

**April 22, 2008 Board Meeting**  
**Michael F. Brown, CEO**

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# Statewide Financial Picture



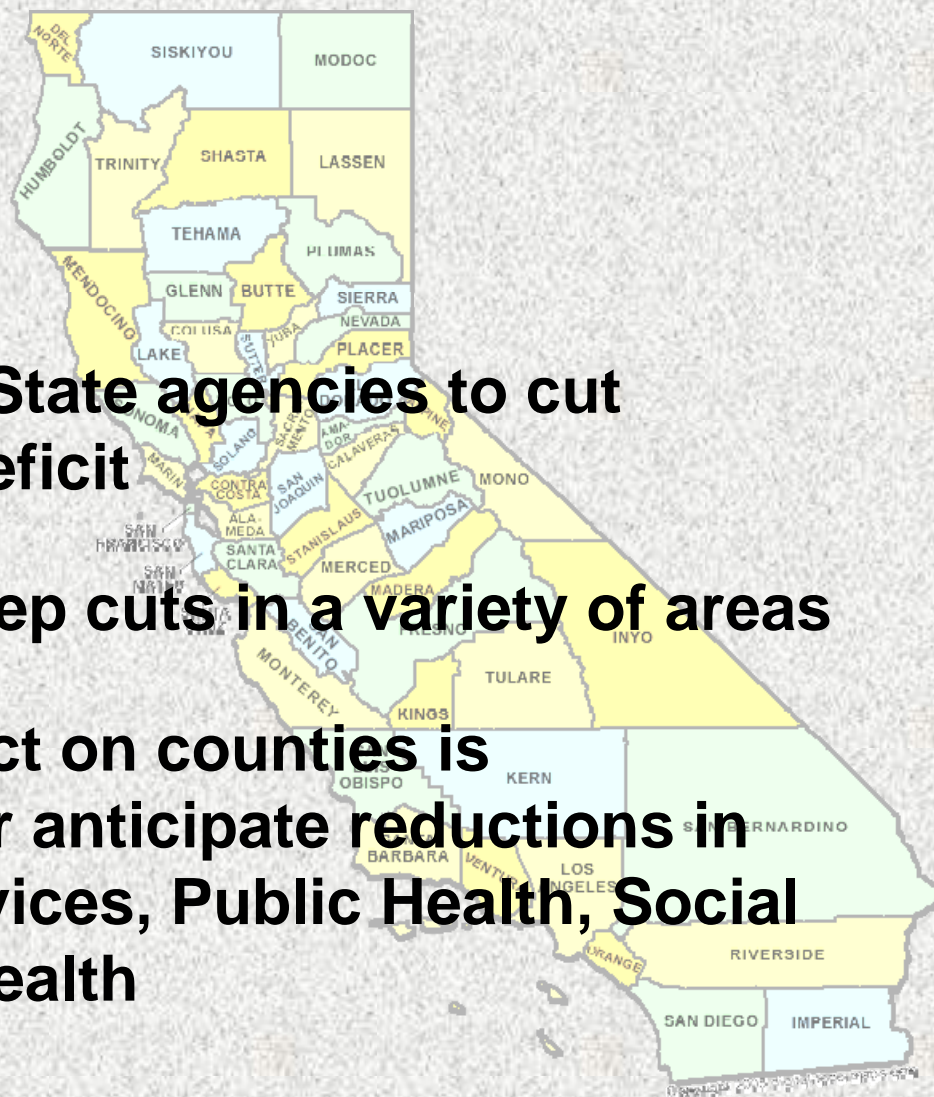
# Statewide Financial Picture



## *Gloomy Statewide Financial Picture*

### State of California:

- **\$19 BILLION deficit**
- **Governor has ordered State agencies to cut spending to curb the deficit**
- **State is considering deep cuts in a variety of areas**
- **Until May Revise, impact on counties is undetermined; however anticipate reductions in Health and Human Services, Public Health, Social Services, and Mental Health**



Statewide Financial Picture



## ***California Counties Feeling the Pinch***

### **Causes of California Financial Crisis:**

- **Housing slump**
- **Sagging sales tax revenue**
- **Rising fuel costs**
- **Slump in building industry**

**RECESSION**



Statewide Financial Picture



## ***California Counties Feeling the Pinch***

### ***Recent News Reports...***

***(does not include cities like Vallejo and others)***

#### ***El Dorado***

- **Budget challenges expected to result in cuts to clinic services and only providing critical and core services**

#### ***Lassen***

- **Reports losing \$300K per year because State doesn't "pay fair share" for ambulance services (through Medi-Cal)**

#### ***Placer***

- **BOS exploring wage freezes for most employees – starting with the Board**
- **Expects 135 – 180 positions will remain vacant through 2008-09**



- San Bernardino***
- Facing \$30 - \$46M funding loss – looking at cuts in hospital, public health, and social services programs
  - Fewer employees to provide higher levels of service
  - Expects 6% property tax revenue as opposed to 15% last year

- San Francisco***
- \$300M deficit
  - Mayor ordered 13% across-the-board GF cuts followed by an 8% slash in salary costs
  - Anticipate 100s will be laid off – talking to unions about trade-offs



## California Counties Feeling the Pinch

### **Santa Clara**

- Facing \$221M deficit – considering airport closure due to property tax reassessments

### **Santa Cruz**

- Planned budget cuts to result in scaled back public health programs, fewer road and highway projects, and diluted drug and alcohol services





## ***Santa Barbara County's Budget Picture***

- **County FY 2008-09 budget is extremely fragile; has been balanced through major shifts to cover retirement costs and through other departmental reductions**
- **Additional State budget impacts are unknown**
- **Program and service cuts are expected throughout all County departments**
- **Overall 216 FTEs eliminated from last years' budget to the current budget year**
- **Many departments report that during 2008-09 they will be monitoring their budgets month-by-month and additional layoffs may be needed**



Statewide Financial Picture





## ***Why are we here today?***

- **The Board asked ADMHS to return with a phased reduction plan**
- **In previous years, the Department has had a deficit and has used reserves to balance its budget; last year the Department received a \$1M loan from County reserves**
- **The Board wanted to ensure that the Department did not continue to operate at a level for which there is insufficient revenue to support it**
- **However, the Department's FY 2008-09 Budget is not before the Board for approval today**



## ***Why are we here today?***

- **To transfer \$2.3M of the \$6.9M needed to balance the Department's FY 2007-2008 budget**
- **Discussion regarding the ADMHS budget will occur in June during the Board's review of all County department budgets**
- **The Community Based Organizations (CBOs) requested that they be advised in advance of June budget hearings so they can consider the structure of their own organizations in light of anticipated cutbacks**