

King County: Spending and Revenues

In this report, we review the spending and revenues of King County, and compare them with Pierce, Snohomish, Benton and Franklin counties.

The County At A Glance:

Population (2014)...	2,017,250
Population Growth Since 2005...	11.1%
Unincorporated Population (2014)...	12.5%
Households (2009-2013)...	802,606
Median Household Income (2009-2013)...	\$71,811
Persons below poverty level (2009-2013)...	11.5%
Bachelor's degree or higher (% of persons over 25, 2009-2013)...	46.6%
Employment (Number of Jobs, 2013)...	1,566,874
Personal Income (\$1000, 2013)...	\$128,330,859
Private Nonfarm Establishments (2013)...	64,171
Farm Acreage (2012)...	46,717
Market value of agricultural products sold (\$1000, 2012)...	\$120,749
Building Permits (2014)...	14,703
Land Area (Square Miles)...	2,116
Paved Arterial Lane Miles (2014)...	950

Counties in Washington have widely varying spending levels. When all funds are considered, King County spends the most, \$3.137 billion in 2014, and Garfield County spends the least, \$6.8 million (SAO 2015). But a review of a selected group of counties reveals broadly similar spending priorities. This is a function of the role of counties as local governments, regional service providers, and agents of the state.

In this report, we review the spending and revenues of King County, and compare them with Pierce, Snohomish, Benton and Franklin counties. King, Pierce and Snohomish counties together comprise the largest metropolitan statistical area in the state. Benton and Franklin counties comprise the metropolitan statistical area with the greatest employment growth since the onset of the

Great Recession.

King County has the highest population in Washington, with 2,017,250 residents in 2014. Residents living in unincorporated areas of the county make up just 12.5 percent of the population—the lowest percentage of any county. (This is important because the county provides local government services for these residents.) The percentage of residents over 25 years old who have at least a Bachelor's degree is 46.6 percent (the highest percentage of our group of counties).

King is home to 28.9 percent of Washington's population, 39.3 percent of its jobs, and 38.6 percent of its personal income. It brings in 46.8 percent of all Washington's county revenues and accounts for 45.0 percent of all spending by counties.

The County Role

Table 1: Examples of County Roles

<u>State Agent</u>	<u>Regional Service Provider</u>	<u>Local Government</u>
Prosecutor	District Court	Law Enforcement
Public Defender	Central Dispatch	Roads and Bridges
Superior Court	Public Health Services	Land Use Planning
Juvenile Court	Growth Management Policies	Zoning
Jail	River Basin Flood Plans	Building Permits
Mental Health	Solid Waste Management	Parks and Recreation
Developmental Disabilities	County Airports	Garbage
Property Tax Administration	Housing Programs	Sewer Service
Document Recording	Economic Development	Water Service

Source: MRSC

Counties are:

1. Agents of the state
2. Regional service providers
3. Unincorporated areas' primary local government

Table 2: 2014 General Fund Spending

	<u>State</u>	<u>Counties</u>
General Government	2.4%	45.1%
Public Safety	5.3%	46.0%
Education	54.7%	0.0%
Social Services	30.7%	3.3%
Natural and Economic Environment	1.2%	4.7%
Debt Service, Financing	5.2%	0.8%
Other	0.6%	0.1%

In 2014, Washington's 39 counties spent a combined \$2.203 billion from their general funds. Comparative state spending was \$16.490 billion. Table 2 shows the relative importance of various budget areas to the state and county budgets. Clearly the state focus is on education and social services, while counties concentrate on public safety and general government (things like judicial activities and financial, recording and election services).

Counties have three main roles: They act as agents of the state, they are regional service providers, and they are the primary provider of local government ser-

vices for people living in unincorporated areas (MRSC 2015). (See Table 1 above for some examples.) Further, some cities contract with their counties for particular services. For example, several cities in King County do not have their own police forces; instead, they contract with the King County Sheriff to provide law enforcement services (King 2004).

County governments make expenditures from a general fund and several dedicated funds (whose revenue sources are restricted to expenditures for specific purposes). The general (or current expense) fund is the most flexible.

Auditor's Data

The Local Government Financial Reporting System data is comparable across counties.

