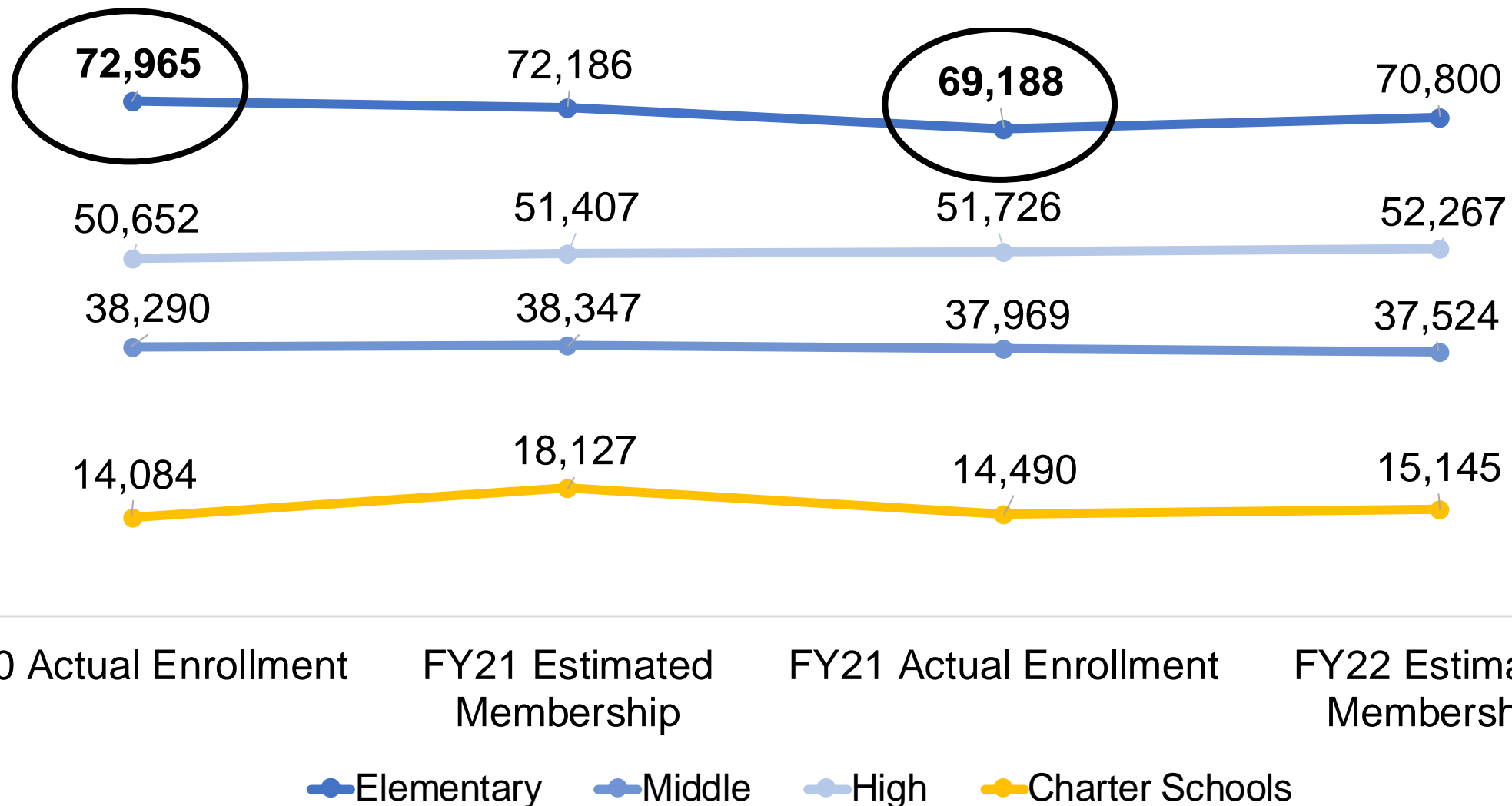
# FY22 Wake Tech requests include prior requests from FY21 that were not funded

