



Alameda County Budget Workgroup Meeting

May 15, 2025



Overview

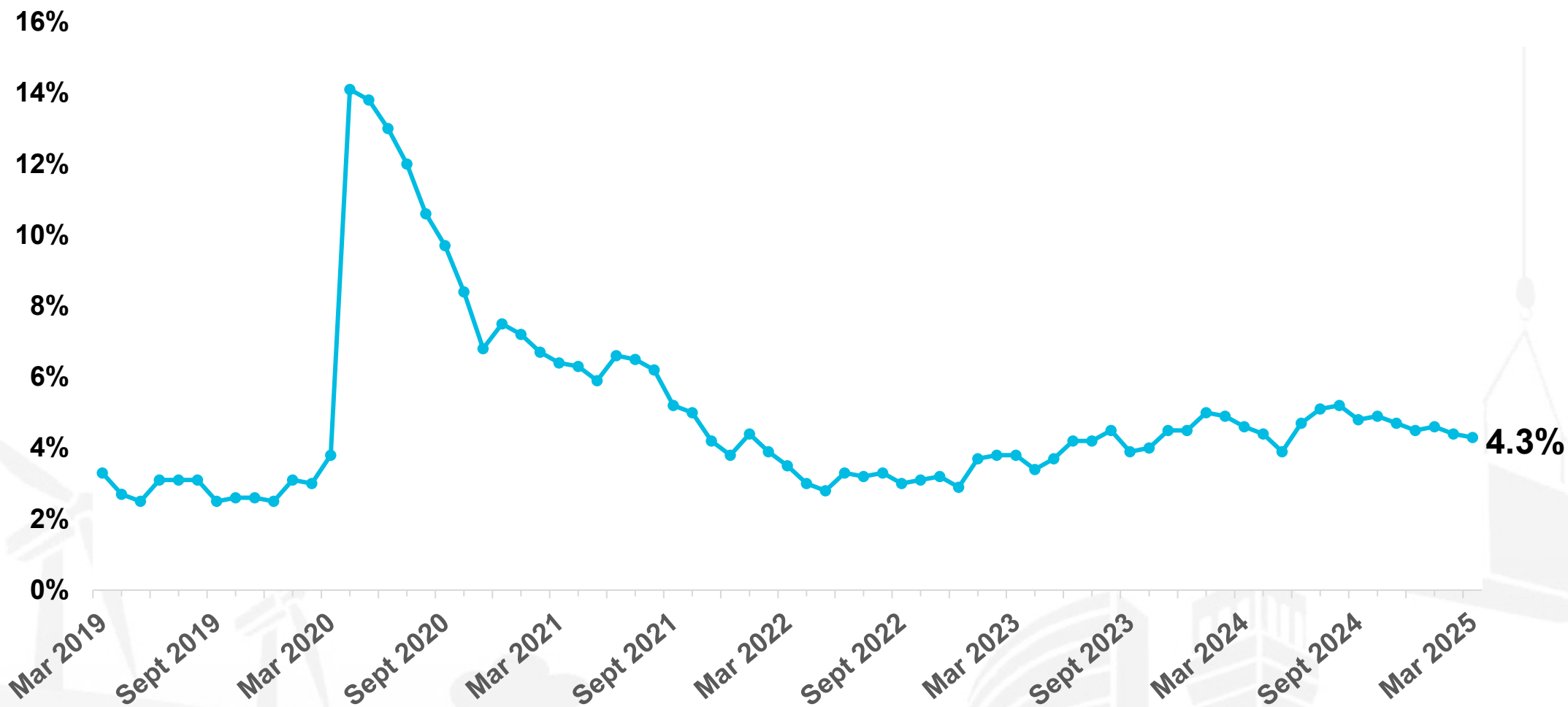
- Economic Updates
- State and Federal Updates
- FY 25-26 Maintenance of Effort (MOE) Budget
- FY 25-26 Funding Gap
- Budget Balancing
- Pending Factors
- Looking Ahead



