



## FY 2025-26 Budget Highlights – BOCC Approved



### FY 2025-26 BUDGET LIMITATIONS

The fundamental challenge of the FY 2025-26 budget is balancing significantly slowing natural growth in key revenues while continuing to support major priorities (with a minimal property tax rate increase).

### MANAGER PRIORITIES

- **Fiscal Stability** – Maintain fiscal stability and ensure core services are provided during time of economic and political uncertainty
  - Continued decrease reliance on fund balance appropriation (savings account) as revenue source to ensure future fiscal sustainability.
- **Public Safety Focused Budget** – Increased demand for EMS, Sheriff, and other public safety services have put pressure on these departments. Expansion of personnel and related operating costs are necessary to provide the level of service expected by residents
- **Education** – Maintain significant education local funding support
- **Reappraisal** – Successful implementation of Reappraisal process with focus on Community Engagement and Education
- **Personnel Investment** – Provide valued County workforce with a modest pay increase for next FY
- **New Positions** – Offsetting new positions with reclassifications/reassignment where possible

### GENERAL FUND BUDGET HIGHLIGHTS

- **2.5 cent Property Tax Increase for General Fund and 1.0 cent for the Capital Financing Fund**
  - 3.5 cent total County property tax rate increase
  - One cent = \$8.54 million

#### Education Highlights

- **Increased Durham Public School funding - \$12.97 million**
- **Continued Pre-K support - \$1.44 Million (American Rescue Plan Act)**
  - Funding has been allocated over two fiscal years to Durham Pre-K, through Durham Public Schools, to be expended by December 31, 2026

#### Personnel Highlights

- **Compensation Support for Durham County Employees through a 3% - 4% Merit salary increase - \$5.3 million**
- **Increased Benefits costs to provide coverage for County employees - \$6.3 million**
- **Limited number of new full-time positions - \$3,592,595**
  - 12 new FTEs in EMS to support increased call volume and supplement peak staffing
  - 5.0 new FTEs in Sheriff's Office to support increased coverage in RTP area. These positions are reallocated from vacant detention officer positions, which will be reestablished mid-year if vacancy levels decrease.
  - 5.0 new FTEs in IS&T to support Enterprise Resource Planning (ERP) Implementation
  - 8.5 new FTEs in Youth Home for the programming and increased capacity of the new facility
- **Reallocated 24 FTEs (from vacancies) across departments to offset new positions needed - -\$1.4 million**
- **Continued hiring freeze to closely monitor and control expenses**

#### Other Tax District Highlights

- **Multiple Fire Tax Districts and RTP Service Tax District are approved for increased (over revenue neutral rate) property tax rates, one is receiving a lowered tax rate (rates below are per \$100 valuation).**

<ul style="list-style-type: none"><li>○ DCFR Service Tax District <u>decrease of 0.5 cent</u></li><li>○ RTP Service Tax District<ul style="list-style-type: none"><li>▪ RTP General Fund increase of 1.49 cents</li><li>▪ RTP Transportation Fund increase of 0.71 cents</li></ul></li></ul>	<ul style="list-style-type: none"><li>○ Redwood Fire Tax District increase of 0.74 cents</li><li>○ Bahama Fire Tax District increase of 1.05 cents</li><li>○ Lebanon Fire Tax District increase of 1.50 cents</li><li>○ New Hope Fire Tax District increase of 1.5 cents</li></ul>
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### EXPENDITURES – OVERVIEW

- The County's "All Funds" budget (overall County budget) is increasing by 7.48% or \$72.3 million.
  - General Funds are where the majority of annual expenses occur, the growth in these funds is indicative of the pressures facing the County to continue to provide services. The majority of this Summary document focuses on these funds.
  - Special Revenue Funds are the other tax districts, many of which are approved for tax rate increases in order to maintain and expand services. Details below.
  - Debt Service Funds are where the County pays for capital infrastructure over time (General Obligation bonds for schools, other bond types for County buildings and necessary renovations).
  - The Stormwater and Sewer Utility Enterprise Funds both increased the rates that generate the bulk of their revenues. The Sewer Utility Fund plans to use the increased revenue to cover capital costs and annual capital debt. The Stormwater Fund will use the revenue to cover the cost of complying with Falls and Jordan Lake Rules.

Fund SubCategory	FY 2023-24 Actuals	FY 2024-25 Original	FY 2024-25 Estimated	FY 2025-26 Requested	FY 2025-26 Approved	\$ Change Appr. v. Orig.	% Change Appr. v. Orig.
General Funds	\$758,673,901	\$821,184,336	\$802,288,936	\$858,505,504	\$877,653,373	\$56,469,037	6.88%
Special Revenue Funds	\$15,858,453	\$15,454,565	\$16,011,990	\$18,458,783	\$18,369,774	\$2,915,209	18.86%
Debt Service Funds	\$149,971,497	\$108,841,636	\$109,078,422	\$116,589,842	\$116,589,842	\$7,748,206	7.12%
Enterprise Funds	\$25,566,315	\$20,694,580	\$21,224,382	\$25,859,286	\$25,859,286	\$5,164,706	24.96%
<b>Total</b>	<b>\$950,070,166</b>	<b>\$966,175,117</b>	<b>\$948,603,730</b>	<b>\$1,019,413,415</b>	<b>\$1,038,472,275</b>	<b>\$72,297,158</b>	<b>7.48%</b>

### Expenditures – General Fund

- The General Fund budget is growing by 5.71% over the prior year budget.
  - Well over half of the General Fund's \$37.2 million growth supports personnel increases, transfers to other Funds, and specifically the Benefits Plan Fund to support higher insurance costs for employees, and continued growth in education spending.

