

FISCAL OUTLOOK REPORT

UPDATE TO THE NOVEMBER 13, 2012 REPORT

County of Santa Barbara

March 19, 2013

REPORT OVERVIEW

- *Fiscal Issues*
- *FY 2013-14 Projected Budget Gap*

Fiscal Issues

- Countywide Issues & Impact within FY 2013-15
- Organized by expected occurrence:
 - Tier 1: Expected to occur
 - Tier 2: Probable occurrence (remaining uncertainty or one-time funded item)
- FY 2013-14 Impacts, original & updated amounts
- Additional FY 2014-15 Impacts vs. FY 2013-14

Fiscal Issues – Tier 1 (Expected)

Tier 1 Issues: Expected occurrence within the next two fiscal years (dollars in millions)

Issue	FY 2013-14 Impact			FY 2014-15 Additional Impact			Onetime or Ongoing
	As of	As of	Fav (Unfav)	As of	As of	Fav (Unfav)	
	Nov 2012	March 2013	Variance	Nov 2012	March 2013	Variance	
1 Pension Fund Stability	\$ 6.7	\$ 6.7	\$ -	\$ 5.0	\$ 13.7	\$ (8.7)	Ongoing
2 Expiration of Concession and Other Salary Changes	3.7	3.7	-	0.8	0.8	-	Ongoing
3 Health insurance	2.0	2.0	-	3.3	2.6	0.7	Ongoing
4 Workers' Compensation	1.9	1.8	0.1	-	0.4	(0.4)	Ongoing
5 Assessor Funding Gap	1.6	1.6	-	0.4	0.2	0.2	Ongoing
6 New Northern Branch Jail -Operating Fund	1.3	1.3	-	1.3	1.3	-	Ongoing
7 Retiree Healthcare	0.7	0.7	-	0.7	0.7	-	Ongoing
Total	\$ 17.9	\$ 17.8	\$ 0.1	\$ 11.5	\$ 19.7	\$ (8.2)	

Fiscal Issues – Tier 2 (Probable)

Tier 2 Issues: Probable occurrence within the next two fiscal years (dollars in millions)							
Issue	FY 2013-14 Impact			FY 2014-15 Additional Impact			Onetime or Ongoing
	As of Nov 2012	As of Mar 2013	Fav (Unfav) Variance	As of Nov 2012	As of Mar 2013	Fav (Unfav) Variance	
8 Social Services Mandate Match *	\$ 4.2	\$ 4.4	\$ (0.2)	Unknown	Unknown	Unknown	Ongoing
9 Property Tax Administration Fee	4.1	4.2	(0.1)	0.5	0.5	-	Onetime + \$0.5M Ongoing
10 Mental Health and Partner Agencies Medi-Cal Billing Exposure *	2.8	2.8	-	-	-	-	Onetime
11 Mental Health Services Act	2.5	-	2.5	-	-	-	Onetime
12 Deferred Maintenance Backlog	2.0	2.0	-	2.0	2.0	-	Ongoing
13 Public Health Declining Revenue *	2.0	3.0	(1.0)	1.5	1.5	-	Ongoing
14 2005 Emergency Storm Damage Repair - Second FEMA Appeal – Audit Report **	1.1	1.1	-	-	-	-	Onetime
15 Fire Department Increased Salary/Benefit Costs ***	1.6	1.9	(0.3)	0.2	0.9	(0.7)	Ongoing
16 ADMHS Cost Report Settlement Issues	Unknown	Unknown	Unknown	Unknown	Unknown	Unknown	Onetime
17 Health Care Reform Act (ADMHS, DSS, PH)	Unknown	Unknown	Unknown	Unknown	Unknown	Unknown	Ongoing
Total	\$ 20.3	\$ 19.4	\$ 0.9	\$ 4.2	\$ 4.9	\$ (0.7)	

* Existing Fund Balance available to solve imbalance in FY 2013-2014.

** The \$1.1 million represents the remaining disputed balance. The Department has fund balance to cover the potential \$1.1 million FEMA assessment; however, there would be some impact to road maintenance operations.

*** Fire Department figures in the November 2012 column have been revised to accurately display the Department's structural imbalance. Departmental Fund Balance is available to balance FY 13-14 but is projected to be exhausted in FY 14-15.

FY 2013-14 Projected Budget Gap

FY 2013-14 Projected Budget Gap				
	As of Nov 2012	As of March 2013	Fav (Unfav) Variance	
GAP SUMMARY:				
Revenue Changes	\$ 8.1	\$ 7.9	\$ (0.2)	
Expenditure Changes	(17.9)	(17.8)	0.1	
Use of One Time	(2.6)	(0.9)	1.7	
Projected Budget Gap	\$ (12.4)	\$ (10.8)	\$ 1.6	
Detail of Revenue Changes				
State/fed reimbursement for S & B increases	\$ 5.7	\$ 5.6	\$ (0.1)	
State Redevelopment Agency Dissolution	2.5	2.7	0.2	
Property Tax Revenues	2.5	2.9	0.4	
Fire District Property Tax Transfer	(0.9)	(0.7)	0.2	
All Other Revenues	(1.7)	(2.6)	(0.9)	
	\$ 8.1	\$ 7.9	\$ (0.2)	
Detail of Expenditure Changes				
Pension Fund Stability	\$ 6.7	\$ 6.7	\$ -	
Expiration: Concessions & Salary Changes	3.7	3.7	-	
Health insurance	2.0	2.0	-	
Workers' Compensation	1.9	1.8	0.1	
Assessor Funding Gap	1.6	1.6	-	
New Northern Branch Jail	1.3	1.3	-	
Retiree Healthcare	0.7	0.7	-	
	\$ 17.9	\$ 17.8	\$ 0.1	

Funds Available for Future Balancing

- \$7.5 million savings FY2011-12 added to Strategic Reserve
- \$5.6 million of FY2011-12 Prop. 172, Public Safety Realignment
- \$5.1 million FY2011-12 concession savings
- \$4 million of FY2011-12 concession savings for Sheriff & Fire left in departments
- \$2.1 million earmarked for facilities maintenance available for deferred maintenance backlog