Economic Context



Alameda County Unemployment



State and Regional Layoffs

- Ongoing cutbacks concentrated in the technology sector
- Notable layoffs in 2025:
 - Health – Kaiser
 - Biotech – Unity, Pliant Therapeutics
 - Automotive – Cruise
 - Retail – Macy's, Bloomingdales, Kohl's



cruise

BIO-RAD

Chegg

★ macy's ★

FedEx

AUTODESK

salesforce

Meta

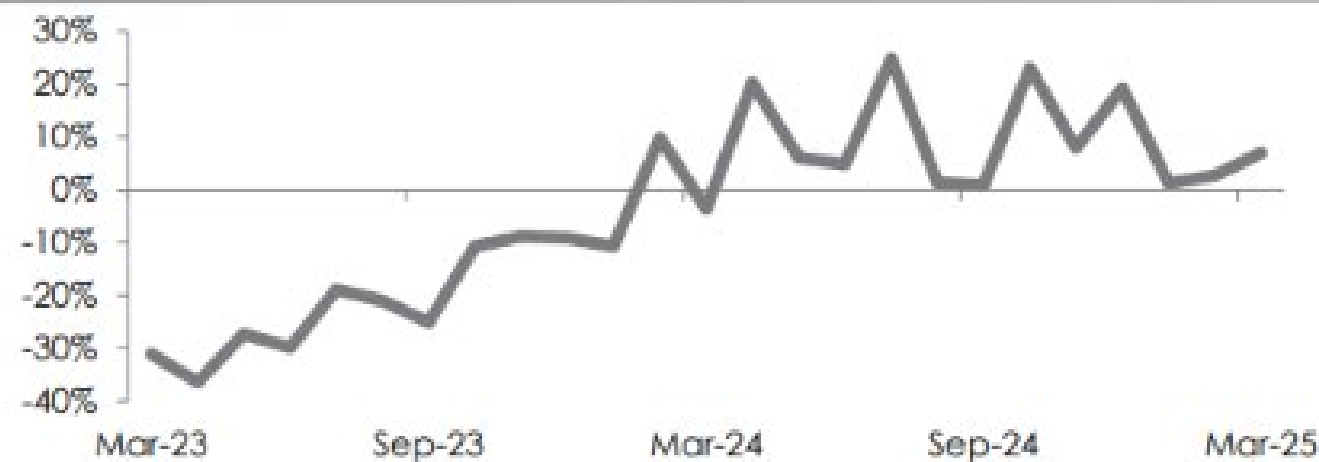
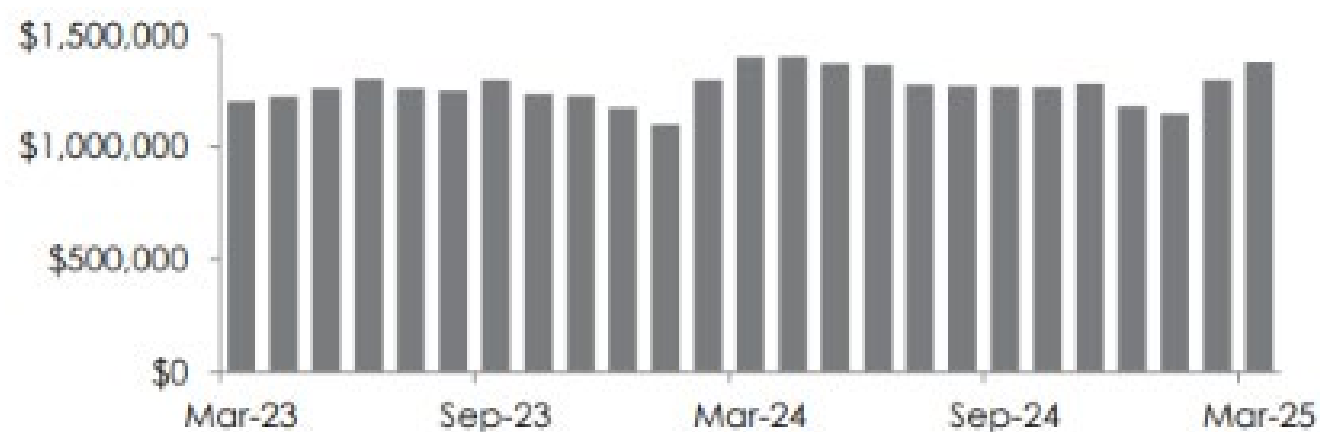
amazon

