



Recommended Budget Hearings Fiscal Year 2014-15

Presented by Bradley J. Hudson, County Executive

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Fiscal Year 2014-15 Budgetary Context

Major General Fund Revenue Reductions/Cost Increases: \$73.7 million

- \$13.2 million reduction in use of one-time or limited duration budget solutions and fund balance.
- \$14.5 million in increased salary and benefit costs.
- \$11 million increase in employee pension and Pension Obligation Bond costs.
- \$13 million in increased Foster Care and General Assistance costs.
- \$9.7 million reduction in federal Title IV-E Foster Care revenue.
- \$12.3 million in grant reductions in Sheriff and District Attorney.

Budgetary 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.

Budgetary Strategy and Development

Internal Service Cost Controls

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 where appropriate.
- Internal service departments have reduced their costs by over 25% during last 5 years.

Budgetary Strategy and Development

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.

Budgetary Strategy and Development

Position Lost Control

Significant effort to manage overall personnel costs.

- 10,711 employees currently on-board.
- Carefully managing vacant staff positions.
 - 659 current funded vacancies in the General Fund.
 - 315 funded vacancies in internal service and enterprise fund departments.
- 226 funded positions eliminated (including 45 filled positions).

Fiscal Year 2014-15 Recommended Budget – All Funds

(All County Funds)	FY 2013-14 Adopted Requirements	FY 2014-15 Recommended Requirements	Difference
Fund			
General Fund	2,136,820,375	2,159,547,348	22,726,973
Economic Development	38,911,052	37,748,898	(1,162,154)
Environmental Management	20,243,541	20,673,395	429,854
Golf Fund	7,500,548	7,628,479	127,931
Transient Occupancy Tax	7,497,504	578,469	(6,919,035)
Transportation	165,290,057	169,344,010	4,053,953
Water Resources	172,818,643	157,863,014	(14,955,629)
Airport System	255,917,227	239,278,234	(16,638,993)
Waste Management and Recycling	86,690,219	91,050,897	4,360,678

Fiscal Year 2014-15 Recommended Budget – All Funds

All County Funds	FY 2013-14 Adopted Requirements	FY 2014-15 Recommended Requirements	Difference
Funds			
Capital Projects Funds	35,919,390	36,424,409	505,019
Debt Service Funds	49,075,401	42,947,900	(6,127,501)
Other Special Revenue Funds	45,508,470	48,161,647	2,653,177
Other Enterprise Funds	2,677,135	3,601,005	923,870
Other Internal Service Funds	360,167,137	358,019,083	(2,148,054)
Other Special Districts and Agencies	227,747,667	205,814,994	(21,932,673)
Total	3,612,784,366	3,578,681,782	(34,102,584)

General Fund

- Recommended appropriations at \$2,157,547,348; represents a \$20.7 million (1%) increase from Fiscal Year 2013-14; funded primarily by increase in Discretionary Revenue.
- Discretionary component recommended at \$527.1 million; represents an \$8.4 million (1.6%) increase from Fiscal Year 2013-14.
- Centrally Allocated Resources (Net County Cost; Realignment; Proposition 172) totals \$1.090 billion; represents a \$19.4 million (1.8%) increase from Fiscal Year 2013-14 level.

General Fund

Department Appropriations as Compared to Fiscal Year 2013-14 Adopted

DEPARTMENT	FY 2013-14 Adopted Appropriations	FY 2014-15 Recommended Appropriations	Year to Year Variance
ELECTED OFFICIALS			
Assessor	15,280,547	16,270,324	989,777
Board of Supervisors	3,001,050	3,137,512	136,462
District Attorney	74,924,215	75,699,447	775,232
Sheriff	416,088,524	414,393,536	(1,694,988)
Correctional Health	35,469,424	42,352,282	6,882,858
Subtotal	544,763,760	551,853,101	7,089,341
COUNTYWIDE SERVICES			
DHA-Aid Payments	334,163,980	355,238,673	21,074,693
DHA-Administration	292,125,381	287,234,173	(4,891,208)
Health and Human Services	437,957,223	456,410,424	18,453,201
Probation	126,088,473	129,051,802	2,963,329
Courts	37,091,220	36,646,719	(444,501)
Public Defender and Conflict Defenders	38,901,600	40,009,106	1,107,506
Medical Treatment Payments	49,033,638	20,830,628	(28,203,010)
In-Home Supportive Services	70,079,718	72,348,061	2,268,343
Voter Registration & Elections	8,294,257	9,386,109	1,091,852
Other Countywide Services	54,224,910	54,235,085	10,175
Subtotal	1,447,960,400	1,461,390,780	13,430,380

