

# ECONOMIC OUTLOOK AND THE FY2011 BUDGET

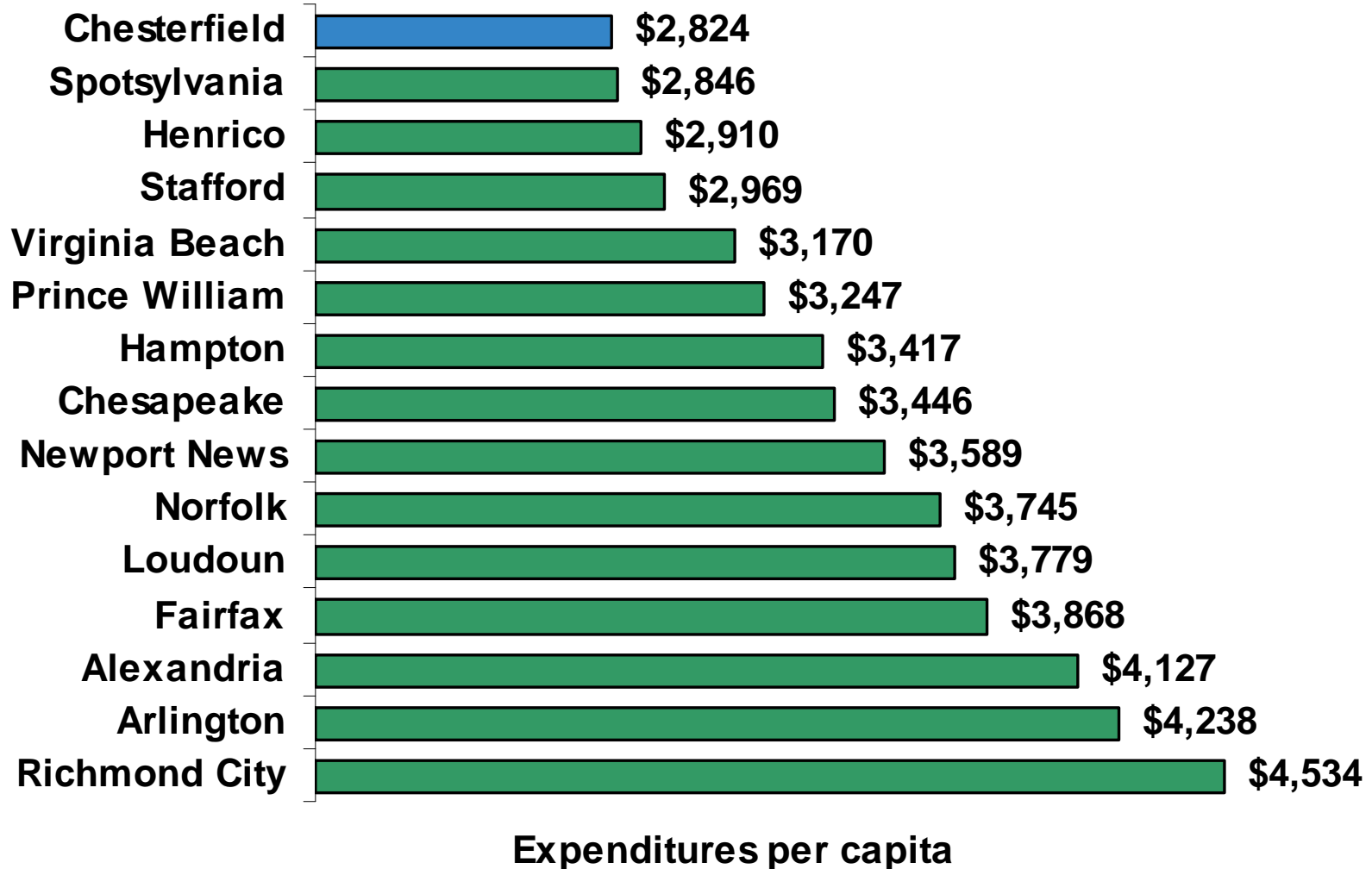


# Presentation Overview...

- 1. Tradition of Innovation and Efficiency**
- 2. FY2010 Recap**
- 3. A Look at Economic Fundamentals**
- 4. Challenges for FY2011**

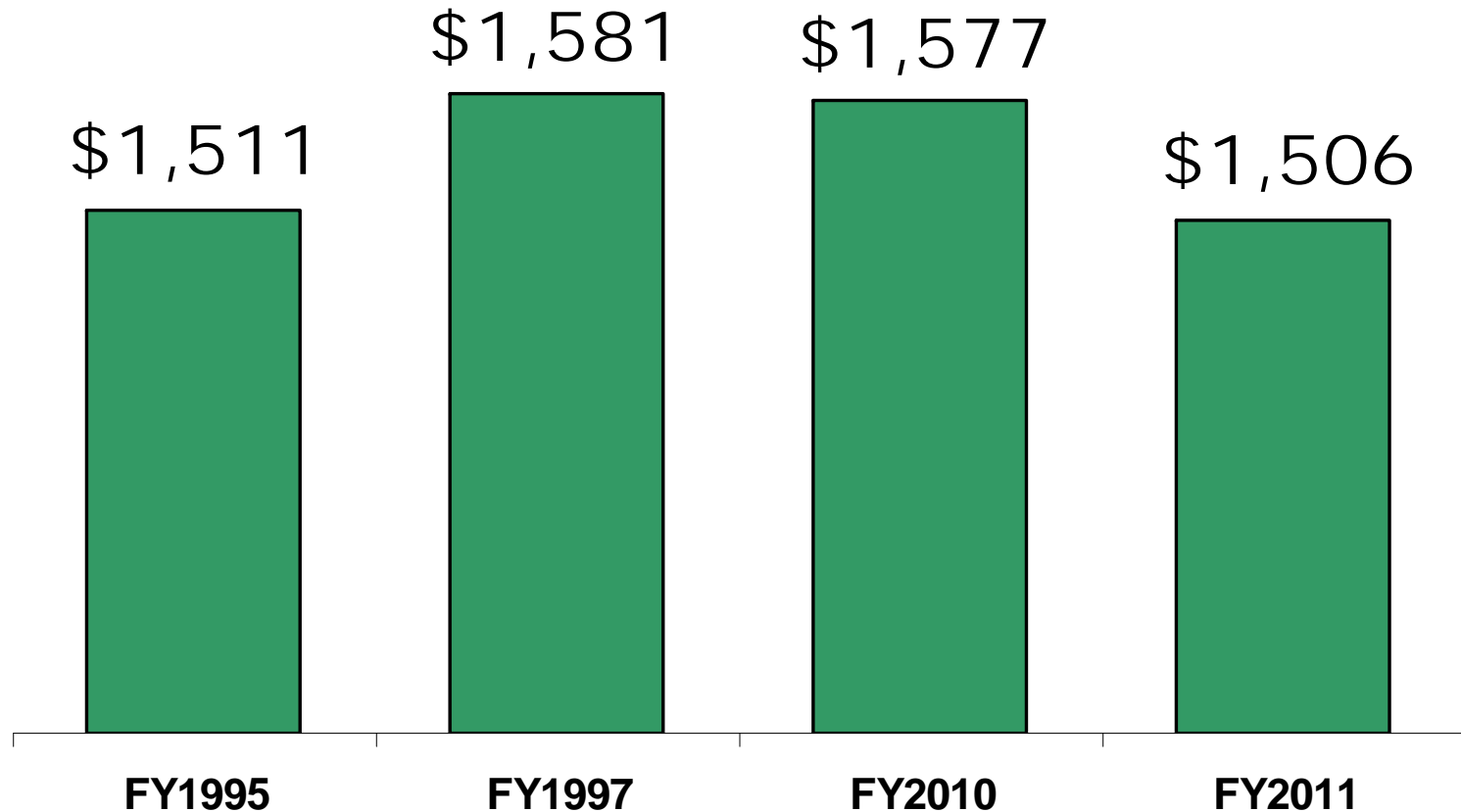
# Low Cost Service Provider...

