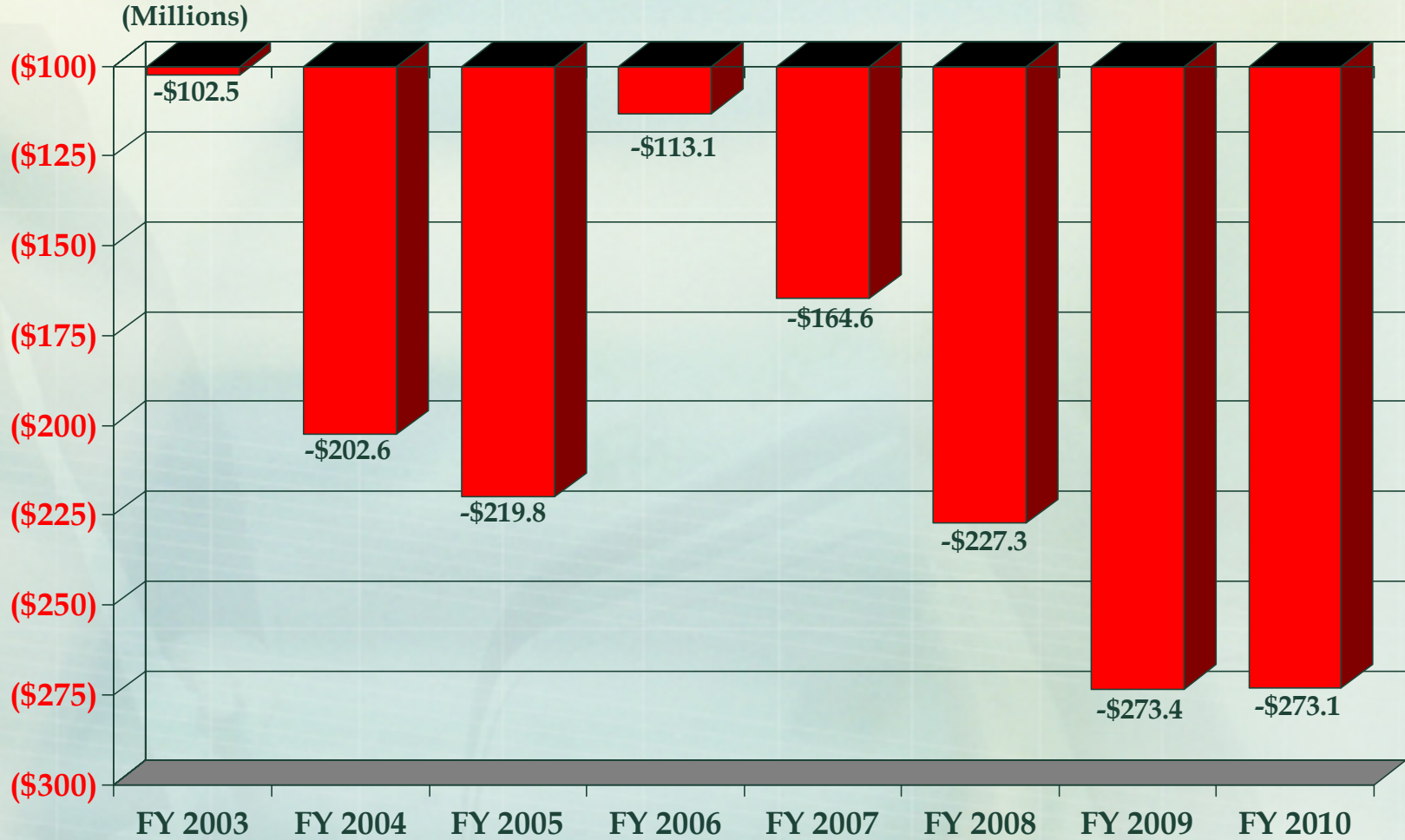


FY 2010 Recommended Budget Workshop May 12, 2009



**Gary Graves, Acting County Executive
