



TROY M. SCHULTE
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DATE: June 15, 2020

TO: Theresa Galvin, Chairman, of the Legislature
Crystal Williams, Budget Chair
Members of the Jackson County Legislature

FROM: Troy M. Schulte, County Administrator, Jackson County

RE: FY 2020 1st Quarter Budget Review

Staff have completed the analysis of the first quarter estimates for the fiscal year 2020 Jackson County budget. While the economic recession triggered by the COVID-19 pandemic has caused significant financial issues for other cities and counties in the metropolitan area, it appears that Jackson County will weather this downturn with relatively mild symptoms.

Staff are projecting up to a \$2.8 million shortfall in revenue collections in the General Fund for this fiscal year. This shortfall is attributable in its entirety to a projected decline in total sales tax collections for the County. While these declines were initially feared to be much worse, sales tax collections have been significantly impacted by the economic downturn. The decline in sales tax revenues could be as much as 2.3% of total budgeted General Fund revenues.

The sales tax estimated shortfall is based on assumptions concerning future sales tax collections for the remainder of the fiscal year. The June 2020 sales tax collections are reflective of April and some March 2020 economic activity and were down 14.2% compared to June of 2019. If sales tax collections decline 10% in July and 10% for each month thereafter the total shortfall could approach \$2.8 million as compared to the adopted budget. If the decline is 10% for July and only 5% for the rest of the fiscal year, then the shortfall would only be \$1.4 million.

Property tax collection, the other significant General Fund revenue stream, is projected to meet its budget estimate primarily because the County chose to not rollback or spend the projected \$2.1 million surplus across all property tax receiving funds from higher than budgeted property assessments. Offsetting that projected increase is a higher percentage of taxpayers paying their taxes under protest and the significant number of residential and commercial appeals still awaiting final Board of Equalization decisions.

On the expenditure side of the budget, expenditures across all funds except one, are tracking at or below adopted budget estimates. For the purpose of this first quarter analysis, all contracts, supplies, and capital outlay budgets were projected as fully spent. The County currently does not anticipate any expenditures in the General Fund beyond budgeted estimates. A supplemental request by Corrections of \$306,663 to support mental health services for inmates at the Jackson County Detention Center from July to December 2020 is not included in this projection. Projected departmental salary savings of \$5.3 million in the General Fund as of March 31, 2020 should more than offset the projected decline in sales tax revenue. To ensure that salary savings are sufficient to meet this shortfall, I am recommending a hiring freeze continue in place for all

Frank White, Jr., County Executive

non-essential personnel across the County for the rest of the fiscal year. In addition, departments should be directed to eliminate all non-essential purchases for the balance of the fiscal year.

The decline in sales tax revenues will cause a modest draw on reserves of up to \$1.4 million in the anti-crime sales tax (COMBAT) and the reduced revenue collections in the Sports Complex debt fund should still be more than sufficient to meet current debt service obligations.

It should be noted that one fund, the Emergency 911 Fund, is projected to have a nearly \$740,000 deficit that is attributable to a \$600,000 under-budgeting of 911 costs that will be assessed by MARC and a \$140,000 decrease in projected collections from pre-paid cell phones. The insufficient appropriations will cause the County to be unable to make payments from this fund after September of 2020. While a 911 fee increase has been proposed, and if approved by voters in November, it would not affect collections until April of 2021.

Budget staff will continue to monitor the performance of the budget on a monthly basis for the rest of the year. Staff will again complete a full quarterly analysis of revenues and expenditures for all funds after the close of the June 2020 books.

If you have any questions or desire further information, please do not hesitate to contact me at your convenience.

Attachment (1)

cc: Frank White, Jackson County Executive

Baseline Scenario

	2019	2020	% Change
January (received in February)	\$ 3,683,877	\$ 3,681,684	-0.1%
February (received in March)	5,568,724	5,175,386	-7.1%
March (received in April)	4,306,042	4,394,345	2.1%
April (received in May)	3,132,554	3,288,279	5.0%
May (received in June)	5,368,190	4,608,472	-14.2%
June (received in July)	22,059,387	21,148,167	-4.1%

	2019	2020	% Change
January (received in February)	\$ 1,841,406	\$ 1,840,453	-0.1%
February (received in March)	2,783,834	2,587,201	-7.1%
March (received in April)	2,152,661	2,195,956	2.0%
April (received in May)	1,565,782	1,643,294	5.0%
May (received in June)	2,683,375	2,304,555	-14.1%
June (received in July)	11,027,059	10,571,459	-4.1%

	2019	2020	% Change
January (received in February)	\$ 2,762,108	\$ 2,760,678	-0.1%
February (received in March)	4,175,750	3,880,791	-7.1%
March (received in April)	3,228,996	3,293,935	2.0%
April (received in May)	2,348,663	2,464,895	4.9%
May (received in June)	4,025,064	3,456,832	-14.1%
June (received in July)	16,540,580	15,857,132	-4.1%

July (received in August)	4,955,961	4,460,365	-10.0%
August (received in September)	3,646,415	3,464,094	-5.0%
September (received in October)	5,703,703	5,418,518	-5.0%
October (received in November)	4,134,681	3,927,947	-5.0%
November (received in December)	3,363,954	3,195,756	-5.0%
December (received in January)	5,396,189	5,126,379	-5.0%
Gross Actual/Estimated	4,821,563	4,580,484	-5.0%
Less: TIF Redirections	54,081,852	51,321,710	-5.1%
Net Actual or Estimated	3,336,607	3,336,607	0.0%
Budget	\$ 48,736,000	\$ 49,434,000	1.4%
Variance to Budget	\$ 2,009,245	\$ (1,448,897)	

