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# FRANKLIN COUNTY

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FY 2025–2026  
BUDGET WORK SESSION  
MARCH 3, 2025



# Agenda

- ❑ **Local Budget Climate**
- ❑ **Commonwealth Budget Items**
- ❑ **School Support Analysis**
- ❑ **County Budget Review**
- ❑ **Service Level Reduction Strategies**
- ❑ **Revenue Enhancement Strategies**



# FY 25-26 Local Budget Climate

- ❑ Revenue growth appears to be moderating and returning to more historical norms
- ❑ Inflationary pressures continue to persist
- ❑ Governor's proposed State funding to Schools is minimal at \$160K, however General Assembly budget amendments are more favorable of approximately \$2 million of potential, additional funding to schools. State Budget likely not finalized until late April / May.
- ❑ Minimal State funding to localities



# Commonwealth Budget Items

- ❑ General Assembly budget bills both include proposals for additional education funding
  - ❑ Additional funding for support positions
  - ❑ Additional funding for special education
  - ❑ \$1,000 bonus payment for state-supported instructional and support positions with no local match
- ❑ State is proposing a 3% COLA for all State Employees (County 3% Cost \$889K for all FTEs)
- ❑ State proposes a 1.5% bonus for state and state supported local employees effective July 1 (\$444K Total County Cost for all FTEs)
- ❑ General Assembly proposes a 5% cap on growth in CSA private day services in state budget (Unfunded Mandate)
  - ❑ Savings would be redirected to special education services.



# School Support Analysis



# School Support

- ❑ From FY 2021 to FY 2025
  - ❑ Schools ADM has dropped by 342 students or 5.9%
  - ❑ Staffing levels have reduced by 61 FTEs or 4.9%
  - ❑ Total Operating Budget has increased \$9,738,667 or 10.0%
  - ❑ County Operating Transfer has increased \$4,229,884 or 11.6%
  - ❑ County has provided \$6,128,475 in additional carryover funding
  - ❑ County provided an additional \$500,000 for School Bus Replacement in FY25
  - ❑ County has supplemented state funding for SROs
    - By FY 27-28 County will absorb primary personnel cost of SRO Program (\$1.1M). Such costs do not include ongoing capital (i.e. Vehicle & Equipment)



# School Pay Plan

- ❑ FCPS is in the final year of a 3 year pay plan implementation to adjust pay to better match market rates and catch-up step plans
  - ❑ Year 1 – County Provided \$961K towards phase 1 implementation
  - ❑ Year 2 – Schools requested \$788K County provided \$1.4M towards phase 2 implementation
  - ❑ Year 3 – Original request was \$961k for final phase of implementation
    - ❑ Schools are requesting \$3.6M to complete the final phase of implementation



# School Pay Plan

	Year 1	Year 2	Year 3	
Revenue Assumptions	2023-24	2024-25	2025-26	Total
5% salary increase from the state for SOQ Positions at 23-24 levels-	-\$1,452,631.00	-\$1,200,000.00	-\$1,452,631.00	-\$4,105,262.00
Request that the County fund the Required Local Effort	-\$961,179.00	-\$788,000.00	-\$961,179.00	-\$2,710,358.00
Local Effort for the salary increase - same assumptions as 22-24 biennium				
Remaining Funding Gap	\$1,491,081.93	\$3,503,112.10	\$3,054,120.03	\$8,048,314.07