This review of the spending and revenues of King County is based on data from the Local Government Financial Reporting System, which is maintained by the State Auditor's Office. Additionally, we include information from the county's most recently adopted budget for more context. (County budget documents are not directly comparable across counties; they may cover different time frames and appropriations may be categorized differently. Also, a county budget may not directly correspond to the spending the county reported to the auditor. The county may have spent less than budgeted or some data may not have been reported to the auditor, for example.)

The auditor's data groups spending into the following budget areas:

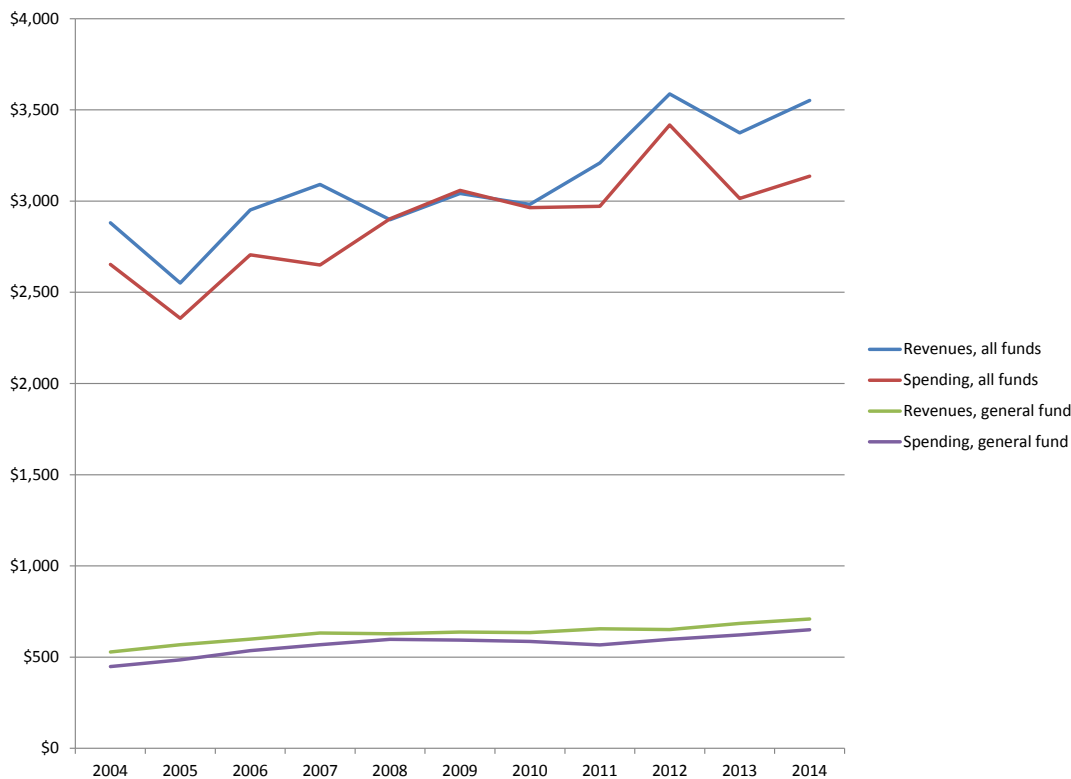
- General Government (e.g., legislative, executive and judicial activities)

- Public Safety (e.g., law enforcement activities and detention)
- Utilities (e.g., storm drainage and sewer)
- Transportation (e.g., roads, airports and transit)
- Natural and Economic Environment (e.g., employment opportunity and conservation)
- Social Services (e.g., hospitals, public and mental health, and welfare)
- Culture and Recreation (e.g., libraries and parks)
- Other Financing Uses/Debt Service/Capital Expenditures (e.g., issuance discount on long-term debt, redemption of long-term debt)

The revenue categories are:

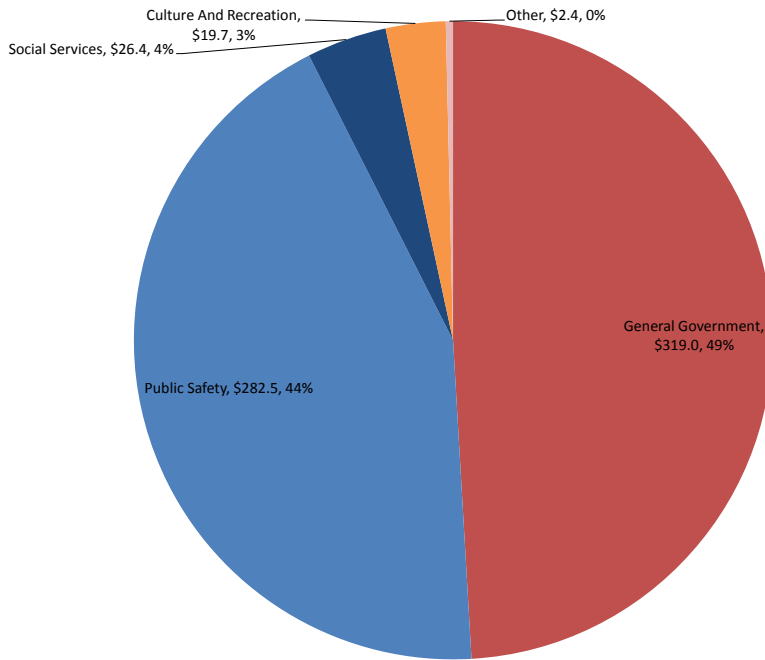
- Taxes (e.g., property and retail sales)
 - Licenses and Permits
- Intergovernmental Revenues (e.g., federal, state, and local grants and other payments)
 - Charges for Goods and Services (e.g., utility sales and services, transportation fees)
 - Fines and Penalties
 - Miscellaneous Revenues (e.g., interest and rents)
 - Proprietary Funds Revenues (e.g., insurance recoveries)
 - Other Financing Sources (e.g., long-term debt proceeds, disposition of capital assets)

Chart 1: King County Spending and Revenues (Dollars in Millions)



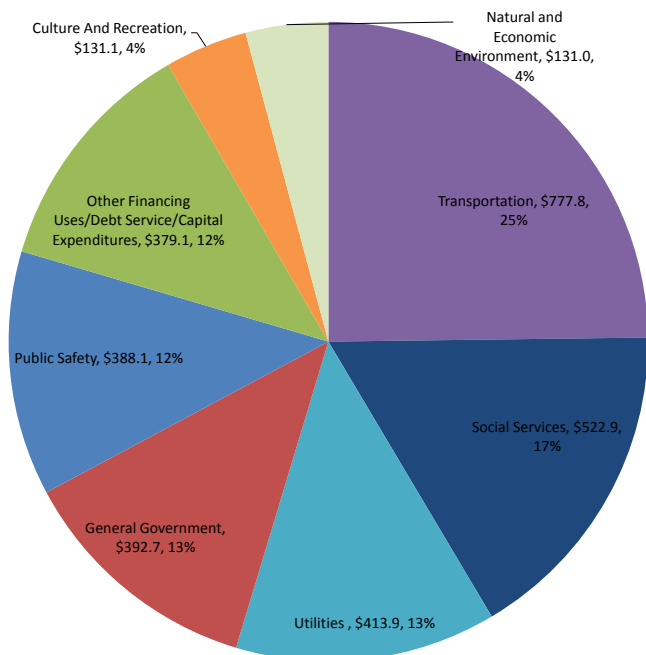
King County Spending

Chart 2: King County 2014 General Fund Spending (Dollars in Millions)



In 2014, King spent \$649.9 million from the general fund. (See Chart 2.) Of general fund spending, 49.1 percent (\$319.0 million) went to general government activities, including \$134.5 million for courts and public defense and \$60.3 million for financial services. Public safety accounted for 43.5 percent (\$282.5 million) of general fund spending. That included \$130.4 million for law enforcement activities (including police operations) and \$134.0 million for detention and corrections.