Functional Area Name	FY 2023-24 Actuals	FY 2024-25 Original	FY 2024-25 Estimated	FY 2025-26 Requested	FY 2025-26 Approved	BoCC v. Last Yr. BoCC \$	BoCC v. Last Yr. BoCC %
General Government	\$173,003,287	\$181,607,958	\$190,585,265	\$198,267,347	\$193,312,411	\$11,704,453	6.44%
Public Safety	\$83,361,793	\$89,138,365	\$83,856,814	\$96,236,309	\$95,104,406	\$5,966,041	6.69%
Transportation	\$1,273,816	\$4,657,932	\$1,646,216	\$4,634,350	\$4,544,472	(\$113,460)	-2.44%
Environmental Protection	\$6,334,576	\$6,901,858	\$7,530,608	\$8,094,302	\$7,866,848	\$964,990	13.98%
Econom. & Physical Devlp.	\$8,388,699	\$9,804,532	\$9,601,673	\$11,077,837	\$10,419,457	\$614,925	6.27%
Human Services	\$117,715,897	\$113,243,104	\$105,126,282	\$118,646,688	\$114,315,668	\$1,072,564	0.95%
Education	\$208,634,771	\$230,521,600	\$230,577,903	\$254,164,354	\$246,826,645	\$16,305,045	7.07%
Cultural & Recreational	\$16,333,553	\$16,595,836	\$16,022,452	\$17,729,298	\$17,317,877	\$722,041	4.35%
<b>Total</b>	<b>\$615,046,392</b>	<b>\$652,471,185</b>	<b>\$644,947,213</b>	<b>\$708,850,485</b>	<b>\$689,707,784</b>	<b>\$37,236,599</b>	<b>5.71%</b>



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### PERSONNEL CHANGES

The table illustrates changes that occurred during FY 2024-25, as well as approved new and reallocated FTEs for the new fiscal year.

FY 2025-26 General Fund Approved NEW FULL TIME EQUIVALENT (FTEs)				
Department	Position(s)	FTEs	Salary and Benefits	Anticipated Starting Date
Office Of Emergency Services	Paramedic	6.00	\$510,162	07.01.2025
Office Of Emergency Services	EMT	6.00	\$399,408	07.01.2025
Office Of Emergency Services	Senior Auto Mechanic	1.00	\$82,538	07.01.2025
Office Of Emergency Services	Deputy Chief of Emergency Management	1.00	\$120,698	07.01.2025
Durham County Sheriff Office	Law Enforcement Officer - RTP	5.00	\$392,560	07.01.2025
Soil & Water	Environmental Education and Outreach Coordinator	1.00	\$11,500	07.01.2025
Elections	Ballot processing manager	1.00	\$101,640	07.01.2025
General Services	Technical Security Specialist	1.00	\$95,767	07.01.2025
General Services	Security Operations Supervisor	1.00	\$77,553	07.01.2025
General Services	Solid Waste crew leader	1.00	\$57,136	07.01.2025
Information Service & Technology - ERP	Business Relationship	1.00	\$144,063	07.01.2025
Information Service & Technology - ERP	ERP Project Manager	1.00	\$152,460	07.01.2025
Information Service & Technology - ERP	Senior Business Analyst-HR	1.00	\$139,755	07.01.2025
Information Service & Technology - ERP	Senior Business Analyst-IT	1.00	\$139,755	07.01.2025
Information Service & Technology - ERP	Senior ERP Architect	1.00	\$171,518	07.01.2025
Information Service & Technology	Digital Content Specialist	1.00	\$107,993	07.01.2025
Information Service & Technology	IT Manager Service Now Platform	1.00	\$145,813	07.01.2025
Youth Home	Youth Counselor	8.00	\$520,592	07.01.2025
Youth Home	Cook	0.50	\$23,805	07.01.2025
Community Intervention & Support Service	Project BUILD - Outreach worker	3.00	\$197,879	07.01.2025
<b>Total General Fund Additional FTEs</b>		<b>42.50</b>	<b>\$3,592,595</b>	
<b>Reallocated FTEs Changes FY 2025-26 Budget (see table below)</b>		<b>-24.00</b>	<b>-\$1,414,476</b>	
<b>FTEs Changes During FY 2024-25</b>		<b>-9.28</b>		
<b>Net FY 2025-26 General Fund Supported FTEs</b>		<b>9.22</b>	<b>\$2,178,119</b>	
<b>FY 2025-26 Realigned General Fund FTEs</b>				
Community Intervention & Support Service	Outreach workers	-4.00	-\$192,836	
Dept. of Social Service	Case Workers	-15.00	-\$904,000	
Durham County Sherriff Office	Correction Officers	-5.00	-\$317,640	
<b>Total</b>		<b>-24.00</b>	<b>-\$1,414,476</b>	
<i>* Vacancy rates across the County trend in the 15%-16% range (320 - 370 FTEs) during the fiscal year</i>				
<b>Other Fund Recommended New FTEs</b>				
Sewer Utility	Water & Distribution Technician	1.00	\$82,583	07.01.2025
Public Art Fund	Public Art Coordinator (formerly contracted Position)	1.00	\$107,993	07.01.2025
<b>Total</b>		<b>2.00</b>	<b>\$190,576</b>	