## *Expenditures Per Capita*



# Low Cost Service Provider...

## *Inflation-Adjusted Budgeted Expenditures Per Capita*



\*Adjusted with State and Local Government Price Index; FY2011 is projected

# High Quality and Satisfaction...

## 1. 2008 Citizen Satisfaction Survey:

- 94% rated overall quality of life as Good/Excellent
- 87% rated education as Good/Excellent
- 98% feel community Safe/Very Safe
- 86% Satisfied/Very Satisfied with value for tax dollar
- Citizens request more input before major decisions

## 2. 2008 Business Climate Survey

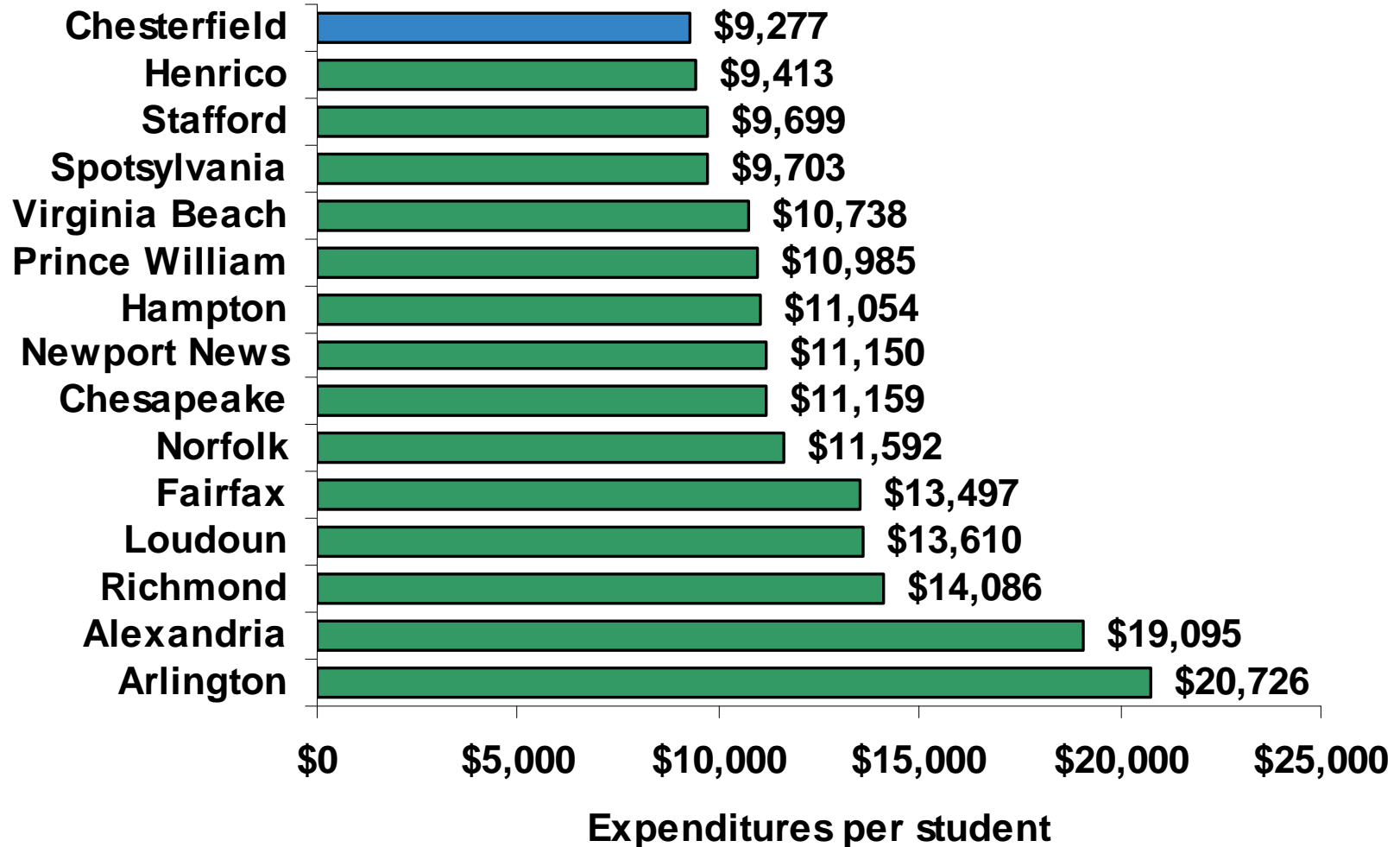
- 87% Satisfied/Very Satisfied with business climate