Request	Description	FY 22 Request
Facilities Maintenance and Operations	Lease and utility increases, new building facility costs, and custodial and maintenance contract increases	1,784,287
Market Based Pay Increases	Bring Information Technology (IT) staff and Facilities Project Managers to market rates based on recently completed compensation studies	933,524
New Positions: Information Technology and Facilities (8)	Cyber Security (1), Learning Management System (1), IT Project Manager (1) Help Desk staff (2), Facilities Staff (3)	723,948
New Buildings Personnel	One-time startup costs for new facilities personnel (to be picked up by state in subsequent year)	688,467
Legislative Pay Increases	Assumes 5% state legislative increase for non-IT staff	150,000
Wake Works Program	Reimbursement for tuition, fees, books, tools, and uniforms	500,000
<b>Total FY 22 Request</b>		<b>\$4,780,226</b>

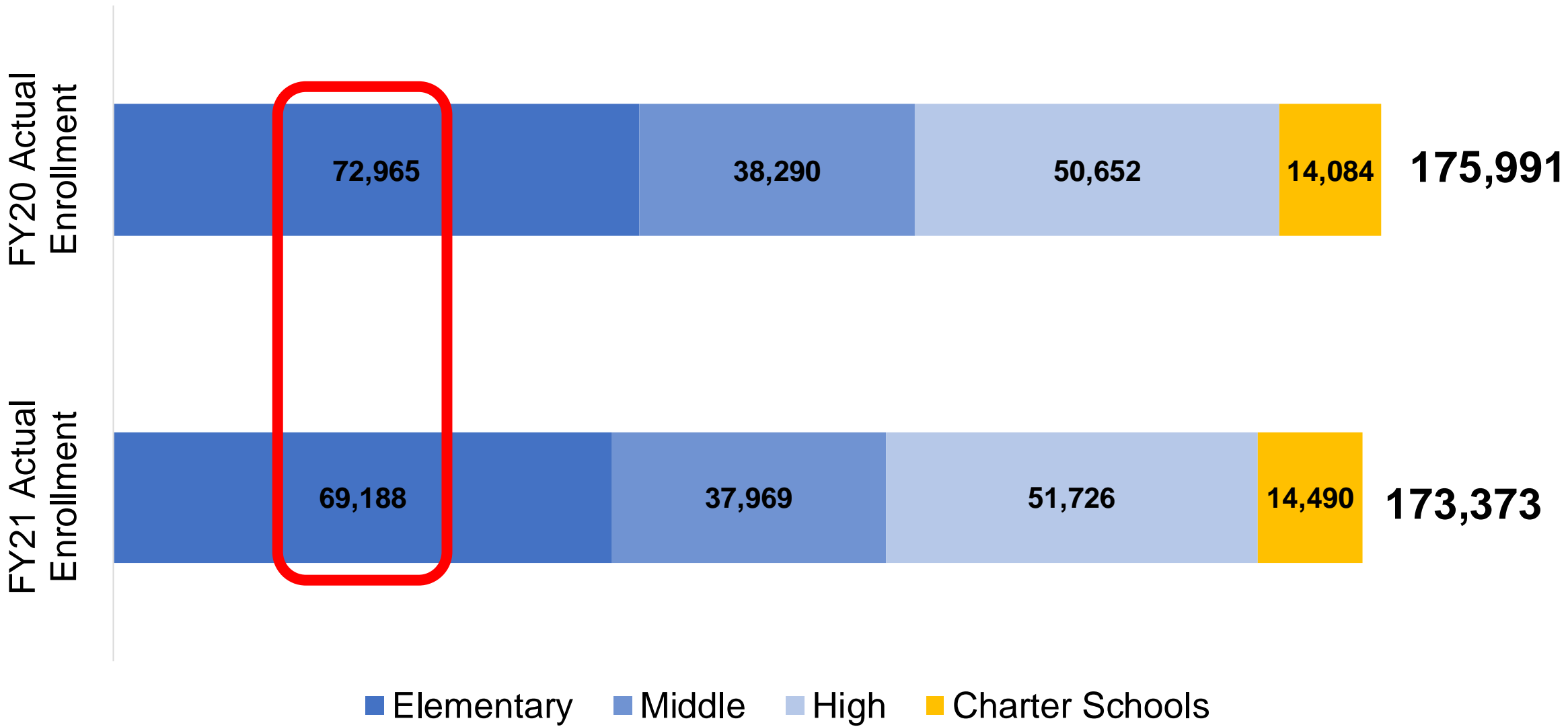
# WCPSS Operating



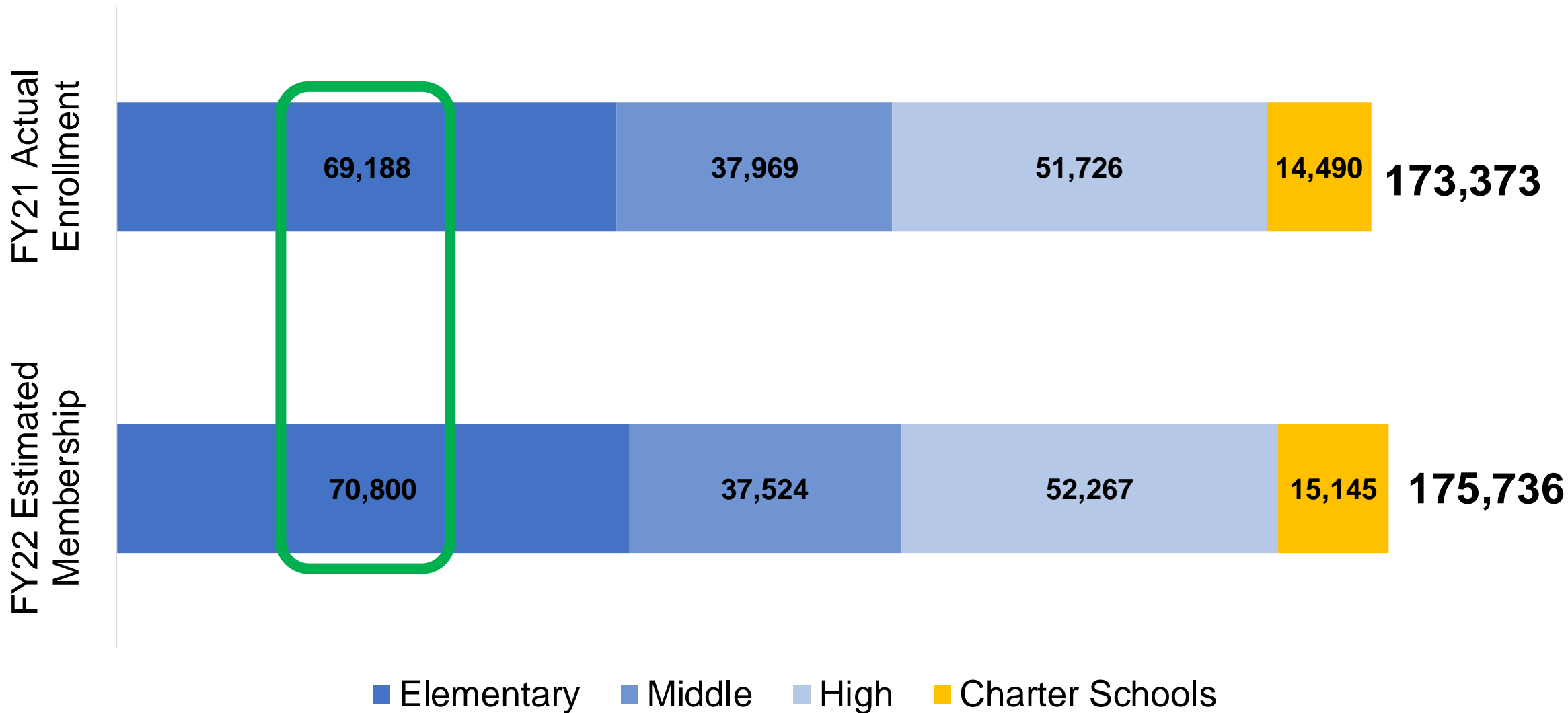
# WCPSS elementary 2020-21 enrollment impacted by virtual learning environment and lower birth rates



