

WAKE COUNTY

RECOMMENDED BUDGET

FY 18

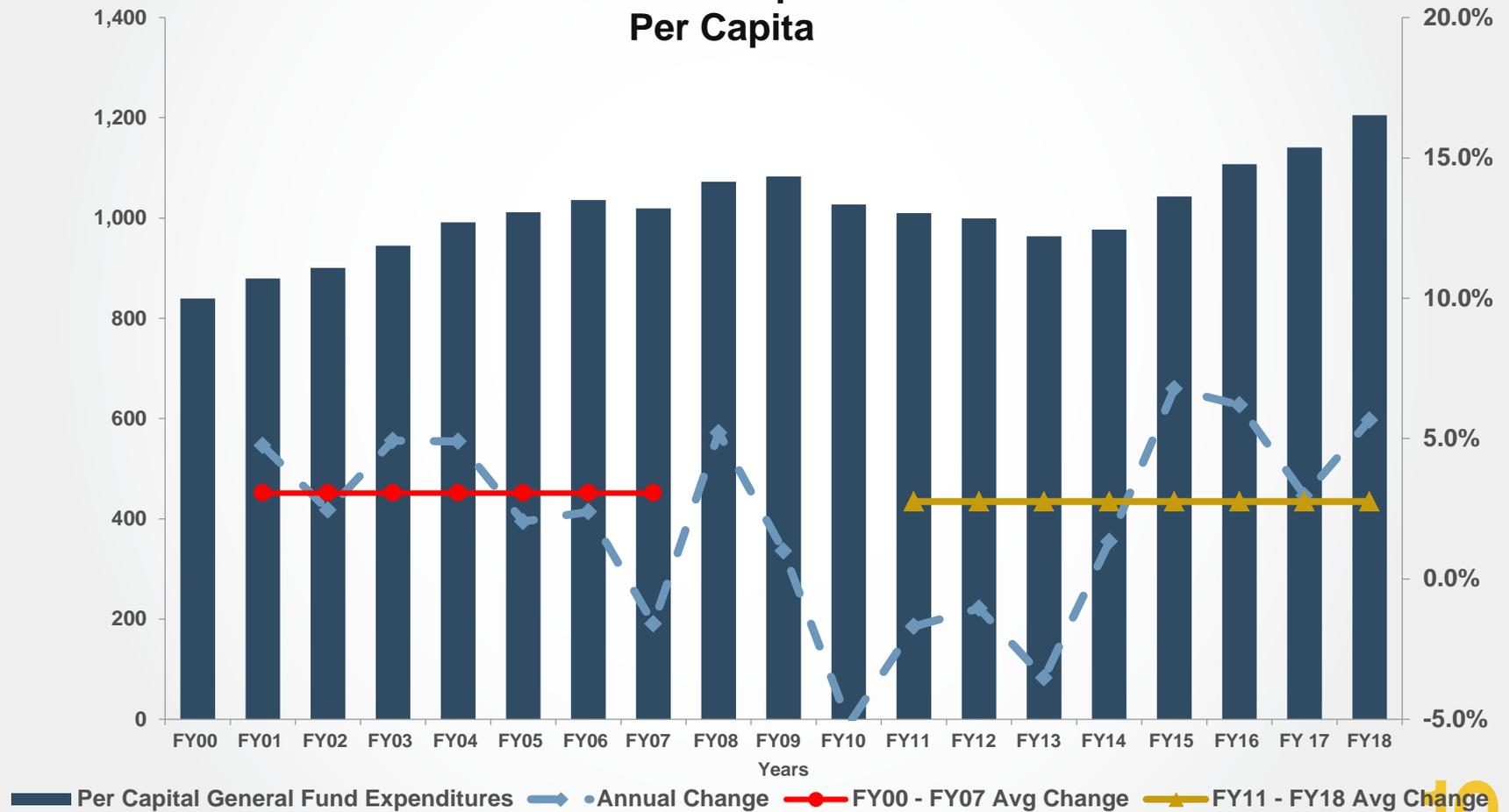
Overview

- **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**

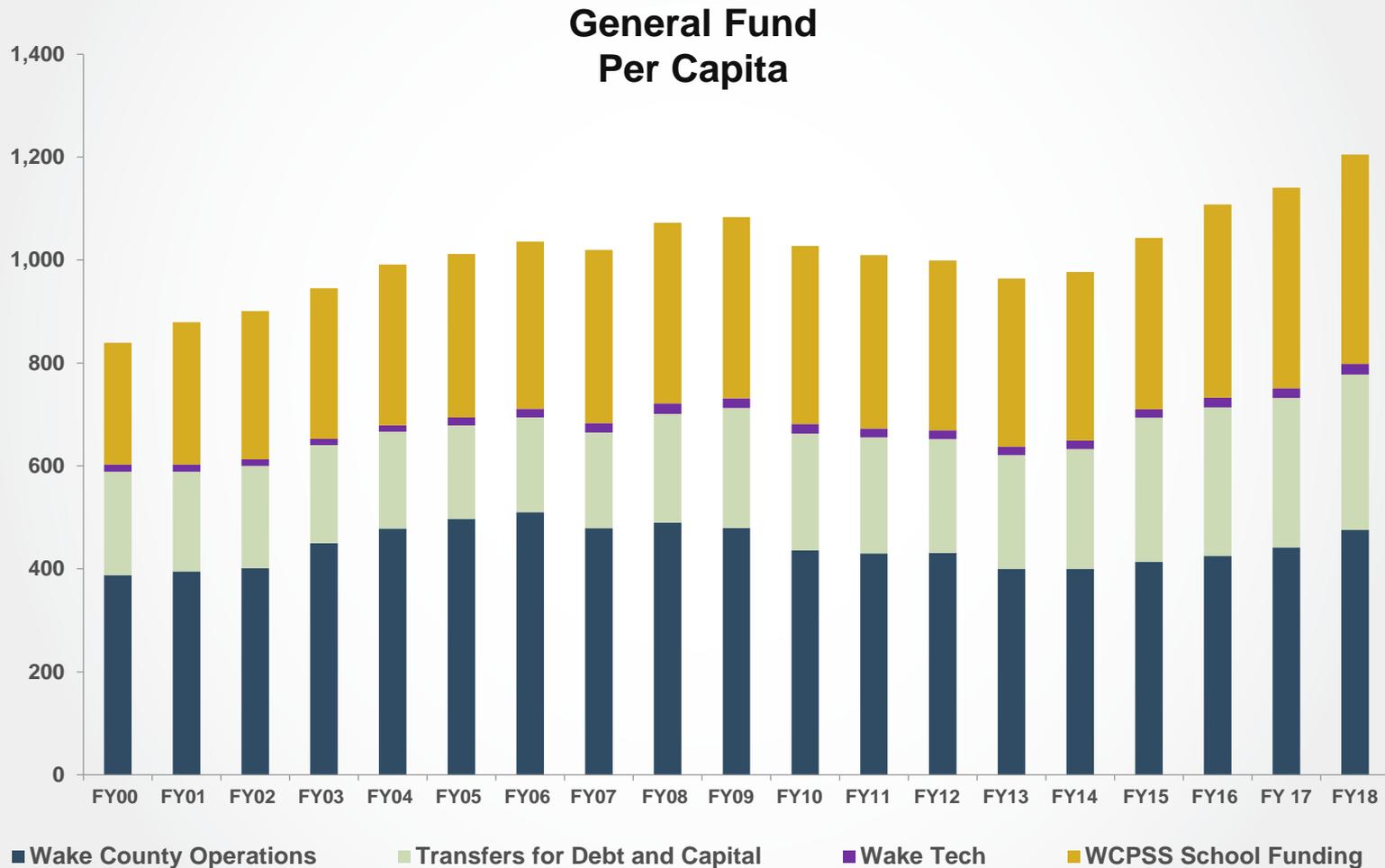
Highlights from March Board Retreat

General Fund Per Capita Growth Lower on Average than Before the Recession; 3.1% vs. 2.8%

