NACo National Association of Counties
The Voice of America's Counties
News Release
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NACo survey shows budget stress on large counties

WASHINGTON, D.C. – The recent downturn in the national economy is resulting in revenue shortfalls, increased expenses and greater difficulty in routine borrowing in many of the nation's largest counties, according to a new survey by the National Association of Counties (NACo). Further, the responding counties anticipate greater budget shortfalls next fiscal year which will lead to more severe budget cutting measures, such as furloughs and layoffs. **(See full survey below)**

All but one of the responding counties indicated that the current economic climate is having a negative effect on its budget – a shortfall in revenues, increased expenses, or both. Of the responding counties, 87 percent said they anticipate a revenue shortfall and 27 percent said they expect increased expenses.

Forty-seven percent of the counties said that they are experiencing a revenue shortfall in the current budget, while 59 percent said that they anticipate a shortfall in the next year's budget.

Seventeen counties with populations of more than 500,000 residents from 12 states in all regions of the country were surveyed Oct. 8-17 by NACo.

Of the counties that are addressing a current budget year anticipated shortfall, eight counties (80 percent) cited employment freezes, six (60 percent) cited budget cuts, and six (60 percent) cited services delivery cutbacks. To address next year's anticipated budget shortfall, 10 counties (91 percent) cited employment freezes, 10 counties (91 percent) cited budget cuts, and eight counties (73 percent) cited services delivery cutbacks.

But more telling: While only three counties (30 percent) cited layoffs and two counties (20 percent) cited furloughs as possible steps to take to address the current year shortfall, seven counties (64 percent) cited layoffs, three counties (27 percent) cited furloughs and three counties (27 percent) cited labor contract renegotiations as possible steps to take to address next year's anticipated shortfall.

"The survey results suggest that this is only the beginning of a looming financial crisis for counties," said NACo Executive Director Larry E. Naake. "It's clear that the challenge for counties to continue to deliver the services residents have come to expect is fast becoming more difficult as a

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National Association of Counties

State of the County Economy Survey
October 2008

1. Is the current economic climate having an effect on your county government budget?

#	Answer		Response	%
1	Yes, anticipating revenue shortfall		13	87%
2	Yes, anticipating increased expenses		4	27%
3	No		1	7%

Statistic	Value
Total Responses	15

2. Do you have any additional comments?

Text Response
The Federal Reserve Bank has lowered key interest rates at least twice since our budget was compiled. This will a revenue shortfall in investment earnings only. It should not affect fee revenues or tax revenues.
Since we have TABOR in Colorado and we give our constituent a temporary tax credit each year, we do not expect a revenue shortfall because the temporary tax credit will just be reduced. As economy sours, we do expect increased expenses in human services and community programs to support the needs of our county.
Greatest concern is impact on revenues at a time when we are already projecting massive deficits.
Not yet but we are anticipating issues in 2010.
Revenues associated with development are significantly affected.
Both local revenue shortfalls mainly in property tax revenue, and significant revenue shortfalls due to State reductions.
Revenues from reality transfer taxes are down for the second year in a row, this will impact the amount that can be anticipated in 2009.
Residents are not spending as much money on recreational activities, so the County is experiencing a shortfall in revenues. Because of the housing market, the County Clerk's office is experiencing a decrease in filings, hence a decrease in realty transfer fees. Finally, the County is experiecing a decrease in investment interest and the County is unable to do debt refinancing

Statistic	Value
Total Responses	5

5. If yes, which of the following steps does your county plan to take to address the shortfall?

#	Answer		Response	%
1	Service delivery cutbacks		6	60%
2	Budget cuts		6	60%
3	Employment freezes		8	80%
4	Salary freeze		1	10%
5	Labor contract renegotiations		0	0%
6	Furloughs		2	20%
7	Layoffs		3	30%
8	Other (Please Explain Below)		2	20%

Statistic	Value
Total Responses	10

6. Do you have any additional comments?

Text Response
We do not expect a shortfall. If we did, we would utilize all of the above if necessary.
We make take some steps to create savings for the next year including a hiring freeze or freezing capital projects
Freeze capital expenditures.
We implemented a hireing freeze in Jan. and have taken a firm line on contract negotiations insisting on co-payments towards health benefit expenses

Statistic	Value
Total Responses	4

7. Is your county anticipating a budget shortfall for its next fiscal year?

#	Answer		Response	%
3	Yes in the amount of:		10	59%

#	Answer		Response	%
1	Service delivery cutbacks		8	73%
2	Budget cuts		10	91%
3	Employment freezes		10	91%
4	Salary freeze		4	36%
5	Labor contract renegotiations		3	27%
6	Furloughs		3	27%
7	Layoffs		7	64%
8	Other (Please Explain Below)		2	18%

Statistic	Value
Total Responses	11

10. Do you have any additional comments?

Text Response
We plan on using a "budgeting for outcomes" process with involves citizens to assist us in prioritizing services so we can purchase the programs that offer the most results. We have used it the past two budget cycles and our board and citizens have liked the process. It involves citizens and provides for budget transparancy. This does not preclude us from also looking at vacancy freezes, etc. to assist us as well.
In the event of a budget shortfall, most of the above will be considered. Layoffs are a last resort. The county will investigate other revenue sources.
We will be aksing the citizens for a tax increase

Statistic	Value
Total Responses	3

11. If your county plans to issue long term or short term debt (bonds) in the next six months, which of the following difficulties do you foresee with this issuance?

#	Answer		Response	%
1	Failure to purchase		5	36%
2	Interest rate too high		10	71%
3	Bond rating lowered		0	0%
5	Not planning to issue debt		2	14%

First Name	Last Name	Title	County	State	Phone	Email
			New Castle County	Delaware		
			Denton	Texas		
			Fairfax County	Virginia		
			Montgomery County	Maryland		
			San Diego	CA		
			Arapahoe County	Colorado		
			Santa Clara	CA		
			Bernalillo	New Mexico		
			Lake	Illinois		
			Cobb	Georgia		
			San Joaquin County	California		
			Prince George's	Maryland		
			Polk County	Florida		
			Essex	NJ		
			Union County	New Jersey		
			Salt Lake County	Utah		
			El Paso	Colorado		

Statistic	Value
Total Responses	17