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### REVENUES – OVERVIEW

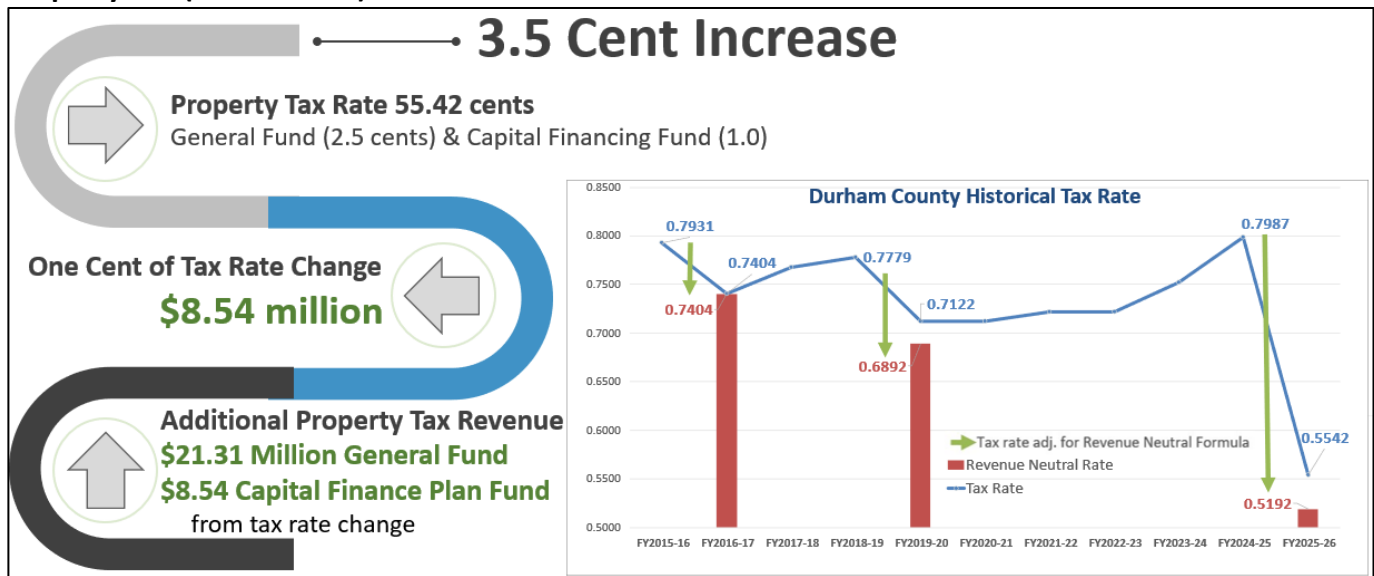
#### Revaluation Year

- Valuation of all County Real Property (residences, businesses, buildings, etc.) was updated to accurately as possible reflect the fair market value of those properties on January 1, 2025. The last time this was completed was January 1, 2019. While the overall valuation for the County increases 60.3%, the State mandated process ensures that the tax revenue brought in by these updates is adjusted to keep pace with the prior year's revenue. The Revenue Neutral Tax Rate for the County is 51.92 cents per \$100 valuation (*45.35 for the General Fund and 6.57 for the Capital Financing Plan Fund*). This lower tax rate compared to the higher valuation allows the County to adhere to the State law ensuring overall Property Tax revenues are “reset” to a neutral amount with the prior fiscal year, based on the updated information.

Property Category	FY 2024-25 Original	FY 2025-26 Budgeted	% Change FY to FY
Real Property	\$43,330,711,247	\$74,996,323,716	73.08%
Business & Personal Property	\$6,321,728,893	\$6,340,027,998	0.29%
Public Service	\$543,234,258	\$760,068,472	39.92%
Motor Vehicle	\$3,306,350,861	\$3,658,916,952	10.66%
<b>Total</b>	<b>\$53,502,025,259</b>	<b>\$85,755,337,137</b>	<b>60.28%</b>

Fund Name and Tax Rates	FY 2024-25 Approved	Revenue Neutral	FY 2025-26 Approved	FY 2025-26 Projected Revenue
General Fund	69.76	45.35	47.85	\$409,197,931
Capital Finance Plan Fund	10.11	6.57	7.57	\$64,657,123
<b>Total</b>	<b>79.87</b>	<b>51.92</b>	<b>55.42</b>	<b>\$473,855,054</b>

#### Property Tax (Tax Increase)



#### Natural Growth

- Natural growth occurs every year in the property tax base (ex.: a formerly empty lot now has a house on it, therefore adding to the taxable value). This is new revenue available to the County **without** a tax rate change. The state directed revaluation process “revenue neutral” formula allows for natural growth, based on the average growth since the last revaluation. In the case of Durham County, the natural growth for FY 2025-26 brings in an additional \$15.6 million for the General Fund, a 3.9% increase when compared to last year.
- Per best practice, with potential appeals that naturally occur during a reappraisal cycle, small amounts of valuation are being “held back” to ensure sufficient allowance for potential changes to the overall tax base.
- The property tax collection rate is maintained at 99.6%.
- Each additional cent on the property tax rate brings in \$8,541,232 million of revenue, a \$3.2 million dollar increase over the FY 2024-25 one cent amount, that captures the adjustments made due to the reappraisal.



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### Sales Tax Highlights

- Durham County has an estimated total 0.93% decrease in all local sales taxes for FY 2025-26 from the previous year's approved budget.
- Total FY 2025-26 budgeted sales tax revenue for Durham County is \$130 million. For perspective this is equivalent to 15.2 cents of property tax revenue.
- The year-over-year sales tax revenue decrease equates to a loss of **\$1.22 million**. The pace of growth for sales tax revenue has been slowing since FY 2023-24, but significant negative growth was experienced (unexpected) for FY 2024-25. The County is closely assessing sales tax trending not only for next year, but future fiscal years.
- FY 2025-26 sales tax revenue estimates have built in modest growth at 3%, but from a lower estimated starting point than typical.

Sales Tax	FY 2022-23 Actuals	FY 2023-24 Actuals	FY 2024-25 Original	FY 2024-25 Estimate	FY 2025-26 Approved	\$ Change Appr. v. Orig.	% Change Appr. v. Orig.
Article 39 (1 Cent)	\$32,216,541	\$32,992,127	\$34,452,409	\$30,201,301	\$33,994,836	(\$457,573)	-1.33%
Article 40 (1/2 Cent)	\$22,259,069	\$22,982,447	\$24,088,341	\$23,134,007	\$23,828,028	(\$260,313)	-1.08%
Article 42 (1/2 Cent)	\$24,740,673	\$25,440,015	\$26,633,596	\$24,439,198	\$26,359,571	(\$274,025)	-1.03%
Article 46 (1/2 Cent)	\$21,993,693	\$22,517,505	\$23,600,744	\$21,491,242	\$23,334,809	(\$265,935)	-1.13%
City Sales Tax ILA	\$24,842,047	\$24,232,468	\$22,471,994	\$22,201,682	\$22,502,908	\$30,914	0.14%
<b>Total</b>	<b>\$126,052,022</b>	<b>\$128,164,562</b>	<b>\$131,247,084</b>	<b>\$121,467,430</b>	<b>\$130,020,152</b>	<b>(\$1,226,932)</b>	<b>-0.93%</b>

### General Fund Fund Balance

- The use of General Fund fund balance as a revenue source is typically used as a “balancing” number. This is a revenue source that is rarely expected to be needed, unless the spending environment during the fiscal year is significantly different from when the budget was originally created. Including fund balance as revenue also allows for revenue estimates to err on the slightly conservative side, while ensuring expense capacity is available for departments to meet their proposed budgets. Because of lower overall trended revenue collections in the past two fiscal years, as well as higher spending, more FY 2024-25 fund balance may be used than typical. To ensure the future fiscal sustainability of the County overall, the amount of fund balance used as a revenue source budgeted in FY 2025-26 has been reduced by \$1.8 million.