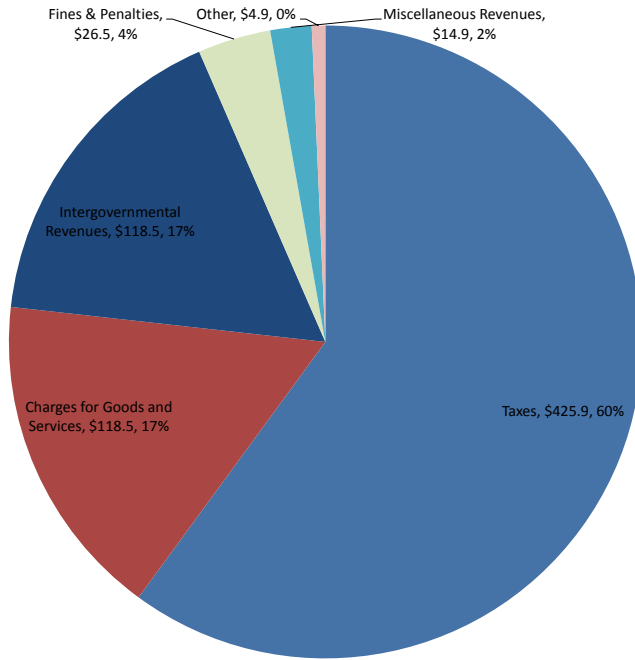
Chart 3: King County 2014 All Funds Spending (Dollars in Millions)



King spent \$3.137 billion from all funds in 2014. (See Chart 3.) Transportation was the largest budget area, accounting for 24.8 percent of total spending (\$777.8 million). Of transportation spending, \$681.5 million was for transit, rail, and other transportation systems. Spending for preservation and maintenance of roads was \$39.7 million. Social services accounted for 16.7 percent of all spending (\$522.9 million). Social services spending included \$243.8 million for public health and \$238.9 million for mental health. Utilities (including storm drainage and sewer) accounted for 13.2 percent of all spending (\$413.9 million). Additionally, within the natural and economic environment budget area, King spent \$31.2 million on building permits and plan reviews and \$14.5 million on planning.

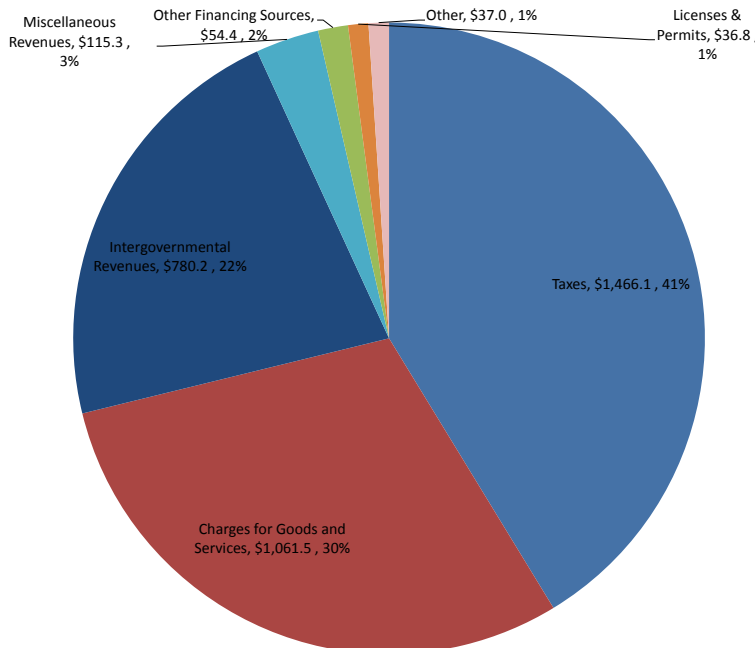
King County Revenues

Chart 4: King County 2014 General Fund Revenues (Dollars in Millions)



In 2014, general fund revenues were \$709.2 million. (See Chart 4.) Taxes made up 60.1 percent of general fund revenues (\$425.9 million). Property tax receipts were \$319.2 million and retail sales and use tax receipts were \$102.8 million. Charges for goods and services accounted for 16.7 percent of general fund revenues (\$118.5 million). These included \$57.8 million from financial services fees. Intergovernmental revenues accounted for 16.7 percent (\$118.5 million). Of these, \$96.7 million was from local grants, entitlements and other payments. (There may be a misclassification issue here. Prior to 2013, there was an account within intergovernmental revenues for “sales and service charges.” Revenues from contracts with other local governments were allocated to this account. According to the auditor’s office, it appears that in 2013 and 2014, King County misallocated such revenues as local grants, when they should instead be considered charges for goods and services.)

