



BOCC Budget Retreat
February 25, 2020



The Day Ahead

- Welcome & Overview
- Applied Systems Thinking – Michael Goodman
- Tax Valuation Review
- CAFR Financial Trends
- Demographic Data
- Budget Update
 - FY 2020-21
- Highlighted Areas
 - Technology Enhancements
 - Economic Development
 - Opioid Settlement Negotiations
 - Lowell Siler
 - Rod Jenkins
 - Medicaid Compliance in DSS
- Board Discussion: Prioritization
- BOCC Charge to Staff
- Process Improvement Highlights
- Observations and Next Steps



Outcomes for the Day

- Share context that will inform the FY 2020-21 budget process
- Gauge BOCC priorities for investments in the upcoming budget and beyond



Request of Audience

- This session is set aside specifically for the Board to hear staff presentations and have dialogue
- Please limit side bar conversations and silence cell phones
- We will not be taking questions or comments from the audience members today



Questions for the BOCC – Future Investments

- Is the County making the right investments that line up with your priorities, and what, if any, adjustments would you want to make in the short term?
- Looking over the longer term, what are the critical investments that Durham County should make?



Michael Goodman

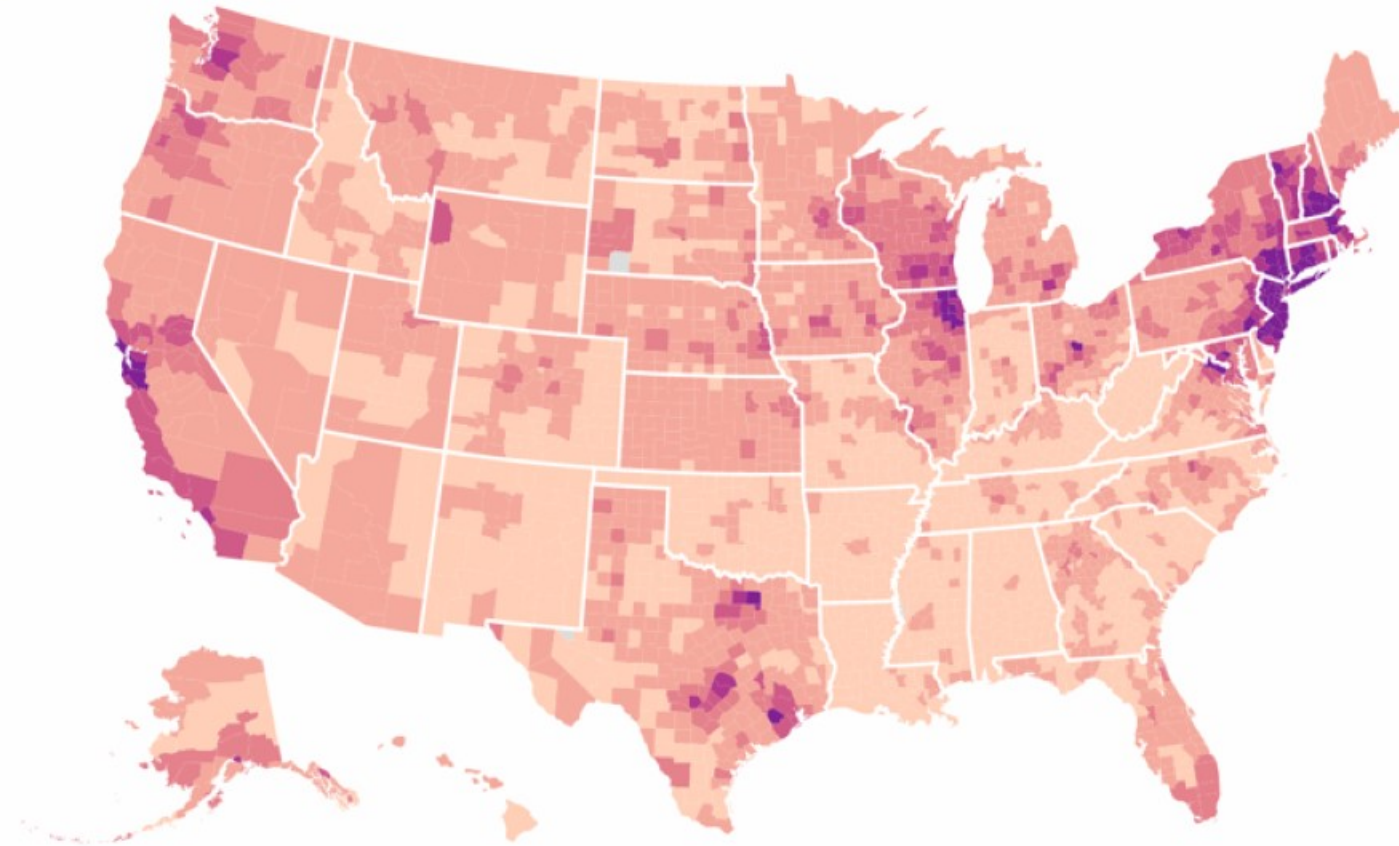
Systems Thinking

Michael Goodman is an internationally recognized speaker, author, and practitioner in the fields of systems thinking, organizational learning and change, and leadership. Michael has pioneered many innovations in the field of system thinking that have made it more accessible to business and organizational leaders. He has been a practitioner in this work for well over 30 years. Michael has published widely, authoring one of the first textbooks in the field, *Study Notes in Systems Dynamics*, and serving as the primary contributor to the Systems Thinking chapter in the acclaimed *Fifth Discipline Fieldbook* by Peter Senge, et al. He also contributed articles to two other Senge books: *The Dance of Change* and *Schools that Learn*.

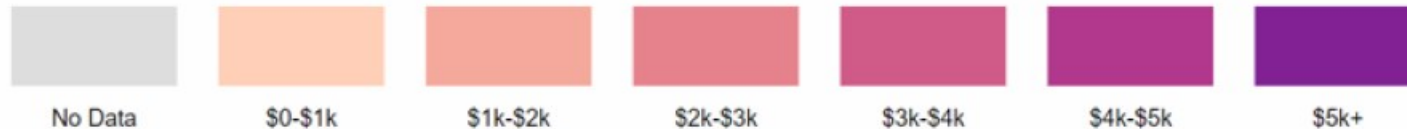


Which Places Pay The Most in Property Tax?

Median Property Taxes 2017



Tax Valuation Review



2019-20 Tax Base Variances

Property Category	FY2019-20 Approved	FY2020-21 Projected	% Change from FY to FY
Real Property	\$36,679,717,847	\$37,237,748,596	1.52%
Personal Value/Service	\$3,568,011,796	\$3,802,807,778	6.58%
Public Service	\$580,268,564	\$607,015,073	4.61%
Motor Vehicle	\$2,392,736,986	\$2,561,381,956	7.05%
Total	\$43,220,735,193	\$44,208,953,403	2.29%



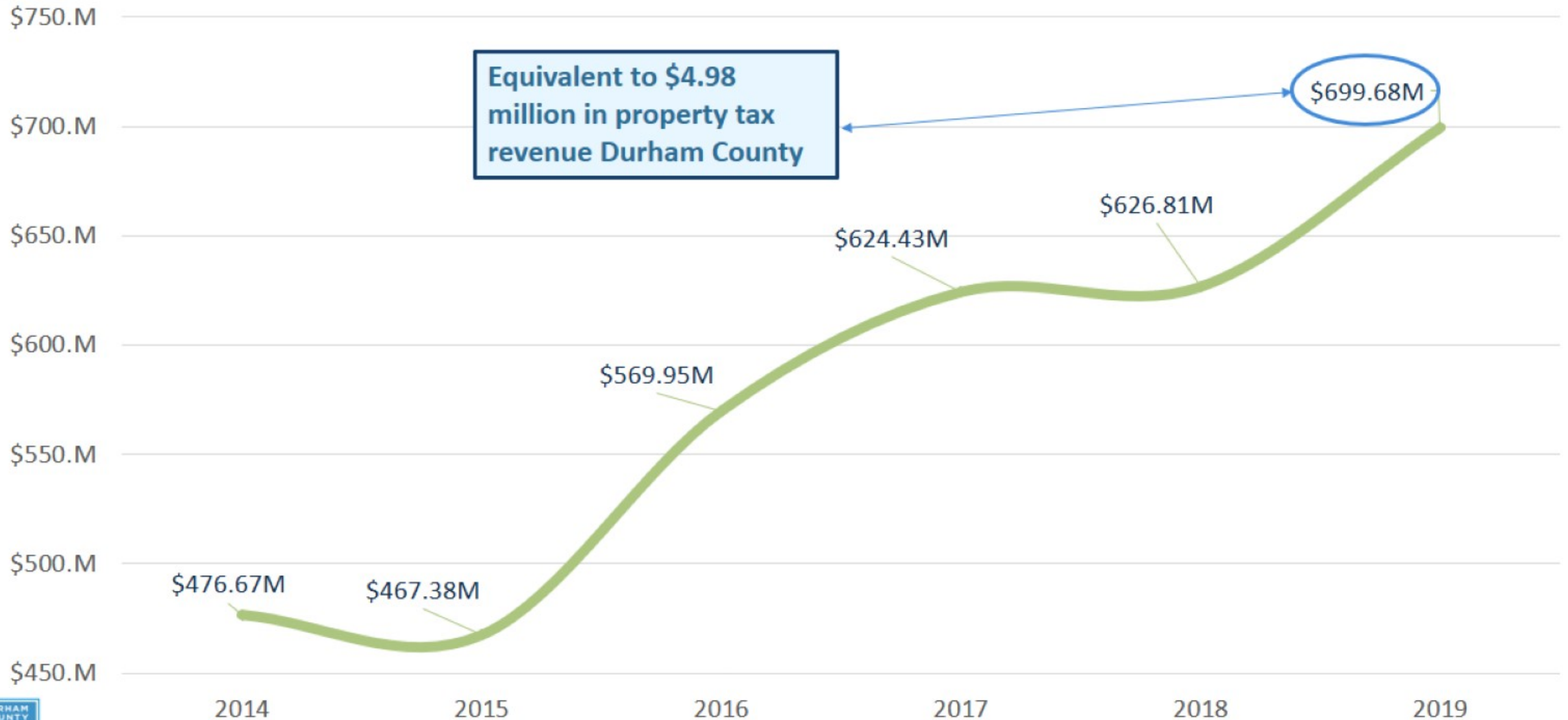
FY 2019-20 Real Property Growth Changes

- “Holdbacks” for potential appeals is set at 2.72% of real property valuation -- *Safe, but not too conservative*
 - Holding back too much increases tax bill of property owner and overestimates potential loss due to appeals
 - Holding back too little puts significant risk on the County to meet budget and underestimates potential loss due to appeals

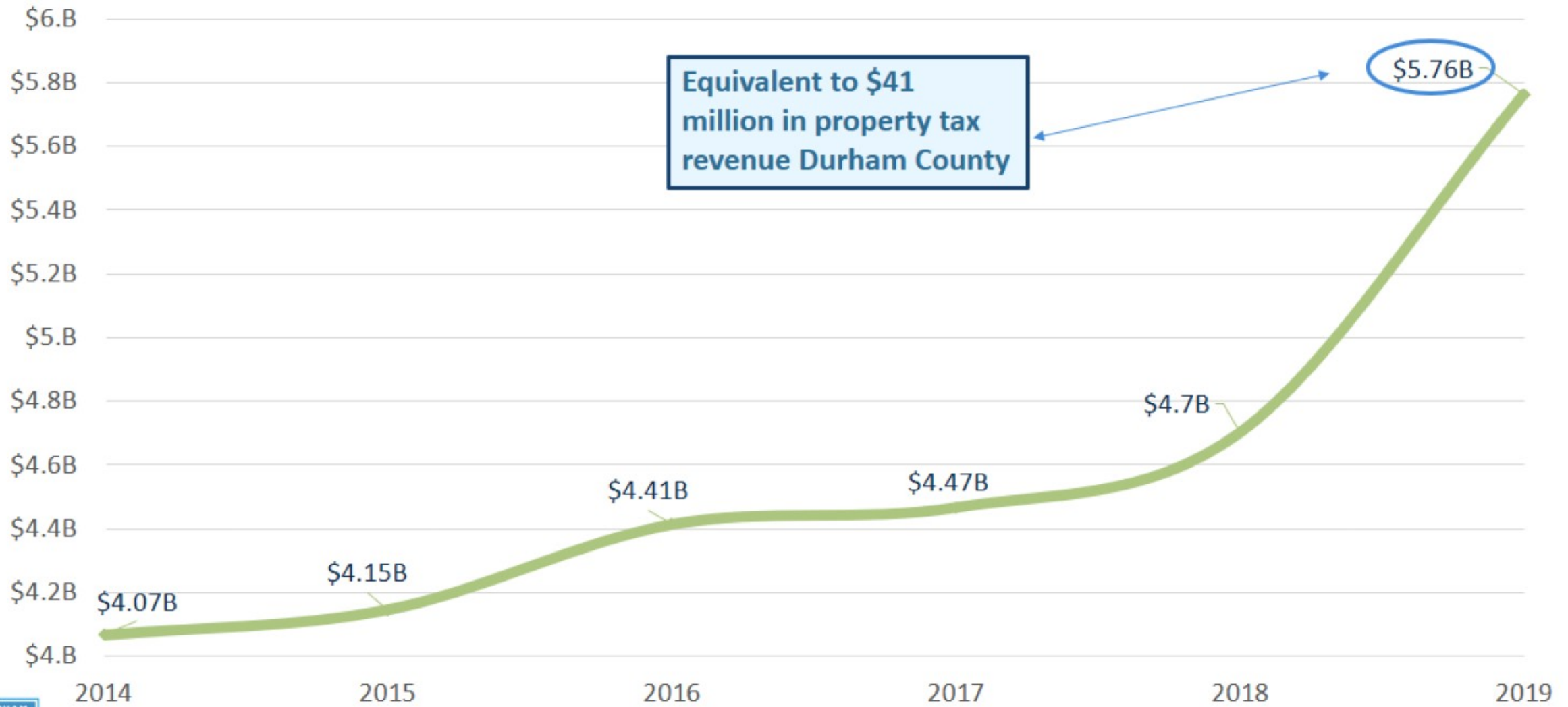
County Valuation Holdback - Projected

\$38,278,787,257	FY 2020-21 Real Property as of January 1, 2020
\$(200,000,000)	2016/2017/2018/2019 PTC Appeals
\$(100,000,000)	2020 Reduction for Builder's Inventory
\$(300,000,000)	2020 Reduction for Addt'l Exemptions (potential)
\$(441,038,661)	2020 Appeals (potential loss) buffer
\$37,237,748,596	Net Projected Real Property Value

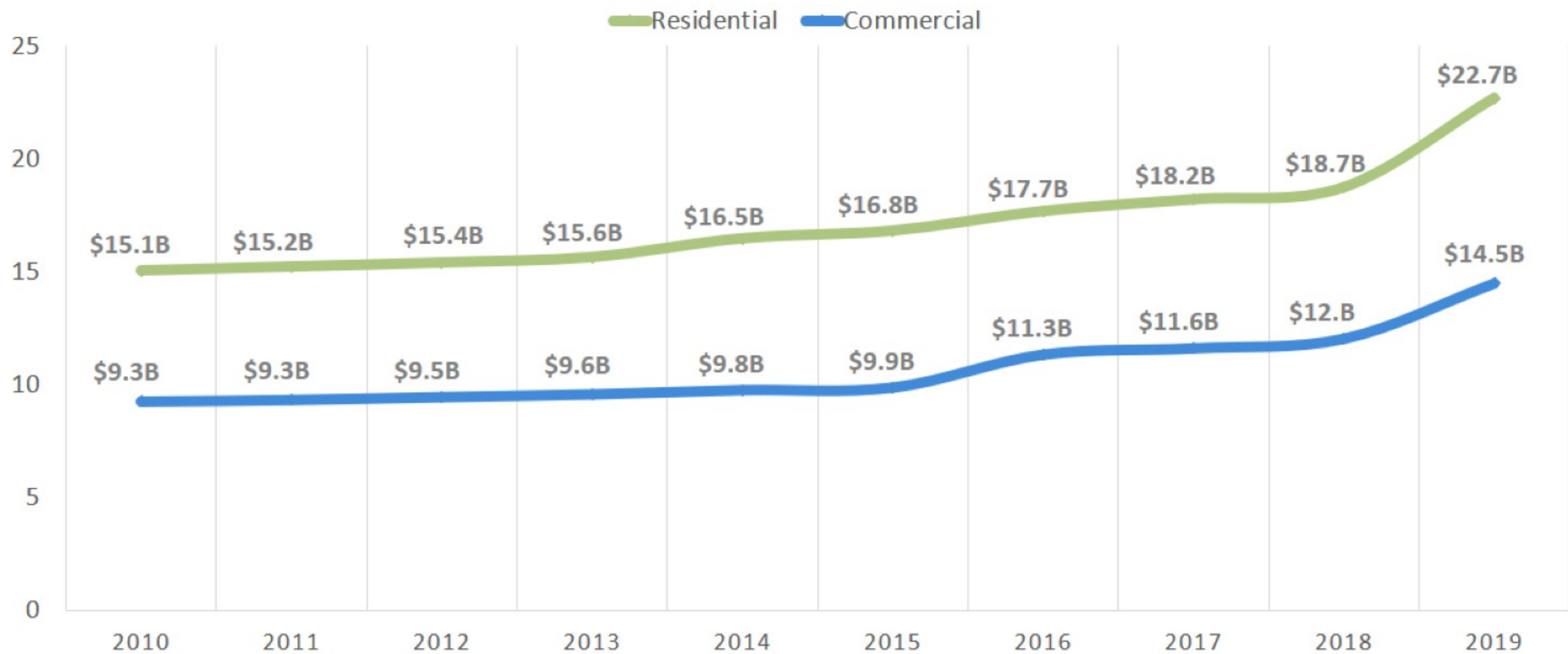
Durham County Real Property Exemptions-FY 2019-20



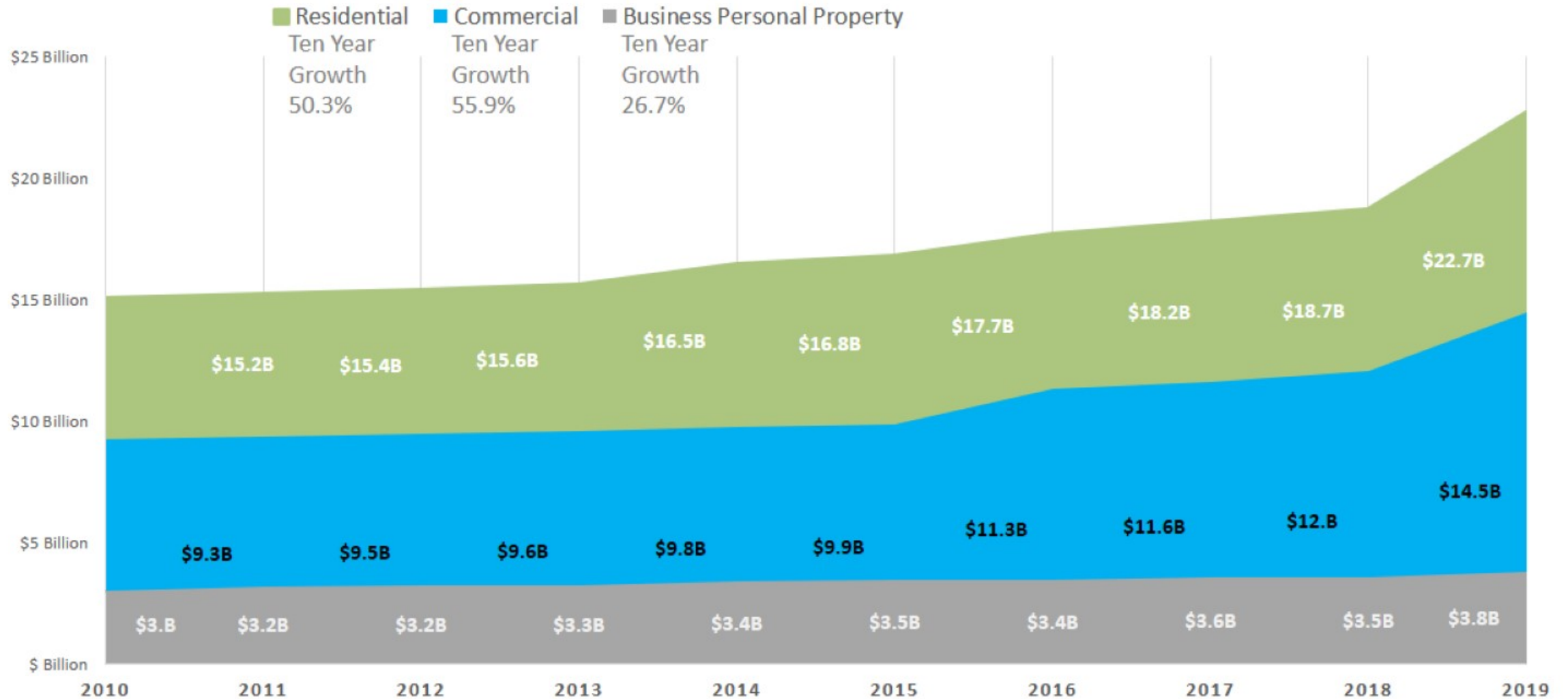
Durham County Total Exemptions-FY 2019-20



