

County Executive  
Ann Edwards



## County of Sacramento

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June 7, 2023

Members, Board of Supervisors  
County of Sacramento  
700 H Street, Suite 2450  
Sacramento, CA 95814

*RE: Fiscal Year 2023-24 Recommended Budget*

Honorable Members of the Board:

I am pleased to submit the Recommended Budget for Fiscal Year (FY) 2023-24 for your consideration and approval.

The FY 2023-24 Recommended Budget achieves the following important objectives:

- Alignment with community needs as identified in the Community Engagement Plan approved by the Board of Supervisors and implemented for the FY 2022-23 and FY 2023-24 budget processes.
- Addressing the County's obligations and meeting the most critical needs by funding new and enhanced programs (Growth) consistent with the Board's priorities for the FY 2023-24 budget.
- Balancing new program investments and supporting sustainability of budgeted service levels by also meeting the Board's policy goals for General Fund reserves.

The General Fund Budget is balanced as required by State law, but, as in prior years, it is balanced with a significant use of one-time resources, including use of fund balance, which is unspent funding carried over from the prior fiscal year. Approximately \$93 million of the \$110 million estimated available fund balance is recommended to fund General Fund expenditures in FY 2023-24, with the remaining \$17 million set aside in reserves for future year expenditures. With these reserve funding

recommendations, the County will achieve the General Reserves Policy goal of 10 percent of discretionary revenue and reimbursements, as adopted by the Board in 2016.

#### COMMUNITY ENGAGEMENT PLAN AND BOARD BUDGET PRIORITIES

Consistent with the Community Engagement Plan approved by the Board in June 2021, we have conducted an extensive public outreach and engagement process that supported the development of Board priorities for the FY 2022-23 and FY 2023-24 budgets, including the following elements:

- A “Budget in Brief” budget summary and a “Budget Explorer Tool” that allows users to drill down into the County’s budget were both provided and are available on the County’s website.
- Virtual public budget workshops were held in October 2021, and December 2022, to provide information about the County’s budget and budget process, as well as an opportunity for the public to ask questions and provide input.
- In the summer of 2021, County departments conducted outreach with the County’s advisory boards and commissions, upon which almost 600 people serve, to understand their priorities for the County’s budget. Altogether, 59 boards and commissions provided responses, with key themes including affordable housing, homelessness, health and human services, safety, parks, and road infrastructure.
- In the fall of 2021, a professional public opinion research firm engaged by the County conducted a budget priority survey of adult residents of the County, with survey questions reflecting key themes that emerged through the advisory board and commission outreach. The number of respondents totaled 1,153 compared to the target of 800, with a margin of sampling error of  $\pm 3.5$  percent at the 95 percent confidence level. The survey was available in 10 languages, including English.
- In November 2022, following up on the 2021 survey and leading up to a second survey planned for 2023, the same research firm was engaged to conduct budget priority focus groups of County residents, with four two-hour sessions of 8-10 participants each.

In December 2021, the Board adopted budget priorities for the FY 2022-23 budget based on the survey results and other input gathered through the

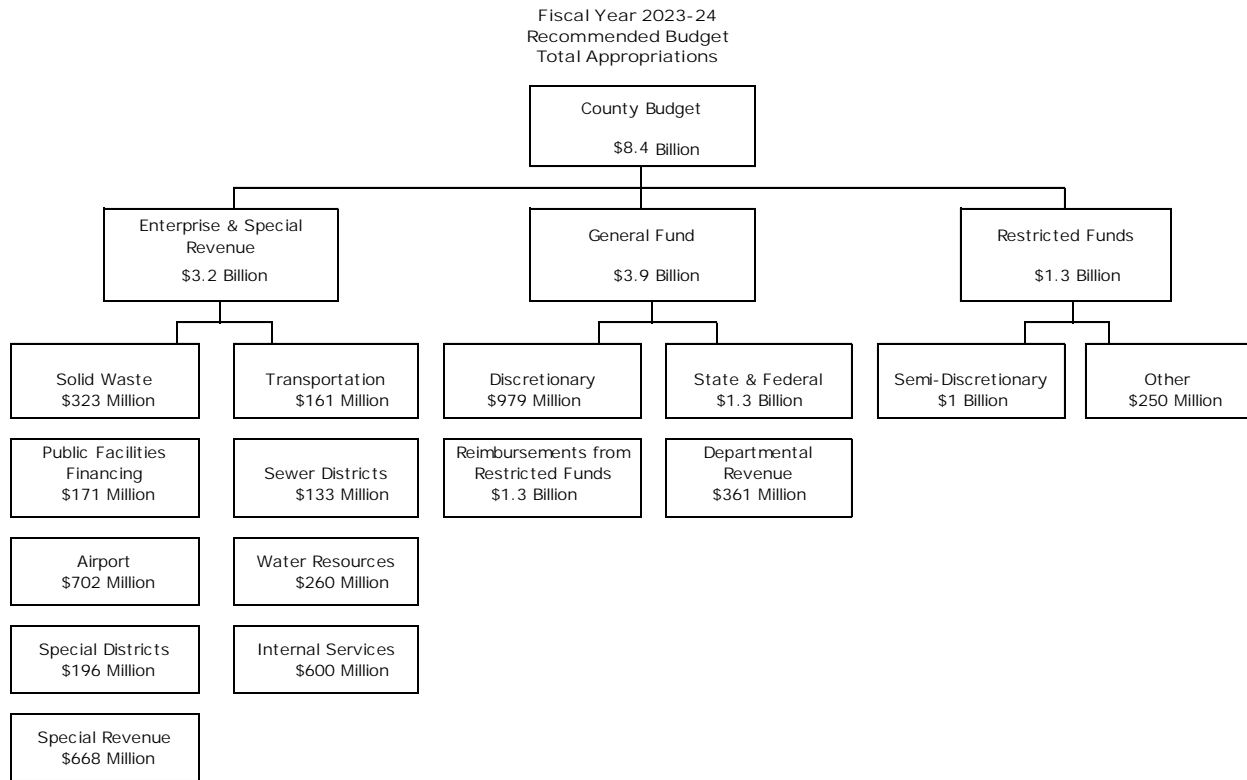
community engagement process. With the findings of the 2022 focus groups aligning with and reinforcing the results of the 2021 survey, in January 2023, staff recommended, and the Board adopted the same budget priorities for the FY 2023-24 budget. The Board's budget priorities for the use of General Fund discretionary resources are:

1. Complying with the County's legal, financial, regulatory and policy obligations, including providing mandated services, ensuring collection of revenues, and complying with the General Reserves policy.
2. Maintaining existing service levels budgeted for County programs, improving effectiveness and efficiency where possible, and limiting the extent to which reductions in categorical revenue are backfilled with discretionary resources.
3. Funding new or enhanced programs that focus on the most critical and urgent needs, with the following priority focus areas identified in a survey of County residents:
  - A Countywide focus area of addressing homelessness and its impacts, including housing, mental health and substance use.
  - An unincorporated focus area of improving the condition of streets and roads.

These priorities were included in the budget instructions provided to departments to ensure alignment between departmental growth requests and Board priorities. Requests were evaluated and recommended for approval based on alignment with those same priorities.

#### ALL FUNDS BUDGET

The Recommended Budget for All Funds totals \$8.4 billion in appropriations, an increase of \$502 million (6.4%) compared to the FY 2022-23 Adopted Budget. The following chart illustrates the distribution of the All Funds Budget.



Of the total \$8.4 billion budgeted, \$3.2 billion in Enterprise and Special Revenue Fund appropriations is funded through utility rates, fees, and other dedicated revenue. Of the General Fund appropriations of \$3.9 billion, approximately \$979 million is funded with discretionary resources, \$1.3 billion with reimbursements from restricted funds, and the remainder with Federal, State, and fee revenue dedicated to specific purposes. Restricted funds represent \$1.3 billion in total appropriations, with \$1.0 billion for semi-discretionary revenue funds (1991 and 2011 Realignment and Proposition 172 Public Safety Sales Tax) and \$250 million in other restricted funds. Appropriations in the restricted funds include amounts transferred to the General Fund to reimburse eligible expenditures in General Fund departments.

A comparison of total appropriations by fund for the FY 2023-24 Recommended Budget and FY 2022-23 Adopted Budget is shown in the table on page 6. Total appropriations by budget unit can be found in Attachment 1.

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

- Airport System funds, with a \$159 million (29.3%) increase, reflecting increases in staffing, services, and construction projects in response to recent and projected growth in demand.
- Special district and agency funds, with a \$56 million (12.4%) increase resulting largely from capital infrastructure projects funded with Community Facilities District bond proceeds and development impact fees.
- Waste Management & Recycling, with a \$51 million (18.6%) increase due largely to additional capital and operating expenditures required to comply with regulations regarding organic material collection.
- 1991 Realignment, with a \$33 million (8.6%) increase as described more fully below.
- Other internal service funds, with a \$34 million (6.0%) increase due largely to salary and benefits cost increases, increased costs for services and supplies, and recommended Growth in internal service fund departments.
- Other special revenue funds, with a \$15 million (12.7%) increase due largely to an increase in appropriations for Development and Code Services resulting primarily from recommended Growth.
- Other restricted funds, with a \$14 million (25.8%) increase resulting largely from increased reimbursements to the General Fund of Health Services and Probation restricted revenues, partially offset by lower reimbursements of District Attorney restricted revenues.
- Mental Health Services Act, with a \$13 million (8.7%) increase reflecting additional reimbursements to the Health Services budget unit for expenditures on behavioral health services, including \$5 million in recommended Growth.

