

# WAKE COUNTY

## RECOMMENDED BUDGET

July 1, 2018 – June 30, 2019



# 19



# INTRODUCTION

Good evening, commissioners. It's a pleasure to be here with you tonight in my new role as I present the Fiscal Year 2019 Recommended Budget.

I've worked closely with staff and our partners for months to create a budget proposal that is financially sound and will help us make real progress in accomplishing the goals and the vision you've set for the county.

## Impact of Growth

Wake County is growing

Our population increases by **63 PEOPLE A DAY**

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We all know Wake County is growing. Every day, 63 new people call this place we love home.

We talk about our increasing population all the time. In fact, it's really been the driving theme of the past three budget messages.

Growth is important, and because it's not going to stop any time soon, we must plan for it in the right ways. But, it's not the only thing we must consider as we look to the future.

We must also focus on things that don't directly tie to growth like maintaining the incredible quality of life that makes Wake County so special. Our parks, our libraries, our greenways and our nature preserves – they're just a few examples.

Wake County is a place where people want to live, work, learn and play, because we have a quality of life that is second to none. And, we want to keep it that way.

But, unfortunately, not everyone is able to enjoy it. Some folks are struggling to make ends meet, can't find housing they can afford and may not know where their next meal will come from.

As I will highlight, we have an opportunity to help improve the quality of life for all our residents through the investments recommended in this budget.

## Developing the Budget

Earlier this year, you directed us to continue working to achieve the seven goals, which are listed on the screen. You also prioritized 22 of your 60 initiatives and said they should guide our work this year. We focused on those directives while building this budget recommendation, and we feel strongly that it will enable us to move the needle in all your goal areas in FY19. That's the kind of progress that you and I both want to see.

FY19 Recommended Budget built to address board goals

- Community Health
- Economic Strength
- Education
- Great Government
- Growth and Sustainability
- Public Safety
- Social and Economic Vitality

Will enable us to make progress in all goal areas over the next year

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## Maslow's Hierarchy of Needs

At your board retreat in March, Maslow's Hierarchy of Needs was mentioned. It's a theory that states we can begin to grow and thrive only after our basic needs are met – things like food, water and a safe place to rest our heads.

That concept stuck with me as I worked on this budget, particularly because of this statistic: we currently have more than 93,000 residents in Wake County living at or below 100 percent of the federal poverty rate. That means roughly 10 percent of our population lives in a household making \$25,000 or less a year.

If those 93,000 residents were a municipality, it would be the third largest municipality in Wake County. It's also larger than the populations of 70 of our state's 100 counties. No matter how you look at it, it's a sobering statistic, especially when you consider that as our county grows, so will this population in poverty.

I firmly believe that if we can provide reliable sources of food, housing and healthcare for those struggling to thrive in Wake County, we can elevate them to a better place in life. That's good for them, and it's good for our community.

It's our role as public employees to serve all residents to the best of our ability, and that is what the budget proposal I share with you today aims to do.

## Budget Breakdown

The Fiscal Year 2019 Recommended Budget totals more than \$1.3 billion and includes a 2.9-cent property tax increase. For every \$100,000 of assessed value, a property owner would pay an extra \$29. That increase would bring the county's property tax rate to 64.4 cents.

As we shared with you in March, our normal revenue growth will generate \$24 million without a tax increase. That's not enough to maintain our operations, meet our commitments and address your highest priorities. Simply put, growth doesn't pay for itself. And, we must make smart choices with the funding we do have.

As you can see in the chart, property tax is our main funding source. It represents 72 percent of the total budget. It's the only revenue source within the county's complete control. By increasing it, we can fund expanding needs in your priority areas and advance your board goals.

## Property tax is our main funding source

Property tax equals 72% of total budget

Only revenue source within the county's control



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Here's the impact of that tax increase on the average homeowner. The average value of a home in Wake County today is a little less than \$300,000. The owner of that home would pay an additional \$87 a year in property taxes under this recommendation.

Over the next few minutes, I'll share highlights of the recommended budget and demonstrate how the tax increase is money well spent.

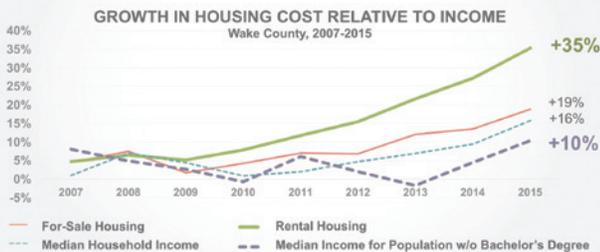
## Housing Affordability

I'll start with a topic that's become a central focus for all of us over the past year—housing affordability.

