

ATTACHMENT 1

FY2021-22 Recommended Budget THE ALL FUNDS BUDGET

The FY2021-22 Recommended All Funds Budget totals \$6,530,111,730 in appropriations. This is an \$118,203,439 (1.8%) increase compared to the FY2020-21 Adopted All Funds Budget. A more detailed comparison of the FY2021-22 Recommended Budget and the FY2020-21 Adopted Budget is shown in the table on the following page.

County of Sacramento
All County Funds Chart

FY 2021-22 THE ALL FUNDS BUDGET - TOTAL APPROPRIATIONS

Fund	FY 2020-21 Adopted Budget Appropriations	FY 2021-22 Recommended Budget Appropriations	Difference	% Difference
General Fund	3,088,561,343	3,146,541,870	57,980,527	1.9%
Community Investment Program	152,104	96,104	(56,000)	(36.8%)
Neighborhood Revitalization	1,258,924	1,253,179	(5,745)	(0.5%)
Mental Health Services Act	144,298,682	135,021,895	(9,276,787)	(6.4%)
Public Safety Sales Tax	116,051,753	136,102,817	20,051,064	17.3%
1991 Realignment	326,325,911	342,816,257	16,490,346	5.1%
2011 Realignment	279,450,927	322,889,336	43,438,409	15.5%
Clerk/Recorder Fees	5,354,266	6,725,020	1,370,754	25.6%
SSD DOJ Asset Forfeiture	0	0	0	
SSD Restricted Revenue	3,142,950	3,172,522	29,572	0.9%
Economic Development	95,265,322	68,772,992	(26,492,330)	(27.8%)
Environmental Management	27,254,094	27,516,242	262,148	1.0%
Golf Fund	8,671,369	9,069,119	397,750	4.6%
Transient Occupancy Tax	4,570,086	3,037,686	(1,532,400)	(33.5%)
Transportation	284,511,609	320,081,779	35,570,170	12.5%
Water Resources	207,347,736	230,013,238	22,665,502	10.9%
Airport System	503,319,043	450,247,936	(53,071,107)	(10.5%)
Waste Management & Recycling	228,282,920	221,437,270	(6,845,650)	(3.0%)
Capital Projects Funds	70,101,238	58,974,688	(11,126,550)	(15.9%)
Debt Service Funds	36,777,991	36,777,991	0	0.0%
Other Special Revenue Funds	108,699,858	107,282,061	(1,417,797)	(1.3%)
Other Enterprise Funds	4,878,194	2,900,809	(1,977,385)	(40.5%)
Other Internal Service Funds	464,447,444	505,466,408	41,018,964	8.8%
Other Special Districts & Agencies	403,184,527	393,640,079	(9,544,448)	(2.4%)
Other Restricted Funds	0	274,432	274,432	
Total Appropriations	\$6,411,908,291	\$6,530,111,730	\$118,203,439	1.8%
Total Reimbursements	(\$1,544,031,030)	(\$1,605,315,994)	(\$61,284,964)	4.0%
NET FINANCING USES	\$4,867,877,261	\$4,924,795,736	(\$56,918,475)	(1.2%)

In addition to the General Fund, funds or fund groups with the largest increase include:

- The Semi-discretionary Restricted Funds (Public Safety Sales Tax, 1991 Realignment and 2011 Realignment), with an \$80 million (11%) increase, due to an increase in estimated Semi-discretionary revenue available to be transferred to operating departments in the General Fund as described more fully below.
- Other Internal Services Funds, with a \$41 million (8.8%) increase, due primarily to a \$44.1 million increase in appropriations in the Department of Technology Fund. This reflects a change in budget practices. In prior years, Department of Technology overhead was allocated through non-budgeted accounts. Starting in FY2021-22, departmental overhead is being allocated appropriately as budgeted reimbursements. If that is factored out, the actual increase in appropriations is \$58,000.
- Transportation related funds, with a \$35.6 million (12.5%) increase, due to increased spending on road overlay projects, partly funded by a \$20 million loan from the General Fund, and capital projects, including the Arden Way Complete Streets Phase 1, the Folsom Complete Streets Improvement Phase 1, the Franklin Boulevard Bridge Replacement at Lost Slough, the Power Inn Road Improvements, the 47th Avenue Pedestrian and Bicycle Improvements – Sac City/County Limits to Stockton Boulevard, Hazel Avenue Phase 3, and Elverta Road – Watt Avenue to Dutch Haven projects.
- Water Resources related funds, with a \$22.7 million (10.9%) increase, due primarily to the timing and cost of certain capital projects, including various home elevation projects, the Poppy Ridge Treatment Plant project, various water well projects, the Elder and Gerber Creek Landscape and Irrigation project and the Vineyard Creek Basin at Laguna Creek project.

