



# Five-Year Financial Forecast



A presentation from the  
Office of the Comptroller

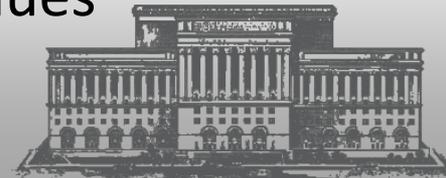
# Summary

- FY2023 projected operating gap is **\$12.6** million.
- Impact of 2021 inflation was not a significant factor in FY2023 estimate
- In FY2025, structural deficit jumps due to DOT-Transit projections
- Long-term, annual costs-to-continue will average **\$17.4** million plus any additional one-time revenues and expenditure abatements used the previous year.



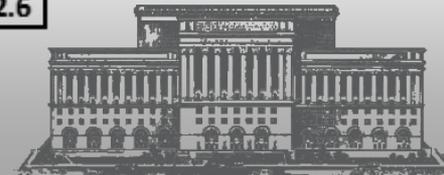
# The Structural Deficit

1. Cost-to-continue increase
  - Expenditures increase by 1.6% annually on average
  - Revenues increase by 0.2% annually on average
2. One-time revenues and expenditure abatements utilized in previous year.
  - Debt service reserve contributions
  - “General” expenditure reductions
  - Operating costs funded by one-time revenues (ARPA, CARES, etc.)



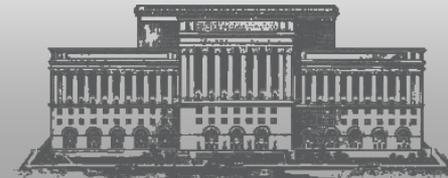
# 2023 Projected Structural Deficit

<b>Expenditure Type</b>	<b>Amount (millions)</b>
Cost to Continue	\$ 4.3
Health & Other Benefits	\$ 3.7
Debt Service	\$ 0.4
Pension	\$ 0.3
Transit	\$ -
DHHS - BHD	\$ -
Salaries & Overtime	\$ 1.7
<b>Expenditure Change</b>	<b>\$ 10.4</b>
<b>Revenue Type</b>	
One-time Revenue	\$ 7.3
One-time Stimulus Revenue	\$ 5.9
Miscellaneous Revenue	\$ 2.4
Odd Year Unclaimed Funds	\$ (1.3)
Record & Filing Fees	\$ (2.0)
Property Taxes	\$ (4.1)
Sales Tax	\$ (6.1)
<b>Revenue Change</b>	<b>\$ 2.2</b>
<b>Projected 2023 Operating Gap</b>	<b>\$ 12.6</b>

