



Alameda County Fiscal Year 2025-26 Early Budget Work Session

Susan S. Muranishi, County Administrator

April 15, 2025

REVISED



Early Budget Work Session

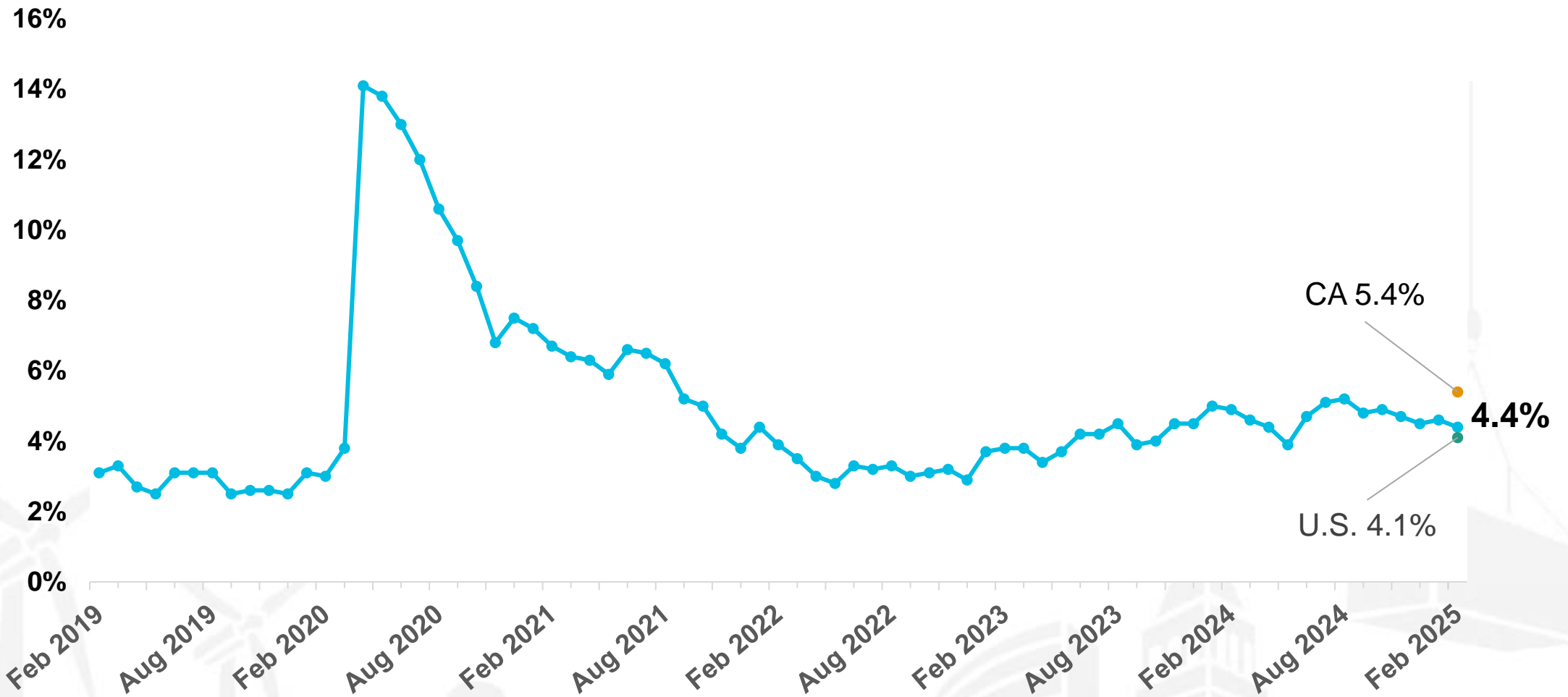
- Economic Context, Federal, and State Update
- County Budget Updates
 - Board-Approved FY 2025-26 Budget Policy
 - FY 2025-26 Budget Next Steps
- Pending Factors
- FY 2025-26 Preliminary MOE - Department Presentations



