



Alameda County Fiscal Year 2023-24 Budget Briefing to Labor Representatives

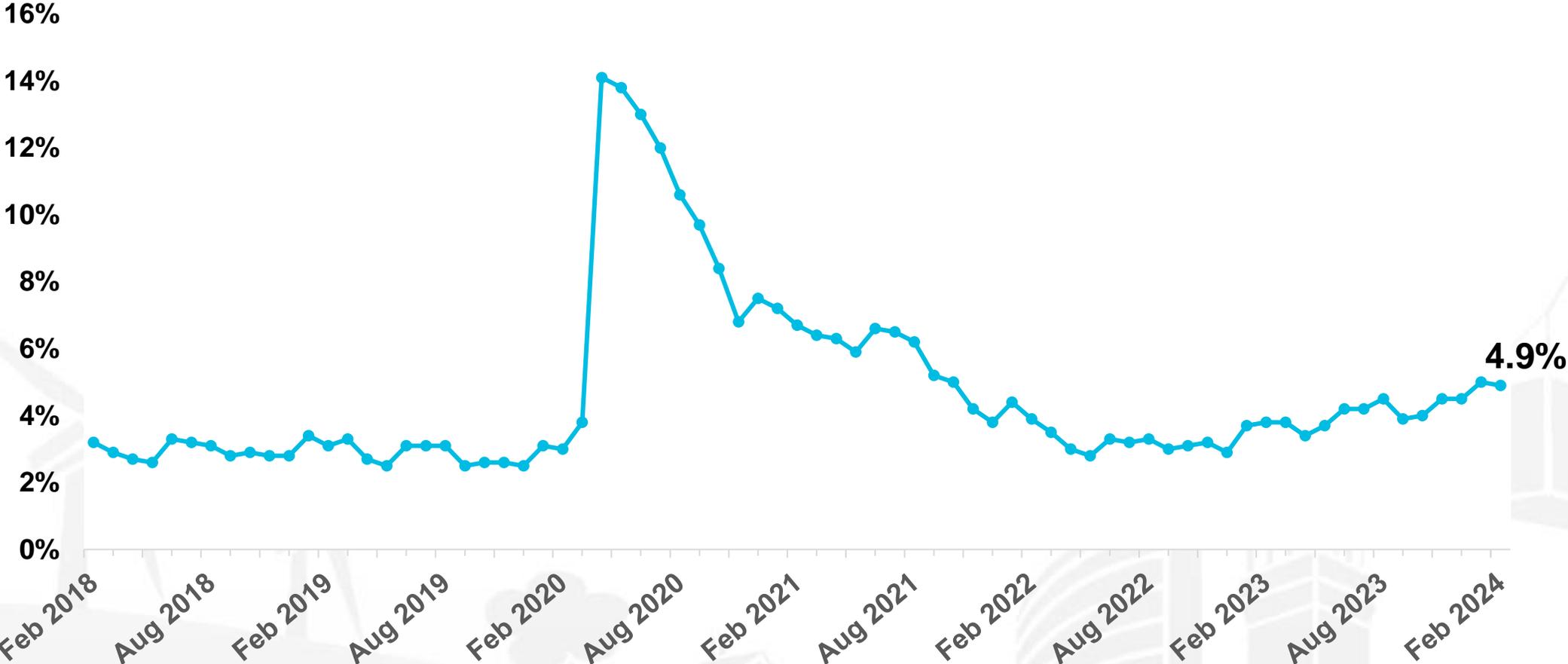
April 15, 2024



Economic Context



Alameda County Unemployment



Bay Area Layoffs

- Nationally, job cuts in March 2024 at highest total since January 2023
- Tech companies eliminated nearly 4,000 jobs by early February according to WARN data filed with State EDD
 - After just 5 weeks of 2024, tech layoffs in the Bay Area this year equate to nearly 20% of tech jobs cut in the Bay Area in all of 2023.

- Other notable layoffs in 2024

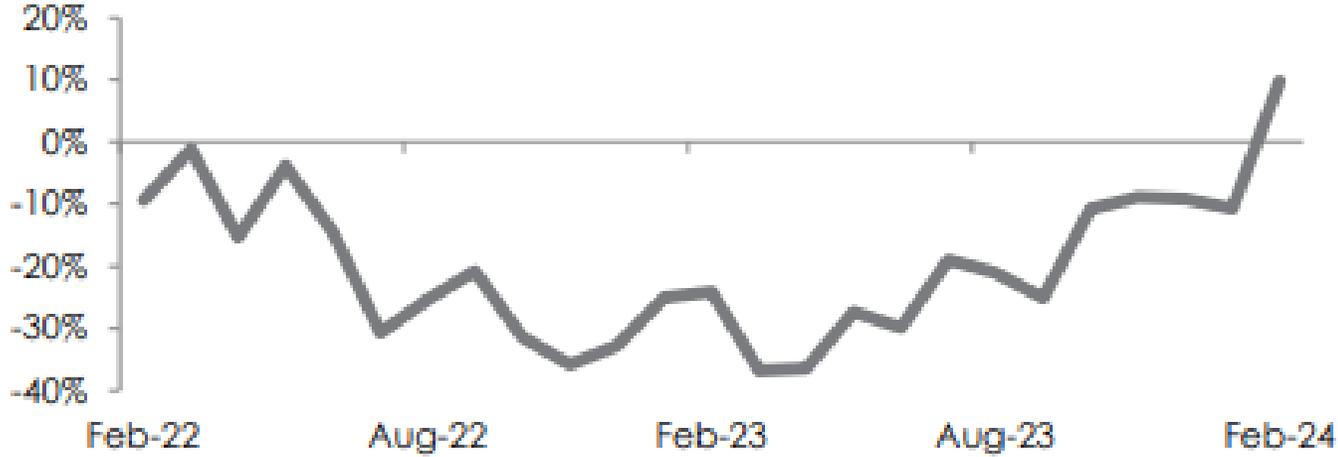
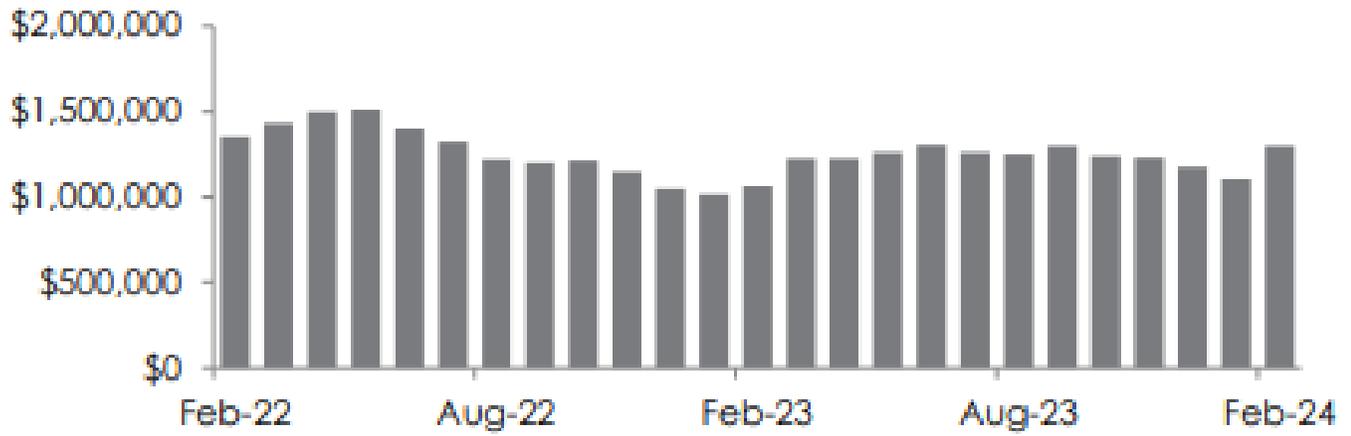
- Health – Blue Shield and Kaiser 
- Biotech – Personalis, Inc. and Lonza Biologics 
- Other – Apple, Macys, Rivian, Marriott, Electronic Arts, Marvell Semiconductor  



