

2016 Lebanon County Budget Summary

\$73,000,567

3.4925 mills

Overall, the County Budget is increasing by \$5,017,000, or 7.4% for 2016.

Separately, the General Fund is increasing by 10.6% to \$45,408,000.

Since 2009, in the depths of the recession, every county in the Commonwealth has struggled with flat revenues from real estate taxes. In Lebanon County, Real Estate revenue has only increased 1.4% in the last 7 years. With that, revenue from other sources, such as state funding, grants, fines, and interest has decreased by 24%. **Since 2009, Lebanon County's annual overall revenue has decreased by 5%.** County budgets have historically been balanced by taking from General Fund reserves to supplement revenue.

During the same 7 years that revenues have gone down, **General Fund expenses have increased 28%**, from \$35.4 million in 2009 to \$45.4 million in 2016.

A trend is apparent in a few categories of expenditures which are showing significant increases for 2016 and in several years prior, namely, the areas of public safety and the judicial system. The county has been absorbing sharp increases in the costs of operating the prison, detaining and adjudicating juveniles, investigating and prosecuting child welfare crimes, and overseeing adults and juveniles on probation. Examples of significant increases:

- **Prison Budget**

As the largest single department funded solely by the General Fund, the Prison budget is going up 7% to \$9.3 million in 2016. This is due, for the most part, to the cost of staffing the operation, which now has an all-time high population of 550 inmates. Wages are 80% of the cost of the operation. Compared to an average population of 448 in 2009, that is a 22% increase in inmates in 7 years. Over that time, the cost of running the prison has reflected the population increase, with operating expenses going up 25%. Additionally, the remaining part of the building's original roof needs to be replaced at a cost of \$230,000.

- Child Welfare Expenses

The County's share of Child Welfare expenses (Children & Youth and Juvenile Placement) has gone up 86% from \$1.5M in 2009 to \$2.8M in 2016. The severity of crimes committed and the needs of adjudicated juveniles have caused the cost of detention and services to skyrocket. Efforts continue to be made to balance the rehabilitation needs of juveniles with the necessity of providing for the safety of the public and the community.

- Pension Fund Contribution

The Annual Required Contribution (ARC) to the Pension Fund will be fully paid for the third consecutive year at a cost of \$3,610,000. While 2014 and 2015 ARCs were paid from proceeds of the Cedar Haven sale, the 2016 ARC is budgeted to be paid from General Fund revenue and agency reimbursements. It is the County's intention to continue to fund the annual pension cost in that manner. The last three payments of the ARC, along with a one-time deposit of \$10,000,000, has brought the County Employee Pension Fund to a funded level that is recognized as acceptable and has resulted in a recent upgrade to the County's bond rating.

Employee salary increases for 2016 are as follows:

Non-union	3%
Court Related (Teamsters)	Negotiating
Court Professionals (Teamsters)	5.5%-on the chart; 3.5%-off the chart
Social Services (Teamsters)	Negotiating
County Detectives	3%
Corr. Officers	2.5% - FT; 3% -PT
EMA Telecomm. (Choc. Wrkrs)	Negotiating

Employee health insurance premiums to the County are increasing by 11% for 2016, going from \$8.37 million to \$9.3 million, a difference of \$926,000.

The 2016 budget, as proposed, includes a millage increase of 1 mill, which represents \$9,475,000 in additional revenue. The last County real estate millage increase took place in 2009.

Projects for 2016 and 2017

The 2016 budget includes funding for significant upgrades and improvements to the County's information technology infrastructure. In 2015, with the help of the County Commissioners Association of Pennsylvania, a needs assessment was conducted and resulted in several recommendations for moving forward with upgrading and standardizing the County's IT platform and application software. The upgrades are expected to take place over multiple years, beginning in 2016 with a tax billing and assessment data program, and new payroll and accounting software. Additionally, the County will utilize a consultant to guide the process and make recommendations. The total capital budget for this project in 2016 is \$1,850,000. Further, the County expects to make upgrades to the 911 system to comply with industry and FCC standards as well as replacing equipment that is approaching the end of its useful life. It is likely that these expenses will fall into the year 2017.