

FY 2026-27 BUDGET LIMITATIONS

The fundamental challenge of the FY 2026-27 budget is balancing significantly slowing natural growth in key revenues while continuing to support major priorities (with a minimal property tax rate increase).

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.
- Minimal property tax rate increase (last two year’s property tax rate increases are the highest in the last 30 years)
- **Education** – Maintain significant education local funding support
- **Personnel Investment** – How or If to provide valued County workforce with a modest pay increase for next FY
- **New Positions** – Offsetting new positions with reclassifications/reassignment where possible

Fiscal Year	Revenue Neutral		Percentage Increase
	Tax Rate	Rate	
FY2006-07	0.8090		0.00%
FY2007-08	0.8340		3.09%
FY2008-09	0.7081	0.6882	2.89%
FY2009-10	0.7081		0.00%
FY2010-11	0.7459		5.34%
FY2011-12	0.7459		0.00%
FY2012-13	0.7444		-0.20%
FY2013-14	0.7744		4.03%
FY2014-15	0.7931		2.41%
FY2015-16	0.7931		0.00%
FY2016-17	0.7404	0.7404	0.00%
FY2017-18	0.7679		3.71%
FY2018-19	0.7779		1.30%
FY2019-20	0.7122	0.6892	3.34%
FY2020-21	0.7122		0.00%
FY2021-22	0.7222		1.40%
FY2022-23	0.7222		0.00%
FY2023-24	0.7522		4.15%
FY2024-25	0.7987		6.18%
FY2025-26	0.5542	0.5192	6.74%

KEY FY 2026-27 GENERAL FUND BUDGET ISSUES

Revenues

- Prop. Tax = \$12 million
- Sales Tax Growth = \$770,000 million (maybe)
- Sales Tax ILA = (\$1 million)
- State Hold Harmless = Flat until we see proof
- Occupancy Tax = (\$1.4 million)
- Federal Funding = (\$1 million)
- Investments, EMS, &ROD = \$3.4 million
- Other Revenue = (\$1 million)
- Capital Finance Plan fund balance = (\$3 million)
- **Total = \$8.77 million**

Expenditures

- ARPA Backfill = \$1.825 million
- Other Pers. Costs = \$1.3 million
- FY 25-26 Ongoing = \$5.45 million
- Health Insurance = \$2 million (?)
- Mid-Term Elections = \$750,000
- Federal reimbursement (DSS) changes = \$2.2 million
- **Total = \$13.525 million**

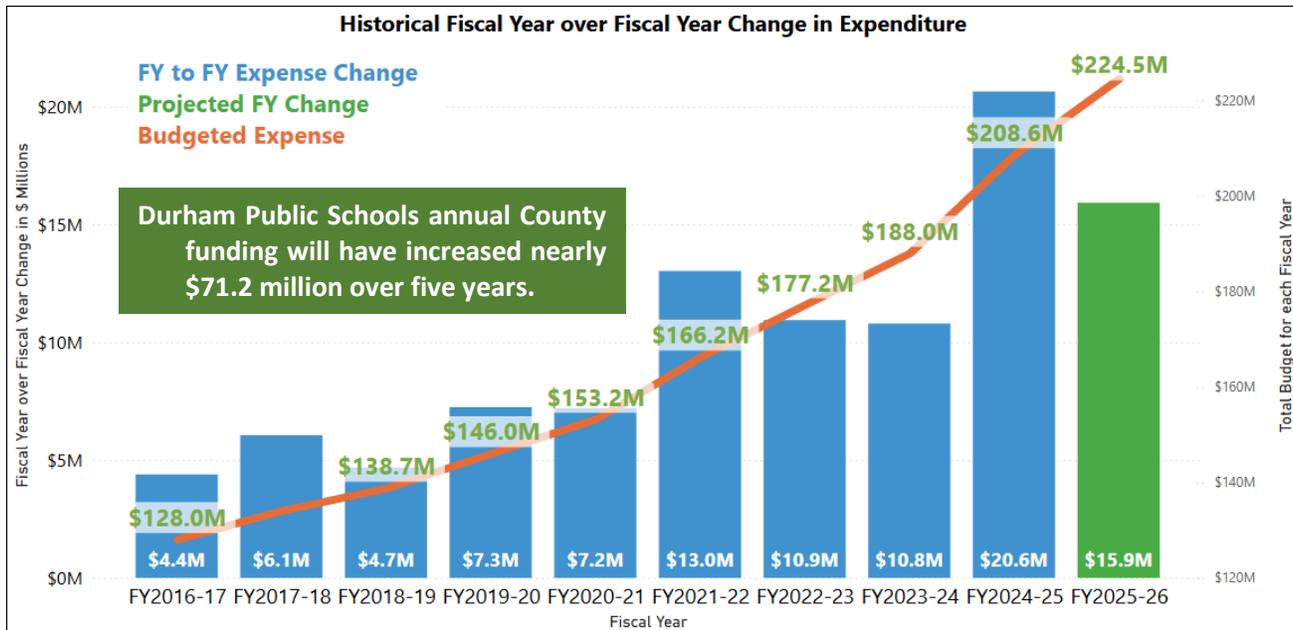
½ Cent Property Tax Increase Needed to Meet this “Out of Balance”

