



*State/County Medicaid Swap
Capital Projects
Proposed County 1/4-Cent Sales Tax*



Medicaid Swap

- **NC was only state that required counties to share in Medicaid burden**
 - **\$14,897,591 for FY2007**
- **There were 75 variations of Medicaid Swap spreadsheets generated & reviewed in a short period of time**



Medicaid Swap

- **Global assumptions were made that are not representative of any individual County's situation**
- **Beginning October 1, the state begins 3-yr Medicaid phase out for counties**



Medicaid Swap

- **In return the state will:**
 - **1st year: take from schools an amount equal to 60% of the school's ADM construction funds or County's Medicaid savings, whichever is less.**
 - **County to hold schools harmless from its remaining Medicaid savings**



Medicaid Swap

- **2nd year: 50% of Article 44 1/2-cent sales tax reverts to the State**
- **3rd year: 100% of Article 44 1/2-cent sales tax reverts to the State**
- **Counties must reimburse cities for their loss of the Article 44 1/2-cent sales tax**



Medicaid Swap

- **Medicaid Swap is a positive for Cumberland County**
 - **Rate of Medicaid growth exceeds rate of sales tax growth**
- **Future year projections of Medicaid Swap savings was very risky:**
 - **Actual Medicaid expenditures**
 - **Sales tax growth**
 - **Effect of point-of-delivery vs per capita**



Medicaid Swap

- State recommends careful prediction of the effect in future years of the Medicaid Swap
- Other concerns will be addressed as a formal system is developed to track Medicaid expenditures and sales tax



Medicaid Swap

The Bottom Line

In \$\$, what does the Medicaid Swap mean for Cumberland County?



Medicaid Bottom Line

	FY2008	FY2009	FY2010	FY2011	FY2012
Projected Medicaid Savings	1,564,167	8,605,614	18,510,675	19,908,231	21,411,302
County Sales Tax Loss		(3,992,210)	(10,109,893)	(12,171,591)	(12,729,048)
Cities Sales Tax Loss-Reimbursement	<u>-</u>	<u>(2,575,589)</u>	<u>(6,522,575)</u>	<u>(7,852,105)</u>	<u>(8,211,737)</u>
Total Sales Tax Loss	* (1,600,300)	(6,567,799)	(16,632,468)	(20,023,696)	(20,940,785)
Net Impact	<u>(36,133)</u>	<u>2,037,815</u>	<u>1,878,207</u>	<u>(115,465)</u>	<u>470,517</u>

* Payment to schools for loss of ADM construction funds



Capital Projects



Western Branch Library

	FY2009	FY2010	FY2011	FY2012
Western (Strickland Bridge) Branch Library				
Expenditures				
Estimated construction costs				4,828,810
One-time costs				1,898,480
Total				6,727,290
Funding				
Amount to finance				6,727,290
County funds for operating		822,788	1,157,756	1,157,756
County funds for debt	501,603	501,603	501,603	501,603
Total annual cost	501,603	1,324,391	1,659,359	1,659,359
Tax equivalent (cents)	0.32	0.85	1.07	1.07



Why do we need a new library?



Western Branch Library

- **To alleviate overcrowding at Cliffdale Regional and Hope Mills Branch Libraries**
- **Fill gap in services to western Cumberland County where 40% of population lives**
 - **Books, CD's, DVD's, databases**
 - **Public use computers**
 - **Teen area**
 - **Meeting & study rooms**



Western Branch Library

- **To be co-located with the new western elementary school to capitalize on construction as well as operational efficiencies**
 - **Located on Strickland Bridge Road**
 - **First joint use library facility in the County**





New Health Department

		FY2009	FY2010	FY2011	FY2012
New Health Department					
Expenditures					
Estimated construction costs	23,197,114				
One-time costs	<u>2,000,000</u>				
Total	25,197,114				
Funding					
County one-time funds	3,166,150				
Amount to finance	22,030,964				
County funds for operating		0	0	0	0
Health Depart funds for debt service		500,000	500,000	500,000	500,000
County funds for debt service		<u>1,142,682</u>	<u>1,142,682</u>	<u>1,142,682</u>	<u>1,142,682</u>
Total annual cost		1,642,682	1,642,682	1,642,682	1,642,682
Tax equivalent (cents)		0.74	0.74	0.74	0.74



*Why do we need a new
Health Department?*



New Health Building

- **Current facility is 25 years old and well used**
- **No major renovations during this time**
- **Over the years, health care delivery has changed**
- **Four story building is poor for patient flow**
- **Increase in client population has outgrown facility**



