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# **FY2010/11 Midyear Projection**

*February 8, 2011*



# Midyear Projection Overview

- **Positive General Fund Balance**
  - However, substantially less than on June 30, 2010
  - Means less funds available for FY2011/12
- **Savings projected in Other Funds**
  - Road, Library, Public Safety and Internal Service funds
- **Economy, State actions, Court decisions**
  - Increased County costs for General Assistance, foster care support, mandated child mental health care service and In-Home Supportive Services



# Midyear: Public Safety Fund

- **General Fund savings: \$951,000**
  - Reduced contribution to Sheriff: \$853,000
  - Reduce contribution to Other Public Defense: \$100,000
- **Offset by revenue losses/increased expenditures**
  - Loss of Title IV-E program revenues in Probation: \$300,000
  - Increase in Probation placement costs: \$226,000
  - Increase in professional services for Public Defender/Conflict Defender: \$167,000
- **Net Savings Public Safety: \$279,000**



## Midyear: H&SS Fund

- **Revenues decrease: \$6.6 million**
  - Intergovernmental revenues: \$6.3 million
  - FY2009/10 obligation rolled forward: \$722,696
  - Revenues from County Medical Services Program increase: \$374,000
- **Expenditures decrease: \$2.7 million**
  - Concessions/Salary-Benefits Savings: \$5.4 million
  - Offset by increases in General Assistance, \$909,000; In-Home Supportive Services, \$917,000; and Foster Care, \$714,000
- **Net Shortfall H&SS Fund: \$3.9 million**



# Midyear: General Fund

- **Revenues increase: \$3.5 million**
  - Property taxes higher than anticipated: \$2 million
  - Intergovernmental revenue increase: \$1.2 million
  - Other revenue increases: \$300,000
  
- **Expenditures decrease: \$2.9 million**
  - Concessions/Salary-Benefits Savings: \$1.1 million
  - Decrease in Services and Supplies: \$751,000
  - Reduction in contribution to Public Safety: \$804,000
  - Other decreases: \$245,000
  
- **Net Change General Fund: \$6.4 million**



# Progress on Structural Deficit - FY2010/11

	AMOUNT
FY2010/11 Adopted Budget General Fund structural deficit	\$18.0 million
Projected assistance program cost increases not included in Midyear	\$3.3 million
Projected savings to General Fund in Midyear	(\$6.4 million)
<b>REVISED GENERAL FUND STRUCTURAL DEFICIT for FY2010/11</b>	<b>\$14.9 million</b>

- **FY2010/11 Impacts of Governor's Budget Proposal**

**UNKNOWN**



# Managing Our Workforce

	Authorized Allocations	Positions Filled	Vacant, Recruiting	Vacant, not Recruiting
Jan. 23, 2010	2,697	2,541	44	112
July 10, 2010	2,661	2,513	72	76
Jan. 22, 2011	2,612	2,477	57	78

- **Not recruiting for 57% of vacant positions**
- **Net effect on active workforce (filled and recruiting), down by 51 positions**



