BRANCH-HILLSDALE-ST. JOSEPH COMMUNITY HEALTH AGENCY | YOUR LOCAL HEALTH DEPARTMENT

Finance Committee Members:
Commissioner Hoffmaster (Chair)
Commissioner Houtz
Commissioner Collins

BOARD OF HEALTH – FINANCE COMMITTEE
Agenda for August 17, 2026 at 9:00 AM

1. Call to Order
    a. Roll Call
    b. Approval of the Agenda

2. Public Comment - For the purpose of public participation during public hearings or during the public comment portion of a meeting, every speaker prior to the beginning of the meeting is requested but not required to provide the Board with his or her name, address and subject to be discussed. Speakers are requested to provide comments that are civil and respectful. Each speaker will be allowed to speak for no more than three (3) minutes at each public comment opportunity.

3. Unfinished Business
    a. none

4. New Business
    a. County Appropriations
    b. Mobile Unit Update

5. Public Comment

6. Commissioner Comments

7. Adjournment – Next meeting: Full Board meets August 27, 2026, next Finance Committee Meeting September 21, 2026.

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FY2027 Request for a 3% Increase in County Appropriations

The Branch-Hillsdale-St. Joseph Community Health Agency is requesting a 3% increase in local county appropriations for 2027, increasing the combined county appropriation from $795,657 to $819,677. The requested increase is intended to preserve, as much as possible, the purchasing power of local county support, which has been significantly eroded by inflation over the past several years.

The requested increase is reasonable, modest, and necessary to maintain the Agency's ability to provide essential public health services to the residents of Branch, Hillsdale, and St. Joseph Counties. This request is particularly important as the Agency enters FY2027 facing not only continued inflationary pressures, but also uncertainty regarding reductions in state funding.

The Cost of Providing Public Health Services Has Increased

The Agency's costs have continued to rise. Personnel costs, benefit costs, contracted services, technology, equipment, utilities, maintenance, supplies, and other operating expenses have all been affected by inflation. These increases are cumulative and add up to significant changes in purchasing power over time.

Inflation Rates

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Ave
2026	**2.4**	**2.4**	**3.3**	**3.8**	**4.2**	**3.5**	**3.4**						**3.3**
2025	**3**	**2.8**	**2.4**	**2.3**	**2.4**	**2.7**	**2.7**	**2.9**	**3**		**2.7**	**2.7**	**2.7**
2024	**3.1**	**3.2**	**3.5**	**3.4**	**3.3**	**3**	**2.9**	**2.5**	**2.4**	**2.6**	**2.7**	**2.9**	**2.9**
2023	6.4	6	5	4.9	4	3	3.2	3.7	3.7	3.2	3.1	3.4	4.1
2022	7.5	7.9	8.5	8.3	8.6	9.1	8.5	8.3	8.2	7.7	7.1	6.5	8.0
2021	1.4	1.7	2.6	4.2	5	5.4	5.4	5.3	5.4	6.2	6.8	7	4.7
2020	2.5	2.3	1.5	0.3	0.1	0.6	1	1.3	1.4	1.2	1.2	1.4	1.2

https://www.usinflationcalculator.com/inflation/current-inflation-rates/

County Appropriations Have Not Kept Pace with Inflation

County appropriations have remained unchanged since 2023, while the cumulative inflationary percentage for that same time period is 13%. The agency has been providing the same level of public health services with dollars that have progressively less purchasing power over this time period.

Although the funding amount has remained unchanged, the financial supporting percentage has reduced. Flat funding is effectively a reduction in purchasing power or overall support.

FY2027 Adds Additional Uncertainty Through State Funding Reductions

The Agency is also entering FY2027 with significant uncertainty regarding state funding.

The Agency has been notified that the new Michigan Department of Health and Human Services (MDHHS) budget has been reduced by approximately 1.1%, and that the Agency will experience reductions in funding for Essential Local Public Health Services (ELPHS). Additionally, the Michigan Department of Environment, Great Lakes, and Energy (EGLE) funding will also be reduced by an unknown amount.

At this time, the Agency has not yet been provided the specific dollar amount of its FY2027 reductions. The final amounts are not expected to be known until approximately the beginning of the fiscal year.

It is important to recognize that the Agency's anticipated reductions cannot simply be calculated by applying the 1.1% statewide MDHHS reduction to the Agency's current funding. State funding is allocated using complex formulas that consider multiple factors, and the percentage reduction experienced by an individual local health department may differ from the overall reduction to the MDHHS budget.

