County of Santa Clara

General Fund Budget Status Overview

City/County Meeting
October 28, 2011

Item 3(b)

General Fund Budget Status Overview

- Historical context: 10 years of General Fund budget deficits
- FY 2012 Budget: $220 million deficit addressed with combination of strategies
- County remains vulnerable to State and Federal budget decisions

Ten Years of Budget Deficits

Summary of General Fund Deficit Solutions ($ millions)					
	Total Deficit	Ongoing Solutions	% of Total Solutions	One-time Solutions	% of Total Solutions
FY 2003	$102.5	$91.5	89.3%	$11.0	10.7%
FY 2004	$202.6	$192.6	95.1%	$10.0	4.9%
FY 2005	$219.8	$171.5	78.0%	$48.3	22.0%
FY 2006	$113.1	$71.0	62.7%	$42.1	37.3%
FY 2007	$164.6	$123.7	75.2%	$40.9	24.8%
FY 2008	$227.3	$154.9	68.1%	$72.5	31.9%
FY 2009	$190.7	$83.4	43.7%	$107.3	56.3%
FY 2010	$305.7	$185.9	60.8%	$119.7	39.2%
FY 2011	$278.3	$139.9	50.3%	$138.4	49.7%
FY 2012	$220.2	$220.2	100.0%	$0.0	0.0%
Total	**$2,024.9**	**$1,434.7**		**$590.3**	

Solving the Structural Deficit

- County has tried to avoid service reductions by using one-time funds to solve ongoing deficits over the past 10 years
- One-time resources are no longer available
- Solving full deficit with service reductions could compromise compliance with mandates
- Critical to reduce the cost of providing a unit of service

Combination of Strategies Used to Address FY 2012 Deficit

- Solved $220 million General Fund deficit with ongoing solutions
- $75 million of solutions from labor concessions
- $145 million departmental solutions included reductions in operations and increases in revenue
- $55 million Delivery System Reform Incentive Pool (DSRIP) revenue makes up 38% of total departmental solutions
- 303.1 FTE Reduced (all funds)

Labor Concessions

- Bargaining units with open contracts, as well as Executive Management, were asked for concessions in FY 2012 and FY 2013
- Additional bargaining units expected to make similar concessions in FY 2013 and FY 2014
- Concessions include: increased employee contributions to Retirement and Health costs, reduced County holidays, furlough days, new employees to be hired at 10% below entry level, reduced wage for temporary workers

Major Departmental Reductions

- Social Services Agency business process redesign of eligibility determination eliminated 51.0 FTE with net General Fund savings of $1.3 million
- Probation Department closure of three units in Juvenile Hall eliminated 28.0 FTE with net General Fund savings of $3.8 million
- Reduction in administrative staff in Finance Agency and Employee Services Agency eliminated 37.0 FTE with net General Fund savings of $3.1 million
- Reduction in resources for facility maintenance and operations eliminated 33.0 FTE with net General Fund savings of $6.5 million

Delivery System Reform Incentive Pool (DSRIP) Payments Account for $55M in Revenue

Why?

In 2014, 1,000,000 new beneficiaries will be added to the California Medi-Cal Program, requiring VMC to increase access to care.

Restructuring healthcare delivery to meet Federal milestones is required to draw down these funds.

Changing the system from one that is reactive, episodic, and physician-centered to one that is proactive, coordinated and patient centered. (1)

