

Center for Priority Based Budgeting

User Group Panel July 2013 Washington DC

Presentation by Kenneth Terrinoni, Administrator, Boone County Illinois

Background: Boone County Illinois (Belvidere)

Between Rockford/Chicago.

Illinois has 102 counties, elected department heads.

Small but diverse: urban (Belvidere), gated community, farm community, subdivisions, Latino 20%.

The "Great Recession" had a major impact on Boone County.

The Illinois financial situation.

Sum up the Boone County Experience as the "Five Greats"

1. The Great Expansion

- Population growth: 28,000 to 54,000.
- Taxable value growth: 65% between 2003/2008.
- Schools, jails, land-use planning.
- "Exuberance" was the mood.

2. The Great Recession

- Revenues reached high mark 2008.
- February 2009 revenues fell off the cliff.
- Unemployment reached 15%.
- Decline in taxable value: 25% from 2008 to 2012.
- Boone County situation felt something like an economic depression.
- Other recessions felt like speed bumps.

3. The Great Awakening

- Center for Priority Based Budgeting.
- County Board/Belvidere City Council Joint meeting.
- Open about the scope of the problem.
- We were facing a "New Normal".

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4. The Great Challenge

- Reduce overall expenditures/maximize revenues.
- Spending reductions within a county structure.
- Win each budget battle one at a time.
- Voluntary salary freeze; staff reductions by attrition, retirement incentive, layoffs, terminations, payroll shifting to other funds.
- Collective bargaining/Interest Arbitration.
- Integration of Courthouse remodel project into this financial situation.
- Illinois property tax "Tax Cap" statute.
- Use of other revenue streams.

*"My center is giving way, my right is retreating...situation excellent...we are attacking"
French General Ferdinand Foch defending Paris August, 1914.*

5. The Great Reward

- Cooperation with Department Heads.
- Maintained reserves in the General Fund (25% of expenditures).
- Achieved voluntary low wage growth (0%).
- Health Insurance contribution increases achieved.
- Union Interest Arbitration decision (0% award for one year by the Arbitrator).
- Moody's rating for Boone County increased to Aa(2), recalibration.
- Bond refunding August 2012, .97% rate, six year maturity.
- Courthouse project under budget.
- Comments by Moody's: *"Strong and conservative management team"*
"Maintenance of healthy reserve levels"

The Financial Future (Cloudy at Best)

- Decline in taxable valuation will continue.
- Too much reliance on economically sensitive revenues.
- Revenues not back to pre-recession levels.
- Continuation of structural revenue and expense issues.
- Future loss of some revenues: Jail detainee imports, Public Safety Sales Tax, state revenues.
- Lastly, a strong and resilient community.