

Fiscal Issues Report

ISSUE	POTENTIAL NEAR TERM BUDGET IMPACT					COMMENT	Last Update
	high/med/low	onetime/ongoing	BOS discretion		Gen. Fund		
REVENUE							
1 State Budget Impacts	high	both	little	undefined	multiple	The Governor signed the budget package for 2008-09 & 2009-10 on 2/20/09, which included revenues to be approved by voters on the 5/19/09 election and the receipt of \$10B in federal stimulus funds. On 3/13/09, the LAO reported a \$8 billion deficit for 2009-2010 based on continued decline in revenue. On 3/27/09, the Department of Finance and Treasurer indicated CA will receive \$8.2B through the American Recovery and Reinvestment Act (federal stimulus), shy of the \$10B required to avoid \$1.8B in higher taxes and \$948 M in program cuts. The "trigger" cuts include decrease in CalWORKs and SSI/SSP grants, elimination of certain Medi-Cal benefits and funding reductions to IHSS, higher education (UC/CSU), public hospitals and the judicial branch.	4/2/2009
2 State Contribution for Cost of Doing Business	med	ongoing	little	7,000,000	no	State froze the revenue contribution limits to the Department of Social Services at 2001 levels; DSS is absorbing cost increases.	11/24/2008
3 ADMHS Cost Report Settlement Issues	high	onetime	little	17,083,895	yes	County's accrued liability was \$17M as of June 2008. 08-09 adopted budget includes \$15m from General Fund Strategic and Audit reserves to ADMHS	4/9/2009
4 Mental Health and Partner Agencies Medi-Cal Billing Exposure	med	both	little	14,400,402	yes	Disallowable costs extrapolated over the period of Fiscal Year 2002-2003 through Fiscal Year 2007-08 are estimated at \$14.4M; no repayment source has been identified; \$1.6m has been transferred from strategic reserve to fund the current year (08-09) liability.	4/9/2009
EXPENDITURE							
5 Pension Fund Stability	high	ongoing	little	3,750,000	multiple	Pension rates increase by 1% for FY 2009-10 (\$3.8m or 5%). However, primarily due to recent significant losses in the Santa Barbara County Employees' Retirement System (SBCERS), rates could potentially increase by 16% for FY 2010-11 (\$54.9M or 69%).	4/7/2009
6 Retiree Healthcare	certain	ongoing	none	5,600,000	multiple	Prospective costs to County to directly fund post employment healthcare benefits through a 401(h) account administered by the Retirement System. Prospective costs are offset in current Fiscal Year 2008-09 by lower basic pension rate credit of 2.52%.	10/28/2008
7 May Statewide Special Election	high	onetime	little	1,100,000	yes	A Statewide Special Election will occur on May 19th, 2009. This required the County to upfront \$1.1M from Strategic Reserve to be reimbursed from the State in the following Fiscal Year 2009-2010.	4/2/2009
8 Public Defender Funding	certain	both	much	7,127,000	yes	\$4.4M one-time funding for Public Defender Office remodel. \$2.7M - ongoing for operations FY 2009-10; unavailability and additional conflict attorney Court costs.	10/28/2008
9 Cachuma Lake Surcharge	med	onetime	med	7,900,000	yes	\$12.7m total to move facilities due to higher lake levels, (\$7.9M unfunded), (\$4.8M funded includes: Boating \$2.7M & Bureau \$2.1M).	10/28/2008
10 Selected County Revenues	high	both	little	3,800,000	multiple	Due to the economic downturn a number of sales and property tax driven revenues are declining. This item represents the projected impact on selected departmental revenues dedicated to Public Safety Departments, Social Service, Mental Health and Public Health. Board has approved mid-year budget revisions to close budget gap totaling \$6.2m	4/9/2009
IMMEDIATE HORIZON (beyond 2008-09 fiscal year)							
11 Property Tax Administration Fee	med	both	little	1,279,819	yes	Statewide dispute between cities and counties. Approx \$400,000 annually + potential back pay of 4 years in the amount of \$879,819.	10/28/2008
12 County Jail - Northern Branch	med	both	much	1,019,000	yes	AB 900 grant \$56.3M was conditionally awarded. The grant process is currently held up by the State. County capital contribution is \$23.9M (\$20.6M unfunded, \$3.3 spent for land purchase). Operating cost in FY2008 -09 dollars = \$13.2M.	3/5/2009
13 Maddy Fund	high	ongoing	med	1,100,000	no	The County is able to assess fines on certain vehicle violations to use for the Maddy EMS Fund until 1/1/2011. However, a long-term funding strategy is warranted. Item moved to "immediate horizon"	12/19/2008
14 Indian Gaming	low	ongoing	little	1,500,000	multiple	AB 357 was introduced on 2/25/09 and amended on 4/1/09 to extent the Special Distribution Fund grants for mitigation of gaming until 1/12021.	4/2/2009
15 Goleta Beach Long Term Protection Plan	med	onetime	much	5,800,000	yes	\$10.2m total (\$5.8m unfunded), (\$4.4m funded includes: FEMA \$1.7m, CIAP \$1.5m and various \$1.2m). BOS approved project for filing Coastal Development Permit currently with California Coastal Commission.	10/28/2008
16 Reauthorization of Measure D (Measure A)	high	ongoing	med	8,000,000	no	FY 10-11 revenue loss without re-approval. A primary source of local matching funds utilized to receive \$9M to \$10M in State and Federal funds. Reauthorization approved by voters 11/4/08.	11/5/2008
17 Santa Maria River Levee Reinforcement Project	high	onetime	much	48,000,000	no	County is not yet at construction stage but estimated cost of \$48 million would satisfy the highest-priority areas near the city. The cost of repairing the entire levee would be \$350 million.	10/28/2008
18 Goleta Revenue neutrality	certain	ongoing	little	3,740,000	yes	FY 12-13 voter approved Goleta revenue neutrality agreement adjusts.	3/9/2009
19 Fiscal Year 2009-2010 Budget Gap	high	ongoing	much	15,924,700	yes	Projected shortfall for Fiscal Year 2009-10. Expected to increase to \$39.93M in FY 2010-2011 if ongoing reductions are not implemented.	4/9/2009
20 Selected County Revenues	high	both	little	14,000,000	multiple	Due to the economic downturn a number of sales and property tax driven revenues are declining. This item represents the projected impact on selected revenues dedicated to Public Safety Departments, Social Service, Mental Health and Public Health.	2/6/2009