



**BAMBERG COUNTY
FY21 BUDGET PRESENTATION**

BAMBERG COUNTY BUDGET HIGHLIGHTS AND CHALLENGES

Health Insurance

The County’s “load factor” increased in January of 2018. Loading is based on the size of the group, age, gender, smoking, occupations, previous health claims, and other factors. A load factor of 1.0 simply means that your employees have the same amount of risk associated with them than the average of the entire group. Our load factor is 1.50, meaning that Bamberg County employees have been deemed to be at a 50% higher risk than the average of all the employees on the State health plan.

The County normally has regular increase to the premiums, and then also must consider any load factor increase. Below is a table that shows our history of increases.

YEAR	% INCREASE	LOAD FACTOR
2014	9.00%	1.000
2015	9.00%	1.063
2016	4.50%	1.029
2017	0.60%	1.00
2018	3.75%	1.50
2019	0.00%	1.50
2020	0.00%	1.50
2021	Tbd	1.50

YEAR	PREMIUMS
FY18	\$ 737,000
FY19	\$ 1,013,000
FY20	\$ 1,064,000
FY21	\$ 1,111,600

The County lobbied diligently with State representatives and through the SCAC to enact change in how the load factor is calculated. We received word, at one time, that the State legislators had budgeted some funds for the County that would result in a reduction of our net cost for health insurance premiums. All this was pre-COVID and as of today we are not hearing any further news on this specific funding. We did receive some communication from PEBA in March stating that there was the likelihood that the maximum load factor was going to be reduced down to 1.30. On the next page is the letter that we received.



South Carolina Public Employee Benefit Authority

202 Arbor Lake Drive | Columbia, SC 29223
803.737.6800 | 888.260.9430
www.peba.sc.gov

Bamberg County Council
Thomas M. Thomas
PO Box 149
Bamberg, SC 29003-0149

Date: 03/11/2020
Group ID: 7050100

RE: Experience rating for optional employers

Dear Employer:

The experience rating, or "load factor," for your employer group has been recalculated for 2021 using the most current health claims data. Your current load factor of 1.500 will remain in effect through December 31, 2020.

Effective January 1, 2021, the State Health Plan experience rating load factor for your employer group is tentatively set at 1.300. This load factor will be applied to the statewide rates in effect for 2021 for both the employer and subscriber contributions for the State Health Plan only. After the load factor is applied to the rates, the minimum employer contribution, as a percentage of the total contribution, should be the same as the statewide rates in effect for 2021 based on level of coverage. For example, in 2020, the employer share for Employee-only coverage in the State Health Plan Standard option is 80.48 percent of the total contribution, and for Employee/spouse is 75.89 percent of the total contribution. Rate tables with the new employer and employee premiums will be provided before the January 2021 billing.

The tentative 1.300 load factor for your group is based on recent action by the PEBA Board of Directors to establish a maximum load of 1.300 for 2021 from the present maximum of 1.500. This new maximum load is conditional on the General Assembly funding the difference in the two amounts. At this point in the legislative budget process this funding has been provided and it is expected to come to fruition when the process is complete in May. Please remember, the new maximum is conditional at this time; we will inform you when the 2021 load factor for your employer group is final.

2020 load factor:	1.500
2021 load factor:	1.300 (tentative)

This load factor will be in effect for twelve months and will end December 31, 2021. Please note that the load factor will continue to be recalculated and distributed annually.

It is important that you share this information with all benefits and payroll staff in your employer group. Please contact PEBA Analytics at analytics@peba.sc.gov with any questions you may have concerning the experience rating of health insurance for optional employers. Thank you for your participation in the state insurance program.

Sincerely,

Rob Tester
Insurance Policy Director, Public Employee Benefit Authority

But barely a month later we received a second letter from PEBA stating that since the State budget was being put on “hold” that the funding necessary to reduce the load factor was also on hold, and as such and until further notice, our load factor would remain at 1.50.



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Bamberg County Council
Elaine Ferguson
PO Box 149
Bamberg, SC 29003-0149

Date: 04/20/2020
Group ID: 7050100

RE: Experience rating for optional employers

Dear Employer:

In a letter dated March 11, 2020, PEBA informed you of your State Health Plan tentative experience rated load factor to be effective January 1, 2021. As stated in that letter, we recognized at that time the likelihood of a reduction in the current load factor maximum of 1.500 to 1.300 for 2021 based on legislative funding for that initiative in the House of Representatives version of the Annual Appropriations Bill, and informed you of your 2021 load accordingly.

