Understanding Property Tax & Implications for Extension

Extension Council Conference, April 10, 2025

- Jennifer Vit, IECA Executive Director
- Andrea Welchans, Assistant Vice President for County Services
- Erin Mullenix, Evaluation Specialist, Community and Economic Development

Transcript

00:00:15:01 - 00:00:38:22
Jennifer Vit
We are happy to have to two wonderful extension staff, to help present tonight. What we're going to talk about is understanding the property tax and the implications for extension councils. And as we turn our attention to property taxes, I know it's a topic that we all love to talk about, but as you know from your emails, it's been a pretty active week this week.

00:00:38:22 - 00:01:11:15
Jennifer Vit
And we want to talk about that tonight. It was kind of fortuitous that property tax reform became a prevalent topic in the legislature this week, so that we had the opportunity to change around our schedule tonight to accommodate a deeper discussion as we talk about property tax reform and what it means for you and extension councils and we all know about Chapter 176 A that dictates how extension districts can or can't levy for taxes and how you'll spend that money that you do receive from property taxes.

00:01:11:17 - 00:01:33:17
Jennifer Vit
And you all have been working on your county budgets this spring, and most of you have already filed your budget with your local county auditor and with the Iowa Department of Management. And through that process, you know, there's many requirements for posting hearings. There's postings, hearings, filings. Iowa code tells us what we can and can't do. And the Iowa Legislature creates that code.

00:01:33:19 - 00:02:04:24
Jennifer Vit
And property taxes are that primary way that you as extension councils are able to, collect those funds and do programing. Property taxes create funds for your staff, for your facility, for you to do programing. And if we look at the entire state, the average received of property taxes levied is 63% of all your revenues.

00:02:05:01 - 00:02:38:11
Jennifer Vit

And so that 63%, the rest of that income is made up from program fees that are charged for programs that you do in your county. You may have grants or contracts. Some counties have sponsorships or donations, and all those funds go into your operating fund. But property taxes is that primary source that covers your costs. We all know that the cycle of property taxes gives counties a large disbursement in October and then again in April, and you'll likely have other smaller disbursements, throughout other months.

00:02:38:13 - 00:03:08:18
Jennifer Vit
So an overview of where we are currently in the legislature. If you've tuned in to the news lately, you know that politics is in a polarizing period here in Iowa. Both the House and the Senate are currently Republican controlled. In Iowa. This year, they were 23 newly elected representatives and senators in the Iowa Legislature. At that November election, we had one that was named lieutenant governor, one unfortunately passed.

00:03:08:20 - 00:03:39:20
Jennifer Vit
Another resigned his position to become county supervisor. So it's been an unusual year. Legislative and legislatively speaking, we also, have to consider 2023, which was the first significant property tax change in quite some time, and that that change was directly related to rollbacks. At that point in time, it didn't directly affect extension councils.

00:03:39:22 - 00:04:09:09
Jennifer Vit
You didn't see a whole lot of that effect in your budget. But Governor Kim Reynolds and many state legislators have definitely identified tax relief as a key issue for them. In your emails this last week, you saw there was a companion study bill submitted with proposed changes to property tax calculation, how valuations are done, how levies are done, and a cap on what kinds of funds you as a as a body can levy for.

00:04:09:11 - 00:04:31:12
Jennifer Vit
And it seemed like it kind of popped up quickly. It's definitely been in the works throughout the legislative session, but it wasn't exactly public like a lot of other bills are. There's no funnel requirement for property taxes, so it didn't really see the light of day until it was ready. And it also was impacted by the state supplemental aid bill.

00:04:31:14 - 00:04:56:04
Jennifer Vit
And that's what funds K-12 education. It's the education funding bill. And when those came through, that kind of set the stage. It was helpful for property tax considerations to have that supplemental aid bill done. So it did seem like it came quickly, but the bills are similar enough that it's definitely been worked on.

00:04:56:04 - 00:05:15:04
Jennifer Vit
And Erin is going to talk a little bit about that too. But wait, there's more. Just yesterday more amendments were filed. We didn't send an email out about that because we knew we were going to be convening this evening. But amendments were filed both in the House and the Senate, and they were companion bills, again, with very, very similar language.

00:05:15:06 - 00:05:38:04

Jennifer Vit
So Erin will talk about those as well. I think probably a key message that I want to share tonight, in my role before I turn it over to Andrea and Erin, is that it's an ever evolving scenario, and it's anticipated that there will still be more amendments in the coming week, but eventually the picture will become clear and we'll know how to move forward.