Google

Alameda County Real Estate Market Trends

March 2025

Median Price
For SF Detached Homes
\$1,380,000
6.2% MTM
-1.4% YTY



Home Sales
For SF Detached Homes
+7% YTY
36.6% MTM
4.2% YTD

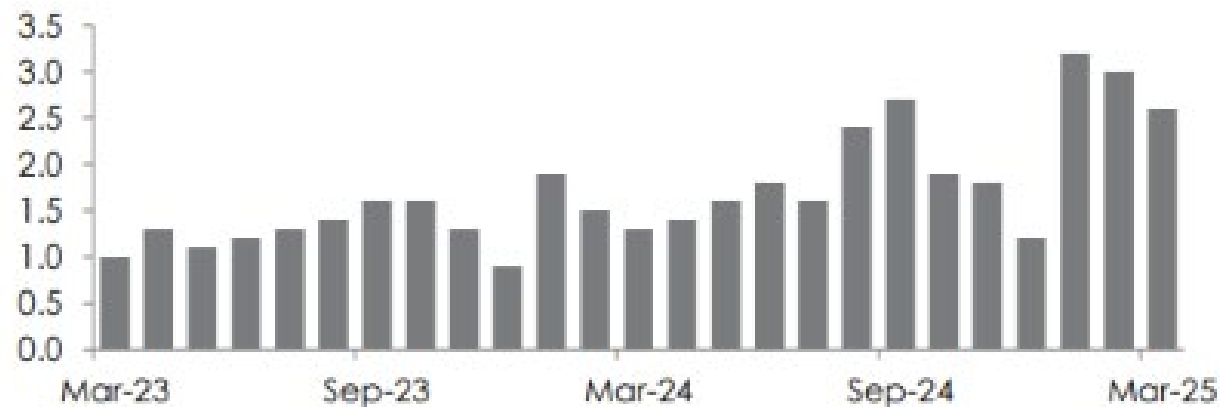


Alameda County Real Estate Market Trends

March 2025

Unsold Inventory
For SF Detached Homes
2.6 Months

-13.3% MTM
100.0% YTY



Median Time on Market
For SF Detached Homes

12 Days

4.5% MTM
4.5% YTY



State and Federal Updates



State Budget Update – May Revision

- The May Revise proposes to solve a projected **\$12 billion budget shortfall**
 - Does not incorporate any effect of federal cuts under consideration in Congress
 - Does not forecast a traditional recession but reflects a “growth recession” principally driven by higher tariffs
 - Key economic factors in the May Revise forecast have been downgraded:
 - US GDP, job growth, unemployment rate
 - Wage and salary growth considerably downgraded as tariffs make businesses less profitable
- Impact of tariffs on financial markets has significant implications on personal income tax revenues, which is the State’s main source of income
- Medi-Cal expenditures have increased significantly and continue to outpace revenues

May Revision Budget Balancing

■ Reductions: \$5 billion

- Medi-Cal:
 - Enrollment freeze for full-scope expansion for undocumented adults
 - Medi-Cal asset test limits
 - Elimination of long-term care benefits for individuals with certain statuses, those who will eventually qualify for federal funds, and those enrolled in the Medi-Cal full-scope expansion
- 50 hour cap in IHSS overtime and travel

■ Revenue/Borrowing: \$5.3 billion

- Prop. 35 support for Medi-Cal rate increases
- Loans

■ Fund Shifts: \$1.7 billion

Federal Update

- On May 2, the Trump administration released its Fiscal Year 2026 budget calling for significant cuts to non-defense programs while boosting defense and border funding
 - \$163 billion in cuts to non-defense discretionary spending
 - \$33 billion reduction (26%) to Health and Human Services
 - 40% reductions to the National Institutes for Health and Centers for Disease Control
 - \$33 billion reduction (44%) to Housing and Urban Development
 - Restructuring and cutting all rental assistance and public housing funds
 - Elimination of Community Development Block Grant program and HOME Investment Partnerships Program
 - Restructuring and cutting funding for homeless assistance

Current Year Budget Overview



FY 2024-25 Final Budget Overview

(\$ in millions)

All Funds	\$4,564.5
General Fund	\$3,982.1
<i>Increase from FY 2023-24</i>	<i>\$280.0</i>
Full-Time Equivalent Positions (FTEs)	10,477.21
<i>Increase from FY 2023-24</i>	<i>77.41</i>



