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Office of Budget & Finance

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Berks County 2026 Proposed Budget

We are pleased to present the 2026 Budget for consideration and adoption by the Board of Commissioners. This budget is the product of a highly collaborative effort with the Commissioners and each county department. The Commissioners have provided direction and guidance as we have dealt with operational and fiscal issues that impact 2026, including navigating a tight labor market, inflation, volatile economy, and demand for additional public safety services, affecting personnel growth and costs of services.

We believe this budget is responsive to the needs of the county taxpayers and the Commissioners' goal of a responsible budget that satisfies the mandated service requirement and other needs of the community without a tax increase. This budget specifically achieves the Commissioners' directive to present a budget that: supports our anticipated core service levels, maintains long term financial stability, limits the growth of new discretionary county services, limits new headcount to service level growth, funds one-time capital expenditures with a responsible combination of both reserves and new debt, prioritizes capital expenditures for facility/bridge infrastructure, and utilizes technology that enhances process improvement and security. In addition, we believe this budget further supports the County's efforts to preserve our Aaa Moody's bond rating and maintains our ability to be the highest quality and lowest level of risk for a debt issuer.

This budget continues our maintenance of facilities and parks, a commitment to agricultural land preservation, and funds our pension and debt service obligations. It funds our formal sponsorship obligations with Reading Area Community College (RACC), local transportation (SCTA/BARTA), and Schuylkill River Passenger Rail. It also maintains our commitment to economic development, libraries, parks system, drug and alcohol treatment (COCA), and diversionary court programming that reduces the size of our jail population.

The budget includes $8.0M of Covid Community Support Funds to economic development in strategic locations.

We continue to experience the compounding effects of residual inflation as it relates to contracted services, utilities, cost of facility maintenance, wages, and benefit costs. While we have had success in retaining employees, we still have increasing pressure on wage growth resulting from collective bargaining labor negotiations. Due to our success in filling vacant positions, we now have higher enrollment in our benefit plans, resulting in higher volume of claims, costs, and pension contribution. We have partially offset this by implementing programs to control the growth of high-cost prescription drugs and asking our employees to contribute a greater percentage of their pay to healthcare benefits. In addition, our tax base growth slowed due to high commercial and residential borrowing rates, and high volume of tax assessment appeals. While our property values continue to increase, our Common Level Ratio (CLR) continues to decline to normalize taxable assessed value to the last year of a county wide re-assessment in 1994. This decline has resulted in a reduction in taxable assessed value of $55.5M or a ($0.5M) reduction in tax revenue in 2026. We have responded by implementing a countywide initiative labeled "Berks on a Diet." Departments were tasked with implementing spending cuts and providing reductions to operational expenditures of $1.4M which helped avert a tax increase. This initiative was also extended to limiting growth in discretionary programs and maintaining the same level of support or less to provide for community support requests. For the second year in a row, we are utilizing a portion of our nursing home success to help offset some of the tax burden for our property taxpayers. Despite these efforts our mandatory and discretionary operating expenses continue to exceed the growth in our taxable assessed value.

The proposed budget surplus (deficit) for all funds (general, restricted, and enterprise fund types) is $2.9M. This surplus is primarily due to the anticipated revenue from a planned bond issuance in 2026 of $25M. Pursuant to our 5-year capital plan and anticipated future funding needs, a 2026 bond issuance will be necessary to maintain facilities and infrastructure and continue to preserve a level of available General Fund reserves consistent with GFOA best practices recommendation of maintaining a minimum of 60 days of operating expense. These onetime revenues will provide for $20M of capital projects that occurred in 2025, and additional projects scheduled for 2026 and 2027.

As a result, we propose the real estate tax rate remain unchanged for 2026 at 9.013 mills. We believe the proposed budget enables us to maintain a strong financial position, in terms of available reserves, liquidity and debt profile that has been noted by Moody's as a pillar of our Aaa bond rating which will be important in lowering the interest costs on a new bond issue in 2026.

