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President

County Administrator
Kenneth N. Wilson

2018 RECOMMENDED BUDGET MESSAGE FROM THE FRANKLIN COUNTY ADMINISTRATOR

I am pleased to present the 2018 Recommended Budget for Franklin County. Under the Commissioners' direction, we present a budget that is fiscally responsible while addressing emerging needs in our community. In the face of state revenue reductions, we continue to focus on the future of Franklin County and provide effective and efficient government services that empower our residents to improve their quality of life. Part of our efficient response involves collaboration among the County's courts, agencies, and boards in order to maintain fiscally sustainable government operations. In addition, the County partners with other local governments, non-profit agencies, and private businesses to support the strong regional economy.

Unlike other parts of Ohio, the Franklin County Board of Commissioners govern in an environment of continual growth and must consider this impact while developing the annual budget. Over the past 10 years, Franklin County's population has grown 13.1%. In 2016, the County added almost 13,000 individuals. Also in 2016, Franklin County surpassed Cuyahoga County as the Ohio county with the largest population. The Mid-Ohio Regional Planning Commission projects in the Insight 2050 Report that the population in Central Ohio will grow 25.0% between 2010 and 2040. In contrast, the rest of Ohio will see a 3.0% decrease during the same time period.

In order to continue attracting new people to Franklin County, we must focus on addressing job creation in multiple sectors and at all wage levels through economic development efforts; ensuring the physical safety of the County's residents; and planning for future needs.

While attracting new residents, Franklin County has a large number of individuals and families living in poverty. The poverty rate for all people is 16.7%, which remains 1.7 percentage points higher than 2008. Young people are impacted the most, with almost one in four children in the County continuing to live in poverty. The 2016 rate for those under the age of 18 remains at almost 5 percentage points higher than the pre-recession rates.

At the County, we provide the critical safety net services needed to assist those struggling with unemployment and homelessness. As we will see in the 2018 Recommended Budget, the Commissioners have increased their commitment to addressing the poverty rate that has remained above our expectations.

GENERAL FUND BUDGET

General Fund revenue in the 2018 Recommended Budget is expected to be \$445.9 million, which is approximately \$8.4 million less than the 2017 projected actuals.

The decrease is mostly related to the loss of revenue from the change to the sales tax on Medicaid Managed Care Organizations. The Centers for Medicare and Medicaid Services advised state Medicaid directors that taxing a subset of health care providers at the same rate as the statewide sales tax is not permissible. The 2018-2019 State Budget as enacted in Amended Substitute House Bill 49 fully replaced lost revenue to the state through a new proposed franchise fee on Managed Care Organizations; however, it only provided counties and transit authorities a one-time allocation that was paid half in October 2017, with the remaining to be paid in January 2018. Franklin County would have received almost \$21.0 million in annual sales tax revenue from Managed Care Organizations but will receive one-time funds from the state in the amount of \$14.0 million. After consideration of the final \$7.0 million payment to be received in January, as shown in the Other Revenue Sources, the change to the Managed Care Organizations sales tax equals a \$14.0 million loss in 2018.

This decrease was partially offset by an anticipated 2.0% growth in the remaining County sales tax collections in 2018 when compared to the 2017 projections. Investment Earnings are estimated at \$14.2 million, or \$2.2 million (17.4%) more than the projected actuals for 2017. However, this amount is 67.4% or \$29.3 million less than the actual pre-recession earnings received in 2007.

The 2018 Recommended Budget includes a projected \$2.0 million increase for Real Estate Taxes in the General Fund. The final estimate is pending the Franklin County Auditor's Office release of property values based on the 2017 Sexennial Reappraisal.

Although Franklin County will see year-over-year revenue growth from several sources, the loss of the Medicaid Managed Care revenue requires us to consider our options moving forward.

When considering options, there is a need to look at both the current and future needs of the County and its residents. Franklin County is a diverse and growing County which faces a number of responsibilities and challenges in the future. This includes the support of current and future community health and human services safety net partnerships, smart justice initiatives such as Stepping Up, continuation of economic development investments, sanitary water and sewer regulatory obligations and various technology improvements including upcoming voting equipment replacements.

