Fiscal Issues Report

October 26, 2010
County Executive Office

FISCAL ISSUES REPORT

- **Summary of the key financial issues that comprise the context for the County's financial status**
- **Purpose is to provide the Board the opportunity to review the issues prior to commencing the development process for the FY 2011-12 budget**
- **This is the fourth annual Fiscal Issues Report**
  - 18 issues (3 new issues)
  - 11 have potential impacts in FY 2010-11
  - 15 have potential impacts in FY 2011-12
- **Organized by Functional Area**

SIGNIFICANT FISCAL ISSUES

- **Policy & Executive**
  A. Fiscal Year 2011-2012 Forecast
  B. State Budget Impacts
  C. Retiree Healthcare
  D. Pension Fund Stability
  E. Indian Gaming
  F. Maddy EMS Fund
  G. Goleta Revenue Neutrality
  H. City of Santa Barbara RDA
  I. 2010 National Healthcare Reform (new)

- **Public Safety**
  J. Fire Financial Forecast
  K. County Jail – Northern Branch

SIGNIFICANT FISCAL ISSUES

- **Health & Public Assistance**
  L. Department of Social Services
  M. Indigent & Uninsured Clients – Public Health (new)
  N. Indigent & Uninsured Clients – ADMHS (new)
  O. ADMHS Cost Report Settlement Issues
  P. Mental Health & Partner Agencies Medi-Cal Billing Exposure

- **Community Resources & Public Facilities**
  Q. Cachuma Lake Surcharge
  R. Goleta Beach Long Term Protection Plan

ECONOMIC OUTLOOK

- National Level
  - The 18-month recession – the lowest and longest downturn since the Great Depression – ended in June 2009
  - Recovery will be slow and may reverse into a double-dip recession
  - Continued rising unemployment
  - Lowest level of home sales in a decade in July 2010

- State Level
  - Recovery lags the national trend
  - FY 2010-11 budget closes a budget gap of $18 million; reductions will impact County departments, particularly health and human services programs

- County Level
  - Property taxes constitute 86% of discretionary revenue
  - Growth of only 1-2% expected in FY 2011-12 (compared to average growth rate of 8% over the past 30 years)
  - Not sufficient to meet growing cost of doing business