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## CASE STUDY

# Resetting the Budget

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How Mecklenburg County used a comprehensive budget reset to focus resources, simplify programs, and align its budget with organizational priorities. **BY ADRIAN COX**

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**E**very system requires maintenance to remain effective. This is especially true of the budget process, where an ever-changing set of challenges and new stakeholders requires the budget office to continually evolve. In some years this means adding something new to the budget process that addresses an overlooked area, and at other times it may mean stepping back to look at the entire process holistically. For the fiscal year 2027, Mecklenburg County, North Carolina, implemented changes to reset three core areas of the organization's budget, including:

- 1 A program assessment** designed to review and inventory the services and programs that make up the operating budget.
- 2 A deep-dive review** of the entire budget.
- 3 A redesign** of the budget submission process.

These three projects helped reset the budget and supported our manager's organizational reset initiative.

Over the years, Mecklenburg County has worked to establish industry-leading budget practices. Like many organizations, the budget office assesses the most recent process at the end of each cycle to identify opportunities for improvement, including comparing our work to GFOA's best practices for budgeting. Leaders at all levels of the organization understand the value of the budget process, and there is a long history of using the budget to help achieve desired outcomes. As a result, Mecklenburg County has received many awards for practices such as budget public engagement, grant making, budget monitoring, performance management,

and strategic planning. The county was an early adopter of programs using outcome-based budgeting, which has helped to inform budget decisions for decades. What worked well in the past, however, was no longer meeting the needs of today.

At the beginning of FY2026, the county's list of programs had ballooned to more than 250 across 32 departments, with many lacking clear descriptions or alignment to core strategies. In addition, the county was tracking more than 1,700 individual performance metrics, but these were largely disconnected from the overall budget or the broader strategic framework. When leaders wanted to know how we were performing, staff could easily produce large binders of data, but they couldn't clearly point to how our investments were improving our core priorities.

Scope creep was also starting to become a common drain on the organization. County governments can become a catch-all for all services managed at a local level. Our budget includes everything from jail operations to health clinic operations to artist grants to childcare subsidies to building code enforcement. The vast scope of services makes us vulnerable to significant scope creep as an organization. And, as revenues have begun to slow, our manager and elected officials have begun to emphasize that "we cannot be everything to everyone," and we must reprioritize funding to what is mandated and most critical.

There was also a new county manager (a former budget director), and several other new leaders in the organization. As part of the leadership transition, the manager had many conversations throughout the community and organization, revealing opportunities. For FY2028, the manager initiated an organizational reset plan that included the budget, performance management, and organizational culture. The work of the Office of Management and Budget (OMB) to reset

the budget would be completed in tandem with the Office of Strategy and Innovation (OSI) to develop a new balanced scorecard<sup>1</sup> as a framework for managing performance. The goal was to align our budget to the scorecard and the results we wanted to achieve.

Early in the year, nearly a full 12 months before the operating budget for FY2027 was due to be adopted, our office began designing the project plan and approach for our program assessment and deep-dive budget assessment. Changes to the budget submission process would come later.

Program Assessment

Program-based budgeting organizes the entire budget into programs, or groups of activities that are intended to achieve specific outcomes, which are clearly defined and regularly measured. A program assessment systematically reviews each program in the budget for strategic alignment, effectiveness, and efficiency, while also determining how programs should be defined. The result is a program inventory with a summary of scores and a list of opportunities for consideration.<sup>2</sup>

Our review involved significant collaboration with departments and leadership to better understand all the activities occurring in our organization and to refine our set of programs in a way that was consistent and understandable for the public. We met with departments at the beginning of the process, during the assessment, and at the end before finalizing the results.

The process followed a series of steps designed to gather critical information and account for multiple perspectives.

