

2014-15 County Budget

After two months of public meetings and much deliberation, the Board of Supervisors passed the 2014-15 FY budget. The good news is that there will be no layoffs, save for the already scheduled layoffs from the ongoing restructuring at Kern Medical Center. The total budget passed is \$2.7 billion, an increase of \$87.1 million from last year's budget. Of that \$2.7 billion, only \$72 million is discretionary. All the rest of the monies are either "pass through" funds from the state or federal government that fund certain county departments, or funds that must be spent on certain programs or debt payments.

The other good news is continued funding for the Library system, ensuring there will be no cutbacks in hours the libraries are open, and the rural crime task force with the Sheriff's Office and the District Attorney's crime lab will be fully funded. I take law enforcement and the protection of the public very seriously, and I am pleased that we are able to fund our first responders and investigators. Public protection departments (Sheriff's Office, Probation, District Attorney, Public Defender) receive the greatest allocation of the County's budget at 53.5%.

Of course, the County is facing some financial hardships. Kern Medical Center continues to be a challenge. The Board of Supervisors has set aside \$929,000 for operating losses at KMC, and \$2.6 million in capital projects there. While the red ink continues to flow from KMC, the new management team there has demonstrated an ability to cut the losses, and each month we receive a better financial report from the troubled county hospital than the month before.

The other large drain on the county's budget this year, and increasingly in the years to come, will be the county's cost to fund the pension program. For next year, it is expected the pension contribution will increase \$35 million as a result of actuarial assumption changes made by KCERA (the county's retirement agency), and escalating pension obligation bond payments. This is a \$35 million increase in costs the county is bound by law to make, with no increase in revenues anticipated to cover it.

The largest financial cloud looming in the coming years is the cost to staff the new Lerdo Jail. Because of the state's realignment program, known as AB 109, Kern County is forced to shoulder the burden of a portion of the state's inmate population. While the state has given the county money to build an expansion of Lerdo Jail through the AB 900 legislation, there is no money included to staff the facility and operate it, and there is an agreement within AB 900 that, since the county received state funding to build the jail, the county must pay to operate it. All the costs associated with staff and operations must be made up by the county's general fund. The minimum projected cost to fund the expanded jail is \$27.5 million in the 2017-18 fiscal year.

The budgetary responsibilities facing Kern County in the coming years are enormous. However, as a whole, Kern County is one of California's most fiscally responsible counties, and one of the most efficient when it comes to staffing costs and the use of one-time monies, and the set aside of reserves. I look forward to tackling these tough issues in the future, and serving as an engaged custodian of your taxpayer dollars that funds the county's budget.