As a result, the Agency is preparing the FY2027 budget without knowing the full extent of these state funding reductions.

This uncertainty makes stable local county funding even more important. County appropriations are one of the few funding sources available to the Agency that are not restricted to a specific grant program or expenditure category. Maintaining and modestly increasing local support provides the Agency with greater flexibility to absorb unexpected reductions in state or grant funding without immediately reducing essential services.

The Agency Is Facing Both Increasing Costs and Decreasing/Uncertain Revenue

The combination of inflation and anticipated reductions in state funding creates a particularly challenging financial environment for FY2027.

The Agency is not requesting an increase in county appropriations simply because its overall budget has increased. Rather, the request recognizes that:

- The cost of providing public health services has increased substantially;
- County appropriations have remained flat since 2023;
- The purchasing power of those appropriations has declined by approximately 13% since 2023;
- The Agency has been notified that state funding will be reduced;
- The Agency's specific ELPHS and EGLE funding reductions are not yet known;
- The Agency cannot assume that its reduction will be equal to the 1.1% reduction in the overall MDHHS budget; and
- The Agency must prepare for these reductions while continuing to provide essential services to three counties.

A modest increase in local appropriations provides some stability in an otherwise increasingly uncertain funding environment.

The Historical Record Makes This Particularly Clear

The Agency's appropriation history demonstrates that county support has steadily declined as a percentage of the Agency's overall budget. This downward trend continues, even if a modest 3% increase is provided in 2027.

Fiscal Year	County Appropriation	Agency Budget	County % of Budget
2005	$924,353	$5,869,966	15.75%
2010	$938,136	$7,131,289	13.16%
2015	$665,654	$6,031,609	10.87%
2020	$756,016	$7,765,083	9.74%
2023	$795,657	$8,372,787	9.50%
2026	$795,657	$9,103,276	8.74%
2027 Requested	$819,677	$9,505,877	8.62%

If the requested increase is provided, both the percentage of the total budget and the funded amount will remain below the levels provided in 2005. When the historical funding is adjusted for inflation, the gap is significantly greater.

With or without the requested increase, county appropriations will represent the lowest percentage of the Agency's overall budget in the history shown above.

The requested 3% increase therefore does not represent an expansion of the counties' share of Agency funding. It represents a modest effort to prevent the purchasing power and relative contribution of local funding from declining even further.

Local Appropriations Provide Something Grants Cannot

It is also important to recognize that a significant portion of the Agency's budget comes from grants and other restricted funding sources. Grant funding is generally restricted to specific programs, activities, or expenditures. It cannot necessarily be used to offset increases in basic operating expenses.

Local appropriations provide the stable foundation that allows the Agency to maintain the infrastructure necessary to administer both locally funded and grant-funded programs. This includes staffing, facilities, technology, financial administration, human resources, information systems, emergency preparedness, and other foundational functions that support the Agency as a whole.

This flexibility becomes particularly valuable when grant funding is reduced, delayed, or restricted. Stable local funding allows the Agency to respond to those changes without immediately compromising the infrastructure necessary to deliver public health services.

The Agency Has Already Absorbed Significant Financial Pressure

The Agency has made significant efforts to manage increasing costs responsibly. Rather than simply passing increased costs on to the counties, the Agency has worked to absorb inflationary pressures through careful budgeting, expenditure controls, evaluation of staffing and programs, and responsible use of available resources.

However, there is a limit to how much additional cost can be absorbed without affecting services, staffing, infrastructure, or the Agency's ability to respond to emerging public health needs.

The anticipated state funding reductions further limit the Agency's ability to absorb continued increases in operating costs without additional local support.

Conclusion

A 3% increase in county appropriations for FY2027 is a modest request, particularly in light of the financial pressures facing the Agency.

The request recognizes that:

- County appropriations have remained flat for four consecutive years;
- Inflation has significantly increased the cost of goods, services, personnel, facilities, technology, and other Agency operations;
- The purchasing power of the existing county appropriation has declined;
- Cumulative inflation since 2023 is approximately 13%;
- The Agency has been notified that MDHHS funding will be reduced;
- ELPHS and EGLE funding provided to the Agency will also be reduced;
- The Agency will not know the specific dollar amount of those reductions until approximately the beginning of FY2027;
- The Agency's reduction cannot be assumed to equal the overall 1.1% reduction in the MDHHS budget because state funding is distributed using complex allocation formulas;
- The Agency's overall budget has grown significantly while county appropriations have not;
- County appropriations currently represent only 8.74% of the Agency's budget and would represent just 8.62% even after the requested increase;
- The Agency has already absorbed significant inflationary pressures through responsible fiscal management; and
- The requested $24,020 increase is small compared with the size and scope of public health services provided across the three counties.