## 3. External Recognitions



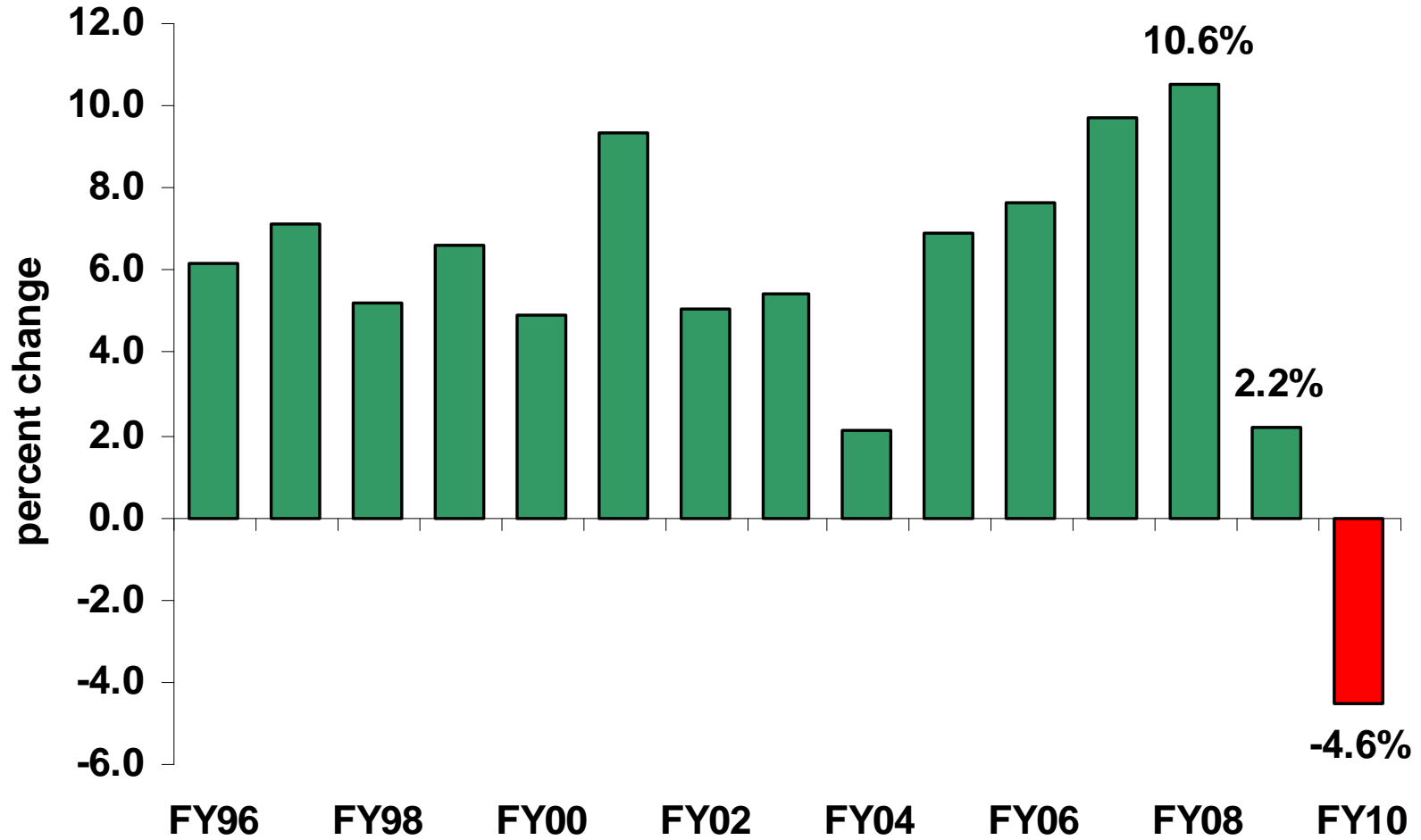
# Similar Story with Schools...

## *Expenditures Per Student*



# Multi-Year Adjustment...

## *General Fund Growth History*



# FY2010 Budget Recap...

Fund	FY2009 Adopted	FY2010 Amended	Percent Change
<b>Schools</b>	<b>\$638.1M</b>	<b>\$623.5M</b>	<b>-2.3%</b>
<b>Operating</b>	<b>\$594.5M</b>	<b>\$571.6M</b>	<b>-3.8%</b>
<b>General Fund</b>	<b>\$749.4M</b>	<b>\$715.2M</b>	<b>-4.6%</b>
<b>Operating</b>	<b>\$379.3M</b>	<b>\$363.6M</b>	<b>-4.1%</b>
<b>Total Consolidated</b>	<b>\$1,279.2M</b>	<b>\$1,226.5M</b>	<b>-4.1%</b>
<b>Federal Stimulus Funds (State Fiscal Stabilization Funds)</b>			<b>\$19.5M</b>



# A Focus on Priorities...

## ***FY2010 Budget Reductions by Division***

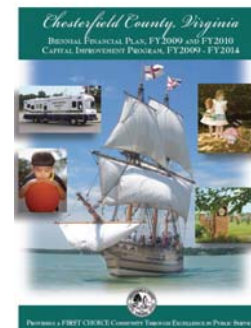


**Public Safety**  
**-1.6 %**



*Get our Program Guide!*

**Human Services**  
**-1.4 %**



**General  
Government**  
**-4.4 %**

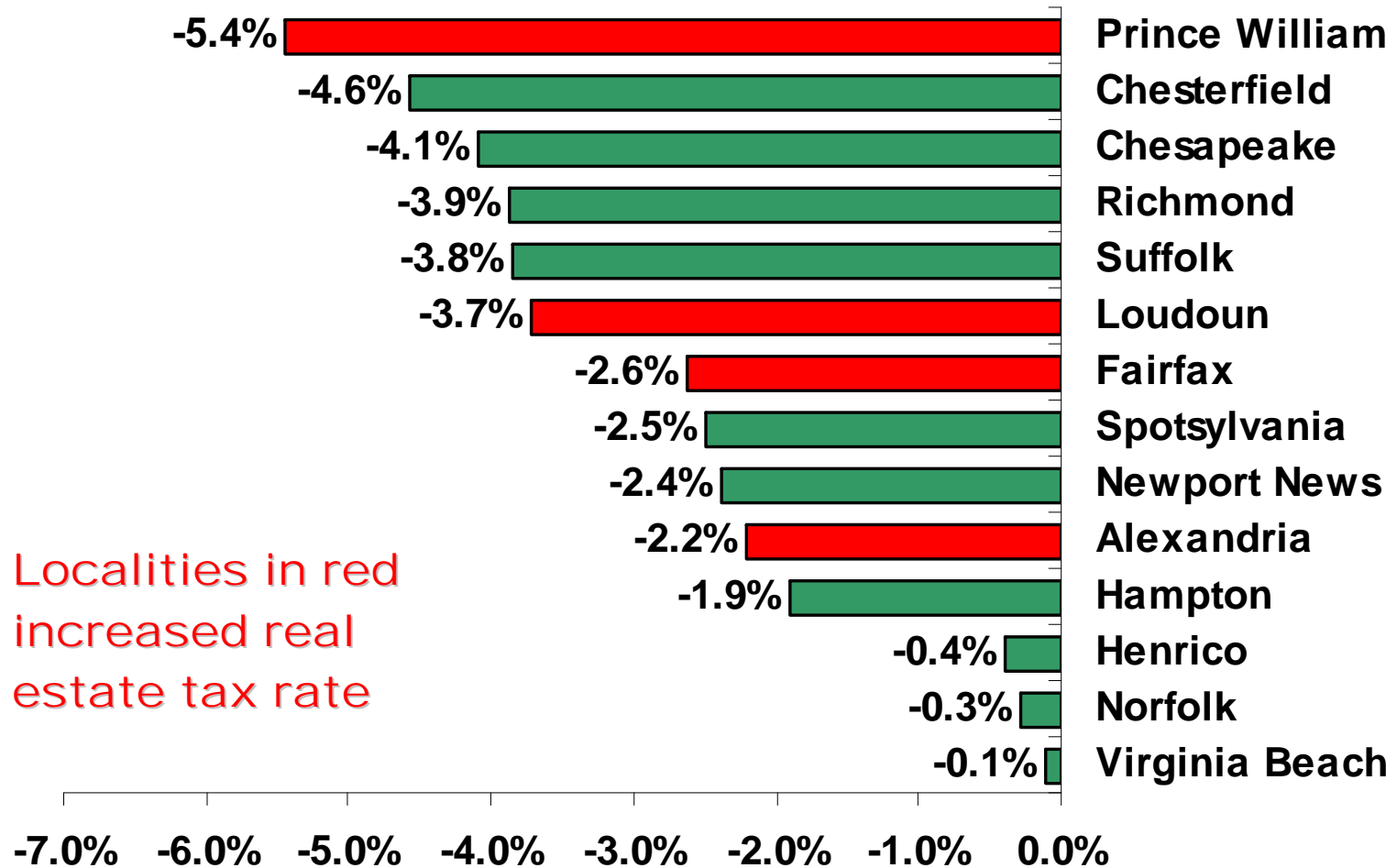
# Some Relief for Taxpayers...

