



# **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

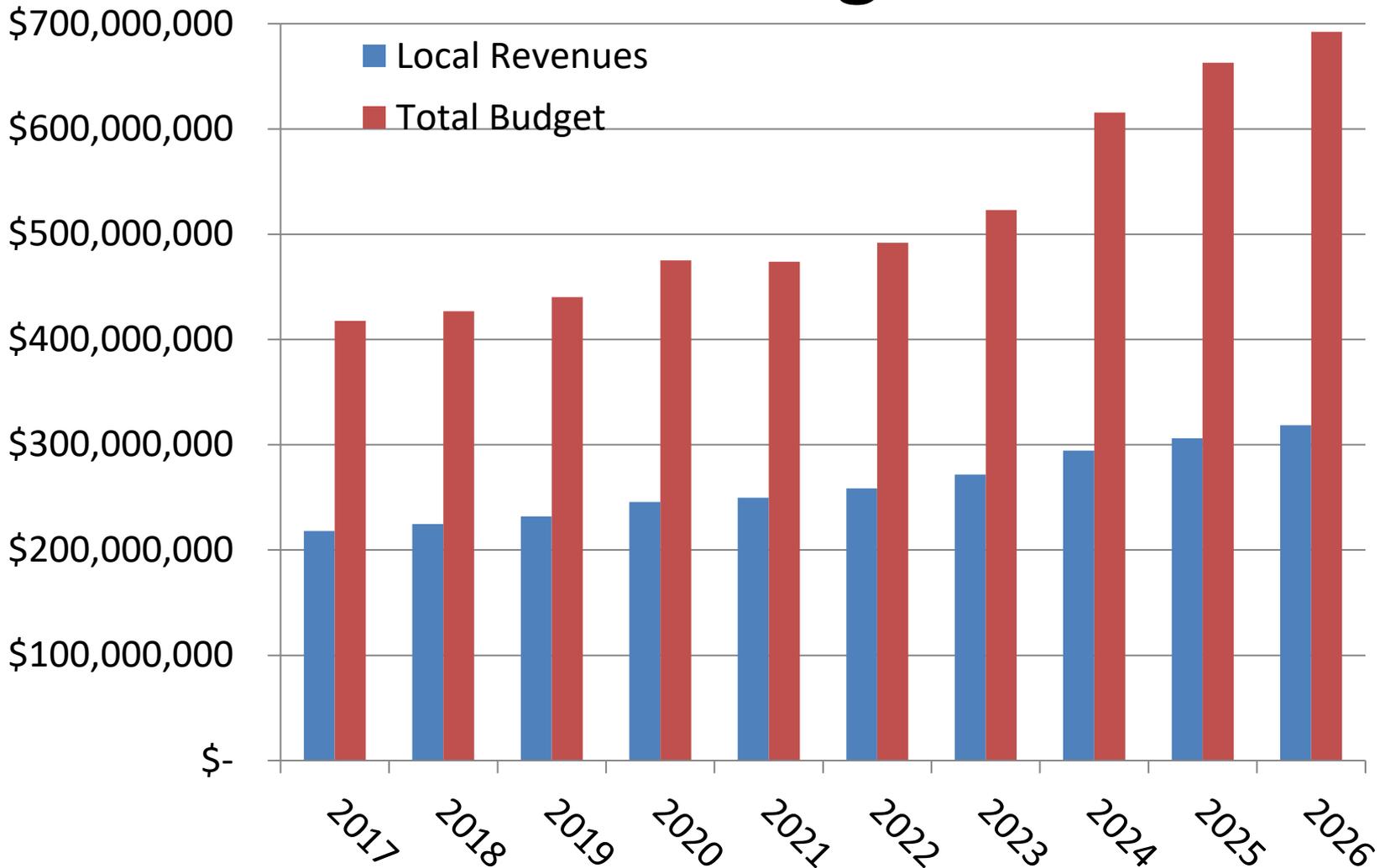
	FY 2026 Proposed Budget	FY 2025 Proposed Budget
<b>General Fund</b>	<b>\$ 331,959,000</b>	\$ 328,874,000
<b>Debt Service Fund</b>	<b>59,105,000</b>	47,287,000
<b>Sheriff Special Revenue Fund</b>	<b>484,000</b>	484,000
<b>Hotel Motel Fund</b>	<b>11,900,000</b>	11,777,000
<b>Subtotal, excl. HCS</b>	<b>403,448,000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

