

December 22, 2008

# 2009 Hamilton County General Fund and All-Funds Budget Amendments

Jointly Proposed by: Commission President Todd Portune

Vice-President David Pepper

## Executive Summary

Hamilton County, like virtually all local governments, is experiencing a serious lack of resources to fund basic operational obligations to the people of Hamilton County. The loss of over \$30 Million in revenues to our General Fund and the loss of even greater dollar amounts from the state of Ohio to our All Funds budget are causing reductions in service delivery and recommendations of layoffs across the county organization.

Still, the Board of County Commissioners for Hamilton County, Ohio is charged with developing a balanced budget. As a Board we recognize the difficult economic times facing not only the county budget, but the budgets of every family and business in the County.

We tasked the County Administrator with crafting a recommended budget to account for a dramatic decrease in revenues and to address the policy goals of the Board. As we make joint amendments to that proposed budget, we are in agreement that:

1. Taxes should not be increased in this economic environment. Balancing the budget requires reducing spending; rightsizing the government; and growing the businesses and jobs in the county to positively grow revenues. Raising taxes to balance a budget in the short term will affect our economy in the long run in a negative way.
2. Included in our No New Taxes philosophy is to not repeal the Property Tax Rebate within the Stadium Fund. Besides, that was a promise made to the voters and promises made must be kept.
3. Due to declining revenues, and without new taxes, the 2009 budget must see a dramatic reduction in spending. Generally, government spending increases every year. In our 2009 general fund budget, we are reducing spending by more than \$30M from the 2008 level, and spending will fall to a level of spending the County has not been at in seven years.
4. As we make such cuts, we must lead from the top and be willing to do what we ask others to do. To that end we, the Board, are foregoing the raises that the Ohio legislature has awarded us and we are also agreeing to unpaid 10-day furloughs, and requiring our top staff and administration to also agree to such furloughs, to help make ends meet. These are measures on top of the other things we are doing to

defray costs like paying for our own parking and cell phone charges; foregoing any mileage reimbursements we are entitled to receive; continuing the overall reduction in administration costs; bearing the cost of all incidental business expenses and the like.

5. In this difficult economic time, we are not allocating dollars unless we are *certain* we can count on them; so while we propose pursuing numerous revenue enhancements and savings for 2009, we only rely on the most certain options, and fiscally conservative projections, for budget balancing purposes.
6. As we reallocate dollars, we have done so primarily to support our priority of public safety.
7. Each department head and elected official is the best judge as to implementing departmental budget reductions.
8. We will aggressively pursue relief from state and federal mandates that drive much of our expenditures.
9. We will request legislative changes at the state level to provide flexibility in our operations including housing inmates in contiguous states.
10. Department funding reductions will be implemented with the least possible service impact.
11. Layoffs will be avoided whenever possible. As our revenue position improves we will revisit the many decisions we are making that affect employment. Layoffs will be revisited and people recalled as possible. Raises will be reconsidered and furloughs will be abandoned if unnecessary.
12. The budget will be structurally balanced with recurring revenues covering recurring expenditures.
13. We will continue efficiency efforts through managed competition, shared services, close monitoring of commodity expenditures and restructuring of county government where appropriate and where determined to be of mutual benefit to the Board, to Individual County Office Holders and to the People of Hamilton County.
14. We will continue the successful practice, first begun in 2008, of maximizing the early recovery of delinquent taxes to augment our ability to direct special property tax revenues against priority Quality of Life needs of our citizens.

The budget is a living document and can and will be adjusted during 2009 to reflect the actions within the upcoming state operating budget; our continued efforts for legislative relief to mandates; any changes in revenue receipts during 2009 including proceeds from the Treasurer's tax lien sale; and any success we have in obtaining contract concessions with our various bargaining units.

We have recognized that the future financial well-being of Hamilton County government requires us to do more than balance the budget from year to year. To that end we are looking at the county's fiscal foundation through a long-range lens and with an eye on how we can help create a positive economic climate to grow business that in turn will grow local economic development and create jobs. We are laying the foundation for just such development and growth.

Accordingly, we also expect to announce a long range **Hamilton County Economic Recovery Package** in January, 2009

As a Commission we greatly appreciate the input from the hundreds of citizens and employees who sent us suggestions and participated in the public hearings. We appreciate the input and great cooperation of department heads and independently elected officials at the budget work sessions. In consideration of this input, and the revised revenue estimates provided by the County Budget Office, we have proposed changes in the County Administrator's 2009 recommended budget as detailed below resulting in a balanced 2009 budget.

