

# 2027 Executive Budget Overview

# Balancing the Budget

Goals:

- Maintain Programs and Services
- No Layoffs
- Minimize Tax impact

# EXPENSE SIDE

Appropriation Increase of $39 million- 5.7%

- Childcare Grant- $20 million
- PFAS Grant- $1.5 million
- Mandate Increase- $8 million
- Sales Tax Pass through- $6 million

Appropriation Increase of under 1%

Adopted Budget Increase of 5%

Budget Drivers are No Surprise

# EXPENSE SIDE

## Budget Drivers: Positions, Mandates, Gas, Transit

- Positions- Recruitment and Retention Issues
  - Approved Contracts:
    - CSEA- 3.25% & Step M/C- 3.25% & merit
      3-year impact in 2027 $16 million
    - DSA- 2.75% & management merit
    - PBA & DCSEA steps & longevities only
  - No Layoffs
  - 4 New Positions
    - 3 Homeless Outreach- partially funded
    - 1 TAG- partially funded
  - 14 Positions Held at $1
  - Vacancy Factor budgeted at $4.25 million

# EXPENSE SIDE

- Deletions- (7)
  - 3 Probation Officers- Consolidated Units lower caseloads
  - 1 ADA- $250,000 Lower Grant Funds
  - 1 Receiving Registry Clerk- Online and vacant
  - 1 Asst County Executive- Economic Development
  - 1 HR Assistant- Fewer Tests with NYS Changes
- Restructuring- (.9)
  - Reclass of FT Rec Reg Clrk to .5
  - Reclass of Human Rights Director to Hrly
  - Reclass of an Office Assistant to Community Engagement Specialist for Human Rights and DMH
  - Reclass of Office Assistant to Human Law Officer
  - Reclass of Graphic Designer to Director of Economic Development overseeing new Dept under Planning
- Benefits- $10 million
  - Health Insurance Increase- $6.2 million
  - Pension Increase- $3.8 million

# EXPENSE SIDE

- Mandates-
  - Day Care- $4.2 million
    - Regular slots increase $4.2 million (not new program)
    - 100% Reimbursement
  - PS Special Education- $2 million
    - Full Year of related services rate increase
    - 59.5% Reimbursement
  - Safety Net- $1 million ($3.5M from Adopted)
    - Includes housing costs for homeless
    - 29% Reimbursement

# EXPENSE SIDE

- Gas- $1.4 million
- Public Transit- $2.6 million- County Contribution
  - Expiration of ARP / COVID funds

# EXPENSE SIDE

## Other Items of Interest

- Community Benefit Fund $3,745,000
  - **EMS $2.5 million**
  - **Youth Career $100K**
  - **Drug Task Force $150K**
  - **Sheriff Equip $200K**
  - **Food Security $20K**
  - **Veteran Transit $125K**
  - **Housing Trust $500K**
  - **History Grants $50K**
  - **Veteran Grants $100K**
- Non-Profit Program Partners- 2% COLA
- APG Continued at $1.5 million
  - 2nd Year Programs
  - $45K re-allocated for Food Security Initiative
- MIG- Infrastructure- $650K Reserve re-allocation

# REVENUE SIDE

## FUND BALANCE

Fund Balance Policy 1-2 Months- $60-$120 million

2025- Expense over Revenue of ($11.85 million)

2025 Fund Balance- $81.6 million

2026 Fund Balance-

Possible Replenishment

- Sales Tax Over Budget
- Other Savings
- Will include Appropriation for 2027 Budget

# REVENUE SIDE

## FUND BALANCE- 5%

| | |
|---|---|
| 2027 General Unassigned Fund balance: | $28.5M |
| Community Benefit Fund: | $3.745M |
| D & E Fund Balance: | $1.7M |
| Opioid Settlement Funds: | $523K |
| MIG Reserve Re-Allocation: | $650K |
| Restricted Debt Reserve: | $4.2M |
| Total: | $39.3M |

# REVENUE SIDE

## PROPERTY TAX- 15%

- Levy increase of $2.9 million- 2.7% increase in Levy
- True Value Assessments $54.5 billion up 8%
- Property tax rate of $2.02 per $1,000- decrease of 4.5%
- Under the Tax Cap projected at $110 million (finalized in November with chargeback amounts)

# REVENUE SIDE

## Sales Tax- 42%

- 4% Growth through end of year- 3% growth next year
- Exemption on clothing and footwear under $110 continues

- Includes rate at 4%- .25% change effective 6/1
  - 2027- $11.3 million gross revenue
  - 2027- $9.3 million for the County- Annual- $16 million
  - 2027- $2 million for municipalities- Annual- $3.4 million
- Dutchess is 1 of only 6 counties still under 4% most higher
- Requires Home Rule- Newly elected officials will need to be contacted
- No sales tax on Clothing, Fuel Oil, Groceries
- 25 cents for every $100 spent

# REVENUE SIDE

## State & Federal Revenue- 28%

### Federal Revenue- Down $2.9 million

- Loss of $1.8 million SNAP Revenue
- Loss of $2.6 million Public Transit ARP / COVID
- Partially offset by increased cost reimbursement
  - Public transit 5307 funds as gas prices are up
  - Safety Net
  - DCFS- Child preventive cost reimbursement

### State Revenue- Up $28 million

- $20 million is First 3 childcare grant
- Balance related to increase cost reimbursement
  - Public Transit Preventative maintenance- Higher gas
  - Child abuse prevention costs
  - Safety Net
  - Pre-school Special Education

# REVENUE SIDE

Hotel Tax- 1%

- Met with Leadership Mid-October before we finalized the Budget
- Asst Majority Leader Munn asked about the Hotel Tax- Is there a Cap on the Rate? There is no cap on the rate that the Law Dept can find
- Home Rule required
- Per 1% $1.3M annually- $760K 6/1
- Diminishing returns, as % rate increases- usage decrease and may impact sales tax as well
- Currently at 5%

# REVENUE SIDE



# REVENUE SIDE

## Hotel Tax

- To replace the Sales Tax change would need to go to 17-18% Occupancy Tax.
- Diminishing returns
- Visitors 10-20% sales tax
- Would affect local businesses, service workers, restaurants
- Restaurants are the 2nd highest group of sales tax- $25 million annually- would impact

Based on the impact to local businesses, restaurants and potentially overall sales tax, the County Executive did not feel this would be in the best interest of the County and local economy

# Budget Needs to Be Balanced

- Recurring Revenue
- Fiscal Stability
- Fund Balance is limited

# Questions