



State Budget Impacts For FY 2009-10



September 2009



State Budget Status

- FY 2009-10 impacts are the result declining revenues and rising costs

- State budget balanced with \$24.2 billion in reductions, fund shifts, revenue increases, and borrowing

- Legislative Analyst's Office has identified ongoing risks to the State's financial condition:
 - Budget
 - Infrastructure
 - Retirement



State Budget Risk

- Estimated \$35 billion of budget related risk:
 - Employee Payroll Deferral - \$1 billion
 - Proposition 98 Deferral - \$6 billion
 - Other Education Obligations - \$21 billion
 - Special Fund Loan Repayments - \$2 billion
 - Mandate Reimbursements - \$2.5 billion
 - Proposition 1A Repayment - \$2 billion



State Infrastructure and Retirement Risk

- Estimated \$69 billion of infrastructure related risk:
 - General Obligation Bonds - \$61 billion
 - Lease Revenue Bonds - \$8 billion

- Retirement related unfunded liabilities:
 - CalPERS - \$18 billion
 - CalSTRS - \$21 billion
 - Retiree Health - \$48 billion
 - FY 2008-09 investment losses - \$20 billion



Orange County Impacts – Public Protection

■ Probation Department

- Juvenile Camps Funding (VLF)
- Juvenile Justice Crime Prevention Act (VLF)
- Proposition 36 Funding - (\$1.1M)

■ District Attorney

- Proposition 36 Funding – (\$328K)

■ Public Defender

- Proposition 36 Funding – (\$328K)



Orange County Impacts – Community Services

- Health Care Agency (*selected program impacts*)
 - CalWORKS – (\$481K)
 - HIV Services and Prevention – (\$1.8M)
 - Mental Health – (\$4.3M)
 - Proposition 36 – (\$4.1M)

- Social Services Agency (*selected program impacts*)
 - Medi-Cal Administration – (\$700K)
 - Child Welfare Services – (\$5M)
 - Foster Care Admin – (\$2.8M)



Orange County Impacts – Community Services

- OC Community Resources Agency
 - Redevelopment revenue shift – (\$8.8M)
 - Office on Aging – (\$268K)



Orange County Impacts – Other

- Proposition 1A Borrowing:
 - General Fund – (\$38.1M)
 - OC Libraries – (\$3.0M)
 - OC Flood Control – (\$5.5M)
 - OC Parks – (\$4.1M)
 - Structural Fire Fund – (\$14.6M)



Sheriff-Coroner's Revised Budget Reduction Plan

FY 2009-10 Budget



Sheriff-Coroner's Revised Budget Reduction Plan

- June 23, 2009 Board approval of Sheriff reduction plan
 - \$28 million in Net County Cost (NCC) reductions
 - 199 positions to be deleted

- Revised budget reduction plan
 - Achieves equivalent NCC reductions
 - Retains 111 of 199 positions identified for deletion
 - 11 alternate positions identified for deletion



Sheriff-Coroner's Revised Budget Reduction Plan

- Cost of retaining 111 positions is \$13.6M

- Alternate reductions of \$13.6M include:
 - Reassignment of positions for cost savings and reduction to overtime
 - Deletion of alternative positions
 - Work schedule changes at jail facilities
 - Reduction in overtime
 - Arrestee booking fee



Sheriff-Coroner's Revised Budget Reduction Plan

- Layoff notices issued

- CEO and Sheriff are working closely to monitor the plan

- Further reductions may be necessary due to Proposition 172
 - FY 2008-09 revenue was \$9M less than FY 2009-10 budget
 - Revised growth rate for FY 2009-10 is -7.9%
 - Estimated revenue shortfall to Sheriff of \$24M



Conclusion

- No backfill of State funding reductions
- Continue reduction process for all agencies
- Recommended budget actions in Quarterly Budget Report process
- Develop budget balancing plans for Proposition 172 shortfall
- Weekly reporting to the Board of Supervisors