

Maricopa County Fiscal Update



Office of Management and Budget

December 9, 2008

Revenue Shortfalls

Lower Revenue Forecasts

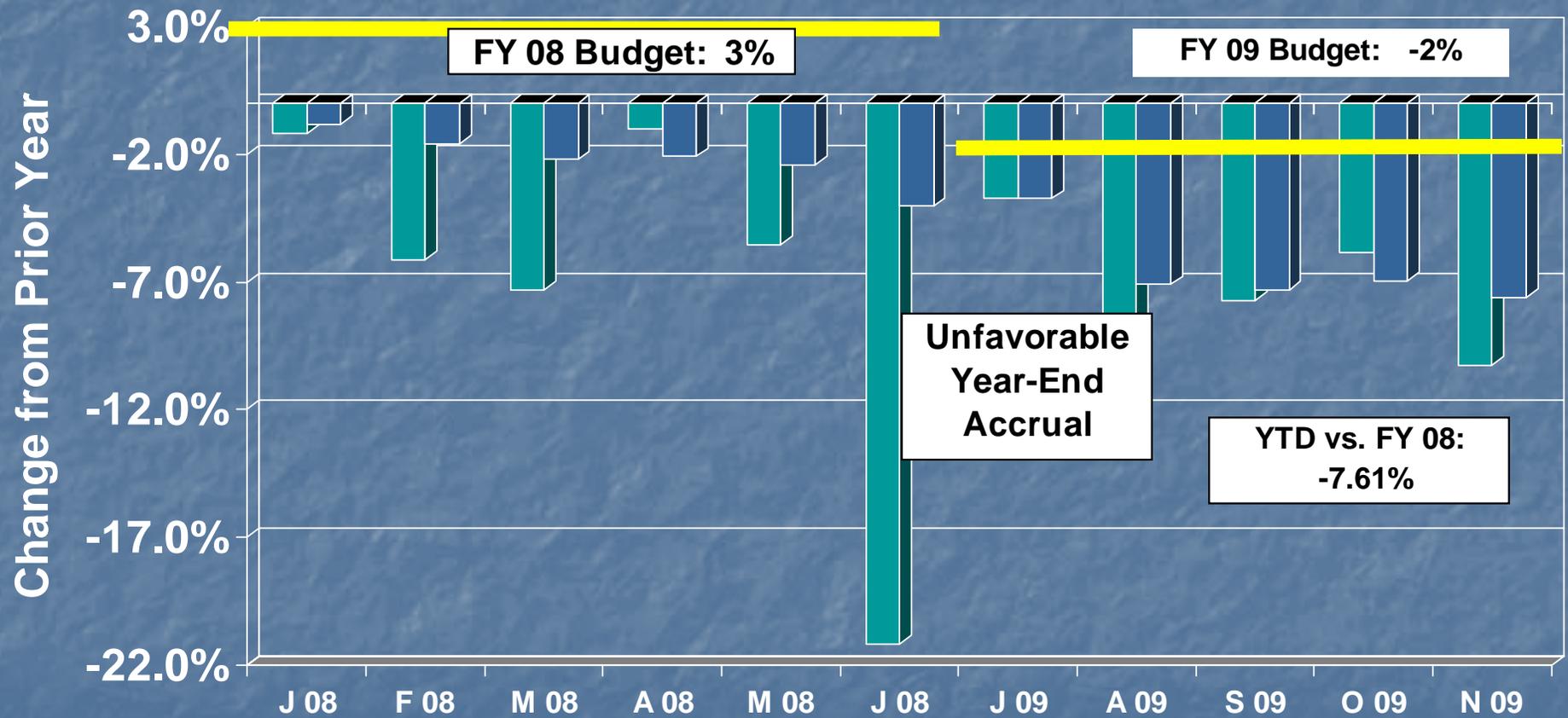
	FY 08		FY 09		
	April Forecast	Actual	Adopted Budget	Oct. Forecast*	YTD Actual**
Sales	-2.5%	-4.0%	-2.0%	-8.2%	-7.6%
VLT	-2.0%	-2.9%	-2.0%	-10.0%	-5.9%
Jail	-3.0%	-5.0%	-2.0%	-8.6%	-9.8%