### Special Tax Districts Tax Rates

- When the consolidation with the city to provide fire protection for the district was being put into place, there were staggered tax rate increases projected in order to maintain adequate funding to support the DCFR District long term. Due to the strong growth in that District over the past few fiscal years, the district can sustain continued expenses and decrease the tax rate by 0.5 cents this fiscal year. DCFR and the overlaid Research Triangle Park (RTP) Special Park District are seeing significant natural growth in valuations due in part to the reimagining of the RTP District and HUB RTP project.
- RTP Special Park District is increasing the property tax rate for both of its Funds (1.49 cents Service Tax Fund and 0.71 cents for Transportation Fund) to continue to be responsive to the development being seen in the district, invest in the Park Trail System, and to appropriately plan for future investment needs.
- Lebanon Fire Tax District is increasing the tax rate by 1.5 cents to cover increased personnel costs in salaries to remain competitive in the region, and increased vehicle maintenance and insurance costs.
- Redwood Fire Tax District is increasing the tax rate by 0.74 cents to address staffing and competitive pay, computer equipment, an increase in professional fees, equipment, and increased insurance costs.

Tax Rate by District	FY 2024-25 Approved	FY 2025-26 Revenue Neutral	FY 2025-26 Requested	FY 2025-26 Approved
Lebanon	12.51	7.69	9.19	9.19 (+1.5)
Redwood	12.75	8.33	9.07	9.07 (+0.74)
New Hope	7.56	4.91	8.00	6.41 (+1.50)
Eno	7.86	4.84	4.84	4.84
Bahama	9.87	7.78	8.83	8.83 (+1.05)
Durham County Fire & Rescue	12.99	8.79	8.29	8.29 (-0.5)
RTP Service Tax	8.80	6.31	7.80	7.8 (+1.49)
RTP Public Transportation Tax	2.50	1.79	2.50	2.5 (+0.71)





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- Bahama Fire Tax District is increasing the tax rate by 1.05 cents to continue staffing and maintaining competitive pay, continuing training of new and existing personnel, preparing for equipment and vehicle replacement, and replacing personal protective equipment for their staff.
- New Hope Fire Tax District requested is increasing the tax rate by 1.5 cents increase to cover increases in personnel and associated operating costs (vehicle maintenance/repair, training). The volume of responses this Fire Department makes into Durham County is approximately 25% of their calls, while the prior tax rate only covered 7% of their revenue. The lower approved tax rate increase of 1.5 cents, rather than requested of 3.09 reflects a plan to phase in over a few fiscal years the increase to spread out the impact on taxpayers.

### Other General Fund Key Revenues

Key Revenues	FY 2023-24 Actuals	FY 2024-25 Original	FY 2024-25 Estimate	FY 2025-26 Approved	\$ Change Appr. v. Orig.	% Change Appr. v. Orig.
Deed Registration and Transfer Fees	\$5,199,752	\$6,000,000	\$5,900,000	\$5,900,000	(\$100,000)	-1.67%
EMS Patient Fees	\$13,943,571	\$17,834,968	\$15,104,067	\$16,060,000	(\$1,774,968)	-9.95%
Fund Balance Appropriated		\$25,751,080	\$17,582,319	\$23,888,787	(\$1,862,293)	-7.23%
Investment Revenue	\$7,806,927	\$5,000,000	\$7,500,000	\$7,325,000	\$2,325,000	46.50%
Local Occupancy Tax (General Fund)	\$4,374,801	\$4,425,000	\$4,250,000	\$2,833,333	(\$1,591,667)	-35.97%
Local Occupancy Tax (NCMLS)	\$500,000	\$500,000	\$500,000	\$500,000	\$0	0.00%
Solid Waste Management Fee Co	\$2,400,699	\$2,399,416	\$2,238,505	\$2,559,451	\$160,035	6.67%
<b>Total</b>	<b>\$34,225,749</b>	<b>\$61,910,464</b>	<b>\$53,074,891</b>	<b>\$59,066,571</b>	<b>(\$2,843,893)</b>	<b>-4.59%</b>

- Register of Deeds fees are charges made for new, or changed, deeds of trust, marriage certificates, etc. State changes to these fees may affect the collection amount. Revenue has significantly declined after a record collection in the recent past. With interest rates staying relatively stagnant and uncertainties in the current economic climate, the projection for FY 2025-26 remains near the previous budgeted levels.
- Despite recent changes to annually update EMS fees to correspond with the Medicare Fee Structure, other changes have resulted in a significant under-collection in this revenue source during FY 2024-25. Changes to Medicaid reimbursement under tailored plans initiated in July 2024 have reduced EMS revenue due to lower payment rates, delayed reimbursements, and more complex billing requirements despite steady or increasing call volume. While this issue is being closely monitored, the estimate for the current fiscal year, and projection for next year, are adjusted accordingly.
- Fund Balance is discussed in a previous section.
- Investment income is interest earned on County cash held in various banking institutions. This area has been particularly variable in the past three to four fiscal years. Interest rates were at historical lows during the pandemic, and now due to inflation, they have increased beyond levels seen in the past decade. For FY 2025-26, the budget is increased to reflect the current trending in this revenue source.
- Durham County policy dedicates Occupancy Tax funds to support the Capital Financing Plan, with a small portion allocated for the Sports Commission. The significant reduction in this revenue source seen for FY 2025-26 budget is reflection of the slowing growth, and more impactful, the recent change to state legislation directing more of these funds directly to Discover Durham's work. Starting in FY 2025-26 the amount the County retains for its direct needs is being reduced by 1/3 over the next three fiscal years until all the funding is allocated directly to Discover Durham.
- In FY 2007-08, the State took over County related Medicaid expenses. Instead of sending funding directly to the local governments to make the payments, the transactions would be paid at the state level by using Article 44 sales tax. With this change, the legislature agreed to hold counties "harmless" for any loss of income from the repealed Article 44 sales tax (previously used by local governments to cover their Medicaid expenses). If a county's Article 44 sales tax collections were higher than the state's Medicaid expenses, then the State would send that "extra" money to the County (hold the County harmless). In recent years this revenue source has grown significantly with a high of \$12.3 million being received in FY 2022-23. The amount has since stabilized at a lower amount in the \$9 million to \$10 million range. Final amounts for FY 2024-25 won't be available until the summer of 2025. The budget for FY 2025-26 is being adjusted to capture modest growth.