The 2009 budget will go down in history as one of the most difficult budgets ever crafted for Hamilton County. Residents, businesses and visitors should rest assured that their Commission is up to the task of implementing a budget that reduces spending to levels unseen since the year 2000.

Going forward, the Commission will continue to work collaboratively with the other elected officials to mitigate the impact on services and our county employees. We will continue to be fully engaged with the state budget process in early 2009. We will continue to monitor developments coming out of the federal government for opportunities to garner support and funding of the costly mandates including, but not limited to the required improvements to the Metropolitan Sewer District.

## **Proposed Policy Revisions/Amendments based upon Goals of the Board**

### **Public Safety as Priority #1**

Aside from the need to adopt a balanced budget by year's end the highest policy priority adopted by the Board is in the area of Public Safety. We therefore propose that the Board make the following amendments to the County Administrator's Recommended Budget to bolster the County's public safety efforts:

- Reprogram **\$668,222** (including the food service contract) into the Sheriff's department to minimize reductions made to core public safety functions, both corrections and patrols.
- We will continue to work with the Sheriff to find additional funding within his department that may be reprogrammed to assist in minimizing impacts on our corrections obligations, and also minimize any reduction in patrols from 2008 levels, and funded in a manner that includes county and township funding at mutually acceptable levels.
- **We will restore \$100,000** to Hamilton County HAZMAT, and **\$6,000** for Hamilton County SWAT (The Emergency Management Agency will absorb Urban Search and Rescue funding requirements in 2009)
- We will cap **local jurisdiction 911 dispatch fees** as close to \$14.00 as State action extending the sunset on 911 wireless fees (but with a reduction in that fee) will allow; this allows local jurisdictions to maximize the amount of dollars they can use for direct local law enforcement.
- Consistent with compromises/agreements already reached between the Administration, we will:

- Restore **\$164,029** to the **Courts'** budget
  - Restore **\$75,000** to the **Prosecutor's office** for the continued operation of Project Disarm (gets guns out of the hands of dangerous felons)
  - Restore **\$300,000** to the Dog Warden function.
- To the extent additional savings or revenues are generated under options described below, the County will program those additional dollars into:
    - the **Sheriff's Department to reduce the impact on core public safety functions**, and;
    - create a **funding pool for overflow inmate options**, for 1) facilities within Hamilton County, 2) new options such as Campbell County, or 3) alternatives such as treatment beds or additional electronic monitoring units.
  - In addition to these additions, we will keep the **Board of Zoning Appeals** position independent for at least 6 months of 2009 (cost neutral).

## Specific Measures Proposed to Balance the Budget

The provisions discussed above will require new savings and revenue enhancements to the county's bottom line in order to succeed. This can take the form of reductions in expenditures; the development of new revenue options; legislative changes; the elimination of mandates; or modifications to the administrator's recommendations. A combination of all will undoubtedly be necessary and remains the subject of further work, collaboration and exploration by and between the Board and individual elected officials at the county, the state and at other local jurisdictions. To be fiscally prudent, we have allocated these savings and revenue enhancements into two categories: 1) those that are certain to generate particular dollar amounts, which we can use to balance the 2009 budget; and 2) those that are not sufficiently certain to use for balancing purposes, but which could generate significant additional dollars for 2009.

## Revenues /Savings Enhancements (with Certain Savings for 2009)

1. Apply most recent Treasurer's Interest Earnings estimate: **\$521,138**
2. Rent from moving Family and Children First Council: **\$21,000**
3. **No raises** for elected officials: **\$23,723**
4. Eliminate **Assistant County Administrator General Fund** Salary Allocation: **\$39,106**
5. Eliminate new dollars for HCDC small business center (instead, ask Hamilton County Development Corporation to absorb the first-year cost of this important new direction within its current budget): **\$40,000**

6. Eliminate ***employee raises*** (both non-represented employees, and represented (for upcoming negotiations)): **\$2,177,836**
7. Implement ***10-day furloughs*** for Commissioner/Administration non-classified positions, including commissioner employees: **\$44,349**
8. End **airport consultant** contract: **\$23,000** (one-time savings)
9. Reduce **Regional Partnership for Greater Cincinnati** support: **\$25,000**
10. Delay general fund support for a **consolidated Courthouse server room**: **\$202,000**
11. Delay general fund support for **core router replacement**: **\$450,000**
12. Reduce **Sheriff's Office Food Contract** 10%: **\$230,000** (to be reprogrammed into other Sheriff expenditures)
13. Accept **Coroner** offer to redirect capital equipment funding: **\$60,000**
14. Accept **Treasurer** offer for additional reduction: **\$24,596**
15. Reduce **Buildings** by **\$25,000**, reflecting reduced demand in current economy.

