



Legislation Text

File #: 20-0781, **Version:** 1

Chief Administrative Officer recommending the Board:

1) Receive a presentation from the following departments on the potential impacts to funding streams and services provided by those revenues as a result of the COVID-19 pandemic:

- a) Child Support Services - State Funding;
- b) Health & Human Services;
 - i) Public Health Realignment;
 - ii) Social Services Realignment; and
 - iii) Behavioral Health Realignment;
- c) Probation - Community Corrections Partnership Funding; and
- d) Transportation - Road Fund; and

2) Direct all departments to prepare a budget scenario in which they are required to reduce their Fiscal Year 2020-21 budgeted Net County Cost by 5%, identifying the total dollar savings, the potential reduction in Full Time Equivalent positions and service level impacts to the community, and to provide those scenarios to the Chief Administrative Officer no later than July 6, 2020; and

3) Approve and authorize the Chair to sign a letter to Governor Newsom and Legislative leadership requesting stabilization of Realignment funding by backfilling for lost base revenue in both the current and future budget years, and authorize Department Heads whose programs are impacted by realignment revenue to also advocate for backfilling lost revenue.

FUNDING: Countywide Budget.

DISCUSSION / BACKGROUND

Due to the timing of COVID-19 the FY 2020-21 Recommended Budget was a "status-quo" budget with the expectation that a modified budget would be submitted to the Board for adoption in September. The modified budget will incorporate the changes as a result of anticipated revenue impacts to a variety of programs and services provided by County departments.

Due to the number of separate funding streams and services that are being impacted, including State and Federal funded realigned programs and the General Fund, the Chief Administrative Office is requesting the Board have several discussions leading up to the final adoption of the budget in September so that the Board members and the public have an opportunity to obtain a better understand the potential impacts, ask questions and provide input prior to consideration of the adopted budget. It should be noted that at the time this staff report was prepared there are still significant differences between the California Legislature and the Governor relative to backfilling the loss of realignment revenues.

With this in mind, today's discussion will focus primarily on state and federally funded programs as well as the Road Fund. Departments will be providing a summary of the following:

- Revenue - How revenue is received (e.g., State GF allocation, sales tax, VLF, etc.)
- Assuming estimates from the California State Association of Counties and other professional organizations are accurate and no backfill is provided either through the State or the County

General Fund, what reductions will need to be considered.

- How will the funding reductions impact the Department's ability to meet State and Federal mandates?
- What are the consequences of not meeting mandates?

The Chief Administrative Office is also requesting the Board direct all departments to identify the impacts if they were required to reduce their FY 2020-21 budgeted Net County Cost by 5% for purposes of establishing a baseline discussion with the Board of Supervisors. The CAO fully recognizes that most departments are leaner than ever and an across the board approach while likely not feasible, it also is not strategic and is not in the best interest of the residents. That being said, this exercise will establish the framework for future decisions and more strategic decisions that in all likelihood will not be equitable across all departments. Specifically, we work in a closed system and if a department is unable to achieve the required savings, or if the Board determines they are not willing to negatively impact services in a specific department, those savings will need to be achieved elsewhere and some departments will give more and some less.

The Board will also have the option to close any funding shortfall with the use of designated reserves. If this is done the Board needs to keep in mind these reserves are designated for specific purposes that will no longer be funded. In addition, the Board must recognize designated reserves are only one time in nature and revenues may continue to be impacted in FY 2021-22 which could require the use of reserves in future years.

ALTERNATIVES

The Board could provide alternative direction for revisions to the FY 2020-21 Budget.

PRIOR BOARD ACTION

On June 9, 2020 with Legistar item 20-0752, the Board approved the FY 2020-21 Recommended Budget.

OTHER DEPARTMENT / AGENCY INVOLVEMENT

Child Support, Health & Human Services, Probation, and Transportation

FINANCIAL IMPACT

There is no financial impact associated with this item.

CLERK OF THE BOARD FOLLOW UP ACTIONS

N/A

STRATEGIC PLAN COMPONENT

Good Governance

CONTACT

Don Ashton, MPA