

## Response to Questions on the FY 2009 Advertised Budget Plan

**Request By:** Supervisor Gross

**Question:** Can the Board of Supervisors make a one-time only withdrawal from the Revenue Stabilization Fund to fully fund FCPS' request? What would have to be done to achieve that, with the understanding that it is a one-time only action?

**Response:** The Revenue Stabilization Fund (RSF) cannot be used in FY 2009 to fully fund FCPS' request. Current policy states that use of the RSF can only occur in times of severe economic stress. Accordingly, a withdrawal from the RSF cannot be made unless the projected revenues reflect a decrease of more than 1.5 percent from the current year estimate (approximately \$50 million), any such withdrawal may not exceed one half of the RSF balance in that year and withdrawals from the RSF shall be used in combination with spending cuts or other measures.

In order for the RSF to be used to fully fund FCPS' request, the current policy regarding use of the Revenue Stabilization Fund would need to be modified by the Board of Supervisors and any action to use the Revenue Stabilization Fund should be accompanied by the establishment of a mechanism to replenish the reserves once they have been drawn upon. This reserve replenishment process is essential but will limit future years' flexibility. A written replenishment policy provides some assurances to investors that the rebuilding of the reserve is a priority and will be balanced when conditions improve against other budget requirements.