General Fund Expenditures Per Capita



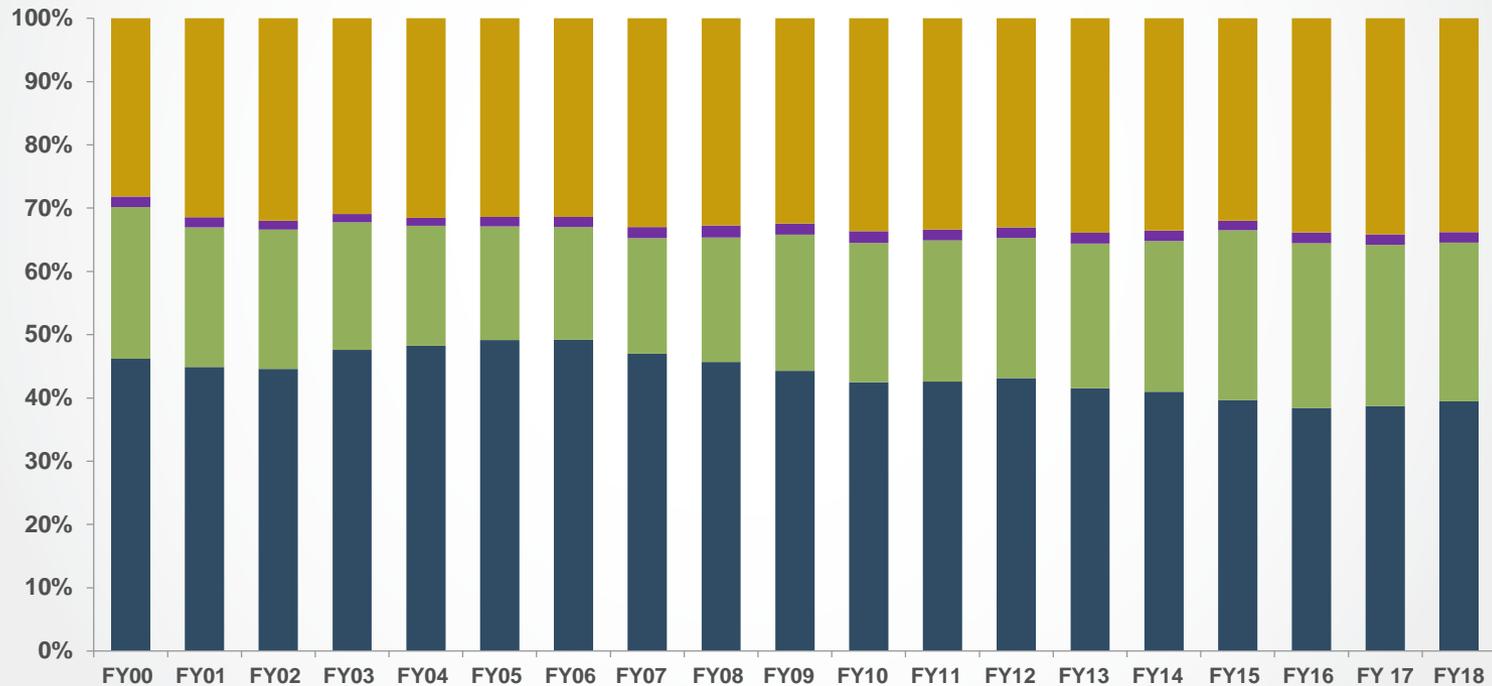
General Fund by Component Per Capita



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



■ Wake County Operations

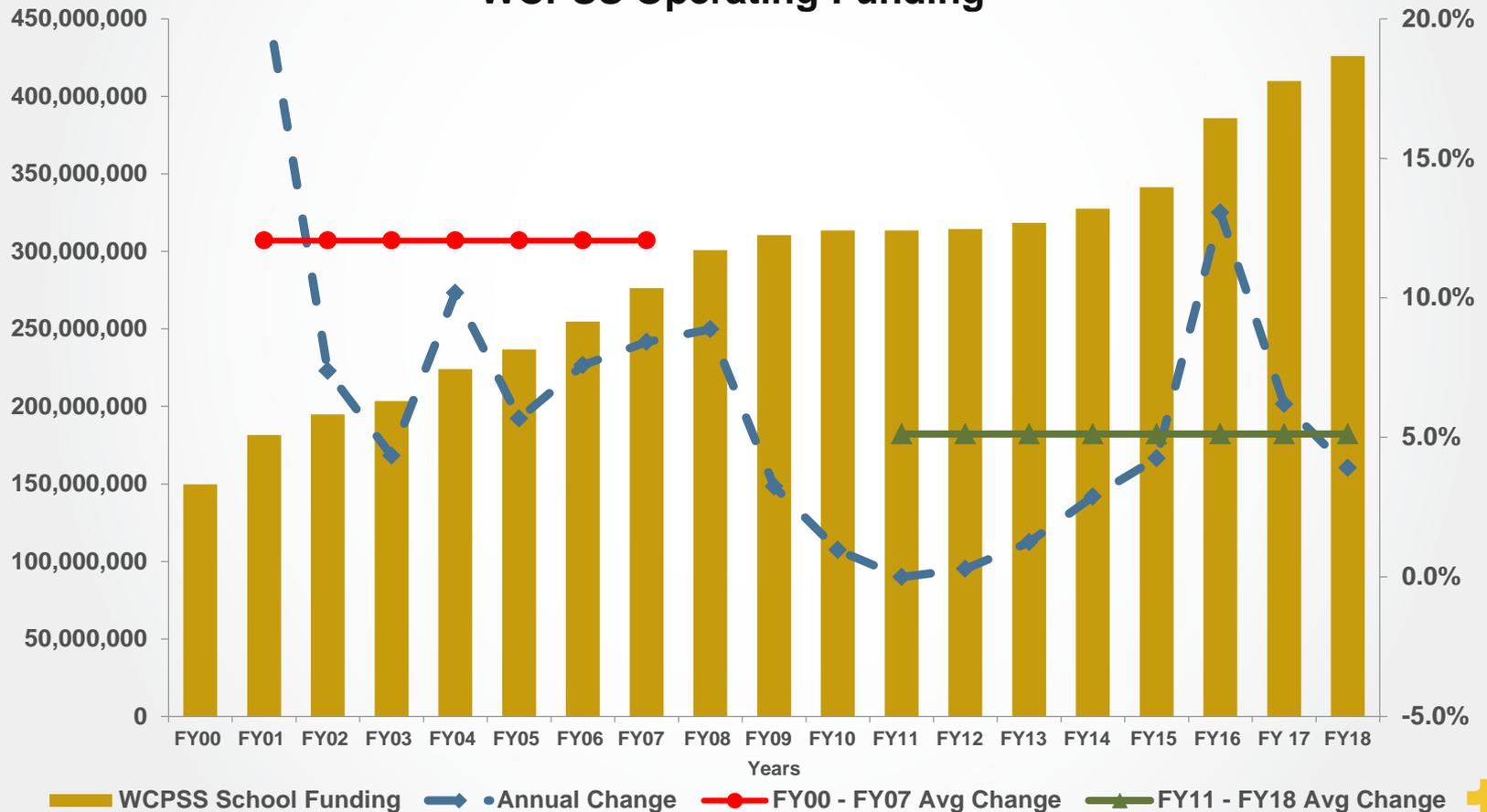
■ Transfers for Debt and Capital

■ Wake Tech

■ WCPSS School Funding