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### Education Expenditure Highlights

#### Durham Public Schools (DPS)

The FY 2025-26 Approved budget for DPS includes \$287.04 million in direct and indirect funding.

- \$224.5 million from the General Fund
- \$61.8 million from the Debt Service Funds
- And \$723,376 in the last amount of ARPA funding

The DPS Board of Education budget increase request for FY 2025-26 was nearly \$16.0 million, a 7.46% increase over FY 2024-25 approved local support in current expense and current capital outlay funding.

FY 2025-26 Durham Public School Local Funding Request		Amount
Continuation Funding	Salaries & Benefits Increase	\$4,512,006
	Utilities Increase	\$220,000
	Property Insurance Increase	\$83,000
	Auto Insurance Increase	\$33,000
	Liability Insurance Increase	\$136,000
	Increased Software Cost	\$35,298
	Subtotal	\$5,019,304
	Required Charter School Increase	\$1,334,246
	<b>Total Continuation Funding</b>	<b>\$6,353,550</b>
Salary Expansion	<b>Increase Local Teacher Supplement</b>	<b>\$2,264,351</b>
	<b>Local Master's Pay (Teachers &amp; Social Workers)</b>	<b>\$1,444,342</b>
	<b>Bus Driver Supplement</b>	<b>\$377,436</b>
Growing Together Positions (Expansion)	Dual Language Teachers (10)	\$850,000
	Montessori Pre-K Teachers (4)	\$360,000
	Montessori Pre-K Instructional Aids (6)	\$330,000
	Montessori Lower Elementary Instructional Aids (2)	\$110,000
	<b>Total</b>	<b>\$1,653,000</b>
Other Expansion	Social-Emotional Resources	\$607,095
	Additional Exceptional Children Funding	\$1,107,355
	Charter School Share of Expansion	\$1,981,332
	Non-Recurring Items	\$189,874
<b>Total Expansion</b>		<b>\$9,624,785</b>
<b>Total DPS Request for Additional Local Funding</b>		<b>\$15,978,335</b>

- The FY 2025-26 Approved budget supports a 4.61% increase in total funding to \$225,252,288, including:
  - An additional \$12,927,580 in County funding for current expense Durham Public Schools
    - \$6.35 million supporting continuation funding, \$4.09 million supporting salary expansion, \$1.1 million for additional Exceptional Children funding, and \$1.39 million for charter school share of expansion
    - \$5 million in Capital Outlay support
- While the amount for DPS increases by \$8.4 million, the amount needed from the General Fund is an additional \$15.9 million due to use of one-time funds to maximize available funds for DPS in FY 2024-25.
- DPS and Durham County Charter School total student projection for FY 2025-26 is 39,384, an increase of 988 students from the FY 2024-25 budgeted estimate of 38,396.
  - Overall trending of DPS student attendance took a significant hit during the previous four years, two of which were COVID related, dropping by nearly 2,000 students in FY 2020-21 from FY 2019-20, and still down nearly 1,500 in FY 2024-25. Mid-year tracking of pupil numbers for FY 2024-25 indicates an increase in both DPS and Charter School students. That uptick is expected to continue in FY 2025-26.



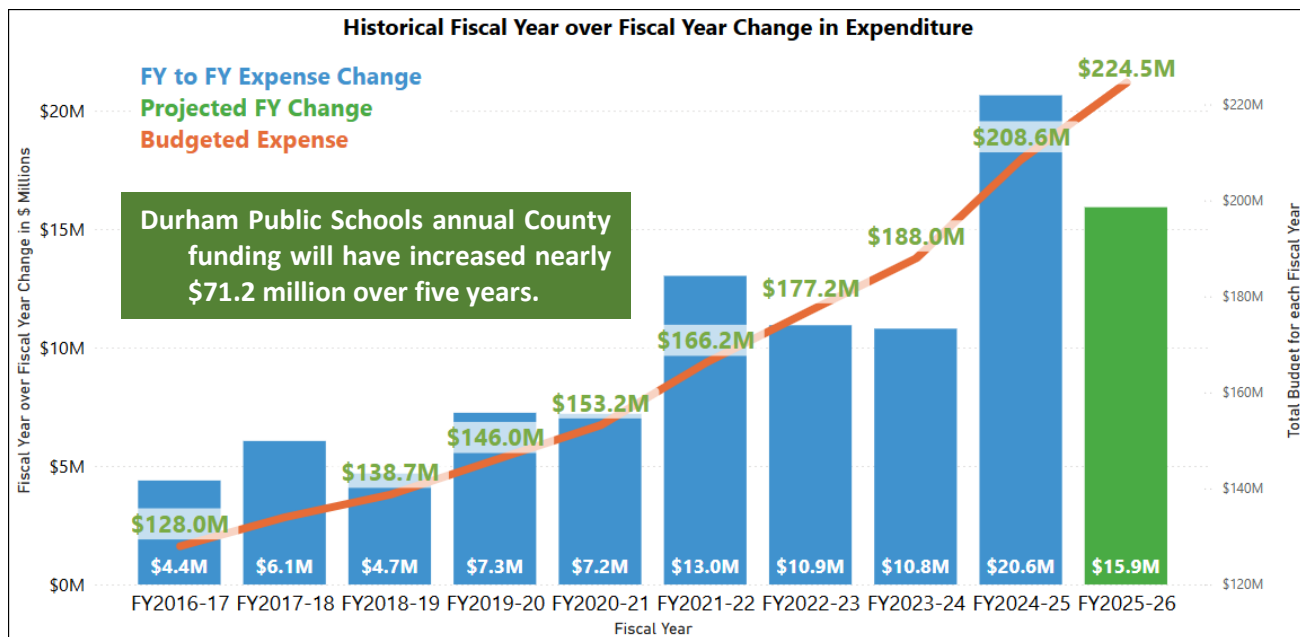
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The table below shows just the County's direct obligations to DPS across multiple funding sources

