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The 2019 Recommended Budget

September 4, 2018

The Bottom Line

▶ **Stable growth in revenues**

- ❖ Sales tax
- ❖ Tax base

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▶ **Continuation of current and new priorities**

- ❖ Performance measurement
- ❖ Workplace Climate Survey
- ❖ ATI's/Jail population reduction
- ❖ Housing

▶ **Levy up 1.43%**

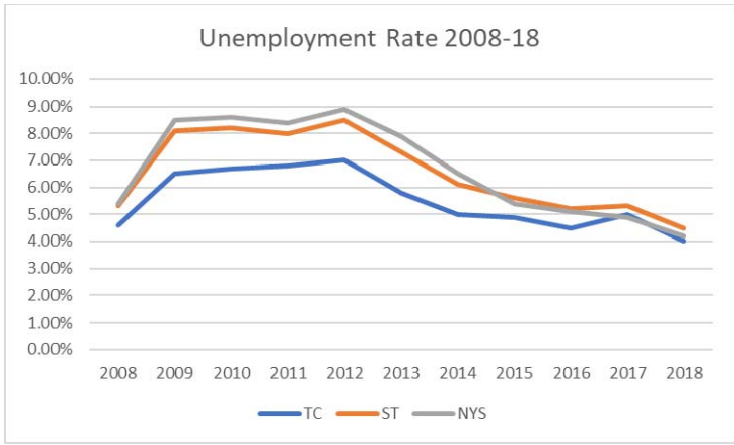
- ❖ Rate down for 5th consecutive year
- ❖ \$3 increase of solid waste fee

▶ **\$15 impact for average home owner**

Economic & Fiscal Indicators

(Factors Affecting the Economy)

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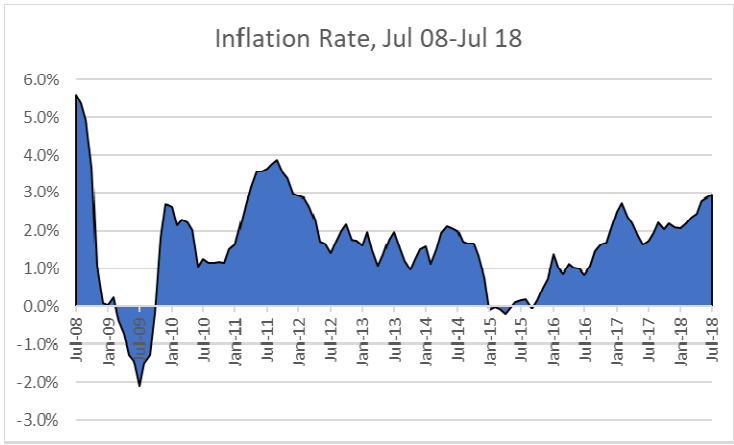


As of July '18

Tompkins County - 4.0%
Southern Tier - 4.5%
New York State - 4.2%

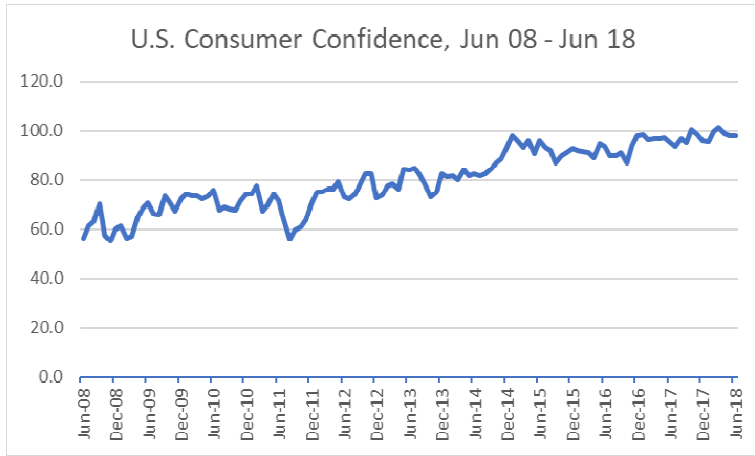
NYS Dept. of Labor

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U.S. Dept. of Labor, Bureau of Labor Statistics