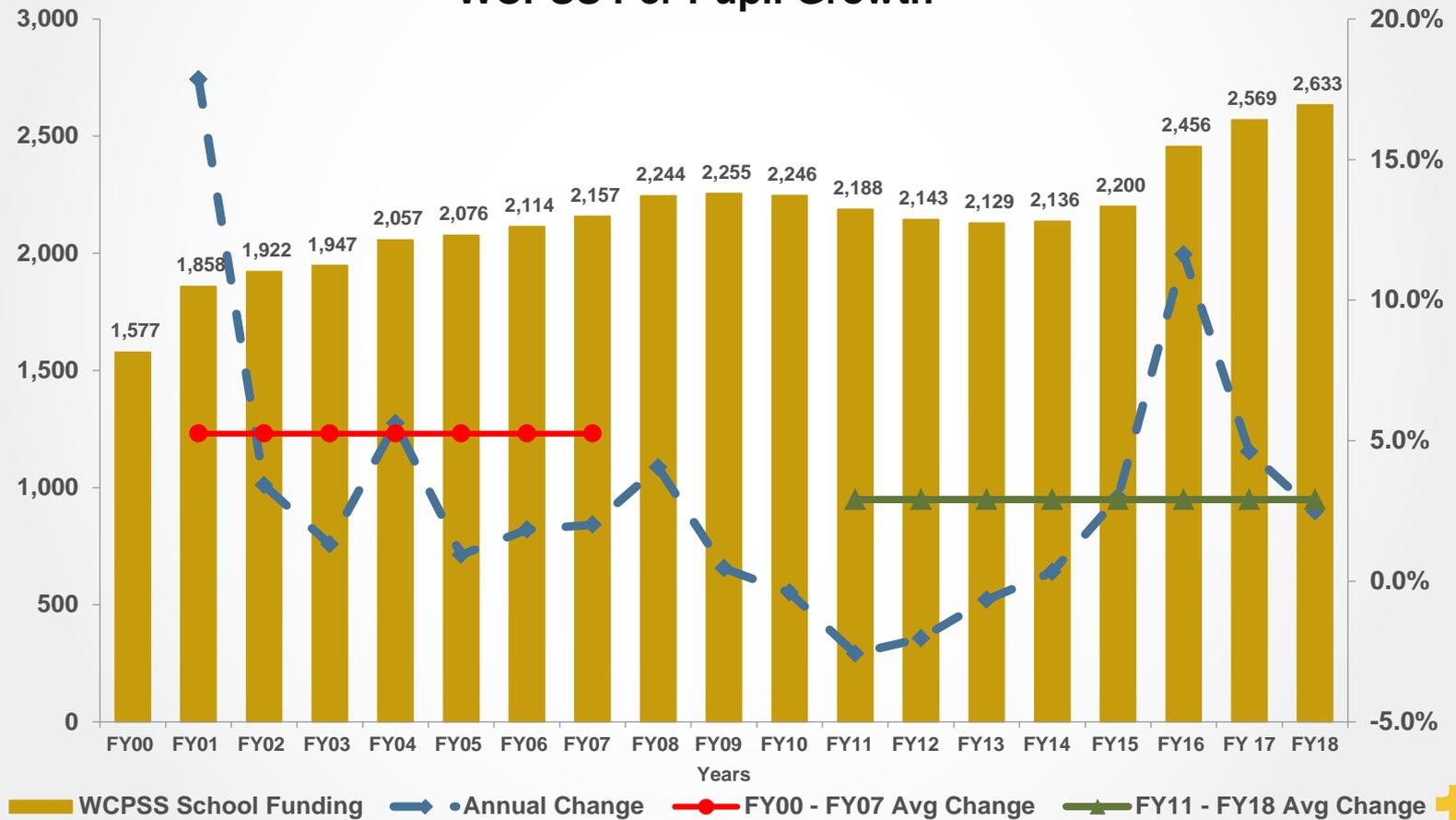
WCPSS Operating in Dollars

WCPSS Operating Funding



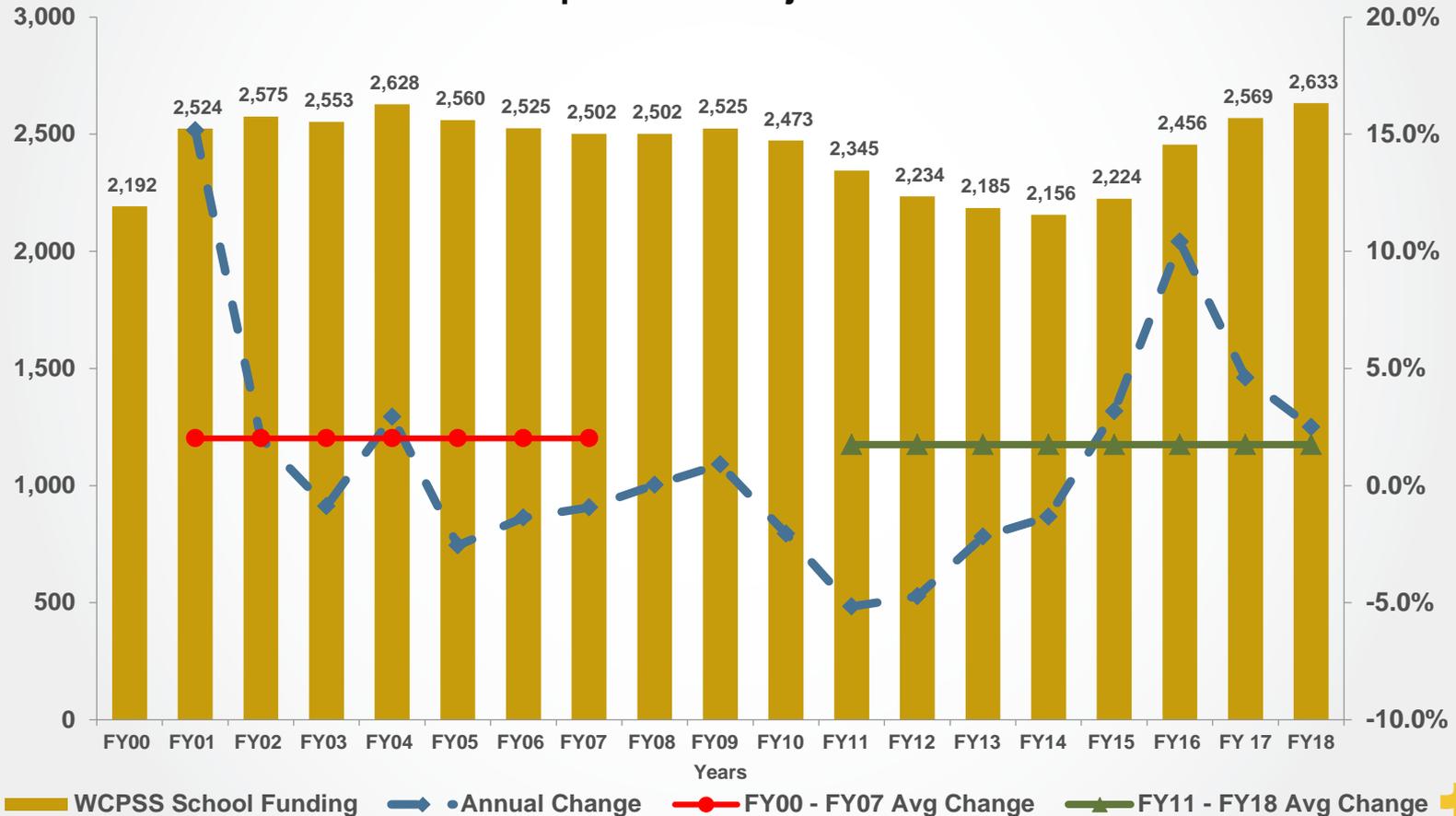
WCPSS Operating Per Pupil

WCPSS Per Pupil Growth

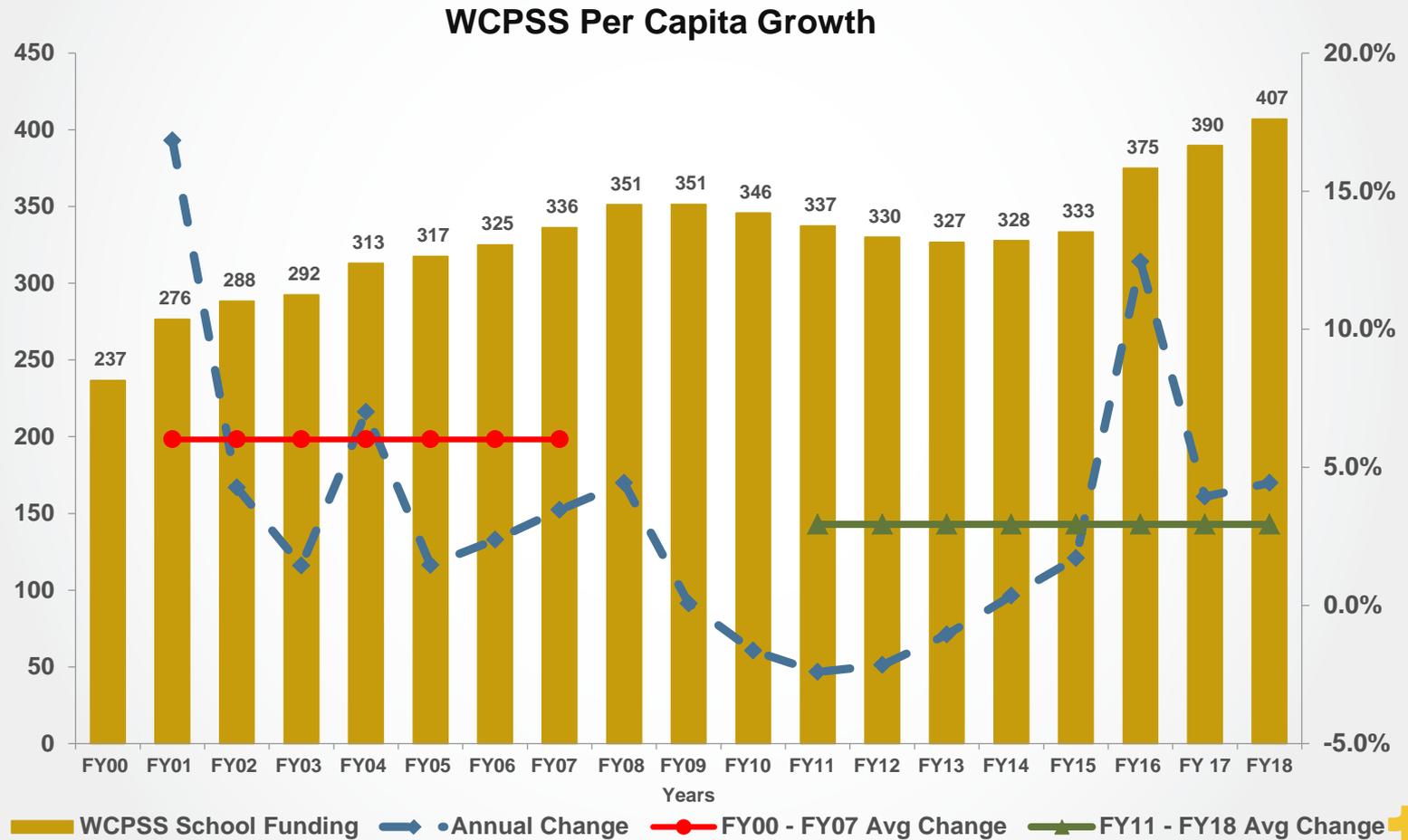


WCPSS Operating Per Pupil Adjusted for Inflation

