



ALAMEDA COUNTY BUDGET UPDATE

Presented to the Alameda County Budget Workgroup

March 10, 2016

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Economic Update



Recent Economic Performance

- Labor markets
- External factors
- Oil prices
- House prices
- Consumer spending
- Monetary policy

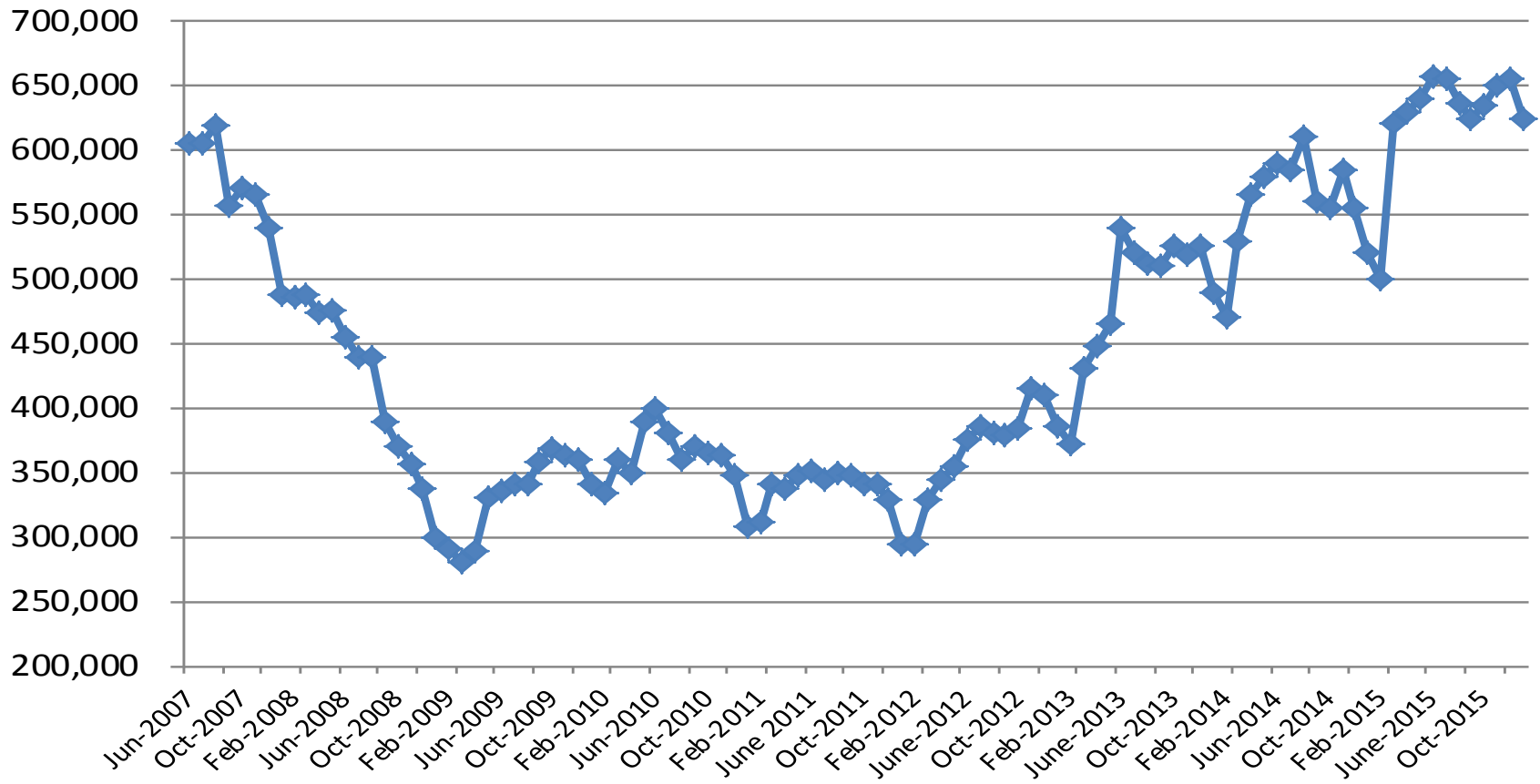


Alameda County Unemployment Rate





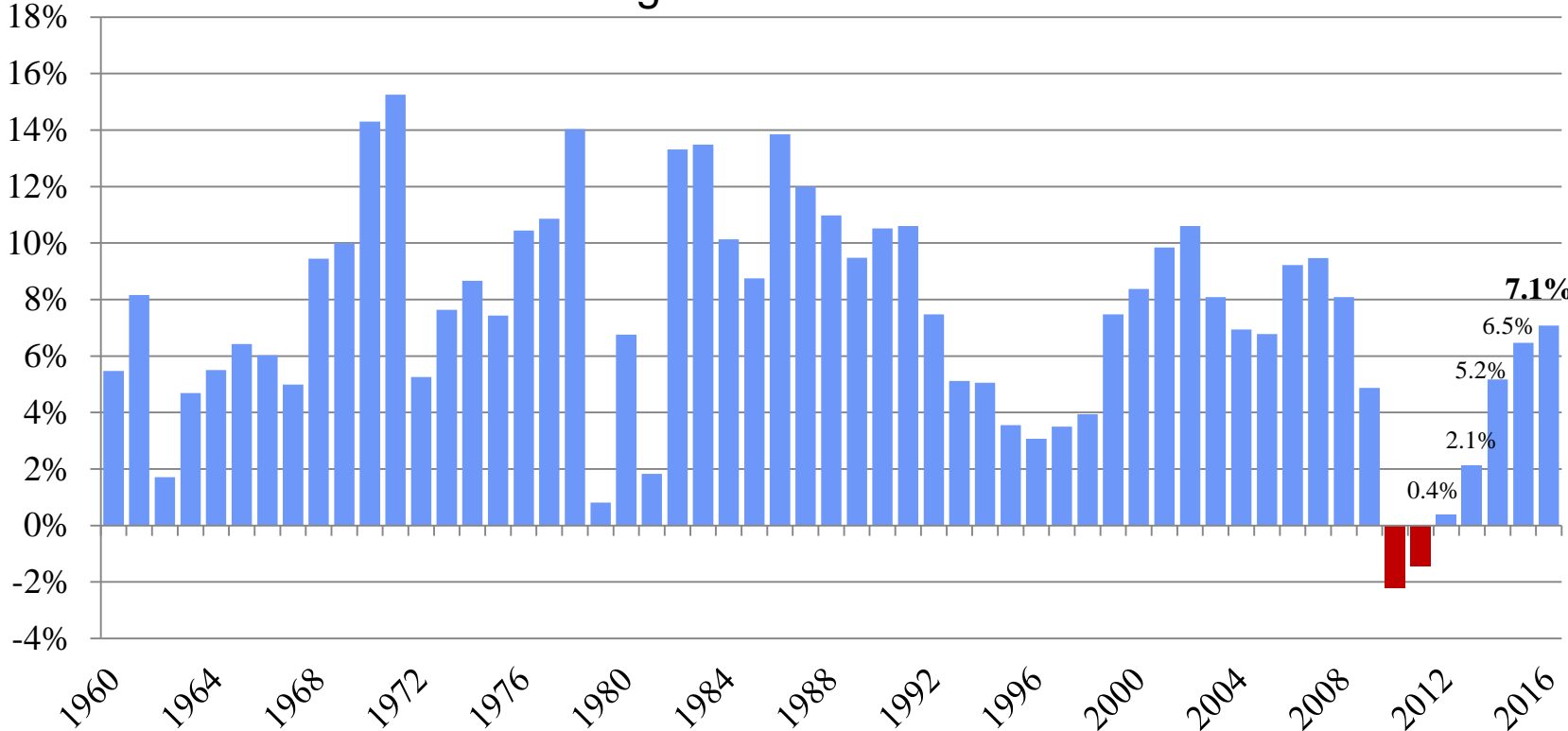
Alameda County Median Home Values





Alameda County Assessed Value

Change in Assessed Valuation



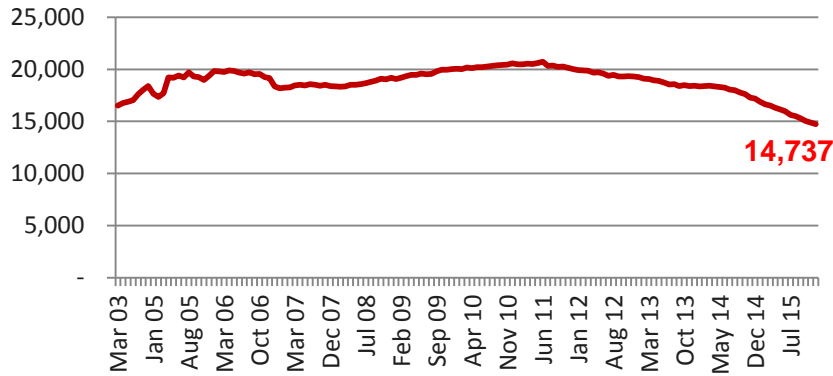
Source: Alameda County Assessor's Office