	FY 2023-24 Actual	FY 2024-25 Approved	FY 2025-26 Requested	FY 2025-26 Approved
Current Expense	\$181,951,627	\$206,601,332	\$222,579,667	\$219,528,912
Capital Outlay	\$6,000,000	\$2,000,000	\$8,000,000	\$5,000,000
ARPA Capital Outlay	\$0	\$6,000,000	\$0	\$0
ARPA Title I Support	\$0	\$716,624	\$0	\$723,376
<b>Total</b>	<b>\$187,951,627</b>	<b>\$215,317,956</b>	<b>\$230,579,667</b>	<b>\$225,252,288</b>
School Debt Service	\$43,886,484	\$51,719,972	\$61,792,616	\$61,792,616
<b>TOTAL FUNDING</b>	<b>\$231,838,111</b>	<b>\$267,037,928</b>	<b>\$292,372,283</b>	<b>\$287,044,904</b>

- The graph below shows County annual funding for DPS. The orange line represents annual budgeted expenditures, and the blue bars (green bar for FY 2025-26) illustrate additional funding added in that fiscal year.



Annual estimated per pupil funding for FY 2025-26 increases \$193 to \$5,561 (3.6%)

Category	FY 2024-25	FY 2025-26	Difference
Current Expense Funding	\$206,601,332	\$219,528,912	\$12,927,580
Annual Pre-K support (Article 46 Sales Tax)	(\$508,140)	(\$508,140)	\$ 0
<b>Net Current Expense funding</b>	<b>\$206,093,192</b>	<b>\$219,020,772</b>	
DPS and Charter School pupil estimate	38,396	39,384	988
<b>Local Per Pupil funding</b>	<b>\$5,368</b>	<b>\$5,561</b>	<b>\$ 193</b>

### Durham Technical Community College

- Durham Technical Community College's County funding increases \$186,578 or 1.6% from the FY 2024-25 Original Budget.

	FY 2023-24 Actual	FY 2024-25 Original	FY 2025-26 Requested	FY 2025-26 Approved
Current expense	11,164,565	\$11,872,083	\$12,180,661	\$12,058,661
Capital outlay	\$542,500	\$560,000	\$588,000	\$560,000
<b>TOTAL</b>	<b>\$11,707,065</b>	<b>\$12,432,083</b>	<b>\$12,768,661</b>	<b>\$12,618,661</b>
Debt service	\$2,925,765	\$4,309,998	\$10,493,086	\$10,493,086
<b>TOTAL FUNDING</b>	<b>\$14,632,830</b>	<b>\$16,742,081</b>	<b>\$23,261,747</b>	<b>\$23,111,747</b>





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- As the County continues to collect revenue from the Article 46 quarter cent sales tax, by Board of County Commissioners' resolution, Durham Technical Community College will receive a portion of this total, \$2,075,192 for student scholarship support and other educational opportunities.
- Annual operating expenses increase by \$186,578.
  - Additional funding helps support state directed 3% salary increases for certain DTCC employees, plus a 2% increase in retirement funding.
- Capital support is held flat at \$560,000
- Additional funding for a fifth year is available for the DTCC "Back to Work (BTW)" initiative and the "BULLS initiative and life sciences talent pipeline".

EXPENSE	Funding	NOTES
BULLS stipend	\$250,000	25-50 students with \$5-10K stipend
BTW scholarships	\$250,000	20 classes with 25 students @\$500 per class (covers tuition and other needs)
<b>TOTAL</b>	<b>\$500,000</b>	

### **Pre-K: \$1.44 Million**

- \$1.44 million has been allocated to Durham Pre-K via American Rescue Plan Act funding which will be expended by December 31, 2026, to further Durham County's goal of reaching universal Pre-K for all.

## **Community Well-Being**

### **Public Health (\$528,959)**

- Wellpath Contract Increase (\$378,959): Inflationary increases to the contract, which provides medical and behavioral healthcare services to our detainees in both the Durham County Detention Center and Durham County Youth Home.
- Master Aging Plan (Total: \$300,000, County Share: \$150,000): Funding to implement the 2025-2029 Master Aging Plan through the County's partnership with Aging Well nonprofit.

### **Other Human Services: \$155,000**

- An increase in operating support to Urban Ministries for security expenses.

### **Community Intervention & Support Service: \$500,000**

- Funding to sustain ongoing programming efforts for the Hayti Reborn initiative.

### **Alliance: Mental Health: (\$4,503,802)**

- Funding continues to fully support Alliance's contracted services. With recent State funding of the Crisis Support Center, the County's funds are being reallocated to provide expanded mental health services to DPS and additional funding to local nonprofit organizations.

## **Community Prosperity**

### **Cooperative Extension: \$332,000**

- Food Security Grants (\$332,000): Cooperative Extension will distribute these funds within the community to decrease food insecurity through partnerships with local nonprofits like Farmer Foodshare, etc.

## **Community Safety**

### **Youth Home: \$573,837**

- Funding will support ongoing development of the Youth Home and the RYSE Assessment Center, which commenced operations in February 2024 and allows for intervention as well as detention services. Additional funding for operating expenses and staffing includes eight Youth Home Counselors and a part-time cook. Approval of these positions will enable the opening of the final pod in the Youth Home. Once the final pod is operational, there will be offsetting revenue received by housing out-of-county juveniles at the facility.



### **Office of Emergency Services: \$1,207,401 (excluding vehicles)**

- **Emergency Medical Services – Paramedics and EMTs: \$982,170**  
Funding is provided for 12 additional FTEs for the EMS division (six paramedics and six emergency medical technicians). These positions will improve shift coverage, reduce provider workload, and increase ambulance availability.
- **Senior Auto Mechanic: \$88,283**  
One new FTE is approved to meet the increasing demand for preventative maintenance and unexpected repairs to a growing fleet of ambulances and vehicles. The current OES fleet consists of approximately 50 vehicles, including 37 ambulances.
- **Deputy Chief of Emergency Management: \$136,948**  
Durham County continues to see trends of substantial population growth combined with the increased frequency, complexity, and magnitude of disasters. This new position will assist in the coordination of efforts to prepare for, respond to, recover from, and mitigate hazards in both Durham County and the City of Durham. Per the existing ILA, the City and County have agreed to each fund 50% of this position.
- **Vehicles: \$2,725,297 (see vehicle & equipment summary below)**  
Funding is provided for eight replacement vehicles (including five ambulances) and one new vehicle for an Assistant Fire Marshal position added in FY 2024-25.
- **Fee Updates – Emergency Medical Services**  
The Emergency Medical Services Division proposes to maintain the current fee schedule adopted in FY 2022-23, which ties EMS patient fees at 200% of the Medicare Fee Schedule (MFS). The MFS, adjusted annually, received a 2.4% inflationary increase this year. The OES fee schedule mirrors this annual adjustment.