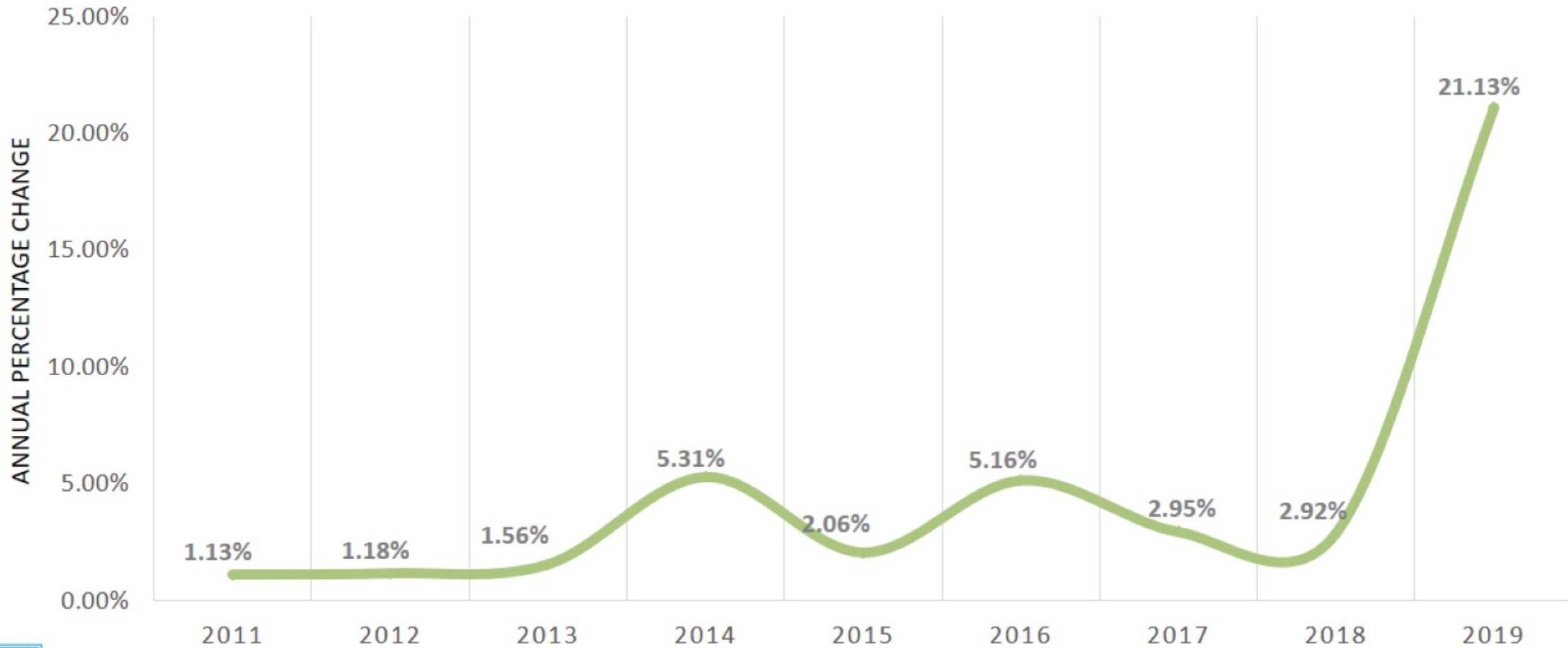
Real Property Value Change by Property Type



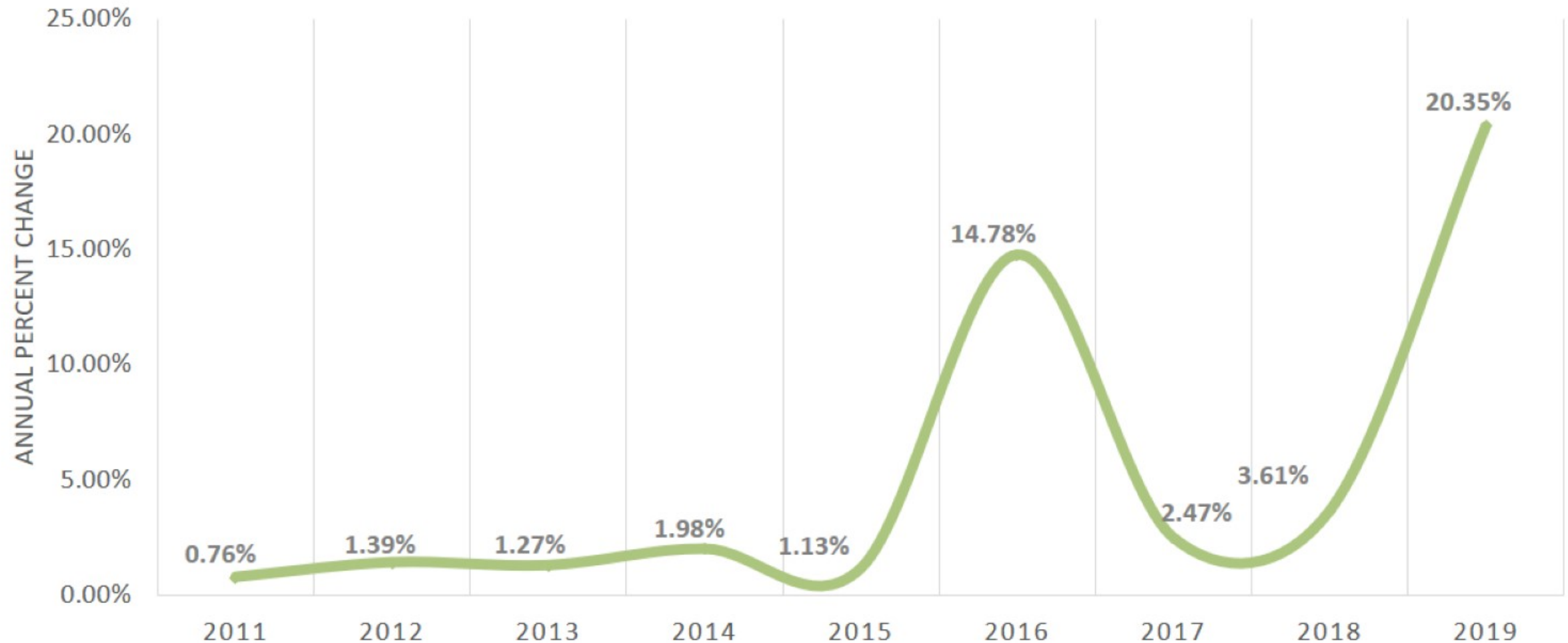
Property Value Change by Property Type



Residential Property Percentage Change



Commercial Property Percentage Change



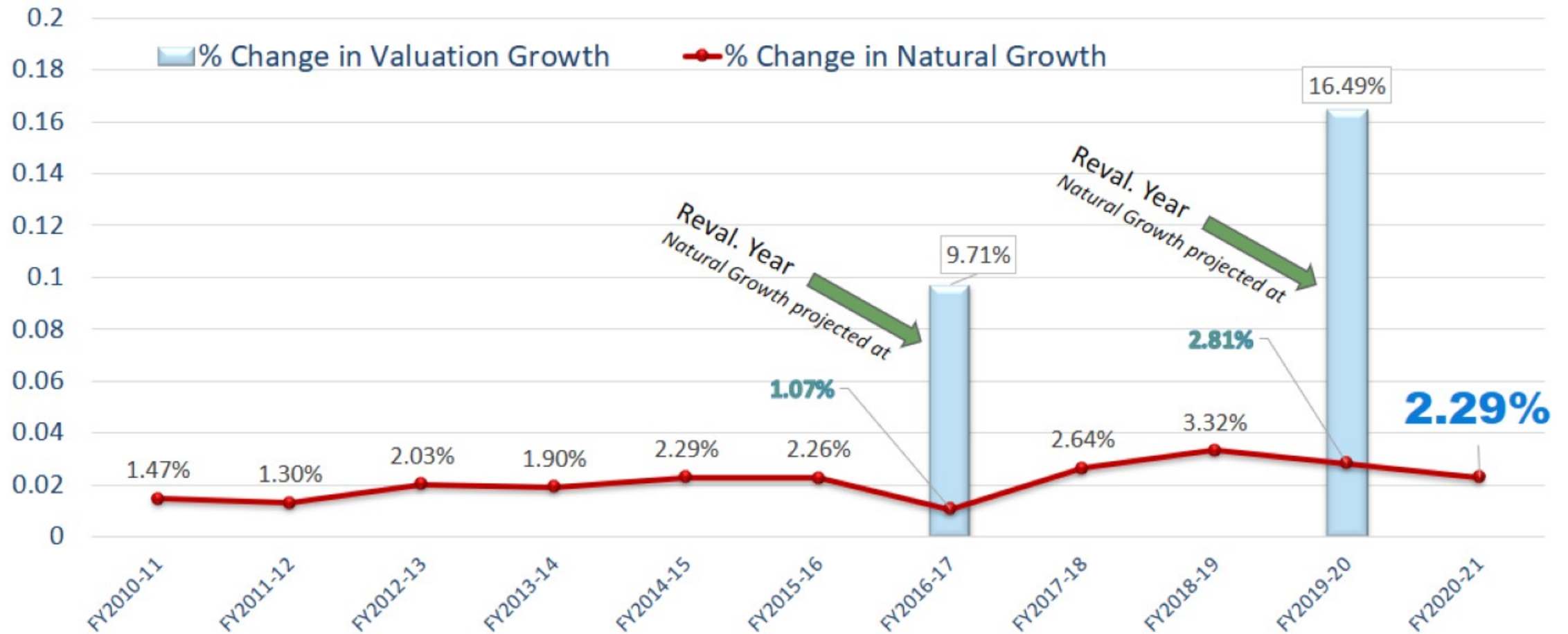
Business Personal Property Percentage Change



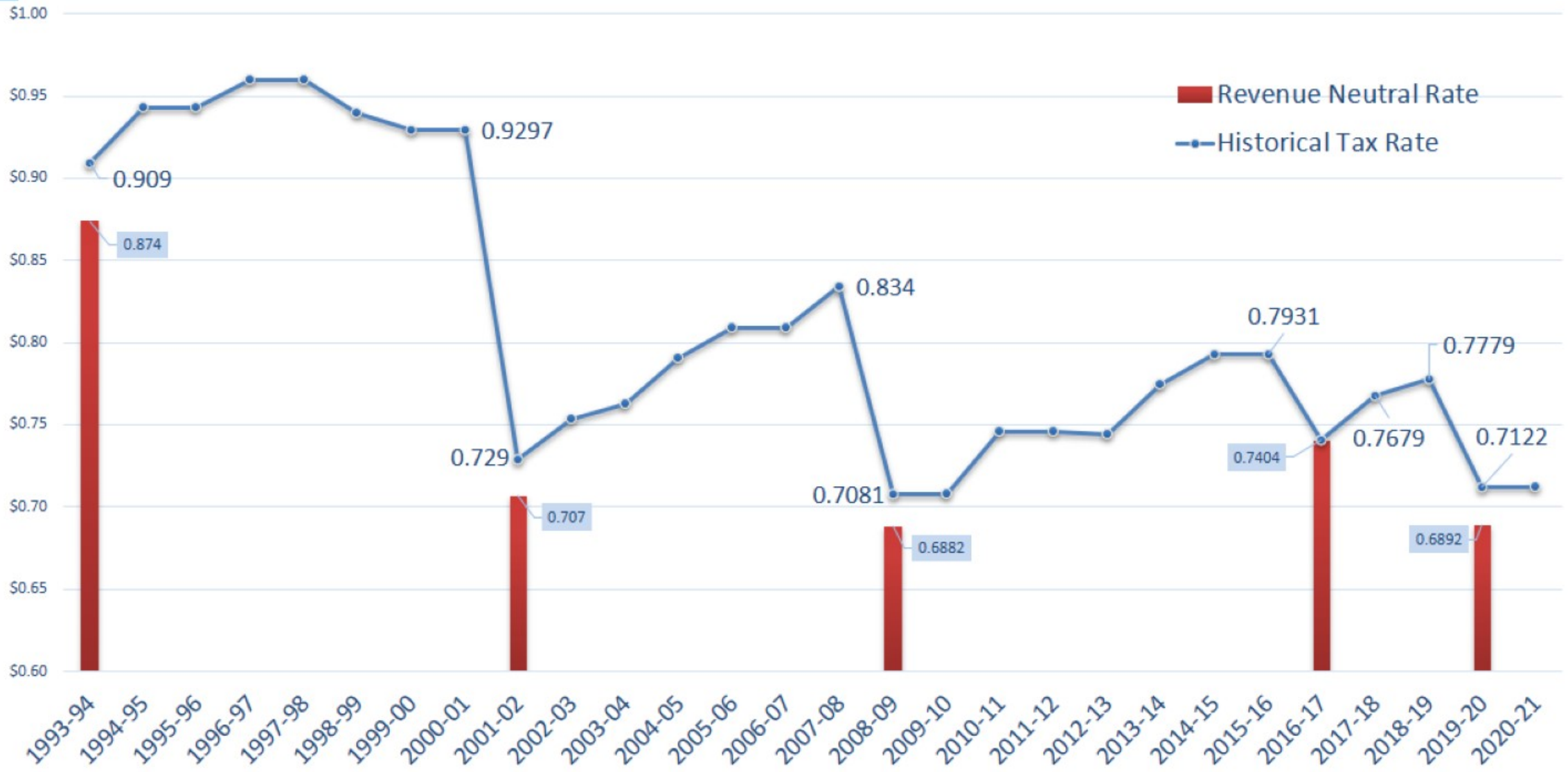
Growth of Real Property Valuation vs. Prior Year



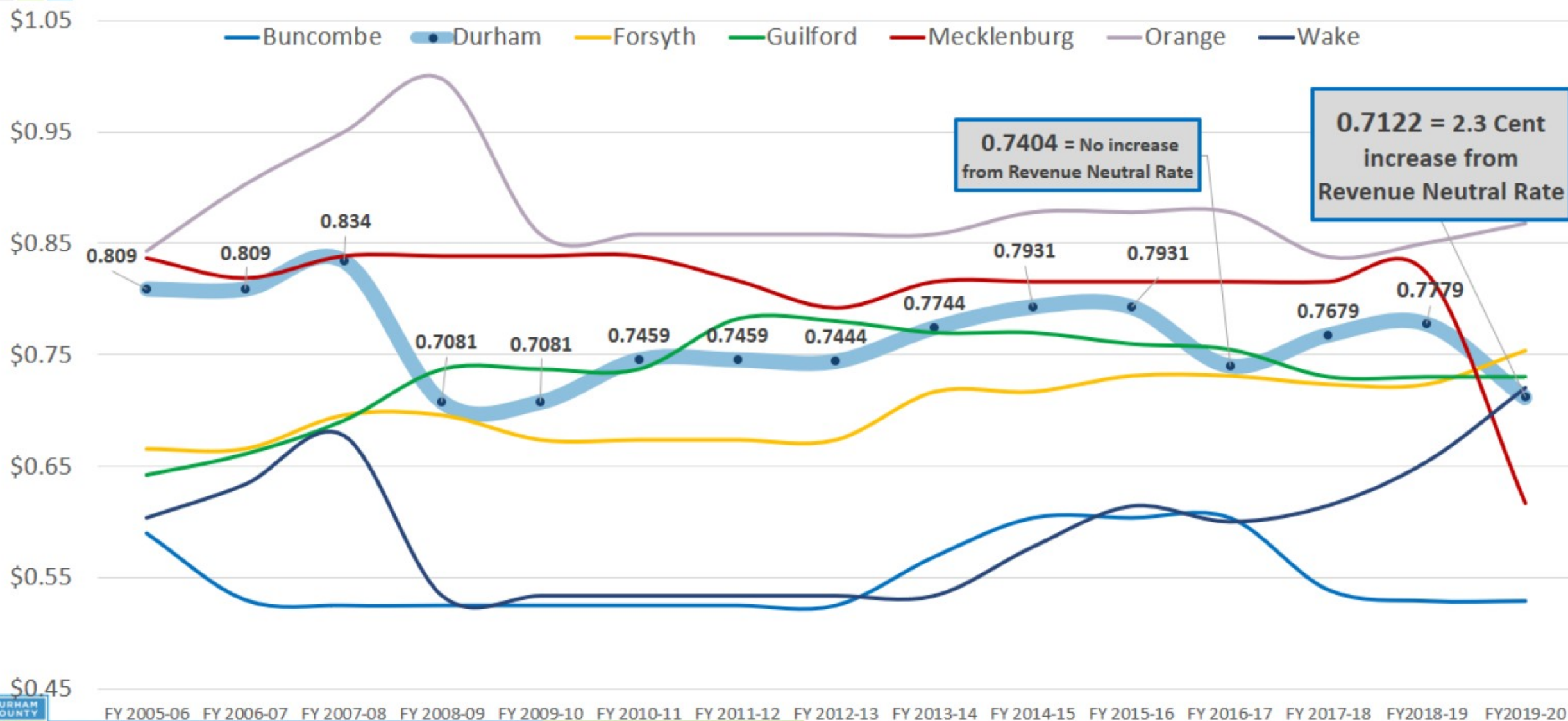
Growth of ALL Valuation vs. Prior Year



Durham County Historical Tax Rate



Durham County Comparative Tax Rate – General and Capital Fund



Property Tax Collection – One Cent



= \$4,403,212



Current County Financial Condition

Susan Tezai
Chief Financial Officer



SWAP HISTORY

FY2005	\$ 327,068.54	
FY2006	541,750.02	
FY2007	835,799.97	
FY2008	1,253,817.28	
FY2009	1,205,274.48	
FY2010	2,643,434.60	
FY2011	2,071,848.59	
FY2012	1,986,871.55	
FY2013	3,430,234.19	
FY2014	3,065,035.87	
FY2015	2,983,142.77	
FY2016	3,310,416.34	
FY2017	2,666,229.14	
FY2018	1,800,112.41	
FY2019	1,700,881.58	
FY2020	849,466.34	1st payment received for FY2020

Total SWAP funds
received to date

\$ 30,671,383.67

Estimated amount to receive for 2nd payment
for FY2020 (March; payment to be received)

\$ 800,000.00

Total fund balance as of June 30, 2018

\$ 13,840,026.63

Estimated fund balance as
of June 30, 2019

\$ 15,463,787.00



COMMUNITY HEALTH TRUST (CHT) FUND

Estimated as of June 30, 2020

Estimated total fund

balance as of June 30, 2020

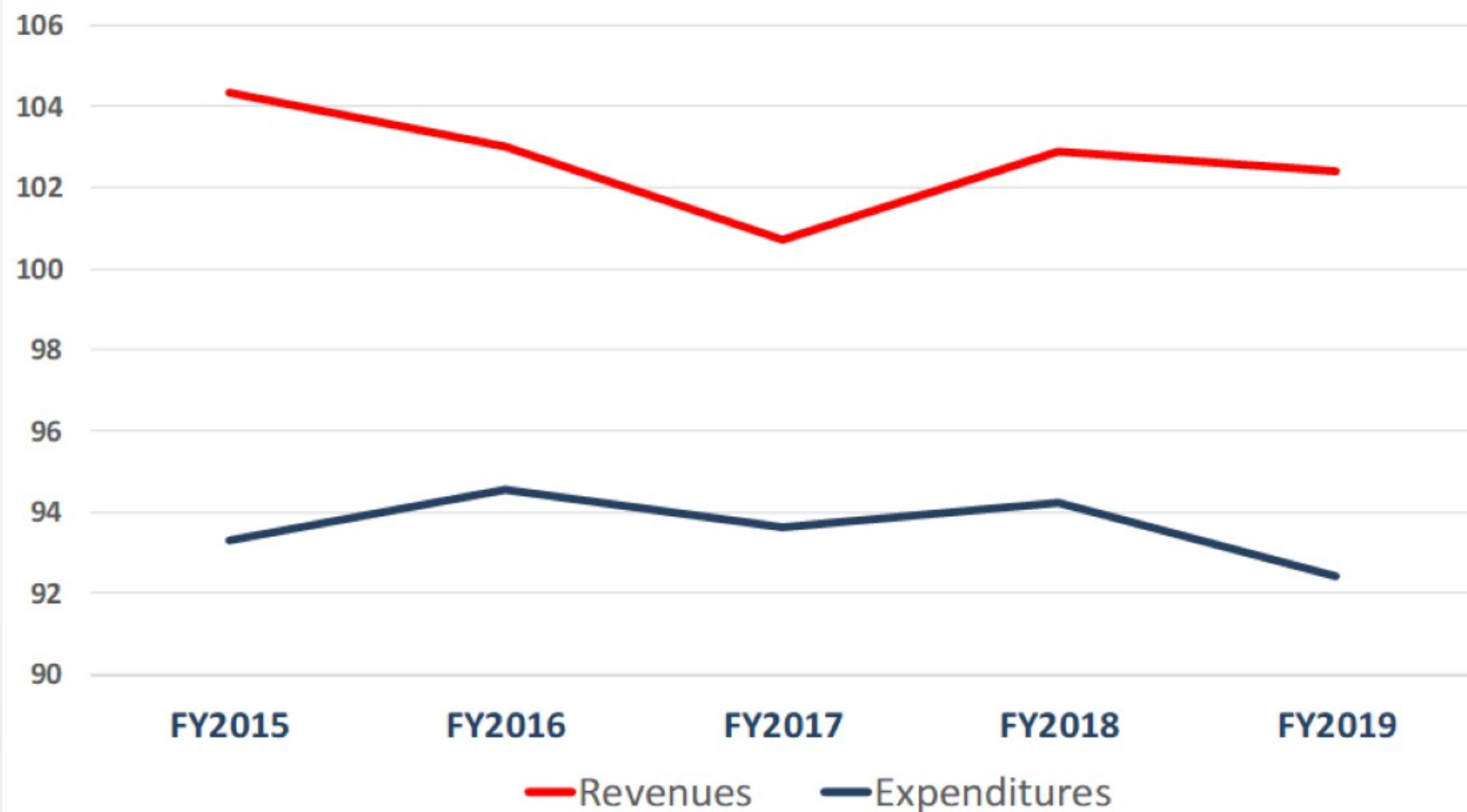
\$ 101,819

Note:

Any proposed/planned spending of CHT funds in FY21 will be included in the County Manager's Recommended Budget to the BOCC in May of 2020.