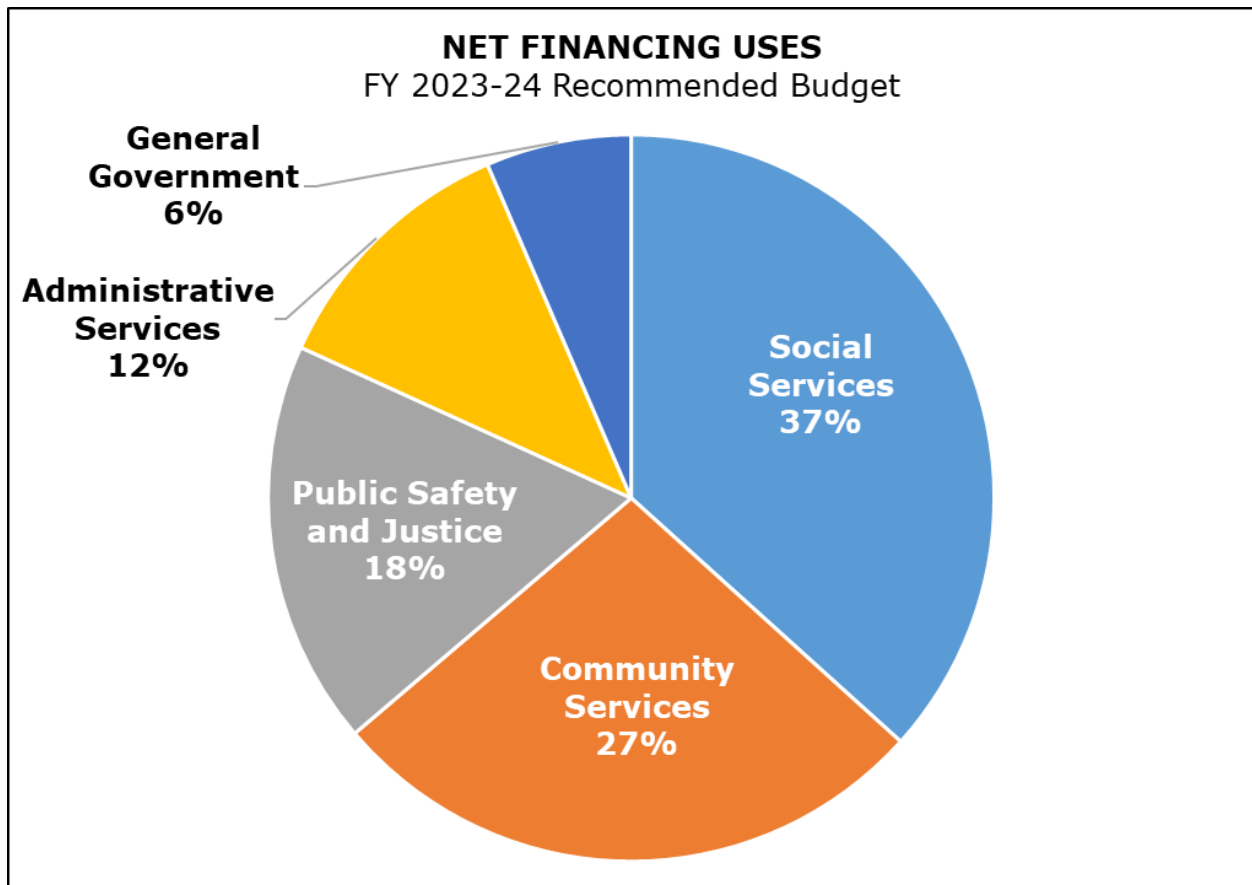
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ALL FUNDS BUDGET - TOTAL APPROPRIATIONS

Fund or Fund Type	FY 2022-23 Adopted Budget	FY 2023-24 Recommended Budget	Difference	%
General Fund	\$ 3,680,250,303	\$ 3,895,252,093	\$ 215,001,790	5.8%
Community Investment Program	91,104	91,104	-	0.0%
Neighborhood Revitalization	4,797,897	4,707,484	(90,413)	-1.9%
Mental Health Services Act	151,288,738	164,392,768	13,104,030	8.7%
Public Safety Sales Tax	184,486,953	184,479,202	(7,751)	0.0%
1991 Realignment	384,930,729	418,072,394	33,141,665	8.6%
2011 Realignment	447,713,938	432,888,308	(14,825,630)	-3.3%
Clerk/Recorder Fees	6,264,853	7,225,588	960,735	15.3%
SSD Restricted Revenue	10,617,851	9,505,692	(1,112,159)	-10.5%
Economic Development	104,872,768	93,865,656	(11,007,112)	-10.5%
Environmental Management	28,084,546	29,406,186	1,321,640	4.7%
Golf Fund	10,357,893	9,442,408	(915,485)	-8.8%
Transient Occupancy Tax	5,421,066	4,701,809	(719,257)	-13.3%
Transportation	399,168,306	373,402,419	(25,765,887)	-6.5%
Water Resources	288,755,391	260,365,981	(28,389,410)	-9.8%
Airport System	543,146,831	702,207,682	159,060,851	29.3%
Waste Management & Recycling	272,444,565	323,194,623	50,750,058	18.6%
Capital Projects Funds	142,697,640	136,667,908	(6,029,732)	-4.2%
Debt Service Funds	38,499,295	38,499,295	-	0.0%
Other Special Revenue Funds	116,533,476	131,291,140	14,757,664	12.7%
Other Enterprise Funds	3,921,563	3,003,934	(917,629)	-23.4%
Other Internal Service Funds	566,367,997	600,357,198	33,989,201	6.0%
Other Special Districts & Agencies	448,118,782	503,680,489	55,561,707	12.4%
Other Restricted Funds	54,951,459	69,130,316	14,178,857	25.8%
Total Appropriations	\$ 7,893,783,944	\$ 8,395,831,677	\$502,047,733	6.4%
Total Reimbursements	\$(2,029,695,355)	\$(2,125,523,667)	\$ (95,828,312)	4.7%
NET FINANCING USES	\$ 5,864,088,589	\$ 6,270,308,010	\$ 406,219,421	6.9%

As shown in the table above, reimbursements between and within funds account for \$2.1 billion of the \$8.4 billion in total appropriations, for net financing uses of \$6.3 billion.

The chart below shows how the \$6.3 billion in net financing uses, including semi-discretionary reimbursements in the Social Services and Public Safety and Justice departments, is distributed by major functional area in the County's budget.



#### General Fund Overview

The table below provides a summary of changes in the General Fund budget, with total appropriations of \$3.9 billion, an increase of \$215 million (5.8%) compared to the FY 2022-23 Adopted Budget.

FY 2023-24 Recommended Budget  
GENERAL FUND

	FY 2022-23 Adopted Budget	FY 2023-24 Recommended Budget	Difference
<b>Resources</b>			
Beginning Available Balance	\$ 244,537,543	\$ 110,000,000	\$ (134,537,543)
Reserve Cancellation	871,260	16,146,011	15,274,751
Discretionary Revenue & Reimbursements	825,734,013	870,484,274	44,750,261
Semi-discretionary Reimbursements	1,017,131,620	1,035,439,904	18,308,284
Other Reimbursements	392,236,590	433,860,075	41,623,485
Departmental Revenue	1,369,793,308	1,447,010,553	77,217,245
Total Revenue & Reimbursements	\$3,604,895,531	\$3,786,794,806	\$181,899,275
Total Resources	\$3,850,304,334	\$3,912,940,817	\$ 62,636,483
<b>Requirements</b>			
Contingency	\$ 27,000,000	\$ 13,016,488	\$ (13,983,512)
Other Net County Cost	874,088,785	965,925,073	91,836,288
Total Net County Cost	\$ 901,088,785	\$ 978,941,561	\$ 77,852,776
Other Appropriations	2,779,161,518	2,916,310,532	137,149,014
Total Appropriations	\$3,680,250,303	\$3,895,252,093	\$215,001,790
Provision for Reserves	170,054,031	17,688,724	(152,365,307)
Total Requirements	\$3,850,304,334	\$3,912,940,817	\$ 62,636,483

As described more fully in the following sections, the General Fund budget reflects the following sources and uses of discretionary resources:

- A \$110 million estimated beginning available balance, substantially less than the current year beginning available balance of \$245 million.
- \$16 million of reserve cancellations to fund expenditures for which the reserves were established (e.g., for the new property tax system).
- \$870 million of funding from discretionary revenue and reimbursements, representing a \$45 million (5.4%) increase compared to the FY 2022-23 Adopted Budget.



- \$979 million of Net County Cost (NCC), or appropriations funded with discretionary resources, including revenue, fund balance, and reserve cancellations.
- \$17 million in additional reserve contributions to be available for future year expenditures.

