

# **Recommended Budget Hearings Fiscal Year 2013-14**

**Presented by Bradley J. Hudson,  
County Executive  
June 10, 2013**



# Fiscal Year 2013-14 Budgetary Context

- County will continue to face significant budget challenges throughout Fiscal Year 2013-14 and beyond
- Reliance on one-time budgetary solutions to address on-going operational requirements is continuing to diminish

# Fiscal Year 2013-14

## Budgetary Context

County continues to provide high-quality programs and services and accomplish key Board objectives such as

- Public Safety
- Health and Social Services
- Technology improvements
- Sustainability efforts
- Neighborhood livability initiative

# Budget Strategy and Development

## County Executive directed departments to:

- Absorb their use of one-time funding and unavoidable cost increases
- End current fiscal year with a neutral or positive carryover
- Closely monitor departmental revenues and use non-General Fund resources
- 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 5 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

- 10,634 employees currently on-board
- Reduce temporary staffing levels; transfer employees to non-General Fund activities and departments
- Carefully managing vacant staff positions
  - 595.7 current funded vacancies in the General Fund
  - 269.6 funded vacancies in internal service and enterprise funded departments
- 189.8 funded positions eliminated

# Fiscal Year 2013-14 Budgetary Challenges

## Major General Fund Revenue

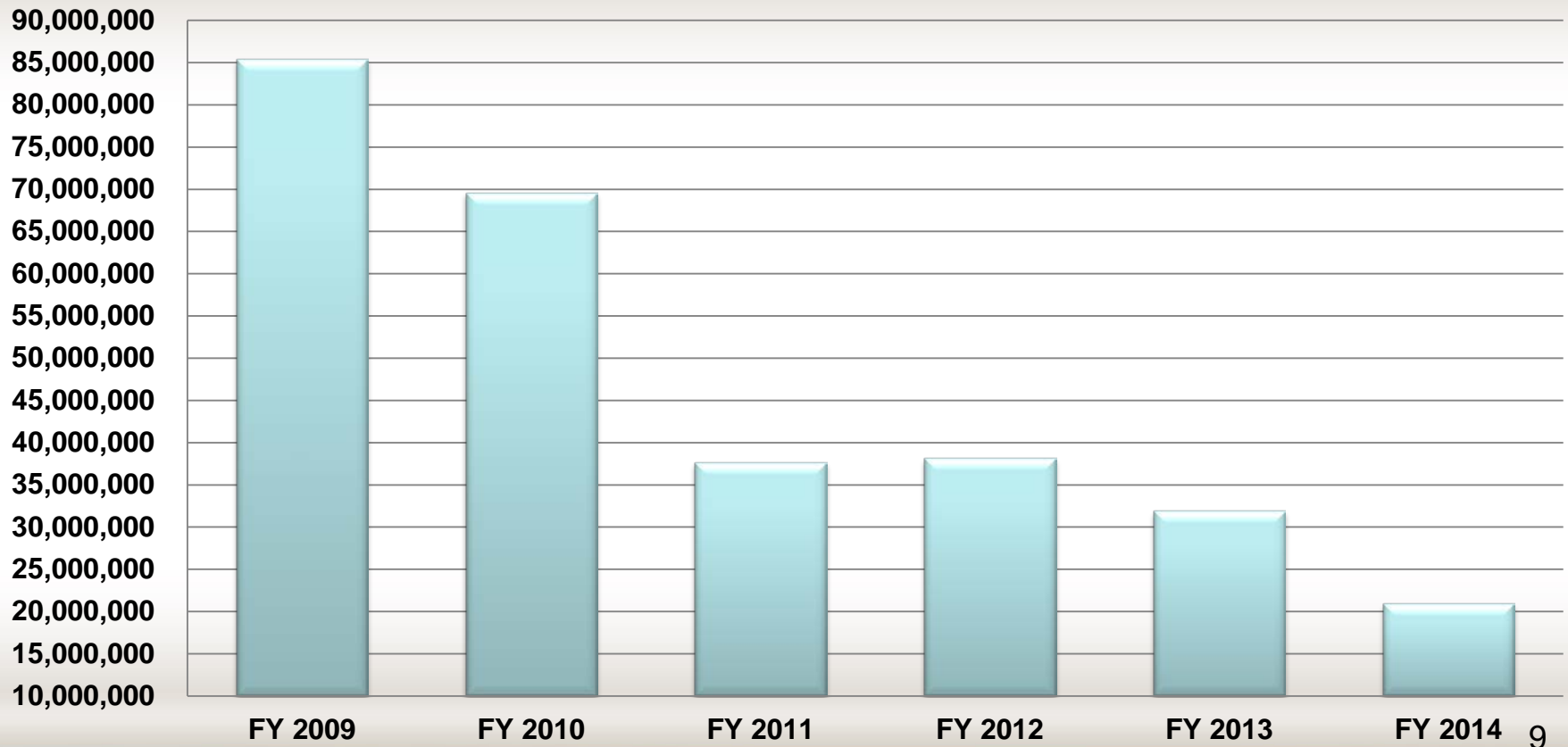
### Reductions/Cost Increases: \$79 million