### **Sheriff's Office: \$1,576,797 (excluding vehicles)**

- **Law Enforcement Officers: \$549,894**  
The approved budget includes the addition of five Law Enforcement Officers to maintain timely responses to emergencies in RTP. These positions are reallocated from five vacant detention officer positions, which will be reestablished mid-year if Detention Center vacancy levels decrease.
- **Logistics Division expansion: \$343,200**  
Additional funding is included to cover increasing maintenance and repair costs for the fleet.
- **Inmate Welfare: \$650,000**  
An increase in Inmate Welfare spending authority is included to cover items or services for people who are detained in the Durham County Detention Facility. The revenue is supported by funds collected from people detained in the facility.
- **Animal Protective Services Contract Increase: \$98,662** An 8.8% increase in the Animal Protective Services contract is included in the budget. This amount will cover anticipated operational cost increases as intake numbers are expected to rise with community expansion and fully covers the total requested contract amount of \$1.2 million.
- **Vehicles: \$3,723,008 (see vehicle & equipment summary below)**  
Funding is provided for 43 vehicles, of which 38 are replacement units and five are new vehicles for the new LEO positions for RTP (39 SUV patrol vehicles, one specialty vehicle, one motorcycle, and two sedans). These vehicles will enable the Sheriff's Office to continue to provide efficient and effective responses to county emergencies.

## **Community Stewardship**

### **General Services**

- **Security Operations Supervisor: \$219,329**  
This new position will monitor all security systems and life safety equipment in the county's 24/7 Security Operations Center. The position includes a new SUV EV electric vehicle.



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- **Technical Security Specialist: \$181,008**  
This new position will support preventive maintenance, security assessments, programming, project management, and installation of the county's access control system, cameras and fire systems. The position includes a new Van Electric Vehicle.
- **Solid Waste Sticker Fee**  
The Solid Waste sticker fee will increase \$11 from \$169.63 per household annually to \$181 per household annually to support increases in contracted services, as well as compensate for a declining recycling market.
- **Solid Waste Crew Leader: \$61,475**  
Approved additional funding will support an additional position who will work at the Northern Solid Waste Facility and the Redwood Facility
- **Replacement Vehicles: (see vehicle & equipment summary below)**  
*Replacement funding is provided for 8 vehicles and associated upfit costs.*

### County Engineering & Environmental Services

- **Sustainability**  
Includes a \$1.5M Federal Department of Energy grant to improve energy efficiency in low-moderate income homes in Durham, Orange, and Granville Counties. The grant was originally in FY 2024-25 but was not fully spent. Unspent grant funds are being re-budgeted in FY 2025-26. Funding is available through September 2027.
- **Public Art Coordinator (\$113,193)**  
The Public Art Coordinator position, which had been funded as a contracted service in Engineering, was converted into a full-time FTE and transferred to the Public Art Fund.

### Soil and Water Conservation

- **Environmental Education and Outreach Coordinator (\$25,000)**  
This position will assist with education and outreach programs for both the Soil and Water Department and the Durham Soil and Water Conservation District Board to advance environmental literacy and stewardship of Durham County's natural resources. \$50,000 has been realigned to offset most of the cost of this position.

### Sewer Utility Enterprise Fund

- **Water & Distribution Technician & Vehicle (\$139,743)**  
Supports a Water & Distribution Technician position that will work with the Rougemont Water Distribution System and the Reclaimed Water Distribution System. A 4x4 vehicle is included in this request.
- **Sewer Utility Fee Increase**  
The Sewer Utility monthly consumption rate will increase from \$7.19/hundred cubic feet to \$8.05/hundred cubic feet, which is projected to bring in revenue of more than \$19.32M. The funding will be used to support capital costs and annual capital debt.

### Stormwater Enterprise Fund

- **Stormwater Utility Fee Increase**  
Fee increases from \$80 per Equivalent Residential Unit, or ERU, to \$96 per ERU in FY 2025-26 and is the next step in a multi-year plan to increase the Stormwater Utility fee to appropriate levels. The increased revenue will cover the cost of complying with the Falls Lake and Jordan Lake Rules. The Stormwater Enterprise Fund estimates that fee revenue will increase from \$2,750,000 to \$3,219,696.

## Strategy and Special Projects

### Information Service & Technology: \$1,240,337

- **Miscellaneous Contracted Services: 986,531**  
The approved budget includes a \$986,531 net increase in operating costs, primarily driven by miscellaneous contracted services to support inflationary costs of existing contracts.
- **Digital Content Specialist position: \$107,993**



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This new position will enable the County to maximize the potential of the new website, efficiently managing and refreshing content while harnessing AI-driven solutions to reduce costs.

- **IT Manager – ServiceNow Platform: \$145,813**

This new position plays a crucial role in overseeing the ServiceNow platform management, optimizing processes and fostering stakeholder collaboration.

**Enterprise resource planning (ERP): \$747,551**

The County is in the process of selecting and implementing a new ERP system, a software solution designed to centralize and streamline core business operations. ERP systems encompass key modules such as finance and accounting, supply chain management, human resources, production, reporting, and analytics. To ensure a smooth and effective transition, IS&T has contracted with external partners to identify the critical resources, including new positions needed at the outset. The new positions will be instrumental in shaping our support framework and driving the efficient implementation of this new system:

- **Business Relationship: \$144,063**

Ensure that IT investments and initiatives effectively support business objectives, leading to increased efficiency, cost savings, and improved service delivery

- **ERP Project Manager: \$152,460**

Oversee the implementation, maintenance, and continuous improvement of ERP solutions

- **Senior Business Analyst-HR: \$139,755**

Provide critical support to the HR department by defining business requirements, mapping workflows, and ensuring data accuracy during the ERP transition.

