

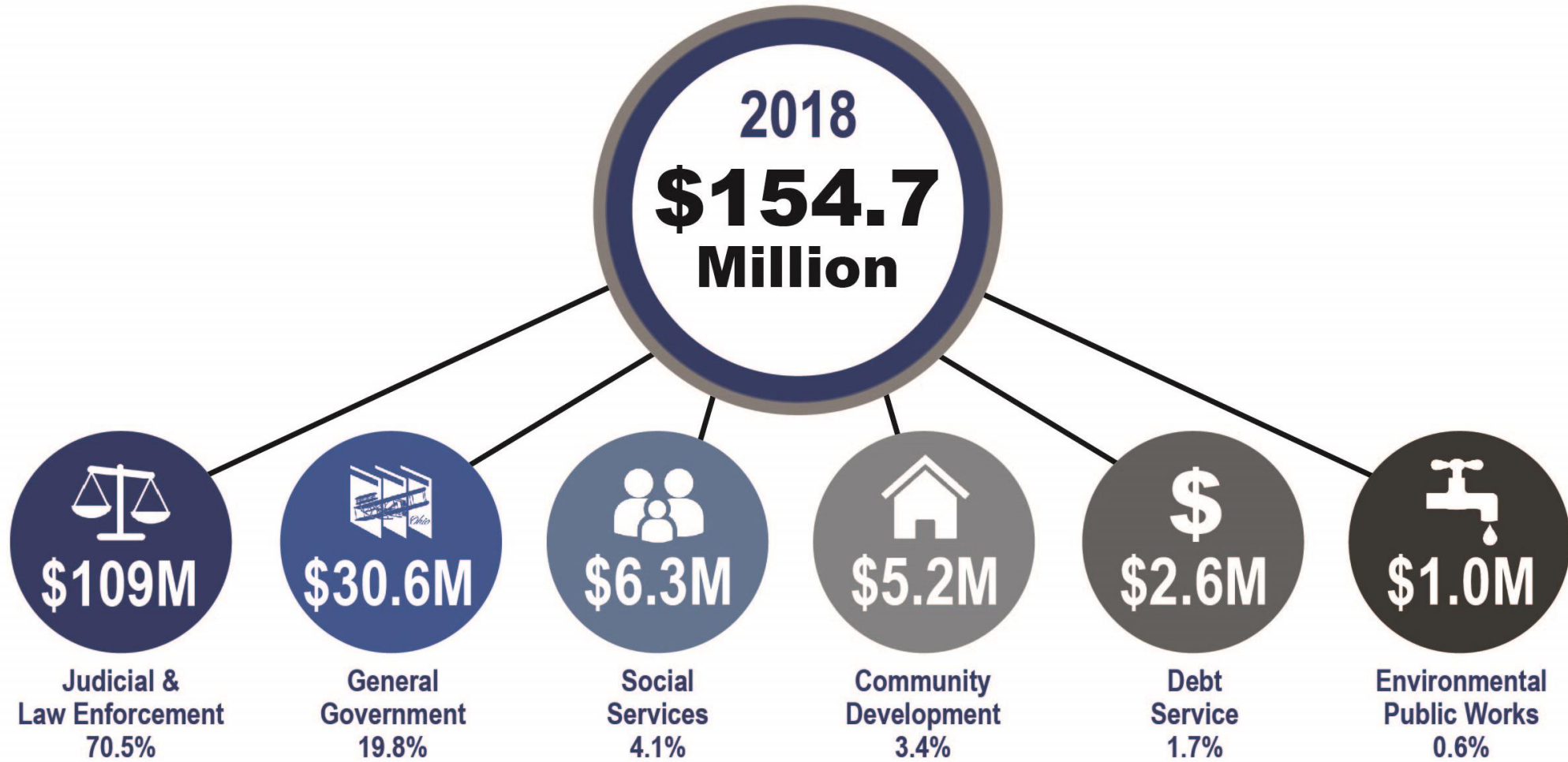


MONTGOMERY
C O U N T Y

**General Fund
Public Education Session**

April 30, 2018

Montgomery County General Fund



County General Fund

Since 2008, budgets for County Offices have been reduced by \$31.4 million or 19.5% and 501 budgeted positions.

Annual loss:
\$9.0
Million

In 2018, the State of Ohio eliminated the managed care sales tax. This resulted in a permanent, annual loss of \$9 million to Montgomery County.



State Reductions - County General Fund



State of Ohio Cuts

- State reduced Local Government Funds by 50% - \$7.4 million
- State discontinued Property Tax Reimbursements - \$1.4 million
- State Intergovernmental Revenues severely reduced by \$19.3 Million (last 10 years).