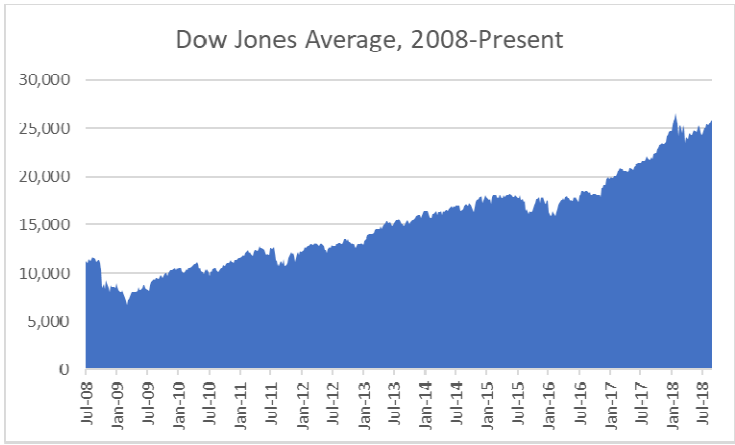
July-to-July inflation is 2.9%



University of Michigan: Consumer Sentiment

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U.S. consumer confidence hit a 14-year high in March 2018

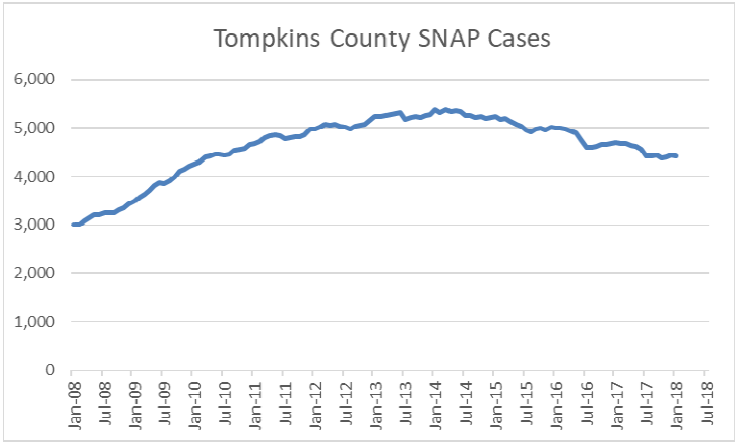


Dow Jones Industrial Average

Market still performing well, despite dip earlier this year

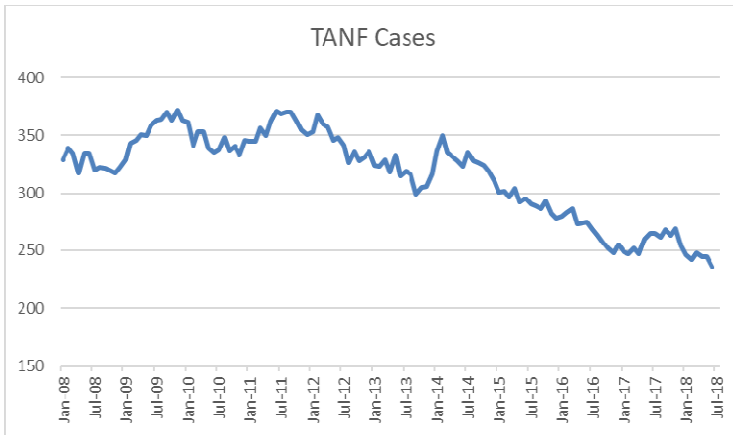
Economic & Fiscal Indicators

(Programmatic Indicators of Need)



