



FY 2026-27 BUDGET LIMITATIONS

The fundamental challenge of the FY 2026-27 budget is balancing significantly slowing growth in key revenues while continuing to support key 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
- **Public Safety Support** – Increased demand for EMS services through a growing population have put significant pressure on this department. Expansion of personnel and related operating costs are necessary to provide the level of service expected by residents.
- **Education** – Maintain significant local funding support for Durham Public Schools and overall county investment in education.
- **Providing Services at Current Levels** – Reductions in funding across many departments as well as rising costs present real pressure on providing current department service levels.
- **Personnel Investment** – Funds for a 2% Cost of Living Adjustment (COLA) to salaries are included to support Durham County workforce.
- **Limiting Property Tax Growth** – Slowing “natural” growth in key revenues along with rising costs and reduced intergovernmental support put tremendous pressure on the County to find available revenue to support ongoing and current service levels. The recommended property tax rate directly supports Durham Public Schools, EMS expansion, and increased funding for the County’s Pre-K investment.

GENERAL FUND BUDGET HIGHLIGHTS

Recommend a 2.0 cent Property Tax Increase for General Fund

- 2.0 cent total County property tax rate increase = \$17.1 million
 - DPS Increase in funding - \$10.9 million
 - EMS ambulance unit expansion - \$1.23 million
 - Pre-K expansion funding - \$1.27 million (\$770,000 of former one-time ARPA funding)
 - Intergovernmental Revenue Loss - **-\$2.8 million**

2% Departmental Budget Reductions Across General Fund (where applicable)

- Estimated \$6.2 million savings
 - COLA cost - \$3.6 million
 - Benefits Plan increase - \$1.6 million
 - Lost revenue coverage - \$600,000
- Program and service levels expected to stay the same, but there will be stress points with these reductions
- Continued reductions in department operating budgets will force strategic reductions in services
 - The Board will at some point have to weigh mandated and non-mandated service delivery with an eye towards reduced/eliminated programs/services

Education Highlights

- **Increased Durham Public School funding - \$10.9 million**
- **Total Pre-K support of \$10.6 million, increased by \$1.27 million (\$770,000 replacing one time ARPA funding, and \$500,000 of new funding).**
- **DTCC funding increased 3% to offset inflation**

Personnel Highlights

- **Compensation Support for Employees through a 2% COLA - \$3.6 million**
- **Increased Benefits costs to provide coverage for County employees - \$1.6 million**
- **Limited number of new full-time positions - \$745,296 (does not include respective operating expenses)**
 - 10 new FTEs in EMS to support the expansion of 1 full-time ambulance unit.
 - 1 new FTE in Justice Service Department to help facilitate the expansion of mental health services for detainees at the detention center.



FY 2026-27 Budget Highlights – Manager Recommended



- Continued hiring freeze to closely monitor and control expenses

Other Tax District Highlights

- Multiple Fire Tax Districts are recommended for increased property tax rates (rates are per \$100 valuation).
 - Redwood Fire Tax District increase of 0.25 cents
 - New Hope Fire Tax District increase of 1.5 cents
 - Eno Fire Tax District increase of 2.0 cents
 - Mangum Fire Service District initial rate of 4.7 cents

EXPENDITURES – OVERVIEW

- The County’s “All Funds Budget” (overall County budget) is increasing by 0.67% or \$7.0 million.