Consistent with our policy and GFOA best practices, we, once again, propose funding a portion of one-time capital expenditures with general fund reserves, and any operating losses for specific special revenue funds with restricted reserves.

The realization of the 2026 Budget will be positively or negatively affected by the outcome of the following factors: the financial performance of our pension assets, actual inflation rate, outcome of current collective bargaining (CBA) negotiations, actual health and worker compensation claims, renewal of federal and state funding for human service operations, continuation of the Federal/State IGT and Medicaid funding for Berks Heim nursing facility, labor supply for nursing staff and related resident census, level of demand for human service and criminal justice programs, growth or reduction in headcount, and debt guarantees.

The Board of Commissioners are keenly aware of these risks and challenges and are supportive of the following initiatives, each with the potential to increase revenues or reduce operating costs:

- Tax incentives, when necessary, to attract commercial and industrial facility investments to enhance real estate tax growth.
- Implementation of new technology and software solutions that enable process improvements and lower service costs.

- Jail diversion plans for first-time offenders, low risk offenders, and crimes resulting from mental health issues. This could reduce future facility costs.
- Limit head count growth to mandated services.
- Pursuit of grants to fund operating and capital costs.
- Continued execution of the IMAGINE Berks Strategic Plan. For more information use the following link: IMAGINE Berks Strategic Plan

Budget Summary and Select Highlights

Real Estate Tax Comparison

Total 2026 tax revenue is $175.0M, a decrease over 2025 of ($0.1M). For the first time we will have a negative assessed value growth for 2026 compared to 2025 budget. The common denominator over the past three years has been growth in market value of properties driven by population growth, higher demand, and shortage of residential housing units. As market value of property rises the Common Level Ratio decreases; creating an opportunity to file an appeal and lower one's taxable assessed value. With respect to the decrease in 2025 that forms the basis for the 2026 tax bills, the decline we are budgeting is due not only to the awarded appeals but also a very large volume of court cases settled during 2025 that reduced taxable assessed value by $55.5M and lowered our tax revenue opportunity by approximately $0.5M. The combination of these factors offset growth in 2025 taxable assessed value associated with new buildings and taxable renovations.

Real Estate Tax Revenue (in Millions)		
	2026	**2025**
Millage Rate	9.013	9.013
Assessed Value -Billions	$20.1	$20.2
Percent Increase	-0.18%	0.28%
Net Tax Billing	$174.0	$174.1
Interims	$1.0	$1.0
Net Tax Collections	$175.0	$175.1
Tax Claim Revenue	$4.6	$4.6
Total Tax Revenue	$179.6	$179.7

Note: 2025 Assessed Value is provided by the Assessment Office and reflected in September 2025 abstract information

General Fund and All Funds Budget Comparison

Revenue and Expenditures (In Millions)

General Fund:	**2026**	**2025**	**Inc./(Dec.)**	**% Change Inc./(Dec.)**
Total Revenue	$290.9	$285.4	$5.5	1.93%
Total Expense	$293.1	$312.3	($19.2)	-6.15%
Less Total Adjustments	$14.0	$17.3	($3.3)	
Net Surplus/(Deficit)	**($16.2)**	**($44.2)**	**$28.0**	

All Funds:	**2026**	**2025**	**Inc./(Dec.)**	**% Change Inc./(Dec.)**
Total Revenue	$676.1	$681.1	($5.0)	-0.73%
Total Expense	$672.5	$705.8	($33.3)	-4.72%
Less Expense Adjustments	$0.7	$0.7	$0.0	
Net Surplus/(Deficit)	**$2.9**	**($25.4)**	**$28.3**	

(Note: Adjustments in the General Fund are for Human Services' federal and state grant local match, and contribution to the 911 fund for debt and capital. Expense Adjustments in All Funds are for depreciation expense, net of capital expenditures, for our Enterprise Funds.)

