ALAMEDA COUNTY BUDGET UPDATE

Presented to the Alameda County Budget Workgroup
February 23, 2017
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Federal Budget Update

- Continuing resolution passed funding the government until April 28, 2017
- President’s budget proposal expected by mid-March
- Republican control of the House, Senate, and Presidency
- Policy/Funding uncertainty:
  - Affordable Care Act, Medicaid, Medicare
  - Safety Net Cuts
  - Public Safety Cuts
State Budget Update

- Governor’s Budget projects State in deficit for first time since Fiscal Year 2012-13

- Governor ending Coordinated Care Initiative pilot which ends the In-Home Supportive Services Maintenance of Effort arrangement and significantly increases the County’s cost of delivering these services

- LAO and Governor seeing slow down in growth of ‘Big 3’ tax revenues, but differ on severity
Impact of IHSS MOE Ending on Alameda County (millions)

<table>
<thead>
<tr>
<th>Year</th>
<th>MOE Payment</th>
<th>Additional Cost Shuffled to County</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2017</td>
<td>$66</td>
<td></td>
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<tr>
<td>FY 2018</td>
<td>$40</td>
<td>$68</td>
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<tr>
<td>FY 2019</td>
<td>$47</td>
<td>$71</td>
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<tr>
<td>FY 2020</td>
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<td>$73</td>
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<tr>
<td>FY 2021</td>
<td>$89</td>
<td>$76</td>
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<tr>
<td>FY 2022</td>
<td>$119</td>
<td>$79</td>
</tr>
</tbody>
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State & Federal Funds in FY16/17 Budget

Total Approved General Fund Budget $2.57 Billion

- Over $1.6 Billion in State & Federal Revenue
  - $1.0 Billion in State Aid
  - $0.5 Billion in Federal Aid
  - $0.1 Billion in Medicaid and Medicare Charges for Services
- This represents roughly 65% of budgeted funding
Pending Factors

- State & Federal Funding & Policy Changes
  - 65% of County budget is State & federal revenue (including Medicaid charges for services)
  - IHSS policy change significantly increasing County cost

- Rising Retirement Costs
  - CALPERS lowered their discount rate 50 basis points over 3 years
  - Other pension plans will be considering taking similar actions which will raise contribution rates for participating employers

- Economic Downturn
Conclusions

- End of IHSS MOE arrangement will shift a significant and growing cost to Alameda County

- County budget is highly vulnerable to State, Federal, and pension policy changes

- Uncertainty, economic and political, is higher now than in recent years
Budget Calendar Key Dates

- Q2 projections due: January 18, 2017
- PREQ MOE Cutoff: January 20, 2017
- ISF budget requests due: January 25, 2017
- Last Board meeting for mid-year adj.: February 7, 2017 (tentative)
- Non-ISF budget requests due: February 22, 2017
- Children’s Services budgets due: February 24, 2017
- Budget narratives due: March 3, 2017
- CBO, Unincorp., Human Impacts due: March 17, 2017
- Early Budget Work Sessions: Late March/early April 2017
- Reduction targets to depts.: April 2017
- VBB plans submitted by depts.: May 2017
- Proposed Budget submitted: Early June 2017
- Final Budget adopted: Late June 2017