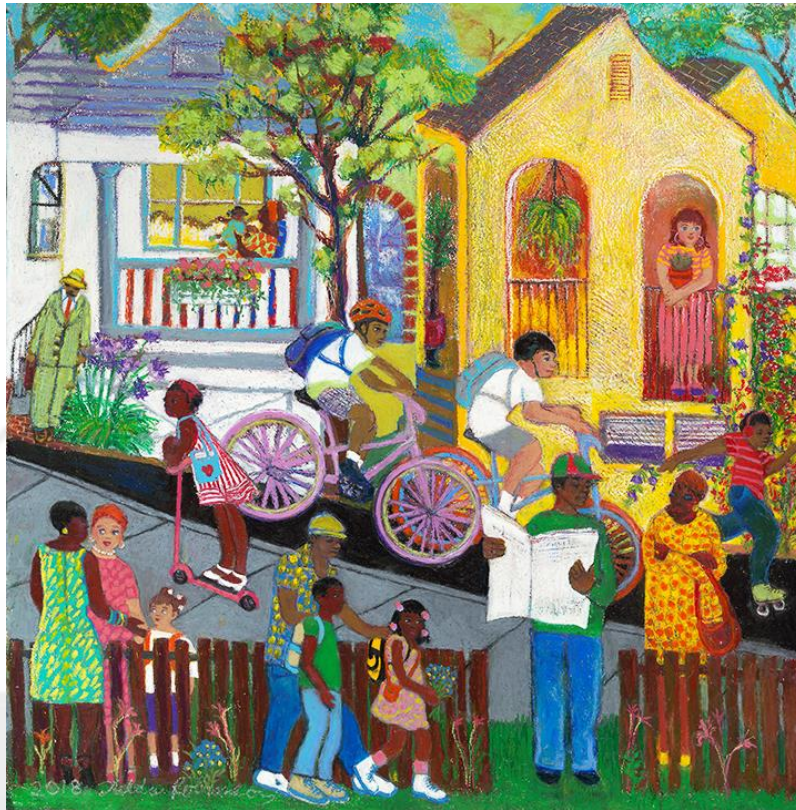




# Alameda County Fiscal Year 2022-2023 Budget Workgroup Meeting

March 17, 2022



# Overview

- Economic Updates
- County Financing
- FY 21-22 Maintenance of Effort (MOE) Budget
- FY 21-22 Funding Gap
- Budget Balancing
- Pending Factors
- Looking Ahead