00:05:38:04 - 00:06:02:07
Jennifer Vit
So tonight we're going to take the opportunity to share with what we know and what's accurate as of today. But we all - as individuals affected by property tax, not only personally but because of how, extension is funded - I encourage you even if you're not a political person, just kind of keep tabs on legislatively what's happening

00:06:02:09 - 00:06:25:09
Jennifer Vit
so that you know how it will affect your budgets and your role as a council with your county extension district. So with that, I'm going to turn it over to Erin. And Erin is a specialist with CED here at extension. And she also is involved with League of Cities. And so we're fortunate to have her expertise here and she can tell us a little bit more. Erin, you can take over. Thanks for being here.

00:06:25:09 - 00:06:49:18
Erin Mullenix
Yeah. Thank you. As Jennifer said, I do share about a quarter of my time with the Iowa League of Cities. And this is the sort of information that they have me going through on the city side of the budget. So, it just took a little tweak and learning on the county side for the specifics related to the ag extension levy.

00:06:49:20 - 00:06:59:16

00:06:59:18 - 00:07:35:20
Erin Mullenix
There we go. So quickly, I'll give just an overview of the purpose of property tax. So we kind of all start from the same square and then we'll talk about what's gone on so far. Jennifer already mentioned as far as proposals at the state House this year. But the property tax purpose is really so that taxing authorities, big and small, rural, urban - across the state - can use property taxes to fund their essential services for residences, business, and other things.

00:07:35:20 - 00:08:02:02
Erin Mullenix
And your just kind of daily operation, daily life. On the city side, we like to talk about it in tangible things that legislators and other key decision makers can understand, like filling your pothole on your street or coming with that snowplow in the winter - things that I really I want them to be at my house timely if I ever need police, fire, ambulance and so forth.

00:08:02:04 - 00:08:30:01
Erin Mullenix
But some of the other categories here relate to our infrastructure. Maintaining street public safety, treating our water, wastewater. And then also, some pieces around quality of life, cultural and recreational amenities, libraries, parks and all of those good things as well. Those probably look a little bit different for ag extension, but that just comes from my city side of it.

00:08:30:03 - 00:08:59:05

Erin Mullenix
And we know that Iowa's property tax system is complex. I think everyone on all sides of the issue can agree on that part. So right now, as established in codes, there are specific limits and authorizations to levy taxes in communities. And for the ag extension districts. So the basic thing is to kind of understand our property tax classifications. There are six different classifications.

00:08:59:05 - 00:09:28:16
Erin Mullenix
So that's residential or commercial property, industrial property, rail property, utilities and then multi residential has kind of been a separate thing. And then it's gone back and forth whether we're going to call that residential or multi residential. But those can be like mixed-use buildings with more than one unit for residential dwelling and also a commercial or industrial piece.

00:09:28:18 - 00:09:55:07
Erin Mullenix
Just to lightly touch on rollbacks. And then we'll get to the proposed legislation piece. The rollbacks over time have really controlled the residential, especially, meaning they reduced the amount of a property that is going to be taxed on. So right now we're around 47%. So that means that if you have a residential home, it's being taxed at about 47% of its value.

00:09:55:09 - 00:10:27:23
Erin Mullenix
And there's a connector there with it and so it has that coupling, which serves to kind of keep that percentage in check. So we don't have big swings from year to year. So that relates to your taxable valuations as we kind of get into these proposals as well.

00:10:28:00 - 00:10:32:16

00:10:32:18 - 00:11:03:02
Erin Mullenix
So my disclaimer here is all of this is unofficial, especially because the last amended proposal came out yesterday afternoon. And it is very complex. There's a lot of moving pieces. So there's room for error, I'm not an attorney and so forth. And really, as I presented on the city side, there is sometimes bill language that is not necessarily the intent of legislators.

00:11:03:02 - 00:11:21:03
Erin Mullenix
And so they go through this amendment process, to get it to kind of match what they intend.

00:11:21:05 - 00:11:53:02
Erin Mullenix
So the initial round of proposed legislation was House study Bill 313 and Senate Study Bill 1208. I'm going to go through that really briefly, but we kind of need to take that part with a grain of salt, because what came out yesterday amended that and actually made some significant changes specific to the ag extension levy.

