

This is How We Do It:

Idea-Sharing Around Core Budget Functions



Evaluating Budget Request

Making a list, checking it twice ...

Evaluating Budget Requests

Use a Checklist

Budget Manual has a checklist for department submissions

Budget Office has a checklist to review submissions

Consider Optics

What will the Board think? What will residents hear?

Learn about the Request *as it is Developing*

Understand departments' total need. Build relationships based on mutual trust. Know the answer to who, what, when, where, how and most importantly WHY.



Sharing the Budget

Partner with the Expert(s), Stay on Message

Sharing the Budget

Partner Closely with the Experts

- Include Communications Director in department budget meetings, follow ups and decisions
- Write the headline you want
- Test message with a diverse group (ex. Assistant to Manager, Department Directors, etc.)
- Create streamlined versions of graphs for messaging that are used in all work products
 - Budget in Brief
 - Budget Message
 - Budget Book Summary
 - Website
 - Budget Presentation

May 09

Wake County Presents \$1.3 Billion Recommended Budget for FY19

by Stephen R. Walston on 5/9/2018 6:20 PM

Includes historic investments in housing affordability, education

Wake County Manager David Ellis on Wednesday, May 9, proposed historic investments in housing affordability and education as he presented to the Wake County Board of Commissioners a \$1.3 billion recommended budget for Fiscal Year 2019, which runs from July 1, 2018, to June 30, 2019.

“Through this budget, we can truly make a difference in the lives of our residents—especially those living on the margins,” Ellis said. “It provides an opportunity for us to make real progress in our board’s goal areas, particularly housing affordability, behavioral health and education.”

During his presentation, Ellis recommended investing an additional \$15 million a year to build and preserve housing in Wake County that working families can afford. This recurring funding would also support a county commitment to effectively end veteran homelessness by December 2021.

In addition, Ellis proposed providing an additional \$30.1 million in operating funds to the Wake County Public School System. This would bring the county’s total annual investment in the school district to a record-setting \$461 million and result in the highest per-pupil funding ever.

Ellis recommended funding these historic investments in education and housing affordability with a 2.9-cent property tax increase, which would bring the county’s property tax rate to 64.4 cents for every \$100 of property value. The tax increase would generate about \$41.6 million in FY19.

Stay on Message

Budget Document



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.

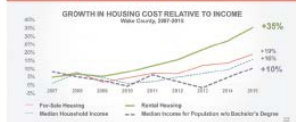
Housing Affordability

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



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.

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.



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



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.

Budget in Brief

A HISTORIC INVESTMENT IN HOUSING AFFORDABILITY

Currently, more than 93,000 Wake County residents are living at or below 100 percent of the federal poverty rate. That means roughly 10 percent of our population lives in poverty. For a household of four, that equates to an income of less than \$25,000 a year. They often struggle to find affordable places to live and may experience homelessness.



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

- Our housing supply is not keeping up with population growth, which puts upward pressure on the cost of renting or owning a home.
- 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.
- Wake County has a shortage of homes that are affordable to families making less than \$39,000 a year. There is a need for 56,000 more housing units than what is currently available.

The budget recommends investing an additional **\$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.

We would use it to:

- Build and preserve more housing that working families can afford. Wake County would have the potential to produce **2,500 NEW AFFORDABLE HOUSING UNITS** over the next five years.
- Provide operating and capital financial support for a new shelter, **ADDING 37 BEDS** to serve homeless women without children.
- Effectively end veteran homelessness in Wake County by the end of calendar year 2021.
- Implement a pilot program for permanent supportive housing that combines housing assistance with support, such as mental health services and job training.



