

# FY 2024 Budget Priorities

Joint Meeting  
of Board of Commissioners  
and Board of Education

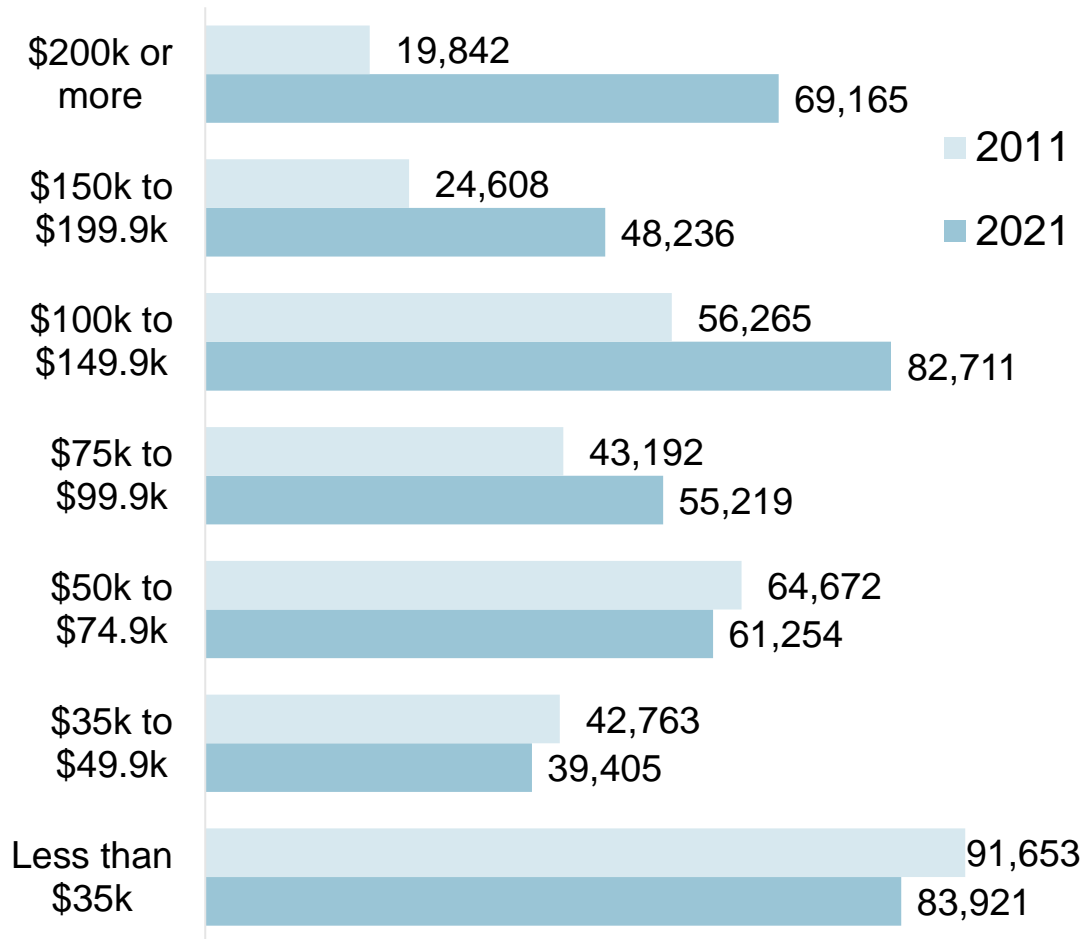
March 27, 2023



# Budgeting for the needs of now and tomorrow

- Budgets serve as a planning tool to allow Wake County to pay for mandated and discretionary services for residents and visitors
- The goal is to budget sustainably, allocating resources to meet the needs of the present without compromising the ability to meet the needs of future generations

# Wake County demographics: Continued growth adding older residents and high income households



- Wake County's population has grown 24% over the past decade
- Added 17,000 residents between 2020 to 2021 alone
- Over the past decade, low income households in Wake held steady, while adding almost 100,000 high income households
- 46% of Wake County's population growth is people aged 55 or older
- Residents over age 60 fastest growing population segment