Alameda County Real Estate Market Trends

February 2024

Median Price
For SF Detached Homes
\$1,300,000
17.9% MTM
22.0% YTY



Home Sales
For SF Detached Homes
+9.8% YTY
40.6% MTM
0.3% YTD



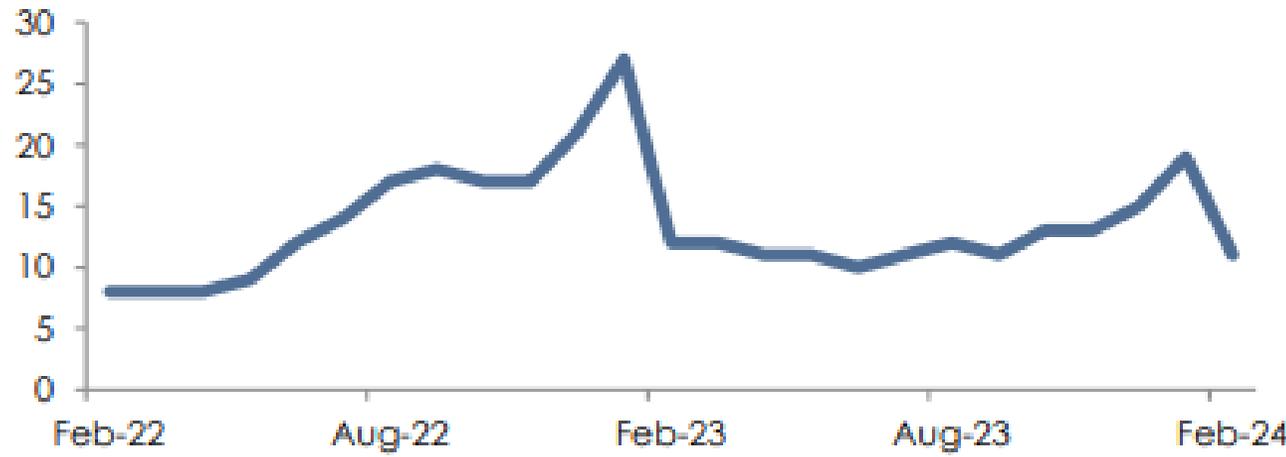
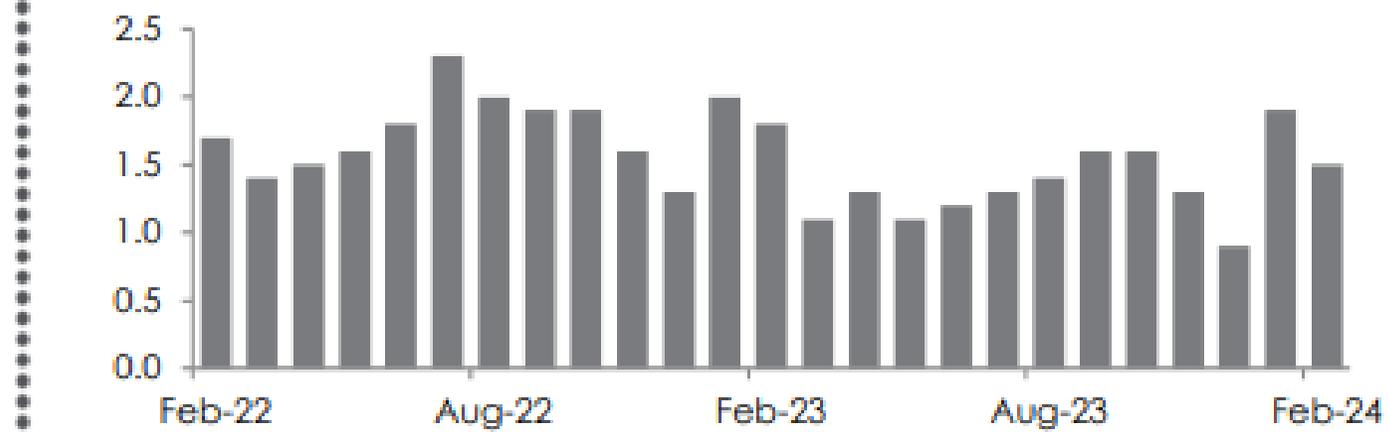
Alameda County Real Estate Market Trends

February 2024

Unsold Inventory
For SF Detached Homes

1.5 Months

-21.1% MTM
-16.7% YTY



Median Time on Market
For SF Detached Homes

11 Days

-42.1% MTM
-8.3% YTY



Economic Takeaways

- Labor market remains tight
- Tech continues to grow despite layoffs
 - Artificial Intelligence investments
- Consumption remains strong and signals shifting priorities
- Low inventory and high mortgage rates driving the real estate market
 - Significant construction labor shortage persists; slower housing growth
- Elevated inflation readings in March
- Uncertainty regarding Federal Reserve rate cuts

State and Federal Updates

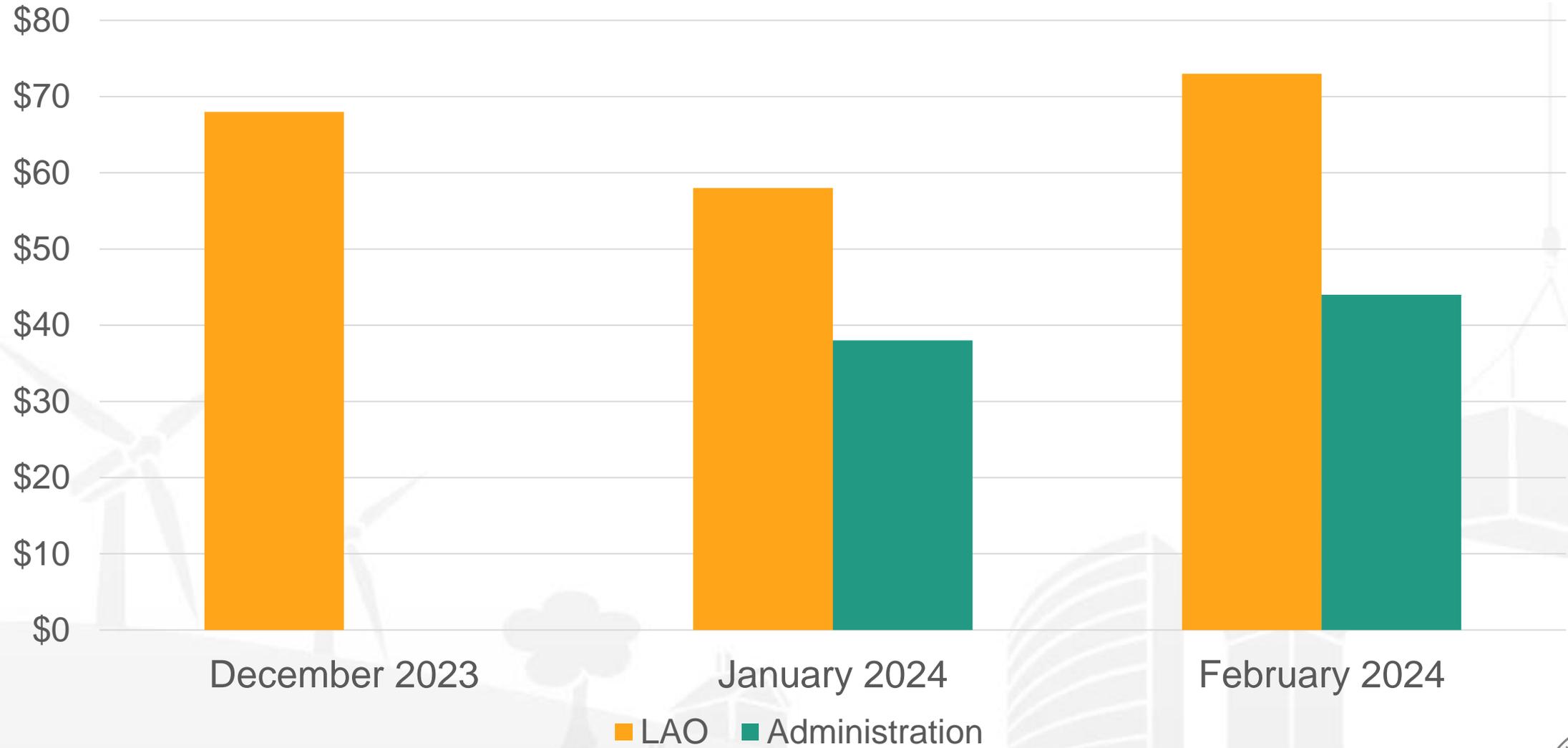


State Budget Update

Weak revenue collections resulting in significant budget challenges

- The Department of Finance reports cash receipts are **\$5 billion** below the 24-25 Budget forecast for January and nearly \$6 billion below the fiscal year-to-date forecast.
- The LAO released a report on February 20 projecting a **\$73 billion** budget deficit, further widening the difference between the LAO projection and the administration's estimate.
- Anticipate significant budgetary revisions in May.

Estimated State Revenue Shortfall (\$ in billions)



State Budget Balancing – “Early Action Plan”

On April 4, the Governor and legislative leaders announced a \$17.3 billion “early action” plan to address the State’s budget gap

- **Reductions:** Salary savings from vacant positions, CalWORKs Single Allocation, Foreclosure Intervention Housing Preservation Program
- **Delays:** Public transit, Early Care Education facilities grant program, Behavioral Health Bridge Housing, CA Jobs First, Behavioral Health Continuum Infrastructure Program
- **Revenue/Borrowing:** MCO Tax
- **Fund Shifts and Deferrals:** Greenhouse Gas Reduction Fund, Retirement Contribution Reductions, Statewide payroll deferral

Federal Update

- On March 11, President Biden released his \$7.3 trillion Fiscal Year 2025 budget with key components including:
 - Higher-income household and corporation tax hikes
 - Middle class tax breaks
 - Expanded child care, housing and health care initiatives
- On March 23, Congress averted a partial government shutdown by passing a second spending package
 - President Biden signed the \$1.2 trillion federal spending package on March 24 funding the government through September 2024

