



# Shelby County Government

LEE HARRIS  
MAYOR

September 23, 2021

The Honorable Willie F. Brooks, Jr., Commission Chairman  
Members of the Shelby County Board of Commissioners

Dear Mr. Chairman and Commissioners:

I am pleased to present the Fiscal Year 2022 (FY22) Adopted Budget for Shelby County Government (the County). I appreciate the time you and the County's staff invested in this budget and the budget process.

The Adopted Budget benefits from the growth identified in the 2021 property tax reappraisal, and it is balanced through the use of Federal funds received from the American Rescue Plan Act (ARPA). The County received \$91.0 million in ARPA funding, and the Adopted Budget wisely uses these Federal funds to restore our General Fund and provide vital health and public safety services.

## PROPERTY TAXES

Property taxes are fundamental to the County budget because they represent 55% of all operating revenue in FY22. The Assessor reappraised property values in the spring of 2021, and the reappraisal confirmed that the realty market has increased significantly in recent years. Projected property tax revenue for FY22 represents growth of 2.7% over the prior year budget.

After a reappraisal, State law requires calculation of the "certified tax rate" to equalize revenue to the prior-year level. Accordingly, **this year's tax rate has been reduced by \$0.60** – from \$4.05 to an adopted certified rate of \$3.45.

## EDUCATION

The Adopted Budget continues the operating funding for education at the prior-year level. Our public education system in the County is now in its eighth year of operations with seven independent school districts. Shelby County Government has supported the schools throughout the structural transition with increased funding of \$66.0 million since 2013 by means of property tax growth and dedication of 100% of the Wheel Tax to school operations. Over this same period, funding on a per pupil basis has increased by nearly 17%.

Providing sufficient funding to maintain and grow Pre-K classrooms in the community continues to be a major focus for the Administration and the County Commission. High quality Pre-K has an amazing return on investment for the entire community. That is why the Adopted Budget again sets aside the majority of the County's sales tax revenue to support Pre-K with \$8.5 million in its own Special Revenue Fund. With this \$8.5 million commitment, we have made a significant stride to increase the likelihood of high school graduation and employability.

The Adopted Budget sets the tax rate allocation to Education at \$1.64 and allocates the majority of the County's sales tax revenue to pay for Pre-K.

## **DEBT**

County debt continues to be managed at acceptable levels, and the major bond rating agencies have recognized our commitment to "live within our means" by awarding the County the second-highest ratings of AA+/Aa1/AA+ for the past decade. Total outstanding long-term debt was \$971.8 million at the end of Fiscal Year 2021 (FY21). This is a net increase of \$103.1 million during the year because the County took advantage of historically low interest rates to refinance an outstanding line of credit and lock-in low rates for our capital improvement projects.

The Adopted Budget sets the tax rate allocation to Debt Service at \$0.57. It also includes a \$2.6 million use of fund balance from the Debt Service Fund. Once spent, these funds will not be available in future years, and new revenue sources must be found.

## **CAPITAL IMPROVEMENTS**

The total Capital Improvement Budget for FY22 is \$95.5 million with \$75.0 million provided by County bond issuance, \$0.6 million from County Pay-as-You-Go funds, \$18.5 million from Federal sources, and \$1.5 million from other sources. The five-year capital improvement plan for FY22-FY26 illustrates the significant need for maintenance and renovations to aging county buildings and infrastructure, including our information technology systems.

The capital improvement budget for FY22 includes \$29.7 million for schools. Shelby County Schools is allocated \$22.9 million of this funding, and \$6.8 million is allocated to the municipal school districts per the State's Weighted Full-Time Equivalent Average Daily Attendance requirement.

## **PROGRAM INVESTMENTS**

**Employees** – In such a difficult budget year, a general salary increase was not initially possible for the County's employees in this Adopted Budget. However, I appreciate the Commission's willingness in the first quarter of FY22 to commit to both a substantial bonus program and our plan for a mid-year 1.5% increase. Additionally, the County's parental leave policy, which was successfully introduced in FY21, has been continued, providing six weeks of paid leave to a parent on the birth or adoption of a child. The County will also continue to fully fund the required contribution for our Pension and OPEB plans to help ensure that these benefits will be there for both our retirees and current employees.

**Investment in Criminal Justice Reform for Juveniles** – In the Adopted Budget, we are investing in programs to support alternatives to youth detention. In 2020, we acquired the Core Civic Shelby Training Center to convert it into a juvenile justice and education center to provide greater services and opportunities for intervention in the lives of youth. The FY22 Capital Improvement budget and previous-year funds provide \$14.8 million to renovate this facility with housing, classroom space, and indoor and outdoor recreation areas. Breaking the cycle of youth in the justice system will improve each individual's opportunities and forge a positive foundation for life.

**Investments in Mental Health Services** – For the first time, the Adopted General Fund Budget provides strategic funding for mental healthcare. The coronavirus pandemic has impacted mental health and shown how critical it is to each person’s overall wellbeing. The Adopted Budget recognizes this and aims to improve our community’s access to mental healthcare with \$2.3 million of new funding for mental health services for adults and children and \$3.0 million in funding to support the physical and mental health of inmates.

**Investments in Community and Health Services** – Thanks to the Federal government’s provision of multiple grants to respond to the coronavirus pandemic, the Adopted Budget includes innovative programs to invest in public health and community services. One of the largest grant programs is the Federal Emergency Rental Assistance, which provides financial support to help those who are facing eviction. The Federal and Federal-through-State grants also support contact tracing, testing, and additional health outreach in our disadvantaged neighborhoods. We are using a number of these grants to collaborate with local nonprofits and small businesses to extend our reach into the community.

The Adopted Budget also reflects our first installment of \$91.0 million in Federal ARPA funding, and I look forward to working with the County Commission to develop a detailed plan to serve our community with these resources.

Together, Federal and State funding is enabling us to help our working families, businesses, and residents get on the path of recovery.

I want to thank the County Commission, Elected Officials, Division Directors, and our employees for their participation in the development of the FY22 Budget. The coronavirus pandemic has changed our County and the lives of our residents. The Adopted Budget effectively utilizes all available resources to deliver essential services to our community. We look forward to continuing to work together to ensure Shelby County is a great place to live, work, play, and invest for the future. I am certain that we remain in an excellent position to meet the challenges ahead.

All the best,  
  
Lee Harris  
Mayor