Leslie Crowell, Budget Director**

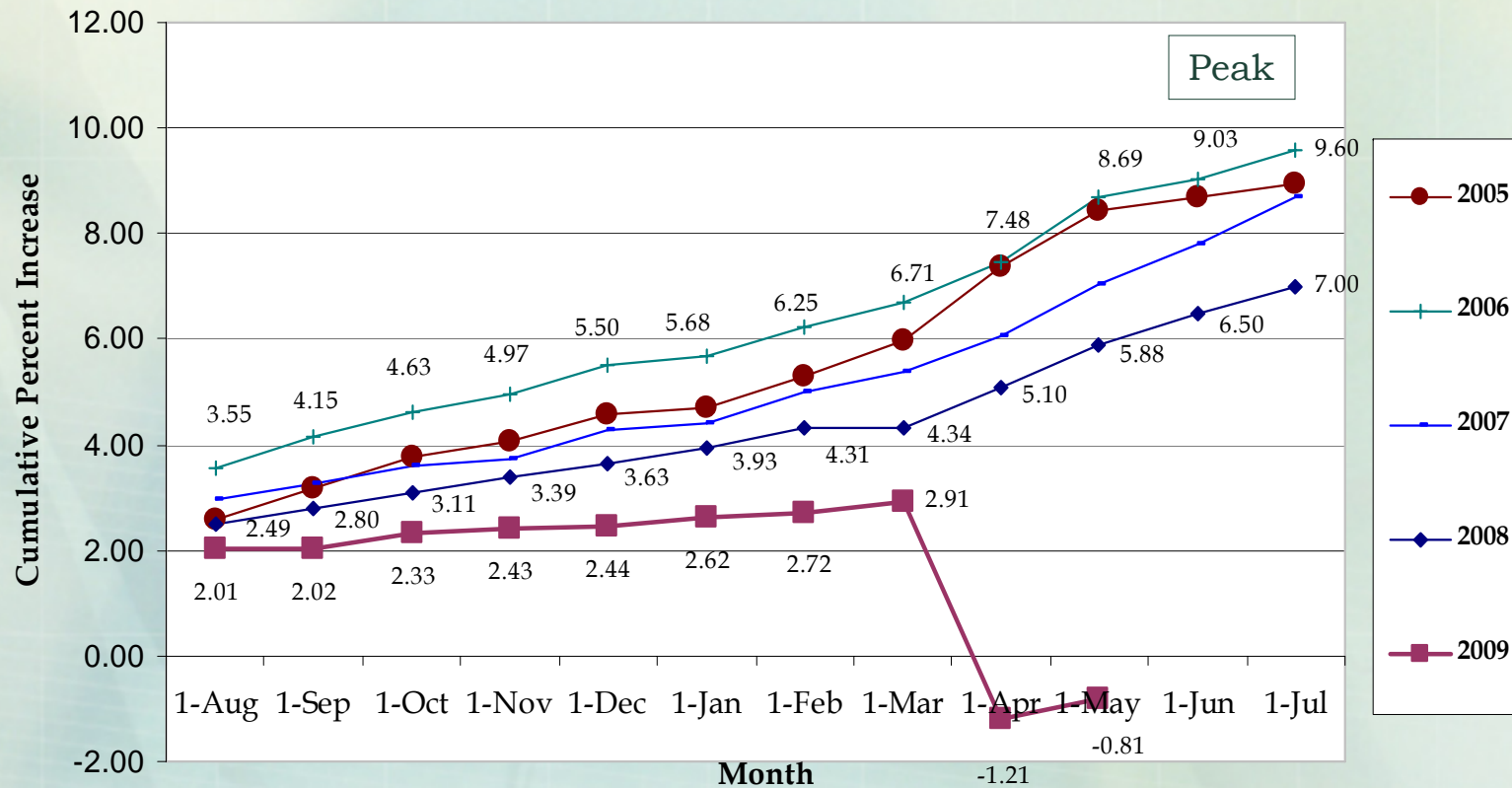
Where Have We Been? GF Deficits Totaling \$1,576,000,000