- \$13.4 million reduction in use of one-time budget solutions
- \$10.7 million in increased costs from negotiated labor contracts effective July 1, 2013
- \$20 million in increased employee pension costs
- \$5.1 million in Pension Obligation Bond debt service obligation
- \$8.2 million reduction in COPs Grant funding for Sheriff
- \$2.3 million in employee health insurance costs
- \$12.4 million in departmental cost increases
- \$7 million reduction in available beginning fund balance



# Fiscal Year 2013-14 Budgetary Challenges

## Use of One-Time Financing



# Fiscal Year 2013-14

## Recommended Budget - All Funds

### Fiscal Year 2012-13 Adopted Compared to Fiscal Year 2013-14 Recommended All County Funds

Fund	FY 2012-13 Adopted Requirements	FY 2013-14 Recommended Requirements	Difference
General Fund	1,988,536,189	2,097,436,032	108,899,843
Economic Development	44,533,496	46,978,445	2,444,949
Environmental Management	22,138,815	18,904,440	(3,234,375)
Golf Fund	7,487,862	7,513,048	25,186
Transient Occupancy Tax	6,689,005	7,057,981	368,976
Transportation	221,924,708	145,769,061	(76,155,647)
Water Resources	171,792,296	173,334,733	1,542,437
Airport System	257,034,980	257,376,164	341,184
Waste Management and Recycling	80,972,773	83,623,047	2,650,274
Capital Projects Funds	41,999,005	36,361,941	(5,637,064)
Debt Service Funds	57,141,174	48,433,329	(8,707,845)
Other Special Revenue Funds	40,633,145	27,941,969	(12,691,176)
Other Enterprise Funds	2,816,263	2,677,135	(139,128)
Other Internal Service Funds	377,743,474	355,528,163	(22,215,311)
Other Special Districts and Agencies	222,117,767	214,225,108	(7,892,659)
<b>Total</b>	<b>3,543,560,952</b>	<b>3,523,160,596</b>	<b>(20,400,356)</b>

Recommended All Funds Requirements reflects a \$20.4 million (1%) decrease from Fiscal Year 2012-13 Adopted Budget due primarily to appropriation swings for transportation projects

# General Fund

- Recommended appropriations at \$2,096,687,284; represents a \$109.8 million (6%) increase from Fiscal Year 2012-13 Adopted Budget; funded by increases in state and federal spending and a reorganization of certain programs from a separate fund (Fund 33) into the General Fund
- Discretionary component recommended at \$486 million; represents an \$11.1 million (2%) decrease from Fiscal Year 2012-13 Adopted Budget

# General Fund

- Centrally Allocated Resources (Net County Cost; Realignment; Proposition 172; SWA) totals \$1.051 billion; represents a \$48.8 million (5%) increase from Fiscal Year 2012-13 Adopted Budget level; largest increases in centrally allocated resources:
  - Sheriff: \$21.7 million increase, to \$304.3 million
  - IHSS: \$11.5 million increase, to \$51.6 million
  - Human Assistance Aid Payments – primarily for Foster Care and Adoptions Assistance program: \$10.1 million increase to \$142.5 million

