

# FY2012 OPERATING BUDGET DEFICIT REDUCTION STRATEGIES

<u>Cost Reduction Strategy</u>	<u>(\$ millions)</u> <u>Est'd Cost Savings</u>
Eliminate OPEB Contribution	2.0
Hiring Freeze (4th Qtr.)	1.9
Delay Police Recruit Class ( based on 50 recruits) <i>\$36,218 ea</i>	0.7
Operating Capital Freeze	0.5
Grants - Executive	0.3
Grants HCD	0.5
<b>Total</b>	<b>5.9</b>

**City of Memphis**  
**FY 2012 Budget**  
**Salary Reductions vs Additional Lay-offs**

Salary Reduction Impact

\$ 16,927,000

**Equivalent Number of Lay-offs** (Average salary = \$49,480)

**342**

The \$16.9 million in salary reductions saved 342 Jobs

## Estimated Tax Revenue Impact

<b><u>School Tax Restoration (\$0.1886)</u></b>	<b>\$19,803,000</b>
(assumes a 12 month collection period)	
70% Response Rate	\$13,862,100
50% Response Rate	\$9,901,500
40% Response Rate	\$7,921,200
20% Response Rate	\$3,960,600