

Memorandum



Date: June 9, 2017

To: Chair Hartmann and Members of the Board of Supervisors

From: Mona Miyasato, County Executive Officer
Jeff Frapwell, Budget Director

Subject: **Recommended FY 2017-18 Budget Hearings - Update**

Cc: Mike Ghizzoni, County Counsel
Terri Nisich & Matt Pontes, Assistant CEOs

On Monday, June 12, June 14 and if necessary, June 16, your Board will hold hearings to approve the FY 2017-18 Recommended Budget. This memo is to provide an update prior to the hearings of available revenue projections.

Property Tax Update: As you are aware, property tax revenue projections are made early in the calendar year after consultation with the Auditor-Controller and Assessors' offices. The Assessor's office is unable to provide an update until mid-June, and typically during or right before budget hearings.

Late yesterday, we met with the Assessor and Auditor-Controller and their staff, and today worked with the Auditor's office to confirm the revenue figures. The Recommended Budget had assumed 4.5% growth in net assessed value in FY 2017-18. The updated information is now 5.75% growth. The Assessor believes that growth at this rate will not continue in the upcoming years. He will provide an update at the hearings.

This results in approximately \$1.5 million in available General Fund (GF) revenue (net of the Fire Tax shift and 18% to maintenance). This brings the total unallocated GF revenue to \$1.69 million. **I have provided my recommendations below on use of these funds. The remainder after my recommendations is \$299,521 in ongoing GF and \$514,000 in one-time GF.**

CEO Recommendations

Given that we will have continued budget gaps over the next several years, with particularly large gaps in Social Services and public safety departments, continued spending will deepen our problem next year. My revised recommendations below provide funding for required needs that were unable to be funded with our projected revenues, but now should be. The remainder

of the funds should be set aside for future use. However, should the Board feel compelled to fund unaddressed needs, I am also recommending “optional” uses of funds, based on the Board’s feedback and department discussions of compelling service restorations or expansions.

CEO Additional Recommendations

1) DSS – Reclassify CalFresh restoration to ongoing. \$492,000 ongoing.

A one-time restoration is included in the Recommended Budget to leverage State funding when it becomes available. It’s recommended this be made ongoing to ensure the department continues to have this capacity in the future. DSS Director Nielson has confirmed this is his highest priority.

2) DSS – In Home Supportive Services (IHSS) impact for FY 2018-19. \$625,000 ongoing.

The Governor’s January proposed budget shifted costs of this program to counties. The County’s Recommended Budget included \$2 million one-time to help cover the cost in FY 2017-18 while the issue was being negotiated at the State level. The May Revise rescinded this proposal, but requires counties’ share of costs to increase over the next several years. The additional cost for FY 2018-19 is estimated at \$625,000 ongoing, for which no funding has been identified by DSS. It is prudent to allocate funding for this required cost.

3) DSS – Child Welfare Expansion – (2 social workers). \$175,667 ongoing (Optional)

A few years ago, DSS covered the costs of negotiated salary increases by reducing social workers. The department has requested 6 social workers in the CWS program. To ensure stability of staff, the department has requested a restoration to help meet guidelines. Two positions are recommended for FY 2017-18.

4) DSS – Foster Care Restoration (2 Eligibility Workers) \$96,078 ongoing. (Optional)

The department has proposed reducing 3.75 FTE workers for determining foster care eligibility determinations to draw down federal foster care funding. The amount of General Funding of these two positions will draw \$87,628 of federal funding. This was not included in the DSS’s restoration list, but it is important ensure stability of federal funding.

5) CSD – Set aside for Goleta Beach permitting for Coastal Commission. \$567,000 one-time.

CSD provided an overview in April of the status of Goleta Beach. The department estimates a need of \$567,000 in FY 2017-18 for permitting and to fulfill CDP conditions. This will be required for FY 2017-18 and there is no identified source of funding.

6) General County Programs - Increase to contingencies. \$1,000,000 one-time

In this past year, the County spent \$3.27 million in contingencies for unexpected events. The Recommended Budget includes \$1.5 million. It is prudent to set aside additional funding in FY 2017-18.

7) Sheriff/General County Programs – Set aside for Court security. \$300,000 one-time. (Optional)

The Recommended Budget includes a reduction of \$1.2 million for Court security. This is the amount the Sheriff has provided in services beyond the funding provided by the Court. The Recommended Budget restores of \$500,000 for this use ongoing. The past 5-year average of the cost the Sheriff has incurred to provide court security above funding from the Court is approximately \$800,000. This additional \$300,000 in one-time funds would bring the funding to the 5-year historic average for one year and allow the Sheriff and Court time to develop an agreed upon plan. The funds would be held in General County Programs until needed.

8) Sheriff/General County Programs – Set aside for Isla Vista (IV) Foot Patrol. \$475,000 one-time (Optional). *The Sheriff proposed a reduction of \$1.89 million to the IV Foot Patrol, which is approximately 9 of 15 staff. The Recommended Budget restores \$1.42 million to the IV Foot Patrol. This \$475,000 one-time addition would fully restore the program for one year and allow the Sheriff and UCSB police to meet and develop a plan. The Sheriff is already exploring other alternatives. The funds would be held in General County Programs until needed.*

The Sheriff's Office is developing alternatives for continuing operations of the Santa Maria jail which he will be discussing at the Budget hearings.

A revised "Attachment E" is provided here and will be discussed at the hearings.

FY 2017-18 Attachment E - Adjustments to FY 2017-18 Recommended Budget

Dept	Description	Amount	Williams	Wolf	Hartmann	Adam	Lavagnino
	<u>Ongoing Funding Sources:</u>						
	Increased Available GF Property Taxes	\$1,827,000					
	Reclassify 18% Policy Maintenance Funding from One-Time	(\$320,000)					
	Contingencies	\$181,266					
	Total Available Ongoing Sources	\$1,688,266					
	<u>Recommended FY 2017-18 Uses:</u>						
	Reclassify Cal Fresh to Ongoing Need	\$492,000					
	IHSS FY 18/19 Impact (5% Local Match)	\$625,000					
	<i>Child Welfare Expansion (2 Social Wkrs) - OPTIONAL</i>	\$175,667					
	<i>Foster Care Expansion (2 FTE) - OPTIONAL</i>	\$96,078					
	Subtotal Recommended Uses	\$1,388,745					
	Remaining Ongoing Uses	\$ 299,521	\$ -	\$ -	\$ -	\$ -	\$ -

	<u>One-Time Funding Sources:</u>						
	Contingencies	\$319,000					
	Reduction in IHSS Contribution (May Revise)	\$2,000,000					
	Reclassify 18% Policy Maintenance Funding to Ongoing	\$320,000					
	Reclassify Cal Fresh to Ongoing	\$492,000					
	Full Year Funding for AOT Program	(\$275,000)					
	Total Available One-Time Sources	\$2,856,000					
	<u>Recommended FY 2017-18 Uses:</u>						
	Set Aside for Coastal Commission Compliance and Permitting - Goleta Beach	\$567,000					
	Increase to Contingencies for Unexpected Needs	\$1,000,000					
	<i>Set-Aside for Court Security at 5 year avg. - OPTIONAL</i>	\$300,000					
	<i>Set-Aside for IV Foot Patrol - OPTIONAL</i>	\$475,000					
	Subtotal Recommended Uses	\$2,342,000					
	Remaining One-Time Uses	\$ 514,000	\$ -	\$ -	\$ -	\$ -	\$ -