- 1 Preliminary information gathering. Department directors reviewed their existing programs and provided responses to a set of questions related to program objectives, primary customers, performance outcomes being tracked (existing or aspirational), benchmarks, ancillary activities, and the impacts if the program were to end. [See Exhibit 1.]
- 2 Department discussions. OMB and OSI met with all county departments to discuss each program.
- 3 Initial analyst assessment. OMB analysts completed an initial independent review using a scoring matrix for each program and documented the basis for each score.
- 4 Collective review. OMB reviewed and modified the initial assessment as a team to achieve consistency in scoring across the organization.
- 5 Executive team review. OMB met with each deputy county manager and the county manager to review preliminary results.
- 6 Department feedback. A write-up of the results was shared with departments for comments and corrections.
- 7 Recommendations. Recommendations from the program assessment were used to modify the program structure and descriptions, adjust the budget, and inform performance metrics.
- 8 Ongoing monitoring. The results from the assessment will be reviewed on an ongoing basis using the county's balanced scorecard.

EXHIBIT 1 | Strategic Alignment Review Questions

| QUESTION                                                                                                                                                                                      | WEIGHT    | SCORE |   |   |   |     |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|-------|---|---|---|-----|
|                                                                                                                                                                                               |           | 0     | 1 | 2 | 3 | N/A |
|  <b>COMMUNITY BENEFIT</b><br>Does the program benefit the broader community or address a specific need?    | ●●● 3 pts |       |   |   |   |     |
|  <b>COUNTY PRIORITIES</b><br>Are the intended outcomes aligned with the core goals of the County?          | ●●● 3 pts |       |   |   |   |     |
|  <b>UNIQUE SERVICE</b><br>Is the service not provided by another County program or outside entity?         | ●● 2 pts  |       |   |   |   |     |
|  <b>GOVERNMENT MANDATE</b><br>Is the program required by State or Federal government?                      | ● 1 pt    |       |   |   |   |     |
|  <b>VULNERABLE POPULATION</b><br>Does the program serve a vulnerable or underserved population?            | ● 1 pt    |       |   |   |   |     |
|  <b>NO ALTERNATIVE</b><br>Does the program address a need that cannot be met by other means?               | ● 1 pt    |       |   |   |   |     |
|  <b>IMPACT IF ELIMINATED</b><br>Would eliminating the program have a substantial negative impact on users? | ●●● 3 pts |       |   |   |   |     |

**EXHIBIT 2 | Example of an Assessment Matrix for Strategic Alignment**

| STRATEGIC ALIGNMENT                                                               | EFFECTIVENESS                                                                     | EFFICIENCY                                                                        | CUMULATIVE                                                                        |
|-----------------------------------------------------------------------------------|-----------------------------------------------------------------------------------|-----------------------------------------------------------------------------------|-----------------------------------------------------------------------------------|
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |

Each assessment included a review of program activities, budget, and positions from the last five years, and an assessment matrix was completed for each program. The matrix consisted of a series of weighted questions with a range of responses from “clearly yes” to “clearly no.” Questions were weighted and organized into three groups designed to assess strategic alignment, effectiveness, and efficiency.

Exhibit 2 shows the matrix used to assess strategic alignment for service with external customers. Each score in the matrix was accompanied by notes from the reviewer, and the reports were finalized in a team review. Our team applied two similar assessment tools, one for programs primarily serving external customers and another for internal programs. The matrix provided a consistent method for evaluating each program, and the results were summarized for departments. They included recommendations regarding program modifications, improvements to performance tracking, and opportunities to budget differently.

The program assessment also provided a score that allowed us to rank each program. The ranking helped identify areas to focus on as an organization, but these rankings required careful interpretation. When results were shared, our office was careful to point out that any low scores were often due to opportunities for the organization, not merely the individual department. For example, some services had low strategic alignment scores simply because we had added initiatives to the budget without clearly defining the strategic alignment. This was especially true for programs with multifaceted objectives or less tangible outcomes such as art, culture, and historical preservation. The ranked results provided a snapshot for discussing gaps in the program budgeting scheme and will help inform additional work in the future.

**Deep-Dive Budget Review**

Throughout the program assessment, our office analyzed the budget and provided scenarios to leadership with varying ranges of impact. Deep-dive budget analysis is

a standard part of OMB's work. We evaluate trends and identify underutilization or duplication at all levels of our chart of accounts. Quarterly budget monitoring, conducted in consultation with each subject department, provides a starting point to assess the next year's budget. Since FY2015, OMB has identified more than \$255.8 million in deep-dive budget reductions and redirections that were implemented in the annual operating budget. This is equivalent to 8.3 cents on the FY2027 property tax rate.