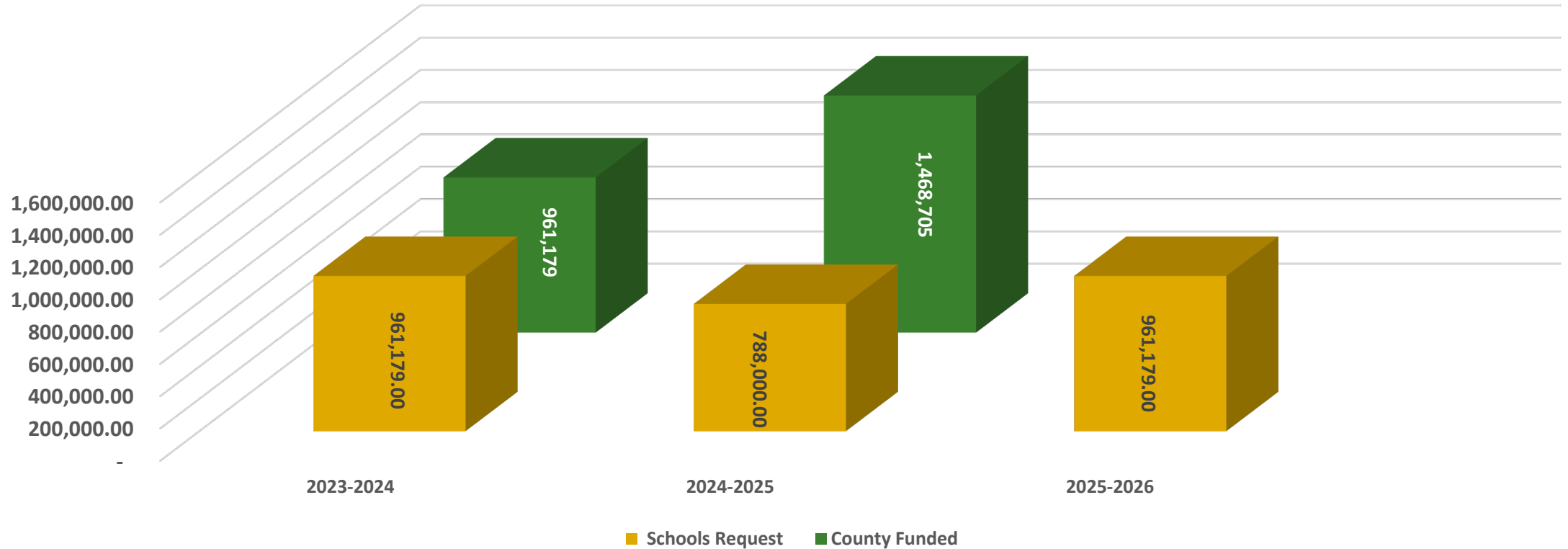
\*Data from School Board presentation presented to BOS on 01/05/23





# School Pay Plan

## School Compensation 3 Year Plan



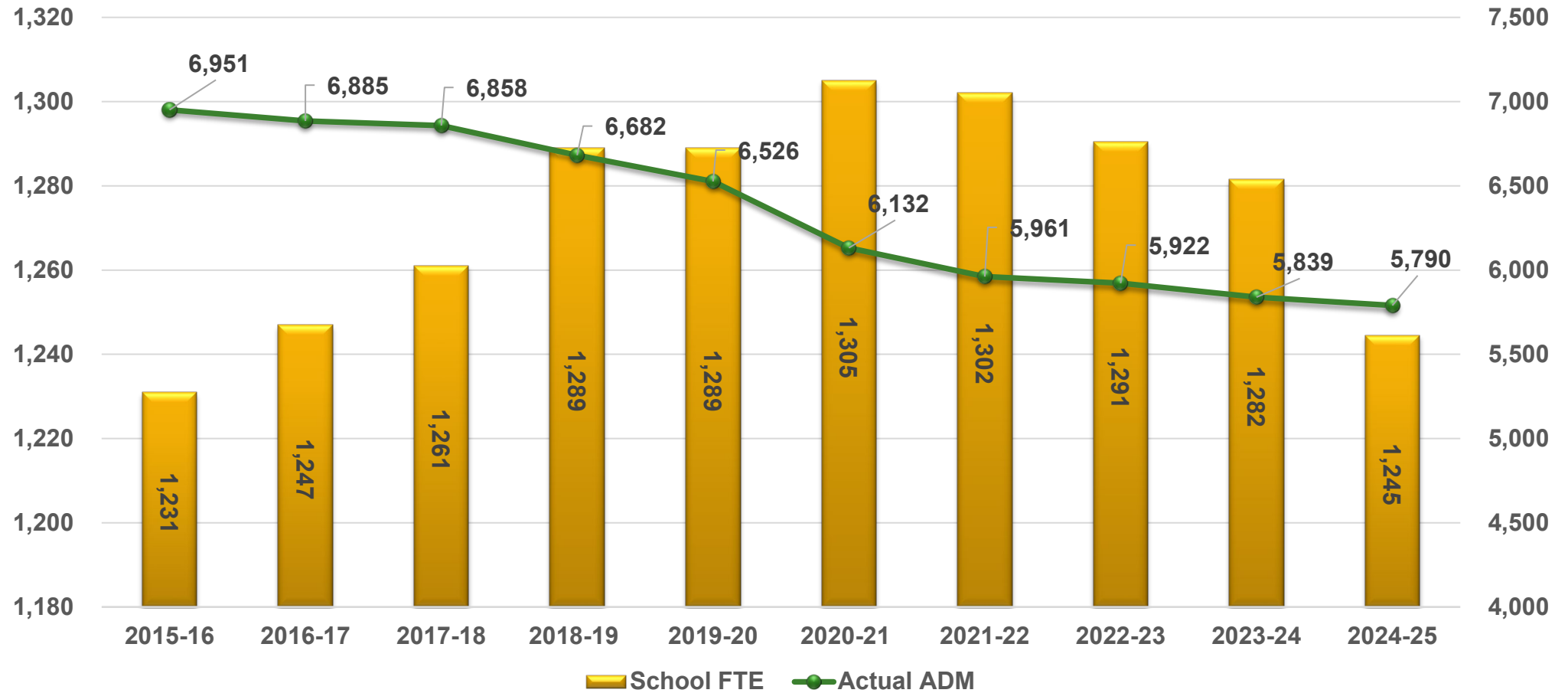
\$280K Remaining to be funded based on original 3-year implementation plan

