
Board of County Commissioners FY21 Budget Workshop

Agenda August 27, 2020 Commission Chambers, 10:00am

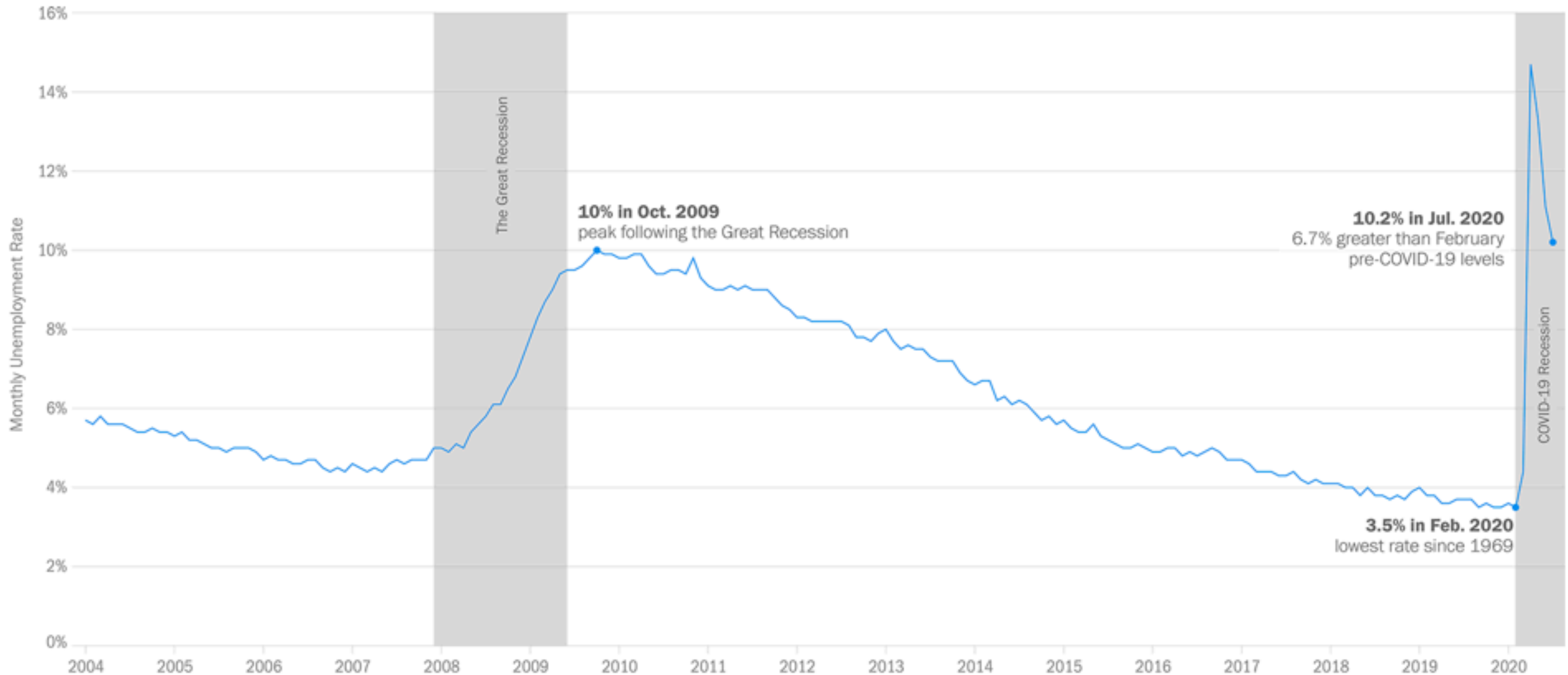
- National Association of Counties Analysis of Impact of Pandemic on County Finances
- General Fund County Administrator's Recommended Budget Summary
- Changes since Recommended Budget

Remaining budget process

- September 10th–budget Public Hearing
- September 22nd–budget Public Hearing

UNEMPLOYMENT RATE FURTHER DECREASES AS SLOW, UNEVEN RECOVERY CONTINUES

U.S. Unemployment Rate, 2004-2020



Source: NACo Analysis of U.S. Bureau of Labor Statistics Employment Situation Report Published 08/07/2020

Overall, the July jobs report from BLS discloses a national workforce in the beginning phases of a slow, uneven recovery process, and still far from pre-pandemic levels.