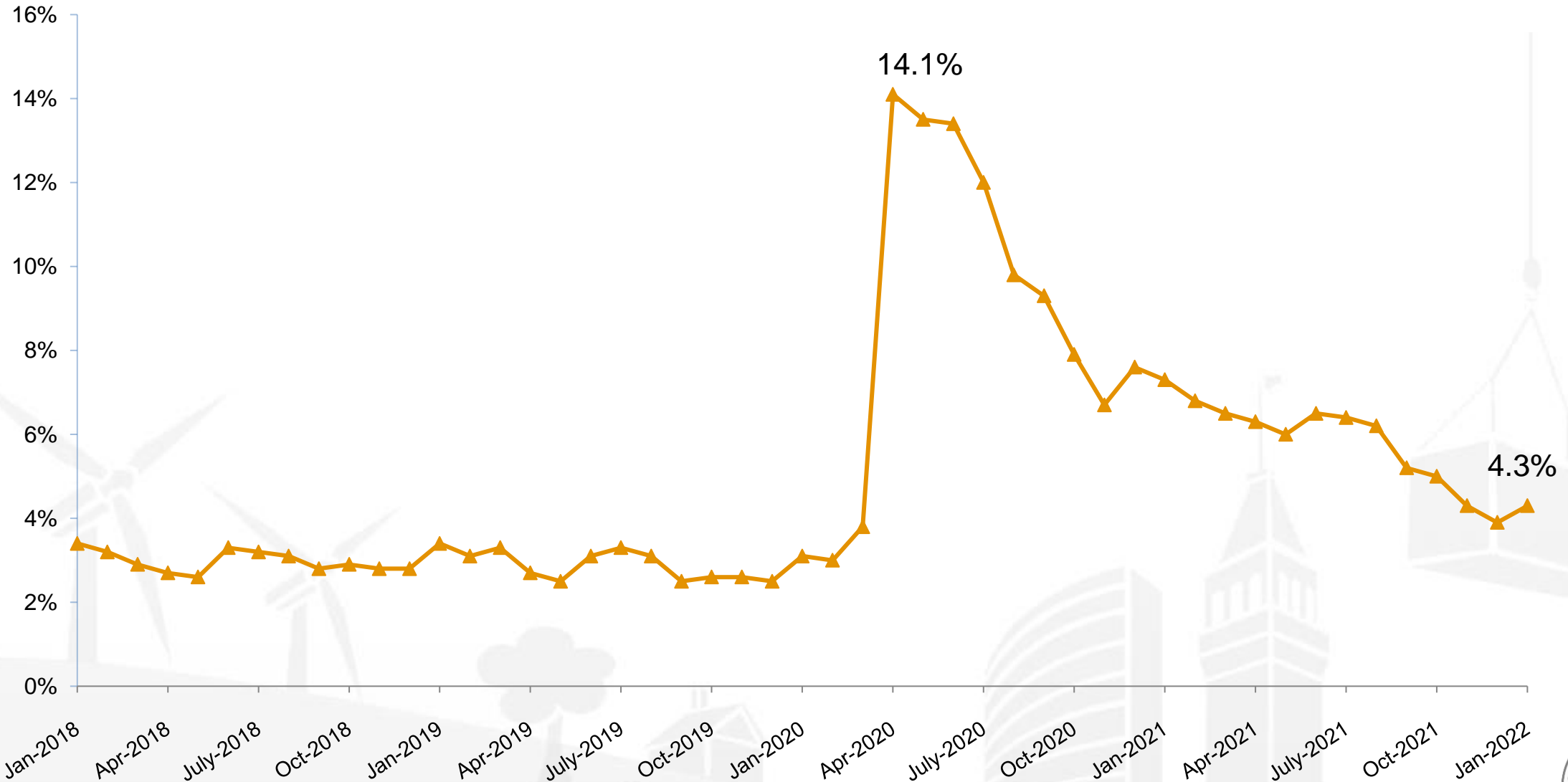


# Economic Updates

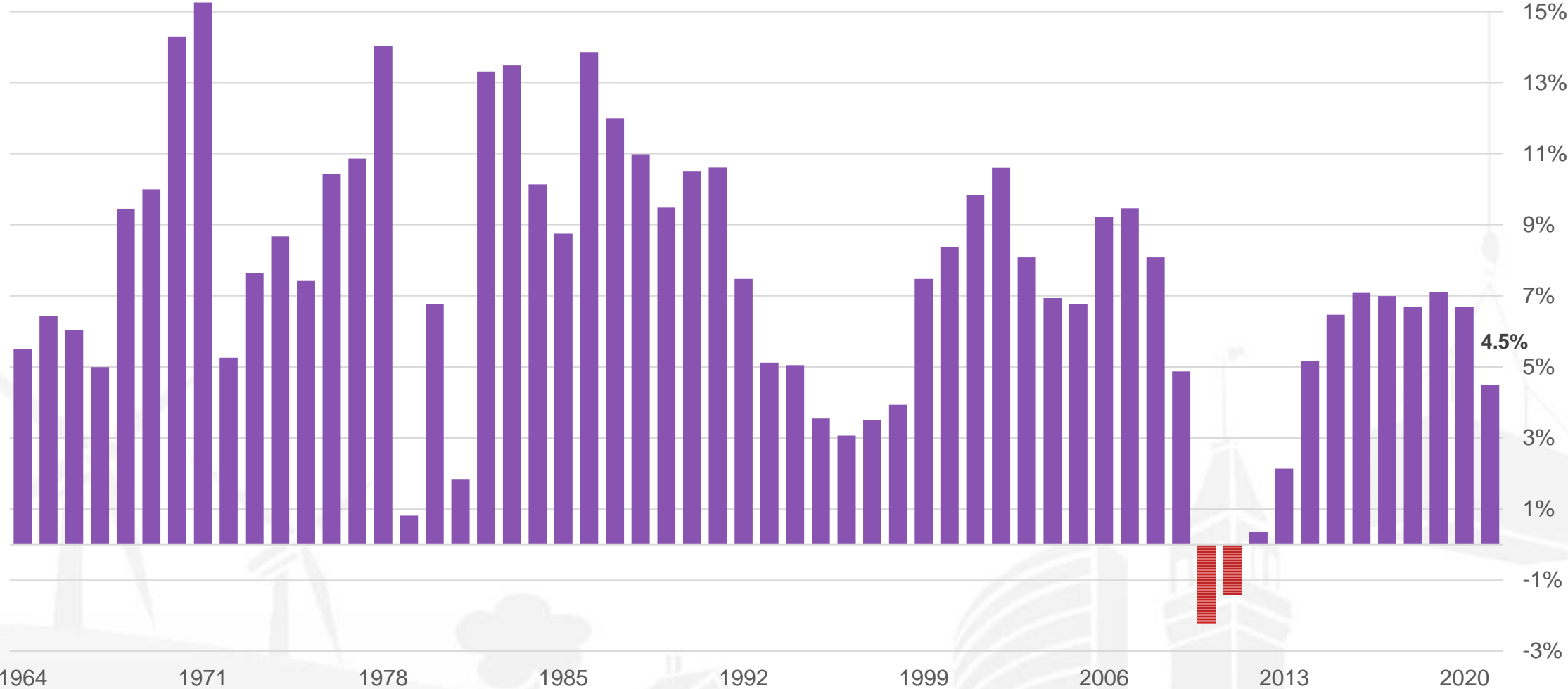


# Alameda County

## Unemployment Rate



# Alameda County Assessment Roll Growth



# State and Federal Updates

## State

- Governor's January budget projects \$21 billion discretionary surplus but focuses on one-time investments
- Cautionary long-term planning given potential out-year revenue uncertainty
- Governor's CARE Court framework lacks clarity on county roles and funding

## Federal

- FY 22 Appropriations omnibus signed - includes \$1.5 trillion in discretionary spending
- Negotiations continue on Covid supplemental funding

**Agencies/departments must exercise fiscal prudence and continue to use cost containment and cost reduction strategies in preparation for budgetary challenges and uncertainty**

# County Financing



# County Fiscal Dilemma

- Increasing demand for safety net services during economic downturns
- County revenue raising authority limited by:
  - Proposition 13 - restricted property tax growth
  - Proposition 218 - voter approval for tax increases
  - ERAF\* - State shifted property taxes to schools
- Progressive loss of control over local spending
- Most services are mandated by State/federal government
- Mandates have continued to increase; reimbursements delayed
- Transfer of responsibility from the State to counties
  - Realigned programs with inadequate ongoing funding

