



# Budget Workshop No. 4

Dec. 7, 2010



# Synopsis of FY2010/11 Budget Drawdown

*Target of reducing General Fund structural deficit by a third in FY2010/11*

- **Balanced budget adopted in June 2010**
  - Contained General Fund structural deficit of \$18 million
  - Expectation of continued ratcheting down of expenditures
  - \$1.7 million in ongoing reductions to date as a result of concessions, early retirements and elimination of vacant positions
  
- **Budget workshops in August and September**
  - Explored consequences of reductions in levels of service, how services are provided, or elimination of programs
  - Examined structural deficits facing other funds

# Synopsis of FY2010/11 Budget Drawdown

*Additional \$6 million reduction targets in next two fiscal years*

## □ Budget workshop on Oct. 26

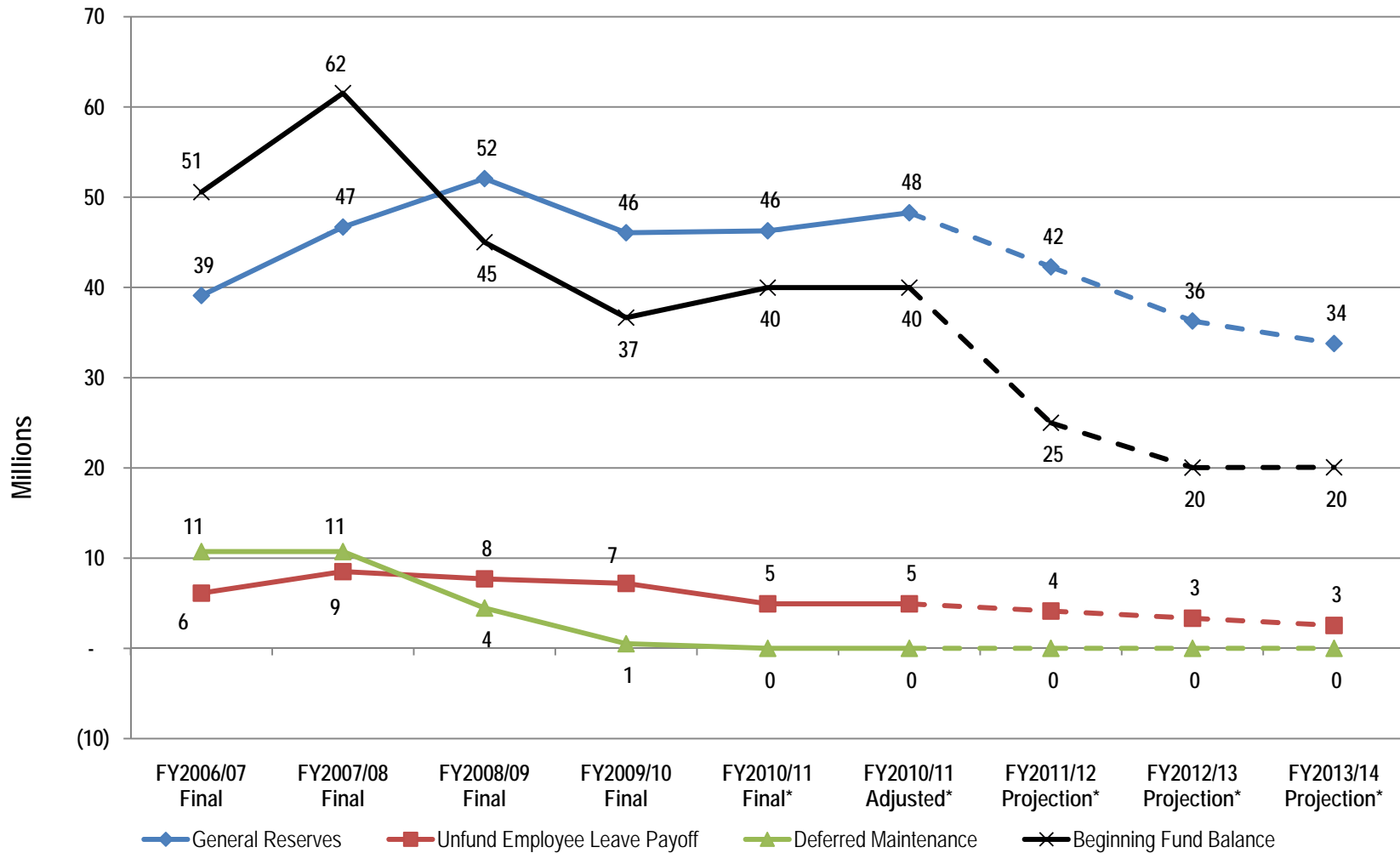
- Eliminated 23.7 vacant positions
- Continued remaining discussion to Dec. 7

## □ Directed staff to return with:

- Updated evaluation of existing vacancies; potential to eliminate even more vacant positions
- Analysis of a \$1 million reduction in General Fund support to Health and Social Services
- Analysis of leverage funding that General Fund dollars provide the nonprofit community partners