The General Fund budget includes a total of \$138 million for new or enhanced programs (Growth), including \$25 million of Net County Cost, with major investments in Board priority areas, including complying with the County's obligations related to the Mays Consent Decree, and addressing homelessness, behavioral health, and other critical needs in the community, as described more fully in the New and Enhanced Program section of this letter.

## General Fund Discretionary Resources

### Available Fund Balance

The beginning General Fund available fund balance carryforward is estimated to be \$110 million based on estimated FY 2022-23 revenues and expenditures as of January 2023. The actual available fund balance carryforward will be updated in the Revised Recommended Budget once actual FY 2022-23 revenues and expenditures are known after the close of the fiscal year.

Because fund balance is one-time funding, it should not be considered a sustainable source of funding for ongoing expenditures. While the Recommended Budget does include setting aside approximately \$17 million of the \$110 million in reserves, the remaining amount of \$93 million is used to fund budgeted Net County Cost expenditures.

### Discretionary Revenue and Reimbursements

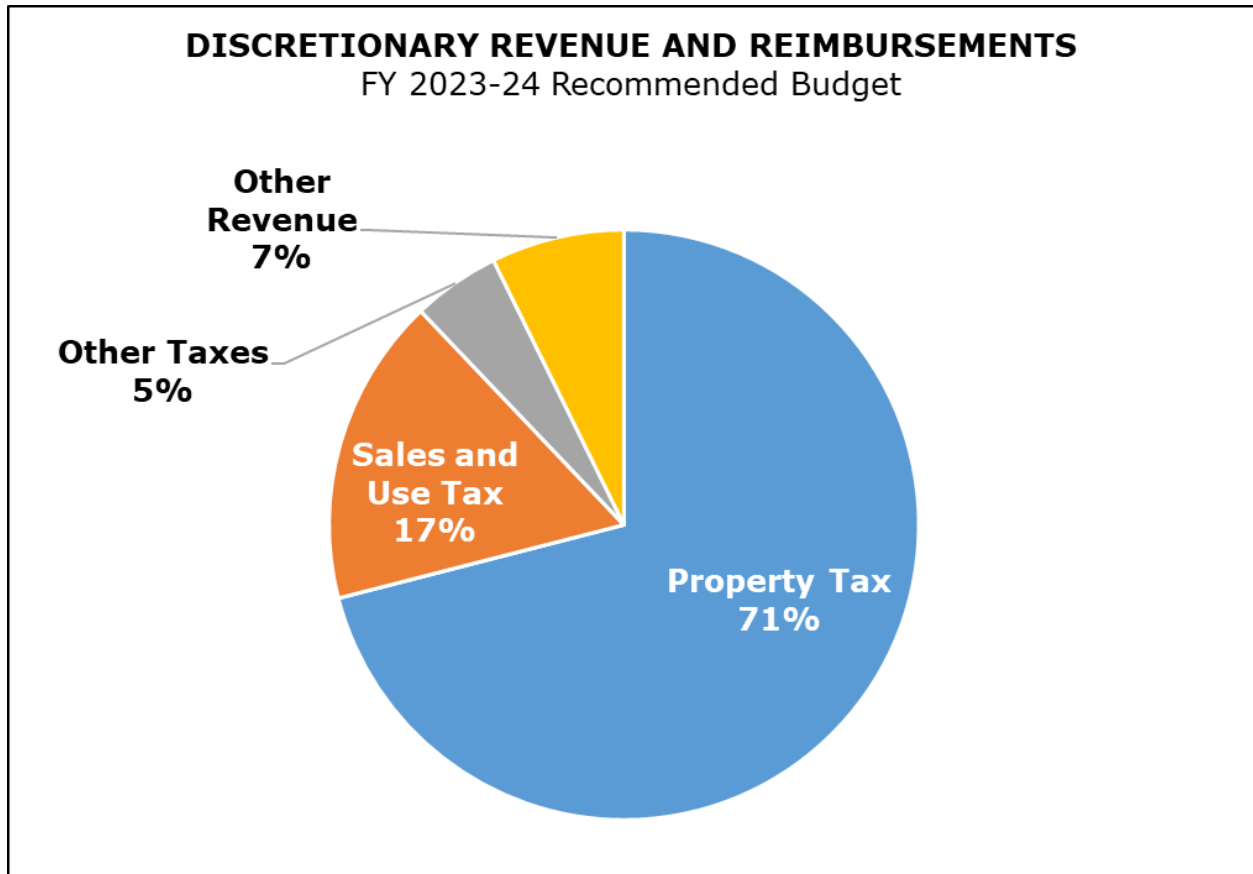
General Fund discretionary revenue includes property tax, sales and use tax, other taxes, and discretionary revenue from other sources. As shown in the table below, discretionary revenue and reimbursements are projected to total \$870 million in FY 2023-24, an increase of \$45 million (5.4%) compared to the FY 2022-23 Adopted Budget. The increase in discretionary revenue and reimbursements results primarily from projected increases in property tax and sales and use tax revenues as described below.

FY 2023-24 Recommended Budget  
DISCRETIONARY REVENUE AND REIMBURSEMENTS

	FY 2022-23 Adopted Budget	FY 2023-24 Recommended Budget	Difference
Property Tax - Secured/VLF in Lieu	\$ 535,784,643	\$ 572,709,096	\$ 36,924,453
Property Tax - Supplemental	8,779,094	10,556,746	1,777,652
Other Property Tax	20,305,034	20,388,042	83,008
Total Property Tax	\$ 564,868,771	\$ 603,653,884	\$38,785,113
Sales and Use Tax	\$ 142,624,575	\$ 147,085,072	\$ 4,460,497
Utility User Tax	20,975,000	21,395,000	420,000
Transient Occupancy Tax	6,496,000	6,431,000	(65,000)
Property Transfer Tax	14,000,000	14,000,000	-
Other Revenue	63,390,950	63,537,197	146,247
Total Revenue	\$ 812,355,296	\$ 856,102,153	\$43,746,857
Teeter	13,378,717	14,382,121	1,003,404
Total Reimbursements	\$ 13,378,717	\$ 14,382,121	\$ 1,003,404
Total	\$ 825,734,013	\$ 870,484,274	\$44,750,261

Property Taxes: As shown in the chart below, property taxes, including related Teeter reimbursements, represent nearly three quarters (71%) of discretionary revenue and reimbursements. FY 2023-24 property tax revenue is projected to be \$604 million, an increase of \$39 million (6.9%) compared to the FY 2022-23 Adopted Budget. The projected increase in property tax revenue results from increases in assessed property value due to new construction and transfers of ownership during FY 2022-23, restoration of value for properties that had values reduced under Proposition 8, and a statutory two percent value escalation.

While FY 2023-24 tax revenues are based on assessed property values as of January 1, 2023, which are currently estimated to result in a 6.9 percent property tax revenue increase compared to the FY 2022-23 Adopted Budget, future revenues could be negatively impacted by declining property values. Over the last year, Federal Reserve action to increase interest rates to slow inflation has resulted in higher mortgage rates, negatively impacting the volume and price of home sales. Continued rising interest rates also increase the risk of an economic recession and broader labor market impacts, which could negatively impact a broad range of revenues received by the County, including property tax revenues.



*Sales and Use Taxes:* As shown above, sales and use taxes represent the next largest category of discretionary revenue and reimbursements, at approximately 17 percent. FY 2023-24 sales and use tax revenue is projected to be \$147 million, an increase of \$5 million (3.1%) compared to the FY 2022-23 Adopted Budget, reflecting a slowdown of growth compared to recent years as consumer spending and inflation have moderated following the post-pandemic recovery.

*Other Revenue:* While the increase in discretionary revenue and reimbursements results largely from projected increases in property tax and sales and use tax revenues as described above, new revenue for FY 2023-24 includes the following sources categorized as other revenue:

- \$1.8 million of backfill revenue from the State due to criminal justice administrative fees repealed by Assembly Bill (AB) 177. While this revenue is discretionary, its use must be reported to the State annually. Staff recommends that amounts received for

FY 2022-23, FY 2023-24, and for future years be reported as spent on discretionary (Net County Cost) funded programs in the Public Defender's budget that are intended to reduce the population in the County's jails.

- \$915,000 from Wilton Rancheria for payments under the terms of an agreement with the County associated with impacts of a recently opened casino. Under the terms of the agreement, payments will escalate each year, with larger increases in years two through five and two percent annual escalators beginning in year six. The Revised Recommended Budget and future year budgets will reflect certain portions of these payments as departmental revenues.

#### Semi-Discretionary Revenue and Reimbursements

The County receives "semi-discretionary" revenue (1991 and 2011 Realignment and Proposition 172 Public Safety Sales Tax) that the Board could allocate within certain broad parameters, primarily for services provided by the County's social services and public safety departments. Semi-discretionary revenue is received in restricted funds and then either transferred to the appropriate operating budget as a reimbursement in the General Fund or held in reserve in the restricted funds.