<http://otda.ny.gov/resources/caseload>

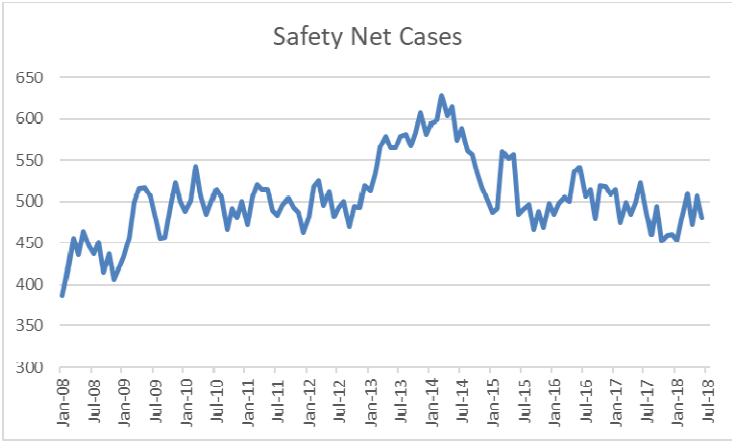
- SNAP (food stamp) caseloads generally declining
- Down 14% from June 2015
- Down 4% from June 2017
- Still 45% higher than January 2008 (pre-recession)



<http://otda.ny.gov/resources/caseload>

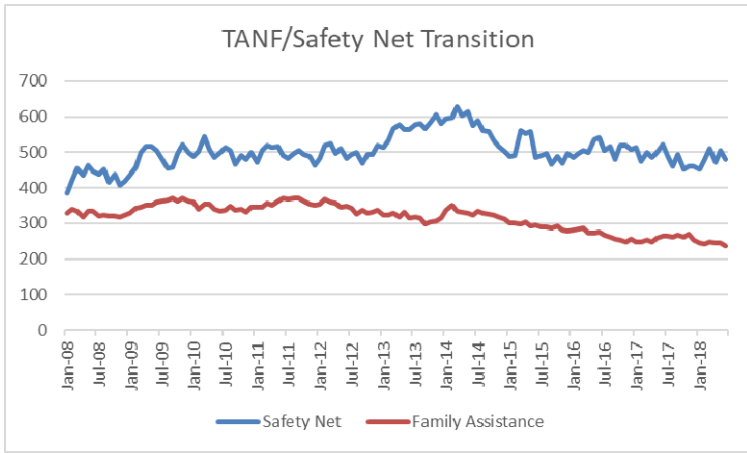
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- Family Assistance (TANF) cases continue to decline
- Down 14% from June 2015
- Down 12% from June 2017
- Down 28% January 2008 (pre-recession)
- No local cost (or savings)
- 5 year life time eligibility



<http://otda.ny.gov/resources/caseload>

- Safety Net cases remain 24% above January 2008 (pre-recession)
- Down 1% June 2017-to-June 2018
- 71% local funding/ 29% NYS



<http://otda.ny.gov/resources/caseload>

- Total assistance cases relatively flat from pre-recession
- 13% increase in Safety Net to total assistance cases over past 10 years
- Clear shift of cases from TANF to Safety Net
- TANF no local cost – Safety Net local cost

Major Budget Drivers

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- ▶ **Revenues**
 - ❖ Sales tax
 - ❖ Tax base
 - ❖ Casino revenue
- ▶ **Mandates**
- ▶ **Labor Costs**
- ▶ **Capital Investments**

