Wake County Budget Planning

October 27 , 2025

Agenda

- Multi-year Forecast
- Reflection on the FY26 Adopted Budget in context of recent history
- FY27 Process

Multi-Year Forecast

Why prepare a multi-year forecast?

- Promotes long-term fiscal sustainability
- Informs policy and strategic decision-making
- Supports our ability to communicate with partners; building trust and credibility
- Identifies ranges of risks and opportunities to mitigate challenges
- Improves budgeting discipline in design of the budget development process and recommendations to the Board of Commissioners

Revenue projections

- Revenues are projected to grow ~2% annually for an approximate total of $175M cumulatively between FY26 and FY29
- Natural revenue growth projected to provide **$40 - $50 M** in new revenue per year

Expenditure projections

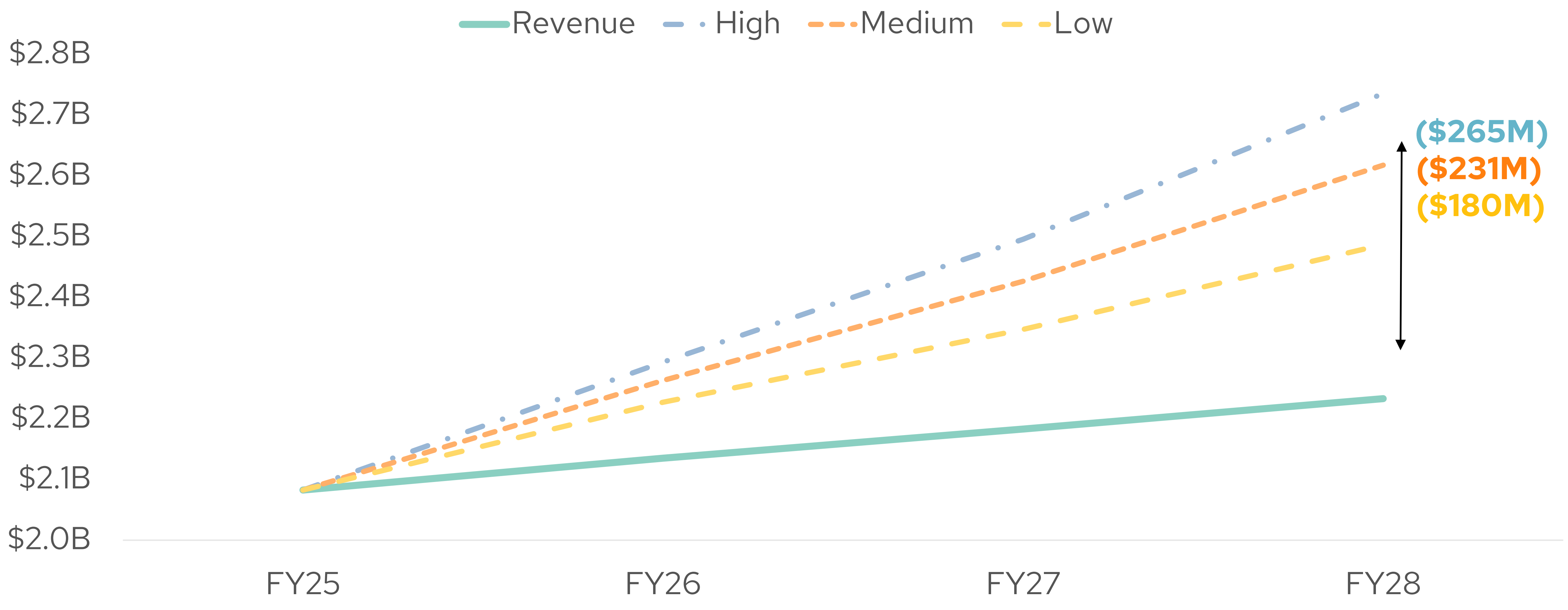
FY22	FY23	FY24	FY25
7%	10%	9%	11%

- **Low Growth Model (Most restrained)**
  - Future projected growth is *slower than recent trends* back to FY21
  - Personnel and Operating 5%; Contracts 3%; Total 4.3%
- **Medium Growth Model (Historical trends)**
  - Future projected growth *similar to recent trends* back to FY21
  - Personnel 10%; Operating 8%; Contracts 6%; Total 8%
- **High Growth Model (Least restrained)**
  - Future projected growth is *faster than recent trends* back to FY21
  - Personnel 14%; Operating 11%; Contracts 9%; Total 11.3%