General Fund

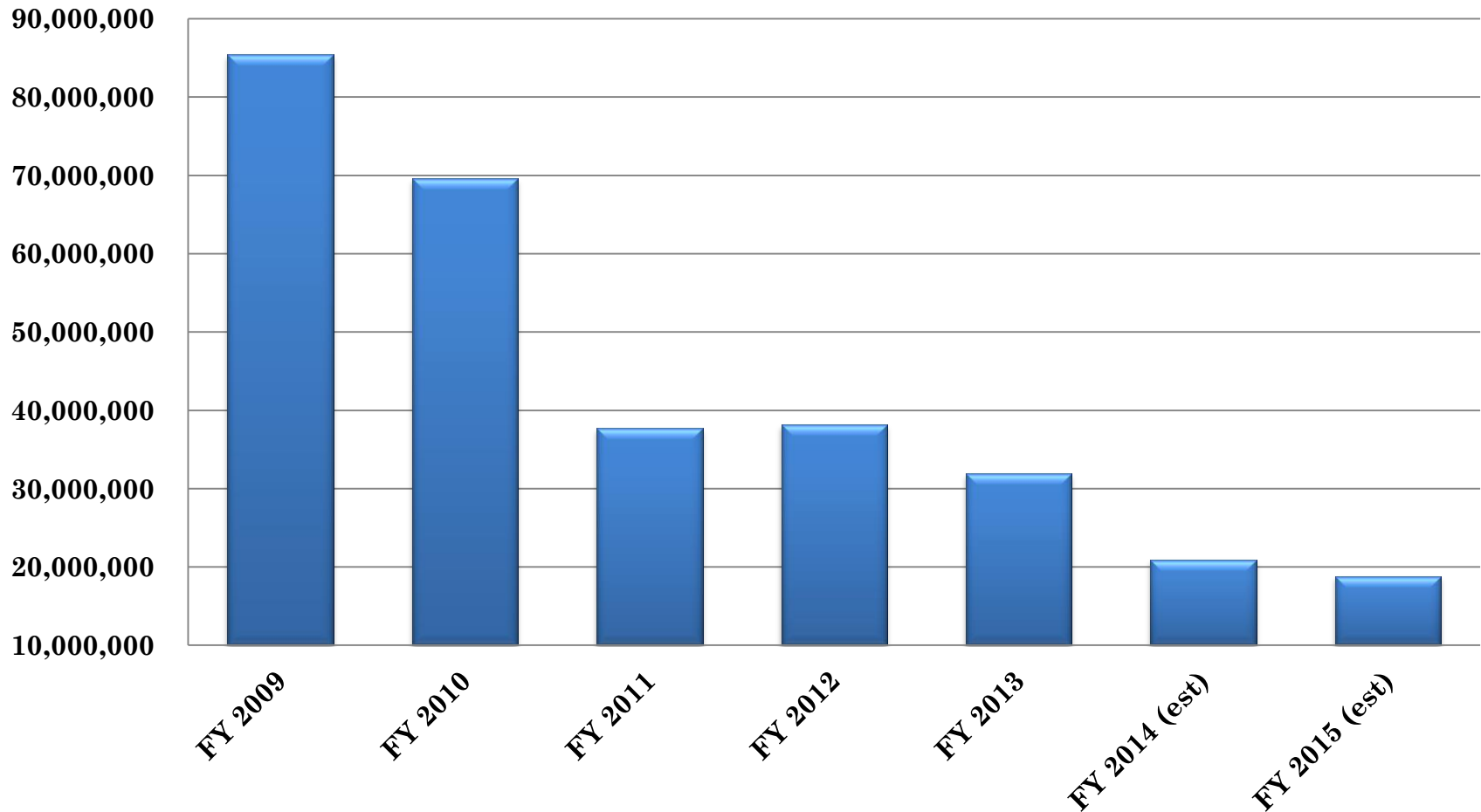
DEPARTMENT	FY 2013-14 Adopted Appropriations	FY 2014-15 Recommended Appropriations	Year to Year Variance
MUNICIPAL SERVICES			
Animal Care & Regulation	4,508,683	5,814,016	1,305,333
Community Development	34,768,665	36,552,516	1,783,851
Regional Parks	8,508,436	9,121,760	613,324
Subtotal	47,785,784	51,488,292	3,702,508
INTERNAL SERVICES			
Finance Department	28,195,220	28,284,068	88,848
Other Internal Services	36,822,076	32,978,934	(3,843,142)
Subtotal	65,017,296	61,263,002	(3,754,294)
GENERAL GOVERNMENT	31,293,135	31,552,173	259,038
TOTAL	2,136,820,375	2,157,547,348	20,726,973