It is expected that the General Assembly will re-convene in September to finish the Appropriations Bill for fiscal year 2020-2021. If the General Assembly takes action to provide funding to reduce the current load factor maximum, your load factor will be 1.300. However, if the General Assembly is unable to fund this change in the load factor maximum, your load factor will be 1.500. Until then, this matter will be unresolved, so we are now informing you of your 2021 load factor if the maximum remains at 1.500.

2020 load factor:	1.500
2021 load factor with 1.500 maximum:	1.500
2021 load factor with 1.300 maximum (previously communicated):	1.300

This load factor will be in effect for twelve months and will end December 31, 2021. Please note that the load factor will continue to be recalculated and distributed annually.

It is important that you share this information with all benefits and payroll staff in your employer group. Please contact PEBA Analytics at analytics@peba.sc.gov with any questions you may have concerning the experience rating of health insurance for optional employers. Thank you for your participation in the state insurance program.

Sincerely,

Rob Tester
Insurance Policy Director, Public Employee Benefit Authority

Thus, Health Insurance is increasing by \$47,600 in the FY21 Budget.

In past years, the County has absorbed all (100%) of the premium increases, meaning that the employees have not had any insurance premium increases for many years.

Below is a table that depicts what the County could require the employees to pay, compared to what the employees actually do pay.

Insurance Breakdown				
Category	EE	ER	EE Actual	ER Actual
REGULAR				
Subscriber	146.52	604.06	8.77	741.81
Subs/Spouse	380.04	1,196.52	143.16	1,433.40
Subs/Child	215.80	927.10	33.66	1,109.24
Family	459.84	1,498.08	196.36	1,761.56

Retirement Contributions Continue to Increase

Retirement reform from 2018 continues to impact our budget. H.3726/S.394 made major changes to the SCRS and PORs. Below is a table that provides historical and future contribution rates for the employees and for the employer.

RETIREMENT CONTRIBUTION RATES				
	REGULAR		POLICE OFFICERS	
	EMPLOYEE	EMPLOYER	EMPLOYEE	EMPLOYER
FY12	7.0%	10.6%	7.0%	12.3%
FY13	7.0%	10.6%	7.50%	12.50%
FY14	7.5%	10.6%	7.84%	12.84%
FY15	8.0%	10.9%	8.41%	13.41%
FY16	8.16%	11.06%	8.41%	13.74%
FY17	8.66%	11.56%	8.91%	14.24%
FY18	9.00%	13.56%	9.75%	16.24%
FY19	9.00%	14.56%	9.75%	17.24%
FY20	9.00%	15.56%	9.75%	18.24%
FY21	9.00%	16.56%	9.75%	19.24%
FY22	9.00%	17.56%	9.75%	20.24%
FY23 and after	9.00%	18.56%	9.75%	21.24%

In FY18 retirement cost was \$414,650. Total retirement cost to the County in FY19 was \$505,000. FY20 total retirement cost was \$581,400, and FY21 retirement cost is estimated at \$617,000. So, from FY18 to FY21 we have experienced an increase in retirement of \$202,350.

Summary Health Insurance and Retirement

Combined, these two fringe benefits alone will increase by \$83,200.

Personnel Requests

Each year County departments submit their annual budget request. Part of that request consists of operating expenditures, but also requests for additional full-time and part-time positions. Some departments ask for across the board pay increases for their employees. This year County Department requested in total \$86,000 for part-time positions and \$136,200 in full-time positions. These amounts include fringe benefits such as health insurance and retirement.

Capital Requests

County departments also make requests for equipment as part of the annual budget process. This year County departments requested a total of approximately \$376,000 in various equipment, including computers, furniture, vehicles, and heavy equipment.

Administrator's Budget Directive

1. Hold budget increases only to those necessary (Retirement, Health Insurance)
2. Freeze expenditures at current level
3. Pay for the equipment/capital that we already have
4. No tax increase

Summary

If you look at the budget in its entirety, and sum up all of the funds, this is what it looks like:

Bamberg County - FY21 Budget Totals by Fund			
			FY20 TO FY21
	FY20	FY21	VARIANCE
GENERAL FUND	7,963,590	8,277,120	313,530
SPECIAL REVENUE	6,565,370	8,237,090	1,671,720
ENTERPRISE FUND	1,514,120	1,391,660	(122,460)
DEBT SERVICE FUND	362,825	397,685	34,860
CAPITAL PROJECTS FUND	8,568,095	8,499,040	(69,055)
GRAND TOTAL COUNTY BUDGET	24,974,000	26,802,595	1,828,595

General Fund

Reasons for increase:

