BUDGET BREAKDOWN

A SERIES DIVING DEEPER INTO KEY ISSUES SHAPING CENTRAL PINES' FINANCIAL OUTLOOK

CENTRAL PINES
REGIONAL COUNCIL

DISCRETIONARY FUNDING & ORGANIZATIONAL CAPACITY

BUILDING WHAT'S NEXT

2026

"This is the second of three supplemental pieces to my Fiscal Year 2026-2027 Central Pines Regional Council Recommended Budget Message. These supplemental posts allow a deeper dive into three of the most pressing issues facing the organization over the next several years. Each piece will end with recommendations to the Board on how to address the issue over the coming year(s)."

- Lee Worsley, CPRC Executive Director

In FY 26-27, member dues are budgeted at

$964,368

105+

CPRC Programs supported by local government member dues

2.2M

People

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Executive Summary

Central Pines Regional Council was originally established in 1959 as the Research Triangle Regional Planning Commission. Since that time, our primary mission has remained singular: to serve our local government members. CPRC's local governments provide support through member dues, which serve as the foundation of our funding mix. CPRC appreciates that our local government members choose to fund the regional council each year. As recently as 10 years ago, Central Pines membership sat at 37 local governments. Today, we happily serve 50 local government members and only need one (1) local government to achieve 100% membership.

The member dues each of our local governments provides are CPRC's only source of discretionary funding which can be deployed flexibly in response to member needs, strategic priorities, and emerging opportunities. In FY 2026–2027, member dues are budgeted at $964,368 to serve a population of 2,246,640 across our seven-county region.

View Full Budget

The Fund Balance Reality

CPRC has a graduated dues structure to reflect differences in scale while maintaining equity across jurisdictions and avoiding undue burden on any single jurisdiction. CPRC's effective per capita rate for discretionary funding is approximately $0.43. This discretionary funding plays a vital role in Central Pines' operations.

Uses include:

1. Providing CPRC's only source of local match for competitive grants, meaning every dollar has the potential to leverage significantly more federal and state funding.
2. Offering flexibility to our Senior Leadership Team to address general local government challenges, invest in staff development, and advance Strategic Plan priorities that don't yet have dedicated program funding.
3. Serving as our organization's emergency and contingency resource for rapid response to member needs, unexpected organizational costs or reimbursement delays, and long-term financial resilience.

These dollars from our local government members serve as force multipliers across CPRC's 105+ programs. $964,368 must simultaneously fund direct service, leverage grants, support leadership capacity, advance strategic priorities, and provide organizational resilience for a $36 million budget and 50 member governments. All of that for a region of over 2.2 million people.

Many large metro regions create flexibility, efficiency, and increased discretionary capacity by consolidating functions such as workforce development, transportation planning, housing, and emergency management under their regional councils. Due to the fragmentation of functions across our region, CPRC currently lacks this capacity.

At its core, Central Pines Regional Council is financially stable and well-managed. However, there is a long-standing structural challenge that has persisted for more than two decades and warrants a clear explanation: a negative unassigned fund balance, indicating that **liquid reserves have not kept pace with operational scale.**

This condition is not the result of overspending, weak financial controls, or a lack of commitment to CPRC from its local government members. Rather, it reflects how regional councils operate, delivering services through reimbursable federal and state programs -and the dramatic growth in CPRC's operations over a relatively short time.

CPRC administers dozens of federal and state programs, mostly operating on a cash-reimbursement basis. CPRC must first expend funds to deliver services and then seek reimbursement, often weeks or months later. Our staff works hard to invoice promptly and manage reimbursements, but delays are unavoidable, particularly when large programs align in the same billing cycle or when payments are slowed by external factors beyond CPRC's control.

This cash flow challenge has become significantly more critical as the organization has grown. Ten years ago, CPRC's total annual budget was approximately **$18 million**. Today, it exceeds **$36 million**. As a result, the amount of funding that CPRC must advance before reimbursement at any given time is substantially larger. Simply put, the organization is being asked to cash-flow **twice the volume of activity** with the same structural source of discretionary cash.

Five-year snapshot: The five-year trend reinforces the structural dynamic described above: CPRC's operating scale has grown much faster than its discretionary dues base, and the unassigned portion of fund balance remains negative. Right-sizing working capital as programs and reimbursement volume expand will be critical to enable the organization to provide the outputs that our region deserves.