County Financing



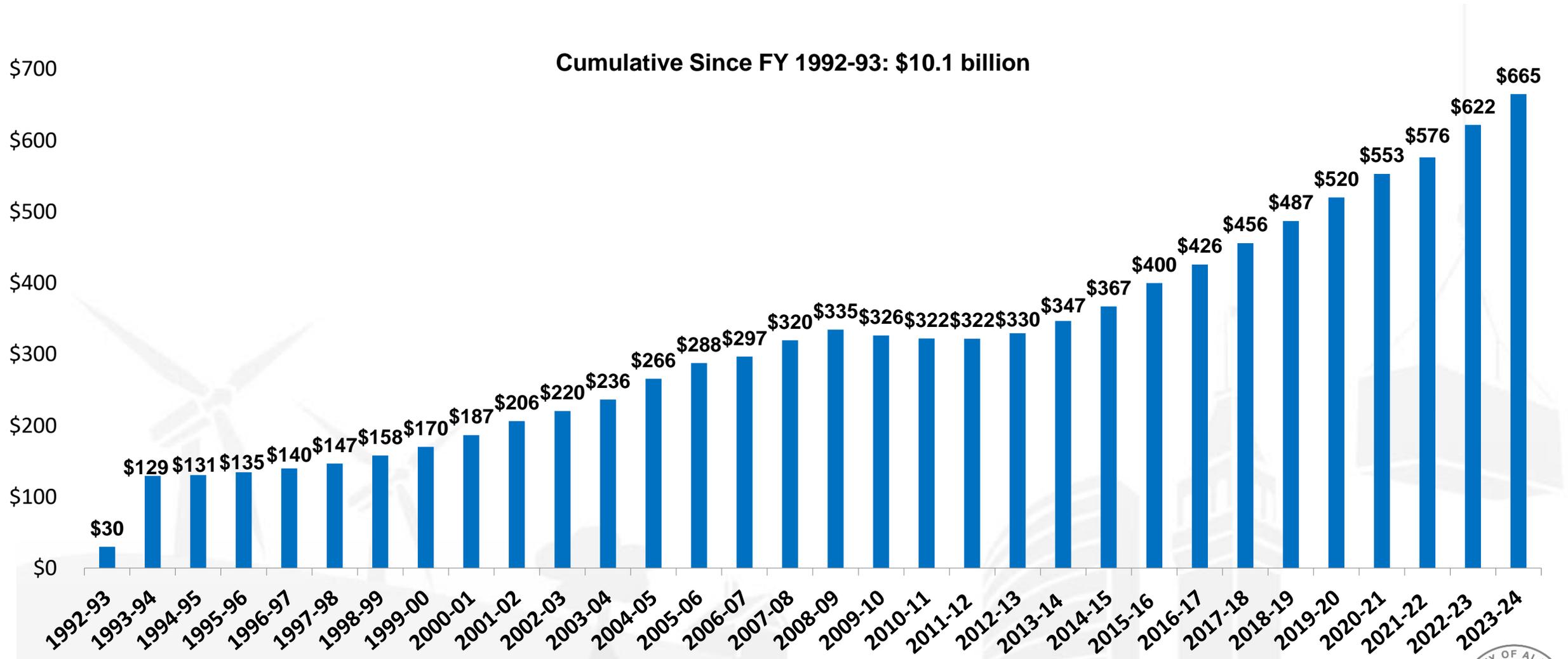
County Fiscal Dilemma

- 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 suspended or delayed and programs realigned with inadequate ongoing funding



Alameda County ERAF Losses by Year

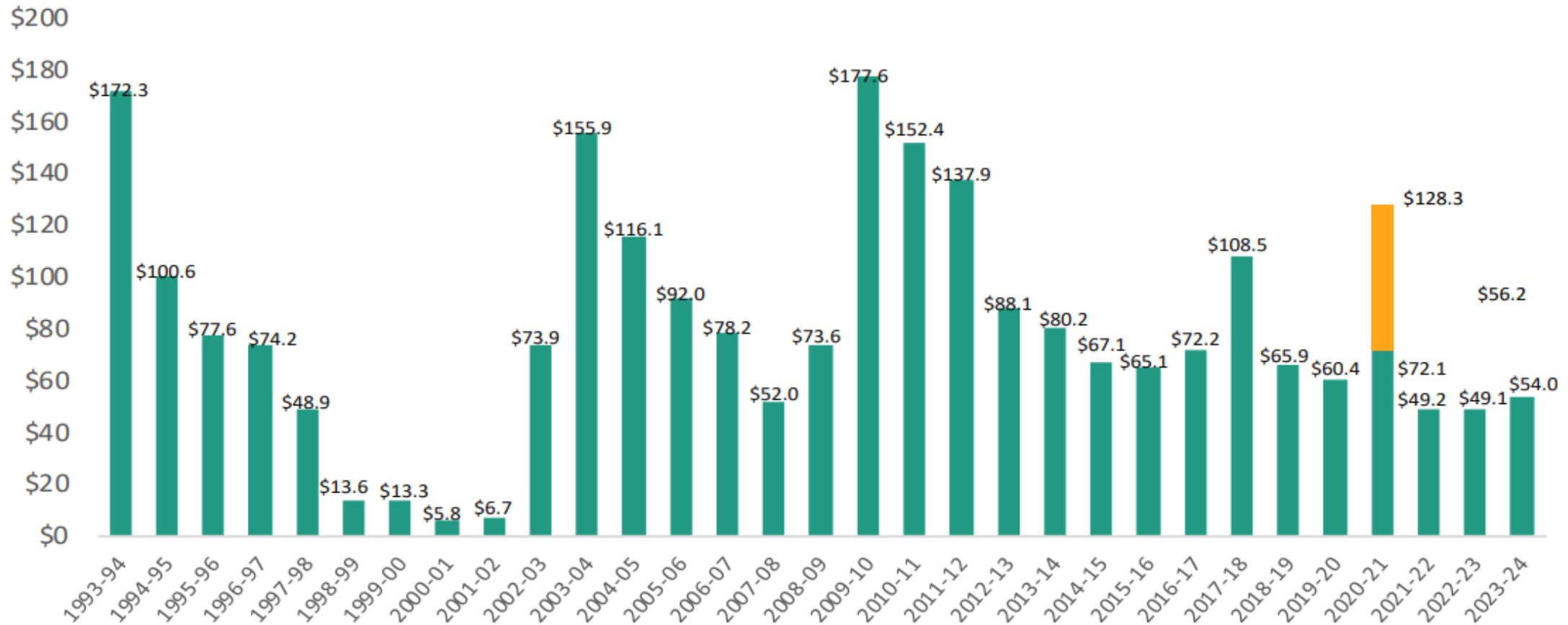
(\$ in millions)



Alameda County Funding Gaps since ERAF

(\$ in millions)

Total since FY 1993-94: \$2.5 billion



Discretionary Revenue

- Discretionary revenue is approximately 28% 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.



Schools-40¢

Cities-18¢

County -15¢

Special Districts-12¢

Redevelopment- 15¢

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

FY 2023-24 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 should first offset eligible increased operating costs
- 5.0% 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 2023-24 Final Budget Overview

(\$ in millions)

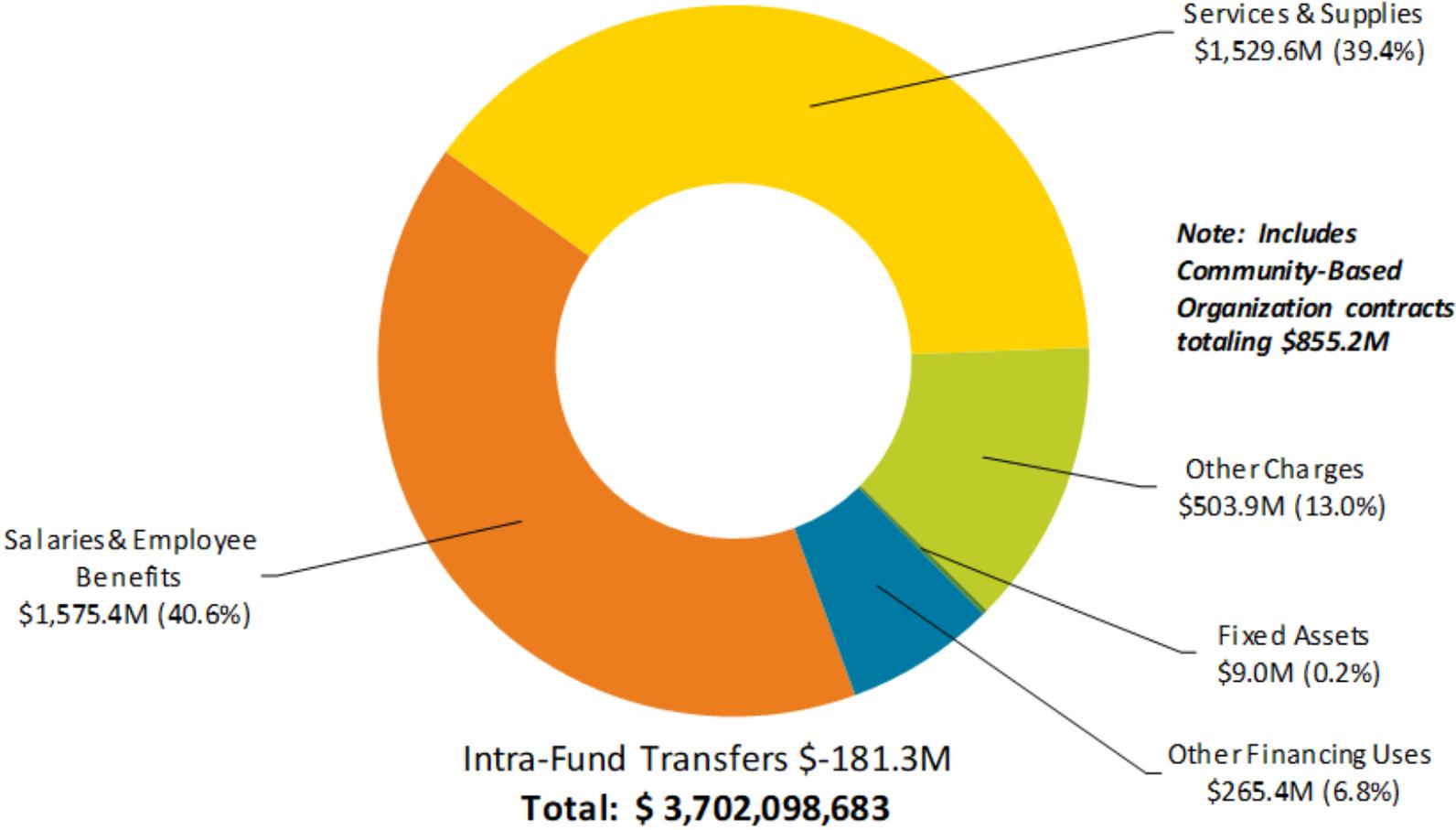
All Funds	\$4,106.5
General Fund	\$3,702.1
<i>Increase from FY 2022-23</i>	<i>\$212.2</i>
Full-Time Equivalent Positions (FTEs)	10,399.80
<i>Increase from FY 2022-23</i>	<i>29.47</i>



