OFFICE OF THE CHAMPAIGN COUNTY EXECUTIVE

102 E. Main Street, Urbana, Illinois 61801-2744

Steve Summers, County Executive

MEMORANDUM

To:	Elly Hanauer-Friedman, Chair of Finance; and John Farney, Vice-Chair of Finance; and Honorable Members of the Champaign County Board
From:	**Travis Woodcock, Finance Director**
Date:	August 20, 2026
Re:	Financial Forecast Update – Information Only

The Legislative Budget Hearings will take place from August 24 through August 26. With that in mind, it would be a good idea to briefly review the Financial Forecast that was presented to the Board in April and update it with FY2027 budgeted amounts. There are still many unknowns and potential decisions that need to be made by the Board before the FY2027 Budget is finalized.

Due to increasing personnel costs, including extreme increases to health insurance renewals, the County is projected to run at a structural deficit without any new sources of revenue. Due to this, the Board asked General Fund departments to make 2% cuts to their supply and commodity budgets for 2027, with potential additional cuts later. Any non-personnel budgeted increases are due to contractual or statutory increases. However, about 68% of the County's General Fund is personnel related costs. Currently, due to so many unknowns, such as health insurance renewal and salary increases, the FY2027 Budget's personnel amounts are flat compared to FY26. These amounts are large and difficult to predict, so they will be added to the budget once the amounts are finalized. For reference, every one-time 1% increase to the salaries of employees, excluding elected officials, would increase the General Fund budget by around $300,000. This includes non-bargaining, AFSCME, and FOP employees, but not RPC. It would be a permanent annual increase to the budgeted salary amount. If the 1% increase was an annual increase, the amounts would stack (e.g. 300k in year one, 603k in year two, 909k in year three, etc). That three-year increase would be equivalent to a little more than 10% of the General Fund's unrestricted fund balance.

Factoring the following assumptions into the Financial Forecast's calculations can be impactful. With 2% cuts to non-personnel budgets, very favorable annual health insurance renewals, flat salary amounts, and no new revenue sources, the General Fund's revenue and expenses nearly match year over year. However, this hypothetical is extremely unlikely to occur, given recent historic health insurance renewal amounts and cost of living adjustments. Any changes to these factors or any new expenses added via budget requests or budget amendments would cause expenditures to start to outpace revenues once again, eating into fund balance.