**Quarterly “worst case” by EDP; Marshall Vest “worst case” is -10%; at this level, budget deficit could approach \$70 m.*

***November 2008*



State Shared Sales Tax Change Over Prior Year – 9 Month Trend

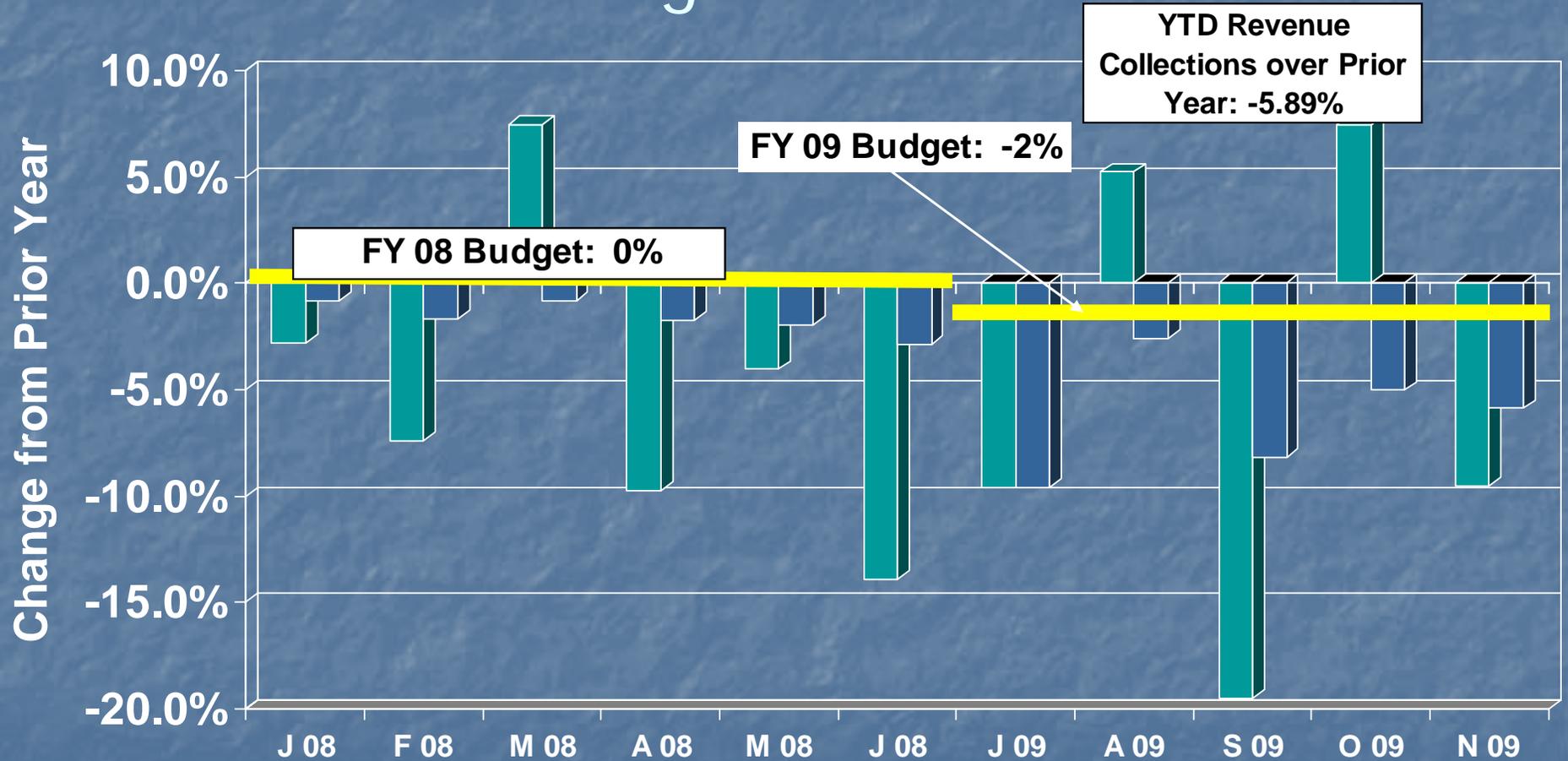