July (received in August)	2,477,611	2,229,850	-10.0%
August (received in September)	1,822,798	1,731,658	-5.0%
September (received in October)	2,851,316	2,708,750	-5.0%
October (received in November)	2,066,797	1,963,457	-5.0%
November (received in December)	1,681,472	1,597,398	-5.0%
December (received in January)	2,697,498	2,562,624	-5.0%
Gross Actual/Estimated	2,410,468	2,289,944	-5.0%
Less: TIF Redirections	27,035,019	25,655,141	-5.1%
Net Actual or Estimated	1,667,903	1,667,903	0.0%
Budget	\$ 24,157,000	\$ 24,711,000	2.3%
Variance to Budget	\$ 1,210,116	\$ (723,762)	

July (received in August)	3,716,360	3,344,724	-10.0%
August (received in September)	2,734,186	2,597,477	-5.0%
September (received in October)	4,276,916	4,063,070	-5.0%
October (received in November)	3,100,195	2,945,185	-5.0%
November (received in December)	2,522,099	2,395,994	-5.0%
December (received in January)	4,046,247	3,843,934	-5.0%
Gross Actual/Estimated	3,615,702	3,434,917	-5.0%
Less: TIF Redirections	40,552,285	38,482,433	-5.1%
Net Actual or Estimated	40,552,285	38,482,433	-5.1%
Budget	\$ 38,464,000	\$ 39,803,000	3.5%
Variance to Budget	\$ 2,088,285	\$ (1,320,567)	

Worst-Case Scenario

	2019	2020	% Change
January (received in February)	\$ 3,683,877	\$ 3,681,684	-0.1%
February (received in March)	5,568,724	5,175,386	-7.1%
March (received in April)	4,306,042	4,394,345	2.1%
April (received in May)	3,132,554	3,288,279	5.0%
May (received in June)	5,368,190	4,608,472	-14.2%
June (received in July)	22,059,387	21,148,167	-4.1%

	2019	2020	% Change
January (received in February)	\$ 1,841,406	\$ 1,840,453	-0.1%
February (received in March)	2,783,834	2,587,201	-7.1%
March (received in April)	2,152,661	2,195,956	2.0%
April (received in May)	1,565,782	1,643,294	5.0%
May (received in June)	2,683,375	2,304,555	-14.1%
June (received in July)	11,027,059	10,571,459	-4.1%

	2019	2020	% Change
January (received in February)	\$ 2,762,108	\$ 2,760,678	-0.1%
February (received in March)	4,175,750	3,880,791	-7.1%
March (received in April)	3,228,996	3,293,935	2.0%
April (received in May)	2,348,663	2,464,895	4.9%
May (received in June)	4,025,064	3,456,832	-14.1%
June (received in July)	16,540,580	15,857,132	-4.1%

	2019	2020	% Change
July (received in August)	4,955,961	4,460,365	-10.0%
August (received in September)	3,646,415	3,281,773	-10.0%
September (received in October)	5,703,703	5,133,333	-10.0%
October (received in November)	4,134,681	3,727,213	-10.0%
November (received in December)	3,363,954	3,021,559	-10.0%
December (received in January)	5,396,189	4,856,570	-10.0%
Gross Actual/Estimated	4,821,563	4,339,406	-10.0%
Less: TIF Redirections	54,081,852	49,968,385	-7.6%
Net Actual or Estimated	3,336,607	3,336,607	0.0%
Budget	\$ 48,736,000	\$ 49,434,000	1.4%
Variance to Budget	\$ 2,009,245	\$ (2,802,222)	

	2019	2020	% Change
July (received in August)	2,477,611	2,229,850	-10.0%
August (received in September)	1,822,798	1,640,519	-10.0%
September (received in October)	2,851,316	2,566,184	-10.0%
October (received in November)	2,066,797	1,860,117	-10.0%
November (received in December)	1,681,472	1,513,325	-10.0%
December (received in January)	2,697,498	2,427,749	-10.0%
Gross Actual/Estimated	2,410,468	2,169,421	-10.0%
Less: TIF Redirections	27,035,019	24,978,624	-7.6%
Net Actual or Estimated	1,667,903	1,667,903	0.0%
Budget	\$ 24,157,000	\$ 24,711,000	2.3%
Variance to Budget	\$ 1,210,116	\$ (1,400,279)	

	2019	2020	% Change
July (received in August)	3,716,360	3,344,724	-10.0%
August (received in September)	2,734,186	2,460,768	-10.0%
September (received in October)	4,276,916	3,849,224	-10.0%
October (received in November)	3,100,195	2,790,176	-10.0%
November (received in December)	2,522,099	2,269,889	-10.0%
December (received in January)	4,046,247	3,641,622	-10.0%
Gross Actual/Estimated	3,615,702	3,254,131	-10.0%
Less: TIF Redirections	40,552,285	37,467,666	-7.6%
Net Actual or Estimated	40,552,285	37,467,666	-7.6%
Budget	\$ 38,464,000	\$ 39,803,000	3.5%
Variance to Budget	\$ 2,088,285	\$ (2,335,334)	