FY2014 - FY2018 Annual Revenues & Expenditures as a % of Budget



North Carolina Financial Condition Analysis

Key: *DURHAM COUNTY*

■ Benchmark —

Benchmark peers selected:

FORSYTH COUNTY, GUILFORD COUNTY,
MECKLENBURG COUNTY, WAKE COUNTY

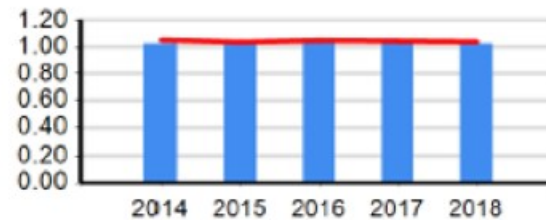
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General Fund

Resource Flow

Service Obligation

Operations ratio

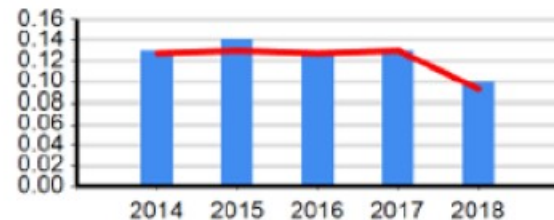


DURHAM COUNTY = 1.02, Benchmark = 1.04

Service obligation measures whether or not a government's annual revenues were sufficient to pay for annual operations. The operations ratio is calculated as total revenues divided by total expenditures (plus transfers to debt service fund).

Dependency

Intergovernmental ratio

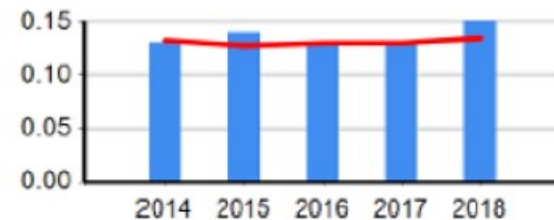


DURHAM COUNTY = 0.10, Benchmark = 0.09

Dependency measures the extent to which a government relies on other governments for resources. The intergovernmental ratio is calculated as total intergovernmental revenue divided by total revenue.

Financing Obligation

Debt service ratio



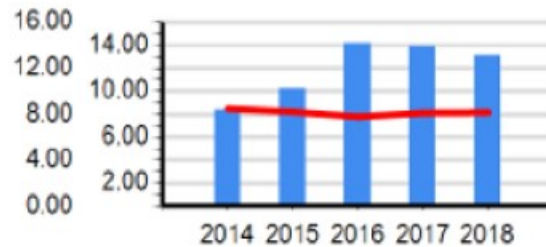
DURHAM COUNTY = 0.15, Benchmark = 0.14

Financing obligation addresses service flexibility or the amount of expenditures committed to annual debt service. The debt service ratio is calculated as debt service divided by total expenditures (plus transfers to debt service fund).

Resource Stock

Liquidity

Quick ratio

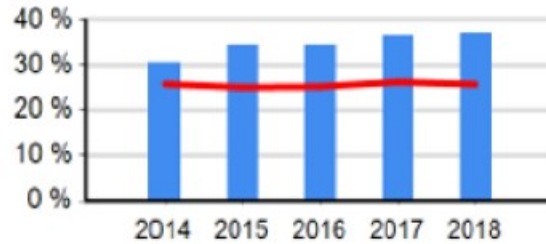


DURHAM COUNTY = 13.07, Benchmark = 8.16

Liquidity measures a government's ability to meet its short-term obligations. The quick ratio is calculated as cash & investments divided by current liabilities.

Solvency

Fund balance available as percentage of expenditures

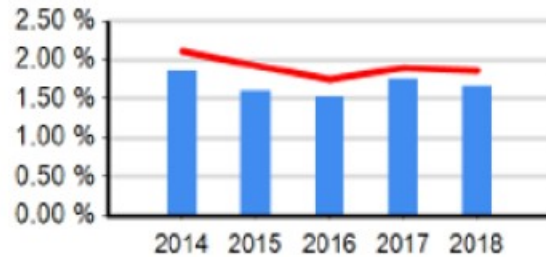


DURHAM COUNTY = 36.99 %, Benchmark = 25.72 %

Solvency measures a government's ability to meet long-term obligations. Fund balance as a percentage of expenditures is calculated as available fund balance divided by expenditures plus transfers out.

Leverage

Debt as percentage of assessed value



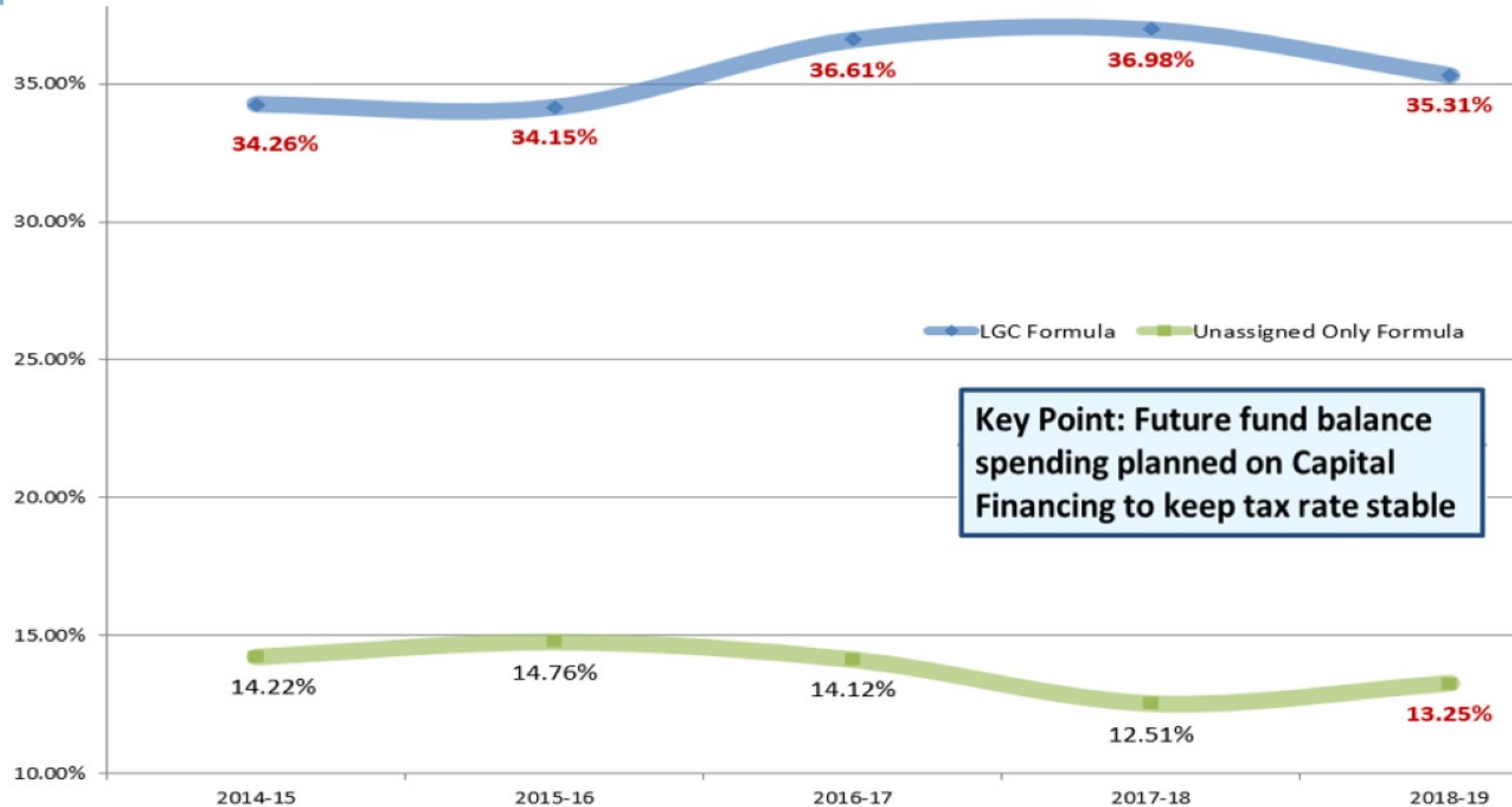
DURHAM COUNTY = 1.66 %, Benchmark = 1.86 %

Leverage measures the extent to which a government relies on tax-supported debt. The ratio of debt as a percentage of assessed value is calculated as tax-supported, long-term debt divided by assessed value.

**FY19 General Fund
Fund Balance Comparison with
Forsyth, Guilford, Mecklenburg and Wake Counties**

	<u>Durham</u>	<u>Forsyth</u>	<u>Guilford</u>	<u>Mecklenburg</u>	<u>Wake</u>
Nonspendable	\$ 1,360,180	\$ 122,250	\$ 968,077	\$ -	\$ 1,577,971
Restricted:					
Stabilization by state statute	43,409,761	30,728,134	48,573,013	127,112,593	87,486,137
Restricted for other purposes	2,888,747	5,628,232	21,138,892	-	673,240
Committed	82,956,424	33,369,023	2,539	119,987,879	262,893,367
Assigned	18,081,595	19,344,636	21,514,258	-	-
Unassigned	62,456,569	64,217,261	78,240,395	258,915,908	- *
	<u>211,153,276</u>	<u>153,409,536</u>	<u>170,437,174</u>	<u>506,016,380</u>	<u>352,630,715</u>
Total expenditures and transfers out	<u>471,266,629</u>	<u>414,384,170</u>	<u>600,309,698</u>	<u>1,299,086,509</u>	<u>1,320,231,127</u>
Fund balance expressed as a % of expenditures	<u>35.31%</u>	<u>29.58%</u>	<u>20.14%</u>	<u>29.17%</u>	<u>19.96%</u>
Unassigned fund balance expressed as a % of expenditures	<u>13.25%</u>	<u>15.50%</u>	<u>13.03%</u>	<u>19.93%</u>	<u>0.00%</u>

General Funds Fund Balance Percentage



FOR THE YEAR
ENDED JUNE 30

2019



**Comprehensive Annual Financial Report
County of Durham, North Carolina**

Letter of Transmittal

Management's Discussion and
Analysis (MD&A)

FY 2019 CAFR





Economic & Demographic Trends



ECONOMIC TRENDS - Ten Largest Employers

2010 to 2019 Comparison

Key Point: Decreased Percentage of Total County Employment, but more employees

Rank	2010	Employees	% of Total County Employment
1	Duke University & Health System	32,848	18.49%
2	IBM Corp.	10,000	5.63%
3	Durham Public Schools	5,389	3.03%
4	GlaxoSmithKline	5,000	2.81%
5	BCBS of NC	2,400	1.35%
6	Research Triangle Inst. (RTI)	2,300	1.29%
7	Durham City Government	2,250	1.27%
8	VA Medical Center	2,160	1.22%
9	Fidelity Investments	1,900	1.07%
10	Cree, Inc.	1,750	0.99%
Total		65,997	37.16%

Rank	2019	Employees	% of Total County Employment
1	Duke University & Health System	38,880	18.63%
2	IBM	8,000	3.83%
3	Durham Public Schools	4,600	2.20%
4	BCBS of NC	4,281	2.05%
5	Fidelity Investments	3,700	1.77%
6	IQVIA	3,000	1.44%
7	Cree, Inc.	2,541	1.22%
8	Durham City Government	2,466	1.18%
9	Research Triangle Inst. (RTI)	2,276	1.09%
10	Lenovo Group, Ltd.	2,200	1.05%
Total		71,945	34.47%

Source: DCoNC CAFR June 30, 2019, Durham Chamber of Commerce, BLS

ECONOMIC TRENDS - Ten Largest Taxpayers

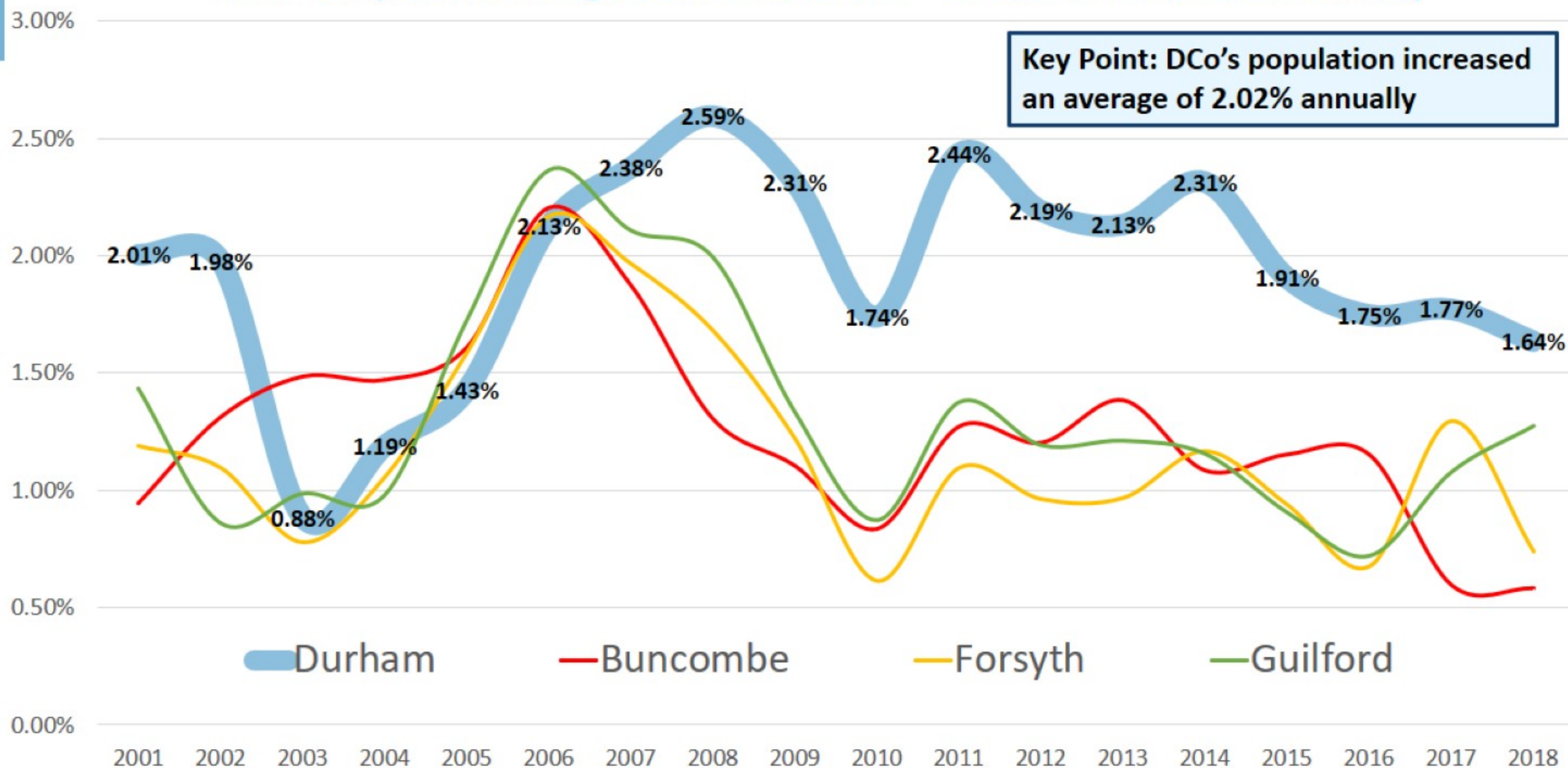
2010 to 2019 Comparison

Key Point: Key Point: Less dependence / reliance on Top Ten Companies Property Tax

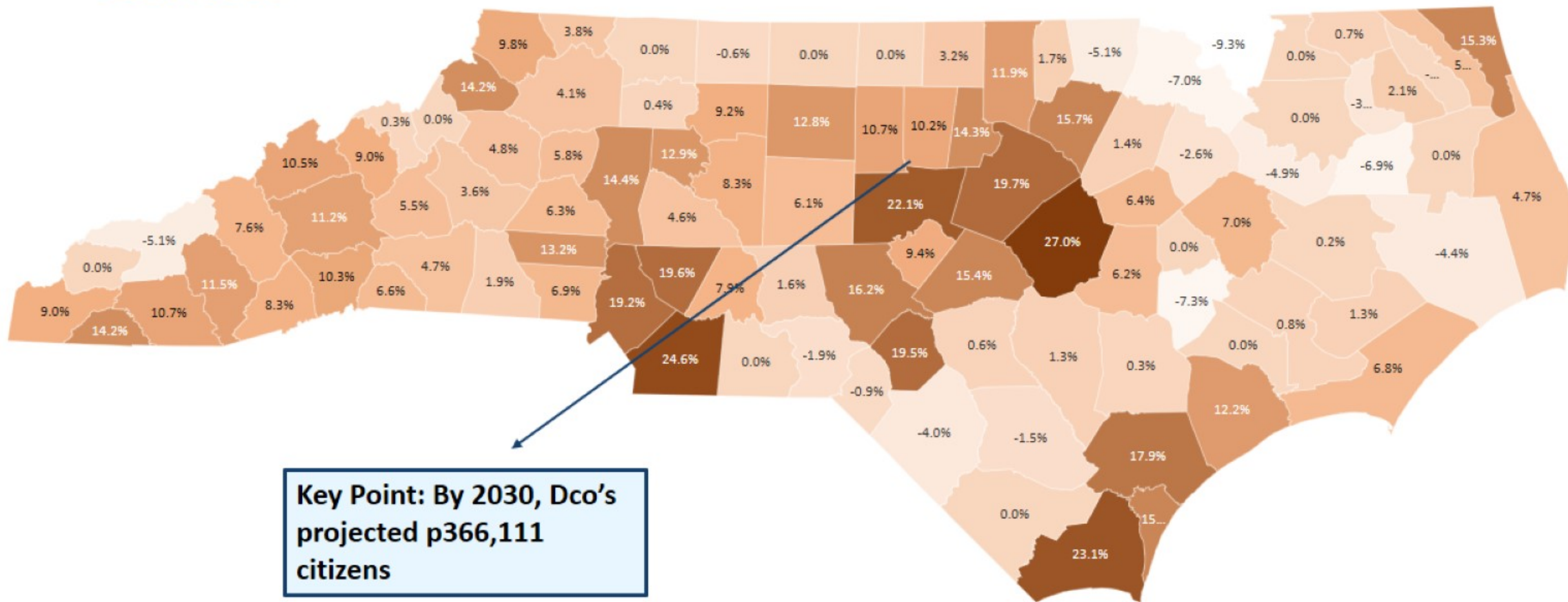
Rank	2010	Assessed Valuation	% of Total Taxable Assessed Valuation	Rank	2019	Assessed Valuation	% of Total Taxable Assessed Valuation
1	GlaxoSmithKline	\$861,138,476	2.97%	1	AW North Carolina, Inc.	\$410,735,963	1.10%
2	IBM	\$487,779,340	1.68%	2	Cree. Inc.	\$326,207,988	0.97%
3	AW North Carolina, Inc.	\$297,334,057	1.02%	3	Duke Energy Carolinas LLC	\$262,579,947	0.70%
4	Cree, Inc.	\$254,457,489	0.88%	4	Southpoint Mall	\$182,563,357	0.49%
5	Duke Energy Carolinas LLC	\$196,905,675	0.68%	5	IBM	\$173,177,896	0.46%
6	Verizon South LLC	\$184,428,842	0.64%	6	Parmer RTP LLC	\$163,613,626	0.44%
7	Southpoint Mall LLC	\$169,444,545	0.58%	7	IBM Corporation	\$162,935,238	0.44%
8	Eisai Inc.	\$130,546,427	0.45%	8	Merck Sharp & Dohme	\$152,913,506	0.41%
9	Time Warner Entertainment	\$109,243,301	0.38%	9	EMC Corporation	\$137,966,937	0.37%
10	Merck Sharp & Dohme	\$109,089,029	0.38%	10	Biomerieux Inc.	\$134,446,940	0.36%
Total		\$2,800,367,181	9.66%	Total		\$2,143,141,398	5.74%