00:11:53:04 - 00:12:20:06
Erin Mullenix
We do know and I think Jennifer mentioned as well, we would expect there to be more amendments, before the end of session or before something might pass. And we don't know whether those will

impact the extension levy or not. It really is pretty complex with many, many moving pieces. Okay. So in brief, the original proposal this session, included a section.

00:12:20:06 - 00:12:42:04
Erin Mullenix
It was Division VII that restricts the rate-limited city and county levies, which included the ag extension district. So it would restrict those to a 2% cap on revenue growth year to year.

00:12:42:06 - 00:13:17:14
Erin Mullenix
Currently authorized levies, would not be able to be imposed unless they were imposed in the fiscal year '26 budget. So if there were to be a district that did not use the tax in fiscal year '26, they were out of luck for being able to use the tax in future budgets after that point. Also, if you weren't using the maximum in any given year, you would not be able to go up and increase - only up to the 2% increase on the year-to-year.

00:13:17:14 - 00:13:45:09
Erin Mullenix
So you would look back at the prior year and you could you could get 2% on that, but you could never make up the difference and say, well, I didn't raise mine 2% last year, so I'm going to raise it and then get the two percent. So yeah, put differently, it never goes up. And the original section did not include any exemption from new construction or valuation from the 2% cap.

00:13:45:11 - 00:14:08:17
Erin Mullenix
So if you had a lot of new growth in your taxable valuation, you would not be able to capture the increase from the levy if you use that cap on the growth. And then ratcheting down of the levy does not include the tort and unemployment levies.

00:14:08:19 - 00:14:52:12
Erin Mullenix
All right. So then I'll kind of move forward. So that is that was in the original version of the study bills. And then the amendments came out yesterday. So this is where we really want to focus. Our attention is kind of what are they doing now in the amended part of the bill? As Jennifer mentioned, they're companion bills that were released yesterday and the language is the same in the House version and the Senate study bill. It removed the ag extension levy from what we talked about with the rate limit limited levy section, and it created a new section specific to the ag extension levy, which the structure is really more

00:14:52:12 - 00:15:22:14
Erin Mullenix
similar to what you have today. It retains the dollar cap and the levy cap structure similar today where the original version that came out, really kind of struck that levy cap and was just only applied a dollar cap. So in the new amendment, the dollar cap structure and amounts are the same. The levy cap, rates cut the levy in half that you could use.

00:15:22:16 - 00:15:53:08
Erin Mullenix
And the reason why is because, in another division of the bill, property tax rollbacks are eliminated for every classification of property except the ag property. And that significantly increases the tax base. So that starts in fiscal year '27. For example, residential property right now is taxed about 47% of its value. So when you float the roll back up to 100%, then the tax base is increased pretty dramatically.

00:15:53:08 - 00:16:24:05
Erin Mullenix
So as a result, they cut the levy rate itself in half. The half does not necessarily 100% translate to the rollback being eliminated because different classes of property had different rollbacks. So it's not an even 50/50 situation. And there is still no adjustment for new construction or valuation for the districts that are using the levy cap method.

00:16:24:07 - 00:16:42:22
Erin Mullenix
So if you have new construction, that would continue to impact the levy cap and you wouldn't be able to have an adjustment for your new growth. So for a high growing community that that might come into play for you as well.

00:16:42:24 - 00:17:11:23
Erin Mullenix
Another area of the bill to pay attention to would be the homestead exemption in Division V of the amended bill. This would also impact the extension districts that use the levy cap method. The division creates a new homestead exemption on the first $50,000 of eligible property. And, currently there is a homestead exemption that was passed in 2023

00:17:12:00 - 00:17:49:22
Erin Mullenix
for homestead filers that were aged 65 or older. And that exemption amount was on $6,500 of value. That remains in place and separate from this new $50,000 exemption. You're probably all pretty familiar already with the homestead credit. That goes through state funding - a state appropriation - so that doesn't affect us right now in current law. On the credit side, the state's phasing that out, phasing their contribution towards the homestead credit out and replacing it with the homestead exemption.

00:17:49:24 - 00:18:20:05
Erin Mullenix
And the homestead exemption amount bumped up to an exemption on the first $50,000 of eligible property, whereas the original proposal was at $25,000. It's likely that that increase was to help offset the shift to residential taxpayers when the rollback went up, versus the commercial only going from 90 to 100%. And I just threw an example on there.