Presentation

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





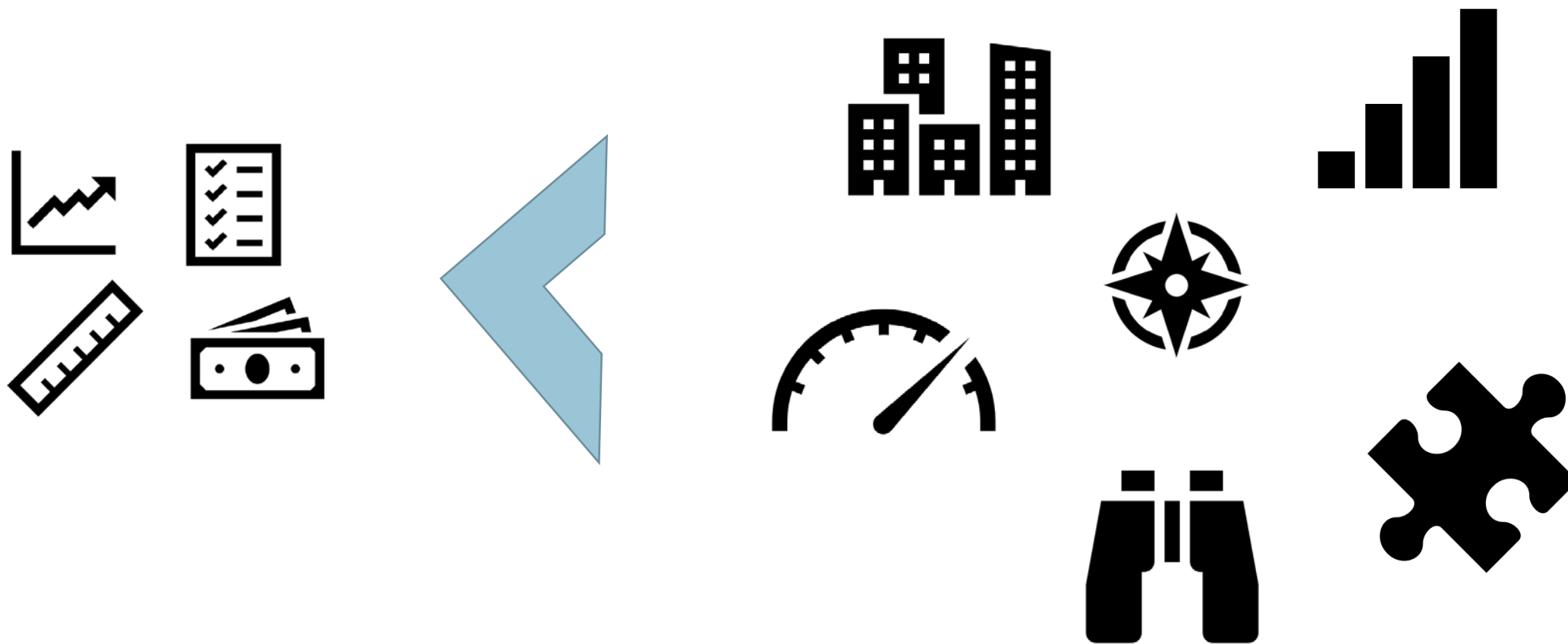
Kickoff

Budget Kick Wake County





Shifting focus to Business Planning





Good Business Planning Leads to Good Budgeting





Position Control

Manual monthly reconciliation

Position Control

- Personnel Ordinance establishes FTE by Fund and Department
- HR module of ERP system records positions and employees
- **Monthly reconciliation** process
 - Checks positions in HR system = offline record of authorization
 - Authorization amended during year thru board action

Example: Budget Memo to Amend Personnel Ordinance

- Attached to Board Item
- Starts with Adopted Ordinance
- Adds or abolishes authorization



Budget and Management Services Inter-Office Correspondence

TO: David Ellis, County Manager

FROM: Michelle Venditto, Budget and Management Services Director

SUBJECT: Revisions to Fiscal Year 2019 Operating Budget Ordinance, Section 2 and 3, and Fiscal Year 2019 Personnel Authorization Ordinance.

The following chart summarizes all budget revisions to the fiscal year 2019 adopted budget for the department and fund indicated below. The summary includes approved items, as well as items to be presented to the Board of Commissioners at the meeting date indicated. *Items for presentation are shown in bold italics.*

Fund: General Fund		Department: Information Services		
REVENUE CATEGORY (SOURCE OF FUNDS)				
Date	Description of Revision or Adjustment	Type	Amount	Balance
July 1, 2018	Adopted Budget	Misc.	\$7,500	\$7,500
EXPENDITURES (USE OF FUNDS)				
Date	Description of Revision or Adjustment	Division	Amount	Balance
July 1, 2018	Adopted Budget	All	\$17,830,786	\$17,830,786
	Encumbrances Carried Forward	All	\$77,159	\$17,907,945
July 26, 2018	Director merit adjustment	Multiple	\$4,948	\$17,912,893
October 31, 2018	Increase budget for Director merit spread	Multiple	\$6,848	\$17,919,741
STAFFING				
Date	Description of Revision or Adjustment	Division	FTE	Balance
July 1, 2018	Adopted Budget	All	104.75	104.75
<i>December 3, 2018</i>	<i>Proposed: Establish 3.00 FTE for rewrite of the Revenue billing and collections system</i>	<i>Land Systems</i>	<i>3.00</i>	<i>107.75</i>
<i>December 3, 2018</i>	<i>Proposed: Establish 1.00 FTE to serve as a Chief Data Officer</i>	<i>Information Services Administration</i>	<i>1.00</i>	<i>108.75</i>