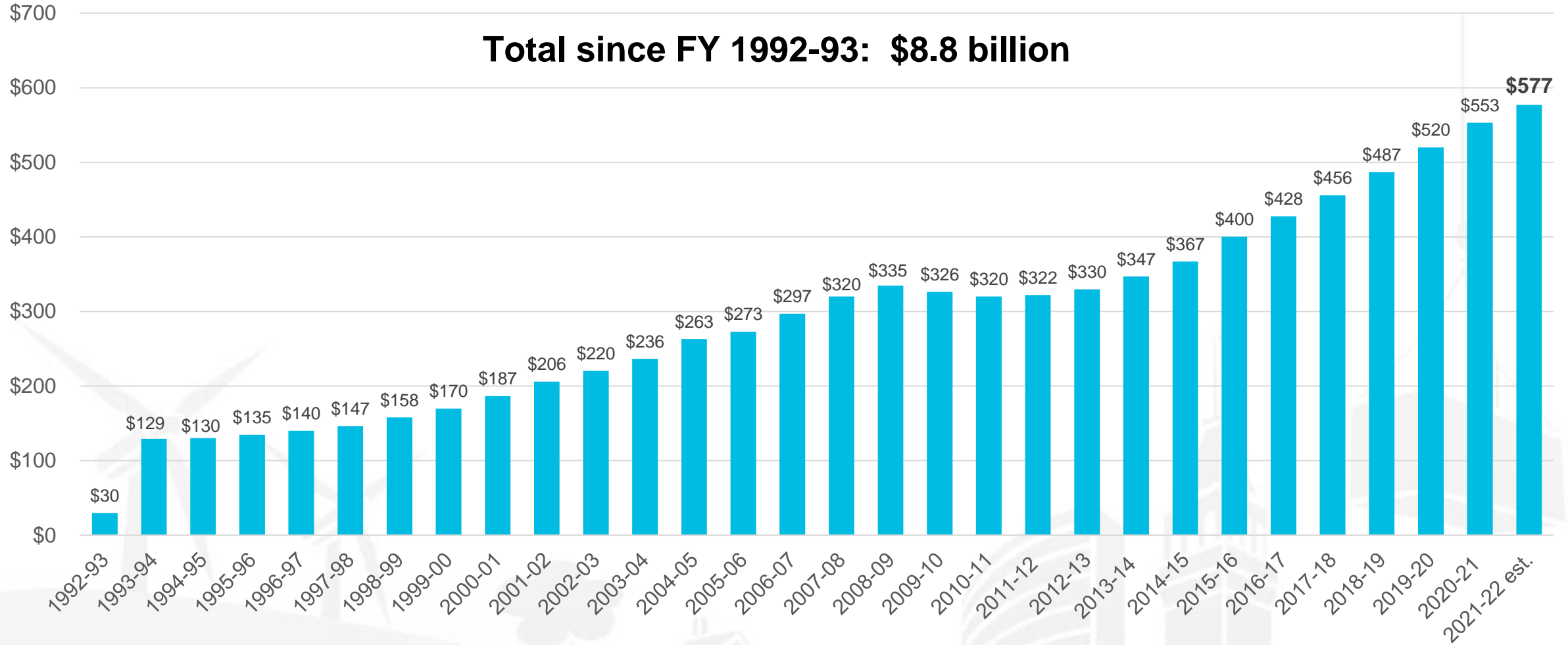


\*Education Revenue Augmentation Fund



# Alameda County ERAF Losses by Year

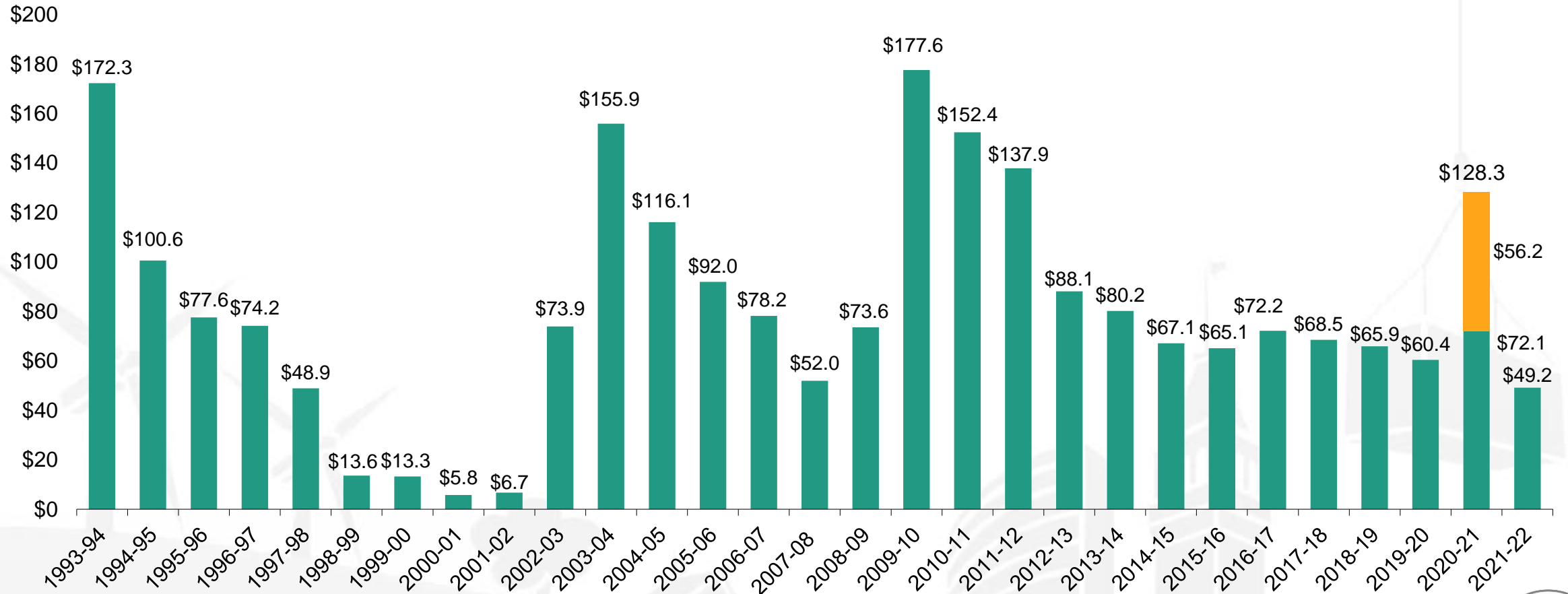
(\$ in millions)