00:18:20:07 - 00:19:02:10
Erin Mullenix
I looked up, what would this mean for an ag extension district that had the populations of between 30,000 and 50,000? The levy cap method would allow a ten and a half cent levy, which is cut in half from what you have today. Because of that rollback piece or levy up to $342,000 a year. If you took an individual home in that district and applied the exemption on the $50,000, so the home would have to be valued at least %50,000, it would be approximately $5.06 per home in that district.

00:19:02:10 - 00:19:33:07
Erin Mullenix
Assuming it's not in a filer that's age 65. They would get a little bit more of a reduction. So you would multiply that across all of the eligible homesteads in your district. And it's pretty significant. And on the city side, local government side, my very rough math shows it's over $1 billion for all the taxing authorities combined for that piece.

00:19:33:09 - 00:20:02:24
Erin Mullenix
And I mentioned that they would keep the additional homestead exemption for those that have an eligible homestead filer, age 65 or older. And also, there is an expanded piece for the military service exemption, which would also have, an impact on the districts that use the levy cap method, although much less extreme of a dollars and cents impact than the homestead piece.

00:20:03:01 - 00:20:35:00
Erin Mullenix
The bill also has included in Division VIII a new section, Section 90. It proposes an interim 2025 Legislative Study Committee that would be formed to kind of review all local government taxing and report by January 2026 to the General Assembly at the State House recommendations for any further actions and reviews of tax for local governments.

00:20:35:02 - 00:20:44:14
Erin Mullenix
And so really, that's what I have as just kind of a high level overview. And I think Andrea is next.

00:20:44:16 - 00:21:06:09
Andrea Welchans
Well, thanks so much, Erin. I can listen to you all evening. Really. Just, a lot to learn. And I realize I like that graphic as well. It changes hour by hour. Maybe day by day, maybe hour by hour actually, on the hill. But, really nice to be able to kind of, you know, kind of boil that down into English for us. As you go through a lot of those bills,

00:21:06:09 - 00:21:36:04
Andrea Welchans
you know, it's pretty dense stuff right now. It moves quickly through different divisions and through different levying bodies. And so I appreciate your assessment. So thank you very much. Okay. I think I should have access to the screen. And so I'm going to go ahead. I thought with the fact that we're in some uncertain times and we've talked about a lot of things - and Division V and VII and VII - that maybe I'd help boil things down about what our current reality is and some things that might be familiar to you.

00:21:36:06 - 00:21:58:06
Andrea Welchans
So, hopefully, this isn't news to any of you, but of course, the population and valuation in your district does drive those levies. And depending on which amendment or which study bill moves forward, that will be important. But again, I thought we would start with this population piece. We have two of our districts in that red category, both Polk and Linn (200,000+).

00:21:58:06 - 00:22:19:23
Andrea Welchans
I know the rust color that's next is really similar. Hard to see, but we have seven counties that are 90,000 and above. Then we have, we have just two that are 50,000 to 90,000. We have 11 that are in that 30,000 to 50,000. And then 78 of our counties are in what color would you call that?

00:22:20:00 - 00:22:47:15
Andrea Welchans
Khaki? Gray? Something either color. So that's certainly our breakdown. And so we're using, of course, the most recent census. It is not your current population estimates. We go off of the ten year census. All right.

00:22:47:19 - 00:23:04:13
Andrea Welchans
So, I wasn't able to use yet FY '26, tax, I think, because I wasn't able to view all of that, and I just didn't have the time, I felt, to call 100 locations to find out what your choice that you might be deciding to do in each of those different districts.

00:23:04:13 - 00:23:26:20
Andrea Welchans
So we are using FY '25 information here. It doesn't tend to change much from year to year, but I know some counties that did. So I know that some of you might have more information from this winter and spring that will look different that this map, but I bet it's probably true for 98% of you> We see here in the red - red is all of our counties at the dollar cap

00:23:26:22 - 00:23:54:20
Andrea Welchans
at max tax ask typically, of course. We're talking about the dollar cap. We're talking about counties that have high valuations to support the dollar cap. I'll explain how those calculations are done. In the gold color - that's the those that are at the levy cap, they are at the maximum amount for their population tax tier, which I'll show you that table as well.