*Revenues under budget
\$10.3 million YTD
through November*

■ Month ■ YTD



State Shared Vehicle License Tax FY 08 Change Over Prior Year



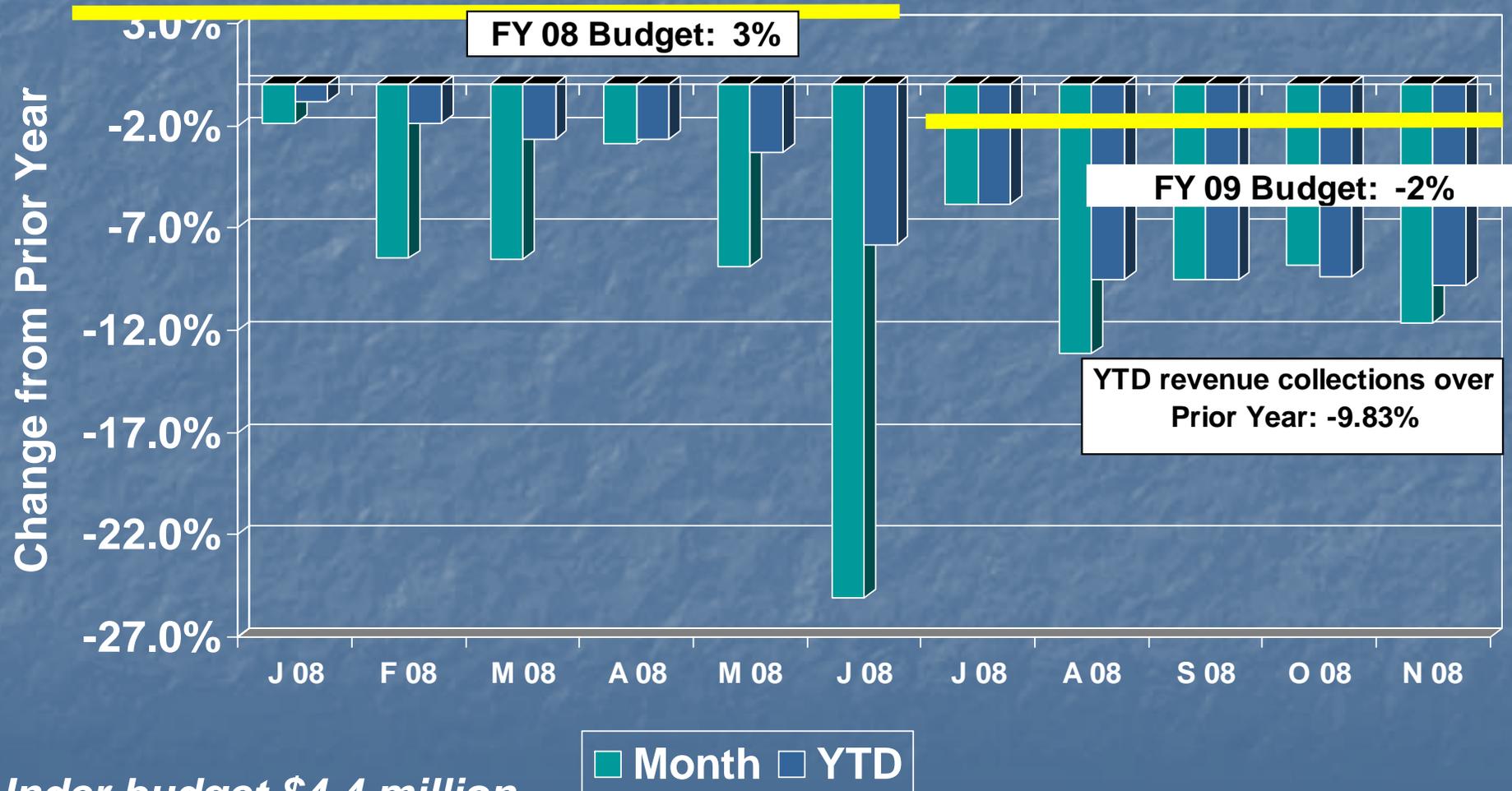
*Under budget \$2.0 million
YTD through November*