# General Fund Reserves & Fund Balance

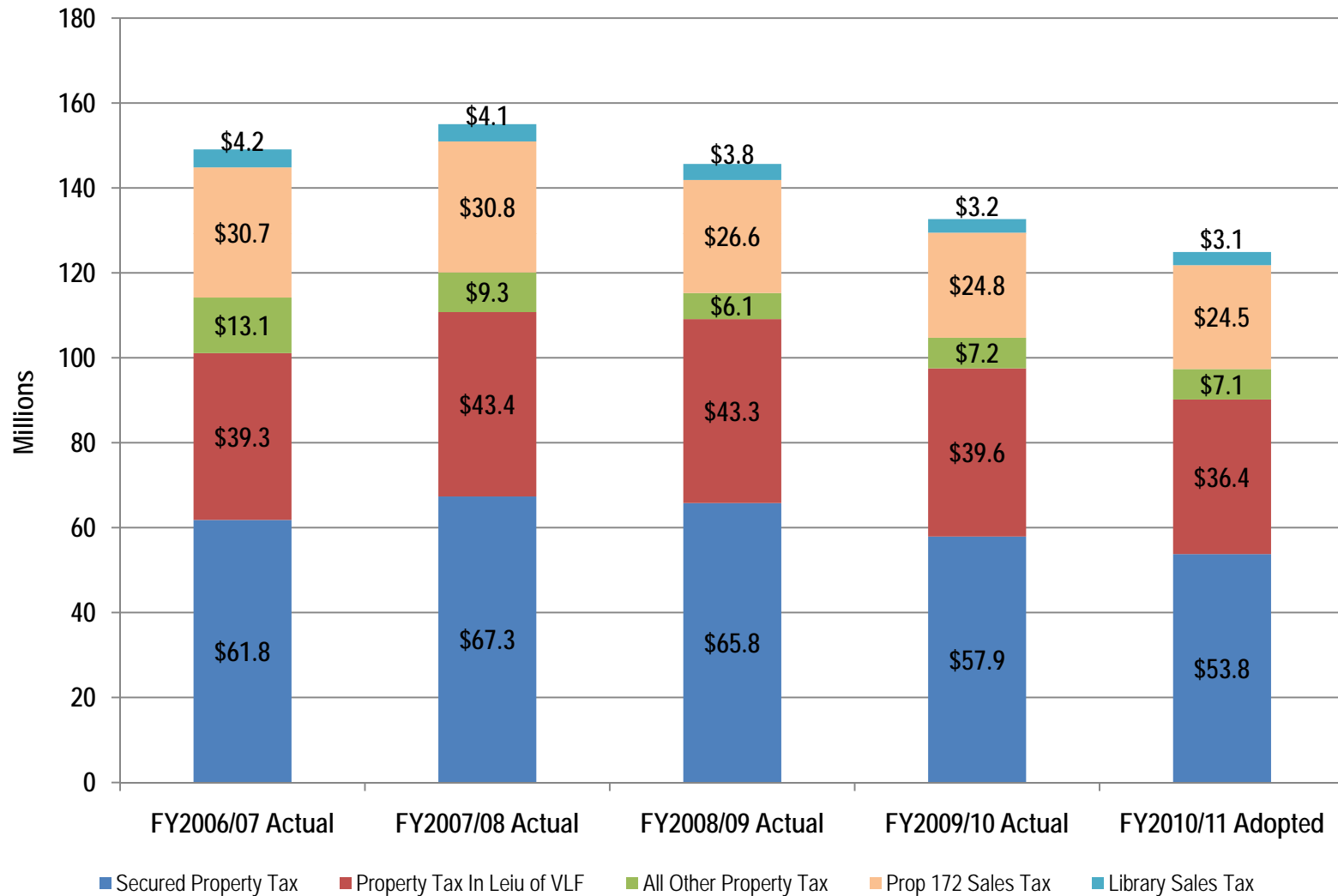
Resources declining as means of financing the revenue-expense imbalance



