ALAMEDA COUNTY
FY 2019-20 Budget Update

Presented to the Alameda County Budget Workgroup
May 23, 2019

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Melanie Atendido, Principal Analyst
Pete Coletto, Principal Analyst
• Guest Speaker – Irena Asmundson, CA Dept. of Finance
• State Budget Update – May Revise
• FY 2019-20 Budget Update
• Pending Factors
• Next Steps
Governor’s May Revise

• May Revise budget of $213.5 billion ($147 billion general fund)
• Improved short-term revenues, but lower revenues in out-years
  • FY 18 through FY 20 - $3.2 billion above January estimate
  • FY 23 - $1.6 billion below January estimate
• Most of the additional short-term revenue is mandated to go to reserves, debt repayment, and schools
• Most new spending in the May Revise is one-time
• **Lower out-year revenue resulting in Governor ending IHSS 7% hours restoration on Dec 31, 2021**
• In total, the May Revision is allocating $15 billion to “budgetary resiliency”, an increase of $1.4 billion from January
  • $4.8 billion to paying unfunded retirement liabilities
  • $4.5 billion to paying down debts and reverse deferrals
  • $5.7 billion to building reserves
## Governor’s May Revise – Homelessness Funding

($ in millions)

<table>
<thead>
<tr>
<th></th>
<th>January Budget Proposal</th>
<th>May Revise</th>
<th>Additional Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Homelessness Emergency Aid</strong></td>
<td>$ 500</td>
<td>$ 650</td>
<td>$ 150</td>
</tr>
<tr>
<td><strong>Big Cities</strong></td>
<td>$ 100</td>
<td>$ 275</td>
<td>$ 175</td>
</tr>
<tr>
<td><strong>Counties</strong></td>
<td>$ -</td>
<td>$ 275</td>
<td>$ 275</td>
</tr>
<tr>
<td><strong>Continuums of Care</strong></td>
<td>$ 200</td>
<td>$ 100</td>
<td>$ (100)</td>
</tr>
<tr>
<td><strong>Milestone Based</strong></td>
<td>$ 200</td>
<td>$ -</td>
<td>$ (200)</td>
</tr>
<tr>
<td><strong>Whole Person Care</strong></td>
<td>$ 100</td>
<td>$ 120</td>
<td>$ 20</td>
</tr>
<tr>
<td><strong>Mental Health Workforce</strong></td>
<td>$ 50</td>
<td>$ 150</td>
<td>$ 100</td>
</tr>
<tr>
<td><strong>SSI Advocacy</strong></td>
<td>$ 25</td>
<td>$ 25</td>
<td>$ -</td>
</tr>
<tr>
<td><strong>Legal Services for Eviction Prevention</strong></td>
<td>$ -</td>
<td>$ 20</td>
<td>$ 20</td>
</tr>
<tr>
<td><strong>Student Rapid Rehousing &amp; Services</strong></td>
<td>$ 30</td>
<td>$ 40</td>
<td>$ 10</td>
</tr>
<tr>
<td><strong>Total Homelessness Services Investments</strong></td>
<td>$ 705</td>
<td>$ 1,005</td>
<td>$ 300</td>
</tr>
</tbody>
</table>

*May Revise includes the $1.75B in the Governor’s January Budget to increase housing production*
Governor’s May Revise – Additional Investments With Impacts on Counties

- State IHSS costs increased to account for higher caseloads and new wage negotiations, and 7% hours restoration changed from permanent to temporary
- One-time $36 million investment in foster care Resource Family Approval & Foster Parent Recruitment, Retention, & Support programs
- CalWORKs
  - $41.4M increase in Single Allocation
  - $13.2M increase for Outcomes & Accountability review
  - $10.7M increase for Home Visiting
- One-time $40 million investment to support local Public Health Departments
- Additional $15.3 million for Medi-Cal administration
- One-time $87.3 million to replace voting systems & strengthen election technology security
  - $65.7M to fund vote center models for counties with over 50 precincts (bringing State investment to 75% of cost vs 50%)
  - $18M for County Election Management System replacement
  - $3.6M for counties with 50 or fewer precincts
  - This is in addition to the $134M one-time funding in the FY 2018-19 budget
Governor’s May Revise – Risks & Pending Factors

