



FY 2017-18

Maintenance of Effort Budget

Presented to the Alameda County Budget Workgroup

April 19, 2017

Susan S. Muranishi, County Administrator

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Overview

- ❑ State & Federal Budget Updates
- ❑ Closing Last Year's Funding Gap
- ❑ FY 2017-18 Maintenance of Effort Budget
- ❑ Projected Funding Gap



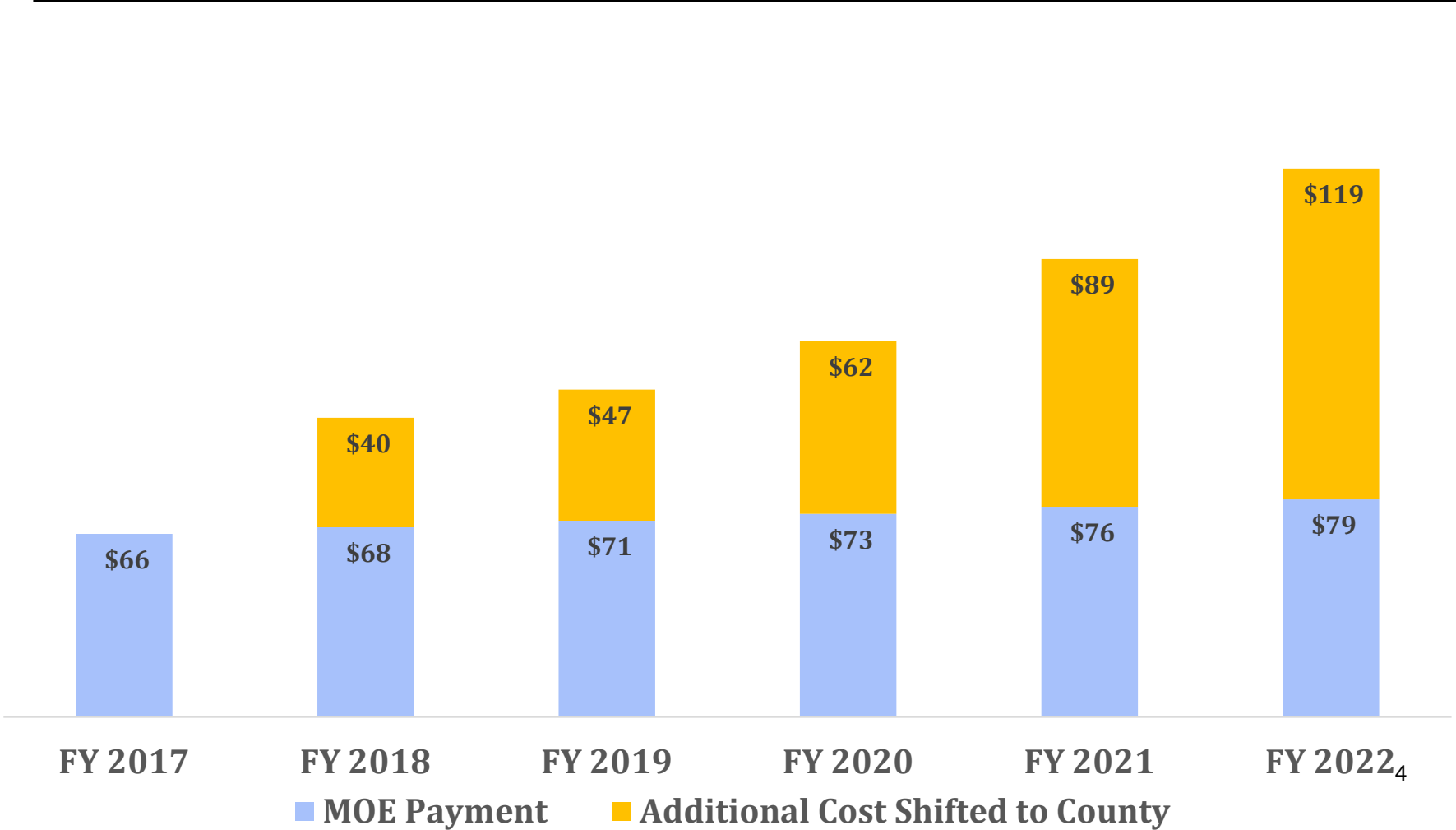
State Budget Update

- Governor's Budget Proposal
 - Projects deficit for first time since Fiscal Year 2012-13
 - Ending of In-Home Supportive Services Maintenance of Effort arrangement
 - Slowing growth of tax revenue