\*Includes outstanding POB Loan booked against the General Reserves

# Revenue Impacts Since Market Peak

\$30 million, or 20%, decline among these key revenues since FY2007/08



# Revenue Assumptions

*Economic impacts have drastically reduced General Fund revenues*

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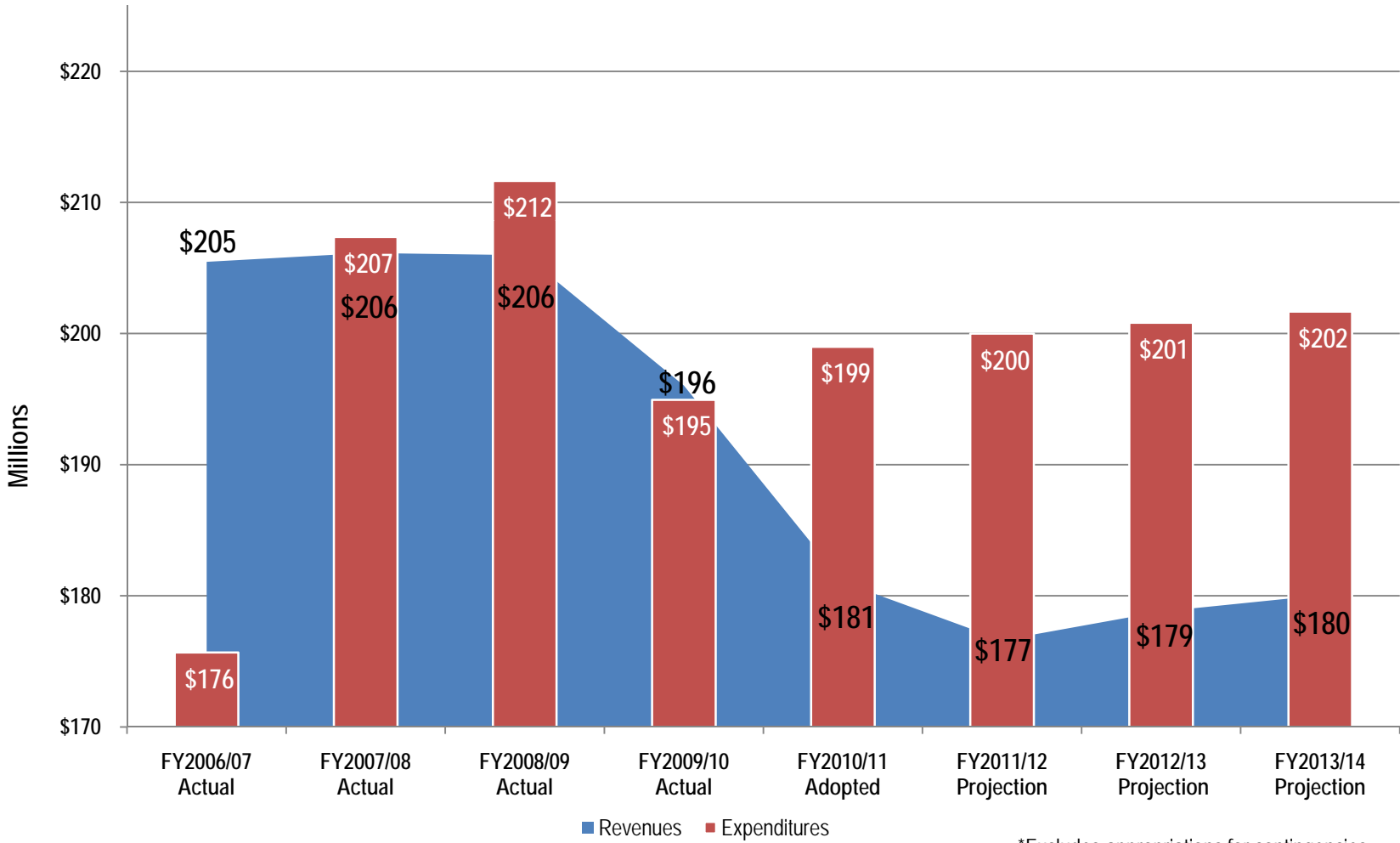
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- **Revenue assumptions in 5-Year Fiscal Forecast**
