



# **FY 2016-17 Funding Gap and Balancing Options**

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Presented to the Alameda County Budget Workgroup

April 26, 2016

Susan S. Muranishi, County Administrator

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Alice Park-Renzi, Budget Coordinator



## Agenda

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



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Fiscal Year 2016-17

**BUDGET GAP RECAP &  
FOLLOW-UP**



# FY 2016-17 MOE Budget - General Fund<sup>1</sup>

(\$ 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
<b>Subtotal Programs</b>	<b>\$2,400.0</b>	<b>\$1,770.6</b>	<b>\$629.4</b>	<b>7,692</b>
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
<b>Subtotal Other</b>	<b>\$152.0</b>	<b>\$709.2</b>	<b>(\$557.2)</b>	<b>0</b>
<b>Total</b>	<b>\$2,552.0</b>	<b>\$2,479.8</b>	<b>\$72.2</b>	<b>7,692</b>

<sup>1</sup> General Fund includes grants and Measure A; excludes CSAs and special districts.



## FY 2016-17 MOE Budget – General Fund

(\$ in millions)

	<b>FY 2015-16 FINAL</b>	<b>FY 2016-17 MOE</b>	<b>Inc/ (Dec)</b>	<b>% Change</b>
<b>Appropriation</b>	\$2,428.6	\$2,552.0	\$123.4	5.1%
<b>Revenue</b>	\$2,428.6	\$2,479.8	\$51.2	2.1%
<b>Funding Gap</b>	\$0	\$72.2	<b>\$72.2</b>	
<b>FTE Positions<sup>1</sup></b>	7,688.3	7,691.5	3.2	0.0%

Note: Totals may vary slightly due to rounding

<sup>1</sup> Full-time equivalent positions



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

	<b>FY 2015-16 Final</b>	<b>FY 2016-17 MOE</b>	<b>Change Amount</b>	<b>Change %</b>
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)

	<b>FY 2015-16 Final</b>	<b>FY 2016-17 MOE</b>	<b>Change Amount</b>	<b>Change %</b>
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)

	<b>FY 2015-16 Final</b>	<b>FY 2016-17 MOE</b>	<b>Change Amount</b>	<b>Change %</b>
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)

	<b>FY 2015-16 Final</b>	<b>FY 2016-17 MOE</b>	<b>Change Amount</b>	<b>Change %</b>
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)

	<b>FY 2015-16 Final</b>	<b>FY 2016-17 MOE</b>	<b>Change Amount</b>	<b>Change %</b>
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)

	<b>FY 2015-16 Final</b>	<b>FY 2016-17 MOE</b>	<b>Change Amount</b>	<b>Change %</b>
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%
<b>Subtotal – Programs</b>	<b>\$567.0</b>	<b>\$629.4</b>	<b>\$62.4</b>	<b>11.0%</b>



## 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>
<b>Total Program Revenue</b>	<b>\$24.0M</b>	<b>\$51.1M</b>	<b>\$75.2</b>



# 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>
<b>Total Program Revenue</b>	<b>\$24.0M</b>	<b>\$51.1M</b>	<b>\$75.2</b>
□ Non-Program Revenue			\$ 8.8
□ Prior year FMR			<u>-\$32.8</u>
<b>Total Revenue Change</b>			<b>\$51.2</b>



## 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
<b>TOTAL</b>	<b>\$72.2</b>

\*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
<b>TOTAL</b>	<b>\$53.8</b>





## 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
<b>TOTAL</b>	<b>\$13.4</b>



## 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%
<b>Subtotal - Other</b>	<b>(\$567.0)</b>	<b>(\$557.2)</b>	<b>\$9.8</b>	<b>1.7%</b>
<b>Subtotal - Programs</b>	<b>\$567.0</b>	<b>\$629.4</b>	<b>\$62.4</b>	<b>11.0%</b>
<b>TOTAL</b>	<b>\$0</b>	<b>\$72.2</b>	<b>\$72.2</b>	



## 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>
<b>TOTAL</b>	<b>\$39.0</b>



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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
<b>Program Total</b>	<b>\$66.9</b>	<b>+</b>	<b>\$32.8</b>	<b>=</b>	<b>\$99.7</b>

*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)
<b>Non-Program Total</b>	<b>(\$27.5)</b>

**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
<b>Program Total</b>	<b>\$633.81</b>	<b>100.0%</b>	<b>\$32.82</b>	<b>\$666.64</b>	<b>100.0%</b>	<b>\$66.91</b>	<b>100.0%</b>	<b>\$99.73</b>	<b>\$72.23</b>	<b>\$72.23</b>	<b>\$72.23</b>	<b>\$72.23</b>
Non-Program Total								(\$27.50)				
<b>Total General Fund Gap</b>								<b>\$72.23</b>	<b>\$72.23</b>	<b>\$72.23</b>	<b>\$72.23</b>	<b>\$72.23</b>

\* 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 <b>Equal Distribution Among Programs</b>
<b>General Government</b>	<b>\$18.1</b>
<b>Public Protection</b>	<b>\$18.1</b>
<b>Public Assistance</b>	<b>\$18.1</b>
<b>Health Care</b>	<b>\$18.1</b>
<b>Total</b>	<b>\$72.2</b>

*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
<b>General Government*</b>	\$95.2	\$14.3	\$109.5	16.4%	\$11.9
<b>Public Protection</b>	\$318.5	\$8.0	\$326.5	49.0%	\$35.4
<b>Public Assistance</b>	\$80.4	\$0	\$80.4	12.1%	\$8.7
<b>Health Care</b>	\$139.7	\$10.5	\$150.2	22.5%	\$16.3
<b>Total</b>	<b>\$633.8</b>	<b>\$32.8</b>	<b>\$666.6</b>	<b>100.0%</b>	<b>\$72.2</b>

*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
<b>Program Total</b>	<b>\$66.9</b>	<b>\$32.8</b>	<b>\$99.7</b>	<b>100.0%</b>	<b>(\$27.5)</b>	<b>\$72.2</b>
Non-Program			(\$27.5)			
<b>Total Gap</b>			<b>\$72.2</b>			<b>\$72.2</b>

*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
<b>Program Total</b>	<b>\$66.9</b>	<b>\$32.8</b>	<b>\$99.7</b>	<b>\$633.8</b>	<b>100.0%</b>	<b>(27.5)</b>	<b>\$72.2</b>
Non-Program			(\$27.5)				
<b>Total Gap</b>			<b>\$72.2</b>				<b>\$72.2</b>

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
<b>General Government</b>	\$18.1	\$11.9	\$18.1	\$16.5
<b>Public Protection</b>	\$18.1	\$35.4	\$28.3	\$28.6
<b>Public Assistance</b>	\$18.1	\$8.7	\$5.2	\$5.4
<b>Health Care</b>	\$18.1	\$16.3	\$20.7	\$21.7
<b>Total Gap</b>	<b>\$72.2</b>	<b>\$72.2</b>	<b>\$72.2</b>	<b>\$72.2</b>

*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**

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<http://budget.acgov.org>



# **FY 2016-17 Funding Gap and Balancing Options**

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Presented to the Alameda County Budget Workgroup  
April 26, 2016

Susan S. Muranishi, County Administrator

Dennis Bozanich, Principal Analyst

Alice Park-Renzi, Budget Coordinator