Revenues

General Fund increase of $5.5M is primarily attributable to: indirect cost reimbursement due to higher facility and service provider departmental costs $2.5M and Juvenile Probation Office (JPO) grant revenue $4.0M. Offset by a reduction in the IGT net asset transfer from Berks Heim ($0.3M) and lower interest revenue ($0.7M).

All Funds decrease of ($5.0M) is primarily attributable to: General Fund $5.5M, Children and Youth Services (CYS) grant revenue $2.7M offset by updated bond issuance proceeds ($10.0M), Berks Heim nursing home revenues ($2.2M), and decreases in Human Service State funding for Health Choices ($0.3M) and MHDD ($0.7M).

Expenditures

General Fund decrease of ($19.2M) is primarily attributable to: increase in Juvenile Probation Office expense $9.0M, net increase in personnel costs $3.9M, and indirect cost allocation due to higher facility and service provider departmental costs $1.8M. Offset by Community and Economic Development ($18M), contingency ($6.9M), capital ($6.8M), IGT contribution ($0.3M) and debt service ($2.1M).

All Funds decrease of ($33.3M) is primarily attributable to: General Fund ($19.2M), capital ($18.5M), Berks Heim ($0.1M), Emergency 911 Systems operating costs ($0.1M), and Human Service Provider Departments including Area Agency on Aging grant expense ($1.0M), Health Choices ($0.3M) and MHDD ($0.7M). Offset by the net increase in personnel costs $3.4M, Children & Youth Services grant expense $2.8M, and indirect cost allocation $0.7M.

Debt

For the first time since 2015, the County is planning a new debt issuance to fund capital improvements. The bond issuance was originally scheduled for 2025; however, it was determined to be more strategic to delay the issuance until market conditions improved, thereby reducing the County's overall financing costs. The proposed bond amount has been adjusted from $35 million to $25 million to better align with actual capital needs and further minimize borrowing costs. As a result of this revision, the bond proceeds were reduced by $10 million, and the annual debt service compared to the 2025 adopted budget decreased by $2.1M as noted in the General Fund Expenditure analysis section. The total projected 2026 debt service is $11.9 million. Without the new bond issuance, the 2026 debt service would have been $11.1 million. The 2026 debt service expenditures by fund are as follows: General fund $9.5M, 911 Communication Center $2.3M, and Berk Heim $0.1M.

Fund Balance

Total General Fund and Unassigned fund balances are projected to be $173.0M and $148.0M, respectively on December 31, 2026. Unassigned fund reserves represent 90-day operating expense float for all governmental funds. This satisfies our reserve policy and minimum GFOA best practice of two months or 60 days. Unassigned fund balance can be used for any general governmental purpose. The remaining fund balance is limited to use based upon liquidity, legal restrictions, formal action of the Commissioners' regarding specific restrictions, commitments, and assignments of fund balance expected on December 31, 2025. For December 31, 2025, we project a total General Fund balance of $189.2M, with committed funds of $41.2M and unassigned funds of $148.0M. The committed funds include our 2026 planned use of reserves for capital of $8.1M and expenditure of Covid Community Support funds of $8.0M.

Personnel/Staffing

The total personnel budget, inclusive of wages, payroll taxes, fringe benefits, GASB 68 pension expense for Berks Heim, and workers' compensation is $212.3M, an increase of $7.3M or 3.54% over the 2025 Adopted Budget of $205.0M. The 2026 wage component is $146.2M compared to $140.8M for 2025, an increase of $5.3M or 3.80%. Of this total 3.09% is the weighted average base pay cost of living adjustments (COLA) for management and union employees and 0.70% for increase to overtime pool at Berks Heim. The annualized Q2 2025 Employer Cost Index for government employees is 3.6% (Q3 2025 is not yet released). The budget reflects the Commissioners' strategic emphasis on retention of staff and attraction of talent, while reducing the size of pay increases commensurate with the decline in recent and forecasted rates of inflation, in what continues to be, a competitive labor environment.

