Scott County Delivers
“Communicating Service Priorities, Budget Decisions and Value of Taxes Paid”
July 16, 2019

Panel Representatives:
Danny Lenz  CFO/Deputy County Administrator
Steve Jones  Principal Financial Analyst
Lezlie Vermillion  County Administrator
Jake Grussing  Library Director

Results Map:
Responsible: Provides understandable and accurate information
Responsible: Accountable, innovative, and efficient government
Responsible: Reasonable taxes and transparency on how they are spent
Responsible: Policy makers listen and respect citizens’ points of view and create a government that works for the people
Responsible: Sustained fiscal health through a well-run organization
Responsible: Provides a high quality workforce dedicated to good customer service

Scott County Board Objective/Strategy:
Responsible Government: Use clear, reliable information to develop and communicate service priorities, budget decisions and value for taxes paid

What goal are you trying to accomplish:
Scott County is focused on the use of data and narrative as a tool in communicating with the public about how, why and where tax payer dollars are spent. Citizens need to trust that their tax dollars are being spent wisely and in ways that will provide an overall increase in the value that tax payers receive back in the form of services the County provides. This information needs to be based on consistent and reliable data and presented in a way that a tax payer can understand and track from one year to the next.

Background:
Scott County residents have a high level of tax sensitivity and consistently express it as one of their top concerns in the Resident’s Survey. More information will not, in and of itself, make this go away but reliable communication and information on service priorities and budget decisions will help residents better see the value for the taxes they pay.

Residents have expressed a high level of satisfaction with County services and with the job that County employees are doing. This is accomplished while also consistently reducing the tax burden and tax rate on residents. It is also related to the County consistently investing in its highest priority services.

Key Performance Indicators (KPIs):
- CPI + Inflation vs. Budget Percent Increase (Net Levy vs. New Construction and Inflation Combined)
- Citizens’ Rating of Value for the Taxes Paid
Supporting Measure(s)

- Percent of Operating Budget by Quartile by Year
- County Levy as a Percent of Total Personal Income
  - 2017 County Levy as a Percent of Total Personal Income Compared to Metro Counties
- Scott County Tax Rate
  - 2019 Tax Rate Compared to Metro Counties
- County Tax Levy Per Capita
  - 2018 County Tax Levy Per Capita Compared to Metro Counties
- Residents’ Rating of Quality of Services Provided by Scott County
- Citizens’ Overall Impression of Scott County Employees
- Citizens’ Rating of Job Scott County Government Does at Informing Residents

What’s working well and why?

- Programs are prioritized against results map and highest priorities are receiving the biggest investment
- Citizen satisfaction with quality of County services continues to trend up
- Consistent decrease in tax rate and County levy as a percent of total income
- Budget parameters and principles are consistently communicated and adhered to
- Tax rate going down; citizen satisfaction ratings of services provided going up
- Residents’ impression of Scott County Employees is very positive. “How do we get to ‘yes’” culture critical. Employees endeavor to inform residents about services and reason for them, instead of simply referencing another authority

What’s not working well and why?

- Program prioritization has not been incorporated into the decision-making process for the organization
- Communication about Priority Based Budgeting has been mostly internal and not available in a usable manner to the public
- Budget decisions and decision-making process has been high-level, with limited detail readily available
- Insight into where County funds are spent can be difficult to interpret, and inconsistently presented
- Internal understanding of decision-making has been limited, inhibiting employees from being able to explain spending decisions
- Consistent and robust communication on the value of County services has not been consistently pursued
- Residents tend to believe the services they utilize are valuable, but the ones they don’t are less so
  - Many residents’ only interaction with the County is paying taxes, exposing the cost without associating with a benefit
- Residents may not differentiate taxes assessed by different entities – just respond to tax burden

Next Steps / Future Program Development and why?

- Continue to develop PBB model to incorporate into decisions making
- Engage more of the organization in the budget development process
- Develop communication tools to be informative and consistent (Budget Book, PBB website, OpenGov)
- Better utilize our most important resource, employees, to communicate priorities and decision making. Ambassadors for the County
- Determine financial and budget structures to allow more clear, reliable information on County financial operations
Funding:

**Explanation of Funding Information**
The Priority Based Budgeting (PBB) sheets for programs that relate to the topics covered in this presentation are included in the packet. These profile sheets include both program revenue from outside sources, levy contributions to the program, and program costs. It is important to note that the PBB model includes administrative and management expenses not included in the operating statements as these expenses are allocated across the PBB programs through a standard allocation process. In addition, the program description on the form includes the following:

- **Direct**: the total of Personnel costs + Non Personnel costs
- **Total**: Direct + Admin
- **Personnel**: direct program staff allocated to the program and support staff allocated by FTE
- **Non Personnel**: Any expenses that are not direct staff costs
- **Admin**: management costs allocated by FTE that may not be reflected in the program operating statement
- **Revenue**: is program revenue from state, federal or other grant sources
- **Levy**: is county levy costs associated with the cost of running this program

**Resources:**

<table>
<thead>
<tr>
<th>Resource Type</th>
<th>Title</th>
<th>Location</th>
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<tbody>
<tr>
<td>Snapshot</td>
<td>Net Levy vs. New Construction and Inflation (Combined)</td>
<td>SCD Slides/KPI-LevyNewConsinf</td>
</tr>
<tr>
<td>Snapshot</td>
<td>Citizens’ Rating of Value for the Taxes Paid</td>
<td>SCD Slides/KPI-CitizRatof Value for Taxes</td>
</tr>
<tr>
<td>Snapshot</td>
<td>Percent of Operating Budget by Quartile by Year</td>
<td>SCD Slides/Snapshot #9036 (2)</td>
</tr>
<tr>
<td>Snapshot</td>
<td>County Levy as a Percent of Total Personal Income</td>
<td>SCD Slides/KPI-CountyLevy%inc (2)</td>
</tr>
<tr>
<td>Snapshot</td>
<td>2017 County Levy as a Percent of Total Personal Income Compared to Metro Counties</td>
<td>SCD Slides/KPI-CountyLevy%inc (3)</td>
</tr>
<tr>
<td>Snapshot</td>
<td>Scott County Tax Rate</td>
<td>SCD Slides/KPI-TaxRate2</td>
</tr>
<tr>
<td>Snapshot</td>
<td>2019 Tax Rate Compared to Metro Counties</td>
<td>SCD Slides/KPI-TaxRate3</td>
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<tr>
<td>Snapshot</td>
<td>County Tax Levy Per Capita</td>
<td>SCD Slides/KPI_CountyLevyperCapita</td>
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<td>Snapshot</td>
<td>2018 County Tax Levy Per Capita Compared to Metro Counties</td>
<td>SCD Slides/KPI_MetroLevyperCapita (2)</td>
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<tr>
<td>Snapshot</td>
<td>Residents’ Rating of Quality of Services Provided by Scott County</td>
<td>SCD Slides/ServiceQuality</td>
</tr>
<tr>
<td>Snapshot</td>
<td>Citizens’ Overall Impression of Scott County Employees</td>
<td>SCD Slides/EmployeeQuality</td>
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<tr>
<td>Snapshot</td>
<td>Citizens’ Rating of Job Scott County Government Does at Informing Residents</td>
<td>SCD Slides/KPI=CitizRatofInfor</td>
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**Related Program Profiles:**

<table>
<thead>
<tr>
<th>Program Number</th>
<th>Program Name</th>
</tr>
</thead>
<tbody>
<tr>
<td>N/A</td>
<td></td>
</tr>
</tbody>
</table>
About this measure:
The CPI (consumer price index) is a measure of inflation. Using this measure specific to the region in combination with the new construction growth is a measure used to track levy growth with the local economic conditions to balance the impact on taxpayers. Inflation is an expected growth in cost and new construction growth brings new residents to share cost.

Why does this matter?
The cost of providing services residents expect or need increases just as family living expenses increase based on inflation. As new residents move into the County there is an additional cost to expand services to meet their expectations. County levy is the way residents pay for those services. Residents expect that their cost be predictable and consistent with growth in income. Balancing levy increases with both inflation and new construction growth means new residents pay their share of the increase and levy increases are balanced by income growth.

Source: Annual Scott County Budget
Delivering What Matters

About this measure:
Periodically, Scott County conducts a survey of residents’ opinions. The survey is mailed to randomly selected households distributed equally across the five County Commissioner districts. In this particular question, survey respondents were asked to rate the Value of Services for the Taxes Paid in Scott County.

Why does this matter?
Residents expect a high level of service from County programs that are funded through taxes paid to Scott County. It is the responsibility of local government to monitor the satisfaction of its customers with services provided. To keep the support of its constituents, the County must show that it is responsible with the tax monies collected and is providing valuable services to the community. Taxpayers must be confident that the County is being responsible with their taxpayer dollars.