Housing affordability is one of the biggest long-term challenges we face in Wake County. There are several key trends driving our housing needs.

First, as I mentioned earlier, we're growing. Our housing supply is not keeping up with that growth, which puts upward pressure on the cost of renting or owning a home. If our housing supply does not catch up with the needs of our population, it will continue to be difficult for families to find homes in our community.

## Household incomes are not keeping pace with rising housing costs



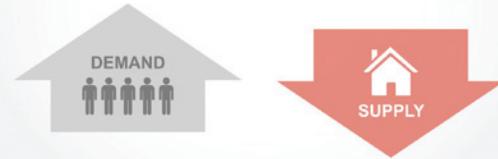
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Second, household incomes are not keeping pace with the rising cost of housing. Since 2007, rental housing costs have increased by 35 percent. But, the median household income for residents without a bachelor's degree—who typically earn lower wages—increased by only 10 percent. That's a significant gap.

Third, Wake County has a shortage of homes that are affordable to lower-income families – those making less than \$39,000 a year. There is a need for 56,000 more housing units than what is currently available. As our county grows, that number is going up. At the same time, our supply of affordable housing is going down every year because of redevelopment or conversion of current units.

## There is a shortage of homes affordable to families making less than \$39,000 a year

Current shortage of 56,000 units



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Wake County, the municipalities and other partners need to act to reverse these trends. This is a community-wide issue, and all stakeholders must play a role to reach a solution. We cannot do it alone.

Housing affordability is critical to Wake County's success. It preserves our county's economic competitiveness by offering housing for people at all income levels. It also supports individual economic opportunity for all residents, and furthers Wake County's commitment to healthy and inclusive growth.

## Sharing the Solution

I believe Wake County can be a leader in addressing our community's housing challenges. As a board, you unanimously adopted a 20-year Affordable Housing Plan and directed us to implement it. To move this plan forward at the pace you envision, we need additional funding.

## Next big step: Make a historic investment in housing affordability

FY19 Recommended Budget

**\$15 million**

- Dedicated annually to helping our residents secure safe places to live
- Will generate **\$75 million** over first 5 years

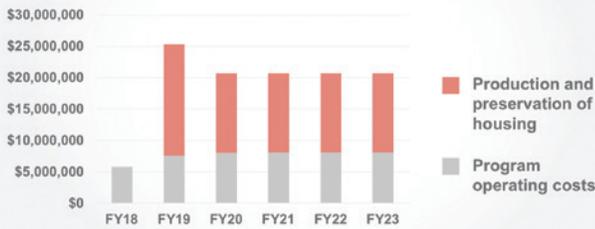
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That's why I am proud to say the Fiscal Year 2019 Recommended Budget includes a historic investment in housing affordability. I propose dedicating \$15 million in new revenue to help provide more housing options for all our residents. This would be a dedicated, recurring funding stream for housing affordability efforts. It would equate to slightly more than a penny on the property tax rate.

In FY18, the county's total investment in housing services was \$5.7 million. In FY19, I propose investing approximately \$25 million to begin a robust housing affordability program.

For FY19, the funding would include the \$5.7 million in existing funds, plus \$15 million in new revenue, plus some ABC funds to kick start our efforts. Then, you'd see a total investment of about \$20 million a year going forward.

## Additional \$15 million per year would mostly fund production and preservation of housing



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Most of our funding—what you see in red—will go toward increasing the stock of housing that is affordable in our community. The rest of the dollars—what you see in gray—would go toward program operating costs related to housing.

### Producing and preserving units

First and foremost, we want to build and preserve more housing that working families can afford, because, right now, the demand far outweighs the supply. These working families include hospitality workers, construction workers and so many others who are valuable to our community.

We would look for opportunities to increase the number of rental units available by acquiring or helping preserve properties that are prime for affordable housing, including properties near schools and public transit corridors.

## Build more housing that working families can afford



### Addition of affordable housing

Last 5 years (2013–2018)

**+500 units**

Next 5 years (2019–2024)

**+2,500 potential units**

- Opportunity fund for property acquisition and preservation
- Increased rental production
- Municipal partnerships to support housing affordability

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With \$64 million in funding, Wake County would have the potential to produce 2,500 new affordable housing units over the next five years. That would be five times more units than the county added in the previous five years.

This is a significant investment. But, we know Wake County cannot change housing trends on its own. So, we will actively pursue partnerships with the municipalities, developers and other organizations to better leverage our resources.

