



Hamilton County Budget Presentation

FY 2026 County Budget

May 19, 2025

FY 2026 Budget

Key Dates

- State of the County address - April 15, 2025
- Budget Hearings:
 - May 7, 2025 – Supported Agencies and VFDs
 - May 14, 2025 – Independent Offices
- Hamilton County Schools Budget
Approved by Board of Education – May 8, 2025
- Budget books to Commissioners – May 16, 2025
- Budget Presentation – May 19, 2025

FY 2026 Budget Budgeted Funds

- This presentation includes budgets for:
 - County General Fund
 - Debt Service Fund
 - Sheriff Special Revenue Fund
 - Narcotics Fund
 - Sexual Offenders Fund
 - Hotel Motel Fund
 - Hamilton County Schools
 - Budget approved by School Board on May 8, 2025

FY 2026 Budget Priorities

- **Investing in County Employees**
 - 1% raise to employees
 - \$750 one-time bonus to full time employees
 - 10.7% increase in employee Health Insurance costs
- **Public Safety**
 - Increases for Sheriff, EMS and Volunteer Fire Departments
 - Animal Control Services
 - Maximize use of opioid settlement proceeds
 - Overdose Prevention Team
- **Education and School Facilities**
 - Continued support of the design and construction of new schools and renovations - funded with the 2024 bond issue
 - Continued Investment in deferred maintenance for schools
 - \$37.8 million already invested

FY 2026 Budget – All Funds

Expenditures Budget by Fund

	FY 2026 Proposed Budget	FY 2025 Proposed Budget
General Fund	\$ 331,959,000	\$ 328,874,000
Debt Service Fund	59,105,000	47,287,000
Sheriff Special Revenue Fund	484,000	484,000
Hotel Motel Fund	11,900,000	11,777,000
Subtotal, excl. HCS	403,448,000	388,422,000
Hamilton County Schools	692,230,000	663,030,000
	<u>\$1,095,678,000</u>	<u>\$ 1,051,452,000</u>