# Alameda County Funding Gaps since ERAF

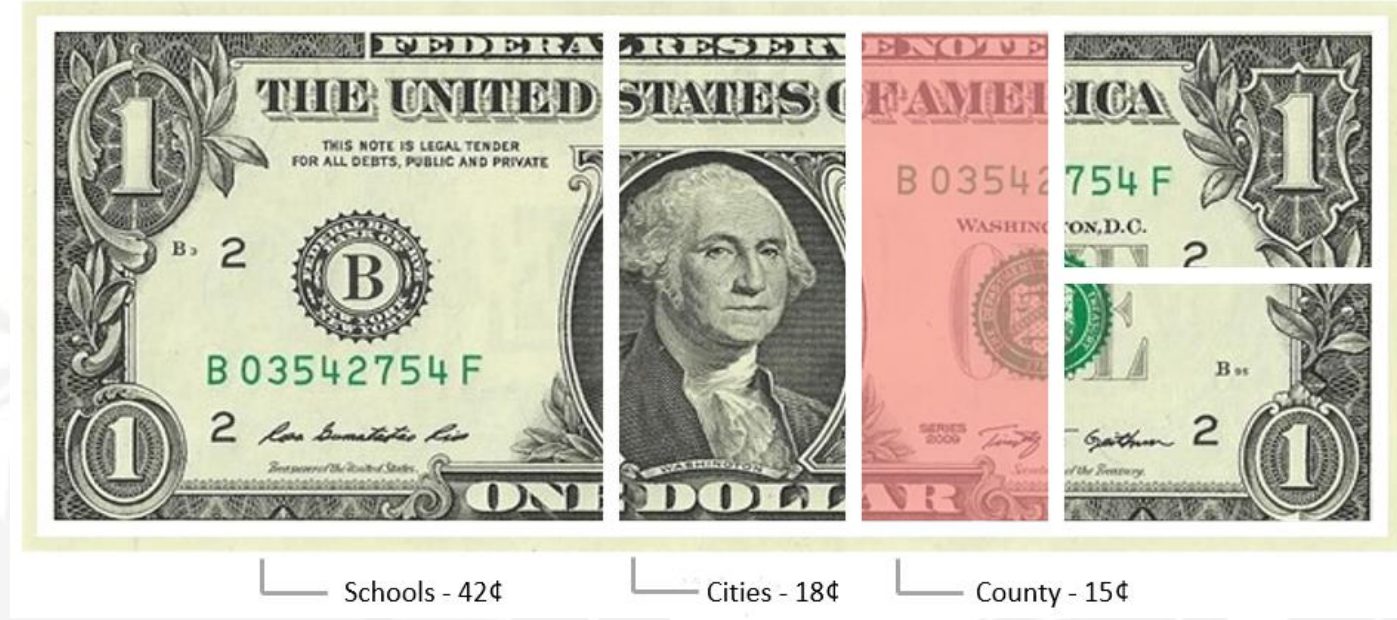
(\$ in millions)

**Total since FY 1993-94: \$2.4 billion**



# Discretionary Revenue

- Discretionary revenue is approximately 27% of the General Fund, and nearly 90% is property tax-based.
- Alameda County receives **only 15 cents for every property tax dollar** collected in the County.



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



# FY 2021-22 Budget Overview



# MOE Budget Guidelines

**Maintenance of Effort:** The funding level needed by agencies/departments to continue existing programs, staffing and service levels.

- Known salary/benefits, operational and internal service fund adjustments
- Current revenue projections
- 3.0% cost-of-living adjustment for eligible contracts with community-based organizations
- Mid-year Board approved adjustments
- MOE does not generally include COVID-19 impacts
- Alignment with Vision 2026



# FY 2021-22 Final Budget Overview

	FY 2020-21 Approved	FY 2021-22 Proposed	FY 2021-22 Final Budget	Change from FY 2020-21 Approved
<b>All Funds</b>				
<b>Budget</b>	\$3,513,383,398	\$3,560,351,272	\$3,607,949,258	\$94,565,860
<b>FTEs</b>	9,963.09	10,060.78	10,078.33	115.24
<b>General Fund*</b>				
<b>Budget</b>	\$3,145,141,105	\$3,267,393,860	\$3,314,991,846	\$169,850,741
<b>FTEs</b>	8,080.70	8,194.95	8,210.66	129.96

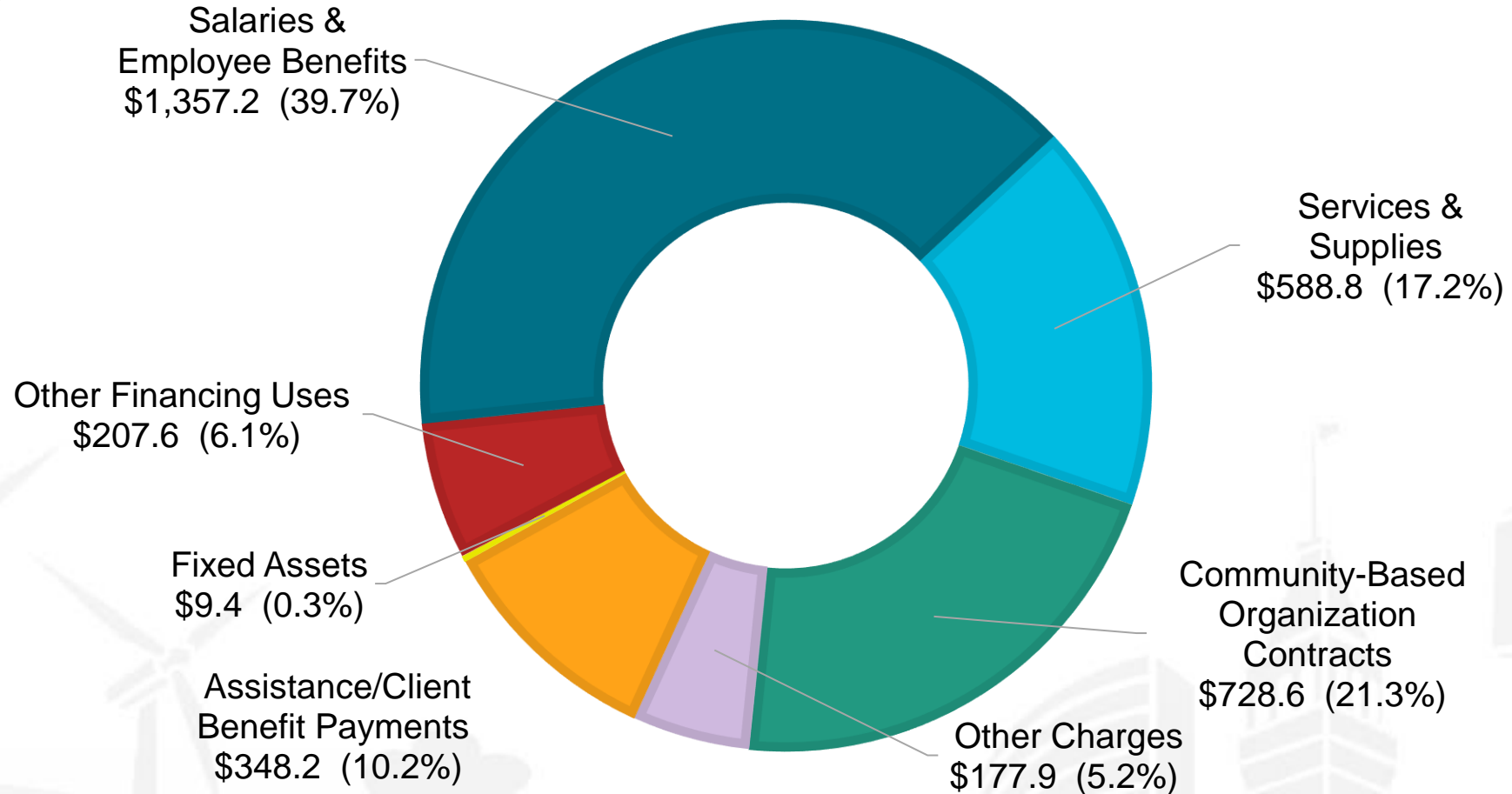
\*General Fund FTE changes are all Board-approved and fully offset by revenue or other one-time funding.



