

MARIPOSA COUNTY BOARD OF SUPERVISORS

MINUTE ORDER

TO: MIKE COFFIELD, COUNTY ADMINISTRATIVE OFFICER
FROM: MARGIE WILLIAMS, Clerk of the Board *MW*
SUBJECT: FY 1995/96 BUDGET OUTLOOK REPORT

THE BOARD OF SUPERVISORS OF MARIPOSA COUNTY, CALIFORNIA,
ADOPTED THIS Order on April 25, 1995

ACTION AND VOTE:

Fiscal Year 1995/96 Budget Outlook Report (County Administrative Officer)

BOARD ACTION: Mike Coffield/County Administrative Officer, presented report. (M)Taber, (S)Balmain, Res. 95-174 adopted approving recommendations. Motion was amended, agreeable with maker and second, directing that Final Budget hearing for FY 1995-96 be held in September 1995 during the weeks of the 11th and 18th/Ayes: Unanimous.

cc: Ken Hawkins, Auditor
File

DEPARTMENT: Administration BY: Mike Coffield PHONE: 966-3222

1995-96 BUDGET OUTLOOK REPORT

RECOMMENDED ACTION AND JUSTIFICATION: (Policy Item: Yes___ No_X_)

1. Authorize the issuance of 1995-96 Budget Instructions
2. Revise as desired and approve Budget Guidelines
3. Approve Budget calendar

BACKGROUND AND HISTORY OF BOARD ACTIONS:

Please refer to attached report.

LIST ALTERNATIVES AND CONSEQUENCES OF NEGATIVE ACTION:

Direct the development of alternative schedule and/or process.

COSTS: () Not Applicable

A. Budgeted current FY \$ _____

B. Total anticipated costs \$ _____

C. Required additional funding \$ _____

D. Internal transfers \$ _____

SOURCE: () 4/5ths Vote Required

A. Unanticipated revenues \$ _____

B. Reserve for contingencies \$ _____

C. Source description: _____

Balance in Reserve for Contingencies, if approved: \$ _____

SPECIAL INSTRUCTIONS:
List the attachments and number the pages consecutively:

CLERK'S USE ONLY:

Res. No.: 95-174 Ord. No. _____

Vote - Ayes: _____ Noes: _____

Absent: _____ Abstained: _____

Approved _____ () Denied _____

(X) Minute Order Attached () No Action Necessary

The foregoing instrument is a correct copy of the original on file in this office.

Date: _____

ATTEST: MARGIE WILLIAMS, Clerk of the Board
County of Mariposa, State of California

By: _____
Deputy

ADMINISTRATIVE OFFICER'S RECOMMENDATION:
This item on agenda as:

Recommended

Not Recommended

For Policy Determination

Submitted with Comment

Returned for Further Action

Comment: _____

A.O. Initials: MC

Mariposa County Board of Supervisors

District 1.....PATTI A. REILLY
District 2.....DOUG BALMAIN
District 3.....ROBERT C. STEWART
District 4.....GARRY R. PARKER
District 5.....GERTRUDE R. TABER



MIKE COFFIELD
County Administrative Officer


MARGIE WILLIAMS
Clerk of the Board

P.O. Box 784
MARIPOSA, CALIFORNIA 95338
(209) 966-3222
1-800-736-1252

FAX (209) 966-5147

April 25, 1995

To: Board of Supervisors

From: Mike Coffield 
County Administrative Officer

Subj: **1995-96 BUDGET OUTLOOK REPORT**

This report will formally commence the 1995-96 Budget Process. It begins with a brief analysis of the State Budget to date, a review and projection of local revenues, suggested budget guidelines for the Board's consideration which, after your Board's approval, will serve as direction to staff for the preparation and evaluation of budget proposals, and includes suggested timelines and tentative dates for Budget Hearings and Budget Deliberations. It is my **Recommendation** that the Board

1. authorize the issuance of 1995-96 Budget Instructions,
2. revise as desired and approve the Budget Guidelines contained on Attachment 1, and
3. approve the Budget calendar identified on Attachment 2 and set the tentative dates for Budget Deliberations.

OVERVIEW OF GOVERNOR'S 1995-96 BUDGET

The most significant aspect of the Governor's 1995-96 budget is the realignment proposal to increase county funding responsibility for the Aid to Families with Dependent Children (AFDC) program and for several children's services programs. Most of the additional county costs would be offset by increasing the state share of the trial court costs to 70% and by a transfer of sales tax and trial court fines and forfeitures back to the counties. The table below illustrates the changes in the county percentage of funding responsibility for the suggested programs.



