



Response to Questions on the 2016 LOBs

Request By: Supervisor Smyth

Relevant LOB(s): NA

Question: Describe the discretion agencies have in their budgets.

Response:

For this analysis, nearly 300 Operating Expense types were sorted into 13 categories which were then designated as either restricted or non-restricted.

- Restricted expenses are those where there tends not to be much flexibility in determining whether or not the expense is incurred. Examples include lease payments since there is a legal commitment to pay. Similarly, programmatic expenses such as payments on behalf of clients or to vendors for services rendered are considered “restricted.”
- Non-restricted are those expenses where there is more latitude regarding whether or not the expense is incurred. Examples include office supplies and employee awards.

There are caveats to the categorization shown below. For example, postage is categorized as a restricted expense given that the agencies like the Department of Tax Administration are required to mail certain notifications out (i.e., property assessments). However, not all postage expenses are truly restricted. Similarly, while training has been designated as non-restricted, some training is required to maintain professional certifications and program accreditations. To delineate each exception would have required analyzing individual transactions.

Of the \$351.5 million spent on General Fund Operating Expenses in FY 2016, more than 90 percent was “restricted,” indicating that County agencies have limited discretion over much of their operating expense budgets absent programmatic changes to eligibility or scope.

FY 2016 Operating Expenses (millions \$)

	Amount	Percent of Total	Description
Restricted	\$320.0	91.0%	
Programmatic	\$170.5	48.5%	Driven by programmatic requirements. For example, payments totaling more than \$40 million for treatment and services associated with Children Services Act and just under \$20 million for Child Care Assistance and Referral are included here. Other examples include contract services for operation and case management of the homeless shelters, congregate meals, transportation services such as FASTRAN, medical and laboratory equipment and supplies, and uniforms.



	Amount	Percent of Total	Description
Internal Service	\$37.4	10.6%	PC replacement, technology infrastructure and communication charges
Vehicles	\$33.0	9.4%	Vehicle replacement charges, agency assigned vehicle costs, and fuel.
Utilities	\$21.9	6.2%	Electricity, natural gas, and water
Maintenance & Repair	\$18.8	5.3%	Custodial services, electrical and structural repairs, miscellaneous maintenance and repair
Rent	\$17.6	5.0%	Rental fees for facilities and offices serving programmatic and administrative functions
Technology	\$12.0	3.4%	Computer services and equipment
Copy/Print/Postage	\$7.2	2.0%	Postage costs, printing
Taxes/Fees/Insurance	\$1.7	0.5%	Licensing and insurance fees Condominium fees and real estate taxes paid for selected properties managed by the Department of Housing and Community Development
Non-Restricted	\$31.5	9.0%	
Supplies	\$6.8	1.9%	Office supplies, rental office equipment, cleaning products.
Travel & Training	\$3.8	1.1%	Certification and technical training, operational travel such as that related to extradition, professional memberships and subscriptions
Awards	\$0.3	0.1%	Departmental awards, plaques and ceremony expenses
Other	\$20.6	5.9%	Miscellaneous operating expenses and services from other agencies.
TOTAL	\$351.5	100.0%	