MEMORANDUM

Date: March 25, 2014

To: The Honorable Chair and Members
Pima County Board of Supervisors

From: C.H. Huckelberry
County Administrator

Re: Budget is Constrained by Mandated Expenditure Requirements

I have often indicated to the Board of Supervisors that our budget is severely constrained by mandated service obligations that are primarily focused on justice and law enforcement. For Fiscal Year (FY) 2013/14, the two primary sources of revenue for the General Fund were property taxes at $285.5 million, or 61 percent, of the General Fund and State-shared Revenues equal to $122.6 million, or 26 percent. The balance of the General Fund is made up of other miscellaneous revenues and grants.

To illustrate just how constrained the Board’s choices are regarding funding General Fund programs, the top five mandated services consume over 100 percent of the Fiscal Year 2013/14 property tax levy of $277.2 million. Please note that this levy is most of the total property tax revenue that also includes personal property tax.

The attached chart shows that 45 percent of the total primary property tax levy for this fiscal year was consumed by the Sheriff’s Department, followed by State mandated payments for indigent health services, which consumed 30 percent of the property tax levy. This means that approximately one-third of the total primary property tax levy of the County is sent to the State to satisfy their mandated transfer payments from County taxpayers. Superior and Juvenile Courts consume another 20 percent of the primary property tax levy, and the County Attorney consumes eight percent.

In just these four mandated services, the entire primary property tax levy of Pima County is consumed, which illustrates just how constrained the County budget is, primarily by justice and law enforcement programs and State-mandated transfer payments.

CHH/anc
Attachment

c: Presiding Judge of the Superior Court
   Elected Officials
   Appointing Authorities
Pima County  
Fiscal Year 2013-14 Adopted Budget  
Departments With Highest Use of General Fund Dollars  
Net Fund Impact As A Percent of Tax Levy  

**Tax Levy for Fiscal Year 2013-14**  
$277,155,488

<table>
<thead>
<tr>
<th>Department</th>
<th>Expenditures</th>
<th>Revenue</th>
<th>Net Impact To General Fund</th>
<th>% of Total Tax Levy</th>
<th>Cumulative Amount</th>
<th>Cumulative %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sheriff</td>
<td>135,355,031</td>
<td>8,988,500</td>
<td>126,366,531</td>
<td>45.6%</td>
<td>126,366,531</td>
<td>45.6%</td>
</tr>
<tr>
<td><strong>Mandated Payments - AHCCCS, ALTCS, State</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Psych Payments and Jail Medical Costs</td>
<td>84,420,531</td>
<td>0</td>
<td>84,420,531</td>
<td>30.5%</td>
<td>210,787,062</td>
<td>76.1%</td>
</tr>
<tr>
<td>Superior Court</td>
<td>31,648,341</td>
<td>543,050</td>
<td>31,105,291</td>
<td>11.2%</td>
<td>241,892,353</td>
<td>87.3%</td>
</tr>
<tr>
<td>Juvenile Court</td>
<td>23,259,977</td>
<td>107,300</td>
<td>23,152,677</td>
<td>8.4%</td>
<td>265,045,030</td>
<td>95.6%</td>
</tr>
<tr>
<td>County Attorney</td>
<td>22,508,352</td>
<td>40,000</td>
<td>22,468,352</td>
<td>8.1%</td>
<td>287,513,382</td>
<td>103.7%</td>
</tr>
</tbody>
</table>