Source: DCoNC CAFR June 30, 2019, Durham Chamber of Commerce, BLS

Percent Population Change from Previous Year – US Census Data 10 Years History



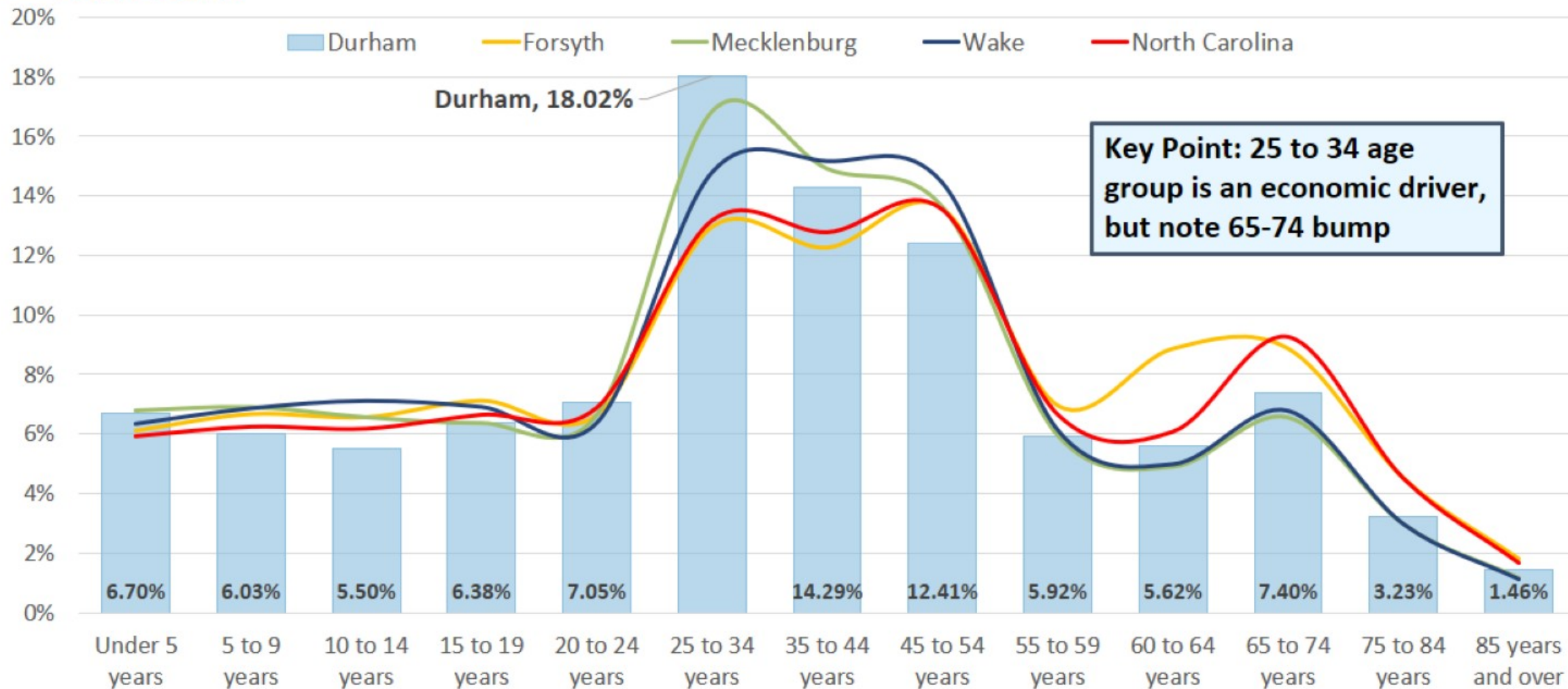
Projected Population Growth 2020-2030



**Key Point: By 2030, Dco's
projected p366,111
citizens**

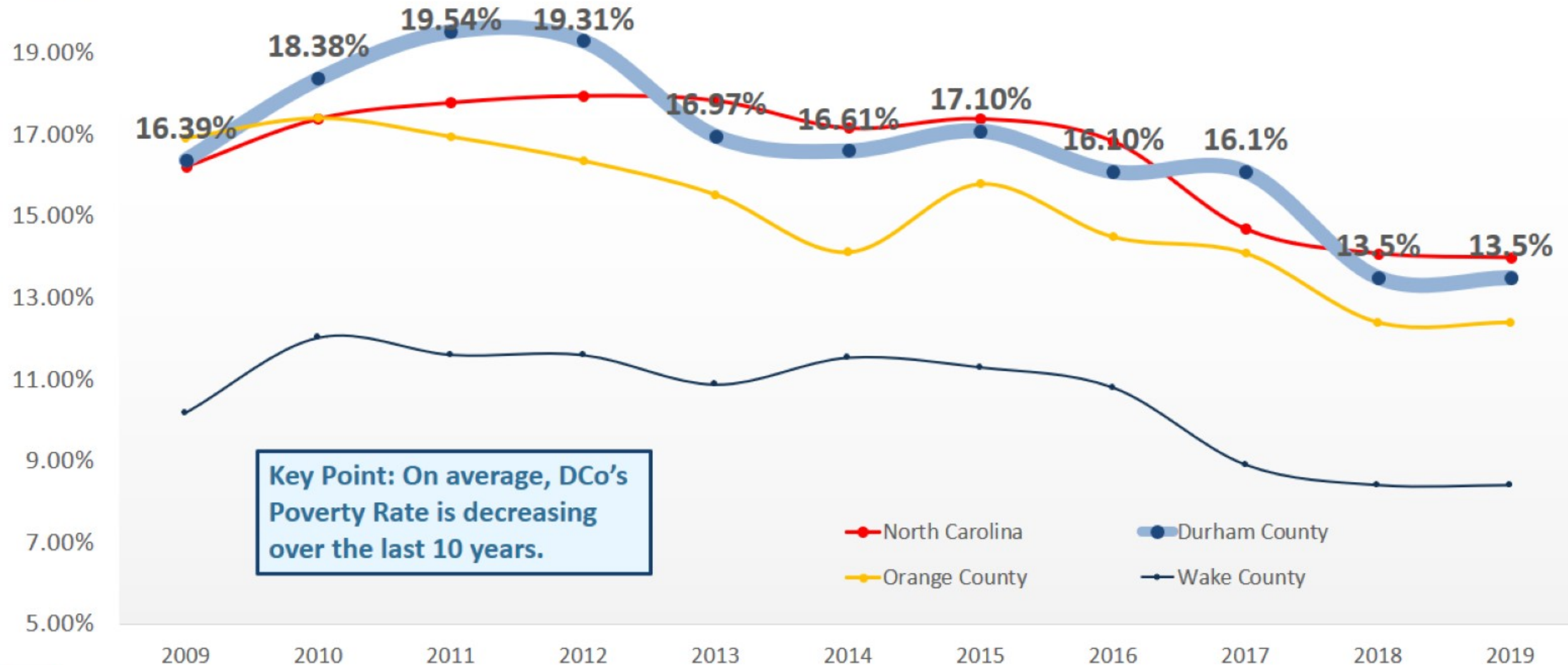
Population by Age Group

2014-2018

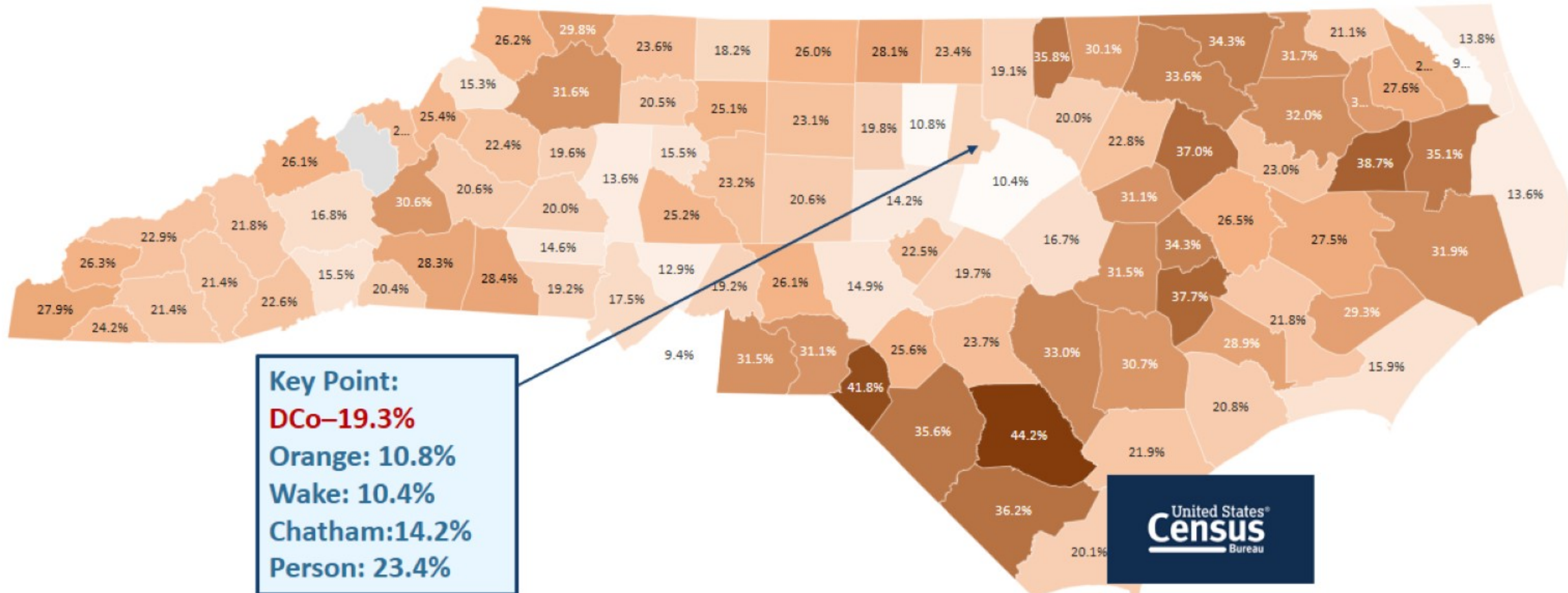


Key Point: 25 to 34 age group is an economic driver, but note 65-74 bump

County Poverty Rate – 10 Years



Percent of Children Living in Poverty, 2018



Note: Children in Poverty is the percentage of children under age 18 living in poverty. The characteristics of the family used to determine the poverty threshold are: number of people, number of related children under 18, and whether or not the primary householder is over age 65. Family income is then compared to the poverty threshold; if that family's income is below that threshold, the family is in poverty

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Percent of Children Living in Poverty, 2008-2018



35.0%

— Buncombe County ● Durham County — Forsyth County — Guilford County

30.0%

25.0%

20.0%

15.0%

10.0%

5.0%

17.9%

Key Point: General trend appears consistent with these benchmark counties

United States[®]
Census
Bureau

Note: Children in Poverty is the percentage of children under age 17 living in poverty. The characteristics of the family used to determine the poverty threshold are: number of people, number of related children under 17, and whether or not the primary householder is over age 65. Family income is then compared to the poverty threshold; if that family's income is below that threshold, the family is in poverty

2008

2009

2010

2011

2012

2013

2014

2015

2016

2017

2018

24.2%

27.2%

27.6%

22.4%

22.2%

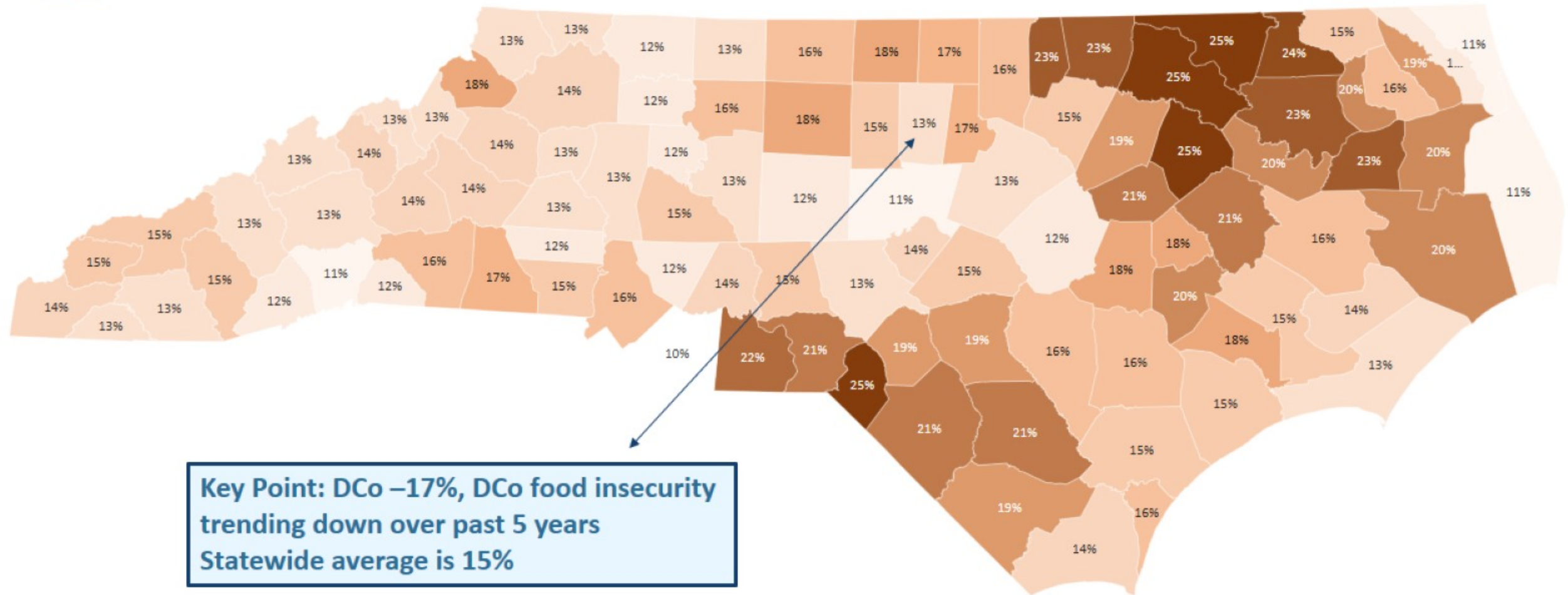
26.0%

23.7%

24.3%

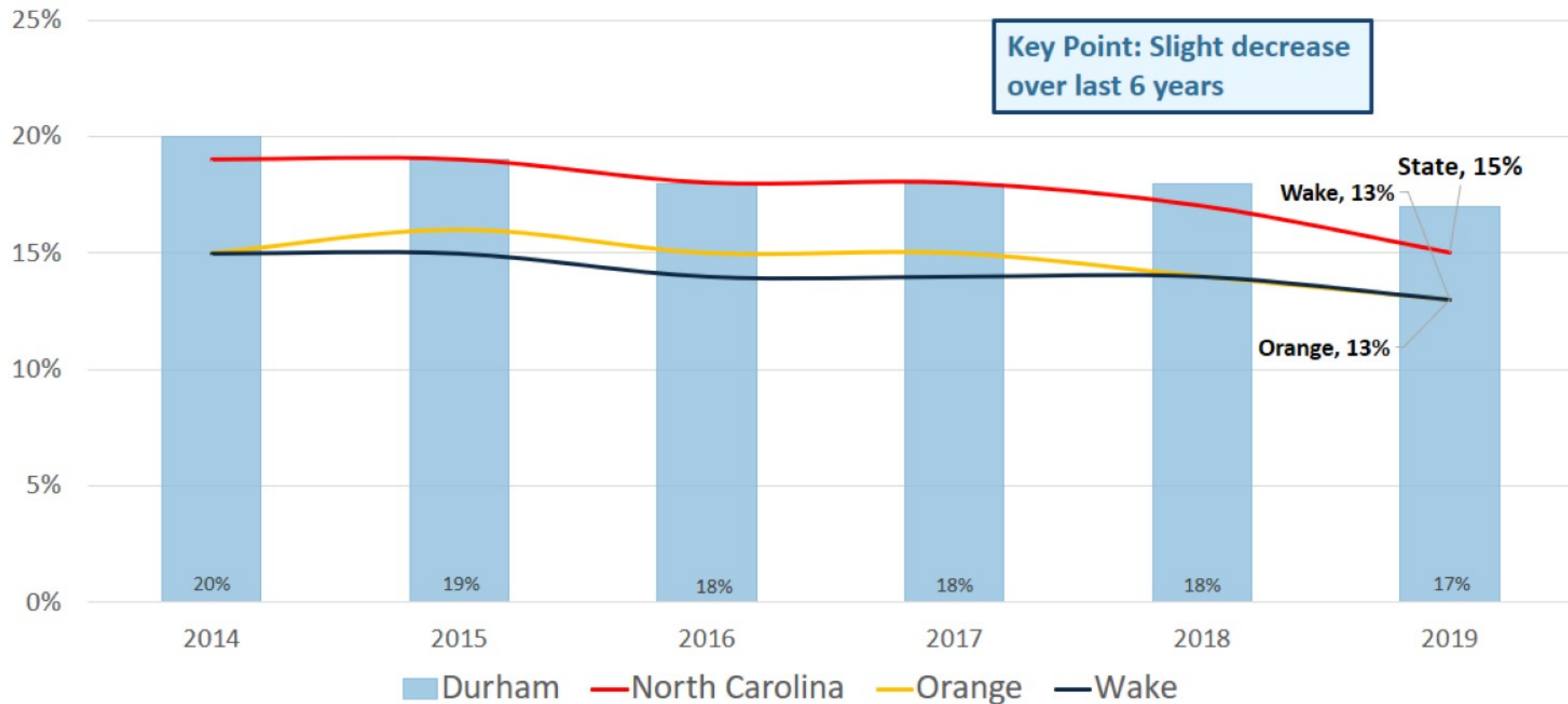
19.3%

Food Insecurity: 2019

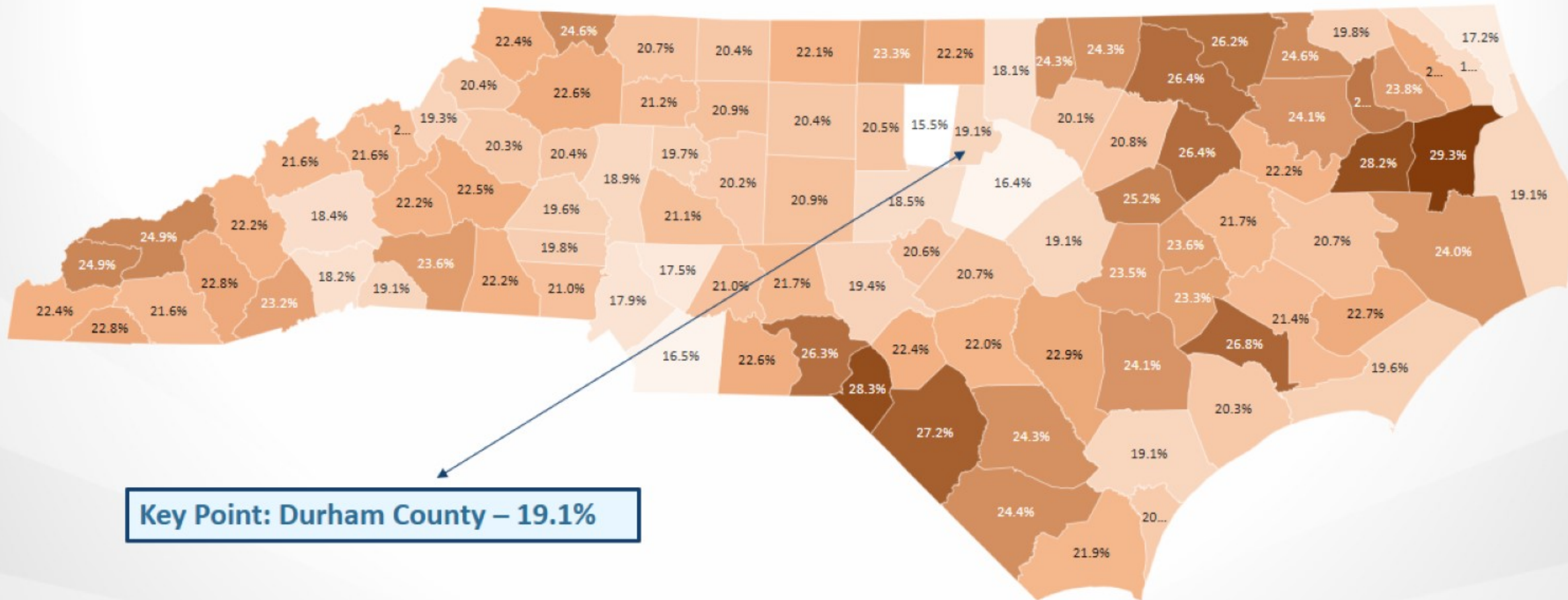


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Food Insecurity Trends: 2014-2019

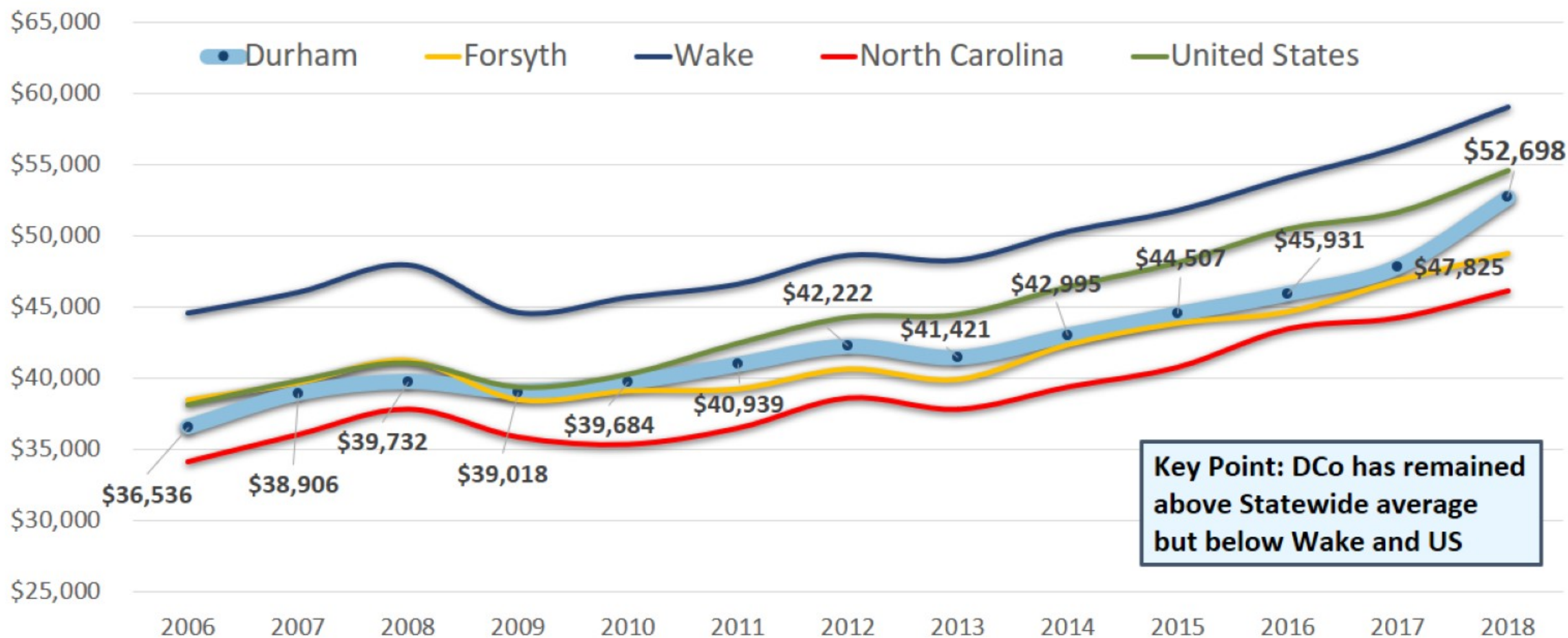


Child Food Insecurity: 2018

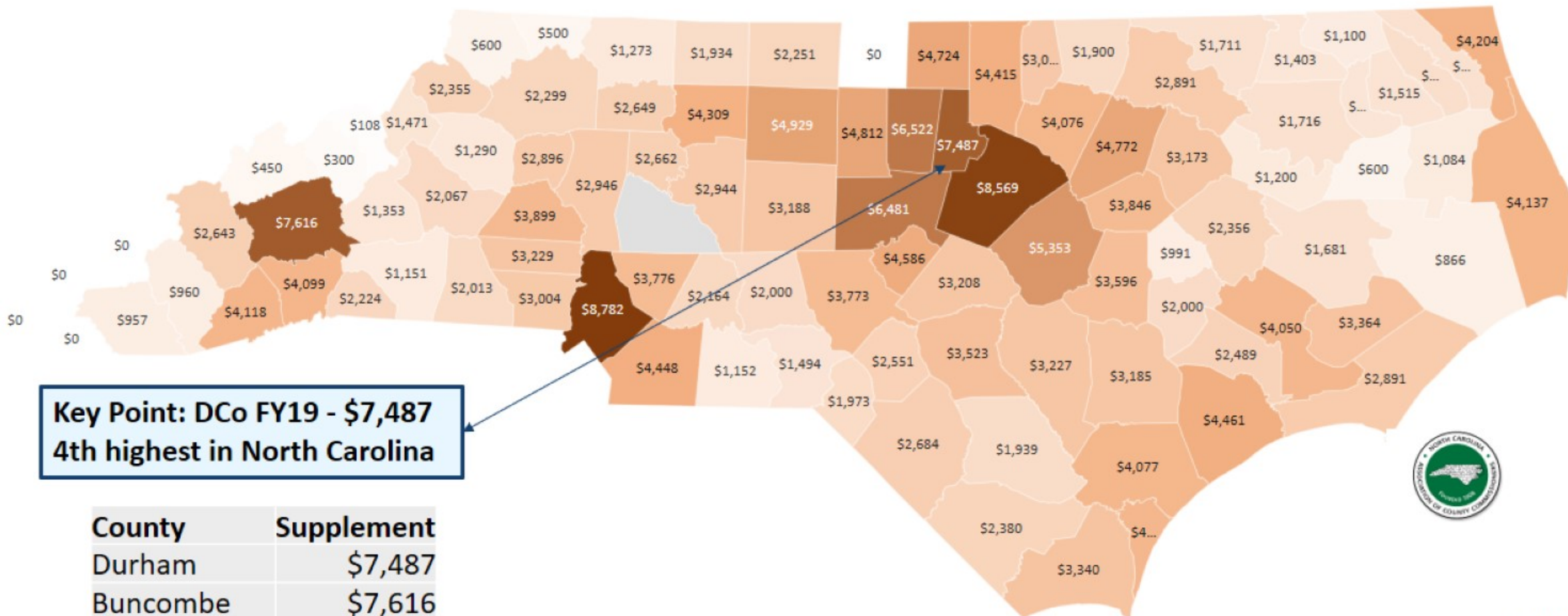


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Per Capita Income (not adjusted for Inflation)