Source: Scott County Resident Survey

Citizens' Rating of Value for Taxes Paid

<table>
<thead>
<tr>
<th>Year</th>
<th>Scott County</th>
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</thead>
<tbody>
<tr>
<td>2011</td>
<td>26%</td>
</tr>
<tr>
<td>2013</td>
<td>37%</td>
</tr>
<tr>
<td>2016</td>
<td>39%</td>
</tr>
<tr>
<td>2019</td>
<td>43%</td>
</tr>
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</table>

[Graph showing the percentage of residents who rate Scott County excellent or good for Value of Taxes Paid]
About this measure:
Quartile 1 and 2 programs are considered the most impactful of meeting the overall Scott County Result Maps. Quartile 3 and 4 programs are considered the least impactful of impacting the result maps. Which quartile a program resides in was determined by scoring the programs against the individual result maps.

Why does this matter?
With Scott County's goal of safe, healthy and livable communities and a responsible government we want to make sure our limited resources available go toward programs that impact these goals.

Percent of Operating Budget by Quartile by Year

<table>
<thead>
<tr>
<th>Year</th>
<th>Quartile 1</th>
<th>Quartile 2</th>
<th>Quartile 3</th>
<th>Quartile 4</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>39.6%</td>
<td>35.7%</td>
<td>12.9%</td>
<td>11.8%</td>
</tr>
<tr>
<td>2017</td>
<td>39.8%</td>
<td>32.9%</td>
<td>15.0%</td>
<td>12.4%</td>
</tr>
<tr>
<td>2018</td>
<td>52.9%</td>
<td>26.6%</td>
<td>12.2%</td>
<td>8.3%</td>
</tr>
<tr>
<td>2019</td>
<td>52.8%</td>
<td>27.2%</td>
<td>12.3%</td>
<td>7.7%</td>
</tr>
</tbody>
</table>

Source: Center for Priority Based Budgeting
About this measure:
The County Board sets the tax levy each year to fund the cost of the budget not covered by other sources of revenue. This measure is the total levy divided by the total personal income of residents showing the average percent of income spent for county services. This demonstrates the cost County government as a part of all local government that levy property tax allowing comparisons with other counties. Data for 2018 will be available in November 2019.

Why does this matter?
Residents have expectations that the County provides the services they want or need in a fiscally responsible manner. This includes setting property taxes at the minimum level necessary and at a stable rate so that increases can be anticipated. All local jurisdictions that levy property taxes are included in one annual statement. Residents need to be aware of the breakdown of their taxes to assure transparency and encourage participation in decision making at all levels of government.

Source: Annual Scott County Budget and US Bureau of Economic Analysis
About this measure:
The County Board sets the tax levy each year to fund the cost of the operating budget not covered by other sources of revenue. This measure is the total levy divided by the total personal income of residents showing the average percent of income spent for county services. This demonstrates the comparison of the cost of county government in contrast to other metro counties.

Why does this matter?
Residents have expectations that the County provides the services they want or need in a fiscally responsible manner. This includes setting property taxes at the minimum level necessary and at a stable rate so that increases can be anticipated. Scott County has the 5th lowest levy as a percent of total personal income in the metro area, and the 6th lowest among all 87 counties in Minnesota.

Source: Annual Scott County Budget and US Bureau of Economic Analysis
About this measure:
The County's net tax capacity rate is a result of the adopted County net levy divided by the County's total net tax capacity 'value'. This 'value' is a compilation of the total value of all property types and includes annual changes in property values and classification. The rate is a reflection of the County's fiscal responsiveness to the County's residents and County Board of Commissioners’ priorities and strategies.

Why does this matter?
The Citizens of Scott County want to be assured that their property taxes will not go up substantially in any given year. One of the ways that this is measured is through the County tax rate. This rate is multiplied against each individual value to determine the property tax liability for that property. The lower the rate, the lower the tax. The County tax rate has continued to decrease due to the growth in the County tax base and leadership’s decision to keep the County levy at a level that does not over-burden taxpayers of the County.

Source: Annual Scott County Budget
About this measure:
The County's net tax capacity rate is a result of the adopted County net levy divided by the County's total net tax capacity 'value'. This 'value' is a compilation of the total value of all property types and includes annual changes in property values and classification. The rate is a reflection of the County's fiscal responsiveness to the County's residents and County Board of Commissioners' priorities and strategies.

Why does this matter?
The Citizens of Scott County want to be assured that their property taxes will not go up substantially in any given year. One of the ways that this is measured is through the County tax rate. This rate is multiplied against each individual value to determine the property tax liability for that property. The lower the rate, the lower the tax. The County tax rate is the third lowest rate in the metro area.

