



FOR IMMEDIATE RELEASE  
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## **City Manager Announces Cincinnati Budget Worsens *Employee Layoffs Must Begin This Summer***

Cincinnati City Manager Milton Dohoney, Jr. announced today that the City's revenue has come in lower than anticipated. The income tax receipts for May and June have been under the projections proscribed by The University of Cincinnati, resulting in a projected deficit of \$28 million rather than \$20 million for the rest of 2009. The City's funding is dependent on income tax to provide 65% of the general fund budget.

"Like the rest of the country, the City is experiencing the ripple effects of a bad economy getting worse," said City Manager Dohoney. "Every time a restaurant closes, a business temporarily or permanently reduces staffing, or suppliers close their doors, it impacts our income tax revenue."

Of the City's top 150 taxpayers, 90 have paid less in taxes than this time last year, indicating that either a loss of jobs or wage reductions has occurred. This amounts to a \$3.3 million loss or 4% reduction for the City. Approximately 26 of the top 150 taxpayers for business net profits have not paid taxes through June, but paid them through June of last year, indicating either the businesses have closed, they are not claiming profits, or they are recognizing losses from an accounting standpoint.

The Administration has determined that layoffs must occur this summer to address the increased deficit and mitigate an insurmountable financial challenge in 2010.

Over the past weeks the City Manager has been meeting with City labor organizations, but none has been willing to accept cost saving days or make commensurate concessions to date. Yesterday, he issued a memo to all staff instituting cost saving measures such as reducing call center hours, reviewing consultant contracts, and limiting supplies.

The exact plan of the positions to be eliminated will be developed with department directors over the next week or so. "We do not exactly know which functions or employees will be affected, but it will cross all departments and could involve several hundred employees," Dohoney stated.

Dohoney explained that doing layoffs in 2009 allows the City to absorb the reduced staffing and service impacts now and prepare for 2010's budget deficit from the very beginning of the year.

Additionally, taking responsible steps now will help the City of Cincinnati preserve its recently received bond ratings from two primary rating agencies, Moody's Investor Service (Moody's) and Standard & Poor's (S&P), of Aa1 and AA+, respectively. Both of these ratings are one step below the highest rating of Aaa (Moody's) and AAA (S&P). These ratings continue to reaffirm the strong credit quality of the City's general obligation bonds.

The Chair of the Finance Committee, Y. Laketa Cole, will call a special Finance Committee meeting, no earlier than July 27, to allow further discussion of the budget situation and the Administration's approach to addressing it.

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