Budget, Finance & Economic Development Committee
September 16, 2025
Summary and Motions

Chair James Brown called the meeting to order at 1:02 p.m. Vice Mayor Dan Wu and Council Members Chuck Ellinger, Shayla Lynch, Hannah LeGris, Lisa Higgins-Hord, Whitney Baxter, and Jennifer Reynolds were in attendance. Committee Members Liz Sheehan and Dave Sevigny were absent. Council Members Tyler Morton and Amy Beasley were also present as non-voting members.

I. Approval of August 19, 2025 Committee Summary

A motion by Baxter to approve the August 19, 2025, Committee Summary, seconded by Ellinger, the motion passed without dissent.

II. Monthly Financial Update – August 2025

Commissioner Hensley and Director Holbrook presented the monthly financials. Revenue collections at the end of August show a negative 2.9% variance in actuals compared to the FY26 budget, with a difference of $2.1 million. Revenue has a positive 2.4% variance when comparing FY25 to FY26. Expenses have a positive variance of 8.9% when comparing the budget to actuals. Comparing FY25 to FY26, expenses have a positive 6% variance. Nearly half of the total operating variance is in Public Safety departments. It falls under budgeted accounts expected to be expended within the operating year for items like software fees, vehicle repairs and maintenance, equipment purchases, and medical contracts. No action was taken on this item.

III. Lexington JOBS Fund Annual Update

Troy Black, Administrative Specialist, presented the annual Jobs Fund Update. The Lexington Jobs Fund was created by ordinance 153-2013 in December 2013 to increase competitiveness in attracting businesses, growing existing businesses, and creating and retaining jobs in Lexington. The Jobs Fund provides incentive funding to businesses in the form of loans and forgivable loans.

The current report on the jobs fund includes 31 awards, 22 of which are active. 321 jobs have been committed, and 295 jobs have been created. The expected average wage is $33.60, and the actual average wage is $35.99. Jobs fund incentives awarded a little over $4 million, with $17.8 million committed in new payroll, resulting in a $4.3 to $1 return on investment based on payroll created to incentive dollar. There is currently $1.6 million in Jobs funding available for reward. No action was taken on this item.

IV. Economic Development Partners Annual Update

Amy Glasscock, Director of Business Engagement, presented the Economic Development Partners Annual Update. The current economic development partners are Commerce Lexington, Community Ventures, and Jubilee Jobs of Lexington. These agencies assist Lexington in job recruitment and retention by working with small businesses, entrepreneurs, and global trade, while also enhancing and enriching the quality of place.

Commerce Lexington works on new business development and job creation, existing business retention and expansion program, and community and minority business development. Community Ventures focuses on small business owner connections and networking, entrepreneurial growth and start-up assistance, and the development of minority- and women-owned businesses. Jubilee Jobs of Lexington assists in coordinating the connection of individuals with the WORK Lexington program, hosting WORK Lexington orientations, providing client assistance, and engaging employers. No action was taken on this item.

V. Workforce Development Partners Annual Update

The Annual Workforce Development Partners update was given by Amy Glasscock, Director of Business Engagement. LFUCG has partnered with economic and workforce development agencies to provide services that create jobs and grow payroll, influence growth and tax base enhancement, and enhance the community's economic well-being. Current workforce partners are the Building Institute of Central Kentucky, Child Care Council of Kentucky, Community Action Council, IEC of the Bluegrass, Jubilee Jobs of Lexington, the Kable Academy, Lexington Rescue Mission, and Stable Recovery.

The Davis Park Workforce Center has been open since January 27, 2025. This center offers job search and application assistance, hosts career and community resource fairs, holds weekly WORK Ready Wednesdays' programming, and makes referrals to employers and community partners. The goal of the Lexington Workforce collaborative is to be a resource to ensure all job seekers and employers receive the best services possible. No action was taken on this item.

VI. Local Impact Due to Federal Policy – Nonprofits

Danielle Clore, Executive Director and CEO of the Kentucky Nonprofit Network, presented on the federal policy impacting Lexington nonprofits. The Kentucky Nonprofit Network is made up of over 1,180 member organizations, with over 300 organizations serving Lexington. In the Bluegrass region, there are 3,337 registered charitable nonprofits, including 877 with paid employees. There are 26,055 jobs at nonprofits totaling over $1.48 billion in annual wages and $5.37 billion in annual expenditures benefiting Kentucky's economy.

The Lexington Nonprofit Coalition serves 1,026,159 constituents annually and provides $642 million in annual payroll and other expenditures contributing to the Lexington economy. The Lexington Nonprofit Coalition generates $676 million in annual revenue, with 74% coming from program revenue, such as fees for service and government grants and contracts, 20% from contributed revenue, like donations and bequests, and 6% from other revenue, like investment income.

On the federal level, there have been over 53 Executive Orders filed impacting nonprofits' ability to serve their constituents. These orders pertain to federal grant freezes, political appointee requirements, prohibiting grants for specific purposes, termination of grants without discretion, charitable giving provisions, and rescission packages. The federal administration has proposed $163 billion in budget cuts into initiatives like FEMA, SAMHSA, EPA, fair housing, refugees, heating assistance, community development block grants, rental assistance, AmeriCorps, and more.

For every $1 Kentuckians pay in federal taxes, the state receives $3.35 in federal funds. Kentucky ranks 2nd among states most dependent on federal funds, which accounts for roughly 46% of the state's revenue. As a result of these federal policy actions and their impact on nonprofits, potential effects on the City of Lexington include unmet constituent needs, increased demand for services, nonprofits seeking more funding from the city, layoffs and spending reductions, and a decrease in the city's payroll tax income. Sixty-six percent of Kentucky nonprofits face potential loss of government funding, putting Kentuckians at risk. Government sources account for 33% of annual revenue for Kentucky nonprofits. <u>No action was taken on this item.</u>

VII. Adjournment

<u>A motion by Brown to adjourn at 2:32pm, seconded by Ellinger, the motion passed without dissent.</u>