■ Month ■ YTD



Jail Excise Tax

7 Month Close-up Change Over Prior Year



*Under budget \$4.4 million
YTD through November*

Structural Deficits

October 2008 Pessimistic Forecast (millions)

	FY 2008-09	FY 2009-10
General Fund	(\$46.4)	(\$66.0)
Detention Fund	(\$12.0)	(\$32.7)
TOTAL	(\$58.4)	(\$98.7)

Based on Elliott D. Pollack and Co. "Pessimistic" forecast scenario, which calls for FY 2008-09 declines of 8.2% for sales, 10.0% for VLT, and 8.6% for Jail Tax revenues.

Expenditure forecast includes increases in mandated health care contributions plus employee health benefit and retirement increases.

Summary of FY 2008-09 Operating Budget Reductions (millions)

	General Fund	Detention Fund	TOTALS
Pay for Performance	\$7.4	\$3.8	\$11.2
Retirement Reserve	\$3.0	\$4.4	\$7.4
ALTCS Adjustment	\$1.4		\$1.4
Court Tower Debt	\$5.8		\$5.8
CIP Transfer	\$28.0		\$28.0
General Contingency	\$6.4	\$0.6	\$7.0
TOTALS	\$52.0	\$8.8	\$60.8

35% of General Fund Non-Discretionary Expenditures (millions)

FY 09 Adopted Budget	\$1,170.6	
Fixed Payments:		
ALTCS Contribution	162.1	14%
AHCCCS Contribution	21.6	2%
Arnold v. Sarn Contribution	35.9	3%
Jail Tax MOE Transfer	170.1	15%
Salaries of Elected Officials (including Judges and JPs)	16.1	1%
Total Fixed Payments:	\$405.8	35%
Net Discretionary	\$764.8	65%

Budget Reduction Plans

- Due December 8
- OMB staff to review through December
- Recommendations to be finalized and reviewed with departments in January
- Issues will be presented to the Board for approval starting in early February
- If proposals from departments are not sufficient to balance the budget, OMB will need to develop its own recommendations

State Impacts

FY 09 State Impacts

One-time Direct Payments:	(mil.)
Laws 2008 Chap 288, Sec 10	\$24.2
Laws 2008 Chap 285, Sec 47	4.7
	\$28.9
DPS Crime Lab Assessment	\$0.5
Diversion of HURF to DPS	5.9
Sweep FY 07 and FY 08 ALTCS Refunds	11.1
TOTAL	\$45.9

State Budget Problems – Ongoing Threat

- State budget not structurally balanced (operating revenue = operating expenditures)
- JLBC estimating 2009 deficit \$1.2 billion
- Per JLBC, FY 2010 structural deficit could be as high as \$3.0 billion
- “Rainy day fund” nearly depleted

County Concerns

- DOC Inmate Shift (Exec. proposal last year would have increased County jail population 23%)
- 100% ALTCS Growth
- Photo Radar – Impact on Judicial Productivity Credits
- More State “contributions”
- Uncertainty of payments from State (grants, other fund distributions)



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