These and other increases are partially offset by decreases in appropriations in a number of funds, including a \$53.1 million decrease in the Airport System funds due to a reduction in capital and operating costs in response to the potential impact of COVID-19 on airport revenues, a \$26.5 million decrease in the Economic Development Fund due primarily to the annual fluctuation in costs for environmental remediation at the former McClellan Air Force Base and an \$11.1 million reduction in the Capital Projects funds. The latter is the

net result of a \$16 million reduction in the Capital Construction Fund (due to the completion of a number of major projects) and a \$4.9 million increase in the Park Construction Fund (reflecting the receipt of \$2.5 million in General Fund contribution for parks capital needs and capital projects funded with Community Development Block Grant and Proposition 68 revenue).

Semi-discretionary Revenue Restricted Funds

The County receives “Semi-discretionary” revenue, which refers to Proposition 172 and 1991 and 2011 Realignment revenue that the Board generally has the ability to allocate within certain broad parameters. Semi-discretionary revenue is received in restricted funds and then either transferred to the appropriate operating budget as a reimbursement or held in reserve in the restricted funds. The following tables summarize the changes from the FY2020-21 Adopted Semi-discretionary revenue restricted funds’ budgets.

FY2021-22 Recommended Budget			
SEMI-DISCRETIONARY REVENUE RESTRICTED FUNDS - BEGINNING BALANCE			
Fund	FY2020-21 Adopted Beginning Balance	FY2021-22 Recommended Beginning Balance	Difference
Public Safety Sales Tax	\$ -	\$ 1,251,038	\$ 1,251,038
1991 Realignment	\$ 4,012,568	\$ 8,295,593	\$ 4,283,025
2011 Realignment	\$ 1,815,399	\$ 12,856,784	\$ 11,041,385
Total	\$ 5,827,967	\$ 22,403,415	\$ 16,575,448

As can be seen, the estimated beginning balance for the Semi-discretionary revenue restricted funds in the Recommended Budget increased by a total of \$16.6 million. This is due to the projected receipt of significantly more Realignment and Proposition 172 revenue in FY2020-21 than budgeted, reflecting the fact that, when the FY2020-21 Adopted Budget was being prepared, staff over-estimated the negative impact of the COVID-19 pandemic on statewide sales tax revenue, the main source of Proposition 172 and Realignment revenue. During FY2020-21 an additional \$69 million in Semi-discretionary reimbursements was transferred to General Fund departments to offset Net County Cost and approximately \$20 million was retained in the restricted funds, since departments could not identify eligible expenditures that would offset Net County Cost.

FY2021-22 Recommended Budget			
SEMI-DISCRETIONARY REVENUE RESTRICTED FUNDS - REVENUE			
Fund	FY2020-21 Adopted Revenue	FY2021-22 Recommended Revenue	Difference
Public Safety Sales Tax	\$ 116,051,753	\$ 137,437,158	\$ 21,385,405
1991 Realignment	\$ 322,313,343	\$ 335,802,160	\$ 13,488,817
2011 Realignment	\$ 278,151,657	\$ 323,362,361	\$ 45,210,704
Total	\$ 716,516,753	\$ 796,601,679	\$ 80,084,926

As can be seen, overall, Semi-discretionary revenue is projected to increase by approximately \$80.1 million (11.2%) compared to the FY2020-21 Adopted Budget level. Non-CalWORKs Semi-discretionary revenue is projected to increase by approximately \$91.8 million.