1. **The average 2009 residential tax bill is 1.2 percent below its year-ago total**
2. **68.9 percent of 2009 residential tax bills are projected to either remain the same (31.8 percent) or decline (37.1 percent)**
3. **Average personal property tax bill on automobiles, light trucks, and sport-utility vehicles projected to decline over 8 percent from 2008 level**

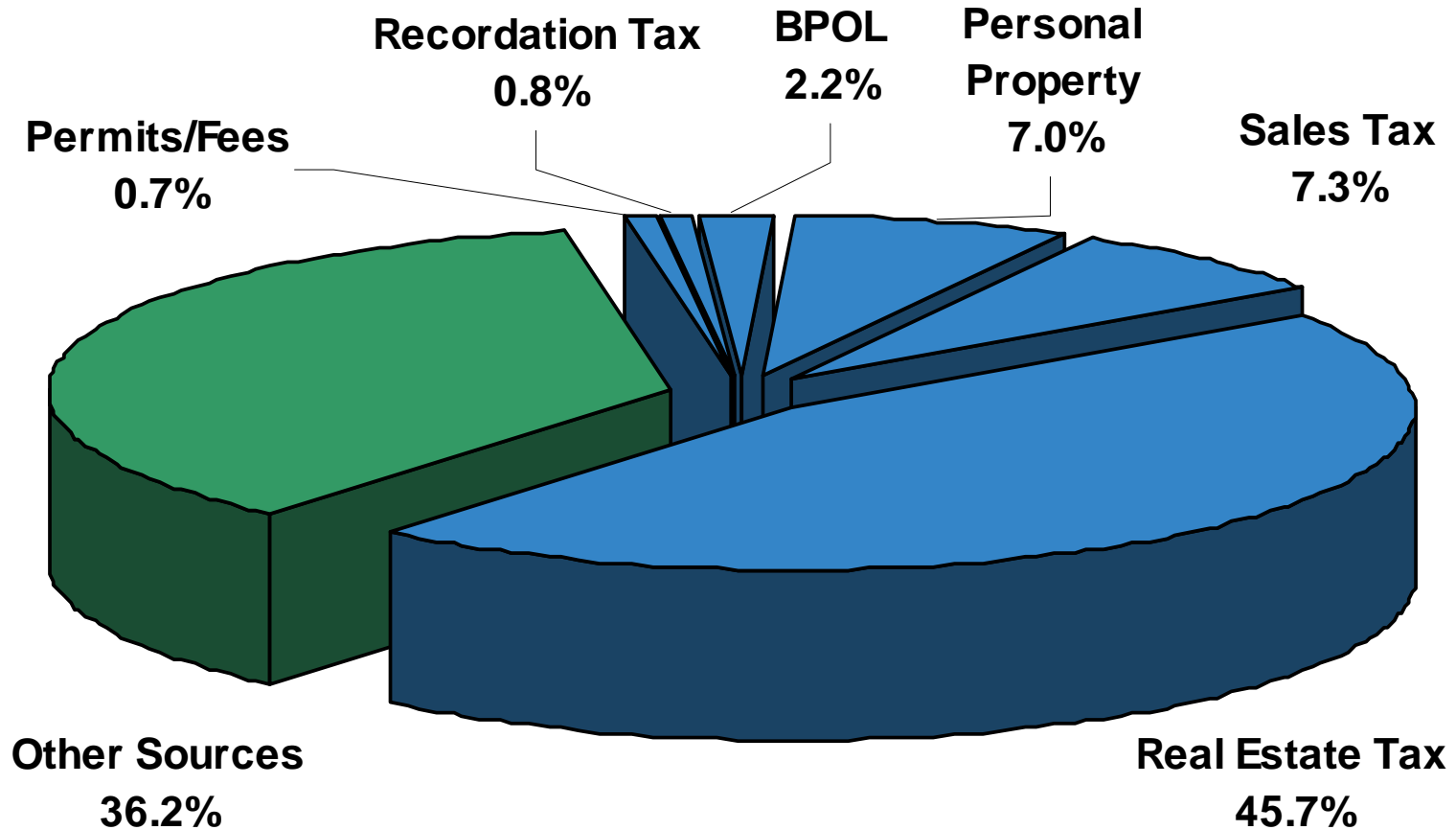