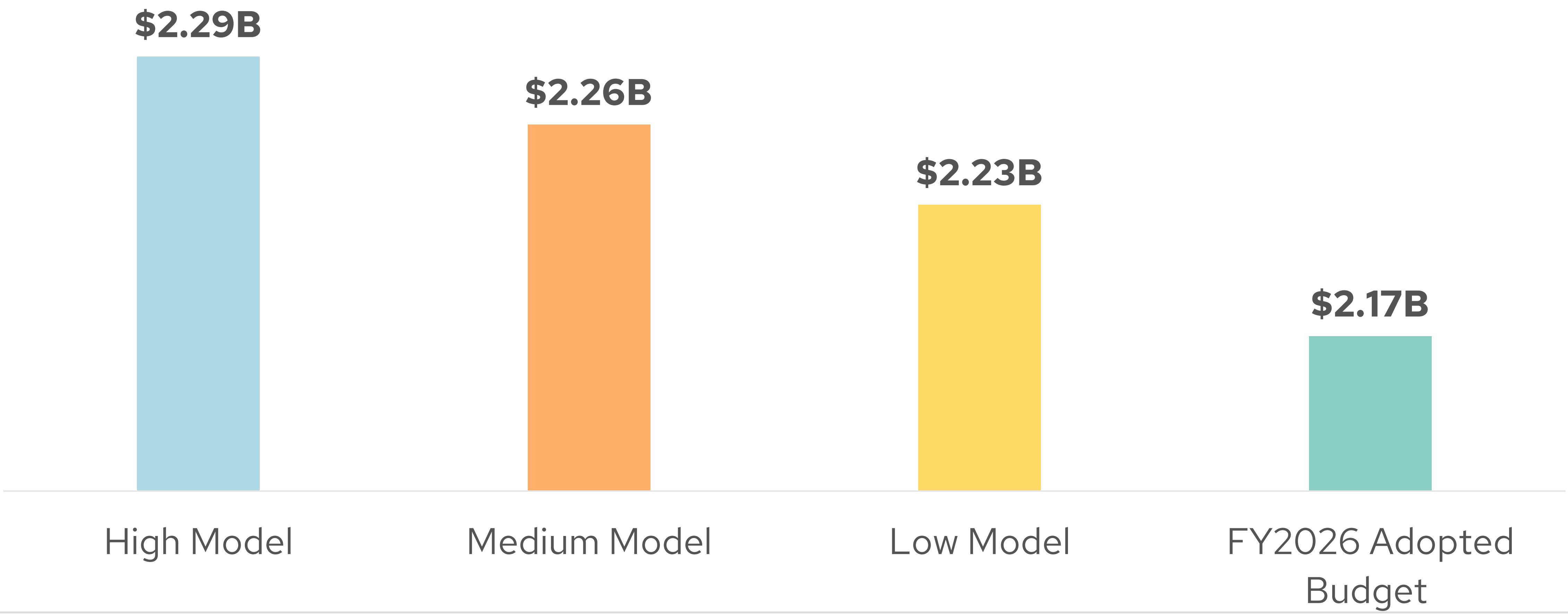
Avg. Year over Year % Increase FY14-FY20 = 7%