# General Fund Department Appropriations As Compared to Fiscal Year 2012-13 Adopted

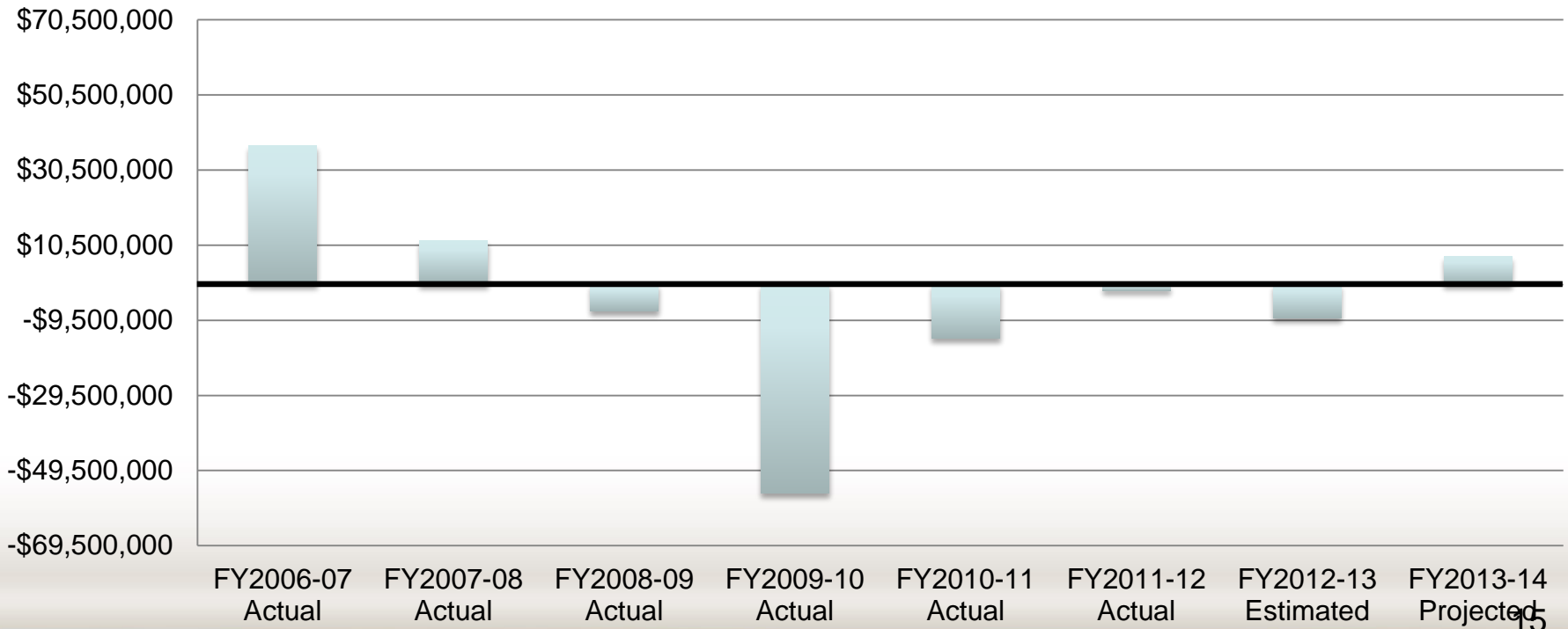
DEPARTMENT	FY 2012-13 Appropriations	FY2013-14 Recommended Appropriations	Year to Year Variance
<b>ELECTED OFFICIALS</b>			
Assessor	15,544,104	15,280,547	-263,557
Board of Supervisors	3,084,101	3,001,050	-83,051
District Attorney	72,048,420	73,646,300	1,597,880
Sheriff	393,132,111	406,960,197	13,828,086
Correctional Health	34,057,687	34,719,424	661,737
<i>Subtotal</i>	<i>517,866,423</i>	<i>533,607,518</i>	<i>15,741,095</i>
<b>COUNTYWIDE SERVICES</b>			
DHA – Aid Payments	320,438,438	335,163,980	14,725,542
DHA Administration	252,672,859	279,383,609	26,710,750
Health & Human Services	436,667,799	439,178,246	2,510,447
Probation	115,315,189	124,620,855	9,305,666
Courts	39,142,410	37,523,520	-1,618,890
Public Defender and Conflict Defenders	37,787,137	37,901,600	114,463
Medical Treatment Payments	59,129,665	52,012,069	-7,117,596
In-Home Supportive Services	53,748,455	70,079,718	16,331,263
Voter Registration & Elections	9,173,510	8,094,257	-1,079,253
Other Countywide Services	52,519,998	54,247,382	1,727,384
<i>Subtotal</i>	<i>1,376,595,460</i>	<i>1,438,205,236</i>	<i>61,609,776</i>
<b>MUNICIPAL SERVICES</b>			
Animal Care & Regulation	4,289,219	4,355,893	66,674
Regional Parks	8,155,713	8,086,328	-69,385
<i>Subtotal</i>	<i>12,444,932</i>	<i>12,442,221</i>	<i>-2,711</i>
<b>INTERNAL SERVICES</b>			
Finance Department	15,617,655	28,079,584	12,461,929
Other Internal Services	31,969,821	33,217,393	1,247,572
<i>Subtotal</i>	<i>47,587,476</i>	<i>61,296,977</i>	<i>13,709,501</i>
<b>GENERAL GOVERNMENT</b>			
	32,459,414	51,135,332	18,675,918
<b>TOTAL</b>	<b>1,986,953,705</b>	<b>2,096,687,284</b>	<b>109,733,579</b>