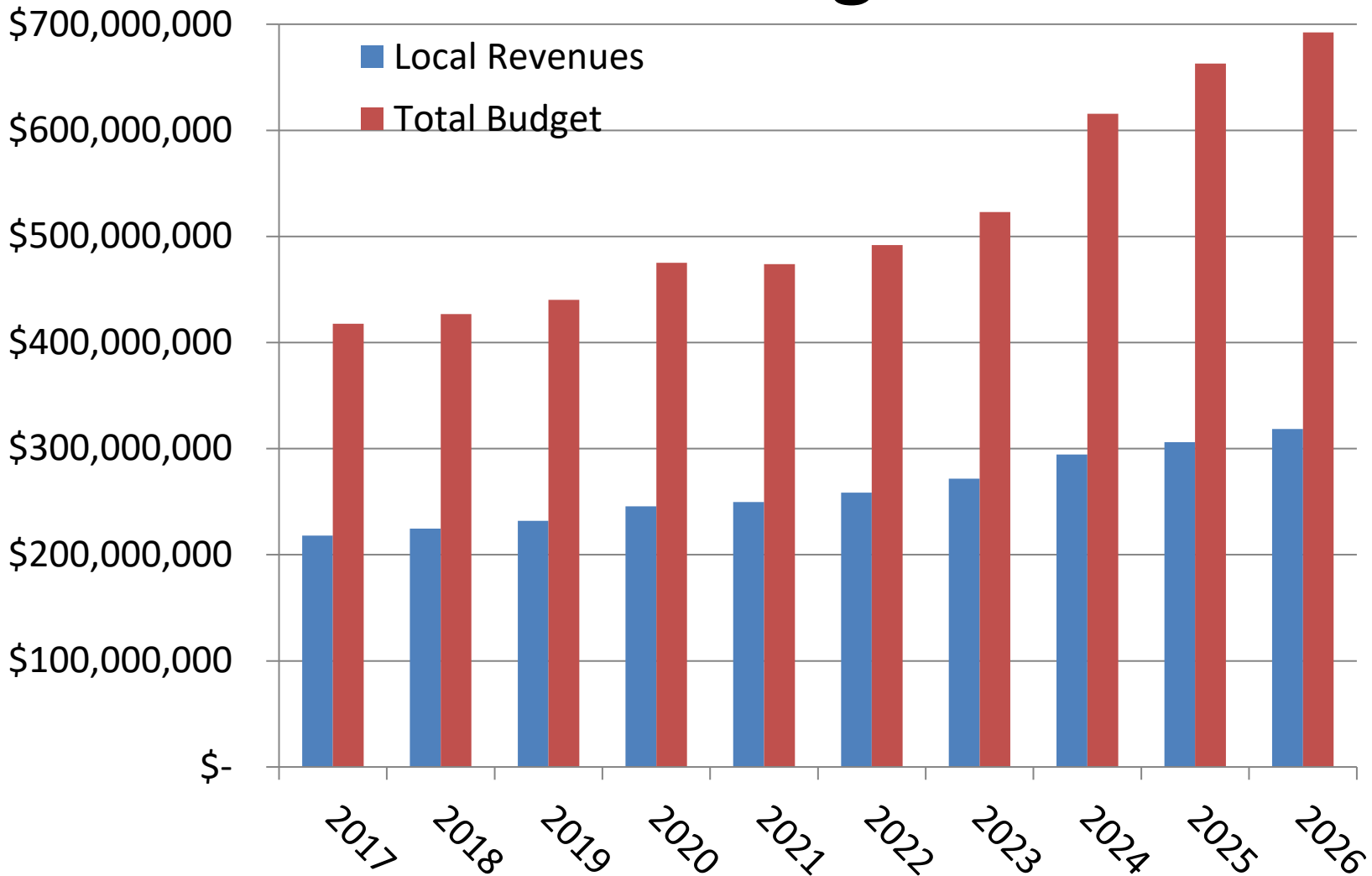
FY 2026 Budget

Hamilton County Schools (HCS)

	FY 2026 Proposed Budget	FY 2025 Adopted Budget
General Purpose School Fund	\$ 593,462,000	\$ 585,166,000
Federal Projects	36,439,000	36,304,000
School Nutrition Fund	30,350,000	27,737,000
Self Funded Projects	31,979,000	13,823,000
	<u>\$ 692,230,000</u>	<u>\$ 663,030,000</u>
<i>Change from FY 2025</i>	<u>29,200,000</u>	<u>4.4%</u>

HCS – Budgeted Operations

FY 2017 through 2026



FY 2026 Budget

General Fund

Total Budget:	<u>\$331,959,000</u>
<i>Increase over FY 2025:</i>	<i>\$3,085,000 (0.9%)</i>

The next several slides pertain only to the County General Fund.