Smaller budget amounts, Smaller absolute $ increases

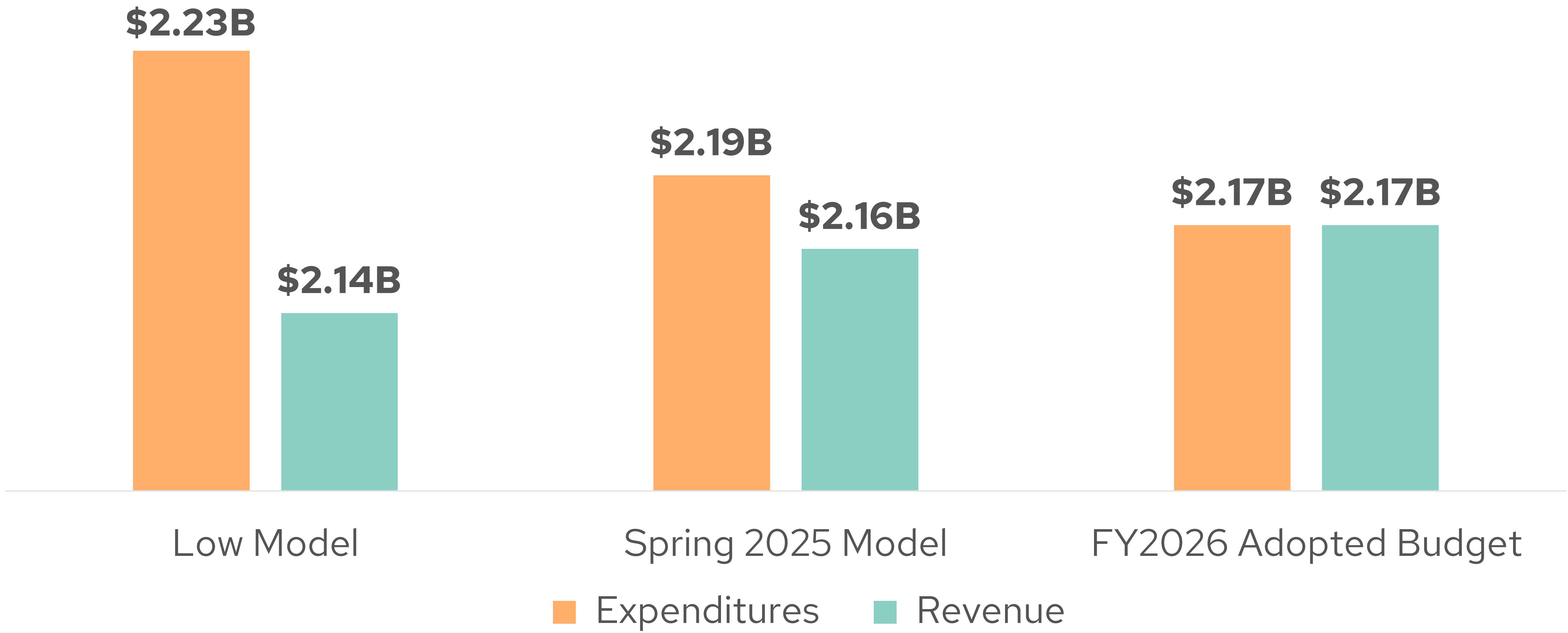
Forecast expenditure scenarios presented for FY26 budget planning



Budgeting was trending towards the medium model; FY26 decision process reduced trajectory

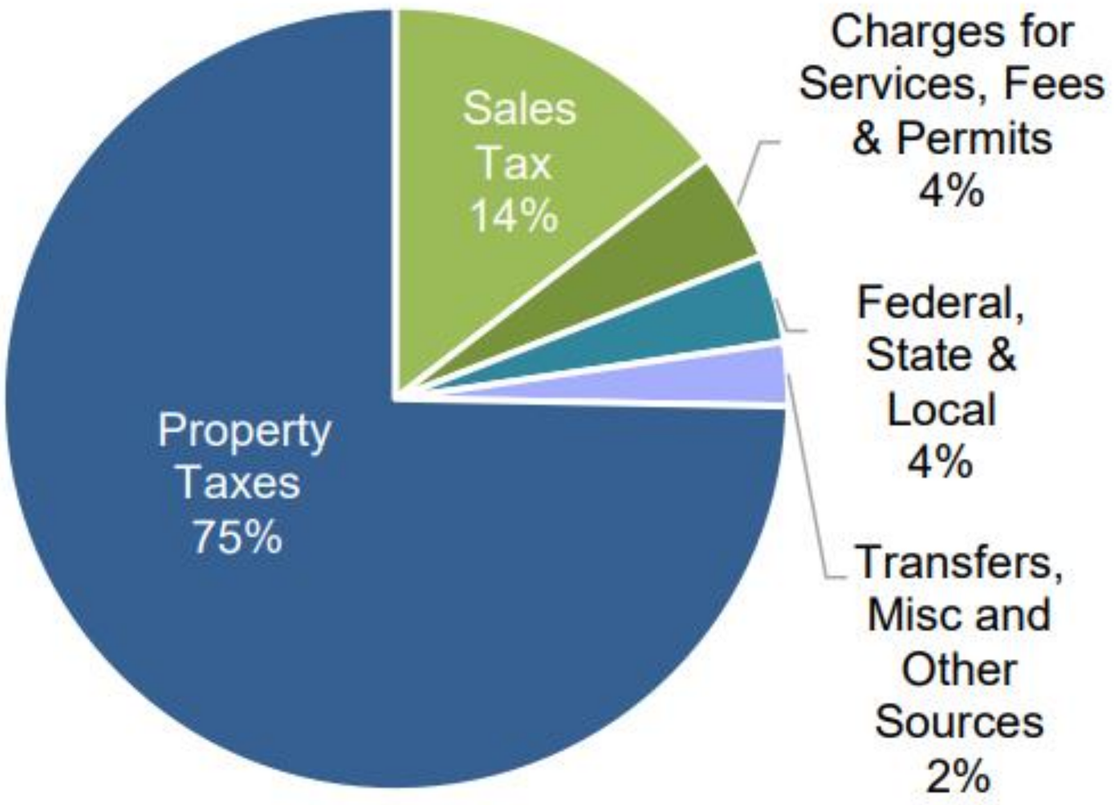


After Spring Adjustments that reflect new process, FY26 Budget landed within 1% Spring Model