# FY 2026 Budget

## Hamilton County Schools (HCS)

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

# 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>

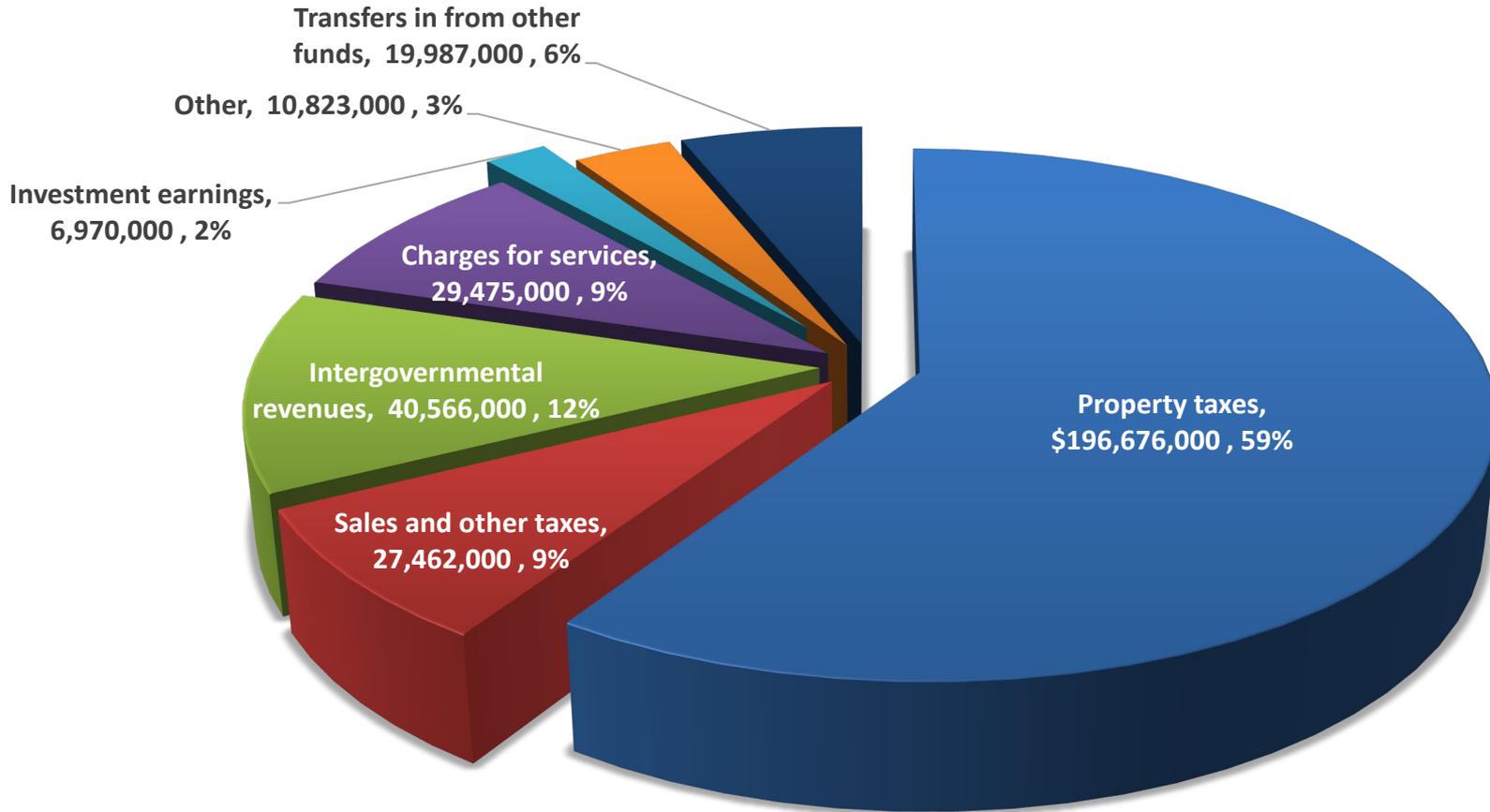
*The next several slides pertain only to the County General Fund.*