Fiscal Outlook

- One-time or limited duration financing decreasing by \$3.2 million.
- Secured Property Tax and Property Tax in Lieu of VLF revenue projected to increase by 5.5% or \$17 million.
- Sales and In-Lieu Sales Tax revenue projected to increase by 1.4% or \$1 million.

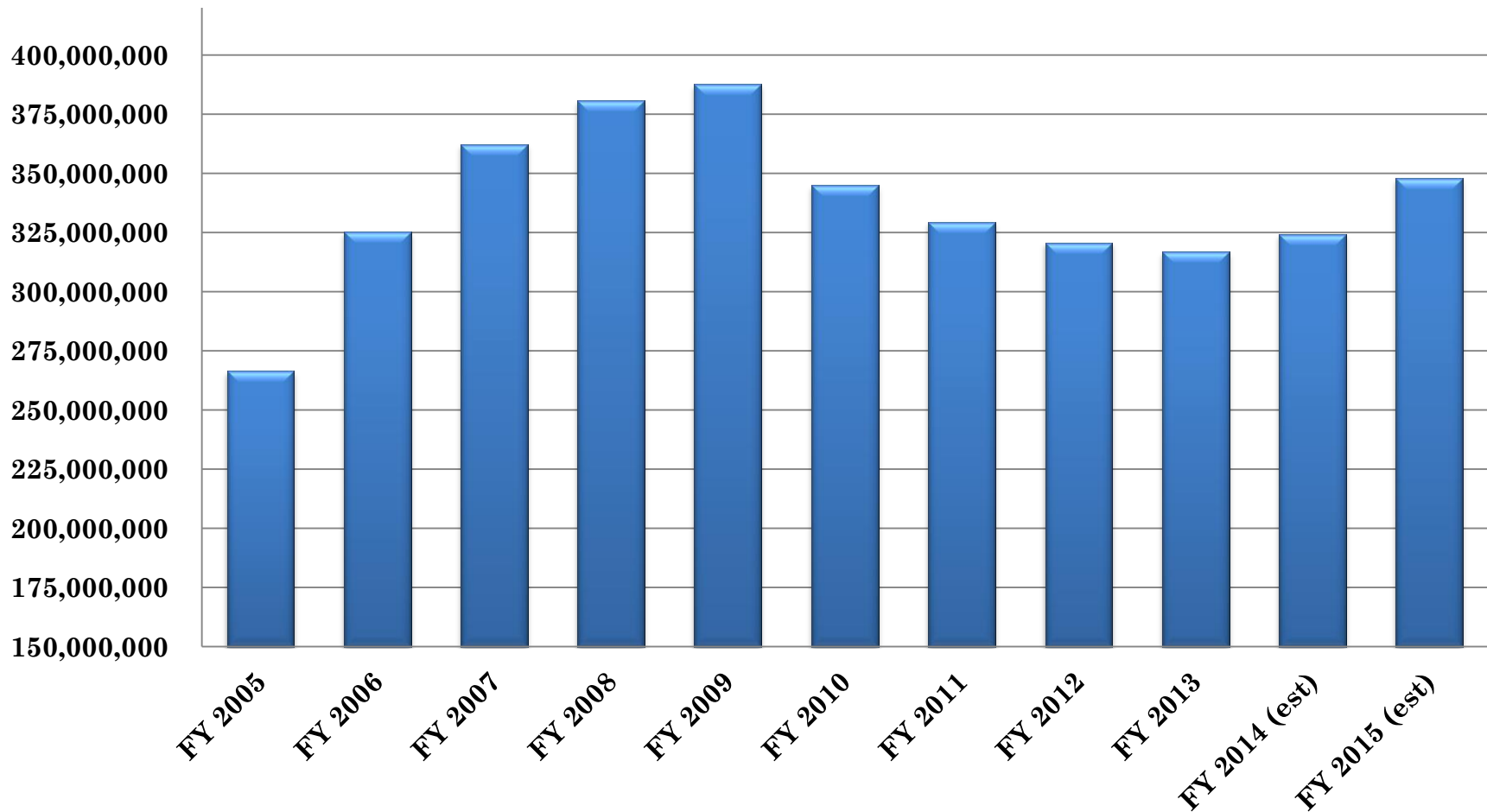
Fiscal Outlook

Use of One-Time Financing



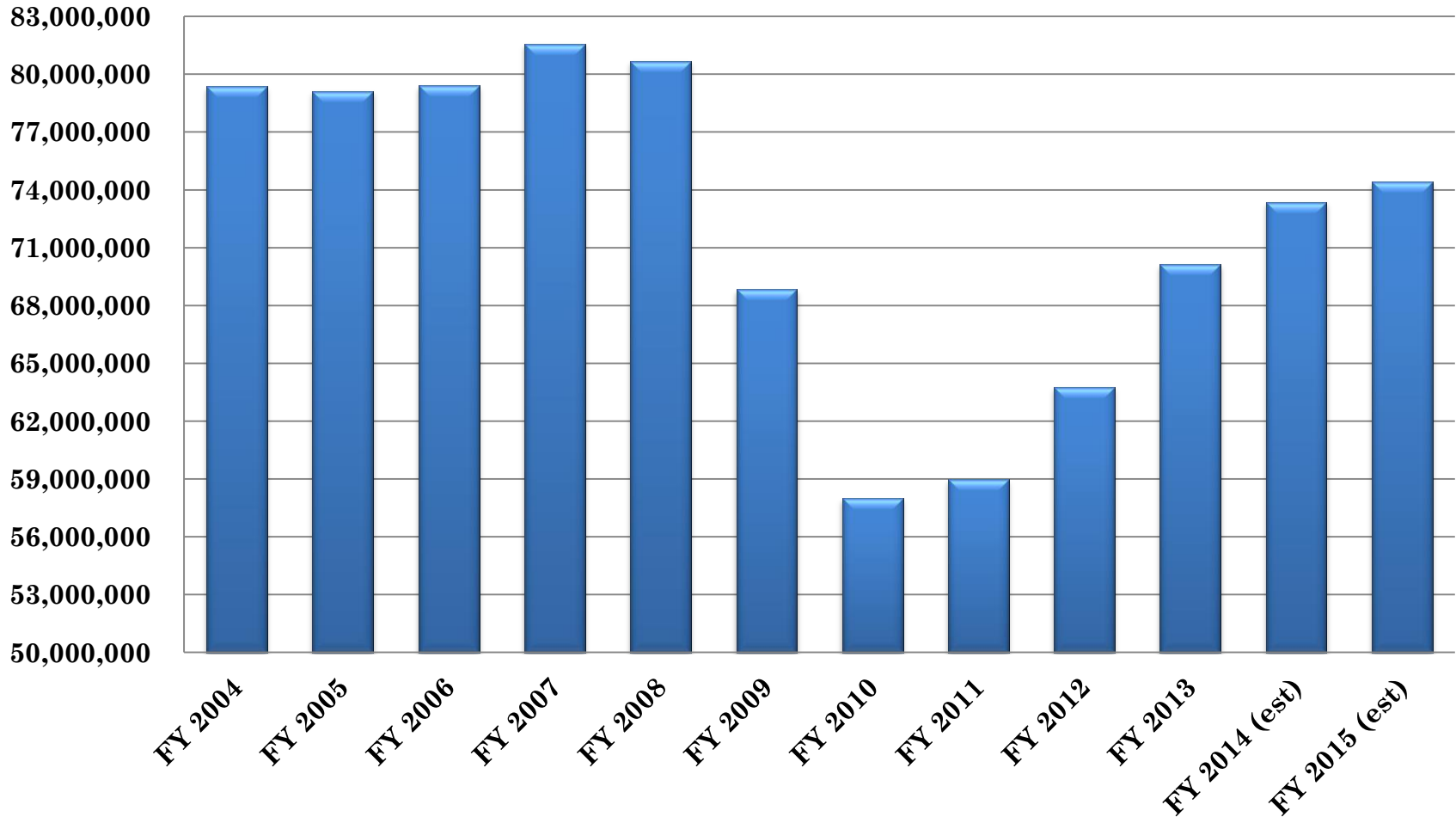
Fiscal Outlook

Property Tax



Fiscal Outlook

Sales Tax



Significant Budget Issues

Affordable Care Act Implementation

- County Medically Indigent Services Program (CMISP) population and Low Income Health Program (LIHP) population dropped from 25,000 to 42 as of April 1, 2014; estimate this number could rise to as many as 700.
- Health Realignment Revenue in Fiscal Year 2014-15 reduced by \$18.6 million.
- Health-Medical Treatment Payments budget reduced by \$28.2 million.
