

Wake County Board of Commissioners
Budget Work Session
June 12, 2017
9:00 a.m.
Wake County Justice Center Room 2800

Commissioners Present:

Sig Hutchinson, Chairman
Matt Calabria, Vice-Chair
John Burns
Greg Ford
Jessica Holmes
Erv Portman
James West

Wake County Staff Present:

Jim Hartmann, County Manager; Johnna Rogers, Deputy County Manager; Scott Warren, County Attorney; Denise Hogan, Clerk to the Board; Yvonne Gilyard, Deputy Clerk to the Board; Andy Kuhn, Executive Assistant; Chris Dillon, Intergovernmental Relations Manager; Denise Foreman, Assistant to the County Manager; Kerry McComber, External Communications Manager; Dara Demi, Communications Director; Sara Warren, Business Analyst, Sheriff's Office; Michelle Venditto, Budget Manager; Susan McCullen, Finance Director; Frank Cope, Community Services Director; Regina Petteway, Human Services Director; and Mark Foresteri, Facilities, Design, and Construction Director.

Others Present:

Heather Drennan, Budget and Management Services
Michael James, Budget and Management Services
Margaret Murphy, Budget and Management Services
Tammy DePhilip, Budget and Management Services

Meeting Called to Order:

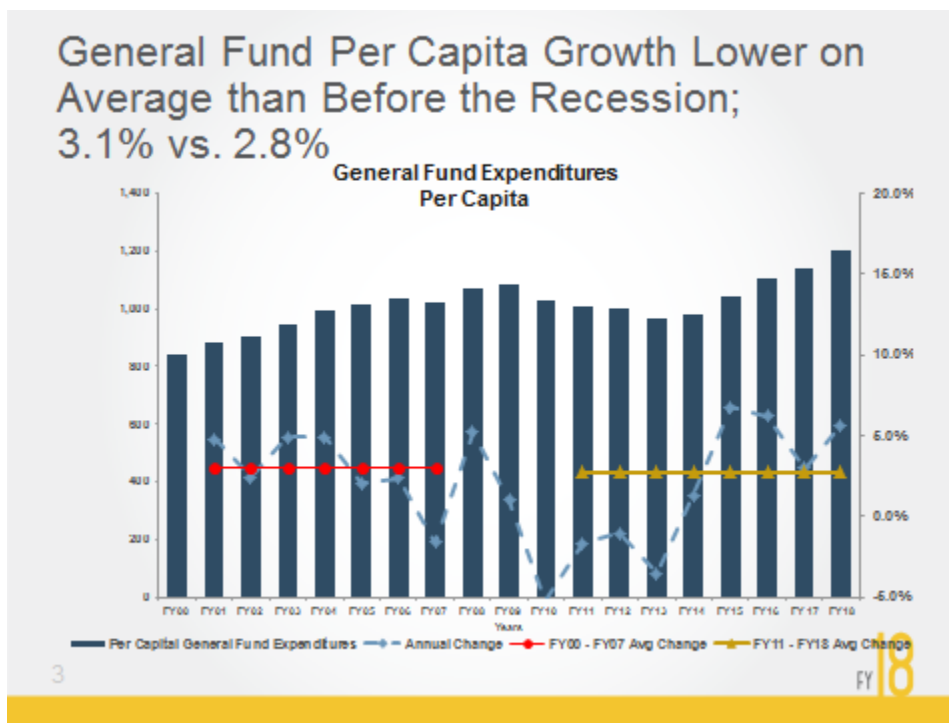
Commissioner Hutchinson called the meeting to order at 9 a.m.

Commissioner Hutchinson introduced County Manager Hartmann for a briefing on the proposed 2018 Fiscal Year Budget.

Mr. Hartmann gave an overview from the March Board Retreat.

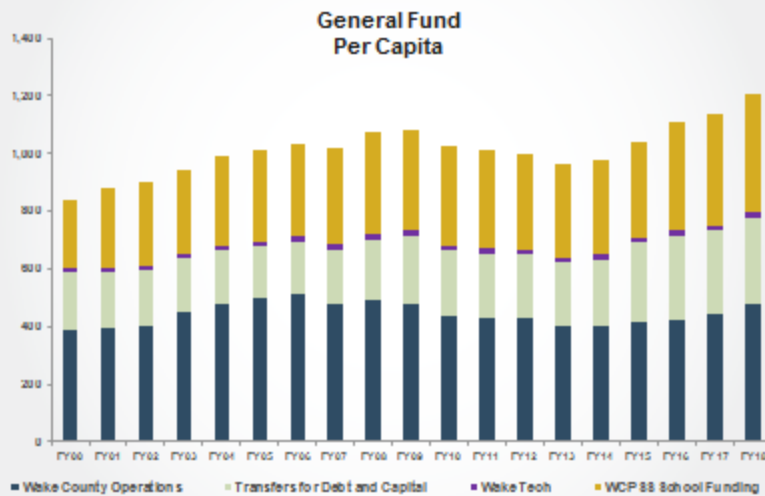
- **Highlights from March Board Retreat**
- **FY 2018 Recommended Budget Overview**
- **Budget Ordinance Overview**
- **Items of Clarification**
- **Public Hearing Feedback and Other Funding Requests**
- **WCPSS**
- **Other Topics and Comments from Commissioners**
- **Next Steps**

Mr. Hartmann shared information on per capita growth.



He shared information on general fund by component.

General Fund by Component Per Capita



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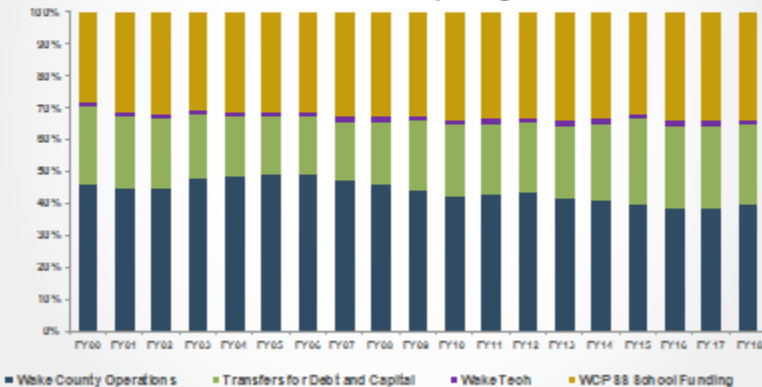
Commissioner Portman asked if the transfers were for all capital, including school transfers. Mr. Hartmann said yes.

He shared information on general fund percentage by component.

General Fund Percentage, by Component

- WCPSS and Wake Tech allocations remains relatively constant
- Transfers are growing as a % of total budget
- County Operations declining as % of budget since 2006

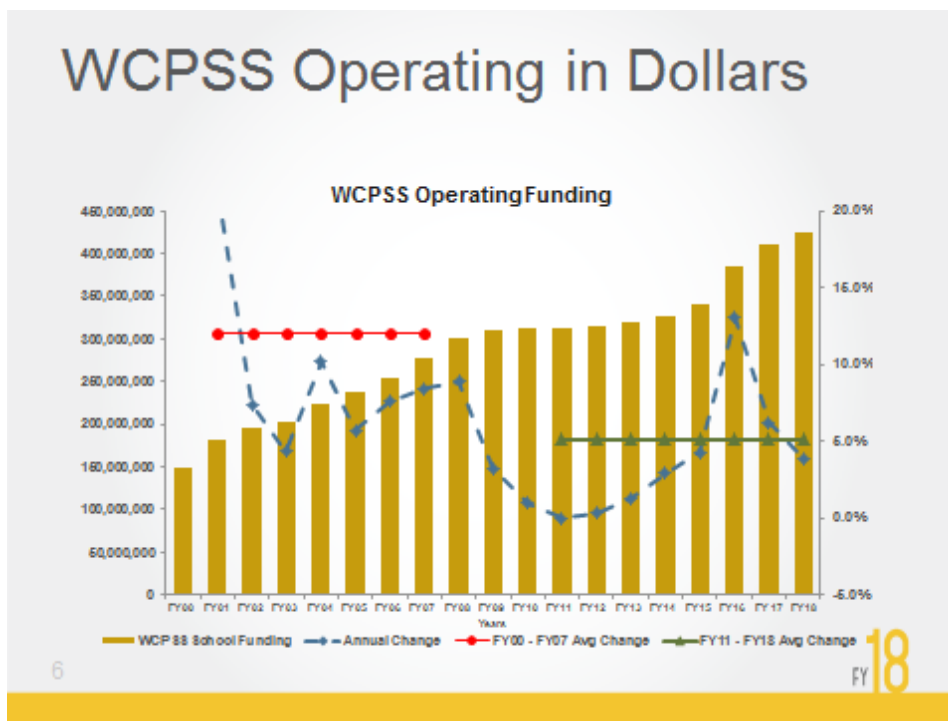
Wake County Operations, Transfers for Debt Service, Capital, Wake Tech, and WCPSS Operating



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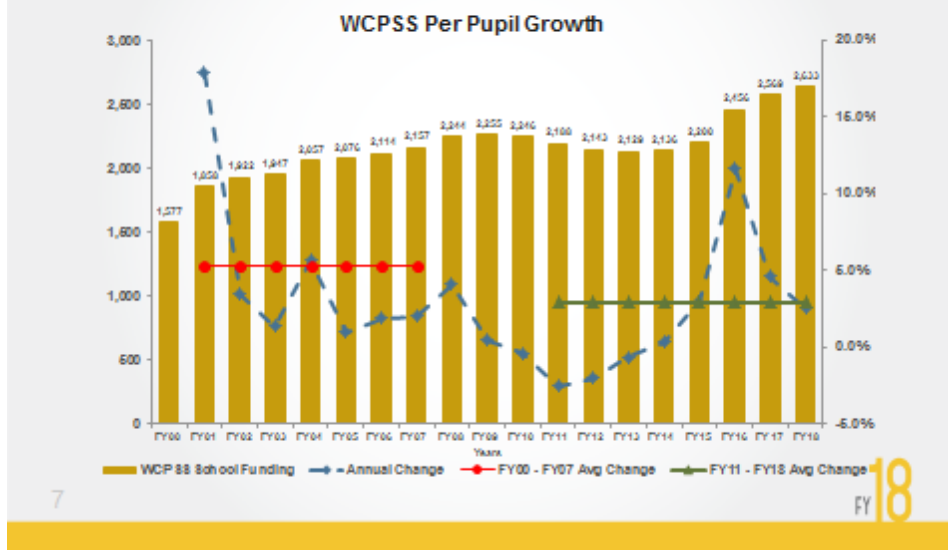
He shared information on WCPSS operations dollars.



Commissioner Portman asked if the 2018 value was current. Mr. Hartmann said yes.

He shared information on operations per pupil spending.

WCPSS Operating Per Pupil



Commissioner Calabria asked if the per pupil figures are calculated based on the expected number in the Wake County Public School System (WCPSS) system that is agreed upon by the school and county.

There was discussion regarding per pupil expenditures that included or didn't include charter schools. Ms. Johnna Rogers, Deputy County Manager, said charter school figures aren't considered in computation of per pupil dollars by the state or by Wake County. Commissioner Portman asked if the total dollars are divided by total students in WCPSS. Ms. Rogers said yes. Commissioner Portman asked if the school system is required to provide that dollar value to charter school students as well. Ms. Rogers said yes.

There was discussion regarding the display of figures that include charter school funding allotments.

Commissioner Portman asked how inflation adjustments are configured.

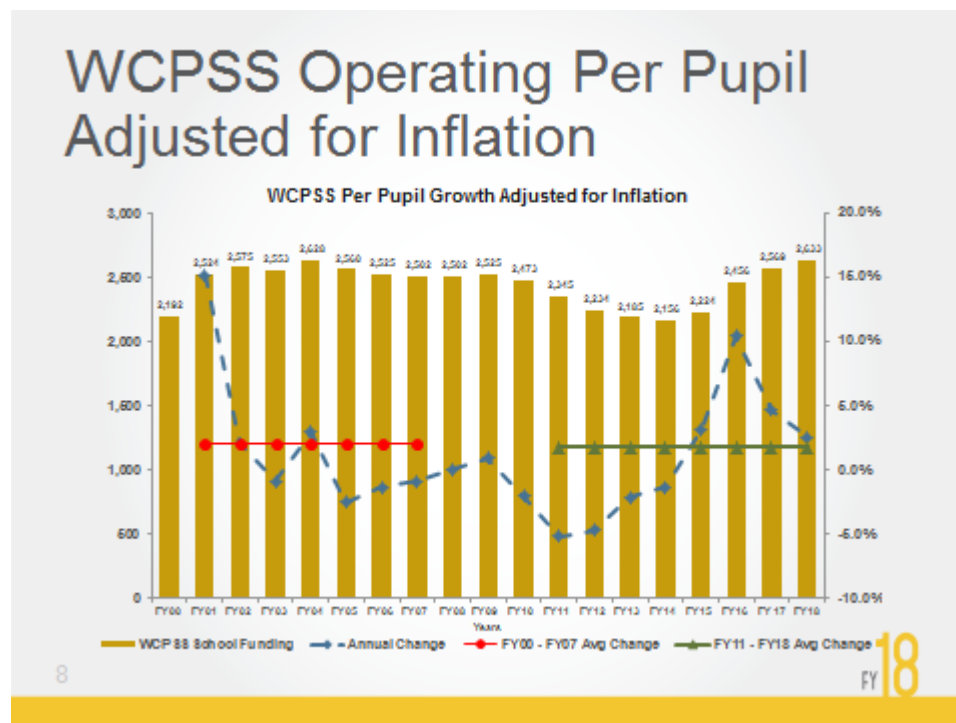
Ms. Rogers said the Consumer Price Index (CPI) for "south urban" is used for determination. She said that completed calendar year figures are available for 2016 so those figures are used. She said these numbers reflect prior year expenditures in current dollars.

