



**King County**

**2014**  
**ANNUAL**  
**BUDGET**

**EXECUTIVE PROPOSED**

**Executive Summary**

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Office of the King County Executive  
**Office of Performance, Strategy and Budget**



## King County

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# KING COUNTY OVERVIEW

**King County**

*“We aspire to be the most innovative, most efficient, best managed government in the United States. I invite everyone to join us.”*

Executive  
Constantine  
Sept. 23, 2013  
Budget Speech

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King County is the 13<sup>th</sup> most populous county in the United States and is home to about 2 million residents. The county is the economic center of the Puget Sound region and is the home of many well-known businesses, non-profit organizations, and civic institutions, including Microsoft, Amazon, Boeing Commercial Airplanes, Costco, Nordstrom, the Gates Foundation, the Fred Hutchinson Cancer Research Center, and the University of Washington.

King County government provides two types of services. The County is a regional government providing transit, Superior Courts, prosecution and defense of felonies, corrections, elections, property assessment, licensing, public health, wastewater treatment, solid waste transfer and disposal, human services, regional parks, the King County International Airport (Boeing Field), and other programs for most or all of the county. The County is also a local government for the unincorporated area providing Sheriff's services, District Courts, roads, surface water management, land use and building permitting, prosecution and defense of misdemeanors, local parks, and other services. Many cities contract with the County to provide some of these local services within their jurisdictions. The County has other agencies that oversee and support the direct service agencies, including the County Executive, County Council, King County Information Technology (KCIT), the Department of Executive Services (DES), and the Office of Performance, Strategy and Budget (PSB). Finally, County agencies provide flood control and ferry services under contracts with two separate governments: the King County Flood Control District and the King County Ferry District. Despite its title, the King County Library System is a separate government and is not administered by King County.

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# 2014 PROPOSED ANNUAL BUDGET

King County is in the process of gradually moving to a biennial (two-year) budget. Most funds and agencies have biennial budgets for 2013/2014 that were adopted in November 2012. With few exceptions, no changes to these biennial budgets are proposed at this time. The 2014 Proposed Budget focuses on funds and agencies with annual budgets for 2013, including the General Fund, Public Health, the Parks Division of the Department of Natural Resources and Parks, and a few internal service agencies. All agencies and funds will move to biennial budgeting for 2015/2016, so the 2014 Proposed Budget represents the last annual budget to be developed by the County. This Executive Summary focuses mostly on the 2014 annual budget and does not provide details about funds with 2013/2014 biennial budgets.

King County's budget is complex due to legal and policy restrictions on the use of funds. Many revenues can only be used for specified purposes. For example, revenues received from cities and sewer districts for wastewater conveyance and treatment can only be used for those purposes. Sales tax revenues from the 0.9 percent transit sales tax can only be used to provide transit services. Property tax revenues from voter-approved levy lid lifts, such as the levy to build a new Children and Family Justice Center that was approved in August 2012, must be used for the purposes specified in the ballot measure.

## DISTRIBUTION OF ADJUSTED 2013/2014 APPROPRIATIONS BY STRATEGIC PLAN GOALS ALL FUNDS \$9.0 BILLION<sup>1</sup>

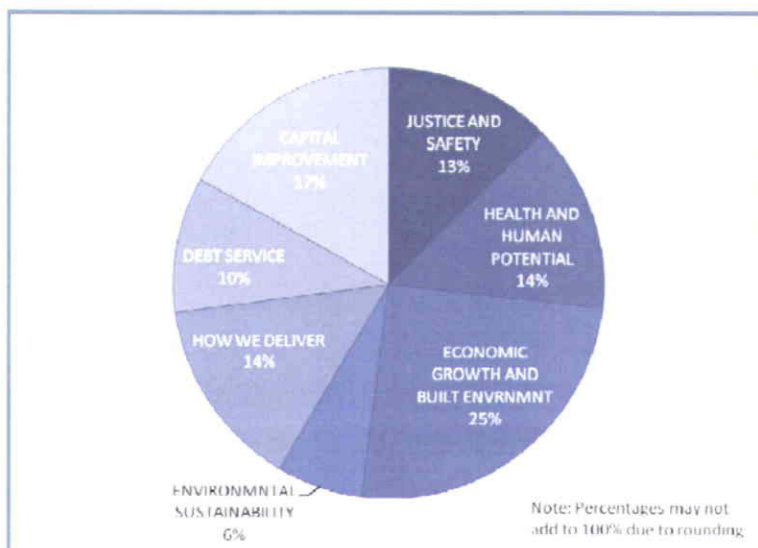


Figure 1

Figure 1 shows the County's 2013/2014 budget by the goal areas of the King County Strategic Plan. The chart shows the four "What" goals (categories of services), the "How" goals (internal support services) as a group, plus categories

<sup>1</sup> This amount includes the removal of double counts for GF, CIP, and CFS Transfers, Airport and Road Construction Transfers.

*"We are innovating, creating our own solutions, and taking control of our destiny."*

Executive  
Constantine  
Sept. 23, 2013  
Budget Speech

for debt service and capital spending. This chart combines the 2013/2014 Adopted Budget for biennial agencies, adjustments to these budgets proposed in the mid-biennium ordinance, the 2013 Adopted Budget for annual agencies, and the 2014 Proposed Budget for annual agencies. The two-year budget totals \$9.0 billion.

The County's only truly flexible source of money is the General Fund. The 2014 Proposed Budget for the General Fund is \$714.4 million. The General Fund supports the traditional functions of county governments in Washington, including the Sheriff's Office, Superior and District Courts, the Prosecuting Attorney's Office, public defense (now provided by an in-house Department of Public Defense), corrections, the Assessor's Office, Elections, and various

**2014 GENERAL FUND REVENUES<sup>2</sup>  
\$691.8 MILLION**

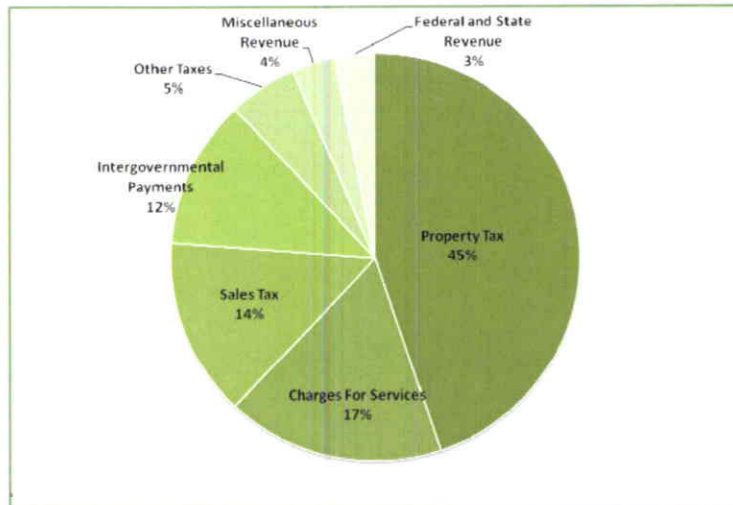


Figure 2

**2014 EXPENDITURES BY STRATEGIC PLAN GOALS  
GENERAL FUND \$714.4 MILLION**

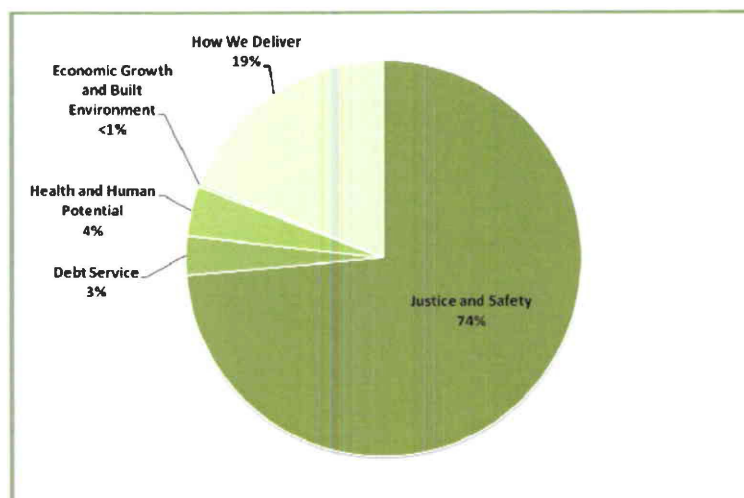


Figure 3

<sup>2</sup> Revenue forecasts are prepared by the Office of Economic and Financial Analysis (OEFA), an independent agency. By policy, these forecasts are developed at the 65% confidence level, meaning that actual revenues will exceed forecasts about 65% of the time. This builds some conservatism into the forecast. The County Charter requires the Executive and Council to use the OEFA forecasts.