In order to maintain the County's fiscal sustainability and sound management practices, it is prudent to ensure that we have adequate resources to meet the needs of what is now the largest county in the State of Ohio. In looking at recent history, the County was able to deal with the fallout from the Great Recession and an earlier round of state and federal cuts by maintaining sufficient cash reserves. Despite making strategic reductions across the various county entities, General Fund cash reserves still decreased by \$104 million over a five year period from the end of 2008 to 2013.

In looking at the County's long-term fiscal forecast, the strategy is to maintain a cash balance within the General Fund at the level maintained by other counties rated triple-A by Moody's and Standard & Poor's and preserving the balance in the County's Economic Stabilization Reserve, or "Rainy Day Fund." Franklin County enjoys Triple-A credit ratings from Standard & Poor's and Moody's, which reflects its sound management and results in significant interest-cost savings to taxpayers and provides easier access to credit markets.

One of the first scenarios examined assumed the expiration of the quarter cent sales tax on December 31, 2018. Under this scenario, General Fund cash reserves would be depleted by 2022. In order to maintain a sufficient cash balance at the end of 2023, across the board reductions of 9% - 14% would be required across all General Fund agencies. However, these reductions may prevent certain mandated functions from being performed by the various elected officeholders and courts. As a result, the County would need to be strategic regarding the challenges imposed by the loss of revenue from the elimination of the sales tax on Medicaid Managed Care Organizations, as well as increasing service demands.

Based on previous strategies used to mitigate the impact on General Fund reserve levels, the following reductions would be required:

- Elimination of any future set asides to the Economic Stabilization Reserve or other reserves to meet any unanticipated needs;
- Elimination of not only the additional investments for Community Partnerships and Economic Development supported by the temporary sales tax since 2014, but the complete phase out of all General Fund grants over the next five years;
- Deferral of various capital projects, such as the acquisition of new voting machines and completion of the correction center on Fisher Road;
- Elimination of General Fund support to various County agencies, including Animal Care and Control, Child Support Enforcement Agency, the Office of Homeland Security & Justice Programs, and Sanitary Engineering; and
- Elimination of support for the Stormwater program, including funding provided to Franklin Soil & Water, which would require consideration of a countywide Stormwater fee in order to meet our obligations under the National Pollutant Discharge Elimination System permit program created by the Clean Water Act.

Even after all of these reductions, unrestricted cash would still decrease throughout the long-term financial forecast. While the County's finances would meet the desired level of reserves with these reductions, the cuts in service levels would be unsustainable and insufficient to meet the demands and expectations of our residents.

With a growing population, increasing needs of residents, and loss of \$21.0 million per year from the state Medicaid Managed Care reductions, the adoption of the continuation of the current sales tax rate will secure the County's fiscal blue print without an over reliance on the unobligated fund balance or a reduction of service levels.

The continuation would allow for the issuance of \$200 million in sales tax backed bonds to complete the consolidation of the County's Corrections Centers on Fisher Road. Issuing bonds now will take advantage of low interest rates in the market, as well as avoid additional costs in the future. It is estimated that the County would save \$50 million by continuing the project once the downtown facility is able to be closed rather than waiting five years to resume construction to replace the Jackson Pike facility. The County would be able to maintain its investments in other key areas while continuing to ensure the goals of long-term fiscal sustainability are met.

In addition to being sustainable, the County will remain financially resilient with the continuation of the sales tax. If a recession were to occur, the County would likely see a decline in sales tax revenue based on historical trends. When this stress test is applied to the forecast, cash reserves would still be sufficient through 2023 without any further changes.

A sales tax of one-quarter of one percent is estimated to provide just under \$60 million in 2018. The continuation of the sales tax will be utilized for:

- \$21 million per year to backfill the loss of the Medicaid Managed Care revenue;
- \$15 million per year to continue the additional investments with the County's Community Partnerships and Economic Development initiatives, along with an enhanced investment in the County's sanitary sewer system;
- \$12 million per year to cover the debt service requirements on sales tax backed bonds in order to complete the consolidation of the County's correction centers into a single facility on Fisher Road;
- \$6 million per year to continue the subsidies provided to Child Support Enforcement and Homeland Security & Justice programs required from the loss of state and federal revenues, as well as continuation of the subsidy to Animal Care & Control; and
- \$5 million per year for capital investments, which include addressing the issues related with the County's aging infrastructure, such as the replacement of the elevators and windows in this building which is approaching 30 years old.