### Helping people experiencing or at risk of homelessness

Our investment also focuses on helping those experiencing homelessness or who are in danger of losing their homes.

Our plan includes operating and capital financial support for a new women's shelter. Currently, the community does not have enough bed capacity to serve homeless women without children. Through a partnership with Urban Ministries, the budget includes additional funding for 37 beds to give more single women a safe place to stay the night and access services.

## Increase funding and support for people experiencing or at risk of homelessness



- Partner to expand women's shelter capacity
- Open Oak City Multi-Services Center

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The budget also includes funding to open and operate the Oak City Multi-Services Center, a single facility where people experiencing or at risk of homelessness can access an array of services they need to get back on their feet.

Further, I want to commit to effectively ending veteran homelessness in Wake County by the end of calendar year 2021. With investment and support in this and future budgets, I believe we can do this. These men and women who served our country deserve the opportunity to live in safe and stable homes, and we're going to help them get there.

### Permanent supportive housing

We can also help break the cycle for people who move through and between community systems. These are individuals who frequently interact with homeless assistance, law enforcement and emergency medical services.

## Break the cycle for individuals moving through community systems

- Create a pilot program serving those who interact with homeless, medical and law enforcement services
- Based on best-practice Permanent Supportive Housing model

- ⊕ Case management
- ⊕ Mental health services
- ⊕ Primary health care
- ⊕ Substance abuse treatment
- ⊕ Independent living skills



### Permanent Supportive Housing

- ⊕ Benefits assistance
- ⊕ Job training
- ⊕ Transportation
- ⊕ 24-hour resources

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I recommend that we implement a pilot program based on the nationally-recognized model for permanent supportive housing. This model combines housing assistance with support, such as mental health services and job training, to help keep people out of crisis.

Permanent supportive housing has proven to be a cost-effective solution for helping people gain independence, while reducing the likelihood that they'll cycle back through our shelters, hospital emergency departments and jails.

We have positioned ourselves to move forward with this effort by earmarking funds to establish permanent supportive housing units.

### **\$75 Million in new investments over five years**

To sum things up, let's talk about how we would invest the new \$75 million generated over the first five years of the plan. About \$64 million would go towards creating housing units, increasing home ownership opportunities and partnering with municipalities to enhance housing opportunities county-wide. About \$11 million would go towards creating the administrative infrastructure necessary to move housing affordability programs forward and develop a continuum of care for those in permanent supportive housing. This shows most of our investment is going directly back in to improving our community.



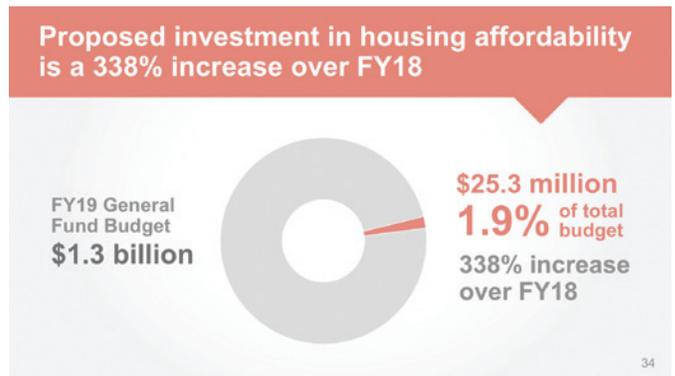
### **Investment benefits the community**

When stable and affordable housing is available, our whole community benefits. Families with access to homes that are affordable have more income available to make sure their most basic needs are met.

Quality affordable housing also helps create a stable environment for children by reducing frequent family moves and making it easier for them to perform well in school.

In addition, investments in affordable housing produce benefits in the form of jobs, local income, increased property values and property tax revenues. For example, the National Association of Home Builders estimates that, for every 100 typical tax credit apartments, nearly \$8 million in local income, more than \$800,000 in taxes and 122 local jobs are generated in the first year alone.

So, as you can see, the benefits of this historic annual investment in housing affordability are many. The total funding recommendation for housing represents \$25.3 million in our FY19 General Fund Budget – a 338-percent increase over FY18.



### **Investing in Behavioral Health**

Another challenge facing our community right now is access to behavioral healthcare. Studies show one in five adults in the U.S. battles mental health issues. In Wake County, that means we have thousands of people entering the system for the first time, or striving to achieve lives of recovery and stability.



You've told us this is an area you want us to focus on, which is why the recommended budget includes a \$30.6 million investment in programs to better coordinate access to mental health and psychiatric services for our residents.