  - Update revenue projections at Midyear

	FY2010/11	FY2011/12	FY2012/13
Secured Property Taxes	10%⬇️	4%⬇️	2%⬆️
Sales & Use Tax in Lieu of VLF	10%⬇️	4%⬇️	2%⬆️
Redevelopment Pass Thru	2%⬇️	2%⬇️	2%⬆️
Prop 172 Sales Tax	0%	4%⬆️	2%⬆️
Assessment/Tax Collection Fees	3%⬆️	3%⬆️	3%⬆️
All other General Fund revenues	0%	0%	0%

# General Fund History & Projections

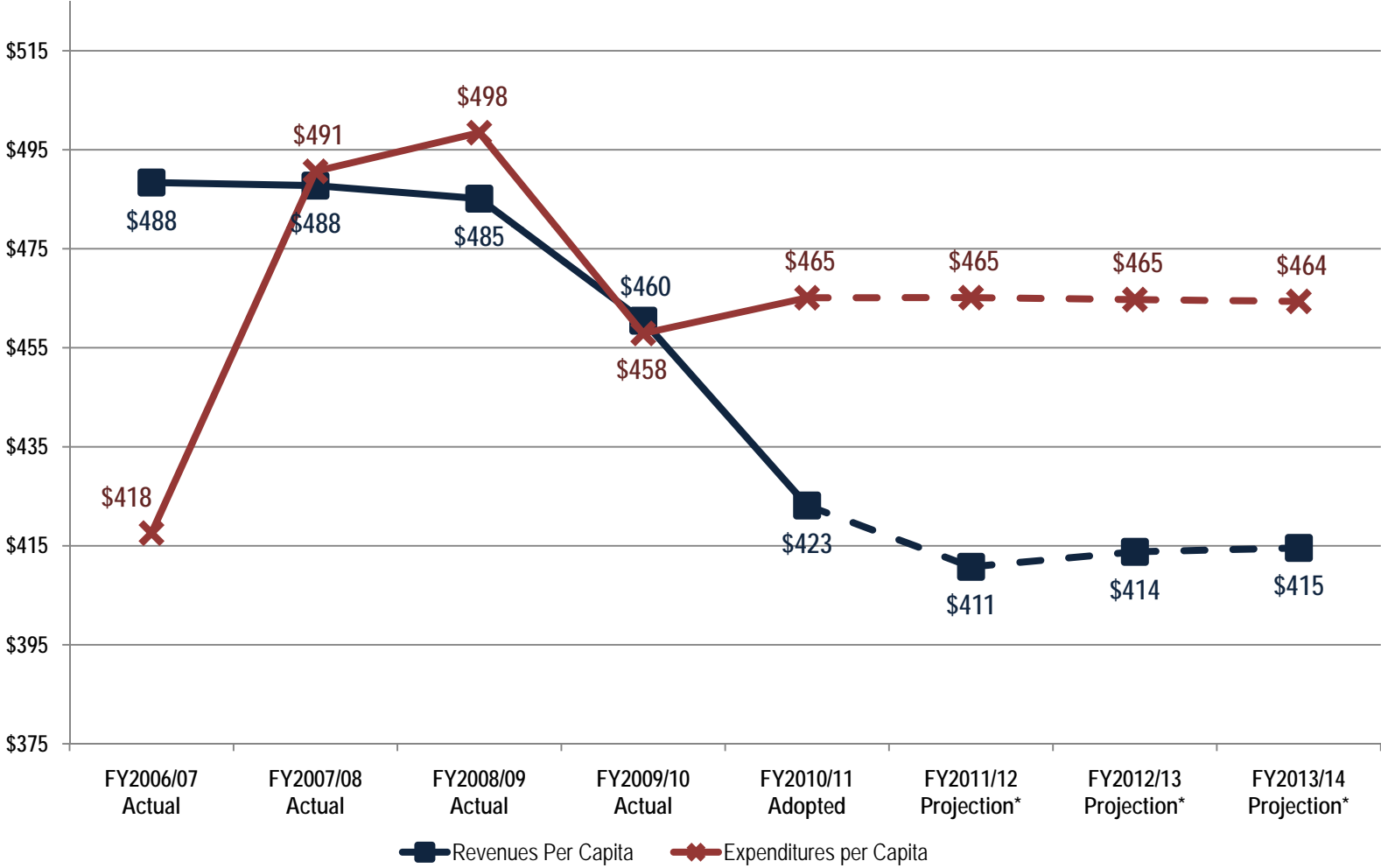
Since FY2008/09: Revenues down 12%, expenditures down 6%