As shown in the table below, total semi-discretionary revenues are estimated to be \$993 million in FY 2023-24, an increase of \$24 million (2.5%) compared to the FY 2022-23 Adopted Budget. In developing the estimates of semi-discretionary revenues, we assumed growth rates for Statewide sales taxes based on the average of the estimated growth rates used in the Governor's FY 2023-24 January budget and those developed by the County's sales tax consultant, HdL. In general, this approach results in assumed growth of approximately two percent for FY 2022-23 Statewide sales tax revenue and approximately one percent for FY 2023-24, mirroring the slowdown of growth reflected in the County's discretionary local sales tax revenue and reflecting a slowing of consumer spending and lower inflation.

FY 2023-24 Recommended Budget  
SEMI-DISCRETIONARY RESTRICTED FUNDS - REVENUE

Fund	FY 2022-23 Adopted Budget	FY 2023-24 Recommended Budget	Difference
Public Safety Sales Tax	\$ 174,266,899	\$ 177,198,704	\$ 2,931,805
1991 Realignment	351,378,862	392,463,776	41,084,914
2011 Realignment	443,599,725	423,617,865	(19,981,860)
Total	\$969,245,486	\$993,280,345	\$ 24,034,859

Additionally, the semi-discretionary revenue funds are estimated to have a combined beginning fund balance of \$117 million, including reserves of \$72 million. To mitigate the impact of lower revenues available in FY 2023-24 due to unusually large growth payments received during FY 2022-23, the Recommended Budget includes the release of approximately \$26 million of semi-discretionary reserves for certain categories to fund General Fund expenditures that otherwise would be funded with Net County Cost.

For other semi-discretionary categories, additional provisions for reserve are recommended due to available resources exceeding estimated FY 2023-24 eligible expenditures or to better align ongoing funding with ongoing expenditures. The net result of the recommended reserve releases and additional reserve provisions is a \$3 million increase in reserves, for total semi-discretionary reserves of \$75 million, which would be available to maintain program funding in the event of future year revenue declines.

FY 2023-24 Recommended Budget  
SEMI-DISCRETIONARY REVENUE RESTRICTED FUNDS - RESERVES

Fund	FY 2022-23 Adopted Budget	FY 2023-24 Recommended Budget	Difference
Public Safety Sales Tax	\$ 7,280,498	\$ -	\$ (7,280,498)
1991 Realignment	35,411,937	19,343,889	(16,068,048)
2011 Realignment	29,051,245	55,122,297	26,071,052
Total	\$ 71,743,680	\$ 74,466,186	\$ 2,722,506

As shown in the table below, the Recommended Budget includes semi-discretionary reimbursements in the General Fund of \$1.035 billion, an

increase of \$18 million (1.8%) compared to the FY 2022-23 Adopted Budget. Non-CalWORKs semi-discretionary reimbursements of \$862 million fund eligible General Fund expenditures that otherwise would be funded with discretionary resources (Net County Cost) and represent a slight decrease of \$4 million (0.4%) compared to the FY 2022-23 Adopted Budget.

FY 2023-24 Recommended Budget

SEMI-DISCRETIONARY APPROPRIATIONS/REIMBURSEMENTS

	FY 2022-23 Adopted Budget	FY 2023-24 Recommended Budget	Difference
Enhancing Law Enforcement Activities	\$ 22,188,559	\$ 23,687,340	\$ 1,498,781
Law Enforcement Services	143,275,259	127,392,060	(15,883,199)
Behavioral Health	109,969,700	119,144,511	9,174,811
Protective Services	172,280,420	162,664,397	(9,616,023)
Total 2011 Realignment	\$ 447,713,938	\$ 432,888,308	\$ (14,825,630)
Mental Health	\$ 69,752,529	\$ 65,990,994	\$ (3,761,535)
Public Health	17,899,603	18,128,293	228,690
Social Services	146,017,390	160,570,493	14,553,103
Total 1991 Realignment - Non-CalWORKs	\$ 233,669,522	\$ 244,689,780	\$ 11,020,258
CalWORKs	151,261,207	173,382,615	22,121,408
Total 1991 Realignment	\$ 384,930,729	\$ 418,072,395	\$ 33,141,666
Proposition 172	184,486,953	184,479,202	(7,751)
Total	\$ 1,017,131,620	\$ 1,035,439,905	\$ 18,308,285
Total Semi-discretionary Reimbursement - Non-CalWORKs	\$ 865,870,413	\$ 862,057,290	\$ (3,813,123)

General Fund Departmental Revenue and Reimbursements

General Fund departmental revenues and reimbursements are budgeted at \$1.881 billion for FY 2023-24, an increase of \$119 million or 6.7 percent compared to the FY 2022-23 Adopted Budget. Budget units with the largest increases in departmental revenue are described below.

- Health Services, with a \$141 million (27.3%) increase resulting from new and increasing revenue streams including increased

Mental Health Services Act (MHSA) revenues, opioid settlement payments, and Medi-Cal payment reform. The additional revenue and reimbursements in the Health Services budget fund \$84 million of recommended Growth for FY 2023-24, with the remaining \$57 million funding base budget appropriations.

- Human Assistance – Aid Payments, with a \$25 million (18.8%) increase due primarily to an increase in CalWORKs revenue as a result of the continued increase in caseloads due to an extension of the CalWORKs time limit for aid.
- Child, Family and Adult Services, with a \$22 million (13.3%) increase resulting from additional Federal and State revenue, including revenue funding \$14 million in recommended Growth.

In some cases, reductions in departmental revenue and reimbursements result from changes in associated appropriations. These include:

- Financing-Transfers/Reimbursements, with a \$35 million (100%) reduction resulting from one-time American Rescue Plan Act State and Local Fiscal Recovery Fund (ARPA) revenue replacement funding in FY 2022-23.
- Human Assistance-Administration, with a \$70 million (17.4%) reduction resulting from a shift of homelessness-related revenue now budgeted in the newly formed Homeless Services and Housing budget as well as completion of the federally funded Emergency Rental Assistance Program (ERAP) in FY 2022-23.

#### Categorical Revenue Reductions

Certain departments have identified programmatic impacts that would result from anticipated reductions in revenue designated for a specific purpose (categorical revenue). In cases where departments identify a need to continue these programs in the absence of dedicated revenue, Growth requests are submitted for the use of discretionary funding to backfill the lost revenue. In cases where departments do not identify the need to continue the program, the revenue and appropriations are removed from the department's budget.

The following categorical reduction is recommended to be restored with additional funding reflected as recommended Growth:

- \$0.8 Million for Department of Finance Division of Revenue Recovery: The Department of Finance, Division of Revenue Recovery is experiencing revenue loss due to recent State legislation eliminating criminal administrative fees. Without additional funding, this reduction would result in the elimination of eight positions, impacting the division's ability to provide billing, collection, and victim restitution services in a timely manner. To avoid this negative impact, this reduction is restored with recommended Growth, funded with a combination of additional departmental revenue and General Fund discretionary resources (Net County Cost).

Recommended categorical reductions for which departments did not identify the need for additional funding are:

- \$0.4 Million for Homeless Services and Housing: This reduction represents the loss of one-time categorical funding (CARES – Community Development Block Grant II) for a one-time pilot to provide 90 days of transitional housing through a scattered-site model for individuals exiting Rio Cosumnes Correctional Center and other jails, benefiting a maximum of 10-15 individuals per night. On March 28, 2023, the Board redirected funding to ensure continued operations of the larger scattered site sheltering program. The combination of existing and redirected funding is sufficient to continue operations of these 15 beds, which will be folded into the re-design of the larger scattered site shelter program.
- \$0.2 Million for the Public Defender: The Public Defender anticipates loss in categorical funding originally received in October 2019, from the Bureau of Justice Assistance to create a pretrial support program aimed at connecting clients to mental health services. While this reduction results in the elimination of two vacant limited term social worker positions, the Public Defender has had difficulty filling these positions and, therefore, there will be minimal impact on the program. New approaches and needs are being considered that will improve and expand the current pretrial and mental health diversion services that are already being provided.



The Recommended Budget includes \$61 million of American Rescue Plan Act (ARPA) revenue reflected in departments’ budgets for Board-approved projects, including those listed above.

