

Pierce County: Spending and Revenues

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

The County At A Glance:

Population (2014).....	821,300
Population Growth Since 2005.....	8.5%
Unincorporated Population (2014).....	46.5%
Households (2009-2013).....	300,623
Median Household Income (2009-2013).....	\$59,204
Persons below poverty level (2009-2013).....	12.4%
Bachelor's degree or higher (% of persons over 25, 2009-2013).....	24.0%
Employment (Number of Jobs, 2013).....	394,114
Personal Income (\$1000, 2013).....	\$36,054,002
Private Nonfarm Establishments (2013).....	16,584
Farm Acreage (2012).....	49,483
Market value of agricultural products sold (\$1000, 2012).....	\$90,933
Building Permits (2014).....	3,777
Land Area (Square Miles).....	1,670
Paved Arterial Lane Miles (2014).....	1,396

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 Pierce County, and compare them with King, 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 employ-

ment growth since the onset of the Great Recession.

Pierce County has the second highest population in Washington, with 821,300 residents in 2014. Residents living in unincorporated areas of the county make up 46.5 percent of the population. (This is important because the county provides local government services for these residents.)

Pierce County is home to 11.8 percent of Washington's population, 9.9 percent of its jobs, and 10.8 percent of its personal income. Of all county revenues in the state, Pierce collects 8.0 percent, and of all spending by counties, Pierce accounts for 8.3 percent.

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 Pierce 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:

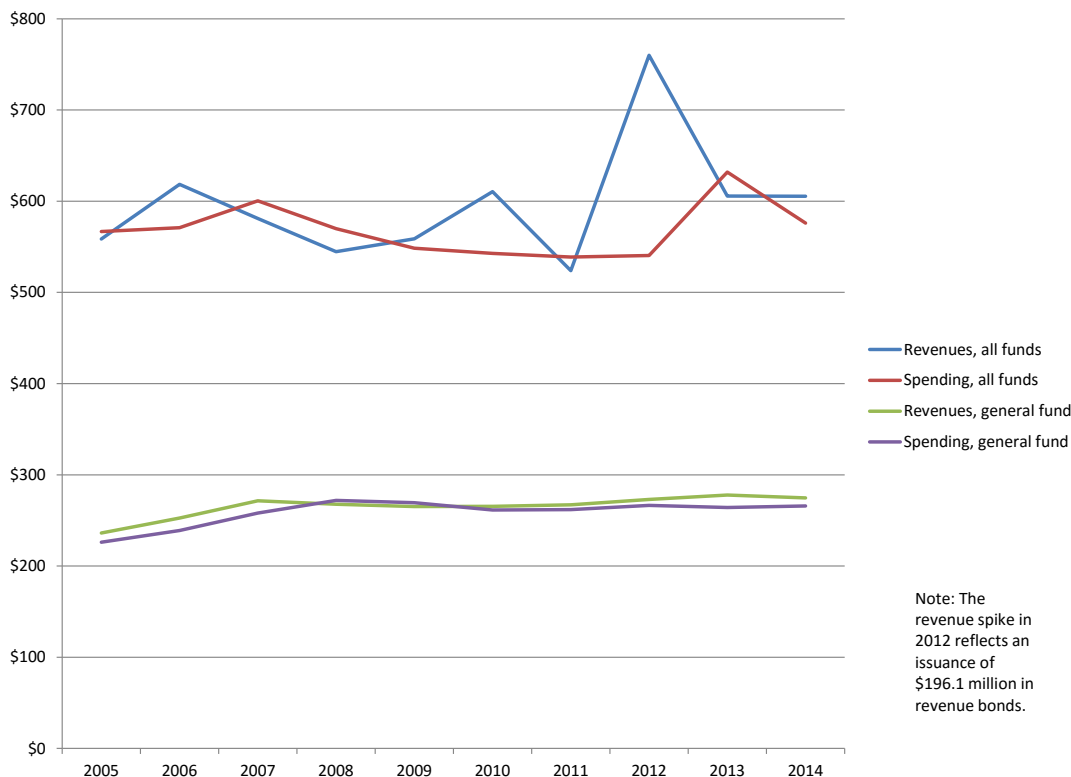
- General Government (e.g., legislative, executive and judicial activities)

- 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:

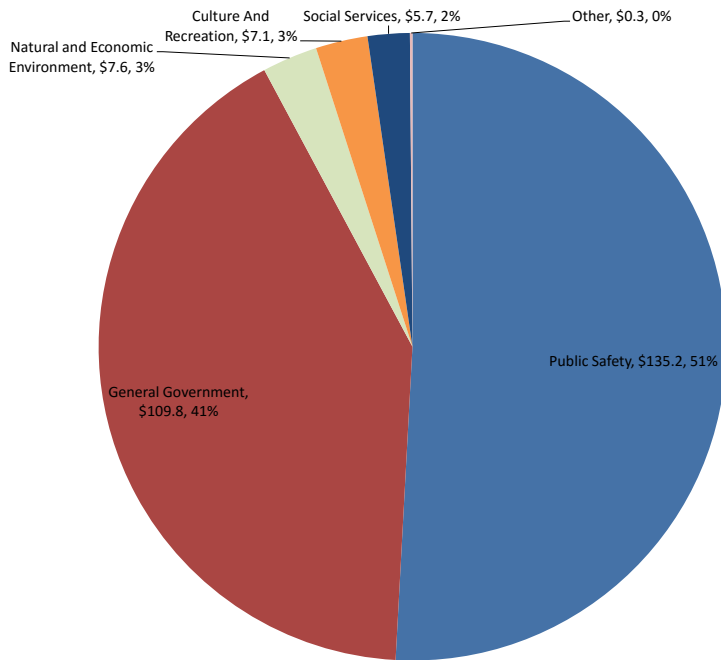
- Taxes (e.g., property and retail sales)
 - Licenses and Permits
- Intergovernmental Revenues (e.g., federal, state, and local grants and other payments)
 - Charges for Goods and Services (e.g., utility sales and services, transportation fees)
 - Fines and Penalties
 - Miscellaneous Revenues (e.g., 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: Pierce County Spending and Revenues (Dollars in Millions)



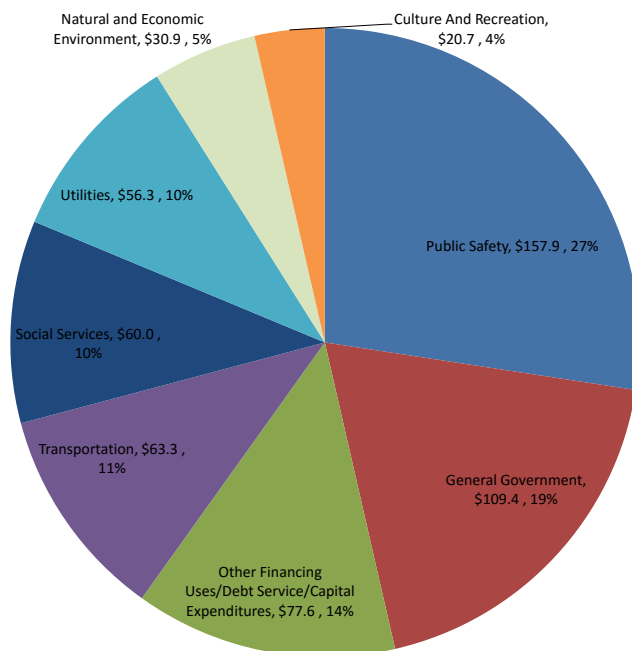
Pierce County Spending

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



Pierce’s general fund spending in 2014 was \$265.8 million. (See Chart 2.) Of that, 50.9 percent was for public safety (\$135.2 million). Public safety spending included \$58.5 million for law enforcement activities and \$51.7 million for detention. General government spending accounted for 41.3 percent of general fund spending (\$109.8 million). That included \$48.4 million for judicial activities.

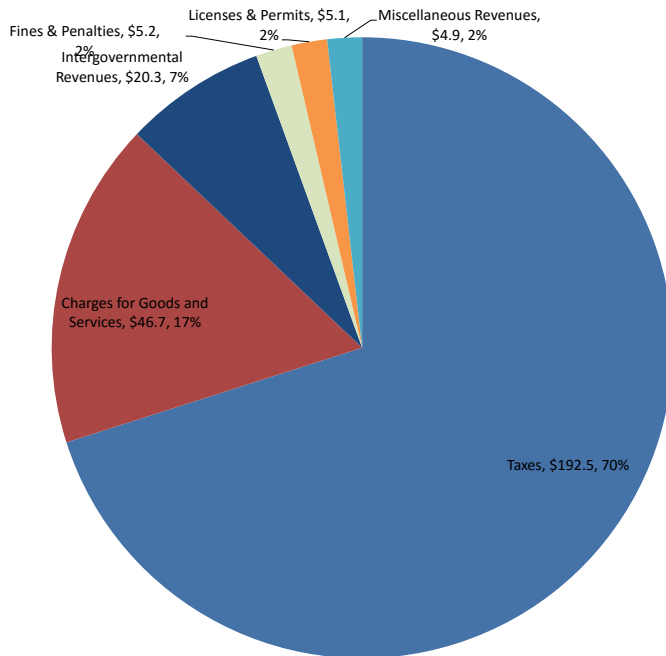
Chart 3: Pierce County 2014 All Funds Spending (Dollars in Millions)