# 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

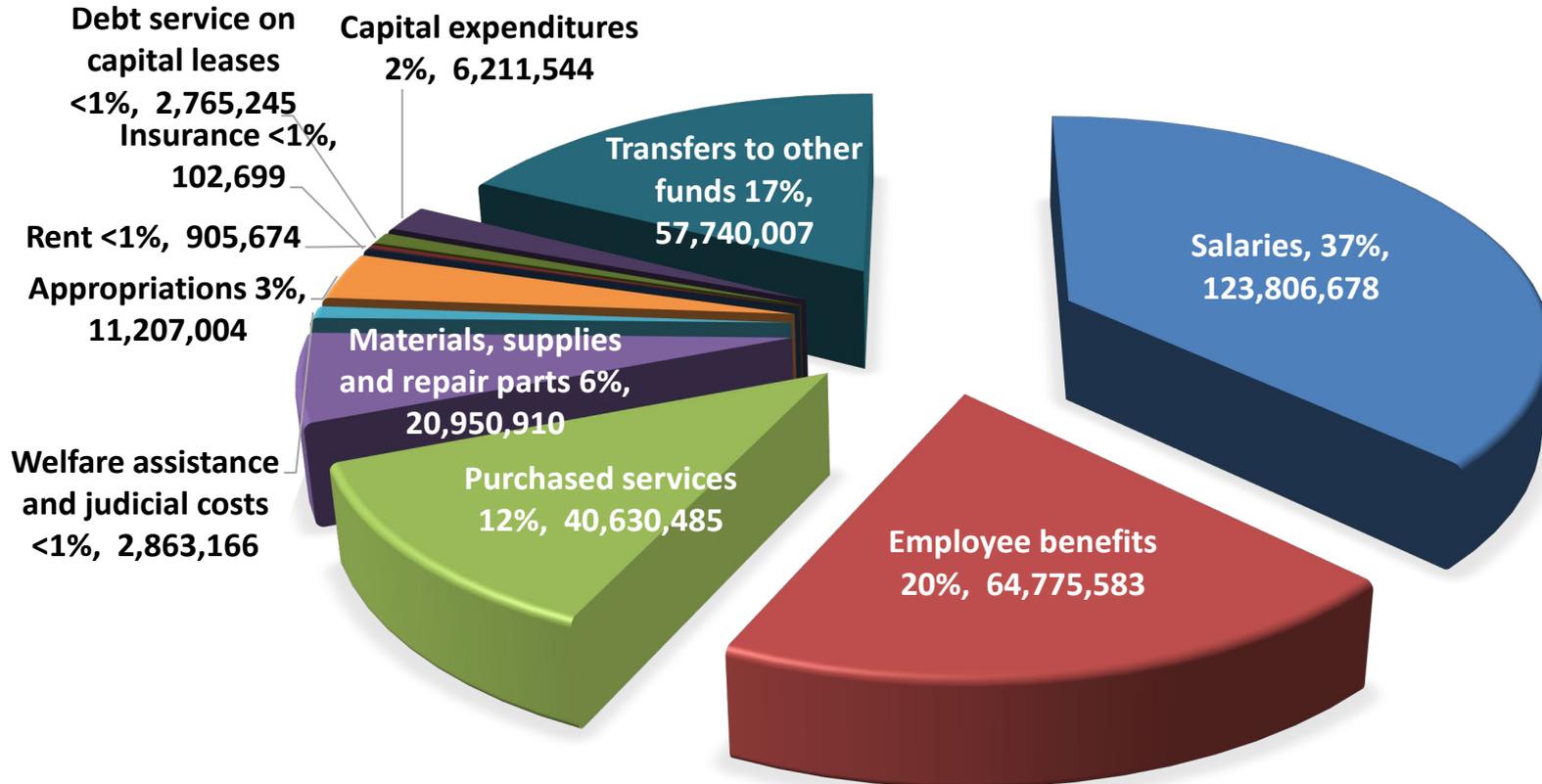
# General Fund

## 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%)*

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

# 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<sup>(1)</sup>**  
*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<sup>(1)</sup>**  
*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

*<sup>(1)</sup> - 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<sup>(1)</sup>**  
*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**<sup>(1)</sup>  
*Increase over FY 2025* \$2,780,000 (5.9%)
- Major changes:
  - Highway and associated departments \$2,370,000

<sup>(1)</sup> - 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**<sup>(1)</sup>  
*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**<sup>(1)</sup>  
*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<sup>(1)</sup>**  
*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