Fringe benefits, net of employee contributions, is $52.4M. This equates to a $1.2M, or 2.35%, increase over the 2025 Adopted Budget of $51.2M. The biggest components of the net fringe benefit increase are pension costs $1.3M and union health and welfare contributions $0.3M, offset by increase in employee payroll contributions of $0.4M. The increase in pension cost continues to grow from higher wages and the residual effect of implementing our actuary's recommendation to change the asset valuation method effective January 1, 2023.

Change in Full-Time Equivalent Headcount

Status	2026	2025	Inc (Dec)
Full Time	1988	1988	0.0
Part Time	150	152.5	(2.5)
Total	2138	2140.5	-2.5

The decrease in funded, part-time equivalent (FTE) positions is due to reduction of two part-time positions within the County Library System and one elimination of a part-time position at Employment & Training.

Jail

The 2026 net cost is $54.2M, compared to the 2025 net costs of $53.4M, an increase of $0.8M. The revenue is relatively consistent between 2026 and 2025 with a small increase of $0.1M. The expenditures are $55.1M and $54.3M for 2026 and 2025 respectively, an increase of $0.9M. The increase in expenditures includes personnel costs $1.3M and $0.5M interfund transfers, offset by decreases in operating expense ($0.3M), and capital ($0.6M). The increase in personnel consists of wages, payroll tax and health and pension benefits. The increase in wages is primarily due to union wages pursuant to collective bargain labor agreements and outcome of recent negotiations. The 2026 budget is based upon an average daily inmate population of 800.

Berks County Youth Shelter (BCYC)

In July of 2024, we opened the Berks County Youth Shelter program in response to a statewide shelter bed crisis. By repurposing the prior Berks County Residential Center building, this operation provides shelter for up to 20 youth and young adults involved with either the dependency or delinquency systems and includes options for emergency shelter, particularly for youth with complex needs. Included in the available 20 beds, BCYC will be able to provide opportunities for shelter for up to 10 out of county youths on a per diem reimbursement basis. The total operating costs for this facility are $6.0M, including personnel $3.9M. This operation is funded by Act 148 grant funds through the Pennsylvania Department of Human Services and required local match. This funding is facilitated through our CYS and JPO grant reimbursement process.

Children and Youth Services (CYS)

The required county contribution for CYS in 2025 is $7.4M compared to $7.2M in 2025. Overall, CYS expense increased by $2.9M, including personnel $0.3M and operating expense $2.8M, offset by indirect expense ($0.2M). The increase in operating expense reflects the reimbursable expense for the BCYC program and increased costs relating to both volume increases and rate increase for children placed in out of home placements.

Juvenile Probation (JPO)

The 2026 net cost is $13.3M, compared to the 2025 net cost of $8.3M, an increase of $5.0M. JPO revenue is primarily generated through our State Department of Human Services, Office of Children, Youth and Families (OCYF) grant reimbursement process. Given the operating expense relative to the OCYF reimbursement is $8.9M higher in 2026 compared to 2025, the grant revenue has increased from $6.8M to $10.8M in 2026. Our required county contribution has also increased from $3.1M to $8.0M in 2026, including $2.4M of expected overmatch (unfunded reimbursable expense) resulting from anticipated State funding shortage of Act 148 funds in comparison to reimbursable county expense. These increases are a result of volume increases for delinquent youth receiving services or assigned to out-of-home placements, including Community-based, Institutional and State placements and higher operating costs of the BCYC due to lower than anticipated placements of out of county children and juveniles. In addition, we have seen moderate to large rate increase requests from our various community service vendors in response to inflationary increases in their personnel costs, insurance costs and other operating costs.

