

MEMORANDUM TO BOARD OF COMMISSIONERS:

FROM: Misty Randall Leland, County Attorney

DATE: April 1, 2015

SUBJECT: Resolution Requesting Restoration of Lottery Funds Designated to Moore County for School Capital Needs

PRESENTER: Misty Randall Leland, County Attorney

REQUEST:

Request the Board of Commissioners to approve the attached Resolution requesting the General Assembly to give Moore County its statutory share of lottery funds of 40% to be used for its intended purpose for Moore County schools capital needs.

BACKGROUND:

Counties in North Carolina are statutorily responsible for providing public school facilities and are doing so by spending more than \$1 billion annually in support thereof. Additionally, counties spend almost \$2.5 billion annually to support public school operating expenses traditionally borne by the State. In 2005 the North Carolina Education Lottery was established to aid counties each year in meeting these needs by designating 40 % of the lottery net revenue to counties.

In reliance of that annual pledge of lottery funds, Moore County has incurred outstanding debt principal and interest totaling \$66,846,003.00 for school capital outlay projects as of December 2014. Moore County faces critical budgetary constraints as it attempts to balance the payment of school debt service and funding school capital needs.

IMPLEMENTATION PLAN:

Execute the Resolution

FINANCIAL IMPACT STATEMENT:

The financial impact to Moore County for FY13/14 was -\$703,000. Moore County currently receives a 22% allocation of the lottery funds which equaled \$860,000 in FY13/14. If Moore County would have received the entire 40% allocation, then the County would have received \$1,563,000. Thus, for FY13/14, the County was negatively impacted by not receiving the additional \$703,000.

RECOMMENDATION SUMMARY:

Motion to approve the attached Resolution requesting the North Carolina General Assembly to allocate to Moore County its statutory share of lottery funds of 40% to be used for Moore County schools capital needs and that copies of this Resolution are forwarded to the Local Legislation Delegation to the North Carolina General Assembly and the North Carolina Association of County Commissioners.

SUPPORTING ATTACHMENTS:

Resolution

**RESOLUTION REQUESTING RESTORATION OF LOTTERY FUNDS
DESIGNATED TO MOORE COUNTY FOR SCHOOL CAPITAL NEEDS**

WHEREAS, counties in North Carolina are statutorily responsible for providing public school facilities in North Carolina; and

WHEREAS, counties spend more than \$1 billion annually to support public school capital needs; and

WHEREAS, counties also spend nearly \$2.5 billion annually to support public school operating expenses traditionally borne by the State, such as supplemental pay for teachers and administrators and additional classroom instructional personnel; and

WHEREAS, when the General Assembly established the North Carolina Education Lottery in 2005, it pledged to devote 40 percent of the net revenue from the lottery to counties each year to help meet school capital needs; and

WHEREAS, in reliance on that pledge, Moore County has incurred outstanding debt principal as of December 2014 in the amount of \$49,951,305, and interest in the amount of \$16,894,698, with a total debt of \$66,846,003 for school capital outlay projects for Moore County Schools; and

WHEREAS, the debt service principal and interest payments per year on this incurred debt is approximately \$3,379,554 in principal and approximately \$1,883,509 in interest, with a total debt service of \$52,630,063; and

WHEREAS, since 2010, the State of North Carolina has reduced the amount of lottery funds received by or expected to be received by Moore County to support the capital needs of the Moore County Schools by as much as \$3,000,000; and

WHEREAS, as a result of the State's actions, Moore County now faces critical budgetary constraints as it attempts to balance the payment of school debt service with funding school capital needs; and

WHEREAS, Moore County needs the lottery funds designated to Moore County to pay the debt service now due and to avoid the need for a potential property tax increase to make up for the lost lottery revenues; and

WHEREAS, the decisions of the State to withhold the funds from Moore County will have a negative impact on Moore County youth, Moore County Schools, and all the citizens of Moore County.

NOW, THEREFORE, BE IT RESOLVED that the Moore County Board of Commissioners adopt this resolution asking the North Carolina General Assembly to restore the statutory requirement that 40 percent of the net lottery revenue be allocated to counties for school capital needs and to increase the annual appropriation of lottery funds accordingly.

FURTHER BE IT RESOLVED that copies of this resolution be transmitted to the members of the General Assembly representing Moore County to let them know of our support for restoring the 40 percent allocation and appropriation of lottery revenues to counties for school capital needs.

Adopted this the 7th day of April, 2015

Nick J. Picerno, Chairman
Moore County Board of Commissioners

Laura M. Williams
Clerk to the Board