# FY2010 Budget Comparison...

## Percent Change in General Fund



# General Fund Revenue Structure...



\*Chart displays FY2010 budgeted revenues; total does not include Fund Balance

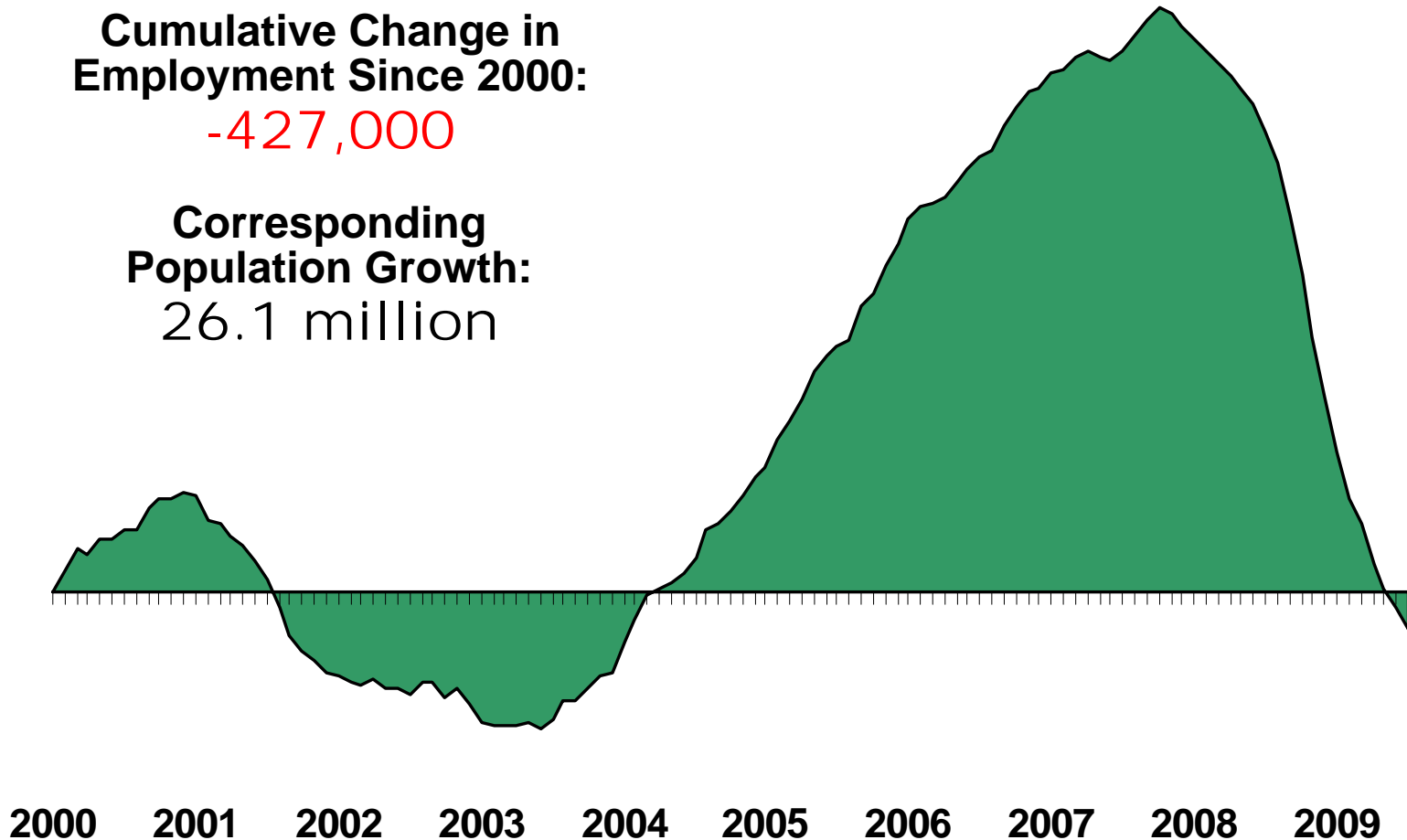
# Labor Market Weakness...

## *Cumulative U.S. Payroll Change Since 2000*

**Cumulative Change in  
Employment Since 2000:**

**-427,000**

**Corresponding  
Population Growth:  
26.1 million**



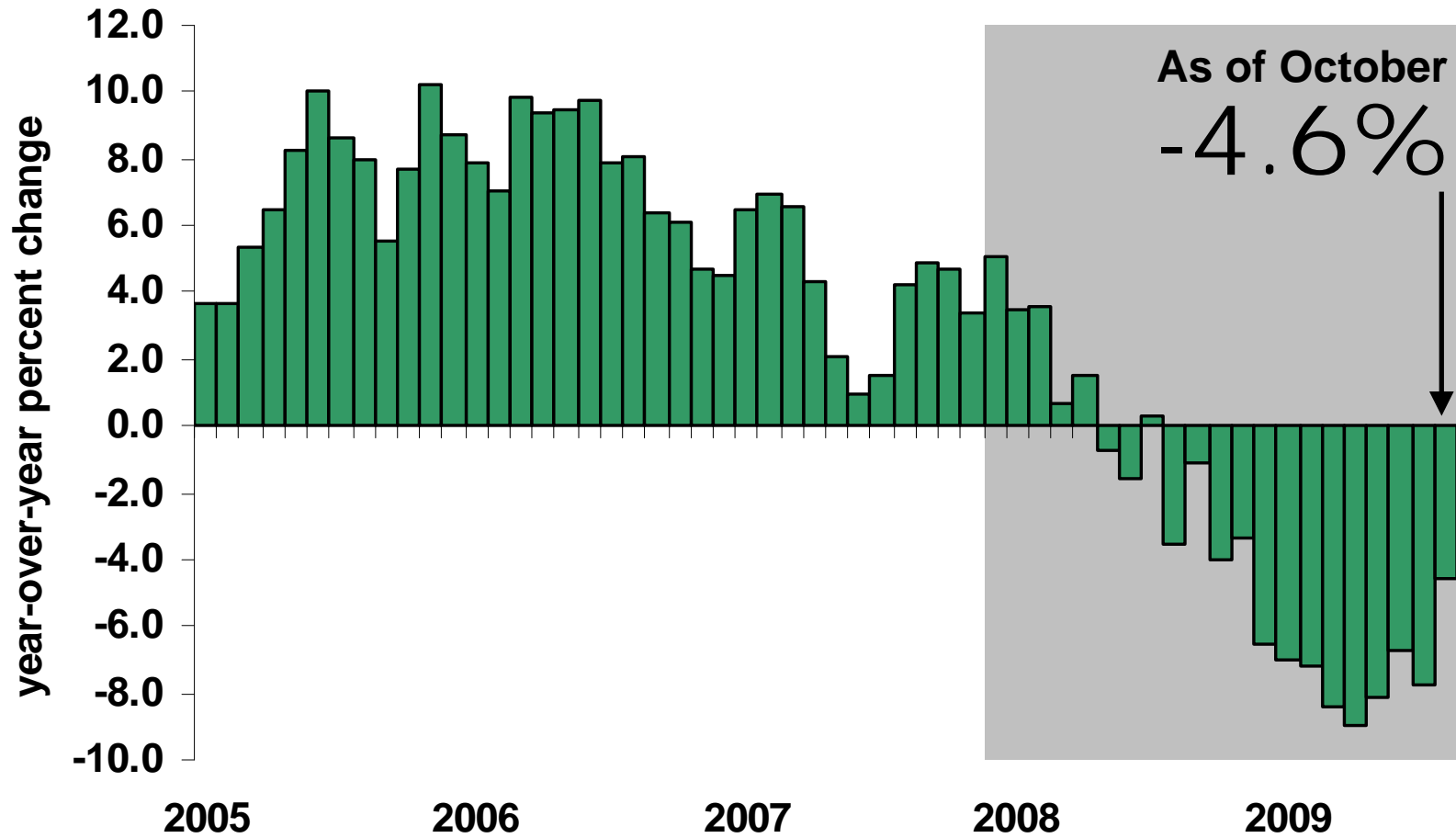
# Similar Story, Locally...

