



# Alameda County Budget Workgroup Meeting

April 22, 2026



# Overview

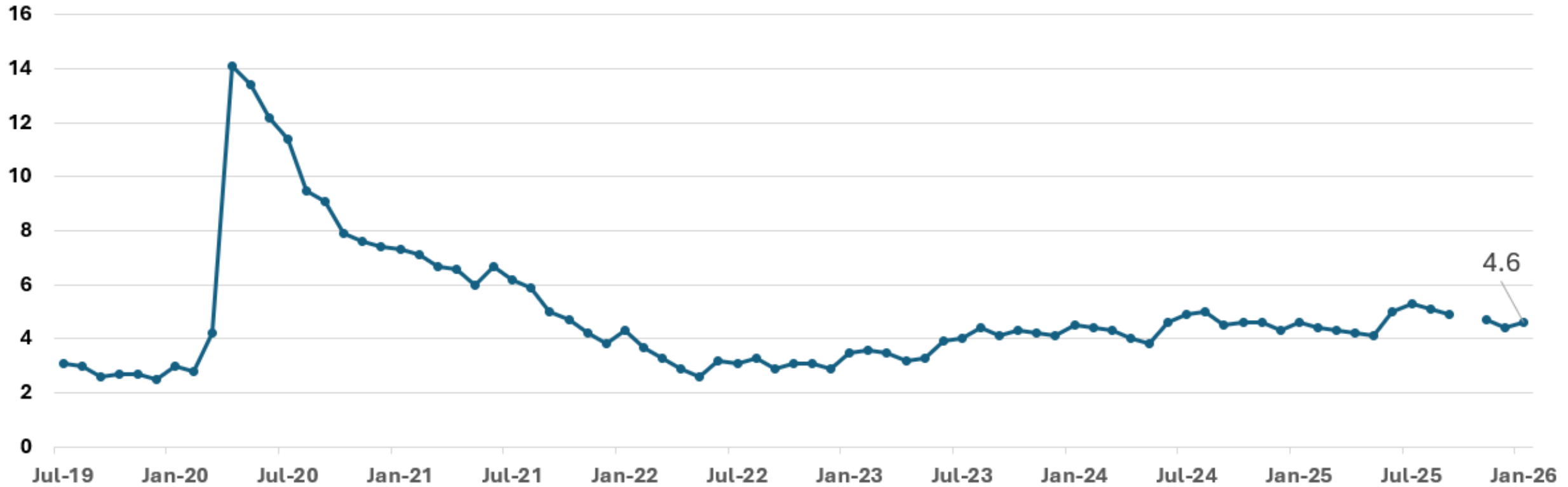
- Economic Updates
- State and Federal Updates
- FY 26-27 Maintenance of Effort (MOE) Budget
- FY 26-27 Funding Gap
- Budget Balancing
- Pending Factors
- Looking Ahead



# Economic Context



# Alameda County Unemployment



Source: State of California Employment Development Department

COUNTY ADMINISTRATOR'S OFFICE



# AI and Automation Continue to Reshape Tech Industry

- Federal Reserve warns the elevated valuation of the market could result in losses or a market crash if tariffs slow economic growth
- AI restructuring and automation drives cutbacks in the technology sector

- Notable recent layoffs:

- Block
- Amazon
- UPS
- Google
- Meta
- Pinterest
- Workday



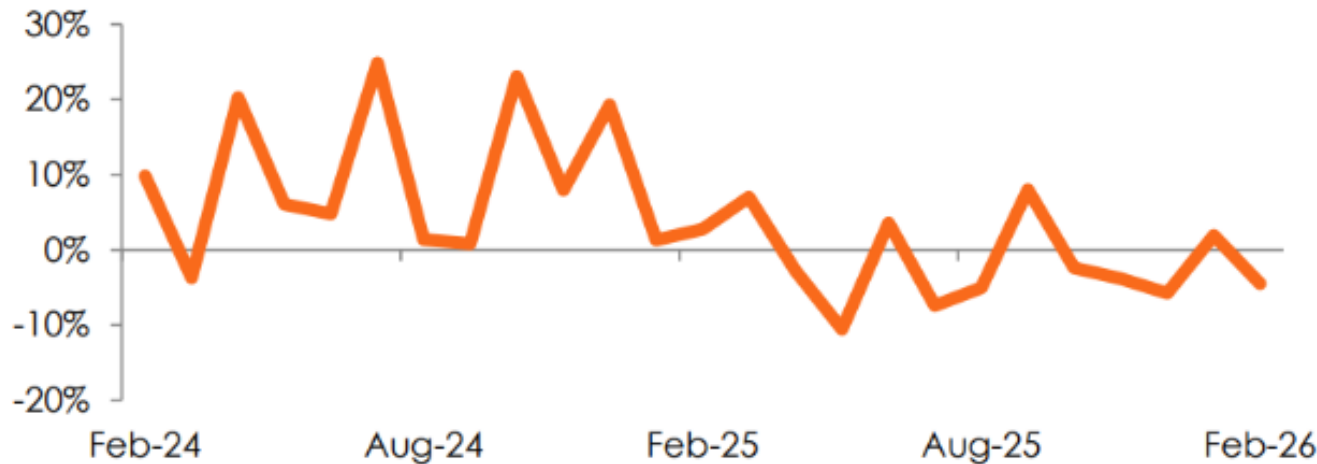
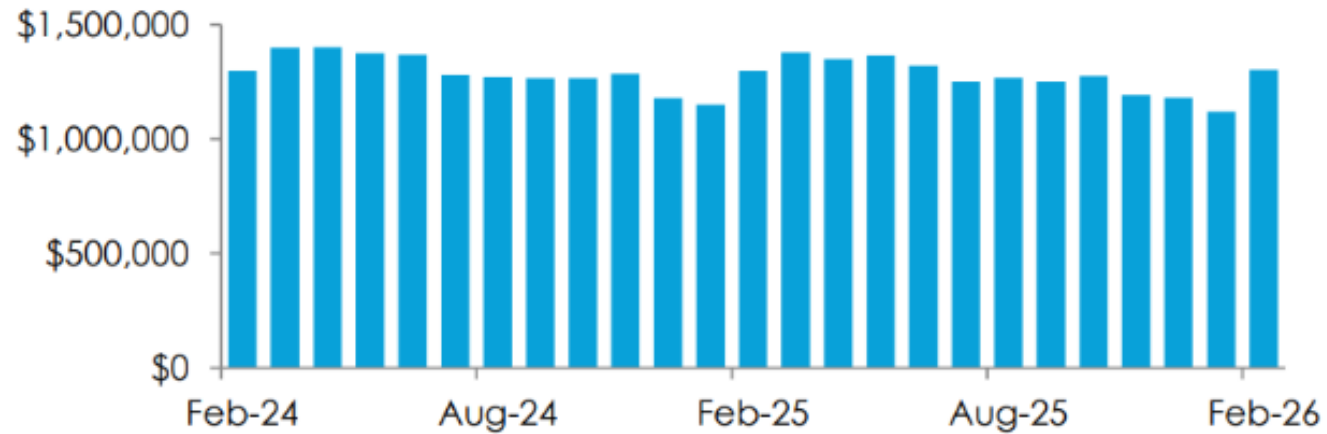
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# Alameda County Real Estate Market Trends