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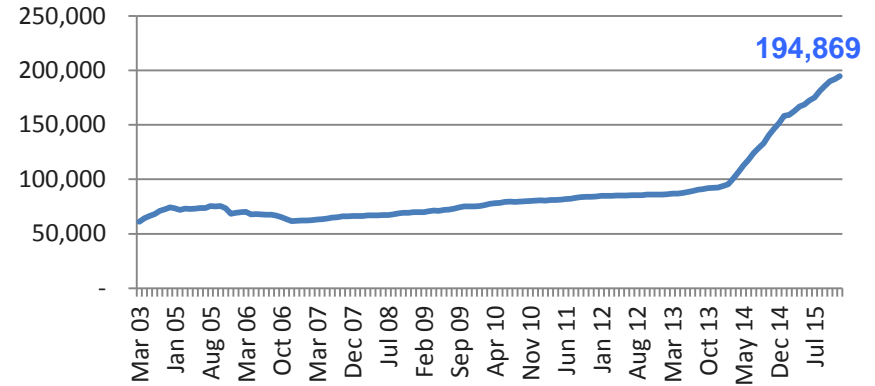


Assistance Programs Trends through December 2015

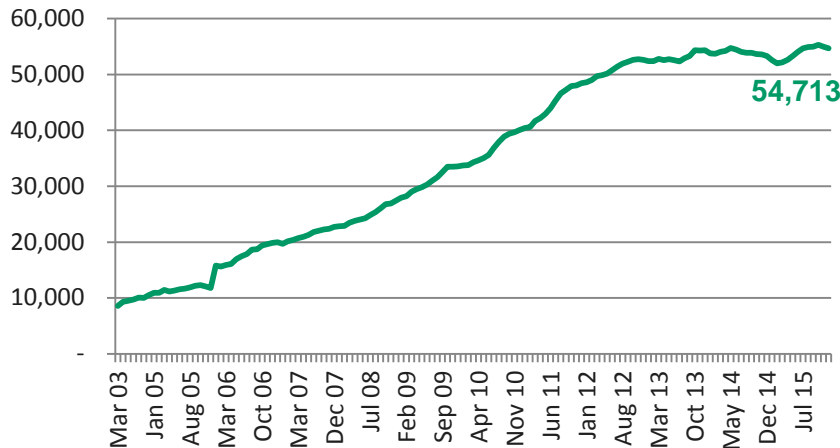
CalWORKs Caseload



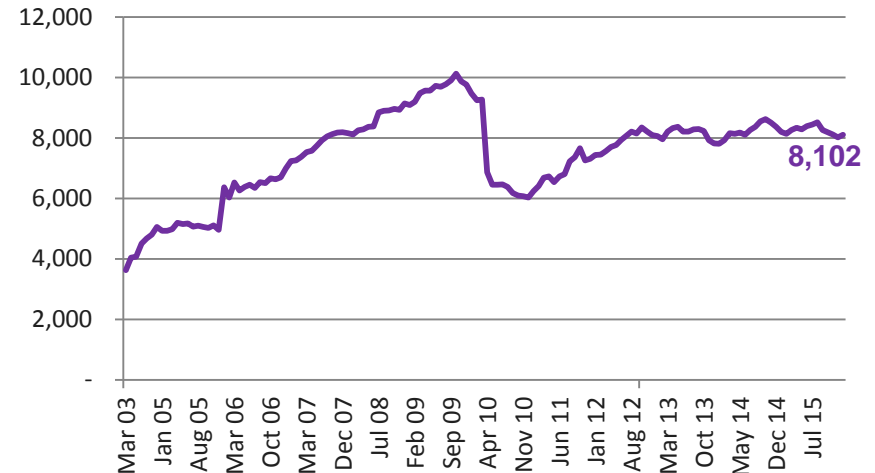
Non-Assistance Medi-Cal Caseload



Non-Assistance Food Stamps Caseload



General Assistance Caseload





Federal Budget Update



FFY 2017 Federal Budget Proposal

- President's Budget totals \$4.2 trillion
 - \$1.15T or 27% of total for discretionary spending; Up 5.1%
 - \$2.8T or 66% of total for mandatory spending; Up 5%
- Budget projects 2.6% GDP growth for 2016 & 2017; National unemployment rate at 4.5% by late 2016
- Bipartisan Budget Act of 2015 included discretionary spending targets for FFY 2017 and suspended the debt limit until March 2017 allows for continued recovery
- Ultimately a budget compromise; Upcoming Presidential and Congressional elections will influence budget outcomes