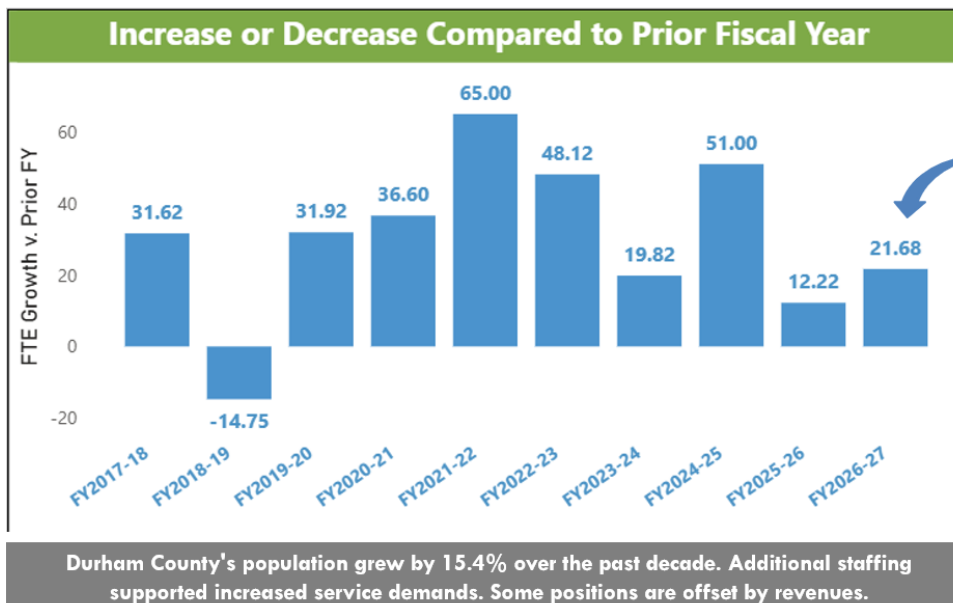
All Funds Summary	FY 2024-25 Actuals	FY 2025-26 Original	FY 2025-26 Estimate	FY 2026-27 Requested	FY 2026-27 Recommend	\$ Change Rec. v. Orig.	% Change Rec. v. Orig.
General Funds	\$766,033,966	\$877,653,373	\$872,377,577	\$928,121,037	\$886,439,765	\$8,786,392	1.00%
Special Revenue Funds	\$16,322,069	\$18,369,774	\$18,306,330	\$19,102,089	\$19,215,101	\$845,327	4.60%
Debt Service Funds	\$103,059,190	\$116,589,842	\$110,439,044	\$113,147,262	\$111,634,693	(\$4,955,149)	-4.25%
Enterprise Funds	\$32,401,378	\$25,859,286	\$27,482,082	\$28,134,146	\$28,134,146	\$2,274,860	8.80%
Total	\$917,816,603	\$1,038,472,275	\$1,028,605,033	\$1,088,504,534	\$1,045,423,705	\$6,951,430	0.67%

Expenditures – General Fund

- The General Fund budget is growing by 1.48% over the prior year budget.

Functional Area Name	FY 2024-25 Actuals	FY 2025-26 Original	FY 2025-26 Estimated	FY 2026-27 Requested	FY 2026-27 Recommend	\$ Change Rec. v. Orig.	% Change Rec. v. Orig.
General Government	\$157,608,714	\$193,312,411	\$200,132,095	\$205,352,503	\$198,495,560	\$5,183,149	2.68%
Public Safety	\$84,759,982	\$95,104,406	\$91,190,451	\$100,991,777	\$94,304,587	(\$799,819)	-0.84%
Transportation	\$1,541,844	\$4,544,472	\$4,753,125	\$3,540,686	\$3,379,501	(\$1,164,971)	-25.63%
Environmental Protection	\$6,048,888	\$7,866,848	\$10,991,046	\$7,082,487	\$6,698,784	(\$1,168,064)	-14.85%
Econom. & Physical Devlp.	\$9,458,279	\$10,419,457	\$10,501,211	\$11,101,018	\$10,478,754	\$59,297	0.57%
Human Services	\$101,200,148	\$114,315,668	\$109,686,862	\$114,802,435	\$109,983,320	(\$4,332,348)	-3.79%
Education	\$229,475,707	\$246,826,645	\$246,329,603	\$278,622,527	\$259,631,318	\$12,804,673	5.19%
Cultural & Recreational	\$16,232,094	\$17,317,877	\$16,243,817	\$18,045,111	\$16,938,710	(\$379,167)	-2.19%
Total	\$606,325,656	\$689,707,784	\$689,828,210	\$739,538,544	\$699,910,534	\$10,202,750	1.48%

PERSONNEL CHANGES





FY 2026-27 Budget Highlights – Manager Recommended



REVENUES – OVERVIEW

Property Valuation

- Valuation of all County Real Property (residences, businesses, buildings, etc.) was updated, through a county-wide reappraisal process, to reflect the fair market value of those properties on January 1, 2025. Appeals received for this process were higher than seen in prior years and resulted in an overall reduction in valuation for the County at higher than anticipated amounts. This affects two different fiscal years. The collections for FY 2025-26 will not be received at the budgeted amount, as well the new base amount that FY 2026-27 has to build off is lower than typical. In other words, instead of the County's typical growth rate of around 3% adding on top of budgeted revenues of \$409 million in the General Fund for FY 2025-26, the new floor for projected growth to start from is the projected actual collections of \$399.7 million.