Berks Heim

The 2026 net income, before contribution to the general fund, is projected at ($1.4M), compared to $3.6M in 2025. The decrease is due to increased overtime costs associated with aligning resident bed census and staffing to be consistent with new state staffing ratios. For the second consecutive year we are recommending a contribution from net income/net assets of $1.5M to the county general fund to provide a benefit to the property taxpayers by way of lowering the need for additional tax revenue. With this transfer included, the net income is budgeted to be ($2.9M) for 2026. Total Berks Heim Enterprise Fund Unassigned fund balance is projected to be $10.9M on December 31, 2026. Unassigned fund reserves represent 60-day operating expense float for Berks Heim operations. This continues to satisfy the GFOA best practice of two months or 60 days of funding reserves.

The average bed census for 2026 continues to maintain a daily bed count of 320 beds for the full year. The current 2025 census has consistently been averaging 319 since April. As noted in the Personnel Section, this census level has resulted in additional overtime costs due to having to accommodate State staffing ratios.

With regards to IGT, the County General Fund will contribute $14.3M to the State, and in return Berks Heim is projected to receive $23.8M in Access to Care Medicaid funds. Berks Heim will contribute $14.3M to the General Fund as a voluntary net asset transfer. The net benefit to Berks Heim is estimated to be $9.5M.

Capital Program

The 2026 Capital Expenditure Plan is $18.1M, which is $25.3M lower than the 2025 plan of $43.4M. The projects are funded by restricted/special revenue fund balances and grants of $8.1M, General Fund reserves of $8.1M, and Bond Proceeds of $1.8M. Highlights of the 2026 plan are as follows:

2026 Summary Capital Plan (in Millions)			
County Bridges	$6.2	Berks Heim Improvements	$1.0
Facility Upgrades	$1.4	Ag Land Easements	$1.0
Space Study Fit Out	$6.3	Park Facility Improvements	$0.7
Jail Improvements	$0.6	Other Equipment/Upgrades	$0.9
		Total Capital	**$18.1**

Facility projects include $0.8M Chiller Replacement, $0.2M County Security Upgrades, and $0.1M Tributary Wall Rebuild. Parks projects include $0.2M for the Action Park Pad and $0.1M for Gruber Wagon Works Repainting projects. Jail projects include $0.2M for Water Heater Upgrades and $0.1M for Roof Safety Railing. In total, the 2026 Capital Plan includes $16.8M of projects previously approved and planned for 2026 and $1.2M of new projects.

Agricultural Land Preservation
The County will continue its commitment to farmland preservation in the amount of $1.0M per year to leverage federal and state funds for new easement acquisitions as itemized in the 2026 Summary Capital Plan table.

Library System Support
The county will contribute $3.9M in General Fund tax dollars to the countywide public library system including our contractual commitment of $0.9M to the Reading Public Library. The total General Fund contribution includes a decrease of $0.2M over 2025 due to a net decrease in personnel, including eliminating two part time positions, lower indirect expense, and reduced capital.

Park System Support
The county will contribute $3.8M in General Fund tax dollars to the countywide parks system. This represents a decrease of $2.5M over 2025 primarily due to a decrease in capital projects, specifically the Grings Mill Bridge Refurbishment of $2.3M that was included in the 2025 Adopted Budget.

Sponsorship Agreements
The County will continue its support and/or sponsor commitments with General Fund tax dollars as follows:

- RACC – $3.25M education operating stipend. In addition, the Berks County Redevelopment Authority will provide funding of $1.0M for capital projects.
- Economic Development-$1.0M for personnel, business outreach & includes GRCA $0.5M.
- SCTA/BARTA – County will increase its funding by 1.84% to $0.53M.

Closing Remarks

The budget is presented today as the first step in the public review process. The 2026 Proposed Budget will be available for public inspection on the county website, in the County Commissioners' Office, and in the Office of Budget and Finance. Final adoption of the budget is scheduled for Thursday, December 18, 2025.

Respectfully Submitted,

Laura Jones, Interim Chief Financial Officer
Date: November 20, 2025