WCPSS Per Pupil Growth Adjusted for Inflation

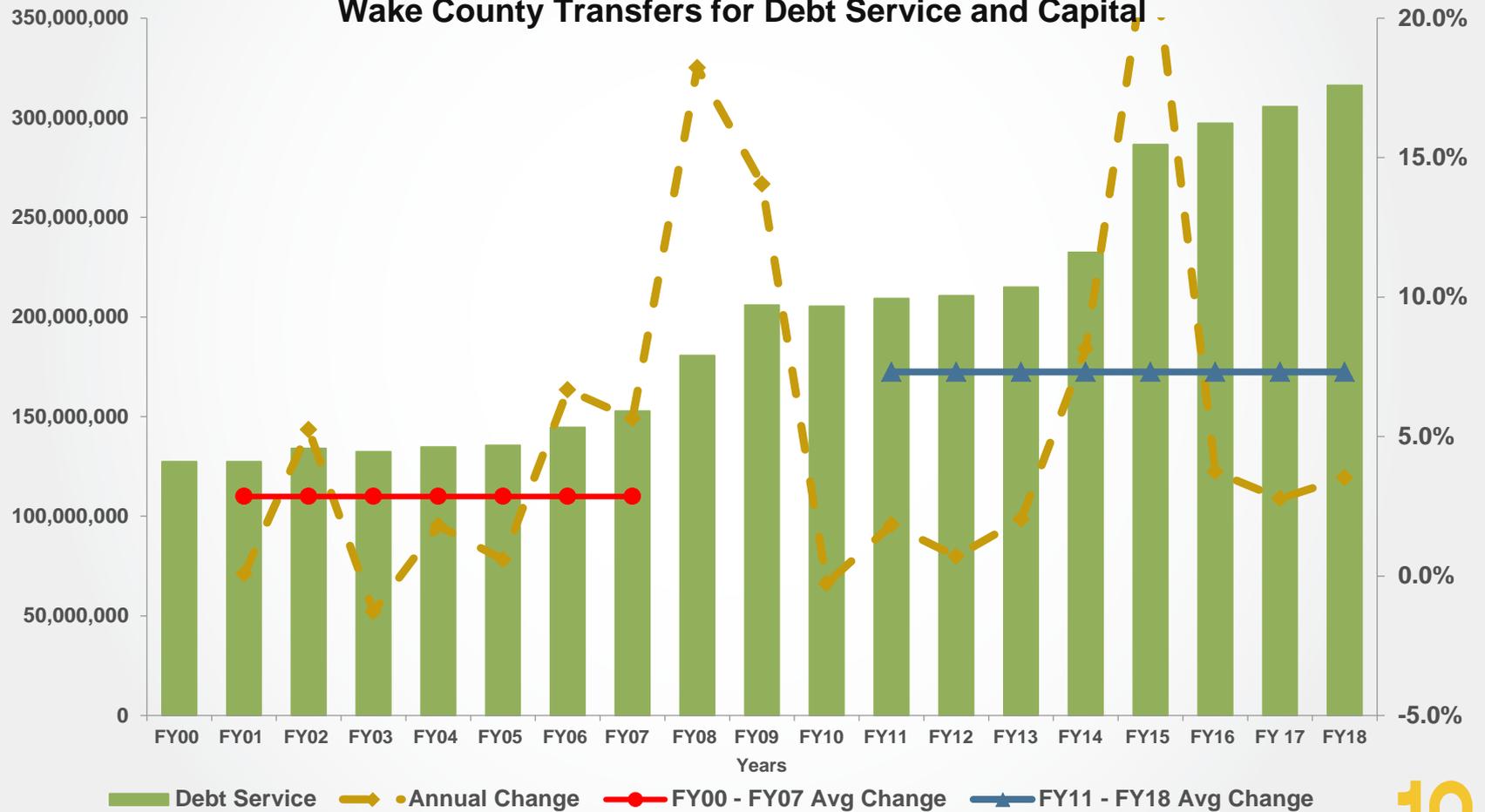


WCPSS Operating Per Capita

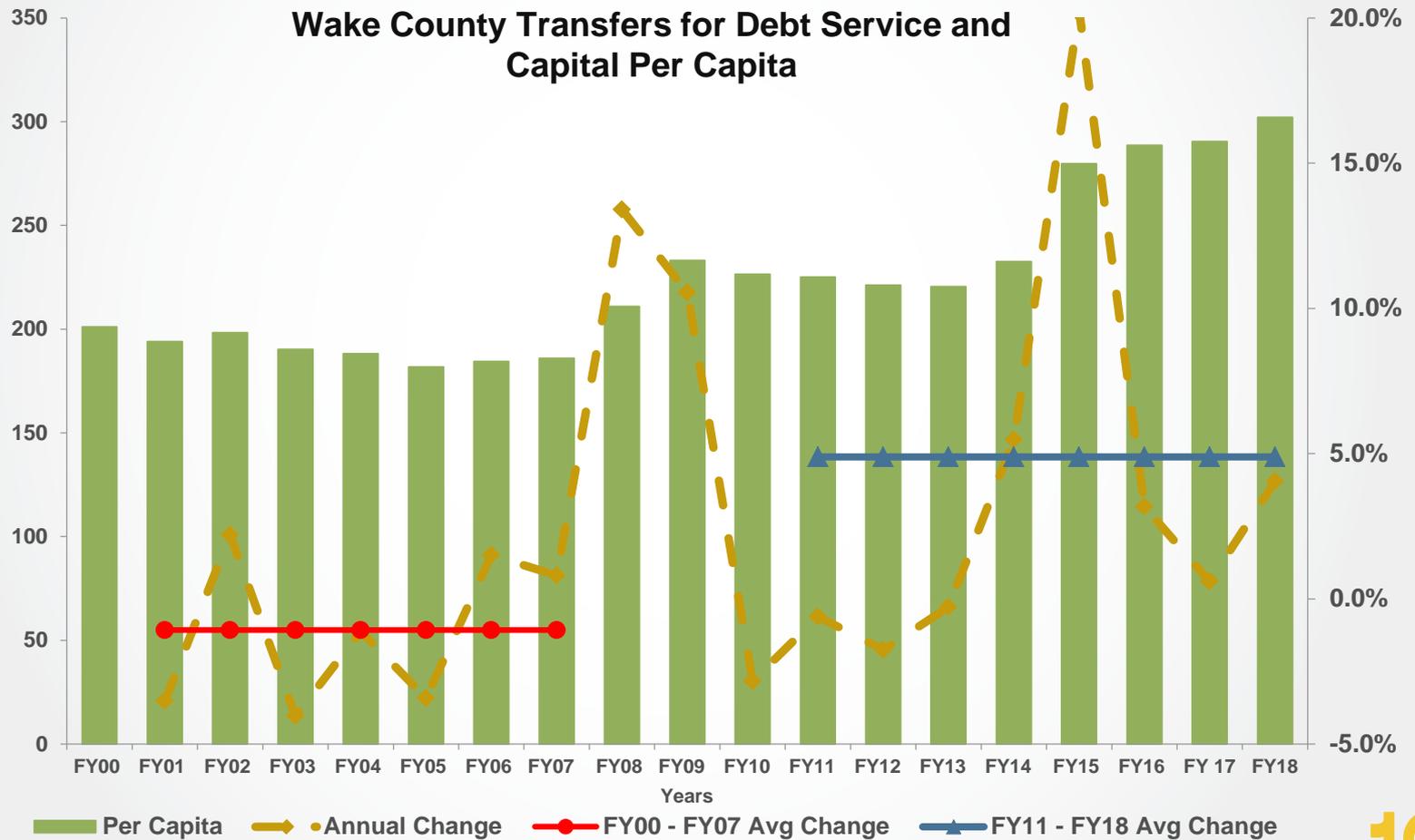


Transfers for Debt & Capital Dollars, Driven by Capital Plans

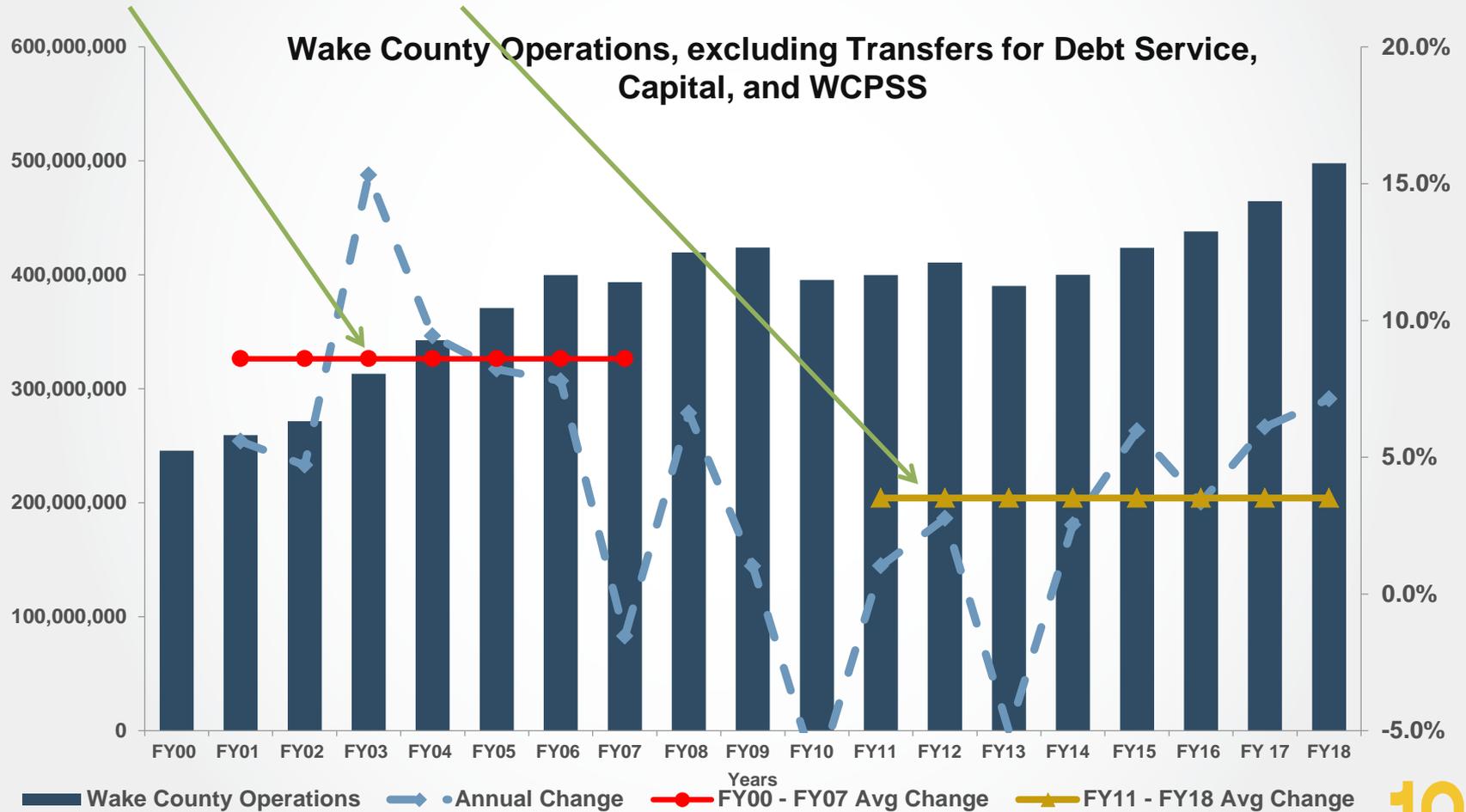
Wake County Transfers for Debt Service and Capital