FY 2023-24 Final Budget

Appropriation by Major Object – General Fund

(\$ in millions)



Community-Based Organization (CBO) Contracts

FY 2023-24 Final Budget Funding (\$ in millions)

260 CBO Contractors Total

Program Area	FY 23-24 Contracts
General Government	\$47.8
Health Care Services*	\$541.0
Health Care – Alameda Health System	\$96.0
Public Assistance	\$125.5
Public Protection	\$44.9
CBO Contracts Total	\$855.2

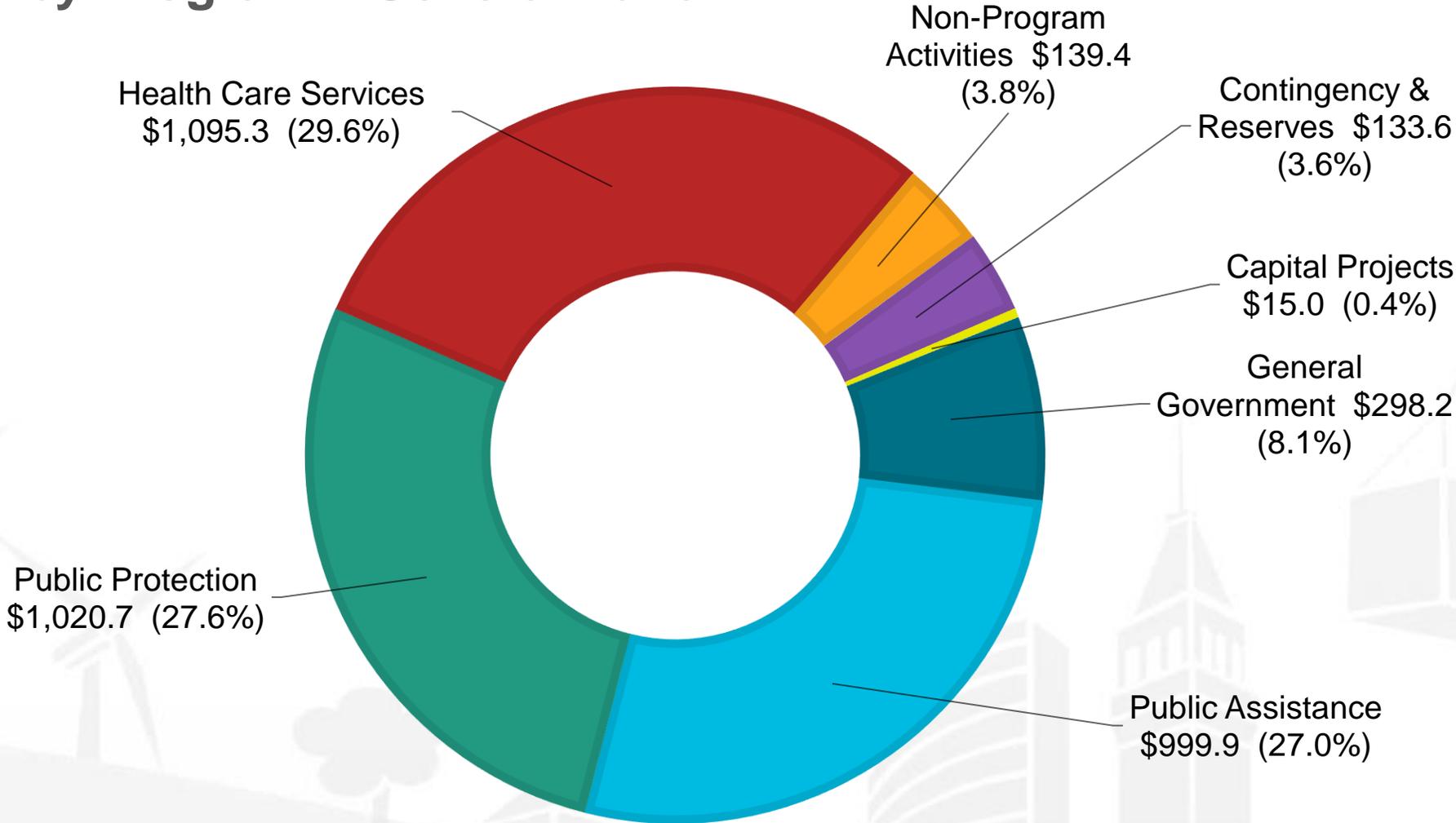
* excludes Alameda Health System contracts



FY 2023-24 Final Budget

Appropriation by Program – General Fund

(\$ in millions)



