



FY 2016-17 Funding Gap and Balancing Options

Presented to the Alameda County Budget Workgroup

April 26, 2016

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Agenda

- Budget gap recap and follow-up
- Budget balancing options



Fiscal Year 2016-17

**BUDGET GAP RECAP &
FOLLOW-UP**



FY 2016-17 MOE Budget - General Fund¹

(\$ in millions)

Program	Appropriation	Revenue	Net Cost	FTE
General Government	\$230.0	\$139.2	\$90.8	927
Public Protection	\$677.9	\$359.4	\$318.5	2,696
Public Assistance	\$820.4	\$740.0	\$80.4	2,615
Health Care Services	\$671.7	\$532.0	\$139.7	1,454
Subtotal Programs	\$2,400.0	\$1,770.6	\$629.4	7,692
Capital Projects	\$11.9	\$0.7	\$11.2	0
Contingency/Reserve/ Debt Service/Designations	\$140.1	\$66.6	\$73.5	0
Discretionary Revenue	\$0	\$641.9	(\$641.9)	0
Subtotal Other	\$152.0	\$709.2	(\$557.2)	0
Total	\$2,552.0	\$2,479.8	\$72.2	7,692

¹ General Fund includes grants and Measure A; excludes CSAs and special districts.



FY 2016-17 MOE Budget – General Fund

(\$ in millions)

	FY 2015-16 FINAL	FY 2016-17 MOE	Inc/ (Dec)	% Change
Appropriation	\$2,428.6	\$2,552.0	\$123.4	5.1%
Revenue	\$2,428.6	\$2,479.8	\$51.2	2.1%
Funding Gap	\$0	\$72.2	\$72.2	
FTE Positions¹	7,688.3	7,691.5	3.2	0.0%

Note: Totals may vary slightly due to rounding

¹ Full-time equivalent positions



FY 2015-16 Final to FY 2016-17 MOE Budget – Non-Program Budgets, General Fund (\$ in millions)

	FY 2015-16 Final	FY 2016-17 MOE	Change Amount	Change %
Appropriations	\$ 166.3	\$ 152.0	\$ (14.3)	-8.5%
Revenues	\$ 733.3	\$ 709.2	\$ (24.1)	-3.3%
Net County Cost	\$ (567.0)	\$ (557.2)	\$ 9.8	1.7%



FY 2015-16 Final to FY 2016-17 MOE Budget – All Programs, General Fund (\$ in millions)

	FY 2015-16 Final	FY 2016-17 MOE	Change Amount	Change %
Appropriations	\$ 2,262.4	\$ 2,400.0	\$ 137.6	6.1%
Revenues	\$ 1,695.4	\$ 1,770.6	\$ 75.2	4.4%
Net County Cost	\$ 567.0	\$ 629.4	\$ 62.4	11.0%



FY 2015-16 Final to FY 2016-17 MOE Budget - General Government, General Fund (\$ in millions)

	FY 2015-16 Final	FY 2016-17 MOE	Change Amount	Change %
Appropriations	\$224.3	\$230.0	\$5.7	2.5%
Revenues	\$135.4	\$139.2	\$3.8	2.8%
Net County Cost	\$88.9	\$90.8	\$1.9	2.2%



FY 2015-16 Final to FY 2016-17 MOE Budget - Public Protection, General Fund (\$ in millions)

	FY 2015-16 Final	FY 2016-17 MOE	Change Amount	Change %
Appropriations	\$639.5	\$677.9	\$38.4	6.0%
Revenues	\$355.4	\$359.4	\$4.0	1.1%
Net County Cost	\$284.1	\$318.5	\$34.4	12.1%



FY 2015-16 Final to FY 2016-17 MOE Budget - Public Assistance, General Fund (\$ in millions)

	FY 2015-16 Final	FY 2016-17 MOE	Change Amount	Change %
Appropriations	\$752.5	\$820.4	\$67.9	9.0%
Revenues	\$681.0	\$740.0	\$59.0	8.7%
Net County Cost	\$71.5	\$80.4	\$8.9	12.4%



FY 2015-16 Final to FY 2016-17 MOE Budget - Health Care Services, General Fund (\$ in millions)

	FY 2015-16 Final	FY 2016-17 MOE	Change Amount	Change %
Appropriations	\$646.0	\$671.7	\$25.7	4.0%
Revenues	\$523.6	\$532.0	\$8.4	1.6%
Net County Cost	\$122.4	\$139.7	\$17.3	14.1%



FY 2016-17 MOE Budget – Net Cost Change by Program (\$ in millions)