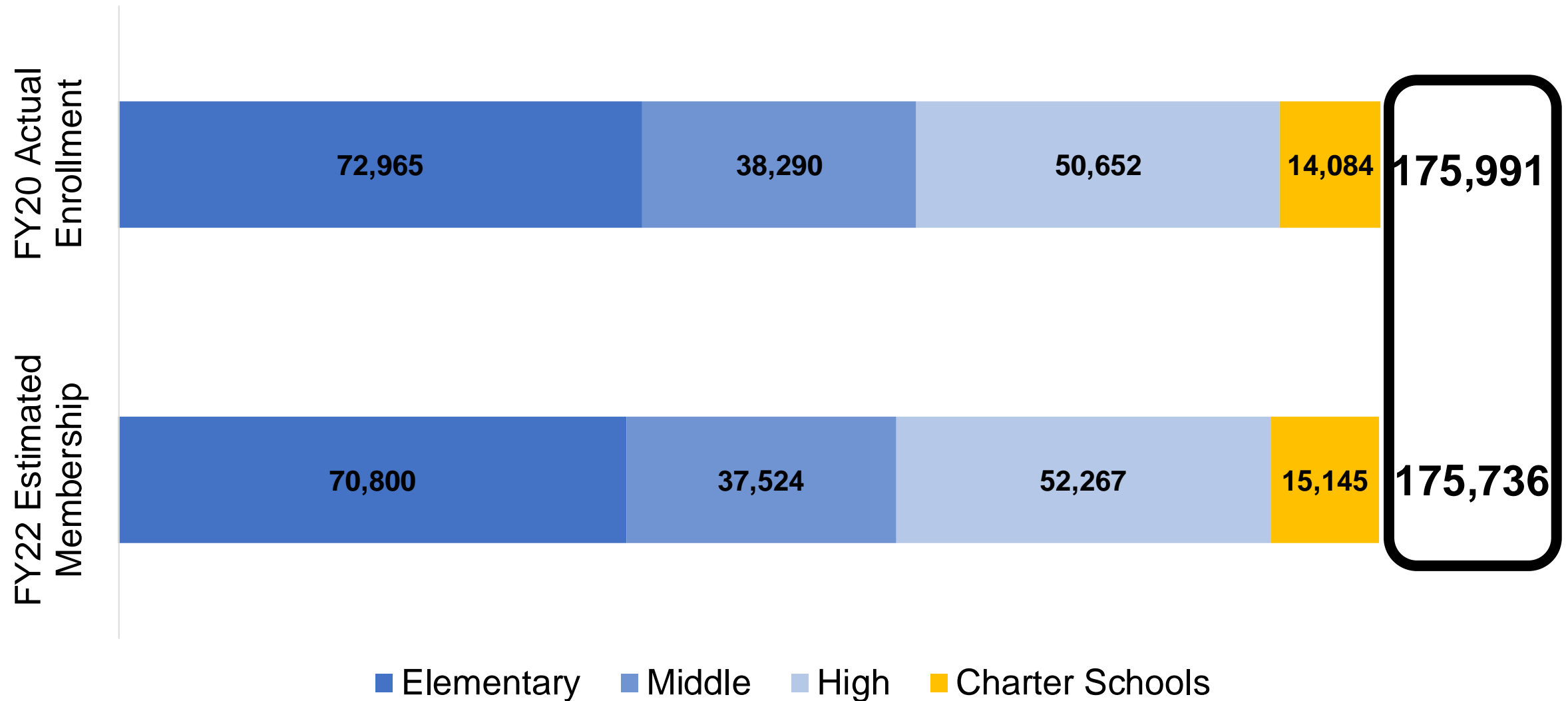
# A decline in elementary enrollment led to a decrease in total student enrollment for 2020-21



A projected rebound in elementary enrollment accounts for largest portion of total estimated increase of 2,400 for the 2021-22 year