administrative functions. The General Fund also provides partial support to some other funds, including Public Health and natural resource programs. The major categories of General Fund revenues are shown in Figure 2 and the major categories for proposed spending are shown in Figure 3<sup>2</sup>. General Fund spending is heavily focused on Justice and Safety programs.

The data in Figures 2 and 3 are not exactly comparable to General Fund budgets prior to 2013 because of how debt service is treated. Previously, General Fund debt service was treated as a "negative revenue," which reduced the amount of property tax revenue reported for the General Fund. Debt service thus was not reported as a General Fund expenditure. Figures 2 and 3 treat General Fund debt service as an expenditure and show total General Fund property tax receipts as a revenue.

Figure 4 shows General Fund budgets since 2000, using the same basis as the 2013 Adopted Budget and the 2014 Proposed Budget. Spending levels reflect economic conditions and revenue constraints, with considerable growth in the middle of the last decade and reduced spending once the Great Recession began in 2008. During the period shown in Figure 4, spending on several functions was significantly reduced or eliminated from the General Fund due to funding shortfalls. For example, parks spending was \$25.7 million in 2001 and was totally eliminated from the General Fund budget by 2011. Parks programs are now supported by voter-approved property tax levy lid lifts, the most recent of which was approved by 70.22 percent of the voters in the August 2013 election. Similarly, General Fund spending for human services was \$20.1 million in 2005 and declined to only about \$1 million by 2011.

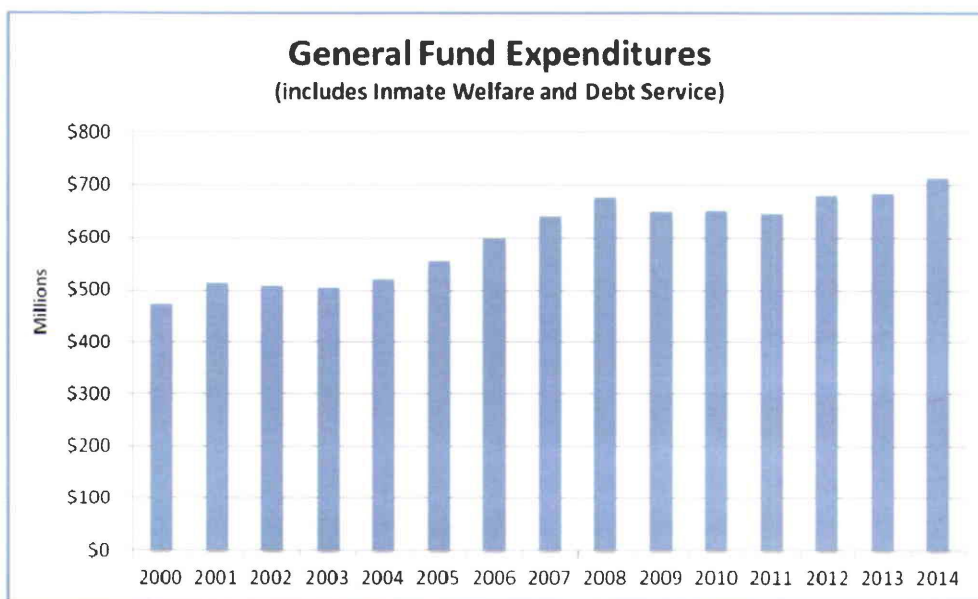


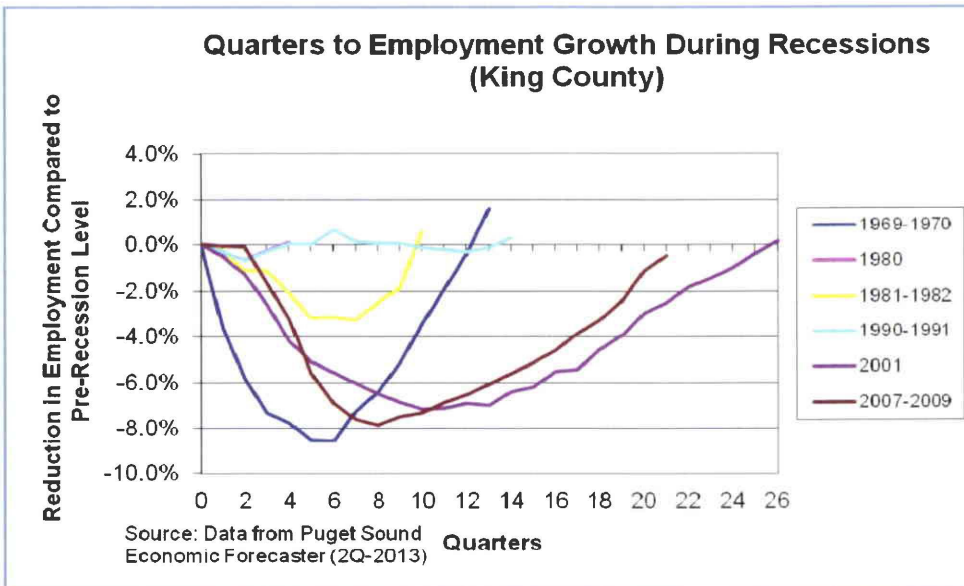
Figure 4



# ECONOMIC SITUATION

**King County**

The Great Recession profoundly changed the national, state, and regional economies. While the recession is officially over, its effects continue to be felt. Figure 5 shows the depth and breadth of the Great Recession in King County. The County lost about 8 percent of its jobs during the recession, a figure exceeded only by the "Boeing Bust" of 1969-1970 in the post-World War II period. Despite recent gains, employment has still not recovered to pre-recession levels, although that likely will occur in the next few months. From an employment perspective, that will make the Great Recession both the second deepest and the second longest since World War II.



King County's post-recession growth has been much stronger than the state's or the nation's due to the concentration of growing industries in the area. The July 2013 unemployment rate in King County was 5.2 percent, a significant improvement from the 7.8 percent rate a year previously. By comparison, the July 2013 unemployment rate was 6.9 percent for the state and 7.4 percent nationwide.

The recession had major effects on two of the County's principal revenue

Figure 5

sources: sales and property taxes. Several County funds, including the General Fund, the Public Transportation (Transit) Fund, and the Mental Illness and Drug Dependency (MIDD) Fund, rely on sales tax as one of their largest revenue sources. As in most recessions, sales tax revenues fell starting in 2008 as consumers cut back on purchases. The sales tax base in King County fell by 17.8 percent between 2007 and 2010.



