



FY 2018-19 Funding Gap and Balancing Options

Presented to the Alameda County Budget Workgroup
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Agenda

- State and federal budget updates
- Budget gap recap and follow-up
- Budget balancing options



State & Federal Budget Updates

- ❑ May Revision of Governor's Proposed Budget for FY 2018-19
 - Expected to be released in the next three weeks
 - Updated revenue projections could potentially result in additional (one-time) funding
- ❑ New Congressional Budget Office report projects annual federal budget deficit will surpass \$1 trillion by 2020
- ❑ 60-65% of the County's budget is funded by State and federal revenue, including Medicaid and Medicare charges for services



FY 2018-2019 BUDGET GAP RECAP & FOLLOW-UP



FY 2018-19 MOE Budget – General Fund

(\$ in millions)

	FY 2017-18 FINAL	FY 2018-19 MOE	Inc/ (Dec)	% Change
Appropriation	\$2,750.2	\$2,862.3	\$112.1	4.1%
Revenue	\$2,750.2	\$2,796.4	\$46.2	1.7%
Funding Gap	\$0	\$65.9	\$65.9	
FTE Positions*	7,752.6	7,778.4	25.8	0.3%

*Full-time equivalent positions

Note: Totals may vary slightly due to rounding



FY 2018-19 MOE Budget - General Fund

(\$ in millions)

Program	Appropriation	Revenue	Net Cost	FTE
General Government	\$242.1	\$158.2	\$83.9	937
Public Protection	\$749.3	\$395.0	\$354.3	2,722
Public Assistance	\$860.2	\$762.3	\$97.9	2,588
Health Care Services	\$843.5	\$693.7	\$149.8	1,531
Subtotal Programs	\$2,695.1	\$2,009.2	\$685.9	7,778
Capital Projects	\$6.0	\$1.1	\$4.9	0
Contingency/Reserve/ Debt Service/Designations	\$161.2	\$63.0	\$98.2	0
Non-Program Financing	\$0.0	\$723.1	(\$723.1)	0
Subtotal Other	\$167.2	\$787.2	(\$620.0)	0
Total	\$2,862.3	\$2,796.4	\$65.9	7,778



FY 2018-19 MOE Budget - Net Cost Change by Program (\$ in millions)

Program	2017-18 FINAL Net Cost	2018-19 MOE Net Cost	Change	% Change
General Government	\$101.7	\$83.9	(\$17.8)	-17.6%
Public Protection	\$321.3	\$354.3	\$33.0	10.3%
Public Assistance	\$77.6	\$97.9	\$20.3	26.2%
Health Care	\$136.8	\$149.8	\$13.0	9.5%
Subtotal - Programs	\$637.4	\$685.9	\$48.5	7.6%



FY 2018-19 MOE Budget - Net Cost Change Non-Program (\$ in millions)

Program	2017-18 FINAL Net Cost	2018-19 MOE Net Cost	Net Cost Change	Net Cost % Change
Capital	\$11.6	\$4.9	(\$6.7)	-57.8%
Contingency/Reserves/ Debt Service/Designations	\$75.1	\$98.2	\$23.1	30.8%
One-time use of FMR	(\$30.8)	\$0.0	\$30.8	-100.0%
Non-Program Financing	(\$693.3)	(\$723.1)	(\$29.8)	4.3%
Subtotal - Other	(\$637.4)	(\$620.0)	\$17.4	2.7%
Subtotal - Programs	\$637.4	\$685.9	\$48.5	7.6%
TOTAL	\$0	\$65.9	\$65.9	



Major Components of Net County Cost Change

(partial list, \$ in millions)

	<u>Net County Cost Change</u>
□ Prior year use of FMR	\$30.8
□ Salary & benefits increases due to COLAs	\$20.2
□ Other benefits increases	\$ 6.1
□ Internal Service Fund costs	\$11.1
□ IHSS MOE inflation	\$14.0
□ 3.5% COLA for CBOs	\$ 4.1
□ 3.5% COLA for Alameda Health System	\$ 1.7
□ Adult Inmate Medical Care contract	\$ 2.5
□ Indigent defense contract	\$1.0
□ Net change in other expenditures	\$9.8
□ Decreased Trial Court revenue	\$ 1.9
□ Net change in other program revenues	(\$7.5)
□ Discretionary revenue increases	(\$29.8)
TOTAL	\$65.9M



FY 2018-19 Discretionary Revenues

(partial list, \$ in millions)

Discretionary Revenue Changes from FY 2017-18:

<input type="checkbox"/> Property Taxes	\$23.3
<input type="checkbox"/> Motor Vehicle - ERAF	\$ 5.0
<input type="checkbox"/> Sales & Use Taxes	\$ 0.6
<input type="checkbox"/> Interest revenue	\$ 0.5
<input type="checkbox"/> Other revenues	\$ 0.4

TOTAL **\$29.8M**



FY 2018-19 MOE Budget BUDGET BALANCING OPTIONS

FOR DISCUSSION PURPOSES ONLY

Reduction Target Options for FY 2018-19
(\$ in millions)

Program	2018-19 MOE Net County Cost w/o FMR	% Share of Net County Cost w/o FMR	Prior-Year FMR Use	2018-19 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 \$29.1M Based on % Share of NCC Increase	Option D Absorb NCC Increase w/ FMR and Credit Share of \$29.1M Based on % Share of NCC
General Govt*	\$99.8	14.2%	\$20.5	\$120.3	16.4%	(\$2.0)	-3.0%	\$18.5	\$16.5	\$10.8	\$19.4	\$14.4
Public Protection	\$354.3	50.5%	\$3.3	\$357.5	48.8%	\$33.0	51.3%	\$36.2	\$16.5	\$32.2	\$21.3	\$21.5
Public Assistance	\$97.9	13.9%	\$0.0	\$97.9	13.4%	\$20.3	31.6%	\$20.3	\$16.5	\$8.8	\$11.1	\$16.2
Health Care	\$149.8	21.3%	\$7.0	\$156.8	21.4%	\$13.0	20.2%	\$20.0	\$16.5	\$14.1	\$14.1	\$13.8
Program Total	\$701.7	100.0%	\$30.8	\$732.5	100.0%	\$64.3	100.0%	\$95.1	\$65.9	\$65.9	\$65.9	\$65.9
Non-Program Total								(\$29.1)				
Total General Fund Gap								\$65.9	\$65.9	\$65.9	\$65.9	\$65.9

* An adjustment of \$15.9M has been made to General Government NCC for Tier 1 projects that were previously in CDA's budget.