Property Category	FY 2025-26 Original	FY 2026-27 Budgeted	% Change FY to FY
Real Property	\$74,996,323,716	\$74,152,966,121	-1.12%
Business & Personal Property	\$6,340,027,998	\$6,836,598,821	7.83%
Public Service	\$760,068,472	\$886,470,390	16.63%
Motor Vehicle	\$3,658,916,952	\$3,961,436,978	8.27%
Total	\$85,755,337,137	\$85,837,472,310	0.10%

PROPERTY TAX	FY 2025-26 Approved Tax Rate	FY 2026-27 Recommended Tax Rate
General Fund	47.85	49.85
Capital Financing Fund	7.57	7.57
TOTAL	55.42	57.42

General Government Expenditure Highlights

General Services

- The Solid Waste sticker fee will increase from \$181 per household annually to \$185 per household annually to support increases in contracted services, as well as compensate for a declining recycling market.

Public Safety Highlights

Sheriff's Office:

- Addition of 5 FTE Law Enforcement Officers to maintain timely responses to emergencies in the community. These positions are reallocated from vacant detention officer positions, which can be re-established mid-year if vacancy levels decrease.
- \$36,663 (3%) inflationary increase to Animal Protection Society contract to run the Animal Shelter for a total of \$1,258,760.

Office of Emergency Services

- Funding of \$1,233,114 is budgeted to add an additional 24-hour ambulance unit to the EMS Fleet. 10 additional Paramedic positions with associated uniforms and protective equipment costs and one ambulance are included. Expansion of the EMS fleet is needed to meet the increased demands due to population growth in the community.

Justice Service Department:

- Funding of \$76,296 is recommended for a Human Service Clinical Counselor (1 FTE). This position will help facilitate the expansion of mental health services for detainees at the detention center.

Economic & Physical Development Highlights

Cooperative Extension:

- Funding of \$320,000 for Food Security Grants in Cooperative Extension. These funds will be distributed within the community to improve food security through partnerships with local nonprofits like Farmer Foodshare, etc.



FY 2026-27 Budget Highlights – Manager Recommended



Human Services Highlights

Public Health

- DINE Program FTE and Funding Reduction: The Durham Innovative Nutrition Education Program (DINE) has been reduced by 4.97 full-time equivalent (FTE) positions with a corresponding funding decrease of \$634,367. This change is the result of a loss in federal revenue that has historically supported the program.

Alliance: Mental Health

- Funding of \$2,364,862 continues to support Alliance’s contracted services. Funding is included for the Durham County Crisis Support Center and partnerships with local mental health stakeholders.

Community Intervention & Support Service

- Funding of \$250,000 is included for the development and implementation of a joint comprehensive violence reduction plan with the City of Durham aimed at reducing community violence through coordinated, evidence-based strategies.

Other Human Services

- Funding of \$500,000 to provide additional support for homelessness Strategic Plan as it moves forward.

Education Expenditure Highlights

Durham Public Schools (DPS)

The FY 2026-27 Recommended Budget for DPS includes \$313.45 million in direct and indirect funding.

