

**MARICOPA COUNTY
BUDGETING FOR RESULTS GUIDELINES AND PRIORITIES
FOR FY 2007-08**

Approved by the Board of Supervisors on December 4, 2006

The purpose of these guidelines and priorities is to provide direction from the Board of Supervisors to the Office of Management and Budget and all departments so that they can develop a sustainable, structurally-balanced budget that achieves, within available resources, the County's mission and strategic goals as set forth in the 2005-10 Strategic Plan.

Property Taxes:

The budget will continue to advance the strategic goal of reducing property tax rates by controlling expenditure increases. The targeted overall increase in operating expenditures should be less than the rate of increase allowed by the County's constitutional expenditure limitation, which is equal to the combined rate of increase in population and inflation (as measured by the GDP Price Deflator). The allowable rate of increase is estimated at **7.0%** for FY 2007-08. To achieve this target, OMB is directed to fulfill the County strategic goal to identify non-essential programs and recommend their elimination.

Employee Compensation:

The budget should continue to support progress toward achieving the strategic goal of competitive total compensation that results in improved customer service. The Office of Management and Budget is therefore directed to allocate funding for employee salary and benefit increases, including market and performance-based salary adjustments.

1. Department base budgets will include allocations for performance-based salary adjustments averaging **3.5%** (subject to available funding) for employees eligible under the performance-based salary adjustment plan for the upcoming fiscal year. The budgeted rate for performance-based salary adjustments may not be increased without direction from the Board of Supervisors. The Employee Compensation Division of the Office of Management & Budget is directed to develop the Performance-Based Salary Advancement Plan consistent with the previous year and present it to the Board of Supervisors for review and approval.
2. The budget will include reserves in Contingency to implement ongoing and pending market compensation studies. Funding for market adjustments will be prioritized to proactively manage turnover, retention and recruitment issues that have a significant impact on critical public services. Departments may not include requests for new market compensation funding in their budget requests

Base Budget Targets:

Base budgets for all departments and funds will be prepared within target amounts equal to their current budgets plus authorized adjustments. The Office of Management and Budget is directed to adjust budget targets for the following:

1. Annualized cost of FY 2006-07 approved Results Initiatives;
2. Annualized impact of FY 2006-07 mid-year appropriation adjustments;
3. Annualized impact of other items (including intergovernmental agreements) that were approved by the Board of Supervisors, so long as the impact was disclosed at the time of Board approval.
4. Items required by State law, such as judges' and elected officials' salary increases and mandated contributions to AHCCCS, ALTCS and other programs.
5. Estimated cost of performance-based salary adjustments for FY 2007-08 averaging 3.5%, as well as estimated employee benefit increases.
6. Other technical adjustments as required.

All departments must submit their base expenditure budget requests within their budget targets. If justified by revenue projections, base revenue budget requests may exceed revenue targets. Revenue targets for non-General Fund budgets will include an adjustment as necessary to maintain structural balance (recurring revenues equal to or greater than recurring expenditures) within the fund. If the revenue target cannot be met, departments must reduce base expenditures and base revenue by an amount sufficient to restore structural balance.

Requests for Additional Funding:

The Office of Management and Budget may only consider requests for additional funding that relate to critical public health, safety and justice priorities arising from current strategic goals. Funding will likely be limited by lower revenue growth and the constitutional expenditure limitation. Any requests must be presented in "Budgeting for Results" format and fully supported by performance measures. Priorities for funding are as follows:

- Reduce property and violent crime rates through evidence-based crime prevention strategies supported by empirical data. Funding requests under this priority should be part of the implementation plan developed by the inter-agency team chaired by the Criminal Justice Coordinator.
- Minimize jail overcrowding by reducing inmates' average length of stay in jail, or otherwise contribute to the efficient and timely operation of the criminal justice system.
- Address mandated public health issues based on results supported by empirical data.

- Investments in information and communications technology, particularly for critical infrastructure, security and disaster recovery.
- Other priorities for funding from sources other than the General and Detention Funds that are directed to achieving strategic goals and meeting service demands, so long as they can be funded with recurring revenues and are consistent with the constitutional expenditure limitation.

Requests that do not meet the above criteria may only be considered upon direction by the Board of Supervisors.

Capital Improvement Program

The Office of Management and Budget is directed to work with departments to develop an updated Capital Improvement Program and Capital Projects budget for FY 2007-08 that meets the County strategic goal to *develop, identify funding, and begin implementing a long-range plan for addressing the County's capital infrastructure needs in a manner consistent with the County's interests in strengthening its financial position, and enhances and expands conservation programs in order to reduce energy and water consumption.* Requests should be supported by documented return-on-investment.

The capital improvement program should be financed on a pay-as-you-go basis through a combination of operating revenues and non-recurring resources. For General Fund capital projects, OMB is directed to develop a capital projects budget to carry out the projects prioritized and approved by the Board of Supervisors within the funding limit adopted on October 4, 2006. OMB is directed to identify as much additional recurring and non-recurring funding as possible within the General Fund to increase the CIP funding limit.