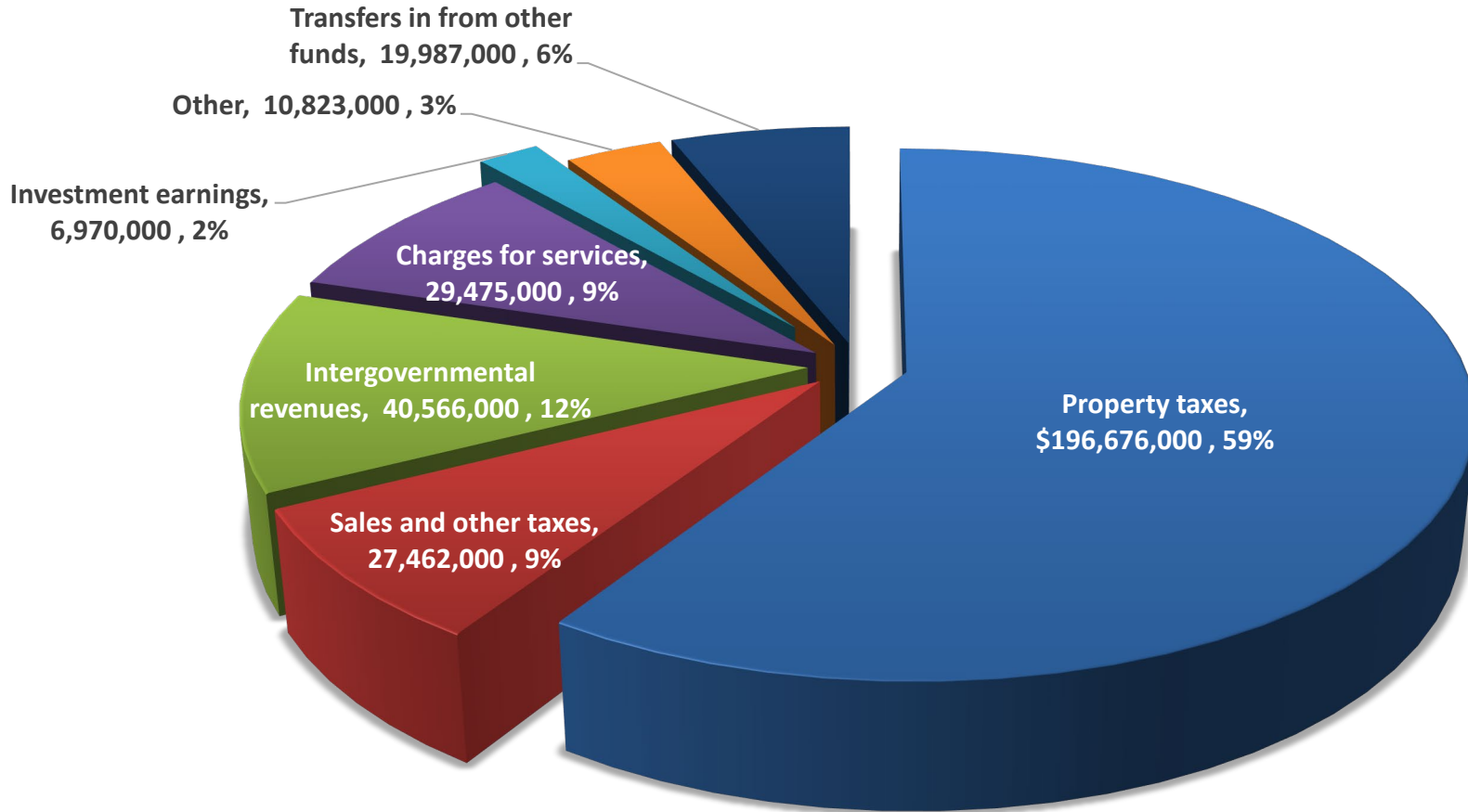
General Fund Revenues

(\$331,959,000)

- Increase over FY 2025 of **\$3.1 million**
 - + \$2.4 million – growth in litigation taxes
 - + \$2.4 million - interest earnings
 - + \$1.5 million – growth in state grants
 - - \$4.5 million – decrease in Federal grants