00:23:54:20 - 00:24:17:05
Andrea Welchans
But, those are counties that weren't able to find enough valuations to support going up to the dollar cap, but they did get to the levy cap. If you're at either the cardinal or the gold - either the dollar or the levy cap - you are able to also then make it available to use tort or unemployment levies.

00:24:17:07 - 00:24:45:09
Andrea Welchans
Okay. So then we also have 21 counties in FY '25 that were not at the max tax ask. That was by choice. And some of them - about half of- them would have been at the dollar cap and the other half would have been at the levy cap. So, we're looking at, again, we have 52 there in the red, we have 27 in gold, and we have another 21 in that khaki color, but it's really about ten and 11.

00:24:45:09 - 00:25:01:14
Andrea Welchans
So we're looking at about 40 counties - So 38 counties - that probably are at that levy cap discussion as we've been looking at those different divisions and those amendments for those.

00:25:01:16 - 00:25:07:09

00:25:07:11 - 00:25:30:11
Andrea Welchans
Hopefully this is familiar to you as well. This is, a very common table. You'll see if you've used the county services web page. Your staff are certainly familiar, working through this each year as you work through budgets. But I'm sure many of our council members are very familiar with the numbers and things I'm going to be talking about here.

00:25:30:11 - 00:25:50:23
Andrea Welchans

And so today, I will highlight a few of the things on the screen for you. And because we have 78 districts in the under 30,000 population tier, those are all the examples I'm using today. I hope that you will look at the correct row for you. Should you or your county be in a different population.

00:25:51:00 - 00:26:15:11
Andrea Welchans
So, again, take a look at this far left hand column to find the right population tier. And then you have to find the correct row that we're looking at. So some of you will be at the levy cap, you'll recognize that $0.30 per thousand dollar valuation, that mill rate, the dollar cap is $6,000 per year.

00:26:15:11 - 00:26:35:18
Andrea Welchans
And to get the maximum amount that you can levy for FY 25 under the current laws statute would be $279,000, of course, the following year $6,000 more, and the following fiscal year it could be $6,000 more if you're at that max.

00:26:35:20 - 00:26:56:21
Andrea Welchans
Now I'm going to actually use this exact same table. But I'm going to shift it up and put another table beneath it. So I don't want the next screen to be too confusing. So just so you know, same information, just moving it up the slide, up the screen and putting underneath that information about valuations. Okay. So you also you'll notice here that taxable valuations need to avoid the levy cap.

00:26:56:21 - 00:27:23:03
Andrea Welchans
I'm highlighting those words there. And look here we now are still looking at under 30,000 for my examples. Now you can see in the lower table we have $930 million is the FY '25 valuation that actually your caps are calculated on. So I was going to show you a little bit of math about how that max tax is calculated.

00:27:23:03 - 00:27:46:06
Andrea Welchans
So if you take that $930 million multiply it by that 30 cent mill rate, divide by a thousand because it's per thousand valuation. And sure enough, what do you get? I'm sure you can guess now. $289,000. So that is how that's how those max numbers are created.

00:27:46:08 - 00:28:11:12
Andrea Welchans
But what happens if you don't have the, $930 million? So you can see I just added a new number in italics. It's $630 million. We have several counties that are even below that. But $630,000 was the number I chose. If it was lower than that $930 million, though, you take your new your valuation and multiply it by your $0.30 per thousand valuation.

00:28:11:14 - 00:28:22:04
Andrea Welchans
And you can see in this case using the levy cap, you wouldn't be able to get to $279,000. Instead you got to $189,000 in this example.

00:28:22:06 - 00:28:56:23
Andrea Welchans
And then we also have counties of course, that are also well above the valuation for that population tier. In this example I happen to choose $1.2 billion. And so if you were to take and of course you

know the math already, that's it's going to calculate to more than $279,000. That's the max. So I wanted to, you know, do a little algebra here for you and solve for x on the other side of the equation and show you this is how you if you look at your, budget, you'll see how many cents per thousand valuation you are

00:28:57:00 - 00:29:30:09
Andrea Welchans
levying at. Even if you're at the dollar cap. So if that would be the case for you, flipping that equation around this time, $279,000 times a thousand divided by 1.2 billion. And look, instead of $0.30 per $1,000 valuation in this sample county, it would be 23.25 cents. And many of you that are at dollar caps, take a look at your filed budgets and see what what is your mill rate that you actually assigned to that calculation that you put IDOM (Iowa Dept. of Management) page.