FY 2024-25 Budget Balancing

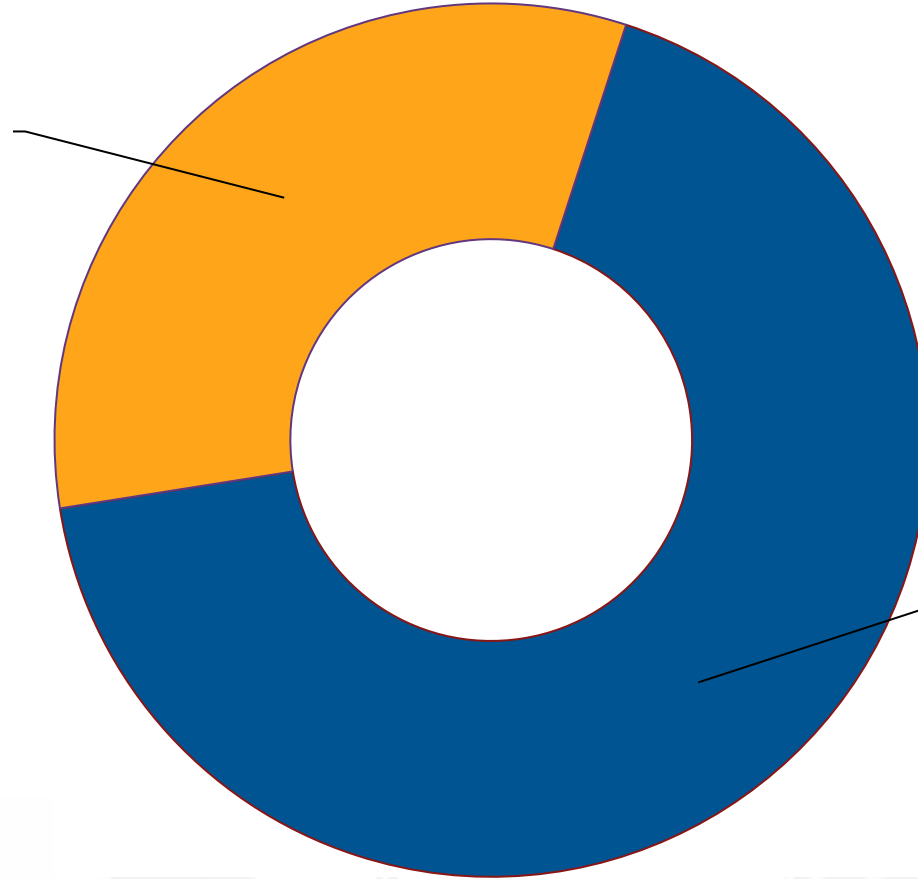
Program Areas	Ongoing Reductions	One-time Reductions	Total Net Reductions
General Government	\$5.4	\$5.0	\$10.4
Health Care Services	5.1	6.0	11.1
Public Assistance	0.0	1.3	1.3
Public Protection	13.4	9.8	23.2
PROGRAM TOTAL	\$23.9	\$22.1	\$46.0
Countywide Strategies			
Non-Program Revenue Adjustments	22.0	0	22.0
COUNTYWIDE TOTAL	\$22.0	\$0.0	\$22.0
GRAND TOTAL	\$45.9	\$22.1	\$68.0



FY 2024-25 Budget Balancing

(\$ in millions)

One-Time
Strategies
\$22.1 (40%)