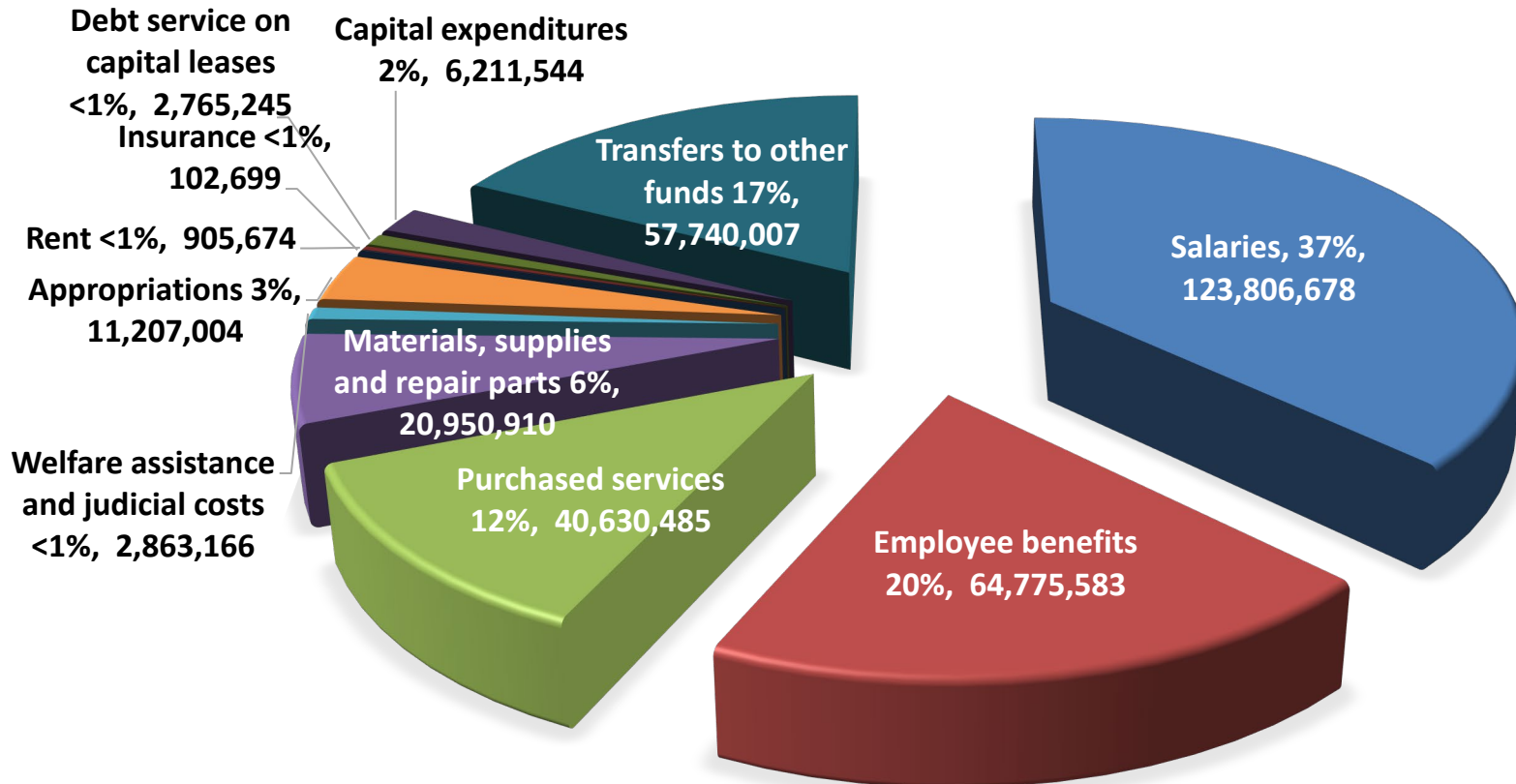
General Fund

Revenues by Source (\$331,959,000)



General Fund

Expenditures by Type (\$331,959,000)



General Fund

Significant Operating Costs

- Salaries and Employee Benefits - 57% of budget
- Changes to Employee Compensation
 - » Annual Raise – 1% across the board raise & a \$750 bonus for all full-time employees
 - Cost - \$2.6 million
 - » Employee Medical Insurance – \$3.7 million
 - 10.7% increase in premiums to depts.
 - Plan changes - cost savings of \$2.5 million

County Efficiency Task Force

- Committee was formed of specific staff to search for opportunities of modernization, efficiencies and savings
- Input from all County employees was encouraged
- Total savings of \$3.7 million located
 - Freezing/eliminating 21 vacant positions
 - Revisions to specific large contracts
 - 30 vehicles 80% grant funded to replace leased vehicles
 - Reduction of cell phones
 - Efficiencies related to office supplies

Employee Salaries

- Total cost of Salaries: **\$123,807,000**
- Full-Time County employees:
 - **1,953** in FY 2025 original budget
 - **1,937** in FY 2026 proposed budget
- Average salary of a County full-time employee:
\$58,950
- Median salary of a County full-time employee:
\$54,850

Employee Health Benefits

- Total FY 2026: **\$38,180,000**
increase \$3.0 million (8.4%)
- Health costs include:
 - Medical and prescription drug claims
 - Employee Clinic
 - Employee Pharmacy
 - Medical costs for retirees (up to age 65)
 - Stop loss coverage (claims > \$275,000/year)
 - Administrative fees paid to CIGNA

General Fund Capital Outlay

- Total recommended: **\$ 7,641,000**
- Sheriff **\$1,400,000**
- Replacement Vehicles (80% grant funded) **\$1,620,000**
- Vehicle leases **\$1,429,000**
- Parks & Recreation (shared with city of Chattanooga) **\$ 795,000**
- Highway Department – heavy duty equipment **\$ 600,000**

General Fund Budget by Division

(increase over PY \$3,086,000 – 0.9%)

	FY 2026 Proposed	FY 2025 Budget
Independent Offices	\$ 43,123,000	\$ 42,246,000
Unassigned	87,555,000	91,049,000
Finance	12,443,000	11,896,000
Public Works	50,241,000	47,461,000
Health Services	29,296,000	33,020,000
Human Resources	2,351,000	2,360,000
Public Safety	35,763,000	32,448,000
Sheriff	71,187,000	68,393,000
	<u>\$ 331,959,000</u>	<u>\$ 328,873,000</u>

General Fund

Elimination of Supported Agencies Division

- Supported Agencies Division was eliminated, and the entities have been placed within the divisions related to the service provided
 - Unassigned Division: Regional Planning Agency; Reg. Council of Gov't & SETD; Chamber of Commerce; ArtsBuild; CARTA; Creative Discovery Museum; Thrive Regional Partnership; Junior Achievement; Imagination Library; Collegedale Public Library
 - Public Works: Soil Conservation; Agriculture Department; African-American Museum; Interstate Beautification; Hamilton County Fair
 - Health and Social Services: United Way 211; Family Justice Center; Partnership for Families, Children and Adults; Signal Centers; Children's Advocacy Center; Young Lives
 - Public Safety: Volunteer Emergency Service agencies; Forest Fire Prevention; Air Pollution Control; Humane Educational Society

NOTE: all comparative amounts for prior years have been reclassified to agree to the new division organization structure.