\* A good portion of the savings from these measures are offset by the reduced revenue estimate (revised local government fund, revised sales tax, others): - **\$2.6 million**. But the remainder allows the Commission to support the public safety enhancements described above.

## **Revenues /Savings Enhancements (*Potential Savings for 2009*)**

- Continue successful **spending cap approach** and expand to new **commodity** categories:
  - Our 2008 spending cap policy *reduced spending more than \$1.5 million*, including in the following areas: coffee (-49%); software support (-52%); consulting services (architecture, computer, engineering) (-77%, -39%, -89%); police uniforms (-49%); professional services (-26.3%); subscriptions, dues and memberships (-18.4%); training manuals (-97%); bottled water (-47%); food distribution services (-19.1%)

In January 2009, we will build on this success in these categories, and add new commodity categories to the spending cap matrix. Initially, it may be true that many of the savings will be duplicative of cuts departments are already planning to make to live within their reduced budgets, making the net new savings from this approach unclear at this time. Nonetheless, a heavy emphasis will be placed upon further reducing commodity expenditures across all Departments with monthly reporting upon progress to be made to the Board.

- **Energy rates:** the recent Duke rate reduction could lead to potential savings as could the general reduced cost per barrel of oil which has led to reductions in the cost per gallon of gasoline. The volatility of these markets requires close monitoring and reporting at the end of the first quarter of 2009. Given the County's Cool Counties-Cool; Cities pledge of reducing energy usage by a minimum of 2% per annum the county should be able to realize a bankable (for budget purposes) 2% reduction in cost for these energy commodities. We look to an end of 2<sup>nd</sup> Quarter report upon this energy usage and a determination of how much may be reprogrammed for the balance of the year on county priority needs or FTE/salary-benefit adjustments
- **Broader furloughs:** The County will continue to pursue broader furloughs/unpaid leave options for both represented and non-represented employees within Commission authority, and encourage such furloughs for those employees beyond Commission authority. Some of the potential savings will depend on positive state action under current direction of Ohio Senator Tom Niehaus
- **Unpaid Days Off:** As an option to implement furloughs or to generate flexibility within a department's revenue allocation, we encourage Departments to consider closing if possible, or encouraging the scheduling of furlough days off, to occur on any one or all of the Day after Christmas, the Day after New Years. And to convert the following into Four Day weekends with one of the days off without pay: Martin Luther King Day, Memorial Day, the 4<sup>th</sup> of July and Labor Day. If office closures can also occur considering the use of such days produces additional savings in the form of reduced energy usage and related matters.
- Renegotiate **no raises** in existing CBUs. Savings are TBD based upon successful negotiation and final terms
- **MERP:** the County will explore piloting a Medical Expense Reduction Program (MERP) approach and other health care savings for both 2009, and as it negotiates its 2010 health benefits contract. *Savings unknown*—but could be up to \$500,000 in 2009.
- **The Sheriff and Juvenile Court** will explore potential cost savings in the provision of security for the Juvenile Court. *Savings unknown.* (Current cost of service: \$550,000)
- **Pay to Stay:** Implement a pay-to-stay mechanism to charge inmates who can afford it for their confinement costs.
- **Private Auto Sales:** the County will encourage the state to more effectively capture revenue from private auto sales.
- Maximize use of **special funds** for core public safety functions, including the Law Enforcement Trust Fund (\$850,000 balance), and the Drug Law Enforcement Fund (\$2.2 million)
- **Collection warrants for fines:** support moving to a collections-based approach for unpaid court fines, which has generated additional revenue when pursued in other Ohio cities