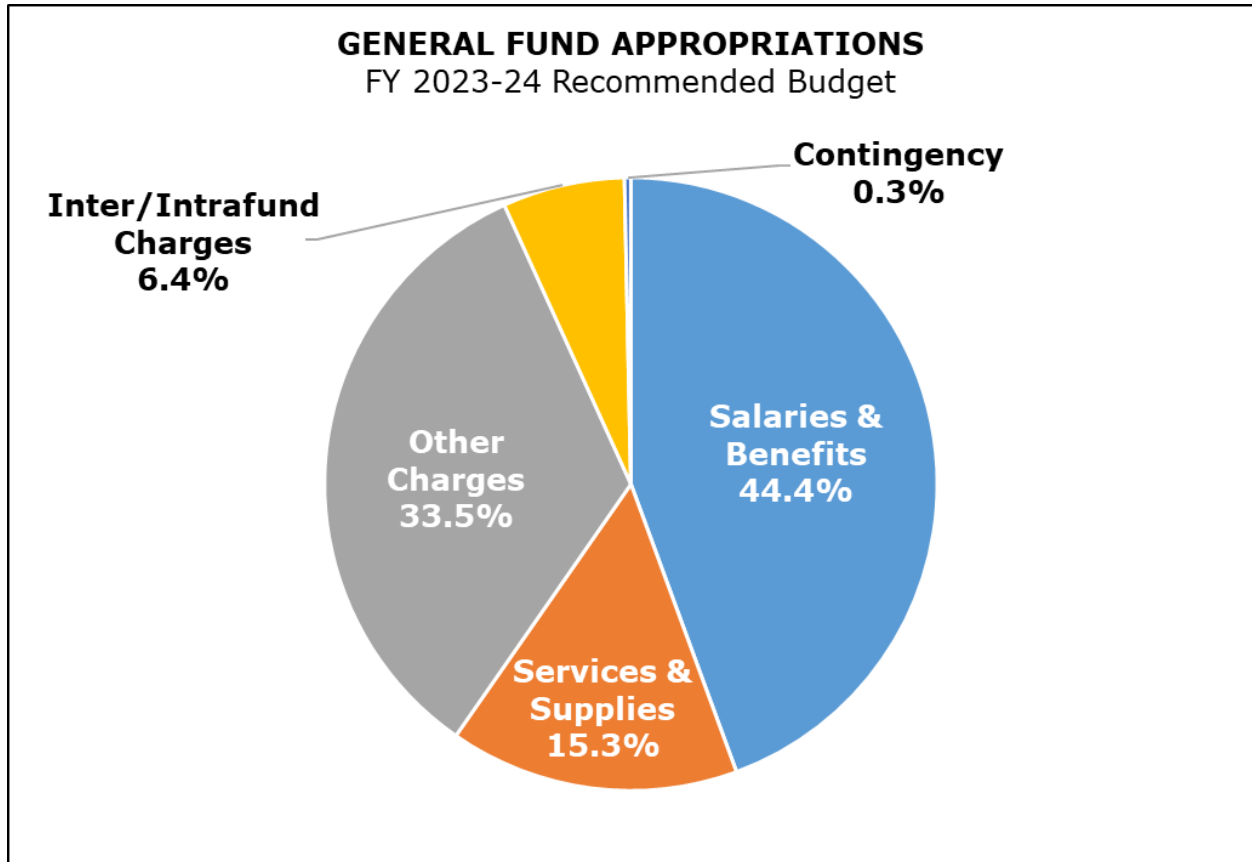
General Fund Appropriations

The Recommended General Fund Budget totals \$3.9 billion in appropriations, an increase of \$215 million (5.8%) compared to the FY 2022-23 Adopted Budget. As shown in the table below, this increase is the result of \$138 million in appropriations for recommended new or enhanced programs (Growth) and an increase in base budget appropriations for existing programs and services of \$77 million, net of the \$1.5 million of program reductions described above.

FY 2023-24 Recommended Budget  
GENERAL FUND APPROPRIATIONS

	FY 2022-23 Adopted Budget	FY 2023-24 Recommended Budget	Difference
Base Appropriations	\$ 3,680,250,303	\$ 3,758,804,751	\$ 78,554,448
Program Reductions		(1,538,501)	(1,538,501)
Recommended Growth		137,985,843	137,985,843
Total Appropriations	\$3,680,250,303	\$3,895,252,093	\$ 215,001,790

General Fund appropriations by expenditure type are displayed in the chart below.



Key factors and assumptions impacting general Fund base budget appropriations include:

- Salary and benefit cost increases resulting from negotiated labor agreements, including a 4% cost of living adjustment (COLA) effective July 1, 2023, as well as equity adjustments and other supplemental pay items.
- Increased cost of supplies and contract service provider rates, including those for behavioral health services, resulting from price inflation for goods and services.
- An increase in aid payment appropriations due to the increase in expected CalWORKs caseloads described above.

- A recommended \$14 million decrease in the General Fund Appropriation for Contingency due to previously uncertain costs, including those resulting from labor negotiations and compliance with the Mays Consent Decree, now being reflected in departmental appropriations.
- Reduction in appropriations for one-time amounts included in the FY 2022-23 Adopted Budget.
- As previously described in the Departmental Revenues and Reimbursements section, appropriation reductions resulting from certain categorical revenue reductions not recommended for backfill with discretionary resources.

Increases in appropriations as a result of recommended Growth are described in the New or Enhanced Programs section of this letter.

#### Discretionary and Semi-Discretionary Resource Allocation

“Net County Cost” refers to the discretionary resources allocated to departments or programs and is the “net” of appropriations minus departmental revenue, semi-discretionary, and other reimbursements. Discretionary resources come from the General Fund’s discretionary revenues and reimbursements and the General Fund beginning balance. Net County Cost in the Recommended Budget for General Fund departments totals \$979 million, an increase of \$78 million (8.6%) compared to the FY 2022-23 Adopted Budget and is shown for each budget unit in the table on page 22.

Because increases or decreases in Net County Cost are in part driven by increases or decreases in semi-discretionary reimbursements, looking at discretionary and semi-discretionary resources combined provides a more complete picture of the centrally allocated resources funding each budget unit. The table on page 23 compares the allocation of all discretionary and semi-discretionary resources in the FY 2023-24 Recommended Budget and the FY 2022-23 Adopted Budget.

As can be seen in that table, the total amount of discretionary and semi-discretionary resources allocated to budget units in the Recommended Budget is approximately \$96 million (5.0%) higher than in the FY 2022-23 Adopted Budget. The budget units with the largest increase include:

- Sheriff, with a \$35 million (6.7%) increase due to salary and benefit cost increases for existing staff; increases in charges from internal service departments; inflationary increases for inmate food, fuel, and other supplies; a reduction in Federal inmate revenue due to efforts to reduce the jail population; and \$3.6 million of recommended Growth, primarily to address the County's obligations under the Mays Consent Decree.
- Homeless Services and Housing, with \$31 million for this new budget unit effective July 1, 2023, primarily resulting from base budget moved from Human Assistance – Administration and County Executive Cabinet and \$0.8 million of recommended Growth described below.
- Human Assistance – Aid Payments, with a \$27 million (10.0%) increase due to increases in CalWORKS-related realignment and increases in the County share of CalWORKS costs described above as well as expiration of enhanced Federal financial participation during the public health emergency, resulting in increased County share of cost for foster care and adoptions programs.
- Correctional Health Services, with a \$15 million (19.3%) increase due to salary and benefit cost increases for existing staff; a reduction in Federal inmate revenue due to efforts to reduce the jail population; and \$6.4 million of recommended Growth described below, primarily to address the County's obligations under the Mays Consent Decree.
- Probation, with a \$12 million (7.4%) increase due to salary and benefit cost increases for existing staff; increases in charges from other departments; and \$2.2 million of recommended Growth described below.
- Child, Family, and Adult Services, with an \$11 million (8.9%) increase due to salary and benefit cost increases for existing staff; increases in charges from other departments; and \$3.0 million of recommended Growth described below.
- District Attorney, with a \$9 million (9.5%) increase due to salary and benefit cost increases for existing staff; increases in charges from other departments; a reduction in departmental revenues and reimbursements resulting from lower caseloads in funded programs; and \$1.7 million of recommended Growth described below.
- Health Services, with an \$8 million (3.8%) increase due primarily to base budget increases, including salary and benefit costs for existing staff.

- Public Defender, with a \$6 million (12.8%) increase due to salary and benefit cost increases for existing staff; increases in charges from other departments; and \$4.2 million of recommended Growth (funded with Net County Cost and semi-discretionary Assembly Bill (AB 109 funding) as discussed later in the letter.

