ALAMEDA COUNTY BOARD OF SUPERVISORS

Early Budget Work Session
April 10, 2018
Early Budget Work Session

- Federal & State Budget Updates
- County Budget Update
  - Board-Approved FY 2018-19 Budget Policy
  - Budget Balancing Strategies for FY 2017-18
- Pending Factors
- Vision 2026
- Department Presentations
Federal Budget Update

- On 3/23/18, the President signed a $1.3 trillion spending bill
  - Funds the federal government through the end of September
  - Increases funding for military and domestic spending

- Tax Cuts and Jobs Act – signed into law on 12/22/17
  - State & local tax deduction cap
  - Long-term fiscal impact
  - Individual health care mandate eliminated

- Policy, funding, interest rate, and tariffs/trade uncertainty
State Budget Update

- Legislative Analyst’s Office (LAO) fiscal outlook
  - Budget improved, but continued uncertainty
  - Recession would quickly throw budget from surplus to deficit

- Governor cautioning prudence and placing State surplus in the ‘Rainy Day’ fund

- New IHSS MOE in place with costs to the County growing

- Proposed bills to limit the County’s ability to contract with community providers
Board-Approved FY 2018-19 Budget Policy

- Adopt the Final Budget no later than June 30, 2018
- 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
FY 2018-19 MOE Cost Drivers – Partial List

- One-time use of FMR last year
- Known salary/benefits increases
  - COLAs
  - Health insurance
- Internal Service Fund cost increases
- 3.5% COLA for CBO contracts
- Increased shifting of IHSS costs from State to counties
FY 2017-18 Budget Balancing

- FY 2017-18 Final Budget closed a $108.5M gap
  - Included proposed $40M IHSS cost shift
- $44.7M in one-time solutions
  - Use of FMR = $30.8M
  - One-time appropriation reductions = $2.6M
  - One-time revenues = $11.3M
- $63.8M in ongoing strategies
  - Program appropriation reductions = $24.9M
  - Program revenue increases = $38.9M
Pending Factors

- Federal and State funding changes
  - 65% of County budget is State and federal revenue (including Medicaid charges for services)
  - Impact of IHSS MOE change

- County structural funding gap – use of one-time funding sources for ongoing uses

- Rising labor and retirement costs
  - ACERA lowered discount rate from 7.6% to 7.25%

- Economic downturn
# Budget Development Timeline

<table>
<thead>
<tr>
<th>Event</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Early Budget Work Session</td>
<td>April 10, 2018</td>
</tr>
<tr>
<td>BWG: FY 18-19 Funding Gap</td>
<td>April 17, 3:00 PM</td>
</tr>
<tr>
<td>BWG: Reduction Targets</td>
<td>April 25, 1:00 PM</td>
</tr>
<tr>
<td>Governor’s Revised Budget</td>
<td>May 2018</td>
</tr>
<tr>
<td>BWG: Reduction Plans</td>
<td>May 21, 4:00 PM</td>
</tr>
<tr>
<td>Proposed Budget Submitted</td>
<td>Early June 2018</td>
</tr>
<tr>
<td>Budget Hearings and Adoption</td>
<td>June 2018</td>
</tr>
</tbody>
</table>
Our Shared Vision

Operating Principles

Strategic Focus Areas

Fiscal Stewardship - Sustainability - Collaboration - Innovation - Equity - Access

Safe and Livable Communities

Thriving and Resilient Population

Healthy Environment

Prosperous and Vibrant Economy

Housing - Workforce - Public Safety - Infrastructure - Social Services - Health
10X Goals – Pathways to Our Shared Vision

- Eliminate homelessness
- Healthcare for all
- Employment for all
- Eliminate poverty and hunger
- Crime free county
- Accessible infrastructure

<table>
<thead>
<tr>
<th>Safe and Livable Communities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Thriving and Resilient Population</td>
</tr>
<tr>
<td>Healthy Environment</td>
</tr>
<tr>
<td>Prosperous and Vibrant Economy</td>
</tr>
</tbody>
</table>
Vision 2026 Website - Draft
ALAMEDA COUNTY
BOARD OF SUPERVISORS

Early Budget Work Session
April 10, 2018