- Legislature approved historic transportation funding and reform bill (SB 1) and constitutional amendment (ACA 5) providing \$1.5B to local governments



Impact of IHSS MOE Ending on Alameda County (millions)





Federal Budget Update

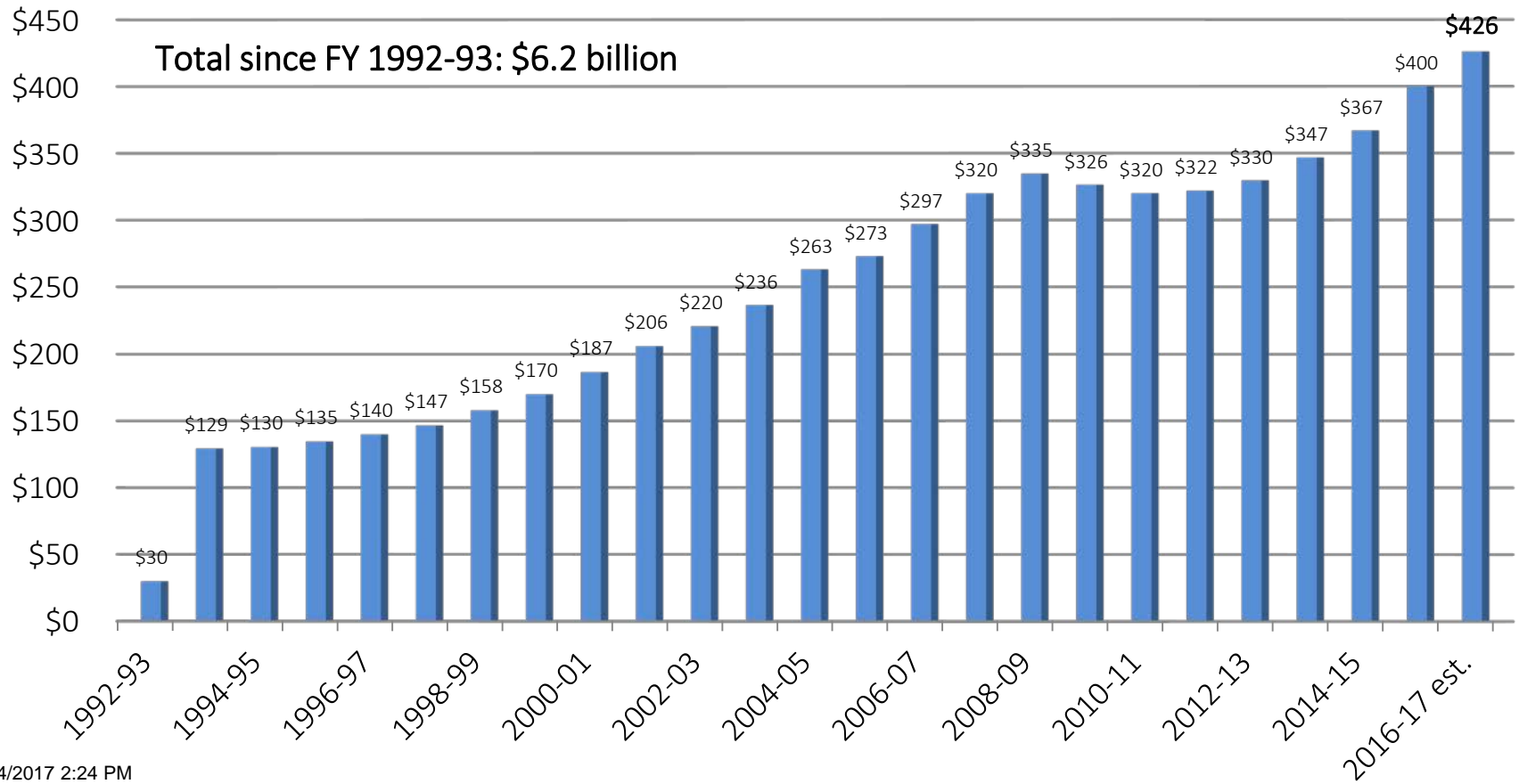
- President's Budget Proposal
 - Policy/Funding uncertainty:
 - Safety Net Cuts
 - Public Safety Cuts
- Affordable Care Act repeal/replace stalled
- Continuing Resolution expires April 28
- Tax reform