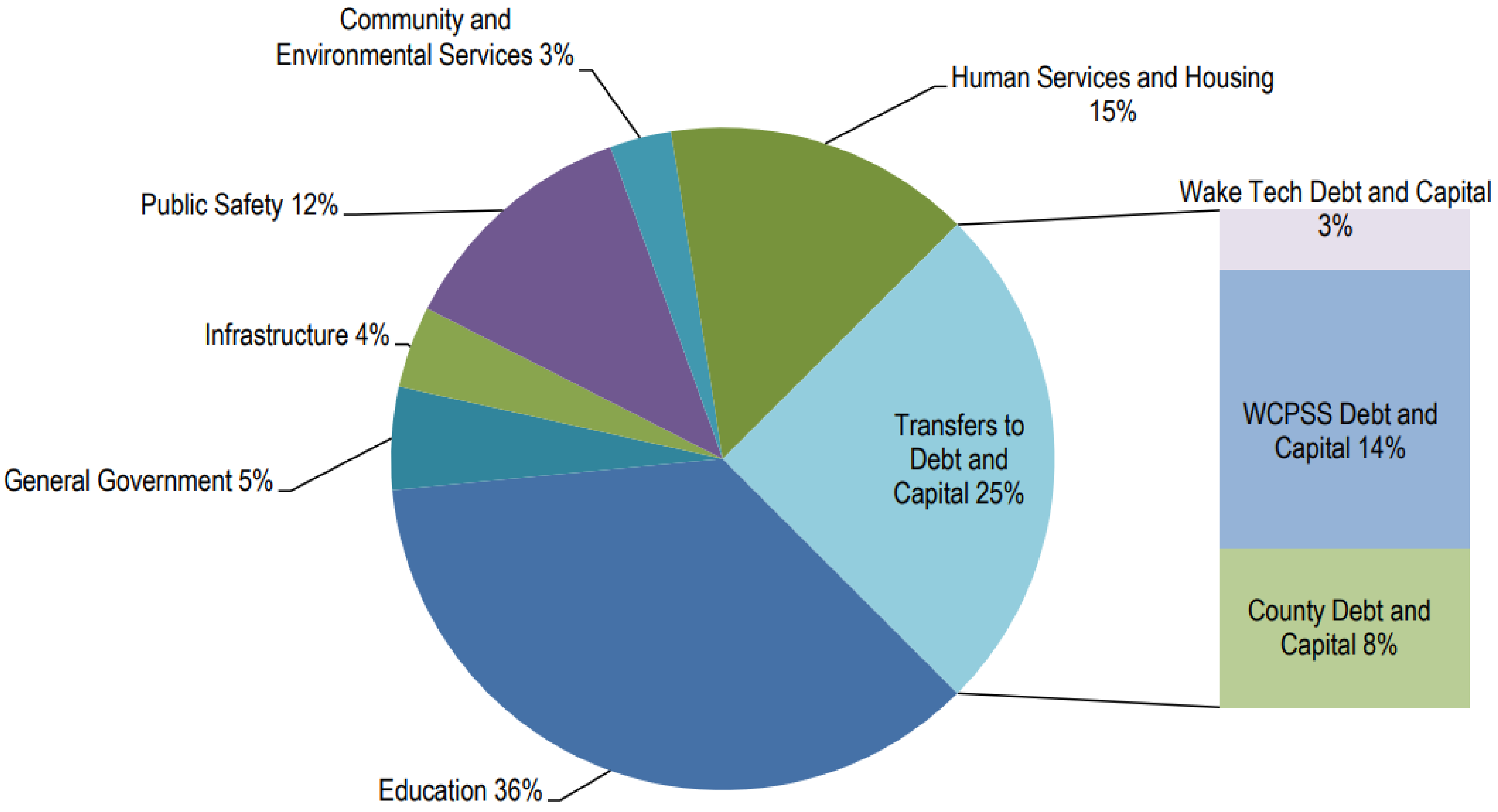


Reflection on the FY26 Adopted Budget