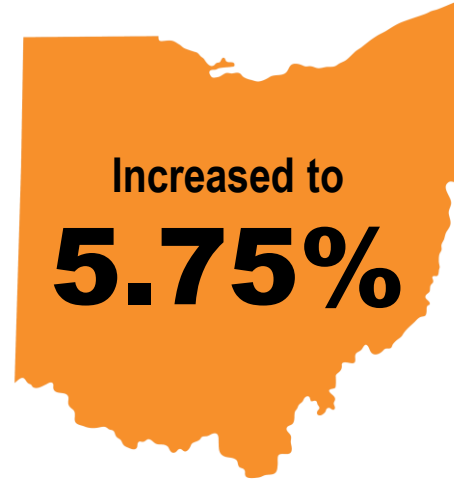


Sales Tax

- \$9.0 million annual loss to Montgomery County in Medicaid Managed Care Sales Tax in 2019.
- Sales Tax rate of 1% remains at level effective in 1989, 29 years at same level.
- Sales Tax Revenue is 50% of the General Fund budget (\$80 million for 2018).



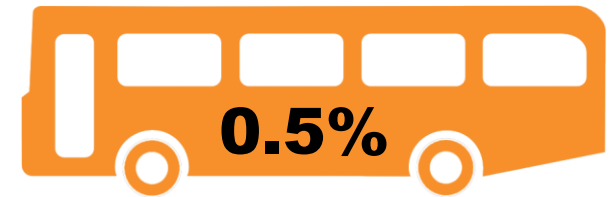
Sales Tax - Background



In 2013, the state increased its sales and use tax rate to 5.75%.



Montgomery County's sales tax rate has been 1% since 1989.



The Regional Transit Authority (RTA) sales tax is 0.5%.

Total, combined sales tax rate in Montgomery County is 7.25%



Sales Tax – How the Money Flows



Montgomery County consumer pays \$1,000 for a TV
 $\$1,000 \times 7.25\% = \72.50 (Sales Tax)



County Administrator Recommendations

**Ongoing Operating Efficiencies
+ Strategic Investments**



Ongoing Operating Efficiencies + Strategic Investments: *Cut \$4.6 Million + Increase Sales Tax 0.25%*



Total Operating Efficiencies: \$4.6M



**Ongoing Operating Efficiencies + Strategic Investments:
*Cut \$4.6 Million + Increase Sales Tax 0.25%***



**0.25% Sales Tax Increase
\$19.1 Million per year**

General Fund Strategic Investments

COMMUNITY

- ED/GE
- Arts & Culture
- MicroEnterprise Grants
- Strategic Community Projects

PEOPLE

- Adult Workforce
- YouthWorks
- PreSchool Promise

CRIMINAL JUSTICE

- Alternatives to Incarceration
- Bail Reform
- Security
- County Jail

GOVERNMENT INFRASTRUCTURE

- Building Improvements
- Capital Equipment
- Facility Depreciation



General Fund Strategic Investments

COMMUNITY	2018	2019	2020	2021	2022	2023
○ ED/GE	\$2.0M	\$2.5M	\$2.5M	\$2.5M	\$2.5M	\$2.5M
○ Arts & Culture	\$500K	\$600K	\$700K	\$800K	\$900K	\$1.0M
○ MicroEnterprise Grants	-	\$100K	\$100K	\$100K	\$100K	\$100K
○ Strategic Community Projects	<i>To be funded on an annual basis from year-end cash savings.</i>					
TOTAL	\$2.5M	\$3.2M	\$3.3M	\$3.4M	\$3.5M	\$3.6M



General Fund Strategic Investments

PEOPLE	2018	2019	2020	2021	2022	2023
	○ Adult Workforce	\$500K	\$500K	\$500K	\$500K	\$500K
○ YouthWorks	\$500K	\$500K	\$500K	\$500K	\$500K	\$500K
○ PreSchool Promise		\$2.0M	\$3.0M	\$3.0M	\$4.0M	\$4.0M
TOTAL	\$1.0M	\$3.0M	\$4.0M	\$4.0M	\$5.0M	\$5.0M



General Fund Strategic Investments

CRIMINAL JUSTICE	2018	2019	2020	2021	2022	2023
○ Alternatives to Incarceration		\$1.5M	\$1.5M	\$1.5M	\$1.5M	\$1.5M
○ Bail Reform *		\$225K	\$300K	\$375K	\$375K	\$375K
○ Security		\$1.5M	\$2.0M	\$500K	\$500K	\$500K
○ County Jail **		\$2.5M	\$500K	\$2.5M	\$500K	\$500K
TOTAL		\$5.7M	\$4.3M	\$4.9M	\$2.9M	\$2.9M

* Bail Reform Staffing Allocations: 3 staff in 2019, 4 in 2020 and 5 in 2021 through 2023.

** Addition of up to 10 Sheriff's Deputies or Corrections Officers (5 for Criminal Justice Complex Security and 5 for Jail Operations).