- Health insurance \$57,000
- Retirement \$24,000
- GASB 87 implementation \$32,500
- Worker's Comp Insurance \$8,000
- Utilities (Telephone, Internet, Electricity) \$58,000
- Property Insurance \$30,000
- Service Contracts (Copiers, Court) \$12,000

- Maintenance on County Property (Custodial, Grounds, Cleaning Supplies) \$55,000
- Transfers out to Other Funds (E911 and Road Maintenance) \$79,000

Special Revenue

Reasons for increase:

- E911 Renovation/Upgrade \$70,000
- Fire Station \$159,600
- “C” Funds \$250,000
- Rural Utilities Services Broadband Grant \$1,500,000
- Airport Grant (Reduction) (\$ 300,000)

Enterprise Fund

- This fund decreasing mainly due to reduction in the Waste Tire Grant expenditures.

Debt Service Fund

- Very little change from prior year; just due to fluctuation of general obligation bond payments from one year to the next.

Capital Projects Fund

- Increasing \$200,200 for the DHEC Grant expenditures (Orig grant \$250,000)
- Decreasing (\$270,000) due to CPST projects

Capital Project Funds are used to account for and report financial resources that are restricted, committed or assigned to expenditure for capital outlays, including acquisition or construction of capital facilities or other capital assets.

There are ten approved projects as follows:

1. Law Enforcement, Health & Human Services Complex (Phase 1)	\$3,800,000
2. Reno Old City Hall and Relocation of Police Dept (Denmark)	\$ 400,000
3. Upgrade of Water System (Olar)	\$ 71,000
4. Reno Community Center (Little Swamp)	\$ 15,000
5. Welcome Center/Tourism Bldg (Bamberg)	\$ 150,000
6. Completion of Ehrhardt Park	\$ 105,000
7. Reno Town Hall (Govan)	\$ 50,000
8. Walking Berm, Lighting, Ditch Repair/Walkway (Bamberg)	\$ 125,000
9. Raider Park-Bike/Walking Trail, Fountain Lighting (Bamberg)	\$ 125,000
10. Reno Town Hall (Olar)	\$ 3,000
	\$4,844,000

Discussion re: Revenues

Only 46% of the total County revenues come from the property tax. The rest comes from Fees, Fines, Intergovernmental Sources, Grants, and Charges for Services.

This year presents unprecedented challenges to local government due to COVID-19.

Stimulus Acts

- The Coronavirus Preparedness and Response Supplemental Appropriations Act
Signed into law March 6, 2020, \$8.3 billion
- The Families First Coronavirus Response Act (FFCRA)
Signed into law March 18, 2020, \$3.471 billion
- The Coronavirus, Aid, Relief and Economic Security Act (CARES)
\$2.2 trillion
- HEROES – The Health and Economic Recovery Omnibus Emergency Solutions Act
Introduced May 12, Included \$187 billion in direct and flexible funding to Counties,
But, DOA
- SMART – The State and Municipal Assistance for Recovery and Transition
Introduced May 18, includes \$500 billion in emergency funding for every state
county and community

Basis for Our Revenue Predictions

We believe that we will see reductions in our sales-tax based revenues. Examples would be the gas tax, local option sales tax, the accommodations tax and capital project sales tax. We are predicting a 50% reduction of these revenues, in the first quarter only, in FY21. This would be July, August and September. We do believe that we will see a modest rebound in the second quarter, October, November and December and a return to pre-COVID levels toward the first of the year.

We expect to receive COVID-19 stimulus funds. The unknown is when and how much. We believe that what we receive will compensate for any sales tax related revenue shortfalls.

Proposed Tax Levies

MILLAGE		
	BUDGET 2019-2020	ESTIMATED MILLAGE 2020-2021
CURRENT MILLAGE		
OPERATIONS	128.9	128.9
UNFUNDED STATE MANDATES	28.9	28.9
EMS/RESCUE	18.5	18.5
CAPITAL RESERVE	32.0	32.0
DEBT SERVICE	12.1	12.1
FIRE SERVICE (UNINCORPORATED)	24.0	24.0
DENMARK TECHNICAL COLLEGE	1.0	1.0
TOTALS	245.4	245.4

Conclusion

The Administrator's Proposed FY21 Budget does not contain a tax increase. We are simply asking for funds to continue with the current levels and to pay for the essential services that the County provides.

We believe that this is a prudent budget and it has been prepared so that Bamberg County can be ready for the expected recovery. We do not know what the recovery will look like; no one does. But we can make sound and reasonable plans, and govern and discipline ourselves based on reason and good judgment.