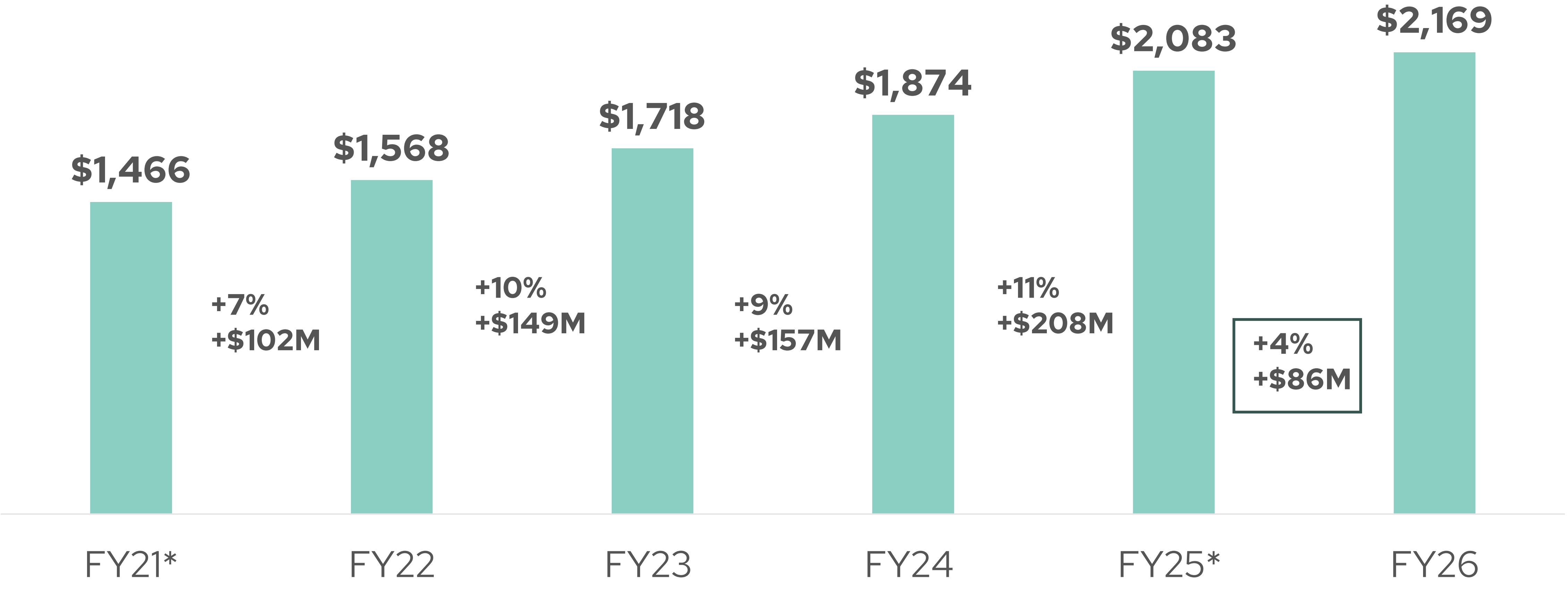
FY26 Total Adopted General Fund = $2,168,946,000: Revenue Sources