\*Data from School Board presentation presented to BOS on 01/05/23



# School Staffing & ADM

Franklin County Public Schools  
Actual FTE  
FY 15-16 - FY 24-25



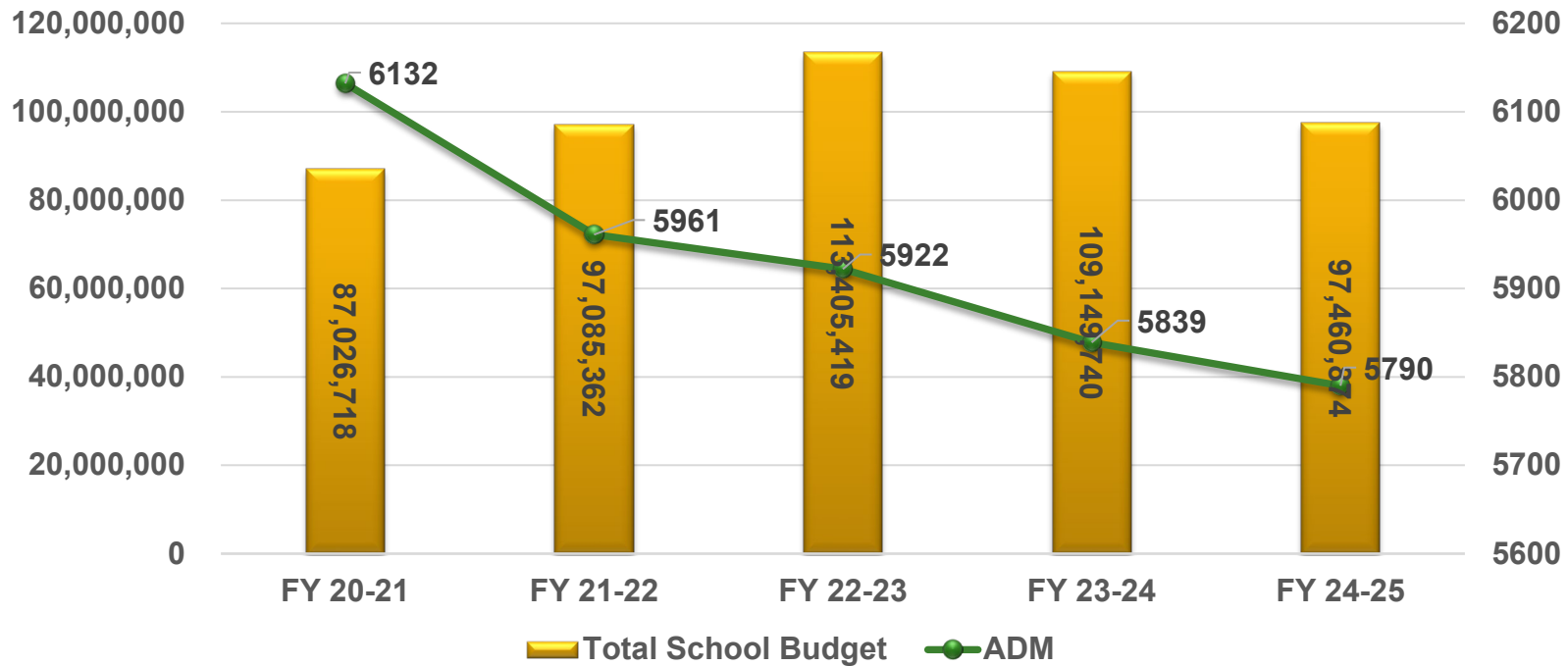
\*School ADM projections provided by FCPS