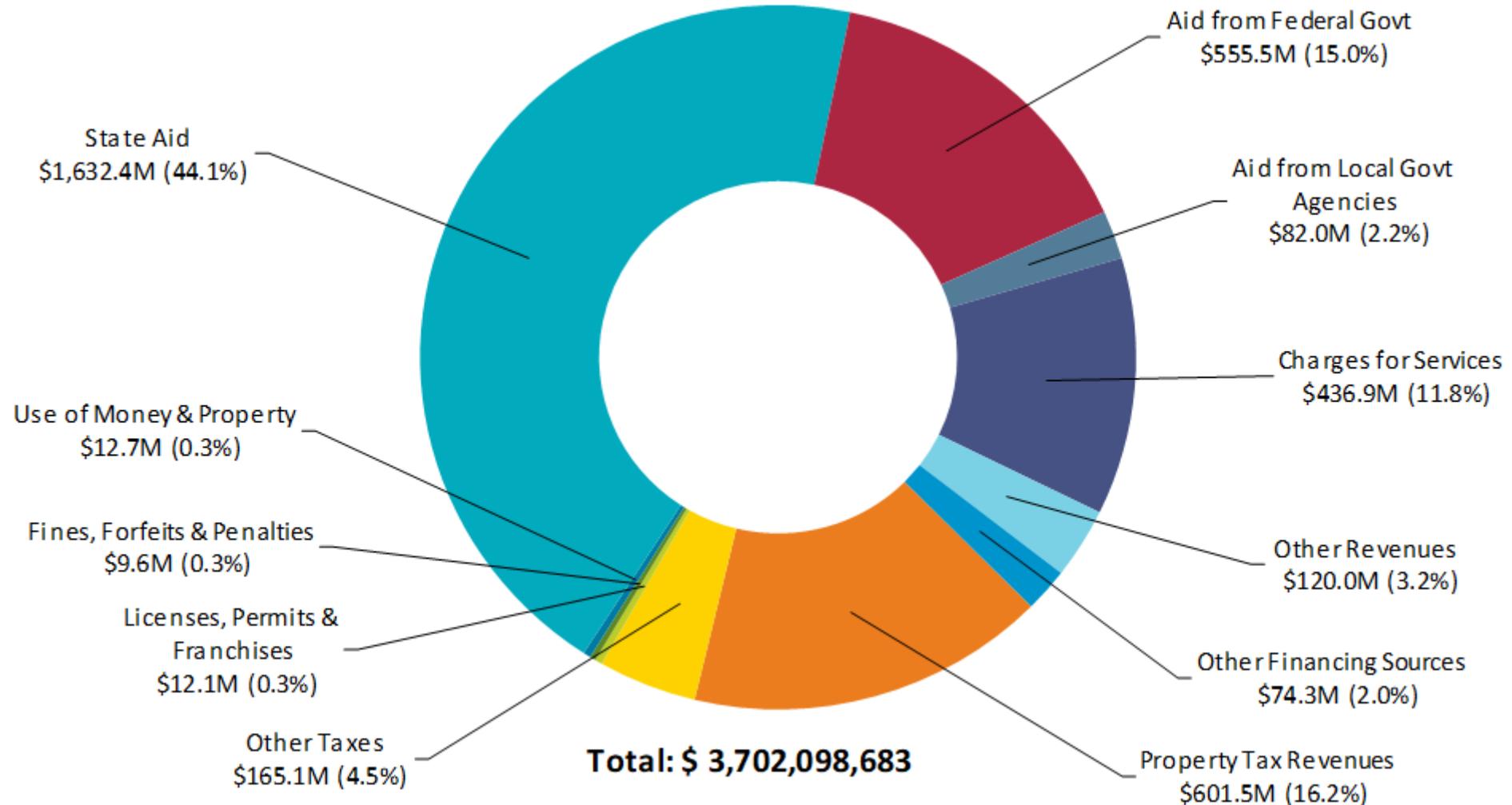
Total: \$3,702,098,683



FY 2023-24 Final Budget

Available Financing by Source – General Fund

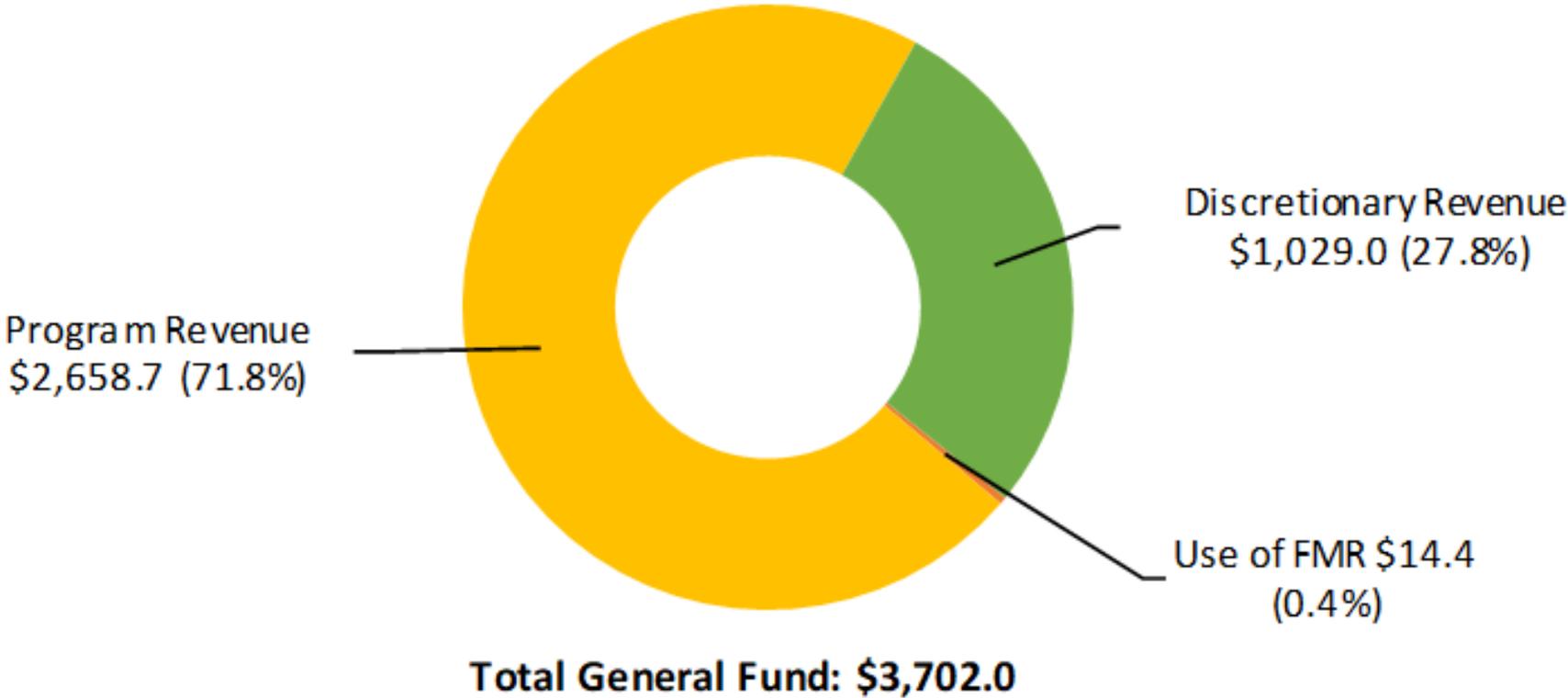
(\$ in millions)



FY 2023-24 Revenue By Type

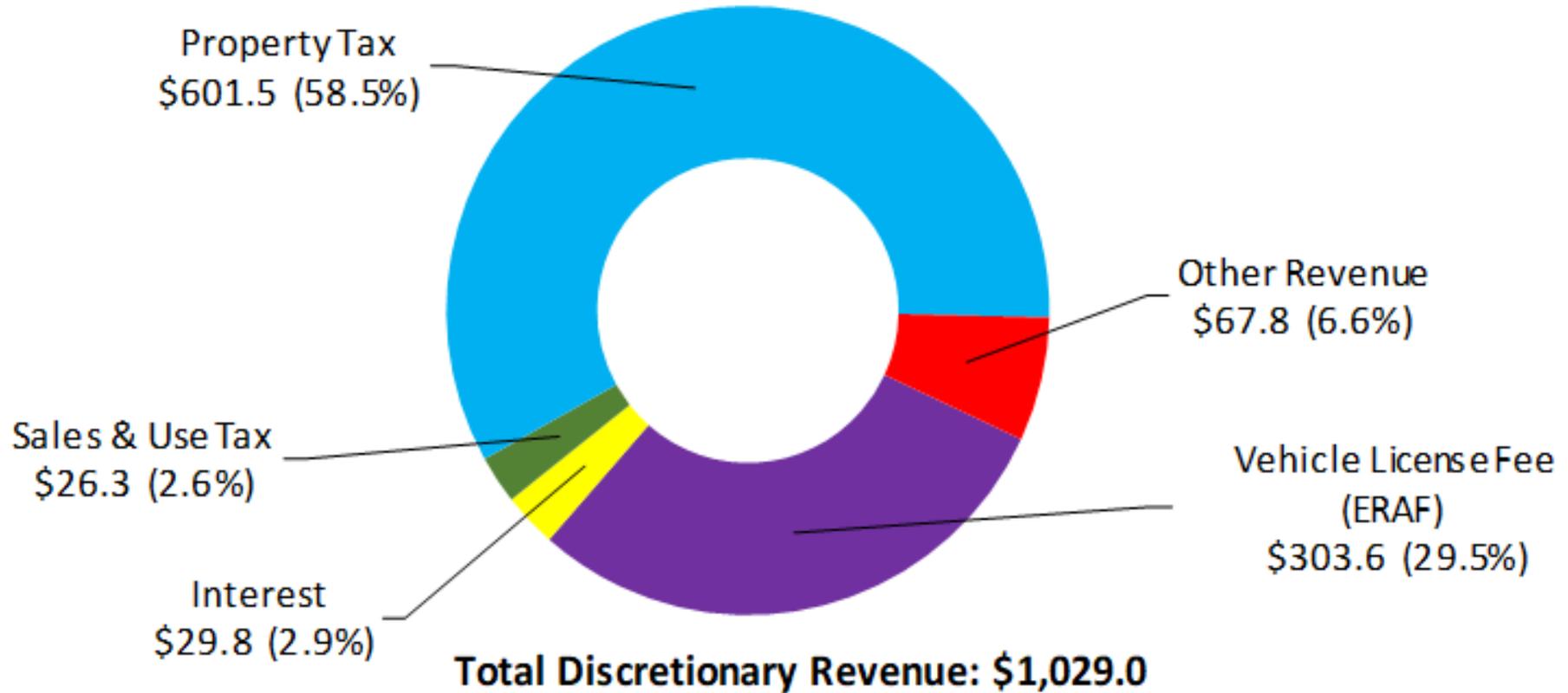
Share of Total General Fund

(\$ in millions)



FY 2023-24 Discretionary Revenue By Source

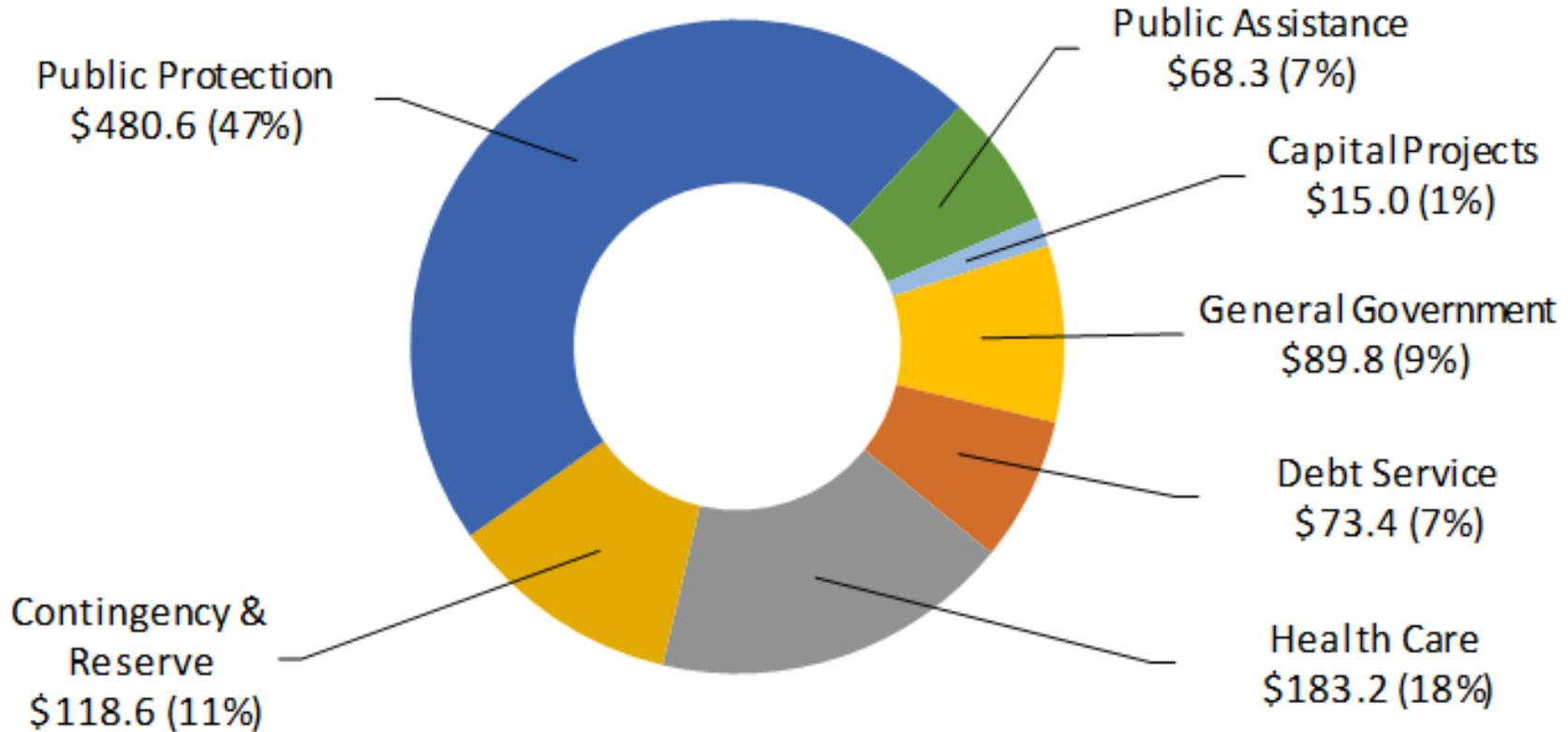
(\$ in millions)



FY 2023-24 Final Budget

Use of Discretionary Revenue by Program

(\$ in millions)