Sales Tax

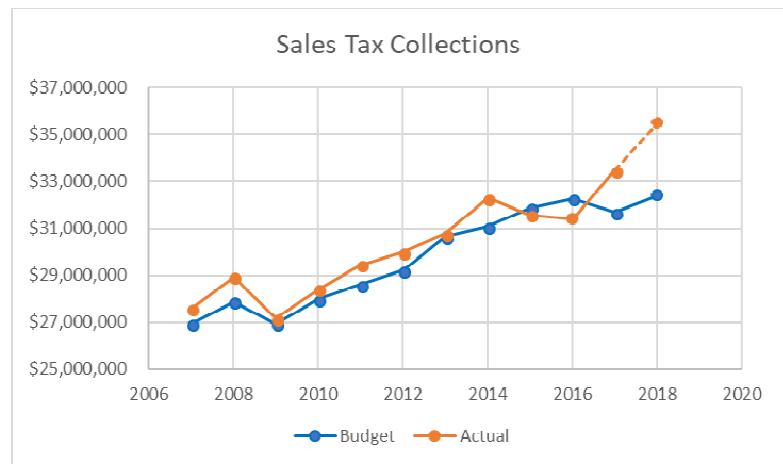
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- ▶ Average annual sales tax growth has been approx. 2.0% for past decade
 - ❖ 2.5% for prior 15 years
- ▶ Exception:
 - ❖ -6.07% (2009)
 - ❖ -2.17% (2015) & -.55% (2016)
- ▶ 2017- growth of 6.55%
- ▶ 2018 - trending growth of 6%

Sales Tax Projections

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Assumes 2018 finishes strong @ 6% growth over 2017

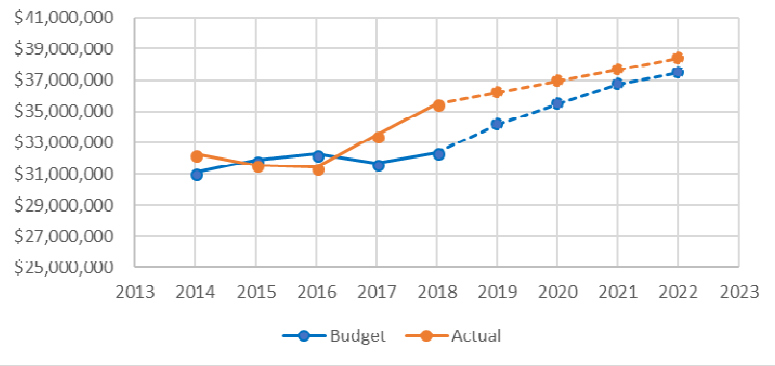


Sales Tax Projections

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- 2019 Recommended Budget includes 5.44% over prior year
- 2019-2022 experiences the average annual growth of 2.0%
- Annual budget growth for 2020-2022 would be 5.0%, 4% and 3% respectively

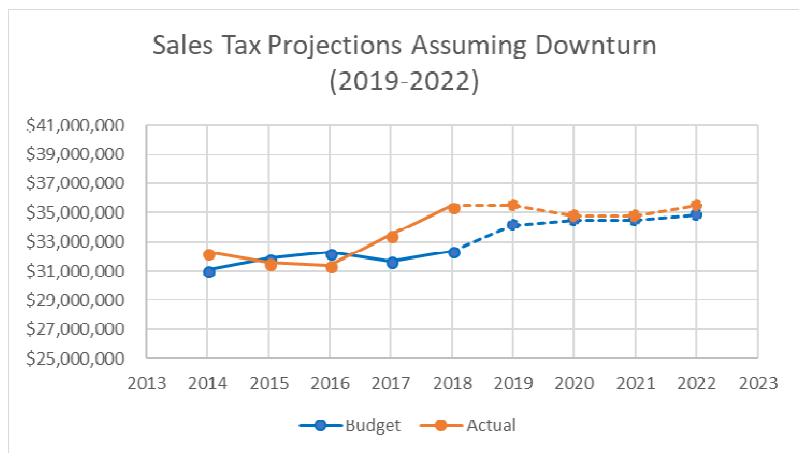
Sales Tax Projections Assuming 2.0% Growth (2019-22)



Sales Tax Projections

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- 2019 Recommended Budget includes 5.44% over prior year
- 2019-2022 experiences economic down turn
 - 2019 - 0%
 - 2020 - (2.0%)
 - 2021 - 0%
 - 2022 - 2.0%
- Annual budget growth for 2020-2022 would be 1%, 0% and 1% respectively