# School Funding

## □ Total School Funding FY 2020 - 2025

### Total School Budget vs ADM

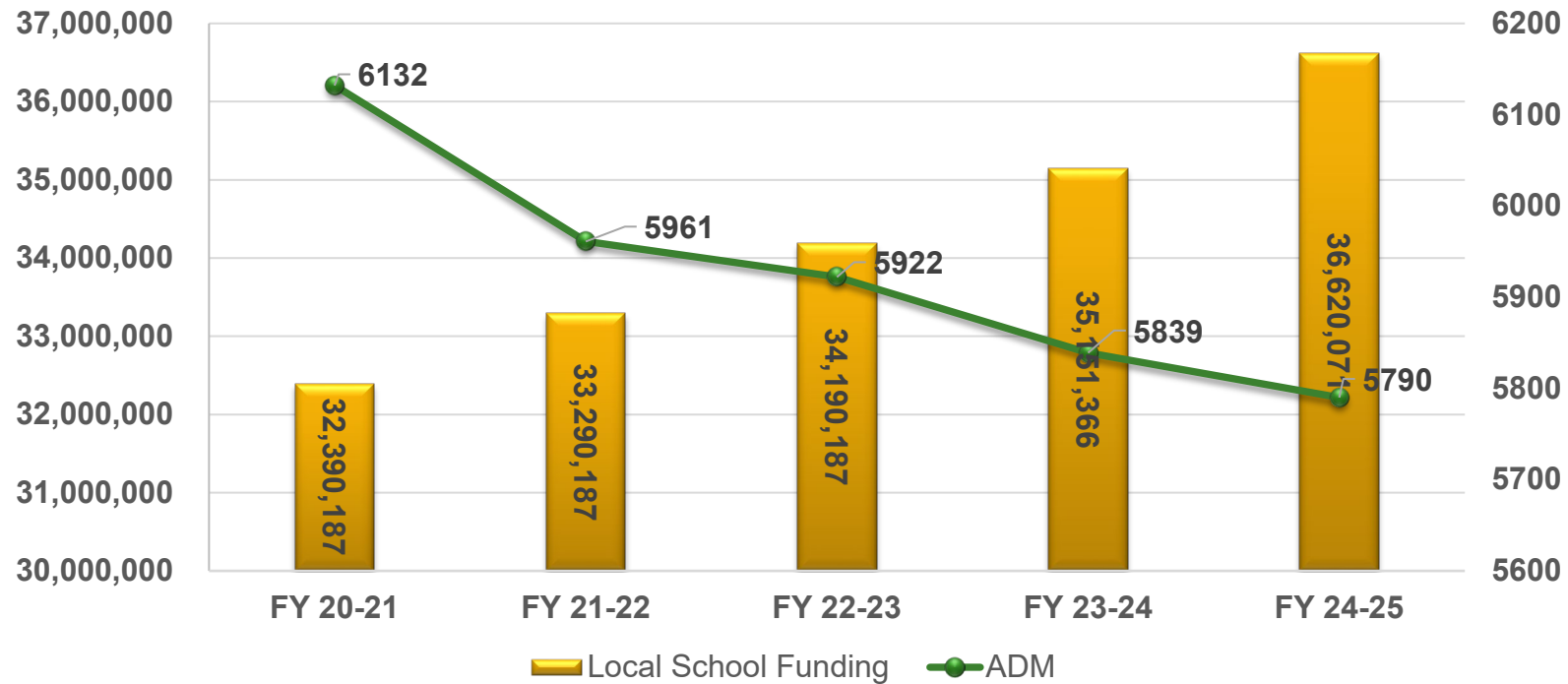




# School Funding Continued

## Local School Funding FY 2020 - 2025

### Local School Budget vs ADM

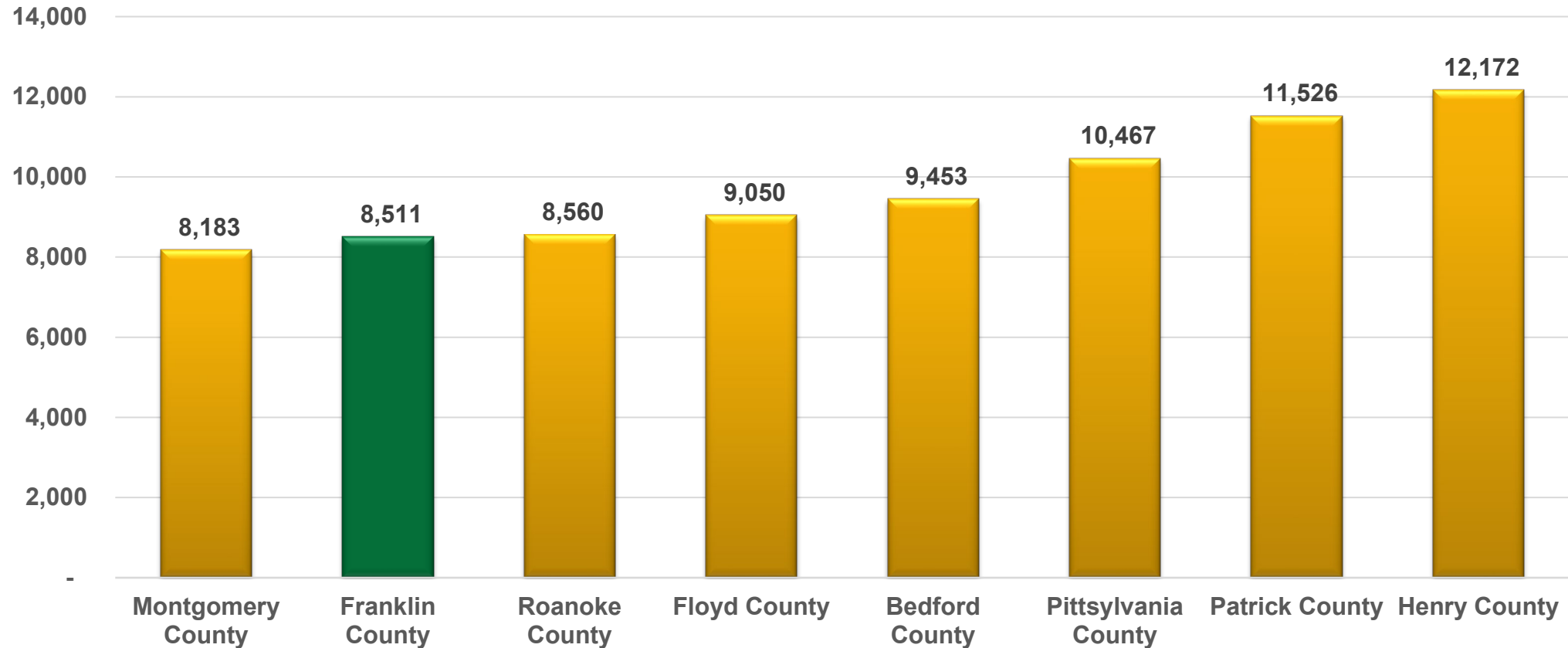


\*Required Local Effort for FY24 was \$24.5M. The County is currently funding \$12 Million above that level.