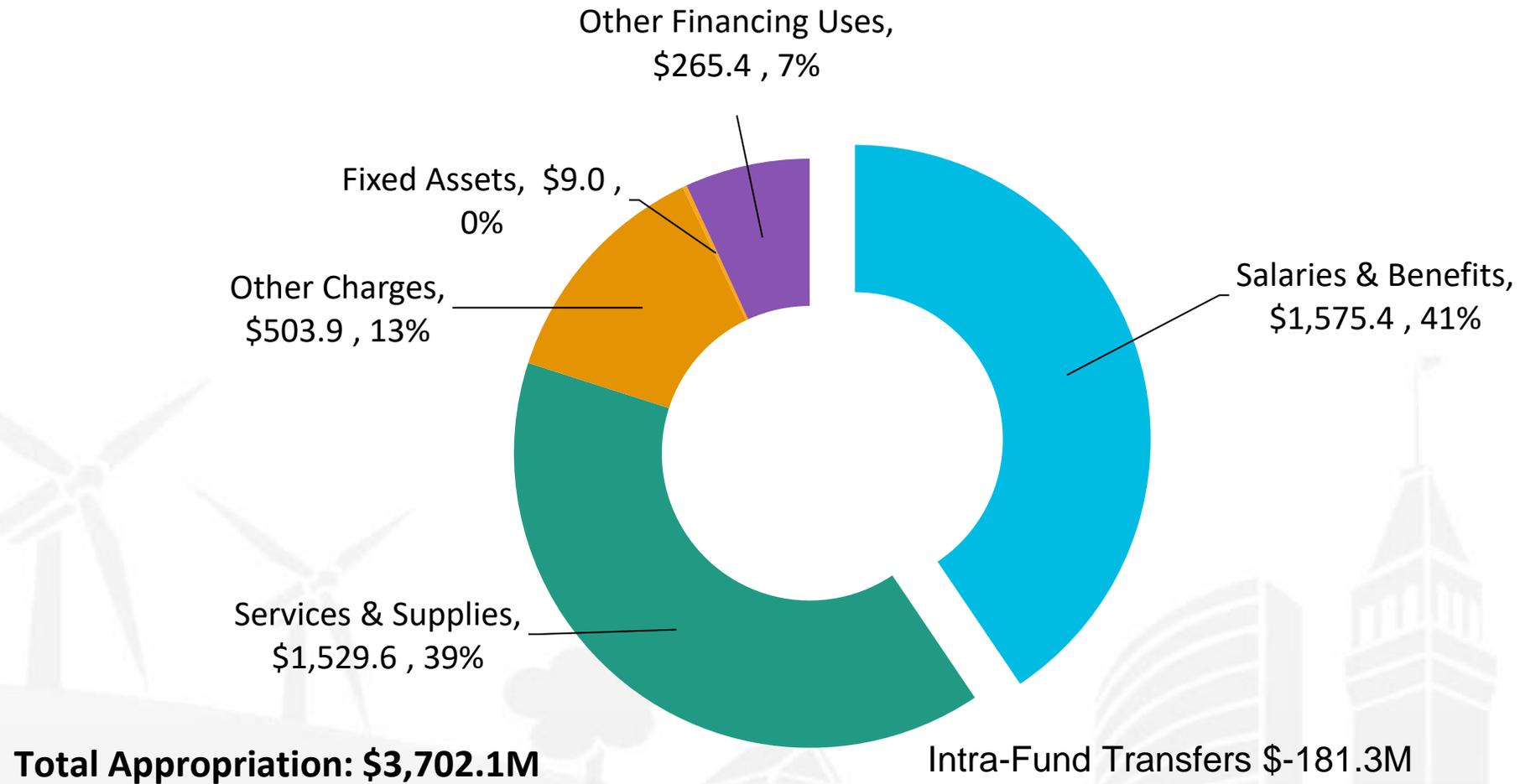
Use of Discretionary Revenue: \$1,029.0



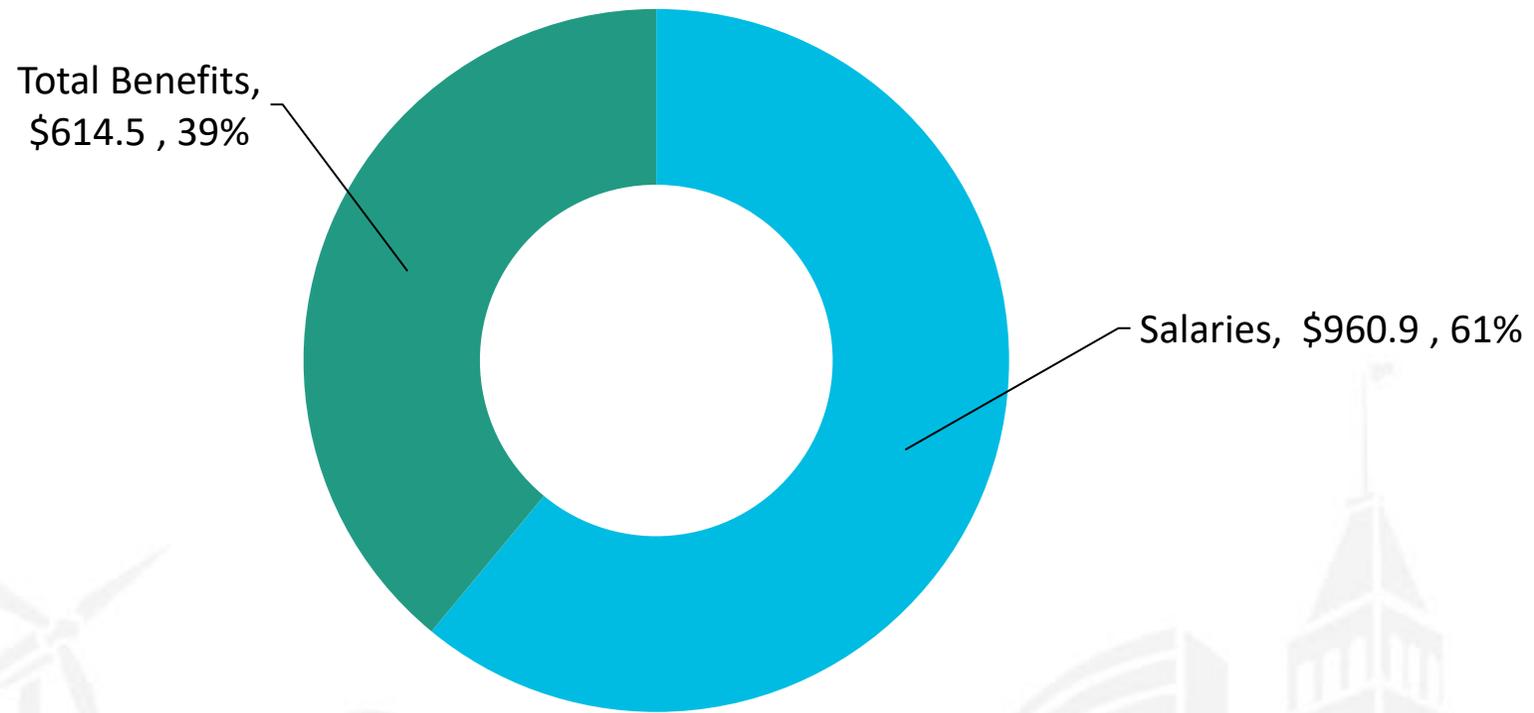
Salary & Employee Benefits



FY 2023-24 Budget Salaries & Benefits (in millions)



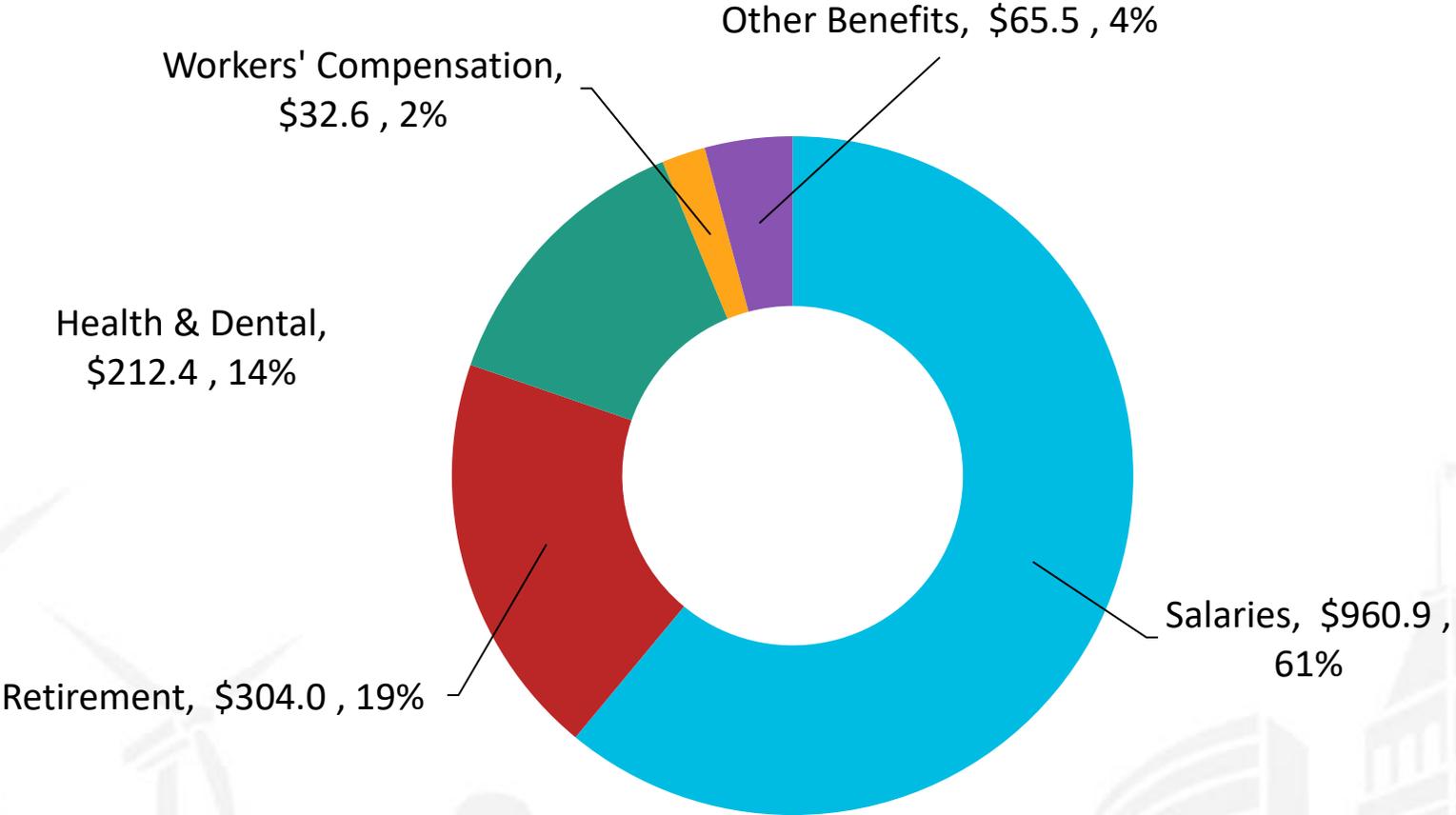
FY 2023-24 Budget Salaries & Benefits (in millions)



