

FISCAL YEAR 2020 RECOMMENDED BUDGET SPEECH

WELCOME

Good Morning Chair Dunlap, members of the Board of County Commissioners, residents of Mecklenburg County, Department Directors, County employees, and distinguished guests. It is an honor and privilege to serve as your County Manager and present my Recommended Budget for Fiscal Year 2020.

Before I begin, I would like to take a moment to acknowledge the lives lost and those who were injured in Tuesday's shooting at UNC Charlotte. UNC Charlotte is an institution with longstanding ties to Mecklenburg County – and the foundation of personal ties for so many. UNC Charlotte means so much to this community. We stand with NinerNation as students, their families, faculty and staff process this event and try to heal. I ask that you now join me in a moment of silence.

My remarks will serve as an executive summary and highlight the most important investments and initiatives included in my Recommended Budget. Following my remarks, Michael Bryant, Management & Budget Director, will present a more complete overview.

BUDGET GOALS:

The Recommended Budget reflects my commitment as County Manager to carrying out our vision of creating a stronger Mecklenburg County for employees and residents.

This recommended budget achieves three goals:

- 1) It funds the County's core, **critical services and programs** that provide support to our residents who need it the most
- 2) It funds services and initiatives that align with the **Board of County Commissioners top priorities** for Fiscal Year 2020
- 3) And it funds the priorities of our community. Thanks to our Board's leadership, we established additional opportunities to hear the voice of the community through the **Resident Budget Priorities Public Hearing and Survey**, as well as from the Board's Advisory Committees

IMPORTANCE OF MAINTAINING FISCAL DISCIPLINE

But just as important, I believe the recommended budget aligns with our goal of maintaining **Fiscal Discipline**. The ability to create and maintain an ideal balance between revenues and expenditures has been and continues to be crucial to the County's success. I believe my recommended budget sustains

that balance, while effectuating the changes that will move the County forward.

RECOMMENDED BUDGET FOR FISCAL YEAR 2020

My Fiscal Year 2020 recommended operating budget totals **\$1.9 billion dollars**, an increase of **\$158 million** or **9.1%** over Fiscal Year 2019. This increase is from all revenue sources including property tax, sales tax, fund balance and other revenues.

This first goal I will cover is investments in critical services.

CRITICAL SERVICES

Thousands of Mecklenburg County residents rely on our core services each day for crucial needs such as food, housing and healthcare. Without access to these services, a large segment of our community would be left in need.

PUBLIC HEALTH DEPARTMENT

One of the departments our residents rely on heavily is the County's Public Health Department. The Public Health Department has several goals, but its primary mission is to promote and protect the public's health. In 2017, we

committed to a major transformation to improve the way it manages and delivers services to our residents.

Since the transformation began, the department has implemented a new executive leadership team as well as set several changes in motion to improve a variety of areas ranging from electronic medical records, to laboratory services, to technology assessments.

In Fiscal Year 2019, the Board appropriated \$1.7 million dollars to continue the transformation process and the investment is paying off. I am pleased to announce that the Public Health Department received preliminary reaccreditation status **with honors** from the North Carolina Local Health Department Accreditation Board. While the Board will formally vote to approve the accreditation later this month, our Public Health Department met all 147 standards and received top scores in all five accreditation categories. No other Public Health Department in the State of North Carolina has been able to achieve this. I want to thank Gibbie Harris and all the staff at Public Health for their hard work and commitment to our community.

But to continue progress within Public Health, additional funding is needed to support the daily work of offering preventive services, providing health education, conducting health inspections and tracking communicable diseases.

I am recommending a total investment of \$83.7 million, which includes a \$4.4 million dollar increase for Fiscal Year 2020. The funding will give the department the support it needs to provide quality services to County residents, while continuing to provide the additional staffing and resources it needs to meet the increasing demand.

The budget includes \$125,000 to increase funding for the **Breast and Cervical Cancer Control Program**.