The Behavioral Health Summit held in October helped us identify key focus areas for county dollars. Along with our community partners, we're working now to implement initiatives identified by summit attendees. Two focus areas for the coming year include improving access to appropriate services for people in a crisis and enhancing the coordination of care for school-aged children with potential behavioral health needs.

### **Urgent care pilot program**

We propose assigning \$750,000 to develop and implement a pilot program to offer behavioral health urgent care. It would work a lot like the urgent care facilities that many of us go to today when we're sick or hurt – only this program would provide services specifically tailored to mental and behavioral healthcare needs.

For example, if your anxiety or depression is escalating, or your psychiatric medications run out long before your next appointment, you could go to behavioral health urgent care instead of an emergency department. The hours would likely extend past the typical 9-to-5 and include some weekend hours, because, as we know, these issues don't just happen during the traditional work day.

## Behavioral Health Urgent Care would improve access to services

**\$750,000**

### Behavioral Health Urgent Care Pilot Program

- More timely service
- Less costly for patients
- Frees up space at crisis facilities



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Overall, behavioral health urgent care would be designed to address a service gap and provide faster, less expensive service for patients while freeing up space at crisis facilities like emergency departments.

### Enhanced mobile crisis service pilot project

In this budget, I also recommend investing \$850,000 in a pilot project that would pair mental health professionals with our first responders. Through this partnership, enhanced mobile crisis teams could intervene earlier when someone is experiencing a crisis. That means people would receive the care they need, and their situations could be resolved more quickly.

## Mobile Crisis Service Pilot would pair mental health professionals and first responders



**\$850,000**

### For enhanced mobile crisis service pilot program

- Earlier intervention for people in crisis
- Would divert people from the emergency department and jail

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### School-based mental health team

We also want to improve access to behavioral healthcare services for school-aged children. Recent high-profile events in the news remind us that our youngest residents have mental health needs that are just as serious as those of adults.

## School-based mental health team links students to behavioral healthcare

Increase funding by **\$400,000** to add staff to Alliance Behavioral Healthcare's school-based team

**Total investment of \$1.4 million**



### Additional staff would:

- Improve caseworker-to-student ratio
- Provide more resources for families and school staff

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Therefore, we propose investing an additional \$400,000 in Alliance Behavioral Healthcare's school-based mental health team, bringing our total investment to \$1.4 million. The funds would add more staff to help the schools link students who have developmental disabilities or mental health needs with behavioral healthcare. The proposed additional funding would improve the caseworker-to-student ratio and early identification of student needs, while providing more resources for families and school staff.

Overall, my total funding recommendation for behavioral health in the FY19 budget is \$30.6 million of our General Fund. That's a 13-percent increase over FY18.

## Proposed investment in behavioral health is a 13% increase over FY18

FY19 General Fund Budget  
**\$1.3 billion**



**\$30.6 million**  
**2.3%** of total budget  
**13% increase** over FY18

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## Investing in County Operations

When building the budget, another important area I focused on was county operations. We should and must invest in our organization to meet growing demands for service, and achieve your goals and initiatives.

## Wake County provides a wide range of programs and services

Total investment:  
**\$513 MILLION**



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This chart shows the wide range of the work we do in Wake County. From managing public health and social services to building parks, protecting our water supply and keeping the public safe, we do a lot, and our recommended budget allocations for county operations in FY19 reflect that.

When we look at our operational needs, they fall into four main categories: following through on our commitments, managing our risk, maintaining service levels and adding new programs. I'll walk through each of them with you now and give examples of the investments I propose making in each one.

## Commitments

Let's start with commitments. These are basically the things we must do – things like funding previously-approved projects and annualizing partial-year funding.

### Equip the Board of Elections to conduct effective elections in compliance with law



**Commitment**

- Replace 13-year-old voting equipment
- Fund one-stop early voting for the 2018 General Election

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It's our job to make sure the Wake County Board of Elections has the tools and staff needed to effectively register voters and hold elections. To help, I recommend in the FY19 budget adding funds to complete the replacement of the Board of Election's 13-year-old voting equipment with more modern technology. The budget also proposes funding nine early voting sites for the 2018 General Election. These sites would be open for 17 days prior to election day and employ more than 250 temporary staff members.

### New and renovated libraries need funding to hire staff and open to the public

**Commitment**  
Open and operate:



Fall 2018

**Expanded Wake Forest Community Library**



Spring 2019

**New Cary Regional Library**

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Another commitment we have is to open and operate the libraries we build. We're in the process of expanding one in Wake Forest and building a new one in downtown Cary. So, this budget proposal provides funds to hire the employees needed to serve visitors at these libraries and cover the necessary operating costs.

