

# **Adopted Budget Hearings Fiscal Year 2012-13**

**Presented by Bradley J. Hudson,  
County Executive  
September 5, 2012**



# Fiscal Year 2012-13 Budgetary Challenges

- County will continue to face significant budget challenges throughout Fiscal Year 2012-13 and beyond
- Continued deterioration in General Purpose revenues
- Increased costs from negotiated labor agreements and pensions

# Budget Strategy and Development

County Executive directed departments to:

- End current fiscal year with a neutral or positive carryover
- Closely monitor departmental revenues and expenditures
- Seek full cost recovery for state and federal funded programs, including state Realignment programs

# Ongoing Budget Management

## 1. Internal Service Cost Reductions

Priority given to departments and functions that provide direct services to the public

- Asked internal service departments to:
  - reduce rates where possible
  - minimize retained earnings
  - provide rebates to departments to mitigate impact of other budget reductions
- Internal service departments have reduced their costs by over 25% during last 4 years

# Ongoing Budget Management

## 2. Strategic Cost Controls

Focus resources on service delivery priorities

- Restrict travel and non-mission critical activities
- Reduce contracts and other support expenses
- Adjust operating hours to meet public demand
- Reduce vehicle and equipment replacement
- Target technology investments toward productivity
- Prioritize maintenance

# Ongoing Budget Management

## 3. Position Cost Controls

Significant effort to manage overall personnel costs

- 10,601.7 employees currently on-board
- Reduce temporary staffing levels; transfer employees to non-General Fund activities and departments
- Carefully managing vacant staff positions
  - 631.9 current funded vacancies in the General Fund
  - 217.9 funded vacancies in internal service and enterprise funded departments

# Fiscal Year 2012-13

## Recommended Budget - All Funds

Fund	Appropriations	Financing	Net Cost <sup>1</sup>	Positions
General Fund	1,975,726,852	1,519,570,499	456,156,353	8,349.0
Economic Development	28,789,838	28,789,838	0	16.0
Environmental Management	20,202,660	20,202,660	0	127.8
Golf Fund	7,252,081	7,252,081	0	6.0
Transient Occupancy Tax	6,582,579	6,582,579	0	0.0
Transportation	223,313,153	223,313,153	0	263.6
Water Resources	165,275,709	143,346,160	21,929,549	246.2
Airport System	255,712,531	195,481,488	60,231,043	409.0
Waste Management and Recycling	73,874,606	73,874,606	0	250.6
Capital Projects Funds	41,369,670	41,369,670	0	0.0
Debt Service Funds	55,344,745	55,344,745	0	0.0
Other Special Revenue Funds	38,463,298	38,463,298	0	15.0
Other Enterprise Funds	2,816,263	2,816,263	0	7.0
Other Internal Service Funds	376,395,445	334,288,371	42,107,074	984.4
Other Special Districts and Agencies <sup>2</sup>	213,252,484	213,252,484	0	787.0
<b>Total</b>	<b>3,484,371,914</b>	<b>2,903,947,895</b>	<b>580,424,019</b>	<b>11,461.6</b>

<sup>1</sup> Net Cost for the General Fund is financed with General Purpose Financing Revenues. Net Cost for other funds is financed with Retained Earnings

<sup>2</sup> Includes Dependent Park Districts

# General Fund Recommended Budget

- Recommended at \$1,975,726,852; represents a \$40.7 million increase from Fiscal Year 2011-12 due to increase in state and federal funding
- Discretionary component recommended at \$478,489,058; represents a \$16.1 million decrease from Fiscal Year 2011-12

# Recommended Budget General Fund Allocation Changes

(\$4.5 million in Cost Reduction and \$3.7 million Reallocation)

Agriculture Commissioner	\$ 83,000
Aid Payments	\$ (1,700,000)
Contingency	\$ (300,000)
Conflict Criminal Defender	\$ (1,250,000)
District Attorney	\$ 1,500,000
IHSS	\$ (425,445)
Probation	\$ 400,000
Public Defender	\$ 250,000
Regional Parks	\$ 190,000
Sheriff	\$ 5,744,000