In 2014, Pierce spent \$576.0 million from all funds. (See Chart 3.) Public safety spending accounted for 27.4 percent (\$157.9 million). General government accounted for 19.0 percent (\$109.4 million). Other financing uses, debt service, and capital expenditures accounted for 13.5 percent (\$77.6 million). This was mostly due to debt service principal payments for redemption of debt of sewer/reclaimed water utilities (\$58.6 million). Transportation accounts for 11.0 percent of all spending (\$63.3 million). Of that, \$29.7 million is for preservation and maintenance of roads and \$4.6 million is for transit, railroads and other transportation systems. In the natural and economic environment area, \$9.0 million was for building permits and plan reviews and \$5.3 million was for planning.

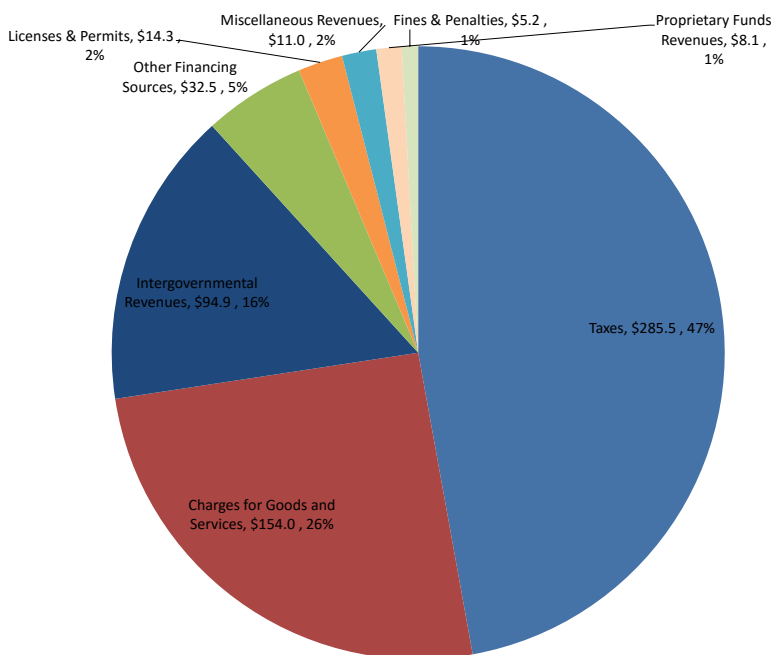
Pierce County Revenues

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



In 2014, Pierce County collected \$274.7 million in general fund revenues. (See Chart 4.) Taxes accounted for 70.1 percent (\$192.5 million). Property taxes brought in \$116.4 million and retail sales and use taxes brought in \$62.5 million. Charges for goods and services accounted for 17.0 percent (\$46.7 million). Of these charges, \$19.3 million were for financial services fees.

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



Pierce collected \$605.5 million in revenues from all funds in 2014. (See Chart 5.) Taxes accounted for 47.2 percent (\$285.5 million). Charges for goods and services accounted for 25.4 percent (\$154.0 million). Of these charges, those for utilities totaled \$78.7 million. Intergovernmental revenues accounted for 15.7 percent (\$94.9 million). Federal grants and revenues totaled \$38.3 million and state grants, revenues and other payments totaled \$51.0 million.

The County Budget

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

	2014	2015	Change
General Fund			
General Government	\$35	\$36	2.6%
Public Safety, Legal and Judicial	\$216	\$222	3.1%
Physical and Economic Environment	\$8	\$8	-3.4%
Health	\$3	\$3	-1.8%
Cultural and Recreation	\$7	\$7	5.2%
Other*	\$5	\$6	13.4%
<i>Subtotal General Fund</i>	<i>\$274</i>	<i>\$282</i>	<i>3.0%</i>
Non-General Fund			
General Government	\$7	\$6	-11.5%
Public Safety, Legal and Judicial	\$69	\$37	-47.1%
Physical and Economic Environment	\$70	\$87	23.2%
Health	\$70	\$69	-1.6%
Cultural and Recreation	\$25	\$28	13.1%
Public Works and Utilities	\$349	\$302	-13.5%
Internal Service	\$108	\$106	-1.6%
Other*	\$13	\$12	-6.8%
<i>Subtotal Non-General Fund</i>	<i>\$712</i>	<i>\$647</i>	<i>-9.1%</i>
All Funds	\$985	\$929	-5.7%

*Other includes debt service and transfers

Pierce County adopts an annual budget each year. Its adopted 2015 budget appropriates \$928.7 million from all funds, a 5.7 percent decrease from adopted 2014 appropriations. General fund appropriations for 2015 are \$281.8 million (an increase of 3.0 percent). Of that, \$65.7 million is for the sheriff, \$49.2 million is for corrections, and \$29.6 million is for the prosecutor's office. \$4.3 million is for planning and land services.

