



---

# MEMORANDUM

---

Date: March 20, 2023

To: The Honorable Chair and Members  
Pima County Board of Supervisors

From: Jan Leshner  
County Administrator

A handwritten signature in black ink, appearing to read "Jan Leshner", is written over the printed name.

Re: **Fiscal Year 2023/24 Recommended Budget Framework**

As we near the release of the County Administrator's Recommended Budget, it is important that we take the necessary steps to ensure that we have a comprehensive and balanced budget that meets Pima County's goals and objectives. This memorandum aims to provide the Board of Supervisors (BOS) with additional information regarding the policies that establish the framework for this year's Recommended Budget.

The BOS policies that have significant implications on the upcoming Fiscal Year 2023/24 Recommended Budget are listed below.

- [BOS Policy D.22.12 - General Fund Capital Improvement Fund Pay-As-You-Go Program](#)  
This policy supports the transition from voter-authorized general obligation bond funding of capital improvement projects to a pay-as-you-go (PAYGO) program as part of the General Fund. The application of this policy was addressed in the February 17, 2023, ["Update for the Fiscal Year 2023/24 General Budget Guidance" memorandum](#). The application of this policy will result in a decrease in the overall tax rate of \$0.1106, but due to the increase in the Net Assessed Values, Property Tax Revenues will increase \$14 million.
- [BOS Policy - D.22.13 General Fund Impact of State Legislature Cost Shifts and Disclosure of these Cost Shifts to Taxpayers](#)  
This policy evaluates the annual primary and secondary property tax levy for funding increased General Fund expenses due to the State Legislature Cost Shifts for Fiscal Year 2022/23, which was briefed in the February 17, 2023 memorandum. The State Costs Shifts that are being absorbed in FY 2022/23 are \$15.9 million. The application of this policy, along with the PAYGO Policy, will result in an increase in the overall tax rate of \$0.0396 resulting in Property Tax Revenues increasing \$30 million.
- [BOS Policy D.22.14 General Fund - Fund Balance](#)  
This policy created a target level for the unrestricted fund balance within the General Fund of 17% of the previous year's General Fund audited operating expenditures. The application of this policy was addressed in the [October 4, 2022, "Fund Balance Policy for the General Fund" memorandum](#). The target amount for FY 22/23 is \$93 million.

The Honorable Chair and Members, Pima County Board of Supervisors  
Re: **Fiscal Year 2023/24 Recommended Budget Framework**  
March 20, 2023  
Page 2

A Budget Stabilization fund within the General Fund was established as a proactive measure to help maintain our financial stability going into FY 2023/24. Managing the funds in this manner will allow Pima County to react to changing priorities during the fiscal year, where the exact timing, details, or amounts has yet to be determined. The items listed below, with their estimated costs, will be supported using the FY 2023/24 Budget Stabilization fund.

- Compensation Study Implementation \$14 million
- Inflation \$5 million
- Personnel Hiring Policy Changes \$5 million

This is in addition to the \$93 million set aside as a fund balance reserve per BOS policy D22.14 mentioned above.

As stated in the October 4, 2022 memorandum, all Departments were provided a Base Budget. Any request for a budget above the Base Budget was submitted via a Supplemental Request, with few exceptions. Departments submitted more than \$61 million in additional funding requests. Of those requests, there are approximately \$20 million in requests for additional General Fund support. These do not have an identified funding source. As a part of my Recommended Budget that I will submit to the Board on April 28, 2023, I will provide a summary of the supplemental requests that I am recommending for approval, along with the funding plan for those requests. Additionally, I will provide a listing of the unfunded supplemental requests that are not included in my recommended budget.

As stated above, the FY 2023/24 Recommended Budget is framed by the BOS policies outlined in this memorandum. Should the Board wish to adjust this framework, I request that this direction be provided during the April 4, 2023, Board of Supervisors meeting so that staff has sufficient time to revise the Recommended Budget.

JKL/dym

c: Carmine DeBonis, Jr., Deputy County Administrator  
Francisco García, MD, MPH, Deputy County Administrator & Chief Medical Officer  
Steve Holmes, Deputy County Administrator  
Ellen Moulton, Director, Finance and Risk Management  
Michelle Campagne, Senior Advisor, County Administrator's Office  
Andy Welch, Deputy Director, Finance and Risk Management  
Xavier Rendon, Budget Division Manager, Finance and Risk Management