



# AGENDA MATERIAL

DATE 8/15/22 ITEM NO. RA 12

## MEMORANDUM

Date: August 18, 2022

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

From: Jan Leshner   
County Administrator

Re: Follow-up Information from August 15, 2022, Board of Supervisors Meeting – State Cost Shifts

At the Board of Supervisors meeting on August 15, 2022, the Board asked several questions regarding the impact of the State Cost Shifts on the FY 2022/23 Budget. An August 1, 2022, memorandum entitled "State Cost Shift Update for the FY 2022/23 Adopted Budget" presented the total State Cost Transfers of \$106.4 million. These transfers are \$15.9 million more than the FY 2021/22 transfers of \$90.5 million. The most significant increases were in the Arizona Long Term Care System for \$10.3 million and the change in the Class 1 (commercial property) assessment ratio from 18.0% to 17.5% for \$3.9 million. The tax rate for FY 2022/23 would have needed to increase by approximately \$0.17 to neutralize the impact of the FY2022/23 budgeted cost shifts. The decision to keep the FY 2022/23 General Fund Primary Tax Rate the same as in FY 2021/22 required that these additional costs be absorbed within the General Fund's adopted budget for FY 2022/23. As was recommended on page 6 of the memorandum dated April 29, 2022, entitled "Transmittal of the Recommended Fiscal Year 2022/23 Budget," the FY 2021/22 ending fund balance was used to cover these costs.

JKL/dym

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

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