Recent economic improvements have led to a rebound in the sales tax base. According to the latest Office of Economic and Financial Analysis (OEFA) forecast, the sales tax base is expected to grow about 5.2 percent in 2013 and another 4.8 percent in 2014. The 2014 figure will finally exceed the previous peak reached in 2007.

The other major revenue source affected by the recession has been property taxes, which are the largest single source of money for the General Fund and the Roads Fund. Voter-approved property taxes also support many other functions, including parks, emergency medical services, and veterans programs.

Property taxes are based on assessed values of property, which in most cases are intended to reflect fair market value. The assessed value of property within King County peaked at \$386.9 billion in 2009. Values declined by a total of about 18.6 percent over the next four years. OEFA forecasts that values will increase by about 6.1 percent for 2014, with continued growth in future years as housing prices recover and as commercial and residential construction picks up. Despite these improvements, the OEFA forecast projects that total assessed value will not exceed the previous 2009 peak until 2018.

It is also important to note that growth in property values is very uneven. Strong growth is being experienced in some of the urban areas near the county's center, including Seattle and Bellevue. More rural areas and parts of south King County are still seeing decreases in property values.

Property taxes are limited in several ways under the Washington State Constitution and various statutes. Two limitations are particularly relevant for the County:

The maximum tax rate limit, expressed as dollars of property tax per \$1000 of assessed value (AV). Each tax levy has its own limit. The General Fund limit is \$1.80 per \$1000 AV. The County is well below this limit. The Roads Fund levy is collected only in the unincorporated area and is limited to \$2.25 per \$1000 AV. The unincorporated levy reached this limit starting in 2012.

The revenue growth limit, which limits annual revenue collection for each levy to 1% more than the previous year. The only exceptions to this limit are new construction, which is added to the tax base, and voter-approved levies.

The 1% revenue growth limit has been a major issue for the General Fund. This limit has been in place since 2002. Since then, inflation has averaged about 2.4 percent and population growth has averaged about 1.0 percent. As shown in Figure 6, actual General Fund property tax revenue growth has been consistently below the sum of population and inflation, and vastly below the annual growth limit of 6 percent that was in place in the 1980s and 1990s. This is true even though voters have approved several levy lid lifts to fund particular services. In 2014, the County would have collected about \$36 million more General Fund property tax revenue had growth kept up with inflation and population.

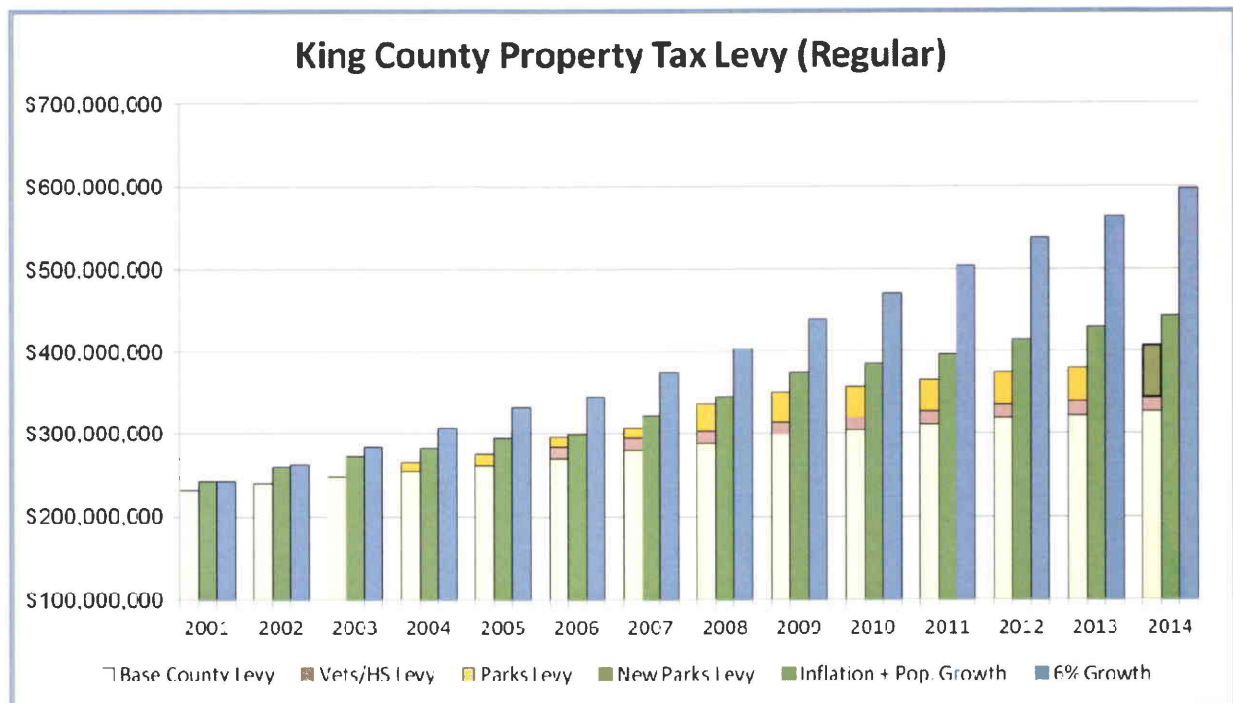


Figure 6



# BUDGET CONTEXT

*“Four years ago, I said if we are willing to embrace new ideas and new approaches, we can bring reform to County government consistent with our values. In that time we have dealt with the lingering effects of the global economic meltdown by innovating and creating efficiencies, so that we were able to balance the budget while maintaining services. We did what we said we would do, and more. Today, as a result, I can propose a budget that is balanced, that sustains nearly all programs at current levels, and provides for modest enhancements within the revenues we have.”*

Executive  
Constantine  
Sept. 23, 2013  
Budget Speech

The 2014 Proposed Budget was developed in the context of several major policy and financial considerations. Some of these reflect decisions made by the County Executive and County Council, while others are external factors that influence the County's budget.

## 1. THE BUDGET CONTINUES TO IMPLEMENT THE KING COUNTY STRATEGIC PLAN (KCSP), WHICH IS BEING UPDATED IN 2013 AND 2014.

The KCSP is intended to guide all of the County's policy, management, and financial decisions. It consists of four "What We Deliver" goals (Justice and Safety, Health and Human Potential, Economic Growth and Built Environment, and Environmental Sustainability) and four "How We Deliver" goals (Service Excellence, Financial Stewardship, Public Engagement, and Quality Workforce). The 2014 Proposed Budget is structured to reflect these goals. Most appropriations are organized within the four "What" goal areas, and appropriations for many central service agencies are organized in a combined "How" goal area.

The County started a process to update the KCSP in the summer of 2013. Public outreach will occur throughout the fall, including the use of new on-line tools to create public forums. An updated plan will be adopted in the spring of 2014, in time to inform development of the 2015/2016 biennial budget.

The Performance Management Action Team (PMAT) has been another effort to advance the KCSP. PMAT was a joint Executive-Council staff group that developed new models for the County's performance management system, including the concept of Strategic Innovation Plans (SIPs) to be used as a standard tool for planning. The PMAT work is expected to be reflected in revised County Code language in the fall of 2013. The first round of SIPs may be completed in time to support the 2015/2016 biennial budget process.

## 2. THE BUDGET REFLECTS INCREASED ATTENTION TO EQUITY AND SOCIAL JUSTICE CONSIDERATIONS.

The KCSP embodies the concept of equity and social justice (ESJ), an initiative started several years ago to improve the quality of decisionmaking. The purpose of ESJ is to make sure that all individuals and communities are treated equitably in County programs and to promote more comprehensive thinking about these issues. Agencies and the Executive applied detailed ESJ analysis to the development of the 2014 Proposed Budget. This included more in-depth demographic analysis and increased attention to geographic distributions of programs. For example, several proposals in the criminal justice area were developed to help address the disproportionate impact of this system on persons of color. Another example was allocating unexpected Real Estate Excise Tax revenues to fund artificial turf on athletic fields in Steve Cox Park, which serves a diverse lower-income part of unincorporated King County. Funding is also provided to begin construction of the Lake to Sound Trail, which will provide connections between Lake Washington and Puget Sound in the underserved southern part of the County.