FY26 Total Adopted General Fund = $2,168,946,000: Expenditure Functions

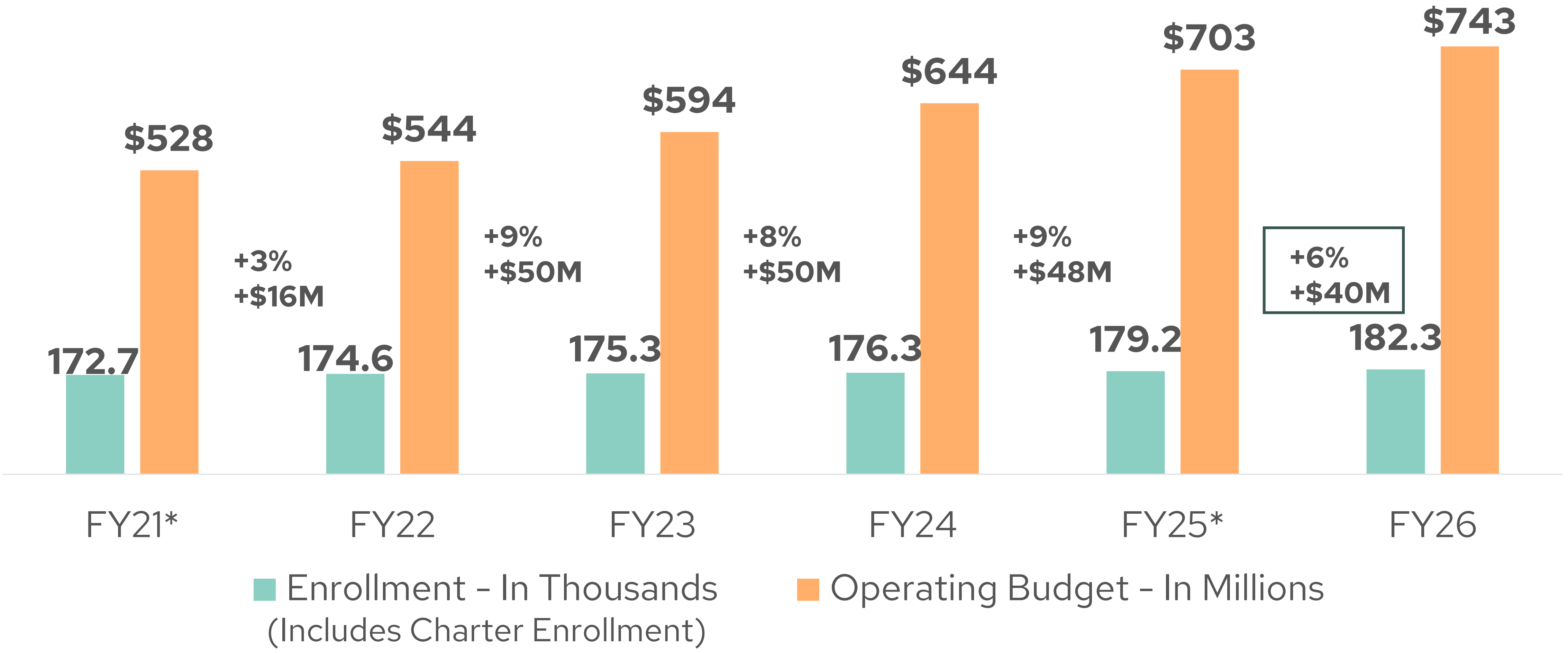


Total General Fund Growth between FY21 - 26 Adopted Budgets



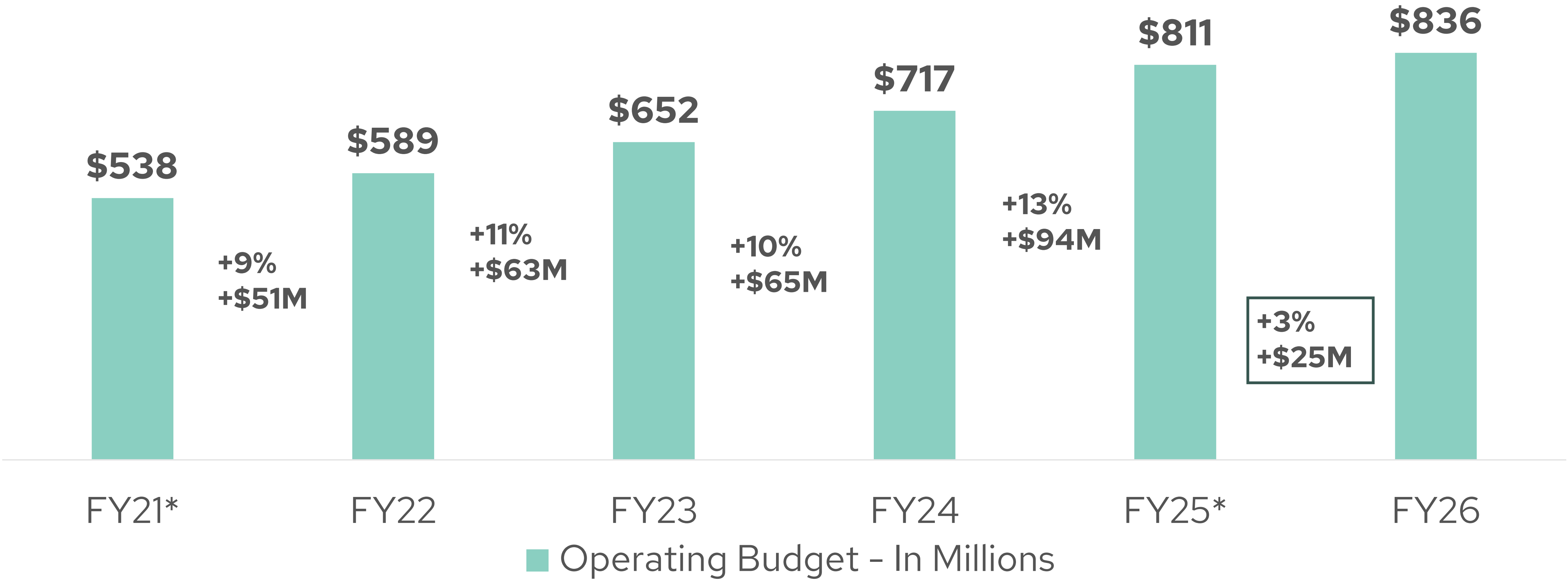
Budgets shown in millions. *Revaluation Years