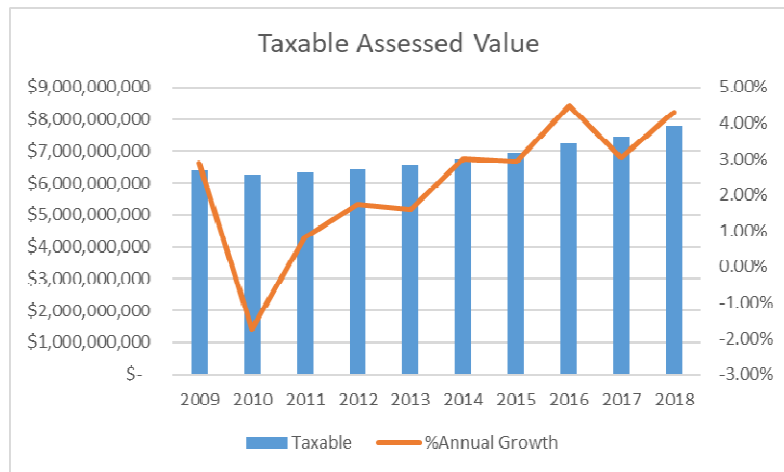


Sales Tax

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- ▶ Recommended Budget provides for growth with eye on unknown
- ▶ 2019 budget balances possibility of new base line vs. 18-month erratic surge in growth
- ▶ Allows for course correction should economy reverse

- 4.3% growth in tax base over last year
- 12.3% growth in tax base over past three years
- 22% growth in tax base over past 10 years
- Robust growth allows cost of gov't to be spread across larger base



Casino Revenue

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- ▶ 2018 – 1st time in Budget
- ▶ Revenue from Tioga and Del Lago
- ▶ Feb. 2018 Del Lago experienced bond downgrade
- ▶ January – July collections of \$945,000 – 15% above 2017
- ▶ No trending – no reason to change budget over 2017 - \$1.2 million

Labor Costs

Wage Growth

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- ▶ White Collar agreement in place for 2019 – 60% of workforce
- ▶ Budget assumes settlements within parameters
- ▶ Work item of 2019 is to get labor contracts with other units

Labor Costs Workforce

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- ▶ Total of 2.5 FTE's - limited duration positions for succession planning
 - ❖ ITS, Human Resources, and W&M
- ▶ 1.5 FTE's for Raise the Age - Probation
- ▶ 1 FTE for School Resource Officer - Sheriff
- ▶ .5 FTE for department reorganization - DOER

Labor Costs

Fringe

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- ▶ Healthcare premiums up 6%
- ▶ Pension remains flat
- ▶ Overall fringe is up \$493,000

Labor Costs

Fringe

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- ▶ Salary and fringe up 3.4%
- ▶ \$2.2 million total
- ▶ \$1.6 million local dollars

Mandates

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- ▶ 4th consecutive year local costs are down in mandated expenses
 - ❖ Assigned Counsel down \$100,000 – Less OTR
 - ❖ Child care down \$366,500
 - ❖ Safety net up \$200,000
 - ❖ Increase in Medicaid \$222,000
 - ❖ Overall mandated costs are down .83%

- ▶ Total decrease of \$175,260

Capital Reinvestment

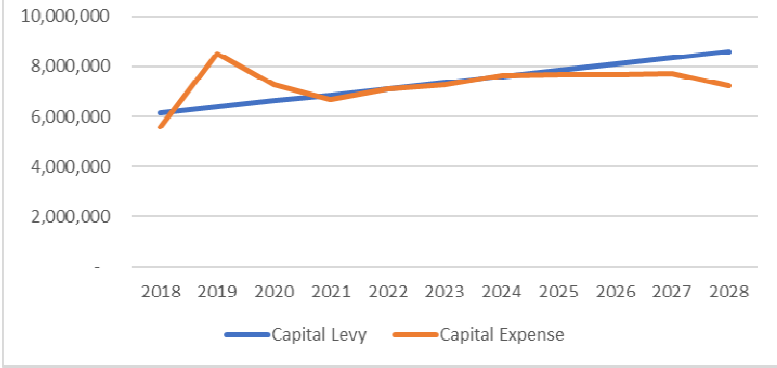
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- ▶ County's Capital policy includes a levy increase of 0.5%, or \$245,000, to support capital improvements
 - ❖ Primarily supports debt service for prior projects and cash for current/new projects