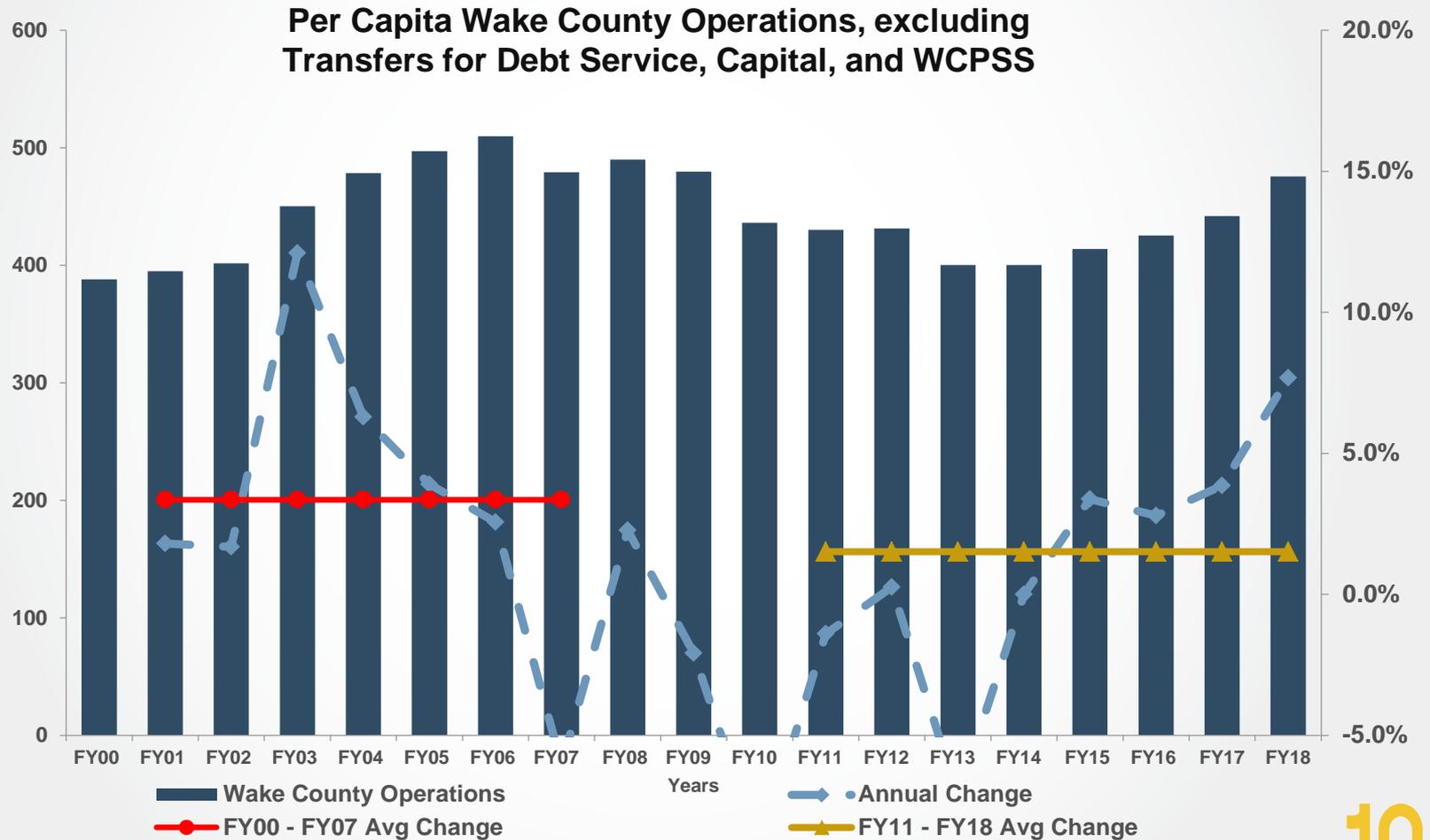
Transfers for Debt & Capital Dollars Per Capita



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

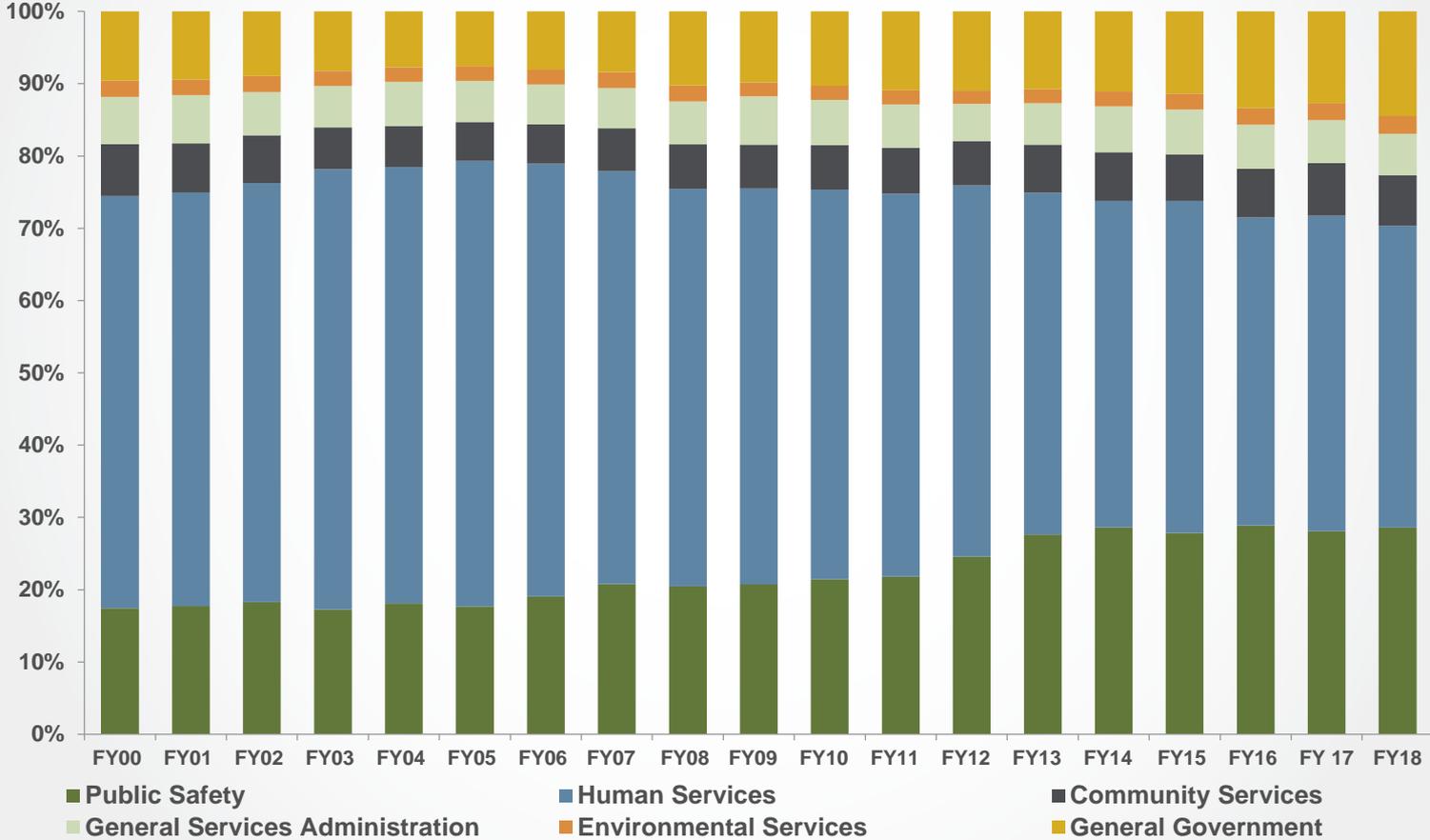


County Operations Per Capita Lower than Before the Recession



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

Wake County Operations, excluding Transfers for Debt Service, Capital, and WCPSS



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

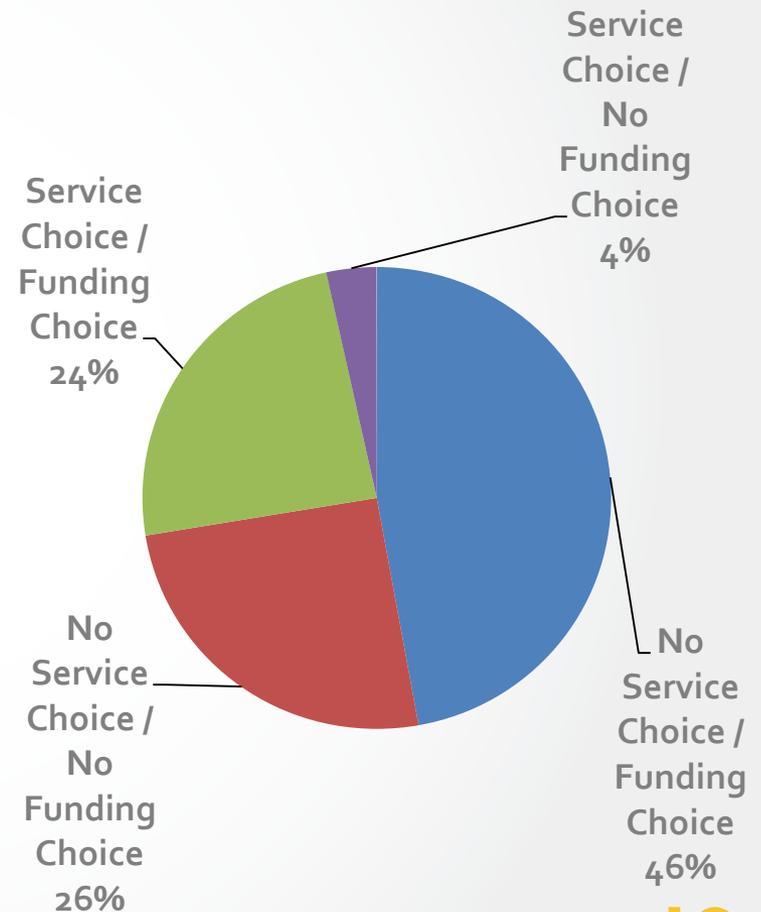
County Operations Service Matrix

Majority (72%) of County services are required (blue and red)