# FY 2021-22 Final Budget

## Appropriation by Major Object – General Fund

(\$ in millions)



Intra-Fund Transfers: \$-102.7 million

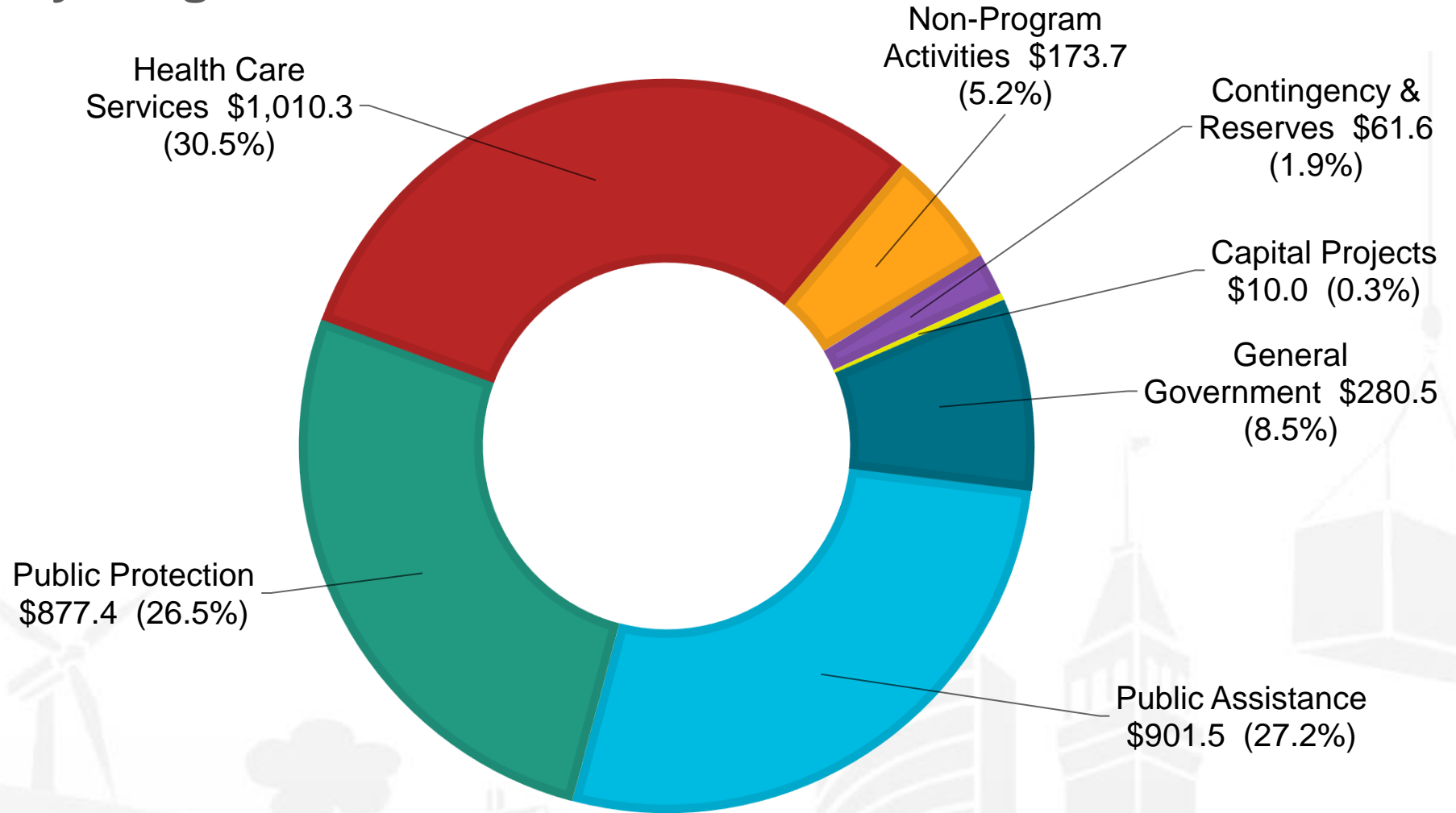
**Total General Fund: \$3,315.0 million**



# FY 2021-22 Final Budget

## Appropriation by Program – General Fund

(\$ in millions)