A 3% increase for FY2027 is a small step toward preserving the purchasing power of local public health funding at a time when the Agency is facing both rising costs and uncertainty regarding reductions in state funding.

Maintaining a strong local funding commitment will help ensure that Branch, Hillsdale, and St. Joseph Counties continue to have a stable public health infrastructure capable of meeting everyday public health needs while remaining prepared to respond to future emergencies and unexpected changes in state and grant funding.

The Agency respectfully requests approval of the FY2027 county appropriation of $819,677, representing a 3% increase over the current combined county appropriation.

Branch-Hillsdale-St.Joseph Community Health Agency
Appropriations History

Year	Per Capita - Based on Calendar Year	Branch	Hillsdale	St. Joseph	Total	Total Agency Budget	% to Budget	Prior Year Increase (Decrease)
2005		273,608	278,231	372,514	$924,353	$5,869,966	15.75%	$ 11,411
2006		277,028	281,708	377,172	$935,908	$6,600,370	14.18%	$ 11,555
2007		281,877	286,635	383,772	$952,284	$6,865,897	13.87%	$ 16,376
2008		284,871	293,592	390,487	$968,950	$7,205,684	13.45%	$ 16,666
2009		293,417	302,392	402,201	$998,010	$7,739,501	12.90%	$ 29,060
2010		275,812	284,255	378,069	$938,136	$7,131,289	13.16%	$ (59,874)
2011		248,241	268,655	340,262	$857,158	$7,210,148	11.89%	$ (80,978)
2012	5.15	219,482	240,443	324,470	$784,395	$5,991,536	13.09%	$ (72,763)
2013	4.42	188,371	206,360	270,923	*$665,654	$6,000,892	10.93%	$ (128,741)
2014	4.42	188,371	206,360	270,923	*$665,654	$6,174,625	10.62%	$ -
2015	4.42	188,371	206,360	270,923	*$665,654	$6,031,609	10.87%	$ -
2016	4.57	194,764	213,364	280,118	$688,246	$5,926,003	11.61%	$ 22,592
2017	4.72	201,157	220,367	289,312	$710,836	$6,052,032	11.75%	$ 22,590
2018	4.87	207,550	227,371	298,506	$733,427	$6,081,668	12.06%	$ 22,591
2019	5.02	213,943	234,374	307,700	$756,017	$7,020,445	10.77%	$ 22,590 +
2020	5.02	213,942	234,374	307,700	$756,016	$7,765,083	9.74%	$ -
2021	5.02	213,942	234,374	307,701	$756,017	$8,366,875	9.04%	$ -
2022	5.15	223,711	235,592	313,836	$773,139	$8,309,241	9.30%	$17,122
2023	5.30	230,227	242,454	322,977	$795,657	$8,372,787	9.50%	$ 22,519
2024	5.30	230,227	242,454	322,977	$795,657	$8,611,127	9.24%	$ -
2025	5.30	230,227	242,454	322,977	$795,657	$9,051,356	8.79%	$ -
2026	5.30	230,227	242,454	322,977	$795,657	$9,103,276	8.74%	$ -
2027	5.46	237,177	249,773	332,727	$819,677	$9,505,877	8.62%	$ 24,020

* Maintenance of Effort (Minimum State Allowed set in FY92/93 is $664,834)

\+ Increase of $22,590 must be spent on unfunded pension liability until pension plan is fully funded

Proposed Per Capita Increases for 2027

County	Population ***Based on 2020 Census***	Current Per Capita	Current Allocation	Increase (Per Capita)	Increase (Total $ Amount)	Proposed Allocation	Increase
Branch*	43,439	5.30	$ 230,227	0.16	$ 6,950	$ 237,177	3.02%
Hillsdale	45,746	5.30	$ 242,454	0.16	$ 7,319	$ 249,773	3.02%
St.Joseph	60,939	5.30	$ 322,977	0.16	$ 9,750	$ 332,727	3.02%
Total	150,124		$ 795,657		$ 24,020	$ 819,677	

*Census Data adjusted to remove persons incarcerated in prison. (44,862 - 1,423 = 43,439)