Program	2015-16 FINAL Net Cost	2016-17 MOE Net Cost	Change	% Change
General Government	\$88.9	\$90.8	\$1.9	2.2%
Public Protection	\$284.1	\$318.5	\$34.4	12.1%
Public Assistance	\$71.5	\$80.4	\$8.9	12.4%
Health Care	\$122.4	\$139.7	\$17.3	14.1%
Subtotal – Programs	\$567.0	\$629.4	\$62.4	11.0%



FY 2016-17 Program Revenues

(\$ in millions)

General Fund Program Revenue Changes:

	Mid-Year Adjustments	Other MOE Revenue	Change from FY 15-16 Final
□ General Gov't	\$0.3	\$ 3.4	\$ 3.8
□ Public Protection	\$0.9	\$ 3.1	\$ 4.0
□ Public Assistance	\$11.2	\$47.8	\$59.0
□ Health Care	<u>\$11.6</u>	<u>-\$ 3.2</u>	<u>\$ 8.4</u>
Total Program Revenue	\$24.0M	\$51.1M	\$75.2



FY 2016-17 General Fund Revenues

(\$ in millions)

General Fund Revenue Changes:

	Mid-Year Adjustments	Other MOE Revenue	Change from FY 15-16 Final
□ General Gov't	\$0.3	\$ 3.4	\$ 3.8
□ Public Protection	\$0.9	\$ 3.1	\$ 4.0
□ Public Assistance	\$11.2	\$47.8	\$59.0
□ Health Care	<u>\$11.6</u>	<u>-\$ 3.2</u>	<u>\$ 8.4</u>
Total Program Revenue	\$24.0M	\$51.1M	\$75.2
□ Non-Program Revenue			\$ 8.8
□ Prior year FMR			<u>-\$32.8</u>
Total Revenue Change			\$51.2



Major Components of Net County Cost Change

(partial list, \$ in millions)

	<u>Net County Cost Change</u>
□ Prior-year Fiscal Management Rewards (FMR) use	\$32.8
□ Salary COLAs, Retirement, Health, Workers' Comp	\$53.8*
□ Internal Service Fund costs	\$13.4*
□ IHSS State MOE adjustment	\$ 2.2
□ 3.5% COLA for CBOs & AHS	\$ 6.2
□ Nutrition services revenue reduction	\$ 1.2
□ Reduction in inmate housing revenue	\$ 3.8
□ Public Safety sales and use taxes revenue increase	-\$ 6.5
□ Discretionary revenue increases	-\$39.0
□ Acute Care Tower debt service increase	\$11.7
□ Other	-\$ 7.4
TOTAL	\$72.2

*Salary line now combines COLAs, retirement, health and Workers' Comp. ISFs no longer include Workers' Comp. These amounts now differ from numbers in the 4/18/16 presentation.



FY 16-17 Net County Cost Increases due to Salaries & Benefits (\$ in millions)

	Change from FY 15-16 Final to FY 16-17 MOE
Board-approved salary COLAs	\$23.2
Retirement	\$24.4
Health Insurance	\$3.5
Workers' Comp	\$2.7
TOTAL	\$53.8



FY 16-17 Net County Cost Increases due to Internal Service Funds (\$ in millions)

	Change from FY 15-16 Final to FY 16-17 MOE
Liability Insurance	\$1.5
Building Maintenance	\$9.3
Motor Pool	\$1.1
Information Technology	\$1.5
TOTAL	\$13.4



FY 2016-17 MOE Budget, General Fund

Net Cost Change - Non-Program (\$ in millions)

Program	2015-16 FINAL Net Cost	2016-17 MOE Net Cost	Net Cost Change	Net Cost % Change
Capital	\$10.9	\$11.2	\$0.3	3.0%
Contingency/Reserves/ Debt Service/Designations	\$57.8	\$73.5	\$15.7	27.2%
One-time use of FMR	(\$32.8)	0	\$32.8	100%
Discretionary Revenue	(\$602.9)	(\$641.9)	(\$39.0)	6.5%
Subtotal - Other	(\$567.0)	(\$557.2)	\$9.8	1.7%
Subtotal - Programs	\$567.0	\$629.4	\$62.4	11.0%
TOTAL	\$0	\$72.2	\$72.2	



FY 2016-17 Discretionary Revenues

(partial list, \$ in millions)

Discretionary Revenue Changes:

<input type="checkbox"/> Property Taxes	\$26.7
<input type="checkbox"/> One-time prior year property tax penalties	-\$10.6
<input type="checkbox"/> ERAF—Motor Vehicle	\$17.3
<input type="checkbox"/> Interest earnings	\$ 1.0
<input type="checkbox"/> Countywide overhead	\$ 0.2
<input type="checkbox"/> Sales taxes	\$ 0.6
<input type="checkbox"/> Other	\$ <u>3.8</u>
TOTAL	\$39.0



Fiscal Year 2016-17 MOE Budget

BUDGET BALANCING OPTIONS



FY 2016-17 NCC Increases by Program

(\$ in millions)

Program	Net County Cost (NCC) Increase		Prior Year FMR Use		Net County Cost Increase w/ FMR
General Government*	\$6.4	+	\$14.3	=	\$20.7
Public Protection	\$34.4	+	\$8.0	=	\$42.4
Public Assistance	\$8.9	+	\$0.0	=	\$8.9
Health Care	\$17.3	+	\$10.5	=	\$27.8
Program Total	\$66.9	+	\$32.8	=	\$99.7

FMR = Fiscal Management Reward

*General Government FY 2016-17 NCC excludes CDA Tier 1 projects funded by designated property tax revenue. This results in a \$4.4M NCC increase for the General Government Program.



FY 2016-17 NCC Changes, Non-Program

(\$ in millions)

	NCC Increase/ (Decrease)
General Government (CDA) Tier 1 projects adjustment*	(\$4.4)
Contingency/reserves, debt service, designations	\$15.7
1% of discretionary revenue appropriated for Capital Projects	\$0.3
Discretionary revenues	(\$39.0)
Non-Program Total	(\$27.5)

Total Gap: \$72.2M

*General Government FY 2016-17 NCC excludes CDA Tier 1 projects funded by designated property tax revenue. This results in a \$4.4M General Government NCC increase.

Numbers are rounded for display purposes, but calculations are based on exact numbers.

FOR DISCUSSION PURPOSES ONLY

REDUCTION TARGET OPTIONS FOR FY 2016-17
(\$ in millions)

Program	2016-17 MOE Net County Cost w/o FMR	% Share of Net County Cost w/o FMR	Prior Year FMR Use	2016-17 MOE Net County Cost w/ FMR	% Share of Net County Cost w/ FMR	Net County Cost (NCC) Increase	% Share of Net County Cost Increase	Net County Cost Increase w/ FMR	Option A Equal Distribution Among Programs	Option B Distribute Based on % Share of Net County Cost w/ FMR	Option C Absorb NCC Increase w/ FMR and Credit Share of \$27.5M Based on % Share of NCC Increase	Option D Absorb NCC Increase w/ FMR and Credit Share of \$27.5M Based on % Share of NCC
General Govt*	\$95.23	15.0%	\$14.31	\$109.54	16.4%	\$6.36	9.5%	\$20.67	\$18.06	\$11.87	\$18.05	\$16.54
Public Protection	\$318.48	50.2%	\$8.01	\$326.49	49.0%	\$34.38	51.4%	\$42.39	\$18.06	\$35.37	\$28.26	\$28.57
Public Assistance	\$80.38	12.7%	\$0.00	\$80.38	12.1%	\$8.90	13.3%	\$8.90	\$18.06	\$8.71	\$5.24	\$5.41
Health Care	\$139.72	22.0%	\$10.50	\$150.22	22.5%	\$17.27	25.8%	\$27.77	\$18.06	\$16.28	\$20.67	\$21.71
Program Total	\$633.81	100.0%	\$32.82	\$666.64	100.0%	\$66.91	100.0%	\$99.73	\$72.23	\$72.23	\$72.23	\$72.23
Non-Program Total								(\$27.50)				
Total General Fund Gap								\$72.23	\$72.23	\$72.23	\$72.23	\$72.23

* General Government FY 16-17 NCC excludes CDA Tier 1 projects funded by designated property tax revenues. This results in a \$4.4M General Government NCC increase.



FY 2016-17 Budget Balancing - Option A

(\$ in millions)

	Option A Equal Distribution Among Programs
General Government	\$18.1
Public Protection	\$18.1
Public Assistance	\$18.1
Health Care	\$18.1
Total	\$72.2

Numbers and percentages are rounded for display purposes, but calculations are based on exact numbers.



