

**FY2020-21 Revised Recommended Budget
PROGRAM REDUCTIONS**

Prior to the COVID-19 pandemic, as we began preparing the original FY2020-21 Recommended Budget in January, we realized that it would be necessary to make reductions to balance the General Fund Budget. To identify where to make expenditure reductions, General Fund departments were given an initial Net County Cost target, which was generally their FY2019-20 Adopted Budget Net County Cost Allocation.¹ As part of their budget submittals, departments were asked to identify what reductions they would make to meet that target and what the impact of those reductions would be. When departmental budget requests were submitted in February, we were looking at the need for approximately \$31 million in program reductions, assuming no General Fund reserves were cancelled and before any Growth was approved.

After the COVID-19 Pandemic hit, it became clear that we would experience dramatic reductions in Semi-discretionary and certain discretionary revenues, but that we could partly mitigate the impact of those revenue reductions by using Coronavirus Relief Fund (CRF) revenue to offset the salary and benefit costs of eligible staff to free up Net County Cost and by using \$34 million in Realignment backfill revenue from the State. We utilized that freed-up Net County Cost and Realignment backfill revenue to limit program reductions to no more than the levels identified prior to COVID-19.

To do that, we reduced Realignment and Proposition 172 reimbursements and allocated the State Realignment backfill to appropriate departments. We then identified critical Growth that needed to be funded with Net County Cost and the amount of Net County Cost that would need to be used to avoid departmental expenditure reductions and balance the General Fund Budget. At that point, we were still facing a \$24.4 million gap between available resources and expenditures and required reserve increases. To bridge that gap, the Revised Recommended Budget includes \$17.8 million in expenditure reductions (1% of requested Base expenditures) and the cancellation of \$6.6 million in General Reserves. This situation is summarized in the following table.

¹ General Fund departments that do not receive a significant amount of Net County Cost or that have limited flexibility to make reductions (because expenditures are an entitlement or legally required) were not given a Net County Cost target. In addition, the Sheriff's Budget was split between Corrections-related fund centers/programs and Non-Corrections related fund centers/programs. The former were not given a Net County Cost target, the latter received a target.

FY2020-21 Revised Recommended Budget	
General Fund Balancing Summary	
Available Fund Balance	\$ 161,609,233
Discretionary Revenue & Reimbursements	\$ 688,536,767
Semi-discretionary Reimbursements	\$ 721,828,591
Realignment Backfill	\$ 34,173,970
Other Departmental Revenue & Reimbursements	\$ 1,475,728,179
Total Resources	\$3,081,876,740
Requested Base Appropriations	\$ 3,043,026,045
Recommended Growth	\$ 61,465,429
Reserve Increases (Teeter)	\$ 1,734,374
Total Expenditures Before Reductions	\$3,106,225,848
Budget Gap	\$ (24,349,108)
Expenditure Reductions	\$ 17,760,237
Reserve Cancellation	\$ 6,588,871

To identify which expenditure reductions to make, staff from the Office of the County Executive reviewed department budget submittals and met with department heads to discuss their budgets and, based on those discussions, recommended whether to accept the reductions recommended by departments, restore some or all of the reductions or request additional reductions. In making our recommended reductions we used the following considerations:

- Limit the impact on Board priority programs or initiatives;
- Avoid eliminating whole programs or services; instead, make targeted reductions in various programs;
- Avoid backfilling reductions in federal, State or other revenue (other than Semi-discretionary revenue) but recognize there may be circumstances where backfilling or using Net County Cost to cover cost increases is warranted to avoid negative consequences;
- To the extent possible, avoid layoff of employees.

The results of these efforts as well as program reductions in non-General Fund departments is summarized in the following table:

Program Reductions to Base Budget

Department/Budget Unit	Total Recommended Reductions	Categorical	Non-Categorical	FTE Reductions
District Attorney	\$3,196,447	\$435,822	\$2,760,625	
Sheriff	\$2,521,468	\$262,785	\$2,258,683	1.0
Clerk of the Board	\$11,144	\$0	\$11,144	
County Counsel	\$417,026	\$0	\$417,026	3.0
County Executive	\$336,711	\$0	\$336,711	1.0
Emergency Services	\$31,785	\$0	\$31,785	
Dispute Resolution Program	\$27,500	\$27,500	\$0	
Regional Parks	\$8,391	\$0	\$8,391	
Code Enforcement	\$25,000	\$0	\$25,000	
Child, Family and Adult Services	\$300,000	\$300,000	\$0	
Child Support Services	\$1,606,798	\$1,606,798	\$0	15.0
Health Services	\$6,039,293	\$2,279,831	\$3,759,462	5.0
Probation	\$1,576,348	\$1,160,180	\$416,168	1.0
Public Defender	\$1,662,326	\$0	\$1,662,326	
Total General Fund	\$17,760,237	\$6,072,916	\$11,687,321	26.0
Department of Technology	\$621,228	\$0	\$621,228	1.0
Environmental Management	\$531,988	\$0	\$531,988	5.0
Total Non-General Fund	\$1,153,216	\$0	\$1,153,216	6.0
TOTAL ALL FUNDS	\$18,913,453	\$6,072,916	\$12,840,537	32.0

The 32 positions recommended for elimination are either vacant or, in a few cases, filled with employees who will be shifted to other positions in the same class. No layoffs are proposed. In addition, in a number of departments the Budget assumes that certain positions will not be filled as they become vacant to achieve cost savings during the year.

More detailed information about program reductions for departments is provided in the following Exhibit A to this attachment.