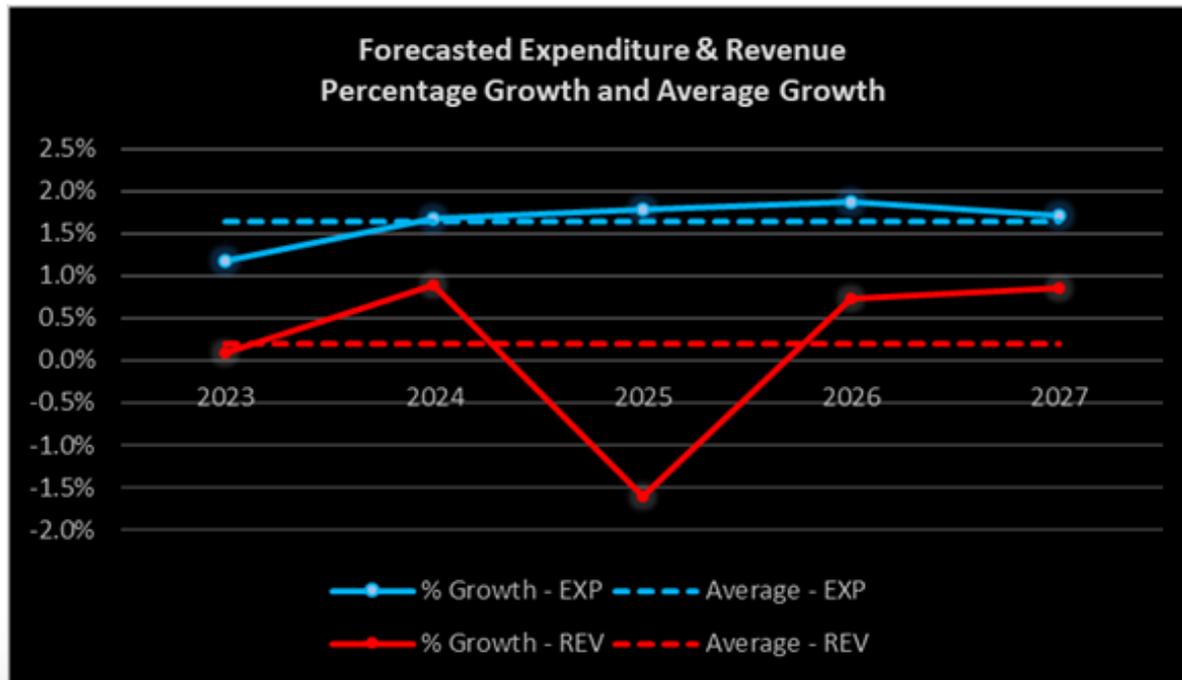


# 2023 – 2027 Structural Deficits

Year	Expenditure	Revenue	Structural Deficit	Cost-to-Continue*
2022	\$ 1,151,989,761	\$ 1,152,006,961	\$ -	
2023	\$ 1,165,589,552	\$ 1,153,035,230	\$ (12,554,322)	\$ (12,554,322)
2024	\$ 1,185,186,729	\$ 1,163,318,932	\$ (21,867,798)	\$ (9,313,476)
2025	\$ 1,206,344,503	\$ 1,144,562,638	\$ (61,781,864)	\$ (39,914,067)
2026	\$ 1,228,911,884	\$ 1,152,886,936	\$ (76,024,948)	\$ (14,243,083)
2027	\$ 1,249,945,147	\$ 1,162,732,677	\$ (87,212,469)	\$ (11,187,522)
			Average Gap:	\$ (17,442,494)
*Cost-to-continue assumes that the prior year gap was eliminated with long-term solutions.				



## Cost-to-Continue

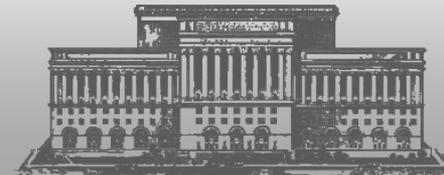


## Cost-to-Continue – Salaries & Wages

Fiscal Year	Actual Salaries	Salaries Budget	Percent of Salary Budget	Actual Overtime	Overtime Budget	Percent of Overtime Budget
2017	\$ 173,285,000	\$ 185,267,000	93.5%	\$ 18,301,000	\$ 6,967,000	262.7%
2018	\$ 172,732,000	\$ 182,237,000	94.8%	\$ 16,210,000	\$ 9,205,000	176.1%
2019	\$ 178,163,000	\$ 187,445,000	95.0%	\$ 17,709,000	\$ 9,896,000	179.0%
2020	\$ 179,958,000	\$ 195,532,000	92.0%	\$ 13,898,000	\$ 9,213,000	150.8%
2021	\$ 185,585,000	\$ 195,920,000	94.7%	\$ 14,695,000	\$ 9,494,000	154.8%
2022*	\$ 193,729,000	\$ 207,043,000	93.6%	\$ 15,268,000	\$ 9,472,000	161.2%

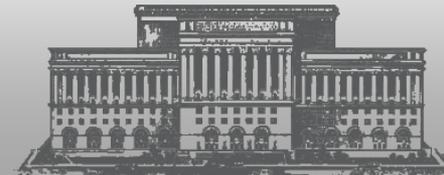
**\*2022 salaries and overtime are estimated. DHHS - BHD salary and overtime are excluded from calculations.**

	2022B	2023	2024	2025	2026	2027
Salaries & Wages	209,260,000	203,885,000	206,943,000	210,047,000	213,198,000	216,396,000
Overtime	9,471,000	15,497,000	15,730,000	15,966,000	16,205,000	16,448,000
FICA	15,751,000	16,783,000	17,034,000	17,290,000	17,549,000	17,813,000
Total	234,482,000	236,165,000	239,707,000	243,303,000	246,952,000	250,657,000