Closing Alameda County's FY 2016-2017 Funding Gap



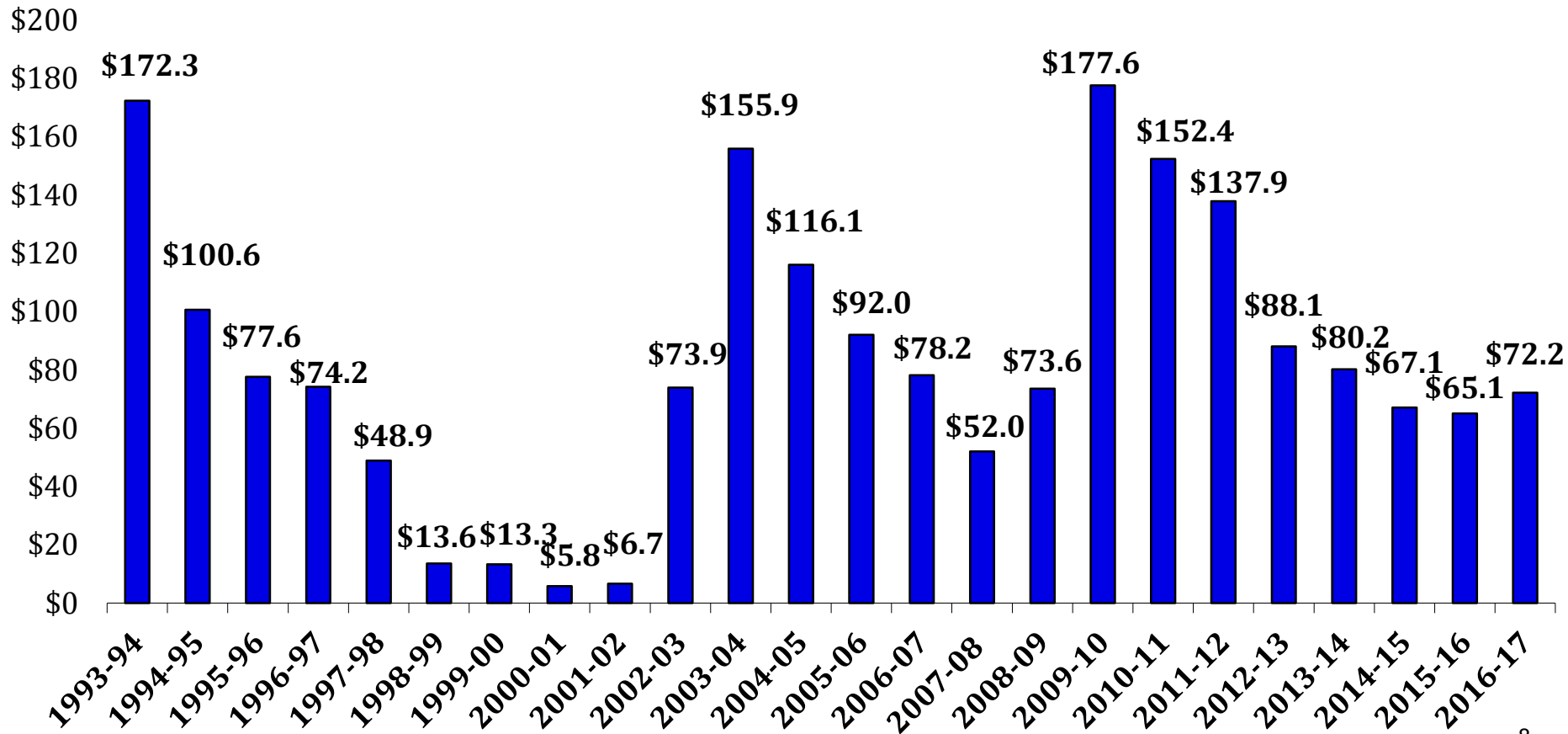
Alameda County ERAF Losses by Year





Alameda County Funding Gaps Since ERAF

(in millions)