New Health Building

- **WIC program is largest in State**
- **BRAC to bring more people that could translate to new clients**
- **Complete renovation to existing building not feasible**





County Schools-COPS

	FY2009	FY2010	FY2011	FY2012
County Schools - COPS				
Expenditures				
Estimated construction costs	55,000,000			
Funding				
Lottery proceeds for debt service	4,100,932	4,100,932	4,100,932	4,100,932
County funds for operating	0	755,129	1,510,258	2,265,387
County funds for debt service	0	0	0	0
Total annual cost	4,100,932	4,856,061	5,611,190	6,366,319
Tax equivalent (cents)	0	0.49	0.97	1.46



Facilities

SERIES 1		
SCHOOL	CLASSROOMS	COST
(New) Gray's Creek Middle	40	\$ 18,000,000
South View Middle	8	\$ 1,900,000
John Griffin Middle	8	\$ 1,900,000
Eastover Elementary	7	\$ 1,700,000
Walker Spivey School	12	\$ 2,800,000
Owen Elementary	4	\$ 900,000
Glendale Acres Elementary	4	\$ 900,000
Honeycutt Elementary	4	\$ 900,000
SUB-TOTAL	87	\$ 29,000,000
Contingency		\$ 1,000,000
SERIES 1 TOTAL		\$ 30,000,000
SERIES 2		
SCHOOL	CLASSROOMS	COST
North Elementary	16	\$ 6,000,000
West Elementary	36	\$ 14,000,000
Cliffdale Elementary	6	\$ 1,200,000
District 7 Elementary	4	\$ 900,000
Seabrook Elementary	4	\$ 900,000
Mary McArthur Elementary	4	\$ 900,000
SUB-TOTAL	70	\$ 23,900,000
CONTINGENCY		\$ 1,100,000
SERIES 2 TOTAL		\$ 25,000,000
GRAND TOTAL		\$ 55,000,000



*Why do we need new
schools and classrooms?*



School Huts



Issues Affecting Facility Needs

- **Population growth**
- **Class-size reductions**
- **Program growth**



Issues Affecting Facility Needs

Population Growth 1992 - 2006

	Increased
Students	8,001
Teachers	977
Classrooms	852



Issues Affecting Facility Needs

Class Size Reductions 1992 - 2005

<u>Grades</u>	<u>1992</u>	<u>Grades</u>	<u>2005</u>
K-9	1/26	K-1	1/18
10-12	1/28	2-3	1/21
		4-5	1/23
		6-12	1/26



Modern Classroom



Issues Affecting Facility Needs

Program Growth

**More at Four
Title I Pre-K
Early Childhood**

**Technology
Career & Technical Education**



Other Capital Projects

		FY2009	FY2010	FY2011	FY2012	FY2013
Public Safety Communication Towers (2)						
Expenditures						
Estimated construction costs	5,360,000					
Funding						
Amount to finance	5,360,000					
County funds for debt		1,243,742	1,243,742	1,243,742	1,243,742	
Tax equivalent (cents)		0.80	0.80	0.80	0.80	
Replace Public Safety Analog Radios						
Expenditures						
Estimated costs	8,000,000					
Funding						
Amount to finance	8,000,000					
County funds for debt						1,822,333
Tax equivalent (cents)						1.17



Other Capital Projects

		FY2009	FY2010	FY2011	FY2012	FY2013
County Schools - GO Bonds						
Expenditures						
Estimated construction costs	175,530,000	57,110,000	50,190,000	39,500,000	28,730,000	
Funding						
Amount to finance	175,530,000					
County funds for operating			430,000	1,180,000	1,530,000	1,874,710
County funds for debt service		4,202,254	6,599,547	10,801,801	12,915,805	12,915,805
Total annual cost		4,202,254	7,029,547	11,981,801	14,445,805	14,790,515
Tax equivalent (cents)		2.71	4.53	7.72	9.31	9.53



Other Capital Projects

	FY2011	FY2012	FY2013	FY2014
Pamalee Branch Library				
Expenditures				
Estimated construction costs	5,281,873			
One-time costs	2,261,119			
Total	7,542,992			
Funding				
Amount to finance	7,542,992			
County funds for operating			890,927	1,256,956
County funds for debt service	562,424	562,424	562,424	562,424
Total annual cost	562,424	562,424	1,453,351	1,819,380
Tax equivalent (cents)	0.36	0.36	0.94	1.17