WCPSS growth between FY21 - 26 Adopted Budgets



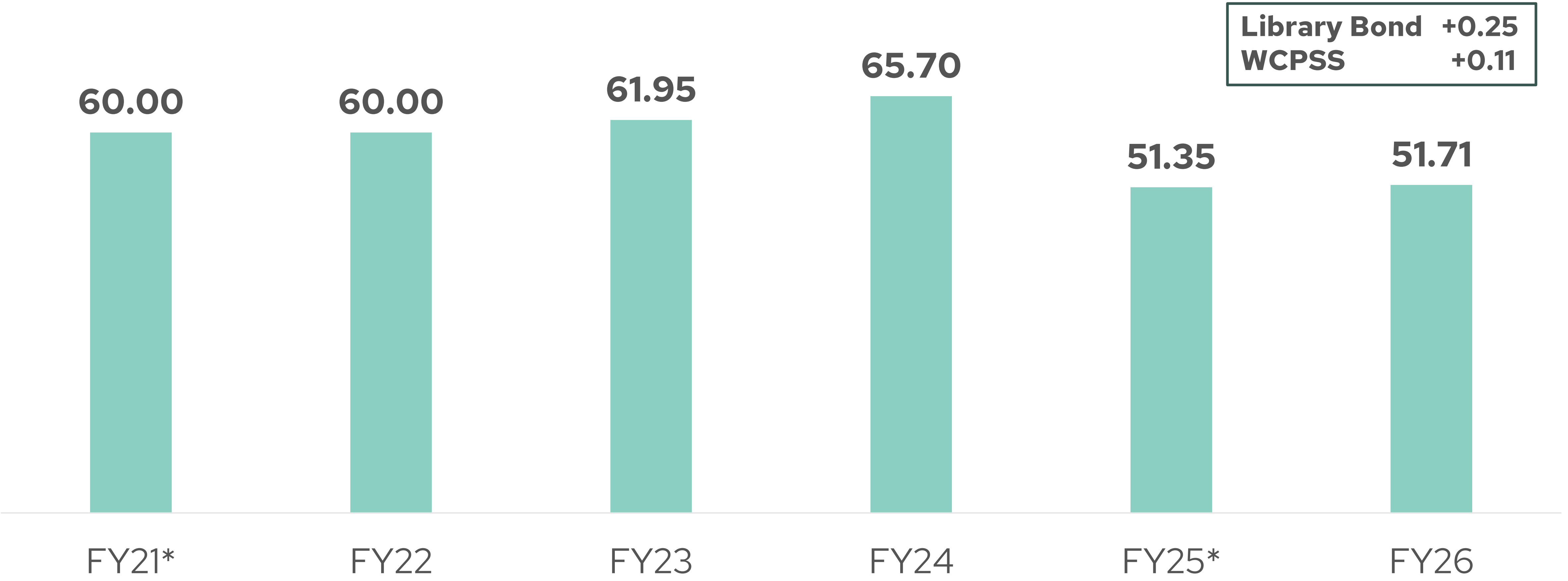
*Revaluation Year

County Operations Growth between FY21 - 26 Adopted Budgets



*Revaluation Year

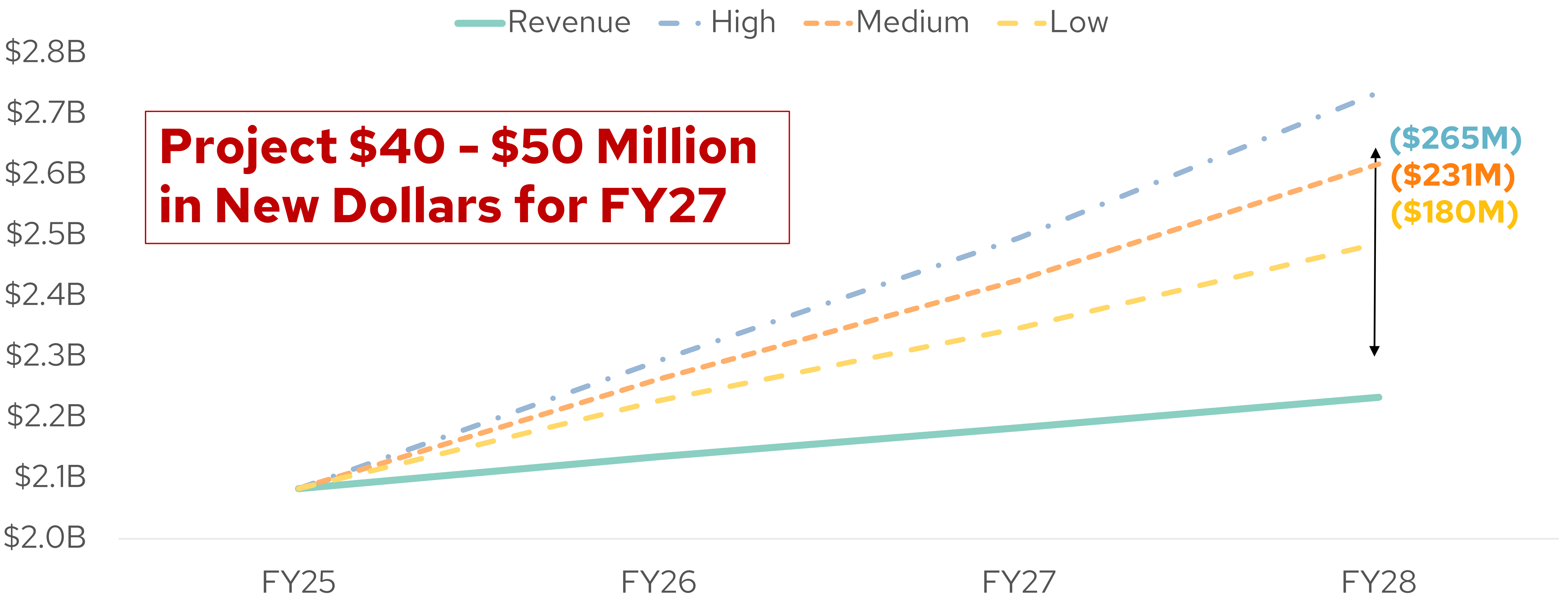
County Property Tax Rates



*Revaluation Year

FY27 Landscape

Forecast will be updated to include FY29 for discussion this winter



Budget items in the landscape

- Competitive employee compensation
- Evaluating ARPA funded efforts for on-going support
- Detention Annex re-opening
- Operating costs for new and replacement buildings
- Operating costs of new leases
- Wake Tech, WCPSS and Smart Start Requests
- Capital base changes and new projects
- Impact of tariffs
- Impact of federal budget reductions and reallocations is uncertain

Focus on Departmental Business Planning and Strategic Plan Initiatives

Sep–Oct: Deputy and Department discussion meetings

CMO Deputies meet with department leadership to understand and clarify department's business plan, resource assumptions and provide space for feedback discussion

Oct 23–Dec 11: Full CMO team discussion and planning meetings

County Manager and all deputies discuss departmental initiatives with an org-wide lens for collective understanding and agreement, prioritizing, and directing next steps in the budget process

Budgeting Timeline

- **January 9:** Base budget realignment, contractual services, commitments and cost escalation requests, reductions, user fee changes, revenue projections, cost updates for capital base budgets, and new capital projects
- **Rolling:** CMO Directed Expansion Requests; notify in December
- **January-March:** Policy and Budget Resource Meetings
- **April:** Budget Balancing
- **May:** Recommended Budget Presentation and Work Sessions
- **June:** Adopted Budget Decision

General Fund Base Development

