

The structural imbalance between revenue and expenditure growth is the central driver of the County's fiscal outlook.

Key Takeaways

- The period of relative fiscal stability supported by one-time federal aid and favorable economic conditions is ending, while structural pressures continue to increase.
- The County must navigate the competing demands of transit stabilization, criminal courthouse development, and ongoing operating balanced-budget requirements.
- The average structural deficit from 2027-2031 is \$33.7M, down slightly from \$34.3M last year.
- Property tax levy increases by \$12.3M - \$9.1M for debt service and \$3.2M for operating.
- The 0.4% sales tax is expected to fully fund required pension liabilities and an additional \$81.6M of unfunded liability over the forecast period.

Financial Pressures & Revenue Constraints

Property Tax Increase (2027)

\$12.3M

Operating & debt service increase

Wages & Benefits (2027)

\$36.1M

Salary trends, overtime deficit

Transit Fiscal Cliff (2027)

\$15.7M

Stimulus funding fully spent

Primary Cost Drivers 2027-2031

- **Salaries:** Increase of 34.7% from 2021–2025; growth expected at 3.9% over the forecast
- **Overtime Costs:** Significant salary increases have not reduced OT costs - \$11.9M structural deficit
- **Medical and Pharmacy Claims:** Positive trends waning – medical growing at 4% and pharmacy at 11%
- **Transit:** Stimulus funding exhausted during 2026; \$15.7M needed to preserve transit services
- **Capital Funding:** \$306M in funding from 2027-2030 and \$1.1B in projects

2027 Budget Gap

Expenditure Type	Amount (millions)
Salaries, Overtime, FICA	\$ 20.2
Cost-to-Continue	\$ 12.5
Health & Other Benefits	\$ 9.6
Debt Service	\$ 8.6
Pension	\$ 6.3
Transit	\$ 6.3
Expenditure Change	\$ 63.5
Revenue Type	
One-time Revenue	\$ 10.8
Transit Revenue	\$ 9.4
State & Federal Revenues	\$ 0.4
Investment Earnings	\$ (0.3)
Employee Health Contributions	\$ (1.0)
Odd Year Unclaimed Funds	\$ (1.2)
State Shared Taxes	\$ (1.6)
Sales Tax - 0.4%	\$ (2.0)
Sales Tax - 0.5%	\$ (3.2)
Employee Pension Contributions	\$ (5.4)
Miscellaneous Revenue	\$ (6.3)
Property Taxes	\$ (12.3)
Revenue Change	\$ (12.7)
Projected 2027 Operating Gap	\$ 50.8

2027 Budget Gap

Expenditures and revenues in 2027 are projected to be \$1.367B and \$1.316B, respectively, resulting in a **budget gap of \$50.8M.**

Path Forward

- Structural solutions: targeted expenditure controls + sustainable revenues
- Transit stabilization and capital timing (courthouse) require coordinated decisions to protect service capacity and levy.

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