Fiscal Year 2023-24 Recommended Budget

NET COUNTY COST				
Budget Unit - Name	FY 2022-23 Adopted Budget	FY 2023-24 Recommended Budget	Difference	%
<b>Elected Officials</b>				
3610000BU - Assessor	10,335,066	12,139,891	1,804,825	17.5%
4050000BU - Board of Supervisors	4,751,738	4,889,054	137,316	2.9%
5800000BU - District Attorney	71,976,524	80,612,224	8,635,700	12.0%
7400000BU - Sheriff	310,377,224	358,915,659	48,538,435	15.6%
<b>Subtotal - ELECTED OFFICIALS</b>	<b>397,440,552</b>	<b>456,556,828</b>	<b>59,116,276</b>	<b>14.9%</b>
<b>General Government</b>				
4010000BU - Clerk of the Board	2,440,183	2,921,073	480,890	19.7%
4210000BU - Civil Service Commission	421,961	458,037	36,076	8.5%
4810000BU - County Counsel	3,660,367	3,706,607	46,240	1.3%
5110000BU - Financing-Transfers/Reimbursement	32,458,635	4,854,293	(27,604,342)	-85.0%
5730000BU - County Executive Cabinet	2,153,317	1,182,188	(971,129)	-45.1%
5770000BU - Non-Departmental Costs/General Fund	24,738,023	25,058,032	320,009	1.3%
5910000BU - County Executive	915,630	-	(915,630)	-100.0%
5980000BU - Appropriation For Contingency	27,000,000	13,016,488	(13,983,512)	-51.8%
<b>Subtotal - GENERAL GOVERNMENT</b>	<b>93,788,116</b>	<b>51,196,718</b>	<b>(42,591,398)</b>	<b>-45.4%</b>
<b>Administrative Services</b>				
3230000BU - Department Of Finance	2,342,040	2,365,162	23,122	1.0%
3240000BU - County Clerk/Recorder	346,174	-	(346,174)	-100.0%
4410000BU - Voter Registration And Elections	12,940,517	13,720,613	780,096	6.0%
5710000BU - Data Processing-Shared Systems	25,823,301	28,175,054	2,351,753	9.1%
5740000BU - Office of Compliance	8,363	-	(8,363)	-100.0%
5920000BU - Contribution To LAFCO	246,685	256,552	9,867	4.0%
5970000BU - Office of Labor Relations	18,713	-	(18,713)	-100.0%
6050000BU - Personnel Services	781,915	-	(781,915)	-100.0%
7090000BU - Emergency Services	1,849,893	1,905,167	55,274	3.0%
<b>Subtotal - ADMINISTRATIVE SERVICES</b>	<b>44,357,601</b>	<b>46,422,548</b>	<b>2,064,947</b>	<b>4.7%</b>
<b>Community Services</b>				
3210000BU - Agricultural Comm-Sealer Of Wts & Meas	1,656,132	1,656,132	-	0.0%
3220000BU - Animal Care Services	13,397,985	13,316,042	(81,943)	-0.6%
3260000BU - Wildlife Services	75,014	165,969	90,955	121.3%
3310000BU - Cooperative Extension	483,954	548,126	64,172	13.3%
4660000BU - Fair Housing Services	228,067	226,342	(1,725)	-0.8%
5720000BU - Community Development	10,681,833	12,010,494	1,328,661	12.4%
6400000BU - Regional Parks	15,753,536	16,388,794	635,258	4.0%
<b>Subtotal - COMMUNITY SERVICES</b>	<b>42,276,521</b>	<b>44,311,899</b>	<b>2,035,378</b>	<b>4.8%</b>
<b>Public Safety And Justice</b>				
4522000BU - Contribution To The Law Library	13,083	13,856	773	5.9%
4610000BU - Coroner	8,922,858	9,659,630	736,772	8.3%
5020000BU - Court / Non-Trial Court Operations	9,408,327	9,371,922	(36,405)	-0.4%
5040000BU - Court / County Contribution	24,468,756	24,468,756	-	0.0%
5510000BU - Conflict Criminal Defenders	11,744,193	11,220,773	(523,420)	-4.5%
5660000BU - Grand Jury	306,673	360,949	54,276	17.7%
5750000BU - Justice Planning, Analytics and Coordination	8,274	33,605	25,331	306.2%
5780000BU - Office of Inspector General	165,279	186,201	20,922	12.7%
6700000BU - Probation	74,087,108	79,927,678	5,840,570	7.9%
6760000BU - Care In Homes And Inst-Juv Court Wards	1,280,000	625,000	(655,000)	-51.2%
6910000BU - Public Defender	45,060,894	49,565,749	4,504,855	10.0%
<b>Subtotal - PUBLIC SAFETY AND JUSTICE</b>	<b>175,465,445</b>	<b>185,434,119</b>	<b>9,968,674</b>	<b>5.7%</b>
<b>Social Services</b>				
2820000BU - Veteran's Facility	16,452	-	(16,452)	-100.0%
5820000BU - Homeless Services and Housing	-	28,763,123	28,763,123	
7200000BU - Health Services	21,784,250	24,109,031	2,324,781	10.7%
7230000BU - Juvenile Medical Services	4,856,923	5,984,686	1,127,763	23.2%
7250000BU - IHSS Provider Payments	-	-	-	
7270000BU - Health - Medical Treatment Payments	199,142	199,142	-	0.0%
7410000BU - Correctional Health Services	49,270,572	73,794,499	24,523,927	49.8%
7800000BU - Child, Family and Adult Services	20,856,385	33,803,550	12,947,165	62.1%
8100000BU - Human Assistance-Administration	38,193,563	10,181,107	(28,012,456)	-73.3%
8700000BU - Human Assistance-Aid Payments	12,583,263	18,184,311	5,601,048	44.5%
<b>Subtotal - SOCIAL SERVICES</b>	<b>147,760,550</b>	<b>195,019,449</b>	<b>47,258,899</b>	<b>32.0%</b>
<b>Total General Fund Dept</b>	<b>901,088,785</b>	<b>978,941,561</b>	<b>77,852,776</b>	<b>8.6%</b>

Fiscal Year 2023-24 Recommended Budget

Net County Cost and Semi-Discretionary Resources				
Budget Unit - Name	FY 2022-23 Adopted Budget	FY 2023-24 Recommended Budget	Difference	%
<b>Elected Officials</b>				
3610000BU - Assessor	10,335,066	12,139,891	1,804,825	17.5%
4050000BU - Board of Supervisors	4,751,738	4,889,054	137,316	2.9%
5800000BU - District Attorney	96,138,563	105,226,428	9,087,865	9.5%
7400000BU - Sheriff	525,600,560	561,028,425	35,427,865	6.7%
<b>Subtotal - ELECTED OFFICIALS</b>	<b>636,825,927</b>	<b>683,283,798</b>	<b>46,457,871</b>	<b>7.3%</b>
<b>General Government</b>				
4010000BU - Clerk of the Board	2,440,183	2,921,073	480,890	19.7%
4210000BU - Civil Service Commission	421,961	458,037	36,076	8.5%
4810000BU - County Counsel	3,660,367	3,706,607	46,240	1.3%
5110000BU - Financing-Transfers/Reimbursement	32,458,635	4,854,293	(27,604,342)	-85.0%
5730000BU - County Executive Cabinet	2,162,105	1,190,992	(971,113)	-44.9%
5770000BU - Non-Departmental Costs/General Fund	24,738,023	25,058,032	320,009	1.3%
5910000BU - County Executive	915,630	-	(915,630)	-100.0%
5980000BU - Appropriation For Contingency	27,000,000	13,016,488	(13,983,512)	-51.8%
<b>Subtotal - GENERAL GOVERNMENT</b>	<b>93,796,904</b>	<b>51,205,522</b>	<b>(42,591,382)</b>	<b>-45.4%</b>
<b>Administrative Services</b>				
3230000BU - Department Of Finance	2,342,040	2,365,162	23,122	1.0%
3240000BU - County Clerk/Recorder	346,174	-	(346,174)	-100.0%
4410000BU - Voter Registration And Elections	12,940,517	13,720,613	780,096	6.0%
5710000BU - Data Processing-Shared Systems	25,823,301	28,175,054	2,351,753	9.1%
5740000BU - Office of Compliance	8,363	-	(8,363)	-100.0%
5920000BU - Contribution To LAFCO	246,685	256,552	9,867	4.0%
5970000BU - Office of Labor Relations	18,713	-	(18,713)	-100.0%
6050000BU - Personnel Services	781,915	-	(781,915)	-100.0%
7090000BU - Emergency Services	1,849,893	1,905,167	55,274	3.0%
<b>Subtotal - ADMINISTRATIVE SERVICES</b>	<b>44,357,601</b>	<b>46,422,548</b>	<b>2,064,947</b>	<b>4.7%</b>
<b>Community Services</b>				
3210000BU - Agricultural Comm-Sealer Of Wts & Meas	1,656,132	1,656,132	-	0.0%
3220000BU - Animal Care Services	13,397,985	13,316,042	(81,943)	-0.6%
3260000BU - Wildlife Services	75,014	165,969	90,955	121.3%
3310000BU - Cooperative Extension	483,954	548,126	64,172	13.3%
4660000BU - Fair Housing Services	228,067	226,342	(1,725)	-0.8%
5720000BU - Community Development	10,681,833	12,010,494	1,328,661	12.4%
6400000BU - Regional Parks	15,753,536	16,388,794	635,258	4.0%
<b>Subtotal - COMMUNITY SERVICES</b>	<b>42,276,521</b>	<b>44,311,899</b>	<b>2,035,378</b>	<b>4.8%</b>
<b>Public Safety And Justice</b>				
4522000BU - Contribution To The Law Library	13,083	13,856	773	5.9%
4610000BU - Coroner	8,922,858	9,659,630	736,772	8.3%
5020000BU - Court / Non-Trial Court Operations	9,408,327	9,371,922	(36,405)	-0.4%
5040000BU - Court / County Contribution	24,468,756	24,468,756	-	0.0%
5510000BU - Conflict Criminal Defenders	11,744,193	11,220,773	(523,420)	-4.5%
5660000BU - Grand Jury	306,673	360,949	54,276	17.7%
5750000BU - Justice Planning, Analytics and Coordination	219,593	224,038	4,445	2.0%
5780000BU - Office of Inspector General	165,279	186,201	20,922	12.7%
6700000BU - Probation	159,915,918	171,761,760	11,845,842	7.4%
6760000BU - Care In Homes And Inst-Juv Court Wards	1,280,000	625,000	(655,000)	-51.2%
6910000BU - Public Defender	46,301,037	52,216,961	5,915,924	12.8%
<b>Subtotal - PUBLIC SAFETY AND JUSTICE</b>	<b>262,745,717</b>	<b>280,109,846</b>	<b>17,364,129</b>	<b>6.6%</b>
<b>Social Services</b>				
2820000BU - Veteran's Facility	16,452	-	(16,452)	-100.0%
5820000BU - Homeless Services and Housing	-	30,601,709	30,601,709	
7200000BU - Health Services	210,080,743	218,164,581	8,083,838	3.8%
7230000BU - Juvenile Medical Services	6,448,988	7,482,271	1,033,283	16.0%
7250000BU - IHSS Provider Payments	92,108,025	95,792,346	3,684,321	4.0%
7270000BU - Health - Medical Treatment Payments	2,491,350	2,491,350	-	0.0%
7410000BU - Correctional Health Services	79,896,641	95,329,819	15,433,178	19.3%
7800000BU - Child, Family and Adult Services	125,365,789	136,567,405	11,201,616	8.9%
8100000BU - Human Assistance-Administration	54,089,033	28,195,057	(25,893,976)	-47.9%
8700000BU - Human Assistance-Aid Payments	267,720,714	294,423,314	26,702,600	10.0%
<b>Subtotal - SOCIAL SERVICES</b>	<b>838,217,735</b>	<b>909,047,852</b>	<b>70,830,117</b>	<b>8.5%</b>
<b>Total General Fund Dept</b>	<b>1,918,220,405</b>	<b>2,014,381,465</b>	<b>96,161,060</b>	<b>5.0%</b>