00:29:30:09 - 00:29:58:01
Andrea Welchans
So just wanted to show you how some of those things are calculated. And I hope that you start to understand how much this, of course, has been driven from that valuation. So that previous conversation that Erin has had with us about how valuations could be affected with not being able to calculate perhaps new development and construction, a change in homestead exemptions, a change in additional exemptions.

00:29:58:03 - 00:30:18:02
Andrea Welchans
And then of course, now we're also talking about in the newest amendment, it would be a change in your levy, caps as well. So those are certainly things that we are still trying to study and understand. But this would be, in case you're trying to remember what that might be for you,

00:30:18:04 - 00:30:48:08
Andrea Welchans
this is now what your levy cap would look like if it was 50% of what it is now. So the $0.30 per thousand dollar evaluation, you have $0.15 instead of 20.25, it's ten and an eighth instead of 13.5 cents you're at 6.75. And instead of $0.05 per thousand dollar valuation for our largest tax, tier, it's only 2.5 cents.

00:30:48:10 - 00:31:06:11
Andrea Welchans
So the real question then will be what will the actual valuations be? We won't yet know what we're going to see for modeling in what would be the FY '27. Well, of course, these are just numbers on this table, but what you would see in your county.

00:31:06:11 - 00:31:30:03
Andrea Welchans
So that's what one of the things will be trying to work with you and find out how will that change - depending on the language of the bill that ends up being passed and or signed - is that we'll try to help figure out how we can do that math together. But it really will depend, I guess, again, driven by the actual valuation that your county will have that's eligible for taxing.

00:31:30:05 - 00:31:58:04
Andrea Welchans
And for those of you that kind of wonder, well, maybe my county is growing regularly. I couldn't show you the entire spreadsheet. Many of our staff have been looking at some modeling that we did for the

Division VII, previous study bill we were talking about when we had growth caps, we had looked at valuations from FY '19 to FY '25 to see if we were growing more than 2% a year.

00:31:58:06 - 00:32:18:00
Andrea Welchans
And there's more than more than one reason why we're looking at 2%, not just because of that bill, but 2% is significant to us for several reasons. But this is just a snapshot. I just took a snippet out of the middle of the spreadsheet. This happened to be, these are, alphabetical from Pottawattamie County to Story County.

00:32:18:05 - 00:32:47:01
Andrea Welchans
And I wanted to show you that everywhere the cells are dark pink you can see what they each of those valuations in those counties grew by more than 2% from the year before. And everywhere you see it's almost white, it's like a very, very light pink is all the years from year to year where the valuations were less than 2%.

00:32:47:01 - 00:33:10:00
Andrea Welchans
And some of them, you can see are less than or even zero below zero. So we have a -3.1%. We have a -6.8%. We even have just a -0.3%. So we're seeing - and this is true. I could have taken any other section of the spreadsheet out. I didn't pick a particularly interesting section. I could have chosen anywhere else on the entire spreadsheet.

00:33:10:00 - 00:33:34:24
Andrea Welchans
You would have seen very similar situation, very similar fluctuations. And you would even find some maybe more than more extreme than what you might even see here on this little, section. So I'm just trying to show that we're not really seeing very predictable growth, except in some of our fastest growing and some of our highest population areas.

00:33:34:24 - 00:33:46:05
Andrea Welchans
So, not that they don't see years beneath 2%, but they may not see the kind of fluctuations that we've seen in some of these.

00:33:46:07 - 00:34:06:02
Andrea Welchans
So what do you do now? I mean, I think January is a long time to wait. Certainly, we might want to think about what are some of the things that we can work on that we can control. And so, I wanted to kind of spell out some things that we can be working on. And they're not new for us, but they actually take on a little bit different meaning.

00:34:06:08 - 00:34:33:08
Andrea Welchans
We've been talking for some time about financial health of our districts, and you have done an amazing job, even in just the last five years. I'm so impressed with the kind of work that and commitment you've done on your financial health, but it's another time for us to look at what the percentage of your budget is that you're spending on personnel expense and on facility expense.

00:34:33:12 - 00:34:59:03
Andrea Welchans

And the reason why we choose those two is because in every county, those are the two largest expenses. And, we also then want to review our monthly reports. As a council member, even if you don't feel comfortable or know exactly what the change that you saw in the month before might mean, engage in that conversation with your finance committee, or engage in conversation with the staff and say, "What are we learning?"