*“We applied a detailed analysis of equity and social justice in this budget, to make sure that in our decisions about County programs we consider disparate impacts and fairness to all people.”*

Executive  
Constantine  
Sept. 23, 2013  
Budget Speech

## 3. THE BUDGET RECOGNIZES THAT KING COUNTY'S DEMOGRAPHICS AND TAX BASE ARE DIFFERENT FROM OTHER LARGE COUNTIES IN THE STATE.

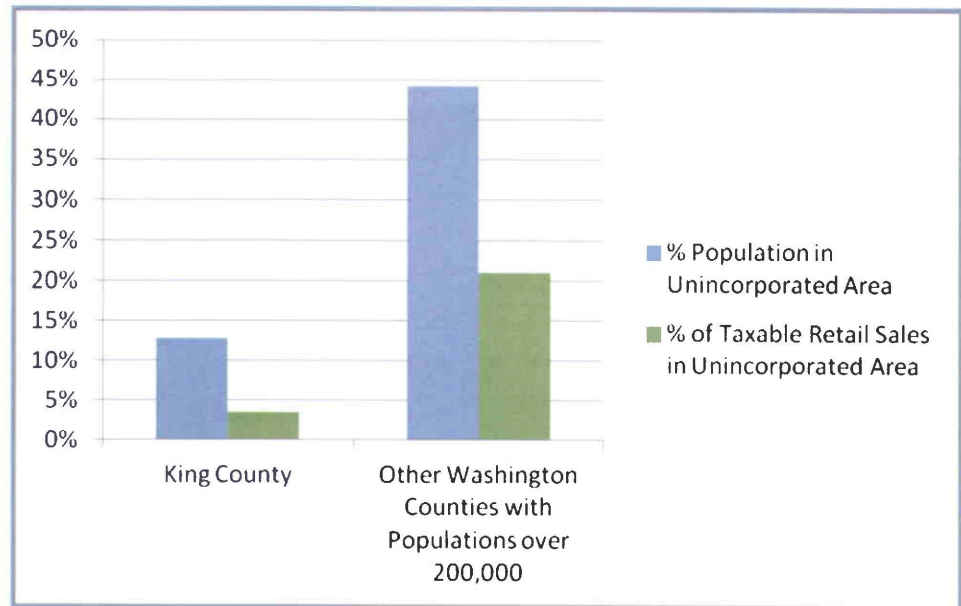
King County has experienced financial challenges in recent years that often have differed from those of other large counties. To develop an understanding of these differences, PSB and OEFA examined basic demographic and financial data for the nine counties with populations over 200,000 in 2013. As shown in Figure 7, King County has only about 12.8 percent of its population in the unincorporated area, compared to an average of 44.3 percent for the other large counties. Even more remarkably, only 3.6 percent of taxable retail sales occur in unincorporated King County, versus an average of 21.0 percent for the other counties. These differences are likely due to the more complete implementation of the Growth Management Act in King County, which calls for urban areas to become part of cities.

*“Where the County seemed caught in a downward spiral of annual cuts made worse by the global recession, we turned to the innovation and creativity of our employees to create efficiencies. Over the past four budgets we have saved a cumulative \$111 million dollars - money that is now preserving services to the public.”*

Executive  
Constantine  
Sept. 23, 2013  
Budget Speech

**Comparison of Sales Tax**

Figure 7



King County's uniqueness has profound effects on its revenues. The 1.0 percent local general purpose sales tax authorized under State law is required to be split between cities and the county. Within cities, the city government gets 0.85 percent and the county gets 0.15 percent. In unincorporated areas, the county gets the full 1.0 percent. Since almost no taxable sales occur in the unincorporated area of King County, its sales tax revenues are proportionately less than most other large counties.

A similar effect occurs with the unincorporated property tax levy that supports the Roads Fund. While Roads has a 2013/2014 biennial budget and is thus not being considered at this time, it is important to recognize that the lack of a commercial property tax base in the unincorporated area, as evidenced by the low percentage of taxable retail sales, is one factor underlying the financial problems facing the Roads Fund.

**4. THE BUDGET REFLECTS CONTINUED IMPLEMENTATION OF EXECUTIVE CONSTANTINE’S REFORM AGENDA.**

Executive Constantine has established an objective for King County to be the best managed government in the United States. One critical aspect of this is strong financial performance.

In the decade between 2001 and 2010, the annual growth rate in the cost of providing most County services was about 3 percent more than the sum of inflation and population growth. This higher cost growth was due mostly to wages and benefits, notably health care costs. As a result, the County had to reduce services and employment in many years. Executive Constantine's plan is to find efficiencies that reduce the rate of growth in the cost of County programs to about the rate of inflation and population growth. This can be accomplished through both general, County-wide means, such as better managing health care costs, and through agency-specific means, such as finding ways to make processes more efficient. The overall results of these efforts are shown in Figure 8. Some examples of successes between 2010 and 2013 include:

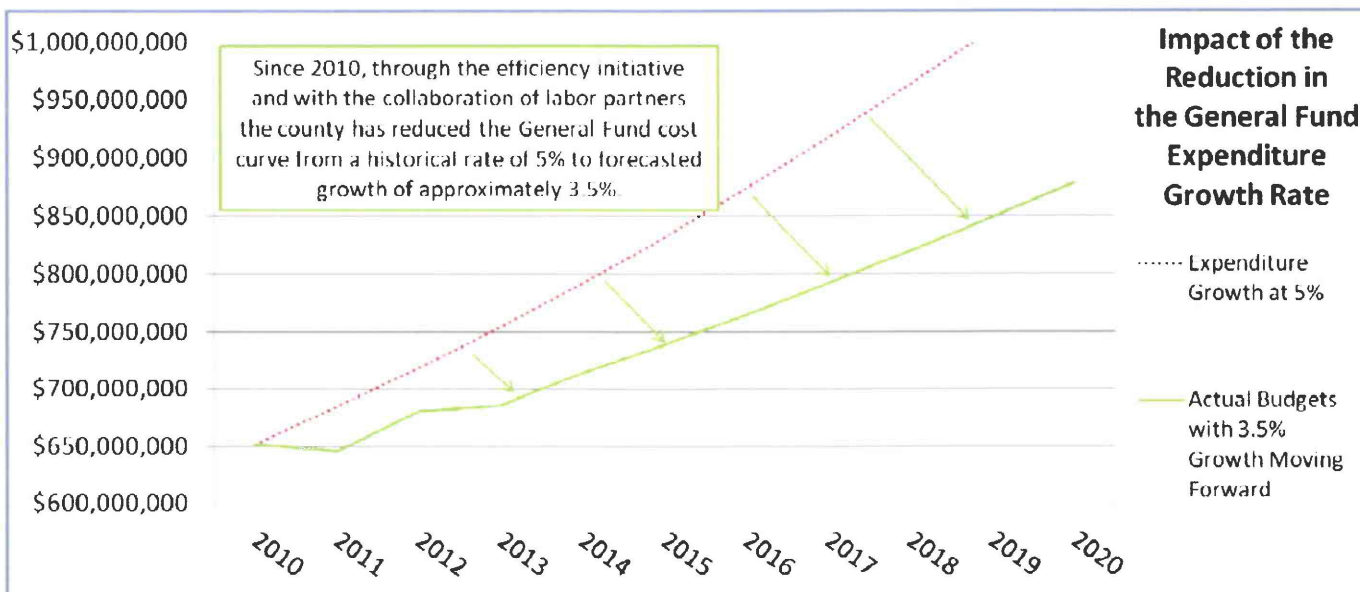


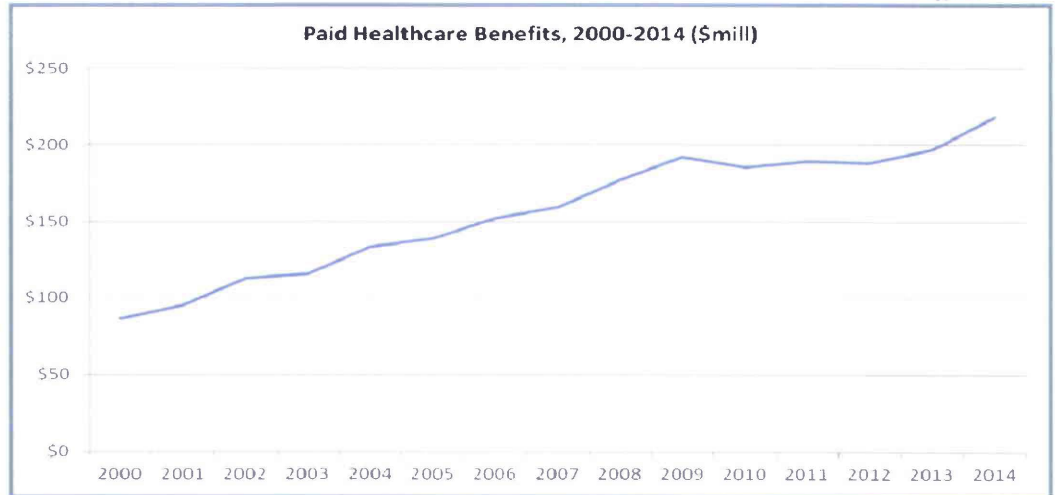
Figure 8

- ◆ **Growth in employee health care costs has been significantly reduced.** The County deployed a wide variety of methods to reduce health care cost growth, including changes in plan designs, financial incentives to shift to generic prescriptions, and Healthy Incentives, a program designed to improve the overall health status of County employees. A statistical analysis demonstrated that these efforts saved \$46 million in projected costs between 2007 and 2011, and reset the cost base to provide ongoing savings. Figure 9 shows how the rapid growth in health care costs was reduced starting in 2010.

*“Where the County budget was locked in the upward spiral of national healthcare costs, our employees made the right and healthy choices through our nationally-recognized wellness program. Together we saved 46-million dollars over just five years. And that’s money we put back to preserving services to the public.”*

Executive  
Constantine  
Sept. 23, 2013  
Budget Speech

Figure 9



For 2014 through 2016, the County has negotiated with almost all of its unions to cap the growth in the County's contribution to health care costs at 4.0 percent annually. This provides budgeting certainty and continued incentives for the County, its unions, and its employees to work to continue to reduce cost growth. This agreement is reflected in Figure 9. Some of the 2014 cost growth is due to the creation of the new Department of Public Defense, which added over 300 employees to the County's health care plans, and to costs of implementing the Affordable Care Act.

- ◆ **Energy usage in County buildings has been reduced.** Since 2010, the County has made a series of capital investments in facilities, replaced outmoded equipment, and changed operating practices to reduce energy use. For example, the steam conversion in the King County Courthouse and in the King County Correctional Facility has saved \$1 million to date. As a result, energy costs in 2013 are about \$2.7 million less than they would have been had these improvements not been made. The County also has received an additional \$2.8 million in utility rebates for these various efforts.
- ◆ **Continued implementation of Lean has improved service and reduced costs.** In 2011, the County adopted the Lean methodology for process improvement. Lean was originally developed by Toyota and has been used by many businesses and non-profit organizations. Lean focuses on eliminating “waste” by carefully reviewing processes. Lean relies on the insights of the employees doing the work to identify ways to do the work better.

A wide variety of Lean activities have been conducted in 2012 and 2013. Perhaps the most notable recent project was the psychiatric services array project conducted by the Department of Adult and Juvenile Detention (DAJD) and the Jail Health Services Division of Public Health. Staff from these agencies collaborated to review how to best serve patients in the jail with psychiatric issues. The team determined that a net of about \$1.2 million could be saved while actually improving service to the inmate-patients. Other Lean efforts have resulted in service improvements rather than cost savings, including faster processing of licenses and faster tabulation of election ballots.

Several additional positions are included in the 2014 Proposed Budget to broaden the application of Lean. Most of these are housed in operating agencies so the staff can develop expertise about these programs.

- ◆ **The transition to fixed land use and building permit fees will be completed.** The Department of Permitting and Environmental Review (DPER) has gradually shifted from hourly fees to fixed fees since 2010. This provides certainty for permit applicants, who know exactly what their permit will cost when they apply for it. It also creates incentives for DPER to improve its processes to manage costs. Although DPER has a biennial budget that is not under consideration this year, it has submitted legislation to complete the transition to all fixed fees for 2014.
- ◆ **Investments in space consolidation have reduced building costs.** Agencies across the county made a series of space moves in 2012 to consolidate existing County office facilities, producing operating savings to many funds. The General Fund was credited about \$715,000 and other agencies were credited \$1.4 million, for a total savings of \$2.1 million in that year alone. Assuming a ten-year horizon, the General Fund will realize savings of about \$8.6 million once the vacated buildings are sold or repurposed. Non-General Fund agencies will save nearly \$17 million in that period.
- ◆ **Consolidation of information technology systems and other investments have reduced costs.** The County has saved money by both physically and virtually consolidating computer servers across almost all departments. Consolidating servers into a physical location (the Sabey Data Center) has saved the County \$300,000 per year since 2012. The County will also migrate some physical servers into a virtual environment and into "the Cloud" where possible, since virtual servers cost about half as much as physical servers. The County plans to migrate about half of its 650 servers by 2015, for anticipated annual savings of about \$1.4 million per year.

Other central information technology investments include a countywide telephone system replacement project and a mainframe retirement project. The telephone system replacement project will yield net savings of \$4.4 million through 2017, once the bonds issued to finance the system have been retired, but additional savings will continue beyond that time. The mainframe retirement project will yield net savings of \$2.4 million through 2017, once the bonds have been retired and once the space where the mainframe currently resides is repurposed, but additional savings will accrue beyond that time for this project as well.

*“Where the County seemed stuck with old ways of doing business that frustrated our customers and discouraged our employees, we adopted Lean, and created a culture of continuous improvement. Thanks to support from this Council and our labor union leaders, we’re going to keep adding to our record of success, transforming our operations, delivering more value with the resources we have, and focusing on outcomes.”*

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Constantine  
Sept. 23, 2013  
Budget Speech

## 5. THE BUDGET REFLECTS INCREASED TRANSPARENCY AND ACCURACY.

As part of implementing the KCSP’s financial stewardship goal, PSB has led an effort to improve County budgeting and fund management practices. The 2014 Proposed Budget reflects several changes of this type, including the identification and use of fund balances that are no longer needed, use

