

City of Alexandria, Virginia

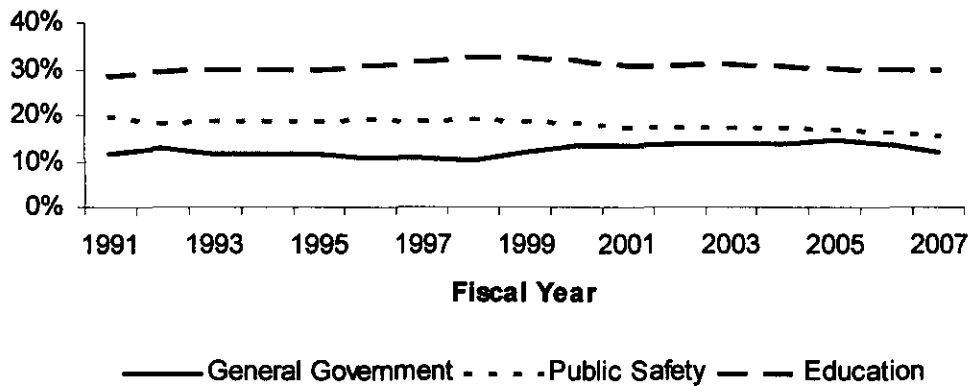
MEMORANDUM

DATE: APRIL 11, 2006
TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL
FROM: JAMES K. HARTMANN, CITY MANAGER
SUBJECT: BUDGET MEMO #123 : CATEGORIES OF SPENDING, FY 1991-FY 2007 AND SOCIAL SERVICES SPENDING

This is in response to a request from Councilwoman Woodson and Councilman Macdonald for a breakdown of spending by category as a percentage of the budget and increases in category spending over time. There was also a question posed by Councilwoman Woodson regarding social services spending on disadvantaged groups impact on the budget , including the per capita level of spending and the level of the real estate tax rate if such spending were discontinued.

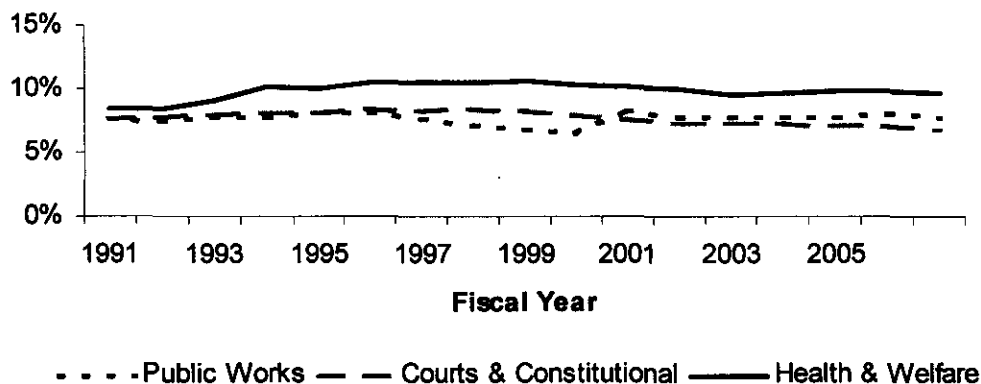
Below is the spending broken down into three different graphs for legibility.

Share of Total City Spending by Schools, Public Safety, and General Government FY 1991- FY 2007



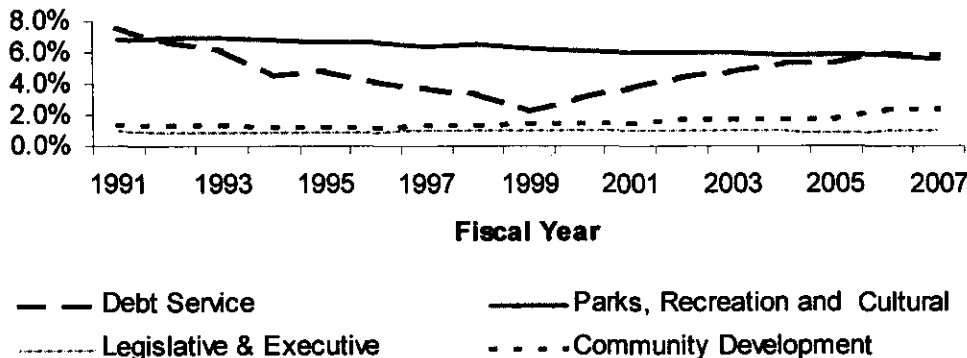
Education includes the Alexandria City Public Schools. Public Safety includes the Fire and Police Departments. General Government includes, among other departments, General Services, Finance, Personnel Services, and Real Estate Assessments.