These facilities will help enhance quality of life for our residents and give them better access to books, as well as provide thought-provoking programming for young and old alike.

Much like our libraries, our nature preserves also enhance the county's quality of life, and offer great opportunities for exercise and outdoor exploration.

We're preparing to open the second phase of Turnipseed Nature Preserve to the public this summer.

If we want visitors to have a pleasant experience there and come back, we need to keep it in good condition. In the FY19 budget, I propose funding Turnipseed's ongoing maintenance needs, and adding temporary positions to open the nature preserve on weekends and certain weekdays.

### Opening Turnipseed Nature Preserve brings maintenance and operations costs

**Commitment**

- Phase 2 of the preserve opens this summer
- Ongoing maintenance costs
- Temporary staff for weekend and some weekday hours



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## Risk management

The next area I looked at while making decisions about county operations was risk management. I considered ways we could mitigate risk and improve how we comply with regulations.

We're all familiar with the situation involving the money missing from the Register of Deeds Office. Following that discovery and investigation, we made changes organization-wide to strengthen how we handle cash.

We've provided more in-person training to employees who handle cash, and we're working to accept credit and debit cards at more locations. In addition, internal and external auditors are conducting reviews of sites that accept cash.

To take these controls a step further, the FY19 budget adds a revenue manager position in our Finance Department to oversee our revenue and cash management business processes. I also recommend funding an annual external audit, as requested by the Register of Deeds Office, to help ensure the finances are in order and county policies are being followed.

### Strengthen organizational controls

**Risk Management**

- Add revenue manager to oversee revenue and cash management
- Fund an annual external audit of the Register of Deeds Office



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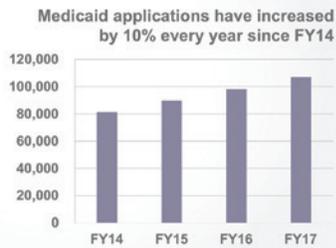
I also propose investing in new tools to protect our IT network from security threats. Phishing scams, ransomware and hackings are real dangers, and we must do all we can to protect our information. By putting these tools into effect, we won't eliminate all threats. That's impossible. But, we will enhance our defense against them.

We must also ensure we're meeting federal and state requirements for timeliness and accuracy. Each year, we process roughly 107,000 Medicaid and 78,000 Food and Nutrition Services applications and recertifications. I propose adding seven Medicaid positions and two positions to Food and Nutrition Services to ensure we're processing the paperwork as standards dictate, so residents can get the benefits they qualify for in a timely manner.

## Meet federal and state requirements for Medicaid, Food and Nutrition Services

### Risk Management

- Add **7 positions** to Medicaid services
- Add **2 positions** to Food and Nutrition Services



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We're seeing an increase in suspected and confirmed cases of communicable diseases like E. Coli, Zika and whooping cough. Our research shows that the caseload has grown from about 1,000 in FY14 to nearly 1,300 in FY17 – a 27-percent increase.

In my recommended budget, we provide funding to hire a public health communicable disease nurse. This new position would help ensure we're in compliance with state-mandated reporting and case investigation requirements, and improve our ability to handle sudden disease outbreaks.

### Maintain service levels

Another element of county operations I considered while developing this budget was maintaining our service levels. We must continue delivering a high level of service to our customers while meeting growing demands, and following complex rules and regulations.

Since 2014, EMS has experienced a 15-percent increase in calls for service, with the volume reaching more than 100,000 calls last year alone.

To meet demand, especially during daytime hours when the most calls come in, I recommend investing more than \$1 million to purchase two new ambulances and hire the staff needed to operate them. This will help EMS maintain safe call response levels.

Another issue our EMS department faces is staffing, which is a recognized challenge nationally. Given the shortage of trained paramedics, the budget proposes expanding the successful EMT-to-Paramedic training program that we established in FY18. The expanded program would train 10 paramedics on an annual basis, providing a stable pipeline of qualified paramedics for our EMS department.

## Sheriff's Office also has recruitment challenges

### Maintaining Service Levels

- Need to fill **44 deputy and detention officer positions**
- Add a **second recruiter**
- Fund travel and materials for job fairs and other recruitment efforts



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The Wake County Sheriff's Office is experiencing similar recruitment challenges. Right now, the Sheriff's Office has 44 openings for deputies and detention officers. These are essential positions – ones we can't go without. The vacancies place a burden on existing employees to work overtime to ensure all shifts are covered.