For FY2027, we incorporated an extra level of review that included options to reduce or eliminate activities that were not mandated or were no longer tied to our core objectives. With each option, we identified the potential impacts to our residents or the organization. Some of the areas we identified involved “right-sizing” budgets to reflect utilization trends, increasing departmental revenue based on usage, consolidating contracts, and reducing positions without eliminating jobs.

We explored other options using fund balance to address one-time or postponable expenses, while establishing a clear strategy to eliminate these expenses if funding becomes unavailable in the future. Some of the county's funding to nonprofits had become an unintended drain on the available resources for required functions. These grants were originally intended to support one-time programs but had become an ongoing expense. Redefining the grant program as a one-time grant tied to the availability of fund balance clarified the county's intent to use ongoing resources to meet the core operating expenses for mandated programs.

The program assessment also highlighted some recurring patterns of expenses, leading to a handful of spin-off analysis projects such as call center operations and technology system administration. There were few opportunities to consolidate these activities within a single year, but the work provided a better understanding of the unique aspects of various programs, along with opportunities for the future.

In addition to providing options to our county manager and executive team, we also sent our findings to department directors as they prepared their budget submissions. This allowed us to reach a shared understanding with each department about the underlying details. That is not to say we reached complete agreement on the proposed options, but rather the facts supporting the analysis. Also, sharing the options we identified to reduce costs allowed departments to incorporate alternatives, which they brought forward in their final budget proposals.

**Budget Submission Process Redesign**

Going into the FY2027 budget, we were comfortable using our existing process for departments to submit requests. After kicking off the budget process, we would hold a series of meetings with each department and their respective



Mecklenburg County is home to the City of Charlotte, North Carolina's largest, as well as six other municipalities.

deputy county managers to discuss the requests they were developing. Budgets were then submitted to our office in a format and with accompanying information that we prescribed. This would be followed by a large meeting where every department director took turns presenting their request directly to the manager and executive team. Then, our office would work with the manager, providing analysis and recommendations, as the manager crafted a budget to propose to our elected board.

As we began our work through this process, our departments and manager began to look to our office to create a new budget process that facilitated a greater level of collaboration. The process we developed incorporated opportunities for our departments to work together and be more involved in creating the recommendations and options for the manager's consideration.

First, instead of meeting with each department individually, we held collaboration meetings organized by each deputy county manager portfolio (the process looks at the entire group as a single collection). These sessions averaged a day and a half for each portfolio, and facilitation was led by each deputy county manager. The meetings focused on proposals to do things differently, including all budget enhancements and realignments that were prepared in advance by the department directors. Discussion about the base budget was done separately with our office and the department budget staff. Each portfolio of departments was asked to prepare a combined request, which the deputy county managers would submit for their respective portfolios. Our office provided feedback as requested throughout the meetings and tools to help managers understand the impact of their recommendations on the overall budget.

Next, each portfolio presented their budgets to the manager in a series of meetings held over a week. The longer format and organization by deputy county manager portfolio allowed for deeper discussions than we'd had in our single-day meeting with all departments.

Following these discussions, our office met once again with each portfolio of departments to share our preliminary recommendations, which we would take to the county manager. This was a completely new experience for our office and the departments. In previous budget cycles, we shared our budget analysis and recommendations with the manager only. This additional step provided new insights for our office and for the department directors as well. There were some instances where we gained clarity about requests and modified our recommendation. There were also cases where we recommended something that the department favored over something else we were planning to propose.

The discussion helped improve our recommendations, but it did not override our analysis. Overall, about 90 percent of the recommendations we had prepared before the meeting went forward to the manager unchanged. Department directors also got to see how their own budgets fit into the larger organization. Some directors commented after these meetings that although they wanted all their requests to be recommended, they understood the larger tradeoffs that had to be made.