While continuation of the sales tax would not impact projected General Fund revenues until 2019, the certainty of stable revenue enables the County to maintain services and address needs in the community. The 2018 Recommended Budget contains \$451.8 million in General Fund appropriations.

During the 2018 budget process, the Franklin County Office of Management and Budget (OMB) fully assessed the budget request of every agency, office, and court within the context of the County's mandatory requirements, statutory duties, and the demand for services. OMB's reviews and suggestions were then used by County Administration to develop the Recommended Budget. As a result of this analysis, the 2018 Recommended General Fund Budget is \$10.2 million, or 2.2%, less than the total amount requested.

Understanding the County's commitment to balance the cost of mandated services, needs of County residents, and other spending priorities with the directive to utilize public dollars in the most efficient and effective manner, the 2018 Recommended General Fund Budget for comparable year-to-year continuous operations increases only 1.6% when compared to 2017 projected actual expenditures.

A total of \$253.0 million, or 56.0%, of the General Fund Budget is allocated to the provision of Justice and Public Safety. Of that amount, \$139.8 million supports the Franklin County Sheriff's Office. The remainder of the 2018 Recommended Budget for Justice and Public Safety includes \$75.8 million in the General Fund to support the operations of the courts and \$32.7 million for criminal and civil prosecution and legal defense services.

In anticipation of the passage of Ohio House Bill 174, legislation that adds two judges to the Domestic Relations Division of the Franklin County Court of Common Pleas in order to address the Court's high caseload, the 2018 Recommended Budget includes \$5.0 million for Public Facilities Management for additional court rooms at 373 South High Street.

ALL FUNDS BUDGET

While a majority of the General Fund addresses the core principle of Justice & Public Safety, the primary driver of the all funds budget are Social and Human Services.

The total amount of budget appropriations recommended for all County funds in 2018 is \$1.6 billion, which represents a \$101.3 million, or 9.2%, increase from 2017 projected actuals. Of this increase, \$35.9 million is related to the construction of the new Franklin County Corrections Center and Forensic Science Facility. As the largest in the all funds budget, the Social and Human Services category represents 46.7% of the total 2018 Recommended Budget.

Franklin County delivers a variety of health and human services which are mostly supported by property tax levies, as well as state and federal funds.

Almost one third of these expenditures are for the Franklin County Board of Developmental Disabilities. The Board serves over 20,000 individuals with developmental disabilities so they can live, work, learn, and participate in the community. In 2017, the Franklin County voters overwhelmingly approved the renewal of a 3.5 mill levy that was on the November ballot, with 81% voting in favor of the issue.

Also within the 2018 Recommended Social & Human Services Budget are General Fund dollars for a “mandated share” of \$4.6 million for programs administered by the Franklin County Department of Job and Family Services, \$2.5 million subsidy to the Franklin County Child Support Enforcement Agency, and \$16.1 million for various Community Partnerships.

ADDRESSING POVERTY

In order to review the 2018 Recommended Budget in more detail, we will now highlight major initiatives and achievements by Franklin County agencies.

Franklin County is addressing poverty through increased linkages to job opportunities that earn beyond the living wage and programs that impact the social determinants of health and wellbeing.

In order to increase the number of underrepresented residents in the skilled trades, the Franklin County Department of Job & Family Services and Economic Development & Planning Department, through the PeopleWorks program, are piloting a pre-apprenticeship program. The 2018 Recommended Budget includes \$330,000 for the Building Futures program to inform individuals on how they can obtain a career in the construction trades and "earn while you learn."

The Franklin County Board of Commissioners are committed to ensure diversity and inclusion values are considered as part of the construction of the Franklin County Correction Center and Forensic Science Facility. As outlined in the Construction Inclusion Plan, these projects will include local, underrepresented, and disadvantaged residents in the construction workforce.

Job & Family Services has introduced the Achieve More & Prosper (A.M.P) program to connect 14- to 24-year-olds with a personal advocate who will link them with a range of services to meet current challenges and assistance to help individuals gain skills, employment, or knowledge they need to move ahead.

