

FY 2012-13 Proposed Budget Summary

OVERVIEW

Proposed FY 2012-13 All Funds Budget totals \$445.1 million - or a 1.0% increase from last year's Approved Budget.

General Fund Budget totals \$371.7 million – a 0.2% *decrease*.

- Budget impacted by flat (1%) growth in property tax revenue versus FY 2011-12
- Higher employer pension costs continue to impact the County budget
- \$2.5 million FY 2012-13 budget gap closed with prior Board approval to create a retiree health trust next year – which will save more than \$5 million annually starting FY 2013-14 and allow County to fully pay for retiree health liabilities over 30 years
- Total of 17 positions reduced in two departments – 0.25 FTE in Public Defender and 16.75 FTE in HHS (due largely to the loss of State and Federal funding)
- HHS reductions include 4.80 FTE layoffs – including 0.80 FTE in Federal WIC program; 2.0 FTE in State AB 3632 program; and 2.0 FTE with an HHS administrative restructuring given OB and GYN reductions in previous years
- To address community needs and mitigate layoffs, we are recommending to maintain 6.0 FTE within its existing baseline budget for a basic Children's Mental Health Services program since the State AB 3632 mandate has been shifted to schools statewide
- Over the next several months, we will be further evaluating 28 additional long-term restructuring policy options for consideration to reduce future year budget gaps

POTENTIAL STATE BUDGET REDUCTIONS

The Governor's May Revise depends upon voter approval in November of an \$8.5 billion revenue measure to close a \$15.7 billion budget gap. November measure includes a 4-year, quarter cent increase to the State sales tax and a 7-year income tax increase on those making \$250,000 or more. Failure of the November revenue measure would mean deep, automatic trigger cuts largely to K-12 and Higher Education.

- May Revise includes fairly minimal direct budget impacts to County: \$205k-\$530k loss in local roads funding, and \$89k cut to child support
- Although our hope is that the Legislature will find alternative solutions, cuts to clients and recipients of Safety Net programs are significant: reductions to child care subsidies; cuts to Cal-WORKS welfare to work program; and 7% reduction in authorized hours to IHSS providers (despite previous 20% reduction being blocked by Courts)
- County is rolling over \$5M in State budget reserves to provide time to adapt to any loss of program revenues

Once State budget impacts are known, we will return to the Board to adjust program budgets.

NEXT STEPS

- Budget hearings scheduled for Monday, June 18th at 9:00 a.m. and Wednesday, June 20th at 9:00 a.m. to adopt Final Budget