

HOW DOES LOCAL GOVERNMENT WORK?

This section provides an orientation to key aspects of local government in North Carolina. It focuses on how governments are organized, their respective responsibilities, authority and interactions; how policies and budgets are made and the basics of budget decision-making.

1.1 ▶ NORTH CAROLINA LOCAL GOVERNMENT 101

1.2 ▶ FINANCING AT THE LOCAL LEVEL



SECTION 1.1

LOCAL GOVERNMENT 101

WHAT YOU'LL LEARN

- ▶ The authorities and responsibilities of local governments
- ▶ How local governments are organized
- ▶ How decisions are made
- ▶ How municipalities and counties interact

Understanding how local government works is the first step to seeking funding for early childhood in your community. Local governments have developed robust policy commitments and increased their investment in early childhood in recent years as they have sought to support families and build vibrant local economies. In North Carolina, the term “local government” can refer to a city, town, village or county.

Local governments derive their responsibilities for the delivery of public services from the state.¹ In other words, the state tells local governments what they can and cannot do. This authority, while limited by the state constitution and judicial interpretations, sets out the ways in which local governments can meet the priorities of their citizens.² Notably, local governments are empowered to make policy decisions that support

the well-being of families and the foundation of the economy. Cities, towns, villages and counties may provide many services, including utilities such as water and sewer services as well as jails, police and sheriffs; ambulance services and county hospitals; fire protection; cemeteries and courtroom space. *See Table 1-1* ▶

Local governments also share with the state responsibility for education, health and human services and community economic development. For example, counties must supplement state funding of public school operations and may offer supplements to the state salaries paid to teachers or fund additional staff to support student success. In the area of health and human services, local governments have funded administrative costs and services in the face of state reductions and federal sequestration.³

WHO DECIDES?

How local governments are organized and who has decision-making authority varies across North Carolina. All North Carolinians live in a county, while slightly more than half of North Carolinians live in a city, town or village, referred to as a municipality in this toolkit.

WHAT ARE THE FUNCTIONS OF CITIES AND COUNTIES IN NORTH CAROLINA?

Table 1-1

FUNCTION	COUNTY MUST PROVIDE	CITY MUST PROVIDE	COUNTY MAY PROVIDE	CITY MAY PROVIDE
LAW ENFORCEMENT	✓			✓
JAILS	✓			✓
MEDICAL EXAMINER	✓			
COURTS	✓			
FIRE PROTECTION			✓	✓
STREETS				✓
WATER			✓	✓
SEWER			✓	✓
SOLID WASTE COLLECTION			✓	✓
SOLID WASTE DISPOSAL			✓	✓
LAND USE REGULATION			✓	✓
BUILDING CODE ENFORCEMENT	✓	✓		
PUBLIC SCHOOLS	✓			
COMMUNITY COLLEGES			✓	
LIBRARIES			✓	✓
SOCIAL SERVICES	✓			✓
PUBLIC HEALTH	✓			✓
MENTAL HEALTH	✓			✓
HOSPITALS			✓	✓
DEED REGISTRATION	✓			
ELECTION ADMINISTRATION	✓			
PARKS AND RECREATION			✓	✓
TAX ASSESSMENT	✓			
TAX COLLECTION			✓	✓

Adapted from Cities and Counties Elective Offices, UNC School of Government

MUNICIPAL GOVERNMENT

All municipalities in North Carolina are governed by an elected board called a City or Town Council, a Board of Commissioners or Board of Aldermen. The municipal charter determines the number of members, method of election and whether they represent district or at-large seats.

The governing body has the following responsibilities and authorities:

- ▶ Approves the budget annually and authorizes annual transfers of funds to other local government entities as allowed by statute, such as to School Boards.
- ▶ Sets rules and policies governing the administration of public services.
- ▶ Sets property tax rates and issues bonds.

The municipal charter also establishes how the government is organized. According to the North Carolina League of Municipalities, municipal governments may take the following forms:

Municipal Government Formation	Responsibility and Authority <i>Table 1-2</i>
Mayor - Council <i>All elected</i>	The mayor and the council act together to make decisions about revenues, expenditures and services. There is no manager.
Mayor - Council with Administrator <i>Administrator appointed by Council</i>	The mayor and council authorize an Administrator to manage the day-to-day operations of municipal government.
Council - Manager <i>Manager appointed by Council</i>	The mayor and council set policy and hire a Manager to implement their policies. The Manager has specific statutory authority.

