



COUNTY OF LEHIGH

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Donald T. Cunningham, Jr., County Executive

FOR IMMEDIATE RELEASE:

August 31, 2011

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Cunningham Releases 2012 Budget that Continues Reductions

Tough fiscal management allows for a return of \$4.3 million to taxpayers

(Allentown) – Lehigh County Executive Don Cunningham today delivered his 2012 budget to Lehigh County Commissioners and members of the business community at Coca Cola Park in Allentown highlighting a budget that will be smaller in size and workforce and will include a tax credit next year.

Cunningham highlighted three specific actions that, combined with tough fiscal management, will result in a 2012 budget that increases county savings, restores Green Future Fund programs and turns \$4.3 million in the Tax Relief Fund back to taxpayers in the form of a credit.

This year the county took advantage of low interest rates and an Aa1 bond rating by S&P and Moody's rating agencies to refinance debt and save \$4 million. Instead of spending that savings, Cunningham's budget adds it to the County's Stabilization, or Rainy Day Fund, increasing it to \$25 million.

"For a county of our size and our budget, it is more comfortable to have a larger savings account," Cunningham said as he noted that the Rainy Day Fund has grown during his tenure from the \$18.6 million it was in 2006. "It's fiscally prudent not to spend down all new revenues and to maintain healthy reserves."

The 2012 budget also addresses proceeds from a sale of county land to Dorney Park this year that netted the county \$2.75 million. Cunningham has slated the full proceeds of that asset sale to fund the county's Green Future Fund program to preserve farmland and open space and to improve parks and trails. No contribution was made to that program last year.

"Money from the sale of a land asset ideally should not be used to, in essence, "buy the groceries" in one budget year," Cunningham said. "That money should be used for long term programs that add to the assets of the county. There is no better option than Green Future funds."

Finally, in a move toward the end of his speech that surprised the audience, Cunningham said the net result of county managers holding the line and controlling spending resulted in the 2010 budget finishing \$5 million in the black and not utilizing the \$4.3 million in a Tax Relief Fund that was expected to be used to balance this year's budget.

"Next year we can use the Tax Relief Fund to provide some tax relief," Cunningham said. "We will close out the Tax Relief Fund and return \$4.37 million to Lehigh County's taxpayers in the form of a one-time expiring tax credit."

The Tax Relief Fund was put in place in 2006 by a previous county executive and Board of Commissioners. It was created as a way to fill a deficit between revenues and expenditures caused by implementing a tax cut that year.

"We will honor the intent of the fund and give relief to taxpayers," Cunningham said, adding that it will end a much-talked-about line item that was not the "optimal approach to public finance."

The average property tax bill in Lehigh County is \$714. The average tax credit will be \$30. This will reduce next year's average tax bill from \$714 to \$684. This is an average number based on a home assessed at \$60,000. The credit amount will change based on the value of the property and the amount of the tax bill.

For the second year in a row, the total budget is smaller. Lehigh County's 2012 budget is \$388.9 million, down from \$391.1 million in 2011. The 2011 budget was \$22 million less than 2010.

Cunningham cited job eliminations, changing employee compensation and program cuts as major drivers behind lower county spending. Forty-six positions are eliminated in the 2012 budget, saving \$1.8 million. Forty-nine positions were eliminated in this year's budget. "We've done this through strategic realignments, not through one-size-fits-all, across-the-board cuts, which represents management without thought or focus," Cunningham said.

In 2012, for the first time ever, Lehigh County's payroll will be smaller than it was the previous year and the county's workforce of 2,078 positions is smaller than it was 22 years ago in 1990. County employees pay twenty percent of their health care costs and contribute 5 percent toward their pensions. The average monthly pension in the county is \$900.

"For those who say government only ever gets bigger, send them to Lehigh County," Cunningham said to applause.

Cuts have been necessary in light of Lehigh County's falling revenues. For the first time since it has been recorded, Lehigh County's tax revenue will decrease next year. Lehigh County will collect about a million dollars less in property tax revenue. Declining real estate sales have dropped county revenue from recording deeds by more than fifty percent since 2006, down to \$1.2 million. The county's investment income has dropped from \$6.9 million in 2008 to \$576,000 next year.

Cunningham also offered some hope for Lehigh County's future. "The best tax relief comes from economic growth. A growing real estate base is the best tool to keep tax rates in check," Cunningham said. "Despite the recession, five large businesses have announced plans to move to the Lehigh Valley and three have announced expansions for a combination of 1,300 new jobs."

Other features of the Lehigh County 2012 Budget include:

- Lehigh County has taken advantage of its credit rating and falling interest rates to refinance debt to a blended average of 3 percent. Two major refinances during the last two years have saved the county \$5 million. The last public internet auction to refinance drew 15 bidders and 85 bids in 20 minutes that resulted in a winning interest rate of 1 percent and a savings of \$4 million.
- Lehigh County will meet its full requirement and contribute \$11 million next year to its pension fund, maintaining a fund healthier than most municipal and state pension funds. Three years ago the contribution was \$3.4 million in 2008.
- Cedarbrook Nursing Home continues to operate in the black as a self-sustaining operation. The 2012 budgeted subsidy will be \$2.1 million, roughly the same as this year's budgeted number. But, this four-star rated nursing home covers close to \$4 million in costs that would otherwise hit the general fund.
- Capital spending is budgeted at \$9.7 million as the county embarks on the final phase of the largest and most comprehensive capital plan in the county's history, which has included Coca Cola Park, the renovation and expansion of the Courthouse, construction of a new 9-1-1 communications center, the repair or replacement of nearly 30 bridges, a renovated and expanded Community Corrections Center to house male and female non-violent offenders, a county-owned detox and rehabilitation facility and a new Coroner and emergency management facility in a unique partnership with Cetronia Ambulance.
- The 2012 budget retains and does not cut funding for Quality of Life and community arts and education grants, tourism grants, community and economic development grants, mass transit, the planning commission, LVEDC and the Chamber of Commerce.
- The budget includes a full review of county-owned lands and existing space to maximize use and potential for any surplus sales. It also includes funds for development of a Jordan Greenway, linking Allentown to the Trexler Nature Preserve.
- Continuing to keep Lehigh County government open and accessible, this year the county checkbook went on line where the full county budget has been for a long time. The proposed 2012 budget will be there today. The county also plans to issue a taxpayer receipt this year to show people exactly how their county tax dollar is spent.
- In 2012, Lehigh County will continue its American Heroes property tax rebate for any Lehigh County homeowner serving during this time of international conflict.

The Lehigh County Board of Commissioners will hold its first hearing on the 2012 budget at 6:30 PM on Tuesday, September 13 in the Public Hearing Room at the Lehigh County Government Center. A series of budget hearings will follow over the next several weeks, and the final vote on the budget is scheduled for Wednesday, October 26 at 7:30 PM.

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