Chart 5: King County 2014 All Funds Revenues (Dollars in Millions)



King County collected \$3.551 billion from all funds in 2014. (See Chart 5.) Taxes accounted for 41.3 percent of all revenues (\$1.466 billion). Of that, the property tax brought in \$766.3 million and retail sales and use taxes brought in \$661.3 million. Charges for goods and services accounted for 29.9 percent of all revenues (\$1.062 billion). These charges included \$588.7 million from utilities and \$206.0 million from transportation (most of which was from transit, rail, and other transportation systems). Intergovernmental revenues accounted for 22.0 percent of all revenues (\$780.2 million). Of intergovernmental revenues, \$161.0 million was from federal grants and revenues and \$111.6 million was from state grants and other payments (e.g., motor vehicle fuel tax for county roads). (\$507.5 million is from local grants, entitlements, or other payments, but—as noted above—most of that may actually be charges for goods and services.)

The County Budget

Table 3: King County Adopted Appropriations (Dollars in Millions)

	2013/2014	2015/2016	Change
General Fund			
General Government	\$293	\$316	8.0%
Health and Human Services	\$57	\$73	27.0%
Law, Safety and Justice	\$1,030	\$1,094	6.2%
Other*	\$24	\$17	-29.2%
<i>Subtotal General Fund</i>	<i>\$1,404</i>	<i>\$1,500</i>	<i>6.8%</i>
Non-General Fund			
General Government	\$1,394	\$1,381	-0.9%
Health and Human Services	\$1,408	\$1,401	-0.6%
Law, Safety and Justice	\$140	\$146	4.0%
Physical Environment	\$1,700	\$1,840	8.2%
Transit	\$1,646	\$1,758	6.8%
Capital Improvement Program	\$1,309	\$1,135	-13.2%
<i>Subtotal Non-General Fund</i>	<i>\$7,597</i>	<i>\$7,661</i>	<i>0.8%</i>
All Funds	\$9,001	\$9,160	1.8%

* Includes a transfer to the capital improvement program

King County's biennial 2015/2016 budget was adopted in November 2014. In 2015/2016, total appropriations will increase by 1.8 percent to \$9.160 billion, while general fund spending increases by 6.8 percent to \$1.500 billion. Most general fund spending (72.9 percent) comes in the law, safety and justice budget area. This includes \$301.0 million for the sheriff, \$273.4 million for detention, and \$109.2 million for the department of public defense.

The physical environment budget area accounts for 47.0 percent of non-general fund spending in 2015/2016 (\$3.598 billion). Of that, transit spending totals \$1.398 billion and transit fleet replacement totals \$329.4 million. Planning and permitting spending totals \$27.3 million. In general government, spending for employee benefits totals \$527.5 million, and in health and human services, mental health spending totals \$421.3 million.

Comparing the Counties

Transportation is the top spending area for King County.

Taxes are the largest source of revenue for each of the five counties. The public safety and general government budget areas dominate general fund spending. The top three categories of all funds spending are public safety, general government and other finance. The exception is King, where transportation is the top budget area and social services is the second.

King is an outlier for its high level of spending. Its disproportionate funding of transportation is largely driven by Metro Transit, part of the county's Department of Transportation budget. Transit systems in the other counties are funded through non-county public transportation benefit areas.