COMPREHENSIVE ANALYSIS OF COVID-19'S IMPACT ON COUNTY FINANCES AND IMPLICATIONS FOR THE U.S. ECONOMY

JULY 2020

BROWARD COUNTY • FY21 BUDGET WORKSHOP • AUGUST 27, 2020

<https://www.naco.org/sites/default/files/documents/Analysis-of-COVID-19s-Impact-on-County-Finances-and-Implications-for-the-US-Economy.pdf>

KEY TAKEAWAYS

1. Counties anticipate \$202 billion impact to budgets through FY2021, with widespread economic consequences

- Alongside \$30 billion of additional expenditures and \$114 billion of lost county-generated revenue, NACo forecasts a \$58 billion cut in state funding for counties as states collectively anticipate a \$555 billion budget shortfall

2. Decreased local government spending may lead to a \$344 billion decrease in economic output and 4.9 million less jobs, according to leading national economists

- Without federal intervention, local government budget challenges will inhibit economic recovery

3. Most surveyed counties report cuts or delays in capital investments, infrastructure projects or county services

- Seventy-one (71) percent of counties have cut or delayed capital investments and 68 percent have cut or delayed county services

4. Revenue shortfalls and delays in tax collection will impact local government spending

- Budget impacts were reported in 88 percent of counties and 60 percent indicate a revenue decrease
- Sixty-nine (69) percent of counties report a decline in sales tax revenue and 43 percent expect future shortfalls in property tax collections

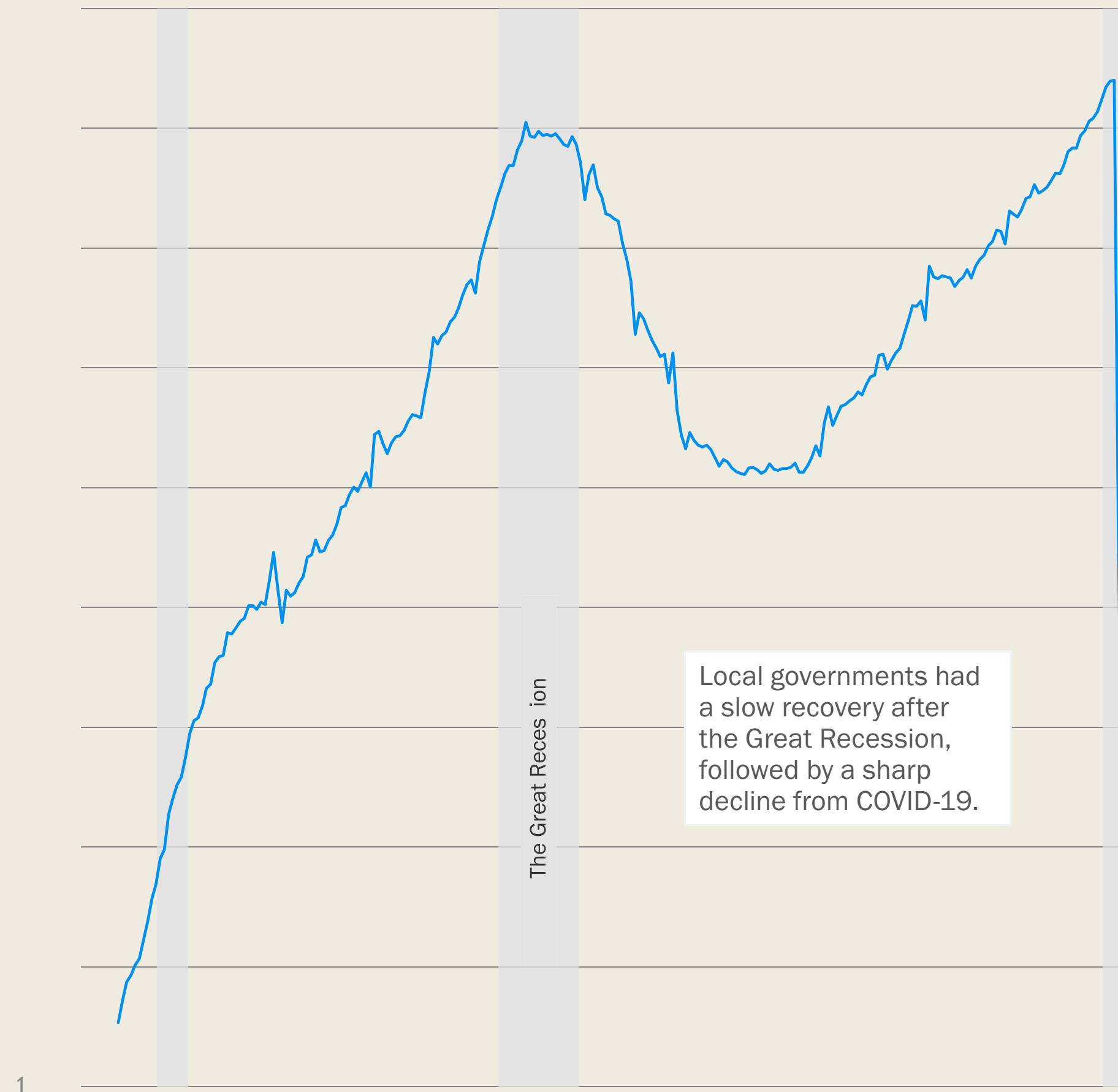
5. COVID-19's impact on county budgets results in widespread cuts to infrastructure investment and county employment