General Fund Expenditures

Independent Offices

- Total Expenditures: **\$43,123,000⁽¹⁾**
Increase over FY 2025 **\$877,000 (2.1%)**
- Major changes:
 - Juvenile Court Judge \$ 202,000
 - General Sessions Court \$ 165,000
 - Juvenile Court Detention Unit \$ 145,000
 - Juries (Res. 924-25 to increase juror pay) \$ 118,000

(1) - includes employee raises - \$480,000; health insurance increase - \$843,000

Includes multiple departments headed by an elected official and/or an official independent of the mayor's office

General Fund Expenditures

Unassigned Departments

- Total Expenditures: **\$87,555,000⁽¹⁾**
Decrease from FY 2025 **\$3,495,000 (3.8%)**
- Major changes:
 - Debt Service Appropriation \$ 7,939,000
 - Emergency Management \$ 438,000
 - 911 Service increased \$270,000
 - Supported Agencies \$ 409,000
 - ECD & FUSE (Grant funded program ended) - \$ 700,000
 - HCS Capital Projects Transfer (2024 Bonds) - \$ 6,000,000
 - Capital Outlay - \$ 6,173,000

⁽¹⁾ - includes employee raises - \$119,000 & health insurance increase - \$157,000

Includes departments and cost centers such as Capital Outlay, Debt Service Appropriation, Commission Office, Mayor's Office, etc. whose function is not specific to that of the other major divisions.

General Fund Expenditures

Finance Division

- Total Expenditures: **\$12,443,000⁽¹⁾**
Increase over FY 2025 **\$547,000 (4.6%)**
- Major changes:
 - Technology Services \$241,000

(1) - includes employee raises - \$150,000; health insurance increase - \$190,000

Encompasses the fiduciary aspects of the County, including Accounting, Payroll, Payables, Ambulance Billing, Procurement, Technology Services, GIS, Financial Management, Telecommunications, and Records Management.

General Fund Expenditures

Public Works Division

- Total Expenditures: **\$50,241,000⁽¹⁾**
Increase over FY 2025 **\$2,780,000 (5.9%)**
- Major changes:
 - Highway and associated departments **\$2,370,000**

(1) - includes employee raises - \$377,000; health insurance increase - \$569,000

Responsible for maintaining the County's infrastructure including Highway, Engineering, major capital projects, Real Property, Security, Custodial Services, Maintenance, building utilities and Parks & Recreation.

General Fund Expenditures

Health and Social Services Division

- Total Expenditure Requests: **\$29,296,000⁽¹⁾**
Decrease from FY 2025 ***\$3,724,000 (11.3%)***
- Major changes:
 - Federal grants terminated - \$2,700,000
 - 16 positions frozen/eliminated - \$1,100,000

⁽¹⁾- includes employee raises - \$362,000; health insurance increase – \$512,000

Core functions deal with the community's health assessment, education, service delivery, prevention, compliance, policy development, regulation, etc..

General Fund Expenditure Requests

Human Resources Division

- Total Expenditure Requests: **\$2,351,000⁽¹⁾**
Decrease from FY 2025 ***(\$9,000) (0.4%)***
- Major Changes:
 - Mailroom - \$184,000
 - Veterans Service Program \$120,000

(1)- includes employee raises - \$26,000; health insurance increase - \$32,000

Responsible for the County's human resources, medical insurance and other employee benefits, risk management, wellness and fitness programs, mailroom, etc.

General Fund Expenditure Requests

Public Safety Division

- Total Expenditure Requests: **\$35,763,000⁽¹⁾**
Increase over FY 2025 ***\$3,315,000 (10.2%)***
- Major changes:
 - Emergency Medical Services \$ 726,000
 - Opioid Funds \$ 693,000
 - EMS Overdose Prevention Team & EMS Support
 - Drug Recovery Court Support
 - Allocation to Animal Control Services \$ 500,000
 - Allocations to Volunteer Services agencies \$ 335,000

(1) - includes employee raises - \$318,000; health insurance increase - \$428,000

**Responsible for functions related to public safety outside of law enforcement
such as Opioid Remediation, Volunteer Services, Emergency Medical Services
and Alternative Sentencing.**

