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District 1

Committee Chair: Finance & Budgeting
Committee Vice Chair: Public Safety & Justice Affairs
Committee Member: Council Operations & Intergovernmental Relations
Committee Member: Economic Development & Planning
Committee Member: Public Works, Procurement & Contracting

To: Cuyahoga County Council

From: Dave Greenspan, Chair, Finance and Budgeting Committee

Date: November 10, 2015

Subject: Cuyahoga County Council Budget Amendments to the 2016-2017 Executive's Recommended Biennial Budget and Capital Improvements Program

On October 13, 2015 County Executive Budish submitted to Council his 2016-2017 Recommended Biennial Budget and Capital Improvements Program ("Recommended Budget").

The Recommended Budget includes a number of strategic goals: job growth and opportunity, fairness and equity, and a government that is efficient, effective, and gets results.

The Recommended Budget outlines a number of budget parameters, including but not limited to the following:

- Revenue estimates are based on trends
- Personal Services (salaries) include a 2% cost of living increase per year
- Health care costs are adjusted by 3% in 2016 and 2017
- A targeted 10% reduction in expenses
- No increase in debt
- The budget must be balanced
- One time utilization of \$12 million from the .25% sales tax reserve and an ongoing use of \$4.5 million of the .25% sale tax revenue in 2016 and \$5.5 million in 2017.

Upon receiving the Recommended Budget, Council began its review. This process continued for several weeks with a series of public meetings that included comments from members of the public and presentations from the Administration, Courts, Boards, Agencies and Commissions. These hearings provided the Council with an in depth review of the operational and programmatic needs of the County.

Council has a Charter-mandated responsibility *"to adopt and amend the county's annual tax budget, biennial operating budget and biennial capital improvements program and to make appropriations of the County."* Charter Section 3.09(5). A budget is a policy document that reflects the values and priorities of the County.

Accordingly, the following amendments to the Recommended Budget are being proposed:

Health and Human Services

| Senior and Adult Services | 2016 | 2017 | Funding Source |
|---|--------------------|--------------------|-----------------------|
| Restore Funding – Hot Meals for Seniors | \$200,000 | \$200,000 | HHS Levy Fund |
| Senior Center – East Cleveland | \$100,000 | \$100,000 | HHS Levy Fund |
| Senior Center – Strongsville | \$100,000 | \$100,000 | HHS Levy Fund |
| Senior Center Initiative | \$100,000 | \$100,000 | HHS Levy Fund |
| Restore Funding - Bed Bugs | \$100,000 | \$100,000 | HHS Levy Fund |
| Sub-total | \$600,000 | \$600,000 | HHS Levy Fund |
| Homeless Services | 2016 | 2017 | Funding Source |
| Restore Funding – Rapid Rehousing | \$200,000 | \$200,000 | HHS Levy Fund |
| Purchase of beds – women’s shelter | \$25,000 | \$0 | HHS Levy Fund |
| Increase services – women’s shelter | \$327,750 | \$327,750 | HHS Levy Fund |
| Sub-total | \$552,750 | \$527,750 | HHS Levy Fund |
| Family and Children First Council | 2016 | 2017 | Funding Source |
| Restore Funding – Out of School Time Program | \$500,000 | \$500,000 | HHS Levy Fund |
| Restore Funding – Parent Services | \$312,000 | \$312,000 | HHS Levy Fund |
| Restore Funding – Teen Pregnancy | \$142,000 | \$142,000 | HHS Levy Fund |
| Restore Funding – Youth Internships | \$50,000 | \$50,000 | HHS Levy Fund |
| Restore Funding – Community Services | \$40,000 | \$40,000 | HHS Levy Fund |
| Adding Mentor for Closing the Achievement Gap | \$50,000 | \$50,000 | HHS Levy Fund |
| Evaluation of Closing the Achievement Gap | \$90,000 | \$0 | HHS Levy Fund |
| Sub-total | \$1,184,000 | \$1,094,000 | HHS Levy Fund |
| Cuyahoga Jobs and Family Services | 2016 | 2017 | Funding Source |
| Provide FCFC Funding-Out of School Time Program | (\$500,000) | (\$500,000) | HHS Levy Fund |
| Sub-total | (\$500,000) | (\$500,000) | HHS Levy Fund |
| Cuyahoga Support Enforcement Agency | 2016 | 2017 | Funding Source |
| Restore Funding – Fatherhood Initiative | \$100,390 | \$100,390 | HHS Levy Fund |
| Sub-total | \$100,390 | \$100,390 | HHS Levy Fund |
| Health and Human Service Administration | 2016 | 2017 | Funding Source |
| Milestone Autism Resources - Advocacy | \$50,000 | \$50,000 | HHS Levy Fund |
| Sub-total | \$50,000 | \$50,000 | HHS Levy Fund |
| Alcohol, Drug Addiction, Mental Health Board | 2016 | 2017 | Funding Source |
| Restore Funding to 2014-2015 Levels | \$1,668,183 | \$1,618,183 | HHS Levy Fund |
| Restore Funding to 2014-2015 Levels | \$5,050,000 | \$5,100,000 | PA Funds |
| Sub-total | \$6,718,183 | \$6,718,183 | HHS/PA Funds |
| | 2016 | 2017 | Funding Source |
| Total Health and Human Services | \$8,705,323 | \$8,590,323 | HHS/PA Funds |