It also includes \$424,000 for the **Expansion of Prep Usage and Awareness**, and funding to **offer HIV testing** in non-traditional locations including permanent supportive housing centers, substance use treatment centers, and HIV/AIDS service centers.

I am also recommending \$103,000 for the addition of an **Environmental Health Specialist** for pool inspections. This will enable the County to continue to meet its 100% on-time inspection rate for pools.

And as Mecklenburg County continues to grow, so does the number of businesses; including restaurants. The Recommended Budget includes \$725,000 for six additional **Senior Environmental Health Specialists and one Supervisor** for Food and Facilities. The addition of these positions will improve the ratio of County inspectors to required inspections.

I am also recommending \$256,000 in funding for **two School Health Nurse Supervisors** and to cover the costs of **School Health Nurse Certification Exams**. This amount also includes funding for **two Medical Assistants for Vaccine Administration**.

We all remember the images of the hundreds of people who waited in line to receive Hepatitis-A vaccinations in the days after an employee of a local restaurant tested positive for the contagious virus. Our Public Health Department employees worked tirelessly, including weekends, to ensure that the community had the protection it needed.

As part of an ongoing effort to increase public knowledge of the virus, I am recommending funding to implement a **Hepatitis-A media campaign** to bring awareness of the virus and the ways it can be prevented. The campaign will also help to build advocacy and support around Hepatitis-A vaccine requirements for school age children.

DEPARTMENT OF SOCIAL SERVICES

The Department of Social Services is another department responsible for caring for the most vulnerable in the community. Data for 2018 shows the department serviced an average of 217,000 cases per month. Whether help is needed for Food and Nutrition or Medicaid for Families and Children, to NC Health Choice, or Work First Services – the programs are all

designed to help strengthen families and ultimately the community through a safety net of services.

To sustain the level of services the department provides, and respond to increases in demand, I am recommending that \$161.2 million be allocated for Fiscal Year 2020, which reflects an increase of \$4.7 million.

The recommended amount includes an increase of \$153,000 for the **Homebound Meal Delivery Program**. As the number of aging residents who opt to remain in their homes continues to grow, so does the demand for home-delivered meals. The funding will increase capacity for Homebound Meal Delivery by 200 customers a month.

I am also recommending \$391,000 to cover the costs for the **Special Assistance Program**. The Special Assistance Program provides an alternative to placement in a special assistance facility by providing a monthly cash supplement and cash management to individuals who desire and can live at home safely with supportive services. The County currently provides services to 280 individuals, but that number is expected to increase in Fiscal Year 2020.

The budget includes \$312,000 for **kinship care provider payments**. Kinship placements are critical in keeping children with family members when their parents are unable to care for them. Unfortunately, the State does not compensate kinship providers at the same rate as traditional foster parents. These

funds will make it easier for kinship providers to care for these children.

The Recommended Budget also includes \$340,000 in funding for **foster care expenses** to implement the recently passed “Raise the Age” law. The funding will support expenses for children released into County custody in lieu of incarceration. The law goes into effect on December 1st 2019, and will fund the placement of 40 children in foster care placements.

IT SECURITY

Another critical service area for the County is **Information Technology**.

We all remember the crippling effects of the ransomware attack in 2017. The Fiscal Year 2019 Adopted Budget included \$5.7 million in hardware and software upgrades to protect the County’s computer systems from cyberattacks. But just as cybercriminals continue to develop new ways to compromise computer systems, organizations must continue to increase efforts to keep their systems from being infiltrated.

The Recommended Budget includes \$1.1 million for **12 positions**. **Seven** positions will be assigned to the **IT Security Services Division**. The remaining **five** positions will be for **Strategy and Planning and Quality Assurance**.

In addition to staffing the Recommended Budget includes \$1.6 million for a variety of hardware and software upgrades as well as new tools to strengthen the County's security posture. Those are just a few funding highlights of the critical programs and services for the community we serve.