Alameda County Property Tax Dollar

Schools
41¢

Cities
18¢

Redevelopment
13¢

**Special
Districts**
13¢

County
15¢



Over time, redevelopment agencies' share of property taxes should be distributed to other entities.



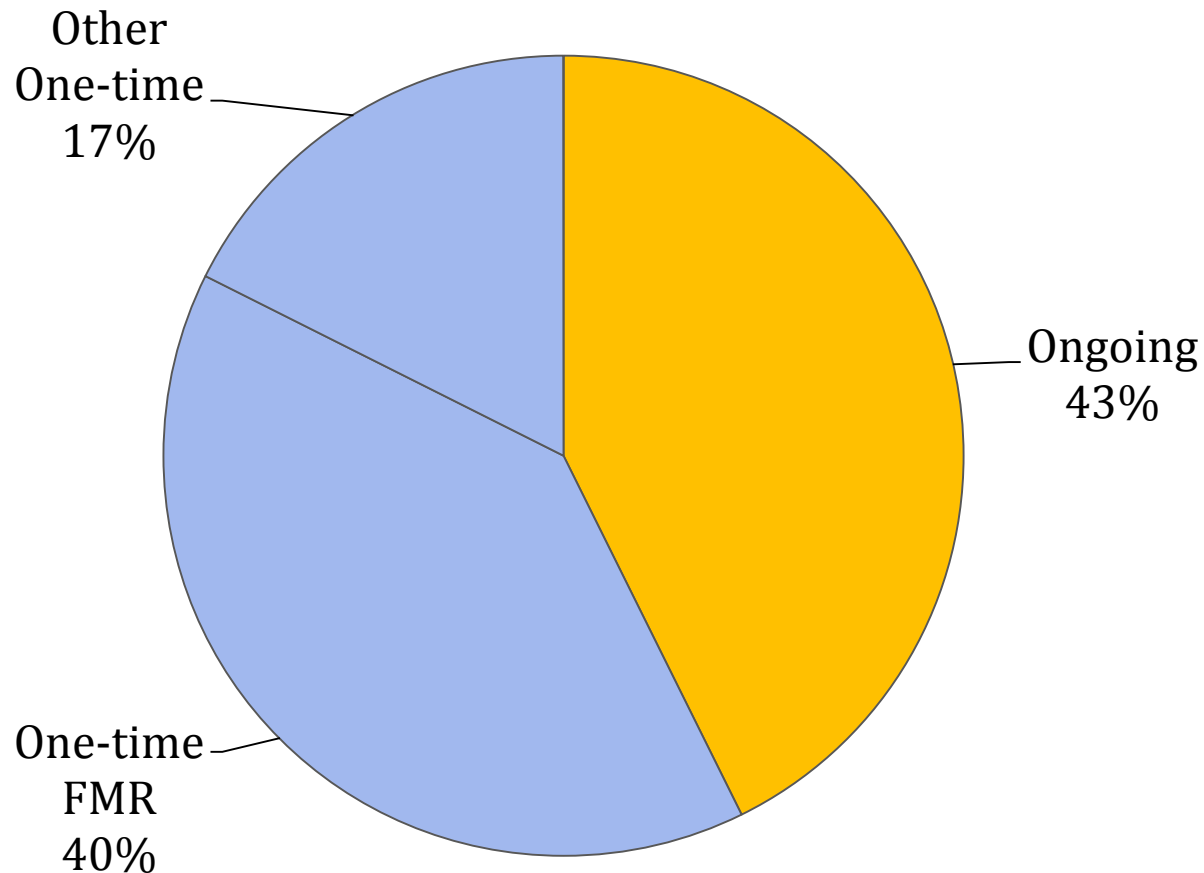
FY 2016-17 Budget Balancing

- FY 2016-17 Final Budget closed a \$72.2M gap
- \$41.4M in one-time solutions
 - Use of FMR = \$28.6M
 - One-time appropriation reductions = \$2.1M
 - One-time revenues = \$10.7M
- \$30.8M in ongoing strategies
 - Program appropriation reductions = \$3.4M
 - Program revenue increases = \$27.4M