## February 2026

Median Price  
For SF Detached Homes  
**\$1,303,500**  
16.4% MTM  
0.3% YTY



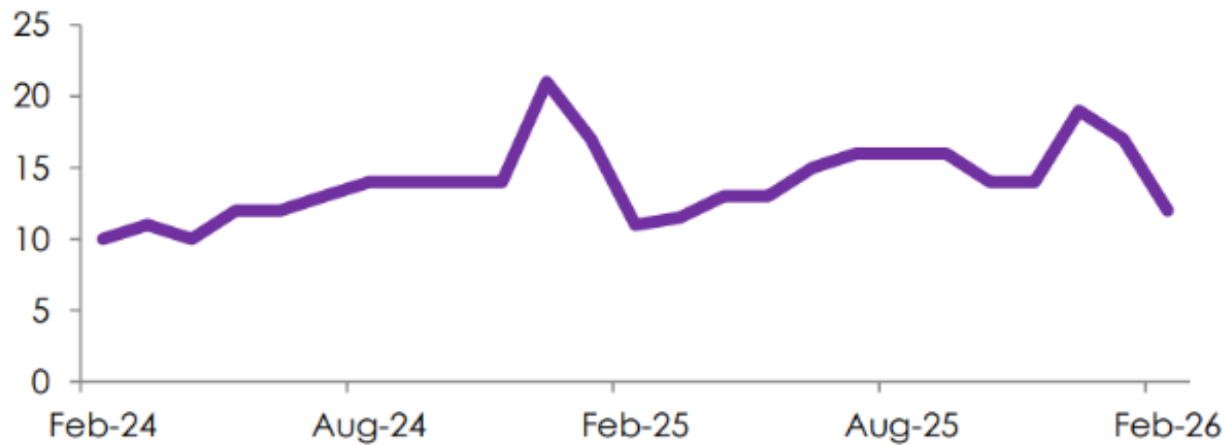
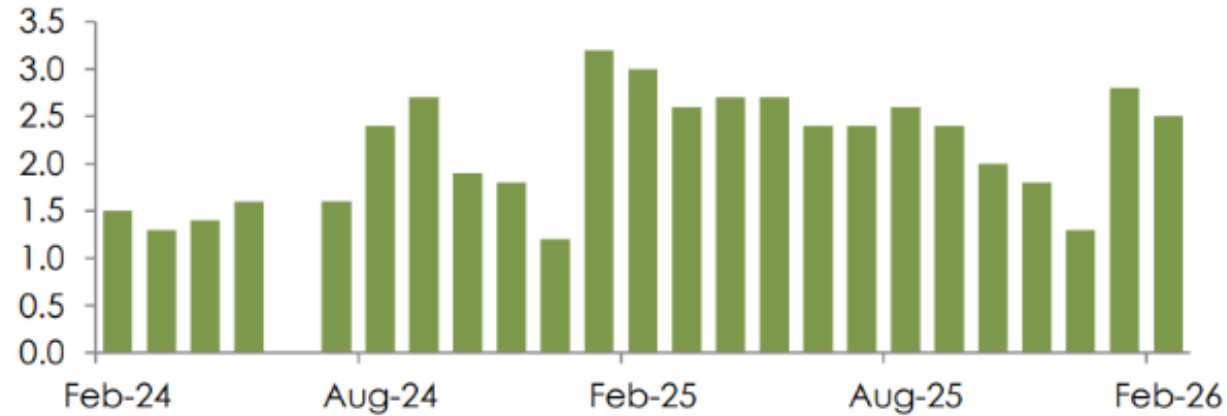
Home Sales  
For SF Detached Homes  
**-4.5% YTY**  
33.8% MTM  
-1.8% YTD



# Alameda County Real Estate Market Trends

## February 2026

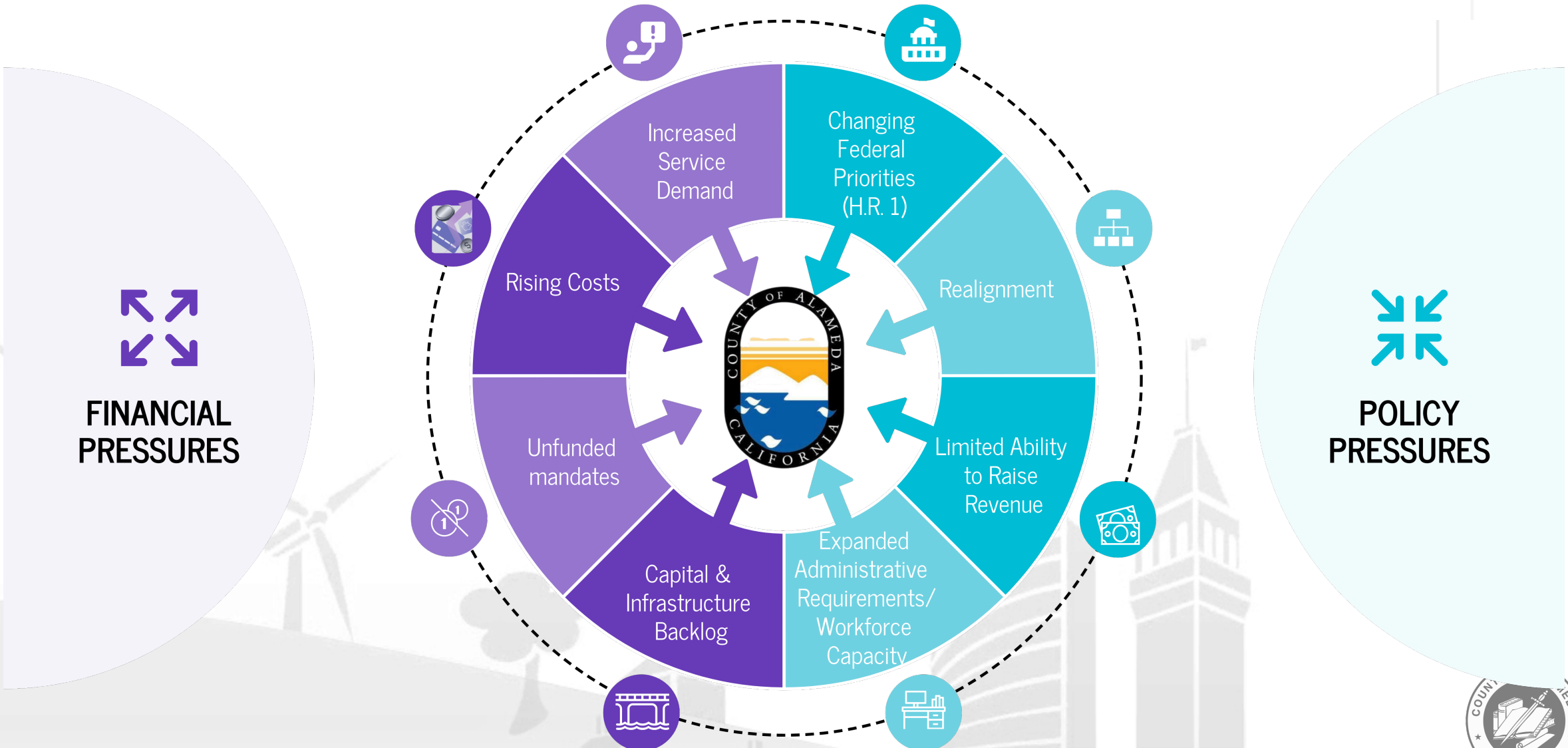
Unsold Inventory  
For SF Detached Homes  
**2.5 Months**  
-10.7% MTM  
-16.7% YTY



