SANTA CRUZ COUNTY
MITIGATING ECONOMIC IMPACTS OF COVID-19

Melodye Serino
Deputy County Administrative Officer
August 6, 2020
AGENDA

- Major Economic Impacts of COVID-19
- County Revenue Sources
- Proposed Budget Revisions
  - Funding Changes
  - Staffing Changes
  - Program Changes
- Uncertainties
- Community Feedback
MAJOR ECONOMIC IMPACTS OF COVID-19
MAJOR ECONOMIC IMPACTS

GLOBAL / NATIONAL IMPACTS
- Services and manufacturing sectors plunged to record lows
- Travel and tourism sectors the hardest hit
- Drop in foreign direct investment and global trade
- Lower energy demands
- Government bailouts and budget deficits
- Higher unemployment
- Worldwide restrictive measures which vary widely by country and state

COUNTY IMPACTS
- Largest economic sectors impacted differently
- Small businesses heavily impacted
- High unemployment
- Higher assistance needs
- Reduced revenues resulting in staffing and service changes
COUNTY REVENUE SOURCES

- **Intergovernmental Revenues**: 41%
- **Charges for Services**: 26%
- **Taxes**: 23%
- **Licenses, Permits and Franchise Fees**: 2%
- **Fines, Forfeitures & Assessments**: <1%
- **Revenue from Use of Money and Property**: <1%
- **Misc. Revenues**: 2%
- **Other Financing Sources**: 6%
COUNTY TAX SOURCES

- Property Taxes: 55%
- VLF Fee: 19%
- Sales Tax: 8%
- Sales Tax Measure G: 3%
- TOT: 6%
- Cannabis Business Tax: 3%
- Other Taxes: 6%
COUNTY FINANCING

You pay your taxes...

For every $1 of tax you pay, the County receives*...

The County distributes the money into different funds**...

The average County property tax payer contributes $5,505 annually.
FISCAL STEWARDSHIP

- Tripled Reserves
- Improved Credit Rating
- Reduced Pension Obligations
- Controlled Employee Growth
- Advanced Deferred Maintenance
REVISED BUDGET SUMMARY: $874.4 M

- Health & Human Services: 41%
- Land Use & Community Services: 25%
- Public Safety & Justice: 19%
- General Government: 11%
- Capital Projects: 2%
- Debt Service: 1%
- Contingencies: 1%
- Technology Fund: <1%
## REVISED BUDGET OVERVIEW

<table>
<thead>
<tr>
<th></th>
<th>Proposed 2020-21</th>
<th>Revised 2020-21</th>
<th>Change from Proposed</th>
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</thead>
<tbody>
<tr>
<td><strong>General Fund</strong></td>
<td>583.7 M</td>
<td>571.2 M</td>
<td>-12.3 M, -2.1%</td>
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<tr>
<td><strong>All Other Funds</strong></td>
<td>295 M</td>
<td>303.2 M</td>
<td>8.2 M, 89.7 M</td>
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<tr>
<td><strong>Total Budget</strong></td>
<td>878.7 M</td>
<td>874.4 M</td>
<td>-4.3 M, -.5%</td>
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<tr>
<td><strong>Funded Staffing</strong></td>
<td>2477.31</td>
<td>2,388.86</td>
<td>-88.65, -3.6%</td>
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</tbody>
</table>
REVISED BUDGET STAFFING OVERVIEW: 2,388.66 POSITIONS

- Health & Human Services: 48%
- Land Use & Community Services: 17%
- Public Safety & Justice: 23%
- General Government: 12%
OPPORTUNITIES FOR RELIEF

- CARES Act Funding: $28M

- Federal Relief
  - House Bill
  - Senate Bill
RELIEF FUNDS: FEDERAL FUNDING

HEROES ACT

- State and local aid
- Hazard pay to essential workers
- Economic impact payments of $1200 per family member / $6,000 per household
- Emergency grants to small businesses
- COBRA subsidies
- Extension of unemployment payments
- Funds to assist with rent, mortgage, utilities and other housing-related costs

Provides flexibility in use of CARES Act funding use
Additional funding for testing, hospitals/providers
Additional funding for childcare
Investments in the 2020 Census and workforce training that Counties could utilize

HEALS ACT
OPERATIONAL IMPACTS
PROGRAM CHANGES

OPPORTUNITIES

- Increases for Health Services
- Increases for CalWorks & CalFresh & Child Welfare allocations
- Increases for Homeless Services
- Operational reorganizations
- Reimagining service models

CHALLENGES

- Reductions to some programs
  - Less parks maintenance
  - Curtailed public counter hours
  - Response time delays
  - Capacity reduction
- Elimination of some programs
  - Cannabis Compliance Unit
  - Climate Action Manager
OPERATIONAL IMPACTS

STAFFING CHANGES

Staff furloughs of 5%, 7.5%, or 10%

Reduction of 88.65 positions
52.10 unfunded
37.25 potential eliminations

(10 due to State mandated changes)
CONTINUED UNCERTAINTIES

FUNDING
- State budget / trigger cuts
- Realignment funding
- No CARES Act funding after 12/30/20
- Potential property tax payment delays

ECONOMY
- COVID-19 surge
- Other revenues in decline
- Unemployment
- Federal responses
- November election
- Census
COMMUNITY FEEDBACK

- Budget Hearings
  - Comment in-person or on-line
- Email or call your Supervisor

RESOURCES

- Revised Budget
  - [https://sccounty01.co.santacruz.ca.us/supplemental_budget_2020-21/2020-2021_revised_budget.pdf](https://sccounty01.co.santacruz.ca.us/supplemental_budget_2020-21/2020-2021_revised_budget.pdf)

- On-line tool
  - [www.sccbudget.com](http://www.sccbudget.com)
BUDGET HEARING SCHEDULE

- August 10  Health & Human Services
- August 11  Public Safety & Justice
- August 11  Evening session at 6:00 pm
- August 12  General Government
- August 13  Land Use & Community Services
- August 18  Concluding Actions & Last Day Reports

- Adopted Budget 2020-21 – By September 15
SUMMARY

- Revenue losses of $23.1m or 13.9%
- Use of $14.2m from reserves
- Increased contingencies
- Staffing losses of 88.65 positions
- Uncertainties remain
- Fiscal prudence continues to be necessary
THANK YOU!

QUESTIONS?