American Community Survey estimates 2011, 2021

# Lower income households impacted by changing benefits and increasing costs

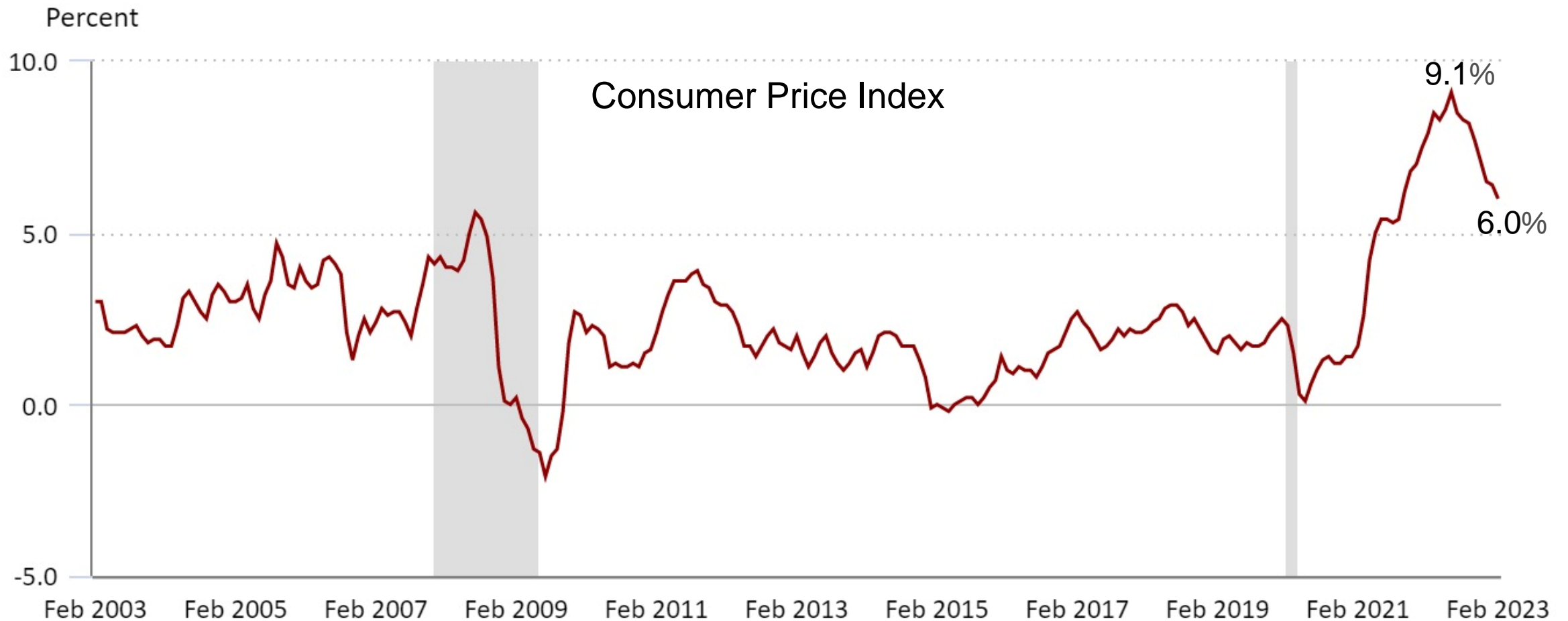
- Household costs increasing: renting is 27% more expensive than prior to COVID-19; food, medical care, and childcare costs outpace overall inflation
- Pandemic-related emergency SNAP allotments ended in February 2023 for nearly 94,000 Wake residents
- Continuous Medicaid coverage also ending; 166,000 eligible Wake residents will need to recertify or lose their eligibility beginning April 1, 2023
  - Estimated 50,000 additional Wake residents could receive Medicaid through expansion; costs not fully offset by state or federal funding

# FY24 expected to return to normal / moderate revenue growth

Revenue Item (in millions)	FY23 Adopted	FY24 Base Projection	\$ Change	% Change
Property Taxes	1,231.8	1,267.3	35.5	3%
Sales Taxes	294.8	322.1	27.3	9%
Intergovernmental	79.2	79.6	0.4	1%
Charges, Permits and Fees	75.3	77.9	2.6	3%
Fund Balance	7.8	0.9	(6.9)	(88%)
All Other Revenues	28.7	23.3	(5.4)	(19%)
<b>Total</b>	<b>\$1,717.6</b>	<b>\$1,771.1</b>	<b>\$53.5</b>	<b>3%</b>

- Moderate property tax revenue growth from natural growth in assessed valuation
- Sustained sales tax collections; slowing growth