There was discussion of future funding allotments and how these figures rise to pre-recession levels. Commissioner Ford said he would like for staff to provide an overlay of figures of per pupil spending by WCPSS and by charter schools.

Commissioner West asked if the state requires comparison of figures that include charter school numbers. Ms. Rogers said the county does not have that data.

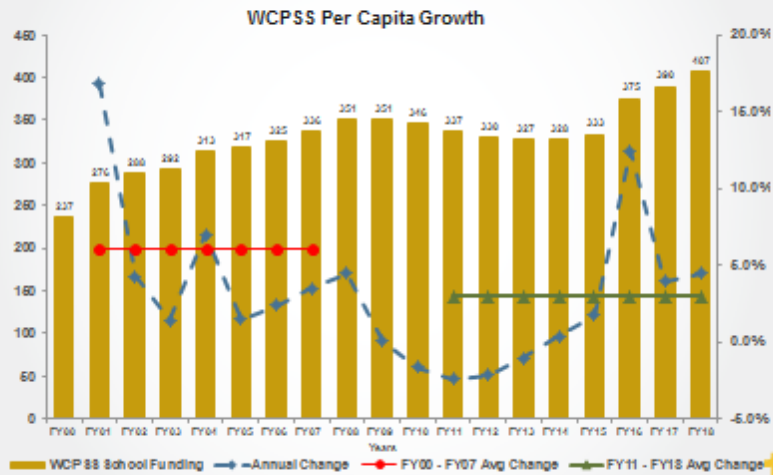
Commissioner Portman said that the figures are important to ensure a sustainable tax rate is achieved moving forward. He said that having clear and transparent numbers that are agreed upon by both boards is vital moving forward. Ms. Rogers said that charter school projects need to be agreed upon as well and that there are questions regarding how many charter students are actually in the system and how many are moving within the system.

Commissioner Ford and Commissioner Holmes agreed that more frequent meetings with WCPSS will assist in reducing potential conflicts in figure determination.



Mr. Hartmann shared the operating per capita figures.

WCPSS Operating Per Capita

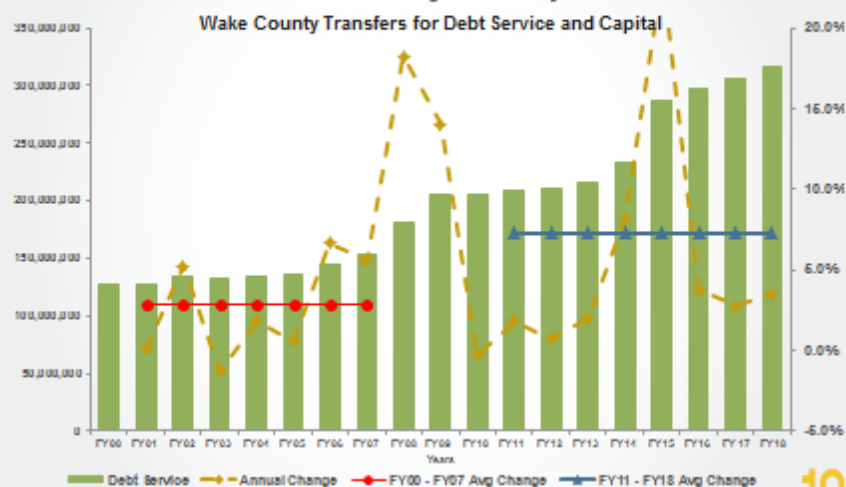


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He shared the transfers for debt and capital. .

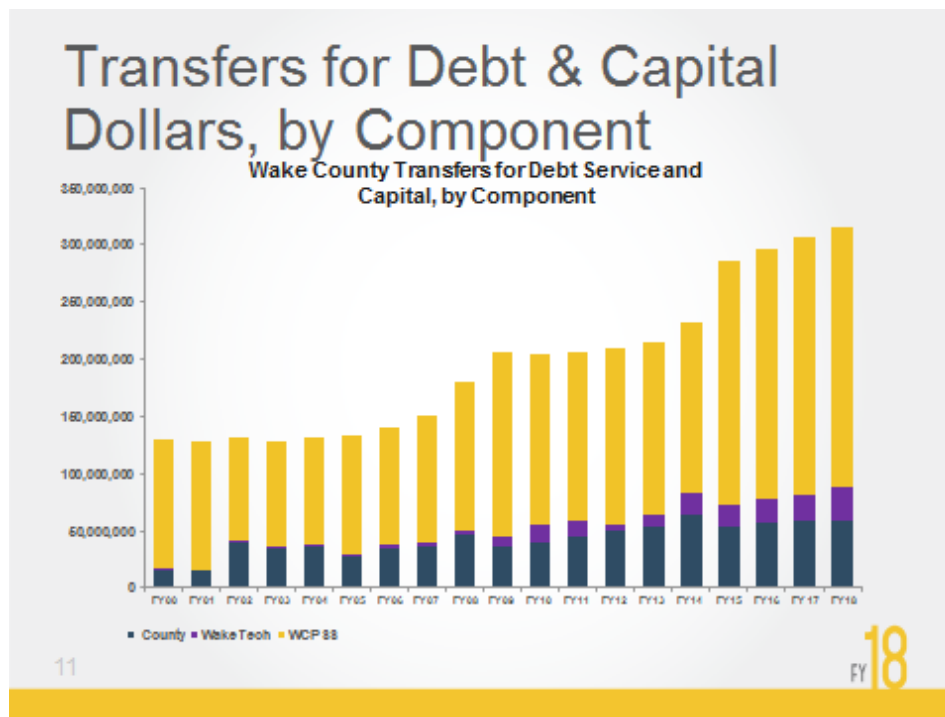
Transfers for Debt & Capital Dollars, Driven by Capital Plans



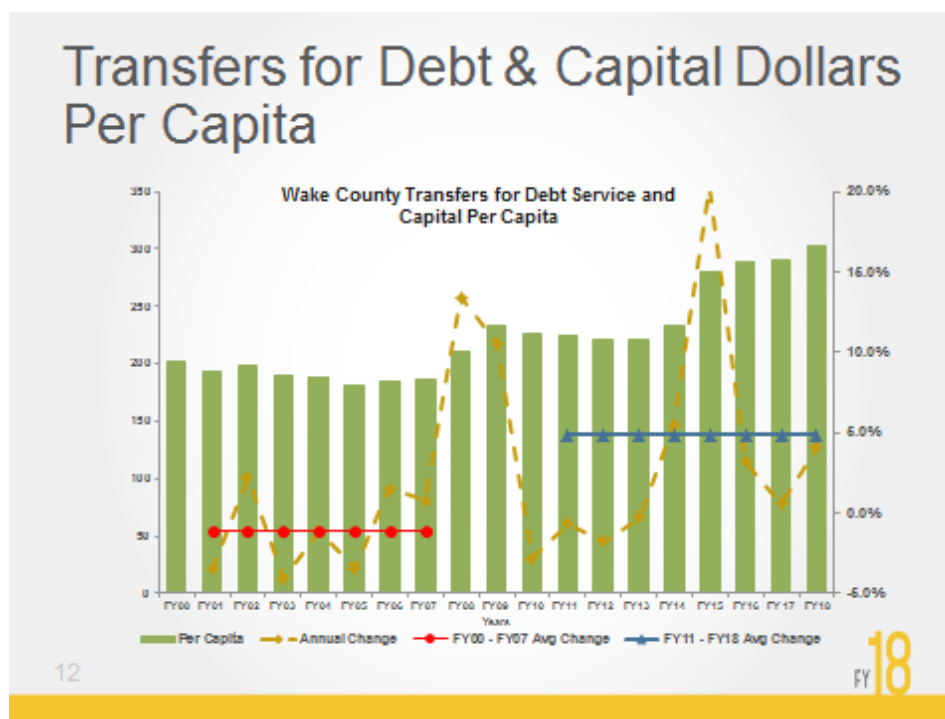
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He shared the transfers by component.

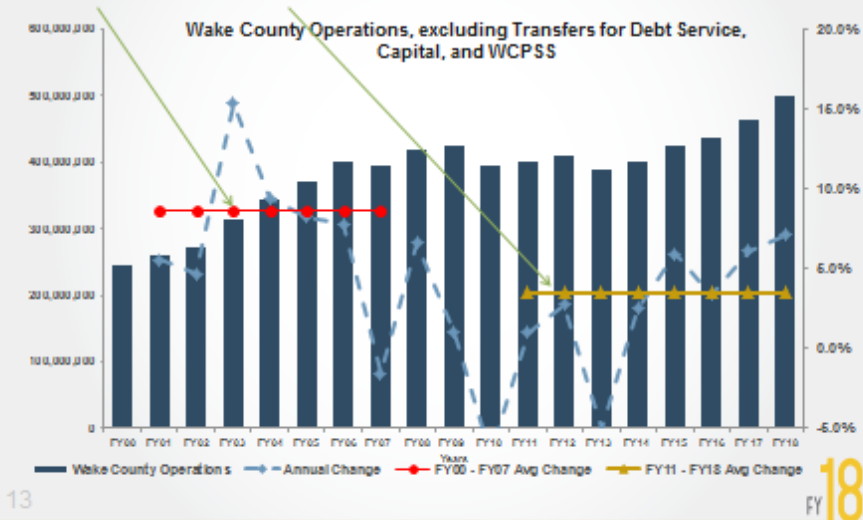


He shared the transfers of debt and capital per capita.



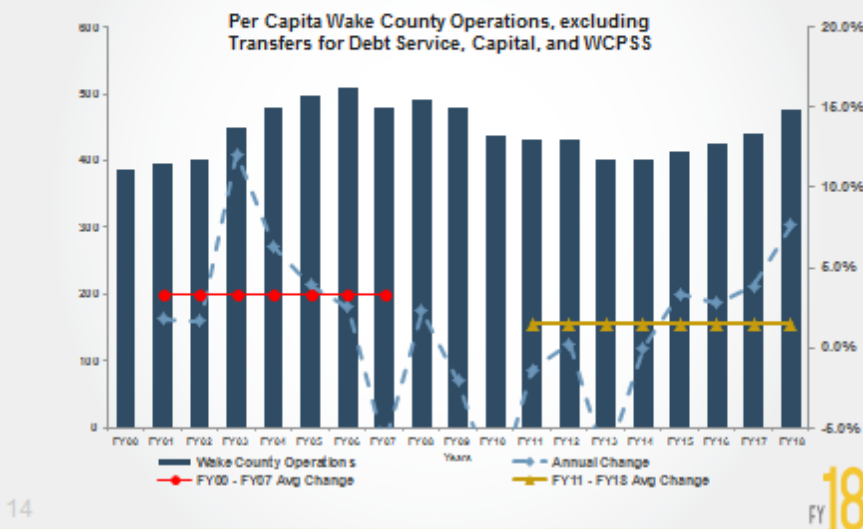
He shared information on county operations excluding debt and transfer.

County Operations are Increasing at a Lower Rate on Average than Before the Recession; 8.6% vs. 3.5%



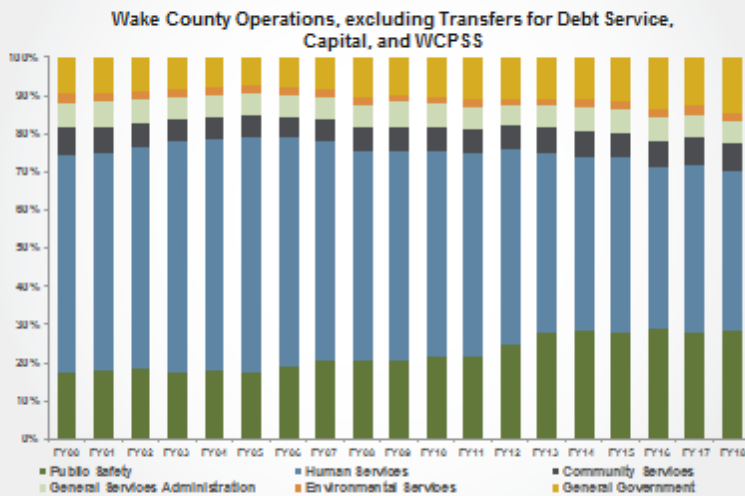
He shared information on county operations per capita prior to the recession.