00:34:59:03 - 00:35:23:11
Andrea Welchans
What are our challenges? What's working well? So we need to review our monthly reports not just for accountability, but also for signals of all kinds. Both red flags or maybe green flags. What kind of signals are we reading about our financial health? You've heard us talk a lot about revenue generation, and the first thing we can do for revenue generation is actually know our costs.

00:35:23:11 - 00:35:50:10
Andrea Welchans
And if you listen to even what our legislators are saying, they really want to know that we have a high return on investment. A return on investment of tax dollars - our public dollars - and there's no way we can even do that calculation if we don't know our own costs. So, there are revenue generation worksheets and the worksheet - even if you decide not to change how much your pricing is - you need to know how much your cost is.

00:35:50:16 - 00:36:12:09
Andrea Welchans
And it can provide us a lot of information for future conversations as well. Also diversifying sources of revenue. Certainly that's important, especially if we have one source of revenue as Jennifer Vit shared with you. It's about 62%, aggregate from the whole state for each of our counties, just about 62%, is property tax.

00:36:12:09 - 00:36:36:17
Andrea Welchans
And for some counties it's much higher. In a few counties it's certainly lower. But, that's significant. And so how can we replace that with other more revenue streams and things that we might be able to predict. And we need to be able to communicate value. Because if we are going to use all revenue streams, that will include fees - charging fees for our programs.

00:36:36:17 - 00:36:58:22
Andrea Welchans
And if you offer things for free and don't tell people what the value is, they won't understand why or why you had to increase the price. So we really want to be able to communicate that value. I also feel like we want to talk about shared opportunities after today's presentation here. I hope that we're wanting to learn together throughout the summer into the fall.

00:36:58:24 - 00:37:22:05
Andrea Welchans
I do think we'll have a lot of opportunity to understand and go through whatever language is passed. We'll be able to see hopefully some good models, and we'll be able to talk about how we can work together. And working regionally might be a good way that we can do that, so I hope that we'll be able to support each other through this process.

00:37:22:07 - 00:37:41:07
Andrea Welchans

And then I wanted to show you a timeline. The next 12 months. We're 20 days away from the FY '26 budget filing deadline, which is April 30th. Most of our counties have completed the process. We have a few that are finishing up. I know of at least one county that did go back and redo their process because they hadn't filed.

00:37:41:07 - 00:38:02:19
Andrea Welchans
But those will be done in within 20 days and most of them have been completed. May 2nd is the last scheduled day - at least the last day that legislators are paid their per diem. They may typically end about that time, although they have gone past that date. But I think they'll be motivated to conclude the legislative session.

00:38:02:21 - 00:38:23:18
Andrea Welchans
I think that means that in about a month from now, we'll hope to have something that signed by the governor so that we'll know how to move forward. June through September, we can use this for workshops for our staff and for council members to help model projections and have discussions about, you know, perhaps, we have cash or

00:38:23:19 - 00:38:44:13
Andrea Welchans
we have ways that we will be able to float the change for a year to give us more time to make decisions. And then in November, as per usual, we'll be working on our next fiscal year work budget. So November and December will be times for us to be formally working, as finance committees, with staff on developing those work budgets.

00:38:44:15 - 00:39:12:06
Andrea Welchans
It won't be until January. I'm sorry. That says 2027. It should say January 2026. January 2026 is when the FY '27 valuations will be published and it will be a year from now. Again, I shouldn't have wrote 2027. I was thinking fiscal year, but February through April 2026 will be the time we'll be doing our FY '27 budget hearing certification and filing on whatever the new bill language is.

00:39:12:08 - 00:39:43:12
Andrea Welchans
So I know that we're certainly in, some uncertain times, at least it certainly feels that way. But I - and I say this a lot of different times - I know the staff gets to hear me say this, but I really wouldn't want to go through things like this with anyone else. I feel like, I know that we might be feel like we're not all in the same boat, but I really feel like we care enough about each other to be thinking about how can we be supportive to those that feel like this is a big strain and others that feel relieved?

00:39:43:12 - 00:40:03:08
Andrea Welchans
It's not as bad as they thought, but I know that all this is stressful as we're still waiting through all the question marks that are yet to be filled in. And so I appreciate having the opportunity to have these conversations and real discussions with all of you. And because I know that we'll be able to commit to our future.