Wake County choice mostly around funding, which drives

extent to which we meet growth demands,

extent to which we meet service delivery demands



FY 2018 Recommended Budget Overview

Recommended FY 2018 General Fund Budget

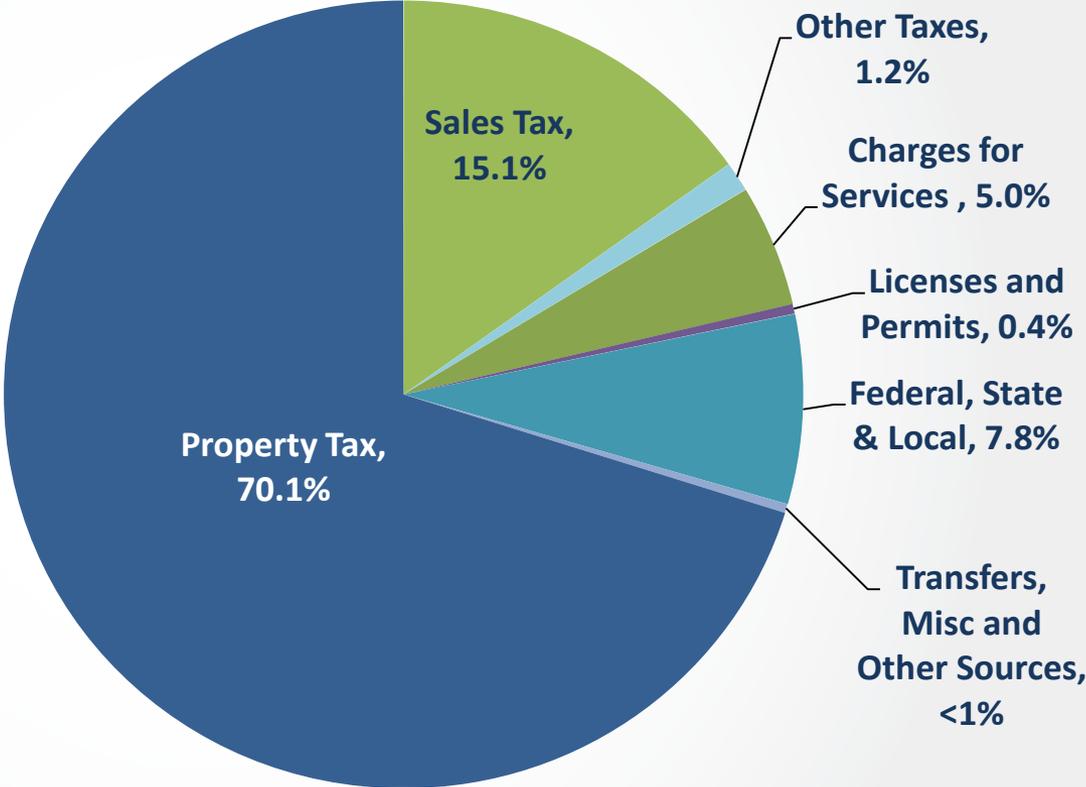
\$1,261,415,000

Recommended property tax rate -
61.5 cents

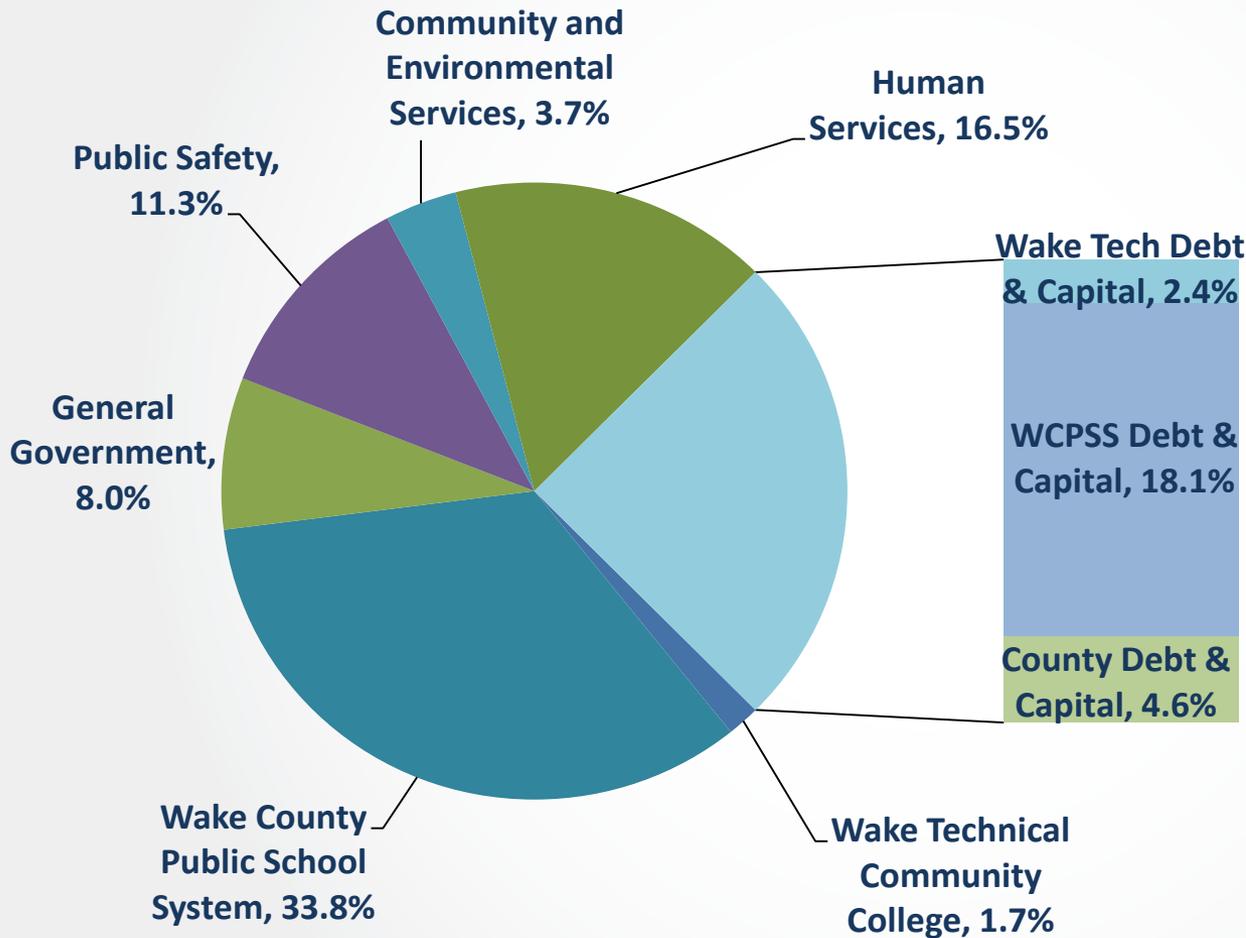
1.45 cent increase from FY 2016-17

FY18 General Fund Revenues

Property and Sales Taxes make up 85% of the County General Fund revenue



FY18 General Fund Expenditures



44% (\$556.3 million) supports spending for County operations, debt service and capital

52% (\$654.1 million) supports WCPSS operating and capital

4% (\$51 million) support Wake Tech

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 |

Budget Ordinance Overview

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

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

Project Ordinances

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

Personnel Authorization Ordinance

NC General Statute - Ordinance

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.)

General Fund Ordinance

- 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

User Fee Changes for FY 2018

| <u>Description</u> | <u>Current Fee</u> | <u>Proposed Fee</u> |
|---|--------------------|---------------------|
| 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 | \$600 |
| 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

FY 2017 Purpose and Function

PURPOSE →

FUNCTION {

| | | |
|--|--|-----------------------|
| Instructional Services | | |
| Regular Instructional Services | | \$115,559,528 |
| Special Populations Services | | 41,555,978 |
| 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/> |
| | | 225,094,893 |
| 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 | | 13,935,691 |
| Operational Support Services (WCPSS Fund 02) | | 97,880,033 |
| Operational Support Services (WCPSS Fund 04) | | 1,150,969 |
| 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 |
| | | <hr/> |
| | | 159,399,544 |
| Ancillary Services | | |
| Community Services | | 0 |
| Nutrition Services | | 0 |
| Adult Services | | 0 |
| | | <hr/> |
| | | 0 |
| Non-Programmed Charges | | |
| Payments to Other Governmental Units | | 25,416,563 |
| | | <hr/> |
| TOTAL WAKE COUNTY PUBLIC SCHOOLS APPROPRIATION | | \$ 409,911,000 |

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

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.)

Personnel Ordinance

- Establishes FTE authorization
- Establishes Pay Bands and Position Classifications

Pay Band Adjustments

- **Living Wage - \$15.06 per hour**
(Universal Wage of \$16.56 less \$1.50 for benefits)
- **New Detention and Sheriff Bands**

New Detention Officer Series

NON-EXEMPT

| <u>Classification</u> | <u>Current Band</u> | <u>New Band</u> |
|--------------------------------|---------------------|-----------------|
| Detention Officer | Band 5 | Band 80 |
| Detention Officer - Master | Band 6 | Band 81 |
| Detention Officer - Sergeant | Band 7 | Band 82 |
| Detention Officer - Lieutenant | Band 8 | Band 83 |

EXEMPT

| <u>Classification</u> | <u>Current Band</u> | <u>New Band</u> |
|--|---------------------|-----------------|
| Detention Officer - Captain | Band 29 | Band 84 |
| Detention Officer - Major | Band 30 | Band 85 |
| Assistant Director of Detention Services | Band 31 | Band 86 |
| Director of Detention Services | Band 33 | Band 87 |

New Deputy Sheriff Series

NON-EXEMPT

| <u>Classification</u> | <u>Current Band</u> | <u>New Band</u> |
|--------------------------------------|---------------------|-----------------|
| Deputy Sheriff | Band 6 | Band 90 |
| Deputy Sheriff – First Class | Band 6 | Band 90 |
| Deputy Sheriff – Master | Band 7 | Band 90 |
| Deputy Sheriff – Investigator | Band 7 | Band 91 |
| Deputy Sheriff – Senior Investigator | Band 8 | Band 92 |
| Deputy Sheriff – Sergeant | Band 10 | Band 93 |
| Deputy Sheriff – Lieutenant | Band 11 | Band 94 |

EXEMPT

| <u>Classification</u> | <u>Current Band</u> | <u>New Band</u> |
|--------------------------|---------------------|-----------------|
| Deputy Sheriff – Captain | Band 31 | Band 95 |
| Deputy Sheriff – Major | Band 33 | Band 96 |
| Chief of Staff – Sheriff | Band 34 | Band 97 |

Pay Band Adjustments

- **Labor Market Adjustments**

Proposed Changes

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 |

Off-Cycle Changes*

| <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

Items of Clarification

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

Personnel – Technical Changes

| | |
|---|--------------------------|
| Recommended Personnel | <u>FTE Change</u> |
| Community Services: Libraries (Wake Forest) | 4,102.372 |
| Adopted | 4.000 |
| | 4,106.372 |

- 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.

