

2025 RECOMMENDED BUDGET MESSAGE FROM THE FRANKLIN COUNTY ADMINISTRATOR

Our two deputy county administrators are with me today to present the recommended budget. I can't start this address without sharing my appreciation for the work and dedication of Deputy Administrators Kris Long and Joy Bivens and the team from the Office of Management & Budget for their work throughout the budget process.

I would also like to thank all of the elected County officials and agency directors for their cooperation and commitment to the residents of Franklin County; with special acknowledgment going to Zak Talarek, and his team in the Office of Management & Budget for their assistance in developing the 2025 Budget Recommendations.

The 2025 budget process began in the spring. Following the 1st quarter review, the Office of Management & Budget or OMB prepares an update to the County's long-term financial forecast. This document is used to develop the guidance provided to agencies when the budget instructions are released.

In May, the 35 agencies included in the budget identify strategic initiatives and operational performance measures, which are linked to the Board of Commissioners' Core Principles, for each program in their Strategic Business Plan. At the same time, agencies and OMB staff review baseline payroll information for the upcoming year.

Throughout the summer, agencies submit their budget requests for review. OMB staff meets with agencies to review the prior and current year expenditures, and what resources will be needed to accomplish their performance targets during the next year.

In the fall, OMB prepares budget briefs and presents them to County Administration to develop budget recommendations for each program, ensuring the most cost-effective use of available resources. This culminates

in the Recommended Budget totaling just over \$2.2 billion being presented to you today.

The largest portion of the all funds budget is dedicated to Social & Human Services. At \$925 million, Social & Human Services represent 41% of the total Recommended Budget. Franklin County delivers a variety of Social & Human Services to meet the needs of its residents. The County and its agencies continue to integrate and collaborate in approaching this work.

The 2025 Recommended Budget includes \$286 million for the Franklin County Board of Developmental Disabilities. The Board serves over 7,500 individuals in the Residential Support Program, who receive Home and Community-Based Services such as housing, transportation, and employment services that are leveraged with federal Medicaid funding; as well as providing instructional programs to 2,700 children.

Another \$238 million of these expenditures support the work of Franklin County Children Services. The agency conducts almost 17,000 intake-related assessments each year. Franklin County Children Services continues to improve the percentage of youth initially placed with kin. Research shows that youth who need to be removed from their home due to safety concerns reunify more quickly and are less likely to re-enter agency custody when they are initially placed with relatives or non-relatives with whom they have a bond or special relationship. The percentage of kinship placements for youth entering agency custody is 38%.

The Recommended Budget includes \$140 million for the Alcohol, Drug, & Mental Health, or ADAMH, Board. ADAMH will continue to maintain and enhance its System of Care by addressing mental health and addiction system capacity to meet growing unmet needs and demand for services. ADAMH is working with community partners to build the new Franklin County Crisis Care Center to serve as the central, preferred destination in Franklin County for behavioral health crisis needs. With a planned opening in 2025, the center will provide a complete crisis care continuum for adults that will offer a no-wrong-door philosophy to ensure that anyone who arrives at the facility receives or gets connected to services.

The Franklin County Office on Aging provides centralized access to programs and individualized services for older adults and their caregivers so they can preserve their independence and quality of life. The proposed budget of \$72 million will support the anticipated 13,500 seniors who will be enrolled in the Senior Options program during 2025, which provides community-based services such as home-delivered meals, homemaker services, adult day care, emergency response systems, and respite care.

These agencies can provide these resources primarily through the \$535 million in support from the property tax levies approved by the voters. Property taxes are the largest source in the total all-funds revenue budgeted for 2025. Along with the sales tax and permissive conveyance fees, these taxes account for 52% of the \$1.9 billion in all funds revenue.

Intergovernmental Revenue, which includes state and federal funds, is the second largest source of funding at 24%. This is the primary source that supports the operations of the Franklin County Department of Job & Family Services, Child Support Enforcement Agency, Justice Policy & Programs, and the Engineer's Office.