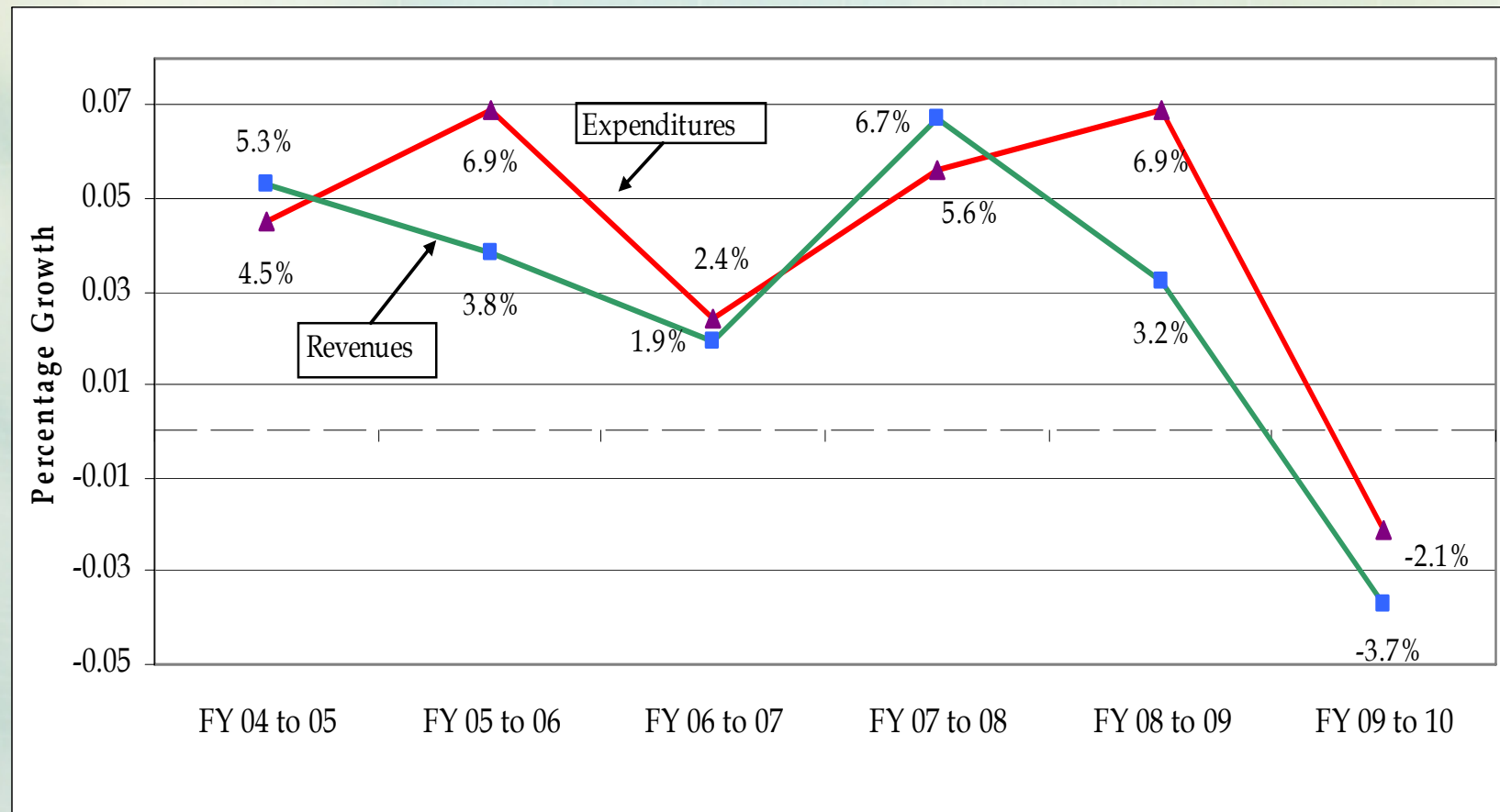
* Denotes years with two rounds of cuts.