Federal Budget

- \$200M reduction in CDBG, \$160M increase for HOME Program & \$345M increase for Homeless
- \$1.8B increase for SNAP/Food Stamps
- \$15.9B increase for Medicaid
- \$1.5B increase for Head Start
- \$5.3B increase for Transit Formula Program
- No funding for State Criminal Alien Assistance Program (SCAAP)



State Budget Update



Governor's Budget Proposal

- \$5.7B into rainy day & discretionary reserves
- \$2.3B in capital deferred maintenance spending
- \$3.6B in annualized transportation funding
- \$200M for new community college workforce program
- \$1.3B for MCO tax and restoral of IHSS service hours
- Includes augmentations in DDS and SSI/SSP.
- \$3.1B in cap-and-trade auction revenues



Proposals Impacting Counties

- Managed Care Organization (MCO) tax
 - Nets \$1.35B of which \$236M will go to IHSS
 - Tax approved by Legislature, includes offsets to industry
- Medi-Cal
 - 8% increase funding for Administration. No change for provider rates
 - \$182M for M-C benefits for undocumented children
- CalFresh – TA/Training to improve enrollment & retention



Proposals Impacting Counties

- \$1.6B Early Childhood Block Grant created
- Increased funding for MH/SUDS treatment for MC enrollees through new waiver
- \$90.9M for residential treatment through new waiver
- \$129.7M to continue grants to reduce recidivism
- \$489.9M (VLF) to fund local PP assistance programs
- \$1.7B for FY 2017 & \$3.6B ongoing for state/local transportation system maintenance & rehab
- \$3.1B in cap & trade revenue expenditures



FY 2016-2017 Developing Budget



Context for Alameda County Budget Development

- Near term economic performance is unsettled
- Ounce of prevention . . .
- Policy decisions are difficult to anticipate during an election year

Therefore,

- Prudent fiscal restraint may be a valuable posture
 - Limit new ongoing commitments
 - Mitigate largest financial liabilities
 - Begin preparing for next recession & recovery



FY 2016-17 Budget Policy Guidance

- Adopt the Final Budget no later than June 30, 2016
- Continue the Fiscal Management Reward Program
- Include revenues from all sources as early in the budget development process as possible
- Include a 3.5% cost-of-living adjustment (COLA) for community-based organization (CBO) contracts
- Designate 1% to partially offset the cost of the County's capital projects and facility maintenance
- Designate 1% for the general reserve