# While year over year total enrollment is increasing, it is returning to the 2019-20 school year level





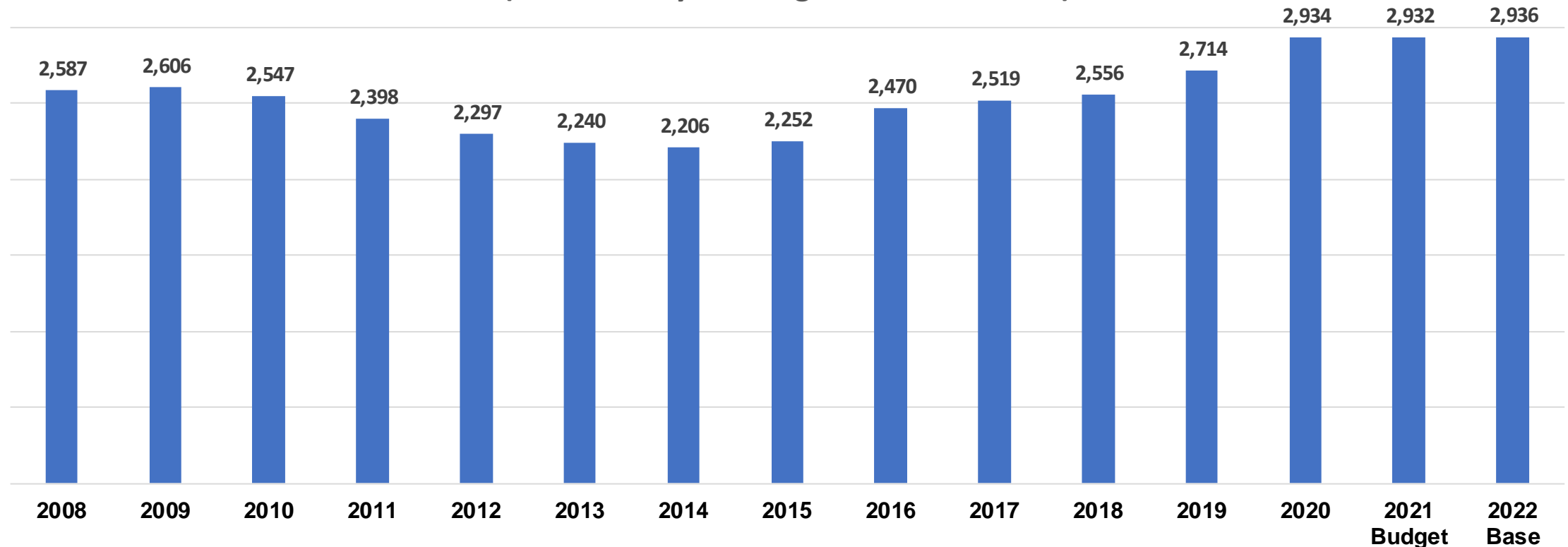
# FY21 operating allocation of \$527.904 boosted by WCPSS capital transfer holdback

A planned transfer to WCPSS capital was held in the General Fund to support WCPSS operating increase as a ***one-time strategy***

	Funding in Millions
FY21 Manager Recommended Budget (Base)	\$515.955
FY21 Board Approved Budget	\$527.904
<b>Difference</b>	<b>\$11.949</b>

# For FY22 maintaining base funding of \$515.955 million results in a per pupil of \$2,936

County Per Pupil Funding to WCPSS in 2020 Dollars  
(Total County Funding/Total Enrollment)



\* 2022 per pupil calculated by dividing the base \$515,955,101 by the enrollment projection of 175,736

# Manager's FY22 recommended budget will consider WCPSS operating funding level and strategies

## Funding Level Considerations

## Funding Strategies

- Base funding of \$515.944 million
  - Per pupil funding level
  - New school openings
  - COVID relief funding received by WCPSS that can support their short-term operating needs
  - Superintendent's budget request
- Revenue growth available after meeting debt/capital obligations and along with County needs
  - Increase property tax rate
  - Reduce transfer to CIP (again) and realign WCPSS capital program within that funding constraint