## *Unemployment*



9,000 New  
Unemployed  
Wage Earners  
in Chesterfield  
County Since  
2007

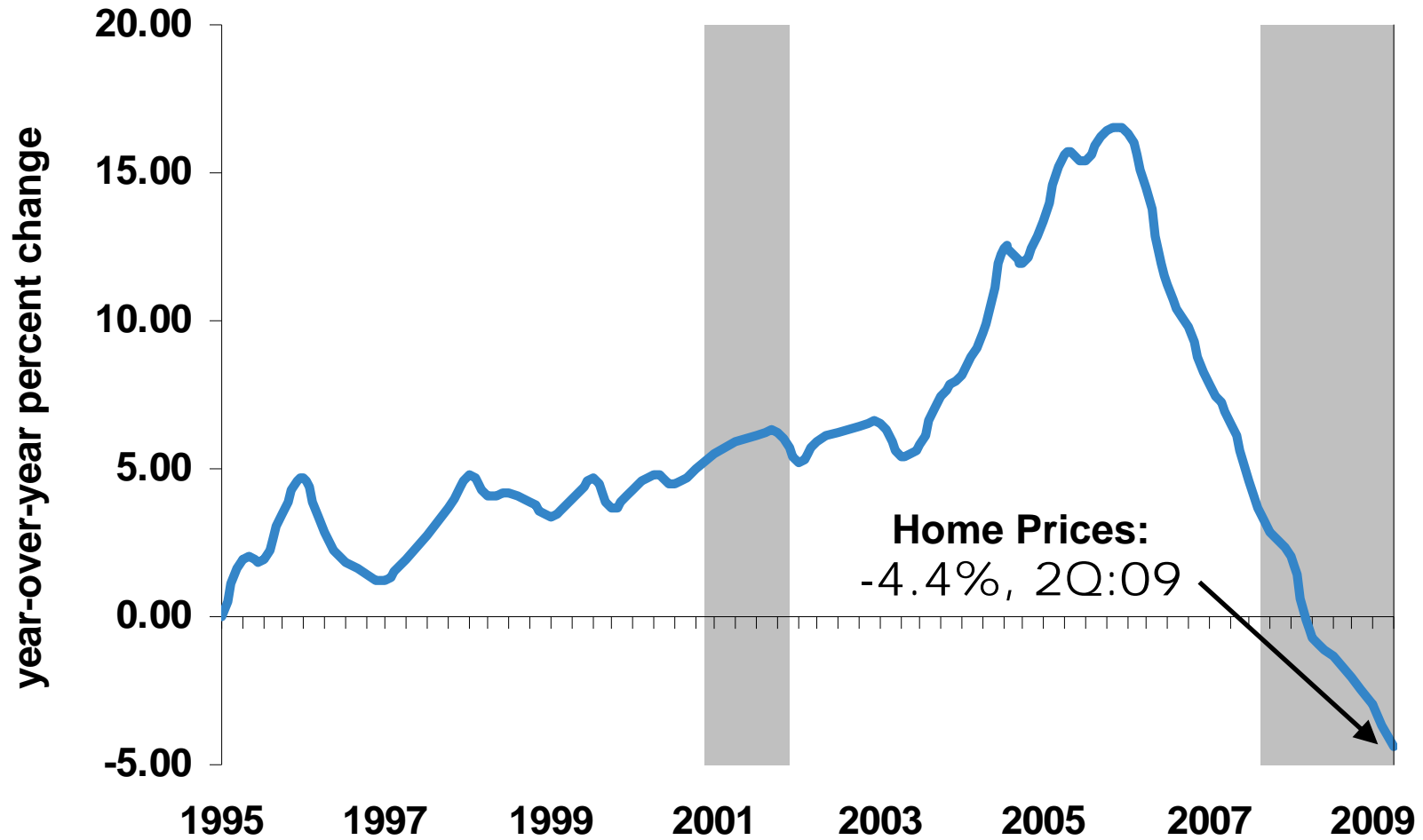
# Sales Tax Deterioration...



\*Shaded area indicates recessionary period

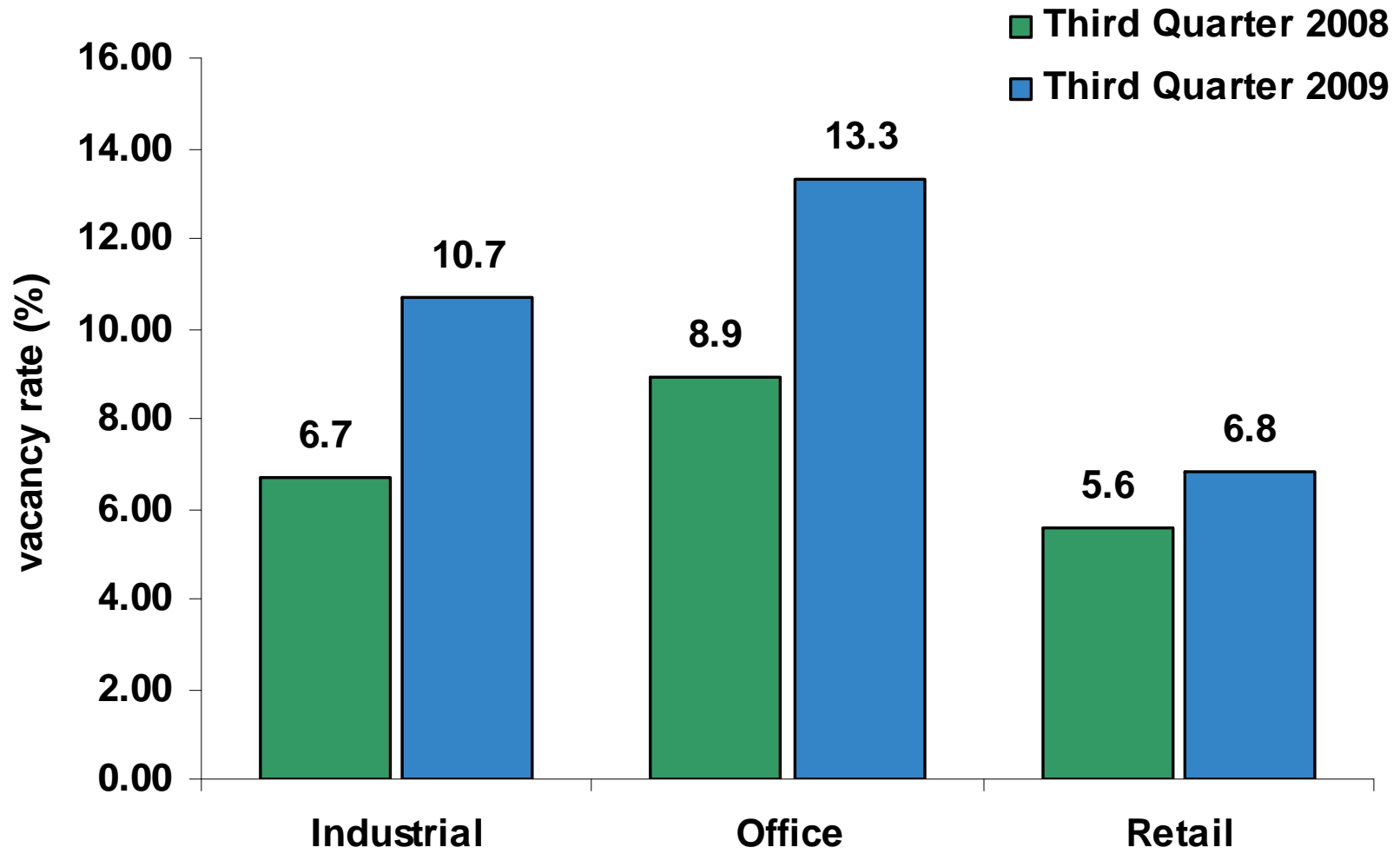
# Housing Still Very Sluggish...