Fiscal year	Total budget	Member dues	Unassigned fund balance	Dues as % of budget	Unassigned FB as % of budget
FY 2020–21	$16,761,599	$648,408	$(3,243,122)	3.87%	(19.35%)
FY 2021–22	$18,446,745	$680,394	$(1,877,965)	3.69%	(10.18%)
FY 2022–23	$34,373,390	$704,669	$(2,148,369)	2.05%	(6.25%)
FY 2023–24	$39,990,612	$781,646	$(3,853,865)	1.95%	(9.64%)
FY 2024–25	$42,773,704	$898,436	$(4,035,496)	2.10%	(9.43%)

CPRC's **total fund balance is positive**, but it reflects restricted program funds that can't be relied upon 100% of the time for cash-flow timing or emergency needs. However, the **unassigned portion of the fund balance has not grown at a pace commensurate with the organization's overall financial footprint.**

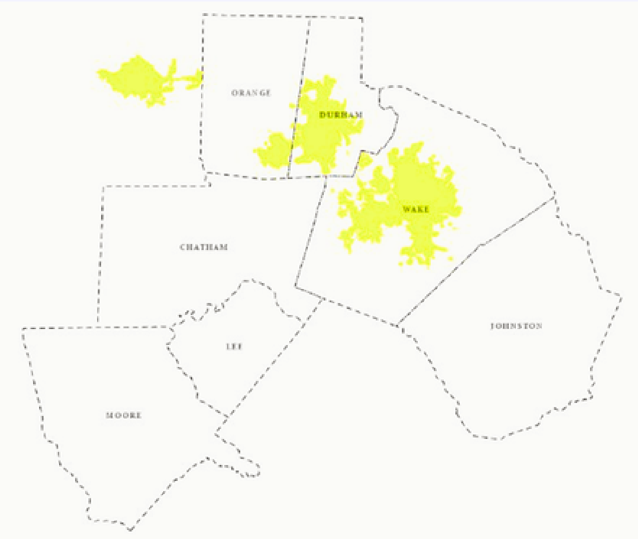
For an organization of CPRC's size and complexity, unassigned fund balance serves a critical role. It supports cash flow during reimbursement lags, ensures continuity of operations during unforeseen disruptions (such as federal shutdowns or delayed appropriations), and provides flexibility to respond quickly when member governments face urgent regional challenges. The absence of adequate unassigned reserves increases financial stress and narrows the margin for error.

Central Pines leadership, with the support of the Board, has taken intentional steps in recent years to rebuild unassigned fund balance. However, progress remains constrained by extremely narrow discretionary margins. Member dues, CPRC's only source of discretionary funding, are already committed to essential operational and strategic needs. In the most recent fiscal year, the organization's contingency allocation was just under $4,000. In the FY 2026–2027 Recommended Budget, only $44,236 is available for contingency and fund balance replenishment, a meaningful but modest step relative to a $36 million operating scale and dozens of reimbursable programs.

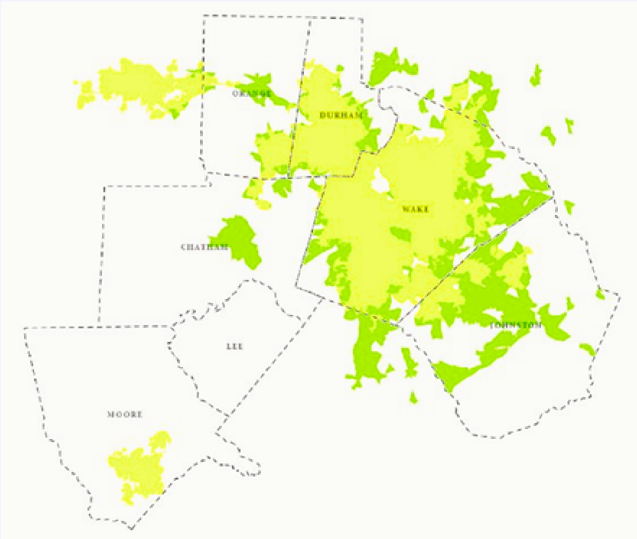
As CPRC's budget and responsibilities grow, so too must its discretionary capacity to responsibly manage cash flow and financial risk. Addressing the unassigned fund balance is not about correcting a failure; it is about aligning financial structure with the scale, complexity, and expectations of the region we serve.

Regional Growth and Governance Evolution

Many of these challenges are rooted in the rapid growth and transformation of the Triangle over the past several decades. When our predecessor was formed, the region's population was roughly 387,108 residents, spread across a slower growing, more predictable landscape of distinct mid-sized cities separated by open land and clear jurisdictional boundaries. The governance structures and regional planning frameworks created then were appropriate to the region's scale and complexity and successfully guided the region on forward-looking initiatives tied to Research Triangle Park.



Region's 1990 Urbanized Areas
(Yellow)



Region's Projected 2055 Urbanized Areas
(Yellow + Green)

In many ways, the region has returned to a similar foundational moment—facing a need for coordinated planning, but across a far larger geography and with many more jurisdictions.

In recent decades, local governments focused inward to manage rapid population growth. It's not criticism, but a reality and reflection of the immense demands placed on jurisdictions whose populations doubled or tripled in short periods. Regional planning understandably slowed to allow capacity for building local government infrastructure.

Today, the Triangle functions as a single, interconnected metropolitan area of more than 2.2 million people, with shared housing markets, labor sheds, infrastructure systems, and environmental impacts that transcend jurisdictional boundaries. Growth has closed the gaps between communities, and projections suggest the region may reach 4 million residents in the coming decades. In many cases, existing coordination structures no longer reflect how the region truly functions. We can point to NCDOT Divisions as an easy example, but there are many legacy structures in place.