# School Funding Continued

## FY24-25 State Budget Per Pupil

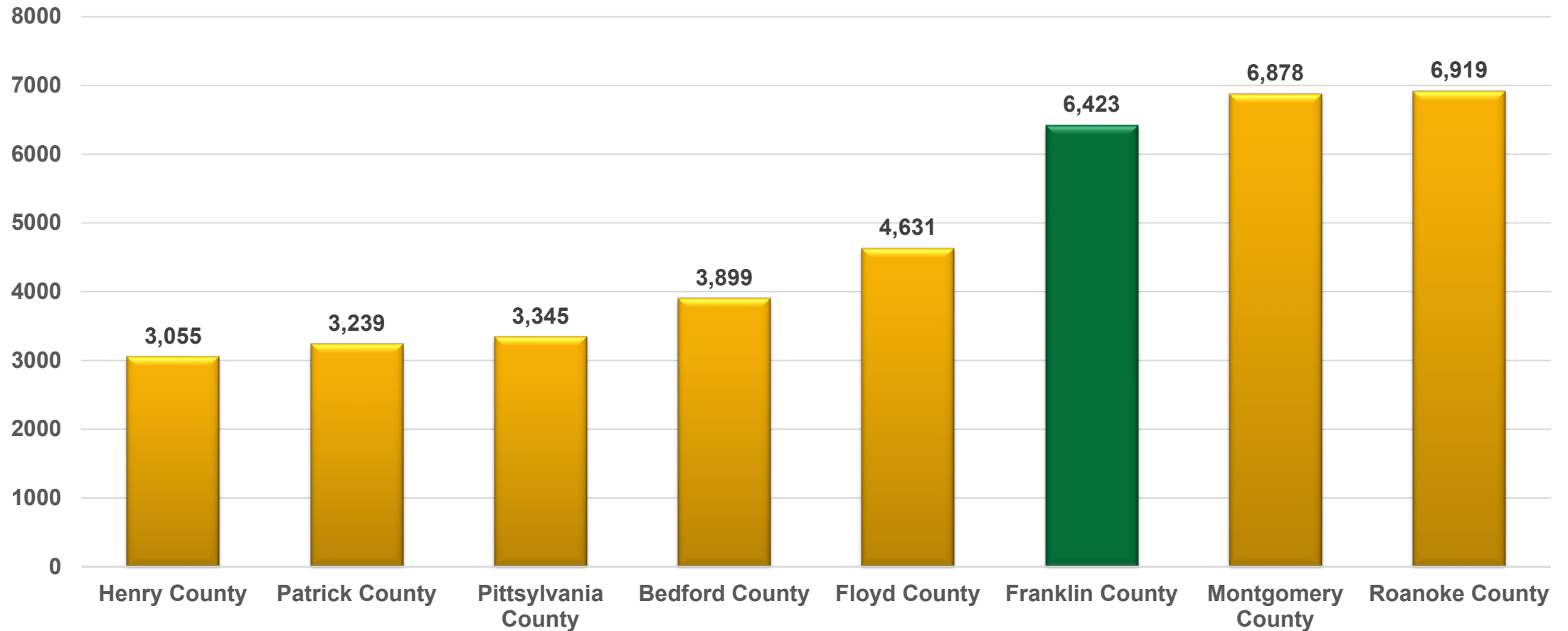


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# School Funding Continued

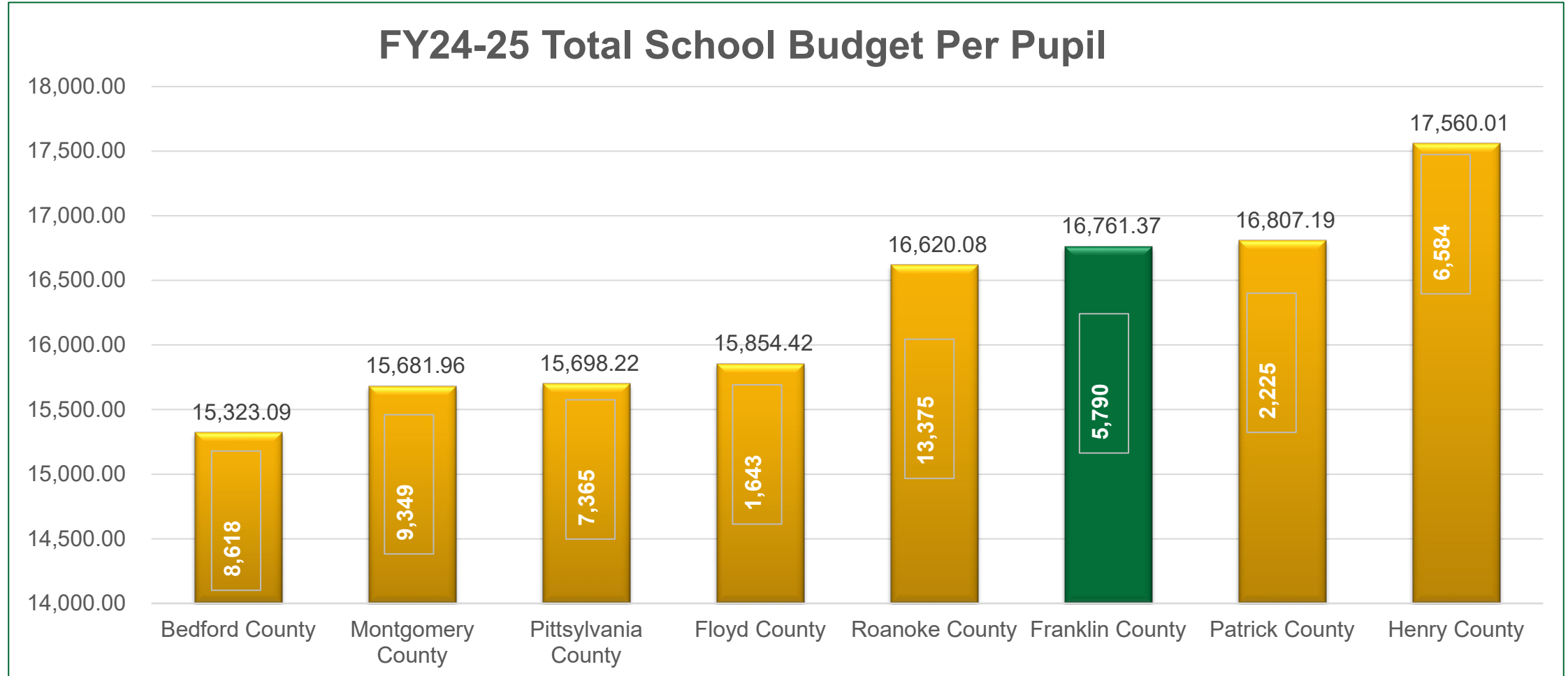
## FY24-25 Local Budget Per Pupil



\*Required Local Effort for FY24 was \$24.5M. The County is currently funding \$12 Million above that level.