In making our Realignment and Proposition 172 revenue projections, we took into consideration estimates from the County’s sales tax consultants, HDL, the State Department of Finance’s estimates in the Governor’s Proposed State Budget and estimates provided by the Legislative Analyst’s Office (LAO), as well as the most recent actual statewide sales tax revenue report provided on April 2 (reflecting revenue received through January 15). The statewide revenue change percentages in the different estimates are shown in the following table.

Statewide Sales Tax Revenue Growth - Selected Estimates			
	LAO	Governor's January Budget	HDL - Statewide
FY2020-21 Percent Change from FY2019-20	-1.17%	2011 Realignment: 5.4%; 1991 Realignment: 5.1%	4.90%
FY2021-22 Percent Change from FY2020-21	-0.79%	2011 Realignment: -2.1%; 1991 Realignment: -0.84%	7.30%
Cumulative Percent Change from FY2019-20	-1.96%	2011 Realignment: 3.3%; 1991 Realignment: 4.26%	12.20%

In the end, we chose a middle range scenario that included the following statewide sales tax percentage change assumptions:

Statewide Sales Tax Revenue Growth Assumptions Used for County Budget			
	2011 Realignment	1991 Realignment	Proposition 172
FY2020-21 Percent Change from FY2019-20	4.50%	3%	3%
FY2021-22 Percent Change from FY2020-21	2%	2%	2%
Cumulative Percent Change from FY2019-20	6.5%	5%	5%

FY2021-22 Recommended Budget			
SEMI-DISCRETIONARY REVENUE RESTRICTED FUNDS - APPROPRIATIONS			
Fund	FY2020-21 Adopted Appropriations	FY2021-22 Recommended Appropriations	Difference
Public Safety Sales Tax	\$ 116,051,753	\$ 136,102,817	\$ 20,051,064
1991 Realignment	\$ 326,325,911	\$ 342,816,257	\$ 16,490,346
2011 Realignment	\$ 279,450,927	\$ 322,889,336	\$ 43,438,409
Total	\$ 721,828,591	\$ 801,808,410	\$ 79,979,819

Semi-discretionary restricted fund appropriations reflect the resources (from revenue and/or use of fund balance) in the funds transferred out (or allocated) as a reimbursement to the relevant operating budgets to cover the cost of providing services. Recommended appropriations total \$801.8 million, an increase of \$80 million (11%) compared to the FY2020-21 Adopted appropriation level. In allocating these funds to different departments, an effort was made to cover eligible expenditures while offsetting the one-time Net County Cost that was used to backfill the significant reductions in Semi-discretionary reimbursements in the FY2020-21 Adopted Budget. That reduction was due to the over-estimation of the negative impact of the COVID-19 pandemic on statewide sales tax revenue. The one-time Net County Cost was available because of the use of Coronavirus Relief Fund (CRF) revenue to offset the salary and benefit costs of existing public safety employees in FY2019-20.

FY2021-22 Recommended Budget			
SEMI-DISCRETIONARY REVENUE RESTRICTED FUNDS - RESERVES			
Fund	FY2020-21 Adopted Reserves	FY2021-22 Recommended Reserves	Difference
Public Safety Sales Tax	\$ -	\$ 2,585,379	\$ 2,585,379
1991 Realignment	\$ -	\$ 1,281,496	\$ 1,281,496
2011 Realignment	\$ 516,129	\$ 13,329,809	\$ 12,813,680
Total	\$ 516,129	\$ 17,196,684	\$ 16,680,555

Due to the projected reduction in Realignment and Proposition 172 revenue in FY2019-20 and FY2020-21 when the FY2020-21 Budget was being prepared, that Budget eliminated almost all Semi-discretionary revenue restricted fund reserves, leaving only \$516,000 in unallocated Community Corrections Planning revenue. The FY2021-22 Recommended Budget reflects a \$16.7 million increase in reserves in these funds as a hedge against the uncertainty associated with the statewide sales tax growth projections.