Comparing the Counties

Taxes are the largest source of revenue for Pierce County and each of the four other counties (King, Snohomish, Benton, and Franklin). For each county, the public safety and general government budget areas make up the bulk of general fund spend-

ing. For each county except King, the top three spending areas when considering all funds are public safety, general government and other finance (not necessarily in that order).

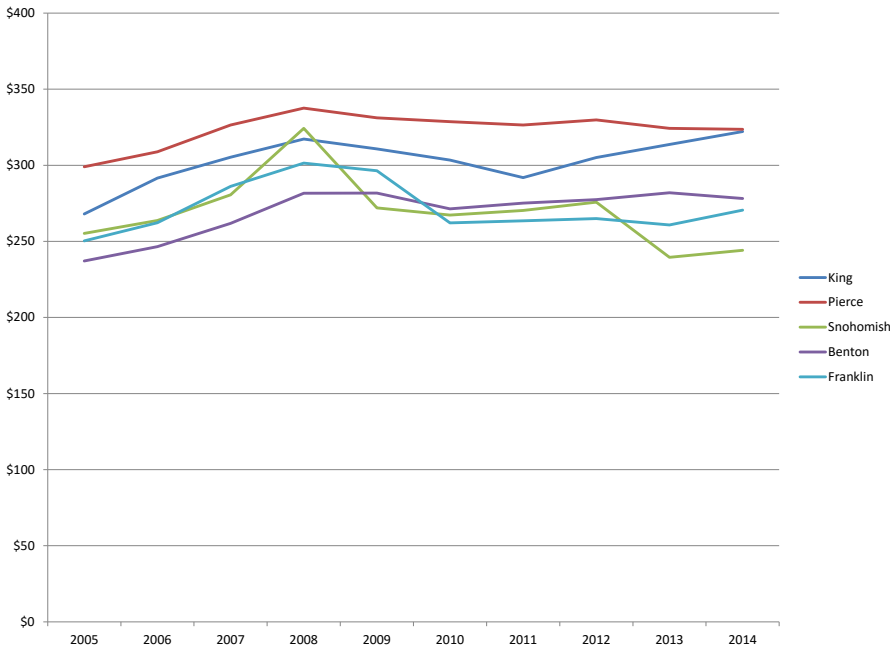
Table 4: Comparing the Counties' 2014 Taxes and Spending

	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 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. Pierce County spends the most on planning and building permits.

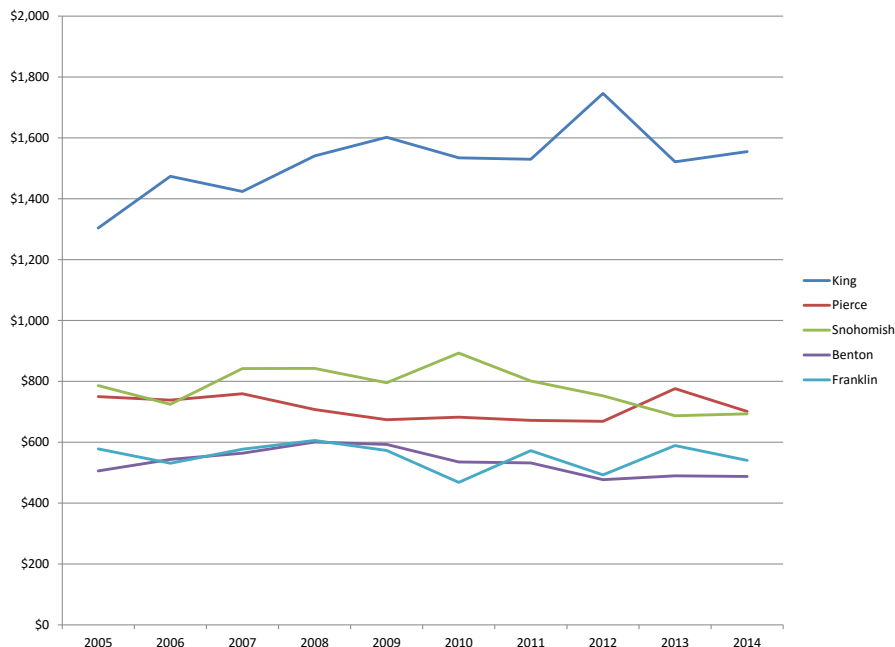
County Spending Compared Per Capita


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 Pierce County spending the most. In spending from all funds, Pierce County spent the second most in 2014.