- Implement an **online advertising strategy** for participating departments and webservers, (something other governments have begun (e.g., Cook County Assessor)): **\$300,000+**
- Develop the ability of Treasurer to generate **Delinquent Tax Anticipation Notes** to guarantee certainty of collections for all county taxing jurisdictions. Revenue impact for 2009 undetermined
- Develop the revenues to be generated from numerous legislative changes and pursue their adoption in 2009, adding the revenues into the county General Fund to aid specific programs as discussed and as they are developed, including without limitation:
  - HB 215 – amend HB 351: allow transfer of county jail inmates to contiguous counties and states.
  - HB 215 - Community Correctional Centers/District Community Correctional Centers for certain misdemeanants with jail sentences not exceeding 30-days: Allows the Board of County Commissioners of any county (or Boards of County Commissioners of two or more adjoining or neighboring counties) in consultation with the sheriff to formulate a proposal for a Community Correctional Center.
  - HB 215 – temporary Medicaid Benefits: granting a Medicaid recipient a temporary Medicaid benefits card to be issued upon release from a state or local correctional facility.
  - SB 353 – authorizes the creation of land reutilization corporations to facilitate the reclamation, rehabilitation, and reutilization of vacant, abandoned, tax foreclosed, or other real property. Bill likely to be narrowed to apply only to Cuyahoga County as a 24 month pilot with a possible expansion to other counties in the 2010-2011 Operating Budget.
  - HB 564 – Probate Court Fees: increase certain fees charged by the probate court. (Have communicated with Representative Blessing’s office that Hamilton County supports this.)
  - SB 362 – Mileage Reimbursements: permits Board of County Commissioners in each county to set the mileage reimbursement rate for witnesses in civil cases in county courts.
- As explained above, to the extent additional savings are generated under these revenue options, the County will program those dollars into:
  - 1) the **Sheriff’s Department to reduce the impact on core public safety functions**, and;
  - 2) Create a **funding pool for overflow inmate options**, for 1) facilities within Hamilton County, 2) new options such as Campbell County, or 3) alternatives such as treatment beds or additional electronic monitoring units

## **Reducing the Impact on our County Workforce**

The county administrator's current budget proposal contemplated laying off approximately 540 employees in General Fund supported activities and another 320 -360 in our All-Funds operated functions. 900 layoffs of full-time wage earners will throw many homeowners into foreclosure and burden an already struggling local economy. It will increase demand on public services while, in a number of cases, cripple the very organizations that are called upon to provide those services.

If possible we simply must reduce the number of layoffs.

## **Retaining Employees; Reducing Layoffs**

To that end we have encouraged all departments to employ other options. Specifically we are encouraging the utilization of vacancies first, followed by early retirements or employee buyouts. Each operation of county government is being asked to consider the use of furloughs, unpaid leave; closure of non-essential offices for specific periods and other measures that will allow for a reduction in personnel costs while saving jobs. We, the Board, will employ such an approach in all Board controlled departments and functions.

**NOTE: At the outset we must emphasize that we are employing these methods for only so long as our revenue posture requires. We must be willing to revisit each of these measures and eliminate them when increases in revenues will allow. Our desire is to award much needed and long overdue raises, or to reinstate them in cases where they have been voluntarily waived, as soon as revenues allow. We also need not implement unpaid furloughs if our revenue posture improves. We must adopt a policy resolution along with the budget that commands revisiting all of these extraordinary revenue measures when the economy rebounds; or the state takes a different course of action concerning the funding of local governments than it has.**

In all prospective cases under Board supervision that contemplate layoffs I am proposing departmental consideration of these kinds of strategies as alternatives to layoffs and ask that each department present its plan and approach prior to implementing any layoff.

We have made great progress and have offered numerous options to individual Departments that are allowing them the ability to dramatically reduce the number of layoffs necessary. In particular we have taken steps, and are continuing to take steps including negotiating with Union leadership and working with the State Legislature, to create options for our employees to consider in order to reduce the number of layoffs.

Furloughs of 10 days in duration spread out over the balance of the year are one such option. Agreements to forego negotiated and due raises are another. Ohio Senator Tom Niehaus is pursuing a third, that being legislation that would result in Civil Service protected employees being given the option

of agreeing to furloughs, or unpaid days off, instead of layoffs, to assist meeting economy driven budgetary concerns.