FY 2016-17 Budget Balancing - Option B

(\$ in millions)

	2016-17 MOE NCC w/o FMR	Prior Year FMR Use	NCC w/ FMR	% Share of NCC w/ FMR	Option B Based on % Share of NCC w/ FMR
General Government*	\$95.2	\$14.3	\$109.5	16.4%	\$11.9
Public Protection	\$318.5	\$8.0	\$326.5	49.0%	\$35.4
Public Assistance	\$80.4	\$0	\$80.4	12.1%	\$8.7
Health Care	\$139.7	\$10.5	\$150.2	22.5%	\$16.3
Total	\$633.8	\$32.8	\$666.6	100.0%	\$72.2

Numbers and percentages are rounded for display purposes, but calculations are based on exact numbers.

*General Government FY 16-17 NCC excludes CDA Tier 1 projects funded by designated property tax revenues. This results in a \$4.4M General Government NCC increase.



FY 2016-17 Budget Balancing - Option C

(\$ in millions)

	Net County Cost (NCC) Increase	Prior Year FMR Use	NCC Increase w/ FMR	% Share of NCC Increase w/o FMR	Credit Share of \$27.5M Based on % Share of NCC Increase	OPTION C Absorb NCC Increase w/ FMR and Credit Share of \$27.5M Based on % Share of NCC Increase
General Gov't*	\$6.4	\$14.3	\$20.7	9.5%	(\$2.6)	\$18.1
Public Protection	\$34.4	\$8.0	\$42.4	51.4%	(\$14.1)	\$28.3
Public Assistance	\$8.9	\$0	\$8.9	13.3%	(\$3.7)	\$5.2
Health Care	\$17.3	\$10.5	\$27.8	25.8%	(\$7.1)	\$20.7
Program Total	\$66.9	\$32.8	\$99.7	100.0%	(\$27.5)	\$72.2
Non-Program			(\$27.5)			
Total Gap			\$72.2			\$72.2

Numbers and percentages are rounded for display purposes, but calculations are based on exact numbers.

*General Government FY 16-17 NCC excludes CDA Tier 1 projects funded by designated property tax revenues. This results in a \$4.4M General Government NCC increase.



FY 2016-17 Budget Balancing - Option D

(\$ in millions)

	Net County Cost (NCC) Increase	Prior Year FMR Use	NCC Increase w/ FMR	FY 2016-17 MOE NCC	% Share of NCC	Credit Share of \$27.5M Based on % Share of NCC	OPTION D Absorb NCC Increase w/ FMR and Credit Share of \$27.5M Based on % Share of Net County Cost
General Gov't*	\$6.4	\$14.3	\$20.7	\$95.2	15.0%	(\$4.1)	\$16.5
Public Protection	\$34.4	\$8.0	\$42.4	\$318.5	50.2%	(\$13.8)	\$28.6
Public Assistance	\$8.9	\$0	\$8.9	\$80.4	12.7%	(\$3.5)	\$5.4
Health Care	\$17.3	\$10.5	\$27.8	\$139.7	22.0%	(\$6.1)	\$21.7
Program Total	\$66.9	\$32.8	\$99.7	\$633.8	100.0%	(27.5)	\$72.2
Non-Program			(\$27.5)				
Total Gap			\$72.2				\$72.2

Numbers and percentages are rounded for display purposes, but calculations are based on exact numbers.

*General Government FY 16-17 NCC excludes CDA Tier 1 projects funded by designated property tax revenues. This results in a \$4.4M General Government NCC increase.



FY 2016-17 Budget Balancing Options

(\$ in millions)

	Option A	Option B	Option C	Option D
	Equal Distribution Among Programs	Distribute Based on % Share of Net County Cost	Absorb NCC Increase w/ FMR and Credit Share of \$27.5M Based on % NCC Increase	Absorb NCC Increase w/ FMR and Credit Share of \$27.5M Based on % Share of NCC
General Government	\$18.1	\$11.9	\$18.1	\$16.5
Public Protection	\$18.1	\$35.4	\$28.3	\$28.6
Public Assistance	\$18.1	\$8.7	\$5.2	\$5.4
Health Care	\$18.1	\$16.3	\$20.7	\$21.7
Total Gap	\$72.2	\$72.2	\$72.2	\$72.2

Numbers and percentages are rounded for display purposes, but calculations are based on exact numbers.



FY 2016-17 Budget Calendar

- Budget Workgroup Meeting -
Balancing Options & Reduction Targets April 26, 2016
- Reduction Plans submitted to CAO May 11, 2016
- Budget Workgroup Meeting May 23, 2016
- Proposed Budget to Board June 9, 2016
- Budget Hearings June 2016
- Final Budget Adoption Late June 2016



Alameda County Budget Information on the Web

<http://budget.acgov.org>



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