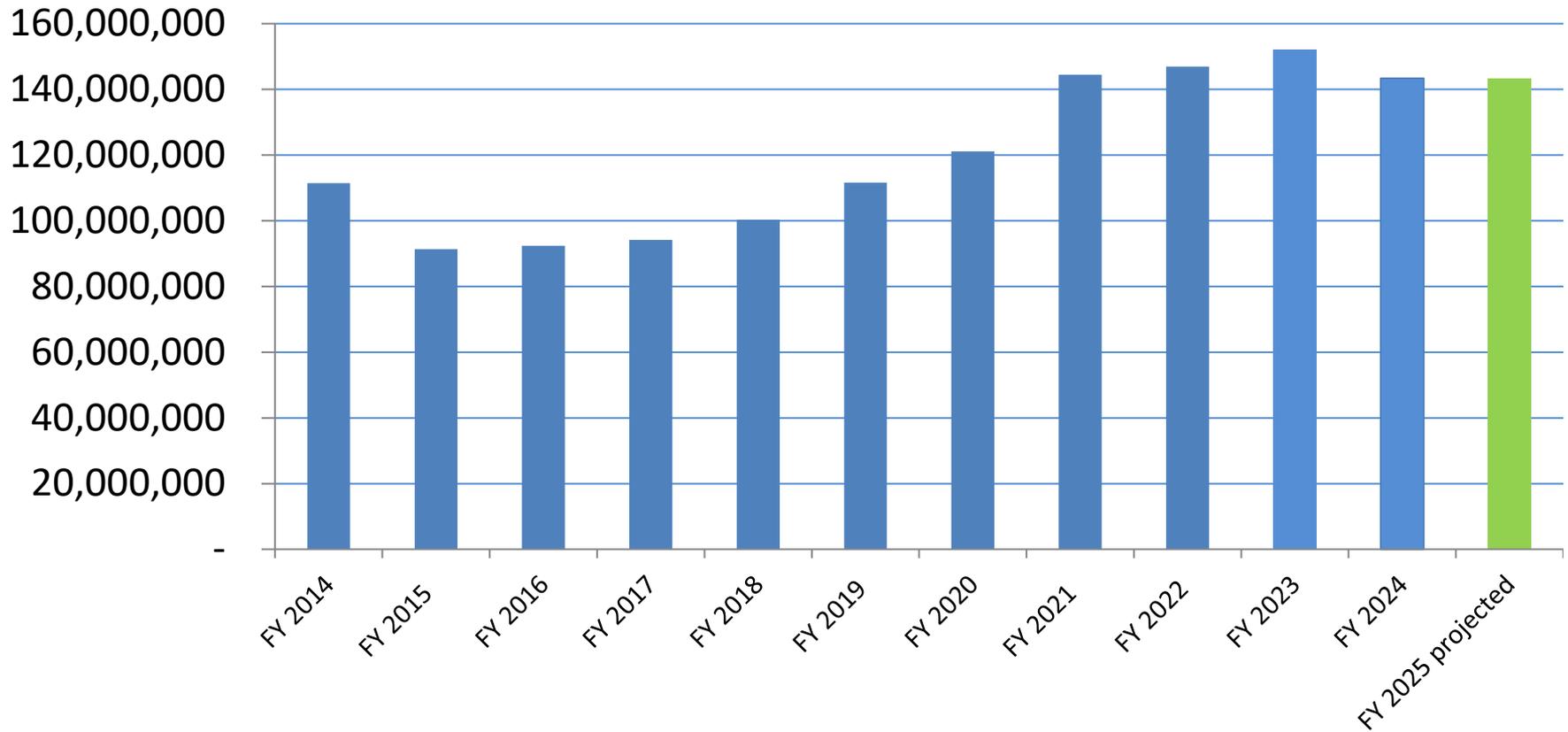
- Total Expenditure Requests: **\$71,187,000<sup>(1)</sup>**  
*Increase over FY 2025* **\$2,794,000 (4.1%)**
- Major changes:
  - Corrections Services \$ 582,000
  - Information Sys. (maintenance agreements) \$ 580,000
  - Criminal Records Unit \$ 495,000
  - Facilities Maintenance \$ 406,000