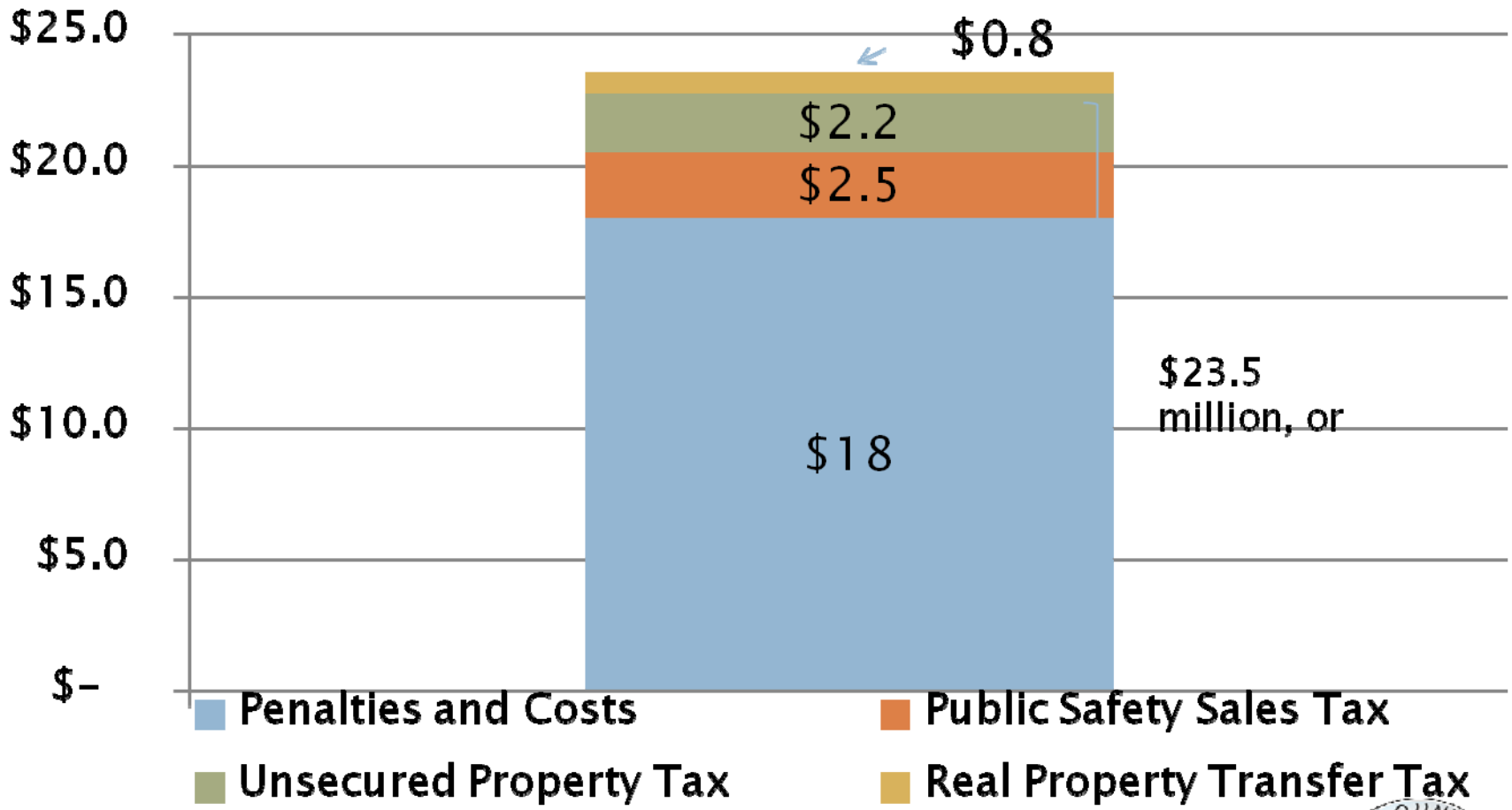
- Cultural and operational changes required are huge:
  - Access: expand primary care capacity by 52%, by 20,000 to 58,000 over 5 years requires additional staff and service models currently in development
  - Technology: new investments in infrastructure, implementation and testing of innovative care models is required. Multiple system improvements are in demand, yet current staffing and skill sets must be developed, and projects must be funded
  - Attention to patient experience: development of metrics to improve the patient, family and visitor experience in both the acute inpatient and ambulatory care settings.

(1) SCVMC DSRIP Plan, February 2011

State Budget Impacts

- $25 million in State Budget impacts from March 2011 legislative actions, *in addition to $220.2 million deficit,* addressed in FY 2012 budget
- Major impact of these State impacts were on CalWORKs clients
- Established $15.4 million reserve for FY 2012 State impacts, which were unknown at the time County budget adopted

Select Local Revenue Receipts Exceed Budgeted Amounts



Federal and State Actions Affect Short and Long Term Planning

- How much might Congressional "Joint Select Committee on Deficit Reduction" decisions affect Medicare and Medicaid funding, and when?
  - $1.2 trillion to be reduced over 10 years
- How will the State fund public safety realignment beyond FY 2012?
- Given the news that State revenues are $705.5 million below projections from the recently passed state budget, how will counties be affected if the "trigger" is pulled in December?
  - Currently those most directly affected are recipients of aid and the education community. Will this approach be retained?

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Questions?