Secured Property Tax Takes a Hit

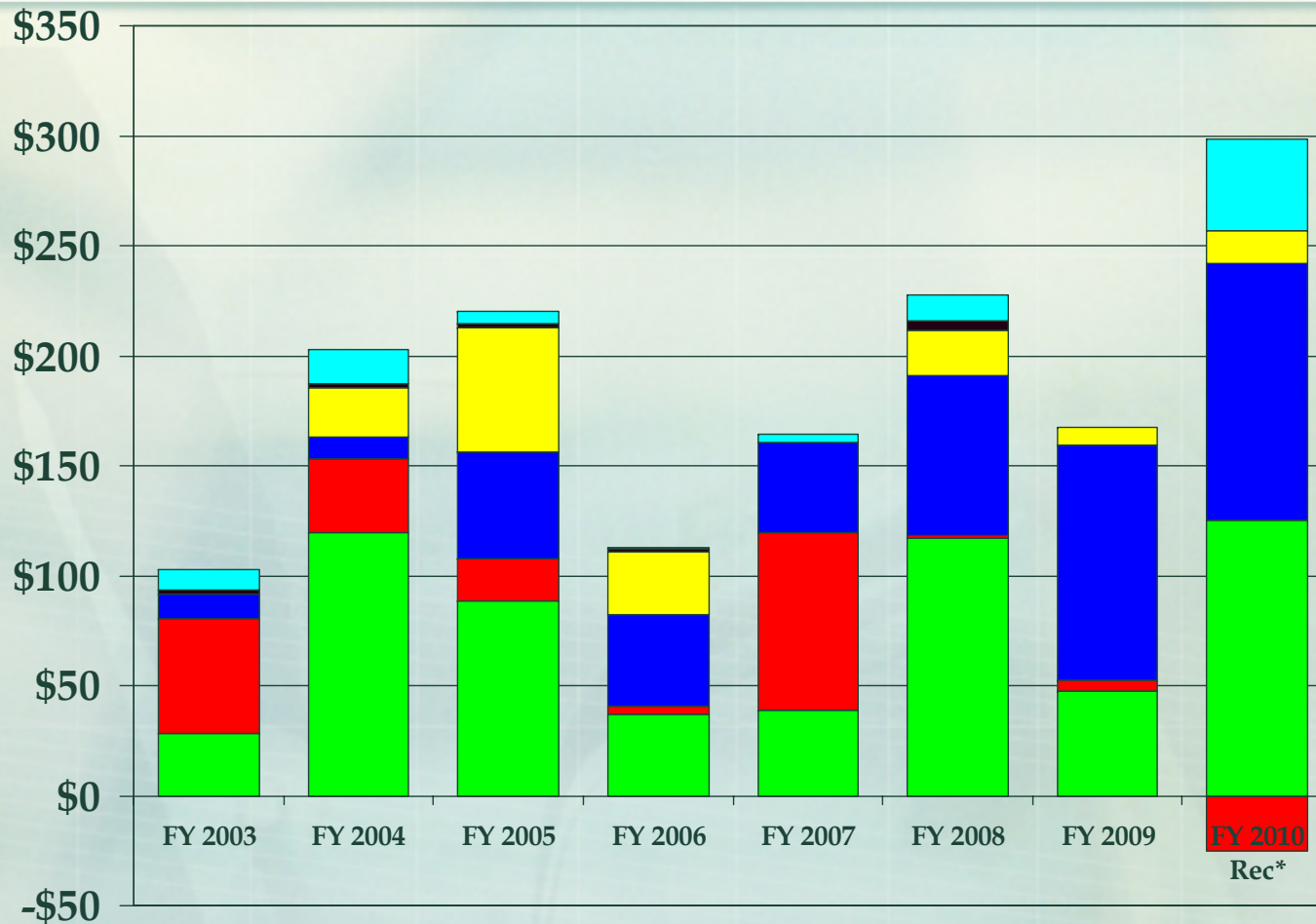
(Land and RP Improvements Only)



Revenue and Expenditure Growth is Negative in FY 2010



FY 2003-10 Solutions/Strategies



* A reduction in the use of reserves in FY 2010 Rec represents the use of reserves to cover anticipated revenue losses rather than deficit solutions.