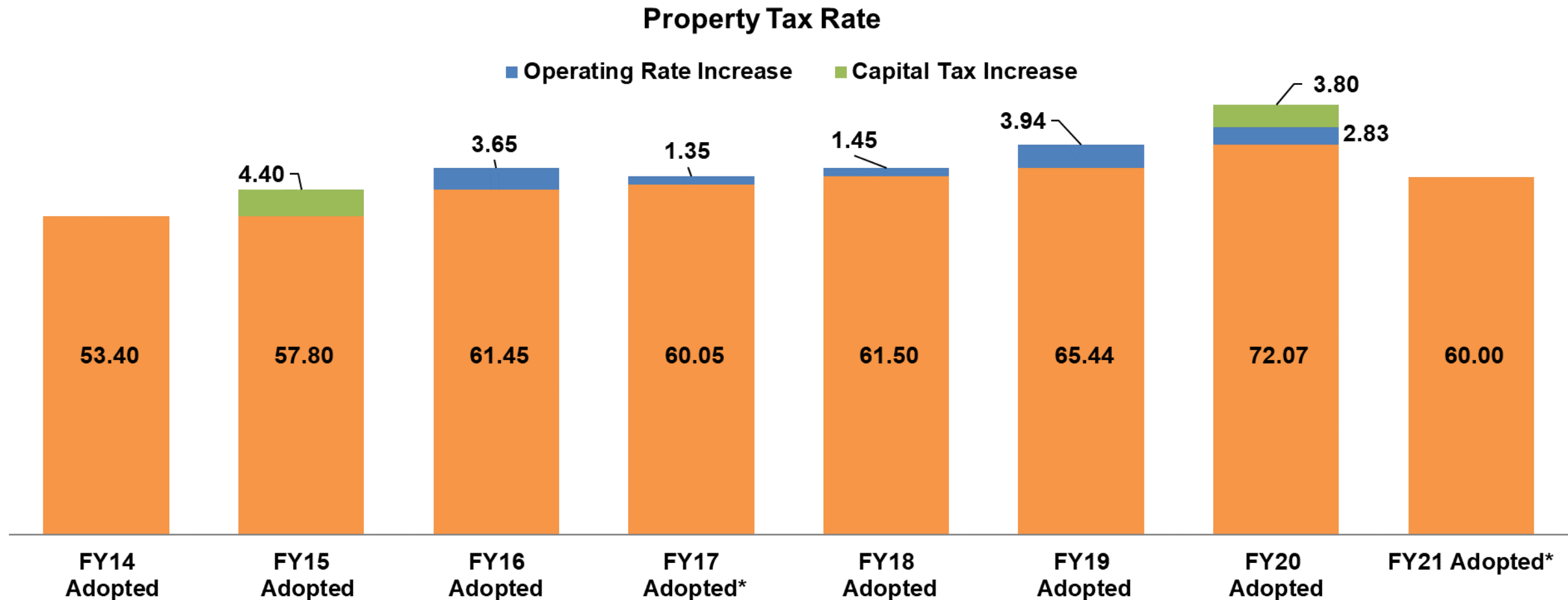
# Summary

# Priorities for developing County Manager's FY22 recommended budget

Fund expansions that:

- Restore FY21 County reductions to maintain high-quality service delivery
- Continue previously planned expansion of existing programs to meet Board and management objectives
- Continue to recruit and retain a high-performing workforce
- Restore one-time reductions to debt and capital programs
- Address the increased cost-of-doing-business
- Respond to growth in population and demand

# Property tax only revenue source within full control of Board; FY21 rate set at revenue neutral



\*Year following reappraisal

# Next Steps



# Board “Takeaways” and Questions



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# Appendix

# In 2020, Federal government provided significant economic stimulus as a result of COVID-19 pandemic

	CARES Act	Paycheck Protection Program and Health Care Enhancement Act	Consolidated Appropriation Act
<b>Date</b>	March 27, 2020	April 24, 2020	December 27, 2020
<b>Business Support</b>	Paycheck Protection Program: Small business loans to help business keep workforce employed	Replenished Paycheck Protection Program; established emergency small business lending program	Second round of Paycheck Protection Program loans
<b>Individual Assistance</b>	Federal stimulus of \$1,200 per adult and \$500 per child		Federal stimulus of \$600 per adult and \$600 per child
<b>Unemployment Assistance</b>	Extends unemployment benefits and \$600 per week federal supplement to unemployment		Extension of benefits up to 50 weeks and \$300 per week federal supplement to unemployment
<b>State and Local Government Support</b>	Direct aid to state, local, and tribal governments. Wake County received \$194 million		
<b>School Support</b>	WCPSS received \$87.2 million		\$82 billion for school support
<b>Other Measures</b>	Financial assistance to distressed sectors of economy, support to hospitals and healthcare providers	Hospital funding, COVID-19 testing	COVID-19 testing and vaccination, rental and food assistance, broadband investment, etc.

# American Rescue Plan provides more economic stimulus and support in 2021

	American Rescue Plan
<b>Date</b>	March 11, 2021
<b>Business Support</b>	Expands employee retention tax credit
<b>Individual Economic Assistance</b>	Federal stimulus of \$1,400 per adult and \$1,400 per child
<b>Unemployment Assistance</b>	Extension of benefits through September 2021, continuing the \$300 per week federal supplement to unemployment
<b>Child Tax Credit</b>	Temporarily expands child tax credit from \$2,000/child under 17 to \$3,600/child under 5 and \$3,000/child 6-17
<b>State and Local Government Support</b>	\$350 billion for states, local governments, territories, and tribal governments. Wake County anticipates receiving \$215M
<b>School Support</b>	\$130 billion for K-12 school systems
<b>Other Measures</b>	COVID-19 testing and vaccinations, housing assistance, support for colleges/universities, support for child-care providers, etc.