Position Control

Pulls from the Adopted Ordinance

Updated manually after Board action

Calculation

Historical notes

	FY 2018 Amended	FY 2019 Ordinance	BOC Items Approved	Transfers/Other	FY19 Amended Authorized Positions	HRM Advantage Position Count	Difference	Notes/Comments
Board of Commissioners	4.000	4.000			4.000	4.000		
Communications	10.000	10.000			10.000	10.000	-	
County Manager	9.000	11.000			11.000	11.000	-	
County Attorney	20.000	20.000			20.000	20.000	-	
Board of Elections	24.000	26.000			26.000	26.000	-	
Budget and Management Services	10.000	9.000			9.000	9.000	-	
Facilities, Design, & Construction	13.000	13.000			13.000	13.000	-	
Finance	-	-			-	-	-	
General Fund	29.000	31.000			31.000	34.000	(3.000)	Debt Service Positions are Coded as 22,
Debt Service Fund	3.000	3.000			3.000	-	3.000	Debt Service Positions are Coded as 22,
Finance Total	32.000	34.000	-	-	34.000	34.000	-	
Human Resources	30.000	33.000			33.000	33.000	-	

Position Control

Formula to pull data from HR module of ERP system report

	FY 2018 Amended	FY 2019 Ordinance	BOC Items Approved	Transfers/Other	FY19 Amended Authorized Positions	HRM Advantage Position Count	Difference	Notes/Comments
Board of Commissioners	4.000	4.000			4.000	4.000	-	
Communications	10.000	10.000			10.000	10.000	-	
County Manager	9.000	11.000			11.000	11.000	-	
County Attorney	20.000	20.000			20.000	20.000	-	
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Revenue Forecasting

Revenue Forecasting: % Collected

Cumulative percentage collected is one tool to project revenue thru year end

- To find historical percentages use part/whole
 - Ex. January/12 month total
- To then project, dollars collected so far divided by % collected
 - Ex. \$9 million/.55

NOTE: Does not work well when revenue is rapidly decreasing or increasing

Historical % Collected

Occupancy Revenues as Percentage of Cumulative Annual Actuals (Cumulative Probability)

		FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	
Month	Period	Actual	Actual	Actual	Actual	Actual	Actual	5 Year Avg.
July	1	9.2%	7.7%	8.2%	8.5%	7.8%	7.9%	8.2%
August	2	16.6%	16.0%	16.0%	16.4%	15.9%	15.9%	16.1%
September	3	25.3%	24.0%	23.9%	24.6%	24.0%	24.1%	24.3%
October	4	34.7%	32.9%	33.5%	33.4%	34.2%	33.4%	33.7%
November	5	42.8%	39.6%	41.3%	41.4%	42.8%	41.8%	41.6%
December	6	48.9%	47.4%	47.5%	48.0%	49.3%	48.1%	48.2%
January	7	56.1%	54.5%	54.6%	55.4%	56.6%	55.3%	55.4%
February	8	63.8%	61.7%	62.5%	63.2%	64.1%	62.9%	63.0%
March	9	72.9%	70.9%	71.6%	72.1%	73.3%	71.9%	72.1%
April	10	82.0%	80.3%	81.3%	81.5%	82.1%	81.3%	81.4%
May	11	91.1%	89.8%	90.7%	91.0%	91.5%	90.9%	90.8%
June	12	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Use to Project Total Collections Thru Year End

Example of Projecting a Revenue with % Collected

% Collected	33.4%	Total cumulative % of Occupancy Revenues collected Year-to-Date
Revenue Collected YTD	\$9,919,036	Total Collected Thru October
Calculation	\$9,919,036 / .334	
FY2019 Projection	\$29,726,898	Total Actual Occupancy Revenues Collected divided by the historical 5-year average percentage collected YTD
FY2019 Budget	\$26,809,879	Adopted budget for total Occupancy Revenues
Over/(Under) Budget	\$2,917,019	Projection Less Budget
% Growth Prior Year	13.29%	Projection % Growth Over Prior Year Actuals