STATE AND COUNTY REALIGNMENT PROPOSAL			
1995-96			
Program	County Share of Non-Federal Costs		Amount (\$ in millions)
	1994-95	1995-96	
COST SHIFTS TO COUNTIES			
AFDC-Family Group	5%	50%	\$1,157.30
AFDC-Foster Care	60%	100%	\$308.30
Foster Care Administration	30%	100%	\$20.40
Child Welfare Services	30%	100%	\$289.50
Adoptions Assistance Program (AAP)	25%	100%	\$61.30
AAP Administration	0%	100%	\$1.10
Other Adoptions Programs	0%	100%	\$20.80
Child Abuse Prevention	0%	100%	\$8.80
Subtotal			\$1,867.50
REVENUES/SAVINGS TO COUNTIES			
Trial Court Funding	64%	30%	\$605.00
Trial Courts Fines and Forfeitures	NA	NA	\$311.00
State Sales Tax revenues	NA	NA	\$710.20
Subtotal			\$1,626.20
NET COUNTY COSTS/STATE SAVINGS			\$241.30

You will note that on a statewide basis, \$241 million more in costs are to be shifted to counties than revenues to pay for them. While the impression is that we will be getting 87% of the funding necessary to run these programs, in fact, tremendous differences exist between counties in their ratios of trial court costs to welfare costs, and therefore, while there will be some "winners" who gain more revenue than they lose, many counties will be "losers" by a far greater percentage than the aggregate numbers would indicate. For example, since Mariposa County's Trial Court Funding allocation for 1994-95 represents 65% of expenditures (the highest in the state), we would have almost no revenue to gain to get to 70% funding, while the increased costs of the welfare programs would be approximately \$500,000. To close the statewide \$241 million gap, the Governor proposes to allow counties greater flexibility in program administration, for example, by giving Boards of Supervisors authority over the General Assistance program. Again, for Mariposa County, which has a net county cost of only \$280,000 for all social services

programs and only \$50,000 in General Assistance net county costs, no amount of mandate relief can compensate for the increased costs.

RISKS INHERENT IN GOVERNOR'S PROPOSAL

Counties would again be put at fiscal risk for decisions made elsewhere and over which we have no control. The savings reflected in the Governor's proposal depend on increased federal contributions to AFDC as well as on grant reductions to recipients which are yet to be approved by the Legislature. If the revenues or the grant reductions are not forthcoming, counties will have to make up the difference.

The Governor's Budget assumes a higher level of federal funding for immigration costs than has been approved in the past or discussed for the future. Counties will be at risk for some of those costs as we have been in the past.

The realignment proposal is predicated on economies and efficiencies in welfare programs through more cost-effective administration by counties. There are many programs for which such assumptions would be completely valid, and these have been suggested in the past by the California State Association of Counties (CSAC) as well as the Legislative Analyst, however, the AFDC program is not one of them. As noted by the Legislative Analyst in her analysis of the Governor's Budget "...the bulk of expenditures for AFDC is driven by economic and demographic factors which counties have limited ability to influence. ...the Governor's proposed increased county share of cost for AFDC grants does not reflect the level of control that counties can reasonably be expected to exert over AFDC program costs."

There appears to be little support in the Legislature for the AFDC/Trial Court funding realignment proposed by the Governor, and while there are negotiations underway and several alternative proposals are being discussed, for example, to realign the full range of children's programs, or detention programs, no clear direction has yet emerged.

STRATEGY TO DEAL WITH STATE BUDGET UNCERTAINTY

The Governor once again is seeking other levels of government to balance the State Budget. Absent any clear direction from the Legislature on the direction any realignment of state and local responsibilities might take, it is recommended that Mariposa County assume for 1995-96 that if a realignment program is implemented, it will be revenue neutral, at least for this year. However, in the event the State Budget does require additional local cuts this year, we should try to delay our budget deliberations until after the State Budget is adopted. The budget schedule proposed on Attachment 2 suggests establishing a Baseline Budget between now and July, and adopting the Baseline Budget as the Proposed Budget on which we will operate until adoption of the Final Budget. It also suggests hearings in late August, assuming that the State Budget will have been adopted. An alternative would be to act today to slip deliberations into the month of September as we have for the last two years, since a protracted budget negotiation appears likely.

