

City of Seattle
Department of Finance

Mid-2009 General Fund
Budget Reductions Proposal

April 20, 2009

Review of Financial Situation

- National recession began in December 2007; regional recession began in late summer 2008.
- Decline in revenue forecast between August and November 2008 required \$19 million reduction in 2009-2010 General Subfund budget.
- Fourth quarter 2008 revenues were very weak due to economy and snowstorm. Final 2008 revenues were about \$13.3 million less than November forecast.
- DOF allowed very few encumbrances or carryovers from 2008 into 2009, which partially offset 2008 revenue shortfall.
- 2008 year-end General Subfund balance will be about \$19 million.

Current Economic Situation

- April 2009 General Fund revenue forecast is \$29.8 million lower for 2009 and \$41.6 million lower for 2010.
- Recent employment figures are still troubling; March unemployment rate is 8.5% nationally, 9.2% statewide, and 8.0% in King County.

Overall Strategy

- Capture maximum possible 2008 savings (already done).
- Make mid-2009 reductions to save about \$13.3 million, with many reductions sustainable in 2010.
- Use 2010 budget process to complete rebalancing for the 2009-2010 biennium.

Approach to Mid-2009 Reductions

- Preserve highest-priority programs, especially uniformed public safety and direct human services.
- Preserve programs in less-advantaged communities (race and social justice focus).
- Seek sustainable reductions where possible.
- Impose salary reductions and freezes for senior management (all executive departments, not just General Fund ones), and professional staff furloughs for several departments and offices.
- Initial reduction targets of 3% for most departments; 1.5% for Fire, Human Services, and Police.

Results

Mid-2009 General Fund Reductions as of April 16, 2009

\$13.3 million in total cuts; 1.46% overall reduction

Department	Accepted Cuts	% Reduction	Department	Accepted Cuts	% Reduction
Art & Cultural Affairs	\$93,929	3.19%	Neighborhood Matching Subfund	\$112,000	3.38%
Executive Administration (DEA)	\$1,022,536	3.01%	Neighborhoods (DON)	\$264,892	2.95%
Finance	\$158,000	3.00%	Office of Housing	\$99,242	3.43%
Fire	\$488,649	0.32%	Office of Intergovernmental Relations	\$70,000	3.00%
Fleets & Facilities (FFD)	\$473,000	NA	Office of Policy & Management	\$80,000	2.98%
Human Services	\$820,845	1.50%	Office of Sustainability & Environment	\$49,502	3.36%
Information Technology (DoIT)	\$315,733	NA	Parks & Recreation (includes Charter)	\$2,013,284	2.33%
Law	\$332,000	1.82%	Personnel	\$376,020	3.00%
Legislative	\$381,000	3.10%	Planning & Development (DPD)	\$427,000	4.19%
Library	\$1,022,000	2.08%	Police	\$1,161,161	0.50%
Mayor's Office	\$95,000	3.12%	Seattle Center	\$550,009	3.61%
Municipal Court	\$596,380	2.21%	Seattle Office for Civil Rights	\$74,993	3.21%
			Transportation (SDOT)	\$2,253,000	5.40%

NOTE: FFD and DoIT are shown as "NA" because these are not General Fund departments.

Details

- Approximately 59 positions eliminated, of which about half are filled.
- More visible reductions include:
 - Citywide: various offices closed or short-staffed due to furloughs.
 - Parks: reduce staffing at environmental learning centers and reduce enhanced maintenance that was originally funded from ProParks Levy.

Details (continued)

- More visible reductions include (continued):
 - Human Services: eliminate funding for potential public toilet replacement facilities.
 - SDOT: reduce area for 2009 chip seal by about 50% and reduce overtime available for street cleaning and landscaping.
 - Police: reduce emergency preparedness outreach staffing.
 - Library: week-long furlough in August.

Next Steps

- Solicit feedback from City Council and public, with final cuts implemented at start of May.
- A few items are still being studied and decisions will be made later in the month.
- DOF will continue to look for savings as the year unfolds (e.g., vacant positions, increased spans of control, overtime savings).
- Use up to \$5 million of the \$30 million Revenue Stabilization Account (“Rainy Day Fund”) in 2009 based on current revenue forecast; final decision to be made in fall.
- Begin 2010 budget process in mid-May.

2009-2010 Fund Balance

	2009 (In \$ Ms)	2010 (In \$ Ms)
<u>Beginning Unreserved Fund Balance</u>		
Starting Fund Balance	25.3	0.1
Prior Yr. Expenditures Carried Forward	(6.1)	-
Starting Unreserved Fund Balance	19.2	0.1
<u>Revenues</u>		
GSF Revenue Forecast	840.8	851.4
DPR Charter Revenue Forecast	37.6	37.9
<i>Total Revenues</i>	878.4	889.3
<u>Expenses</u>		
GSF Appropriations	(873.3)	(899.4)
DPR Charter Revenue Appropriations	(39.2)	(40.0)
<i>Subtotal-Expenses</i>	(912.5)	(939.4)
<u>Expenditure Adjustments</u>		
Budget Reductions (as of April 17)	13.3	12.9
Use of "Rainy Day Fund"	5.0	-
Supplemental Expenses (estimated)	(3.4)	(1.7)
<i>Total Expenses</i>	(897.5)	(928.2)
Ending Unreserved Fund Balance	\$ 0.1	\$ (38.8)