Median Time on Market  
For SF Detached Homes  
**12 Days**  
-29.4% MTM  
9.1% YTY



# The Pressure Environment for Counties



# State and Federal Updates



# Federal Budget Update

- White House released their FY 27 budget request on April 3.
- The President's request cuts non-defense discretionary funding by 10%, or \$73 billion.
- The budget is unlikely to be passed in its current form but signals the administration's priorities.
- Top Highlights for Alameda County:
  - Eliminates the Community Services Block Grant (CSBG)
  - Cuts the Federal Emergency Management Agency's (FEMA) non-disaster grant programs by \$1.5 billion
  - Eliminates the Community Development Block Grant (CDBG) and the Home Investment Partnerships (HOME) programs
  - Reduces homeless assistance grant funding and restructures the Continuum of Care and Emergency Solutions Grant programs
  - Reconfigures workforce development funding
  - Cuts \$1.7 billion in state and local grants at the U.S. Department of Justice, including eliminating almost 30 grant programs entirely
  - Eliminates all election security grants made available via Help America Vote Act (HAVA)



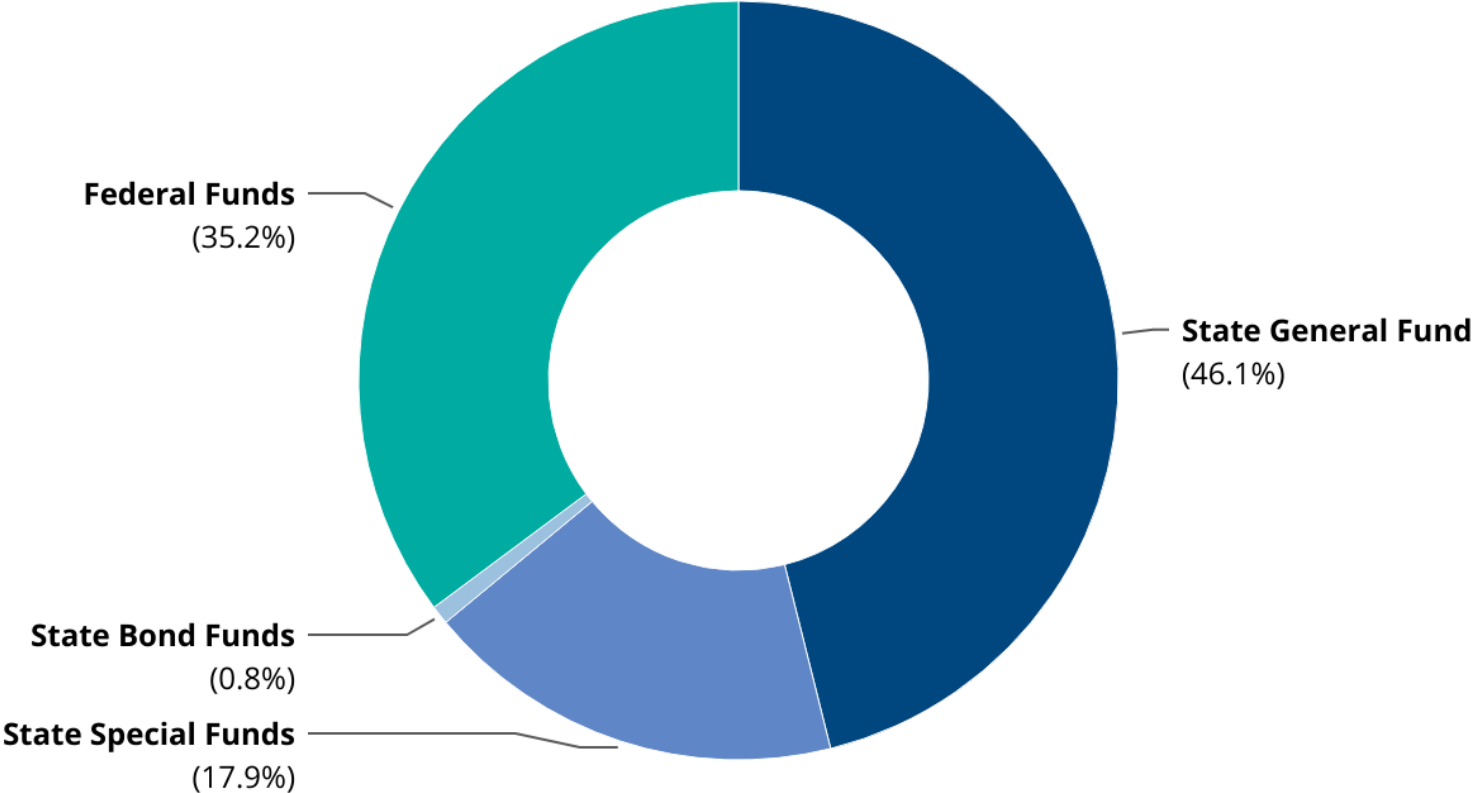
# State Budget Update

- The Governor has indicated that despite this year's revenues coming in higher than expected, the May Revise will include additional spending cuts to ensure the budget is balanced for multiple years.
- Senate Democrats released their 2026-27 budget framework last week which establishes their priorities ahead of negotiations that will follow the release of the May Revise:
  - Responsible budgeting
  - Maintaining essential programs
  - Improving the state's budget long-term.
- The Senate plan acknowledges needs associated with H.R. 1, including increased costs for Medi-Cal as well as support for hospitals and increased county health and human services administrative work.
- The Assembly is expected to release their priorities in the coming weeks.
- The May Revise is due on or before May 14<sup>th</sup>
- The California state budget for the 2026-2027 fiscal year must be passed by the Legislature by midnight on June 15, 2026.