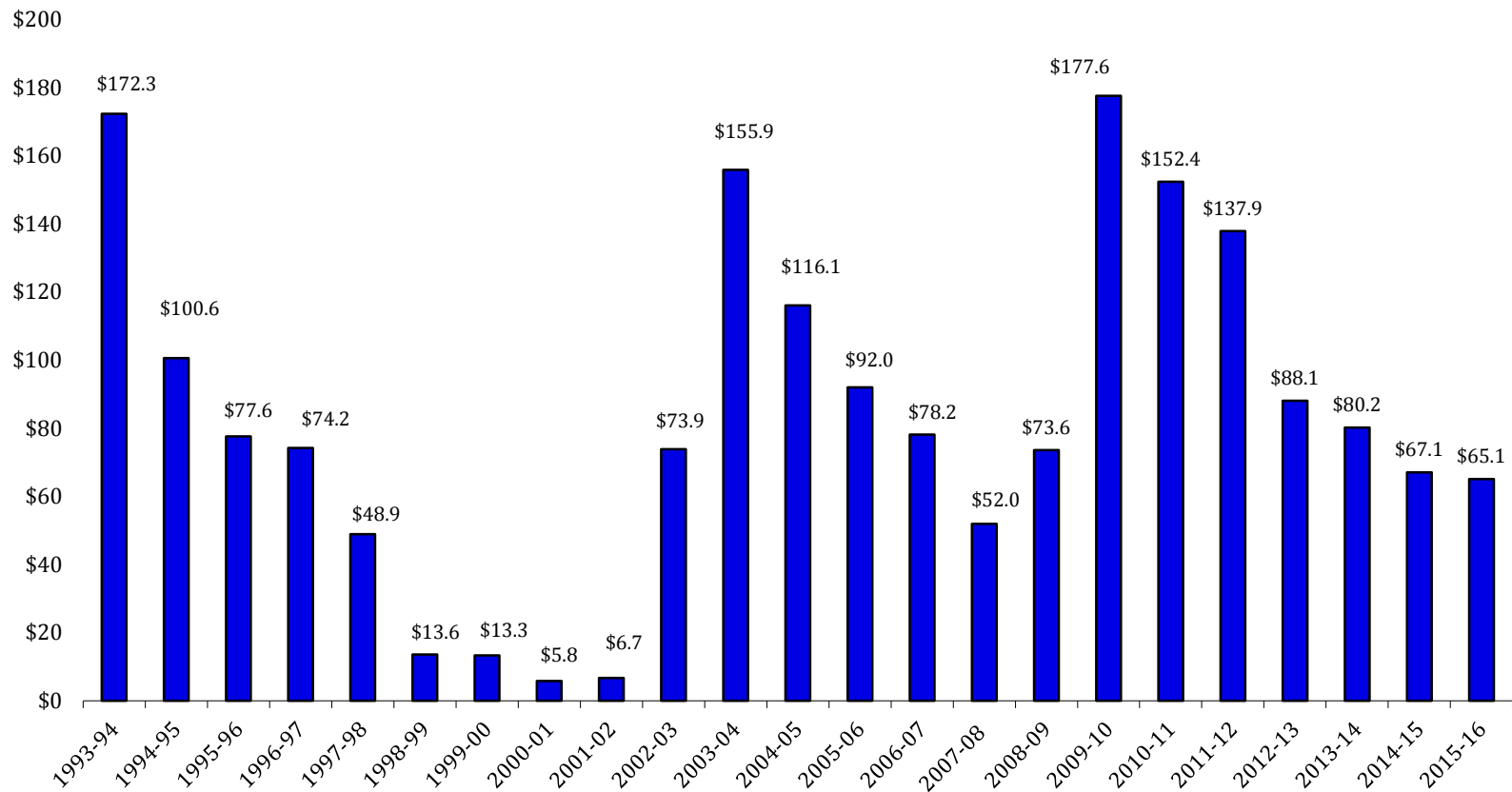
Net Cost Increases – partial list

One-time use of FMR last year	\$ 32.8M
<u>Known</u> Salary/Benefits increases	\$ 50.3
COLAs	\$22.4M
Retirement	\$24.4M
Health Ins.	\$ 3.5M
3.5% CBO increases	\$ 5.7
Affordable housing allocation	<u>\$ 5.0</u>
Total	\$ 93.8M

NOTE: Partial list. Some cost reductions, revenue increases not included in above.