GENERAL REVENUE AND EXPENDITURE FORECAST

In Attachments 3 and 4 respectively, the county's General Revenues and anticipated baseline increases are estimated. At this point, it appears that sufficient funds will be available to fund the Baseline Budget. On-going revenues are projected to increase by \$376,000 and roughly \$323,000 in baseline increases are identified. It must be emphasized that these estimates as of the third quarter have in the past been changed markedly after the close of the fiscal year. Also, these estimates are not intended to be precise calculations of resources and need, rather, they are intended to give the Board a preview of the extent of its latitude when addressing the County's service level demands during final budget deliberations.

1995-96 BUDGET GUIDELINES

BASELINE BUDGET - The Baseline Budget consists of those expenses necessary to continue the existing level of service, with specific exceptions related to revenue-offset positions. As such, the Baseline Budget includes:

- The full-year (12 month) cost of positions, reclassifications, or salary increases that were approved for some portion of the prior year, and the full year costs for copy machines which were transferred midyear from Data Processing to departments,
- contractual cost-of-living adjustments in leases, lease-purchase agreements, and other obligations of the County,
- the elimination of one-time expenses in the prior year's budget, as well as expiring expenses from the prior year such as a completed lease-purchase obligation,
- the elimination of any expenses or positions which were added in a prior year with program revenues, if the revenues will not be available in the coming budget year. While it is completely appropriate to request funding for the continuation of such costs as a Program Adjustment, the "automatic" conversion of grant-funded activities to funding with the County's discretionary General Purpose Revenues is specifically to be avoided.
- the baseline for the Advertising Fund will be increased by the same percentage as General Revenues increases, and the Visitor's Bureau costs will be reflected in the Administration Budget and include only the Director's salary and support costs during the interim period. The Final Budget will contain the full Visitor's Bureau budget request which will be developed by the new Director.
- No funding for 1995-96 salary negotiations need be included in any departmental budget, as these will be accommodated centrally.

As a departure from prior years, please do not assume "routine" cost of living increases absent a contractual obligation to pay a COLA. If you wish to restore some crucial prior year reduction in services and supplies, or travel, etc., that should not be a baseline adjustment, but a Program Adjustment.

PRIORITY FOR PROGRAM ADJUSTMENTS - To position the County to respond to funding reductions which may be imposed by the State, the following guidelines are recommended to minimize increases to the County's budget base level of expenditures by emphasizing non-recurring budget requests, such as:

- investments in equipment to enhance employee productivity,
- investments in the County's infrastructure needs, including those physical plants suffering from deferred maintenance, as well as needs for additional space and to reduce the cost of rented facilities,
- and finally, the restoration of Contingency and General Reserves.

TENTATIVE SCHEDULE FOR 1995-96 BUDGET

- April 25, 1995** Board approves Budget Guidelines and release of instructions.
- May 22, 1995** Baseline requests due to County Administrative Officer.
- June 5, 1995** Program Adjustments due to County Administrative Officer.
- June 27, 1995** Proposed Budget submitted to Board of Supervisors.
- July 11, 1995** Board approves Proposed Budget and it is duplicated for the public
- August 1, 1995** Public Noticing of Budget Hearings and deliberations.
- August 14 - 18** Public Hearings and Budget Deliberations.
August 21 - 24 Public Hearings and Budget Deliberations.

August 25, 1995 - Board adopts 1995-96 Budget. The statutory deadline is August 30, which this year, would allow the Board to come in on a fifth Tuesday on August 29, 1995 to adopt the budget, if the hearing schedule requires it. Also, it should be stressed that for the last two years, delays in adoption of the State budget has caused us to slip the above schedule 30 days into September. Since we have no indication that adoption of the State Budget this year will be any more timely than usual, the Board may wish to take that step today.