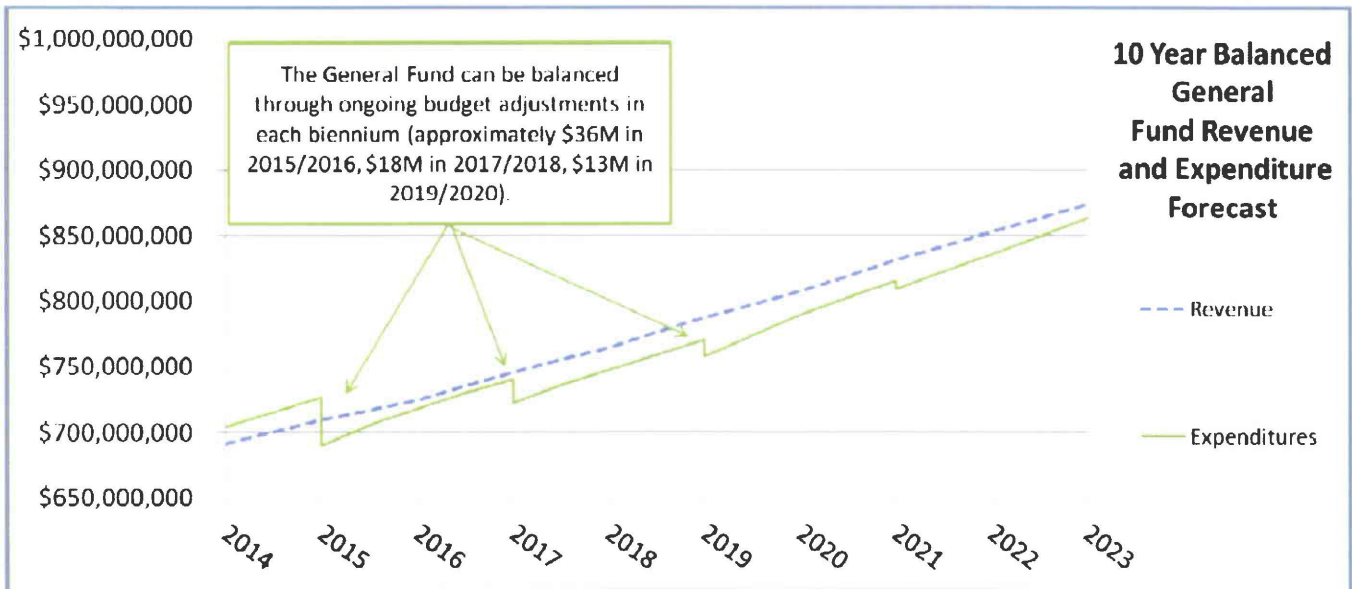


of agency-specific vacancy rates based on historical experiences, and elimination of artificial budget “contras” (underspending assumptions) that were based on unrealistic assumptions. Agencies were also encouraged to revise budgets through net-zero changes to reflect actual spending patterns. For example, some agencies have held positions vacant for years because the budget was needed for other expenses. The 2014 Proposed Budget includes many adjustments to reflect actual costs, which will improve budgeting accuracy and agency financial management.

## 6. THE BUDGET RECOGNIZES FUTURE CHALLENGES FOR THE GENERAL FUND.

Despite the County's successes in managing costs, the General Fund faces continued challenges in the future. PSB has developed a 10-year financial model for the General Fund, which is shown in Figure 10. This figure shows that costs for current services for the 2015/2016 biennium exceed revenue forecasts by about \$36 million, with a further gap of about \$18 million in the subsequent biennium.

Figure 10



Another major factor influencing the 2015/2016 gap is the potential need to “buy back” the costs of programs that have been temporarily shifted from the General Fund to the Mental Illness and Drug Dependency Fund for the last several years. Under current State law, these costs will need to be eliminated or gradually shifted back to the General Fund starting in 2015. The effect of this is about \$14 million in 2015/2016, which would be in addition to the amounts shown in Figure 10.

## 7. THE BUDGET RECOGNIZES FUTURE RISKS DUE TO THE POTENTIAL LOSS OF STATE AND FEDERAL FUNDS.

The state and federal governments face their own financial challenges and in some cases are making choices that adversely affect King County's budget. The 2014 Proposed Budget for Public Health reflects the projected loss of several million dollars of federal Medicaid Administrative Match funding, which has helped to support outreach and disease prevention efforts. The projected loss is covered by Public Health fund balances in the 2014 Proposed Budget, and a small General Fund reserve is proposed in case the federal reductions are worse than assumed. This approach will only work for one year, so unless federal support is continued, significant program reductions likely will be needed for 2015/2016. Public Health is also facing cuts to other programs due to federal budget sequestration.

The Department of Community and Human Services (DCHS) has a biennial budget, but some units have mid-biennial budget adjustments. Some of these proposals reflect changes in state funding, particularly for mental health services. In most cases, DCHS has sufficient fund balance to continue programs through 2014, but major financial challenges could arise in the next biennium if state policy does not change.

Public Health and DCHS also face uncertainty due to the implementation of the Affordable Care Act. This Act will provide health care benefits for many individuals who are currently uninsured and cannot afford health care. King County serves many of these individuals through Public Health and DCHS programs, so some new revenue is likely to result. Both departments have included conservative estimates of this new revenue in their budgets. The longer-term effects of health care reform on the number of individuals served by County programs and the related financial implications are very difficult to predict.

Finally, both the Transit and Roads divisions of the Department of Transportation face continued service reductions if new revenue sources are not obtained. Efforts to get such revenue were unsuccessful in the 2013 Legislative session. The 2013/2014 Adopted Budgets for these two divisions include service reductions if new revenues are not provided, including a significant cut in bus service beginning in September 2014.



