

Kern County Chapter Meeting Presentation:

Is there any good reason to
furlough Kern Workers?

What do the County's financial
documents tell us?

January 7, 2021



The Board of Supervisors' plan for furloughs and hiring freeze:

- All “non-safety” workers would be furloughed for 5 days – one day a month between February and June, 2021.
- The planned furloughs would save \$1.67 million.
- This will result in 1.92% annualized reduction in pay for each employee.
- Other recommended actions include: “keeping positions unfilled, reductions in service levels, reduction in operational costs, targeted layoffs, or using Budgetary Savings Incentives (BSI) balances.” †
- The County will continue to operate under a freeze on hiring, promoting, and special step increases through fiscal year 2020-2021

• † Source: County Budget Contingency Plan

What do Kern County's financial documents tell us about the Board of Supervisors' plan to furlough county workers?

- The planned furloughs are not justified by Kern County's financial situation.
- Kern County has FAR more money in reserves than what their planned furloughs would save.
- While the COVID-19 economic downturn has hurt the county's finances in the short run, the County is projecting SURPLUSES (taking in MORE than they spend) **starting in 2022** – even WITHOUT any furloughs in 2021.
- The Board of Supervisors has a track record of finding the money for things they want to fund.

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- In their budget contingency plan, Kern County said that the 5 furlough days in their plan would save **\$1.67 million**.
- When SEIU Local 521 requested official documents showing the amount of surplus funds available, the county referred us to the financial information contained in the [Kern County Recommended Budget for 2020-2021](#)
- In Appendix C of the Recommended Budget for 2020-21 we can see that they have more than enough money they need to avoid furloughs and hiring freezes.

Summary of Available Financing Governmental Funds

	Estimated Fund Balance June 30, 2020 Unreserved/ Undesignated	Cancellation of Prior Year Reserves/ Designations	Estimated Additional Financing Sources	Total Available Financing
General Fund				
00001 General	\$67,411,120	\$10,233,000	\$805,490,712	\$883,134,832
Total General Fund	\$67,411,120	\$10,233,000	\$805,490,712	\$883,134,832
Special Revenue Funds				
Operating Special Revenue Funds				
00007 Road	\$7,388,704	\$606,825	\$82,065,495	\$90,061,024
00011 Structural Fire	4,185,741	0	154,163,986	158,349,727
00120 Building Inspection	4,935,486	914,219	5,265,201	11,114,906
00130 Human Services-Administration	12,915,796	850,000	228,659,830	242,425,626
00140 Human Services-Direct Financial Aid	1,778,885	2,500,000	283,569,074	287,847,959
00141 Behavioral Health & Recovery Services	48,844,038	0	242,518,187	291,362,225
00145 Aging And Adult Services	2,067,328	0	20,504,512	22,571,840
00150 County Clerk	14,759	0	610,901	625,660
00183 Kem County Department of Child Support	137,682	0	26,209,141	26,346,823
00192 Recorder	1,774,323	1,270	3,612,665	5,388,258
00270 Code Compliance	456,194	0	1,277,066	1,733,260
22066 Environmental Health Services	2,296,642	0	9,569,011	11,865,653
24101 Development Services	576,110	0	2,097,128	2,673,238
Operating Special Revenue Funds Subtotal	\$87,371,688	\$4,872,314	\$1,060,122,197	\$1,152,366,199
Non-Operating Special Revenue Funds				
00003 CARES Act - Relief Fund	\$106,653,874	\$0	\$0	\$106,653,874
00160 Wildlife Resources	2,490	1,061	2,969	6,520
00161 Timber Harvest	2,958	86	50	3,094
00163 Probation DJJ Realignment	(193,272)	163,272	4,011,148	3,981,148

Highlights of Fund Balances Available Now

- General fund – Current Unreserved: \$67,411,120
- General Fund – Cancellation of Prior Year Reserved - \$10,233,000
- Behavioral Health and Recovery - \$48,844,038
- Human Services - $\$12,915,796 + \$1,778,885 + \$2,500,000 = \underline{\$17,194,681}$
\$143,682,839
- See the Recommended Budget -
<https://www.kerncounty.com/home/showpublisheddocument?id=4797#page=573>
- This does not include remaining money from the CARES Act



The County is Projecting a
Surplus Starting Next Year

Mitigating Future Challenges

TABLE 1
FIVE-YEAR FINANCIAL FORECAST
CHANGE IN GENERAL FUND ONGOING REVENUE AND COSTS
FISCAL YEARS 2020-21 THROUGH 2024-25

	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
<u>Ongoing Revenue Sources:</u>					
Discretionary Revenue	(\$3,346,425)	\$885,233	\$4,640,526	\$4,718,611	\$4,798,138
Total Revenue Change	(\$3,346,425)	\$885,233	\$4,640,526	\$4,718,611	\$4,798,138
<u>Ongoing Cost Changes:</u>					
Retirement with Pension Obligation Bonds	(\$1,680,225)	(\$5,056,767)	\$8,228,124	(\$3,773,843)	(\$1,758,357)
Strategic Pension Plan Backfill - Safety	(6,521,000)				
Sheriff and District Attorney Critical Staff	(1,477,590)				
Sheriff Vehicles and Fire Department Equipment Leases	(1,570,996)				
Sheriff Increases in General Liability and Operational Costs	(2,877,185)				
Coroner Facility Cost Increases	(328,019)				
DHS - Direct Aid	(6,500,000)				
Increase Contribution to IHSS	(454,315)	(500,000)			
Information Technology Salary Adjustments and Other Costs	(249,000)				
Court Maintenance of Effort	(1,277,570)				
Total Change in Costs	(\$22,935,900)	(\$5,556,767)	\$8,228,124	(\$3,773,843)	(\$1,758,357)
Annual (Deficit)/Surplus	(\$26,282,325)	(\$4,671,534)	\$12,868,650	\$944,768	\$3,039,781
<u>Balancing Mitigation:</u>					
Fund Balance Carry-forward for operations	\$ 11,706,809				
Use of Reserves/Designations for operations	6,521,000				
Net Department Adjustments	8,054,516				
Percent of Net County Cost Reduction	2.1%				
Estimated Net Annual (Deficit)/Surplus	\$ (0)	\$ (4,671,534)	\$ 12,868,650	\$ 944,768	\$ 3,039,781