Average Teacher Salary Supplement

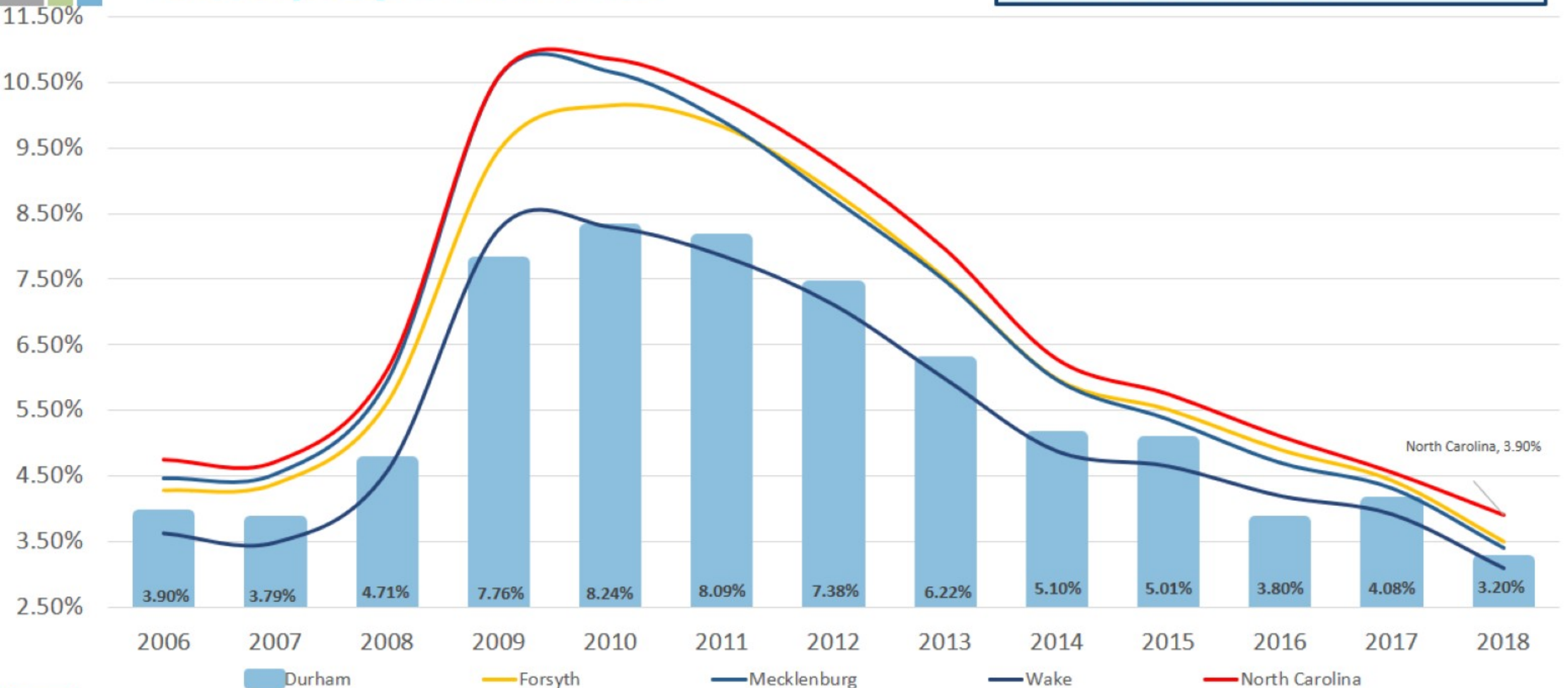


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County	Supplement
Durham	\$7,487
Buncombe	\$7,616
Wake	\$8,569
Mecklenburg	\$8,782

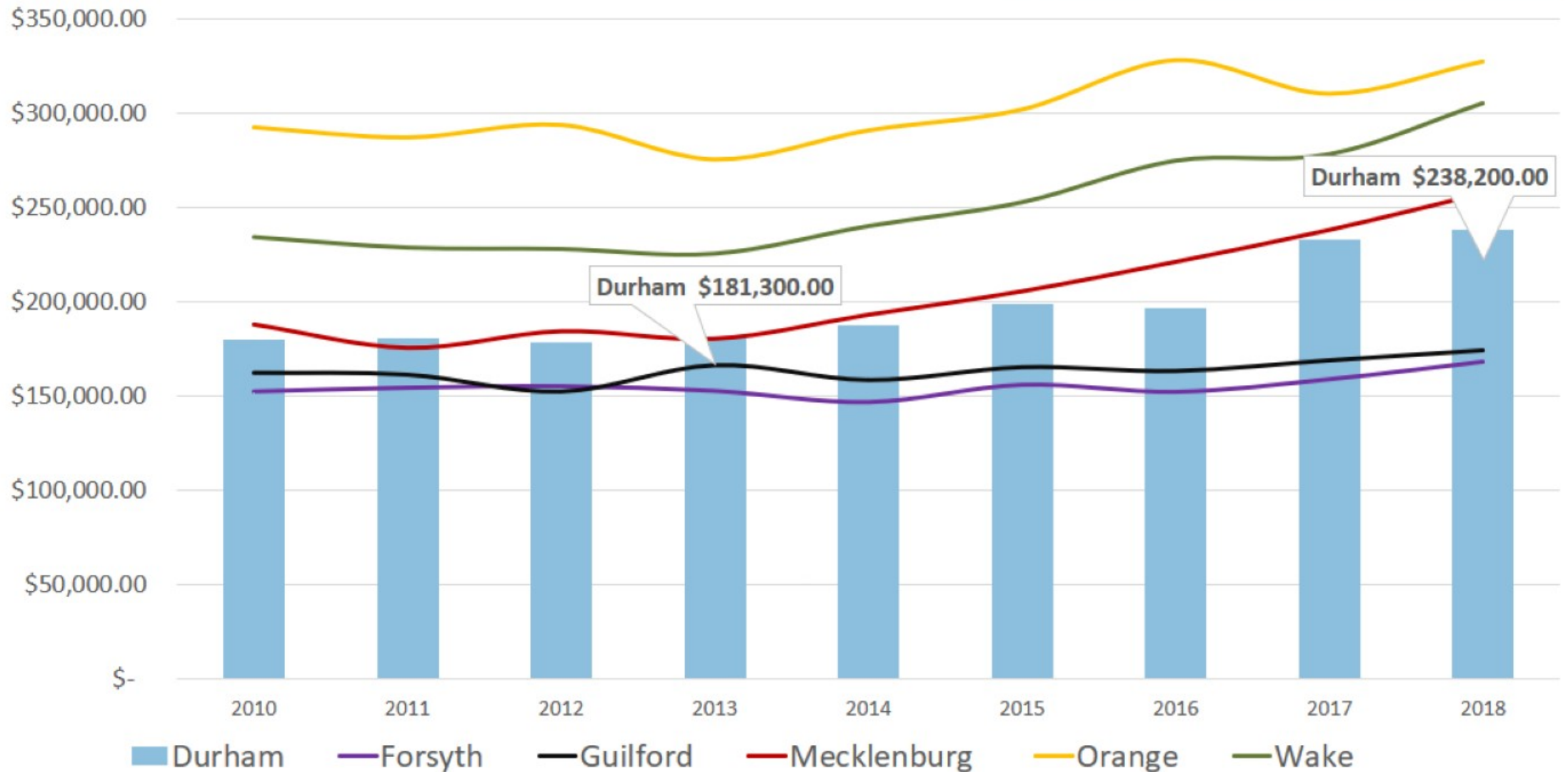
Unemployment Rate

Key Point: Since 2006, Durham, Wake, and Orange County continue to have the lowest unemployment rates



Median Home Sale Price

Key Point: Median sale price has grown by 32% in last 5 years





Durham County Operating Budget Guiding Principles

Durham County Operating Budget Guiding Principles

Durham County government develops an annual balanced budget as required by state law, with final approval by the Durham Board of County Commissioners. The annual budget development process and final approval creates a guiding financial plan, policy implementation decisions, and funding allocations in support of organizational strategies and values. The annual budget allocates resources across departments and service areas to achieve ongoing and new outcomes that reflect community values and priorities, Commissioner directives, administrative knowledge, and legal and fiscal requirements. The operating budget provides funding for all County operations, as well as specific capital items (non-capital project items), in support of the County's immediate operational needs, County Manager workplan and Commissioner objectives. A regularly updated Durham County strategic plan provides goal and priority guidance across all levels of the government, reflected in funding allocation decisions. Durham County prioritizes its annual operating budget resource allocation both across and within Funds, based on the following guiding principles. The Durham County annual operating budget will be developed:

1. In accordance with established County financial policies and developing Budget policies
2. Within the Managing for Results framework, reflecting the principles of strategic and operational planning, budgeting for results, managing service deliver, and learning, evaluation, and accountability
3. To maintain adequate fund balance levels for all Funds in support of a continued triple A bond rating
4. With revenue projections that adequately reflect recent trends while also providing a margin of safety that ensures any variability in collection can be adequately met
5. With expenditure projections that maintain critical services, to the greatest extent possible, while also maximizing County-wide outcomes
6. With "one -time" revenue sources only being used to support one-time costs.
7. With the expectation that entities receiving funding use any savings from those funds in a fiscally responsible and consistent manner, particularly relating to one-time revenue sources only being used to support one-time costs.
8. Strategically along with the Capital Improvement Plan (CIP); aligning operating and capital investments for coordinated and efficient results; assessing the impact of capital investment on operating accosts and evaluating potential savings realized through capital investment
9. With secure debt service support provided through an ongoing capital financing policy that dedicates significant revenue resources towards annual payments
10. To maintain critical operating services where possible
11. To support ongoing operating and maintenance costs including strategic levels of replacement funding (i.e. vehicles, equipment, computer hardware, building systems). Allocations should support the organization's commitment to short and long-term sustainability efforts.
12. With appropriate investment in organizational capacity through compensation, training, and employee development
13. Maximizing external funding opportunities where possible
14. Adjusting County fees to capture relevant program costs
15. With sound decision-making based on robust performance metrics, where available
16. Supporting flexible services and programs across County government that are capable of responding to emerging and unanticipated needs while also building resilience as an organization



FY 2020-21



Overview



FY 2020-21 Budget Process Highlights

- **January 6-10, 2020** Pre-Budget Meeting by Goal
- **February 14, 2020** Departmental Budget Requests Due
- **February 25, 2020** BOCC Annual Budget Retreat
- **March 9-March 31, 2020** Dept. Budget Meetings - County Manager & GM
- **May 11, 2020** County Manager Recommended Budget
- **May 19-June 2, 2020** BOCC Budget Work Sessions
- **June 8, 2020** BOCC Budget Adoption

FY 2020-21 Budget

Weathering the Storm in Uncertain Times



Future Year Budget Development Issues

Choices, Economic Growth, Annual Growth

- BOCC choices today can potentially limit options in the future
- Cascading effect of dependency on economically sensitive revenue sources
- Growth in annual “fixed” costs



Future Year Budget Development Issues

Choices, Economic Growth, Annual Growth

Potential Result:

A closing gap between
“natural growth” in
revenue to support
“natural growth” in
annual operating budget

Options:

Strategic application of
resources to meet
current, ongoing, and new
needs, while maintaining
long term operational
resiliency

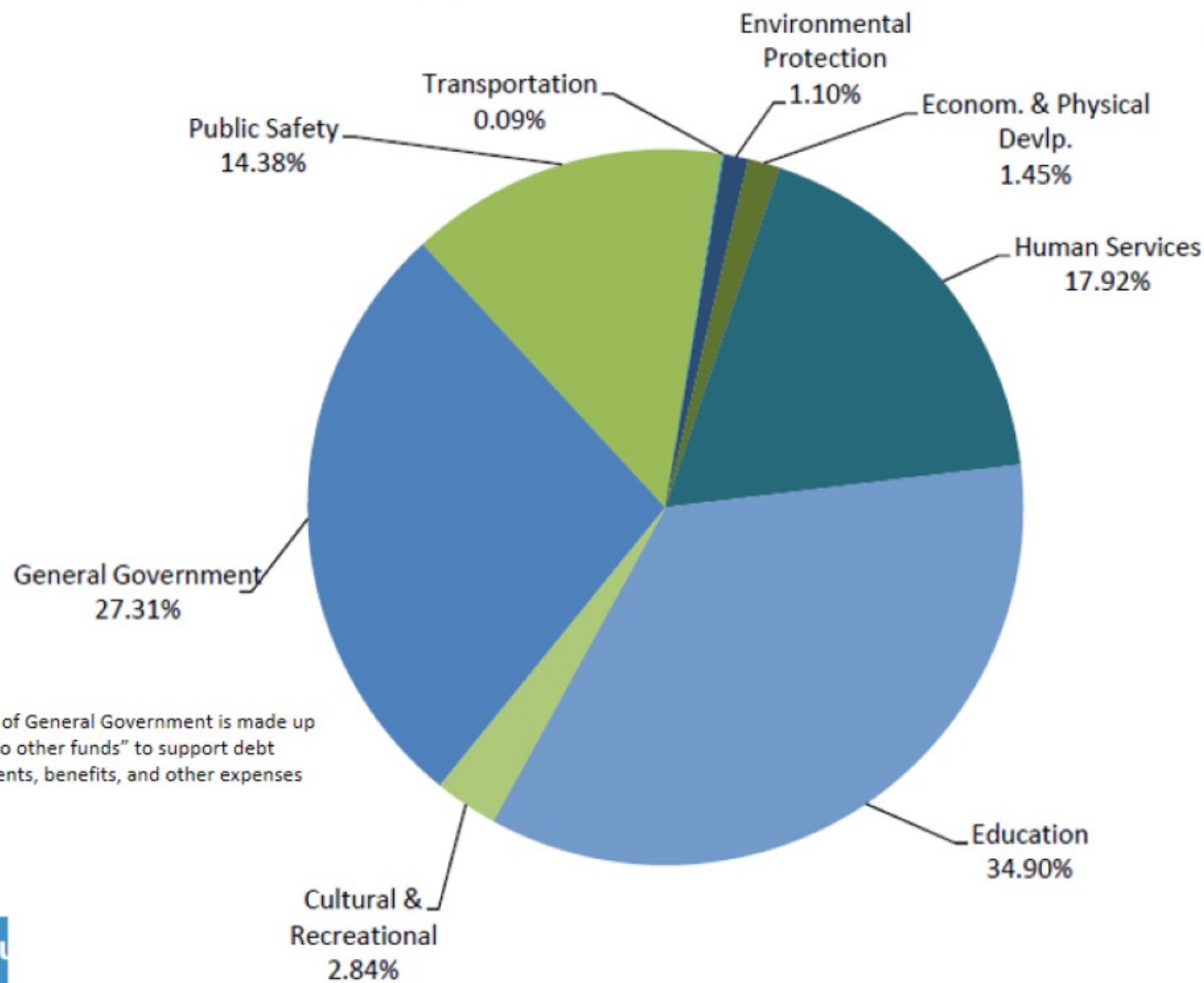


County Manager's Charge to Departments

Before requesting additional dollars

- **Evaluate the Return on Investment (ROI)**
 - Are there opportunities to decrease, realign, or merge efforts?
 - Use of existing dollars to support inflationary increases
 - Increased scrutiny of historical budget trends
 - Identify operational efficiencies

General Fund Expenditures

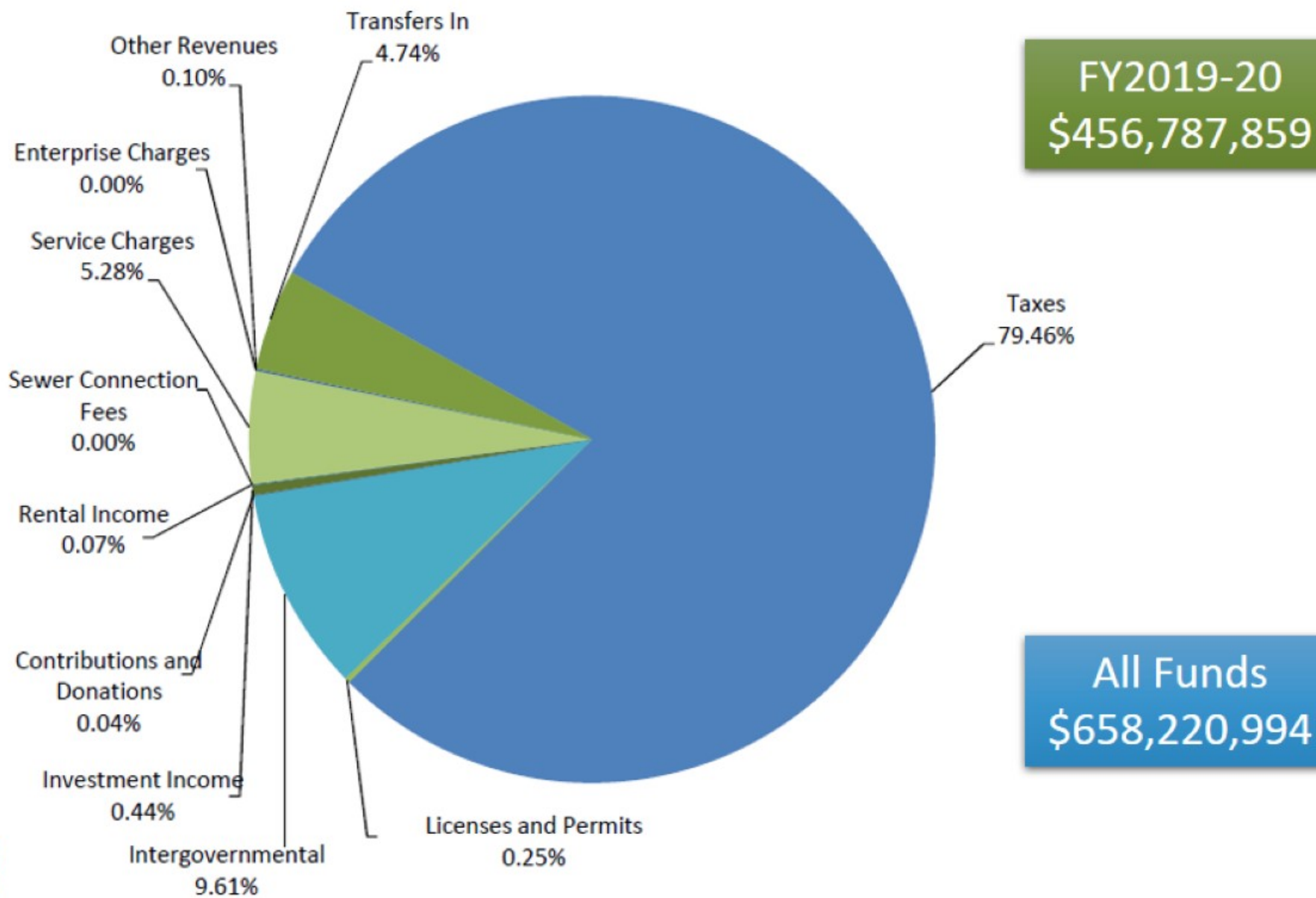


FY 2019-20
\$456,787,859

All Funds
\$658,220,994

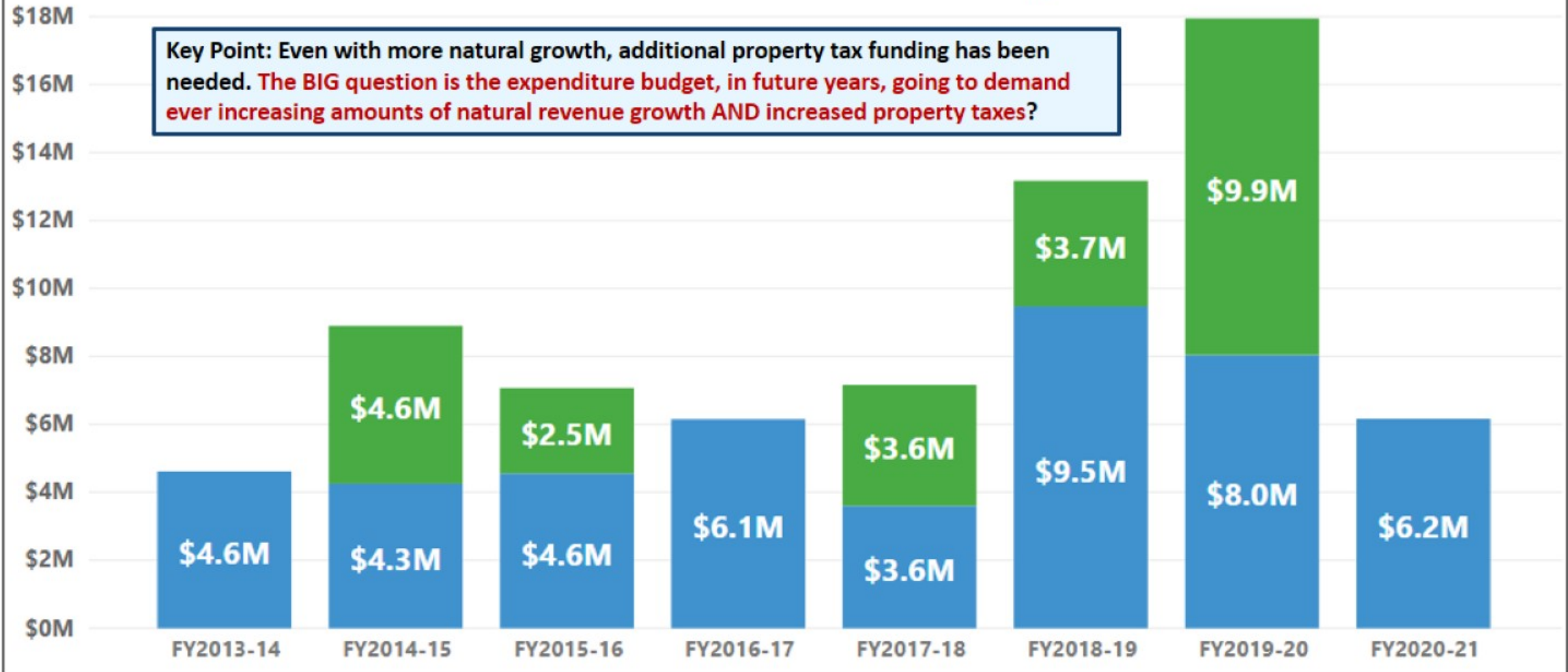
*Note: 55.4% of General Government is made up of "transfers to other funds" to support debt service payments, benefits, and other expenses

