

Sussex County Budget Strategies During the Economic Downturn

Preparing the 2010 Sussex County annual budget was unlike most years. Compiling the 2010 county's balanced budget was exceptionally challenging, what seemed to be an almost impossible task. The budget committee comprising the County Administrator, Finance Director, Budget and Cost Manager, and the Director of Accounting needed to propose a budget that maintained the existing county services during the midst of a major economic downturn. Adding to the difficulty were the falling revenues of the housing industry (down \$2.2 million), the falling revenue of realty transfer tax (down \$5.2 million), a decrease of \$1.9 million in state funding for the Paramedics while not using appropriated reserves to balance the General Fund, which was \$2.6 million in FY 2009. These factors totaled a 22 percent projected decrease in General Fund Revenues.



The budget committee began the budget process in February 2009 by meeting with each department. When a department brought in its proposed budget, the committee took a careful look at the history of spending. Any discrepancy from what history showed and what was being proposed was addressed promptly at the meeting. Travel for training was cut to a minimum. Only training related to certification was kept in this budget. In addition, a contingency account was set up for capital purchases, such as computers and cars. No department was budgeted a capital-item replacement unless the item was broken. The contingency account would be used throughout the year to replace broken items only. Setting up a contingency account allows the County Administrator to have stricter control over what is being spent throughout the year. The committee felt if the item was placed in the department's budget, the department could spend the money a little more easily.

The next area where departments saw a decrease was in their staffing. Before an early-retirement offer was given, General Fund staffing decreased by 35 employees, representing an eight percent decrease from FY 2009. The decrease was created by not filling positions when staff resigned and by moving the accounting for 12 employees to the water and sewer budget. These employees' duties were primarily water- and sewer-related. With the changes noted plus an increase in contribution of \$40 a month per employee for health care, 25 out of 27 General Fund departments saw a decrease in their budget.

Another area of the budget that had to be reviewed was the county's grant-in-aid program. The committee found the best way to handle this situation was to make consistent cuts across the board. Fire companies and libraries saw an eight percent cut in their grant, whereas the other grants were cut in half. Without the obligation of contributing to the Open Space program in FY 2010, the grant-in-aid budget decreased \$2.5 million, or 25 percent.

Making multiple cuts, the budget committee still needed to look at the county's drying-up revenues. The committee did several things to increase revenues to close the deficit. More General Fund expenses were charged to the water and sewer districts, the reimbursement for which created \$550,000 revenue in the General Fund. For example, the personnel department was always funded entirely through the General Fund; however,

24 percent of the county's employees work in the water and sewer area. Also, Sheriff revenue was projected to increase by \$1 million. The Clerk of the Peace increased its fees. In addition, the committee proposed to receive reimbursements from the Pension Benefit Fund of \$1.4 million, which was the first time this had been done since the fund had been set up.

It can be easily seen that the 2010 Sussex County Annual Budget is a "baseline" budget, as stated by County Administrator Dave Baker during his presentation to County Council. The budget was cut 16 percent from FY 2009. Anticipating another tough budget preparation with 2011, the County Council offered an early-retirement option. As a result, 11 more employees retired on June 30, 2009. None of those positions have been filled. Throughout the year, the committee continues to look for ways to lessen government spending as revenues continue to decrease.

by Gina Jennings, Sussex County Council Director of Accounting