- **Senior Business Analyst-IT: \$139,755**

Provide technical expertise in ERP system integrations, configuration and workflow automation.

- **Senior ERP Architect: \$171,518**

Oversee strategy, align the ERP system with County business objectives, and streamline data sharing across departments.

**Elections: \$101,314**

- **Ballot Processing Manager: \$101,314**

This position addresses NC statutory changes that require a dedicated division to oversee the management of ballot-related functions. The creation of this position will consolidate ballot management, election auditing, jurisdictional auditing, and reconciliation responsibilities under one departmental division.

**Human Resources: \$50,000**

- Additional operating funds for inflationary costs are associated with County Unemployment Insurance support.

## **External Affairs**

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### **Economic Development**

- **Industrial Extension Policy payments: \$2,582,731**

Economic Development Incentive payments are allotted to businesses that meet scheduled performance criteria. The total funding amount is a \$75,000 decrease from last fiscal year.

### **Joint City-County Departments**

***Operations based in City; partial funding from Durham County. Full budget information can be found in the City of Durham budget document.***

**Planning: \$136,552**

- Supports one-time funding to complete the legally required letter notice for the new Unified Development Ordinance (UDO). Each meeting requires a public hearing notification letter mailed to all property owners and residents in both Durham City and Durham County.



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### **Emergency Communications: \$159,272**

- Supports a 13.3 percent personnel cost increase related to the City's recent City-wide salary study

### **GIS: \$25,689**

- Supports a new, mandatory software related enterprise license agreement

### **Open Data: \$8,554**

- Incremental increases to operating budget

### **Inspections: No Change**

- Department is fully funded from Inspection related fees

## **Other Departments or Funds**

### **Vehicles and Equipment: \$7.24 million**

- This budget supports 62 new General Fund Funded Vehicles and 2 Enterprise Fund Funded vehicles. Fifty-four of the General Fund Funded vehicles are replacements and eight are new. The two Enterprise Fund vehicles are both new.

Department	New / Replacement	Type	Quantity	Vehicle Cost	Upfit Cost	Total DCo Expense
SHERIFF	Replacement	Motorcycle	1	\$23,000		\$23,000
		Patrol-Rated SUV	34	\$64,000		\$2,176,000
		Sedan Vehicle	2	\$28,000		\$56,000
		Heavy Duty - Specialty Vehicle	1	\$100,000		\$100,000
		Upfit Emergency Equipment for above vehicles			\$855,000	\$855,000
		Tax and Tags for above vehicles			\$70,878	\$70,878
	New	SUV	5	\$64,000	\$22,500	\$432,500
		Taxes & Tags for above vehicle			\$9,630	\$9,630
EMERGENCY SERVICES	Replacement	Braun Liberty Ambulance F550 4X4	5	\$423,888	\$38,108	\$2,309,980
		Large SUV 4X4 EMS	3	\$64,000	\$22,000	\$258,000
		Tax and Tags for above vehicles			\$69,391	\$69,391
	New	Large SUV 4X4 Fire Marshal	1	\$64,000	\$22,000	\$86,000
		Tax and Tags for above vehicles			\$1,926	\$1,926
GENERAL SERVICES	New	Electric SUV	1	\$72,926		\$72,926
		Electric Van	1	\$70,866		\$70,866
	Replacement	Boom Truck 4X4	1	\$78,456		\$78,456
		Box Truck 4X2	1	\$77,456		\$77,456
		4X4 Crew Cab EL DIV	1	\$58,126		\$58,126
		4X4 Crew Cab BU DIV A	1	\$54,066		\$54,066
		4X4 Crew Cab BU DIV B	1	\$54,566		\$54,566
		4X4 Crew Cab PL DIV	2	\$61,506		\$123,012
		Rolloff Truck - Solid Waste	1	\$206,006		\$206,006
TOTAL			62			\$7,243,785
Fund	New / Replacement	Type	Quantity	Vehicle Cost	Upfit Cost	Total DCo Expense
Stormwater Fund	New	Pickup 4X4	1	\$52,000		\$52,000
Enterprise Fund	New	4X4 Vehicle	1	\$55,000		\$55,000
TOTAL			2			\$107,000

### **Benefits Plan Fund: \$6,287,449**

- The Benefits Plan Fund increases by \$6.3 million to \$50,630,558 in FY 2025-26, an increase of 14.2%. This continues a trend of substantial increases within the fund which can be attributed to several variables:
  - As the County vacancy rate has decreased and additional County positions are created, the Benefits Plan Fund will increase to accommodate the healthcare and related costs of our employees and their family members.





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- The Benefits Plan Fund has also grown to offset significant market rate inflation that is being seen across the healthcare industry, by other local government organizations, and mostly by higher benefits related expenditures within Durham County (expenditure trending continues to rise).
- A Request for Proposal (RFP) was sent to numerous benefits providers in order to lower healthcare costs or limit growth. While actual savings from this RFP were not secured, growth in costs for FY 2025-26 were limited due to new contract proposals.

### Capital Finance Plan Fund: \$10,173,180

- The Capital Finance Plan Fund increases by \$10.17 million to \$126,101,344 in FY 2025-26, an increase of 8.78%.
- For the upcoming fiscal year Durham County has debt service cost of a little over \$116 million as well as \$20 million in direct support for a number of capital project needs. These costs are paid for with dedicated (by BOCC policy) sales tax, some occupancy tax, and mostly property tax paid out of the Capital Finance Plan Fund. Both the debt service cost and direct support amount increased from the FY 2024-25 budget amount necessitating the need for a 1.0 cent property tax rate increase needed for the Capital Finance Plan fund.

Fund Name and Tax Rates	FY 2024-25 Approved	Revenue Neutral	FY 2025-26 Approved	FY 2025-26 Projected Revenue
General Fund	69.76	45.35	47.85	\$409,197,931
Capital Finance Plan Fund	10.11	6.57	7.57	\$64,657,123
<b>Total</b>	<b>79.87</b>	<b>51.92</b>	<b>55.42</b>	<b>\$473,855,054</b>

## Capital Improvement Plan Debt Funding FY 2025-26