General Fund Revenues

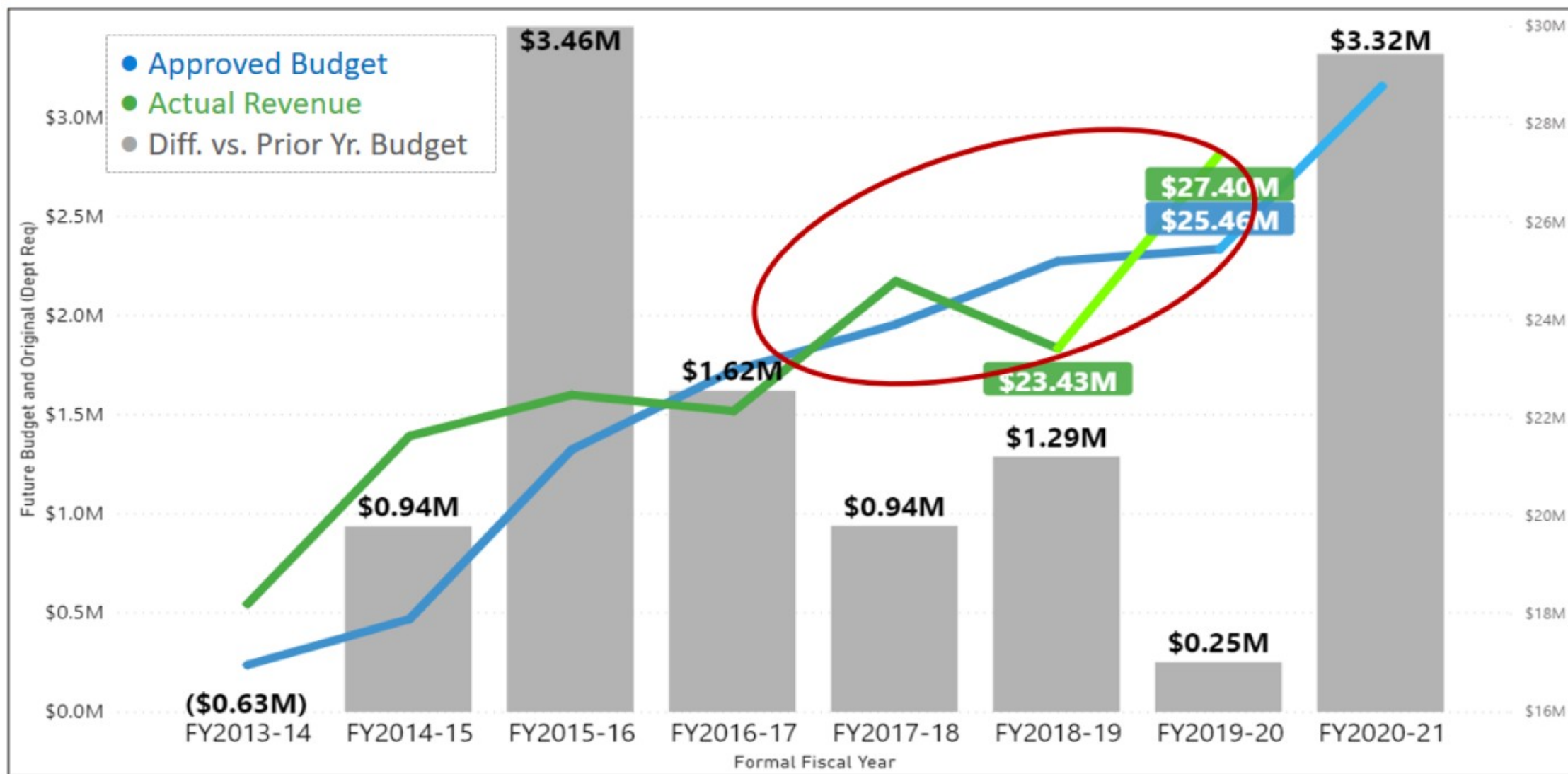


General Fund - Natural Growth and Tax Rate Changes

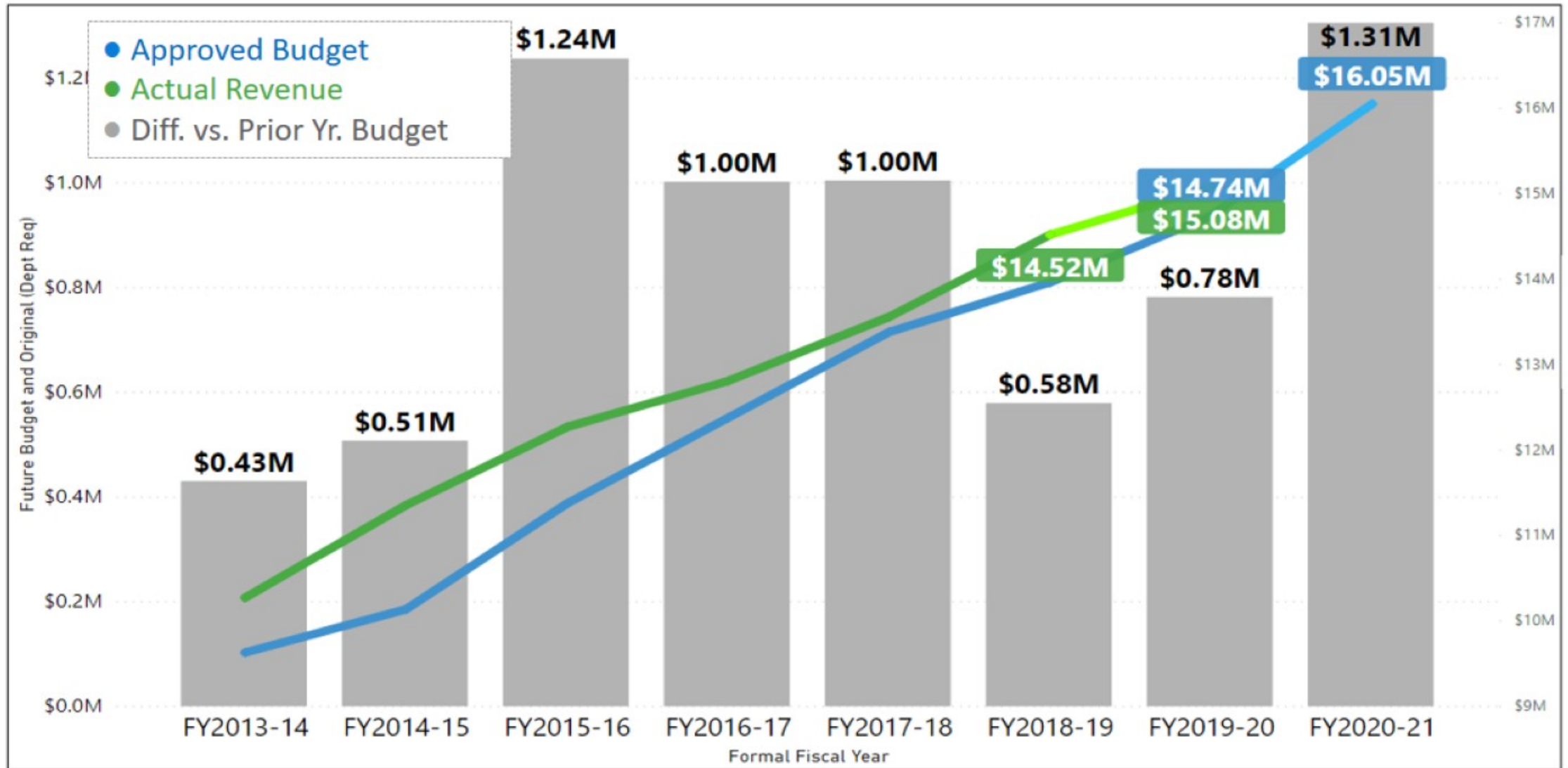
● Natural Growth Revenue Difference ● Revenue Increase due to Tax Change



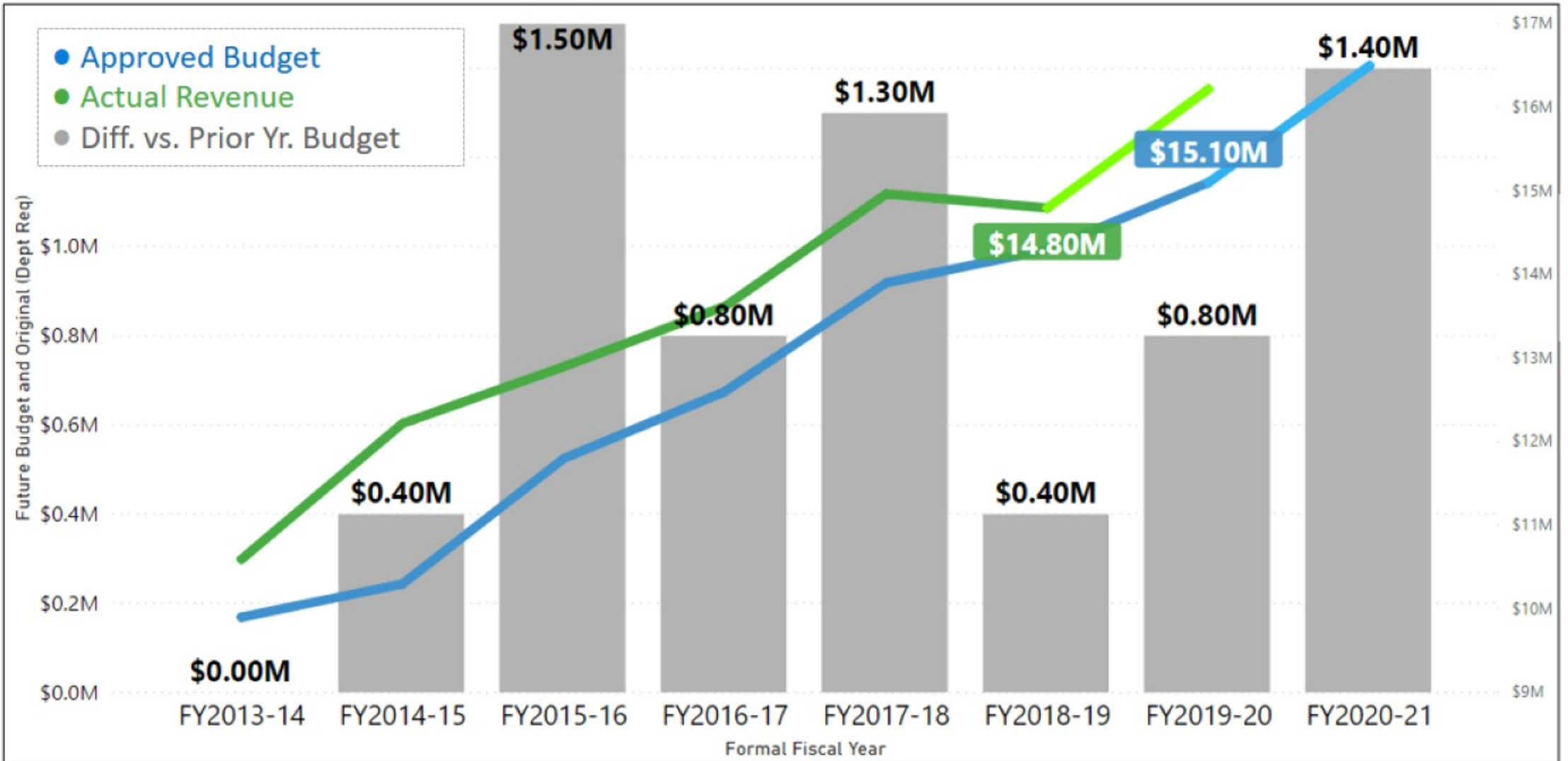
Article 39 Sales Tax (General Fund Revenue)



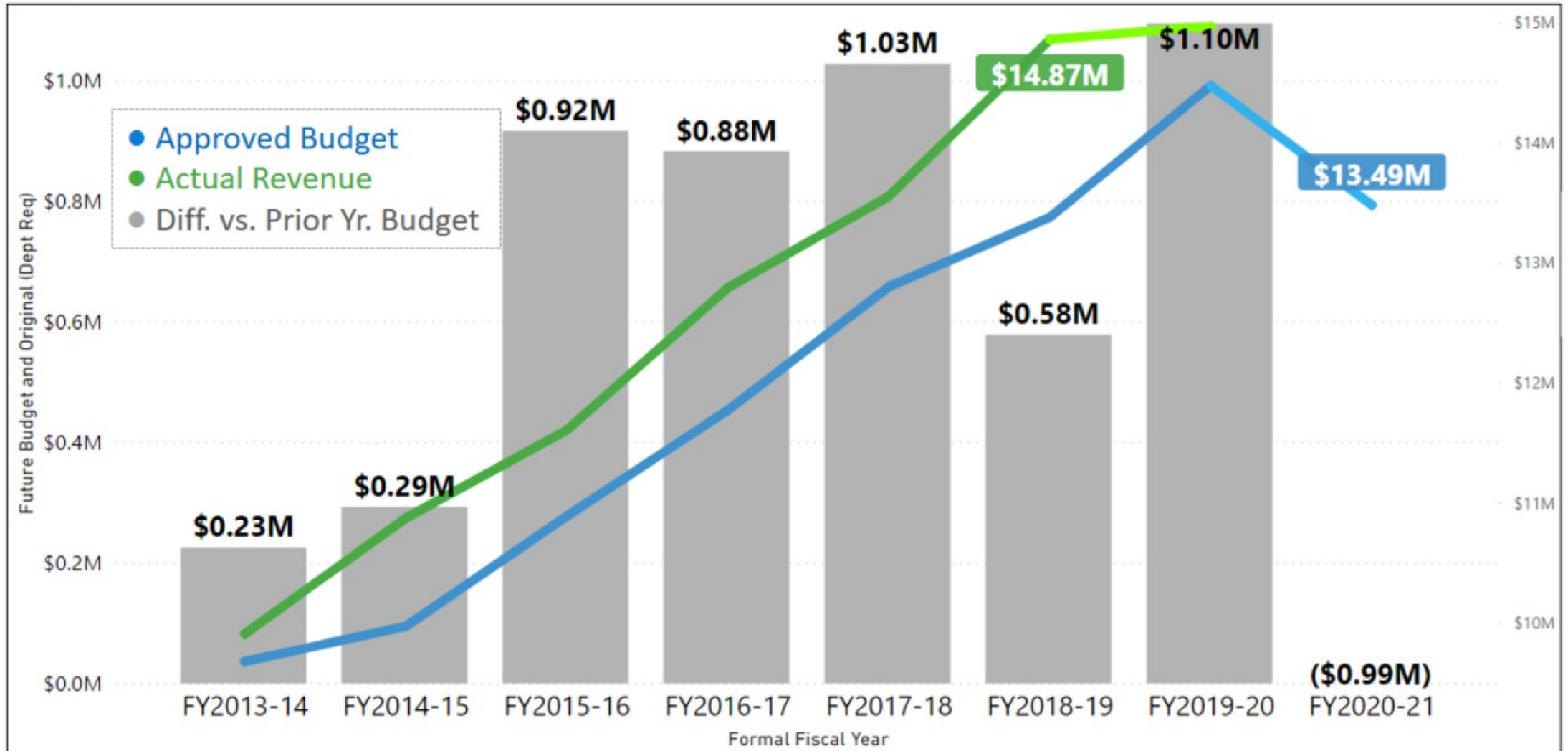
Article 40 Sales Tax (Dedicated Debt Service)



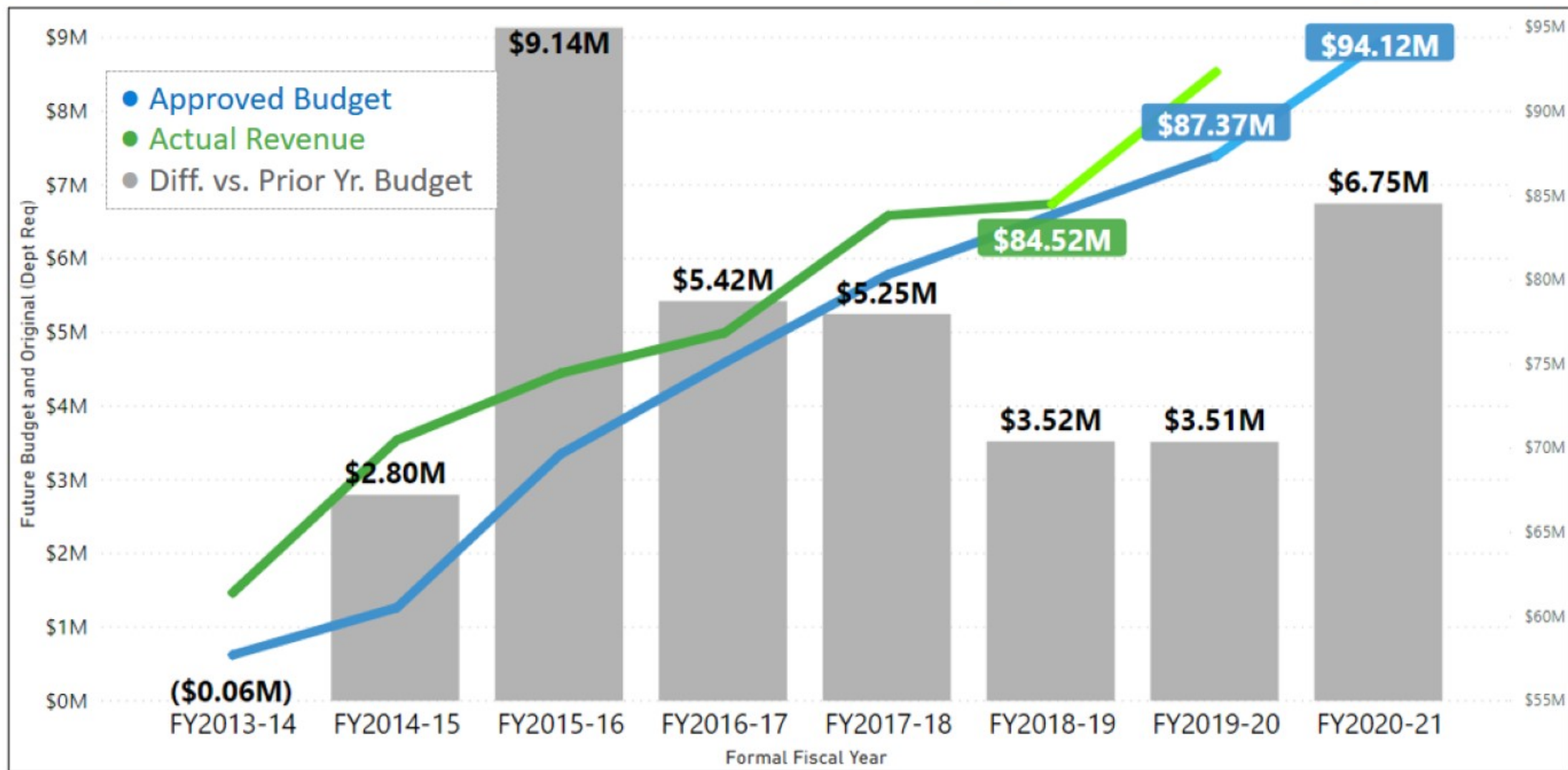
Article 46 Sales Tax (Dedicated for Education)



City Interlocal (58%/42% Split – General Fund)