Public Hearing Feedback and Other Funding Requests

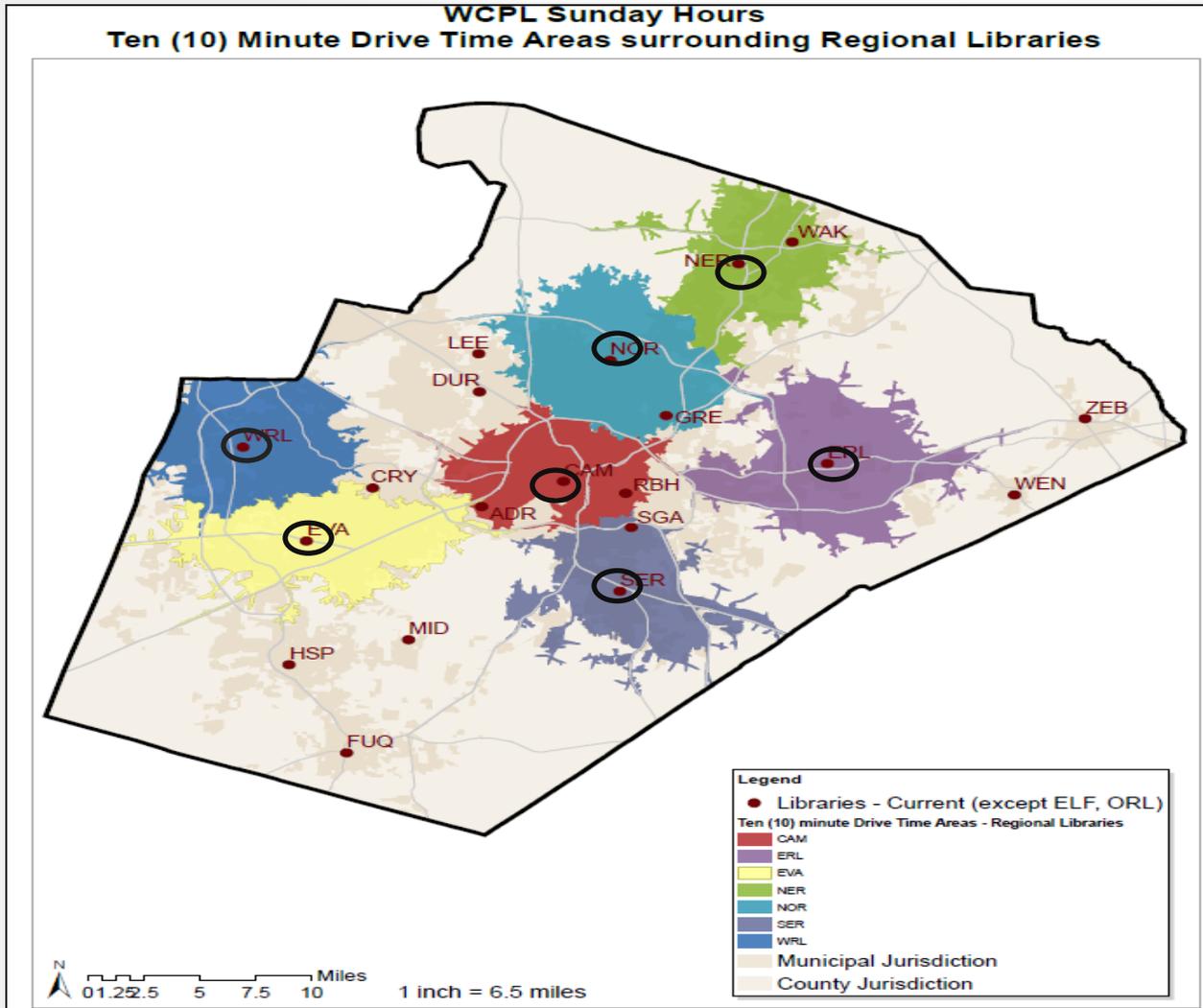
Public Comment Topics

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

Expand to Sunday Hours at Community Libraries (Attachment 2)

- 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.

Libraries Across the County



Circled sites are currently open on Sundays

All branches other than ELF and Olivia Rainey would be open on Sunday with 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 | \$ 522,482 | \$ 289,231 |

Legal Aid (Attachment 3)

- May 24th letter requesting \$50,000

Wake Smiles

- \$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.

WCPSS

(See Separate Presentation)

Commissioner Questions

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 | \$ 1.0864 | 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 | 1569 | 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 | 1476 | 11 | \$ 0.6338 | 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 | 1446 | 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

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 |

WCPSS Deferred Needs List

Fiscal Year 2015-16 Deferred Needs

The Deferred Needs list indicates business cases that were considered, but were not included in the Board of Education's Proposed Budget. If additional resources should become available, the board of education recommends using those resources towards these requests. Staff will continue to monitor actual costs and collections compared to budgeted amounts on an ongoing basis to identify savings that occur during the year that could be applied towards these items.

ADDITIONAL COUNTY APF THE BOARD OF EDUCATION

GROWTH

Elementary Academics To
Maintenance and Operatic
Safety Assistants

PROGRAM CONTINUITY Instructional Support Tech

NEW PROGRAM

Adjusting Teachers' Salary
Technology Refresh Oper
Salary Adjustments Due to
Revise Extra Duty Schedu
Instructional Technology F
Assistant Principal Formul
Refinishing and Resealing
Electronic Cumulative Stu
Data Governance Audit

REPLACEMENTS

Annual Replacement of Su
Activity Buses
Diesel Exhaust Fluid Tank
Plumbing Jet Truck
Grounds Maintenance - Et

TOTAL DEFERRED NEEDS

COUNTY APPROPRIATION NEEDS WERE ADDED TO

Fiscal Year 2016-17 Deferred Needs

The Deferred Needs list indicates business cases considered but not included in the Board of Education's Proposed Budget. The superintendent and staff will analyze the impact of funding later in the summer once the General Assembly approves a budget, the federal government finalizes grant awards, and the county commissioners approve funding for 2016-17. Staff will continue to monitor actual costs and collections compared to budgeted amounts on an ongoing basis to identify savings during the year that could be applied towards these items.

ADDITIONAL COUNTY APPROPRIATION NEEDED SUPPORT THE BOARD OF EDUCATION'S PROPOSED BUDGET

Teacher and School-Based Administrator Supplement Pay Increase (Years 2-5)
Student/Teacher Device Replacement in Schools
Implementation of Compensation Study Market Adjustments
Extra Duty Salary Increase (Years 3-5)
Establish Facility Painting Schedule
Instructional Technology Facilitators
Activity Mini Buses
Assistant Principal Formula for Middle Schools
Maintenance Square Footage and Ground Acreage Support Vehicles
Literacy K-12 Academic Initiatives
Elementary Support Model and State-Identified Learning Schools
Online Registration and Electronic Cumulative Review Office of Equity Affairs Expansion
Talent/Professional Learning Management System
Academically or Intellectually Gifted Co-Teachers
Leadership Development
Instructional Technology Coordinating Teachers Recruiter
Resealing of Hardwood Floors
Intervention Services Program Director
Customer Service for Transportation
Senior Administrator for Student Assignment
Senior Administrator - Enterprise Systems
Data Governance Audit
Integrated Pest Management Master Craftsman
Payroll Operations Specialist
Before and After School Programs Senior Administrator
Beginning Teacher Coordinator

Fiscal Year 2017-18 Deferred Needs

The Deferred Needs list indicates business cases considered but not included in the Board of Education's Proposed Budget. The superintendent and staff will analyze the impact of funding later in the summer once the General Assembly approves a budget, the federal government finalizes grant awards, and the county commissioners approve funding for 2017-18. Staff will continue to monitor actual costs and collections compared to budgeted amounts on an ongoing basis to identify savings during the year that could be applied towards these items.