- ▶ New projects for 2019 include:
 - ❖ \$2.4 million for renovations to Old Jail Office Building
 - ❖ \$200,000 for storage building for Facilities/TC Soil and Water

- Assumes additional \$21 million of new debt for Jail, Sheriff patrol and downtown campus in out years
- Not considered – TCAT facilities, TC3 capital plan
- 2019 uses additional reserves for Old Jail renovations
- County Capital Improvement Plan review in 2019

Projected Capital Expense vs. Available Funding, 2018-28



Sponsored and Partner Agencies

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- ▶ 2% increase in baseline budgets for all sponsored agencies
- ▶ Plus \$513,000 in funded onetime support for Agencies
- ▶ TC3 flat

*Sponsored Agencies: Cornell Cooperative Extension, TCAD, TCAT, TCPL, Rural Libraries, Soil & Water, The History Center, Human Services Coalition and Agencies, TCAction, SPCA, Recreation Partnership

Contingency

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- ▶ \$900,000 – consistent with prior year base line contingent budget and expenditures
- ▶ Separate \$300,000 OTR for potential jail board outs – does not impact levy

Airport

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- ▶ Budget recommends 5th year of waiver of \$126,000 in administrative fees to airport

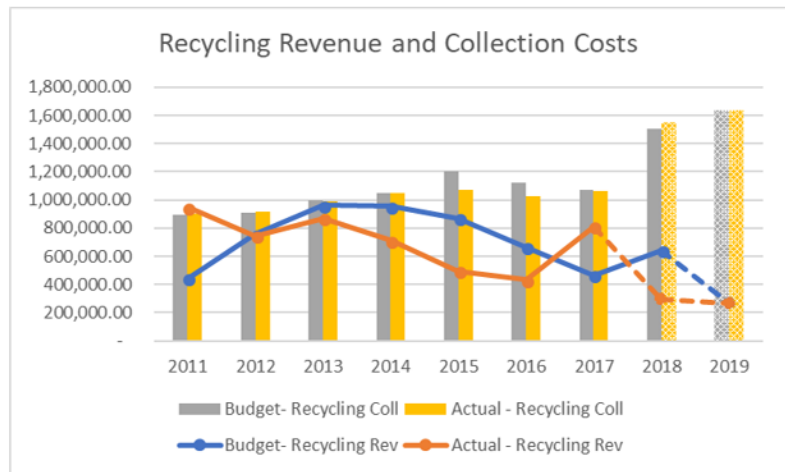
- ▶ \$24.7 million terminal renovation & expansion
 - ❖ \$14.2 million State grant
 - ❖ \$2 million FAA
 - ❖ \$0.5 million airport
 - ❖ \$8 million – seeking FAA, State funding options

Recycling Materials & Management

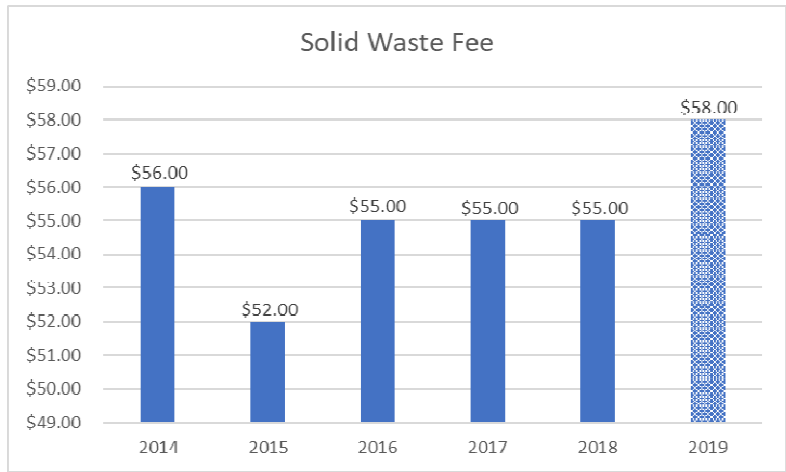
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- ▶ Budget recommends \$3 per unit increase in solid waste fee – from \$55 to \$58
- ▶ Due to increases in expenses and decreases in revenues
- ▶ 2020 pre-budget planning a priority