In January, at its annual Budget Retreat, the Board of County Commissioners established their priorities for Fiscal Year 2020. The priorities include: Reducing Racial Disparities, Meck Pre-K, Affordable Housing, Mental Health Supports, Parks and Greenways, Income Equality, Teacher Supplement, Minority Contracts, and Rehabilitation of Senior Homes.

I will now provide a brief overview of the funding items that align with the **top five Board Priorities** for Fiscal Year 2020, beginning with **Affordable Housing**.

AFFORDABLE HOUSING

Finding and sustaining affordable housing continues to be a challenging issue for many in Mecklenburg County. Affordable housing also emerged as one of the leading issues for residents through our Budget Priorities Survey and Public Hearing.

There is currently a deficit of 22,000 units for people who are at or below 30% of the Area Median Income in the Charlotte area. The Area Median Income, or AMI, is a calculation, based on family size, that gives programs and agencies a way to

determine housing affordability. So, a family of four at 30 percent of the AMI in the Charlotte area, would have an income at or below \$25,100 per year.

And many Mecklenburg County households are just one crisis away from losing their housing. This is a sad reality – that requires a multifaceted approach to solve.

The Fiscal Year 2019 Adopted Budget includes \$6.8 million in funding for homelessness, housing instability and wrap-around services, but there is still more that can be done.

In March, I presented several options to help address the affordable housing crisis in Mecklenburg County.

The Recommended Budget provides a total of \$22.5 million in funding to help address affordable housing. Some of the new initiatives funded in the Recommended Budget include:

- \$11.2 million dollars to establish a new **rental subsidy program**
- \$500,000 to fund the expansion of **Legal Aid of North Carolina**. Legal Aid will relocate its office to the County's Billingsley campus and will hire eight new staff. The additional staff will result in a total of 500 more households being served per year. This significantly expands eviction assistance services to tenants in the County.

- \$1.3 million dollars to fund “**Keeping Families Together**” – The program provides supportive housing to vulnerable families in order to enhance children’s safety and help prevent foster care placement.
- The Recommended Budget also allocates \$1 million dollars to fund **Habitat for Humanity’s Critical Home Repair Program**. The program addresses major safety concerns in homes by making necessary repairs to keep these homes in good condition. The proposed investment will provide a low-cost way for seniors, those with disabilities, or those with low or limited income, to stay in their homes. This will fund approximately 30 projects a year.
- The budget for Community Support Services includes \$50,000 for **client benefits** to assist the homeless to access housing. In many instances, application fees and other costs are barriers to obtaining housing.
- There is also \$204,000 for two positions in CSS to support the **Community’s Continuum of Care Program**. The Continuum of Care (CoC) Program is designed to promote communitywide commitment to the goal of ending homelessness. The program, previously managed by the City of Charlotte will now be managed by the County.
- I am also recommending an additional \$170,000 for the **Charlotte Center for Legal Advocacy**. A portion of the funds will be used to support immigrants facing eviction or

discrimination. The remainder will be used to expand Property Tax Relief Clinics to assist elderly residents and others living in gentrifying neighborhoods, to qualify for existing property tax relief programs.

- In addition, my Recommended Budget includes funding to provide **housing assistance** to individuals in the County's Recovery Courts, Pretrial Services, and Re-Entry programs, who do not qualify for federal housing assistance programs. The funding will support 50 additional slots for six months. Currently, there are 41 individuals and four families in these respective programs awaiting housing assistance.

MENTAL HEALTH SUPPORT

Another top priority for the Board, for Fiscal Year 2020 is **Mental Health Support.**

Research shows that at least half of all Americans will be diagnosed with a mental health condition at some point in their lives. And mental health is rapidly becoming a concern for children too. Research shows that an increasing number of children are also dealing with mental health conditions such as anxiety and other related illnesses due to trauma.

I am recommending a total investment of \$44.4 million dollars, which includes a \$6.8 million increase for Fiscal Year 2020.

This funding includes \$400,000 for **therapeutic foster care** to support the costs of emergency and regular placements for children.

