Outlook for Next Fiscal Year's Budget

Fiscal Year 2014-15 will prove to be a challenge as compared to the current fiscal year, mainly due to one very large factor: Kern Medical Center.

Some of the good news for next year's budget is that the county assessment roll is due to increase by 2.8%, and the retirement rates have declined by 1.5% for general employees, and 2.4% for safety employees. All of this has helped to mitigate the bad news emanating from Kern Medical Center.

To date, the county's general fund has contributed $13 million to KMC's financial shortfalls since July 2013. The new management team at KMC has indicated that an additional $18 million shortfall may be facing the hospital within this fiscal year. The new management team at KMC, led by CEO Russell Judd, is well aware of the severe financial drag on the county's general fund, and is taking steps to correct it. However, until that time, the responsibility remains with the Board of Supervisors to fund KMC, and to balance the overall county budget.

To do so, the Board will use some reserve funds, and some of the "carry-forward," or surplus funds at the end of year to cover KMC operational deficits. The county has assumed the monthly losses at KMC will continue, and has also informed county department heads to prepare for a 5% reduction in funding, and to be prepared for another 6% in step-down plans as a "just in case" measure.

Other hits to the county budget includes an expected increase in the annual health benefit rate of $652 per employee, and $5 million for the County's contribution to the Thomas Roads Improvement Project, which has seen the Westside Parkway open, as well as much needed expansion on the 99 and 58 freeways.