



FRANKLIN COUNTY

FY 2025–2026
BUDGET WORK SESSION
JANUARY 21, 2025



FY24-25 Budget Recap

- ❑ \$1.4 million new, recurring funding to Schools
 - ❑ \$500K one time additional money for school bus replacement
 - ❑ \$1.3 million in County Capital additional recurring funding
 - ❑ \$2 million in one time money to restore capital funding and balance CIP
 - ❑ COLA 3% \$825K
 - ❑ Health Insurance premium increase \$412K
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State Revenue Outlook FY 26

- ❑ Through December 2024, State revenue grew 4.4% driven by individual income taxes – withholding (+5.2%) and sales and use taxes (+1.6%)
- ❑ \$2.1 billion in additional revenue expected in FY 2025 and \$1.1 billion in FY 2026
- ❑ Virginia unemployment steady at 3%



Governor's Proposed Budget

Local Analysis

- ❑ Includes tax reductions or exemptions that impact state revenue, i.e. no tax on tips and making permanent the increase in the standard deduction for income taxes
- ❑ Includes \$1.1 billion to fund 3 years' worth of income tax credits for certain taxpayers to offset the cost of personal property taxes on motor vehicles
- ❑ Increases funding for School Construction Assistance Program and Virginia Business Ready Sites Program
- ❑ Provides additional funding for CSA and Medicaid
- ❑ Does not include funding for K-12 education recommended in the JLARC study



Local Budget Climate

- ❑ Revenue growth appears to be moderating and returning to more historical norms
- ❑ Inflationary pressures continue to persist
- ❑ State funding to Schools is minimal \$160K
- ❑ Minimal State funding to localities



Budget Pressures

- ❑ Departmental operating requests: \$3.7 Million above current Fiscal Year
- ❑ COLA to match State Proposal: 3%
- ❑ Structurally Imbalanced Capital Fund
- ❑ Contractual Commitments – Increased Costs
 - ❑ Phase-in SRO funding \$80K in FY 26; \$325K+ in FY 27; \$325K in FY 28
 - ❑ WVWA Debt Service Increase \$160K
 - ❑ Health Insurance Renewal (TBD)
 - ❑ Maintenance Service Contracts & Professional Services
 - ❑ Heating, Electrical, and Water
 - ❑ Youth Detention
 - ❑ Repair and Maintenance Inflation
 - ❑ CSA and Social Programs
 - ❑ Operating Costs of Additional Facilities



FY 26 Budget Revenue Outlook

Category	FY 2024 Actual	FY 2025 Adopted	FY 2026 Projection	FY 2025 Adopted to FY 2026 Projection Change	Percent Change
General Property Taxes	\$69,446,820	\$69,813,454	\$69,456,607	\$(356,847)	-0.51%
Other Local Taxes	16,306,142	15,541,945	15,875,698	333,753	2.15%
Other Fees and Revenue*	10,564,822	8,627,660	8,928,924	301,264	3.49%
Intergovernmental (State and Federal)	23,699,118	24,493,580	26,165,729	1,672,149	6.83%
Total Revenue Projections	\$120,016,902	\$118,476,639	\$120,426,958	\$1,950,319	1.65%

Revenue of approximately \$278K projected at this time, when taking out state and federal dollars

**Includes Permits and Licenses, Fines and Forfeiture, Use of Money & Property, Charges for Services, Miscellaneous, and Recovered Costs*

Disclaimer: Revenue Projections are Early and are Subject to Change



FY 26 Budget Revenue Outlook

- ❑ No new discretionary revenue is projected at this time
- ❑ Real Estate and Personal Property are trending under budget for current year
- ❑ Other local taxes are normalizing
- ❑ Any conservative revenue projections are from nominal, annual growth
- ❑ If there is any new funding, such dollars allocated between County and Schools will likely dictate new revenue and /or possible budget reductions



FY 26 Budget Balancing Challenges

- ❑ Departmental Operating requests: \$3.7 Million above current Fiscal Year
- ❑ Short of additional revenue, staff will be challenged to maintain existing service levels and provide any COLA
- ❑ Departmental Capital requests total \$16 million with annual recurring local funding of \$3,776,288 creating ongoing imbalance
- ❑ Current and prior fiscal year(s) CIP were balanced with one-time, year-end surplus where such surplus is NOT projected for next fiscal year
- ❑ Future Challenges Ahead: FY 27 Reset of LCI and Continued SRO costs phase in through FY 28



Summary

- ❑ Maintenance of Effort Budget
- ❑ Revenues are Flat
- ❑ Inflationary Impacts are uncertain
- ❑ Balancing FY 26 Budget will be quite Challenging



Questions?