Deficit of \$4,671,534 FY2021-2022

SURPLUS of \$12,868,650 in FY2022-2023!

(4,671,534)

12,868,650

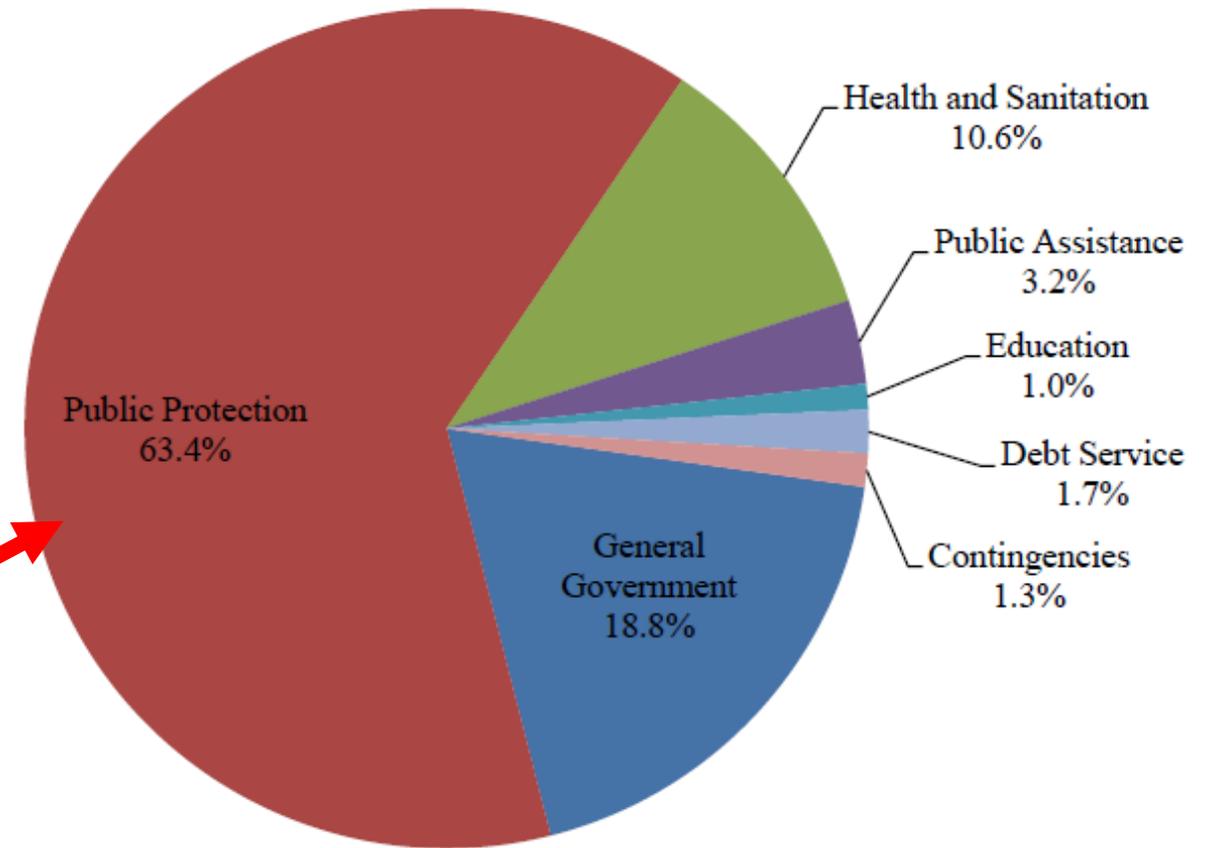
\$944,768 \$ 3,039,781

Is it a coincidence that 2022 is an
Election Year?

Would the Board of Supervisors
furlough workers in 2021 to make
the numbers look better in 2022?

Is there a Double Standard in the way the Board of Supervisors Allocate Spending in the General Fund?

FY 2020-21 Recommended Budget General Fund Spending Authority



Kern spends a bigger share of its General Funds on “Public Protection” than almost every other county in California – but lags far behind on the share it spends on social services.

The Board of Supervisors always finds the money if they want to. They can easily avoid furloughs and STILL run a surplus starting next year.

- The furloughs only impact “non-safety” positions
- Public Protection will receive even more money in the coming years due to the recent California Attorney General’s settlement with the Kern County Sheriff
 - BOS have already agreed to add 42 new positions in KCSO as part of the settlement
- The numbers show that the Board of Supervisors CAN avoid furloughs and hiring freezes – if they decide to.

Questions and Discussion