In short, we are working to provide the following options:

<b>No Raises for 2009:</b>	<b>Amount in \$\$</b>
Board of County Commissioners controlled unclassified personnel:	\$1 Million
Raises under negotiation with existing Collective Bargaining Units:	\$1.2 Million
Raises foregone from existing negotiated CBU Agreements:	\$167,857
Raises foregone from Job & Family Services employees:	\$708,723

**Furloughs of 10 Days [no pay] for 2009:**

Board of County Commissioners controlled unclassified personnel:	\$42,000
Board of County Commissioners controlled classified personnel:	\$305,000
Furloughs for employees under existing CBU Agreements:	\$1,250,000
Furloughs for employees in Restricted Fund Comm. Center:	\$116,000
Furloughs for employees in Restricted Fund other Departments:	\$125,000
Furloughs obtainable in All Other Departments:	\$ unknown

**Additional unpaid Holidays for 2009** for six (6) days of Day after Christmas, Day after New Years and extend from three day to four day weekends for Martin Luther King Day, Memorial Day, 4<sup>th</sup> of July and Labor Day. Figures represented as: all 6 days and [amount saved each day]

Board of County Commissioners controlled unclassified personnel:	\$25,200/[4,200]
Board of County Commissioners controlled classified personnel:	\$183,240/[30,540]
employees under existing CBU Agreements:	\$750,000[125,000]
employees in Restricted Fund Comm. Center:	\$69,600/[11,600]
employees in Restricted Fund other Departments:	\$75,000/[12,500]
All Other Departments:	\$ unknown

In each Department we are Recommending that the controlling Elected Officials consider meeting their recommended departmental budget-mandated FTE reductions, as set forth on page 40 in the County Administrator’s recommended 2009 Budget, by pursuing an analytic progression that:

First, “terminates” FTE positions that are both vacant and unnecessary [not essential to carrying out the mandates, duties and priority responsibilities of the Department or Office; and

Second, considers early retirements, employee buyouts, or other similar type programs that are available and funded; and

Third, assesses whether the remaining number of positions are all necessary to the department; terminating those that are not; and

Fourth, utilizes all of the means developed by the Board [discussed above] to address all remaining economy driven FTE reductions. Further, and to the extent any layoffs remain necessary, lay off such remaining FTEs subject to immediate recall as the county develops added revenue, reduces expense, or otherwise recovers financially in such a manner as would allow revisiting those positions and recalling those employees.

## Other Policy Considerations

- **Sheriff’s Budget:** While we are investing additional dollars to minimize the impact of this challenging budget on core public safety service, rather than targeting three townships and micromanaging the Sheriff’s department, we instead leave it to the Sheriff, as the independently elected official, to decide how best to meet his budget while minimizing impact on core safety services.

Options might include:

- Sheriff asks large townships to pay for their dedicated patrols, or asks broader set of townships to pay greater share
- Sheriff makes cuts to other non-patrol programs raised at hearings, such as special units and other non-mandated functions and middle management positions, in order to minimize any impact on patrol function
- Sheriff accesses specialized funds to support core safety functions
- Sheriff pursues other efficiencies (or revenue enhancements)
- If patrol cuts are required, Sheriff determines best way to distribute whatever cuts to patrols need to be made
- Sheriff considers developing a policy concerning jail space that allocates a set number of spaces per judge. Each Judge then has the responsibility to utilize her or his spaces wisely, reserving jail solely for those individuals for whom other options/alternatives to incarceration are clearly inappropriate
- Sheriff collaborates with Board and State Officials to develop additional Community Based Correction Facility options capable of meeting State requirements [as

determined] for the purpose of housing overflow inmates; supporting targeted/concentrated law enforcement activity; supporting regular and ongoing law enforcement that periodically produces “bumps” in the number of arrests due to seasonal differences, or specialized activity

- *Bottom line:* the operational decisions are ultimately up to the Sheriff to make, consistent with his authority under Ohio law as to which services require reimbursement from Townships
- In the meantime, Townships have an additional option to apply their TIF dollars to dedicated patrols if they so choose- **Hillcrest:** we support implementing 4(e) reimbursement for Hillcrest activities, including needed organizational reforms to enable such reimbursement and to reduce, or eliminate the need to rely upon Children’s Services Levy Funds to operate Hillcrest.
- **Job & Family Services Cuts:** As Hillcrest is weaned from Children’s Services Levy support, we support reprogramming those Levy Dollars against JFS functions and personnel that have been cut due to State of Ohio reductions in support
- **The Board reaffirms its stated objective to allow each department head and independently elected official to determine the manner in which they manage within the funding level in the approved 2009 budget. Specific staffing levels or positions identified in the County Administrator’s 2009 recommended served only as a place holder and the departments have full discretion to determine their staffing levels within the funding approved.**

## Conclusion

The 2009 budgets have been the most challenging in anyone’s memory. Hamilton County must continue to work aggressively and collaboratively to be efficient and accountable, while providing the services our citizens need and while meeting the obligations the state of Ohio has set out for us to provide.