County Operations Per Capita Lower than Before the Recession



He shared information on Human Services percent reductions.

Human Services Percent Reduced; Public Safety has increased as portion of budget



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Commissioner Portman asked if the figures reflect reductions from the local management entity (LME) and service delivery in 2012-2014. Ms. Rogers said yes.

He shared information on quadrant definitions.

Quadrant Definitions

No Service Choice/No Funding Choice

County is required to provide service through its existing policies or legislative (federal or state) requirements and the service minimum and funding levels are prescribed

No Service Choice/Funding Choice

County is required to provide service through its existing policies or legislative (federal or state) requirements, but has flexibility in the level of funding

Service Choice/No Funding Choice

County has the option to provide the service. However, if the County chooses to offer the service, funding levels are prescribed

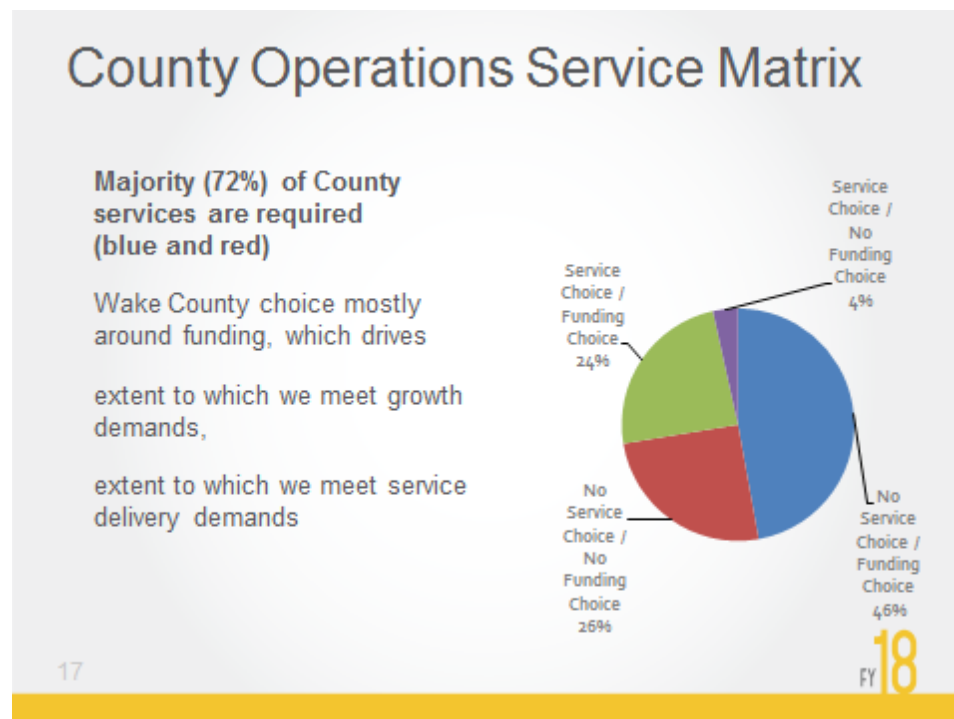
Service Choice/Funding Choice

County has complete discretion over both service and funding levels

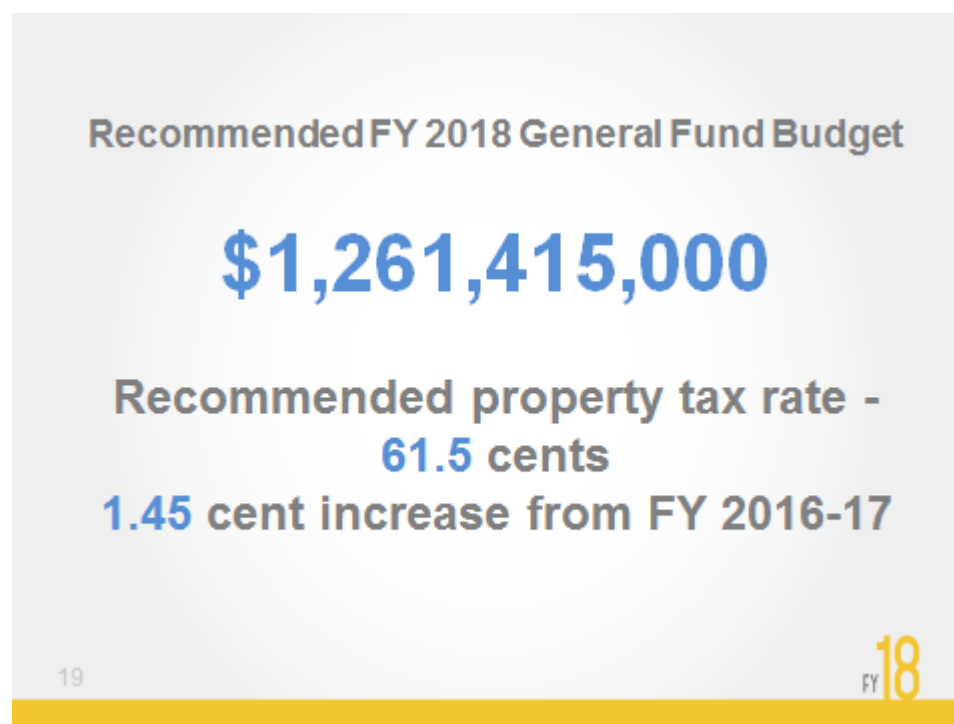
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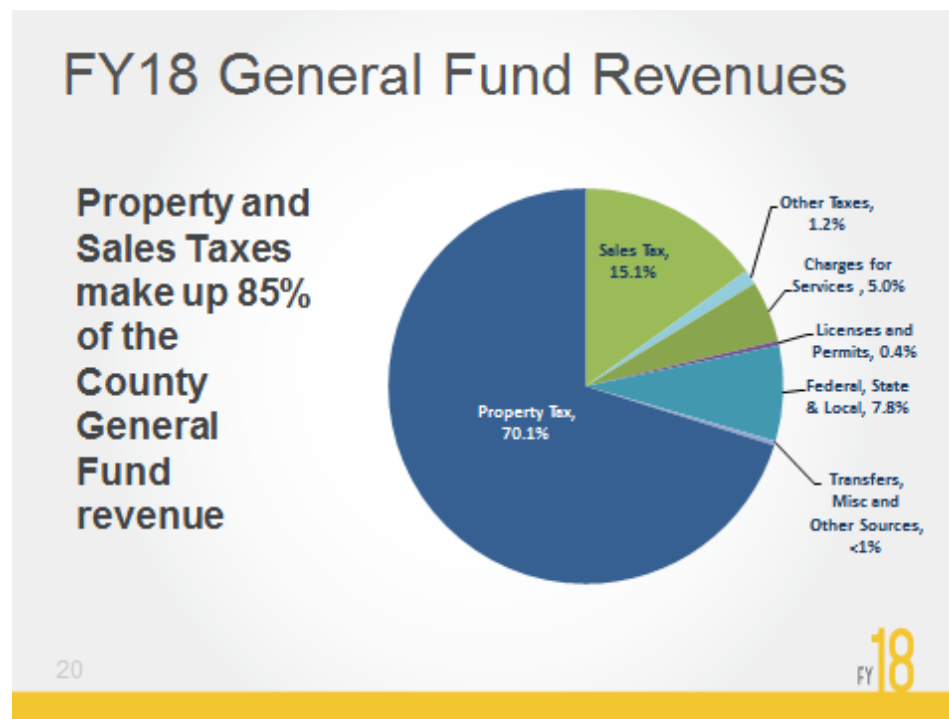
He shared information on the county's service matrix.



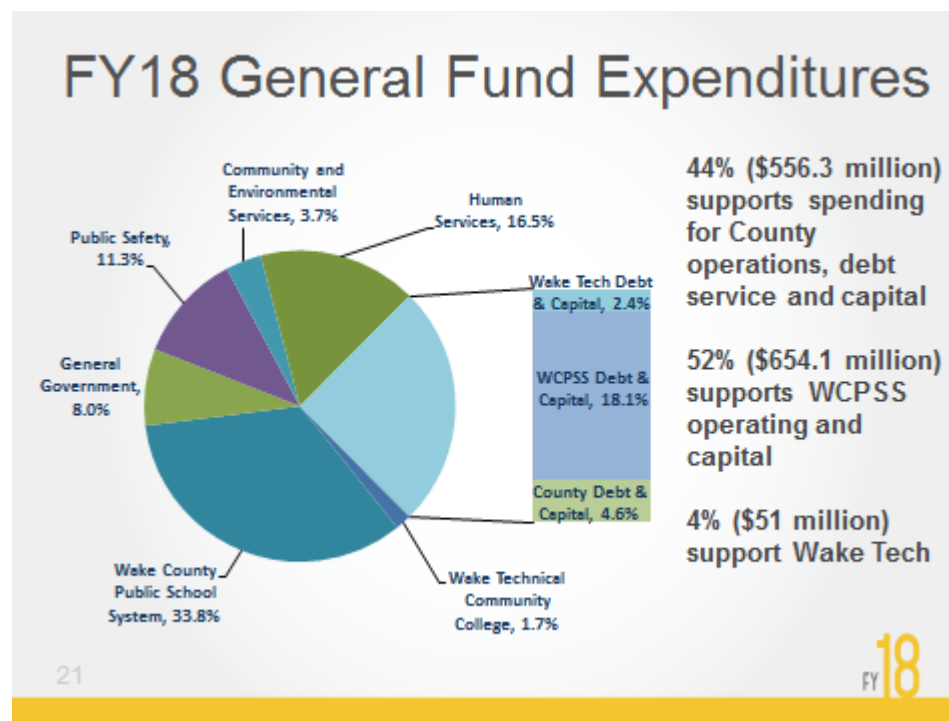
He shared the recommended budget figure.



He shared information on general fund revenues.



He shared FY18 General Fund expenditures.



He shared information on the FY18 appropriations.

FY 2018 Appropriations		
<u>Fund</u>	<u>Primary Revenue Source(s)</u>	<u>FY18 Adopted</u>
General Fund	Property and sales taxes, charges for service	\$1,261,415,000
Debt Service	Transfers from property & sales taxes, Bonds	\$273,360,000
Housing and Community Revitalization	Intergovernmental - Federal	\$7,828,000
Capital Area Workforce Development	Intergovernmental - Federal	\$5,089,000
Fire Tax District	Property taxes	\$26,496,000
Transportation	Grants, Medicaid, Fare Box	\$8,730,000
Grants	Intergovernmental	\$2,802,454
Major Facilities	Prepared food & occupancy taxes	\$56,322,000
Solid Waste Operating	Charges for Services	\$14,500,000
South Wake Landfill Partnership	Charges for Services	\$17,500,000
Corporate Fleet	Charges for Services	\$9,648,000
County Capital CIP	Transfers from property taxes, bonds	\$38,712,000
Education CIP	Transfers from property taxes, bonds	\$332,998,014
Fire Rescue CIP	Property taxes, debt financing	\$5,240,000
Major Facilities CIP	Prepared food & occupancy tax transfers	\$3,000,000
Solid Waste CIP	Charge for Service transfers	\$1,600,000
TOTAL ALL FUNDS		\$2,065,240,468
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Mr. Hartmann introduced Ms. Michelle Venditto, Wake County Budget Manager, who shared information on ordinances for consideration.

Ordinances for Consideration

Operating Budget Ordinances

- General Fund
- Debt Service Fund
- Fire Tax District Fund
- Major Facilities Fund
- Solid Waste Enterprise Fund
- South Wake Landfill Partnership Fund
- Corporate Fleet Fund
- Human Services Transportation Fund

Project Ordinances

- Housing and Community Revitalization Fund Projects
- Capital Area Workforce Development Fund Projects
- Grants and Donations Fund Projects

Personnel Authorization Ordinance

Capital Improvement Fund Project Ordinance

- County Capital Projects
- Fire Tax District Capital Projects
- Major Facilities Capital Projects
- Solid Waste Capital Projects
- Wake Technical Community College Capital Projects Fund
- Wake County Public School System Capital Projects Fund

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FY 18

She shared NC General Statute ordinances of importance.

Article 3. The Local Government Budget and Fiscal Control Act

§ 159-8. Annual balanced budget ordinance.

(a) Each local government and public authority shall operate under an annual balanced budget ordinance adopted and administered in accordance with this Article. A budget ordinance is balanced when the sum of estimated net revenues and appropriated fund balances is equal to appropriations. Appropriated fund balance in any fund shall not exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts, as those figures stand at the close of the fiscal year next preceding the budget year. It is the intent of this Article that, except for moneys expended pursuant to a project ordinance or accounted for in an intragovernmental service fund or a trust and agency fund excluded from the budget ordinance under G.S. 159-13(a), all moneys received and expended by a local government or public authority should be included in the budget ordinance. Therefore, notwithstanding any other provision of law, no local government or public authority may expend any moneys, regardless of their source (including moneys derived from bond proceeds, federal, state, or private grants or loans, or special assessments), except in accordance with a budget ordinance or project ordinance adopted under this Article or through an intragovernmental service fund or trust and agency fund properly excluded from the budget ordinance.