Source: Annual Scott County Budget and US Bureau of Economic Analysis
**About this measure:**
The County Board sets the tax levy each year to fund the cost of the operating budget not covered by other sources of revenue. This measure is the total levy divided by the total population of Scott County residents showing the average per capita (per person) spent for county services. This demonstrates the comparison of cost of County government in contrast to all local government that levies property tax allowing comparisons with other counties.

**Why does this matter?**
Residents have expectations that the County provides the services they want or need in a fiscally responsible manner. This includes setting property taxes at the minimum level necessary and at a stable rate so that increases can be anticipated. All local jurisdictions that levy property taxes are included in one annual statement. Residents need to be aware of the breakdown of their taxes to assure transparency and encourage participation in decision making at all levels.

*Source: Annual Scott County Budget*
About this measure:
The County Board sets the tax levy each year to fund the cost of the operating budget not covered by other sources of revenue. This measure is the total levy divided by the total population of each County residents showing the average per capita (per person) spent for county services. This demonstrates the comparison of cost of Scott County Government services in contrast to the seven Metro Counties.

Why does this matter?
Residents have expectations that the County provides the services they want or need in a fiscally responsible manner. This includes setting property taxes at the minimum level necessary and at a stable rate so that increases can be anticipated. Comparing Scott County to the seven metro area counties provides both good and bad comparisons. Size, income levels, service level demands and economic make-up can all impact the tax levy. This measure should be looked at in conjunction with others to determine if the County is significantly different than our neighbors.

Source: Minnesota Inter-County Association
About this measure:
The Joint Program Goal of Employee Relations (ER) is: Scott County is an employer of choice, supporting, encouraging, and engaging employees through focused employee investments, workplace programs, and offerings that promote and foster individual and organizational wellbeing. The net result of this philosophy is public service excellence through citizen focused services. ER programs focus on the Responsible Outcome, in providing a high quality workforce dedicated to exceptional customer service. Three overarching indicators have been selected to tell us how we are doing related to being an employer of choice, creating an engaging employee work culture and delivering public service excellence: Citizen Survey Feedback, Turnover Rate, and Employee Survey feedback.

Why does this matter?
This measure helps us to know if the employee-related investments and programs are attracting and retaining the correct talent level and skillset mix to deliver quality public services as needed and expected by our citizens. Local property taxes support a large percentage of county service costs. It is important to understand the citizen perspective of the quality of services they financially support.
About this measure:
The Joint Program Goal of Employee Relations (ER) is: Scott County is an employer of choice, supporting, encouraging, and engaging employees through focused employee investments, workplace programs, and offerings that promote and foster individual and organizational wellbeing. The net result of this philosophy is public service excellence through citizen focused services. ER programs focus on the Responsible Outcome, in providing a high quality workforce dedicated to exceptional customer service. Three overarching indicators have been selected to tell us how we are doing related to being an employer of choice, creating an engaging employee work culture and delivering public service excellence: Citizen Survey Feedback, Turnover Rate, and Employee Survey feedback.

Why does this matter?
This measure helps us to know if the employee-related investments and programs are attracting and retaining the correct talent level and skillset mix to deliver quality public services as needed and expected by our citizens. When citizens have contact with County employees they form an impression of how well their local government operates. Employees are the face of the County and their interactions with citizens are important in determining how County service is perceived.
**About this measure:**

Periodically, Scott County conducts a survey of residents' opinions. The survey is mailed to randomly selected households distributed equally across the five County Commissioner districts. In this particular question, survey respondents were asked to rate how well Scott County does informing residents about government operations in the county.

**Why does this matter?**

Counties are responsible for providing state mandated programs to residents. They are also empowered to levy property taxes to fund services and programs. Residents have a voice through their elected officials. When counties perform well in providing easily accessible and understandable information to residents they are more likely to meet citizen expectations for cost and quality of services. Attention to this measure encourages the County to explore new options for more effective communication.

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**Citizens' Rating of Job Scott County Government Does at Informing Residents**

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<thead>
<tr>
<th>Year</th>
<th>Scott County</th>
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</thead>
<tbody>
<tr>
<td>2006</td>
<td>58%</td>
</tr>
<tr>
<td>2011</td>
<td>57%</td>
</tr>
<tr>
<td>2013</td>
<td>69%</td>
</tr>
<tr>
<td>2016</td>
<td>64%</td>
</tr>
<tr>
<td>2019</td>
<td>68%</td>
</tr>
</tbody>
</table>

Source: Scott County Resident Survey