The next largest category is Service Fees & Charges, which represents 15% of all funds revenue. This is the primary source of revenue for the chargebacks to county agencies for healthcare as well as workers' compensation coverage, which total nearly \$160 million.

Other revenue sources represent the final 9% of all funds revenue, and includes \$85 million in Interfund Revenue and \$40 million in Miscellaneous Revenue. Overall, all funds revenue is expected to remain flat when compared to current 2024 projections. While tax revenue will increase following the approval of the Children Services levy last week by the voters, the expected increase will be offset by the loss of COVID-era federal funding.

By comparison, General Fund revenue in the 2025 Recommended Budget is expected to be \$665 million, which is \$8 million or 1.2% less than the amount projected to be received in 2024. The largest proportion of General Fund revenue remains the Sales Tax, which comprises 62% of

revenue. Sales tax collections have remained relatively flat throughout 2024, with revenue coming in only 0.5% higher than last year through October.

Fortunately, this level of growth is expected to slightly rebound over the next year based on the forecast of retail sales from Moody's Analytics, the 2025 Recommended Budget expects collections of \$414 million, an increase of 3.2% from the amount projected for 2024.

While sales tax receipts are expected to increase, Investment Earnings are expected to be negatively impacted by the Federal Reserve lowering rates and the expenditure of the remaining one-time federal assistance from the pandemic. Investment Earnings are expected to decrease from \$50 million projected in 2024 to \$40 million in the 2025 Recommended Budget.

Real Estate tax collections in 2024 were strong following the new valuations. As a result, General Fund revenue increased by almost \$18 million from \$55 million in 2023 to \$73 million in 2024. The 2025 Recommended Budget estimates real estate tax collections will be relatively flat, remaining at \$73 million.

Intergovernmental revenue includes \$26 million in reimbursements from the Coronavirus Local Fiscal Recovery Fund authorized by the American Rescue Plan Act. These funds will be used to reimburse a number of initiatives, including support of the Healthy Homes Program at Nationwide Children's Hospital to retain and expand affordable housing in the Linden neighborhood and the Franklin County Digital Equity Coalition, which includes over 40 organizations representing government, education, healthcare, social services, and the private sector to close the digital divide in Central Ohio.

Intergovernmental revenue also includes \$24 million for reimbursement from the State Public Defender's Office. The state biennial budget for fiscal years 2024 and 2025, House Bill 33, continued investment from the State of Ohio for the support of appointed counsel. However, in May of this year, the State Public Defender's Office notified counties that the reimbursement rate would be decreased from 85% to 78% beginning July 1, 2024. For the 2025 Recommended Budget, County agencies and the courts

agreed that it would be prudent to budget for a 70% reimbursement rate based on historical fluctuations.

The 2025 Recommended Budget contains \$677 million in General Fund appropriations, which is \$8 million or 1.2% more than the 2024 projected expenditures. A majority of the General Fund budget is related to personnel costs, with \$279 million allocated for salaries and wages, and \$118 million for fringe benefits.

The next largest category is Materials & Services, covering 21% of the General Fund budget. To account for inflationary increases, agencies were provided a 1% increase in various Materials & Services items. The estimated impact of this allowance was approximately \$1 million when compared to the 2024 budget that was approved last December.

The 2025 Recommended Budget includes nearly \$65 million in Grants expenditures, including \$35 million to Community Partnerships, \$12 million to Economic Development & Planning, \$12 million to the Office of Diversity, Equity, & Inclusion, and \$4 million to the Veterans Service Commission.

In addition to the other budgeted expense categories, the 2025 Recommended Budget includes \$5 million in Contingency to meet unforeseen expenses during the year. This is below the maximum of 3% that is authorized by the Ohio Revised Code given the relatively flat revenue estimate for next year.

As shown in the chart, 59% or \$401 million of the General Fund Budget is allocated to the provision of Justice & Public Safety. More than half of that amount, \$226 million, supports the operations of the Franklin County Sheriff's Office. The 2025 Recommended Budget includes the addition of 22 positions within the Sheriff's Office to support the review process of body-worn camera footage, to provide additional security in the courtrooms, and administrative staffing support, including within the Recruitment, Diversity, Equity, & Inclusion Division.