(b) The budget ordinance of a unit of local government shall cover a fiscal year beginning July 1 and ending June 30. The budget ordinance of a public authority shall cover a fiscal year beginning July 1 and ending June 30, except that the Local Government Commission, if it determines that a different fiscal year would facilitate the authority's financial operations, may enter an order permitting an authority to operate under a fiscal year other than from July 1 to June 30. If the Commission does permit an authority to operate under an altered fiscal year, the Commission's order shall also modify the budget calendar set forth in G.S. 159-10 through 159-13 so as to provide a new budget calendar for the altered fiscal year that will clearly enable the authority to comply with the intent of this Part. (1971, c. 780, s. 1; 1973, c. 474, s. 5; 1975, c. 514, s. 3; 1979, c. 402, s. 1; 1981, c. 685, s. 2.)

She shared information on general fund ordinances.

- Establishes the tax rate for the County and the Wake County portion of Research Triangle Park
- Establishes the General Fund revenue sources and expenditure budget by department
- Describes administrative authority, fee changes, and other requirements
- Reflects the WCPSS Purpose and Function allocation

She shared information on user fee changes for FY2018.

User Fee Changes for FY 2018		
Description	Current Fee	Proposed Fee
Engineer Option Permit (Allows County to charge plan review fee for homeowners who contract a private engineer to draft septic system plans.)	\$0	\$120
Ground Water Sample Testing Waiver for Wake County Priority List outreach (Temporary waiver for households identified during outreach events to encourage participation.)	\$50	\$0
Food Service Plan Review Fee to maximize allows fee by statute	\$200	\$250
<u>EMS System Special Event User Fees</u>		
Ambulance	\$105	\$155
Bike Team	\$90	\$125
Venue Team	N/A	\$90
Supervisor/Single Responder	\$50	\$70
<u>Planning, Development and Inspection User Fees</u>		
Zoning Appeal	\$250	\$300
Planned Compliance Permit Application	\$375	\$800
Major Site Plan Review	\$800	\$500
Final Subdivision Review	\$300	\$800
Modification of a Previously Approved Rezoning	\$750	\$1,000
Grave Removal	\$300	\$500
Traffic Impact Analysis	\$1,000	\$1,500
Special Use Permit	\$375	\$800
Sign Permit	\$50	\$100
Generates \$130,000 in new revenue		
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FY 18		

She shared information on purpose and function for school systems.

FY 2017 Purpose and Function

PURPOSE →	Instructional Services		
	Regular Instructional Services	\$115,559,528	
	Special Populations Services	41,355,978	
	Alternative Programs and Services	15,271,189	
	School Leadership Services	22,292,621	
	Co-Curricular Services	13,106,927	
	School-Based Support Services	17,308,650	
		<hr/>	
		225,894,893	
FUNCTION {	System-wide Support Services		
	Support and Developmental Services	9,647,170	
	Special Populations Support and Development Services	3,712,918	
	Alternative Programs and Services Support and Development Services	1,683,811	
	Technology Support Services	13,915,691	
	Operational Support Services (WCPSS Fund 02)	97,880,033	
	Operational Support Services (WCPSS Fund 04)	1,150,999	
	Operational Support Services (WCPSS Fund 08)	888,574	
	Financial and Human Resource Services	14,850,579	
	Accountability Services	2,431,361	
	System-wide Pupil Support Services	5,520,977	
	Policy, Leadership, and Public Relations Services	7,697,461	
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		159,399,544	
	Auxiliary Services		
	Community Services	0	
	Nutrition Services	0	
	Adult Services	0	
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		0	
	Non-Programmed Charges		
	Payments to Other Governmental Units	25,416,563	
		<hr/>	
		25,416,563	
	TOTAL WAKE COUNTY PUBLIC SCHOOLS APPROPRIATION	<hr/>	
		\$ 409,911,000	

Other Funds: \$2,039,543
 General Fund: \$407,871,457

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FY 18

She shared the purpose and function statute.

§ 115C-429. Approval of budget; submission to county commissioners; commissioners' action on budget.

(a) Upon receiving the budget from the superintendent and following the public hearing authorized by G.S. 115C-428(b), if one is held, the board of education shall consider the budget, make such changes therein as it deems advisable, and submit the entire budget as approved by the board of education to the board of county commissioners not later than May 15, or such later date as may be fixed by the board of county commissioners.

(b) The board of county commissioners shall complete its action on the school budget on or before July 1, or such later date as may be agreeable to the board of education. The commissioners shall determine the amount of county revenues to be appropriated in the county budget ordinance to the local school administrative unit for the budget year. The board of county commissioners may, in its discretion, allocate part or all of its appropriation by purpose, function, or project as defined in the uniform budget format.

(c) The board of county commissioners shall have full authority to call for, and the board of education shall have the duty to make available to the board of county commissioners, upon request, all books, records, audit reports, and other information bearing on the financial operation of the local school administrative unit.

(d) Nothing in this Article shall be construed to place a duty on the board of commissioners to fund a deficit incurred by a local school administrative unit through failure of the unit to comply with the provisions of this Article or rules and regulations issued pursuant hereto, or to provide moneys lost through misapplication of moneys by a bonded officer, employee or agent of the local school administrative unit when the amount of the fidelity bond required by the board of education was manifestly insufficient. (1975, c. 437, s. 1; 1981, c. 423, s. 1.)

She shared personnel ordinance information.

- Establishes FTE authorization
- Establishes Pay Bands and Position Classifications

Commissioner West asked if there are explanations for waived ordinances by the Board of Education and if the county has authority to react to their waivers.

There was discussion of school system waiver of ordinances regarding fund balance considerations.

Ms. Venditto shared pay band adjustments.

Pay Band Adjustments

- Labor Market Adjustments

<u>Proposed Changes</u>			
NON-EXEMPT			
<u>Classification</u>	<u>Reason for Change</u>	<u>Current Band</u>	<u>New Band</u>
Environmental Program Coordinator	Labor Market	Band 7	Band 8
Environmental Services Team Leader	Labor Market	Band 8	Band 9
Revenue Agent	Labor Market	Band 5	Band 6
Wellness Coordinator	Labor Market	Band 5	Band 8
<u>Off-Cycle Changes*</u>			
<u>Classification</u>		<u>Current Band</u>	<u>New Band</u>
Environmental Consultant		Band 30	Band 31
Environmental Health Manager		Band 30	Band 31
Facilities Engineer		Band 30	Band 31
New: CCBI Senior Agent		N/A	Band 9
New: Certified Medical Assistant		N/A	Band 5
New: HS CPS Investigator/Assessor		N/A	Band 9
Senior Facilities Engineer		Band 31	Band 32
*Various effective dates			

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FY 18

Ms. Rogers said surveys and benchmarks organizations are used to determine labor market adjustments. Manager Hartmann said consistent management and incremental changes are more prudent and pose less of an issue than 10 year evaluations.

Ms. Venditto shared general fund changes.

General Fund – Technical Changes

	<u>Revenues</u>	<u>Expenditures</u>
General Fund - Recommended	\$1,261,415,000	\$1,261,415,000
Sales Tax Updated June Projection	\$1,500,000	
Technical Corrections		
- Non-Departmental: Salary and Benefit Reserve		-\$50,000
- Sheriff		+\$50,000
- Register of Deeds	+\$330,000	+\$330,000
- Board of Elections	+\$48,000	+\$48,000
Additional Capacity – Use to be determined by the Board		+\$1,500,000
General Fund - Adopted	\$1,263,293,000	\$1,263,293,000

- Sheriff - Workforce Development for Inmates through CSI
- Register of Deeds – Capital project funded out of Automation reserves
- Board of Elections - City of Raleigh Council committed to funding 3.5 days of early voting at 5 sites for municipal elections
- Items to be determined by the Board
- Technical corrections offset by revenue, no tax rate change

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FY 18

Commissioner Portman asked how many Wake County employees exist compared to the school system. Ms. Rogers said that Wake County has roughly 4,000 employees and the school system has roughly 18,000. He asked what the cost would be to create a living wage for the school system. Ms. Holmes said school bus drivers and cafeteria workers asked how they could be included in the living wage discussion. Commissioner Portman asked if the living wage commitment gap in schools is a goal the county should pursue. Commissioner Ford and Commissioner Holmes said they would like to see this become an emphasis point moving forward.

She shared personnel changes.

Personnel – Technical Changes

Recommended Personnel	<u>FTE Change</u>
Community Services: Libraries (Wake Forest)	4,102.372
Adopted	4,000
	<u>4,106.372</u>

- Community Services: 4.00 FTEs added for Wake Forest Branch Library addition (1.00 FTE Librarian I & 3.00 FTE Library Assistants).
- FY18 Recommended Budget included the funding for these positions; the FTE authorization was inadvertently omitted. The FTE count will be corrected throughout the Adopted Budget document.

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FY 18

Manager Hartmann shared public hearing feedback.

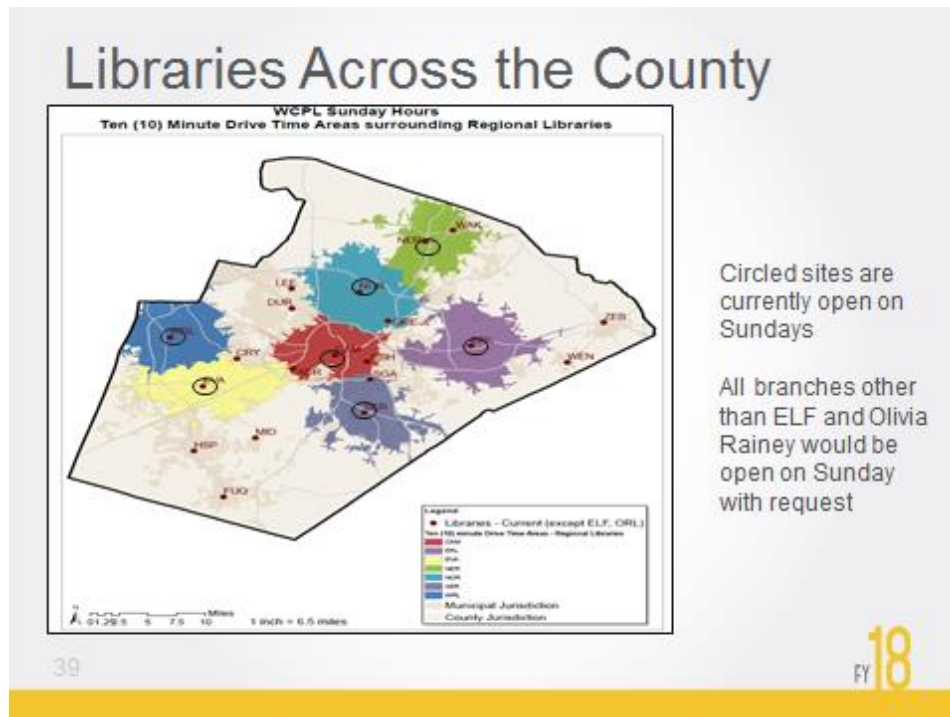
- Library Hours
- Rolesville Library
- Wake Smiles
- Legal Aid
- Wake County Public School System

He shared information on library hours expansion.

- 6.5 FTEs + Utilities, Security & Housekeeping to operate 1 - 5pm on Sundays at 13 Community Libraries, total **cost = \$318,424**
- Options
 - Large Community Libraries (8,000 sf) – Cary, Holly Springs, Green Road, Leesville, Harrison, Middle Creek, Athens Drive, **Cost = \$176,400**
 - Small Community Libraries (5,000 sf) – Wake Forest, Southgate, Zebulon, Fuquay-Varina, Wendell, Duraleigh, **Cost = \$142,024**
- Currently Regional Libraries have Sunday hours (1 - 5pm) East Regional, Eva Perry, Cameron Village, North Regional, NE Regional, SE Regional, West Regional

- Small community libraries can open at 9am instead of 10am, Monday through Thursday: **Fuquay-Varina, Southgate, Zebulon, Wendell, Wake Forest, and Duraleigh.**
- All Community and Regional Libraries would be on the same schedule, making it easier for customers.

He shared information about libraries across the county.



He shared information about the Rolesville Library request.

Request for Rolesville Library Location

- In September of 2015, the Town asked County to partner in providing library inside Town's municipal limits in a town-owned facility
- Proposed location is 6.4 miles from Wake Forest Community Library and 6.1 miles from NE Regional Library
- Community Services staff reviewed request and worked with the Town to prepare a service model and worked with County General Services and Facilities staff to determine upfit costs

	Year 1	Year 2
Rolesville		
Building Upgrades	\$ 50,000	—
Furnishings, Fixtures, & Equipment	\$ 5,000	—
Operating Costs	\$ 23,400	\$ 24,570
Subtotal, Rolesville	\$ 78,400	\$ 24,570
Wake County		
Security Upfit (GSA)	\$ 26,000	—
Furnishings, Fixtures, & Equipment	\$ 153,421	—
Operating Costs	\$ 264,661	\$ 264,661
Subtotal, Wake County	\$ 444,082	\$ 264,661
Total	\$ 622,482	\$ 289,231

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FY 18

He shared information on Legal Aid.

