

2012 BUDGET PRESENTATION

December 21, 2012

The Board of Commissioners and I are pleased to announce this morning that there will be NO County tax increase for 2012. This marks the third consecutive year of NO tax increase for York County taxpayers. The 2012 millage rate will remain at 4.15 mills. A taxpayer whose home is assessed at \$100,000 will continue to pay \$415 in County real estate taxes. Note that 1/10th of a mill, or 2.4%, of the entire millage rate, is a dedicated Library Tax, resulting in \$10 of the \$415 total County tax burden going directly to support the York County Library System.

The total County budget for 2012 is \$450.5 million, with a General Fund of \$178.5 million. Compared to the 2011 budget, the General Fund spending plan is up a net of 2.9% reflecting increased salary & wages from one year ago and an increased subsidy necessary to fund the operation of the Pleasant Acres Nursing & Rehabilitation Center.

BUDGET IMPACTS

Although the County continues to face increasing unfunded mandates coupled with decreasing state and federal funding, the steps taken over the past several years to reduce both the size and the cost of County government have been significant factors in holding the line on increasing taxes. Over the past five years, County elected officials and department heads have implemented innovative programs and practices designed to cut costs and improve the efficiency of County government services. Those measures, along with very conservative spending plans have resulted in a 2012 General Fund budget that remains \$3.8 million below the budget presented for calendar year 2009.

We are also pleased to report that the County's unrestricted General Fund cash balance at year-end 2011 is projected to be approximately \$12 million. This accumulated fund reserve is the product of sound fiscal management and lower than anticipated annual spending. The County's General Fund budget plan will draw down the fund balance by \$3.4 million in 2012 to finance operations and avoid a tax increase.

Holding the line on taxes has been this board's number one priority over the past four years, and will continue to dictate spending decisions into the future.

STAFF RECOGNITION

Before I speak to a number of key elements included in the 2012 budget, I would like to recognize the County Budget Team that has worked diligently since August to assemble the 2012 budget. They deserve recognition for both their dedication and invaluable input to the budget process. The team is comprised of:

- Treasurer Barbara Bair
- Controller Robb Green
- Deputy Controller Debra Myers

I would also like to thank our County elected officials and department directors for their cooperation and assistance in submitting well constructed and fiscally conservative preliminary budgets. We have asked them to negotiate hard on contracts and professional services and they have done an admirable job. Their up-front work is instrumental in making the Budget Team's job much easier and less contentious.

BUDGET HIGHLIGHTS

- Tax revenues for 2012 are forecast at \$106.5 million and have been flat since 2010, reflecting the slow-down in new construction and housing starts in York County. The number of commercial and industrial assessment appeals continues to concern us. The erosion of the County's \$26.8 billion taxable assessment base brings added pressure to find alternate funding sources or means of further reducing operating expenses.
- The announcement earlier this year of a new Immigration and Customs Enforcement fee-for-service contract was very good news for County taxpayers. The daily rate for housing ICE detainees increased from \$67.20 per day to \$83, effective October 1, 2011. The new rate will increase annual ICE revenue by \$4.6 million, helping to offset the rising cost of operating the Prison facility. A new Work Release facility scheduled to open in the fall of 2012 is also expected to have a positive impact on future ICE and Department of Corrections inmate capacity.
- The 2012 budget includes an across-the-board wage increase of 2% for all non-bargaining unit employees. Union represented employee wage increases are at contracted rates ranging on average from 2.5% to 3.5%. We remain concerned about the impact of recent binding arbitration wage decisions as they continue to exceed local norms and compound the compression between non-bargaining and union employee salary scales. Elected officials will receive a 3% salary increase with the exception of the Board of Commissioners, whose salaries are frozen at the prior year levels.
- The total payroll for 2012 is projected at \$99.8 million for a workforce of 2,686 employees.
- The County plans to increase the 2012 workforce by 44 new positions, with 29 of those new positions slated for the Prison operation. An additional 7 positions are dedicated to

Adult Probation for alternative treatment initiatives including the expansion of the County's DUI Court. The York County Court of Common Pleas has been very proactive in implementing alternative treatment courts which provide innovative alternatives to incarceration. The average annual cost to taxpayers to house an inmate at the York County Prison today is \$27,000.

- Unfortunately, the Court of Common Pleas case load in York County continues to grow particularly with respect to Family and Custody cases. In response to the growing judicial case load, the Governor approved one new judge for York County in 2009 who will be sworn-in January 2, 2012. With the addition of the new judge and filling a current vacancy, the bench will expand to 15 permanently seated judges and 3 senior judges. Although salaries of the new judges are funded by the Commonwealth, the County budget funds their support staff and all operational costs. We will be adding 4 new staff positions in 2012 to support the 2 newly elected Judges, Judge Strong and Judge Trebilcock.
- Another area of concern is the funding required to maintain the Pleasant Acres Nursing & Rehabilitation Center. The County General Fund subsidy for 2011 is projected to be over \$4.7 million, and a subsidy of \$3.3 million is again planned for 2012. Rising labor costs and lower Medicaid and Medicare reimbursements are responsible for the significant operational deficits incurred at the Home in recent years.
- During the recent budget hearings, the Board of Commissioners received numerous requests from community non-profit organizations to provide supplemental funding for their operations. These Special Allocation requests require the board to make very difficult decisions regarding who gets funded and how much. Special Allocation requests for 2012 totaled over \$7.2 million. The Preliminary Budget includes approved funding in the amount of \$6.6 million, down slightly from one year ago. These Special Allocations include organizations such as the:
 - York County Economic Development Corporation
 - York County Planning Commission
 - Rabbittransit
 - York County Fire School
 - The SPCA
 - York County Children's Advocacy Center
 - York County Quick Response Team
 -among many others

WRAP-UP

In closing, I would like to thank the Board of Commissioners for their leadership and for establishing the clear objectives and goals necessary to achieve 3 consecutive years of no tax increases for the residents of York County. These are difficult economic times and the County

Commissioners, elected officials and County directors are all doing their part to ease the burden on our constituents, the taxpayers of York County.

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