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

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

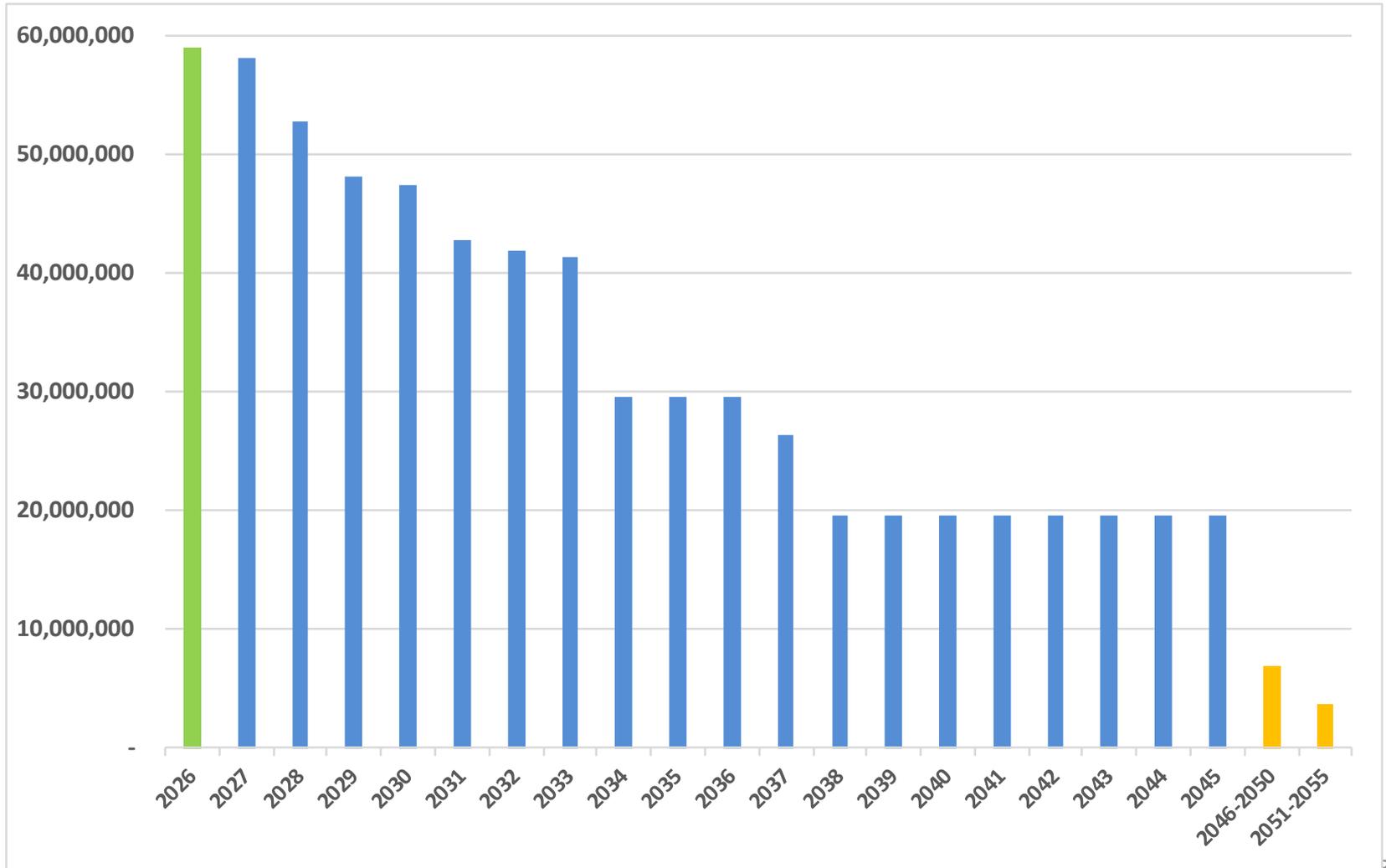
# General Fund Fund Balance

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

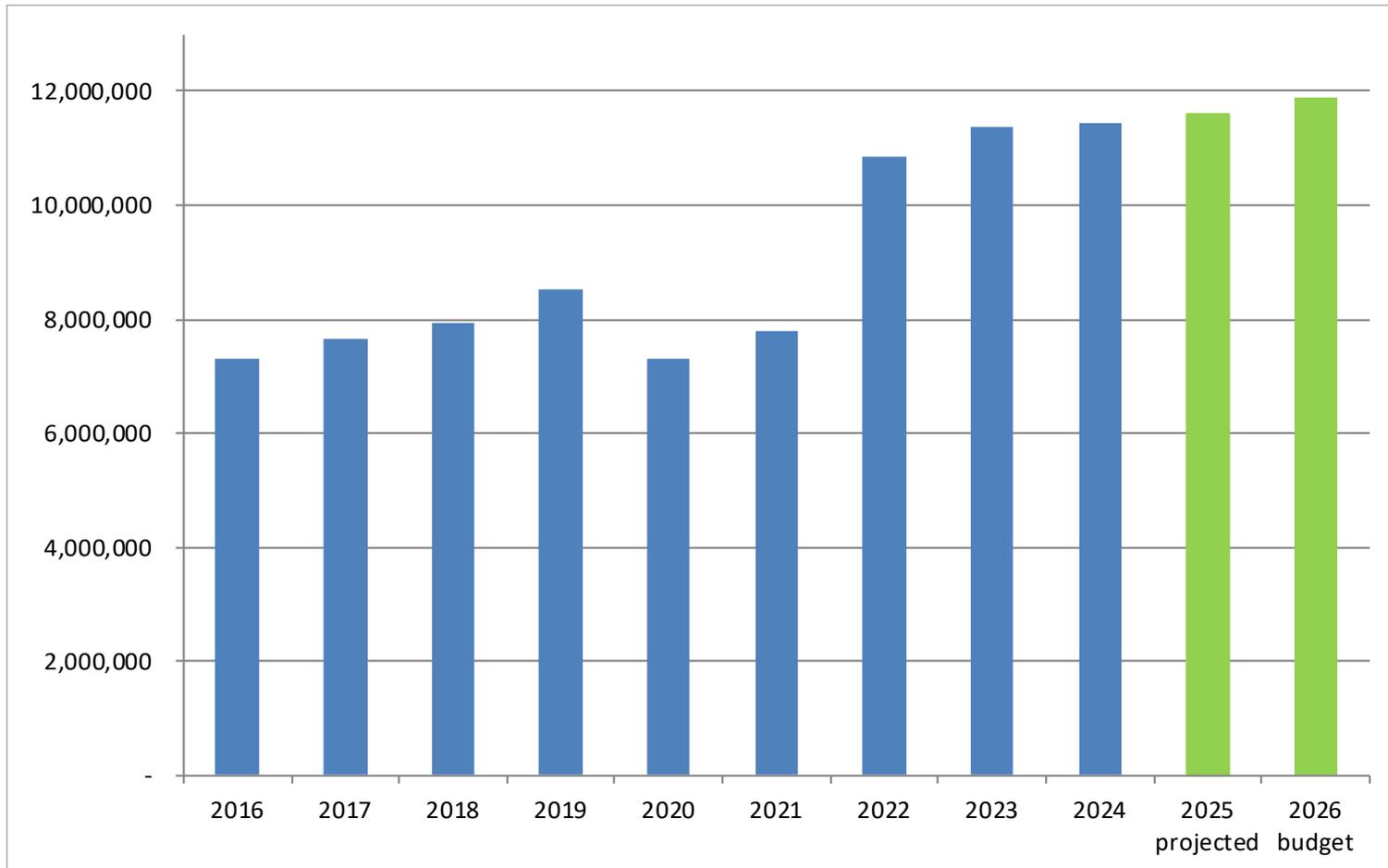
	<b>Debt Service Due</b>	<b>DS paid with lease &amp; sales tax proceeds</b>	<b>Balance due from TIF Proceeds</b>
<b>FY 2026</b>	386,000	386,000	-
<b>FY 2027</b>	2,791,000	1,890,000	901,000
<b>FY 2028 &amp; Thereafter</b>	5,500,000	1,890,000	3,610,000
<b>2025 TIF Proceeds</b>			<u><u>623,700</u></u>

***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)*

<b>Category</b>	<b>Allocated Funds</b>	<b>Obligated Funds</b>	<b>Total Expenditures</b>	<b>Remaining Balance to Spend by 12/31/2026</b>
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	-
	<b>71,442,000</b>	<b>71,441,000</b>	<b>52,144,000</b>	<b>19,297,000</b>

# 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