The region has transformed rapidly; our governance and planning structures are still catching up. The time is ripe for our region to give a fresh look at how we work together. Our travel and work sheds will continue to expand into more counties surrounding our traditional "Raleigh-Durham-Chapel Hill" core, and the risk and cost of misalignment grows with each additional year of uncoordinated growth.

This is where the funding and governance discussions converge. The central question is whether the region is fully leveraging one of its strongest governance assets to capture coordination, efficiency, and scale benefits.

CPRC occupies a unique position in the region. It is the only general-purpose regional organization whose membership includes every city, every town, and every county across all seven counties. No other local, state, issue-specific collaborative, chamber of commerce, or newly launched regional initiative will have the legislatively approved authority already granted to us.

This structure is not merely operational, it ensures a shared regional asset offering a neutral forum where jurisdictions of all sizes engage on equal footing.

Yet regional initiatives are routinely created outside CPRC. Instead of consolidating efforts—such as multi-jurisdictional housing or transportation plans, CPRC is frequently asked to compete for individual RFPs. Multiple Safe Streets efforts emerge instead of a single regional plan; water and sewer coordination discussions occur without leveraging CPRC's infrastructure. The result is duplication, higher administrative costs, and increased fragmentation.

At the same time, these missed opportunities limit CPRC's ability to increase discretionary funding and reduce overhead by spreading internal costs across more programs and staff.

As our region takes on new challenges, we must ask individually and collectively, **could this effort be stronger through a regional approach—and if so, why create a new structure when one already exists?**

Where CPRC Fits Compared to Peers

Studying how other regions across the United States have utilized their regional councils to efficiently, inclusively, and effectively plan for regional growth and opportunities provides interesting opportunities.

- Many councils play direct roles in workforce development, often as workforce boards, bringing significant federal funding and positioning them as core economic development partners. CPRC is the only COG in North Carolina that does not provide workforce services—a structure shaped by past geography that no longer reflects current regional labor dynamics. CPRC could provide consolidated workforce services, creating a stable platform for alignment among employers, community colleges, and economic development.
- Several North Carolina COGs provide housing authority services, centralizing federal programs and back-office operations at the regional level. CPRC does not currently play this role. Examining this opportunity could yield administrative efficiencies, allowing local authorities to focus on program delivery.
- Many of CPRC’s large, metro peers play a significant role in Emergency Management planning, recognizing that large-scale events ignore jurisdictional lines. Coordination of Emergency Operation Plans, Hazard Mitigation Plans, and Urban Area Security Initiatives are common roles for large metro COGs. As the federal landscape changes, Central Pines could assist our counties with consolidated planning, allowing Emergency Management to focus on their responsibilities related to response.
- In more than 75% of metro areas with populations over 1 million, the MPO function is integrated into the COG structure. This alignment co-locates transportation planning with housing, workforce, and economic development within a governance structure that represents the full region. At a minimum, as additional urbanized areas emerge, the region should consider whether adding more MPOs best supports coordinated planning and reduces silos.

These gaps are not indicators of institutional limitation. They are artifacts of earlier regional structures. The Triangle has changed dramatically. The absence of these services at CPRC should be understood not as a ceiling on what the organization can become, but as evidence that the region’s institutional arrangements have yet to fully catch up with present-day realities.

A Pathway Forward

The Opportunity: One Table, Already Set

The region does not lack capable institutions; it struggles with alignment between challenges and the institutions chosen to address them. Importantly, the purpose of this brief is not to make a case that CPRC should increase its dues to deal with its discretionary funding challenges. Quite the opposite. There are opportunities for efficiency and coordination that could provide enhanced services to the region while strengthening CPRC's financial standing without increasing dues. However, if, after discussion, a decision is made that all existing structures make sense, future dues increases may be the only option left.

A Connected Region—one focus areas from CPRC's 2026–2029 Strategic Plan—cannot be achieved through fragmented, function-specific bodies that each represent only part of the region's local governments. Connectivity requires a forum where every jurisdiction has standing, voice, and accountability.

That forum already exists.

CPRC is the only place where all 50 local governments in the seven-county region are already present. Expanding CPRC's regional functions is not about organizational growth for its own sake. It is about aligning regional planning capacity with an organization owned, governed, and funded by the region.

Each new initiative created outside CPRC represents a missed opportunity for efficiency *and* permanence. Temporary entities come and go; CPRC's institutional memory, accountability, and relationships endure.

The opportunity ahead is practical and achievable. Expanding CPRC's service capacity should be paired with a more sustainable, diversified discretionary funding base. The 2026–2029 Strategic Plan provides the framework for phased, intentional growth into areas of demonstrated regional need.

Membership dues should be viewed not simply as operating support, but as **seed capital**—enabling CPRC to leverage external funding, attract talent, and respond when regional coordination matters most.

This is ultimately a choice about alignment and intent.

As the Triangle continues to grow and mature, will our regional structures grow with it—or will we continue to build around an asset we already have at a greater cost and complexity?