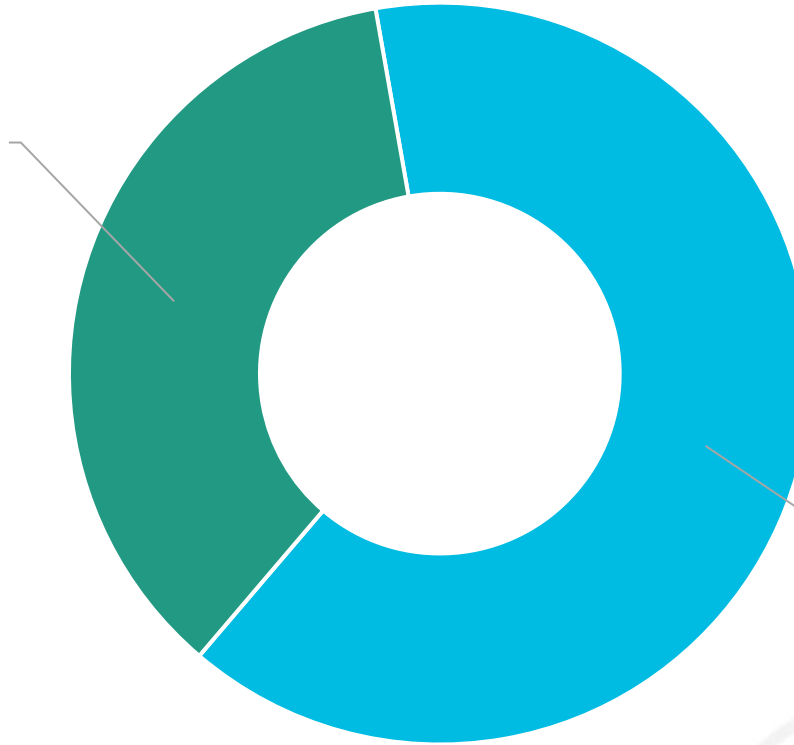
Ongoing
Strategies
\$45.9 (60%)

Total Net County Cost Reductions: \$68.0 million

State and Federal Aid as a Percentage of Total Financing

(\$ in millions)

All Other Revenue,
\$1,433.1 , 36%



State and Federal Aid*,
\$2,549.0 , 64%

Total Financing: \$3,982.1

**Including Medi-Cal Charges for Services*

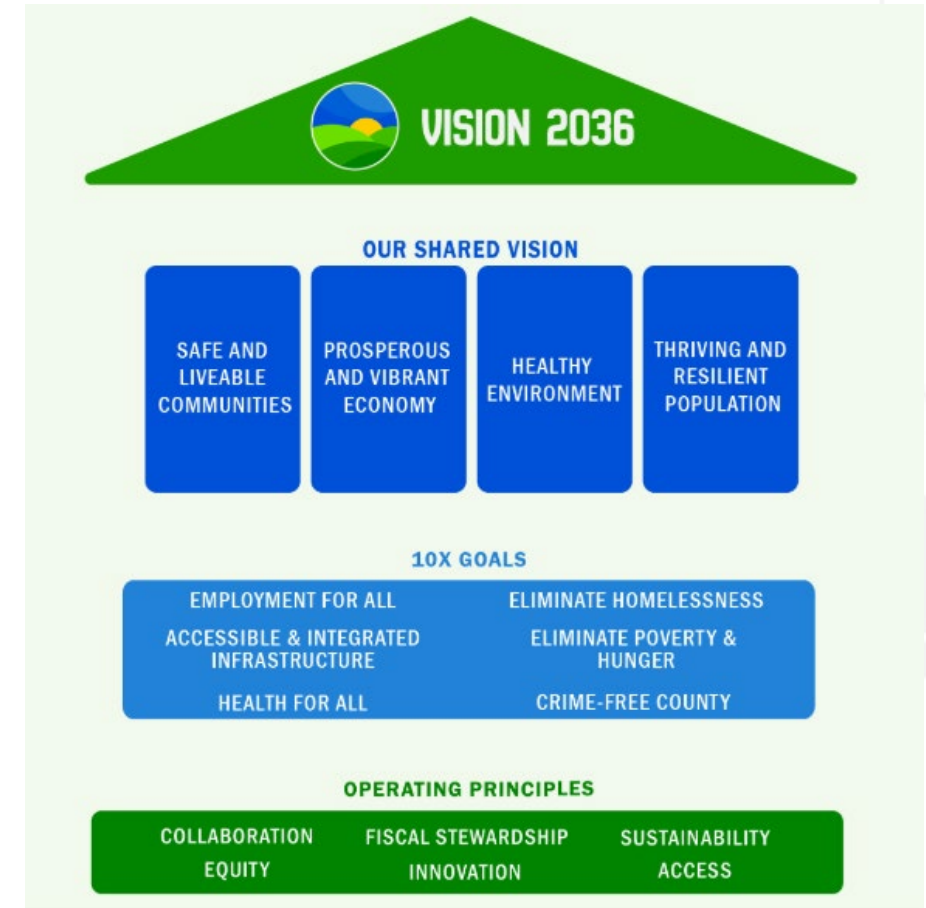
FY 2025-26 MOE Budget



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
- Alignment with Vision 2036