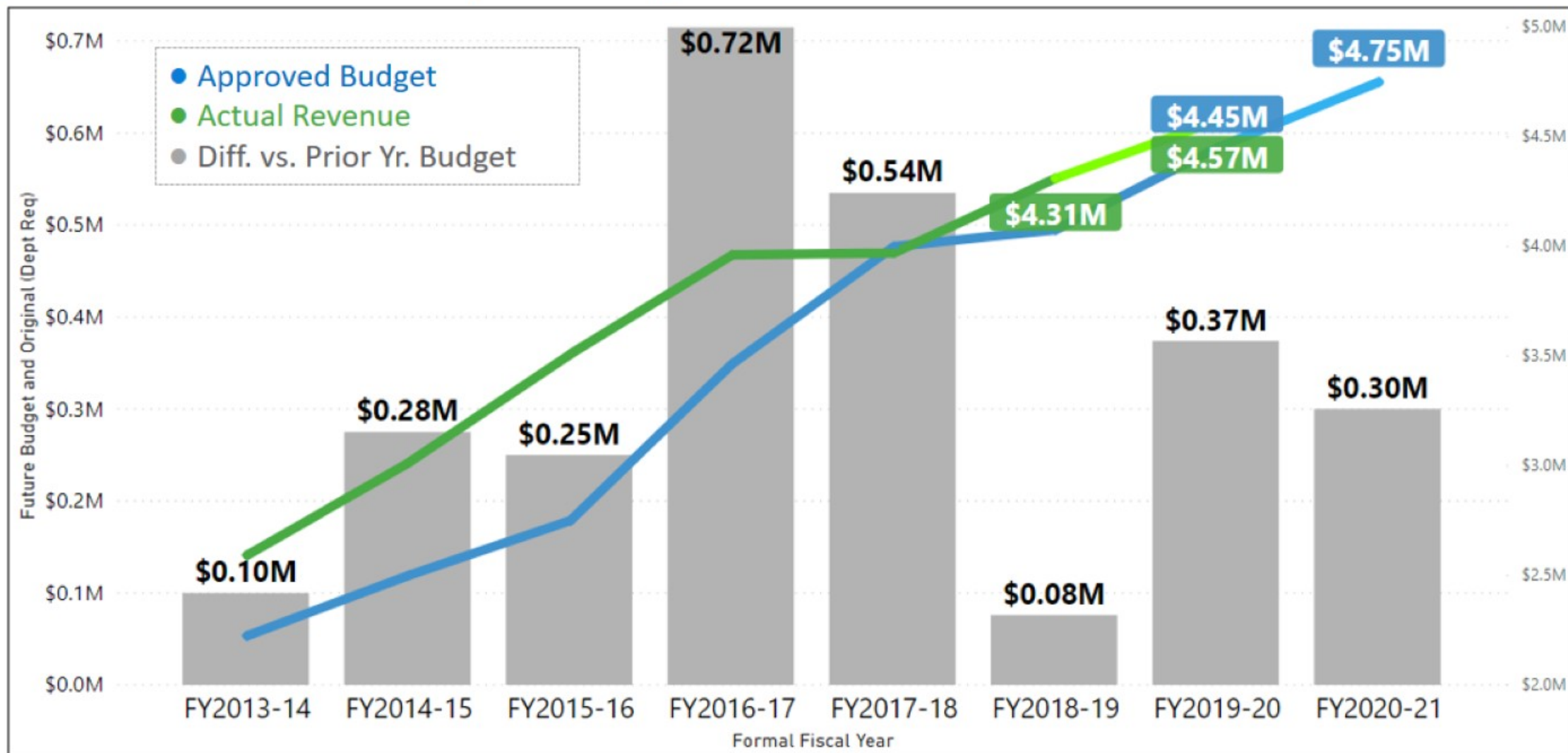


Sales Tax Historical - Budget to Budget

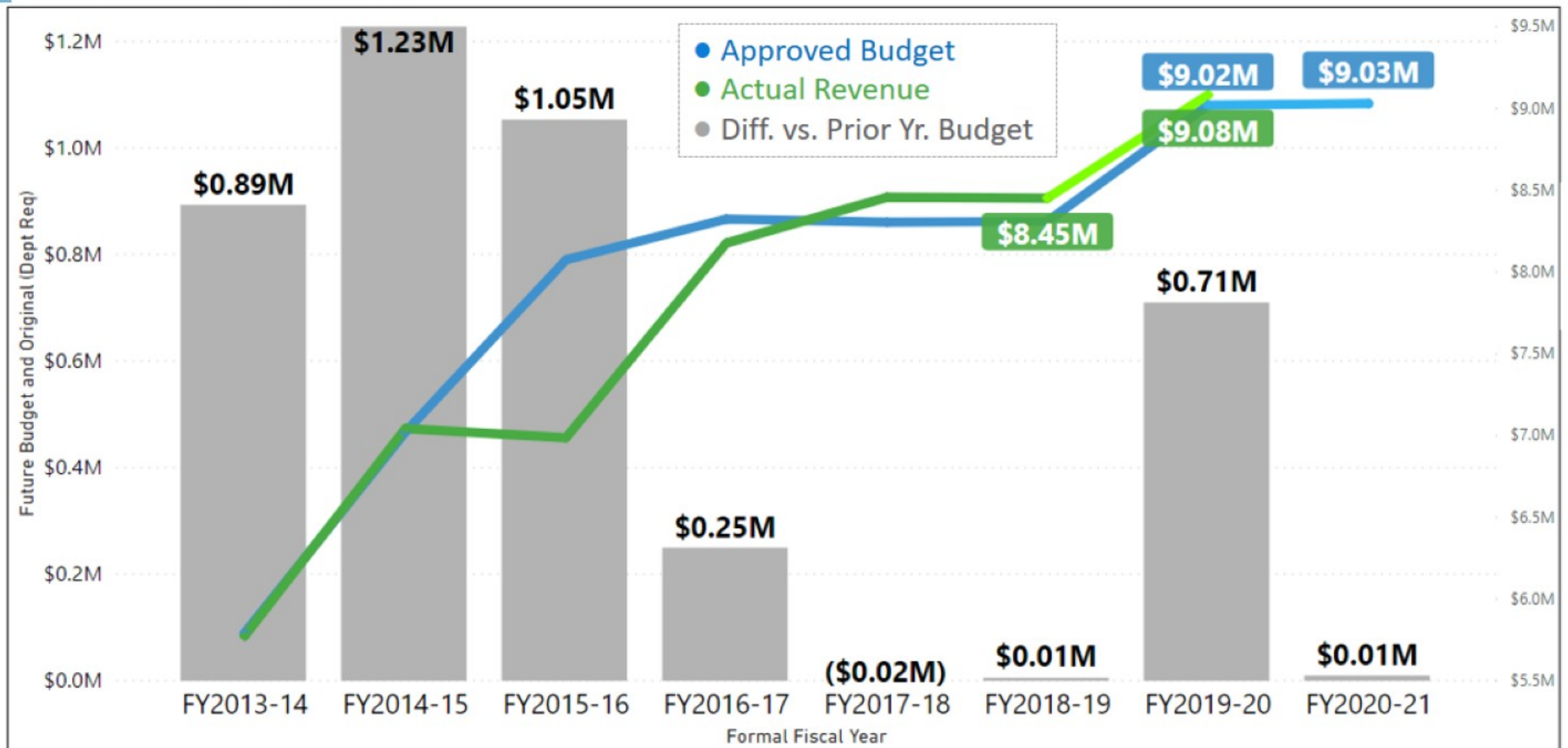


Local Occupancy Tax

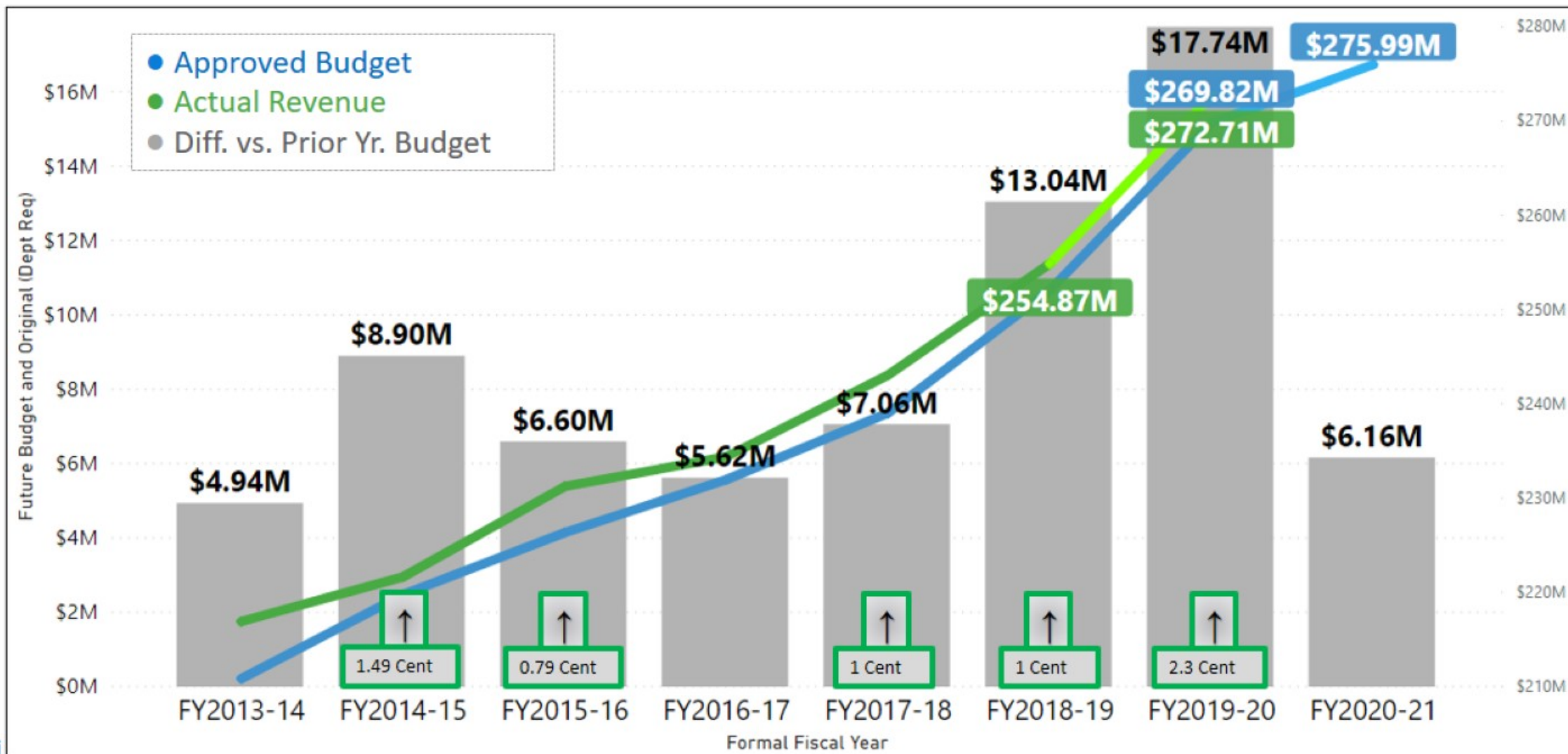
– Includes \$500,000 to NCMLS after first \$1.4M



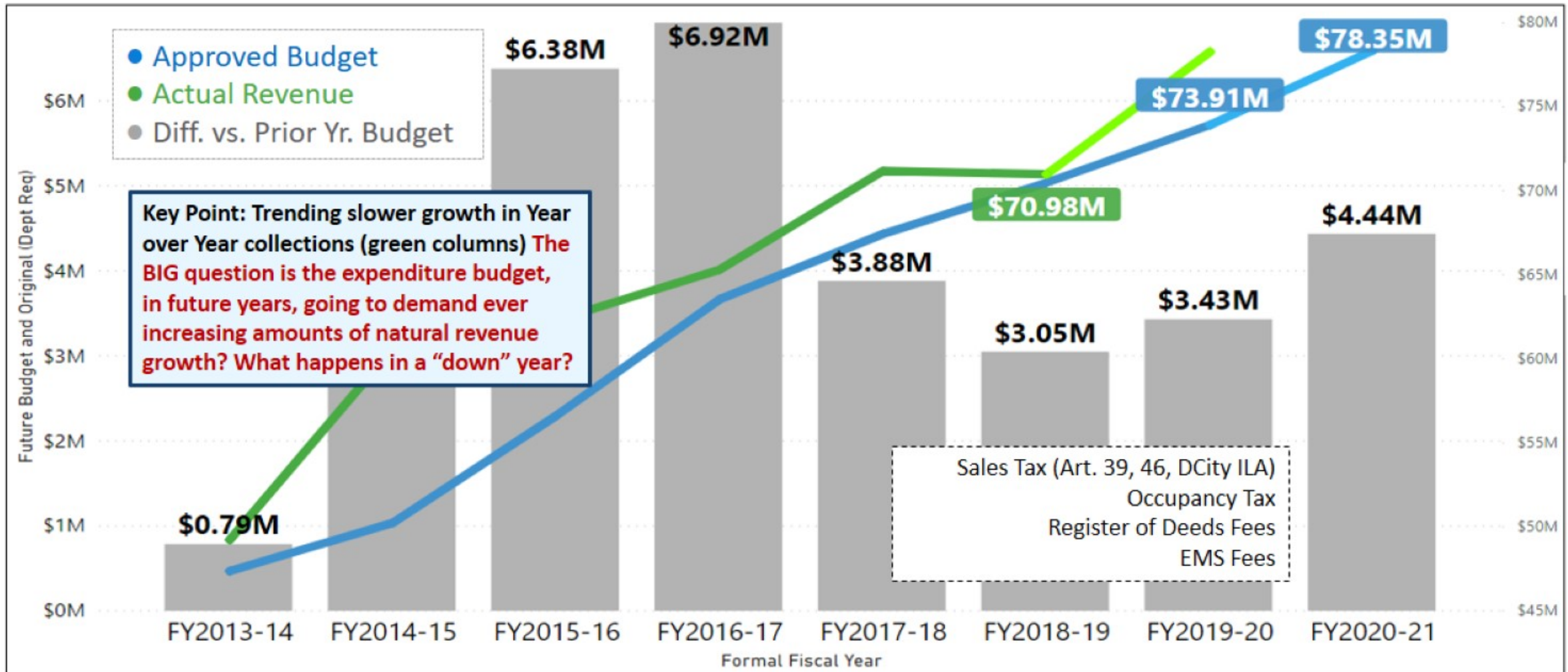
EMS Fees



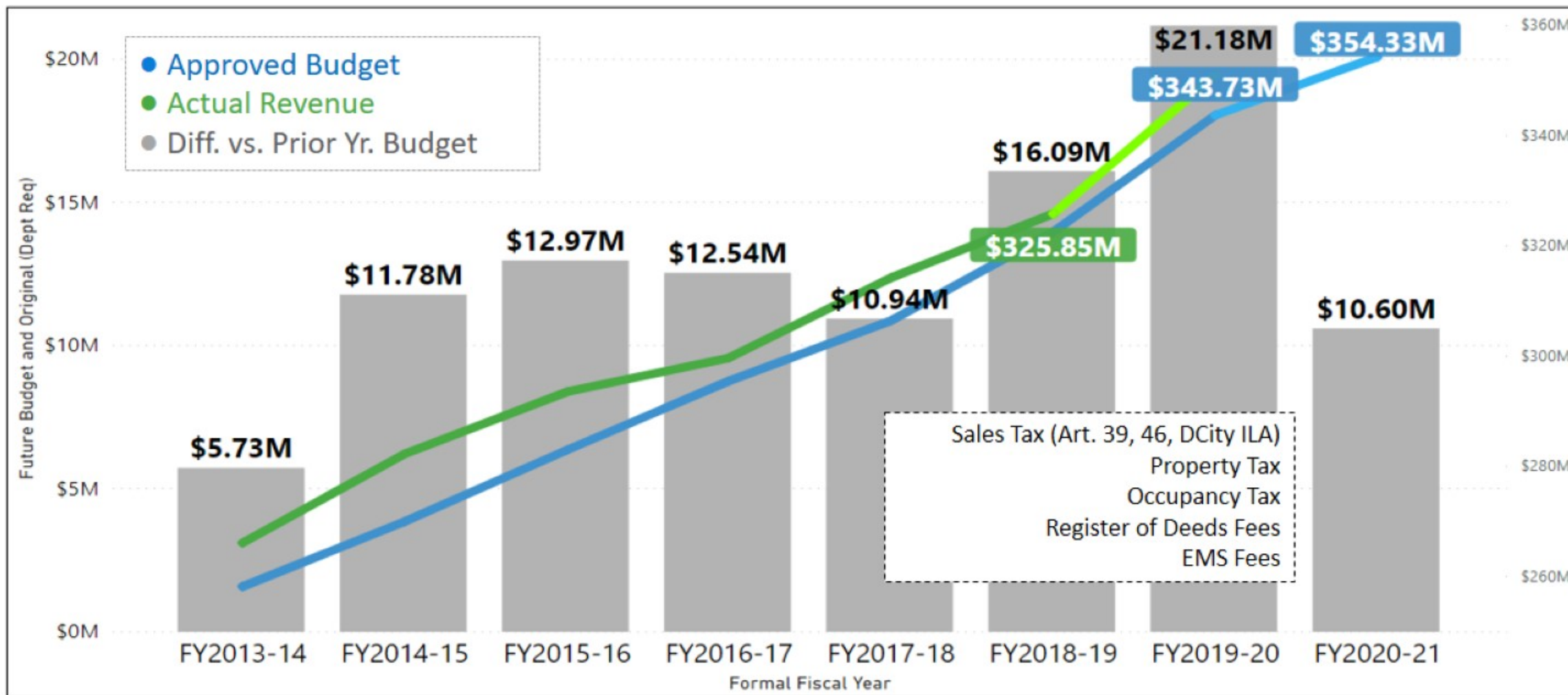
General Fund Property Tax Revenues



Key Revenues (w/out Property Tax)



General Fund Key Revenues



Declining Community Health Fund Support

Fiscal Year	Community Health Trust Fund
FY 2017-18	\$3,950,000
FY 2018-19	\$2,600,000
FY 2019-20	\$1,250,000
FY 2020-21	\$1,250,000

Summary of General Fund Expenses vs Revenues

Budget Expansion Drivers	Annual Revenue Projection
\$32+ Million	\$15 Million

- Inflationary expenses state benefits, salary, utilities
- Department request to support Public Safety, Human Services, Infrastructure needs
- Revenue declines
- DPS Request (\$17 M+)





Future Year Budget Development Issues

Choices, Economic Growth, Annual Growth

Potential Result:

A closing gap between
“natural growth” in
revenue to support
“natural growth” in
annual operating budget

Options:

Strategic application of
resources to meet
current, ongoing, and new
needs, while maintaining
long term operational
resiliency



FY 2020-21

Policy Discussion



Questions for the BOCC – Future Investments

- Is the County making the right investments that line up with your priorities, and what, if any, adjustments would you want to make in the short term?
- Looking over the longer term, what are the critical investments that Durham County should make?



Policy Discussions

- Technology Enhancements
 - Economic Development
- Opioid Settlement Negotiations
 - Lowell Siler
 - Rod Jenkins
- Medicaid Compliance in DSS

Future Year Budget Development Issues

- Long Range Future Analysis Looks at Major General Fund Expenditures and Major Revenue Sources
- Only the “Delta” Δ is Captured
- A \$0 Amount Does not Imply No Budget, but Rather, No Increase or Decrease in Budget

General Fund Expenditure Growth								
Category	Potential Expenditure Issues	FY 2020-21	Growth %	FY 2021-22	Growth %	FY 2022-23	Growth %	FY 2023-24
Fixed	Benefits Growth (Insurance)	\$2,000,000	3.0%	\$2,060,000	3.0%	\$2,121,800	3.0%	\$2,185,454
Fixed	LGRERS (State Retirement)	\$1,700,000		\$1,600,000		\$1,700,000		\$500,000
Fixed	Average Personnel Cost Growth	\$4,300,000	3.0%	\$2,000,000	3.0%	\$2,060,000	3.0%	\$2,121,800
Decision	Average operating costs	\$515,000	3.0%	\$530,450	3.0%	\$546,364	3.0%	\$562,754
Decision	DPS Support (Current Expense)	\$10,327,000	3.0%	\$5,000,000	3.0%	\$5,150,000	3.0%	\$5,304,500
Decision	DPS Support (Pupil Growth)	\$2,731,230		\$1,500,000				
Decision	DPS Support (Current Capital)	\$4,630,000		\$0		\$0		\$1,000,000
Decision	Avg. Number of New Positions (23)	\$1,321,659	3.0%	\$1,361,309	3.0%	\$1,402,148	3.0%	\$1,444,213
Decision	DTCC Support	\$309,000	3.0%	\$318,270	3.0%	\$327,818	3.0%	\$337,653
Decision	NCMLS Support	\$232,159	3.0%	\$239,124	3.0%	\$246,297	3.0%	\$253,686
Decision	County Compensation Study	\$0		\$0		\$0		\$0
Decision	GoTransit (additional support)	\$0		\$0		\$0		\$0
Expansion	Foster Care	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Expansion	Pre-K Expansion	\$1,646,000		\$1,600,000		\$1,600,000		\$1,600,000
Expansion	Cradle to Career	\$0	3.0%	\$0	3.0%	\$0	3.0%	\$0
Expansion	Aging Programs	\$0	3.0%	\$0	3.0%	\$0	3.0%	\$0
Expansion	Affordable Housing	\$0	3.0%	\$0	3.0%	\$0	3.0%	\$0
Expansion	Comprehensive Youth Strategy	\$0	3.0%	\$0	3.0%	\$0	3.0%	\$0
Expansion	Adverse Childhood Experiences	\$0	3.0%	\$0	3.0%	\$0	3.0%	\$0
Expansion	Job Training	\$0	3.0%	\$0	3.0%	\$0	3.0%	\$0
Expansion	Shared Economic Prosperity	\$0	3.0%	\$0	3.0%	\$0	3.0%	\$0
Expansion	Poverty Issues	\$0	3.0%	\$0	3.0%	\$0	3.0%	\$0
Expansion	Community Health	\$0	3.0%	\$0	3.0%	\$0	3.0%	\$0
Expansion	County Department Needs/Requests	\$0		\$0		\$0		\$0
Unknown	CIP Related Operating Growth	\$100,000		\$1,500,000		\$300,000		\$500,000
Unknown	Cost of space to house new employees	\$0		\$0		\$0		\$0
Total Expense Growth		\$29,812,048		\$17,709,153		\$15,454,427		\$15,810,060

General Fund Revenue Growth								
Category	Potential Revenue Issues	FY 2020-21	Growth %	FY 2021-22	Growth %	FY 2022-23	Growth %	FY 2023-24
Fixed	Natural Property Tax Revenue (GF)	\$6,160,000	3.0%	\$6,344,800	3.0%	\$6,535,144	3.0%	\$8,500,000
Fixed	Sales Tax Growth (Article 39)	\$3,300,000	2.0%	\$3,366,000	4.0%	\$3,500,640	4.0%	\$3,640,666
Fixed	Sales Tax Growth (Art. 46 portion)	\$1,400,000	2.0%	\$1,428,000	4.0%	\$1,485,120	4.0%	\$1,544,525
Fixed	Sales Tax (City/County Split (58/42))	(\$990,000)	3.0%	\$0	3.0%	\$0	3.0%	\$0
Fixed	Medicaid Hold Harmless	\$3,000,000						
Fixed	RDD Fees	\$400,000	2.0%	\$250,000	3.0%	\$250,000	3.0%	\$250,000
Fixed	Occupancy Tax	\$300,000	3.0%	\$309,000	3.0%	\$318,270	3.0%	\$327,818
Fixed	CHT Annual Support							
Fixed	ABC Revenue	\$100,000		\$100,000		\$0		\$100,000
Fixed	CHT Fund Balance	(\$1,400,000)						
Fixed	Investment Revenue	\$1,000,000						
Decision	Fee Growth	\$50,500	1.0%	\$51,005	1.0%	\$51,515	1.0%	\$52,030
Decision	Fund Balance Appropriated	\$500,000		\$500,000	3.0%	\$515,000	3.0%	\$530,450
Decision	EMS Revenue Growth	\$50,000	2.0%	\$51,000	3.0%	\$52,530	3.0%	\$54,106
Decision	Debt Service Fund Balance							
Unknown	Intergovernmental Revenue Change							
Total Revenue Growth		\$13,870,500		\$12,399,805		\$12,708,219		\$14,999,595
Difference b/tw Exp. and Rev.		(\$15,941,548)		(\$5,309,348)		(\$2,746,208)		(\$810,465)
One Cent of Property Tax		\$4,403,212	1.5%	\$4,469,260	1.5%	\$4,536,299	10.0%	\$4,989,929
Cents needed to Balance Budget		3.62¢		1.19¢		0.61¢		0.16¢
CIP Property Tax Needs		(1.00¢)		0.00¢		1.35¢		0.00¢
Total Property Tax Increase		2.62¢		1.19¢		1.96¢		0.16¢
Cumulative Prop. Tax Rate Increase		4.92¢		6.11¢		8.06¢		8.23¢



DURHAM COUNTY DEPARTMENT OF SOCIAL SERVICES

Medicaid Compliance Issues





Medicaid Eligibility Determination Timeliness

Session Law 2017-57, Section 11H.21.