At the conclusion of the redesigned budget submission process, the manager was provided with a set of recommendations from each deputy county manager for their portfolio of departments, and a set of recommendations from the Office of Management and Budget.

## Results

At the budget kick-off in February, we were facing a large budget gap of \$65 million, equivalent to roughly 4 percent of our general fund operating budget. The new strategies we implemented and the collaborative work across our departments allowed the manager to propose a budget that closed the gap without a tax rate increase while making some significant investments in our board's priorities. We also effectively reset our program structure, defining the desired results for each program and setting the stage for work that is currently underway to update performance measures. The process also resulted in more consistent programs, especially for administrative functions that had varied greatly from department to department. The new programs are easier for our board, the public, and county staff to understand. The program assessment, deep-dive budget review, and redesigned budget submission process have effectively reset the budget process and continue to support the organization's direction.

## Suggestions

For any organization looking to reset their budget process, either through a program assessment, deep-dive review, or redesigned submission process, here are a few suggestions.

**Be flexible and open.** This should be the motto of every effective budget office, but it is easy to become wedded to a particular process or design when you're the one in the room who knows the legal deadlines and funding limits. Keep in mind that there is no perfect budget process or framework for tracking performance that fits every organization. Best practices should be applied in ways that uniquely meet the needs of stakeholders.

**Be practical when it comes to outcome-based budgeting.** Every organization contains a spectrum of viewpoints about outcome-based budgeting. There will always be someone who believes that every problem on earth will be solved if we just know the right performance metrics to target and align our spending to. There will be others who think it's an academic exercise that adds no value in the real world. The truth is somewhere in between. A budget combined with performance outcomes can be a powerful decision-making tool, but it should be understood as a tool based on our limited understanding. The budget office will often need to encourage some stakeholders to move closer to the middle.

**Put some thought into your administrative programs.** One area where we had to take a top-down approach was defining programs for departmental administration. This allowed us to develop a consistent program structure across the organization and will help make the distinction between direct services and administration clearer in the future.

**Look for ways to reduce complications.** Designing a budget is one thing, but actually spending and recording expenses to that budget is another. Every layer of complication in the budget comes at a cost in the form of organizational efficiency and potential confusion for residents. An organization going through a budget reset should be on the lookout for opportunities to reduce steps in the process or elements in the account structure that do not add value. It is equally important to weigh the cost of adding new elements.

**Try to think like a resident.** Before we began our program assessment, we stepped back and looked at our list of programs and asked ourselves, "If we were residents, would we understand this list?" Our conclusion was "not at all." As we worked with departments to define programs, we often had to translate terms that were common to a specific field into language the general public would know.

**Refine as a team.** Whether revising programs or analyzing a budget, the budget process requires individuals who are intimately knowledgeable about particular areas of service, including department directors and budget analysts. Once those individuals provide their expertise, incorporating a mechanism for performing reviews as a team is a critical step in refining the original ideas. This will improve the final product, but it also helps calibrate any subjective inputs to the process.

**Communicate up and down the organization.** Bad ideas will not be successful even if you communicate them well, but good ideas are bound to fail without solid communication. The budget affects everything a government does, so changes must be made in lockstep with leadership and communicated continuously throughout the organization. The best way to make sure all questions are fleshed out is by conducting in-person meetings designed to facilitate interaction with the groups that are affected by the changes. These meetings should be paired with written communication for reference. The changes we made required continuous outreach to multiple groups as we went.

Our experience in resetting the budget has helped reorient the organization for the future—and we have other projects on the horizon that will lead to further improvements. Like all systems in a changing environment, every budget process must continuously evolve to remain effective. ■

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<sup>1</sup> Although tools like the balanced scorecard approach were popularized for governments in the mid-1990s and many other approaches have since come along, it remains a helpful framework for organizations with wide-ranging services that need to communicate clearly and comprehensively with decision makers. Regardless of how an organization chooses to organize its goals and objectives, it is important to select a framework that meets the needs of decision makers and other stakeholders.

<sup>2</sup> Conducting a program inventory, National Association of Counties, March 2024. ([naco.org/resource/osc-program-inventory](https://naco.org/resource/osc-program-inventory))