## *Richmond Metro Area Home Prices*



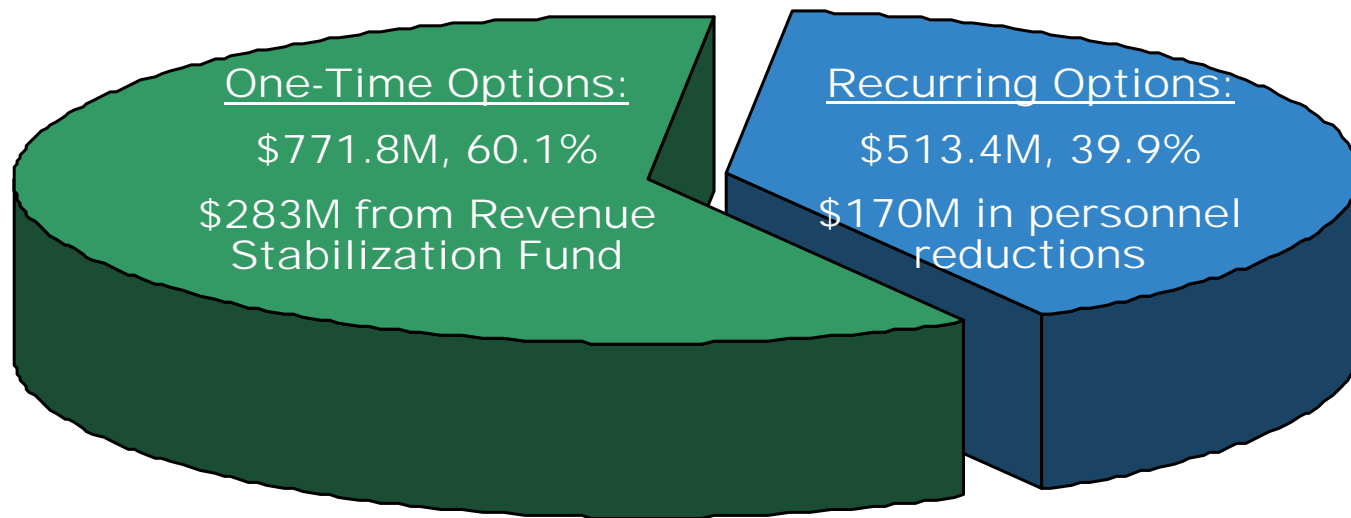
\*Shaded areas indicate recessionary periods

# Softness in Commercial Markets...



# State Budget Shortfall...

## Summary of the Governor's September 2009 Proposal



## Summary of Local Impacts

**Projected local share between \$3.8M and 4.0M including...**

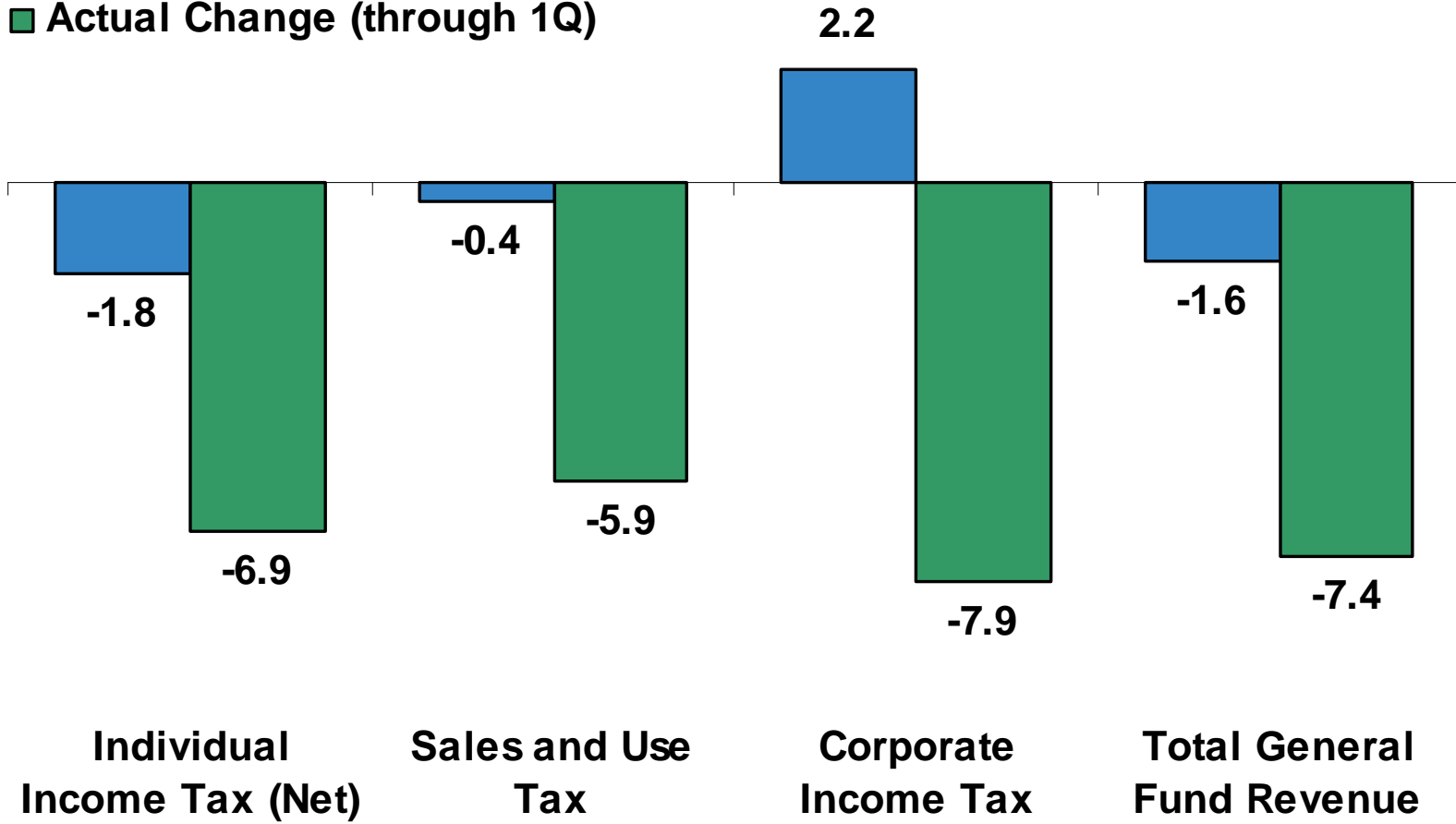
- **(\$922,000) Constitutional Office funding**
- **(\$591,000) State Aid for Local Police**
- **(\$2,100,000) State Sales Tax for Education**