The Recommended Budget includes funds for **mental health screenings and referrals** in Public Health clinics. A study completed by the Academy for Population Health at UNCC found that out of 302 women recently screened at Mecklenburg County WIC Clinics, 73 -- or 24% -- suffered from Post-Partum Depression.

The Recommended Budget allocates \$114,000 in funding for two **full-time social workers** who will provide screenings for adverse childhood experiences at public health clinics and provide referrals to individuals in need of care.

I am also recommending funding to hire a **Behavioral Health Coordinator** and funding for a Tobacco Prevention Campaign in behavioral health centers. The community and agency-based campaign will support a tobacco-free environment.

Finally, my Recommended Budget includes \$5.7 million for **mental health support staff for CMS**. This will fund 27 social workers, 10 psychologists, 10 counselors, and 8 coordinators.

REDUCING RACIAL DISPARITIES

Another top priority for the Board of County Commissioners is **Reducing Racial Disparities**. Racial disparities and the effects those disparities have on and within a community continues to prevail – not just in Mecklenburg County but across the nation.

My Recommended Budget for Fiscal Year 2020 allocates \$6.3 million in additional dollars in this area.

This includes \$250,000 in funding to begin phase two of the **County's Equity and Inclusion Initiative** which will to provide training on advancing racial equity to all County employees. In addition, there is funding for an additional position to expand the **Equity and Inclusion Division** in the County Manager's office.

The Recommended Budget also includes \$3.3 million dollars to establish a **Small Business Micro Loan Fund** to support start-up costs for new small businesses.

Also included is \$250,000 to fund an assessment of the County's **Minority, Women, and Small Business Enterprise Program**. The assessment will provide the necessary road map to ensure minority contractors can effectively and equitably compete for County contracts.

The Recommended Budget also includes an additional \$150,000 for the **"Culture Blocks"** program. The program

connects communities with arts and culture bringing the programs closer to where residents live. With this funding, the **“Culture Blocks”** program will expand throughout the County.

There is funding of \$485,000 to purchase a **Mobile Library** and a hire a **Mobile Library Program Coordinator**. The mobile library will provide services to underserved neighborhoods and act as a supplement for library branches that are inaccessible due to renovations.

The Recommended Budget also provides funding to continue the **Race Matters for Juvenile Justice Training** for Public Health Department staff. The training is in support of the department’s continued efforts to implement cultural competence for all services.

Finally, a portion of the funding to the Charlotte Center for Legal Advocacy will assist people to **expunge their criminal records**. Securing an expunction can increase employment and housing opportunities, and improve stability.

And while funding these programs is a step in the right direction, one of the biggest ways we can create a level playing field for everyone - regardless of race or economic status is a good education.

MECK PRE-K

Studies show that investing in and providing access to early childhood education can be one of the greatest markers for future success – not only as children begin their educational journey, but also as they grow to become adults.

I am proud to say that Mecklenburg County continues to do its part to help support four-year-olds on this journey.

Mecklenburg County's premier **Meck Pre-K Program** debuted in the fall with great success!

In Fiscal Year 2019 the County provided \$8.7 million dollars to create this program through a partnership with Smart Start of Mecklenburg County. Over 800 applications were received and more than 600 children were deemed eligible for the program.

The Early Childhood Education Executive Committee released its second report in February of this year and recommended that the County continue to phase-in Meck Pre-K over the next five years. In addition, the Committee recommended that the County increase funding to clear the child care subsidy waiting list for children under age five.

The Recommended Budget includes new funding totaling **\$21 million dollars** for continued support of our early childhood education initiatives.

Of that amount, **\$14 million dollars** is dedicated to advancing efforts to clear the childcare subsidy waiting list. Based on current estimates, approximately 1,500 children ages birth to five will be served.

The remaining **\$7 million dollars** will add 36 Meck Pre-K classrooms to bring the total number of classrooms to 69. This will bring the total number of children served to 1242.

I am also happy to report that I am in active discussions with the business and philanthropic communities about additional financial support for the Meck Pre-K program. There is keen interest by these groups to support our efforts, particularly around expanding the early childhood education teacher pipeline and professional development.