**Total General Fund: \$3,315.0 million**

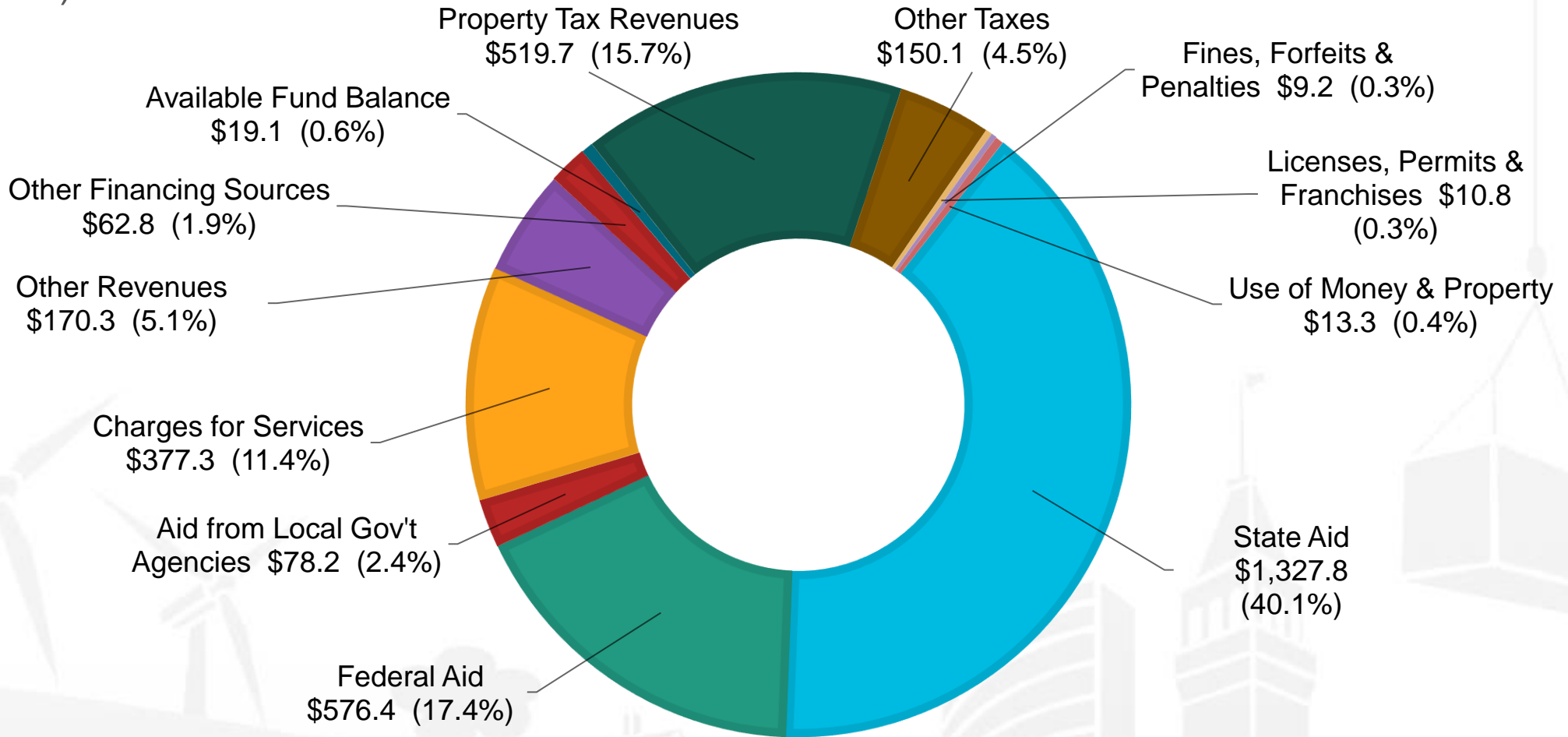




# FY 2021-22 Final Budget

## Available Financing by Source – General Fund

(\$ in millions)



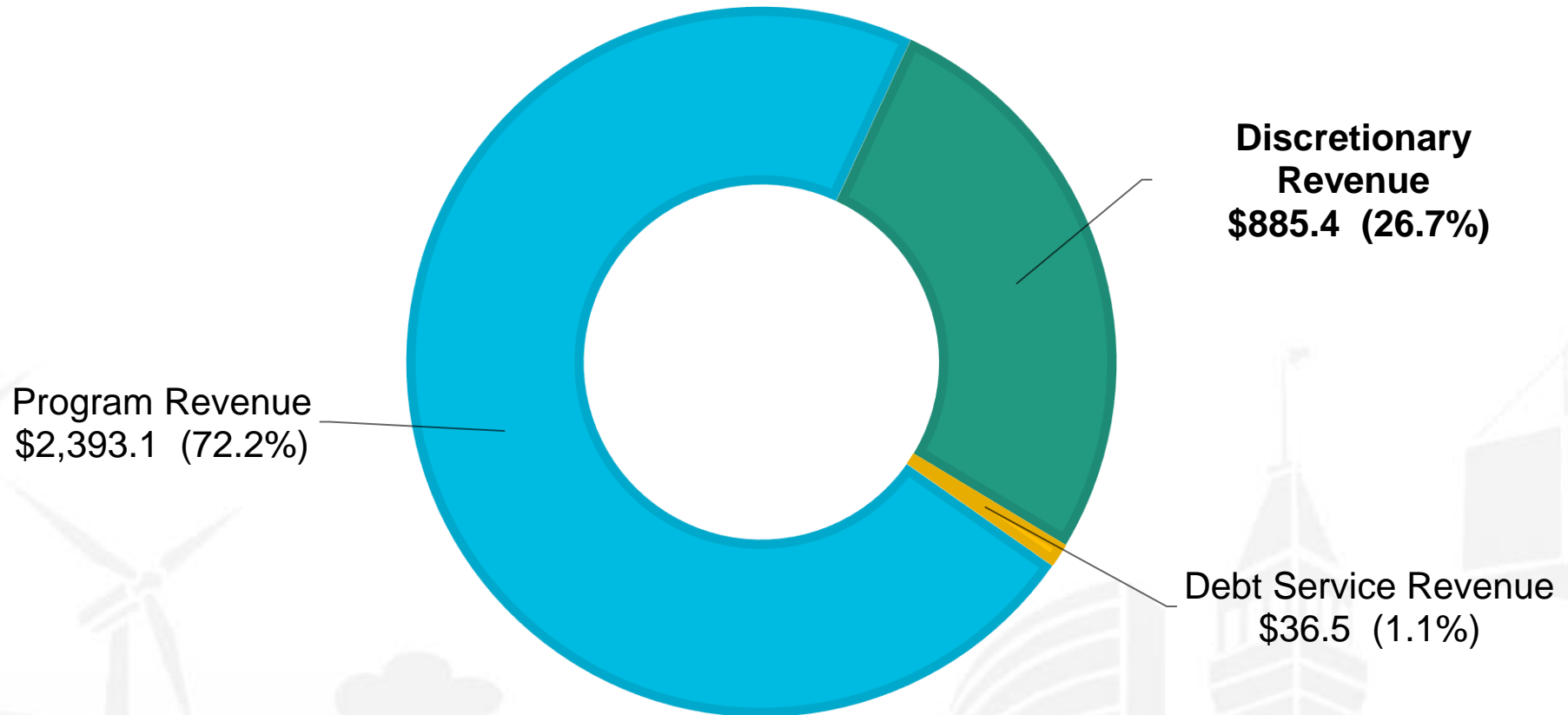
**Total General Fund: \$3,315.0 million**