# Fiscal Outlook

- Economic recovery appears to be gaining momentum nationally and locally; home prices increasing, building permit activity up, unemployment down; economists predict continued modest economic growth nationally for next few years
- Recommended Budget reflects \$7.5 million increase in ***on-going*** discretionary revenue compared to Fiscal Year 2012-13 estimated actual; first increase in on-going discretionary revenue since Fiscal Year 2007-08

# Fiscal Outlook

## Discretionary Revenue - Change from Prior Year (Net of One-Time Revenue) FY 2006/07 Actual - FY 2013-14 Projected



# Fiscal Outlook

- Secured property tax revenue projected to increase by 2%; first increase since Fiscal Year 2008-09
- Sales tax projected to increase by 4.5%

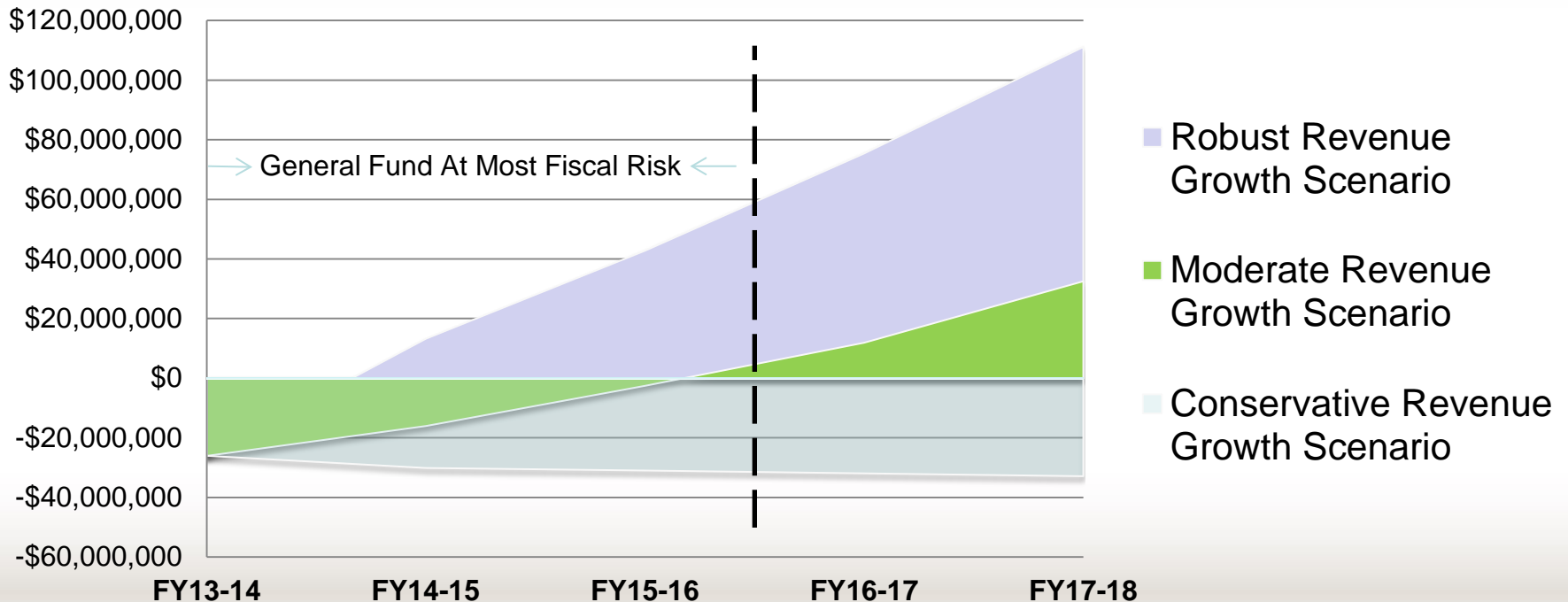


# Fiscal Outlook

- Five-Year General Fund Forecast projects Net County Cost and Discretionary Revenue under three different scenarios (Conservative Revenue Growth; Moderate Revenue Growth; Robust Revenue Growth)
- Moderate Revenue Growth Scenario probably closest to what will happen; shows General Fund will face difficulties for next two to three fiscal years