# State Funds Account for Almost Two-Thirds of California's 2025-26 State Budget

Total Enacted 2025-26 Expenditures = \$495.6 Billion

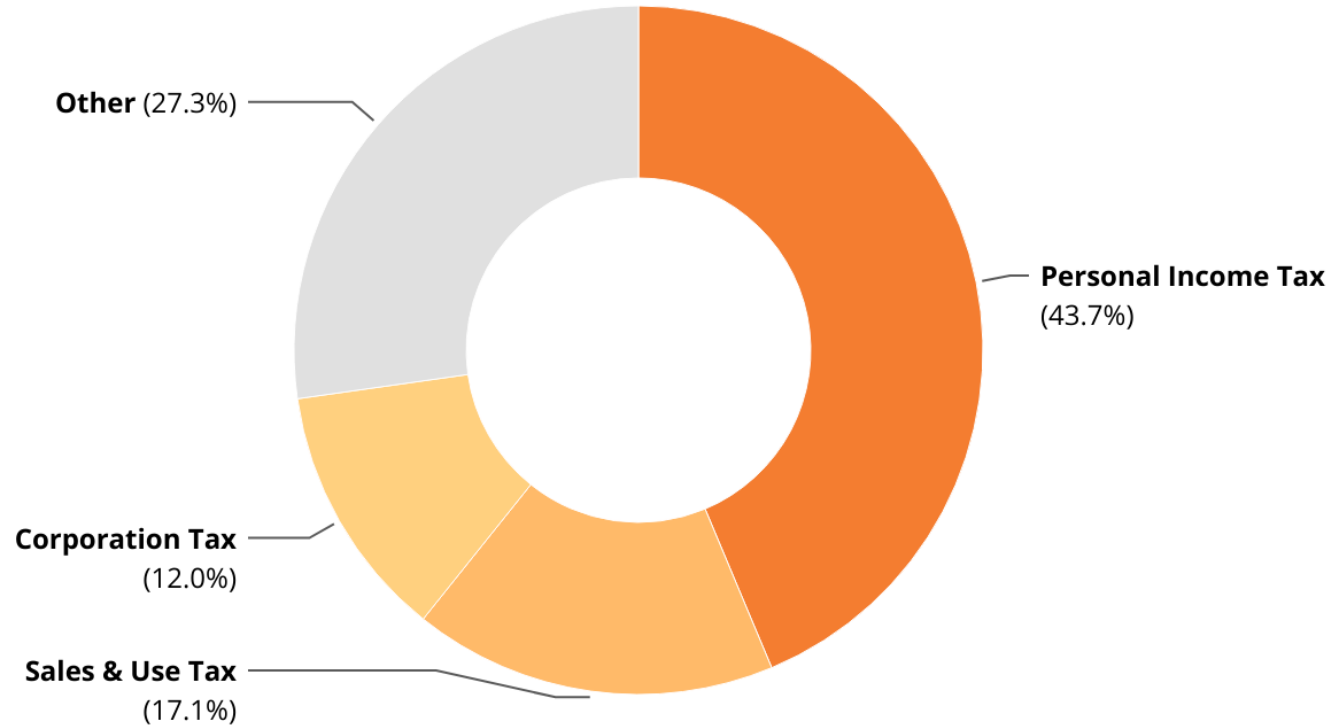


Source: Department of Finance



# Most State Revenue Comes from the Personal Income Tax, the Sales & Use Tax, and the Corporation Tax

Estimated General Fund and Special Fund Revenue as of the Enacted 2025-26 State Budget  
= \$296.7 Billion



Note: "Other" reflects loans and transfers — excluding transfers to/from the Budget Stabilization Account (the state's constitutional rainy day fund) — as well as a broad range of additional revenue sources, including taxes, fees, and fines. Figures do not sum to 100 due to rounding.

