City of Seattle
Department of Finance

# Mid-2009 General Fund Budget Reductions

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 |
|---|---|---|
| Art & Cultural Affairs | $93,929 | 3.19% |
| Executive Administration (DEA) | $1,022,536 | 3.01% |
| Finance | $158,000 | 3.00% |
| Fire | $488,649 | 0.32% |
| Fleets & Facilities (FFD) | $473,000 | NA |
| Human Services | $820,845 | 1.50% |
| Information Technology (DoIT) | $315,733 | NA |
| Law | $332,000 | 1.82% |
| Legislative | $381,000 | 3.10% |
| Library | $1,022,000 | 2.08% |
| Mayor's Office | $95,000 | 3.12% |
| Municipal Court | $596,380 | 2.21% |

| Department | Accepted Cuts | % Reduction |
|---|---|---|
| Neighborhood Matching Subfund | $112,000 | 3.38% |
| Neighborhoods (DON) | $264,892 | 2.95% |
| Office of Housing | $99,242 | 3.43% |
| Office of Intergovernmental Relations | $70,000 | 3.00% |
| Office of Policy & Management | $80,000 | 2.98% |
| Office of Sustainability & Environment | $49,502 | 3.36% |
| Parks & Recreation (includes Charter) | $2,013,284 | 2.33% |
| Personnel | $376,020 | 3.00% |
| Planning & Development (DPD) | $427,000 | 4.19% |
| Police | $1,161,161 | 0.50% |
| Seattle Center | $550,009 | 3.61% |
| 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) |
|---|---|---|
| **Beginning Unreserved Fund Balance** | | |
| Starting Fund Balance | 25.3 | 0.1 |
| Prior Yr. Expenditures Carried Forward | (6.1) | - |
| **Starting Unreserved Fund Balance** | **19.2** | **0.1** |
| **Revenues** | | |
| GSF Revenue Forecast | 840.8 | 851.4 |
| DPR Charter Revenue Forecast | 37.6 | 37.9 |
| *Total Revenues* | **878.4** | **889.3** |
| **Expenses** | | |
| GSF Appropriations | (873.3) | (899.4) |
| DPR Charter Revenue Appropriations | (39.2) | (40.0) |
| *Subtotal-Expenses* | **(912.5)** | **(939.4)** |
| **Expenditure Adjustments** | | |
| Budget Reductions (as of April 17) | 13.3 | 12.9 |
| Use of “Rainy Day Fund” | 5.0 | - |
| Supplemental Expenses (estimated) | (3.4) | (1.7) |
| *Total Expenses* | **(897.5)** | **(928.2)** |
| **Ending Unreserved Fund Balance** | **$ 0.1** | **$ (38.8)** |