# School Funding Continued





# County Budget Review





# FY 25-26 Budget Pressures

## Operational Environment – Additional \$5.2 million in Operating Requests

### Additional \$768k in Position Requests

- ❑ Inflation – fuel, utilities, vehicles, equipment, maintenance contracts, capital
- ❑ CSA – complex high-dollar cases
- ❑ Decline in School Enrollment – State Funding Reduction (LCI) for FY27
- ❑ Increased Juvenile Detention Population (Per Diem Operations - Debt Service)
- ❑ Phase-in SROs Budgetary costs - \$80K in FY 2026, \$325K in FY 2027 and FY 2028
  - ❑ Additional loss in grant funding for FY 27 due to LCI reset – unknown impact

## Personnel

- ❑ Competitive Labor Market with other localities / private sector (28 vacancies)
  - ❑ Public Safety position vacancies affecting station / EMS coverage (10 vacancies)
  - ❑ Sheriff position vacancies (3 vacancies) and E-911 Dispatch (4 vacancies)
- ❑ COLA (State is proposing a 3% increase where for each 1% requires \$287K)
- ❑ Minimum Wage Increase effective January 1, 2026
- ❑ Market compensation adjustments (Implementation of Fire/EMS Career Ladder)
- ❑ Health Insurance Renewal increase 15% after RFP



# FY 25-26 Health Renewal

## Health Insurance Renewal

- ❑ Several high dollar claims
- ❑ RFP responses received February 11<sup>th</sup>
- ❑ Overall increase 15% in renewal rates; using prior year enrollment would require approximately \$825,000 to cover employee and employer share
- ❑ Cost shift to employees is inevitable for FY 2026 Plan Design
- ❑ Proposed Plan Design and approval of rates planned for BOS March 18th meeting



# FY 26 Budget Revenue Outlook

Category	FY 2024 Actual	FY 2025 Adopted	FY 2026 Projection	FY 2025 Adopted to FY 2026 Projection Change	Percent Change
General Property Taxes	\$69,446,820	\$69,813,454	\$70,065,886	\$252,432	0.36%
Other Local Taxes	16,306,142	15,541,945	15,875,698	333,753	2.15%
Other Fees and Revenue*	10,564,822	8,627,660	9,353,924	726,264	8.42%
Intergovernmental (State and Federal)	23,699,118	24,493,580	26,071,425	1,577,845	6.44%
Total Revenue Projections	\$120,016,902	\$118,476,639	\$ 121,366,933	\$ 2,890,294	2.44%

New Discretionary Revenue of only \$588K is projected at this time, when taking out pass thru federal, state, and restricted dollars (i.e. Grants, EMS Billing, etc.)

*\*Includes Permits and Licenses, Fines and Forfeiture, Use of Money & Property, Charges for Services, Miscellaneous, and Recovered Costs*

Disclaimer: Revenue Projections are Early and are Subject to Change



# Capital Structural Imbalance

## Capital Environment

- ❑ **Capital Infrastructure Needs** (i.e. County & School Buildings HVAC / Roofs, Landfill, Broadband, Fire Apparatus, Ambulances)
- ❑ **Significant Capital Inflation**
  - Ambulance
  - Fire Apparatus Replacement
  - General Fleet and Equipment Replacement
  - School Bus Replacements
  - Radio System Maintenance
- ❑ As shared previously, the County and School's Capital Budget Funding / Transfer has remained relatively flat for well over a decade and is not sustainable going forward. While the addition of \$1.3 million in new funding for Capital made a small dent this year, significant additional funding is required to address the CIP's structural imbalance.