- Health & Human Services budget reflects a \$13.7 million reduction in clinic-related costs and deletion of 69 positions including 42 filled positions. Fiscal Year 2014-15 Clinic-related services will focus on CMISP, Refugee Health Assessment, Primary Care Integrated Behavioral Healthcare, (IBH) and Healthcare for the Homeless (HCH) programs.
- Beilenson Hearings scheduled for morning of June 18th.

Significant Budget Issues

Key Safety Net Programs

- Board Workshop on March 21 during which several priority issues were identified that include:
 - Comprehensive system coordination/planning.
 - Homeless Shelter/housing capacity.
 - Outreach and navigation.
 - Services for homeless veterans and youth.
 - Public Health Services.
 - Domestic Violence emergency shelter's capacity.

Significant Budget Issues

Safety Net Need	Proposed Initiative	Proposed Funding	Funding Source
Emergency Shelter	Ongoing Funding of Homeless Family Shelters to 3 Providers (165 beds)	\$1,673,965 \$400,000	State County
	Salvation Army Men's Shelter (operational support)	\$75,000	County
	Winter Shelter	\$150,000	County
	Grant to WIND Youth Services to assist with vulnerable homeless youth	\$25,000	County
	Grant to WIND Youth Services for 3 shelter beds to provider alternatives to detention for low-risk youth offenders	\$96,696	Federal
	Grant to Senior Safe House for abused and neglected seniors (6 beds)	\$135,000	County

Significant Budget Issues

Safety Net Need	Proposed Initiative	Proposed Funding	Funding Source
Outreach and Navigation	Share of grant match to River District	\$25,000	County
	Contract with CBO for navigation services targeting homeless youth and veterans	\$75,000	County
	Contracts for navigators sited at Main Jail, Loaves and Fishes, Emergency Rooms and Intake Stabilization Unit at MHTC	\$1,309,729	State
	Mobile Crisis Outreach to Mentally Ill - Partnership with law enforcement	\$508,998	State
Health Education and Screening	Registered nurses at various locations	\$984,954	Federal
Homeless Provider Cash Flow	Line of credit to Sacramento Steps Forward to provide gap cash flow to Continuum of Care operators until HUD funds come through	\$750,000	County