General Fund Expenditure Requests

Sheriff Division

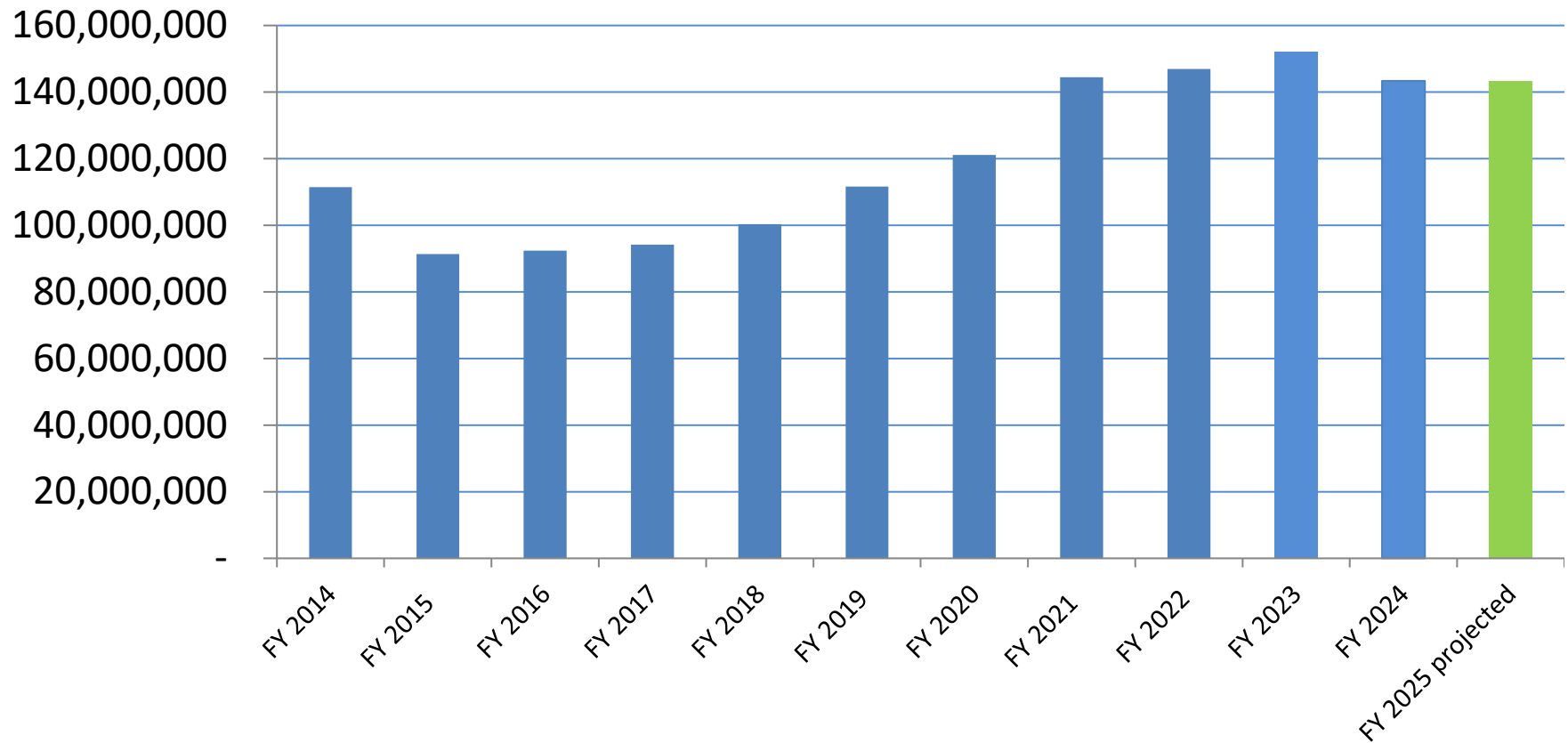
- Total Expenditure Requests: **\$71,187,000⁽¹⁾**
Increase over FY 2025 **\$2,794,000 (4.1%)**
- Major changes:
 - Corrections Services \$ 582,000
 - Information Sys. (maintenance agreements) \$ 580,000
 - Criminal Records Unit \$ 495,000
 - Facilities Maintenance \$ 406,000

(1) - includes employee raises - \$756,000; health insurance increase - \$952,000