Program Area Summary

(\$ in millions)

Subtotal Program	24-25 FINAL Approved	2025-26 MOE	Change from FY 25-26 Approved	% Change
Appropriations	\$3,611.2	\$3,823.3	\$212.1	5.9%
Revenue	\$2,703.7	\$2,821.3	\$117.6	4.3%
Net County Cost	\$907.5	\$1,002.0	\$94.5	10.4%

NOTE: Totals may vary slightly due to rounding



FY 2025-26 MOE Budget Program Summary

(\$ in millions)

Program	Appropriation	Revenue	Net Cost	FTE
General Government	\$ 321.6	\$ 183.0	\$138.6	978.53
Public Protection	\$1,136.4	\$ 564.1	\$572.3	3,124.96
Public Assistance	\$1,125.6	\$1,046.2	\$ 79.4	2,569.93
Health Care Services	\$1,239.7	\$1,028.0	\$211.7	1,870.39
Subtotal Programs	\$3,823.3	\$2,821.3	\$1,002.0	8,543.81

NOTE: Totals may vary slightly due to rounding



FY 2025-26 MOE Budget

Net Cost Change by Program (\$ in millions)

Program	2024-25 FINAL Approved Net Cost	2025-26 MOE Net Cost	Change	% Change
General Government	\$116.4	\$138.6	\$22.2	19.1%
Public Protection	\$522.4	\$572.3	\$49.9	9.6%
Public Assistance	\$ 70.4	\$ 79.4	\$ 9.0	12.8%
Health Care Services	\$198.3	\$211.7	\$13.4	6.8%
Subtotal Programs	\$907.5	\$1,002.0	\$94.5	10.4%

NOTE: Totals may vary slightly due to rounding

FY 2025-26 Program Net Cost Changes

(partial list, \$ in millions)

Appropriation changes

- Salary and Benefit increases
- Internal Service Fund increases
- Intra-Fund Transfer adjustments
- 5.0% COLA for CBOs
- 5.0% COLA for AHS
- IHSS MOE Inflation and Health Benefit adjustments
- Santa Rita Jail food service contract
- Assistance Payments

Change

\$77.0
\$43.0
(\$7.7)
\$4.6
\$4.1
\$7.8
\$6.8
\$8.6

Financing changes

- Realignment revenue adjustments
- Other Social Services program revenue
- ROV election services revenue
- Loss of one-time revenue
- Property Transfer Tax adjustments
- Other tax adjustments
- Recording Fee adjustments
- Law enforcement services contracts
- Police Protection County Service Area
- Lead settlement
- One-time prior-year savings

\$13.1
\$17.0
(\$11.2)
(\$18.6)
(\$2.8)
\$1.5
(\$1.3)
(\$1.8)
\$1.1
\$1.4
(\$3.5)



Internal Service Fund Increases

(\$ in millions)

	FY 24-25 Approved Budget	FY 25-26 MOE	Change	% Change
Risk Management	\$49.3	\$ 69.3	\$20.0	41.0%
Information Technology Services	\$78.0	\$ 85.5	\$7.5	9.6%
Communications, Radio	\$8.3	\$ 8.9	\$0.6	7.2%
Building Maintenance	\$122.9	\$137.5	\$14.6	11.8%
Motor Vehicle	\$15.4	\$ 15.7	\$ 0.3	2.4%
Total Internal Service Funds	\$273.9	\$316.9	\$43.0	15.7%

NOTE: Totals may vary slightly due to rounding



FY 2025-26 MOE Budget Non-Program Summary

(\$ in millions)

Non-Program	Appropriation	Revenue	Net Cost
Capital Project Financing	\$ 75.0	\$ 25.0	\$ 50.0
Contingency / Reserves	\$156.3	\$ 22.6	\$ 133.7
Debt Service	\$ 80.7	\$ 16.2	\$ 64.5
Non-Program Financing	\$ 75.0	\$1,219.5	(\$1,144.5)
Total Non-Program	\$387.0	\$1,283.3	(\$ 896.3)