Base: Project salary and benefits with current employee wages and benefits, and assumptions for vacant positions; maintain non-personnel budget at same level

Contractual Services: Departments submit anticipated contractual costs

Revenue Projections: Departments submit projections for end of FY26 and estimates for FY27

Commitments and Cost Escalation Request Type

- **Cost Escalations:** Requests that maintain current levels of services by addressing price changes outside of the County's control; no positions
- **Commitments:** Requests that support initiatives previously voted on and approved by the Board of Commissioners; include funding or positions.
- Examples of Commitment and Cost Escalation include:
  - Licensing, maintenance, software fees (not captured in contract process)
  - Significant, unavoidable cost escalations for current services (i.e. building security, housekeeping)
  - Operating costs of opening new facilities (or partially funded in FY26)
- *Final resource decisions will be considered in the Spring subject to funding during budget balancing

CMO Directed Expansion Request Type

- CMO business plan review and feedback may result in changes to the business plan, follow-up policy meetings, and/or direction to departments to submit a resource request for consideration

- By early December, impacted departments are informed what resource requests the CMO has directed them to submit

- Budget Office and department staff will collaborate to prepare and present funding scenarios/options to the County Manager's Office, January – March

- *Final resource decisions will be considered in the Spring subject to funding during budget balancing

Managing within projected revenue will necessitate options of repurposing, reallocating and scaling to meet core service delivery and strategic initiatives

Discussion and Questions

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