# HIGHLIGHTS OF 2014 PROPOSED ANNUAL BUDGET

## King County

### APPROPRIATIONS BY STRATEGIC PLAN GOAL GENERAL FUND

	2012 ADOPTED	2013 ADOPTED	PROPOSED 2014 ANNUAL	TOTAL 2013/2014	2013 to 2014 \$ CHANGE	% CHANGE
<b>JUSTICE AND SAFETY</b>						
ADULT AND JUVENILE DETENTION	\$130,212,329	\$128,314,177	\$134,610,950	\$262,925,127	\$6,296,773	5%
DISTRICT COURT	27,461,186	29,930,275	31,721,001	61,651,275	1,790,726	6%
DRUG ENFORCEMENT FORFEITS	1,138,037	1,132,194	1,011,615	2,143,809	(120,580)	-11%
INMATE WELFARE ADMIN	1,168,877	1,551,808	1,940,716	3,492,524	388,907	25%
JAIL HEALTH SERVICES	25,409,575	25,147,641	25,982,008	51,129,649	834,368	3%
JUDICIAL ADMINISTRATION	19,061,595	19,750,105	20,632,071	40,382,176	881,965	4%
JUVENILE INMATE WELFARE	-	7,500	5,000	12,500	(2,500)	-33%
OFFICE OF EMERGENCY MANAGEMENT	1,933,695	2,306,342	2,507,910	4,814,253	201,568	9%
PAO ANTIPROFITEERING	119,897	119,897	119,897	239,794	-	0%
PROSECUTING ATTORNEY	58,718,143	61,828,579	65,133,023	126,961,602	3,304,444	5%
PUBLIC DEFENSE	43,127,295	41,481,187	48,761,643	90,242,830	7,280,456	18%
SHERIFF	143,973,142	142,422,333	145,228,884	287,651,216	2,806,551	2%
SHERIFF SUCCESSION PLANNING	-	462,000	705,725	1,167,725	243,725	53%
SUPERIOR COURT	44,528,459	46,031,809	47,471,494	93,503,303	1,439,686	3%
<b>TOTAL JUSTICE AND SAFETY</b>	<b>496,852,230</b>	<b>500,485,847</b>	<b>525,831,938</b>	<b>1,026,317,784</b>	<b>25,346,091</b>	<b>5%</b>
<b>HEALTH AND HUMAN POTENTIAL</b>						
HUMAN SVCS GF TRANSFER	2,106,283	2,351,172	2,250,283	4,601,455	(100,889)	-4%
PUB HEALTH AND EMERG SERVICES	25,041,950	25,425,260	26,857,808	52,283,068	1,432,548	6%
<b>TOTAL HEALTH AND HUMAN POTENTIAL</b>	<b>27,148,233</b>	<b>27,776,432</b>	<b>29,108,091</b>	<b>56,884,523</b>	<b>1,331,659</b>	<b>5%</b>
<b>TRANSFERS TO DPER</b>						
TRANSFER TO DPER	2,221,421	2,509,121	2,338,568	4,847,689	(170,553)	-7%
<b>TOTAL TRANSFER TO DPER</b>	<b>2,221,421</b>	<b>2,509,121</b>	<b>2,338,568</b>	<b>4,847,689</b>	<b>(170,553)</b>	<b>-7%</b>
<b>HOW WE DELIVER</b>						
ASSESSMENTS	21,778,926	23,302,700	24,662,467	47,965,166	1,359,767	6%
BOUNDARY REVIEW	352,487	341,202	350,590	691,791	9,388	3%
BRD OF APPEALS EQUALIZTN	709,278	713,595	745,254	1,458,849	31,659	4%
CABLE COMMUNICATIONS	304,509	312,836	336,245	649,081	23,409	7%
CHARTER REVIEW COMMISSION	25,000	-	-	-	-	N/A
COUNCIL ADMINISTRATION	12,610,980	12,857,311	13,119,894	25,977,205	262,583	2%
COUNTY AUDITOR	1,639,308	1,857,744	1,889,188	3,746,933	31,444	2%
COUNTY COUNCIL	1,587,015	1,637,197	1,703,777	3,340,975	66,580	4%
COUNTY EXECUTIVE	243,932	252,902	263,811	516,713	10,908	4%
ELECTIONS	20,064,022	20,019,362	18,350,887	38,370,250	(1,668,475)	-8%
EXECUTIVE SERVICES ADMINISTRATION	3,519,464	2,790,484	2,893,398	5,683,882	102,914	4%
FEDERAL LOBBYING	368,000	240,000	240,000	480,000	-	0%
GEN GOVERNMENT FUND TRNSFR	3,283,799	2,787,626	2,926,511	5,714,137	138,885	5%
HEARING EXAMINER	549,243	604,330	678,065	1,282,395	73,736	12%
INTERNAL SUPPORT	15,253,363	15,496,607	16,469,918	31,966,524	973,311	6%
KC CIVIC TELEVISION	577,574	587,735	593,348	1,181,083	5,612	1%
LABOR RELATIONS	2,260,772	2,368,060	2,694,635	5,062,695	326,574	14%
MEMBERSHIPS AND DUES	622,204	745,693	778,422	1,524,115	32,729	4%
OFFICE OF ECONOMIC & FINANCIAL ANALYSIS	359,280	351,914	421,360	773,274	69,446	20%
OFFICE OF HUMAN RESOURCES	5,739,877	5,776,424	6,433,342	12,209,765	656,918	11%
OFFICE OF INDEP OVERSIGHT	454,531	787,935	703,697	1,491,632	(84,238)	-11%
OFFICE OF PERFORMANCE STRATEGY & BUDGET	7,254,511	7,415,813	8,375,985	15,791,797	960,172	13%
OFFICE OF THE EXECUTIVE	4,257,373	4,351,517	4,698,665	9,050,182	347,148	8%
OMBUDSMAN TAX ADVISOR	1,133,492	1,251,394	1,263,225	2,514,619	11,831	1%
REAL ESTATE SERVICES	3,798,707	3,696,500	3,351,236	7,047,736	(345,264)	-9%
RECORDS AND LICENSNG SERV.	8,193,091	8,487,681	9,296,486	17,784,167	808,805	10%
STATE EXAMINER	872,172	913,984	997,682	1,911,666	83,698	9%
<b>TOTAL HOW WE DELIVER</b>	<b>117,812,910</b>	<b>119,948,544</b>	<b>124,238,088</b>	<b>244,186,633</b>	<b>4,289,544</b>	<b>4%</b>
<b>OTHER</b>						
GENERAL FUND DEBT SERVICE	25,887,481	24,553,301	22,900,000	47,453,301	(1,653,301)	-7%
CIP GF TRANSFER	10,726,167	10,039,418	9,966,468	20,005,886	(72,950)	-1%
<b>TOTAL OTHER</b>	<b>36,613,648</b>	<b>34,592,719</b>	<b>32,866,468</b>	<b>67,459,187</b>	<b>(1,726,251)</b>	<b>-5%</b>
<b>TOTAL GENERAL FUND</b>	<b>\$680,648,442</b>	<b>\$685,312,663</b>	<b>\$714,383,153</b>	<b>\$1,399,695,816</b>	<b>\$29,070,490</b>	<b>4%</b>

Figure 11

The General Fund is an annual budget for the 2013/2014 Biennium.

HIGHLIGHTS OF THE 2014 PROPOSED ANNUAL BUDGET

The 2014 Proposed Budget funds most County programs at 2013 levels and includes a small number of service restorations and new initiatives. Figure 11 shows the 2014 Proposed Budget for the General Fund by agency. Figure 12 shows the 2014 Proposed Budgets for other agencies that are still using annual budgets.

Total General Fund appropriations are proposed to increase from \$685.3 million in 2013 to \$714.4 million in 2014, or 4.2 percent. The largest factor in this increase is the transition from a contracting model for public defense services to an in-house model, which results from the Washington State Supreme Court's decision in the Dolan case that public defenders were County employees for the purpose of retirement benefits. The settlement of the Dolan case required defenders and associated staff to become County employees, which occurred on July 1, 2013. The larger 2014 budget for this function reflects continued transition costs and the addition of contracted work for the City of Seattle and State of Washington. These contracts are fully covered by new revenue.

**APPROPRIATIONS BY STRATEGIC PLAN GOAL  
NON-GENERAL FUND, ANNUAL**

Figure 12

	2012 ADOPTED	2013 ADOPTED	PROPOSED 2014 ANNUAL	TOTAL 2013/2014	\$ CHANGE	% CHANGE
<b>HEALTH AND HUMAN POTENTIAL</b>						
EMERGENCY MEDICAL SERVICES	\$ 71,347,000	\$ 74,691,856	\$ 70,763,309	\$ 145,455,165	\$ (3,928,547)	-5%
LOCAL HAZARDOUS WASTE	15,129,607	16,326,880	17,495,477	33,822,357	1,168,597	7%
MEDICAL EXAMINER	4,720,080	6,311,140	6,661,812	12,972,953	350,672	6%
PUBLIC HEALTH	198,602,179	238,634,851	243,118,601	481,753,452	4,483,750	2%
<b>TOTAL HEALTH AND HUMAN POTENTIAL</b>	<b>289,798,866</b>	<b>335,964,727</b>	<b>338,039,199</b>	<b>674,003,927</b>	<b>2,074,472</b>	<b>1%</b>
<b>ECONOMIC GROWTH AND BUILT ENVIRONMENT</b>						
PARKS	30,539,214	32,554,680	36,048,864	68,603,544	3,494,183	11%
PARKS EXPANSION LEVY	19,493,105	20,877,268	904,137	21,781,405	(19,973,131)	-96%
PARKS OPEN SPACE AND TRAILS LEVY		-	61,733,467	61,733,467	61,733,467	N/A
YOUTH SPORTS FACILITY GRANT	771,363	684,105	699,255	1,383,360	15,150	2%
<b>TOTAL ECONOMIC GROWTH &amp; BUILT ENVIRON</b>	<b>50,803,682</b>	<b>54,116,053</b>	<b>99,385,722</b>	<b>153,501,775</b>	<b>45,269,668</b>	<b>84%</b>
<b>HOW WE DELIVER</b>						
BUSINESS RESOURCE CENTER	8,673,605	11,930,637	18,393,808	30,324,445	6,463,171	54%
BYRNE JAG GRANT 2011	242,692	-	-	-	-	N/A
BYRNE JAG GRANT 2012	-	138,366	-	138,366	(138,366)	-100%
BYRNE JAG GRANT 2013	-	-	191,835	191,835	191,835	N/A
FINANCE AND BUSINESS OPERATIONS	26,896,807	27,201,494	29,376,115	56,577,609	2,174,621	8%
GRANTS	19,438,407	41,033,875	31,165,770	72,199,645	(9,868,105)	-24%
<b>TOTAL HOW WE DELIVER</b>	<b>55,251,511</b>	<b>80,304,373</b>	<b>79,127,528</b>	<b>159,431,901</b>	<b>(1,176,844)</b>	<b>-1%</b>
<b>TOTAL NON-GENERAL FUND ANNUAL</b>	<b>\$ 395,854,059</b>	<b>\$ 470,385,153</b>	<b>\$ 516,552,449</b>	<b>\$ 986,937,602</b>	<b>\$ 46,167,296</b>	<b>10%</b>