- May 24th letter requesting \$50,000

He shared information on the Wake Smiles request.

- \$145,000 FY 2017 budget request was not funded.
- Dental care for adults is a documented need, but not a mandated service.
- HS Board Chair and staff met with the NC Dental Society about looking for alternative funding, first secure \$75,000 and then request a County match. Dental Society was unable to secure the external \$75,000.
- Wake Smiles continues to request \$75,000 to expand services.

Commissioner West asked about the needs in relation to the Commissioner's priority list and how the Wake Smiles request reflects the overall need. He also indicated that vulnerable communities are served by Legal Aid and he would encourage continued funding.

There was discussion of what the Wake Smiles request would actually provide. Commissioner Portman said the model of non-profit funding was used for Wake Smiles. He added that there is a need for clarity from Wake Smiles regarding their request.

Commissioner Burns asked if Legal Aid will be asking for recurring funding or one time funds. Commissioner West said the City of Raleigh has funded Legal Aid for over 12 years. Commissioner Burns said he would encourage continued funding for Legal Aid due to the decrease from state and federal entities. Mr. Scott Warren, County Attorney, said that there are several suits in Human Services that are represented by Legal Aid. He said that there are conflicts regarding Wake County's role and the funding scope.

There was discussion of the potential conflicts that emerged in the funding request for Legal Aid and the need for communication between the county and organizers to ensure that funds are helping those of greatest need and ones that do not put the county in an ethical dilemma.

Commissioner Burns said he would like to see the county fund Legal Aid to empower the organization but not put strings on the funding that would deter justice regardless of who has been marginalized and by whom. Commissioner Holmes said that funding non-profits should be paused until school funding requests have been resolved. She said that library needs should also be accommodated because they are departmental and that is a primary obligation.

There was a five minute break taken at 10:25 am.

Ms. Rogers presented information regarding the WCPSS request.

She shared information on budgeting definitions.

Budgeting Definitions

A. Budgeted Revenue Sources

A-1 – Recurring County funding – annual appropriation

A-2 -- Other local sources - recurring funding of fines, fees, certain federal and state monies

A-3 – Appropriated Fund Balance – prior year unspent funds planned as a revenue source of the budget in order to balance against expenditures

B. Expenditures (Appropriation) – Estimated costs for the fiscal year – authority to spend

C. Revenues Over (Under) Expenditures – the difference between revenue and expenditures. For budgeting presentation, this amount will always be “0” as the budget must balance.

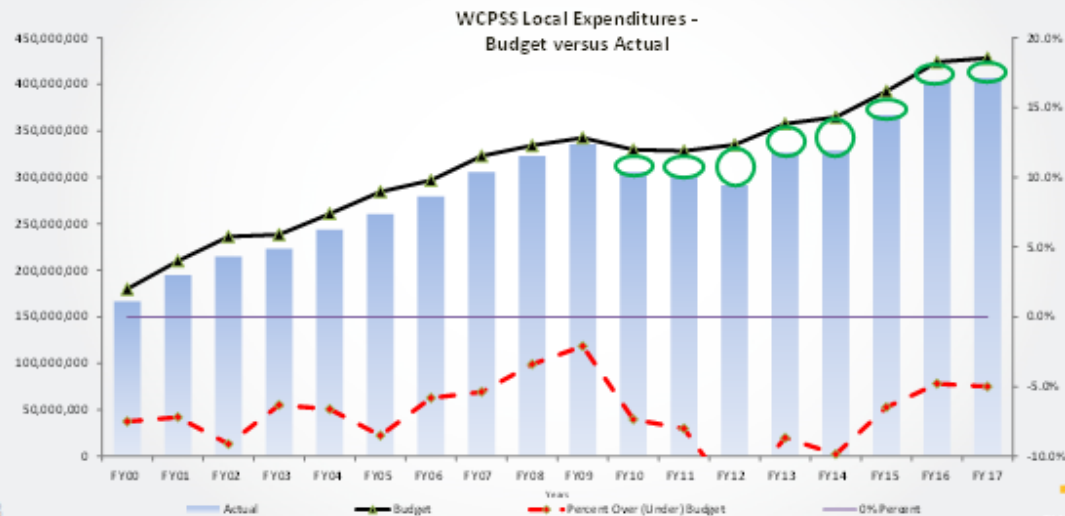
FY15 Budget

In Millions	Definition Code	2014-15 Budget
Revenue Sources		
County - Current Expense	A-1	\$ 339
Other Local Sources	A-2	\$ 5
Appropriated Fund Balance	A-3	\$ 48
Total Revenue Sources	A-4	\$ 392
Expenditures (Appropriation)		
	B	\$ 392
Revenues Over (Under) Expenditures	C/A-3	\$ -

FY 18

She shared information on historical WCPSS spending.

Historical WPCSS Spending: Gap between black line and blue bar reflects unspent appropriation



FY 18

Commissioner Burns asked if this appropriation reflects 2009 changes. Ms. Rogers said yes.

She shared information on financial definitions.

Financial Definitions			FY15 Actual Results			
<p>C. Revenues Over (Under) Expenditures – the difference between revenue and expenditures. For actuals, if revenues exceed expenditures, the amount is positive. If expenditures exceed revenues, the amount is negative.</p> <p>D. Actual Result - realized income sources and actual dollars spent.</p> <p>E. Variance – difference between budget and actual</p> <p>F. Unspent appropriations – Amount of actual expenditures less than budgeted expenditures</p>			Source: WCPSS Financial Statements			
In Millions	Definition Code	2014-15 Budget	2014-15 Actual	2014-15 Variance	Definition Code	
Revenue Sources		A	D	E		
County - Current Expense	A-1	\$ 339	\$ 339	\$ -		
Other Local Sources	A-2	\$ 5	\$ 7	\$ 2		
Appropriated Fund Balance	A-3					
Total Revenue Sources	A-4	\$ 344	\$ 346	\$ 2		
Expenditures (Appropriation)	B	\$ 392	\$ 367	\$ 25	F	
Revenues Over (Under) Expenditures	C/A-3	\$ (48)	\$ (21)	\$ 27	C	

When presenting budget versus actual, appropriated fund balance is displayed as revenues under expenditures

FY 18

Commissioner Ford asked if the fund balance was recurring.

There was discussion of how the fund balance figures fluctuate year to year and how those figures aren't recurring.

There was discussion regarding use of non-recurring unspent local funds.

Commissioner Holmes said that the school district has a larger budget than Wake County and that they spend \$5 million dollars a day. She said this should assist in decision making.

Ms. Rogers shared information on expenditures details budget vs. actual.

FY15 Expenditures: Detail Budget versus Actual

Note: For expenditure variances, positive means expenditures are under budget while negative means expenditures are over budget.

WAKE COUNTY BOARD OF EDUCATION STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL GENERAL FUND AND ANNUALLY BUDGETED MAJOR SPECIAL REVENUE FUND YEAR ENDED JUNE 30, 2015

	General Fund			Variance - Positive (Negative)
	Original Budget	Final Budget	Actual	
EXPENDITURES:				
Current operations:				
Instructional services:				
Regular instruction	109,904,420	117,084,335	114,357,429	2,726,915
Special populations	32,527,086	33,212,594	32,714,622	497,972
Alternative programs and services	12,873,719	12,981,401	12,482,384	499,017
School leadership	31,784,271	26,492,514	26,129,640	362,874
Co-curricular	8,641,853	8,615,400	7,815,137	800,263
School-based support services	13,252,340	13,564,857	13,090,203	474,654
Systemwide support services				
Support and development	8,572,451	8,167,566	7,803,877	363,689
Special populations support and development	3,264,014	3,168,915	3,116,962	51,923
Alternative programs and services support and development	1,304,420	1,085,445	1,034,488	50,959
Technology support	13,350,467	17,153,900	12,901,675	4,252,222
Operational support	66,301,452	62,055,761	67,562,948	4,507,185
Financial and human resource	16,480,990	16,086,331	14,565,183	1,521,169
Accountability	2,729,732	2,426,581	2,316,965	109,616
Systemwide pupil support	5,351,022	5,291,919	5,124,990	166,929
Policy, leadership and public relations	8,716,260	7,896,251	7,433,861	464,390
Ancillary services	1,773	10,455	10,130	325
Non-program charges	13,945,411	17,858,550	17,857,544	1,006
Unbudgeted Funds		8,580,273	-	8,580,273
Total expenditures	369,001,681	391,735,048	366,308,037	25,427,011

5

FY 18

She shared information about FY16 actual results.

Financial Definitions

C. Revenues Over (Under) Expenditures – the difference between revenue and expenditures. For actuals, if revenues exceed expenditures, the amount is positive. If expenditures exceed revenues, the amount is negative.

D. Actual Result - realized income sources and actual dollars spent.

E. Variance – difference between budget and actual

F. Unspent appropriations – Amount of actual expenditures less than budgeted expenditures

FY16 Actual Results

Source: WCPSS Financial Statements

In Millions	Definition Code	2015-16 Budget	2015-16 Actual	2015-16 Variance	Definition Code
Revenue Sources		A	D	E	
County - Current Expense	A-1	\$ 384	\$ 384	\$ -	
Other Local Sources	A-2	\$ 6	\$ 8	\$ 2	
Appropriated Fund Balance	A-3				
Total Revenue Sources	A-4	\$ 390	\$ 392	\$ 2	
Expenditures (Appropriation)		B	\$ 403	\$ 21	F
Revenues Over (Under) Expenditures	C/A-3	\$ (34)	\$ (11)	\$ 23	C

FY 18

There was discussion regarding County determination of excess fund balance configuration.

Commissioner Burns asked if similar patterns from last fiscal year are expected for the end of next fiscal year. Ms. Rogers said the county requested an estimate from the school system in order to determine that answer.

She shared information on expenditures budgeted versus actual.

FY16 Expenditures: Detail Budget versus Actual

Note: For expenditure variances, positive means expenditures are under budget while negative means expenditures are over budget.

WAKE COUNTY BOARD OF EDUCATION STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL GENERAL FUND AND ANNUALLY BUDGETED MAJOR SPECIAL REVENUE FUND YEAR ENDED JUNE 30, 2016				
	General Fund			Variance - Positive (Negative)
	Original Budget	Final Budget	Actual	
EXPENDITURES:				
Current operations:				
Instructional services:				
Regular instruction	147,307,405	150,125,988	146,700,819	3,425,169
Special populations	33,881,335	27,937,066	26,714,369	1,222,697
Alternative programs and services	13,255,536	15,277,068	14,263,721	1,013,347
School leadership	16,970,949	19,194,439	19,091,153	103,286
Co-curricular	10,603,605	10,589,116	10,163,094	426,022
School-based support services	14,646,338	19,579,811	19,424,743	155,068
Systemwide support services				
Support and development	8,565,558	8,492,371	8,062,516	429,855
Special populations support and development	3,434,613	3,405,643	3,342,616	63,027
Alternative programs and services support and development	1,733,285	1,551,483	1,518,858	32,625
Technology support	17,025,307	17,273,153	16,901,415	371,738
Operational support	69,271,650	92,336,923	84,065,086	8,271,837
Financial and human resource	15,000,402	14,998,162	14,216,300	781,862
Accountability	2,443,385	2,372,872	2,271,853	101,019
Systemwide pupil support	5,483,795	5,351,264	5,247,768	103,496
Policy, leadership and public relations	7,395,546	7,588,882	6,883,018	705,864
Ancillary services	1,212	1,318	1,114	204
Non-program charges	21,416,563	22,966,563	22,632,919	333,644
Unbudgeted funds	6,466,051	2,796,540	-	2,796,540
Total expenditures	414,902,535	421,838,662	401,501,362	20,337,300

She shared projected FY17 results information.

Financial Definitions

C. Revenues Over (Under) Expenditures – the difference between revenue and expenditures. For actuals, if revenues exceed expenditures, the amount is positive. If expenditures exceed revenues, the amount is negative.