Chart 7: All Spending Per Capita






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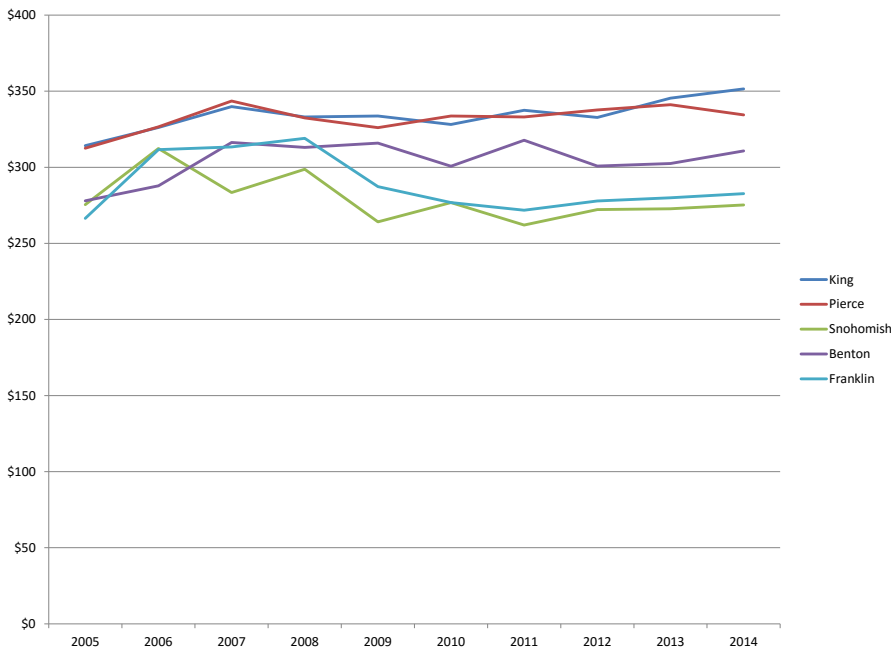
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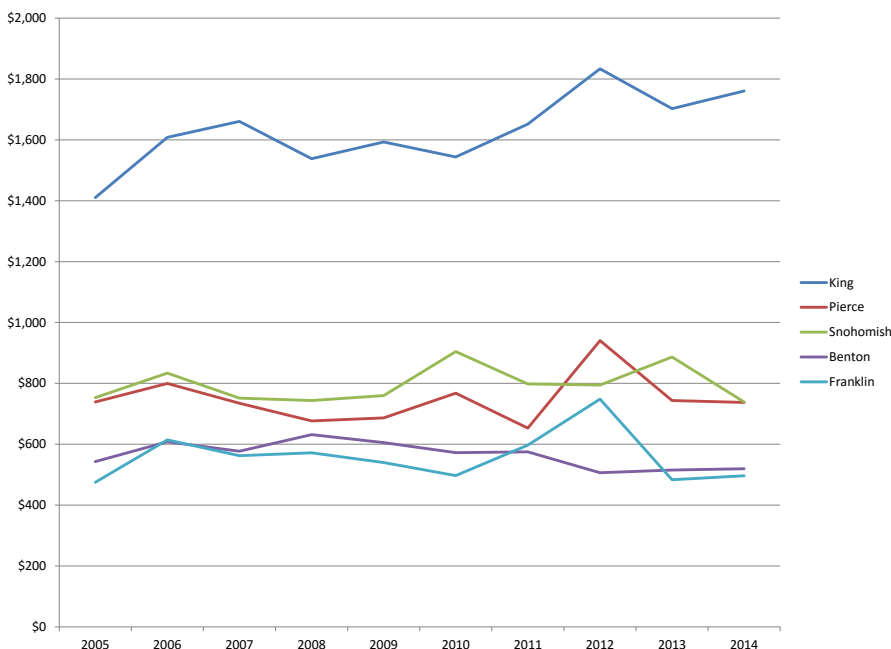
County Revenue Compared Per Capita

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. Pierce County collected the third most revenue from all funds.

Chart 9: All Revenues Per Capita



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