**An accumulation of several departments whose primary function is
law enforcement**

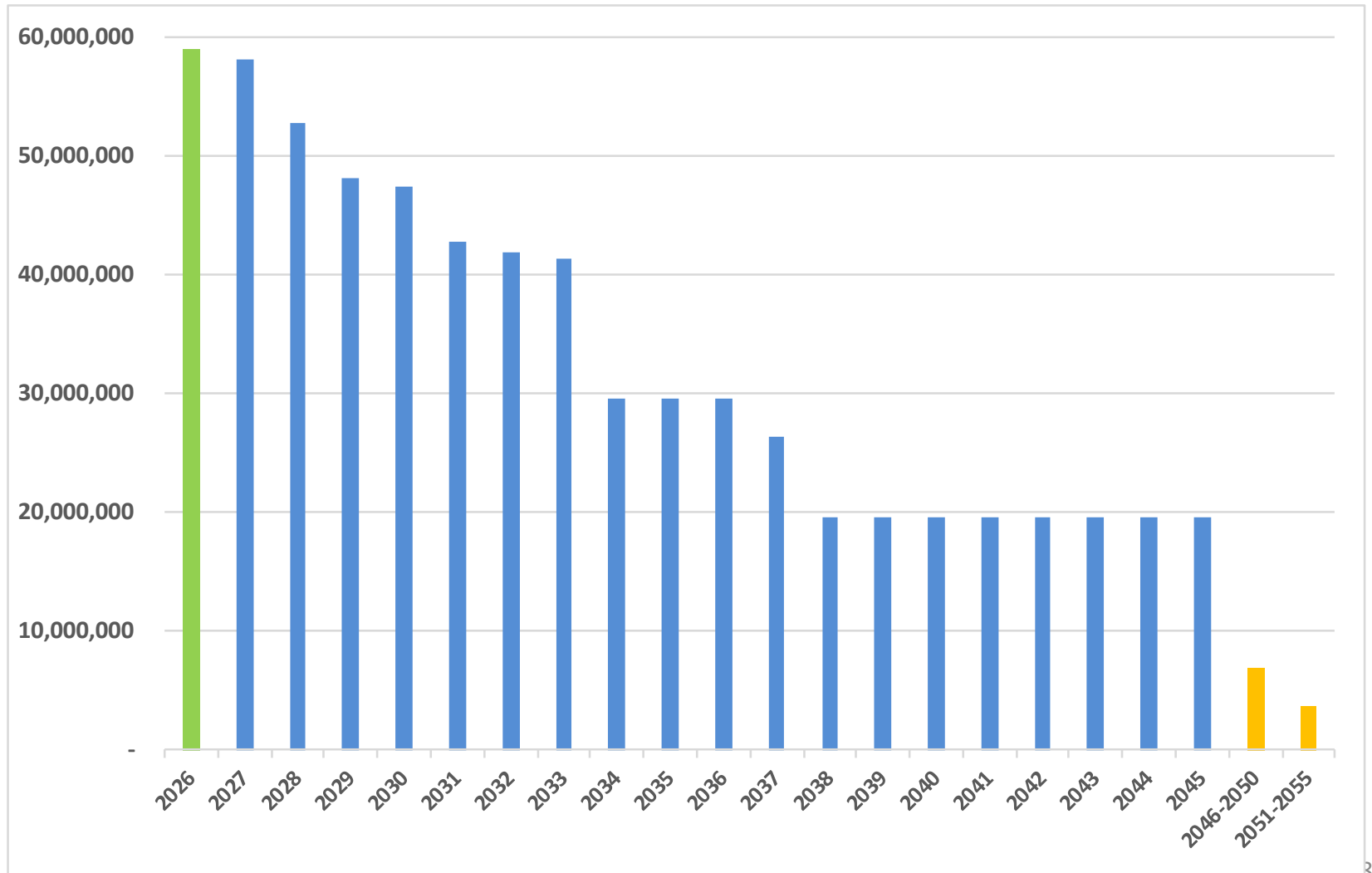
General Fund Fund Balance

FY 2014 – 2024 (Actual), 2025 (Projected)



Debt Service Fund

Scheduled Debt Service Payments with Current Bonds Issued



Planning for South Broad Project

Future Budget Impacts

- This discussion is for future budget planning purposes.
- Below shows the combined totals related to the stadium for Hamilton County and the city of Chattanooga