MARIPOSA COUNTY
ESTIMATION OF GENERAL REVENUES

Attachment 3
As of April 19, 1995

SOURCES	1994-95 BUDGET	YEAR-END ESTIMATE	%	1995-96 PROJECTION	CHANGE
CURRENT PROPERTY TAXES					
Current Secured	(\$2,150,000)	(\$2,305,986)			
Current Unsecured	(\$272,000)	(\$75,534)			
Prior Secured	(\$200,000)	(\$257,691)			
Prior Unsecured	(\$10,000)	(\$12,478)			
Supplemental	(\$100,000)	(\$131,024)			
Total Current Property Taxes	(\$2,732,000)	(\$2,782,713)	5.00%	(\$2,921,849)	(\$189,849)
OTHER LOCAL TAXES					
Penalties & Costs	(\$90,000)	(\$88,500)		(\$88,500)	
Sales & Use Tax	(\$1,100,000)	(\$1,200,000)	2.00%	(\$1,224,000)	(\$124,000)
Property Transfer	(\$40,000)	(\$40,000)		(\$40,000)	
Transient Occupancy	(\$4,539,391)	(\$4,539,391)	2.00%	(\$4,630,179)	(\$90,788)
Timber Yld Tax	(\$10,000)	(\$6,000)		(\$6,000)	
Franchise	(\$74,200)	(\$76,671)		(\$76,671)	
Total Other Local Taxes	(\$5,853,591)	(\$5,950,562)		(\$6,065,350)	(\$211,759)
REVENUE FROM USE OF MONEY AND PROPERTY					
Interest - General Fund	(\$183,000)	(\$145,000)	1.00%	(\$146,450)	\$36,550
Rents and Leases	(\$26,052)	(\$26,052)		(\$26,052)	
Total Use of Money/Property	(\$209,052)	(\$171,052)		(\$172,502)	\$36,550
AID FROM OTHER GOVERNMENTAL AGENCIES					
State Aid					
Motor Veh. In-Lieu	(\$424,000)	(\$443,000)		(\$443,000)	(\$19,000)
Homeowner's Prop Exemption	(\$80,000)	(\$67,649)		(\$67,649)	\$12,351
Williamson Act	(\$170,000)	(\$170,000)		(\$170,000)	
MV Lic/Sec 1100582	(\$155,000)	(\$155,000)		(\$155,000)	
Revenue Stablization	(\$58,000)	(\$58,000)		(\$58,000)	
Trial Court Funding	(\$375,167)	(\$375,167)		(\$375,167)	
Property Tax Administration	(\$50,000)	(\$50,000)		(\$50,000)	
Sub-total State Aid	(\$1,312,167)	(\$1,318,816)		(\$1,318,816)	(\$6,649)
Federal Aid					
In-Lieu Fed	(\$75,870)	(\$75,991)		(\$75,991)	(\$121)
Grazing Fees	(\$1,700)	(\$1,616)		(\$1,616)	\$84
Sub-total Federal Aid	(\$77,570)	(\$77,607)		(\$77,607)	(\$37)
Total Aid - Other Govt. Agencies	(\$1,389,737)	(\$1,396,423)		(\$1,396,423)	(\$6,686)
MISCELLANEOUS REVENUE					
General Other	(\$20,500)	(\$31,198)		(\$31,198)	(\$10,698)
Supplemental Administration	(\$27,000)	(\$31,000)		(\$31,000)	(\$4,000)
Cost Allocation Plan	(\$166,193)	(\$166,193)		(\$166,193)	
Planning Services Reimbursements	(\$10,000)	(\$10,000)	-100.00%		\$10,000
Total Miscellaneous Revenue	(\$223,693)	(\$238,391)		(\$228,391)	(\$4,698)
SUBTOTAL GENERAL REVENUE	(\$10,408,073)	(\$10,539,141)		(\$10,784,514)	(\$376,441)
Appropriated Fund Balance	(\$590,102)	(\$590,102)	-50.00%	(\$295,051)	\$295,051
TOTAL	(\$10,998,175)	(\$11,129,243)		(\$11,079,565)	(\$81,390)

KNOWN BASELINE INCREASES FOR 1995-96

1. Full-year cost of salary increases approved in 1994-95	
Deputy Sheriff's Association	\$2,500
2. Step (merit) increases and longevity pay	
Represented employees	\$87,500
3. Five month (for full year) cost for 5 dispatchers	\$42,000
4. Five month (for full year) cost for additional jail officer	\$16,200
5. Full year funding for Investment Manager	\$20,000
6. Estimated Visitor's Bureau initial costs	\$80,000
7. Costs related to increased trials	\$75,000
(District Attorney, Superior Court, Municipal Court, and Public Defender)	

TOTAL	\$323,200
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