Significant Budget Issues

Safety Net Need	Proposed Initiative	Proposed Funding	Funding Source
Child Abuse Prevention	Increase capacity of community based providers to serve the expanded age range population with focus on abuse prevention and strengthening families.	\$675,000 \$371,250 \$20,250	County Federal State
Improving Permanency for Children in Foster Care	Work on increasing number of successful permanent placements for foster care children in family reunification and adoptions	\$300,000 \$165,000 \$9,000	County Federal State
Financial Abuse Unit in Adult Protective Services	Reinstate the financial abuse unit in APS, to protect vulnerable adults from elder and dependent financial crime.	\$200,000 \$200,000	County Federal
Rural County Services	Grant to South County Services	\$60,000	County

Significant Budget Issues

Sheriff's Department

- Funding recommended at \$414.4 million compared to \$416.1 million in Fiscal Year 2013-14.
- Recommended Net County Cost \$2.3 million (1.3%) and Centrally Allocated Resources \$5.2 million (2%) higher than Fiscal Year 2013-14.
- Recommended budget reflects \$12.4 million reduction in COPS-Hiring Grant, airport and other departmental revenue.
- Recommended Budget is approximately \$5.1 million lower than the level Department estimates is needed to maintain current service levels.
- Department's operational and financial expectations will be detailed during today's hearing.

Significant Budget Issues

District Attorney's Office

- Funding recommended at \$75.7 million compared to \$74.9 million in Fiscal Year 2013-14.
- Recommended Net County Cost \$3.7 million (8.2%) and Centrally Allocated Resources \$4.2 million (7.3%) higher than Fiscal Year 2013-14.
- Recommended Budget is approximately \$2.3 million lower than Department estimates is needed to maintain current service levels.
- Department's operational and financial expectations will be detailed during today's hearing.

Significant Budget Issues

Correctional Health Services

- Funding recommended at \$42.4 million compared to \$35.5 million in Fiscal Year 2013-14.
- Recommended Net County Cost \$5.2 million (20.7%) higher than Fiscal Year 2013-14.
- Increase is due to higher salary and benefits costs, increased use of provider services and a more realistic budget.
- Recommended Budget reflects the elimination of 4 vacant positions and the transfer of 3 FTE positions from the Health Clinic.

Significant Budget Issues

Probation Department

- Funding recommended at 129.1 million compared to \$126.1 million in Fiscal Year 2013-14.
- Net County Cost \$6.6 million (13.2%) and Centrally Allocated Resources \$10 million (11%) higher than Fiscal Year 2013-14.
- Budget reflects net \$7.1 million reduction in Departmental Revenue including \$9.7 million reduction in Title IV-E revenue.
- Budget is approximately \$1.1 million lower than level needed to maintain current service levels; Department proposes to cover shortfall by managing vacancies.

Significant Budget Issues

Public Defender

- Public Defender funding recommended at \$30.2 million compared to \$29.1 million in Fiscal Year 2012-13 Adopted Budget.
- Public Defender recommended Net County Cost \$937,000 (3.4%) and Centrally Allocated Resources \$1.4 million (5%) higher than Fiscal Year 2013-14 Budget level.
- Public Defender budget includes the deletion of two vacant attorney positions for \$350,000 in cost savings which may increase overloads to the Conflict Criminal Defender.

Significant Budget Issues

Human Assistance – Aid Payments

- Funding recommended at \$355.2 million compared to \$334.2 million in Fiscal Year 2013-14 due to increased Foster Care and General Assistance Costs.
- Recommended Net County Cost \$7.4 million (44.9%) and Centrally Allocated Resources \$10 million (7%) higher than Fiscal Year 2013-14.
- Recommended Budget is approximately \$1 million lower than level Department believes is necessary to meet service demands.
- Recommend wait and see if caseloads grow as Department estimates.