\*Excludes appropriations for contingencies

# General Fund Per Capita

FY2010/11: Population growth at 1.7% since FY2006/07

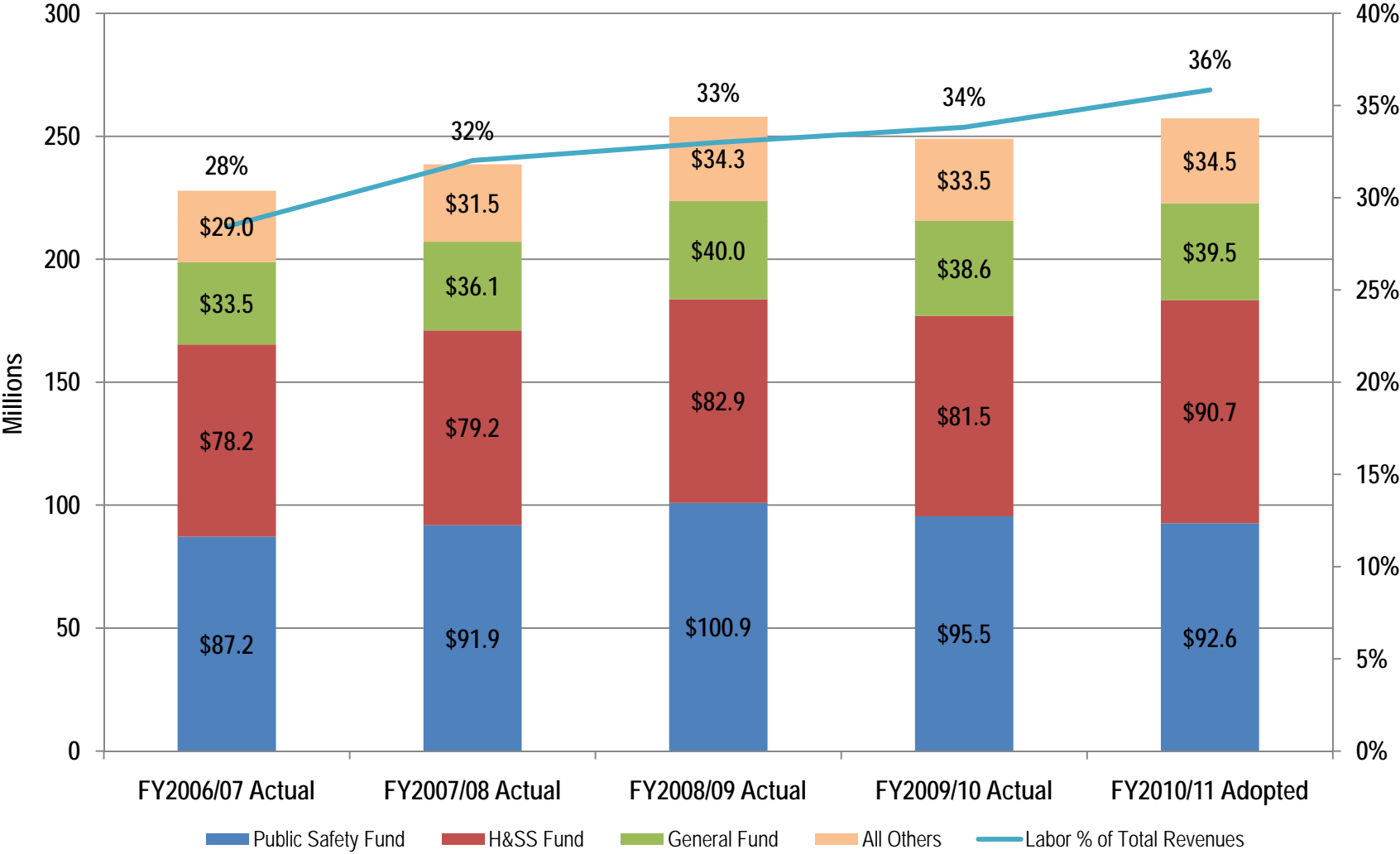


\*Assumes 0.5% population trend growth continues



# Total Labor Costs as % of Total Revenues

8% increase in cost of labor as a percentage of total revenues since FY06/07



# Expense Assumptions

*\$6 million additional expenses impact estimates in 5-Year Fiscal Forecast*

## □ Expense assumptions in FY2010/11

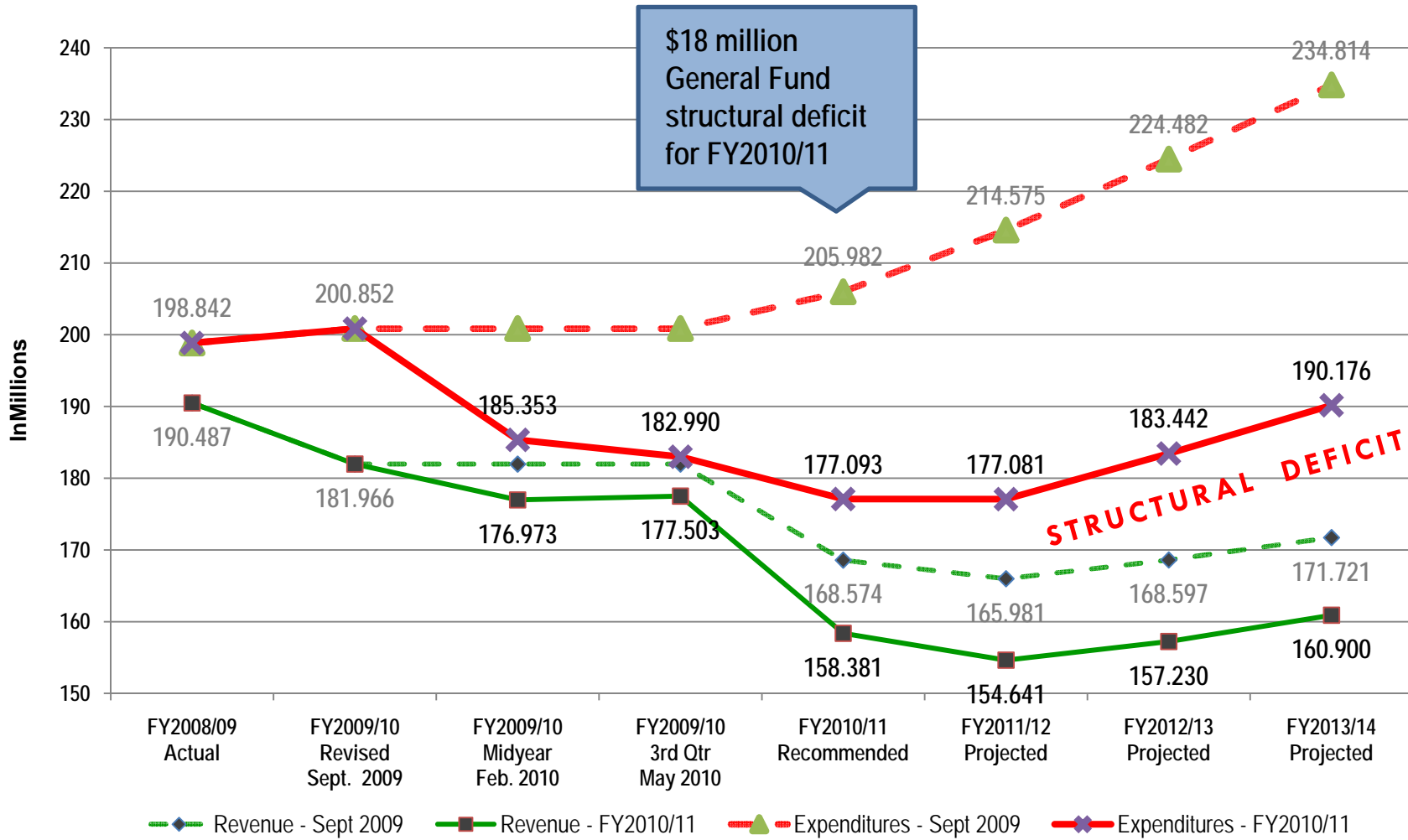
- 3% increase in Net County Costs
- No assumptions on pending State budget 'solutions'
- No increases in health care costs; new rates in June 2011

## □ Changes to expense assumptions in FY2011/12

- \$2.3 million, or 3.652%, increase in Public Safety retirement
- \$600,000, or 2.252%, increase Misc. retirement
- \$2.76 million increase in Workers Compensation Insurance