### General Fund Reserves

The Recommended General Fund Budget includes \$1.5 million in net reserve increases resulting from the following recommended changes:

- \$17.7 million increase to General Reserves, which includes 10 percent of the estimated General Fund Available Fund Balance (\$11 million) consistent with the Board's General Reserves Policy, and an additional amount recommended to bring the reserve balance to the overall policy goal of 10 percent of discretionary revenues and reimbursements. With this contribution, the General Reserves balance will stand at \$87.2 million, which is 10 percent of budgeted discretionary revenues and reimbursements.
- Release of \$14.8 million of the Property Tax System reserve to fund FY 2023-24 expenditures for the new property tax system, consistent with the reserve's intended purpose.
- Release of the remaining \$775,000 of the Black Child Legacy reserve to fund FY 2023-24 expenditures for this program, consistent with its intended purpose.
- Release of the \$500,000 reserve for Senior Programs to fund FY 2023-24 expenditures for this program, consistent with its intended purpose.
- Release of the \$104,730 reserve for the Health for All Loan, which no longer is needed for its original purpose. Consistent with the General Reserves policy, this amount will be added to General Reserves and is included in the \$17.7 million recommended increase to General Reserves.

The status of General Fund Reserves with these recommended changes is shown in the table on the following page.



FY 2023-24 Recommended Budget  
GENERAL FUND RESERVE STATUS

Reserved for:	FY 2022-23 Adopted Budget	FY 2023-24 Recommended Budget	Change
Tax Loss Teeter	\$ 3,025,221	\$ 3,025,221	\$ -
Teeter Delinquencies	596,140	596,140	-
Loan Buyout (Teeter Plan)	6,135,934	6,135,934	-
Health for All Loan	104,730	-	(104,730)
Sub-total: Restricted Reserves	\$ 9,862,025	\$ 9,757,295	\$ (104,730)
General Reserves	69,464,433	87,153,157	17,688,724
Cash Flow	32,421,527	32,421,527	-
Imprest Cash	290,955	290,955	-
Audit Report Payback/Litigation	50,000,000	50,000,000	-
Special Deposits Travel	100,000	100,000	-
Black Child Legacy	775,000	-	(775,000)
Property Tax System	34,000,000	19,233,719	(14,766,281)
Service Stability	88,443,938	88,443,938	-
American River Parkway Homeless	5,000,000	5,000,000	-
Senior Programs	500,000	-	(500,000)
Affordable Housing Incentive	5,000,000	5,000,000	-
Sub-total: Discretionary	\$ 285,995,853	\$287,643,296	\$ 1,647,443
Total Reserves	\$ 295,857,878	\$297,400,591	\$ 1,542,713

NEW OR ENHANCED PROGRAMS (GROWTH)

For the preparation of the FY 2023-24 Budget, County departments submitted over \$285 million in requests for new or enhanced programs (Growth requests), including \$82 million in General Fund (Net County Cost) support. To assist in evaluating these requests, departments were asked to rank each request in order of importance, and to identify the Board priority associated with each request.

The Recommended Budget includes \$193 million across all funds for new or enhanced programs, including \$138 million in the General Fund, with \$25 million of that amount funded with General Fund discretionary resources (Net County Cost). In addition, we have identified \$29 million in Net County Cost requested Growth that is not included in the Recommended Budget but is prioritized for inclusion in the Revised Recommended Budget in September should sufficient additional resources be available at that time.

A summary of all new or enhanced programs is provided below. More detailed information is provided in Attachment 2, and in the Program Budget sections for each budget unit.

General Fund Growth

The following table shows the amount of funding in the Recommended Budget for new or enhanced programs in General Fund budget units.

FY 2023-24 Recommended Budget

GENERAL FUND NEW OR ENHANCED PROGRAMS (GROWTH)

Department/Budget Unit	Total Appropriations	Net County Cost	FTE
Assessor	\$ -	\$ -	-
District Attorney	1,680,854	1,647,577	8.0
Sheriff	9,046,777	3,562,643	12.0
Clerk of the Board	440,000	40,000	-
County Counsel	-	(155,000)	-
Non-Departmental Costs/General Fund	200,000	200,000	-
Department Of Finance	1,331,246	557,878	11.0
Emergency Services	300,000	300,000	-
Personnel Services	1,819,481	-	6.0
Voter Registration And Elections	336,418	336,418	-
Animal Care Services	286,000	286,000	-
Community Development	762,487	812,487	3.0
Cooperative Extension	9,078	9,078	-
Regional Parks	161,569	57,150	1.0
Conflict Criminal Defenders	595,400	595,400	-
Grand Jury	30,123	30,123	-
Probation	3,299,352	2,163,560	16.0
Public Defender	4,187,975	3,093,853	17.0
Child, Family and Adult Services	16,562,258	2,994,990	32.0
Child Support Services	2,729,564	-	29.0
Correctional Health Services	6,383,701	6,383,701	12.0
Health Services	84,215,774	270,392	44.3
Homeless Services and Housing	802,155	802,155	-
Human Assistance-Administration	2,197,992	389,786	(14.9)
Juvenile Medical Services	607,639	607,639	3.5
<b>Total General Fund</b>	<b>\$137,985,843</b>	<b>\$24,985,830</b>	<b>179.9</b>

The most significant General Fund Growth included in the Recommended Budget is summarized below.

- Mays Consent Decree Jail Population Reduction – The Mays Consent Decree requires the County to provide constitutionally adequate care and conditions of confinement to Sacramento County jail inmates, with compliance monitored by outside experts who have consistently recognized staffing challenges and physical facility limitations as major impediments to achieving full compliance. On December 8, 2022, the Board directed staff to move forward with two frameworks for improving compliance with the Mays Consent Decree, the first of which is implementation of Jail Population Reduction Plans. (Framework 2 facility improvement recommendations are addressed in Attachment 5.)

The Recommended Budget includes \$35 million in appropriations, with \$7 million in Net County Cost and \$1 million in AB 109 semi-discretionary revenue funding to fund new or enhanced programs aligned with the County's jail population reduction plans to comply with the Mays Consent Decree.

Funded Growth includes \$24 million in the Health Services budget, funded with a combination of State, Federal, and Mental Health Services Act (MHSA) funding, for behavioral health investments that support jail population reduction. Additionally, \$3 million of Growth for reentry services is funded with Inmate Welfare Fund in the Sheriff budget unit, and \$1 million of AB 109 funded Growth in the Public Defender budget will fund additional positions to support mental health diversion and collaborative court programs.

Net County Cost Growth includes \$7 million in the Public Defender, Conflict Criminal Defender, District Attorney, and Probation budgets to support expediting the court process as well as expand existing programs that support jail population reduction, including the pretrial, collaborative courts, mental health diversion, and expungement programs.

- Mays Consent Decree Remedial Plan – \$10 million in Net County Cost included in the Recommended Budget in the Sheriff

and Correctional Health budget units to fund continued efforts to meet the County's obligations under the Mays Consent Decree remedial plan, including additional staffing and services.

