



Chatham County, NC

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Title: Vote on a Request to Approve the Proposed Method of Increasing the Annual Operating Budget Allocation for Contracted Services with Human Services Nonprofit Organizations

Sponsors:

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Attachments: 1. Human Services Nonprofit Funding Growth Plan

Date	Ver.	Action By	Action	Result
11/15/2021	1	Board of Commissioners		

Vote on a Request to Approve the Proposed Method of Increasing the Annual Operating Budget Allocation for Contracted Services with Human Services Nonprofit Organizations

Action Requested: Vote on a Request to Approve the Proposed Method of Increasing the Annual Operating Budget Allocation for Contracted Services with Human Services Nonprofit Organizations

Introduction & Background: Chatham County’s annual operating budget provides funding for contracted services with human services nonprofit organizations. These contracted services provide for the public good by addressing issues associated with improving economic stability for low to moderate income adults, outcomes for children/youth living in poverty, and access to comprehensive health care. With exception to an adjustment in FY20, the annual funding allocation has remained unchanged for nearly 10 years.

During the FY22 budget retreat, the County Board of Commissioners discussed the current and anticipated growth of the county, and how services provided by human services nonprofit organizations will increase as the county population increases. To account for this growth in population and future service needs, the County Board of Commissioners requested staff to identify a method that would allow this annual allocation to increase over time.

As the County is soon to begin work on its FY23 operating budget, and as the next round of human services nonprofit funding application period begins at the first of the coming calendar year, staff’s goal is to present a proposed method to mechanize an adjustment to the annual funding allocation for this purpose that meets the stated intent of the Board of Commissioners - allowing the availability of funding for these services to track with the growth of the county and the expanding needs of the community for these services.

Discussion & Analysis: The proposed method to accomplish this stated purpose is to tie the annual allocation for these services to the annual growth of the county’s tax base. Specifically, the human services nonprofit annual allocation is proposed to be upwardly adjusted by the same percentage of

the county's Ad Valorem tax base year-over-year percentage increase.

Accordingly, this proposed method would grow the current annual base allocation of \$250,000 by the same rate as the growth of the county's tax base. For instance, if the county's tax base increased by 4% from FY21 to FY22, the \$250,000 base allocation would increase by 4% in FY23. The resulting new allocation amount would therefore grow by \$10,000, setting the new base allocation at \$260,000 for FY23.

The proposed method recognizes that, as the county's tax base grows, so too will its population. Further, as the county's population grows, the services provided by our human services nonprofit community will also grow. Distinguishing the linked nature of these variables helped shape the method being proposed, where the method of increasing this annual allocation is less arbitrary and more rooted in indicators that can better inform the movement of funding to our nonprofit organizations engaging in human services-related activity.

As stated, this method proposes an adjustment measured by the year-over-year percent growth in the tax base. For revaluation years, the allocation increase will be based on what the values would have been if the revaluation did not occur, which is a value already used to calculate the "revenue neutral" tax rate that is reported in the proposed annual operating budget following a revaluation.

If adopted, this method should be revisited on a periodic basis to ensure its intended purpose is being met.

How does this relate to the Comprehensive Plan: Fostering a healthy community is a stated objective of Plan Chatham. Improving outcomes for Chatham's youth, bridging food and other insecurities, supporting healthy lifestyles, and improving access to health care for all county residents are essential elements of this objective. The services provided by our human services nonprofit community aid in our collective ability to advance this objective.

Budgetary Impact: If this method were approved, the General Fund's annual operating budget will be impacted by the amount increase in funding to the human services nonprofit contracted services allocation. This increase will be dependent on the growth of the county's Ad Valorem tax base. Since the revenues generated from the county's tax base is far greater than the annual base allocation for human services nonprofit contracted services, the increased contribution to the annual base allocation will be marginal, relative to the increase in General Fund revenue associated with a growth of the county's tax base.

Recommendation: Vote on a Request to Approve the Proposed Method of Increasing the Annual Operating Budget Allocation for Contracted Services with Human Services Nonprofit Organizations.