- \$235.4 million from the General Fund
- \$70.3 million from the Debt Service Funds
- And \$7.75 million in DPS support within other departments (Sheriff School Resource Officers, Public Health school nurses, Project Build, and several school related nonprofits)

	FY 2024-25 Actual	FY 2025-26 Original	FY 2026-27 Requested	FY 2026-27 Recommended
Current Expense	\$206,601,332	\$219,528,912	\$245,229,039	\$230,428,901
Capital Outlay	\$2,000,000	\$5,000,000	\$7,823,488	\$5,000,000
County Funding Total	\$208,601,332	\$224,528,912	\$253,052,527	\$235,428,901
ARPA Capital Outlay	\$6,000,000	\$0	\$0	\$0
ARPA Title I Support	\$716,624	\$723,376	\$0	\$0
Tota Direct DPS Funding	\$215,317,956	\$225,252,288	\$253,052,527	\$235,428,901
DPS Debt Service	\$51,719,972	\$61,792,616	\$67,873,001	\$70,329,857
TOTAL FUNDING	\$267,037,928	\$287,044,904	\$320,925,528	\$305,758,758

The DPS Board of Education budget total increase request for FY 2026-27 was over \$28.5 million, a 12.7% increase over FY 2025-26 approved local support

- The Manager’s FY 2026-27 Recommended budget supports a 4.85% increase in total funding to \$235,428,901:
 - An additional \$10,899,989 in County funding for current expense meets the DPS continuation funding as seen in the table to the right.
- DPS and Durham County Charter School total student projection for FY 2026-27 is 38,776, a decrease of 608 students from the FY 2025-26 budgeted estimate of 39,384.
- Annual estimated current expense per pupil funding for FY 2026-27 increases \$368 to \$5,929, or 6.6%.

Category	FY 2025-26	FY 2026-27	Difference
Current Expense Funding	\$219,528,912	\$230,428,901	\$10,899,989
Annual Pre-K support (Article 46 Sales Tax)	(\$508,140)	(\$508,140)	\$0
Net Current Expense funding	\$219,020,772	\$229,920,761	
DPS and Charter School pupil estimate	39,384	38,776	-608
Local Per Pupil funding	\$5,561	\$5,929	\$ 368



FY 2026-27 Budget Highlights – Manager Recommended



Durham Technical Community College

- Durham Technical Community College’s County funding increases \$378,644 or 3% from the FY 2025-26 Original Budget.

	FY 2024-25 Actual	FY 2025-26 Original	FY 2026-27 Requested	FY 2026-27 Recommended
Current expense	\$11,872,083	\$12,058,661	\$13,033,551	\$12,467,305
Capital outlay	\$560,000	\$560,000	\$530,000	\$530,000
TOTAL	\$12,432,083	\$12,618,661	\$13,563,551	\$12,997,305
Debt service	\$4,309,998	\$10,493,086	\$13,396,163	\$13,396,163
TOTAL FUNDING	\$16,742,081	\$23,111,747	\$26,959,714	\$26,393,468

Other Education:

- County funding for Pre-K increases by \$1.27 million, \$770,000 to replace the one-time use of ARPA funds the previous year and \$500,000 of new additional funding. Total funding is \$10.16 million.
- Funding of \$500,000 has also been added for future youth-related mini-grants.

Other Department and Funds Highlights

Vehicles and Equipment: \$6.8 million

- This budget supports 51 General Fund funded vehicles and 4 Enterprise Fund funded vehicles. Fifty of the General Fund vehicles are replacements, and one is new. Three of the four Enterprise Fund vehicles are new.

Risk Management Fund:

- The budget supports funding of \$117,631 for a Risk Analyst position to facilitate ongoing operations, including risk assessments throughout the county and management of a complex insurance portfolio.

Benefits Plan Fund:

- The Benefits Plan Fund is recommended to increase by \$1,546,309 to \$52,176,867 in FY 2026-27, an increase of 3.1%. This continues a trend of increases within the fund which can be attributed to several variables:
 - Rising healthcare costs continue to impact organizations and employees across the country. Factors such as increased cost for medical services, import tariffs on medical goods, and higher prescription drug prices, have all contributed to this upward trend. As a result, the overall cost of providing benefits has increased, which is reflected in the adjustments to the County’s benefits expenses.
 - Durham County is investing an additional \$250,000 to strengthen employee wellness initiatives aimed at improving both physical and mental well-being.

Enterprise Funds Highlights

Sewer Utility Enterprise Fund

- Sewer Utility Fee Increase: The Sewer Utility monthly consumption rate will increase 10% - from \$8.05/hundred cubic feet to \$8.86/hundred cubic feet - which is projected to bring in revenue of more than \$21.29M. The funding will be used to support capital costs and annual capital debt.