



FY 2016-17 Budget Update

Presented to the Alameda County Budget Workgroup

May 23, 2016

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State Budget Update—May Revise

- Precariously balanced
- Tax revenue down \$1.9 billion from January estimates
- Automatic payments reduced as well:
 - Rainy Day Fund (-\$1.3 billion)
 - Paying down debt (-\$264 million)



State Budget Changes—May Revise

- \$177 million to true up AB 85/Affordable Care Act
- Endorsed Senate's "No Place Like Home" proposal
- \$127.3 million for counties to implement group home reform, an increase of \$59.9 million from January
- 2011 Realignment estimated to have growth due to vehicle license fees
- Legislation signed for supplemental funding of election administration



State Budget Update—May Revise

- Risks in budget and economic forecast:
 - Precariously balanced
 - Future deficits likely without Proposition 30 renewal in November
 - Barely balanced if renewal occurs
 - Assumes modest tax revenue growth; Recession is coming, just don't know when
 - FY2016-17 = 4.2% (Prop 30 sales tax expires 12/31/2016)
 - FY2017-18 = 3.6%
 - FY2018-19 = 0.7% (Prop 30 income tax expires on 12/31/2018)
 - FY2019-20 = 3.3%
 - Requires “fiscal restraint and prudence”



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 2016-17 Reduction Targets

Program Area	Reduction Target
General Government	\$16.9M
Public Protection	\$18.4M
Public Assistance	\$ 7.3M
Health Care	\$17.6M
Total Programs	\$60.2M
Countywide Reduction Sources	\$12.0M
TOTAL GENERAL FUND	\$72.2M



Values-Based Budgeting Reductions

Major Components

Fiscal Management Reward savings	\$28.6 million
Net appropriation reductions	\$ 3.6 million
Net revenue increases	<u>\$28.0 million</u>
Total Program changes	\$60.2 million
Plus Countywide strategies	<u>\$12.0 million</u>
Total Reductions to close Gap	\$72.2 million

Preliminary

Position reductions: 1.92 (vacant)



Pending Factors

- ❑ Economic uncertainty over the next three to five years
- ❑ State budget: Legislative adoption & Governor's signing
- ❑ Structural funding gap – Use of one-time solutions for ongoing expenses
- ❑ Labor, health, retirement costs



Next Steps

- Continue to close budget gap
- May Revise
 - Determine/refine estimates of budget and human impacts
 - Continue to monitor State budget negotiations
 - Work with legislative advocates
- Proposed Budget Submitted to Board
 - June 9, 2016 at 2:30 PM
- Budget Hearings/Adoption
 - Hearings on June 22, 23 & 24, 2016 in the afternoons
 - Adoption on June 28, 2016 at 1:00 PM



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