# FY 2021-22 Final Budget

## Discretionary Revenue – Share of Total General Fund

(\$ in millions)



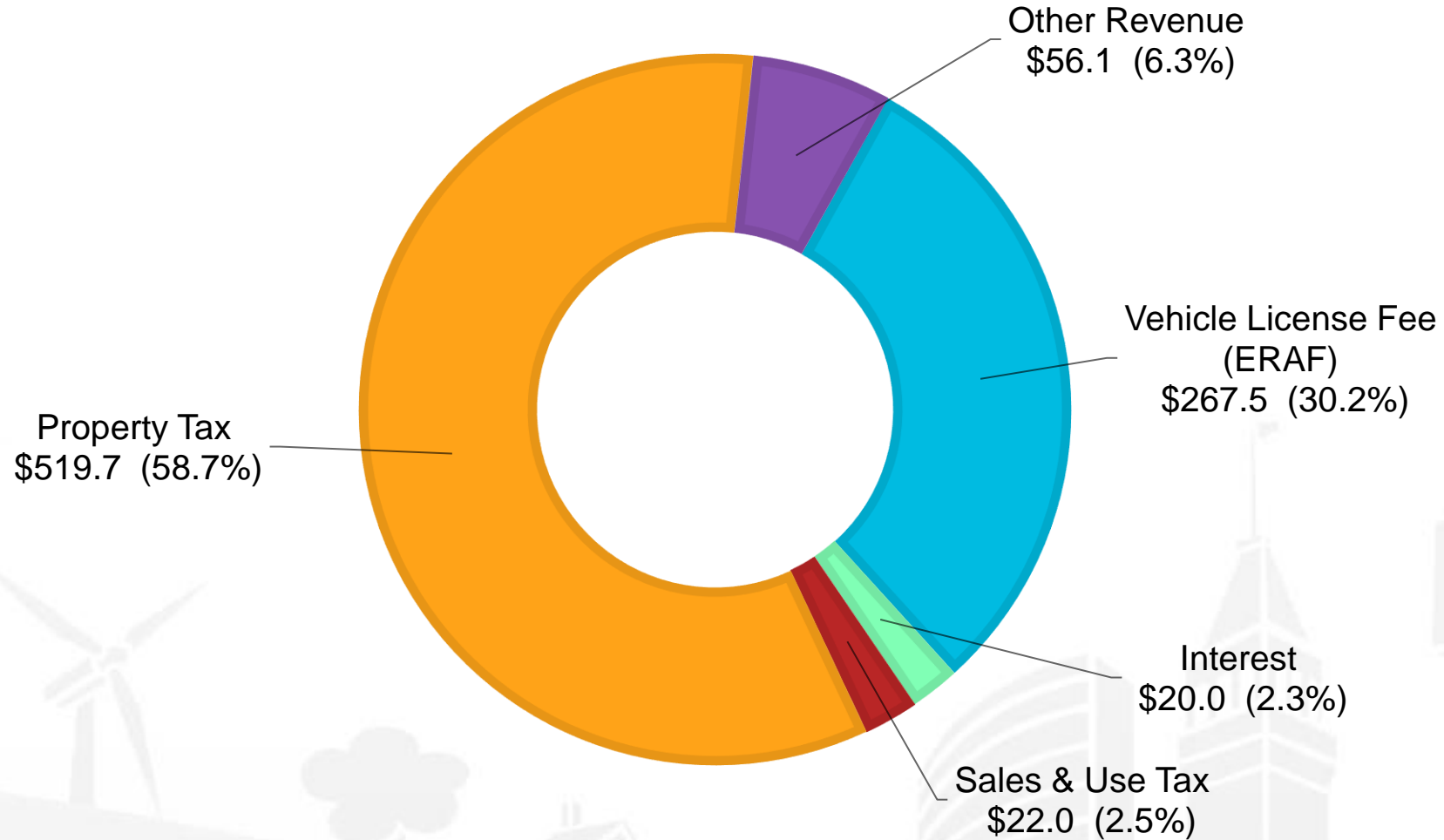
**Total General Fund: \$3,315.0 million**



# FY 2021-22 Final Budget

## Discretionary Revenue by Source

(\$ in millions)



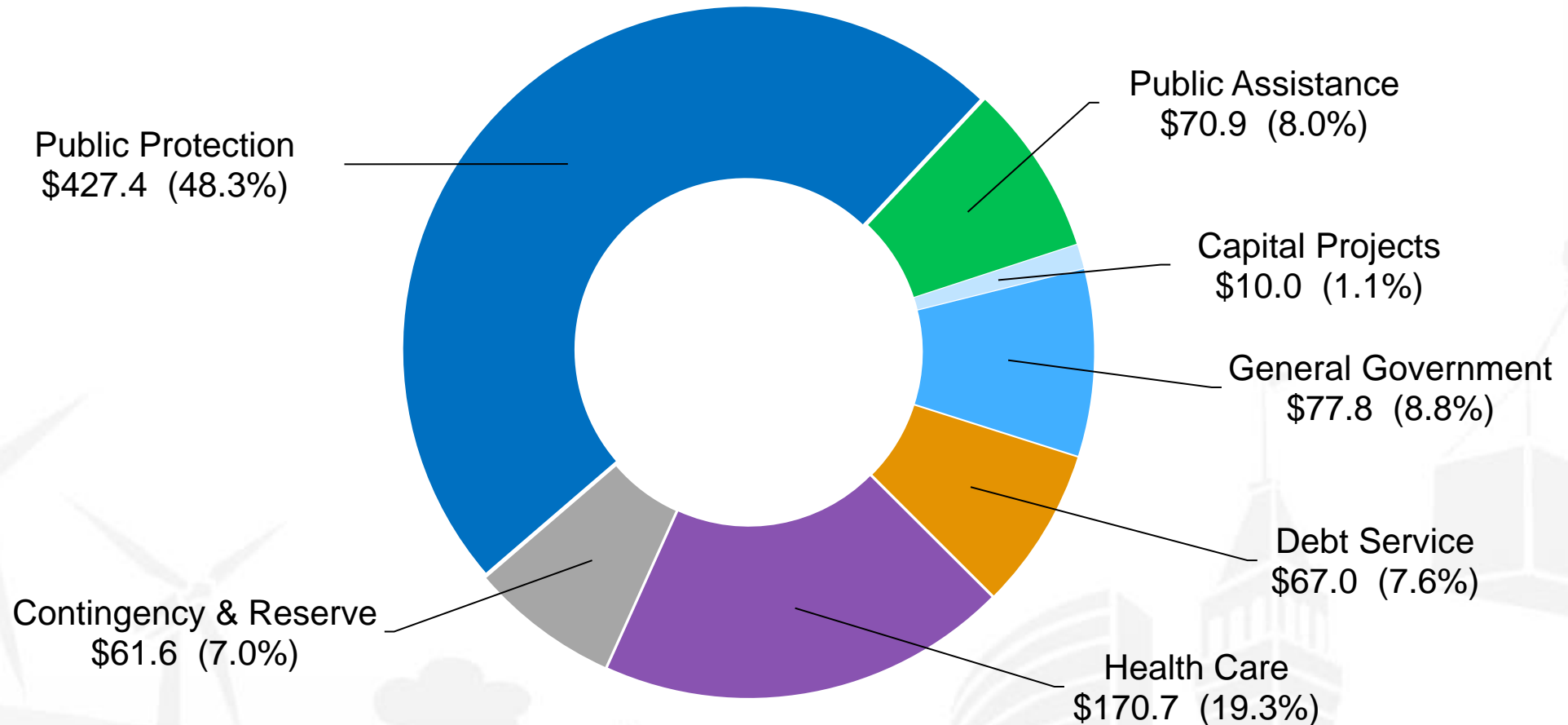
**Total Discretionary Revenue: \$885.4 million**