Affordable housing has become an issue in Franklin County as the housing market tightens with population growth, rents rise to take advantage of demand, and incomes are not keeping pace with housing costs. The 2018 Recommended Budget includes funding from the Board of Commissioners' Community Partnerships program for the following:

- \$5.0 million for the Community Shelter Board to serve 2,000 individuals through the Navigator Program which helps homeless families through rapid re-housing and 2,200 individuals through permanent supportive housing for a total of 4,200 families accessing affordable housing.
- \$3.1 million for the Affordable Housing Trust to produce 150 affordable rental housing units for individuals at or below 30% the Average Median Income, 15 affordable home ownership units, and 2,000 affordable rental units for individuals at 30-80% Average Median Income.
- \$150,000 for Star House, the one-stop safe haven where homeless youth can have a hot meal, receive mail, use computers, receive health care and counseling services, apply for jobs, and work to become re-integrated into society. Star House anticipates the following outcomes for 2018:
 - 1,000 youth ages 14-24 experiencing homelessness will utilize the drop-in center;
 - 500 youth will obtain employment;
 - 300 clients will enter educational programs; and
 - 250 clients will obtain housing.

Unfortunately, Franklin County continues to face an unprecedented opiate epidemic. According to the Franklin County Coroner's Office, drug overdose deaths are up 88% from 2016. In all of 2016, there were 353 overdose deaths. Franklin County is on pace to have 536 overdose deaths in 2017, with 80% of them caused by opioids. The 2018 Recommended Budget includes the addition of a full-time Forensic Pathologist, Morgue Technician, and Investigator for the Franklin County Coroner's Office in order for the agency to meet the increasing caseloads associated with opiate related deaths amongst other increases.

The Franklin County Opiate Action Plan was developed in 2017 by the Alcohol, Drug and Mental Health Board of Franklin County at the direction of the Franklin County Board of Commissioners and Columbus Mayor Andrew Ginther. In addition to the increasing number of opiate related deaths, the Columbus Division of Fire reported a 20% increase in the number of dispatches for an emergency drug overdose over the last four years. According to the Public Children Services Association of Ohio, 70% of children under the age of one in custody of Children Services have opiate involved parents.

The Opiate Action Plan focuses on four overarching goals:

- Preventing opiate abuse and addiction;
- Reducing the number of opiate-related deaths;
- Expanding access for treatment; and
- Improving the safety of our community.

For 2018, the Alcohol, Drug and Mental Health Board of Franklin County has budgeted \$20 million for addiction services and an additional \$6 million to address action items from the Franklin County Opiate Action plan.

A number of smart justice initiatives have been implemented to provide new ways to address the addiction crisis in Franklin County. The Franklin County Office of Justice Policy and Programs received a \$400,000 grant from the U.S. Bureau of Justice Assistance to develop a Mayor's Drug Court in the City of Whitehall. A Job & Family Services Case Manager is now onsite at the Franklin County Municipal Court to assist those in the Drug Court programs enroll in services for which they qualify, such as Medicaid and Food Assistance, in order to assist in their recovery.

In partnership with the Franklin County Sheriff's Office, Columbus Division of Police and Fire, ADAMH, Southeast Inc., Franklin University and Mighty Crow Media, The Pathways to Women's Healthy Living program was launched in March 2016. Since that time, seven cohorts have been offered in the Franklin County Corrections Center, with 80 of 129 individuals, or 62%, successfully graduating from the eight week pre-release psycho-educational program which offers assessment, cognitive behavioral treatment, case management, and pro-social opportunities like art expression and yoga. To date, 20 graduates of the Pathways to Women's Healthy Living Program have received intensive post release services through the Justice and Mental Health Collaboration initiative. While still early in program implementation, recidivism rates for graduating participants with a minimum of 12 months post program completion hovers at 14% with an anticipated 73% reduction in jail bed nights when comparing pre-program jail bookings versus post-program.

Just this month, the Franklin County Board of Commissioners and Sheriff broke ground on a new county corrections center at a ceremony on the city's west side. The first phase of the project will include over 870 beds for inmates and cost approximately \$175 million. Initial construction will allow the county to close the current downtown jail facility, which first opened in 1969, and additional future construction will eventually lead to the closure of the other Franklin County jail facility on Jackson Pike.

The new jail is designed to utilize an objective classification system that will allow staff to sort inmates based on their risk and by the services they may require. Currently, inmates are housed based on the nature of the crime for which they are charged. The new corrections center is designed to focus on helping offenders change rather than just locking them up. Providing rehabilitation services, such as mental health and drug addiction treatment as well as job readiness programming, to inmates may break the cycle of reoffending once they return to the community. According to the Columbus Dispatch, if the new Franklin County jail "succeeds as envisioned, the county – especially its most vulnerable residents – will be better off."