NOTE: Totals may vary slightly due to rounding

FY 2025-26 MOE Budget

Net Cost Change Non-Program (\$ in millions)

Non-Program	2024-25 FINAL Net Cost	2025-26 MOE Net Cost	Change	% Change
Capital Project Financing	\$ 50.0	\$ 50.0	0	0
Contingency / Reserves	\$ 110.2	\$ 133.7	\$23.5	21.3%
Debt Service	\$ 54.2	\$ 64.5	\$10.3	19.0%
Non-Program Financing	(\$1,121.9)	(\$1,144.5)	(\$22.6)	2.0%
Total Non-Program	(\$ 907.5)	(\$ 896.3)	\$11.2	1.2%

NOTE: Totals may vary slightly due to rounding

FY 2025-26 Non-Program Net County Cost Change

(partial list, \$ in millions)

■ Debt Service	\$ 10.3
■ Contingency/Reserves	\$ 23.5

Total Non-Program Expenditures	\$ 33.8
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■ Interest Earnings	\$14.0
■ Property Taxes*	(\$99.8)
■ Motor Vehicle - ERAF	(\$11.4)
■ Sales & Use Taxes	\$ 0.4
■ Changes in other Non-Program Revenue	(\$ 0.8)
■ General Liability and Workers' Comp Program	\$ 75.0

Total Non-Program Financing	(\$22.6)
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TOTAL NON-PROGRAM	\$ 11.2
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*Includes residual taxes



FY 2025-26 MOE Budget Summary

(\$ in millions)

	Appropriation	Revenue	Net Cost	FTE
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Subtotal Non-Program	\$387.0	\$1,283.3	(\$ 896.3)	
TOTAL	\$4,210.3	\$4,104.6	\$105.7	8,543.81

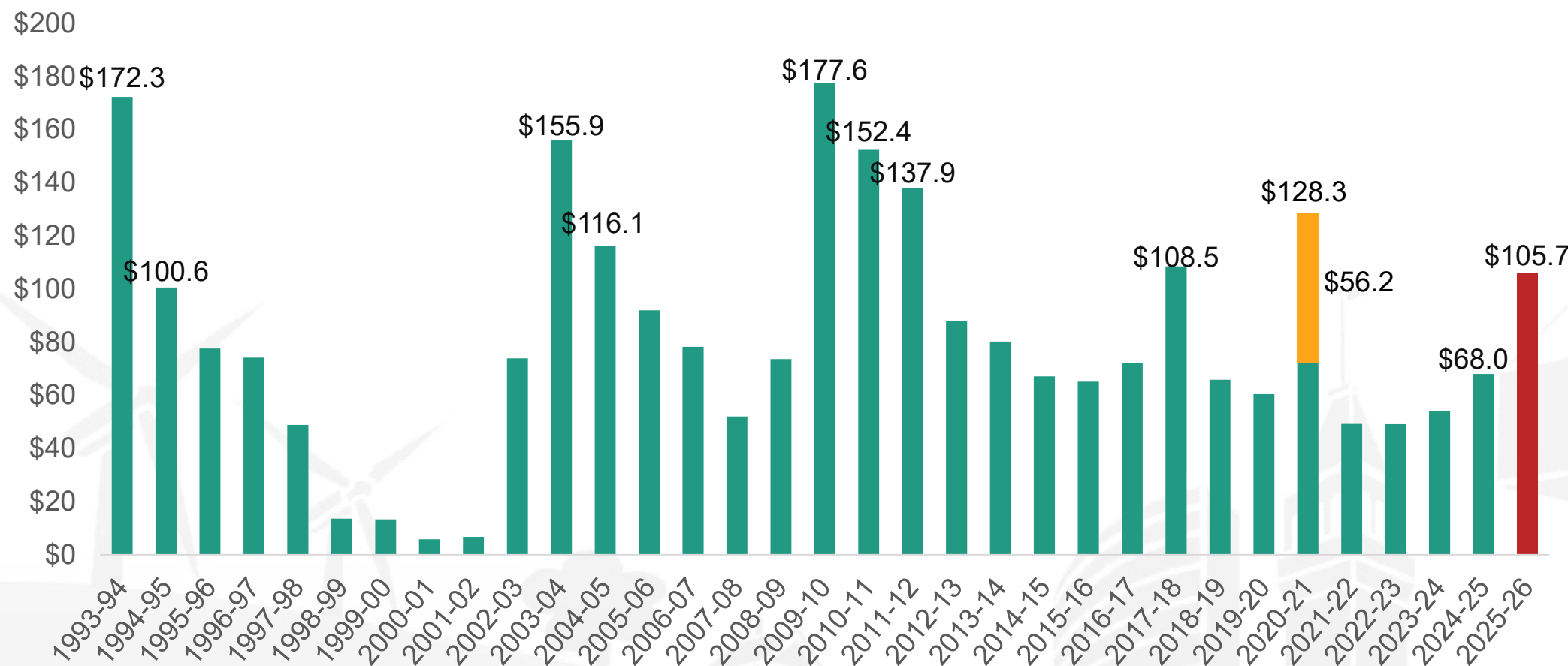
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Alameda County Funding Gaps since ERAF