Total S&EB budget: \$1,575.4M



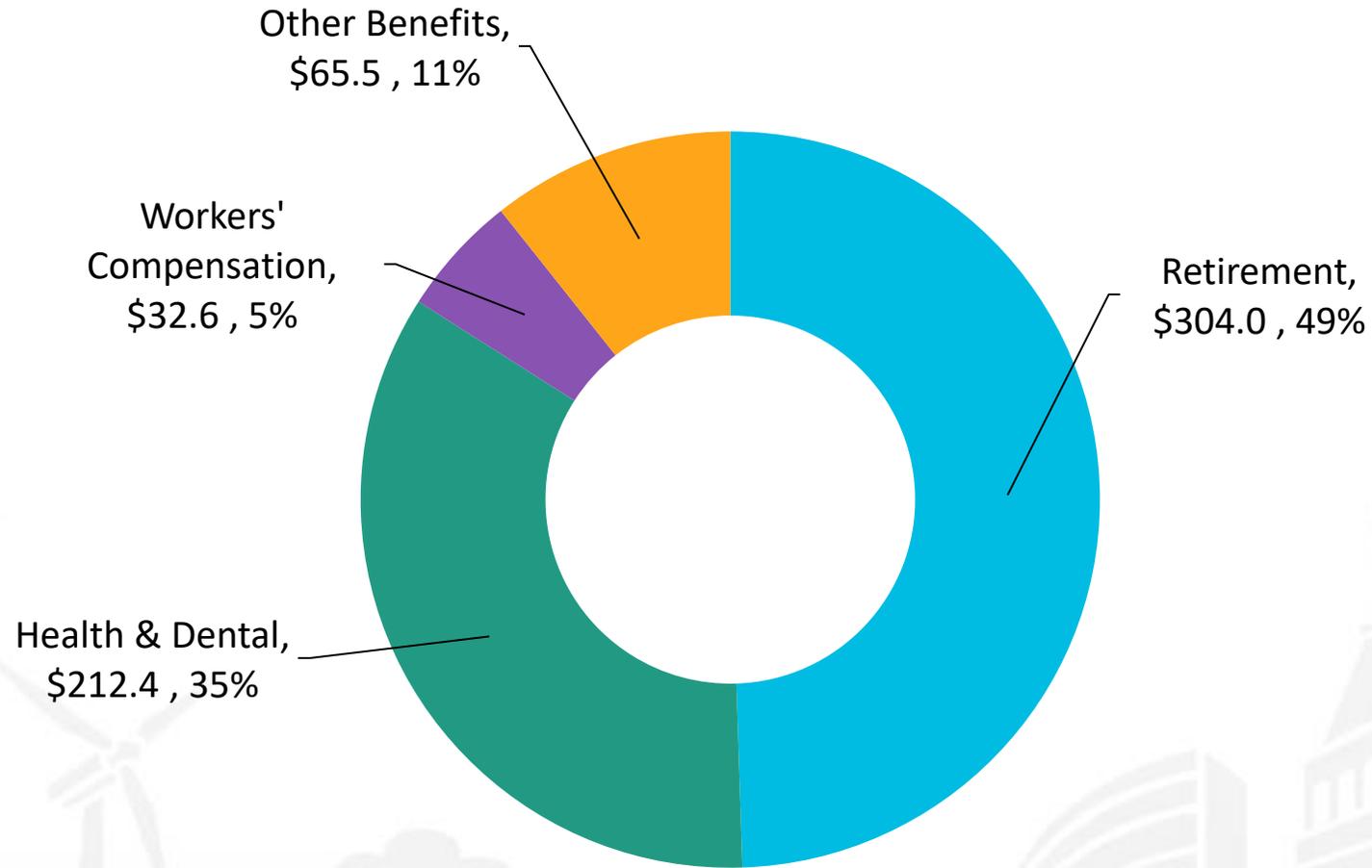
Salary and Benefits FY 2023-24 General Fund (in millions)



Total S&EB budget: \$1,575.4M



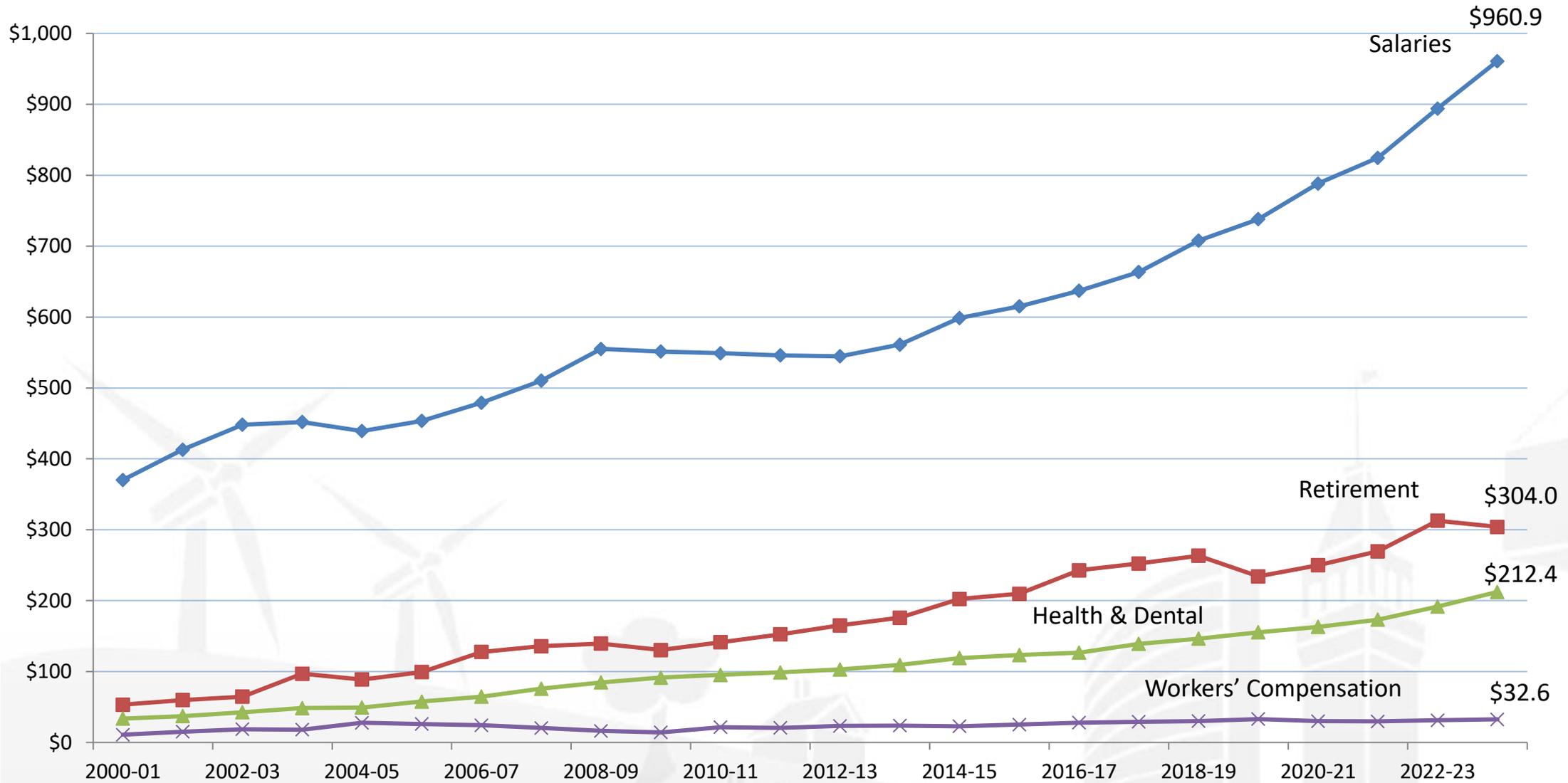
FY 2023-24 Benefits (in millions)



