Wake County FY 2028 Budget Development

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November 17, 2026

Beginning FY 2028 Budget Planning with Uncertainty

- Wake County continues to grow by 60+ people per day, continues to diversify service needs
- Residential building continues, but existing home sales may lag due to high interest rates
- Sales tax revenue remains positive despite inflation, uncertainty in federal and global economy
- *Federal and state policy decisions that impact local control over local revenues creating greatest uncertainty in budget forecasting*

Uncertainty Factor

Federal Changes to SNAP Administration

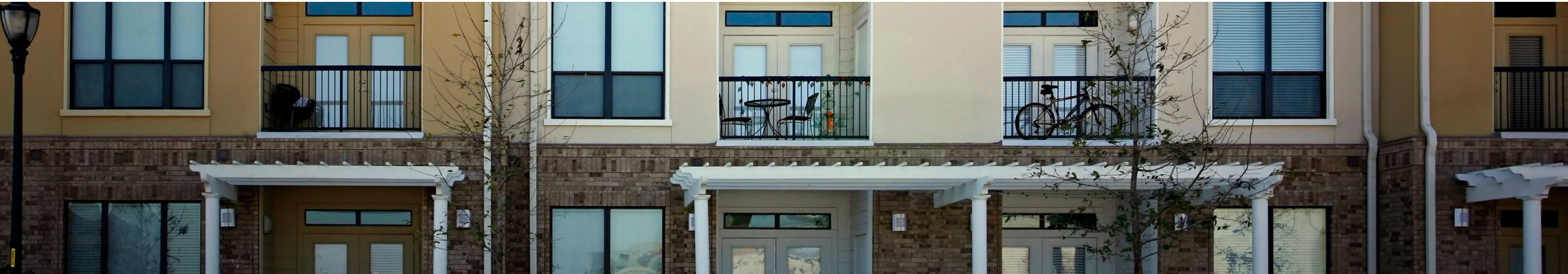
- Beginning this year, reduced reimbursements for administration of SNAP
- If a state's error rate is above 6%, it must pay a penalty
- NC General Assembly is pushing that penalty cost to *all local governments*
- Legislature will deduct the penalty from future sales tax distributions



Uncertainty Factor

The Blue Ridge Loophole

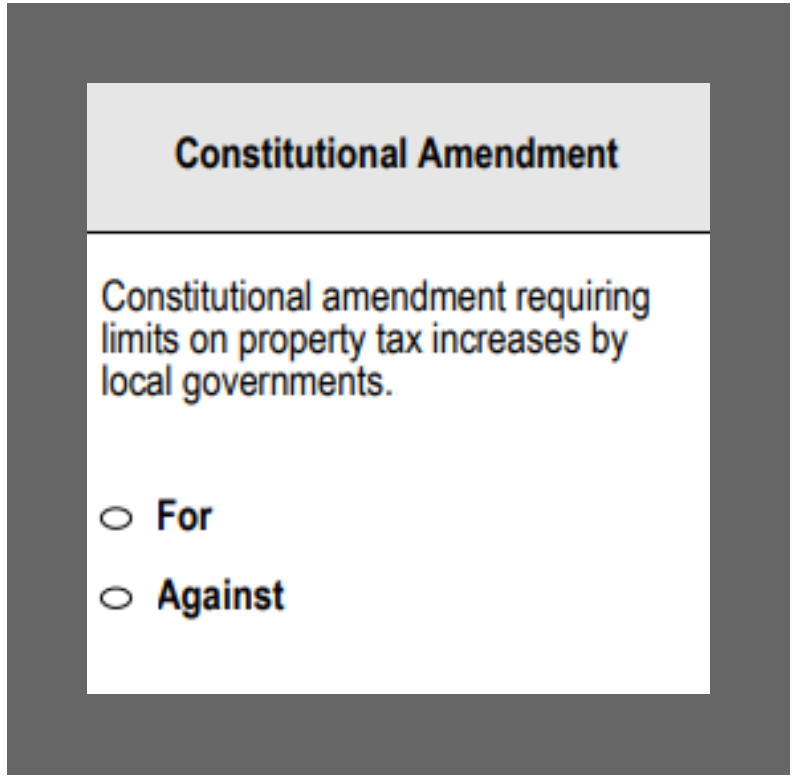
- Benefits private companies that own apartment complexes
- They file exemptions to take advantage of property tax relief meant for nonprofits that provide affordable housing
- State legislature is aware of this issue, but only NC House took action in last legislative session to close the loophole (HB 1042)



Uncertainty Factor

Constitutional Amendment

- On the November ballot statewide; passed with ~60% approval rating
- Would place a limit on property tax increases; reminder that statutory cap of $1.50/jurisdiction already exist for all local governments
- Amendment did not specifically state what the limit is; uncertain if/when Legislature will create and try to pass formula



We face a challenging FY2028 budget

Current estimates show a gap ranging from

$20 million to $60 million

Proactive Planning for FY 2028

- **Departments finalized department business plans with sustainable solutions in mind**
  - Evaluate programs with a lens of performing functions with existing staff
  - Less with less – consider service quality levels, discretionary programs
  - Evaluate programs for efficiency or consolidation among departments
- **Established assumption of no new positions for FY 2028**
- **Established assumption of no new CIP requests for FY 2028**
  - County Manager's Office reviewing and prioritizing seven-year CIP
- **All County departments conducting budget reduction exercise/scenarios to provide broad landscape of options to County Manager**

Guiding Themes and Principles

Not treating this budget planning like a recession, but a structural shift in local funding

Focusing on permanent and sustainable changes rather than temporary deferrals of costs

Explicitly evaluating impacts on customers, employees, and service obligations

Identifying opportunities for shared services, collaboration, and efficiencies across departments

Recognizing differences in departmental mandates, service models, and controllable expenditures

Beginning processes earlier for more thoughtful analysis and informed decision making

Implemented Restricted Recruitment November 5

- **Expected to last through June 2027**
- **Not reflective of FY 2027 budgetary issues**
- **Provides flexibility for FY 2028 budget planning**

Exceptions include positions that:

- Are currently in active recruitment
- Provide mandated services or protect the health and safety of our residents
- Are mission critical

Closing the Gap Will Require Multiple Strategies

Revenue

Update forecasts and explore new revenue options

Education Funding

Evaluate funding commitments and options

FY28 GAP
$20–$60M
preliminary

Capital Investments

Reassess project timing, scope and funding

County Operations

Identify sustainable changes to programs and services

The solution will involve choices across all four areas, not departmental reductions alone.

Summary

- County taking steps now to prepare a balanced budget despite significant uncertainty
- Next significant developments will come once revaluation is finalized, holiday sales tax is received, and federal/state policy decisions become more certain
- County appreciates the communication, collaboration, and support of our education partners
- County committed to transparency throughout the process and approaching budget decisions thoughtfully

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