D. Actual Result - realized income sources and actual dollars spent.

E. Variance – difference between budget and actual

F. Unspent appropriations – Amount of actual expenditures less than budgeted expenditures

FY17 Projected Results

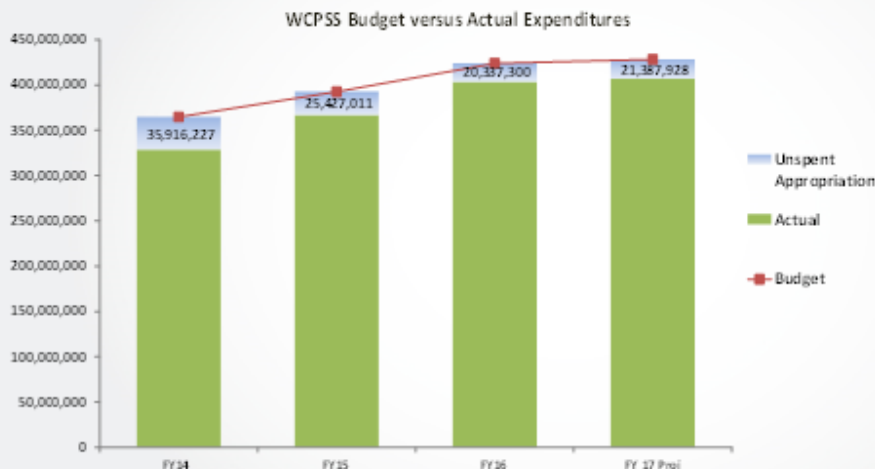
In Millions	Definition Code	2016-17 Budget	2016-17 Proj	2016-17 Variance	Definition Code
Revenue Sources		A	D	E	
County - Current Expense	A-1	\$ 408	\$ 408	\$ -	
Other Local Sources	A-2	\$ 6	\$ 8	\$ 2	
Appropriated Fund Balance	A-3				
Total Revenue Sources	A-4	\$ 414	\$ 416	\$ 2	
Expenditures (Appropriation)		B			
		\$ 428	\$ 407	\$ 21	F
Revenues Over (Under) Expenditures		C/A-3			
		\$ (14)	\$ 9	\$ 23	C

Source: FY17 Projections provided by WCPSS Staff

18
FY

There was discussion of the unspent fund balance in the operational support by WCPSS. Ms. Rogers said while percentages may be small, those millions result in needs for tax increases.

FY14 to FY17 Unspent Appropriation



Notes:

Blue shaded boxes represent amount of unspent appropriation (budget versus actual)

Commissioner Portman said there is a desire to fund the request but there is a conflict over taxation increases despite reserve funds having a balance.

Commissioner Holmes asked if there are additional funds available in another fund within WCPSS budgets.

Ms. Rogers shared information on WCPSS FY17 to FY18 budgets.

WCPSS FY17 to FY18 Budget

	FY17 Budget	FY18 Request	Change: Increase (Decrease)
WCPSS General Fund Sources (in millions)			
County - Current Appropriation	407.9	453.1	45.2
County - Prior Year Funds	13.8	6.9	(6.9)
Total County (Current & Prior)	421.7	460.0	38.3
Other Local Sources	6.5	7.2	0.7
Total WCPSS General Fund	428.2	467.2	39.0
<i>Historical Recent Average of Unspent Appropriation</i>			23.0
<i>County Manager's Recommended Funding</i>			16.0

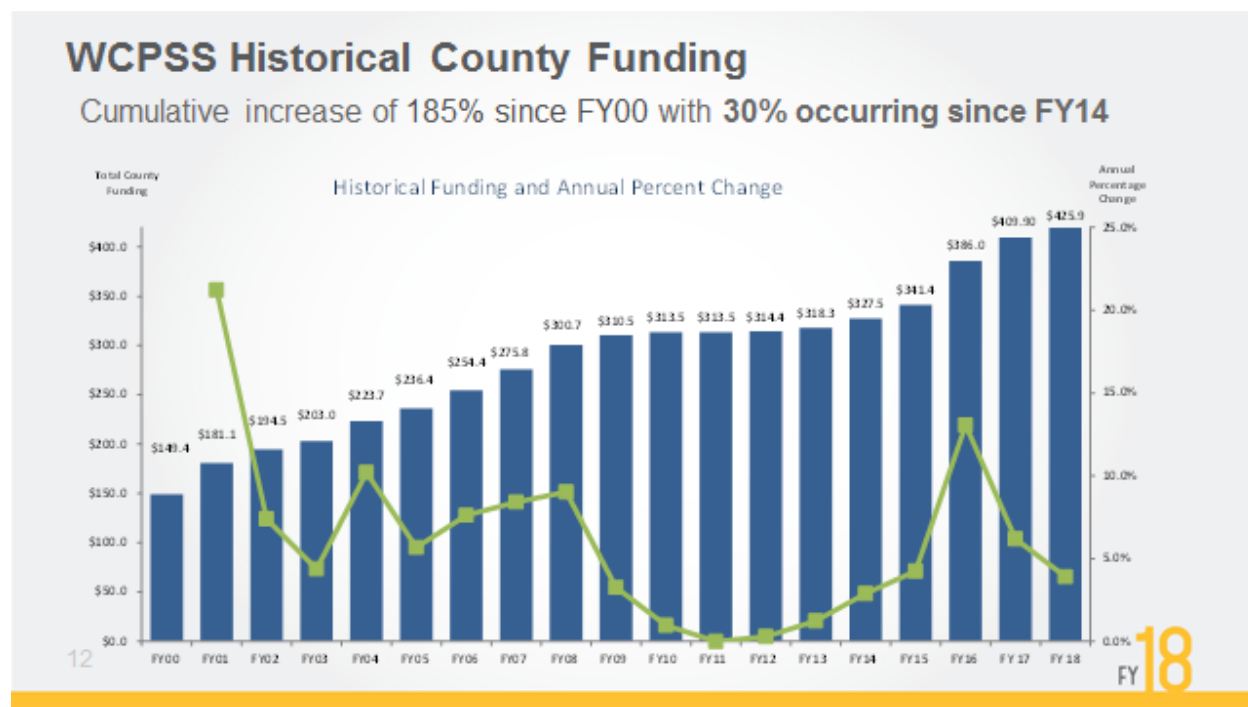
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FY 18

She shared information on county responsibilities for WCPSS funding.

COUNTY FUNDING INCREASES BY CATEGORY				
WCPSS Budget Request		County Funding Considerations		
		County Responsibilities		
A. GROWTH TOTAL	\$ 8,870,908	A. GROWTH TOTAL	\$ 7,948,472	
Increase in student membership, cost of opening new schools including square footage, and acreage.	\$ 8,870,908	Per Pupil: 2,206 new students times \$2,569 (FY17 Budget PP)	\$ 5,667,214	
		County's Responsibility for Opening New	\$ 2,281,258	
B. PROGRAM CONTINUITY TOTAL	\$ 5,177,656	B. PROGRAM CONTINUITY TOTAL	\$ 2,660,704	
Extra Duty Salary Increase	\$ 2,559,618	Extra Duty Salary Increase	\$ 2,559,618	
Positions/programs previously funded through federal sources	\$ 1,531,176			
North Wake College and Career Academy Positions (Student Electives and Support)	\$ 387,309			
Customer Service Software Contract (current year cost covered with a fund balance appropriation)	\$ 200,000			
Real Estate Leases (Crossroads I&II)	\$ 101,086	Crossroads Leases	\$ 101,086	
Intranet Platform (current year cost covered with one-time fund balance appropriation)	\$ 179,940			
Other	\$ 218,527			
C. INFLATION	\$ 237,405	C. INFLATION	\$ 234,605	
Athletics Swimming Pool Rentals	\$ 2,800			
Utilities Increase	\$ 234,605	Utilities Increase	\$ 234,605	
D. LEGISLATIVE IMPACT	\$ 16,883,771	D. LEGISLATIVE IMPACT	\$ 7,120,940	
Legislative Salary Increase	\$ 7,131,069			
Charter Schools	\$ 6,800,000	Charter Schools (Increase of 2,323 students)	\$ 6,800,000	
Class Size Reduction	\$ 1,800,000			
Maintenance and Operations Tax Law Change	\$ 320,940	Maintenance and Operations Tax Law Change	\$ 320,940	
Employer Matching Rate Increases	\$ 792,262			
Final Exam Materials/Supplies	\$ 39,500			
E. NEW OR EXPANDING PROGRAM	\$ 20,119,793	E. NEW OR EXPANDING PROGRAMS	\$ 153,586	
Costs to increase the level of service from the prior year	\$ 20,119,793	Facility Technician and Pest Management Master Craftsmen	\$ 153,586	
F. Other Reductions, Cost Adjustments Not Specifically Identified	(6,032,712)	F. Other Reductions, Cost Adjustments Not Specifically Identified	\$ (6,032,712)	
Requested Increase in County Funding	\$ 45,256,821	County Responsibility	\$ 12,085,595	

She shared information on historical county funding.



She shared information on fund balance.

Fund Balance Illustration

1. Fund Balance: Cumulative excess of revenues over expenditures (beginning and end of year amounts)
2. Changes in Fund Balance
 - If actual revenues exceed expenditures, fund balance increases
 - If actual expenditures exceed revenues, fund balance decreases

	Actual Results	FY 1	FY 2	FY 3	FY 4	
	Revenues	320	335	360	365	
	Expenditures	310	340	350	375	
2	Revenues Over (Under Expenditures)	10	(5)	10	(10)	2
1	Beginning Fund Balance	0	10	5	15	1
2	Revenues Over (Under) Expenditures	10	(5)	10	(10)	2
1	Ending Fund Balance	10	5	15	5	1

She shared information about fund balance planned vs. actual.

Financial Definitions

G. Beginning Fund Balance – amount from June 30 of the prior year fiscal year (in this example – FY44)

I. “Budgeted” Ending Fund Balance (Per Budget) – projected ending cumulative amount of total fund balance if appropriated fund balance is used.

J. Actual Change in Fund Balance – result of revenues over (under) expenditures

K. “Actual” Ending Fund Balance – actual cumulative result of revenues over (under) expenditures as of the end of the fiscal year

FY15 Actual Results

In Millions	Definition Code	2014-15 Budget	2014-15 Actual	2014-15 Variance	Definition Code
Revenue Sources		A	D	E	
County - Current Expense	A-1	\$ 339	\$ 339	\$ -	
Other Local Sources	A-2	\$ 5	\$ 7	\$ 2	
Appropriated Fund Balance	A-3				
Total Revenue Sources	A-4	\$ 344	\$ 346	\$ 2	
Expenditures (Appropriation)		B	\$ 367	\$ 25	F
Revenues Over (Under) Expenditures		C/A-3	\$ (21)	\$ 27	C
Change in Fund Balance					
Beginning Fund Balance	G	\$ 90	\$ 90		G
Revenues Over (Under) Expenditures	C/A-3	\$ (48)	\$ (21)	\$ 27	J
Change in Reserve for Inventories			\$ (1)	\$ (1)	
Ending Fund Balance	I	\$ 42	\$ 68	\$ 26	K

FY 18

Financial Definitions

G. Beginning Fund Balance – amount from June 30 of the prior year fiscal year (in this example – FY44)

I. “Budgeted” Ending Fund Balance (Per Budget) – projected ending cumulative amount of total fund balance if appropriated fund balance is used.

J. Actual Change in Fund Balance – result of revenues over (under) expenditures

K. “Actual” Ending Fund Balance – actual cumulative result of revenues over (under) expenditures as of the end of the fiscal year

FY16 Actual Results

In Millions	Definition Code	2015-16 Budget	2015-16 Actual	2015-16 Variance	Definition Code
Revenue Sources		A	D	E	
County - Current Expense	A-1	\$ 384	\$ 384	\$ -	
Other Local Sources	A-2	\$ 6	\$ 8	\$ 2	
Appropriated Fund Balance	A-3				
Total Revenue Sources	A-4	\$ 390	\$ 392	\$ 2	
Expenditures (Appropriation)		B	\$ 403	\$ 21	F
Revenues Over (Under) Expenditures		C/A-3	\$ (11)	\$ 23	C
Change in Fund Balance					
Beginning Fund Balance	G	\$ 68	\$ 68		G
Revenues Over (Under) Expenditures	C/A-3	\$ (34)	\$ (11)	\$ 23	J
Change in Reserve for Inventories			\$ 1	\$ 1	
Ending Fund Balance	I	\$ 34	\$ 58	\$ 24	K

FY 18

Financial Definitions

G. Beginning Fund Balance – amount from June 30 of the prior year fiscal year (in this example – FY44)

I. “Budgeted” Ending Fund Balance (Per Budget) – projected ending cumulative amount of total fund balance if appropriated fund balance is used.