**Share of Total City Spending by Health, Public Works, and Courts FY 1991-FY 2007**



Public Works includes the Department of Transportation and Environmental Services, and transit subsidies to DASH and Virginia Rail Express (VRE). Courts and Constitutional Officers includes departments with elected officials such as the Office of Sheriff, the Commonwealth's Attorney, and the Registrar of Voters. Health & Welfare includes the Health Department, the Department of Human Services, and the Department of Mental Health, Mental Retardation and Substance Abuse.

**Share of City Spending for Debt Service, Parks, Legislative and Executive, and Community Development FY 1991 - FY 2007**



Debt Service is the amount the City repays in principal and interest on outstanding bonds issued for infrastructure improvements. Parks Recreation, and Cultural includes the Office of Historic Alexandria, The Alexandria Library System, and the Department of Recreation, Parks, and Cultural Activities. Community Development includes the Departments of Housing, Economic Development, and Planning and Zoning.

Attachment A includes a table with the percentage of the Fiscal Year 1991, 1999, and 2007 budgets allocated to different categories, the change in the overall percentage of the budget allocated to each category between FY 1991 and FY 2007, and the total and average compounded rate of increase between FY 1991 and FY 2007.

### **Spending on Social Services for Disadvantaged Groups**

Total spending on the Department of Human Services, the Department of Health, the Department of Mental Health, Mental Retardation, and Substance Abuse, the Department of Human Services, and Other Health Activities in FY 2007 totaled \$48,322,092. Based on a projected FY 2007 population of 140,269, per capita spending in these areas is equal to approximately \$345. In answer to the theoretical question, if the City were not to fund these departments, holding all other spending equal, the real estate tax rate would be reduced by 12.7 cents (given that in FY 2007, one cent of the real estate tax is \$3.3 million.) Such a reduction in Human Service, Health, Mental Health, Mental Retardation, & Substance Abuse, and Human Services funding is not wise nor recommended as these support Alexandria's neediest population who the City has a moral obligation to support, and in many cases, a legal obligation to support.

**Attachment A. Changes in Spending by Category FY 1991-FY 2007**

	<b>% FY 1991 Budget</b>	<b>% FY 1999 Budget</b>	<b>% FY 2007 Budget</b>	<b>FY 1991- FY 2007 change as % of overall budget</b>	<b>Total Real Increase % FY 1991- FY 2007</b>	<b>Average Annual Compounded Rate of Increase FY 1991 - FY 2007</b>
Debt Service	7.6%	2.3%	5.9%	-1.7%	21.4%	1.22%
Parks, Recreation, and Cultural Activities	6.9%	6.2%	5.6%	-1.3%	27.6%	1.53%
Public Works	7.6%	6.8%	7.7%	+0.1%	56.5%	2.84%
Courts	7.6%	8.3%	6.8%	-0.8%	39.1%	2.08%
Health	8.4%	10.6%	9.6%	+1.2%	78.5%	3.69%
General Government	11.6%	11.9%	11.9%	+0.3%	59.0%	2.94%
Public Safety	19.5%	18.9%	15.7%	-3.8%	25.4%	1.42%
Education	28.4%	32.5%	29.9%	+1.5%	64.0%	3.14%
Legislative & Executive	1.0%	1.0%	1.1%	+0.1%	69.1%	3.03%
Community Development	1.4%	1.4%	2.4%	+1.0%	163.6%	6.24%
To be allocated spending*	-	-	3.5%	-	-	-
<b>Total</b>	<b>100.0%</b>	<b>100.0%**</b>	<b>100.0%*</b>	<b>-</b>	<b>55.8%</b>	<b>2.81%</b>

\*To be allocated spending includes the FY 2007 COLA, retirement contributions to VRS, increases to health insurance costs, utilities and other . After the FY 2007 budget is approved, unallocated costs will be distributed among categories.

\*\*Due to rounding errors, percentages may not add up to 100%.