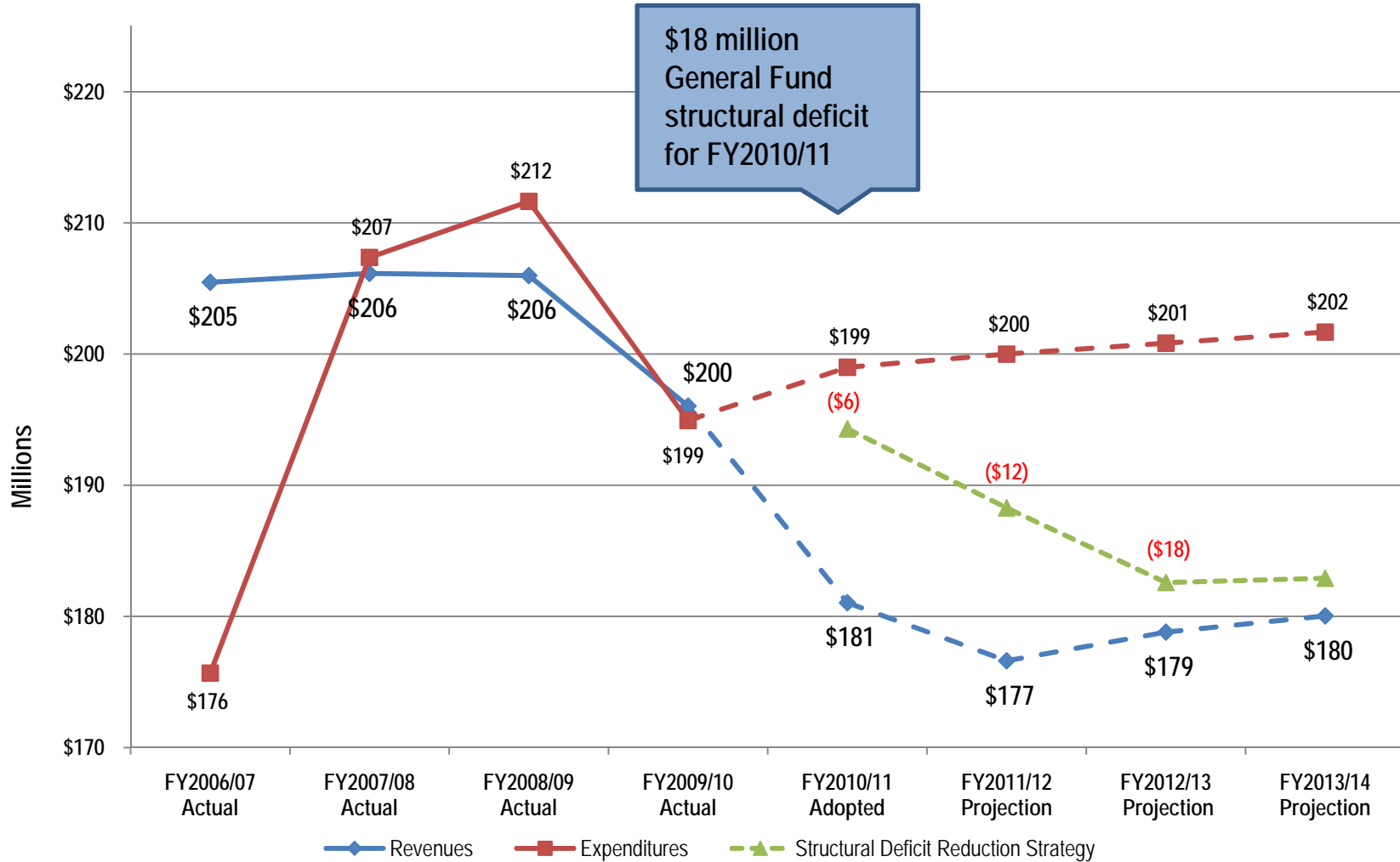
# General Fund Projections thru Budget Adoption

Structural deficits calculated based on net costs at FY2010/11 Budget Hearings



# General Fund History & Projections

Modified structural deficit projections using gross revenues and expenses



\*Excludes appropriations for contingencies

# Additional Expenditure Reductions

*Ongoing reductions/cuts enacted since adoption of FY2010/11 budget*

	Countywide	General Fund
MOU with Correctional Supervisors in Aug. 2010	53,797	53,797
Imposed MOU with Correctional Officers in Aug. 2010	341,248	341,248
Early Retirement Incentive in Sept. 2010 (11 positions)	662,555	339,336
Reduce County's share of cafeteria plan from 80% to 75% of Kaiser family rate for 154 unrepresented employees, excluding confidential clerical in Oct. 2010 (potential annual savings countywide \$858,659)	66,395	38,731
Net reduction of 23.7 vacant positions in Oct. 2010	1,247,788	625,243
MOU with Deputy Sheriffs in Nov. 2010	478,157	288,329
<b>TOTAL to date in FY2010/11</b>	<b>2,849,940</b>	<b>1,686,684</b>

# Employee Wage Concessions To Date

72% of employees have made no salary and benefit concessions

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Number of Employees	Employee Bargaining Unit	Forego FY09/10 3% COLA	Forego FY10/11 3% COLA	3% EPMC Pickup Implemented	2nd EPMC Pickup	Reduction in Cafeteria Plan and/or Cash Back	2nd Tier Retirement for New Employees (conditionally implemented)	Eliminated MIP
5	Board of Supervisors	N/A	N/A	X	3% Pending	X	X	N/A
52	Executive Management	X	X	X	3% Pending	X	X	X
148	Senior Management and all Other Unrepresented	Delayed 7 months	X	X	3% Pending	Excludes confidential	X	X
26	Correctional Supervisors	X	0 – 3 % Jan 11	X	Offsets COLA		X	
195	Correctional Officers	X	0 – 3 % Jan 11	X	Offsets COLA	X	X	
119	Deputy Sheriffs			X	3% Nov 10 3% Jun 12	X Jan 2013	X Jan 2011	
94	Attorneys			3% Temp.				
88	Mid-Managers			3% Temp.				
1,727	SEIU							
19	UAPD – Physicians							
74	PEU – Unit 6							
94	Skilled Crafts – Unit 10							