Source: Department of Finance

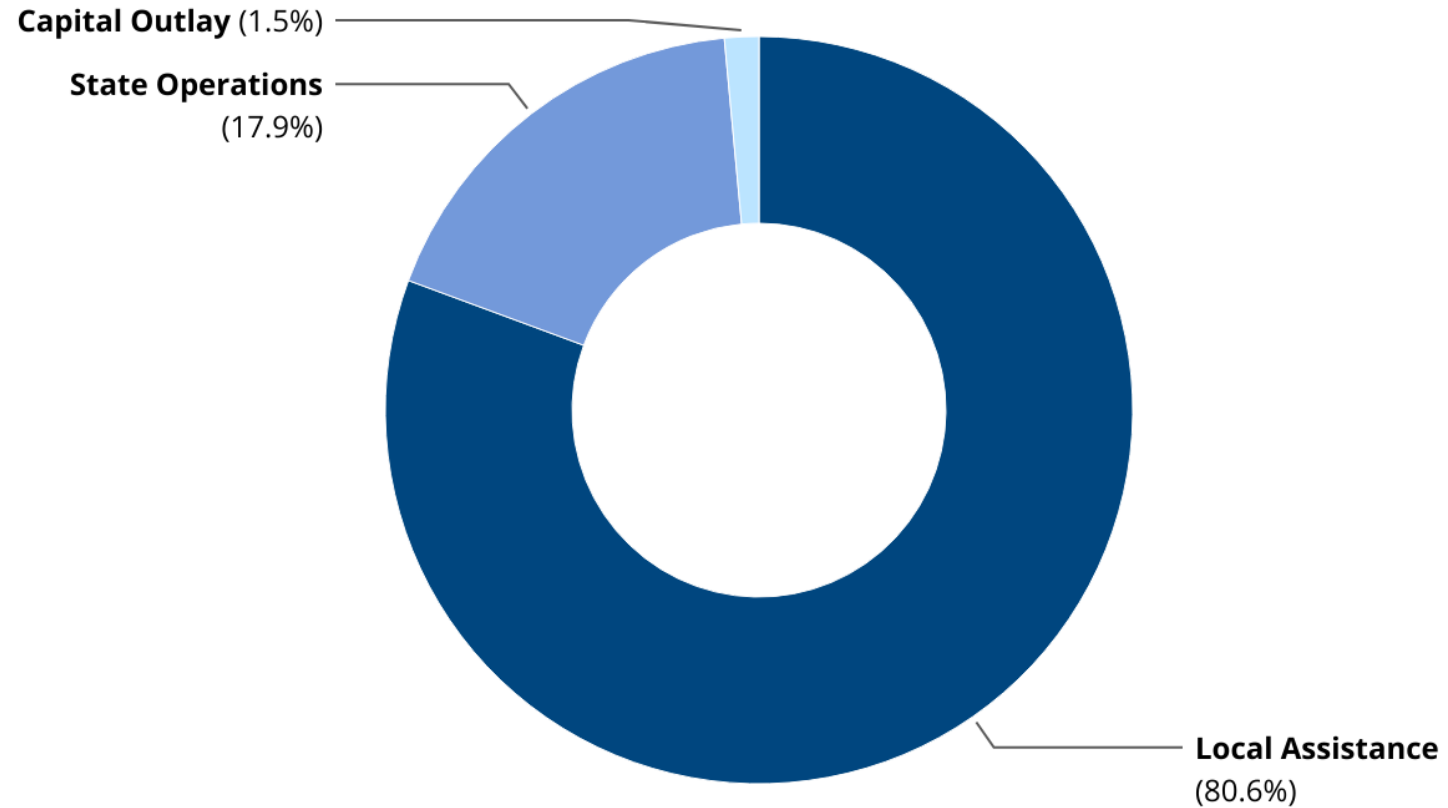


California Budget & Policy Center



# The State Budget Directs Dollars to California Communities Through Three Funding Categories

Total Enacted 2025-26 Expenditures = \$495.6 Billion



Note: Reflects federal funds as well as state General Fund, special fund, and bond fund dollars.

Source: Department of Finance

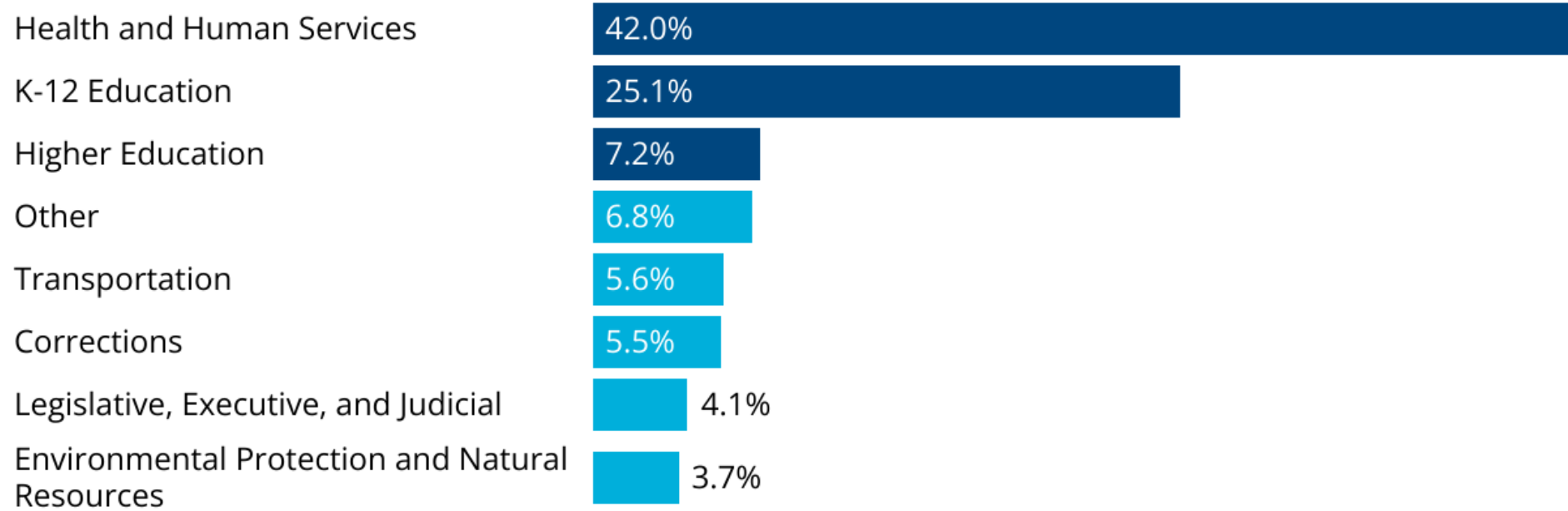


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# Almost 3 in 4 State Dollars Support Health and Human Services, K-12 Education, or Higher Education

Enacted 2025-26 General Fund and Special Fund Expenditures = \$317.2 Billion



Note: "Other" reflects a number of budget categories, including Business, Consumer Services, and Housing as well as Labor and Workforce Development.

Source: Budget Center analysis of Department of Finance data

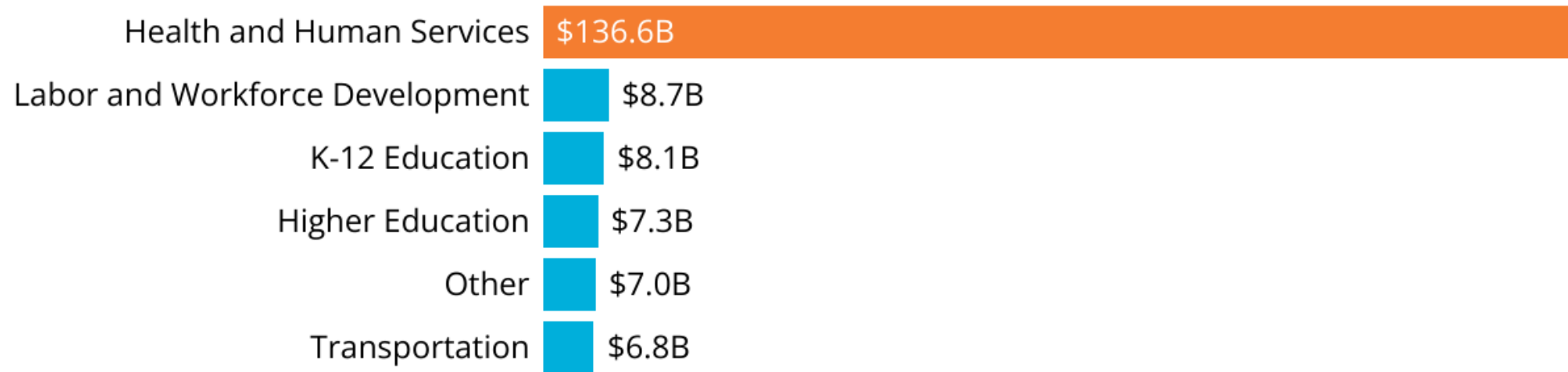


California Budget & Policy Center



# Almost 80% of Federal Funds Spent Through the State Budget Support Health & Human Services

Federal Funds Estimated to Be Spent in 2025-26 Under the Enacted State Budget = \$174.5 Billion



Note: "Other" reflects a number of budget categories, including Environmental Protection, Natural Resources, and Government Operations.