INNOVATIONS IN ADMINISTRATION

One-third of the County's 2018 Recommended Budget is related to personnel expenses. Over the past year, Franklin County has implemented a number of initiatives in order to attract and retain employees while limiting the impact to the budget. While the population of Franklin County continues to increase, the number of Total FTEs remains flat in 2018. As a result of Franklin County Human Resources streamlining the hiring process and the new web-based background check procedure, the average time to hire new employees after selection decreased from 37.3 days to 19.0 days in 2017.

The Franklin County Cooperative Health Improvement Program has seen a number of achievements over the past year.

- Due to the increased emphasis on employees taking an active role in managing their health, the 2018 Recommended Budget includes only a 4.4% healthcare rate increase. This is 3.7 percentage points lower than the 8.1% national trend in healthcare costs estimated for 2018.
- 71% of Cooperative members participated in the 3 for \$300 ThriveOn Program, which included a health assessment, health screening, and a tobacco survey.
- The number of age-appropriate preventive exams has increased.
- As smarter consumers, members of the Cooperative are using proper channels to access healthcare services as evidenced by the decrease in emergency room visits and increase in urgent care and virtual care utilization.
- By participating in the group purchasing program with the Employers Health Purchasing Corporation for prescription drug coverage, the County is estimated to save at least \$2 million during 2018.

ENVIRONMENTAL RESILIENCY

In addition to meeting the needs of the people of Franklin County, the Board of Commissioners also promote good stewardship of natural resources and environmental resiliency. In 2017, the Board of Commissioners reaffirmed Franklin County's commitment to integrating environmental sustainability in county programs and policies and to do its part in global efforts that protect the viability of our planet for future generations.

Of the vehicles in the 2018 Recommended Budget to be purchased by Franklin County Fleet Management, six are electric/plug-in/hybrid vehicles. Fleet Management currently has 14 electric/plug-in/hybrid vehicles that have contributed to the County's efforts to make its vehicle fleet more fuel efficient. Since 2013, the average miles per gallon of the County's fleet has increase 32.6%, from 13.2 miles per gallon to 17.5.

SUMMARY

As identified throughout the presentation, the 2018 Recommended All Funds Budget of \$1.6 billion aligns with the Board of Commissioners' five Core Principles. The following remain at the forefront of our annual budget process:

- Provide Community Safety, Security & Effective Justice
- Promote Job Creation, Strategic Economic Development, & Fiscal Security
- Provide Supportive Health & Human Services
- Promote Good Stewardship of Natural Resources, Environmental Sustainability, & Civic Engagement
- Provide Efficient, Responsive & Fiscally Sustainable Government Operations

Due to the Commissioners' proactive assessment of the County's finances in 2013, the County has maintained the balance between operating revenues and expenses since 2014 while adding to the General Fund cash reserves.

As a result of the state's changes associated with Medicaid Managed Care Organizations, Franklin County will see a loss of \$21.0 million in revenue annually beginning in 2019. The adoption of the proposed continuation of the current sales tax rate will secure the County's financial future without an over reliance on the unobligated fund balance or a reduction of service levels.

While Franklin County continues to grow, there are challenges that need to be addressed. We must remain committed to decreasing the number of families facing poverty through increased linkages to good job opportunities and programs that increase the wellbeing of our residents. In addition, we must implement the strategies identified in the Franklin County Opiate Action Plan in order to reduce the impact of the opiate epidemic on our community. Under the Commissioners' leadership, County agencies and community partners will be collaboratively addressing these over the next year.

Budget hearings have been scheduled so that an open public discussion may take place concerning the 2018 Recommended Budget. County Administration looks forward to working with the Board of Commissioners as it deliberates and takes action to finalize the budget for 2018.

I would like to thank all of the elected County officials and agency directors for their cooperation and service to Franklin County. Special acknowledgement goes to Zak Talarek and his team in the Office of Management and Budget for their assistance in developing the budget recommendations. Finally, I would like to thank the Board of Commissioners for your continued support and leadership.

Kenneth N. Wilson, M.P.A.
County Administrator
Franklin County Board of Commissioners