General Fund Strategic Investments

GOVERNMENT INFRASTRUCTURE	2018	2019	2020	2021	2022	2023
○ Building Improvements	\$2.8M	\$2.5M	\$2.5M	\$2.5M	\$2.5M	\$2.5M
○ Capital Equipment		\$2.0M	\$2.0M	\$2.0M	\$2.0M	\$2.0M
○ Facility Depreciation	\$2.0M	\$2.0M	\$2.0M	\$2.0M	\$2.0M	\$2.0M
TOTAL	\$4.8M	\$6.5M	\$6.5M	\$6.5M	\$6.5M	\$6.5M



General Fund Strategic Investments

COMMUNITY

PEOPLE

CRIMINAL
JUSTICE

GOVERNMENT
INFRASTRUCTURE

	2018	2019	2020	2021	2022	2023
TOTAL	\$8.3M	\$18.4M	\$18.1M	\$18.8M	\$17.9M	\$18.0M
Less Operating Efficiencies	-	\$4.6M	\$4.6M	\$4.6M	\$4.6M	\$4.6M
NET COST	\$8.3M	\$13.8M	\$13.5M	\$14.2M	\$13.3M	\$13.4M



2018-2023 General Fund Revenue Projection (Millions)

Reporting Category	2018	2019	2020	2021	2022	2023
Revenue						
Property Tax	\$ 13.8	\$ 13.9	\$ 14.0	\$ 14.8	\$ 14.8	\$ 14.9
Sales Tax	77.2	79.2	79.2	81.2	83.2	85.3
Sales Tax - Transitional Aid	7.2					
Sales Tax - 1/4% Increase		19.3	19.3	19.8	20.3	20.8
Sales Tax - Internet Sales						2.0
All Other Revenue	56.5	59.2	59.9	60.8	60.5	61.1
Total Revenue	\$ 154.7	\$ 171.6	\$ 172.4	\$ 176.6	\$ 178.8	\$ 184.1



Untaxed Sales and Loss of Sales Tax Revenue – Ohio

\$	5,000,000,000	Total Sales - Untaxed Sales by Out of State Vendors					
\$	350,000,000	Estimated - Untaxed Sales by Out of State Vendors					
\$	287,500,000	82.1%	State Share of Lost Sales Tax Revenues				
\$	62,500,000	17.9%	County/RTA Share of Lost Sales Tax Revenues				
\$	1,958,342	Estimated Montgomery County Share of Tax					
Source: Ohio Department of Taxation							
Streamlined Sales Tax Agreement							



2018-2023 General Fund Expense Projection (Millions)

Reporting Category	2018	2019	2020	2021	2022	2023
Beginning Cash Balance	\$ 30.8	\$ 30.8	\$ 32.6	\$ 33.8	\$ 38.1	\$ 39.5
Revenue	\$ 154.7	\$ 171.6	\$ 172.4	\$ 176.6	\$ 178.8	\$ 184.1
Expense						
Wages	71.8	71.5	75.8	75.1	77.0	78.9
Health Insurance	13.0	14.0	15.1	16.3	17.6	19.0
Other Benefits & PERS	12.6	12.6	13.3	13.4	13.6	14.0
Total Wages & Benefits	\$ 97.4	\$ 98.1	\$ 104.2	\$ 104.8	\$ 108.2	\$ 111.9
Community Programs	2.5	3.2	3.3	3.4	3.5	3.6
Investing in People	1.0	3.0	4.0	4.0	5.0	5.0
Criminal Justice & Law Enforcement	-	9.2	2.9	3.1	3.2	3.3
Government Infrastructure	4.8	13.0	7.0	7.0	7.0	5.0
Other Expenses	49.0	43.3	49.8	50.0	50.5	51.3
Total Expenses	\$ 154.7	\$ 169.8	\$ 171.2	\$ 172.3	\$ 177.4	\$ 180.1
Revenues Over/(Under) Expenses	\$ -	\$ 1.8	\$ 1.2	\$ 4.3	\$ 1.4	\$ 4.0
Ending Cash Balance	\$ 30.8	\$ 32.6	\$ 33.8	\$ 38.1	\$ 39.5	\$ 43.5
Reserve Percentage of Budget	18.1%	19.0%	19.6%	21.5%	21.9%	23.5%



Next Steps

- County Administrator presents recommendation and resolution to set public hearings for Commissioners consideration and action:
 - Tuesday, May 15, 2018
- If approved by the Commissioners, two public hearings would be held per Ohio Revised Code:
 - Tuesday, June 19 – 6 p.m.
 - Tuesday, June 26 – 1:30 p.m.

Both hearings would be held on the 10th floor of the County Administration Building, 451 W. Third Street in Dayton, Ohio.
- Resolution to adjust the Montgomery County sales tax rate from 1.0% to 1.25% would be on the Commissioners agenda for consideration and action:
 - Tuesday, June 26 – Following public hearing