The agencies listed above are annual budgets for the 2013/2014 biennium.

Some of the other significant proposals in the 2014 budget are:

1. **The Maple Valley Precinct is reopened.**

This precinct, which serves the southeastern portion of King County, was closed two years ago as part of a new deployment approach for the King County Sheriff's Office (KCSO). However, Sheriff John Urquhart requested that it be reopened because alternative facilities, including holding cells, have not been available. The Sheriff is also looking for a location to restore the previous practice of conducting roll calls at the beginning of shifts. A capital project for \$655,556 to reopen the facility and update building systems is included in the 2014 Proposed Budget. Another project is proposed to relocate the KCSO Special Operations unit to the same site.

2. **Four additional uniformed staff are added to the KCSO.**

Sheriff's staffing has been significantly reduced over the last decade due to the Great Recession and annexations, which reduce the tax base. The 2014 Proposed Budget includes funding for three new patrol deputies and a sergeant. It also includes funding for a public records manager to ensure the Sheriff's Office provides timely and complete responses to such requests.

3. **The next phase of the Health and Human Potential (HHP) transformation plan is implemented.**

Health and human services are currently delivered in a decentralized manner that often requires clients to navigate a complex array of providers and locations. The HHP transformation effort is a joint endeavor of King County and many service providers to develop a more client-centric model for service delivery. To continue this work in 2014, funding is provided to DCHS and Public Health for 2.5 staff. In addition, a General Fund reserve of \$500,000 is set aside to provide grants to non-profit organizations that support the new model. The County expects that matching funding may be leveraged for these transformation efforts.

4. **Staffing is provided for the Regional Veterans Initiative.**

King County is the home of about 127,000 veterans. Services for these veterans are often uncoordinated and hard to access. Earlier in 2013, Executive Constantine called for an effort to better link these services and asked three prominent veterans to lead a planning effort toward that end. The resulting proposal called for two temporary County staff to implement the work. These staff are included in a mid-biennium adjustment, funded from excess Veterans Levy fund balance. The very successful HERO program, which provides County internships for veterans, also is continued.

5. Several steps to advance the “Employer of the Future” work are funded.

Employer of the Future is an effort to develop human resources policies, employment practices, and labor contracts that reflect best practices in this era. This is an outgrowth of the KCSP’s “Quality Workforce” goal. Many of the County’s current policies and practices are 40 years old, and these no longer reflect the workforce or labor market. The 2014 Proposed Budget includes funding for a diversity coordinator and several employee development staff in the Human Resources Division.

6. MIDD programs are continued.

The Mental Illness and Drug Dependency Fund is supported by a 0.1 percent sales tax. It funds a variety of human service and criminal justice programs to assist people with mental illnesses or drug dependency. The 2013/2014 biennial budget projected a shortfall for 2014, but this problem has been avoided through a combination of higher revenues, lower spending in 2012, and efficiencies in DCHS and District Court programs. All 2013 services will be continued for 2014.

7. Courthouse services hours are restored.

As part of the significant budget reductions required in 2011, the Department of Judicial Administration (DJA) eliminated service counter hours during lunchtime. Many individuals seek access to court information or services during that period, so the 2014 Proposed Budget funds two half-time DJA positions to restore partial noontime services at the King County Courthouse and the Maleng Regional Justice Center.

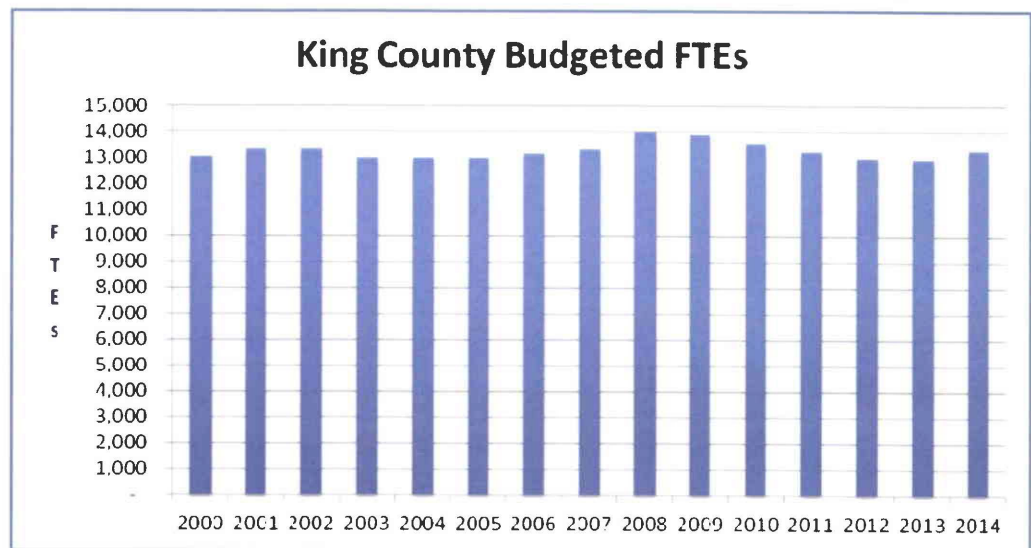
8. Additional resources are provided for the Involuntary Treatment Act (ITA) court at Harborview.

Individuals who are proposed to be involuntarily committed to mental health facilities have a right to a legal hearing to determine whether they should be committed. Because of reductions in mental health treatment programs and changes in laws, the number of individuals being seen in ITA court has dramatically increased over the last five years. The 2014 Proposed Budget includes additional staffing for the Prosecuting Attorney’s Office and the Superior Court to partially address this issue. The second omnibus supplemental ordinance for 2013 will include funding to remodel the existing facility into two courtrooms so the judge and commissioner can hold hearings simultaneously. This should reduce the backlog of patients waiting to be heard. These efforts will help, but a more comprehensive approach to mental health programs needs to be developed for 2015/2016.

Several other budget initiatives were described in earlier sections, including additional staff to support Lean and the use of fund balances to continue Public Health programs.

Figure 13 shows trends in County employment since 2000. County employment is highly correlated with revenues. Employment peaked at 13,998 full-time equivalent (FTE) employees in 2008 and declined steadily thereafter. The increase for 2014 is almost entirely due to the staff brought in-house to provide public defense services.

Figure 13



King County has made very significant progress since 2010 in reducing cost growth, improving services, and creating efficiencies. However, major challenges loom for the 2015/2016 budget, especially if State and Federal budget reductions continue to affect County residents and services.