J. Projected Change in Fund Balance – result of revenues over (under) expenditures

K. “Actual” Ending Fund Balance – actual cumulative result of revenues over (under) expenditures as of the end of the fiscal year

FY17 Projected Results

In Millions	Definition Code	2016-17 Budget	2016-17 Proj	2016-17 Variance	Definition Code
Revenue Sources		A	D	E	
County - Current Expense	A-1	\$ 408	\$ 408	\$ -	
Other Local Sources	A-2	\$ 6	\$ 8	\$ 2	
Appropriated Fund Balance	A-3				
Total Revenue Sources	A-4	\$ 414	\$ 416	\$ 2	
Expenditures (Appropriation)		B			F
		\$ 428	\$ 407	\$ 21	
Revenues Over (Under) Expenditures		C/A-3			C
		\$ (14)	\$ 9	\$ 23	
Change in Fund Balance					
Beginning Fund Balance	G	\$ 58	\$ 58		G
Revenues Over (Under) Expenditures	C/A-3	(14)	9	23	J
Change in Reserve for Inventories			-	-	
Ending Fund Balance	I	\$ 44	\$ 67	\$ 23	K

Fund Balance Planned versus Actual

	FY 2015		FY 2016		FY 2017	
	Planned	Actual	Planned	Actual	Planned	Projected
Beginning Fund Balance	\$ 89,905,785	\$ 89,905,785	\$ 68,337,612	\$ 68,337,612	\$ 57,732,186	\$ 57,732,186
Subsequent Years' Budget (Spring)	\$(26,075,734)		\$(20,000,000)		\$(10,400,000)	
Special Projects (Fall)	\$(19,427,037)		\$(10,604,339)		\$(14,270,811)	
Total Use of Fund Balance	\$(45,502,771)	\$(21,568,173)	\$(30,604,339)	\$(10,605,426)	\$(24,670,811)	\$ 9,000,000
Ending Fund Balance	\$ 44,403,014	\$ 68,337,612	\$ 37,733,273	\$ 57,732,186	\$ 33,061,375	\$ 66,732,186
Difference between planned and actual/projected		\$ 23,934,598		\$ 19,998,913		\$ 33,670,811

She shared information about fund balance category descriptions

Fund Balance

Category Descriptions

- **Nonspendable:** Equal to assets that will be use over time.
- **Restricted:** Set aside in accordance with state policy (equals the receivables amount – amounts received after year-end)
- **Assigned:** Set aside based on Board of Education Policy
- **Unassigned:** Unrestricted – available for use for any purpose

Fund Balance summary per FY16 WCPSS Audited Financial Statements.

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WAKE COUNTY BOARD OF EDUCATION BALANCE SHEET - GOVERNMENTAL FUNDS JUNE 30, 2016

	General Fund	State Public School Fund
ASSETS		
Cash and cash equivalents	\$ 67,675,618	\$ 6,450,357
Due from other governments	2,129,963	10,773,690
Accounts receivable	1,333,061	-
Due from other funds	84,597	-
Prepaid	88,607	-
Inventories	3,435,317	-
Total assets	\$ 74,726,963	\$ 17,224,247
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES		
Liabilities:		
Salaries and benefits payable	\$ 5,400,239	\$ 10,773,690
Accounts payable	11,583,143	6,450,357
Due to other funds	11,415	-
Total liabilities	16,994,797	17,224,247
Deferred inflows of resources:		
	-	-
Fund balances:		
Nonspendable:		
Inventories	3,435,317	-
Prepaid	88,607	-
Restricted:		
Stabilization by state statute	4,116,427	-
Capital expenditures	-	-
Individual schools	-	-
Restricted contributions for capital expenditures	-	-
Assigned:		
Special projects	14,270,811	-
Insurance	10,310,534	-
Flexible benefit plan	1,229,780	-
Subsequent years expenditures	10,400,000	-
Unassigned	13,880,710	-
Total fund balances	57,732,166	-
Total liabilities, deferred inflows of resources, and fund balances	\$ 74,726,963	\$ 17,224,247

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She shared information on assigned fund balance history.

Assigned Fund Balance History

Definitions

- **Special Projects** – Uses of Fund Balance approved by BOE during the fiscal year
- **Insurance & Flexible Benefits Plan** – Amounts set aside for future claims
- **Subsequent Year's Expenditures** – Amount identified in the spring as part of the WCPSS budget request funding sources

WCPSS General Fund Fund Balance Analysis

Source: WCPSS Audited Financial Statements and Annual Operating Budgets.

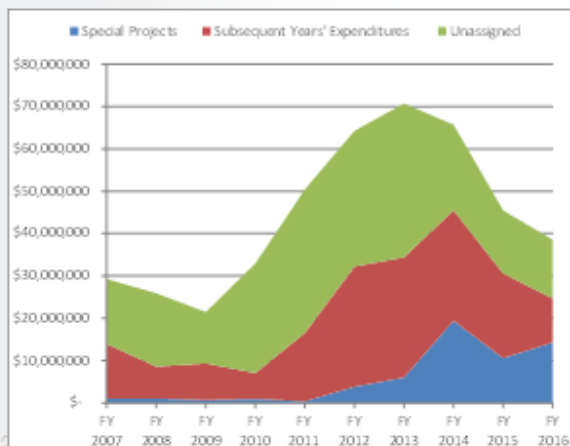
	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Assigned									
Special Projects	\$ 1,020,096	\$ 1,082,014	\$ 701,625	\$ 990,699	\$ 366,342	\$ 3,819,629	\$ 6,008,131	\$ 19,427,037	\$ 10,604,339
Self-insurance	\$ 4,720,980	\$ 4,424,855	\$ 5,147,789	\$ 5,693,602	\$ 6,739,799	\$ 7,569,663	\$ 8,388,026	\$ 9,909,912	\$ 10,212,545
Flexible Benefits Plan	\$ 567,832	\$ 789,294	\$ 966,779	\$ 1,104,260	\$ 1,094,173	\$ 1,174,388	\$ 1,244,575	\$ 1,225,223	\$ 1,139,379
Subsequent Years' Expenditures (Budgeted in Following Year's Budget)	\$ 12,928,333	\$ 7,506,000	\$ 8,665,600	\$ 6,062,845	\$ 16,263,025	\$ 28,385,581	\$ 28,400,000	\$ 26,075,734	\$ 20,000,000
Unassigned (previously Undesignated)	\$ 15,333,685	\$ 17,331,201	\$ 12,125,691	\$ 25,909,770	\$ 33,875,157	\$ 32,089,863	\$ 36,320,179	\$ 20,215,744	\$ 14,894,753
Ending Fund Balance	\$ 40,328,519	\$ 37,816,641	\$ 32,785,791	\$ 46,188,421	\$ 65,443,541	\$ 92,030,026	\$ 88,183,428	\$ 89,905,785	\$ 68,337,812
Change in Fund Balance	\$ (2,320,797)	\$ (3,311,869)	\$ (4,230,850)	\$ 13,322,630	\$ 19,335,120	\$ 26,586,485	\$ (3,846,598)	\$ 1,722,357	\$ (21,568,173)
Next Fiscal Year's County Appropriation	\$ 300,344,100	\$ 316,200,000	\$ 313,503,224	\$ 313,503,224	\$ 314,411,592	\$ 318,341,737	\$ 327,496,020	\$ 337,676,400	\$ 386,000,000
Unassigned Fund Balance as a % of Next FY's Budget	5.1%	6.5%	3.9%	8.3%	10.8%	10.1%	11.1%	6.9%	3.9%

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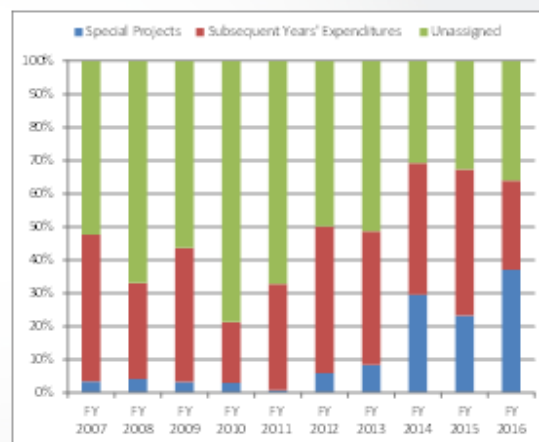
She shared information on assigned fund balance by major category.

Assigned Fund Balance – The Major Categories

Total Dollar Value



Percent of Total



She shared information on accounting math of fund balance.

The Accounting Math of Fund Balance

Fund Balance Category	FY14 Fund Balance		
	Estimate before June 30 based on WCPSS Budget	Description	Final Amounts Determined after June 30
Ending Fund Balance minus below categories:	\$ 88,806,786	Beginning of the Year Fund Balance plus change in revenues over expenditures (math)	\$ 88,806,786
Non-Spendable Inventories and/or Prepaid	\$ 7,509,861	Equal to inventory and prepaid amounts in asset section	\$ 7,509,861
Restricted - State Statute Assigned	\$ 5,542,274	Equal to receivables and encumbrances	\$ 5,542,274
Special Projects	\$ -	Additional amount to be used in the FY15 Budget - action taken prior to completion of audit in order to be in assigned fund balance. Reduces Unassigned.	\$ 19,427,037
Self-Insurance	\$ 9,909,912	Amounts held in for potential claims	\$ 9,909,912
Flexible Benefits Plan	\$ 1,225,223	Amounts held in reserve for claims	\$ 1,225,223
Subsequent Years' Budget	\$ 26,075,734	Amount planned to be used in next years budget	\$ 26,075,734
Equals Unassigned (Remainder)	\$ 38,642,781	Amount remaining from total after all other set asides are made	\$ 20,216,744
Next Fiscal Year's County Appropriation	\$ 337,676,400		\$ 337,676,400
Unassigned Fund Balance as a % of Next FY's Budget	11.7%		8.0%

Commissioner Holmes asked if there are unrestricted funds for use by WCPSS within their own budget. Ms. Rogers said she is unsure because the determination hasn't been made by WCPSS. She said her best estimate is \$23 million because that is the figure

that was proposed for use. Commissioner Holmes asked if the county will state for the record that WCPSS will have \$21 million dollars remaining in their fund balance.

There was discussion regarding county policy for fund balance and how that relates to the nature of the school's request.

Commissioner Portman said that the focus of conversation needs to be on the improvements made by the county and not the differences in fund balance figures between boards. He said that the request for funds should be spent entirely and the fact that it is not means the Commissioners need to ensure those dollars are spent in their entirety. He said that sustainable tax rates are desired and that narratives need to be reexamined by both boards.

Commissioner Calabria said that State of North Carolina dictates much of the conversation and that getting involved has risks associated that need to be addressed. He asked if uncertainties from state funding sources affect Wake County decisions regarding school requests. Ms. Rogers said there is less uncertainty for Commissioners because the need is stressed and local funds are given. She added that movement of dollars within funds creates unspent local dollars by the school system. Vice-Chair Calabria asked why special project funds have increased recently. Ms. Rogers said that those funds have increased recently and the allocations were used to provide bonuses to staff.

Commissioner West stressed the value in unified statements as Commissioners and the public signaling of singular strategy.

Ms. Rogers shared information on per pupil funding by district.

Per Pupil Funding by District

School District	Per-Pupil Amount	Rank	Graduation Rate	Rank	Average SAT Score	Rank	Current County Tax Rate	Rank
Chapel-Hill/Carrboro City Schools *	\$ 5,710	1	90.1	4	1781	1	\$ 1.0884	1
Dare County Schools	\$ 4,180	2	>95	1	1501	9	\$ 0.4300	14
Orange County Schools	\$ 3,911	3	89.3	8	1539	6	\$ 0.8780	2
Asheville City Schools *	\$ 3,829	4	85.4	12	1589	5	\$ 0.7540	5
Durham County Schools	\$ 3,712	5	82.3	16	1387	16	\$ 0.7404	6
Chatham County Schools	\$ 3,334	6	86.7	11	1478	11	\$ 0.8338	9
Transylvania County Schools	\$ 3,245	7	84.5	13	1511	8	\$ 0.5110	12
Watauga County Schools	\$ 2,922	8	90.8	3	1582	3	\$ 0.3130	15
Charlotte-Mecklenburg Schools	\$ 2,764	9	89.6	6	1475	12	\$ 0.8157	3
New Hanover County Schools	\$ 2,726	10	83.3	14	1529	7	\$ 0.5540	11
Guilford County Schools	\$ 2,567	11	89.4	7	1448	13	\$ 0.7550	4
Brunswick County Schools	\$ 2,529	12	82.8	15	1405	15	\$ 0.4850	13
Hyde County Schools	\$ 2,518	13	91.3	2	1424	14	\$ 0.6400	8
Mooresville City Schools *	\$ 2,492	14	90.1	5	1478	10	\$ 0.7125	7
Carteret County Schools	\$ 2,468	15	87.3	9	1588	2	\$ 0.3100	16
Wake County Schools	\$ 2,457	16	87.1	10	1570	4	\$ 0.6005	10

Source: NC DPI for academic statistics. Jurisdiction webpages for tax rates.

* Note: Tax rate reflects County Tax Rate and the separate School District Tax Rate for these jurisdictions

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FY 18

She shared information on average teacher salary.

Teacher Average Salary

WCPSS staff email response:

The WCPSS 2015-16 Budget included a request for local funding of \$16 million to adjust the Teacher Salary Supplement Schedule (TSSS). Additional County Appropriation that year was such that the decision was made to use \$16 million of additional local funding towards adjusting the TSSS.

At the time it was estimated that a total of \$80 million would be required to bring our teachers to the National Average, thus we listed \$64 million as a deferred need, and planned at that time to make requests of an additional \$16 million in each of the next four years (beginning w 2016-17) for continued adjustment to the TSSS.

Since the \$16 million adjustment to the TSSS in 2015-16, no further adjustments have been requested or made with regard to this endeavor. As a result, we have not revised upward the deferred needs amount of \$64,000,000 that is listed.

United States	\$	58,353
Average of States Ranked 11-40	\$	53,400
Wake Average	\$	50,803

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FY 18

She shared information on WCPSS deferred needs.