# Employee Wage Concessions To Date

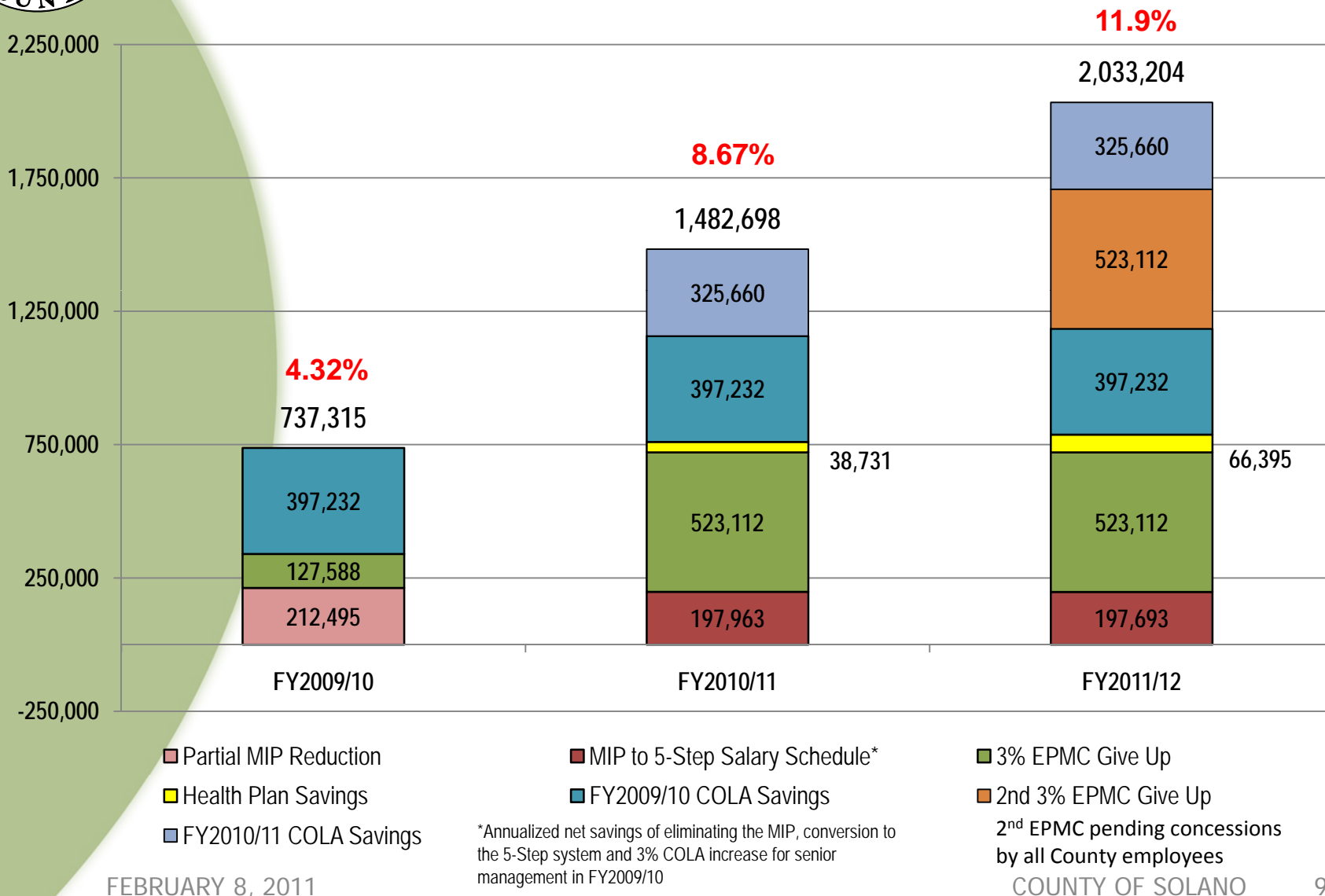
Number of Employees	Employee Bargaining Unit	Forego FY09/10 3% COLA	Forego FY10/11 3% COLA	3% EPMC Pickup Implemented	2 <sup>nd</sup> EPMC Pickup	Reduction in Cafeteria Plan and/or Cash Back	2 <sup>nd</sup> Tier Retirement for New Employees (conditionally implemented)	Eliminated MIP
5	Board of Supervisors	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	1.2% Jan 11	X	Offsets COLA		Jan 2011	
195	Correctional Officers	X	1.2% Jan 11	X	Offsets COLA	X	Jan 2011	
119	Deputy Sheriffs			X	3% Nov 10 3% Jun 12	Jan 2013	Jan 2011	
74	PEU – Unit 6*		* PEU has reached tentative agreement					
88	Mid-Managers			3% Temp.				
94	Attorneys			Exp. Jan 11				
1,701	SEIU							
19	UAPD – Physicians							
94	Skilled Crafts – Unit 10							

**76% of County Workforce - No Concessions**  
 SEIU – 65%                      Attorneys – 4%  
 UAPD – 1%                      PEU\* – 3%                      Skilled Crafts – 4%