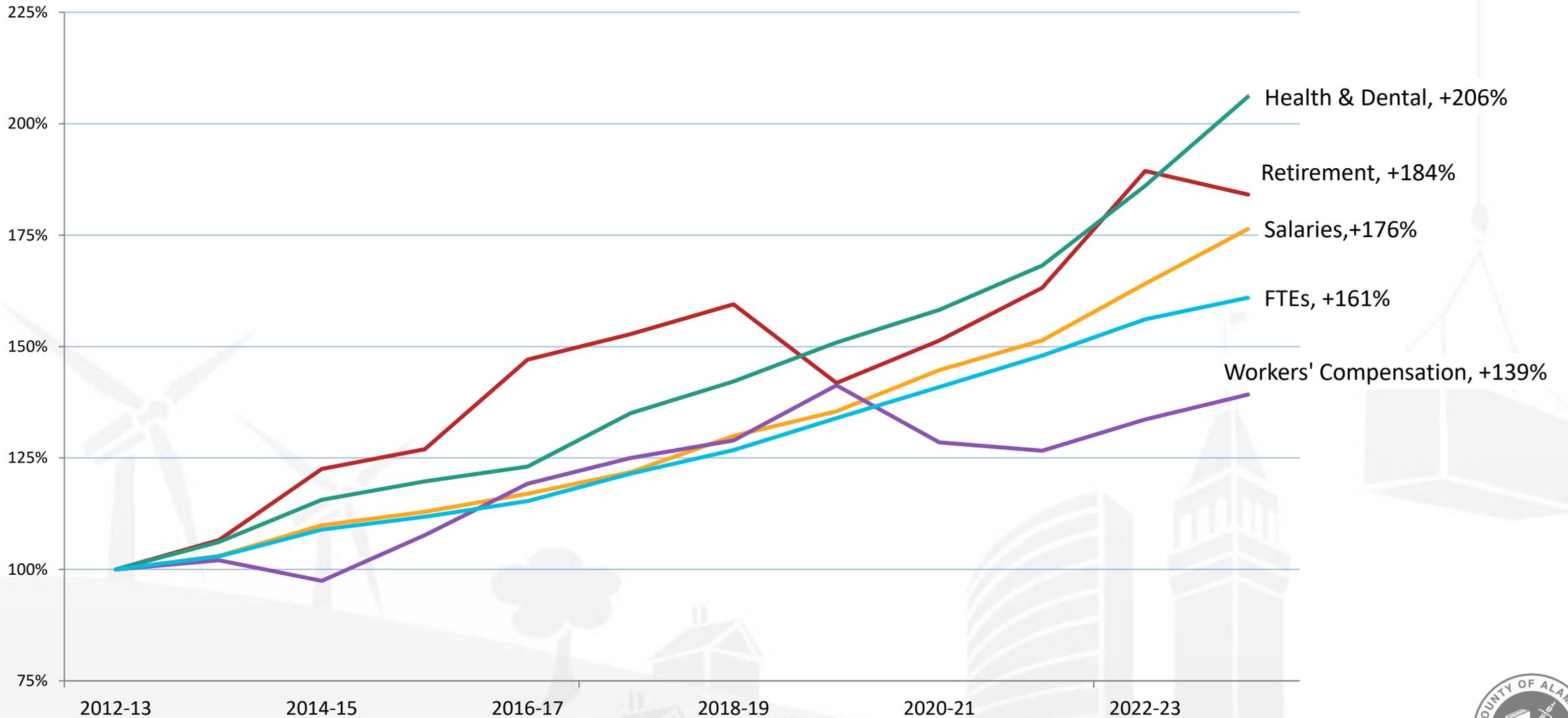
Total Benefits \$614.5M



Salary and Benefits Budget (in millions)

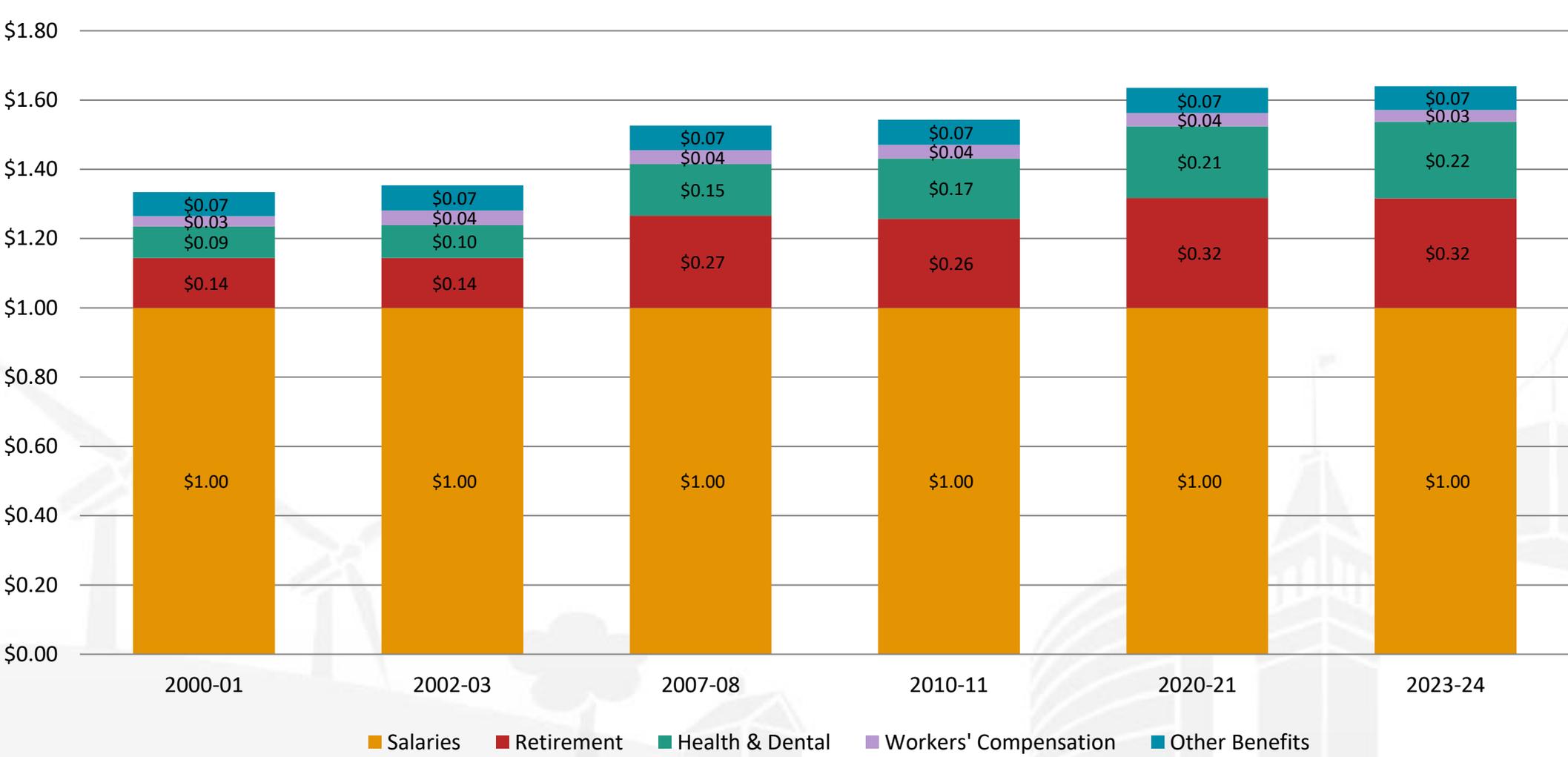


FY 2023-24 Salary, Benefits and FTE % Increase



Employee Benefits per Dollar of Salary FY 2001 to FY 2024

General Fund

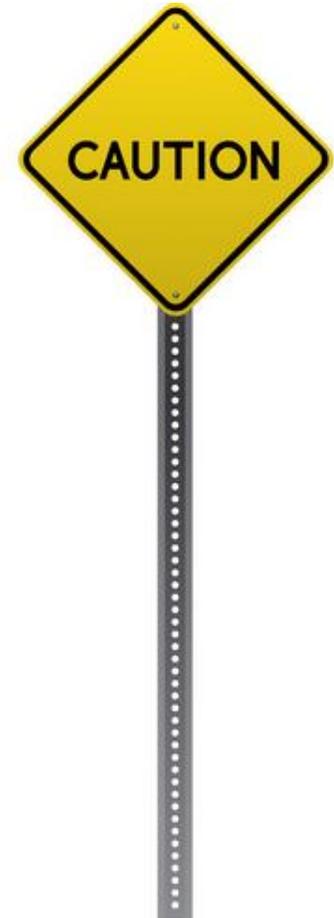


Long-Term Obligations

- 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)
- Capital Improvement Plan - \$1.3 billion of unfunded capital costs over the next five years as identified in the Capital Improvement Plan
 - Long-Range Capital Financing Plan adopted including the establishment of the Special Capital Construction Fund
- County’s pension liability
 - ACERA Dec 31, 2022 actuarial valuation showed a \$1.5 billion unfunded actuarial accrued liability
 - The County prepaid a portion of the unfunded liability and allocates savings to the Pension Liability Reduction Fund

Pending Factors

- Ongoing homelessness crisis; Home Together Plan
- Labor negotiations & workforce challenges
- Pending litigation and settlements
- Rising insurance costs
- Rising health benefit costs
- Potential federal and State audit disallowances
- Unfunded capital needs
- CARE Court implementation / MHSA Changes
- Reimagining Justice
- Special election costs
- Assessment appeals
- Global finances and climate change
- Economic downturn



FY 2024-25 Budget Development Timeline

- ✓ Department MOE submissions February 2024
- ✓ Early Budget Work Session April 9, 2024
- Budget Workgroup: 24-25 Funding Gap and Reduction Targets Late April 2024
- Governor's Revised Budget May 2024
- Budget Workgroup: Reduction Plans May 2024
- Proposed Budget submitted Early June 2024
- Budget Hearings and Budget Adoption Late June 2024



Our Shared Vision