Budget shortfalls or surplus, measured by the annual Governor’s Budget.
Governor’s May Revise – Risks & Pending Factors

Revenue Could Drop by Nearly $70 Billion in a Recession
(Dollars in Millions)
Governor’s May Revise – Risks & Pending Factors

• AB 109 growth estimates have decreased from $102M in January Budget to $67M
  • Growth funds will be received by counties in the fall of 2019
  • Results in estimated base of $1.38 billion
• Lowered sales tax forecast for FY 2018-19 and FY 2019-20 vs January Budget
• Potential increased costs to counties from new paid leave mandates
FY 2019-2020
Budget Update
## FY 2019-20 MOE Budget - General Fund
($ in millions)

<table>
<thead>
<tr>
<th></th>
<th>FY 2018-19 FINAL</th>
<th>FY 2019-20 MOE</th>
<th>Increase/ (Decrease)</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Appropriation</td>
<td>$2,889.7</td>
<td>$3,034.3</td>
<td>$144.6</td>
<td>5.0%</td>
</tr>
<tr>
<td>Revenue</td>
<td>$2,889.7</td>
<td>$2,973.9</td>
<td>$84.2</td>
<td>2.9%</td>
</tr>
<tr>
<td>Funding Gap</td>
<td>$0</td>
<td>$60.4</td>
<td>$60.4</td>
<td>n/a</td>
</tr>
<tr>
<td>FTE Positions*</td>
<td>7,801.5</td>
<td>7,832.6</td>
<td>31.2</td>
<td>0.4%</td>
</tr>
</tbody>
</table>

*Full-time equivalent positions

NOTE: Totals may vary slightly due to rounding
## FY 2019-20 Budget Balancing – Option D

($ in millions)

<table>
<thead>
<tr>
<th>Program</th>
<th>Option D</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Absorb NCC Increase w/ FMR &amp; w/o POB adjustment and Credit Share of $54.9M Based on % Share of NCC</td>
</tr>
<tr>
<td>General Government</td>
<td>$ 22.0</td>
</tr>
<tr>
<td>Public Protection</td>
<td>$ 14.1</td>
</tr>
<tr>
<td>Public Assistance</td>
<td>$ 12.3</td>
</tr>
<tr>
<td>Health Care</td>
<td>$ 12.0</td>
</tr>
<tr>
<td><strong>Total Programs</strong></td>
<td><strong>$ 60.4</strong></td>
</tr>
</tbody>
</table>

*Numbers and percentages are rounded for display purposes, but calculations are based on exact numbers.*
<table>
<thead>
<tr>
<th>Component</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fiscal Management Reward savings</td>
<td>$28.8M</td>
</tr>
<tr>
<td>Net appropriation reductions</td>
<td>$16.2M</td>
</tr>
<tr>
<td>Net revenue increases</td>
<td>$10.9M</td>
</tr>
<tr>
<td>Total reductions</td>
<td>$55.9M</td>
</tr>
</tbody>
</table>

*Position reductions: 7.00 Full-Time Equivalents (vacant)*

*PRELIMINARY*

NOTE: Totals may vary slightly due to rounding
FY 2019-20 Pending Factors

• Economic uncertainty
• State budget: Legislative adoption and Governor’s signing
• Structural funding gap – use of one-time solutions for ongoing expenses
• Labor, health, retirement costs
Next Steps

• Continue to close the funding gap

• May Revision
  • Determine/refine estimates of budget and human impacts
  • Continue to monitor State budget negotiations
  • Work with legislative advocates

• Presentation of FY 2019-20 Proposed Budget to Board
  • Early June

• Budget Hearings/Adoption
  • Budget hearings during week of June 24, 2019
  • Adoption of FY 19-20 Final Budget on June 28, 2019