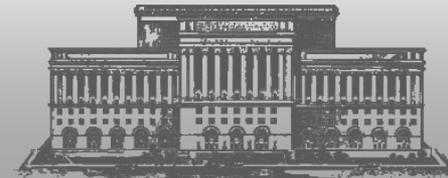
## Cost-to-Continue – Benefits

	2023	2024	2025	2026	2027	Percent Change (FY23 - FY27)
Healthcare	\$ 111,110,000	\$ 118,085,000	\$ 125,509,000	\$ 133,414,000	\$ 141,834,000	27.7%
Pension	\$ 108,740,000	\$ 103,812,000	\$ 116,134,000	\$ 117,176,000	\$ 116,756,000	7.4%
Other Benefits	\$ 6,977,000	\$ 7,050,000	\$ 7,123,000	\$ 7,199,000	\$ 7,276,000	4.3%
<b>Total Benefits Cost</b>	<b>\$ 226,828,000</b>	<b>\$ 228,947,000</b>	<b>\$ 248,767,000</b>	<b>\$ 257,789,000</b>	<b>\$ 265,866,000</b>	<b>17.2%</b>
<b>Total Retiree Cost</b>	<b>\$ 137,016,000</b>	<b>\$ 136,330,000</b>	<b>\$ 149,480,000</b>	<b>\$ 153,939,000</b>	<b>\$ 157,481,000</b>	<b>14.9%</b>
<b>Total Active Cost</b>	<b>\$ 89,811,000</b>	<b>\$ 92,616,000</b>	<b>\$ 99,286,000</b>	<b>\$ 103,849,000</b>	<b>\$ 108,385,000</b>	<b>20.7%</b>



## Cost-to-Continue - Transit

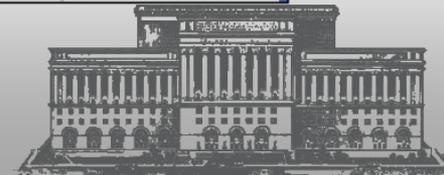
	2023	2024	2025	2026	2027
<b>Estimated Inflation</b>	2.6%	2.5%	2.2%	2.2%	2.2%
<b>Total Expenditures</b>	\$ 168,083,000	\$ 172,269,000	\$ 176,059,000	\$ 179,932,000	\$ 183,890,000
Tax Levy	\$ 7,429,000	\$ 7,429,000	\$ 7,429,000	\$ 7,429,000	\$ 7,429,000
Other Revenues	\$ 160,655,000	\$ 164,840,000	\$ 135,755,000	\$ 135,868,000	\$ 135,981,000
<b>Total Revenues</b>	\$ 168,084,000	\$ 172,269,000	\$ 143,184,000	\$ 143,297,000	\$ 143,410,000
<b>Estimated Gap</b>	\$ -	\$ -	\$ 32,875,000	\$ 36,635,000	\$ 40,480,000



## Cost-to-Continue - Revenue

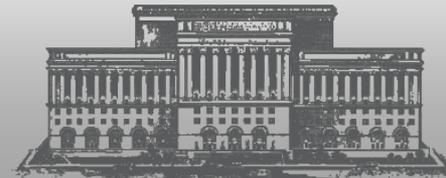


	2023	2024	2025	2026	2027
Property Tax	\$ 315,518,000	\$ 319,732,000	\$ 323,889,000	\$ 328,099,000	\$ 332,364,000
Sales Tax	\$ 88,153,000	\$ 91,035,000	\$ 94,003,000	\$ 97,061,000	\$ 100,210,000
<b>Total</b>	<b>\$ 403,671,000</b>	<b>\$ 410,767,000</b>	<b>\$ 417,892,000</b>	<b>\$ 425,160,000</b>	<b>\$ 432,574,000</b>
Year-over-Year Change	\$ 10,139,000	\$ 7,096,000	\$ 7,125,000	\$ 7,268,000	\$ 7,414,000



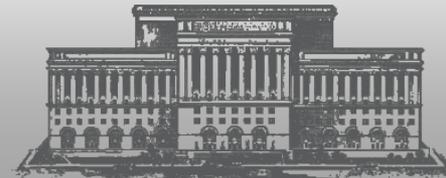
# One-Time Revenues & Abatements

Budget Tool	Amount (Millions)
<b>One-time Revenues</b>	
Debt Service Reserve Contribution	\$7.3
Federal Stimulus Funding	\$5.9
	<u>\$13.2</u>



# Other Issues to Monitor

- Correctional phone and video revenue
- Freezing the tax levy
- Future biennial State budget
- Vehicle registration fee
- Debt service and infrastructure needs
- Future changes to the Behavioral Health Division
- Salary compression and limited wage growth
- Federal stimulus funding and economic supports



# Conclusion

- Annual inflationary cost increases will not be offset by projected revenue increases.
- Every one-time revenue or expenditure abatement will have a negative impact on the following year's structural deficit.
- More meaningful discourse on a long-term sustainable strategy to match revenue and expenditure growth is needed.



QUESTIONS?

