

Response to Questions on the FY 2005 Advertised Budget Plan

Request By: Supervisors Bulova, Hyland and Hudgins

Question: Provide a summary of reductions made in the last three years including how much was cut by program area, what percent this was of overall reductions and how this compares to the percent of the base budget.

Response: During the period FY 2002 - FY 2004, the real estate tax rate was reduced from \$1.23 to \$1.16 per \$100 assessed value. As a result, reductions from anticipated spending levels were made in many County agencies to offset the loss in anticipated revenue. In most County agencies, expenditures have still increased during this period to account for ongoing operational requirements; however, overall General Fund direct expenditures have been reduced by \$60,456,869 and overall County disbursements have been reduced by \$100,922,037 as a result of the real estate tax reductions.

The \$60.5 million in direct expenditures was distributed as follows:

| General Fund Program Area | \$ Cut (millions) | % of Total Direct Expenditures Cut | % of Total FY 2005 Advertised Direct Expenditures |
|--|-------------------|------------------------------------|---|
| Legislative-Executive Functions/Central Services | \$12.4 | 20.6% | 8.9% |
| Judicial Administration | \$1.6 | 2.6% | 2.7% |
| Public Safety | \$11.0 | 18.2% | 32.4% |
| Public Works | \$5.0 | 8.2% | 5.3% |
| Health and Welfare | \$15.5 | 25.7% | 22.9% |
| Parks, Recreation and Libraries | \$7.6 | 12.5% | 6.3% |
| Community Development | \$6.5 | 10.8% | 4.1% |
| Non-Departmental | \$0.9 | 1.4% | 17.4% |
| Total | \$60.5 | 100.0% | 100.0% |

As a percent of the total, the Legislative-Executive Functions/Central Services, Public Works, Health and Welfare, Parks, Recreation and Libraries, and Community Development Program Areas all received reductions that were larger than their proportion of direct expenditures, in many cases, as much as twice the proportion of their base budgets. As would be expected based on Board priorities, reductions to Public Safety were much lower in relationship to their base budget. The biggest portion of Non-Departmental expenditures, Fringe Benefits, is largely contingent on the health insurance market and the County's obligations for retirement contributions and therefore had little flexibility for reductions during this period.

It should be noted that of the remainder of the reductions taken during the period FY 2002 - FY 2004, including categories like Capital and Information Technology projects, fluctuate from year to year and are not easily compared to operating reductions

like those taken in direct expenditures. However, the Community Services Board also received \$6.1 million in reductions in General Fund support as a result of the reduction to the tax rate. When factoring the Community Services Board into the direct expenditure reductions, this represents 9.2% as compared to their percentage of the base of 7.6%.