- Recycling revenue has been a downward trend with the exception of 2017.
- 2019 budget reflects the expense for countywide recycling collection which increased by \$500,000 under the new 10-year contract in 2018.
- Change in recycling revenues & contractual expenses over past two years accounts for a net budget impact of almost \$1 million.



- An annual fee increase of \$3 per unit from \$55 to \$58 to close the gap.
- Budget and programming need to be evaluated for 2020 in order to avoid another, possibly larger fee increase in 2020.



Major Over Target Requests Funded in Recommended Budget

34



- ▶ 2019 OTR requests
 - ❖ \$2,368,076
- ▶ 2019 OTR Recommended
 - ❖ \$2,315,587
- ▶ Mostly one-time; \$306,621 target

Major Funded OTRs (Target)

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- ▶ DOER - \$66,220 for reclassifications to reorganize and increase capacity
- ▶ Human Resources - \$44,643 for .75 FTE Employee Benefits Assistant
 - ❖ \$15,000 – Talent acquisition fund (recruitment)
- ▶ Probation - \$12,000 for additional electronic monitoring
- ▶ TCPL
 - ❖ \$10,125 for 5-yr computer replacement cycle
 - ❖ \$25,000 – target increase to meet needs
- ▶ Youth Services - \$50,000 for structural support & sustainability

Major Funded OTRs (One-time)

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- ▶ Vehicle Replacement
 - ❖ \$206,000 of one-time/roll-over to replace 8 vehicles with PEV's
 - ❖ \$405,000 in major highway equipment (from Highway fund balance)
 - ❖ \$83,000 in Facilities vehicle replacement

- ▶ Organizational Performance/Stability
 - ❖ \$22,500 – Climate Survey Action Implementation
 - ❖ \$24,300 – County-wide Performance Measurements
 - ❖ \$25,000 – Engineering support for capital plan update
 - ❖ \$50,000 – OHR relocation to Human Services Annex

Major Funded OTRs (One-time)

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▶ Housing

- ❖ \$50,000 – CoC Transitional Housing Plan
- ❖ \$45,000 – Municipal Consultant Matching Fund – Affordable Housing
- ❖ \$65,000 – Amici House - Training and Community Space

▶ Jail/ATIs/Re-entry

- ❖ \$300,000 – Contingency for board-outs
- ❖ \$114,500 – CJC position
- ❖ \$88,000 – College Initiative Upstate
- ❖ \$50,000 – OAR parolee/housing case manager

Major Funded OTRs (One-time)

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▶ Workforce

- ❖ \$83,500 – STOP-DWI activities in DA Office
- ❖ \$153,500 – succession transition – W&M, ITS and HR
- ❖ \$50,000 – Business Energy Navigator - Planning
- ❖ \$24,000 – School Resource Officer/ TST BOCES – Sheriff

▶ Other Agency Requests

- ❖ \$96,000 – CCE – 4-H Repairs
- ❖ \$14,700 – Rural Libraries – AED's/Narcan
- ❖ \$40,000 – TCPL – Removing barriers pilot project