PARKS & GREENWAYS

Mecklenburg County continues to work towards its goal of having more recreation amenities for residents to enjoy.

In Fiscal Year 2020, the County will move forward with a strategy to accelerate construction and completion of greenway projects. We will advance \$30 million dollars in capital funding to meet our goal to complete 30 miles of greenway trails by 2023.

The recommended operating budget for Park and Recreation for Fiscal Year 2020 totals \$51.1 million which is a \$13 million dollar increase over Fiscal Year 2019.

This includes \$2.8 million dollars for **39 new positions**. The positions are to support new facilities coming online and to help close the post-recession staffing gap for park operations and maintenance, horticulture services and natural resources.

The Recommended Budget also includes funding to cover the costs of **supplies, equipment, security enhancements** and **increased contractual costs for mowing lawns** at our parks and recreation centers.

Now – I would like to address my funding recommendations for the County’s most valuable asset – **our employees**.

EMPLOYEE INVESTMENTS

Our County employees are by far the most vital part of the services we provide to the community. Our employees are the heart of our organization. No initiative or program that we put in place can move forward without their commitment and hard work.

We are currently in the midst of a comprehensive review of our classification and compensation system. As we look at compensation comparisons within the market, we realize that

County employees lag our competitors as our pay structure has not been adjusted in over a decade. In addition, our ability to recruit and retain talent has been impacted by the existing pay structure.

As we continue this review, there is an immediate step we must take to begin closing the gap. For Fiscal Year 2020, I am recommending \$15 million dollars for a **5.5% percent across the board salary increase** for all County employees, in place of the usual annual merit increase. The one-time increase is just one step in helping to bring employee salaries closer to the salaries of our competitors in the market.

The increase will benefit our employees, as well as assist recruiters in our Human Resources Department, as they search for top talent to fill open positions. Competitive compensation is a powerful negotiating tool when it comes to recruiting and retaining talented professionals.

The one-time adjustment will also take the place of our Fiscal Year 2019 annual performance review process as we work toward implementing a new process for evaluating employee performance.

In February 2019, the Board of County Commissioners took the bold step of raising the minimum hourly rate for County employees from \$11.65 an hour to \$15.00 an hour. The Recommended Budget includes the necessary funding to support theses salary increases.

SHERIFF'S OFFICE BONUSES

While competitive salaries are often a crucial factor in recruiting the best employees, in some circumstances, there is need to provide an extra incentive **to retain** existing employees. The Mecklenburg County Sheriff's Office has struggled with high vacancy and turnover rates for some time now. Currently there are 93 vacant positions within the department. It is important to support efforts that will promote smooth operations and stability within the department, especially as planning gets underway for the Republican National Convention.

The Recommended Budget includes \$2.3 million dollars to cover one-time **bonuses for all sworn and certified detention officers of the Sheriff's Office**. The funding will allow officers who have been on the job two years or more to receive a \$2,000 bonus and officers who have been on the job less than two years will receive a \$1,000 bonus. A total of 897 employees will receive these bonuses.

MEDICAL AND DENTAL BENEFITS

With regard to **medical and dental benefits**, I am happy to announce that there will not be any rate increases for these plans for Fiscal Year 2020, nor will there be any changes to the **PPO plan** design. In addition, as a way to increase take home

pay before the holidays, I am proposing a “health insurance premium” holiday for the last pay period in November.

And while the Recommended Budget does not include rate changes for Fiscal Year 2020, I am recommending an increase to the **Health Savings Account**, or HSA seed money provided to employees that participate in the plan. The Recommended Budget provides \$958,000 to increase the **HSA seed amount from \$750 to \$1,000 for single employees and from \$1500 to \$2,000 for employees and their families** who are enrolled in the plan. In addition, the reward amount for participating in MyTotal Health, which is the County’s wellness initiative, will increase from \$600 to \$1000.

But just as employees desire health coverage for themselves and their families, I am also proud to announce a new option that will be available next year to help employees provide additional protection to those they love. For the first time, employees will now have the option to purchase **Pet Insurance**.

