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Butte County to Make Mid Year Budget Adjustments

News Release

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Oroville, CA – Driven by an economy in deepening recession, and by the State of California’s deplorable budget tactics, officials of Butte County announced today that they will recommend to the Board of Supervisors measured and effective solutions to address the current fiscal year’s budget deficit of \$10 million. These recommendations will be made at the Board’s regular meeting scheduled for December 16, 2008.

For background, when Butte County’s current fiscal year’s budget was adopted in June 2008, County staff anticipated lower state funding and a decline in local tax revenues. Thus, to balance the County’s budget, responsible expenditure reductions were made by the Board of Supervisors to correspond with an expected decrease in revenues. As stated by Brian Haddix, Chief Administrative Officer, “During the Fiscal Year 2008-09 budget process, Butte County anticipated a decline in various tax revenues and prepared a conservative budget with plans to deal with further economic downturns.”

However, spurred by the impact of the deteriorating economy, the State’s drastic budget cuts and its persistent unwillingness to reimburse the County for its program costs, Haddix directed a budget analysis be performed in October 2008. The analysis that followed showed that the global financial crisis and the dramatic slowdown in the economy were causing reductions to property and sales taxes that were greater than forecast. “Unfortunately, economic conditions deteriorated at a pace beyond anyone’s expectations,” said Haddix. “Equally important,” Haddix continued, “the State failed to pay the County in full for the program mandates that we must administer, thus putting greater strain on the County’s limited fiscal resources.”

Moreover, the County’s financial situation was complicated by the firestorms that raged during the summer months. To deal effectively with this emergency, the County maintained a contingency fund used to pay for such expenses, but the unprecedented magnitude of the fires nearly depleted these funds.

Accordingly, after a careful fiscal analysis, Butte County officials are recommending the following specific actions to narrow the \$10 million budget gap: (1) required expenditure savings from County departments - \$4 million; (2) delays in capital projects and equipment purchases - \$2 million; (3) transfers from trust funds - \$1.9 million; and (4) use of contingency funds and other solutions - \$2.1 million.

Butte County officials also announced that they will start the Fiscal Year 2009-10 budget process this month, six weeks earlier than in previous years. In this way, the budget will be in-place well before the start of the fiscal year (July 1, 2009) – with financial savings expected to be accelerated.



“As a practical matter, said Haddix, “this means that there will likely be service reductions in Butte County, but, we are committed to providing the highest level of service to the residents of Butte County within limited resources available.”

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