Significant Budget Issues

Human Assistance – Staffing Restorations

- May revise included reduction in funding for Cal Fresh staffing.
- Adopted State Budget provided full funding.
- Recommend restoration of 19.5 Department of Human Assistance positions at a cost of \$1.4 million.

Significant Budget Issues

Health & Human Services

- Funding recommended at \$456.4 million compared to \$438 million in Fiscal Year 2013-15.
- Net County Cost \$9.3 million (52%) lower and Centrally Allocated Resources \$2 million (1.1%) higher than Fiscal Year 2013-14 Adopted Budget.
- The Recommended Budget includes \$31 million in additional Mental Health funding, and funding for 16 Child Protective Services workers.
- Recommend increasing appropriations by \$508,998 to implement two mobile crisis support teams funded by Investment in Mental Health Wellness Act grant and the Mental Health Services Act revenue.

Significant Budget Issues

Protective Services Enhancements

- Funded with anticipated Protective Services realignment growth.
- Six months funding and federal match to implement programs.
- Funding is recommended as follows:
 - \$675K Child Abuse Prevention/Resource Centers.
 - \$300K Improving Permanency/Placements.
 - \$200K Adult Protective Services/Financial Abuse.

Significant Budget Issues

Animal Care and Regulation

- Funding recommended at \$5.8 million compared to \$4.5 million in Fiscal Year 2013-14.
- Recommended Net County Cost \$869,000 (24.7%) higher than Fiscal Year 2013-14.
- Increase in appropriations and Net County Cost partly due to increased Liability Insurance costs and inclusion of Facility Use Allowance.
- Recommended Budget is approximately \$239,000 lower than level needed to maintain current service level; Department proposes to address this shortfall by deleting two vacant positions, \$58,000 in extra help and other cost reductions.

Significant Budget Issues

Inter-fund Transfer Repayment

- The Fiscal Year 2013-14 Adopted Budget included \$9.8 million to repay money transferred to the General Fund in prior years to help balance the General Fund budget.
- The Recommended Budget does not include any funding for this purpose. The current outstanding balance owed by the General Fund to other funds is approximately \$61 million.

Significant Budget Issues

General Fund Contingency

- Recommended at \$1.2 million compared to \$4 million in Fiscal Year 2013-14 Adopted Budget.
- \$2.9 million in contingent debt service for Raley Field and Sacramento Regional Arts Facility can be used as contingency after debt service payments.
- \$4 million General Fund Contingency was not sufficient in Fiscal Year 2013-14; prudent Contingency should be \$10 to \$15 million.

Significant Budget Issues

Potential Audit-Paybacks

- State audits of Mental Health programs from 2008/2009 identify need to repay \$4 million to \$18 million (actual amount will more likely be \$6 million to \$8 million); Budget includes General Fund reserve of \$2 million for this purpose.
- Estimate of \$6 million in cost-settlements with the State for alcohol and drug, and other mental health programs: \$5.6 million in Realignment funds are unallocated in Behavioral Health Realignment Trust for this purpose.

Significant Budget Issues

Funding Opportunities

- \$1.5 million available now to address critical budget needs as a result of SB 90 repayments.
- Possible fund balance to address priority requirements in September.
- Possible Title IV-E Foster Care Waiver could provide additional resources.

Significant Budget Issues

Fund Balance Priorities

Recommended priorities for additional resources:

- Inter-fund transfer repayments;
- Mental Health audit payback;
- Department restorations:
 - District Attorney
 - Sheriff
 - Animal Care
 - Public Defender
- Other County initiatives; SMAC (\$111K), SACTO (\$109K), Community Prosecutor (\$190K), Special Events (\$50K), Wilton Park (\$40K).
- Outside Requests: Chaplaincy (\$144K), WIND (\$250K), Stanford Settlement (\$10K), Cemetery Commission (\$15K), Wildlife Care (\$8,000).

Conclusion

- **Address Board's Budget Priorities**
- **Next steps:**
 - Approve Recommended Budget
 - July/August: Evaluate Fund Balance and Potential IV-E Waiver
 - September: Budget Adoption Hearings