I am also pleased to announce that County employees will now receive an **extra day of vacation during the Christmas holiday**. The change will allow the County’s holiday schedule to be consistent with the State’s holiday schedule.

Finally, beginning in Fiscal Year 2020, Park and Recreation will move to a comprehensive “Meck Pass” system for access to all existing recreation centers, the aquatics center, Ray’s Splash

Planet and ultimately our regional recreation centers. Currently, employees have free access to all County fitness facilities. Beginning July 1st, County employees will have access to “Meck Passes” at no cost.

Now I will review my funding recommendations for an area that emerged as the TOP priority during our Budget Priorities Public Hearing and Survey: **Education**

CPCC

Central Piedmont Community College is a crucial community partner responsible for helping students achieve academic success. They are the most important institution we have for workforce development and creating career paths for students of all ages, backgrounds and socio-economic status. CPCC serves over 50,000 students annually through its diverse array of program offerings.

I am recommending that the County fully fund CPCC’s request of \$41.8 million, an increase of \$1.1 million dollars over Fiscal Year 2019. The recommended funding invests in facility maintenance and salary increases for locally funded employees.

CMS FUNDING

Another crucial partner responsible for helping students to achieve is Charlotte-Mecklenburg Schools. The district bears

the huge responsibility of creating a stimulating learning environment that fosters academic growth, while helping students to develop the skills necessary to excel at every level of their educational process and beyond.

For Fiscal Year 2020, Charlotte-Mecklenburg Schools requested an increase of \$70 million dollars in funding from the County, or 15.2%, plus an additional \$13.1 million in one-time funding. The one-time funding is for security enhancements, bus garages and washing stations.

I am recommending a total investment of \$534 million dollars, which is an increase of \$50 million dollars, or 10.2%. My recommended increase funds the following:

- \$8 million to increase the **local supplement for teachers**. This increase will make CMS teachers the ***highest*** paid school district in the state by one percentage point
- \$7.4 million to fund salary increases for locally funded employees
- \$7.2 million to begin **phase one market adjustments for hourly staff**, bringing their rate to \$13.22 an hour
- \$4.3 million for increased costs for **health insurance and retirement contributions**
- \$6.2 million for **charter school enrollment growth**

- \$650,000 to support the costs for **new and expanding facilities**
- \$6.1 million for **building services and preventive maintenance**
- \$3 million for **IT system modernization**
- And, as I indicated earlier, \$5.7 million for **school mental health support staff** – which includes **27 social workers, 10 psychologists, 10 counselors, eight coordinators**, and **training**
- Finally, my recommendation includes \$4.6 million in capital funds for **school security enhancements** across the district.

TAX RATE

As we all know, the budget for Fiscal Year 2020 reflects the impact of the 2019 Property Revaluation. In total, real property values increased by almost 50%.

Michael Bryant will spend time discussing in detail the calculation of the revenue neutral tax rate. So for the purposes of my remarks I will say that:

For Fiscal Year 2020, **the revenue neutral tax rate** is 59.7 cents per \$100 of assessed valuation.

The proposed tax rate for my Recommended Budget is 61.69 cents per \$100 of assessed valuation;

This reflects a proposed property tax rate of 1.99 cents above revenue neutral.

CLOSING

I would like to take this opportunity to thank all my staff who worked so hard on this Recommended Budget. This includes the members of my Executive Team, Management & Budget Director Michael Bryant and the Office of Management and Budget staff, Director of Strategic Planning & Evaluation Monica Allen and the Strategic Planning & Evaluation staff, Sarah Lyberg and the Department of Financial Services, Danny Diehl and the Public Information staff, and my entire Cabinet.

I also want to thank the residents of Mecklenburg County AND the Board of County Commissioners for your continued support.

With that, I will turn the presentation over to Management & Budget Director Michael Bryant to provide some additional information about the Fiscal Year 2020 Recommended Budget. Thank you.

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