Source: Budget Center analysis of Department of Finance data



California Budget  
& Policy Center



# Current Year Budget Overview



# FY 2025-26 Final Budget Overview

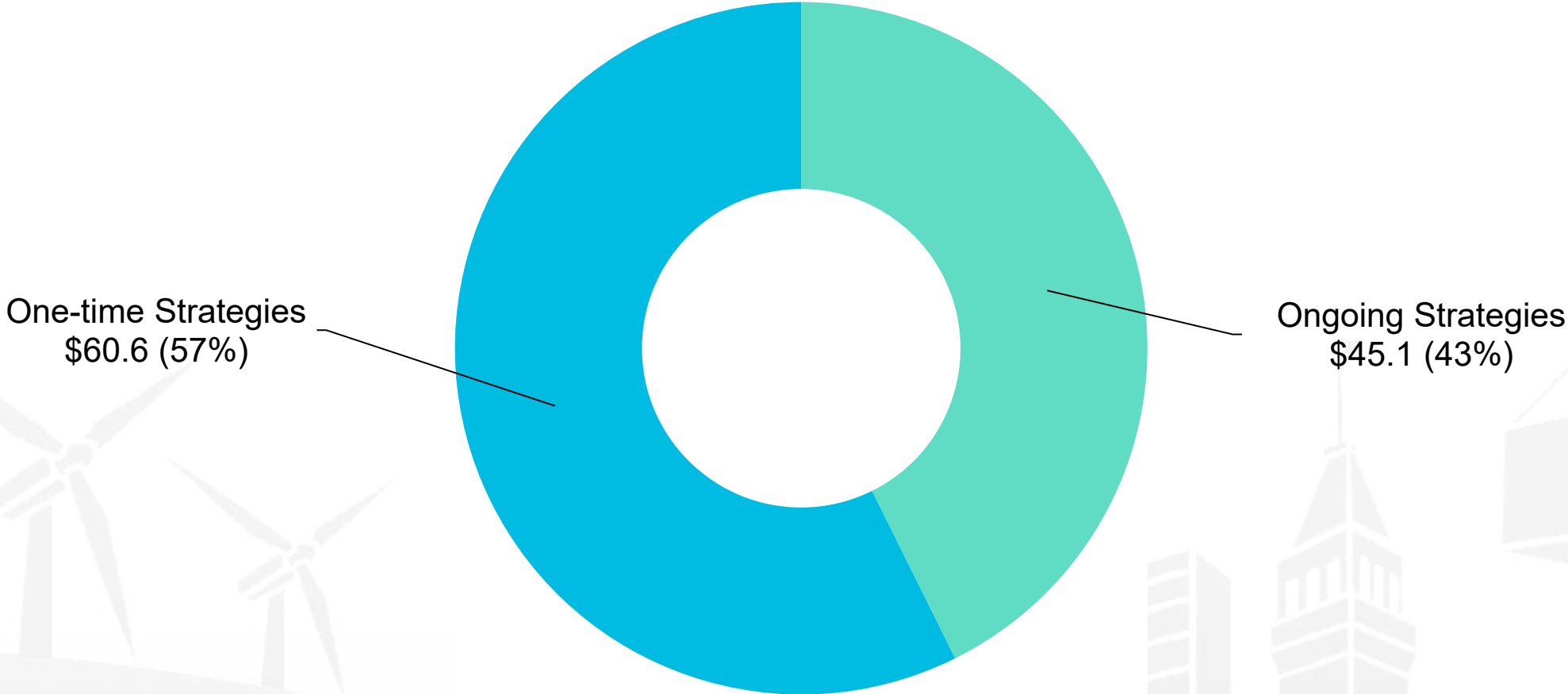
(\$ in millions)

<b>All Funds</b>	<b>\$6,140.2</b>
<b>General Fund</b>	<b>\$4,289.0</b>
<i>Increase from FY 2024-25</i>	<i>\$306.9</i>
<b>Full-Time Equivalent Positions (FTEs)</b>	<b>10,486.67</b>
<i>Increase from FY 2024-25</i>	<i>9.46</i>



# FY 2025-26 Budget Balancing

(\$ in millions)