Other Capital Projects

	FY2014	FY2015	FY2016	FY2017
Gray's Creek Branch Library				
Expenditures				
Estimated construction costs	6,849,757			
One-time costs	2,693,030			
Total	9,542,787			
Funding				
Amount to finance	9,542,787			
County funds for operating			965,385	1,365,354
County funds for debt service	711,533	711,533	711,533	711,533
Total annual cost	711,533	711,533	1,676,918	2,076,887
Tax equivalent (cents)	0.46	0.46	1.08	1.34



Capital Projects

	FY2010	FY2011	FY2012	FY2013
Detention Facility Pod				
Expenditures				
Estimated construction costs	10,600,000			
Funding				
Amount to finance	10,600,000			
County funds for operating		1,109,898	3,154,359	3,154,359
County funds for debt service	790,361	790,361	790,361	790,361
Total annual cost	790,361	1,900,259	3,944,720	3,944,720
Tax equivalent (cents)	0.51	1.22	2.54	2.54



Capital Projects Summary

	FY2009	FY2010	FY2011	FY2012
Western Branch Library	501,603	1,324,391	1,659,359	1,659,359
Health Department	1,142,682	1,142,682	1,142,682	1,142,682
Schools-COPS	-	755,129	1,510,258	2,265,387
Communication Towers	1,243,742	1,243,742	1,243,742	1,243,742
Replace Public Safety Analog Radios	-	-	-	-
Schools-GO Bonds	4,202,254	7,029,547	11,981,801	14,445,805
Pamalee Branch Library	-	-	562,424	562,424
Gray's Creek Branch Library	-	-	-	-
Detention Facility Pod	-	982,241	1,900,259	3,944,720
Total Debt Service & Operating	7,090,281	12,477,732	20,000,525	25,264,119
Total tax rate equivalent (cents)	4.57	8.04	12.89	16.28



Capital Projects Summary

	FY2013	FY2014	FY2015	FY2016	FY2017
Western Branch Library	1,659,359	1,659,359	1,659,359	1,659,359	1,659,359
Health Department	1,142,682	1,142,682	1,142,682	1,142,682	1,142,682
Schools-COPS	2,265,387	2,265,387	2,265,387	2,265,387	2,265,387
Communication Towers	-	-	-	-	-
Replace Public Safety Analog Radios	1,822,333	1,822,333	1,822,333	1,822,333	1,822,333
Schools-GO Bonds	14,790,515	14,790,515	14,790,515	14,790,515	14,790,515
Pamalee Branch Library	1,453,351	1,819,380	2,530,913	3,496,298	3,896,267
Gray's Creek Branch Library	-	711,533	711,533	1,676,918	2,076,887
Detention Facility Pod	<u>3,944,720</u>	<u>3,944,720</u>	<u>3,944,720</u>	<u>3,944,720</u>	<u>3,944,720</u>
Total Debt Service & Operating	27,078,347	28,155,909	28,867,442	30,798,212	31,598,150
Total tax rate equivalent (cents)	17.45	18.14	18.60	19.84	20.36



Proposed County 1/4-Cent Sales Tax



1/4-Cent Sales Tax

- **In the Medicaid Swap legislation, the General Assembly authorized counties, if they so choose, to hold a referendum on either**
 - **increasing sales tax 1/4-cent or**
 - **establishing a real estate transfer tax of up to 0.4% on the sale of real property**



1/4-Cent Sales Tax

- **Counties and the NCACC have long lobbied the General Assembly for additional revenue sources to fund infrastructure needs**
- **The County Commissioners on September 17 voted to place the 1/4-cent sales tax increase on the NOVEMBER 6 ballot**



1/4-Cent Sales Tax

- **The 1/4-cent sales tax, if approved by the voters, would be paid by not only local residents, but visitors to Cumberland County**
- *The 1/4-cent sales tax will only add 25¢ to each \$100 purchase*
 - *Excluding food and prepared meals*



1/4-Cent Sales Tax

- **Revenue generated by the 1/4-cent sales tax, will fund:**
 - **a new library**
 - **a new public health department**
 - **new schools and classrooms**
- **If voters approve referendum on the November 6 ballot**
 - **New tax will become effective April 1, 2008**
 - **Annual revenue is approximately \$8 million**



What happens if the 1/4-cent sales tax increase does not pass?



1/4-Cent Sales Tax

- **Pressing needs for capital projects will not just disappear**
- **Millions required for debt service & operating would require a combination of**
 - **undetermined additional revenue**
 - **property tax increase**
 - **service reductions**
- **Cumberland County will face a budget challenge for next year's budget**



The Bottom Line

*1/4-cent sales tax adds only
25¢ to a \$100 purchase*



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Capital Projects
Proposed County 1/4-Cent Sales Tax*