



# FACT SHEET

## Financial Overview 2011-2018 Budget Challenges

### **BACKGROUND: 2011-2012 Total Budget Components**

Of the total City Adopted Budget, approximately 77 percent is restricted and can be spent only on specific uses. Only 23 percent is discretionary, available for the City to spend as it chooses.

- Total City Budget for 2011-2012 is \$817.5 million, with includes \$129 million in dedicated Capital Funds, such as revenues limited to specific Parks and Transportation projects, which cannot be spent on general operations.
- Total City Operating Budget for 2011-2012 is \$687.7 million, which includes \$402.5 million in Non-Discretionary Funds restricted to debt payments; water, sewer, storm water and solid waste utilities; and other uses. These Non-Discretionary funds cannot be spent on general operations.
- The remaining total two year General, Street and Fire Funds for 2011-2012, over which the City has discretion to spend revenues as it chooses, is \$190.9 million. These funds cover public safety, streets and other general community services and programs, and are supported by property taxes, sales taxes, utility taxes and service charges.

### **GENERAL, STREET & FIRE FUNDS: 2011-2018 Forecast**

Over the past decade, expenditures grew at a higher growth rate than the revenues. This imbalance resulted in the City's need to balance revenues and expenditures through revenue increases and, largely, through budget reductions. As a result, since 2008 the city has eliminated 20% of its work force. The revenue forecast for 2013-2018 will be published and discussed with Council in early 2012. It is likely that the structural deficit will be represented in the forecast over a longer period of time.

### **OPERATING BUDGET: Options & Approaches**

The City has been going through budget reductions since 2001 on a biennial basis. The 2009-2012 budgets had the deepest reductions. During this period of time the structural deficit was significantly worsened by the deep economic recession the world faced. Just during the 2011-2012 biennium, the city eliminated 112.35 FTEs out of 1093 FTEs total. Programs, services and the way the city services are provided was significantly altered by the reductions.

The City has made significant strides towards stabilizing its expenditures into the future. Largely this was done through the implemented ceiling on City's contributions towards the costs of health insurance for the employees of five percent per year and through labor contract settlements reflecting the economic reality of today.

Cutting services and improving efficiency alone will not be enough to balance the budget. Re-defining the role of City government and the services it provides to the community will be needed in the nearest future. This will include engaging the community to determine its willingness to fund certain services that will likely be eliminated if no additional funding source is identified, such as Transportation capital and Parks capital.

- Revenue-increasing Options
  - Voter-approved tax increases (Example: Levies for public safety or creating a parks district)
  - Council-approved fees or taxes (Example: Entertainment tax or Business and Occupation tax)

## **QUESTIONS FOR THE FUTURE**

- **What services and programs should the City provide?**
- **How should the City provide those services?**

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