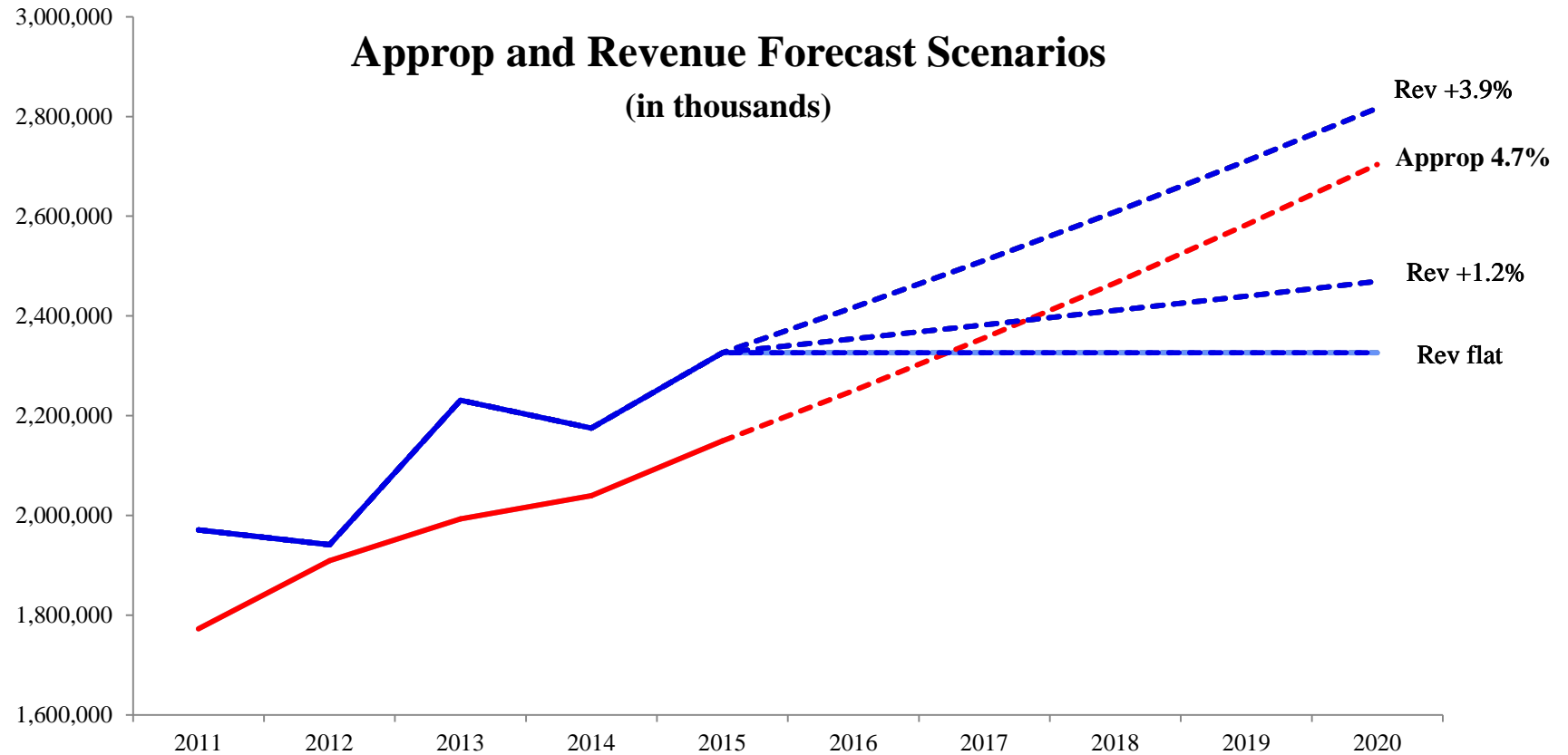


Alameda County Funding Gaps (in millions)