- Sixty-seven (67) percent of counties reported delays and cuts to infrastructure projects, and local governments lost 1.2 million jobs since March despite recovery of other major sectors

6. Sixty-six (66) percent of counties receiving federal aid related to COVID-19 through the CARES Act Coronavirus Relief Fund (CRF) indicate that it will not cover the budgetary impacts or are uncertain if budgetary impacts will be covered

WITHOUT FEDERAL INTERVENTION, LOCAL GOVERNMENT BUDGET CHALLENGES WILL INHIBIT ECONOMIC RECOVERY AND MAY LEAD TO 4.9 MILLION LESS U.S. JOBS

Local government employment, Jan. 2000 to Jun. 2020



Downturns in the local government sector inevitably impact the national economy. Declines in local government employment following the Great Recession took **nearly a decade** to rebuild. The local government labor market gains were eliminated in just two months of 2020 as **1.3 million** local government jobs were shed from the nation’s workforce, far more than during the Great Recession.¹⁸

The local government labor market is not yet experiencing significant recovery and the **U.S. labor market** may face substantial impacts with widespread job loss related to local government spending. An analysis from Harvard University found that every \$35,000 spent by state governments generates one additional job. Applying this multiplier to county governments, the \$172 billion loss of county revenues could **reduce overall employment by 4.9 million.**¹⁹

Without help from states and the federal government, local government spending is at risk for continued decline and is likely to remain weak even after health risks subside, causing widespread economic impacts, including a contraction of GDP and job loss.

Source: NACo Analysis of Bureau of Labor Statistics (BLS) data, 2020.

FY21 General Fund Recommended Budget

Overall General Fund Outlook

Factors in the following:

- Certified Tax Roll released on July 1st
- For non-property taxes, FY21 revenue outlook is drastically affected by pandemic's impact on retail sales, tourism activity, and parks revenue
- Uncertainty continues to make revisions to recommended and adopted budget more likely in FY21 than is typical
- State of Florida's budget outlook and eventual resolution will affect Broward County

Tax Roll Data

(84% of estimated FY21 General Fund recurring revenues)

	FY20 Adopted Tax Roll (in Billions)		FY21 Certified Tax Roll (in Billions)	% Change from FY20 Adopted
May 25, 2020	\$199.043		\$211.296	6.16%
	With correction certificates processed as of May 25, 2020		July 1, 2020	
	FY20 Adopted Tax Roll (in Billions)		FY21 Certified Tax Roll (in Billions)	% Change from FY20 Adopted
July 1st, 2019	\$200.693		\$211.296	5.28%
	Value as of July 1st 2019 tax roll, used for FY20 Adopted Budget		July 1, 2020	
			Estimate impact of Value Adjustment Board	-1.00%
			Net estimated change in Ad Valorem	4.28%