The figures above are based on exact numbers. Totals may vary slightly due to rounding.



FY 2018-19 Budget Balancing - Option A

(\$ in millions)

	Option A Equal Distribution Among Programs
General Government	\$16.5
Public Protection	\$16.5
Public Assistance	\$16.5
Health Care	\$16.5
Total	\$65.9

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



FY 2018-19 Budget Balancing - Option B

(\$ in millions)

	FY 18-19 MOE NCC w/o FMR	Prior Year FMR Use	FY 18-19 MOE NCC w/ FMR	% Share of NCC w/ FMR	Option B Based on % Share of NCC w/ FMR
General Gov't*	\$99.8	\$20.5	\$120.3	16.4%	\$10.8
Public Protection	\$354.3	\$3.3	\$357.5	48.8%	\$32.2
Public Assistance	\$97.9	\$0.0	\$97.9	13.4%	\$8.8
Health Care	\$149.8	\$7.0	\$156.8	21.4%	\$14.1
Total	\$701.7	\$30.8	\$732.5	100.0%	\$65.9

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

**An adjustment of \$15.9M has been made to General Government Net County Cost (NCC) for Tier 1 projects that were previously in CDA's budget.*



FY 2018-19 Budget Balancing - Option C

(\$ in millions)

	FY 18-19 MOE NCC Increase	Prior Year FMR Use	NCC Increase w/ FMR	% Share of NCC Increase w/o FMR	Credit Share of \$29.1M Based on % Share of NCC Increase	OPTION C Absorb NCC Increase w/ FMR and Credit Share of \$29.1M Based on % Share of NCC Increase
General Gov't*	(\$2.0)	\$20.5	\$18.5	(3.0%)	\$0.9	\$19.4
Public Protection	\$33.0	\$3.3	\$36.2	51.3%	(\$14.9)	\$21.3
Public Assistance	\$20.3	\$0.0	\$20.3	31.6%	(\$9.2)	\$11.1
Health Care	\$13.0	\$7.0	\$20.0	20.2%	(\$5.9)	\$14.1
Program Total	\$64.3	\$30.8	\$95.1	100.0%	(\$29.1)	\$65.9
Non-Program			(\$29.1)			
Total Gap			\$65.9			\$65.9

*Numbers and percentages are rounded for display purposes, but calculations are based on exact numbers.
An adjustment of \$15.9M has been made to General Gov't NCC for Tier 1 projects previously in CDA's budget.* 15



FY 2018-19 Budget Balancing - Option D

(\$ in millions)

	FY 18-19 MOE NCC Increase	Prior Year FMR Use	NCC Increase w/ FMR	FY 18-19 MOE NCC	% Share of NCC	Credit Share of \$29.1M Based on % Share of NCC	OPTION D Absorb NCC Increase w/ FMR and Credit Share of \$29.1M Based on % Share of NCC
General Gov't*	(\$2.0)	\$20.5	\$18.5	\$99.8	14.2%	(\$4.1)	\$14.4
Public Protection	\$33.0	\$3.3	\$36.2	\$354.3	50.5%	(\$14.7)	\$21.5
Public Assistance	\$20.3	\$0.0	\$20.3	\$97.9	13.9%	(\$4.1)	\$16.2
Health Care	\$13.0	\$7.0	\$20.0	\$149.8	21.3%	(\$6.2)	\$13.8
Program Total	\$64.3	\$30.8	\$95.1	\$701.7	100.0%	(\$29.1)	\$65.9
Non-Program			(\$29.1)				
Total Gap			\$65.9				\$65.9

Numbers and percentages are rounded for display purposes, but calculations are based on exact numbers. 16
An adjustment of \$15.9M has been made to General Gov't NCC for Tier 1 projects previously in CDA's budget.



FY 2018-19 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 w/ FMR	Absorb NCC Increase w/ FMR and Credit Share of \$29.1M Based on % Share of NCC Increase	Absorb NCC Increase w/ FMR and Credit Share of \$29.1M Based on % Share of NCC
General Government	\$16.5	\$10.8	\$19.4	\$14.4
Public Protection	\$16.5	\$32.2	\$21.3	\$21.5
Public Assistance	\$16.5	\$8.8	\$11.1	\$16.2
Health Care	\$16.5	\$14.1	\$14.1	\$13.8
Total Gap	\$65.9	\$65.9	\$65.9	\$65.9

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



DISCUSSION OF FUNDING GAP REDUCTION OPTIONS



FY 2018-19 Budget Calendar

- ❑ Budget Workgroup Meeting -
Balancing Options & Reduction Targets April 25, 2018
- ❑ Governor's Revised Budget May 2018
- ❑ BWG Meeting - Reduction Plans May 21, 4:00 PM
- ❑ Proposed Budget to Board Early June 2018
- ❑ Budget Hearings June 2018
- ❑ Final Budget Adoption Late June 2018



Alameda County Budget Information on the Web

<http://budget.acgov.org>



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