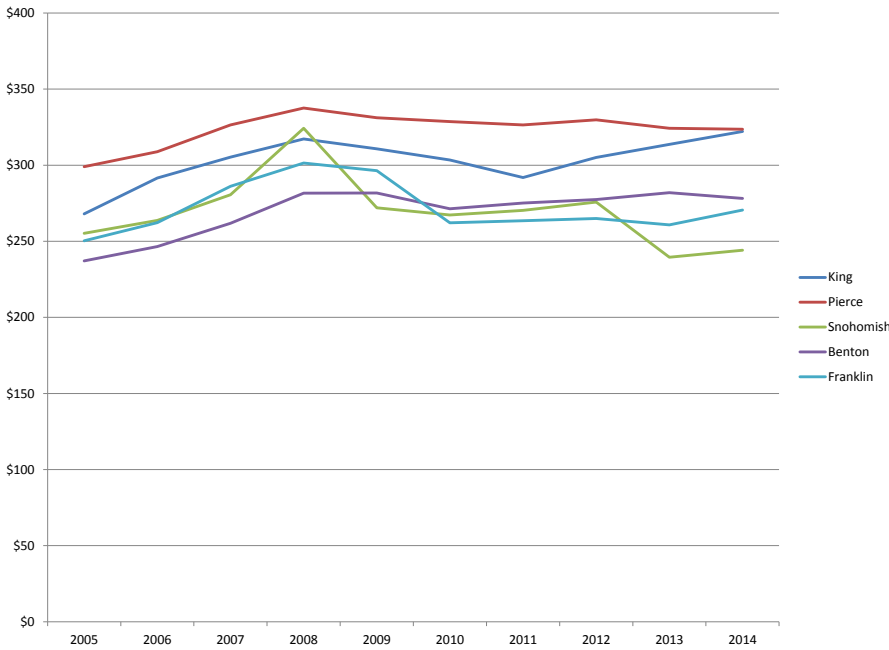
Table 4: Comparing the Counties' 2014 Taxes and Spending

	Taxes Per Capita	Salaries and Wages Per FTE Employee	Personnel Benefits Per FTE Employee	Detention Per Average Daily Jail Population	Judicial Activities Per Capita	Planning & Building Permits Per Permits Issued	Roads Per Lane Mile
King	\$727	\$71,411	\$29,270	\$64,713	\$58	\$3,104	\$79,631
Pierce	\$348	\$69,108	\$26,431	\$46,467	\$59	\$3,798	\$40,297
Snohomish	\$313	\$63,772	\$25,284	\$42,410	\$44	\$3,107	\$32,586
Benton	\$235	\$53,012	\$20,835	\$24,424	\$63	\$859	\$12,215
Franklin	\$246	\$56,644	\$22,095	\$20,007	\$36	\$1,413	\$7,998

Comparing the tax collections and certain spending areas of the counties on a per capita basis shows that, in general, the richer counties spend more. King County spends the most on compensation, detention, and roads.

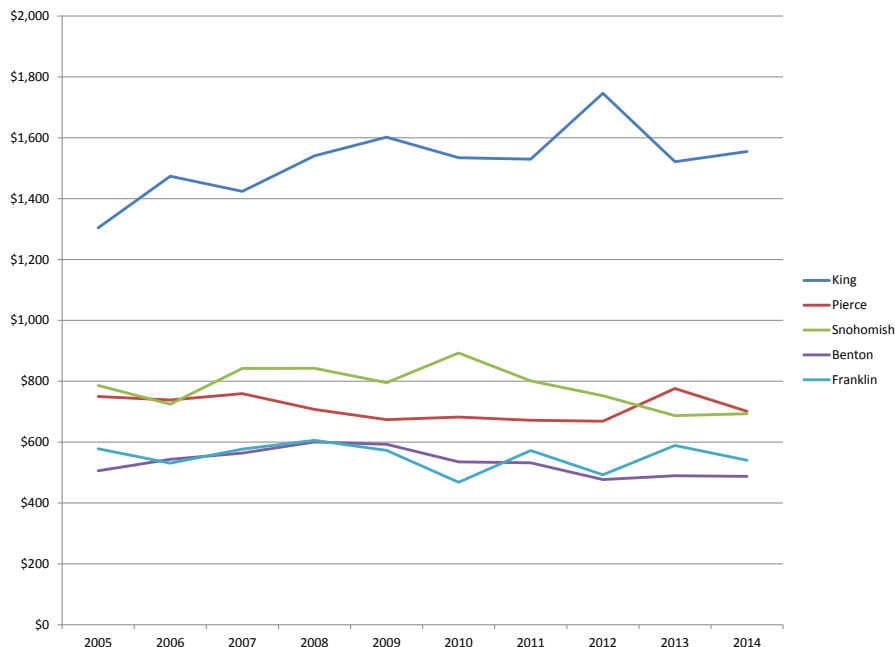
County Spending Compared Per Capita

Chart 6: General Fund Spending Per Capita



Charts 6 and 7 show spending over time on a per capita basis. The counties are fairly similar in general fund spending, with King County spending the second most in all years but one. In spending from all funds, King County spends the most by far. (Transportation accounts for 25 percent of King's spending, and virtually all of it is outside of the general fund.)