FY 2016-17 Budget Balancing Strategies

Ongoing vs. One-time





FY 2016-17 Budget Balancing

Program Area	Net County Cost Reductions (in millions)
General Government	\$16.9
Health Care	\$17.6
Public Assistance	\$7.3
Public Protection	\$18.4
Program Total	\$60.2
Countywide Strategies	\$12.0
Grand Total	\$72.2



FY 2016-17 Budget Balancing Use of Fiscal Management Reward (FMR) Savings

Program Area	Use of FMR (in millions)
General Government	\$15.9
Health Care	\$12.2
Public Assistance	\$ 0.0
Public Protection	\$ 0.6
Total FMR	\$28.7



Alameda County 2017-18 Maintenance of Effort Budget



Board- Approved FY 2017-18 Budget Policy

- ❑ Adopt the Final Budget no later than June 30, 2017
- ❑ 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 for eligible CBO contracts
- ❑ Designate 1% of discretionary revenue to offset cost of County's capital projects and facility maintenance
- ❑ Designate 1% of discretionary revenue for the general reserve



Maintenance of Effort

The funding level needed by agencies/
departments to continue existing programs,
staffing and service levels



FY 2017-18 MOE Budget – General Fund (in millions)

Appropriation	\$2,705.5
<u>Revenue</u>	<u>\$2,597.0</u>
Funding gap	\$108.5



FY 2017-18 MOE Budget – General Fund

(\$ in millions)

	FY 2016-17 FINAL	FY 2017-18 MOE	Inc/ (Dec)	% Change
Appropriation	\$2,574.6	\$2,705.5	\$130.9	5.1%
Revenue	\$2,574.6	\$2,597.0	\$22.4	0.9%
Funding Gap	\$0	\$108.5	\$108.5	
FTE Positions*	7,696.62	7,735.69	39.07	0.5%

*Full-time equivalent positions

Note: Totals may vary slightly due to rounding



FY 2017-18 MOE Budget – General Fund Without \$40M IHSS Cost Shift (\$ in millions)

	FY 2016-17 FINAL	FY 2017-18 MOE	Inc/ (Dec)	% Change
Appropriation	\$2,574.6	\$2,692.6	\$118.0	4.6%
Revenue	\$2,574.6	\$2,624.1	\$49.5	1.9%
Funding Gap	\$0	\$68.5	\$68.5	
FTE Positions*	7,696.62	7,735.69	39.07	0.5%

*Full-time equivalent positions

Note: Totals may vary slightly due to rounding



FY 2017-18 MOE Budget - General Fund

(\$ in millions)

Program	Appropriation	Revenue	Net Cost	FTE
General Government	\$242.8	\$139.4	\$103.5	931
Public Protection	\$707.0	\$375.4	\$331.6	2,714
Public Assistance	\$851.4	\$722.5	\$129.0	2,595
Health Care Services	\$747.5	\$598.3	\$149.1	1,496
Subtotal Programs	\$2,548.7	\$1,835.5	\$713.2	7,736
Capital Projects	\$13.6	\$2.0	\$11.6	0
Contingency/Reserve/ Debt Service/Designations	\$143.2	\$68.1	\$75.1	0
Non-Program Financing	\$0	\$691.4	(\$691.4)	0
Subtotal Other	\$156.8	\$761.5	(\$604.7)	0
Total	\$2,705.5	\$2,597.0	\$108.5	7,736



FY 2017-18 MOE Budget - General Fund

Without \$40M IHSS Cost Shift in Public Assistance (\$ in M)

