

County board eyes slight increase in property tax levy

By Amy Smith Union staff writer | Posted: Wednesday, October 15, 2014 9:56 am

JEFFERSON — Jefferson County Administrator Ben Wehmeier presented the proposed 2015 budget to the Jefferson County Board of Supervisors Tuesday evening, citing a slight boost in the property tax levy.

Wehmeier is recommending a property tax levy of \$28,430,843, representing an increase over this year's \$28,398,206.

From that total tax levy, the county contributes separately to the Jefferson County Health Department, proposed to receive \$845,223 in the coming year, and the county library system, slated for \$1,012,092. Therefore, the proposed countywide tax levy after those contributions are subtracted would be \$26,510,891.

The proposed budget, if adopted, would result in a countywide property tax rate of \$4.3955 per \$1,000 equalized valuation, representing a 13-cent increase over last year.

The increase is a result of the \$15 million debt the county took on to build the new highway shop facility. Without the addition of the debt — about a 2-cent increase in the mill or tax rate — the county's overall tax levy and operational expenses actually have decreased from this year.

With only a .3 percent debt ratio even after taking on the debt of the new highway facility, "Jefferson County is in a good financial position," Wehmeier noted. The debt ratio is the ratio of total debt to total assets, or the proportion of a company's assets that are financed by debt. The higher the ratio, the more leveraged the organization and the greater its financial risk.

Wehmeier also noted that the 2015 budget's fund balance includes three months of operational expenses and complete funding of all liabilities. Several large items impacting the 2015 budget include changes to the county employee insurance plan approved by the board Tuesday, several capital projects, and the dissolution of the Health Department's Personal Care Program.

The healthcare change is in response to the increasingly high health insurance rates. The weighted average increase of premiums for the county's top three health insurance providers this year will be 7.75 percent — an increase of about \$542,000.

Health insurance for all county employees enrolled in the county's plan costs about \$7 million each year, with the county contributing more than 95 percent or about \$6.75 million. County Administrator Ben Wehmeier estimated during a previous meeting that about 90 percent of employees are enrolled in the county's healthcare plan.

The proposed change to the healthcare plan will switch county employees from a no-deductible plan to a low-deductible plan, saving the county up to \$95,000 in the presented budget, which will allow the county to address several capital items, including an air conditioner in the Workforce Development building, a back-up generator for the Lueder Haus and funds for a comprehensive facilities assessment.

A single plan will have a deductible of \$500, and a family plan will have a deductible of \$1,000. Per the

Affordable Care Act, routine preventative-care benefits are covered 100 percent, including one physical per year.

The switch to a low-deductible plan not only will save the county money, but also will lower employees' premium and allow the county to contribute 25 percent for a flex spending account (FSA) that employees can use for various medical expenses, as well as fund a 1-percent cost-of-living adjustment (COLA) for all non-represented employees.

A recent compensation study showed that the county had fallen behind the market without a COLA in the past 2 and 1/2 years, said Terri Palm-Kostroski, Jefferson County human resources director.

"Without pay grades the county will fall behind and competitive recruitment and retention of staff will be difficult," Palm-Kostroski added. The county board approved a contribution of 25 percent of the cost of the deductible (\$125 for single and \$250 for family health plans) to the FSA that employees could use for various medical expenses.

Employees will be able to set aside up to \$2,500 for unreimbursed medical costs such as eyeglasses or orthodontics in addition to the county contribution, Palm-Kostroski said. Up to \$500 can be rolled over to be used in the next calendar year. Anything else will be lost. No employee contributions are required to receive the county's contribution, she added.

All employees will have the option to utilize a debit card, which automatically deducts money from their FSA toward either unreimbursed medical expenses or a deductible. The debit card will have an annual cost of \$12.

Employees may enroll in the FSA up until Dec. 1. All employees will be required to complete a new application for 2015 even if the employees' election amount is the same from the prior year.

Another cost-saving change in the 2015 budget is the elimination of the Personal Care Program, which provides, through a contracted staffing agency, in-home assistance for people with disabilities that make it difficult for them to leave their home. The Health Department currently works as a middle-man between the nearly 130 patients served and an outsourced company by completing all of the billing and administrative work. All patients now will be transitioned into a new program. The \$1 million program, if continued, would have put the department about \$100,000 over budget. Wehmeier noted Tuesday that the budget was created with three principal ideas, including looking beyond 2015.

"Where are we going to be in three or five years and how to do we get there," the county administrator said. With that mind set, Wehmeier pushed for a 2-percent decrease in operational expenses from each county department. They also analyzed programs for long term sustainability and analyzed personnel costs, which resulted in the transition of a maintenance position from fulltime to parttime following a retirement.

Recommendations on the 2015 budget also were based on state budget changes, as the county does not know what they will receive in state funding and grants for the upcoming year.

In the 2015 budget, Wehmeier is also recommending an increased contingency of \$560,056 to offset any "what ifs" and "to soften the blow" if the county comes up short with state funding. Wehmeier said the budget focuses on using one-time revenues for one-time expenses, rather than using a one-time revenue for an item such as a recurring operational expense.

A public hearing will be held Oct. 28 for public comment of the proposed budget. All amendments from county supervisors are due by Oct. 30 and will be reviewed by the finance committee on Nov. 4. The 2015 budget with amendments is slated to be approved on Nov. 12.

Also, Tuesday, the council:

- Approved a bid of \$303,743 for an electronic health record system for the Human Services Department.
- Approved a bid of \$159,546 for the extension of underground fiber to the highway shop, Jefferson County Fair Park and for a sheriffs office communication tower.