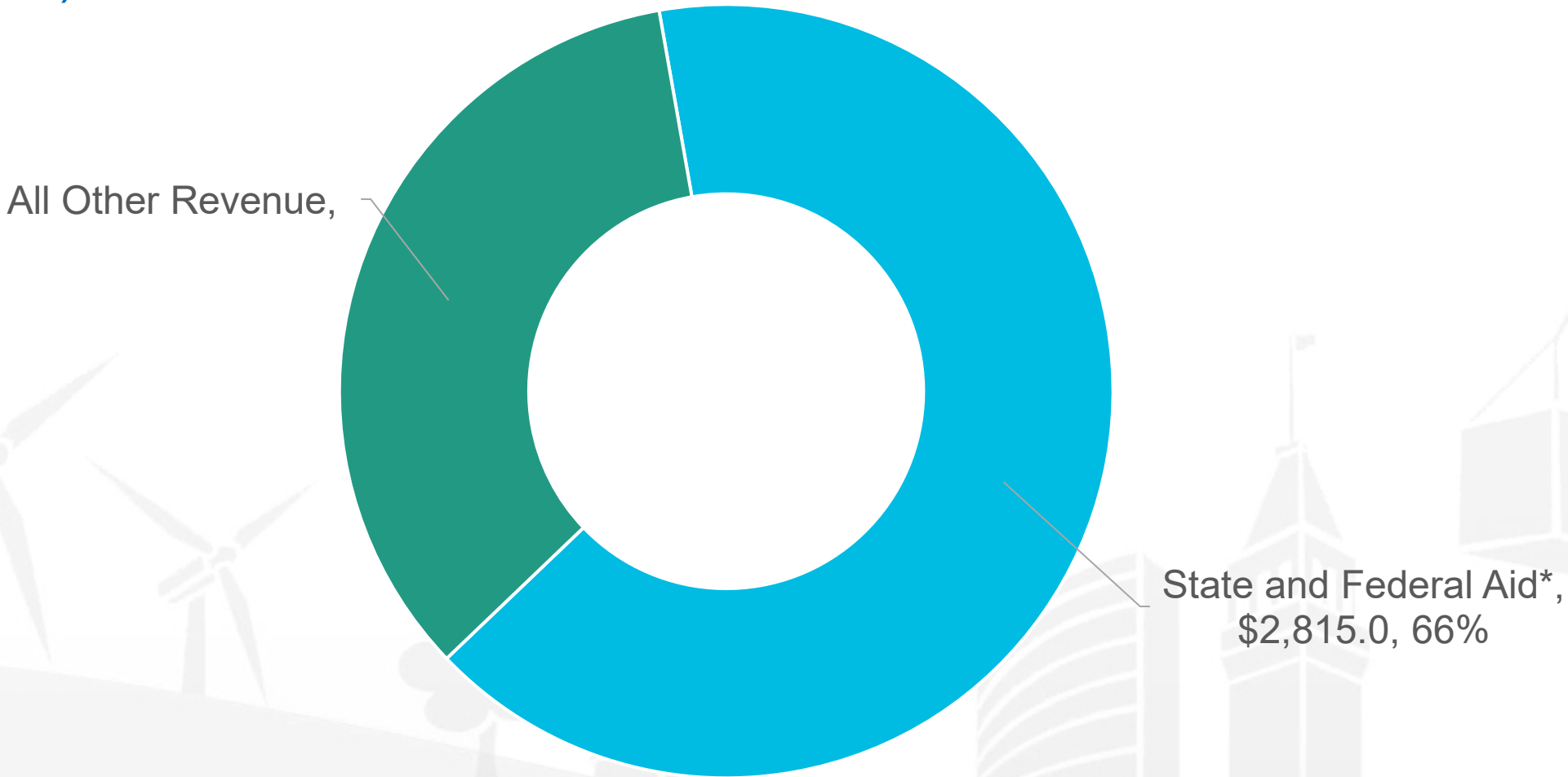


**Total Net County Cost Reductions: \$105.7 million**



# FY 2025-26 Approved State and Federal Aid as a Percentage of Total Financing

(\$ in millions)



**Total Financing: \$4,289.0**

*\*Including Medi-Cal Charges for Services*



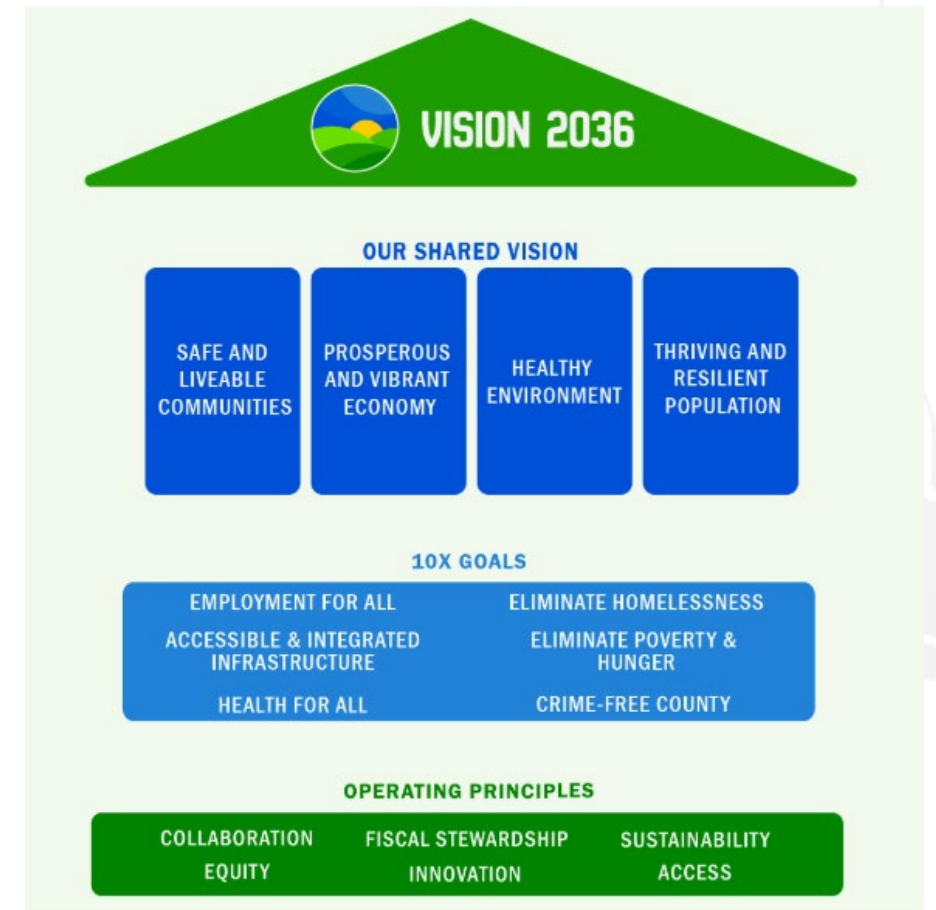
# FY 2026-27 MOE Budget



# 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
- 4.0% cost-of-living adjustment for eligible contracts with community-based organizations
- Mid-year Board approved adjustments
- Alignment with Vision 2036



# Program Area Summary – General Fund

(\$ in millions)

Subtotal Program	25-26 FINAL Approved	2026-27 MOE	Change from FY 25-26 Approved	% Change
Appropriations	\$3,901.2	\$3,979.4	\$78.2	2.0%
Revenue	\$2,932.1	\$2,933.9	(\$1.8)	-
<b>Net County Cost</b>	<b>\$969.1</b>	<b>\$1,045.5</b>	<b>\$76.4</b>	<b>7.9%</b>

NOTE: Totals may vary slightly due to rounding



# FY 2026-27 MOE Budget

## Program Summary

(\$ in millions)

Program	Appropriation	Revenue	Net Cost
General Government	\$ 348.2	\$ 193.4	\$154.8
Public Protection	\$1,167.4	\$ 559.7	\$607.7
Public Assistance	\$1,135.1	\$1,055.1	\$ 80.0
Health Care Services	\$1,328.7	\$1,125.7	\$203.0
<b>Subtotal Programs</b>	<b>\$3,979.4</b>	<b>\$2,933.9</b>	<b>\$1,045.5</b>

NOTE: Totals may vary slightly due to rounding



# FY 2026-27 MOE Budget

## Net Cost Change by Program (\$ in millions)

Program	2025-26 FINAL Approved Net Cost	2026-27 MOE Net Cost	Change	% Change
General Government	\$148.8	\$154.8	\$ 6.0	4.0%
Public Protection	\$551.9	\$607.7	\$55.8	10.1%
Public Assistance	\$ 74.0	\$ 80.0	\$ 6.0	8.1%
Health Care Services	\$194.4	\$203.0	\$ 8.6	4.4%
<b>Subtotal Programs</b>	<b>\$969.1</b>	<b>\$1,045.5</b>	<b>\$76.4</b>	<b>7.9%</b>