Program	Appropriation	Revenue	Net Cost	FTE
General Government	\$242.8	\$139.4	\$103.5	931
Public Protection	\$707.0	\$375.4	\$331.6	2,714
Public Assistance	\$838.5	\$749.6	\$89.0	2,595
Health Care Services	\$747.5	\$598.3	\$149.1	1,496
Subtotal Programs	\$2,535.8	\$1,862.6	\$673.2	7,736
Capital Projects	\$13.6	\$2.0	\$11.6	0
Contingency/Reserve/ Debt Service/Designations	\$143.2	\$68.1	\$75.1	0
Non-Program Financing	\$0	\$691.4	(\$691.4)	0
Subtotal Other	\$156.8	\$761.5	(\$604.7)	0
Total	\$2,692.6	\$2,624.1	\$68.5	7,736



FY 2017-18 MOE Budget - Net Cost Change by Program (\$ in millions)

Program	2016-17 FINAL Net Cost	2017-18 MOE Net Cost	Change	% Change
General Government	\$89.8	\$103.5	\$13.7	15.2%
Public Protection	\$301.3	\$331.6	\$30.3	10.1%
Public Assistance*	\$72.9	\$129.0	\$56.1	76.9%
Health Care	\$134.2	\$149.1	\$14.9	11.1%
Subtotal – Programs	\$598.2	\$713.2	\$115.0	19.2%

* Excluding the \$40M IHSS cost shift, the Net Cost change would be \$16.1M, or 22%.



FY 2017-18 MOE Budget - Net Cost Change Non-Program (\$ in millions)

Program	2016-17 FINAL Net Cost	2017-18 MOE Net Cost	Net Cost Change	Net Cost % Change
Capital	\$11.2	\$11.6	\$0.4	3.3%
Contingency/Reserves/ Debt Service, Designations	\$71.8	\$75.1	\$3.3	4.6%
One-time use of FMR	(\$28.6)	0	\$28.6	100%
Non-Program Financing	(\$652.6)	(\$691.4)	(\$38.8)	5.9%
Subtotal - Other	(\$598.2)	(\$604.7)	(\$6.5)	1.1%
Subtotal - Programs	\$598.2	\$713.2	\$115.0	19.2%
TOTAL	\$0	\$108.5	\$108.5	



Major Components of Net County Cost Change

(partial list, \$ in millions)

	<u>Net County Cost Change</u>
□ Prior year use of FMR	\$28.6
□ Known Salary COLAs	\$15.9
□ Benefit increases	\$11.0
□ Internal Service Fund costs	\$ 9.8
□ IHSS cost shift and net inflation factor	\$41.6
□ 3.5% increase for CBOs	\$ 4.8
□ 3.5% increase for Alameda Health System	\$ 1.7
□ Adult Inmate Medical Care Contract	\$ 3.4
□ Loss of inmate housing revenue	\$ 3.8
□ Decreased election services revenue	\$ 5.8
□ Increase in emergency shelter contracts	\$ 4.4
□ Discretionary revenue increases	-\$38.8
□ <u>Other</u>	<u>\$16.5</u>
TOTAL	\$108.5



FY 2017-18 Discretionary Revenues

(partial list, \$ in millions)

Discretionary Revenue Changes from FY 16-17:

<input type="checkbox"/> Property Taxes	\$26.8
<input type="checkbox"/> Motor Vehicle - ERAF	\$ 9.1
<input type="checkbox"/> Sales & Use Taxes	\$ 1.5
<input type="checkbox"/> Interest revenue	\$ 1.0
<input type="checkbox"/> Other revenues	\$ <u>0.3</u>

TOTAL **\$38.8M**



Pending Factors

- Federal and State budget actions
 - Governor's May Revision
 - Federal budget negotiations
- Labor, health, retirement cost increases
- Other
 - Board of Equalization misallocation of sales tax revenue
 - Tax-exempt status of municipal bond interest



Budget Development Timeline

- BWG: FY 17-18 Funding Gap April 19, 11:00 AM
- BWG: Reduction Targets ~~April 26, 1:30 PM~~
April 27, 12:00 PM
- Governor's Revised Budget May 2017
- Human Impacts Budget Hearings May or June 2017
- BWG: Reduction Plans May 22, 3:00 PM
- Proposed Budget Submitted Early June 2017
- Budget Hearings and Adoption June 2017



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