

ATTACHMENT 2
Finding a Balanced Approach to Create a Sustainable Budget

SOLUTION COMPONENT	Decision making process	Impacts (to clients and customers, general public, employees)	“Worst Case Scenario” (if this were the only solution to eliminate \$100 million structural deficit)	Proposed Balanced Approach
Program cuts and Multi-departmental Savings	<ul style="list-style-type: none"> • Dept. scenario planning • Multi-department teamwork • Budget development process • BOS approval 	<ul style="list-style-type: none"> • Reduced/eliminated services • Reduced County positions • Redesigned service models 	<ul style="list-style-type: none"> • \$100mm=30% reduction in Net County Cost; 1000+ jobs eliminated • Greatest level of community pain and impact to County employees & organization • Major facility closures • Extensive elimination of services • Implications for County’s ability to satisfy mandates • Highest BOS discretion toward ongoing, structural balance 	<p>\$50mm (50%) 15% reduction in Net County Cost</p>
Labor cost reduction	<ul style="list-style-type: none"> • Labor negotiation process • Union and BOS approval 	<ul style="list-style-type: none"> • Reduced employee compensation 	<ul style="list-style-type: none"> • \$100mm=20% reduction in total salaries & benefits • Deepest and broadest pain/impact to employees 	<p>\$25mm (25%) 5% reduction in total salaries & benefits</p>
New revenues	<ul style="list-style-type: none"> • Taxes: BOS placement on ballot; Voter approval • Fees & economic development: BOS approval 	<ul style="list-style-type: none"> • Higher taxes and fees 	<ul style="list-style-type: none"> • \$100mm=30% increase in discretionary revenue • Significant impact on tax payers • Low likelihood of success without balanced approach to deliver on priority outcomes and reduced spending • Lowest BOS discretion 	<p>\$25mm (25%) 7% increase in discretionary revenue</p>
Use of Reserves	<ul style="list-style-type: none"> • Budget development process • BOS approval 	<ul style="list-style-type: none"> • To a certain extent, use of reserves can defer impacts on clients and customers, public & employees as longer term strategies are implemented • Rapid spend-down and over-use of reserves impacts fiscal stability, bond rating, debt cost and investment income 	<ul style="list-style-type: none"> • \$100mm=46% of total reserves • Not a sustainable path to structural balance • Emergency contingency seriously under-funded by 2012 • All reserves entirely depleted in less than 3 years 	<ul style="list-style-type: none"> • Managed use as needed to get to balance in 2012-13 • Maintain 10% minimum contingencies and state budget/other uncertainties