- Addressing Homelessness - \$10 million (\$2 million Net County Cost) to fund new programs and services addressing homelessness in the County, including establishing a new Community Outreach Recovery Empowerment (CORE) site in downtown Sacramento; adding outreach teams at existing CORE sites; adding behavioral health staff and vehicles for Homeless Engagement and Response Teams (HEART); adding outreach capacity for Encampment Services Teams (EST); and funding for equipment and office space for the new Homeless Services and Housing Department. Additionally, the Recommended Budget includes Growth associated with mitigating the community impacts of homelessness, including enhanced funding for abandoned or inoperative vehicle towing and shopping cart enforcement.
- Health Services – Overall, the Health Services budget includes \$84 million of Growth funded almost entirely by State, Federal, and MHSA revenue. In addition to the Growth identified in the Jail Population Reduction and Addressing Homelessness sections above, recommended Growth includes \$14 million for Cal-AIM performance based incentive programs; \$14 million to construct a new Children's Mental Health Psychiatric Health Facility and Crisis Stabilization Unit; \$10 million to construct a new Mental Health Rehabilitation Center; \$5 million to increase the Children's Mental Health Flexible Integrated Treatment contract pool; and \$2 million to increase existing Full Service Partnership contracts.
- Child, Family and Adult Services - \$17 million (\$3 million Net County Cost) to support Child Family and Adult Services programs, including one-time State funding of \$7 million to implement the Families First Prevention Services block grant program and \$2 million in Net County Cost to provide additional funding for Child Protective Services welcome and assessment center contracted services.

#### Non-General Fund Growth

The table on page 30 shows the amount of funding in the Recommended Budget for new or enhanced programs in non-General Fund budget units. In some cases, non-General Fund appropriations reflect restricted fund

reimbursements that fund General Fund expenditures (e.g., Mental Health Services Act).

The most significant Non-General Fund Growth not already described above includes:

- Airports – \$15 million in the Department of Airports for various capital projects, including construction of three near-term augmentation gates and other projects associated with the SMForward capital program at Sacramento International Airport, and \$6 million for operating costs, including 10 additional staff positions, funded with Airport Enterprise Fund revenue.
- Development and Code Services - \$10 million for the Development and Code Services budget unit in the Community Development department, including \$7 million for construction management and inspection contract services associated with the SMForward and Harvest Water projects and funding for 10 new staff positions.

FY 2023-24 Recommended Budget

NON-GENERAL FUND NEW/ENHANCED PROGRAMS (GROWTH)

Department/Budget Unit	Total Appropriations	FTE
District Attorney-Restricted Revenues	\$ 7,388	0.0
Jail Industries	14,000	0.0
2011 Realignment	1,094,122	0.0
Capital Construction	2,261,319	0.0
Department of Technology	3,092,241	16.0
General Services	4,358,648	23.0
Board Of Retirement	1,141,178	12.0
Sacramento Regional Sanitation District	600,547	4.0
Sacramento Area Sewer District	301,258	3.0
Mental Health Services Act	4,849,153	0.0
Child, Family Adult-Restricted Revenues	139,300	0.0
Environmental Management	117,554	0.0
First 5 Sacramento Commission	203,035	2.0
Parks-Restricted Revenues	104,419	0.0
Department of Transportation	657,779	4.0
Golf	86,000	0.0
Economic Development	300,000	0.0
Development and Code Services	10,046,242	10.0
Airport System	5,773,753	10.0
Airport-Cap Outlay	15,185,000	0.0
Solid Waste Commercial Program	606,134	0.0
Solid Waste Enterprise	1,720,132	1.0
Water Agency Enterprise	985,260	4.0
Water Resources	340,100	0.0
Probation-Restricted Revenues	1,135,792	0.0
<b>Total Non-General Fund</b>	<b>\$ 55,120,354</b>	<b>89.0</b>

Growth Prioritized for Revised Recommended Budget

The following table summarizes the Growth recommended to be prioritized for funding in the September Revised Recommended Budget should sufficient additional resources be available. The Health Services Growth is linked to the Probation Growth and would only move forward if funding were available for both. More detailed information for each request is provided in Attachment 2.

FY 2023-24 Recommended Budget

GROWTH PRIORITIZED FOR INCLUSION IN REVISED RECOMMENDED BUDGET

Department/Budget Unit	Description	Cost	Net County Cost	FTE
Community Development	Professional services for General Plan Update scoping	\$ 250,000	\$ 250,000	0.0
Emergency Services	Add 1.0 FTE Emergency Operations Coordinator	205,820	205,820	1.0
Emergency Services	Add 1.0 FTE Asst. Emergency Operations Coordinator	183,430	183,430	1.0
Emergency Services	Replace computers and monitors in Emergency Operations Center	284,000	284,000	0.0
Financing-Transfers/Reimbursement	Transfers to Roads and Parks Construction Fund for Non-General Fund Growth	23,854,500	23,854,500	0.0
Health Services	Add 2.0 FTE Sr. Mental Health Counselors for Valley Oak Youth Academy	431,846	-	2.0
Probation	Expand Valley Oak Youth Academy Program	2,750,453	2,750,453	12.0
Public Defender	Add 3 Class 110 vehicles for investigators	93,225	93,225	0.0
Sheriff	Octasic Nyxcell System and One Class 140 Vehicle	1,275,722	1,275,722	0.0
<b>Total General Fund - Net County Cost</b>		<b>\$29,328,996</b>	<b>\$28,897,150</b>	<b>16.0</b>
Park Construction	Match funding to complete Phase 2 of Dry Creek Parkway Trail	992,000	-	0.0
Park Construction	Repave Roads at Ancil Hoffman Park and Golf Course	2,862,500	-	0.0
Roads	Pavement maintenance and rehabilitation for County roads	20,000,000	-	0.0
<b>Total Non-General Fund - Net County Cost</b>		<b>\$23,854,500</b>	<b>\$ -</b>	<b>0.0</b>
<b>TOTAL ALL FUNDS</b>		<b>\$53,183,496</b>	<b>\$28,897,150</b>	<b>16.0</b>

### FULL TIME EQUIVALENT POSITION CHANGES

The table below provides information concerning the County's Full Time Equivalent positions (FTEs).

#### FY 2023-24 Recommended Budget

#### FTE CHANGES

Existing FTEs	13,350.6
Recommended Growth General Fund FTEs	179.9
Recommended Growth Non-General Fund FTEs	89.0
Base FTE Changes	(7.5)
FTE Reductions Due to Program Reductions	(10.0)
Total Recommended FTEs	13,602.0

### TRANSIENT OCCUPANCY TAX ALLOCATIONS

The Recommended Budget includes \$6.4 million in Transient Occupancy Tax (TOT) revenue, unchanged from the FY 2022-23 Adopted Budget, reflecting a slowing of growth following the post-COVID-19 pandemic recovery.

As described more fully in Attachment 4, approximately \$2.9 million in projected TOT revenue is recommended for specific TOT-funded programs, with the remaining \$3.5 million available to fund General Fund Net County Cost. Combined with the TOT Fund balance of \$2.3 million, total funding for TOT programs is \$5.2 million.

### AMERICAN RESCUE PLAN ACT FUNDING

The County was allocated approximately \$301 million under ARPA, with half of the funding received in May 2021, as Phase One and the second half received in June 2022, as Phase Two.

In November 2021, and July 2022, the Board approved Strategic Investments for the Phase One and Phase Two Funding Allocations, respectively, across top priority issue areas, as follows:

- Housing and Homelessness: housing and support for people experiencing homelessness, affordable housing.



- Health: COVID-19 response, public health, mental health, and substance abuse treatment.
- Economic Response: addressing negative economic impacts to residents, communities, and businesses.

Additionally, the Board approved funding allocations of \$10 million for each Board District, premium pay for essential workers who are employed by the County, revenue replacement for use on specific projects, and funding for administrative costs related to ARPA.

The Recommended Budget includes FY 2023-24 funding for Board-approved ARPA projects as shown in the table below. Future project approvals will be reflected through subsequent amendments to the budget.

FY 2023-24 Recommended Budget  
AMERICAN RESCUE PLAN ACT PROJECTS

	Recommended Budget
Housing and Homelessness	\$ 20,490,347
Health	18,242,032
Economic Response	4,046,098
Subtotal ARPA Strategic Investments	\$ 42,778,477
District-Directed Allocation	15,185,673
Administration	3,143,122
Total ARPA Appropriations/Revenue	\$ 61,107,272

ATTACHMENTS TO THE BUDGET TRANSMITTAL LETTER

Attachments are included with this transmittal letter that provide more detailed budget information.

- Attachment 1:** Provides total appropriations by budget unit.
- Attachment 2:** Provides information on new and enhanced programs (Growth) recommended for funding.
- Attachment 3:** Provides information on departmental requests for Growth that are not recommended for funding.
- Attachment 4:** Provides information on the allocation of Transient Occupancy Tax (TOT) revenue.
- Attachment 5:** Provides a multi-year General Fund sensitivity analysis.

### **CONCLUSION/ACKNOWLEDGEMENT**

I would like to acknowledge the hard work and dedication of the County's department heads and fiscal staff in preparing this year's Recommended Budget. Their input and judgement have been critical in developing a Recommended Budget that addresses important community needs while continuing to recognize the importance of sustainability over the longer term. I would also like to thank the Deputy County Executives and the staff in the Office of Budget and Debt Management under the leadership of Amanda Thomas, without whose insights, efforts, and contributions preparation of this budget would not have been possible.

The Recommended Budget will be presented to the Board on June 7, 2023, with deliberations on that date and the following two days, as needed.

We look forward to working with you as you review the Recommended Budget. During your review, please contact me with any questions you may have.

Respectfully submitted,



Ann Edwards  
County Executive