The recommended budget supports the sheriff's request to add a second recruiter to help fill these critical vacancies. It would also provide additional funding for recruitment materials and travel expenses related to attending job fairs.

We operate GoWake Access, the county's on-demand transit service for residents living in rural areas, the elderly and those with Medicaid. In this budget, I recommend adding four new customer service representatives to our GoWake Access Call Center, which we estimate will reduce the call wait time for customers by 87 percent and improve their overall experience.

## Reduce call wait time for GoWake Access riders



### Maintaining Service Levels

- Add **4 new customer service representatives** to the call center
- Would reduce call wait time by **87%**

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As the county grows by 63 people per day, we're seeing the ripple effects in other areas, as well. More developments are under construction. More restaurants, hotels and pools are opening. More calls are coming in for animal control assistance. It's our job to make sure we're staffed to respond to these increases appropriately.

Therefore, I recommend adding two inspector positions to ensure the places where we eat and the places where out-of-town visitors stay offer a safe experience for the public.

I also propose adding two inspectors in watershed management to monitor the new developments being built, so they can take the steps needed to protect our water from pollution, control erosion and sedimentation, and manage our floodplains and stormwater.

And, I recommend adding one new animal control officer to our team to expand our emergency and off-hours services.

In all, these five new positions will enable us to deliver the level of customer service that our residents expect and deserve.

## Growth drives demand for essential services



### Maintaining Service Levels

- Add **2 food and lodging inspectors**
- Add **2 environmental consultants** in watershed management
- Add **1 animal control officer**

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I also want to address customer service in this budget from the inside out. I propose investing \$6.5 million in our employees in FY19 by providing a three-percent performance pay increase – on average – to eligible employees. Part of maintaining great service is retaining the great employees who provide it, and that’s exactly what I hope to do with this recommendation.

Along those same lines, I want to expand the skills of our leaders, so they can examine new ways to provide excellent customer service and reinforce its importance among their employees. That’s why I propose creating a new position in Human Resources to develop and deliver leadership training to our 800 managers and supervisors. We can’t be at the top of our game if we’re not constantly – as Stephen Covey would say – “sharpening our saw.” This investment would allow us to do that.

### New programs

The last area I looked at as I evaluated the county’s operational needs for FY19 was new programs. These are programs that will increase productivity or enhance the quality of our services, achieve cost savings or address an emerging need.

The One Water Study is a good example. A key element of a healthy county is a clean, abundant water supply. While Wake County is the second largest county in the state, we have not identified a 50-year water supply. This is particularly important, considering how fast our population is growing. That’s why the budget proposal provides financial support for a study initiated by our staff and the Wake County Water Partnership to ensure that clean, safe water is always available for future generations.

Through the One Water Study, staff will take water data collected by municipal operators and combine it with data from our Groundwater Study to create a comprehensive snapshot of our county water usage. No other county in North Carolina has performed such a study. With this information, we’ll be able to determine what the right tools are to meet our community water needs and develop a proactive, long-term plan, based on population growth, to prevent water shortages.

**Ensuring a clean, abundant water supply is vital to community health**

**New Programs**

- One Water Study
- **Goal:** to create a snapshot of county water use
- Will determine community water needs and develop a long-term plan

I also recommend funding a three-year pilot program with the Triangle Land Conservancy to establish a new urban agricultural farm at Walnut Hill Preserve in Wake County. This innovative initiative would not only help bolster local food production, but it would also give small-scale farmers looking to expand the size and scope of their operations the opportunity to sub-let farm plots.

Overall, the total funding recommendation for county operations and capital projects in the FY19 budget is \$513 million. That’s a 5.2-percent increase over the FY18 adjusted budget.

## Investing in Our Partners

Just as we must invest in our own organization, we must also invest in our nonprofit partners who help us do great work to benefit thousands of Wake County residents. We’re proud to join forces with them to enhance our quality of life through music and the arts, as well as bring hope and assistance to those in our community who face serious challenges like food insecurity.

In the FY19 budget, I recommend providing funding to all the nonprofits you see listed on the screen. By committing funding to them, we can make strides in several initiatives surrounding your board goals and bring positive change to our community.

The total funding recommendation for these important partnerships in the FY19 budget makes up \$3 million of our General Fund and is a 27-percent increase over FY18 funding levels.