# State Budget Shortfall...

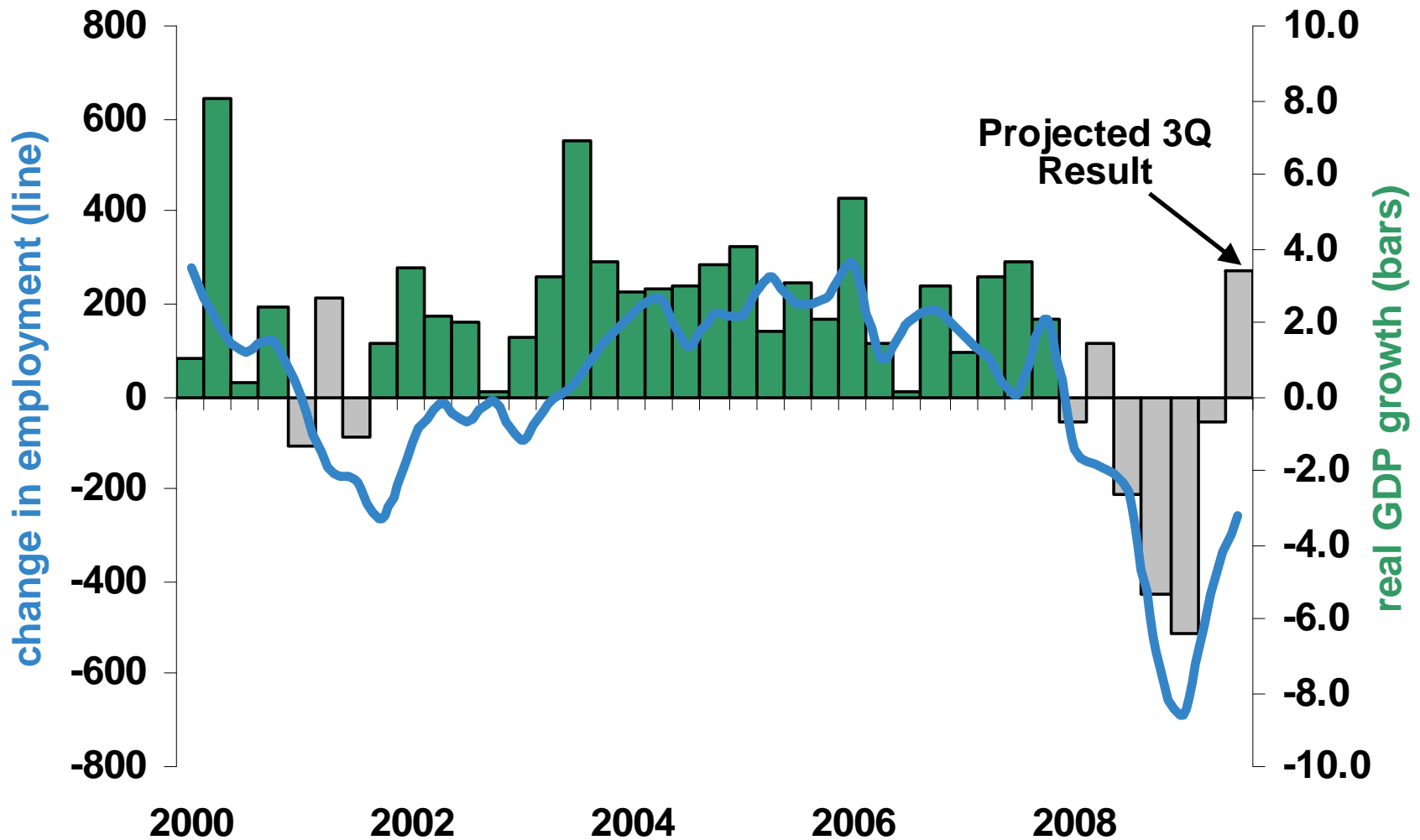
## *FY2010 Budget vs. Actuals*

■ Budgeted Change

■ Actual Change (through 1Q)



# Lengthy Lag in Job Growth...



# Additional Budget Challenges...

## *County and Schools*

- 1. Operating expenses associated with planned capital projects**
- 2. Major equipment replacement funding**
- 3. Expected healthcare and VRS cost increases**
- 4. Additional reductions in state revenue**
- 5. Reduction/elimination of Federal stimulus funding**

# Projected Budget Shortfall...

*Combined County and Schools*

**\$25M - \$30M Combined Revenue Shortfall**

**+ \$30M Combined Expenditure Pressures**

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**= \$55 to 60 million**

**Total Projected Funding Gap**

# Effective Budget Shortfall...

The projected **\$55 - 60M** FY2011 budget shortfall (revenue and expenditures) is equivalent to **ALL** of the local funding for **ALL** of the following:

- 2 Fire Stations
- 30 Firefighters
- 30 Police Officers
- 4 Libraries
- Health Department
- Juvenile Detention Home
- Accounting Department
- Planning Department
- Budget Department
- Building and Grounds
- Transportation Department
- Internal Audit Department
- Pupil Transportation to specialty centers
- School Personnel Department
- School Finance Department
- Alternative School Programs
- 32 School Resource Officers
- 225 Teachers
- 2% Pay Cut for School Employees

\*This is only an illustration of equivalent funding, not a staff recommendation

# Plan Going Forward...

## *Opportunities for Engagement*



**1. Community Workshops**

**2. County Web Site**

**3. Budget Hotline: 318-8222**

# Presentation Summary...

- 1. Already an efficient, high quality service provider**
- 2. Gradual, prolonged recovery expected**
- 3. Portfolio of programs and services likely to change**