General Government and Supportive Services

| Personnel Review Commission | 2016 | 2017 | Funding Source |
|---|------------------|------------------|-----------------------|
| Current Staffing, 2 New Staff, Other Operating | \$400,000 | \$395,000 | General Fund |
| Sub-total | \$400,000 | \$395,000 | General Fund |
| | 2016 | 2017 | Funding Source |
| Total General Government and Supportive Services | \$400,000 | \$395,000 | General Fund |

Justice Services and Public Safety

| Courts | 2016 | 2017 | Funding Source |
|--|--------------------|--------------------|-----------------------|
| Common Pleas – Increase Juror Per Diem (\$20-\$27) | \$490,000 | \$490,000 | General Fund |
| Performance Audit | \$200,000 | \$0 | General Fund |
| Domestic Relations | \$705,000 | \$985,000 | General Fund |
| Sub-total | \$1,395,000 | \$1,475,000 | General Fund |
| Other | 2016 | 2017 | Funding Source |
| Restore Firefighter Grants | \$200,000 | \$200,000 | General Fund |
| Law Enforcement Community Engagement | \$29,300 | \$20,000 | General Fund |
| Public Defender | \$122,418 | \$122,418 | General Fund |
| Sub-total | \$351,718 | \$342,418 | General Fund |
| | 2016 | 2017 | Funding Source |
| Total Justice Services and Public Safety | \$1,746,718 | \$1,817,418 | General Fund |

Development and Public Works

| General | 2016 | 2017 | Funding Source |
|--|------------------|------------------|-----------------------|
| Workforce Development – EAP - Shift from PA fund | (\$500,000) | (\$500,000) | PA Fund |
| Workforce Development – EAP - Shift to GF | \$500,000 | \$500,000 | General Fund |
| Restore Film Commission | \$160,000 | \$160,000 | General Fund |
| Restore Sports Commission | \$100,000 | \$100,000 | General Fund |
| Restore Planning Commission | \$70,000 | \$70,000 | General Fund |
| Sub-total | \$330,000 | \$330,000 | Various |
| | 2016 | 2017 | Funding Source |
| Total Development and Public Works | \$330,000 | \$330,000 | Various |

To support the re-alignment of resources, the above amendments are balanced by the following targeted adjustments:

| Targeted Adjustments | 2016 | 2017 | Funding Source |
|--|---------------|---------------|-----------------------|
| Capital Improvements | (\$4,700,000) | (\$2,800,000) | General Fund |
| One-Time Emergency Purchases | (\$2,500,000) | (\$2,500,000) | General Fund |
| Common Pleas – Payroll for Probation & Psychiatric Services (\$1,500,000)/Work Release (\$2,000,000) Expenses 2,000,000) | (\$3,500,000) | (\$3,500,000) | HHS Levy |
| Common Pleas – Payroll for Probation & Psychiatric Services (\$1,500,000)/Work Release (\$2,000,000) Expenses 2,000,000) | \$3,500,000 | \$3,500,000 | General Fund |
| Sub-total | (\$7,200,000) | (\$5,300,000) | Various |

The proposed Cuyahoga Job Creation Fund appropriations are amended as follows:

| Cuyahoga Job Creation Fund - Reductions | 2016 | 2017 | Funding Source |
|--|----------------|----------------|---------------------------|
| Cuyahoga Job Creation Fund | (\$2,000,000) | (\$10,000,000) | General Fund |
| Cuyahoga Job Creation Fund | (\$7,397,559) | (\$7,284,103) | Casino Fund |
| Cuyahoga Job Creation Fund | (\$3,000,000) | \$0 | Western Reserve Carryover |
| Cuyahoga Job Creation Fund | (\$5,000,000) | \$0 | Casino Fund Carryover |
| Sub-total | (\$17,397,559) | (\$17,284,103) | Various |

