



BUDGET ALERT

Budget News Impacting Solano County

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Lack of State Budget Progress Impedes County's Ability to Address Local Budget Issues

The lack of progress at the State level is not new, but its impact on counties continues to grow and hamper our ability to address local budget issues. With the uncertainty over how the State will attempt to resolve its \$19-plus billion deficit, it is difficult for departments to know what to address as other funding shortfall issues. In spite of the unknown issues expected to be generated by the State budget, the County is taking steps to reduce its structural deficit issues.

COUNTY

Contract Changes Help Reduce Cost of Delivering Services in the County Jail by \$383,590

On Tuesday, Aug. 24, the Board of Supervisors approved contract changes with two employee groups that will save \$383,590 in FY2010/11. The first action ratified a contract with the 25 members of Correctional Supervisors Unit 14. The second action adopted the terms of the Last, Best, and Final Offer made to Correctional Officers Unit 13 covering 190 Correctional Officers after over a year of negotiations failed to produce a contract. Both Unit adoptions have key short- and long-term fiscal impacts:

- No Cost of Living Adjustment in 2010, and a 0% to 3% COLA in January 2011.
- Starting in September 2010, their members will pick up of 3% of the Employer Paid Member Contribution. Any COLA received in January 2011 will be offset by an equal increase in the employee pickup of EPMC.
- Introduction of a second retirement tier for new employees that reduces the formula from 2% percent at age 50 to 2% at age 55. This provision will be implemented in January 2011 or upon agreement with all other employee groups in this retirement category, whichever is later.
- Correctional Officers also had a \$100 per month reduction in the "cash back" option of the County's cafeteria plan for health coverage.

Details of the contract changes are available at County's web page under [Budget Overview 2010](#).

Board Workshop to Review Programs and Service Levels to Find Ways to Shrink Budget

The first workshop focused on how to best align the County's ongoing program expenses with anticipated ongoing revenues will be held on Tuesday, Aug. 31, in the Solano Event Center, 601 Texas St., in Fairfield. Programs and service levels will be examined in light of the County's mandated obligations by outside agencies, such as the State, or from community priorities. Discussion will focus primarily on programs where the County has discretion in how it delivers the service or whether to deliver the service at all, as well as the impact of reducing or eliminating the service.

While significant attention will be on reducing the County's \$18.7 million General Fund structural deficit by \$6 million this fiscal year, the review will also consider potential changes to programs in other funds facing financial difficulty in the current economy.

The workshop starts at 9 a.m. and is anticipated to last late into the afternoon. Departments scheduled to present include Treasurer-Tax Collector-County Clerk, Veteran Services, UC Cooperative Extension, Agriculture, Sheriff-Coroner, Probation, District Attorney, Public Defender/Conflict Defender, Child Support Services, Resource Management and Library.

The workshop on Sept. 21 will review the remaining departments. On Oct. 26, the focus will be establishing program priorities and potential budget reduction actions that will likely be implemented between October and January 2011.

Materials being presented at the workshop are available at County's web page under [Budget Overview 2010](#).

STATE

FY2010-11 Budget Impasse is Fourth Latest in State History

Today is **Day 58 of the 2010-11 fiscal year** with no new spending plan from the State in place. This is the fourth latest budget in California history. The longest budget stalemate on record was 86 days and occurred in fiscal year 2008-09 when a budget was finally signed on September 23, 2008.

Governor Arnold Schwarzenegger and all four legislative leaders met yesterday for the first Big Five (*Governor, Senate President pro Tempore, Speaker of the Assembly, Senate Republican Leader, and Assembly Republican Leader*) meeting since June. After meeting for under an hour, the legislators emerged with no significant progress to report.

Meanwhile, the Legislature continues business-as-usual with floor sessions in both the Assembly and Senate passing bills. The Legislative Session officially ends next week. Reports earlier this week suggested that the Legislature was trying to pass all bills out of the legislature by today, leaving Monday and Tuesday to run budget drills. The Governor has indicated that he will call the Legislature into a Special Session if a budget is not adopted before the session officially ends on Tuesday, Aug. 31.

State Fiscal Leaders Defer Payment to Counties and Schools

In the absence of a State budget, the State's three fiscal leaders announced Monday, Aug. 23, that they plan to defer payments to counties and schools one month earlier than planned to sustain the State's cash situation.

In a joint letter signed by State Controller John Chiang, State Treasurer Bill Lockyer and State Director of Finance Ana Matosantos, the State's fiscal leaders jointly determined their need to exercise their authority to accelerate the deferral of payments to California counties for CalWORKS one month to September, from the originally planned month of October.

The letter identifies the level of deferral for all counties to be \$400 million. This deferral is in addition to deferrals for the month of July, amounting to \$700 million. For Solano County, this will translate to roughly \$11 million in deferrals and will put a strain on local cash flows.

The State will also defer an additional \$2.5 billion in payments owed to K-12 schools.

While recognizing the fiscal challenges already faced by California's counties, the letter states the deferral acceleration is necessary because the State has not yet adopted a budget and they must maximize cash flow to avoid the issuance of IOUs.

"The lack of a State budget is levying additional fiscal stress on schools and counties, and unfortunately, this accelerated deferral of State payments will further exacerbate the situation," according to the letter.

To read more: <http://blogs.sacbee.com/capitolalert/latest/2010/08/state-fiscal-leaders-defer-pay.html#ixzz0xp2Bddym>