## % of County Workforce

**SEIU – 65.4%**

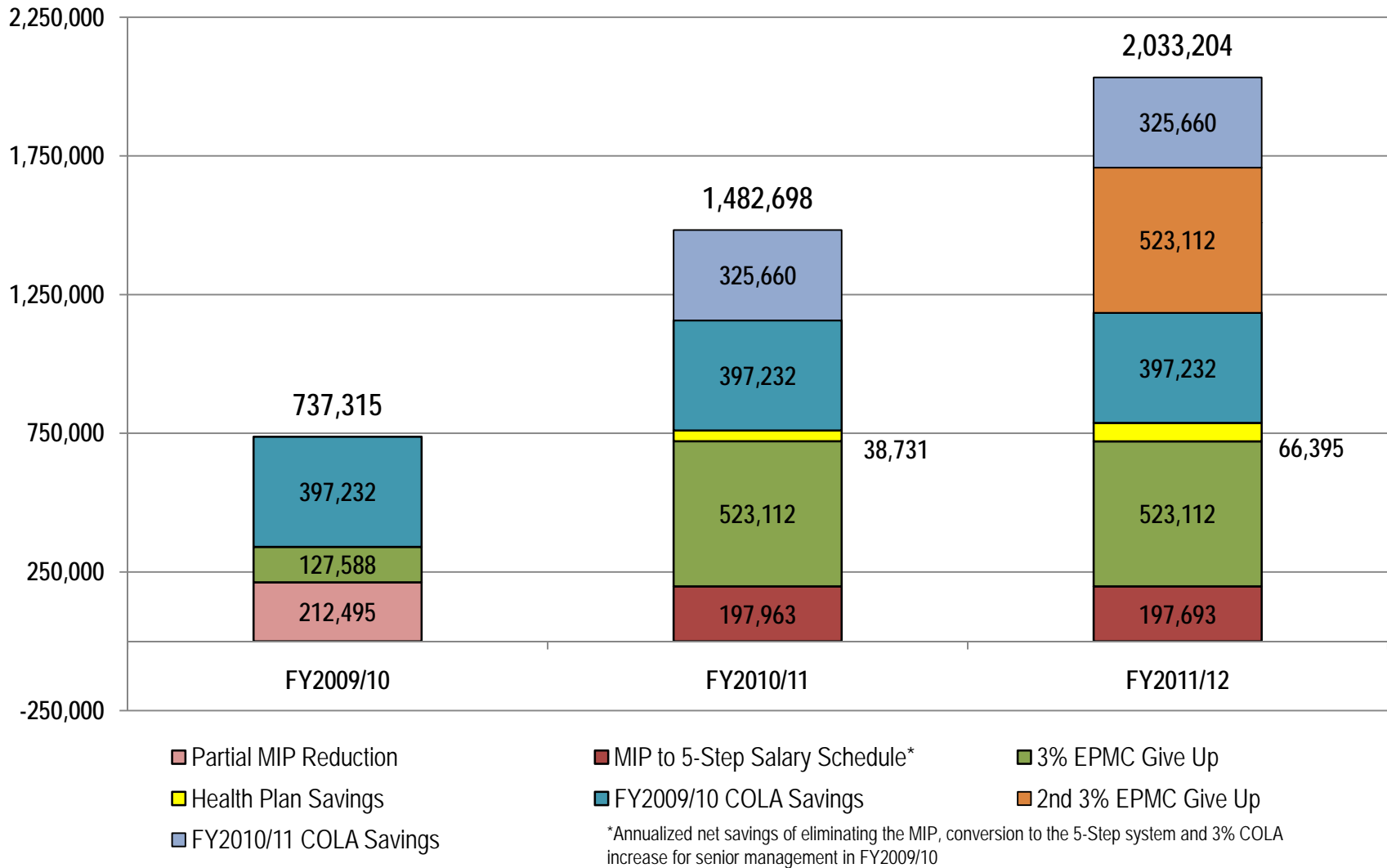
**UAPD – 0.7%**

**PEU – 2.8%**

**Skilled Crafts – 4%**

# Value of Management Concessions

Direct compensation reductions, cancellation of salary increases since FY2009/10



# Cumulative Reductions

For last three years, the County has been trimming the workforce

	June 30, 2009	Reductions as July 1, 2010*	Net Positions Eliminated in FY2010/11**	Reduced Workforce as of Nov. 2	% Change
Public Protection	1,199.5	(203.5)	(5.5)	990.5	17.42%
Health Services	504.4	(41.4)	(8.7)	454.3	9.93%
Public Assistance	698.5	(59.5)	(7.2)	631.8	9.55%
General Gov't.	313.8	(62.8)	(3.3)	247.7	21.06%
All Others	343.5	(46.7)	(6)	290.8	15.34%
<b>Net Total</b>	<b>3,059.7</b>	<b>(413.9)</b>	<b>(30.7)</b>	<b>2,615.1</b>	<b>14.53%</b>