COUNTY GOVERNMENT

At the county level, a board of county commissioners is elected and has the following responsibilities and authorities:

- ▶ Sets county policy
- ▶ Sets county property tax rates
- ▶ Adopts the budget for the county each year

The county can appoint a county manager or administrator to oversee day-to-day operations.⁴

County Government Entity ▶ Responsibility and Authority Table 1-3

Board of County Commissioners ▶ <i>elected</i>	Approves the county budget annually and authorizes annual transfers of funds to other local government entities like school boards. Sets rules and policies governing the administration of public services delivered by county agencies. Can set property tax rates and issue bonds.
County Manager ▶ <i>appointed</i>	Administers the day-to-day operations of county government.
School Board ▶ <i>elected</i>	Is a separate legal entity that serves as the governing body for the local school system. Sets policy for the school system that is implemented by the school superintendent and administrative staff. Enforces State Board of Education policy. ⁵
Social Services Board ▶ <i>appointed</i>	Sets the policies and rules governing the implementation of social services in the county.
Economic Development Commission ▶ <i>appointed</i>	Focuses on making their communities attractive for businesses to locate and grow.
County/Region NC Pre-K Committee ▶ <i>Membership criteria established by the Division of Child Development and Early Education</i>	Co-chaired by the School Superintendent for the local education agency and the board chair for the Smart Start local partnership. Selects a local NC Pre-K administrative agency. Develops operational policies and procedures. Provides programmatic and fiscal oversight for the local program.
Smart Start Local Partnership Board of Directors ▶ <i>Membership criteria established by The North Carolina Partnership for Children, Inc.</i>	Allocates funding for evidence-based or evidence-informed programs for children from birth to five years of age that increase children's literacy; increase parents' ability to raise healthy, successful children; improve children's health and assist child care programs in improving and maintaining quality.