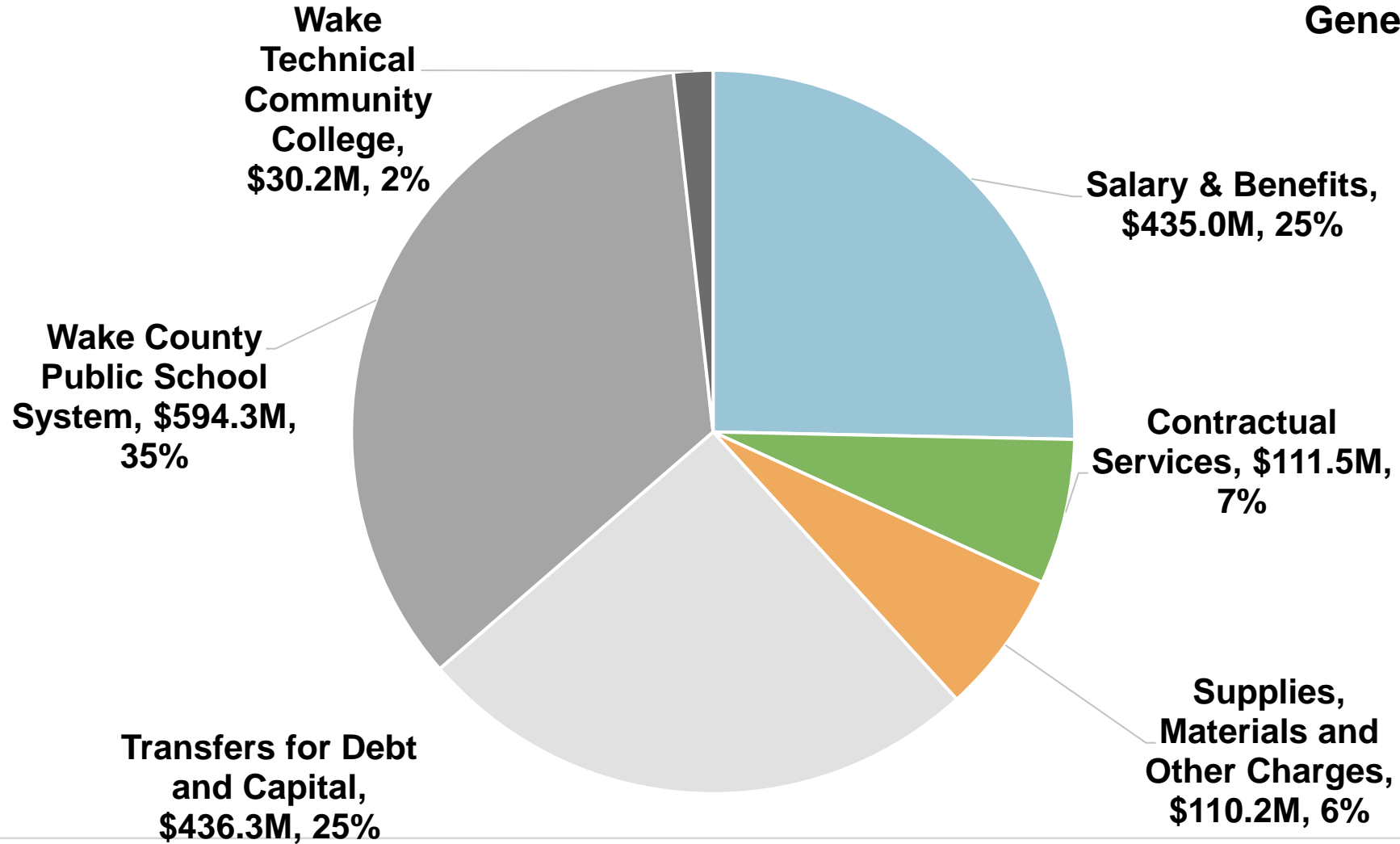
# Recession risks elevated in 2023 with higher inflation and federal interest rate increases



Source: U.S. Bureau of Labor Statistics.

# FY23 budget expenditure components

**\$1.7 billion FY23  
General Fund budget**



# Funding inflation would require \$147 million

- Inflation outpacing county revenue growth of 3%
- Debt and capital transfers driven by long-term modeling, not inflation
- Inflation measure selected is calendar year 2022 CPI average

	FY23 Adopted Budget	x 8.58 percent Inflation	Calculated Inflation Increase
County Operations	652.28	708.23	55.96
Transfers to Debt and Capital	436.33	473.75	37.43
Education (WCPSS, WTCC, Smart Start)	628.91	682.85	53.96
<b>Total (millions)</b>	<b>\$1,717.52</b>	<b>\$1,864.83</b>	<b>\$147.35</b>



# Mandated and core County services

## General Government

- Election Administration
- Deed Registration
- Tax Assessment and Collections
- Courts Maintenance
- Medical Examiner

## Public Safety

- Emergency Management
- Fire Protection
- EMS - Medical assistance and transport
- Law Enforcement in unincorporated areas
- Detention (Jails)
- CCBI – Fingerprints, Blood/Alcohol Testing

## Community & Environmental Services

- Building Code Enforcement/Inspections in unincorporated areas
- Solid Waste Management
- Water Quality – well testing, septic permitting, erosion/stormwater control
- Environmental Health and Safety Inspections

## Human Services

- Social Services – Medicaid, Food and Nutrition Services, Emergency Assistance, Family Support
- Public Health – Communicable Disease, Vital Records, Maternal and Child Health
- Child Welfare
- Behavioral Health