Provide funds to nonprofit organizations			
Partner	FY19		
Communities in Schools	\$100,000	Marbles	\$650,000
East Wake Education Foundation	\$50,000	North Carolina Symphony	\$100,000
Food Bank of Eastern & Central NC	\$12,000	Universal Breakfast	\$221,000
InterAct	\$100,000	Wake County Arts Council	\$511,000
Interfaith Food Shuttle	\$25,000	Wake County SmartStart	\$1,188,592
		<b>Total</b>	<b>\$2,957,592</b>

## Investing in Education

I’m sure you noticed that several of the nonprofits recommended for funding are related to helping our youngest residents be successful in school.

I think you and I agree that we, as a county, must take a holistic view of education. Learning doesn’t start at kindergarten. The foundation of a strong education begins well before then, when our children are toddlers, and extends far into adulthood. It’s through this lens – this broad spectrum – that I made the funding decisions for the FY19 Recommended Budget regarding education.

### SmartStart

A key part of preparing our kids for success in school and in life is providing them with a solid base. That’s why I propose investing nearly \$1.2 million in Wake County’s SmartStart program.

**Historic \$1.2 million investment would clear SmartStart’s 2018 Pre-K waiting list**

**Recommendation for SmartStart**

- Increase our contribution by **\$600,000** for FY19
- With leveraged funds, **400 more children** to attend Pre-K classes through SmartStart

**1,000**  
total seats

↓

**1,400**

**FY18**

**FY19**

We have never funded SmartStart at this level. By contributing this historic amount, we would enable SmartStart to clear its 2018 Pre-K waiting list.

Our investment would allow SmartStart to leverage state and federal funds to enroll more than 1,400 children in preschool next year. That means 400 more Wake County children would have a desk waiting for them this fall, and they could begin their path to success in the classroom earlier than they expected.

### Wake County Public Schools

As we move through the education spectrum, let's look now at Wake County Public Schools. Last week, the Board of Education approved the school district's annual request for operating funds from the county.

After careful consideration, I recommend increasing our investment in the school system's operating budget by more than \$30 million in FY19, bringing our total yearly investment to \$461 million. This results in per-pupil spending of \$2,618, the highest since at least 2000 – even higher than before the recession. And, that includes inflation.

In school funding relationships in North Carolina, the county serves as the banker, with the Board of Education having full discretion over how to spend the funds it receives from the county. We look to the school system to use its expertise to determine how best to use this investment to support its award-winning teachers, staff and students.

**Increase operating funding for Wake County Public Schools to highest level ever**

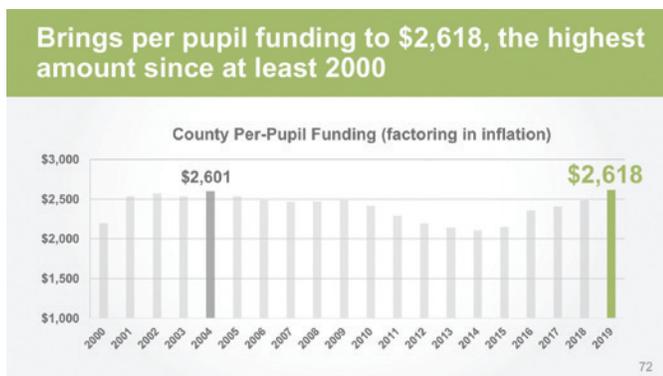
**Recommendation for WCPSS**

Invest an additional **\$30,089,000** in the schools operating budget



**\$461 MILLION** Annually

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### Wake Technical Community College

The final step in our education continuum is Wake Technical Community College. It's the largest community college in the state and the 20th largest in the nation, serving 74,000 students in the classroom and online annually. Some of its students come

straight from high school. Others are adults looking to change careers or learn more about areas of interest. Overall, it's a great asset for continuing education in our community.

To further its mission and help educate our workforce, I recommend investing a total of \$25.4 million in Wake Tech, and that includes \$4.6 million in new funds. Of that, about \$2.5 million are one-time funds necessary to hire faculty and staff for the new RTP campus, which is scheduled to open for regular classes in August. The remaining \$2.1 million will go towards facility maintenance, utilities and technology staffing.

### Debt service and capital

In addition to operating expenses, Wake County is responsible for funding the construction and renovation of facilities for the public school system and Wake Tech.

