

BUDGET DEVELOPMENT POLICIES

| Policy Statement | Fiscal Strategies |
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| 1) Accountability / Transparency | |
| Information about how public monies are spent and the outcomes they achieve are to be clear, transparent and understandable. | <ul style="list-style-type: none"> a) Budget information will include recommended expenditures and revenues by category (Object Level) at the Department level and will be newly included at the Budget Program level for FY 2015-16. Sources of revenue will be identified as well as staffing trends. b) Maintain consistent oversight of spending, contracts and grants through financial and program monitoring |
| 2) Policy-Based Budgeting | |
| Allocations from the General Fund to departments will be distributed according to Board policy direction, historical spending and Federal/State mandates. | <ul style="list-style-type: none"> a) Allocate resources in a manner that supports Board strategic and programmatic goals without across-the-board reductions or increases. |
| 3) Balanced Budget / Fiscal Stability | |
| A structurally balanced budget (ongoing revenues equal to ongoing expenditures) for all County operating funds will be presented to the Board of Supervisors for scheduled public hearings. | <ul style="list-style-type: none"> a) Fund ongoing operations with ongoing revenue. Onetime revenues should be dedicated for onetime expenditures. The use of onetime funds may be permitted to ease the transition to downsized or reorganized operations, but strongly discouraged. b) Recommend organization-wide cost-saving<u>efficient</u> strategies such as mandate relief, reorganizations, consolidations, reengineering, public-private partnerships, information technology innovations and other efficiency efforts. c) Enhance revenue through efforts that stimulate economic vitality which will result in an increased tax base. d) Ensure appropriate maximum reimbursement of Federal and State programs and user fees that fully offset service costs as allowed by law. e) Program increase requests must fully document the need and identify the new ongoing funding source or reduction of funding elsewhere. |

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| <p>4) Identify and Mitigate Fiscal Risks</p> | |
| <p>The County Executive Office, in coordination with County Departments, will identify fiscal issues, events and circumstances which pose significant risks and reduce the impact of those risks.</p> | <p>a) Future New Jail Operations – Consistent with the funding plan presented atin the June 2014FY 2015-16 Recommended Budget Hearings, a General Fund Contribution of \$7.6-1 million will be recommended for future jail operations in the FY 2015-162016-17 budget. Additionally, an ongoing request to increase this allocation each fiscal year will be recommended, until such time as the annual jail operations funding equals the incremental annual operating cost of the new facility, pursuant to the Board adopted funding plan for jail operations.</p> <p>b) Other Post-Employment Benefits (OPEB) - OPEB costs have had been funded for many years on a “pay as you go method” and funding needs are expected to increase in the coming years. TheConsistent with our FY2013-14 funding plan, the FY 2015-162016-17 OPEB funding is proposed to increase by 0.25% of covered payroll (approximately \$800,000), bringing the total OPEB rate to 3.754.0% of covered payroll.</p> <p>c) Workers’ Compensation Costs – To counter rising fund higher than planned historic Workers’ Compensation Tail Claim costs, a strategy to spread these increases over a fixed seven year period was implemented in FY 2012-13 and will continue until FY 2018-19. Although the Tail Claim deficit recovery is currently ahead of schedule, estimated future insurance premium cost increases will require charging the Departments higher insurance rates for current coverage. Rate increases are expected for FY 2016-17.</p> <p>d) Employee Health Insurance Costs – Health insurance costs continue to rise each year; however,Despite internal efforts to control cost increases, such as on-site health clinics have been implemented. Such, health insurance costs continue to rise each year. Cost control efforts will continue and further discussion of any potential benefit changes will occur with employee representatives as costs increase in future years.</p> <p>e) Alcohol, Drug and Mental Health Services (ADMHS) Operations – In recent years, the demand for inpatient beds has been significantly increasing without corresponding funding. The need can vary significantly from month to month but if this trend continues it is likely that the department will require additional funding to address this community need. A fund balance of \$1 million will be has been established (using one-time funds) within the Contingency new Mental Health Committed Fund Balance account to be available for behavioral health inpatient bed costs in excess of budget where there is no other available departmental funding. Subsequent replenishment of this balance within the ContingencyMental Health account will be evaluated annually in the budget process- (NEW)</p> |

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| 5) Reserves | |
| Establish and maintain a strategic reserve equal to 8% of the General Fund operating revenue (approximately 30 days working capital). Once the target is achieved, any excess fiscal year-end unassigned General Funds will lapse to the Residual <u>Unassigned</u> Fund Balance account for future Board appropriation. | a) A minimum \$1 million annual strategic reserve contribution will be recommended, until the Strategic Reserve target has been met. |
| 6) Service Levels | |
| Service level impacts, positive or negative will be identified in departmental budget requests and communicated to the public. | a) Each recommended departmental budget will identify the major programs, services and outcomes for each department. Significant <u>changes to the level of program services provided (service level impacts)</u> , will be detailed and presented to the Board prior to Budget Hearings. |
| 7) Capital and Infrastructure | |
| Provide funding for necessary capital improvements and maintenance of existing facilities (deferred, preventative and predictive maintenance). | <p>a) Capital Plans will identify necessary capital improvements and maintenance needs. Prioritization and funding strategies will be developed to address these needs through a Facilities Condition Assessment and ongoing Maintenance Management and Preservation Plans.</p> <p>b) A minimum of \$3.0 million will be recommended for capital improvements/<u>refurbishments</u> and infrastructure maintenance.</p> <p>c) As discretionary revenues grow, 18% of the unallocated Discretionary General Fund Revenues will be committed for deferred maintenance needs and will be allocated to Public Works, General Services and Parks in the budget development process based on existing needs and priorities. This funding will be allocated as part of the budget development process. <u>(NEW)</u></p> |
| 8) Employee Retention | |
| Attract, retain and develop a high performing workforce committed to excellent customer service. | <p>a) Design future compensation and benefits strategies to ensure Santa Barbara County employees are fairly and adequately compensated in alignment with their job markets.</p> <p>b) Implement a Countywide Workforce Plan that will assist the County in addressing critical workforce issues over the next two years.</p> <p>c) Implement strategies to increase employee engagement.</p> <p>d) Continue to provide training and development programs designed to develop skills, competencies, and leadership potential.</p> |