Fiscal Year 2015-16
Deferred Needs

Fiscal Year	# Items	Total Cost of Items
2015-16	18	\$94,439,175
2016-17	34	\$98,656,910
2017-18	58	\$179,256,047

Attachment 4

She shared information on deferred list changes.

Major New Items for 2017-18

Major New Items for 2017-18	Amount
Academically and Intellectually Gifted (AIG) Program Funding Eligible Students beyond cap	23,323,420
Counselors and Other Instructional Support (Years 2-3)	19,993,950
Employee Minimum Pay at \$15/Per Hour	14,769,521
Formula Alignment - Maintenance Square Footage and Acreage	8,157,472
Formula Alignment - Custodial Cleaning	5,078,153
Textbooks Local Funds	4,074,659
Special Education Teacher Funding Eligible Students Beyond State Cap	3,311,350
Custodial Services - Annual Stripping, Waxing and Carpet Cleaning	2,526,337
	\$ 81,234,862

She shared information on impact of counselors.

WCPSS Multi-Year Impact of Counselors

WCPSS Staff Response

53. Page 149 –

a) Are counselors and social workers 12-month positions? How many positions would be added by the proposed \$10 million request for 1,472 MOE?

Counselor and social worker positions vary in length. Some are 10, 11, or 12 months. Some are 5 and 6 months. The vast majority of the positions are 10 months. So, generally, it would equate to approximately 147 positions at the high end.

b) How many counselor and social workers do we currently have? How many additional counselors and social workers will we get for \$10 million? Do we plan to increase them at all schools or schools with the greatest need? This seems to be a multi-year plan so how many new counselors and social workers are we anticipating each year? How many years do they mean regarding the multi-year plan?

The \$10 million would add about 147 positions (salary and benefits) to the current count of approximately 465 counselors and social workers. It would take another \$20 million over two years (\$10 million each) to reach recommended national ratios. These are estimates based on current costs and MOE.

WCPSS receives funding in PRC 007 to fund school counselors, social workers, nurses, media specialists, and psychologists. The state does not delineate ratios for each of the allowable categories in this program code (PRC 007) - certified instructional support.

For 2016-17 totals are:

3,799.00 MOE for School Counseling - WCPSS ratio is 1:628(ES); 1:372(MS); 1:387(HS)
1,001.00 MOE for Social Workers - WCPSS ratio is 1:1611(ES&MS); Only two HS have social workers
701.00 MOE for Psychologists - WCPSS ratio is 1:1802
2,135.70 MOE for Media Specialists - WCPSS ratio is 1:750
73.00 MOE for School Nurses - WCPSS ratio is 1:1781 (includes 87 positions funded by WCHS)

For the proposed expansion of counselor/social workers in schools, WCPSS staff is developing an acuity model for the distribution of additional counselor/social work positions to schools. Schools with greater needs/greater concentration of students with needs will be prioritized in the model. WCPSS already uses an acuity model to assign nursing support to schools.

\$30 million over three years, \$10 million in fiscal years FY18, FY19 and FY20

45

FY 18

She shared information on multi-year impact of salary gaps.

Multi-Year Impact of Salary Gap

WCPSS staff email response:

The Business Case is for \$2.25 million for market responsive salary adjustments for difficult to fill vacant position types that do not have competitive market compensation.

The legislature is also considering a state adjustment for bus drivers. Bus Drivers are one type of such positions that have an impact on the WCPSS operation.

There could be future year requests for additional funding for market competitive salary adjustments.

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FY 18

She shared information on K-3 Class size reduction.

Multi-Year Impact of K-3 Class Size Reduction

WCPSS staff email response:

If the state does not provide additional funding for program enhancement in order to maintain programs, an additional \$24.6 million would be required as recurring funding in order to retain the elementary specials of art, music, and physical education.

Per the Potential Risks provided to the Board of Education at this week's worksession:

Class size Legal Requirement for Compliance

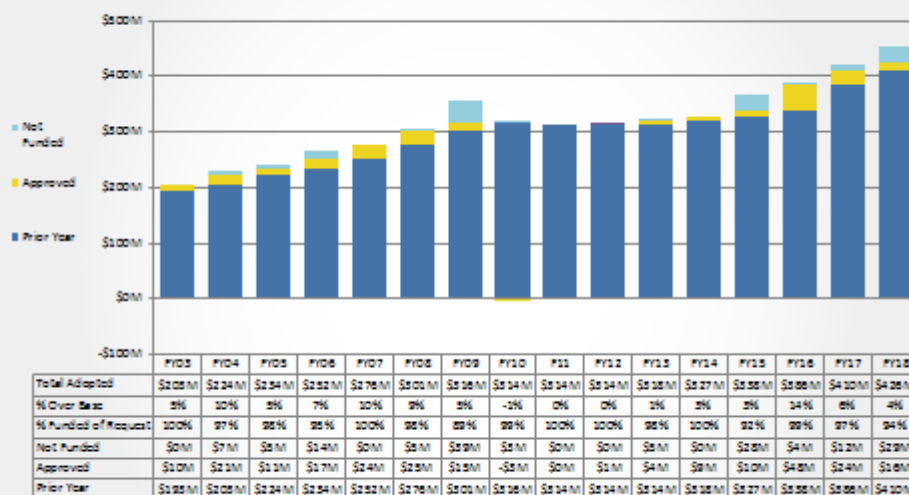
HB13 provided flexibility in the class size legislation for 2017-18; however, school districts will be required to lower class sizes in grades K-3 in 2018-19 if no additional dollars from the state for program enhancement.

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FY18

She shared information on Board of Education requests vs. funding.

BOE Requests vs. Funding



52

FY18

She shared information on funding methodologies.

WCPSS Funding Methodologies

School Year/ Fiscal Year	Board of Education Request (\$)	Manager's Recommended Budget (\$)	Changes by BOE (\$)	Total Adopted Budget (\$)	Adopted as % of Request	Total Amended Budget (\$)	Methodological Approach
2001-2002	\$208,941,000	\$183,280,000	\$9,720,000	\$193,000,000	92%	\$194,529,600	Equivalent Tax Rate/Growth in Tax Base
2002-2003	\$209,000,000	\$209,000,000	\$0	\$209,000,000	100%	\$209,000,000	Equivalent Tax Rate/Growth in Tax Base
2003-2004	\$221,000,000	\$223,700,000	\$0	\$223,700,000	97%	\$223,700,000	For Pupil, New Initiatives and Operating Costs Assoc. with New Schools
2004-2005	\$239,405,000	\$234,405,000	\$0	\$234,405,000	98%	\$236,405,000	For Pupil and Operating Costs Associated with New Schools
2005-2006	\$265,760,610	\$248,711,000	\$2,857,000	\$251,568,000	95%	\$254,576,000	For Pupil and Operating Costs Associated with New Schools
2006-2007	\$275,626,761	\$272,991,000	\$2,636,000	\$275,627,000	100%	\$275,627,000	For Pupil and Operating Costs Associated with New Schools
2007-2008	\$305,725,608	\$294,744,100	\$6,000,000	\$300,744,100	98%	\$300,744,100	Evaluation of WCPSS Budget Request
2008-2009	\$355,484,906	\$319,200,000	(\$3,000,000)	\$316,200,000	89%	\$310,500,000	Equivalent Tax Rate/ Growth in Tax Base
2009-2010	\$316,541,499	\$315,505,224	\$0	\$315,505,224	99%	\$315,505,224	For Pupil
2010-2011	\$315,505,224	\$315,505,224	\$0	\$315,505,224	100%	\$315,505,224	No Change
2011-2012	\$315,505,224	\$314,411,592	\$0	\$314,411,592	100%	\$314,411,592	Transfer of County programs to WCPSS
2012-2013	\$325,190,915	\$316,541,737	\$0	\$316,541,737	98%	\$316,541,737	Equivalent Tax Rate/Growth in Tax Base
2013-2014	\$326,659,100	\$327,496,020	\$0	\$327,496,020	100%	\$327,496,020	Equivalent Tax Rate/Growth in Tax Base + Funds for Crossroads Admin. Load
2014-2015	\$365,957,404	\$357,676,400	\$0	\$357,676,400	92%	\$341,426,400	Capacity within the Tax Rate; Increase for Teacher Supplement
2015-2016	\$389,775,230	\$376,000,000	\$10,000,000	\$386,000,000	99%	\$386,000,000	Restore Per-Pupil Funding to Pre-Recession Levels; Increase for Teacher Supplement
2016-2017	\$421,749,600	\$409,911,000	\$0	\$409,911,000	97%	\$409,911,000	For Pupil and Operating Costs Associated with New Schools
2017-2018	\$455,129,580	\$425,911,000					Increase \$16 million, 2.5% on Per Pupil; Encourage BOE to allocate remaining unspent appropriation

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FY 18

Mr. Hartmann shared information on tax revenues.

- Additional Sales Tax capacity of \$1.5 million to be used for Board priorities
- FY18 Recommended Property Tax rate of 61.5 cents per \$100 valuation
 - Each .10 cent on tax rate generates \$1,431,900

He shared information on reduction transfers of debt to capital.

- 19.01 cents dedicated as a transfer to support Debt and Capital
 - .10 cent reduction would reduce transfer by \$1,431,900
- FY18 transfer of \$316,308,000
- Impacts WCPSS and Wake Tech building programs or reduce cash funded County Capital projects

He shared information on reduction of county expenditures.

- Reduce or eliminate expansions
- Reduce existing programs

There was discussion of county reduction efforts during Fiscal Year 2009-2010. Mr. Hartmann said capturing cost benefit opportunities have assisted with performance capability and reducing overall costs.

There was discussion of county accountability for funding and ensuring all is in order in house to avoid scrutiny prior to scrutinizing others funding habits.

Commissioner Ford said the county represents the last line of defense from state funding shortfalls and that he feels he should maintain community trust and commitment to education.

Commissioner Burns said that this board shares a desire to see education funded to the desire of the citizens. He said that there needs to be perspective on the concept of fully funding the school's request and the perception of what that implies. He added that he is obligated to know exactly where dollars went that were collected from taxes. He said that currently he is unable to do so. He too would like to find a middle ground for funding.

Commissioner West said he shares concerns with the conversation regarding fully funding schools and what that implies. He said he shares concerns of several commissioners and there needs to be demonstrated trust.

Vice-Chair Calabria asked what specific direction is needed for staff.

Ms. Regina Petteway, Human Services Director, said that Dr. James Smith, Human Services Board Chair, said that Wake Smiles funding request is for \$75,000, which will cover the cost for a dentist to work during the day. She said that the Human Services Board does not support funding the item at this time, as they felt it was best for Wake Smiles to find that support in the community first of all, as funding is not mandated.

Commissioner Burns requested information about providing social workers from the county to step in and serve the school board's request.

Commissioner Holmes said she supports funding three libraries as a pilot, with those being chosen according to vulnerable community proximity. She said there should be a reevaluation of the spending if tax rate changes are not going to be made. She said that the \$1.5 million that is available should be added to the school system. She said school system fund balance is fiscally responsible and that the \$20 million represents only four days of operation.

Commissioner West said he would like to see all discussion have consideration for affordable housing plans.

Commissioner Calabria said he favors Commissioner Holmes request regarding libraries. Mr. Frank Cope, Community Services Director, said funding the three branches in vulnerable communities would represent \$78,000 annually. Commissioner Calabria also said he would like to determine all efforts that Legal Aid would undertake for the county with the funding request. He added that what the board has supported the last two years places it in the top 99% nationally. He said that tax rate is one consideration but there are many factors that affect the rate and that because one county has a higher rate, that doesn't indicate great school presence.

Commissioner Portman said he supports Commissioner Holmes's request regarding libraries. He asked about tax rate and how those on each side of the bell curve are affected. He asked the revenue department to provide information about how many citizens saw increases in taxes and others who saw no increase. He asked other Commissioners if there is a perceived gap in public services. He said that he believes on the county side he doesn't feel there is a gap. However, on the school side there is still a perceived gap in school funding. He suggested a broad based community campaign to determine the needs and outcomes that will be netted by funding requests. He added that the capital plan is so well intentioned it may be taking capacity from operating budgets that create strain within the school system.

Commissioner Ford said that he supports the six local libraries suggestion not simply the three. He said that library services are maxed out in several areas and that the request is reasonable.

Commissioner Holmes asked about the ability of WCPSS to attract state funds, and how those dollars present in the excess. She said this affirms WCPSS ability to attract state funds.

Commissioner Hutchinson said that the tax rate in Wake County is still much lower than surrounding counties but that doesn't translate into better services. He said that he feels over the next week staffs will work together to come to terms with the requests.

Vice-Chair Calabria asked if it is acceptable to reach out to WCPSS in order to begin conversations about finding a middle ground.

Mr. Hartmann shared the next steps moving forward.

- Incorporate any consensus changes from today's work session into the budget
- Place all ordinances on the June 19 Regular Meeting agenda for consideration of adoption

Adjourn

Commissioner Hutchinson adjourned the meeting at 1 p.m.

Respectfully submitted,

Andy Kuhn
Executive Assistant to the Board of Commissioners