

METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY



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MEMORANDUM

To: Council Member Diane Neighbors, Chair
Budget and Finance Committee

Mr. Don Jones, Director
Metropolitan Council Office

From: David L. Manning
Director of Finance

Date: June 3, 2005

Subject: Requests for Departmental Information

In your letter of May 27th, you requested certain information from each department. Your first two requests cannot be accurately answered by individual departments so we are providing you with a response on behalf of all departments. The remaining requests for information will be answered directly by each department.

With respect to your first request for "amount of funding needed to maintain status quo", we make the following assumptions:

- You intended to exclude the cost of the recommended pay plan for Metro Employees;
- Increases required to maintain current levels of our employee benefit programs are mandated and must be included;
- All contract obligations of the Metropolitan Government are mandated and must be included;
- Increases in funding to the Hospital Authority should be included;
- The proposed pay-down of the General Hospital operating debt is required and must be funded;
- Increases for the rising cost of gasoline, diesel and other energy must be included; and
- All costs mandated by law, not otherwise covered above, must be included.

The attached schedule outlines these requirements by department and includes other accounts in the operating budget that must be funded to achieve this result. These other accounts are not in the budgets of individual departments but must be funded in order to maintain the status quo.

In addition, you have requested an assessment of the "impact if you receive no additional funding". The information you seek can also be obtained by reviewing the attached schedule. The items identified on the schedule as "Mandated" must be funded, therefore, if no additional funds were included in any budget accounts, the budgets of individual departments would have to be reduced to provide the necessary funds to pay these costs. As the schedule indicates, these

costs total \$40,912,900 (this includes all operating funds except Schools which will respond separately). It is a fact that most of the cost in the budgets of the various departments is required to fund the salaries and benefits of their employees, therefore, the reductions required to pay for these mandated costs would clearly have to come through lay-offs of existing personnel. Given an average salary and benefit cost across all departments of about \$51,600, the number of jobs that would have to be eliminated is approximately 793. Such reductions could not responsibly be made across the board, so a much more detailed assessment would be made by the Mayor to make a final determination of how such personnel cuts should be allocated.

It can be said with certainty that should such a scenario be the decision of the Council, the following would result:

- Metro employees would not receive a pay increase and the practice of giving salary increments would have to be suspended;
- A major restructuring of services and reductions in personnel would have to be immediately undertaken by the Hospital Authority to assure that General Hospital and the other facilities under their jurisdiction operate within available funds;
- Metro Schools would have to make significant reductions that will need to be detailed for the Council by the Board of Education;
- The Metro Transit Authority would be required to make significant service reductions;
- Metro Parks would not be able to open and staff a large number of new and expanded facilities in our parks scheduled to open in FY06;
- A significant number of employees currently receiving disability pensions from the Metropolitan Government would lose their pensions since the revision to the definition of disability would not be funded; and
- All other improvements outlined in the attached schedule could not be implemented.

I hope this is responsive to your request. We are available to discuss this and provide any additional information you may need.

Attachment

Copy: Vice Mayor Howard Gentry
Members of the Metropolitan Council