Reserves and Debt total \$83 million, including \$36 million for the payment of the County's annual debt service obligations and almost \$29

million in various inter-fund transfers. These transfers include over \$5 million for the “mandated share” of programs administered by the Franklin County Department of Job and Family Services, \$5 million for the support of Animal Care & Control, and \$2.7 million for the Drainage Engineer in support of the County’s stormwater efforts.

Due to stagnating revenue and increasing costs, the 2025 Recommended Budget includes a \$12 million draw from unrestricted cash reserves. Despite the use of these reserves, the 2025 Recommended Budget keeps the cash balance above the median levels of other counties rated triple-A by Moody’s and Standard & Poor’s. When including the County’s Economic Stabilization Reserve or Rainy Day Fund, which remains untouched at \$92 million, along with certain reserve and pledge funds, the projected General Fund ending cash balance would be at 38.6% of expenditures.

In recent years, the County has been able to maintain its General Fund cash balance with the help of federal support. Beginning with the CARES Act in 2020 and the subsequent support provided by the American Rescue Plan, the County has received nearly \$430 million in direct federal support. This includes \$8 million from the Federal Emergency Management Agency, \$76 million from the Coronavirus Relief Fund authorized by the CARES Act, \$89 million through the Emergency Rental Assistance Program, and \$256 million from the Coronavirus Local Fiscal Recovery Fund through the American Rescue Plan.

Through the end of 2024, the County will have utilized approximately 85% of this funding, providing rental, food, employment, and other assistance throughout the community, while avoiding the need to utilize cash reserves. The County will also ensure that the full \$256 million from the Coronavirus Local Fiscal Recovery Fund is obligated by the required December 31, 2024 deadline.

The 2025 Recommended Budget includes the remaining \$56 million from the Coronavirus Local Fiscal Recovery Fund to be expended before the end of 2026 and the final \$9 million from the Emergency Rental Assistance Program that must be expended by September 30, 2025.

While this funding has been crucial to preserving and funding policy initiatives, we must also prepare now for the time when these funds will no longer be available. For the difficult decisions that will need to be made, County Administration will look to the core principles established by the Board of Commissioners to ensure that these decisions will align with our strategic priorities.

In 2011, the Board of Commissioners established five core principles to provide more clarity about why the programs the County offers exist, what value they offer to residents, and how they benefit the community. In 2020, racism was declared a public health crisis, and the Board also established promoting racial equity in all areas as the County's sixth core principle. Over the last few years, we have worked on optimizing our budget documents to streamline the format, spotlight performance, and identify the primary services within each agency's programs.

This summer, Franklin County leadership refined the strategic goals associated with each of its core principles. The County continues to be a growing, vibrant community with ever-evolving opportunities and challenges. The County's strategic direction has been updated to highlight priorities that are essential to achieving the ideals outlined in the six core principles. By providing direction and intention to the County's day-to-day operations, this revised strategic direction ensures that we will uphold our mission to serve every resident, every day.

For each core principle, we have identified a vision of the ideal state we seek to achieve, the objectives that are the strategic areas of investment necessary to advance toward our vision, and the values which are the core beliefs that guide our work.

The budget presented today aligns with the core principle of efficient, responsive, and fiscally sustainable government operations. The vision is to practice strong fiscal stewardship that follows a clear and sustainable strategy to ensure the long-term economic health and stability of the County.

This can be achieved by maintaining the County's prudent financial management as evidenced from its triple-A bond ratings from Moody's and

Standard & Poor's; promoting efficiencies such as investments in electric vehicles to help drive down operating costs; investing in staff that reflects the community and reduces employee turnover to promote succession planning and maintain institutional knowledge; and assisting community partners through various grant programs in order to grow a sustainable network of local service providers.