# Mandated responsibilities for WCPSS

- County public school funding responsibilities defined in NC State statute
- Primary responsibilities focus on funding building construction and maintenance
- Indirect authority allows support of public school operating expenses

## County Funding Responsibility

### Direct Delegation of Funding Authority

- G.S. 115C-521: school facilities, furniture and apparatus
- G.S. 115C-249: buildings for bus and vehicle storage
- G.S. 115C-522(c): library, science, and classroom equipment
- G.S. 115C-522(c): water supply and sanitary facilities
- G.S. 115C-524(b): keeping school buildings in good repair
- G.S. 115C-524: school maintenance and repairs
- G.S. 115C-522(c): instructional supplies and reference books
- G.S. 115C-534: school property insurance
- G.S. 115C-525(b): fire inspections

### Indirect Delegation of Funding Authority

- G.S. 115C-431: sufficient funds for operating expenses and capital expenses each year that, when added to other financial resources available to the school unit for these purposes, allow the school unit to provide all students with an opportunity to receive a sound basic education



# Mandated responsibilities for Wake Tech

Per NC general statute D115-32, the County is responsible for:

- Plant Fund - Acquisition of land; erection of all buildings; alterations and additions to buildings; purchase of motor vehicles; purchase of equipment for the maintenance of the campus; and purchase of furniture and equipment not provided for administrative and instructional purposes
- Operation and Maintenance - Salaries of facilities staff; payment of utilities; payment of costs related to janitorial services; payment of costs for maintenance and repair of buildings, vehicles, and equipment

# Competing Budget Pressures

While developing County Manager's recommended budget, multiple pressures to consider:

- Cost escalations and economic uncertainty
- Statutory County funding responsibilities
- Education requests, including WCPSS, Wake Tech, and Smart Start
- County operational demands to address Board initiatives, continued population growth, demand for services, and cost escalations
- Strategies for recruitment and retention to address historically high turnover and workforce vacancies to meet county operational demands

# Budget decisions informed by strategy

Parallel to budget development are processes to establish the County's strategic direction:

- Board of Commissioners adopted the 2023 goals and key strategic actions in February 2023 after discussing the areas of emphasis and priorities



Community  
Health



Economic  
Strength



Education



Great  
Government



Growth and  
Sustainability



Public Safety

# Budget decisions start with existing resources

Limited resources to address growth and costs require evaluating questions in areas such as:

- **Collaboration** – How can departments and community resources work together to leverage existing resources to achieve an improved outcome? Where is redundancy across the County organization or the community?
- **Realignment** – Where do departments have budget capacity that can be realigned to evolving or higher priorities?
- **Creativity** – How can we do things differently to deliver services more efficiently? What technologies are available to improve services? How can current resources be applied in new ways for an improved outcome?
- **Prioritization** – What initiatives have the highest value or the biggest impact? What initiatives are most urgent?

# FY24 priorities for county services

- Continue to recruit and retain a high-performing workforce to enable service provision
- Address the increased cost-of-doing-business for mandated responsibilities
- Respond to growth in population and demand
- Maintain high-quality service delivery
- Continue previously planned expansions of existing programs to meet Board and management objectives

## Workforce

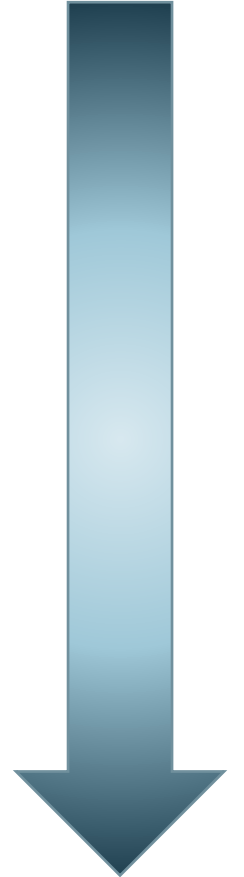
Compression, recruitment, retention, merit, benefits

## Maintain

Core mandated services and facilities (escalation)

## Expand

New services & open long-planned facilities



# Funding strategies for FY24 priorities

- Monitor revenue trends and complete final revenue projection
- Appropriate one-time sources for pilot projects or other one-time needs
- Evaluate property tax rate and recommend a property tax rate



# Balancing the budget – steps in the process

April

- Finalize revenue projections, considering broader economic trends
- Evaluate and prioritize funding requests

May

- County Manager presents Recommended Budget on May 1
- Board Work sessions on Budget on May 8 and May 22
- Public Hearings on Budget on May 9 and May 15 with additional date TBD

June

- Board of Commissioners Consider Budget for Adoption on June 5