\* Reflects reductions in FY2009/10 Adopted Budget, FY2009/10 strategic reduction efforts, FY2010/11 Recommended Budget

\*\* Includes FY2010/11 ERI reductions and Board actions on Oct. 26 and Nov. 2



# Status of Organizational Changes

*Modifying organizational structures to reflect changes in level of service*

**Ag Commissioner:** Reduction in discretionary level of service, (0.5) FTE

**Assessor/Recorder:** Reorganization reflects changes in service demands, net (1.0) FTE

**Auditor/Controller:** Hold position vacant; potential department reorganization in FY2011/12 budget

**General Services:** Reductions in various discretionary programs; reorganization as part of Midyear Financial Report

**H&SS:** Reductions in discretionary programs and/or discretionary levels of service, (4.15) FTE; reorganization plan returning on Dec. 14

**Library:** Reorganization to flatten organization, reduce structural deficit, (4.0) FTE

**Treasurer/Tax Collector/County Clerk:** Reduce discretionary program, (1.0) FTE

**Other County Funds:** Reductions in various discretionary programs

# Summary of Pending Recommendations

Board initially reviewed proposals during budget workshop on Oct. 26

General Fund Recommendations	FY2010/11	FY2011/12
<b>Reductions in Operating Budgets</b>		
•Reduce Court Appointed Attorney Budget	100,000	500,000
•Reduce Resource Mgmt. General Plan Implementation	0	200,000
•Reduce Sheriff labor costs (salary savings offset by labor contract concessions)	923,956	923,956
•Reduce Promotions & Econ. Development programs	0	10,000
•Reduce Probation extra help	25,000	25,000
•Reduce DA labor costs/increase salary savings	212,813	212,813
•Reduce H&SS (various department programs)	0	588,054
•Reduce Human Resources (6% cut in various line items)	23,000	23,000
<b>SUBTOTAL</b>	<b>1,284,769</b>	<b>2,482,823</b>

# Summary of Pending Recommendations

Board initially reviewed proposals during budget workshop on Oct. 26

	FY2010/11	FY2011/12
<b>Reductions in Levels of Service</b> (various funds)		
•Reduce positions, various reorganizations	798,136	1,351,150
•Reduce vacant positions	247,387	247,387
<b>SUBTOTAL</b>	<b>1,045,523</b>	<b>1,598,537</b>
<b>Reduce/Eliminate FY2011/12 Funding</b>		
•Reduce MSA Gen. Fund contribution: Reducing Rates	0	798,000
•Reduce MSA Gen. Fund contribution: Health Access	0	798,000
•Reduce General Fund contribution to CASA	0	85,000
<b>SUBTOTAL</b>	<b>0</b>	<b>1,671,000</b>

# Summary of Pending Recommendations

Board initially reviewed proposals during budget workshop on Oct. 26

	FY2010/11	FY2011/12
<b>Recognize Additional Revenue</b>		
•County Counsel reimbursement for legal services	100,000	100,000
•Veteran Services additional State reimbursement	0	90,000
•Williamson Act subvention (potential one time)	180,000	180,000
<b>SUBTOTAL</b>	<b>280,000</b>	<b>280,000</b>
<b>Recognize Reductions in Other Funds (non Gen. Fund)</b>		
•HR-Risk Management (program reductions)	46,000	46,000
•Library reorganization	402,919	402,919
<b>SUBTOTAL</b>	<b>448,919</b>	<b>448,919</b>

# Options on Discretionary Program Reductions

*Savings enacted today will impact budgets in FY2011/12 and beyond*

- **End funding agreement at commitment conclusion**
  - ▣ Board 3-year commitment concludes at end of FY2010/11
- **Reduce funding per CAO recommendation**
  - ▣ Health Access Coalition: \$392,000 for children's health insurance premiums
  - ▣ Reducing Rates Initiative: \$392,000 for city teams
- **Continue funding at FY2010/11 \$2.55 million level**
- **Establish a different dollar amount**
  - ▣ Ask Health Access Coalition and Reducing Rates Initiative to work with Board's H&SS committee on spending plan

# Policy Decisions

*Affirming, modifying policies regarding contributions to non-County agencies*

- **Continue funding of limited-term programs?**
  - Suspend additional funding for programs at the end of initial temporary commitment
  
- **Focus contributions to leveraged funding prospects?**
  - Ability to leverage funds from other sources should be a factor in determining contributions to non-County agencies
  
- **Reaffirm stated policy of not backfilling reductions in state and federal revenues**
  - Pending cuts at federal and state level make this a very real reality in the near future

# Next Steps

*How do we proceed in the next phase of the drawdown process?*

## □ **Board to consider today:**

- Direct preparation of resolution to eliminate vacant & filled positions
- Authorize HR Director to initiate procedures to formalize layoffs to take effect by March 2011
- Consider outline of \$1 million General Fund cut in H&SS
- Approve pending recommendations from Oct. 26

## □ **Future actions:**

- Reorganization plan for H&SS on Dec. 14
- Reorganization plan for General Services at Midyear
- Review progress on current budget; set parameters for building FY2011/12 budget at Midyear

# Questions & Answers