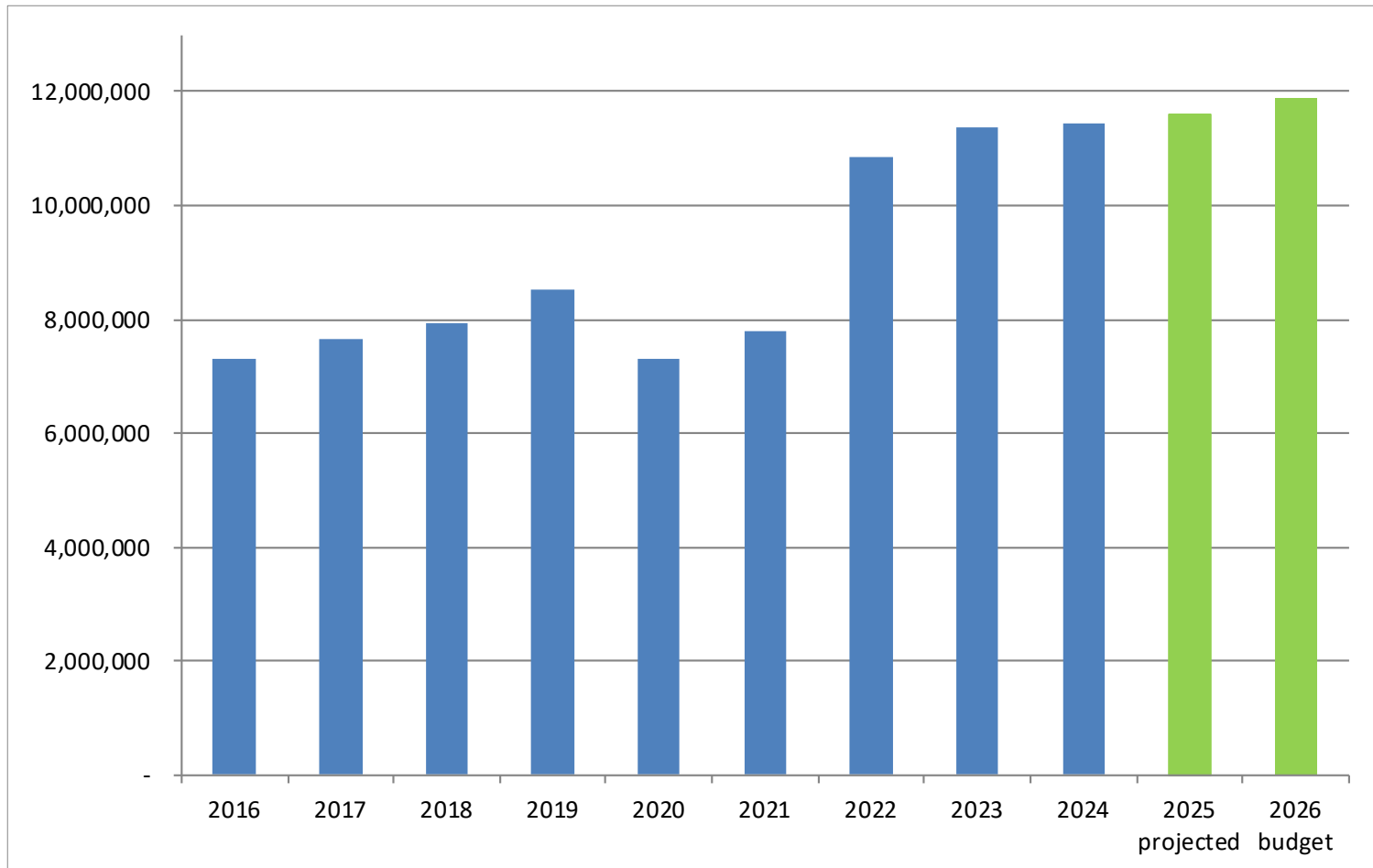
	Debt Service Due	DS paid with lease & sales tax proceeds	Balance due from TIF Proceeds
FY 2026	386,000	386,000	-
FY 2027	2,791,000	1,890,000	901,000
FY 2028 & Thereafter	5,500,000	1,890,000	3,610,000
2025 TIF Proceeds			<u><u>623,700</u></u>

*South Broad District will continue to have growth; however, if it takes longer than expected, there could be a few years with shortfalls.
Hotel/Motel tax could be used to pay our portion of any shortfalls.*

Other Budgeted Funds

Hotel Motel Fund

Collections FY 2016-2025



Status of ARPA Projects

As of Quarterly Reporting Date 3/31/2025

*(NOTE: All ARPA funds were spent or obligated by Dec. 2024
Funds obligated but not spent by Dec. 2024, must be spent by
Dec 2026)*

Category	Allocated Funds	Obligated Funds	Total Expenditures	Remaining Balance to
				Spend by 12/31/2026
Infrastructure: Wastewater	38,777,000	38,777,000	23,576,000	15,201,000
Infrastructure: Broadband	656,000	656,000	-	656,000
General Government Capital Projects	16,153,000	16,153,000	15,950,000	203,000
Volunteer Emergency Services	1,878,000	1,877,000	1,876,000	-
Social Services / Promoting Equitable Outcomes	4,541,000	4,541,000	4,483,000	59,000
School Projects	7,286,000	7,286,000	4,108,000	3,178,000
Other: Tivoli Foundation & Convention Center	2,151,000	2,151,000	2,151,000	-
	71,442,000	71,441,000	52,144,000	19,297,000

Reversionary Budget Amendment

- New concept to emulate a State budgeting practice
- Ensures maximum use of tax dollars by allocating a portion of unspent funds from FY 2025.
- Opportunity to fund one-time requests in FY 2026 (i.e. – CARTA, capital needs, supported agencies, etc.)
- Estimated timing – October 2025

Hamilton County Budget Presentation

NEXT STEP

**Scheduled Vote for Adoption of
FY 2026 Budget**

Hamilton County Budget Presentation

- Questions