# Fiscal Year 2012-13

## Adopted Budget - All Funds

Fund	Appropriations	Financing	Net Cost <sup>1</sup>	Positions
General Fund	1,987,121,139	1,532,139,353	454,981,786	8,355.0
Economic Development	44,533,496	44,533,496	0	16.0
Environmental Management	22,138,815	22,138,815	0	127.8
Golf Fund	7,487,862	7,487,862	0	6.0
Transient Occupancy Tax	6,689,005	6,689,005	0	0.0
Transportation	221,924,708	221,924,708	0	264.1
Water Resources	171,792,296	149,968,401	21,823,895	244.2
Airport System	257,034,980	195,481,488	61,553,492	409.0
Waste Management and Recycling	80,972,773	80,972,773	0	250.6
Capital Projects Funds	41,999,005	41,999,005	0	0.0
Debt Service Funds	57,141,174	57,141,174	0	0.0
Other Special Revenue Funds	40,633,145	40,633,145	0	15.0
Other Enterprise Funds	2,816,263	2,816,263	0	7.0
Other Internal Service Funds	377,743,474	331,884,287	45,859,187	981.4
Other Special Districts and Agencies <sup>2</sup>	222,117,767	222,117,767	0	790.0
<b>Total</b>	<b>3,542,145,902</b>	<b>2,957,927,542</b>	<b>584,218,360</b>	<b>11,466.1</b>

<sup>1</sup> Net Cost for the General Fund is financed with General Purpose Financing Revenues. Net Cost for other funds is financed with Retained Earnings

<sup>2</sup> Includes Dependent Park Districts

# General Fund Adopted Budget

- Adopted Budget of \$1,987,121,139 represents a \$52.1 million increase from Fiscal Year 2011-12 and a \$11.4 million increase from the Fiscal Year 2012-13 Recommended Budget
- Discretionary component of \$491,273,048 in Adopted Budget represents a \$3.07 million decrease from Fiscal Year 2011-12 and a \$13 million increase from the Fiscal Year 2012-13 Recommended Budget

# Adopted Budget Changes to the General Fund

Carryover Betterment	\$ 13,813,261
Property Tax Settlement	\$ 864,047
Debt Service Earnings	\$ 950,000
Cost Savings Swept	\$ 531,000
Bank of America Building Debt	\$ (139,000)
TLS Endowment Fund	\$ (99,231)
Property and Sales Tax Changes	\$ (1,048,941)
Cable Franchise Change	\$ (883,488)
Court/DRR Change	\$ (400,000)
<b>Total</b>	<b>\$ 13,588,048</b>

# Critical Budget Issues

## In-Home Support Services (IHSS)

- Funding recommended at \$11,110,194
- Funding will support IHSS activity if the Governor's reduction proposals are approved, local declining caseload trends continue, proposed federal funding materializes, and ongoing labor discussions are resolved favorably
- Staff will monitor caseload trends and costs carefully and report back to the Board as appropriate

# Critical Budget Issues

## Conflict Criminal Defenders (CCD)

- Funding recommended at \$8,016,788
- Budget augmented in last fiscal year by \$4.55 million to cover costs from new overload homicide cases, overload cases already in system and not yet closed, and reductions made during the Fiscal Year 2011-12 budget process
- Cost reductions anticipated as existing overload cases continue to close and through reduction of overload cases from the Public Defender

# Critical Budget Issues

## Low Income Health Program (LIHP)

- Serves as a bridge to Health Care Reform
- LIHP population is a subset of the County Medically Indigent Services Program (CMISP) population
- Program allows County to claim federal reimbursement for 50% of the costs of the health care services to LIHP enrollees as long as maintenance of effort is expended
- County share of cost is \$26.4 million dollars
- Total cost of the program is \$58.5 million

# Critical Budget Issues

## Public Safety Realignment (AB 109)

	<b>Recommended CEO</b>	<b>CCP Approved</b>	<b>Change</b>
<b>Sheriff</b>	\$ 17,870,779	\$ 20,541,641	\$ 2,670,862
<b>Probation</b>	\$ 8,409,778	\$ 8,659,778	\$ 250,000
<b>D.A.</b>	\$ 521,625	\$ 352,391	\$ (169,234)
<b>Other</b>	\$ 1,807,631	\$ 434,388	\$ (1,373,243)

# CEO Adopted Budget General Fund Adjustments

Conflict Criminal Defender	\$ 1,350,000
Coroner	\$ 135,336
Departmental Carryover	\$ 3,955,653
Health and Human Services	\$ 284,468
Human Assistance	\$ 200,000
IHSS Provider Payments	\$ 3,082,716
Non Departmental Costs	\$ 951,687
Sheriff	\$ 5,000,000

# Conclusion

- Addresses Board's service priorities
- All funds balanced
- Contingency of \$1.5 million
- Internal transfer repayment budgeted at \$700,000
- Next steps:
  - Approve Adopted Budget
  - Fiscal Year 2012-13 Budget Resolutions:  
September 25, 2012