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TO: Elected Officials and Department Directors
FROM: Patrick Kenney, Director of Budget and Finance 
RE: 2009 Budget Reductions and Adjustments

We have discussed on numerous occasions the revenue difficulties confronting County finances, especially as it pertains to the General Fund. Recent developments since the 2009 Budget was finalized last fall have resulted in a revenue shortfall of at least \$8,000,000. This shortfall primarily results from significant declines in both Sales Tax (\$4,000,000) and Interest revenues (\$4,000,000) due to the state of the economy and related Federal Reserve System cuts in short term interest rates.

Executive McCarthy is proposing the attached reductions and other adjustments to close this budget gap. The proposal reflects the following features:

- a) Ranks services in general priority order, with smaller percentage reductions for higher ranked services (mostly public safety and the judicial system)
- b) Make use of some Non-General Fund resources or General Fund surplus to ameliorate the size of the direct reductions, and
- c) In most cases allow the Department Directors to determine how to implement the reductions.

We will be incorporating these proposed reductions and adjustments into a supplemental budget ordinance which will be presented to the County Council in the near future. Due to the likely difficulty that you will have in determining exactly how to meet your target and the time it may take to explore various options, we are not requesting your proposals at this time. Once Council has adopted the supplemental budget ordinance (with any changes that they wish to make), we will request your detailed proposals and review those with you and the Executive (probably in the spring).

If you have any questions regarding these proposals or the attached guidelines please feel free to contact my office.



Guidelines

1. The total target must be achieved through a direct savings in bottom line net expenses.
 - Grant reductions would not be considered as savings.
 - If the proposed expenditure reduction would also result in revenue decreases, the target amount must reflect the net impact of the proposal. For example, if your target goal is \$100,000 and your proposed \$100,000 reductions would also result in a \$25,000 decrease in revenues, you need to reduce expenses by a further \$25,000 (net).
 - Shifting functions and costs to another department would not be considered an appropriate savings.
 - Certain line-items cannot be reduced because these are “fixed” – Space, I.T., Insurance, etc. We are looking at those directly for cost savings.
 - Increased revenue, although much appreciated and will help to fill some small anticipated declines in several revenue categories (other than Sales Tax and Interest Revenues), will not be credited against your target.
2. Do not consider C.O.L.A. salary freezes as an option at this time. Furloughs can be considered, but must first be coordinated with Human Resources for any union or general personnel policy issues.
3. Direct service to the public should be preserved as a first priority.
4. Your most important services and programs (even if relatively new) should be protected as much as possible.
5. Please consider organizational restructuring if that would be beneficial.
6. When all is “said and done” we still have a responsibility to provide quality public services to the extent that resources will permit.

2009 BUDGET ADJUSTMENTS

A. Less than 1%:

1. <u>Sheriff</u> - delay the 6 new vacant positions until 2010 (\$150,000), and other savings (\$350,000) to be determined by the department	\$	500,000
2. <u>Corrections</u> - to be determined by the department		150,000
Subtotal	\$	650,000

B. 1.5% Reductions:

1. <u>Prosecutor</u> - to be determined by the department	\$	404,400
2. <u>Superior Court</u> - to be determined by the department		213,600
3. <u>Juvenile</u> - to be determined by the department		318,000
4. <u>Medical Examiner</u> - to be determined by the department		31,200
5. <u>District Court</u> - to be determined by the department		186,000
6. <u>Assigned Counsel</u> - to be determined by the department		219,600
7. <u>P.A.L.S.</u> - to be determined by the department		261,600
8. <u>Public Defense Conflict Office</u> - to be determined by the department		12,000
9. <u>Emergency Management</u> - to be determined by the department		54,000
10. <u>Clerk</u> - to be determined by the department		79,200
Subtotal	\$	1,779,600

C. 3.0% Reductions:

1. <u>Health Services</u> - to be determined by the department	\$	91,200
2. <u>Assessor-Treasurer</u> - to be determined by the department		324,000
3. <u>Auditor</u> - to be determined by the department		297,600
4. <u>Budget and Finance</u> - to be determined by the department		163,200
5. <u>Human Resources</u> - to be determined by the department		113,000
6. <u>County Council</u> - to be determined by the department		126,000
7. <u>Executive</u> - to be determined by the department		32,400
8. <u>Parks and Recreation</u> - to be determined by the department		201,600
9. <u>Communications</u> - to be determined by the department		19,400
10. <u>Economic Development</u> - to be determined by the Department		37,000
Subtotal	\$	1,405,400

D. More than 3.0% Reductions:

1. <u>Capital Improvements</u> - McChord land purchases		200,000
2. <u>W.S.U. Extension</u> - to be determined by the department		96,000
3. <u>Special Projects</u>		
Historical Documents Program	225,000	
Habitat Protection	40,000	
Performance Audit	80,000	
Government Relations	40,000	
	385,000	
4. <u>Miscellaneous Current Expense</u>		
Other Professional Services	15,000	
Pierce County Fair	5,000	
Law Library	5,000	
Severance Reserve	100,000	
Rainier Cable Commission (delete the 10¢ payment to the fund)	94,000	
Outside Groups	565,000	
	784,000	
Subtotal	\$	1,465,000