- Department Reductions
- Use of Reserves
- Use of One-time Funds
- Modified Financial Policies
- Increase Fees
- Reimb/Non-Tax Revenue

Integrated Health System Leverages Available Revenue

- SCVMC Transformation 2010
 - Provides a combination of revenue increases and service delivery improvements that generate savings of \$32.3 million
- Build integrated service delivery model, blending Ambulatory Care and Public Health services to preserve services to high risk infants and in the California Children's Services program
- Greater managed care enrollment in Valley Health Plan provides for greater outreach and increased access to health care
- Medical Home Model for Mental Health
 - Creates a new Valley Care Clinic-based service delivery model for outpatient mental health services, avoiding loss of service to 1,600 mental health clients, preserving services at North County, Central and East Valley centers and retaining 27.5 FTEs.
- Use of MHSF Funds to Retain and Improve Services Delivered to the Homeless
- Leverage public pricing for pharmaceuticals provided under the SCVMC license

Creative Approaches to Solving Budget Problems

- Two part phasing out of Children's Shelter saves \$3.3 million in FY 2010, and additional savings in FY 2011
- Maximizing Claiming Processes in SSA Avoids Additional Service Reductions of over \$4.5 million
- Restructuring the Gateway Assessment Center will increase efficiency in the Department of Alcohol and Drug Services
- Contract Extension for majority of Bargaining Units - 0% increase over the next 2 years
- Assessor Backlog Effort (ABE program) generates \$1.3 million in Property Tax revenue

Staffing Impacts

	FY2010 CLB		FY2010 REC		Change	
	FTES	%	FTES	%	FTES	%
Exec Mgmt	161.0	1.1%	160.0	1.1%	(1.0)	-0.6%
Other Supv	1,221.4	8.0%	1,215.4	8.1%	(6.0)	-0.5%
Line Staff	<u>13,860.2</u>	<u>90.9%</u>	<u>13,708.7</u>	<u>90.9%</u>	<u>(151.5)</u>	<u>-1.1%</u>
Total	15,242.6	100.0%	15,084.0	100.0%	(158.5)	-1.0%
Staff:Supv Ratio		10.0		10.0		

- General Fund only: net reduction of 227.4 FTE
- All Funds: net reduction of 158.5 FTE
- Approximately 340 employees will be affected in some way: transfer to vacant position, returned to former class, reduced from fulltime to halftime, etc.

American Recovery and Reinvestment Act (ARRA)

- ARRA (Federal Stimulus) - use of relief funds to cover costs of health programs including:
 - Keeping all of Barbara Arons Pavilion Open
 - Mitigating reductions in Public Health and the Department of Alcohol and Drug Services
 - Avoidance of an additional \$9.7 million in County service reductions
 - Reserve for Loss of Safety Net Care Pool \$
 - Reserve for Optional Medi-Cal Benefits
 - Reserve for Medicaid Outpatient Rule Change

Other Important Recommendations Included in the FY 2010 Budget

- The Contingency Reserve is recommended at 5% of general fund revenues net of pass throughs or \$93.8 million
- Capital and Infrastructure projects totaling \$24.9 million are recommended in this budget.
- Technology Projects totaling \$9.7 million are recommended in this budget.
- A one-time reserve of \$18.9 million is included in the budget to address State budget reductions.

Drastic Times Mean Drastic Measures

- 8th year of deficits in a row
- System services are shifting away from locally-funded programs
- Vulnerable populations impacted as discretionary services are reduced to enable provision of mandated services
- Options are limited in providing important services that are not reimbursed by the State or Federal governments

What Does the Future Hold?

- State Deficits
 - Projected State Shortfall for FY 2010 - \$8 Billion
 - Pending May 19 Ballot Measures - Failure Could Mean \$6 Billion More
- Economic uncertainty
 - When will recession bottom out?
- Property Tax stagnation
 - Permanent reduction in property tax as a result of foreclosures and Proposition 8 adjustments
- Impacts of Economic meltdown on Revenue Base
 - Realignment sales tax, public safety sales tax, vehicle license fees
- Retirement Cost Increases Anticipated in FY 2012
 - Impact of Market downturn on FY 2012 PERS rates
- Retiree Health contributions scheduled to increase substantially in FY 2013
- Focus on collaborative methods to reduce costs of service, and define our core mission