Not Included in FY 2026-27 Budget...YET

- **Salary Changes**
 - 3% COLA (\$1.8M per each % for GF) \$5,400,000
- **DPS Funding**
 - DPS Average (Last 3 years) \$12,000,000

Education Highlights

- 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.



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
Total	\$187,951,627	\$215,317,956	\$230,579,667	\$225,252,288
School Debt Service	\$43,886,484	\$51,719,972	\$61,792,616	\$61,792,616
TOTAL FUNDING	\$231,838,111	\$267,037,928	\$292,372,283	\$287,044,904

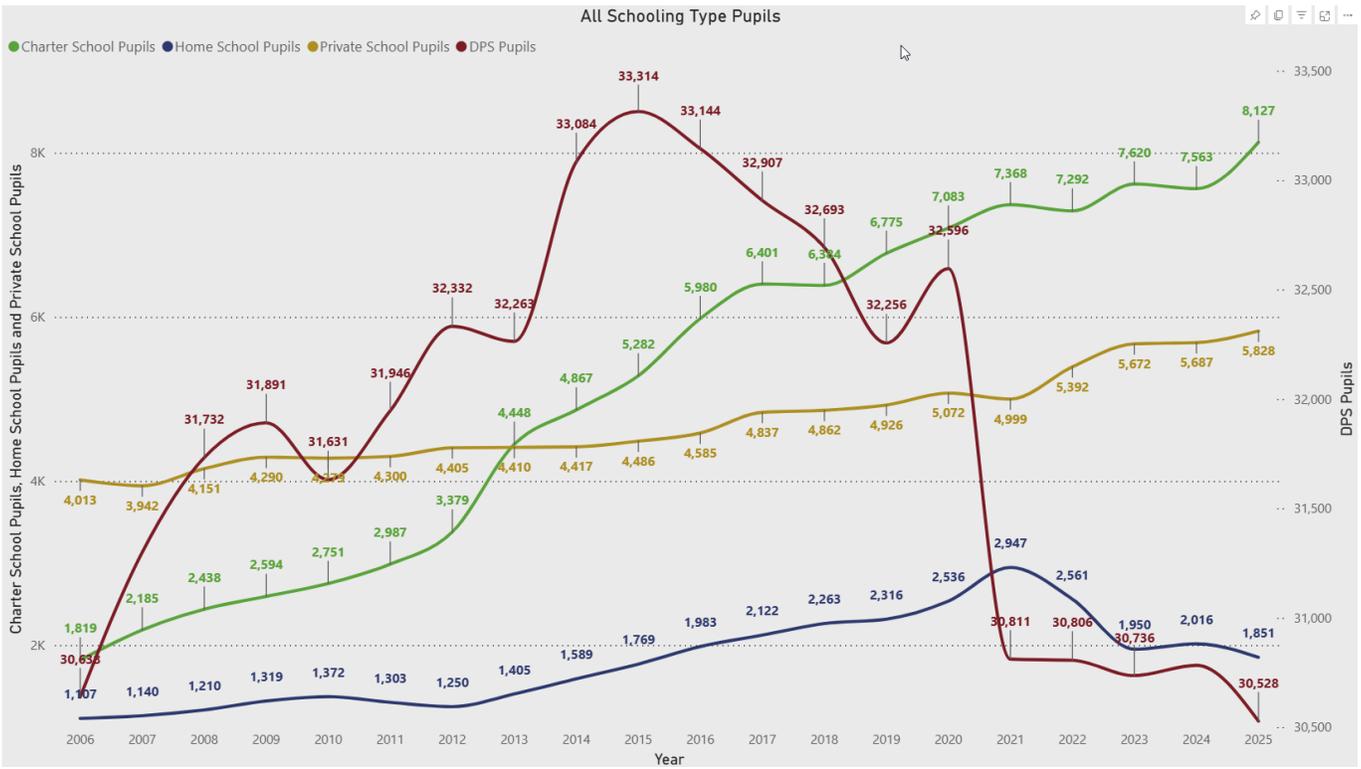
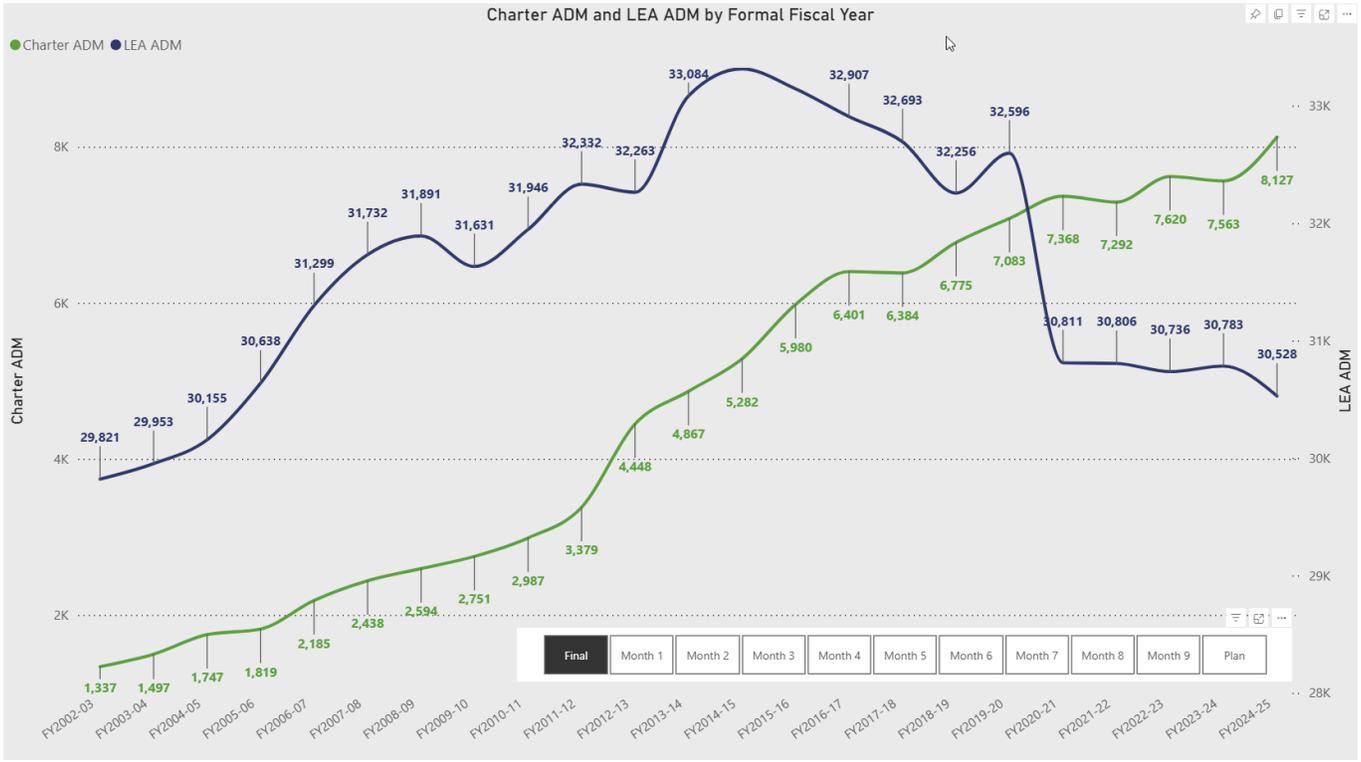
- Increased Durham Public School FY 2025-26 Current Expense funding - \$12.97 million**

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
Net Current Expense funding	\$206,093,192	\$219,020,772	
DPS and Charter School pupil estimate	38,396	39,384	988
Local Per Pupil funding	\$5,368	\$5,561	\$ 193

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.



Charter ADM and LEA ADM by Formal Fiscal Year

● Charter ADM ● LEA ADM