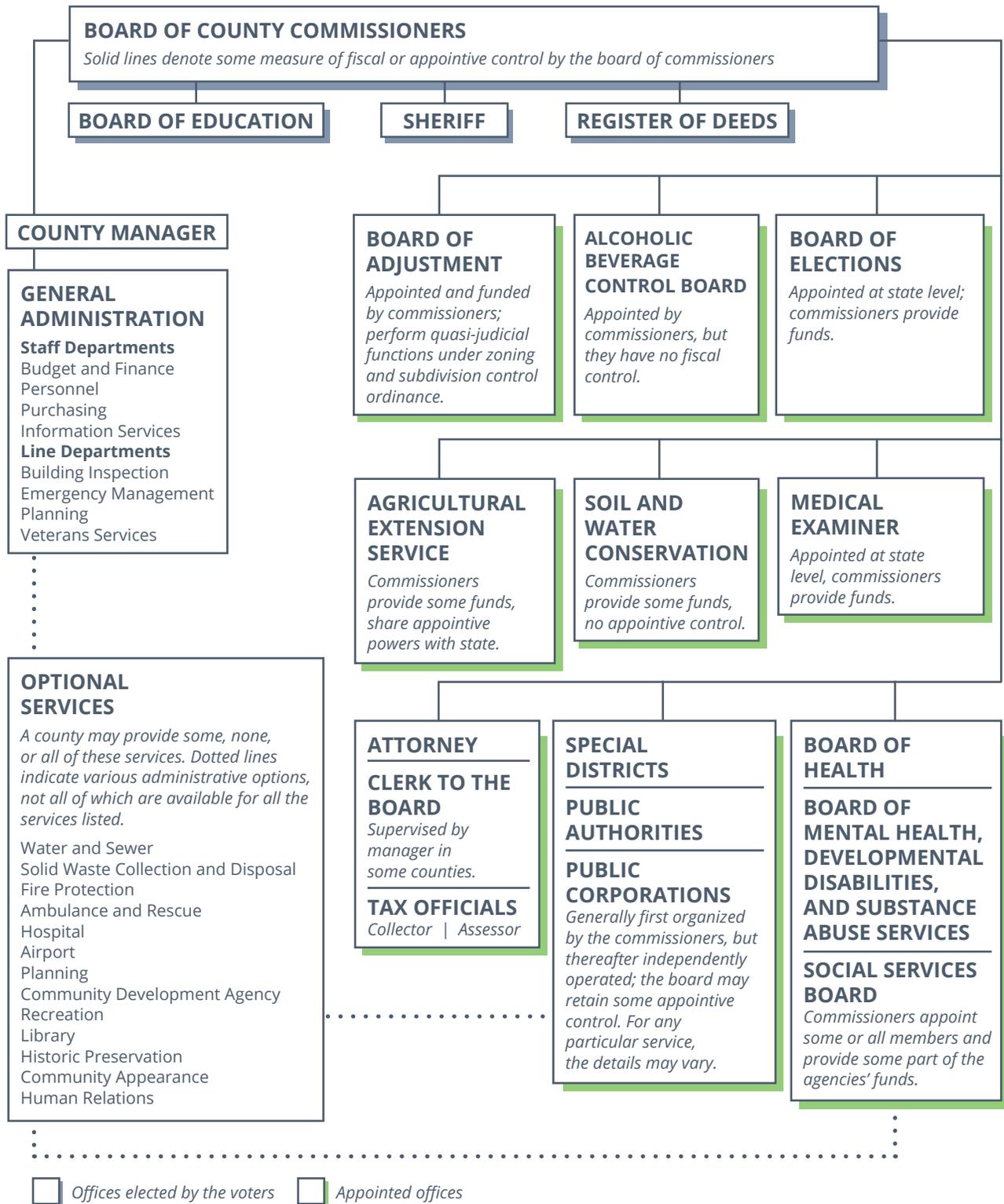


ENGAGING LOCAL GOVERNMENTS

To best understand your local context, assess local government entities and who influences them. The worksheets included in Section 5.2 can help with this process. Your community's context and the nature of local governance will determine whom to target with policy efforts and the best ways to reach them. A core set of guiding questions include:

- ▶ Who has decision-making authority on early childhood issues?
- ▶ How does the particular configuration of my local government entities and the relationships between them affect the process and outcome in decision-making?
- ▶ Who is likely to influence the local government entities on an early childhood issue?

ORGANIZATION OF A NORTH CAROLINA COUNTY Table 1-4



Adapted from the Handbook for NC County Commissioners, UNC School of Government

THE INTERSECTIONS BETWEEN MUNICIPALITIES AND COUNTIES

Local governments work together to deliver public services. The connections between local government entities take different forms including: shared decision-making, transfer of funding and pursuit of joint use or delivery of public services.

► **Decision-Making:** In the majority of North Carolina school districts, local school boards are an example of shared decision-making between a county and municipalities. Some regional entities also exist, particularly those that have been established through local initiatives with support of non-governmental entities.

► **Funding:** The largest source of shared revenue across a county and municipalities within its borders is local sales tax. Revenue collected through an occupancy tax at the county level also is sometimes

shared with municipalities for tourism-related expenditures, such as construction of performing arts centers or to promote tourism. Federal funds are often distributed by the state to county agencies that may use them to deliver services through municipalities.

► **Services:** While the delivery of public services is the designated responsibility of a specific local government entity, there is some overlapping authority. Joint delivery agreements exist to ensure adequate support and efficient delivery of public services. For example, several counties have joined together to form a purchasing cooperative to support child nutrition. In some counties, emergency response management is shared across county and municipalities through shared service agreements.

HOW DO POLICY PRIORITIES GET IMPLEMENTED?

The county and municipal budgets are tools to expand early childhood investments in your community. In addition, there are other local policy levers available.

Budgets and legislative acts are referred to as ordinances when enacted by local governments.

► **Budget Ordinance:** The Budget Ordinance is prepared by the Budget Officer to establish spending priorities and revenue collection anticipated by a local government entity. The Budget Ordinance is then implemented under the coordination of a Budget Officer and Finance Officer and with the support of local agency leadership. *Section 1.2 describes the budget process in detail.*

► **Local Policy:** This is a rule of conduct passed by a local governing body to establish local laws. These extend beyond policymaking areas with a fiscal impact and can include regulations seeking to curb or incentivize certain behaviors (such as a noise ordinance).

► **Resolutions:** Resolutions are non-binding statements adopted by local governments that can

serve to promote or seek action on an issue by the appropriate decision-makers. For example, resolutions by local government entities have been used to recognize an important person or date in the community's history or call on state policymakers to enact specific legislation. Resolutions have been popular in NC to support the Week of the Young Child.

► **Internal Administration Practice:** For administration of programs and services, there is some capacity for developing manuals of practice and procedure within agencies or for specific functions. While most rules are set by federal and state legislation to govern the administration of education and social service programs, there remain areas of rule-making within the control of local government. In the process of designing rules, there are often opportunities for input at public meetings or written comments.

► **Motions or Orders:** These are generally defined as the process by which a local government entity makes their decisions known.