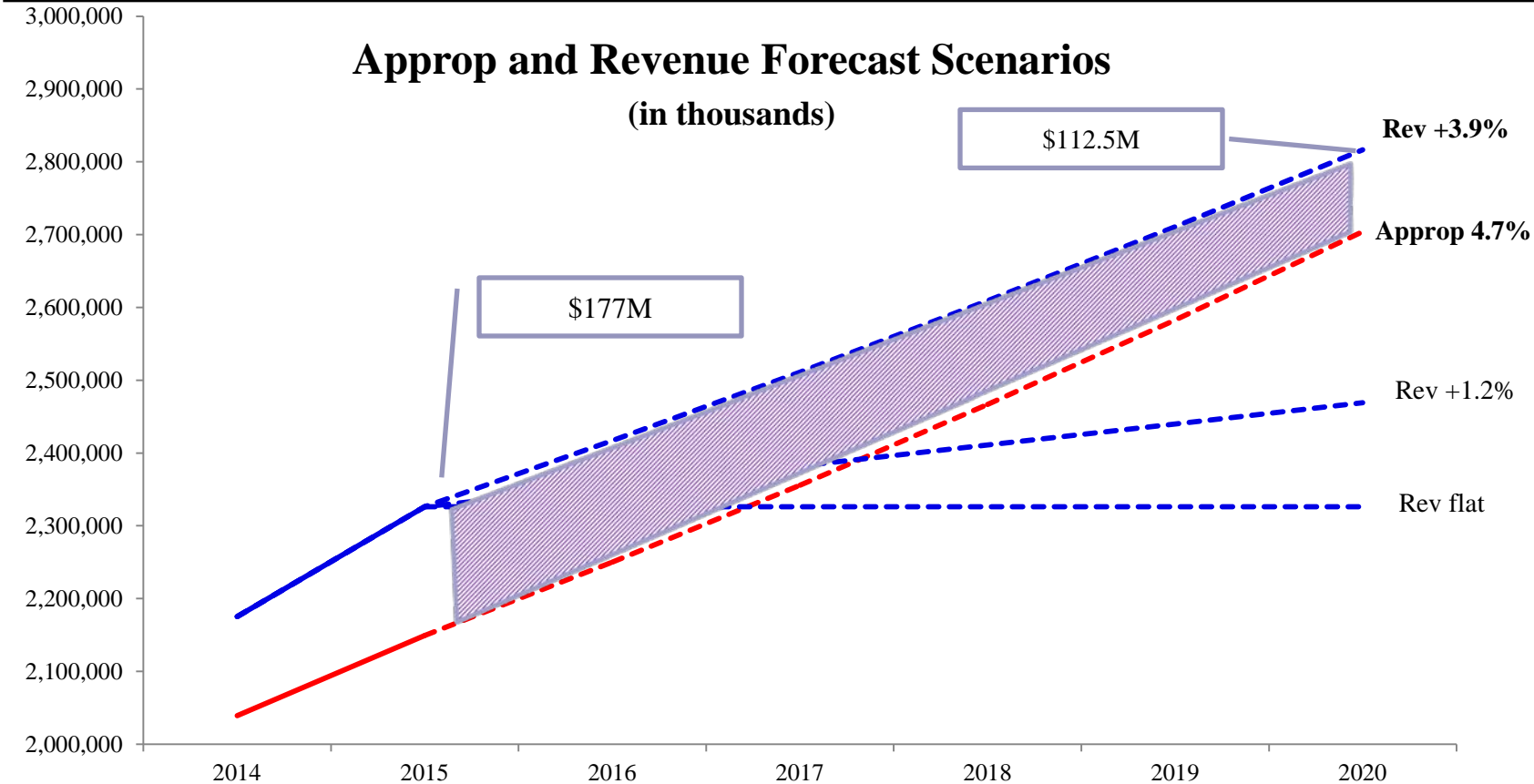


Five Year Forecast of Appropriations and Revenue



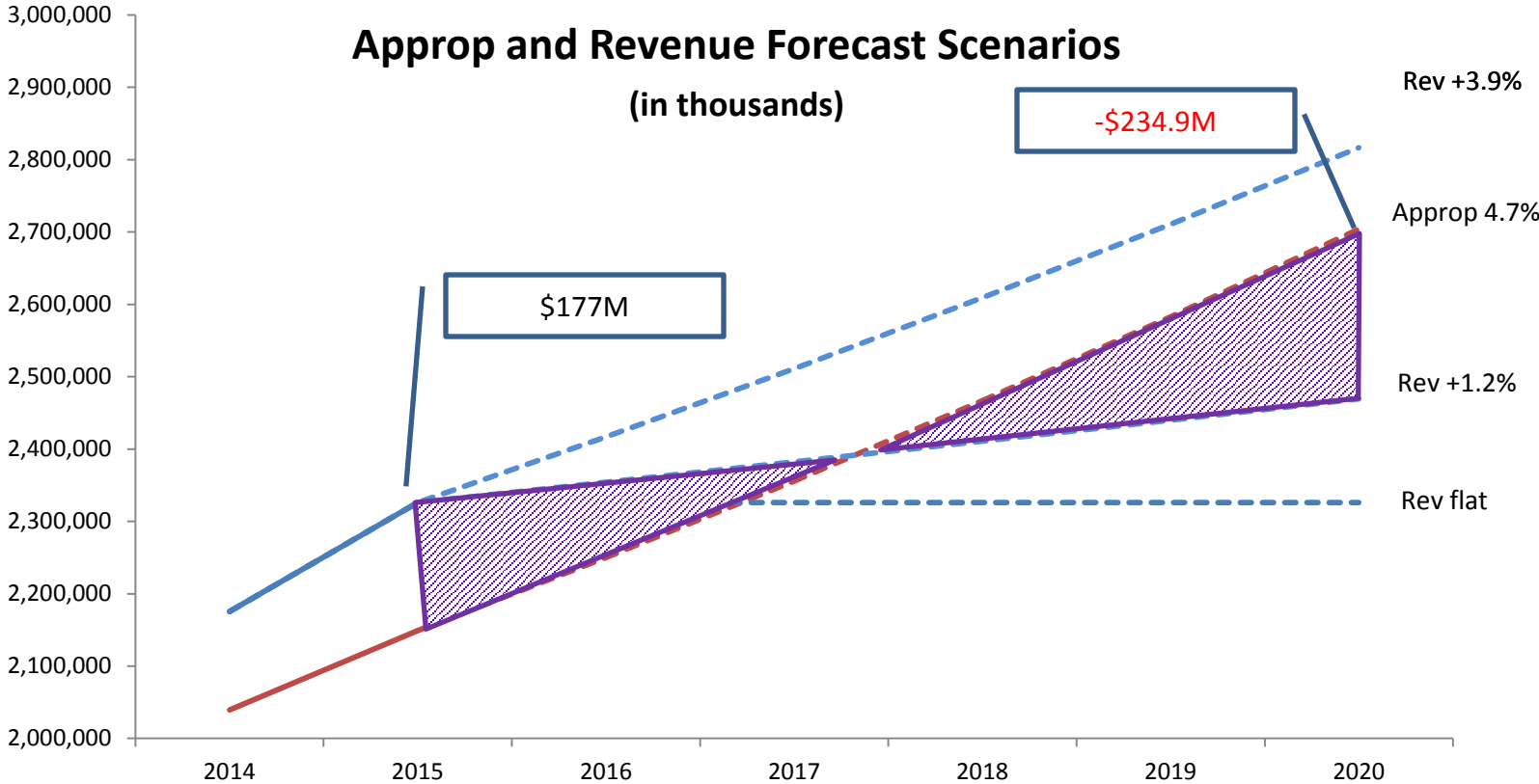


Recovery Scenario



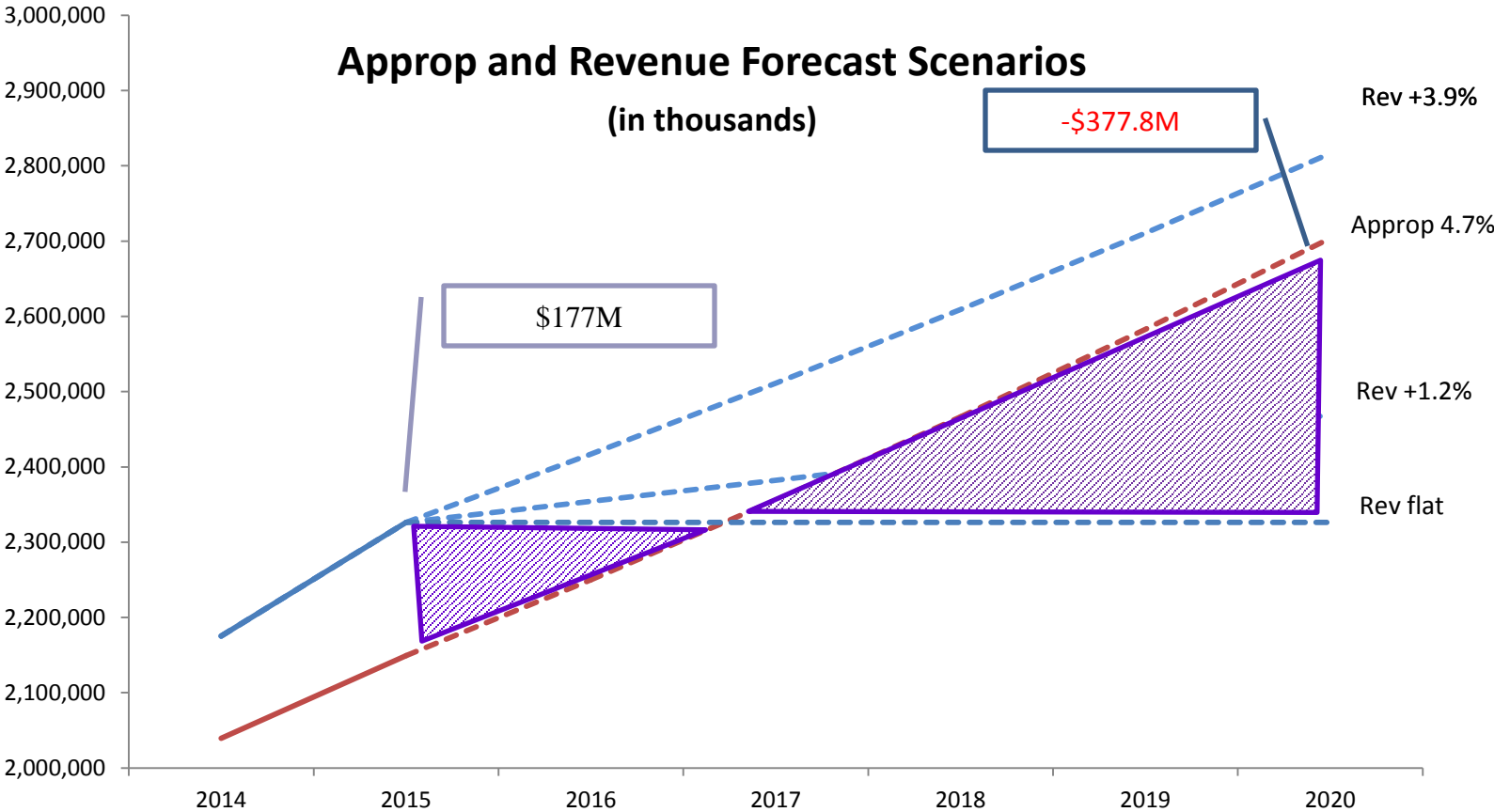


Recession Scenario #1





Recession Scenario #2





Pending Factors

- Economy
- Still high demand for safety-net services
- Federal and State budget actions
 - Inadequate funding for services provided on behalf of others
 - Sustainable transportation funding is needed
- County structural funding gap – Use of one time sources for ongoing uses
- Labor, health, retirement costs



Budget Development Timeline

- Early Budget Work Sessions April 12
- BWG: FY 16-17 Funding Gap & Reduction Targets April 18, 3:30 PM
April 26, 3:00 PM
- Governor's Revised Budget May
- BWG: Reduction Plans May 23, 3:00 PM
- Proposed Budget Submitted Early June 2016
- Budget Hearings and Adoption June 2016



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