| | MOE | Recurring Cost | One-Time Cost | Total Cost |
|---|----------|----------------|---------------|----------------------|
| ADDITIONAL COUNTY APPROPRIATION NEEDED TO SUPPORT THE BOARD OF EDUCATION'S PROPOSED BUDGET | | | | \$ 45,218,360 |
| Teacher and School-Based Administrator Supplement Pay Increase (Years 2-5) | - | \$ 64,000,000 | \$ - | \$ 64,000,000 |
| Academically/Intellectually Gifted Program Funding | | | | |
| Eligible Students Beyond State Cap | 1,840.00 | 23,323,420 | - | 23,323,420 |
| Counselors and Other Instructional Support (Years 2-3) | 2,944.00 | 19,993,950 | - | 19,993,950 |
| Employee Minimum Pay at \$15 per Hour* | - | 14,769,521 | - | 14,769,521 |
| Formula Alignment - Maintenance Square Footage and Acreage | - | 8,157,472 | - | 8,157,472 |
| Student/Teacher Device Replacement in Schools | - | 8,000,000 | - | 8,000,000 |
| Market Salary Adjustments | - | 5,500,000 | - | 5,500,000 |
| Formula Alignment - Custodial Cleaning | - | 5,078,153 | - | 5,078,153 |
| Facility Painting Schedule | - | 4,521,974 | - | 4,521,974 |
| Textbooks Local Funds | - | 4,074,659 | - | 4,074,659 |
| Instructional Technology Facilitators | 605.00 | 3,401,663 | - | 3,401,663 |
| Special Education Teacher Funding Eligible Students Beyond State Cap | 565.00 | 3,311,350 | - | 3,311,350 |
| Custodial Services - Annual Stripping, Waxing, and Carpet Cleaning | - | 2,526,337 | - | 2,526,337 |
| Extra Duty Salary Increase (Years 4-5) | - | 1,832,802 | - | 1,832,802 |
| Assistant Principal Formula for Middle Schools | 165.00 | 1,286,704 | - | 1,286,704 |
| Central Services Hiring Freeze | - | 1,000,000 | - | 1,000,000 |
| Activity Buses | - | - | 852,066 | 852,066 |
| Occupational Therapists | 104.06 | 753,933 | 4,000 | 757,933 |
| District Office Receptionists | 216.00 | 684,407 | 9,000 | 693,407 |
| Instructional Technology and Library Media Services Expansion | 84.00 | 644,110 | - | 644,110 |
| Connections Alternative High School | 64.00 | 432,974 | 80,000 | 512,974 |
| Online Registration and Forms | - | 275,000 | 147,500 | 422,500 |
| Middle School Academics Visual and Performing Arts | 75.00 | 421,692 | - | 421,692 |
| Recurring Replacement of Support Vehicles | - | 400,000 | - | 400,000 |
| Magnet Theme Development at Stough and Daniels | 50.00 | 282,308 | - | 282,308 |
| Digital Portfolio Software Solution | - | 290,000 | - | 290,000 |
| Refinishing and Resealing of Hardwood Floors | - | 234,775 | - | 234,775 |

*It would cost an additional \$2.025 million for Child Nutrition employees.

| 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

Deferred List Change from FY17

| 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 |

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

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.

Multi-Year Impact of K-3 Class Size Reduction

WCPSS staff email response:

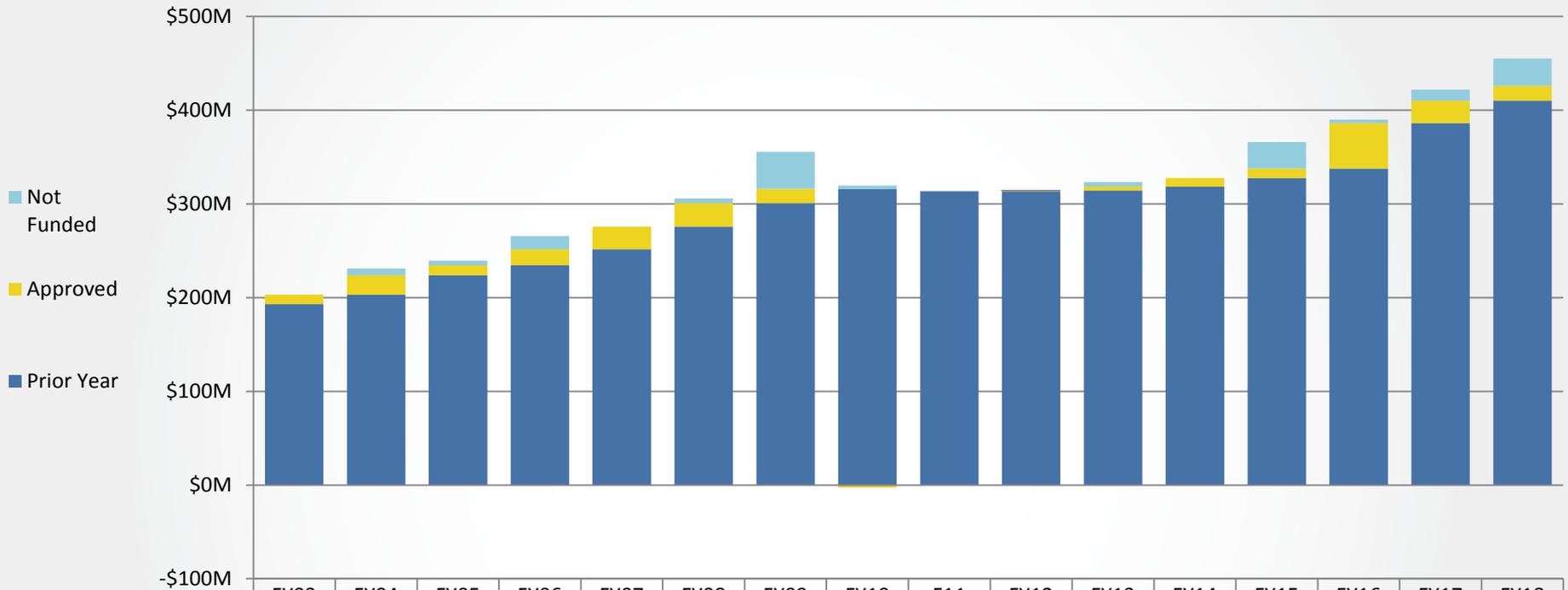
If the state does not provide additional funding for program enhancement in order to maintain programs, an additional \$24.6 million would be required as recurring funding in order to retain the elementary specials of art, music, and physical education.

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.

BOE Requests vs. Funding



| | FY03 | FY04 | FY05 | FY06 | FY07 | FY08 | FY09 | FY10 | F11 | FY12 | FY13 | FY14 | FY15 | FY16 | FY17 | FY18 |
|---------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Total Adopted | \$203M | \$224M | \$234M | \$252M | \$276M | \$301M | \$316M | \$314M | \$314M | \$314M | \$318M | \$327M | \$338M | \$386M | \$410M | \$426M |
| % Over Base | 5% | 10% | 5% | 7% | 10% | 9% | 5% | -1% | 0% | 0% | 1% | 3% | 3% | 14% | 6% | 4% |
| % Funded of Request | 100% | 97% | 98% | 95% | 100% | 98% | 89% | 99% | 100% | 100% | 98% | 100% | 92% | 99% | 97% | 94% |
| Not Funded | \$0M | \$7M | \$5M | \$14M | \$0M | \$5M | \$39M | \$3M | \$0M | \$0M | \$5M | \$0M | \$28M | \$4M | \$12M | \$29M |
| Approved | \$10M | \$21M | \$11M | \$17M | \$24M | \$25M | \$15M | -\$3M | \$0M | \$1M | \$4M | \$9M | \$10M | \$48M | \$24M | \$16M |
| Prior Year | \$193M | \$203M | \$224M | \$234M | \$252M | \$276M | \$301M | \$316M | \$314M | \$314M | \$314M | \$318M | \$327M | \$338M | \$386M | \$410M |

WCPSS Funding Methodologies

| <u>School Year / Fiscal Year</u> | <u>Board of Education Request (\$)</u> | <u>Manager's Recommended Budget (\$)</u> | <u>Changes by BOC (\$)</u> | <u>Total Adopted Budget (\$)</u> | <u>Adopted as % of Request</u> | <u>Total Amended Budget (\$)</u> | <u>Methodological Approach</u> |
|----------------------------------|--|--|----------------------------|----------------------------------|--------------------------------|----------------------------------|---|
| 2001-2002 | \$208,942,000 | \$183,280,000 | \$9,720,000 | \$193,000,000 | 92% | \$194,529,600 | Equivalent Tax Rate/Growth in Tax Base |
| 2002-2003 | \$203,000,000 | \$203,000,000 | \$0 | \$203,000,000 | 100% | \$203,000,000 | Equivalent Tax Rate/Growth in Tax Base |
| 2003-2004 | \$231,000,000 | \$223,700,000 | \$0 | \$223,700,000 | 97% | \$223,700,000 | Per 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 | Per Pupil and Operating Costs Associated with New Schools |
| 2005-2006 | \$265,760,610 | \$248,711,000 | \$2,857,000 | \$251,568,000 | 95% | \$254,376,000 | Per Pupil and Operating Costs Associated with New Schools |
| 2006-2007 | \$275,826,781 | \$272,991,000 | \$2,836,000 | \$275,827,000 | 100% | \$275,827,000 | Per 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 | \$316,841,499 | \$313,503,224 | \$0 | \$313,503,224 | 99% | \$313,503,224 | Per Pupil |
| 2010-2011 | \$313,503,224 | \$313,503,224 | \$0 | \$313,503,224 | 100% | \$313,503,224 | No Change |
| 2011-2012 | \$313,503,224 | \$314,411,592 | \$0 | \$314,411,592 | 100% | \$314,411,592 | Transfer of County programs to WCPSS |
| 2012-2013 | \$323,190,913 | \$318,341,737 | \$0 | \$318,341,737 | 98% | \$318,341,737 | Equivalent Tax Rate/Growth in Tax Base |
| 2013-2014 | \$326,639,200 | \$327,496,020 | \$0 | \$327,496,020 | 100% | \$327,496,020 | Equivalent Tax Rate/Growth in Tax Base + Funds for Crossroads Admin Lease |
| 2014-2015 | \$365,957,404 | \$337,676,400 | \$0 | \$337,676,400 | 92% | \$341,426,400 | Capacity within the Tax Rate; Increase for Teacher Supplement |
| 2015-2016 | \$389,773,230 | \$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 | Per Pupil and Operating Costs Associated with New Schools |
| 2017-2018 | \$455,129,360 | \$425,911,000 | | | | | Increase \$16 million, 2.5% on Per Pupil; Encourage BOE to allocate recurring unspent appropriation |

TOPICS AND COMMENTS FROM COMMISSIONERS

BALANCING OPTIONS

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

Reduce Transfer to Debt and 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

Reduce County Expenditures

- Reduce or eliminate expansions
- Reduce existing programs

Next Steps

- **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**