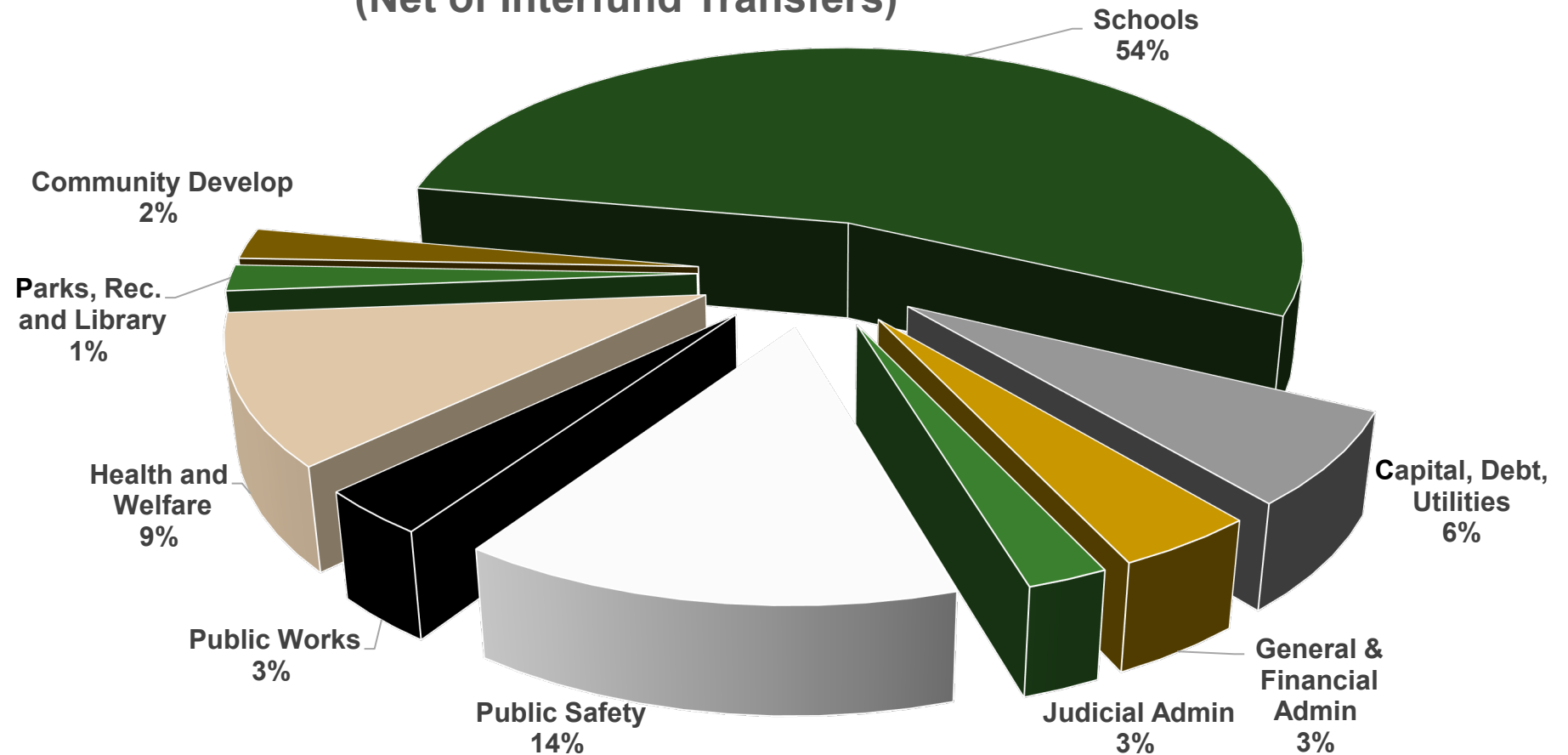
# Recurring Annual Capital Structural Imbalance

- ❑ Increased revenue for major equipment replacement (i.e. apparatus, landfill, etc.) needs to be identified and implemented to address this structural imbalance. Not doing so pressures an unsteady climate in the balancing of the County's annual budget (i.e. budget stabilization reserves, etc.).
- ❑ Current FY 24-25 County Capital Budget Balanced with one-time \$2.5 Million from Carry-Over / Year End Service. Future Carry-Over dollars are not guaranteed and are projected to diminish based on current projections.



# County Budget Overview

Adopted FY 24-25 County Expenditures  
\$178,793,573  
(Net of Interfund Transfers)





## 5 Year County Position Focus

- ❑ The County has added positions in key areas such as:
  - ❑ 15 Public Safety
  - ❑ 13 Sheriffs Office
  - ❑ 9 Social Services



# Sample Budget Reduction Strategies

- ❑ Reduce Library Hours 1 day per week (Approx. \$145K)
- ❑ Reduce collection sites 10 hours and brush box collections (Approx. \$109K)
- ❑ Delayed hiring on vacant positions (TBD)
- ❑ Insurance cost increase shared with employees (TBD)
- ❑ Fuel and Energy Reduction Policies
- ❑ 3<sup>rd</sup> Party Accounts Payable Processing (\$10K)
- ❑ Reduction/Delayed Implementation of COLA (\$287K per 1%)





## Revenue Enhancement Options

- ❑ Real Estate Tax One Penny (Approx. \$1M)
- ❑ Personal Property One Penny (Approx. \$70K)
- ❑ Meals Tax Increase 2% (Approx. \$750,000)
- ❑ Cigarette Tax \$0.10 (Approx. \$50,000)



# FY 25-26 Budget Guidance

- ❑ Strategic Priorities ??
  - ❑ Dynamic Community Safety; Responsible Government Operations; Enhanced Educational Opportunities; Strategic Economic Development; Conserving & Promoting Natural Assets; Well Planned Growth
- ❑ School Funding ??
- ❑ Maintain Operational Service Levels ??
- ❑ Recurring Capital Structural Imbalance ??
- ❑ Revenue Enhancements ??



# FY 25-26 Budget Guidance

Questions?