Based on the above adjustments, the Cuyahoga Job Creation Fund will use the following resources:

| Cuyahoga Job Creation Fund - Increases | 2016 | 2017 | Funding Source |
|---|--------------|--------------|--------------------------------|
| Cuyahoga Job Creation Fund | \$0 | \$5,500,000 | General Fund |
| Cuyahoga Job Creation Fund | \$3,800,000 | \$4,000,000 | Casino Fund |
| Cuyahoga Job Creation Fund | \$3,000,000 | \$0 | Western Reserve Carryover |
| Cuyahoga Job Creation Fund | \$2,069,449 | \$0 | Casino Fund Carryover* |
| Cuyahoga Job Creation Fund | \$1,500,000 | \$1,500,000 | Western Reserve Loan Repayment |
| Sub-total | \$10,369,449 | \$11,000,000 | Various |

*Current projected year-end balance of the Casino Fund after projects are approved is \$2,069,449 as of the October Distribution

The balance of the annual casino revenue will continue to accrue in the Casino Revenue Fund pursuant to Chapter 709 of the Cuyahoga County Code. If the carryover balances of the Casino Revenue fund or the Western Reserve fund are greater than projected at the end of 2015, that additional money would

be carried over to the Cuyahoga Job Creation Fund. Any Casino Revenue fund or Western Reserve fund loan repayments or encumbrances in 2016 or 2017 will be credited to the Cuyahoga Job Creation Fund. An additional appropriation may be needed in early 2016 to appropriate the carry over money into the Cuyahoga Job Creation Fund. It is also expected that Councilman Schron will be introducing legislation to create guidelines for awards out of the Casino Revenue Fund.

If additional funding is needed for economic development over the course of the biennium, the County could utilize a temporary use of General Fund reserves or issue debt, which would be serviced by the anticipated future loan repayments. Having a dedicated revenue stream to service future debt is consistent with the current administration's policy of issuing debt. This is not a shift in direction, but merely an effective use of current cash resources to meet the various general fund, economic development and health and human service needs of the County. It should also be noted that the County has issued \$35 million in self-funded economic development loans. The increases reflected above will bring the cumulative amount of self-funded economic development loans to \$56 million over the period from 2011 through the end of 2017.

In addition to the above amendments, the following budgetary requests are being offered:

- The surplus of \$50,000 from the 2015 budget will be repurposed to the budgeted Adult Fugitive Safe Surrender Program (total budget would be \$150,000 for the 2016 Adult Fugitive Safe Surrender Program).
- Carryover in the amount of \$175,000 from the 2015 budget for Health and Human Services Strategic Overview and Planning to the 2016 budget for the Office of Health and Human Services.
- Transfer the 0.25% sales tax revenue and expenditures to a separate non-GF fund.
- Transfer the annual contribution for the 27th Payroll reserve to the dedicated fund.
- Introduction of legislation to create a Department of Innovation and Performance is needed.
- Introduction of legislation to create the new division or department for the Workforce Development initiative is needed.
- Review of the General Fund Reserve Balance no later than the beginning of second quarter 2016 after 2015 actual expenditures are finalized. This is necessary to ensure compliance with Chapter 706 of the County Code, and will assist in determining if we need to review and revise the current policy.
- Increase revenue by \$58,761 from the State of Ohio Public Defenders Office's reimbursement (additional funding for 2016 and 2017).
- Ensure two Protective Service Officers are assigned to the Old Courthouse at the beginning of 2016.
- Apply the State of Ohio Grant in the amount of \$185,000 to Family & Children First Council in 2016.
- The reduction in funding for the Capital Improvements (\$4,700,000 in 2016 and \$2,800,000 in 2017) and the One Time Emergency Purchases (\$2,500,000 in both 2016 and 2017) will be placed "below the line" under Reserves on Balance.
- If grant funding becomes available for the Senior Center initiative or the audit, the grant funding would replace HHS Levy dollars or the General Fund. Any General Fund savings would then be redirected to the Cuyahoga Job Creation Fund.
- Any policy shifts not requiring additional appropriation be communicated to Council in a timely manner

These proposed amendments reflect the values and priorities of the County Council while working within existing fiscal constraints.

This budget is supported by current revenue levels and does not require the County to increase taxes or incur additional debt. In fact, the proposed amendments and the re-alignment of expenses actually add to the General Fund and Health and Human Services reserves.

These amendments represent a fair and equitable evaluation of priorities of the County and sufficiently align resources to meet those objectives.

Council would like to thank the County Executive and his staff for their diligence and hard work in preparing the Recommended Budget. Additionally, Council greatly appreciates the open and collaborative working relationship that has developed throughout this budget process. We intend to continue this cooperation throughout the biennium.