



REAGAN DUNN
Metropolitan King County Council, District Nine

October 22, 2008

The Honorable Larry Phillips
Chair, Budget Review and Adoption Committee
King County Council
516 3rd Avenue, Suite 1200
Seattle, WA 98104

Dear Councilmember Phillips,

I am writing to let you know about my thoughts on the \$93 million general fund budget deficit currently facing King County. Over the last week, I have considered the Executive proposed budget and your response to his budget address. I have concluded that, while this crisis has been exacerbated by recent national and state financial turmoil, the budget deficit is largely of King County's own making. Substantive reform is needed now to ensure that a crisis like this never happens again.

I have also concluded that the Executive's "lifeboat strategy" is an arguably illegal blindfold on the people of this county designed to mask the overindulgences of recent years. We don't need more revenue. We need more *discipline in controlling expenses*.

The Executive has said that he will seek new taxing authority, before the state legislature, to keep the "life boat" afloat. It would be irresponsible of King County government to impose new tax increases on our citizens at this time of extreme financial uncertainty. The people of this county are hurting from the ongoing economic crisis gripping our nation. It's very likely that this crisis will get worse before it gets better. Imposing more new taxes on our citizens is simply not an option. I don't need to remind you that King County has imposed *nine* new tax increases over the past three years for *everything but the essential services* in the general fund.

It is well known that King County faces a structural budget gap, with expenses outstripping revenue each year. The question is why? According to the executive summary of the 2009 proposed budget, King County has averaged 4.2 percent more revenue every year since 2003. King County had a \$115.1 million surplus in 2005. Between 2005 and 2007, King County had average revenue increases of more than six percent. Unfortunately, expenditures increased by over eight percent in that same period! The unprecedented reserve built up in 2005 was down to \$52 million by 2008. What's shocking is that *reserves were depleted in years of strong revenue growth*. If King County's elected leaders, myself included had shown greater restraint and saved for the future, we would not be in this mess today.

As we consider the budget for 2009, we should not be focusing on how to get more revenue from the State Legislature. We should be focused on instituting fundamental reforms to make sure that King County lives within its means.

I will not vote for another budget that does not address the structural budget gap and the long term sustainability of the general fund. The executive summary of the proposed budget, prepared by the Executive, says, "Since 2003, total revenue growth has averaged 4.2 percent, while expenditure growth has averaged 7.7 percent – which is unsustainable." I couldn't agree more. 7.7 percent expenditure growth is unsustainable and unacceptable, especially when our revenues are far less.

I refuse to believe that King County cannot live within its means and sustain the services that are so essential to the people of this county. That's why I plan to propose a series of reforms designed to bring King County back to fiscal responsibility. I will propose a charter amendment to create a spending cap of three percent on general fund expenditures coupled with a rainy day reserve account. All revenue in excess of three percent would automatically go into the rainy day reserve and could only be accessed with a supermajority vote of the council.

If King County had used this strategy over the past decade, we would have reserves sufficient to cover the current shortfall today. There would be no need for a dubious "life boat" strategy, which risks cutting more than a hundred more jobs in June of next year. We must demonstrate the political will to achieve fundamental change or continue to allow our constituents to suffer the downward spiral of declining services.

In closing the current \$93 million budget shortfall, the King County Council must consider cuts to its own budget. I propose that we reduce all council district budgets by 12 percent. The council cannot lay off hundreds of workers county-wide without sharing some of that pain ourselves.

I understand that your immediate job is to close the current \$93 million deficit. However, we cannot continue to ignore the underlying problems that have caused this crisis. I look forward to discussing with you in more detail, the reforms I have laid out and I look forward to discussing with you my thoughts about closing the budget gap in a permanent and responsible way.

Sincerely,

A handwritten signature in black ink, appearing to read "Reagan Dunn". The signature is fluid and cursive, with a long horizontal stroke at the end.

Reagan Dunn
Vice Chair
King County Council

Cc: King County Executive Ron Sims
King County Councilmembers