

FRANKLIN COUNTY BUDGET ECONOMIC ADVISORY PANEL

MINUTES

July 12, 2013

PANEL MEMBERS PRESENT: Ty Marsh, Chair; Pierre Bigby; Bill LaFayette; Frederick Ransier; Martyn Redgrave; Timothy Robinson; William Shkurti

ABSENT: Karen Morrison

OTHERS PRESENT: County Administrator Don Brown; Deputy County Administrators Bill Flaherty, Erik Janas, and Ken Wilson; OMB Deputy Directors Kris Long and Zak Talarek; OMB Staff, Heidi Hallas Warren and Justin Nahvi.

GUESTS: Shannon Cross; Kristen Easterday; Hanna Greer Brown; Josh Jarmon; Michael Salvadore

Materials in the order distributed:

- **2006-2012 American Community Survey County-to-County Migration**, Source: American Community Survey, U.S. Census Bureau, 4 pages.
- **General Demographic Characteristics**, Source: American Community Survey 1-Year Estimates, U.S. Census Bureau, 1 page (table).
- **Intergovernmental Revenue – All Funds**, Franklin County OMB, 1 page (chart).
- **General Fund Long-Term Financial Forecast 2012-2016 Baseline**, Franklin County OMB, 4 pages.
- **Franklin County Budget and Economic Advisory Panel: Report Outline – Working Draft 7/11/2013**

Chair Ty Marsh convened the meeting at 2:06 P.M.

Ms. Hallas Warren presented the *2006-2012 American Community Survey County-to-County Migration* document. This information is to provide additional data related to poverty in Franklin County. There was no data set for current residents' location of birth; therefore the most current migration data was used.

Mr. Marsh stated; this represents new residents coming into Franklin County.

Mr. Redgrave asked what conclusions were drawn from this information. There was discussion about the patterns of migration, notably the high number of people from Florida. Mr. Flaherty posited some people could be moving back after retirement. Discussion continued regarding the number of new residents from Asia, Europe, and Africa.

Ms. Hallas Warren continued on to the *General Demographic Characteristics* table. Looking at what drives poverty, single parent households and a younger population can be contributing factors. Based on available data, Franklin County is not significantly different from its peers. There was a 3% growth between 2005 and 2011 in female-led householders, which tend to be the largest group in poverty. Regarding the age of our residents, we do have a much younger population compared to our peer counties and the State in general.

Mr. Talarek referred the Panel to the *Intergovernmental Revenue* chart. This chart separates out the sources of intergovernmental funding. The last 3 categories (Tax Loss Reimbursements, Local Government Fund, and Other Revenue) represent continuing operations. Tax Loss Reimbursement was the reimbursement for the phase out of the Public Utility Tax and the Tangible Personal Property Tax. This revenue source went from roughly \$41 million in 2009/2010 to \$6.7 million in 2013. In the last budget, the State significantly reduced the phase out. It was originally supposed to phase out through 2018, and now reductions to that revenue source have been accelerated through 2013. The Local Government Fund provided over \$22 million in 2009. It is now down to \$12 million in the 2013 Budget. All Other Revenues are pretty constant during that time period. However, overall, combining these last 3 categories in 2009 and 2011 the total was about \$377 million, but then it drops to \$339 million in 2012 and \$327 million in 2013; a net of almost \$50 million between 2 years ago and now.

Mr. Robinson asked; what is driving the reduction in Other Revenue? Mr. Talarek stated some of it may be additional grants from Federal or State sources, and the 10% and 2.5% rollback with property devaluation. Mr. Brown stated; it is largely operating grants for health or human services, and infrastructure (roads and bridges). On this chart, if you remove the top 3 categories, which represent both revenue and expenses being moved off of the County's books, you will get a clear comparison which shows a true decline in Federal and State shared revenues. These revenues represent County government, exclusively, as a budgetary unit.

Mr. Ransier asked for clarification on the Tax Loss Reimbursement item. Mr. Talarek said; the biggest part of that is the Tangible Personal Property Tax. With the phase out, there was the elimination of Tangible Personal Property taxes. The State had originally planned to phase out the reimbursement from 2011 to 2018. Then in the last State Budget, they accelerated it where the General Fund was eliminated permanently, and there were significant reductions to our other levy agencies (ADAMH, Children Services, and Board of Developmental Disabilities). Mr. Ransier asked if there is a further decline anticipated. Mr. Talarek said the 2013 level should continue through the next biennium. However, it is up to the General Assembly to continue it.

Mr. Redgrave asked if the Local Government Fund is impacted by the State Budget. Mr. Brown said it is expected to remain stable at this level through the next biennium.

Mr. Wilson referred the Panel to the *General Fund Long-Term Financial Forecast 2012-2016 Baseline* document. This has been updated based on the new State Budget. Mr. Talarek stated; in the new budget there was an increase in the public defender reimbursement policy. Statutorily, it says up to 50% of the expenses would be reimbursed by the County. It's been as low as 25%. The last couple of years it's been at 35%. The State agreed to increase that to 40% in the next biennium. It is estimated that would raise about \$900,000 annually to go to the General Fund. However, we are looking at in relation to the declines casino tax revenues. We just received notice of our July payment, which was roughly \$1,865,000. If this same amount comes in next quarter, which is the last payment for the current fiscal year, we would still be about \$1.3 million short from the amount in the Baseline Forecast, and that reflected a 10% cut from our original budget. That would be almost \$2.2 million below what we originally anticipated in December when the 2013 budget was passed. The fourth casino opened in March, so the revenue we'll receive in July is from all 4 casinos. Recently, the racino in southwest Ohio opened. The racino revenue goes through the lottery which goes to the schools. Any competition for gambling dollars that go to the racino would result in a decline in the casino tax revenue, which would put pressure on the casino revenue source going forward. Mr. Brown said the conclusion Mr. Talarek is drawing is that although there is expected to be an upside improvement on the forecast of \$900,000, because of higher public defender reimbursement, there is a downside of \$1.3 million from underperforming casino taxes.

I think I hear Mr. Talarek saying it is essentially a wash. Mr. Talarek said; yes, we are taking the assumption that this is a wash.

Mr. Marsh asked if there is a statewide casino revenue projection. Mr. Talarek said there was a CCAO analysis from last fall. That is where we got the initial \$8.9 million number. There was a follow-up that mentioned a potential that the report was optimistic by 20%. Looking at the numbers from the first three quarters' payments, the follow-up looks to be pretty accurate. Longer term, I haven't seen anything recently describing where that revenue source is going that could be used for forecast purposes.

Mr. Redgrave asked; CCAO has not officially updated their forecast for this year? Mr. Talarek said he is not aware of any updates. Mr. Redgrave said the industry believes that they will build more revenues as they adjust their business models. Mr. Wilson said some business practices have been changing. Nationally, casino experts say a year is needed to do month-by-month, year-to-year performance comparisons. There was conversation about competition in the industry between the casinos and the racinos.

The Panel engaged in editing the *Franklin County Budget and Economic Advisory Panel: Report Outline – Working Draft* document. Mr. Marsh stated the goal is to have a report finalized for a vote at the next meeting.

The meeting was adjourned at 4:17 P.M.

These minutes are a synopsis of the meeting of the Franklin County Budget and Economic Advisory Panel of Friday, July 12, 2013.

Submitted by: Shannon Zee Cross, Clerk to the Board of Commissioners