▶ Many others

Over Target Requests

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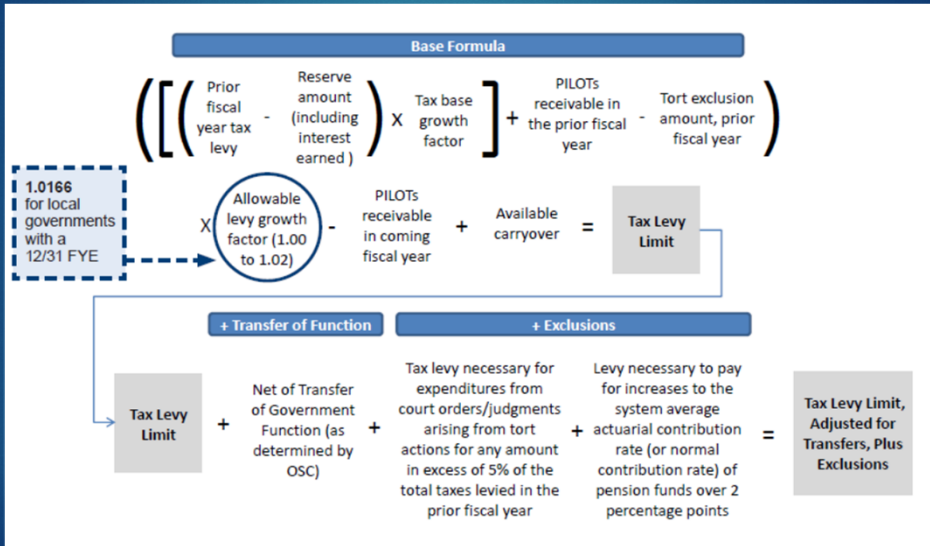
	<u>Total</u>	<u>Reserves</u>	<u>Levy</u>
Requested	\$2.37 mil.	\$1.88 mil.	\$.48 mil.
Recommended	<u>\$2.32 mil.</u>	<u>\$2.01 mil.</u>	<u>\$.31 mil.</u>
Difference	-\$0.05 mil.	\$.13 mil.	-\$0.17 mil.

Risks

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- ▶ Solid Waste Fee
- ▶ Sales Tax
- ▶ Raise the Age
- ▶ Jail Costs

Tax Cap Formula



Tax Cap (Assumptions)

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- ▶ Tax Cap Estimated at 4.78% (\$2.4M)
- ▶ “Unusual” circumstance with Town of Dryden taking sales tax credit
 - ❖ Lowers county tax rate in Town, increases Town tax rate
 - ❖ Gain additional Town and School tax payments on State-owned land
- ▶ Results in net decrease in Town and County taxes
- ▶ Consequence: 2019 tax cap is actually 9.76% due to sales tax credit
- ▶ 2020 – cap will go back to being “normal”

Approach to 2019 Budget Review

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- ▶ 1.43% levy increase
 - ❖ Under financial goal of 2.2% set by Legislature
 - ❖ Under tax cap
- ▶ Supports current ops, 2% for agencies, continues capital investment
- ▶ Captures sales tax growth with caution

Total Budget (Millions)		44
2019	\$186.5	
2018	<u>\$181.8</u>	
\$ Change	\$ 4.7	
% Change	2.57%	

Local Budget (Millions)			45
	2019	\$89.9	
	2018	<u>\$88.1</u>	
	\$ Change	\$ 1.8	
	% Change	2.05%	

Tax Levy (Millions)			46
	2019	\$49.8	
	2018	<u>\$49.1</u>	
	\$ Change	\$.70	
	% Change	1.43%	

Tax Rate (Millions)		47
2019	\$6.39	
2018	<u>\$6.58</u>	
\$ Change	(\$.18)	
% Change	(2.76%)	

Average Tax Bill

(\$185,000 median in 2019,
\$178,000 in 2018)

2019	\$1,183
2018	<u>\$1,171</u>
\$ Change	\$12
% Change	1.1%
<u>Solid Waste Fee</u>	<u>\$3</u>

Impact on homeowner: \$15

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The 2019 Recommended Budget

Tompkins County, NY
www.TompkinsCountyNY.gov