



LEHIGH COUNTY

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Donald T. Cunningham, Jr., County Executive

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Cunningham Announces No Tax Increase for 2010, Previews Budget

Lehigh County Exec to propose smaller budget than last year, employee complement slashed back to 1990 levels

(Allentown, PA) During a speech to about 200 Lehigh Valley community and business leaders, Lehigh County Executive Don Cunningham outlined the broad themes of the proposed 2010 budget that he plans to release next Monday.

Tough fiscal management and a record of controlling costs echoed throughout his speech. He made clear that county general fund spending to support operations has grown by an annual average of just 1.02 percent in his Administration's four budgets.

"If we continue to tighten our belts and focus on doing more with less, the future will be brighter," Cunningham said Thursday at Coca-Cola Park. "Times are a little tougher, so it's time for stronger leadership, not louder whining. It's also not the time to raise taxes or dismantle the solid, responsible foundation of limited but effective government that has been built over decades in this county."

For the fourth straight year, Cunningham's proposed budget does not include a tax increase, and Lehigh County's millage remains constant at 10.25. "Now is not the time to reach deeper into the pockets of businesses and residents who are working hard to re-establish their financial footing," Cunningham explained.

With the exception of two non-discretionary costs – a mandatory pension fund contribution and a one-time quirk in the employee pay periods, Cunningham said his proposed 2010 budget actually will be smaller than

the current year budget. Cunningham will release his 2010 budget on Monday, August 31 at 1:30 p.m.

In addition, Lehigh County will run the leanest government seen in 20 years. The county will have fewer employees in 2010 than it had in 1990, even though services and state and federal mandates have expanded exponentially over that period.

Cunningham said that the 2010 budget will be balanced without the use of reserve or rainy day funds. The County's Stabilization Fund will remain untouched and fully funded at \$20 million in the proposed 2010 budget.

The budget will use the Tax Relief Fund, which was created under the previous administration and Commissioners, for the sole intent of using tax dollars already collected to eliminate the need to raise taxes during challenging times.

"I pledge to you that I will veto any proposed tax increase while we already have your tax dollars sitting in a fund designed to avoid raising taxes," Cunningham said. "Just as we use the office supply accounts to buy office supplies we will use the tax relief fund to not raise people's taxes."

Cunningham said this budget will be more challenging for those entities affected or helped by county government because it contains no net growth.

"As revenue growth has disappeared because of slowed economic development, losses in the market and declining interest rates, we've had to tighten the belt," Cunningham said.

Employee raises not dictated by contract will be lower than years past and contributions to health care will increase. Quality of life funding will remain but will not be increased; there also will be freezes or cuts to many entities or programs supported by the county, such as LANTA, the Planning Commission and the Conservation District.

"It's my hope that all of this is temporary but future budgets will depend upon future revenues and available resources," Cunningham said."

Cunningham said he is optimistic about the future. While he spoke of the difficulty of developing a budget that contains state pass-through funding while the state has yet to pass its own budget for 2010, he pointed to a positive note regarding state funding for future years.

The Supreme Court of Pennsylvania recently ruled that the state is required to fund its obligation for county court operations. Unless the state ignores the ruling, that translates to \$26 million for Lehigh County, costs that are currently borne by local taxpayers.

“This could have positive financial implications for years to come,” Cunningham said. “It could preserve our Tax Relief Fund into the future.”

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