(\$ in millions)

Total since FY 1993-94: \$2.6 billion



FY 2025-26 Budget Balancing



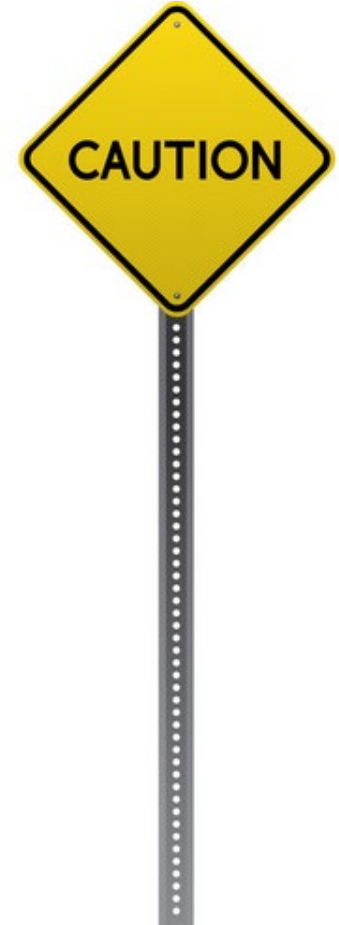
Recommended Budget Balancing Approach

Close the preliminary funding gap and develop a balanced Proposed Budget

- CAO to work with County Agency/Department Heads to close the structural funding gap through a combination of strategies that may include:
 - Review of all program revenues to identify additional ongoing adjustments
 - Review program budgets to identify further cost reductions
 - Review vacant funded positions
 - Review other available departmental funds
 - Review non-program revenue and expenses based on more current data
 - Consider other countywide strategies to reduce net cost
 - Continue to reduce reliance on one-time strategies including prior-year savings

Pending Factors

- State budget and federal budget
- Labor negotiations & workforce challenges
- Pending litigation and settlements
- Rising liability and insurance costs
- Pension and other employee benefit cost increases
- Potential federal and State audit disallowances
- Unfunded capital projects and deferred maintenance
- Ongoing homelessness crisis; Home Together Plan
- CARE Court and Proposition 1 implementation
- Reimagining Adult Justice initiatives
- Assessment appeals
- Global finances and climate change
- Economic downturn



Looking Ahead



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). Annual surveillance review of Alameda County by Moody’s reaffirmed AAA rating in May 2024.
- Capital Improvement Plan - \$1.5 billion of unfunded capital costs over the next five years
 - Long-Range Capital Financing Plan adopted including the establishment of the Special Capital Construction Fund
- County’s pension liability
 - ACERA Dec 31, 2023 actuarial valuation showed a \$1.4 billion unfunded actuarial accrued liability
 - The County prepaid a portion of the unfunded liability and allocates savings to the Pension Liability Reduction Fund

Next Steps

- Continue to review and analyze the impact of the Governor's May Revision
- Continue to update revenue projections and implement cost containment and reduction strategies
- Identify strategies to close the preliminary funding gap and develop a balanced FY 2025-26 Proposed Budget
- Review positions and vacancy factors
- Consider technology solutions and other efficiency initiatives to streamline operations
- Continue to collaborate with labor and community partners to identify strategies to maintain a balanced budget and continue providing critical services to our diverse communities