# FY 2021-22 Final Budget

## Use of Discretionary Revenue by Program

(\$ in millions)



**Total Discretionary Revenue: \$885.4 million**

20 NOTE: Totals may vary slightly due to rounding

COUNTY ADMINISTRATOR'S OFFICE



# Community-Based Organization (CBO) Contracts

FY 2021-22 Final Budget Funding (\$ in millions)

## 264 CBO Contractors Total

Program Area	FY 21-22 Contracts
General Government	\$43.9
Health Care Services*	\$449.4
Health Care – Alameda Health System	\$89.3
Public Assistance	\$104.9
Public Protection	\$41.1
<b>CBO Contracts Total</b>	<b>\$728.6</b>

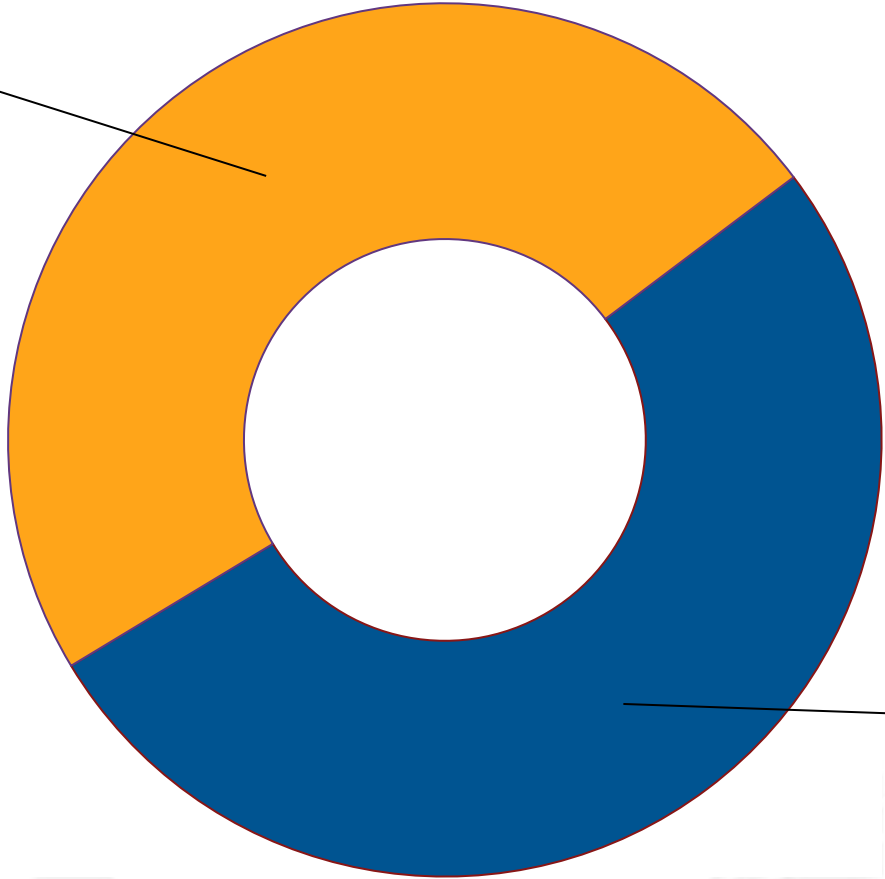
\* excludes Alameda Health System contracts



# FY 2021-22 Budget Balancing Strategies

Ongoing vs. One-time (\$ in millions)

One-Time Strategies  
\$23.8 (48.4%)



Ongoing Strategies  
\$25.4  
(51.6%)

**Total Net County Cost Reductions: \$49.2 million**



# Funding Challenges

- Homelessness Crisis
- In-Home Support Services (IHSS)
- Public Safety Costs—inmate medical care, realignment of juvenile justice, pending litigation
- Alameda Health System
- Elections
- Infrastructure and Capital needs



# Fiscal Stewardship

- Maintain the “**triple-triple**” - the highest possible AAA ratings from the “Big 3” rating agencies—Standard & Poor’s Global Ratings, Fitch Ratings and Moody’s Investors Service (since 2018)
- Invest in capital improvements and deferred maintenance
- Manage the County’s pension liability





# Pending Factors

- State and federal funding
- Growth of program costs outpacing growth of program revenue
- COVID-19
  - American Rescue Plan Act
  - Reopening/Hybrid Workforce/Reimagining County operations
- Litigation
- Climate Change/Drought/Wildfires/Public Safety Power Shutoffs



## Our Shared Vision



# Key Budget Dates

- Special budgets due March/April 2022
- Early Budget Work Session Early April 2022
- Reduction targets to departments Late April 2022
- VBB plans submitted by departments May 2022
- Proposed Budget submitted Early June 2022
- Final Budget adopted Late June 2022