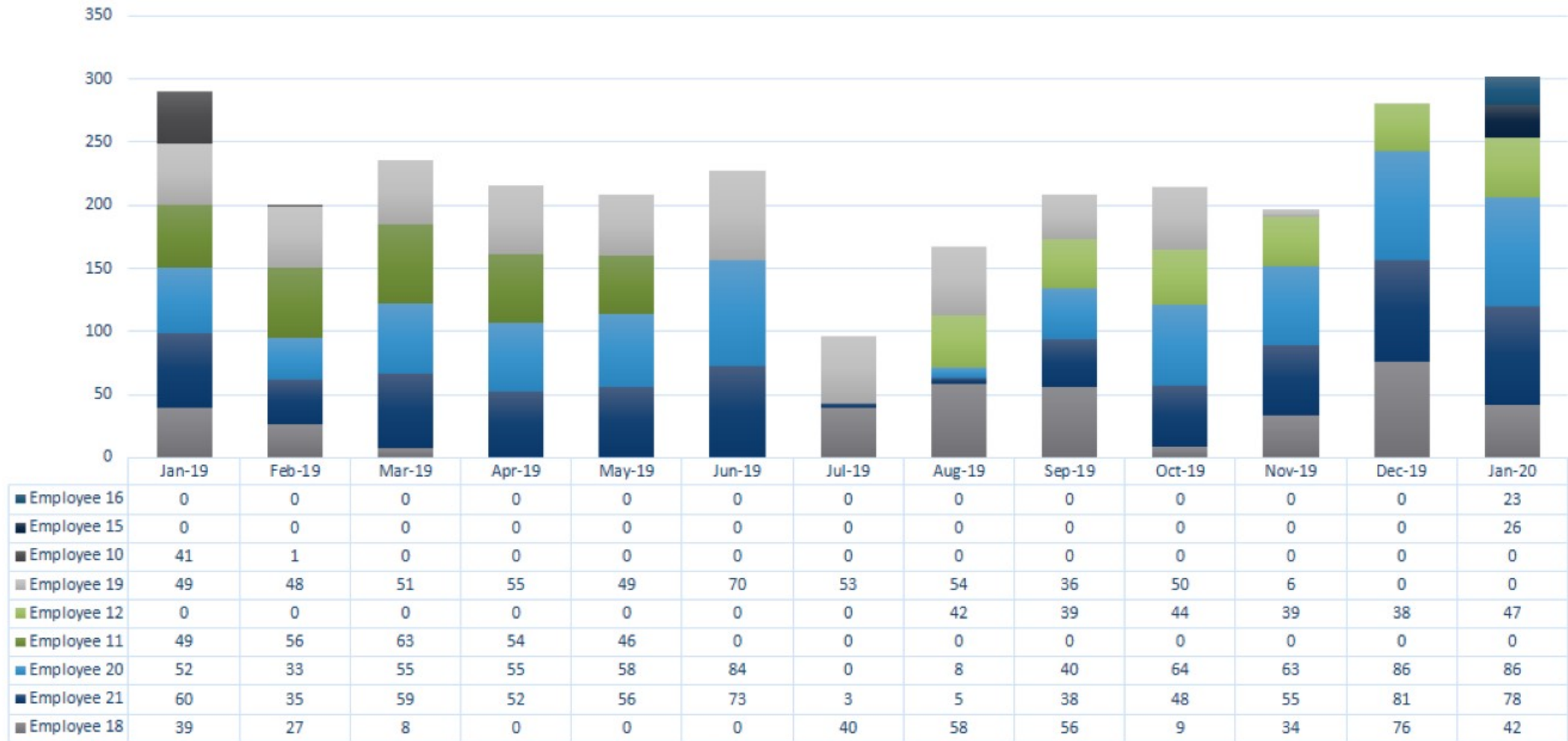
NOVEMBER 1, 2017

- DHHS is now using the report cards to monitor county compliance each month and determine those counties that need a corrective action plan or other assistance and support. Corrective action plans will be required for any county that fails to meet standards for three consecutive months or for any five months out of a period of twelve consecutive months starting July 2017.
- § 108A-70.41. Corrective action. (a) If for any three consecutive months or for any five months out of a period of 12 consecutive months a county department of social services fails to meet either the average processing time standard or the percentage processed timely standard or both standards, the Department and the county department of social services shall enter into a joint corrective action plan to improve the timely processing of applications.
[Link: State of NC - Medicaid Eligibility Determination Timelines](#)

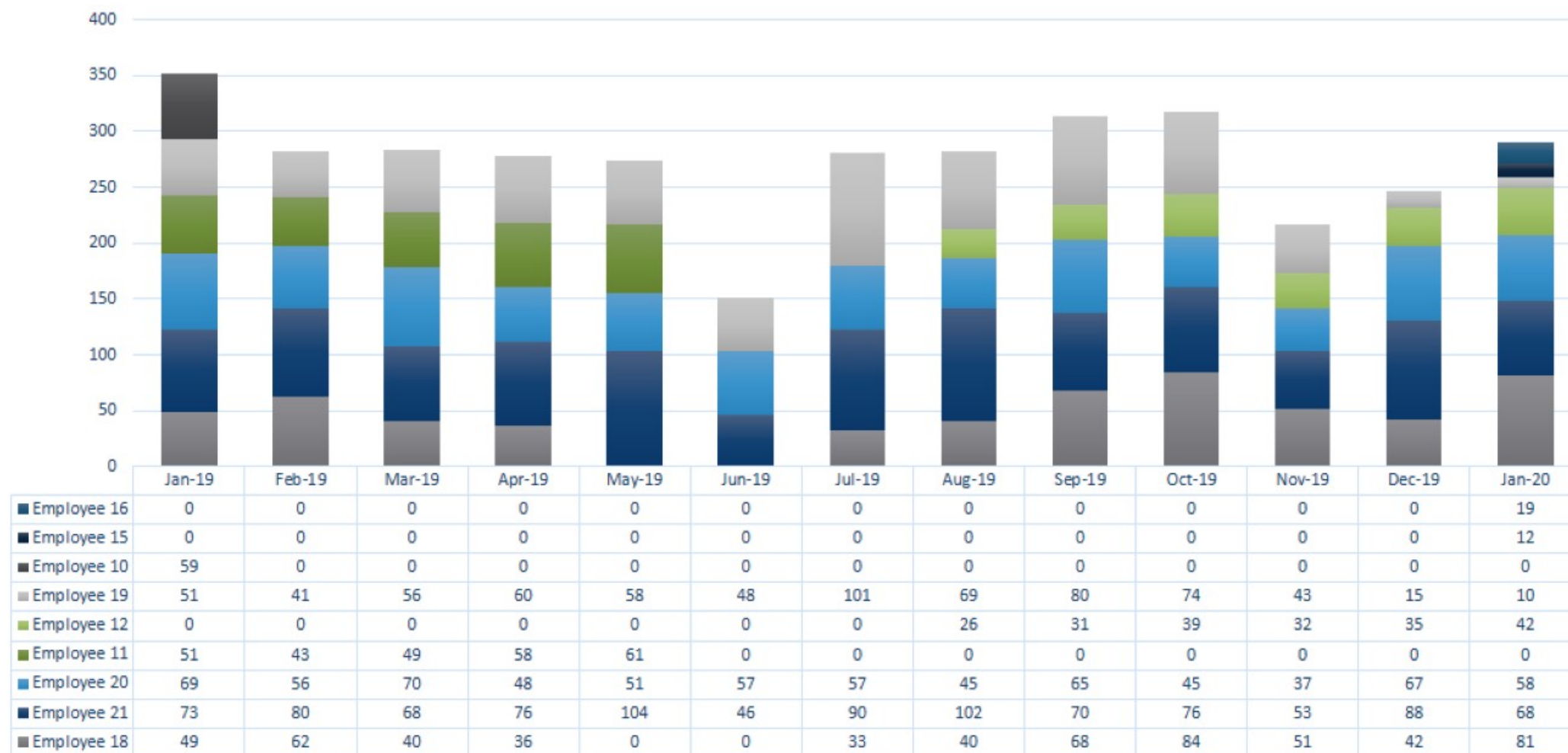
MEDICAID REPORT CARD - JANUARY 2020

MONTH	YEAR	MAD APT	MAD PPT	PASSED MAD	OTHERS APT	OTHERS PPT	PASSED OTHERS
JANUARY	2020	Y	Y	PASS	Y	Y	PASS
DECEMBER	2019	Y	N	Fail	Y	Y	Pass
NOVEMBER	2019	Y	N	Fail	Y	Y	Pass
OCTOBER	2019	Y	N	Fail	Y	Y	Pass
SEPTEMBER	2019	Y	Y	Pass	Y	Y	Pass
AUGUST	2019	Y	N	Fail	Y	Y	Pass
JULY	2019	Y	N	Fail	Y	Y	Pass
JUNE	2019	Y	Y	Pass	Y	Y	Pass
MAY	2019	Y	Y	Pass	Y	Y	Pass
APRIL	2019	Y	N	Fail	Y	Y	Pass
MARCH	2019	Y	Y	Pass	Y	Y	Pass
FEBRUARY	2019	Y	Y	Pass	Y	Y	Pass
JANUARY	2019	Y	Y	Pass	Y	Y	Pass

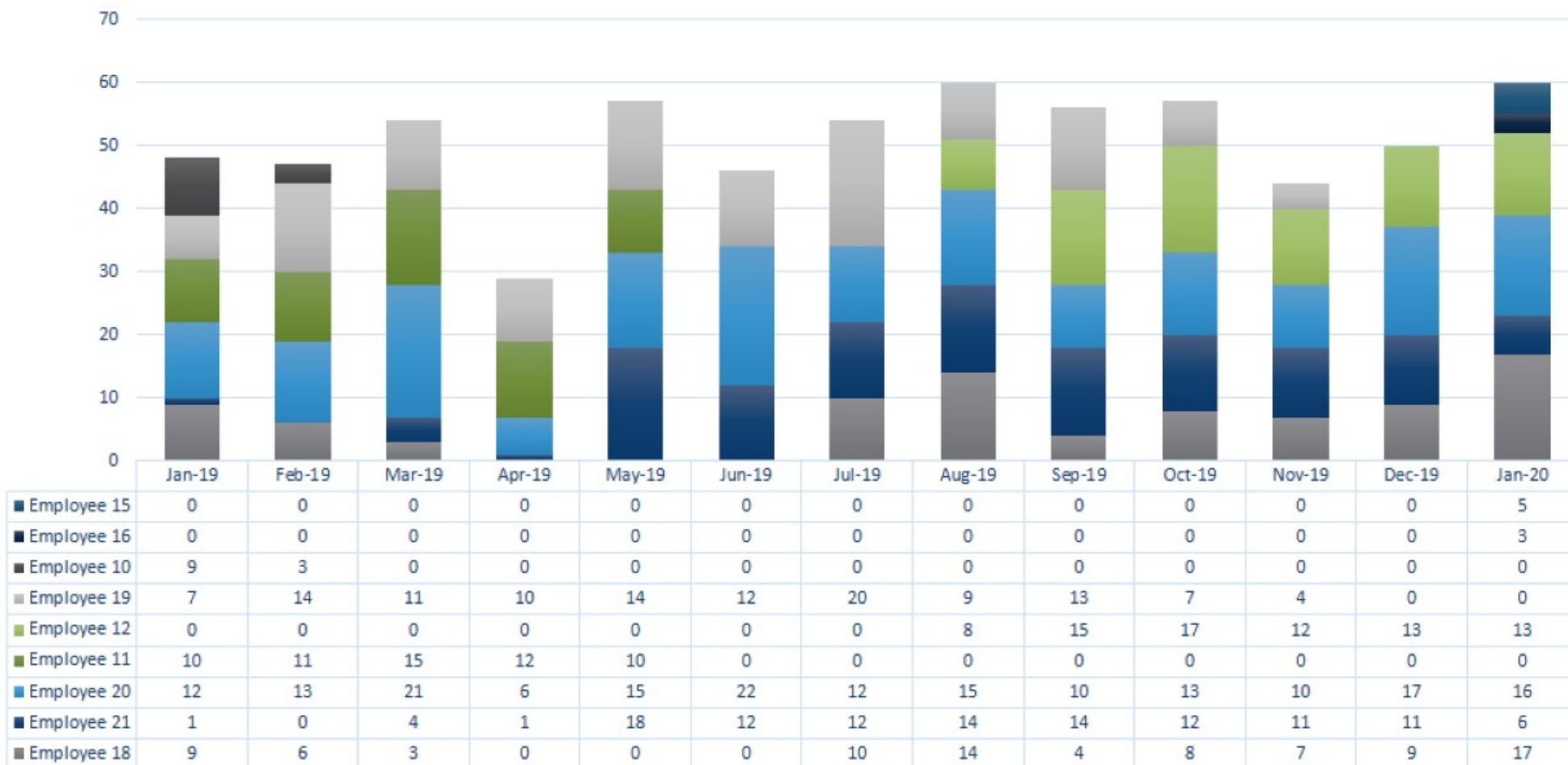
2019 AND 2020 ADULT MEDICAID APPLICATIONS RECEIVED



2019 AND 2020 APPLICATIONS PROCESSED BY THE ADULT MEDICAID UNIT



2019 AND 2020 ADULT MEDICAID APPLICATIONS SEE WORKER



Note: See workers are situations in which the client comes into the office to see the worker to ask a question about their case, provide information or have a general question for the worker. These visits are not part of the normal application visit.



DURHAM'S GOAL

- To meet and maintain 90% AND ABOVE on the Medicaid state report card for 6 consecutive months and continue passing thereafter.
- Process 95% of Medicaid recertifications timely.



MEDICAID STATE MEETING

- State meeting held in Durham on February 6, 2020.
- Five county goals for improvement identified.
- County can be in corrective action for up to 18 months
 - County must pass in all Medicaid categories for 3 consecutive months while being monitored and pass an additional 3 more consecutive months to be removed from corrective action
- While in Corrective Action the months Durham does not pass the report card will not count against our timeliness.
- Medicaid Site Visit by the State Representative to Durham is scheduled for 3/11/2020.



TENTATIVE FIVE STATE GOALS IDENTIFIED FOR COUNTY

- **GOAL 1:** Review on day 15-20 the first 5097 and at day 33 the 2nd 5097 on the daily report to staff. County is to do a random check.
- **GOAL 2:** Submit DMA 5167 and DMA 5169 reports to state OST Rep by 10th of month with specific detail of the reason for overdue
- **GOAL 3:** Required to complete pro-forma notices and upload all manual notices generated outside of the NC FAST system. Ensure information is appropriate on those notices. All actions taken on applications must documented in NC FAST.



TENTATIVE FIVE STATE GOALS IDENTIFIED FOR COUNTY

- **GOAL 4:** Create and implement a contingency plan for training and all trainings available in Learning Gateway need to be completed.
- **GOAL 5:** Provide Division Health Benefits (DHB) accountability plan for Durham to include line workers, supervisors and Program Managers



STAFFING NEEDS for ACHIEVING AND SUSTAINING THE WORKLOAD

- Requesting 15 new Income Maintenance Caseworker III (IMC III) positions to serve as Lead Workers for each of the FEI Income Maintenance Units. Nine (9) of the new Lead Worker positions will be assigned to FEI Medicaid Units.
- Requesting 7 new Income Maintenance Caseworker III positions to focus on taking and processing Adult Medicaid applications.
- Requesting to reclassify 8 existing positions in Adult Medicaid from Income Maintenance Caseworker II to Income Maintenance Caseworker III positions.
- Requesting 30 Income Maintenance Caseworker II positions to create an intake team to take applications for Family and Children Medicaid and Food and Nutrition Services Applications.
- Requesting 5 new Income Maintenance Supervisor positions to supervisor the new IMC III positions.

PROJECTED STAFFING COST

Position (Proposed positions)	FTE Count	Cost/FTE	Marginal	Annualized (\$13,555.00)	Revenue %	County Share	Revenue
Income Maintenance Caseworker II	30.0 0	49,552.50	1,486,575.00	1,893,225.00	62%	719,425.50	1,173,799.50
Income Maintenance Caseworker III (Lead)	15.0 0	56,732.50	850,987.50	1,054,312.50	50%	527,156.25	527,156.25
Income Maintenance Caseworker III	7.0 0	56,732.50	397,127.50	492,012.50	75%	123,003.13	369,009.38
Income Maintenance Supervisor	5.0 0	64,953.00	324,765.00	392,540.00	50%	196,270.00	196,270.00
Subtotals	57.00		3,059,455.00	3,832,090.00		1,565,854.88	2,266,235.13

PROJECTED STAFFING EQUIPMENT COST

Non-Capital equipment	Quantity	Amount	Full Cost	County Share 50%
Laptop	57.00	1,400.00	79,800.00	39,900.00
Docking Station	57.00	175.00	9,975.00	4,987.50
Monitors(2)	57.00	185.00	10,545.00	5,272.50
Monitor Arms (Dual)	57.00	599.00	34,143.00	17,071.50
Keyboard	57.00	20.00	1,140.00	570.00
Laptop bag	57.00	30.00	1,710.00	855.00
Mouse	57.00	10.00	570.00	285.00
Software Licensing (Office 365 and Adobe)	57.00	825.00	47,025.00	23,512.50
Telephone - Desk Phone	57.00	368.00	20,976.00	10,488.00
Cell Phone	57.00	790.00	45,030.00	22,515.00
Scanner	57.00	898.00	51,186.00	25,593.00
Subtotal	57.00	5,300.00	302,100.00	151,050.00

SFY 2021 COUNTY MEDICAID ESTIMATES

COUNTY	COUNTY PERCENTAGE OF TOTAL SFY 2019 CLAIMS EXPENDITURES	COUNTY PROJECTED EXPENDITURES ON MEDICAID'S WSI SFY 2021 PROJECTED BUDGET	FEDERAL SHARE	STATE SHARE	COUNTY SHARE
11. Buncombe	2.36%	\$ 312,147,927	\$ 205,136,658	\$ 107,011,269	\$ -
26. Cumberland	3.99%	\$ 526,658,234	\$ 346,108,049	\$ 180,550,185	\$ -
32. Durham	2.73%	\$ 360,856,819	\$ 237,147,056	\$ 123,709,763	\$ -
34. Forsyth	3.66%	\$ 483,494,081	\$ 317,741,530	\$ 165,752,551	\$ -
36. Gaston	2.58%	\$ 341,481,685	\$ 224,414,150	\$ 117,067,535	\$ -
41. Guilford	4.93%	\$ 652,150,430	\$ 428,578,723	\$ 223,571,707	\$ -
60. Mecklenburg	8.37%	\$ 1,106,273,883	\$ 727,018,531	\$ 379,255,352	\$ -
78. Robeson	2.44%	\$ 323,043,339	\$ 212,296,880	\$ 110,746,459	\$ -
92. Wake	5.80%	\$ 766,356,402	\$ 503,632,341	\$ 262,724,061	\$ -
Medicaid WSI Projected Budget		\$ 13,215,856,001	\$ 8,685,165,912	\$ 4,530,690,089	\$ -

Percentages by county calculated by DHB Budget from info received from DHB Business Information & Analytics Office (BIAO) on SFY2019 claim dollars.



MEDICAID PROGRAM EXPENDITURES FOR JANUARY 2020

PROGRAM	TOTAL SERVICES AND PREMIUMS
AGED	\$28,230,791.40
BLIND	\$383,346.33
DISABLED	\$103,978,973.53



QUESTIONS?





Board Discussion: Future Investments



Questions for the BOCC – Future Investments

- Is the County making the right investments that line up with your priorities, and what, if any, adjustments would you want to make in the short term?
- Looking over the longer term, what are the critical investments that Durham County should make?



Record and Post BOCC Priorities



Moving Forward

