

Scenarios For Possible Modifications to the FY 2009-10 Manager's Recommended Budget

Orange County's FY 2009-10 Recommended Annual Operating Budget was balanced at the revenue neutral tax rate for the County. The Board of County Commissioners directed the County Manager to prepare scenarios for decreasing the recommended budget in order to attain a tax rate lower than the revenue neutral rate.

The chart below outlines 5 scenarios ranging from reduction of the recommended tax rate by 1/2 cent to reduction of 2.4 cents. The chart also outlines the negative financial impact for County and School funding if the Board were to approve a tax rate less than the recommended rate and maintain the funding ratio of 48.1% of General Fund revenues for local school districts and 51.9% for county operations.

"Manager's Note: The following alternative scenarios reflect the areas that I have identified for progressive cuts to reduce the County's revenue neutral tax rate. The cuts in the first two columns could be considered and not dramatically erode **County services and programs**. Cuts identified in all columns, however, would negatively impact County employee pay and County funding for local school districts, Chapel Hill Carrboro and Orange County Schools. It is important to note, cuts beyond 1 cent will seriously erode County and School programs, in my opinion."

FY 2009-10 One Cent Generates	\$1,505,352
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	Tax Rate Reduction of .5 cents	Tax Rate Reduction of 1 cent	Tax Rate Reduction of 1.5 cents	Tax Rate Reduction of 2 cents	Tax Rate Reduction of 2.4 cents
FY 2009-10 Recommended Tax Rate (This is the revenue neutral rate for the County; reflected in cents per \$100 valuation)	85.80	85.80	85.80	85.80	85.80
Possible Tax Rate Reduction (cents per \$100 valuation)	0.50	1.00	1.50	2.00	2.40
Tax Rate After Tax Rate Reduction (cents per \$100 valuation)	85.30	84.80	84.30	83.80	83.40
Total Dollar Equivalent of Tax Rate Reduction	752,676	1,505,352	2,258,028	3,010,704	3,612,845
Schools Share of Reduction (48.1% of total recommended General Fund budget)	\$362,037	\$724,074	\$1,086,111	\$1,448,149	\$1,737,778
County Share (51.9% of total recommended General Fund budget)	\$390,639	\$781,278	\$1,171,917	\$1,562,555	\$1,875,066

Alternatives to Achieving the County's Share of Targeted Tax Rate Reductions

		Tax Rate Reduction of .5 cents	Tax Rate Reduction of 1 cent	Tax Rate Reduction of 1.5 cents	Tax Rate Reduction of 2 cents	Tax Rate Reduction of 2.4 cents
Menu Item #	Item					
1. Safety Net - Manager's Recommended Budget includes \$150,000 appropriation for FY 2009-10. Instead of including these monies in the FY 2009-10 budget, the Board may choose to carry forward of \$145,000 approved but unexpended Critical Needs Reserve monies from FY 2008-09 to FY 2009-10.						
1-a.	Carry forward approved but unexpended FY 2008-09 Critical Needs Reserve appropriation	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000
Total Safety Net Decrease		\$150,000	\$150,000	\$150,000	\$150,000	\$150,000
2. Board Priorities - Postpone Board Priorities which have budgetary impacts in FY 2009-10						
2-a.	Postpone Comprehensive Plan	\$74,000	\$74,000	\$74,000	\$74,000	
2-b.	Postpone Videostreaming/Podcasting	\$50,000		\$50,000	\$50,000	\$50,000
Total Board Priorities Decrease		\$124,000	\$74,000	\$124,000	\$124,000	\$50,000
3. Furlough - 1 furlough day savings equates to approximately \$158,000; includes salaries, fringes, and closing of facilities						
3-a.	Mandatory Furlough of 24 hours for all employees		\$475,000			
3-b.	Tiered Approach - Mandatory Furlough of 24 hours for employees earning less than \$50,000 and 40 hours for employees earning more than \$50,000			\$595,000		
3-c.	Mandatory Furlough of 48 hours for all employees				\$950,000	
3-d.	Mandatory Furlough - 80 hours for all employees					\$1,583,333
3-e.	Voluntary Furlough	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000
Total Savings from Furlough		\$100,000	\$575,000	\$695,000	\$1,050,000	\$1,683,333
4. County Employee Pay and Compensation						
4-a.	Longevity - Reduce payments to employees			\$150,000	\$189,688	\$0
Total County Employee Pay & Compensation		\$0	\$0	\$150,000	\$189,688	\$0
County Share of Budget Reductions		\$374,000	\$799,000	\$1,119,000	\$1,513,688	\$1,883,333
Targeted County Share of Tax Rate Reduction		\$390,639	\$781,278	\$1,171,917	\$1,562,555	\$1,875,066