



BOARD OF SUPERVISORS  
AGENDA LETTER

Agenda Number:

Clerk of the Board of Supervisors  
105 E. Anapamu Street, Suite 407  
Santa Barbara, CA 93101  
(805) 568-2240

Department Name: CEO  
Department No.: 012  
For Agenda Of: 12/4/12  
Placement: Departmental  
Estimated Time: 30 Minutes  
Continued Item: No  
If Yes, date from:  
Vote Required: Majority

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**TO:** Board of Supervisors

**FROM:** Department Chandra Wallar, CEO *Tom Alvarez for C. Wallar*  
Director(s)  
Contact Info: Tom Alvarez, Budget Director

**SUBJECT:** Receive and File the Fiscal Year 2013-15 General Fund Allocation Policy

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**County Counsel Concurrence**

As to form: N/A

Other Concurrence: Select\_Other

As to form: No

**Auditor-Controller Concurrence**

As to form: Yes

**Recommended Actions:** That the Board of Supervisors:

Receive, approve and file the Fiscal Year (FY) 2013-15 General Fund Allocation Policy

**Summary Text:**

The Fiscal Year 2013-15 General Fund Allocation Policy (Policy) sets a framework and establishes guidelines for developing Departmental General Fund Contributions (GFC's), also known as General Fund Targets. This new policy is designed to increase the clarity, consistency and transparency of establishing General Fund Contribution Targets. Additionally, the General Fund Allocation Policy is intended to support the matching of available General Fund resources with the needs of the County departments so that departments can provide services in alignment with the goals of the Board of Supervisors.

General Fund Contributions apply to departments receiving General Fund dollars within and outside the General Fund in accordance with the overall budget policies previously approved by the Board of Supervisors.

**Background:**

At the Board of Supervisors meeting on October 16, 2012, Budget Policies and Fiscal Strategies for Fiscal Year 2013-2015 were approved. One of those policies provided for the following:

<b><i>2. Policy-Based Budgeting</i></b>	<b><i>Fiscal Strategy</i></b>
Allocations from the General Fund to departments will be distributed according to Board policy direction, historical spending and federal/state mandates.	Allocate resources in a manner that supports Board strategic and programmatic goals without implementing across-the-board target cuts.

The General Fund Allocation Policy presented to the Board identifies the calculation method and budget procedures to distribute available General Fund based on Board policy direction, historical spending and federal/state mandates.

### **Calculation Method for the General Fund Contribution (GFC)**

The FY 2013-14 General Fund target setting policy begins with the Board Adopted FY 2012-13 GFC amounts and then identifies conditions where the FY 2012-13 targets should either be decreased or increased. An example of a decrease to a target might include a situation where the Board approved a one-time increase for a program expansion only for FY 2012-13. Because of the one-time intent of the Board, the target would be reduced accordingly for FY 2013-14. An example of an increase might be a condition where in FY 2012-13 the GFC was reduced as a result of employee salary concessions; in FY 2013-14, the concessions have now expired and the GFC will need to be increased (restored).

The General Fund Allocation Policy reinforces the desire of the Board to preserve scarce General Fund by maximizing the use of special revenue, grants and other agency funds in the budget development process before allocation of General fund dollars. Additionally, the policy states that unanticipated revenues are to be used to eliminate the dependence on one time funds being used for ongoing expenses.

The policy also identifies the general method for distributing a proportional share of available General Fund dollars based on approved wage and benefit adjustments for FY 2013-14. This allows departments to meet their obligations for increases in salary and benefit costs without requiring staffing or service level reductions. This is important as most departments have significantly reduced staffing levels over the past five years and further cuts would delay or eliminate the performance of essential County functions; such as in the Assessor's office.

Additionally, a significant General Fund Allocation Policy is that there are sufficient available resources to meet essential service levels. If there is a lack of available resources, department allocations will be reduced as necessary by the County Executive Office to balance the Recommended Budget for Board consideration in accordance with the County Budget Act (GC §29009).

### **Budget Procedures**

The General Fund Allocation Policy also prescribes certain administrative processes for departments to follow for submission of their FY 2013-15 budget requests. Budget submissions will be required to not exceed the General Fund Contribution targets established through this policy. Any General Fund request above the targets will be submitted to the County Executive Officer as a restoration or service expansion. Any increase in the number of staff will also be considered an expansion or restoration. All expansion requests are strongly discouraged and must be accompanied by significant justification and identification of a funding source other than General Fund.

The Board and the public continue to show a keen interest in the service level impacts resulting from the County's budget process. The policy will require the prioritized documentation of the service changes based on the severity of the impact to the public, as well as, any legal mandate for the service.

The General Fund Allocation Policy also guides the treatment of General Fund dollars at the end of the fiscal year by directing them back to the General Fund balance to preserve the use of the funds for other purposes and as a means of establishing effective target setting for the next budget cycle.

**Performance Measure:**

N/A

**Fiscal and Facilities Impacts:**

Budgeted: No

**Attachments:**

Attachment A: Fiscal Year 2013-15 General Fund Allocation Policy

**Authored by:**

Betsy Schaffer, Dennis Bozanich & Tom Alvarez

**cc:**

Department Directors