Chart 7: All Spending Per Capita



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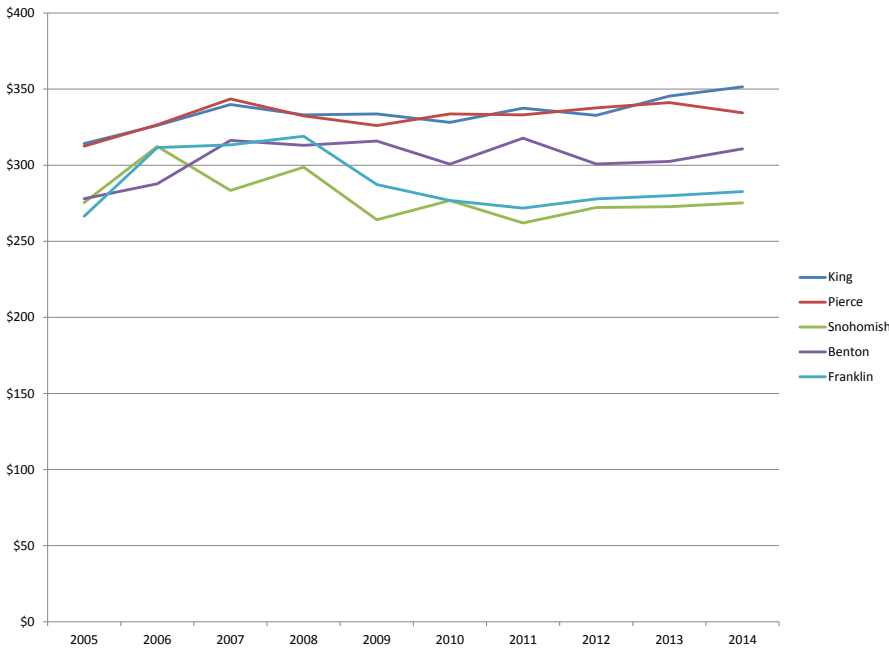


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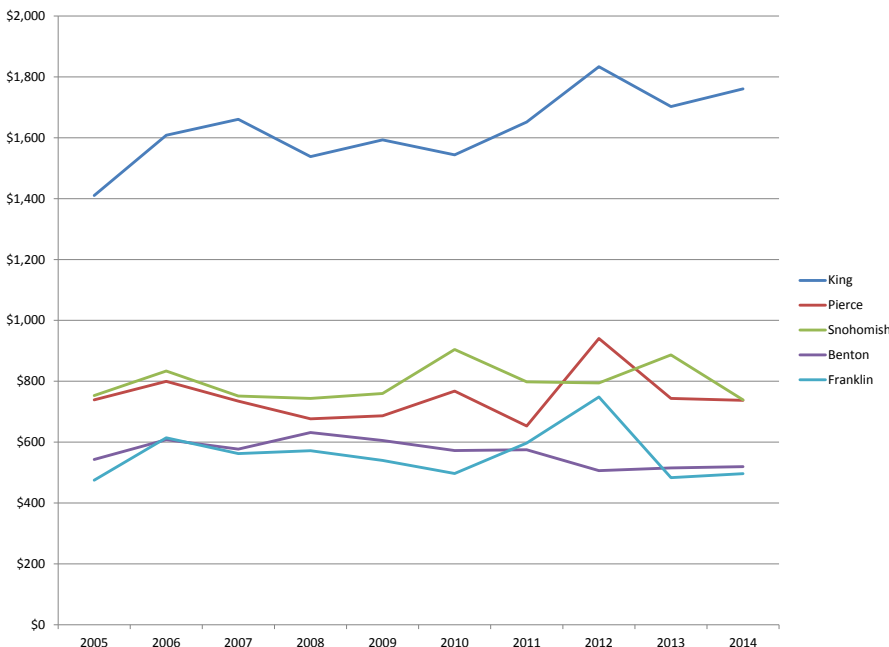
County Revenue Compared Per Capita

Chart 8: General Fund Revenues Per Capita



Charts 8 and 9 show revenue over time on a per capita basis. General fund revenues per capita are similar between the counties. King County collected the most revenue from all funds.

Chart 9: All Revenues Per Capita



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