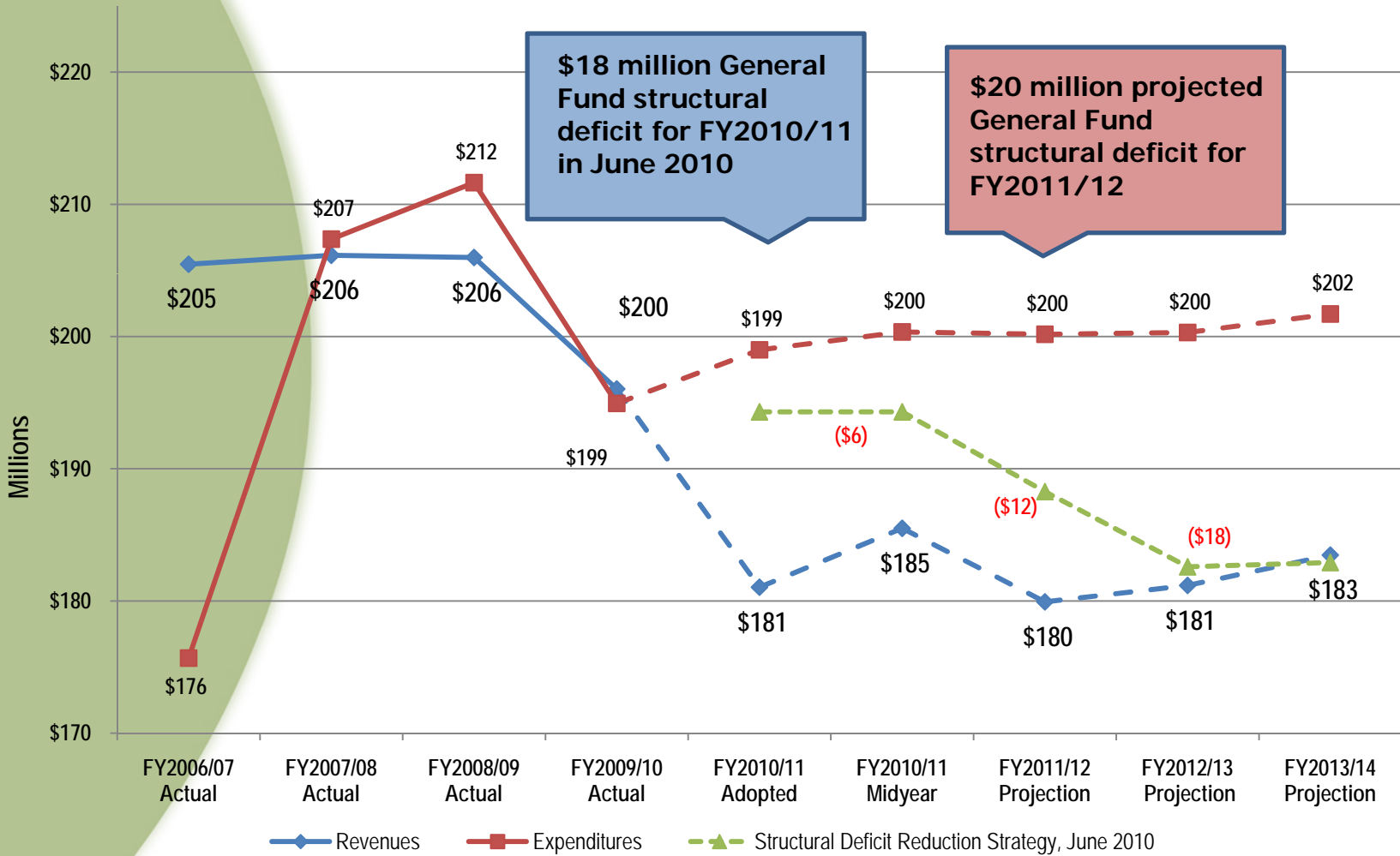


# Value of Exec/Sr Management Concessions





# General Fund History & Projections



\*Excludes appropriations for contingencies



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# **FY2011/12 Budget Preparation Assumptions**

*February 8, 2011*



# FY2011/12 Budget Assumptions

- Projected \$20.2 million General Fund structural deficit
- Projected Fund Balance at \$27 million
  - Includes \$20 million in Contingencies
  - Increase from \$25 million projected at Midyear
    - Targeting lower expenditures
    - Potential savings from PARS supplemental retirement
- Requested budgets based on Midyear, including plans to reduce total labor costs by 10%, elimination of discretionary programs and/or reduction in discretionary levels of services