Transparency requires us to provide information about County operations and finances that is easily understood by the public. Budget briefs have been developed and posted on the County's website for each of the 35 agencies. In addition to a detailed review and comparison of revenues, expenditures, and FTEs, the document provides highlights from the agency's strategic business plan, a description of any new initiatives, and details of each program. Transparency will also be accomplished in 2025 as the County continues the process for updating its website to centralize all agency services and programs in order to better serve its residents. This will be supported with the addition of two new Digital Communications positions in the Data Center that will assist with implementing best practices and providing support for agencies in developing their content.

Responsible stewardship requires that we use taxpayer funds efficiently and effectively; while sustainability involves managing finances in a way that ensures necessary services receive funding while maintaining the County's long-term financial health. In addition to their review of the various budget requests, OMB analysts monitor adherence to budget and performance targets throughout the year. Furthermore, by developing and updating annually its long-term financial forecast, the County is able to identify future revenue and expenditure trends in the long term in order to avoid adverse decisions in the short term that would impact community services.

There are nine agencies that fall primarily within Efficient, Responsive, and Fiscally Sustainable Government Operations, totaling \$690 million or 30% of the all funds budget. The increase of 11% from the previous budget is primarily related to the \$50 million increase for Public Facilities Management within the Permanent Improvement Fund. Resources have

been set aside for the previous few years to support these projects, with \$14 million for the remainder of the plumbing renovation at the downtown office tower; \$12 million to begin construction of the Early Learning Center on the site of the former downtown jail; and \$12 million for the buildout of additional space for the Board of Elections.

The largest of these agencies is the Board of Commissioners at \$298 million. Just over 2% or \$7 million supports the operations of the Commissioners, County Administration, OMB, and Public Affairs. The remaining \$291 million includes the budget for various reserves, pledge funds, and debt service. The budget also includes \$40 million within the Affordable & Emergency Housing Fund that is being transferred over from Economic Development & Planning for the 2025 budget.

For the other agencies within this core principle, the changes between the 2024 Approved Budget and the 2025 Recommended Budget are related to:

- For the Auditor's Office, the variance is primarily attributed to additional staffing within the Real Estate Assessment Fund along with Real Estate Fees and IT Software Subscription costs in the General Fund.
- Similarly, the variance in the Data Center is primarily attributed to additional staffing, as well as costs associated with IT Consultants and Microsoft Licenses.
- With General Services, the variance is primarily attributed to an increase in Grants within the Office of Diversity, Equity, and Inclusion; increases in Professional Services and postage to support the operations of the Purchasing Department, and the addition of staffing within Fleet Management for the support of the mobile offices.
- The variance within Human Resources is primarily attributed to Employee Health & Wellness expenditures resulting from an anticipated increase in enrollment.
- For the Law Library, the variance is primarily attributed to a decrease in Publications & Subscriptions.

- The variance in the Recorder’s Office is primarily attributed to the non-bargaining increases in salaries and associated fringe benefits approved during 2024.
- With the Treasurer’s Office, the variance is primarily attributed to increases in IT costs in the General Fund, Grants in the Delinquent Tax & Assessment Fund, and Postal Services in the Tax Lien Fund.

According to Dr. Martin Luther King, Jr., “The ultimate measure of a man is not where he stands in moments of comfort and convenience, but where he stands at times of challenge and controversy.” While fiscal challenges appear on the horizon, the 2025 Recommended Budget, along with the dedication of our employees, will be able to meet these challenges by following the visions and actions of the Board of Commissioners as outlined by our Core Principles. This will allow us to maintain the County’s strong financial position at the same time we provide innovative programming to enable all residents to share in the progress and growth of our community.

Budget hearings have been scheduled to provide additional details regarding the other core principles. On November 19th, the core principles of Supportive Health and Human Services and Community Safety, Security, and Effective Justice will be discussed. On November 26th, the budget hearings will focus on the remaining principles of Racial Equity, Good Stewardship of Natural Resources, Environmental Sustainability, & Civic Engagement; and Job Creation, Strategic Economic Development, & Fiscal Security. County Administration looks forward to working with the Board of Commissioners as it deliberates and takes action to finalize the budget.

Kenneth N. Wilson, M.P.A., CTA

County Administrator

Franklin County Board of Commissioners