Distribution of Millage Rate

(Millage Rate remains the same as FY20)

Millage Rate	FY20 Adopted	FY21 Proposed	Difference
Operating	5.2904	5.2904	0
Capital	0.1974	0.2095	0.0121
Debt Service	0.1812	0.1691	-0.0121
TOTAL	5.6690	5.6690	0.0000

Distribution of FY21 Property Taxes^{*}

Fund	Millions
General Fund	\$1,117.8
Capital Outlay	\$44.3
Voted Debt Service Library, will retire in FY22 Parks and Land Preservation, will retire between FY23 & FY26	\$35.7
TOTAL	\$1,197.8

Note: \$50.133 million of this revenue will be returned to municipalities in FY21 through CRAs.

GF revenue budget for FY21

Revenue type, change from FY20 Adopted budget	\$M
Property taxes	\$56.1
Sales taxes projected down significantly due to pandemic	-\$15.0
Interest	-\$5.5
Parks and recreation	-\$4.3
Transfers and fund balance	-\$11.5
All other GF revenue	-\$0.9
Recommended overall GF revenue change from FY20 to FY21	\$18.9

+1.4% over FY20

Recommended GF Budget

County agencies

	\$M
• FRS retirement contributions (8.47% of salary to 10%)	\$3.2
• Self-insurance medical and pharmaceutical costs	\$5.1
• Living wage and other increases (Facilities management change in contract costs)	\$4.8
• Other Core budget changes	\$7.0

Constitutional officers

• BSO recommended increase, 2% over FY20 Adopted, and 2% for Dispatch	\$11.7
• SOE General Election and other increases	\$2.0
• Broward County Property Appraiser	\$0.78

Non-Departmental, transfers and reserves

• Affordable Housing vs Broward Redevelopment, from former CRA funds	\$5.60
• One-time changes from FY20, Pompano CRA settlement and Affordable Housing	-\$15.0
• Other	-\$6.2

Recommended overall GF appropriation change from FY20 to FY21	\$18.9
---	--------

+1.4% over FY20

Budget restraint measures, GF, FY21

ACTIONS AND OPTIONS

County Administrator directed County Agencies to not submit GF Supplements, and the Recommended budget includes only a few critical supplements or Fee-supported positions

County Administrator is reviewing all requests to fill all GF and other fund positions

Before considering layoffs of employees, County Administrator will consider:

- Adjust health insurance premiums
- 3% salary adjustment in FY21
- Other budgetary actions to increase revenue or reduce expenditures

Outlook Concerning for FY22

- Business activity severely changed by pandemic
 - Unemployment
 - Commercial property tax values
 - Sales tax trends
- Tourism industry recovery may take several years
- Seaport will be affected by cruise industry
- Air traffic may recover at a slower pace than currently anticipated

County Auditor request

\$ millions	FY19 Adopted	FY20 Adopted	FY 21 Requested	% Change from FY20 Adopted
Personnel services	\$2.925	\$3.324	\$3.579	7.7%
Other operating	\$0.169	\$0.175	\$0.193	10.4%
TOTAL COUNTY ADMINISTRATOR	\$3.094	\$3.499	\$3.772	7.8%
<i>County Administrator's Revision</i>				

Note: FY21 Other operating includes \$20,000 to support external audit services related to the adoption of the Status of Women Ordinance.

County Attorney request

\$ millions	FY19 Adopted	FY20 Adopted	FY 21 Requested	% Change from FY20 Adopted
TOTAL July 15th Recommendation	\$11.087	\$12.406	\$12.878	3.8%
<i>County Administrator's Revision</i>				
FRS, Health and other benefits			\$0.403	
Addition of Second Surtax attorney			\$0.178	
County Administrator's Revised Rec.			\$13.458	
<i>Surtax revenue for 2 positions</i>			\$0.356	
Net impact on General Fund			\$13.103	5.6%

Next Steps

- September 10th–budget Public Hearing
- September 22nd–budget Public Hearing
- October 1st–Beginning of Fiscal Year 2021