# Progress on Structural Deficit - FY2011/12

	AMOUNT
Revised FY2010/11 General Fund structural deficit projection at Midyear	\$14.9 million
Projected FY2011/12 general revenue reductions	\$3.4 million
Projected FY2011/12 increased labor costs	\$3.0 million
Increases and decreases in FY2010/11 expenses and other revenues	(\$1.1 million)
<b>PROJECTED FY2011/12 STRUCTURAL DEFICIT</b>	<b>\$20.2 million</b>
<b>Impacts of Governor's Budget Proposal:</b> Does not assume passage of the governor's proposal, which includes program realignment, extension of the VLF and sales tax for public safety, and elimination of State funding for Veteran Services.	<b>TO BE DETERMINED</b>



# FY2011/12 Budget Assumptions

## ■ Retirement costs

- Miscellaneous Employees increase from 12.1% to 14.333%, up 18.4% per employee
- Safety Employees from 14.8% to 18.427%, up 24.5% per employee

## ■ Workers' Compensation Insurance

- Loss reserves depleted; rate increase required per actuarial report
- Current confidence level of 80% cost \$3 million
- Recommend reduce confidence level to 75% for cost of \$2.5 million, saving \$500,000



# FY2011/12 Budget Assumptions

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- **Unemployment insurance**
  - Due to change in law and increased claims; rate increase of \$1.1 million required
  
- **Liability insurance**
  - Use of \$1.1 million from liability reserves will reduce FY2011/12 rates by \$1 million



# FY2011/12 Budget Assumptions

## ■ Technology

- Technology investment of \$1 million in FY2010/11
  - Funding for projects not completed in FY2010/11 will be re-budgeted in FY2011/12
- Expenditure increases for systems and software licenses upgrades for IFAS, People Soft, Pictometry: \$1.1 million
- Refresh recommended for personal computers over 5 years old; however, no reserves for refresh are available
  - Departments asked to absorb costs within their budgets, if possible





# FY2011/12 Budget Assumptions

## ■ **Nut Tree Airport**

- Board approved increased funding for master plan process on Dec. 14, 2010
- Consultant work on integrated process: \$388,000

## ■ **William J. Carroll Government Center**

- Construction on 35,000 sq ft office/clinic in Vacaville begins in early 2011: \$19 million
- No General Fund impact in FY2011/12; funding from Master Settlement Agreement, Public Facility Fees and ARRA grant



# FY2011/12 Budget Assumptions

- **General revenues compared to Midyear**
  - Current secured property taxes: 4% lower
  - Property taxes in lieu of VLF: 2% lower
  - Property transfer taxes: same as current year
  - Current Unsecured taxes: 2% higher
  - However, the above numbers are subject to change based on significant number of appeals outstanding



# FY2011/12 Budget Assumptions

- **General revenues compared to Midyear**
  - Sales and Use taxes remain flat; consistent with statewide trends
  - Business license fees, waste disposal fees: same as current year
  - Redevelopment Pass-Through: 2% lower
  - Does not currently reflect any impacts in the Governor's proposal



# We have our work cut out for us

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## ■ Departments' role

- Consider organizational structures and process improvements which increase efficiencies and decrease costs
- Base initial FY2011/12 Requested Budgets on FY2010/11 Midyear
- Develop spending plans to reduce total labor costs by 10%, eliminate discretionary programs and/or reduce discretionary levels of services



# We have our work cut out for us

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## ■ **County Administrator's role**

- Implement Board's structural deficit reduction policy by FY2012/13
- Recommend for elimination or reduction unsustainable programs, consistent with Board priorities
- Continue ongoing budget strategy discussions with department heads and the Board



# We have our work cut out for us

- **Board of Supervisors' role**
  - Continue supporting organizational changes that improve efficiencies and reduce costs
  - Continue supporting efforts to reduce ongoing General Fund expenditures that contribute to structural deficit
  - Work aggressively with State and Federal legislators to improve revenues and support County programs
  - Be prepared to make tough choices that may eliminate programs and/or reduce service levels, which in turn may mean further workforce reductions



# Questions & Answers