Economic Context



Alameda County Unemployment

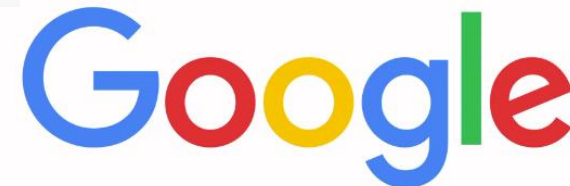


State and Regional Layoffs

- Ongoing cutbacks concentrated in the technology sector
- Notable layoffs in 2025:
 - Health – Kaiser
 - Life Science and Biotech – Bio-Rad
 - Automotive – Cruise
 - Retail – Macy's, Bloomingdales, Kohl's



cruise

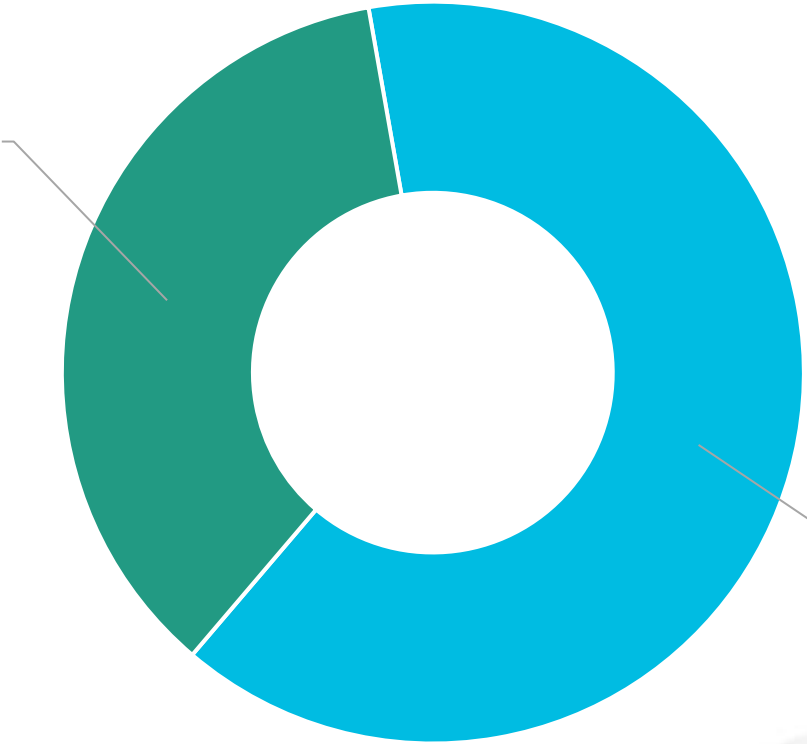


State and Federal Updates



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*



State Budget Update

- Department of Finance reported personal income tax receipts above forecast in March, while corporate tax and sales and use tax receipts are below forecast
- Legislative Analyst's Office estimates 2025-26 State budget remains "roughly balanced"
 - State would face a deficit today if not for legislative action last June to identify \$28 billion in budget solutions, which has generated about \$23 billion in savings
 - Revenue collections have improved since last June
 - Spending is higher compared to administration and LAO forecasts
 - Borrowing \$3.44 billion from the general fund to cover unexpected cost increases in Medi-Cal

Federal Update

- Congress approved a six-month Continuing Resolution to fund the government through September 30
- Congress passed a revised budget allowing for the extension of \$5.3 trillion in tax cuts
 - Senate plan directs committees to find \$4 billion in Medicare and Medicaid savings
- Layoffs across multiple federal agencies
- Notices of federal grant terminations
- Impact of tariffs on global trade and economy



Reduction Targets

Congress is planning cuts to key programs affecting the County's core services, including TANF, Social Services, SSI, Medicaid, SNAP, and climate initiatives.

Tariff Uncertainty

- Stock market volatility resulting from tariffs impacting retirement systems
 - CalPERS lost \$20 billion from its investment portfolio
 - If annual targets are not met, public agencies may need to increase contributions
- Tariffs pushing up cost of building materials which could drive up US home insurance rates even higher
- Mixed signals regarding new tariffs on tech
- Auto industry tariff exemption

Additional Federal Impacts

- Health and Human Services layoffs have slashed staffs of major federal aging, disability and anti-poverty programs
 - \$11 billion revoked in federal funding for grants related to addiction and mental health
 - The Substance Abuse and Mental Health Services Administration is being merged into the Administration for a Healthy America – a restructuring of HHS that is expected to eliminate 20,000 employees
- Staff laid off from the Division of Energy Assistance, which runs the Low-Income Home Energy Assistance Program (LIHEAP)
- Deep cuts in Medicaid funding feared – which provides the largest single source of insurance coverage for drug and alcohol treatment

