



FISCAL SUSTAINABILITY INITIATIVE ISSUE BACKGROUND

Millions of Washingtonians rely upon public services that are at risk. Citizens depend on the county to provide essential public services that keep them safe and healthy, and people who live in unincorporated parts of the state rely exclusively upon their county for all government services. Due to the growth in costs to provide federal and state-mandated public services, the county revenue-generating and cost-containment structures have fallen behind. Counties are on the verge of a financial and service delivery crisis. Changes are needed now to:

- Stop the erosion of critical government services
- Enable counties to keep pace with inflation
- Provide communities with great local control over state-mandated services

COUNTIES PROVIDE ESSENTIAL PUBLIC SERVICES

Every citizen in Washington State relies upon several services provided by counties. Examples of these services include election oversight, property tax assessment, collection and distribution, police, jails, public and mental health services and transportation. Counties are required by law to fund and provide essential services that exceed funding resources.

COUNTIES ARE FACING A FINANCIAL CRISIS

The costs of providing these essential public services are rising 3-5% annually, while revenue collection is remaining relatively flat. This fact gets compounded year over year, making the problem grow more each passing year. Counties have tried to address this issue within their current fiscal structure, taking actions such as reducing their workforce by 11% over the last five years, implementing permanent and temporary furloughs, substantially cutting programs and services, tapping cash reserves, transferring or shifting funds from other sources, using process improvement strategies like LEAN management, eliminating capital expenditures and delaying road construction. While these measures have helped, they have not solved the problem. Even counties that are not feeling the strain of this issue today, will soon.

Currently, counties ability to generate revenue is extremely limited and these options have not kept pace with inflation. Counties get over 60% of their funding from property and sales and use taxes. I-747 was passed by the voters in 2001, found unconstitutional by the Supreme Court, and subsequently reenacted by the Legislature. As a result counties went from having the discretion to increase property taxes by as much as 6% to now have a 1% cap plus the value of new construction. This 1% growth limit prevents these revenues from keeping pace with growth in maintenance and preservation costs. Additionally, sales and use tax collections have become increasingly challenging with the GMA allowing cities to annex large tax-paying businesses into their jurisdictions.

All of this has led to the erosion of public services, county workforce and essential programs.



COUNTIES NEED LOCAL OPTIONS, LOCAL CONTROL

Counties need additional options for funding because the current model does not fund the services they are required to provide to the public. Unlike cities, counties cannot impose other types of taxes. The cost of providing essential public services continues to rise while revenue remains flat.

CUTS HAVE LED TO PUBLIC HEALTH AND SAFETY RISKS

Counties have taken extreme measures to trim costs including reduction of workforce, substantial cuts to programs, and transitioning some services to community non-profit organizations. Unfortunately, essential services have been made unavailable or are inadequate for the needs of the public in many counties. This has led to public health and safety risks including dangerous road conditions, delayed criminal justice proceedings, and unavailable treatment for the injured, sick and mentally ill.

FISCAL SUSTAINABILITY INITIATIVE

It's time for a new approach. Counties must identify additional options for how they control costs and fund operations.

The Fiscal Sustainability Initiative is needed to advance new revenue generation and cost containment options that will improve the fiscal health of county governments. As counties face the grim reality of costs outpacing revenues, WSAC is leading an effort so that counties can maintain essential public services. While every county is unique, a unified initiative is needed to effect change at the legislative level.

Each county will have the opportunity to share ideas for cost and revenue reforms that would address their local needs. Once input from across the state has been collected, a subgroup of WSAC policy staff and elected leaders will develop recommendations for viable solutions and then WSAC will take those recommendations back out to Washington State Counties for further input.

Together, counties in Washington State can drive a collective action to allow greater local influence and broader flexibility to better serve constituents.

The Washington State Association of Counties needs your support and feedback to develop solutions that will contribute to the fiscal sustainability of county governments.

To provide feedback or get additional information, please contact:

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