SECTION 1.2

FINANCING AT THE LOCAL LEVEL

WHAT YOU'LL LEARN

- ▶ How state law impacts communities' abilities to raise local funds
- ▶ How the local budget process works

A major aspect of ensuring the delivery of quality early childhood programming is adequate and sustainable funding. There is a strong interaction between state policymaking and local authority and responsibility to craft a budget that invests in quality communities and supports children. Local governments are increasingly at the forefront of smart policy and investment strategies that can improve systems and outcomes for children.

Caution: *Local investment cannot replace state and federal support. The need for investments in young children far exceeds a community's capacity to meet on its own.*

ABILITY TO RAISE LOCAL FUNDS IMPACTED BY STATE LAW

North Carolina's state tax code has undergone significant changes in recent years. These changes have implications for local governments in terms of the availability of revenue, responsibility for service delivery and tools available at the local level to fund quality services for children and families.

Local governments derive authority to make spending decisions from state law. In other words, the state tells local governments what they can and cannot do. North Carolina General Statutes outline the purposes for which municipalities, counties or other special local governing bodies may raise funds.

Read more in Section 3.

For early childhood, there are existing authorizations in the General Statute (law) that provide opportunity for early childhood advocates to seek local dollars.

▶ **Municipalities:** The state grants no authority to fund education with one exception. G.S. 160A-456 allows municipalities to establish and/or fund programs to improve education and the general welfare of low- or moderate-income citizens. Therefore, local governments currently are authorized for investments that target those most in need.

▶ **Counties:** Similarly, counties have authority to fund the education of their citizens and social services with limits placed through statute on specific programs in education delivered through the School District or with a focus on low- and moderate-income citizens.

State law also establishes the authority for local governments to raise revenue and set tax rates. The state makes regular adjustments to that authority, which impacts local budgets.

Table 1-5

THE LOCAL BUDGET PROCESS

- 1 The budget process can begin as early as the fall when the Budget Officer and the Municipal or County Manager provides direction regarding budget preparation and submission. Note that the Budget Officer and the Municipal or County Manager may be the same person.
- 2 Before April 30th, each local department director must submit a budget request and revenue estimate for his/her department for the upcoming fiscal year. The time frame is similar for counties and municipalities.
- 3 The Budget Officer, upon receipt of department requests, will prepare a budget for consideration by the county commissioners or municipal council no later than June 1. At this point: “the budget and budget message should be submitted (but is not required) at a formal meeting of the board.”⁶ A budget message is the public announcement of the proposed budget by the Municipal or County Manager.
- 4 Upon submission of the budget and budget message, the Office of the Clerk of the Board will share the budget document with news media in the county or municipality and give notice of the time and place of the budget hearing. This public hearing provides an opportunity to mobilize support for early childhood, an effort that should have been underway in a more targeted fashion throughout the process.
- 5 The county commissioners or the municipal council then hold a public hearing for comment on the budget. The public hearing is an opportunity for citizen and community leaders to speak on the record about early childhood.
- 6 Not earlier than 10 days after the budget is presented to the county commission or municipal council and no later than July 1, a budget ordinance shall be adopted. The budget ordinance sets the spending priorities and revenue collection anticipated by a local government entity.
- 7 Agency or department heads are then responsible for implementation of the budget ordinance. It is through implementation that the funds serve children. It is important to make sure that implementation is done effectively and efficiently. Doing so provides opportunities to identify needs for the next budget cycle.

+ WHAT YOU SHOULD DO

-  Check with the municipal or county clerk to determine the budget timeline in your community as it may vary by local government.
-  Ahead of this date and throughout the year, work directly with the relevant department leaders in your community to identify early childhood needs, effective programming solutions and funding sources to ensure that early childhood is considered in the development of the budget.
-  Review the budget message to see if the department director included early childhood funding. If not, speak directly with the Budget Officer about the needs for early childhood investment.
-  Reach out to early childhood supporters from which you have been building support to attend the hearing. Before the hearing, highlight how the budget document does or does not reflect the principles and priorities for sound early childhood programming.
-  Mobilize a variety of early childhood champions to comment at the hearing in order to demonstrate the importance of early childhood investments to the community. Testimony from community leaders such as business, faith and law enforcement is important, as well as from families that need and use services.
-  Praise local leaders who have prioritized early childhood, work with stakeholders to explain what the investments will mean for children in your community and call attention to items that may have been missed.
-  Monitor the implementation of the budget. This is an important and all too often forgotten aspect of the budget.