**County also funds facility construction and renovation for WCPSS and WTCC**



**Debt service and capital funding**

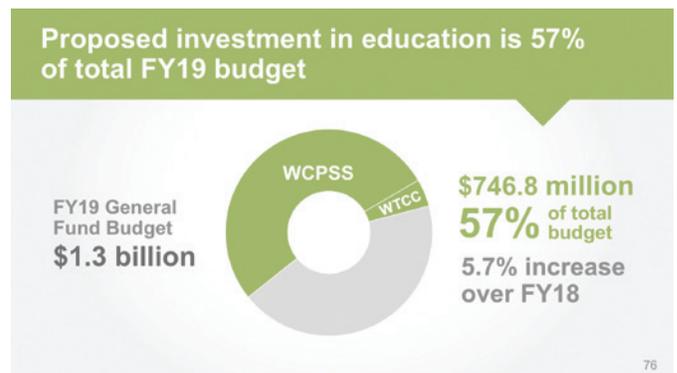
**FY19 total:**  
**\$260.4 million**

WCPSS: **\$236 million**      Wake Tech: **\$24.4 million**

75

In FY19, our investment in debt service and capital for both totals \$260.4 million. The majority of that – about \$236 million – is for the school district, with the remaining \$24.4 million for Wake Tech.

Although that's a significant investment, we will need additional resources to fund our capital improvement programs for both over the next seven years. We'll talk more next month about potentially bringing bonds for Wake Tech, the school system and parks before the voters in November.

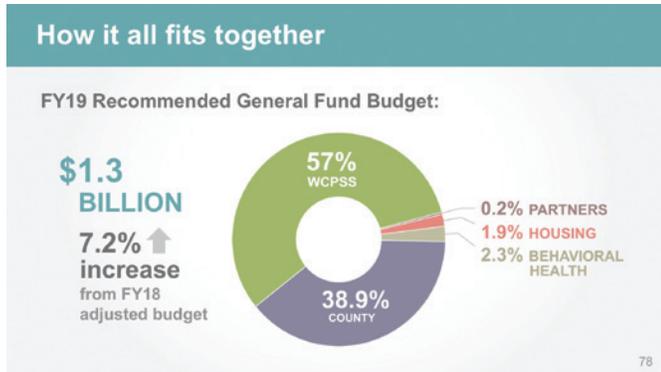


Clearly, the county places a high value on education. As you can see on this chart, about 53 percent of the FY19 Recommended Budget would fund Wake County Public Schools, and nearly four percent would fund Wake Tech. In all, our investment in education totals nearly \$747 million. That's a 5.7-percent increase over FY18.

We are committed to the learning continuum. We want to provide every opportunity for our residents to succeed from the cradle to college and beyond. I believe this proposed budget demonstrates that commitment.

## CONCLUSION

As important as education is to advance in life, it is not the only place where we must invest our limited financial resources. Housing affordability, behavioral healthcare, county operations, partnerships – they're all critical. And, you can see how they come together to support the county in this chart.



We can't afford to ignore any of these areas, because they're all interconnected. We can't elevate one without the others.

That's why I'm recommending a \$1.3 billion budget for FY19 – a 7.2-percent increase over the adjusted Fiscal Year 2018 budget – and a 2.9-cent property tax increase, which would bring the county's property tax rate to 64.4 cents. The tax increase would generate about \$41.6 million, which enables us to make a historic investment in housing and achieve the county's highest per pupil funding ever to Wake County Public Schools.

By funding needs in these areas, we can truly make a difference in the lives of our residents – especially those living on the margins. Through this budget, we can address needs in housing and behavioral healthcare to help those who are struggling. We can expand county services to meet the increasing demands of our growing population. And, we can help give everyone access to a high quality of life.

## NEXT STEPS

This concludes my presentation. I want to thank staff for putting in countless hours to help me create this budget recommendation, which will make progress in all your goal areas. I also want to thank you, commissioners, for your time and attention today.

Now, I want to share with you and the public what the next steps are in this process. On Monday, May 14, we'll have a work session at 9 a.m. across the hallway in Room 2800 to review the recommended budget, share information on the capital budget and answer any questions you may have.



On Monday, May 21, you'll hold your first budget public hearing during the 2 p.m. board meeting and your second public hearing at 7 p.m. at the Wake County Commons.

On Wednesday, May 30, we'll have a second work session at 2 p.m. in Room 2800 to discuss what you heard during the public hearings and answer any additional questions.

On Monday, June 4, we'll bring the proposed budget before you for a vote during your regular 5 p.m. board meeting.

All materials related to the budget are available right now on our website, [wakegov.com](http://wakegov.com). I encourage everyone to visit the website to get a better understanding of what I've shared today.

Again, thank you for your time and thoughtful consideration.

Respectfully submitted,  
**David Ellis, County Manager**



[wakegov.com/budget](http://wakegov.com/budget)