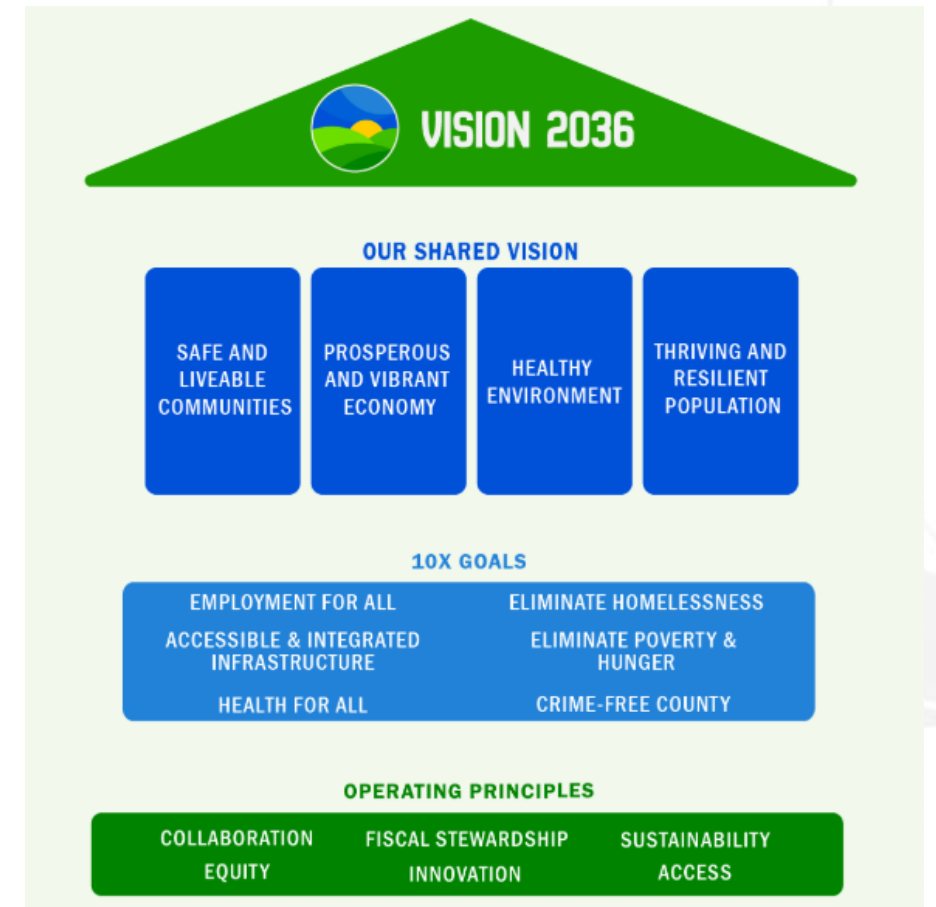
2025-26 MOE Budget



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



FY 2025-26 Budget Development Next Steps

- Continue analysis of program expenditure & revenue projections
- Analyze & update non-program revenue and expenditure projections
- Position review and assessment of vacancy factors
- Identify any remaining funding gap & balancing strategies
- Analyze Governor's May Revision
- Submit balanced Proposed Budget to Board of Supervisors
- Budget Hearings
- Adopt balanced Final Budget by June 30th



Budget Process Overview

January

Budget Kickoff
ISF budget requests submitted

April/May

Budget Workgroup mtgs
Budget gap identified
Other special budgets submitted

Early June

Proposed Budget presented to the Board

February

Department budget requests and narratives submitted
CBO contracts data submitted

Early April

Early Budget Work Sessions

Late May

Departments submit reduction plans

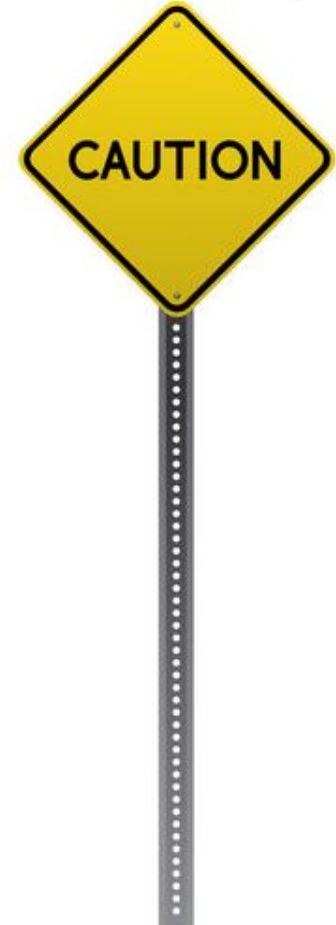
Late June

Budget hearings and Final Budget adoption



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



FY 2025-26 Early Budget Work Session Schedule

County Administrator's Overview

Health Care Services

AC Health

Public Assistance

Social Services Agency

Child Support Services

General Government

General Services Agency

Public Works Agency

Community Development Agency

Assessor

Public Protection

Sheriff

District Attorney

Probation Department

Public Defender

Fire Department

General Government (continued)

Registrar of Voters

Information Technology Department

Auditor-Controller

Treasurer-Tax Collector

Human Resource Services

Library