# Fiscal Outlook

## Sacramento County General Fund Forecast Annual Difference Between Net County Cost And Discretionary Revenues (3 Possible Scenarios)



# Significant Budget Issues

## AB 109 Realignment Revenue

- \$36.5 million allocated in Recommended Budget; \$6.9 million increase over Fiscal Year 2012-13 level, based on “aggressive” projections of sales tax growth
- Allocation is \$8.4 million more than CCP has recommended and Board approved in April
- Allocation includes additional \$2 million for community-based services (\$1 million in Probation and \$1 million in Health & Human Services)

# Significant Budget Issues

## AB 109 Realignment Revenue Recommended Allocation

Sheriff	\$20,100,000
Probation	\$11,500,000
Correctional Health	\$3,100,000
Health & Human Services	\$1,000,000
Human Assistance Admin	\$406,000
District Attorney	\$330,000
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	<b>\$36,436,000</b>

# Significant Budget Issues

## AB 109 Realignment Revenue Revised Allocation Recommendation

	Revised Allocation	Change
Sheriff	\$19,850,000	(\$250,000)
Probation	\$11,250,000	(\$250,000)
Correctional Health	\$3,850,000	\$750,000
Health & Human Services	\$750,000	(\$250,000)
Human Assistance Admin	\$406,000	0
District Attorney	\$330,000	0
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	<b>\$36,436,000</b>	<b>0</b>

# Significant Budget Issues

## Discretionary Revenue/Semi-Discretionary Revenue Assumptions

- Estimated General Fund Beginning fund balance and projections for growth in discretionary revenue, Proposition 172 and 2011 Realignment are “aggressive”
- One-time discretionary revenue includes \$5 million from sale of sewer credits

# Significant Budget Issues

## Affordable Care Act

- State plans to implement starting January 1, 2014, but start-date is not certain
- Over time, County indigent healthcare costs expected to decline, but when and how much not known; possible “residual” responsibilities unclear
- Governor’s May Budget Revise proposes to take \$9 million in 1991 Public Health Realignment. The Fiscal Year 2013-14 budget does not include this reduction
- County’s Recommended Budget includes \$41.2 million (100%) in Public Health Realignment to fund indigent healthcare (including clinic) and Public Health programs

# Significant Budget Issues

## Sheriff's Department

- Funding Recommended at \$407 million compared to \$393 million in Fiscal Year 2012-13 Adopted Budget
- Recommended Net County Cost \$14.3 million (9%) higher than Fiscal Year 2012-13 Adopted level
- Department's operational and financial expectations will be detailed during today's hearing



# Significant Budget Issues

## District Attorney's Office

- Funding Recommended at \$73.7 million compared to \$72 million in Fiscal Year 2012-13 Adopted Budget
- Department's operational and financial expectations will be detailed during today's hearing

# Significant Budget Issues

## Correctional Health Services

- Faces \$3.1 million increase in salary and benefit and other costs
- Funding Recommended at \$34.7 million a \$662,000 increase over Fiscal Year 2012-13 Adopted level
- At Recommended funding level 23 positions would be eliminated – 10 filled
- Revised Realignment recommendation would likely eliminate need for layoffs

# Significant Budget Issues

## Voter Registration/Elections

- Department is facing \$1.4 million reduction in revenue, due to less jurisdictions participating in election in FY 2013-14
- Funding is Recommended at \$8.1 million compared to \$9.2 million in Fiscal Year 2012-13 Adopted Budget
- General Fund allocation of \$7.2 million is a \$315,000 increase from Fiscal Year 2012-13 Adopted
- Reduction in temporary help and print more materials on demand but will face service level challenges
- Further recommendations may be provided in September

# Significant Budget Issues

## Conflict Criminal Defender

- Funding Recommended is \$8.8 million, \$26,000 less than Fiscal Year 2012-13 Adopted Budget level, but approximately \$1 million less than Department estimates is needed to meet projected caseload demand. Lower level is recommended because Public Defender has significantly reduced overload cases

# Significant Budget Issues

## Golf Fund

- Golf Fund has had a negative beginning balance for several years
- Faces structural imbalance
- Staff will work on plan to address problem

# Conclusion

- Addresses Board's service priorities
- Contingency of \$1.8 million
- Next steps:
  - Approve Recommended Budget
  - July/August: Evaluate State Budget and Fund Balance
  - September: Budget Adoption Hearings