NOTE: Totals may vary slightly due to rounding



# FY 2026-27 Notable Program Changes

(\$ in millions)

- Transition from MHSA to BHSA as a result of Prop 1: (\$43.2)
- Decline in Public Safety Sales Tax revenue: (\$33.0)
- Reduction in CalFresh revenue including impacts of H.R.1: (\$20.3)
- Revenue reduction due to Managed Care Plan contract changes: (\$10.4)
- Increased election costs: \$11.6
- Inclusion of Measure C: \$12.9
- IHSS MOE Inflation and Wage Increase: \$18.0
- Increased Medical Care Financing for Alameda Health System and St. Rose: \$23.5
- Internal Service Fund increases: \$33.3
- Net Salary and Benefit adjustments: \$41.0



# Internal Service Fund Adjustments

(\$ in millions)

	FY 25-26 Approved Budget	FY 26-27 MOE	Change	% Change
Information Technology Services	\$100.1	\$ 97.2	(\$ 2.9)	(2.9%)
Communications, Radio	\$ 13.0	\$ 19.6	\$ 6.6	50.7%
Building Maintenance	\$162.3	\$181.0	\$18.7	11.5%
Motor Vehicle	\$ 20.1	\$ 23.8	\$ 3.7	18.4%
Risk Management	\$ 82.7*	\$ 89.9	\$ 7.2	8.7%
<b>Total Internal Service Funds</b>	<b>\$378.2</b>	<b>\$411.5</b>	<b>\$33.3</b>	<b>8.8%</b>

\* Does not include a \$75M one-time transfer to General Liability reserves

NOTE: Totals may vary slightly due to rounding



# Salary and Benefit Adjustments

(\$ in millions)

- Cost of Living and Wage Adjustments: \$71.5
- Health and Dental Insurance: \$9.5
- Workers' Compensation: \$29.6
- Overtime: \$7.2
- Other benefits: \$16.6

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**Gross Salary and Benefits: \$134.4**

- **Net Retirement Savings: (\$93.4)**

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**Net Salary and Benefit Adjustments: \$41.0**



# FY 2026-27 Additional Program Net Cost Changes

(\$ in millions)

## Appropriation changes

- 4.0% COLA for CBOs
- Santa Rita Jail service contracts
- Expert witness costs
- Indigent Defense

## Change

\$3.8  
\$5.9  
\$1.3  
\$5.0

## Financing changes

- Realignment revenue adjustments
- ROV election services revenue
- Property Transfer Tax adjustments
- Recording Fee adjustments
- Federal contract revenue
- Police Protection County Service Area
- Unincorporated revenue

\$7.5  
\$13.9  
(\$1.6)  
(\$1.0)  
(\$4.4)  
\$0.6  
\$1.0



# FY 2026-27 MOE Budget Non-Program Summary

(\$ in millions)

Non-Program	Appropriation	Revenue	Net Cost
Capital / Major Maintenance	\$125.0	\$ 75.0	\$ 50.0
Contingency / Reserves	\$136.6	\$ 11.6	\$ 125.0
Debt Service	\$ 54.1	\$ 16.2	\$ 37.9
Non-Program Expenses & Revenues	\$ 68.0	\$1,235.0	(\$1,167.0)
<b>Total Non-Program</b>	<b>\$383.7</b>	<b>\$1,337.8</b>	<b>(\$954.1)</b>

NOTE: Totals may vary slightly due to rounding



# FY 2026-27 MOE Budget

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

Non-Program	2025-26 FINAL Net Cost	2026-27 MOE Net Cost	Change	% Change
Capital / Major Maintenance	\$ 0.0	\$ 50.0	\$50.0	-
Contingency / Reserves	\$ 124.5	\$ 125.0	\$ 0.5	0.4%
Debt Service	\$ 46.2	\$ 37.9	(\$ 8.3)	(18.0%)
Non-Program Expenses & Revenues	(\$1,139.8)	(\$1,167.0)	(\$27.2)	2.4%
<b>Total Non-Program</b>	<b>(\$969.1)</b>	<b>(\$954.1)</b>	<b>\$15.0</b>	<b>1.5%</b>

NOTE: Totals may vary slightly due to rounding



# FY 2026-27 Non-Program Net County Cost Change

(partial list, \$ in millions)

▪ Capital / Major Maintenance	\$ 50.0
▪ Debt Service	(\$ 8.3)
▪ Contingency/Reserves	\$ 0.5
▪ General Liability Reserves	(\$ 75.0)
▪ Workers' Compensation Reserves	\$ 33.0
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<b>Total Non-Program Expenditures</b>	<b>\$ 0.2</b>
▪ One-Time Budget Balancing	\$ 60.6
▪ Interest Earnings	(\$ 11.0)
▪ Property Taxes*	(\$ 14.2)
▪ Motor Vehicle - ERAF	(\$ 9.4)
▪ Indirect Cost Reimbursement	(\$ 5.5)
▪ Changes in other Non-Program Revenue	(\$ 5.7)
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<b>Total Non-Program Financing</b>	<b>\$ 14.8</b>
<b>TOTAL NON-PROGRAM</b>	<b>\$ 15.0</b>

\*Includes residual taxes



# FY 2026-27 MOE Budget Summary

(\$ in millions)

	Appropriation	Revenue	Net Cost
General Government	\$ 348.2	\$ 193.4	\$154.8
Public Protection	\$1,167.4	\$ 559.7	\$607.7
Public Assistance	\$1,135.1	\$1,055.1	\$ 80.0
Health Care Services	\$1,328.7	\$1,125.7	\$203.0
<b>Subtotal Program</b>	<b>\$3,979.4</b>	<b>\$2,933.9</b>	<b>\$1,045.5</b>
Capital / Major Maintenance	\$ 125.0	\$ 75.0	\$ 50.0
Contingency / Reserves	\$136.6	\$ 11.6	\$ 125.0
Debt Service	\$ 54.1	\$ 16.2	\$ 37.9
Non-Program Expenses & Revenues	\$ 68.0	\$1,235.0	(\$1,167.0)
<b>Subtotal Non-Program</b>	<b>\$383.7</b>	<b>\$1,337.8</b>	<b>(\$954.1)</b>
<b>TOTAL</b>	<b>\$4,363.1</b>	<b>\$4,271.7</b>	<b>\$91.4</b>

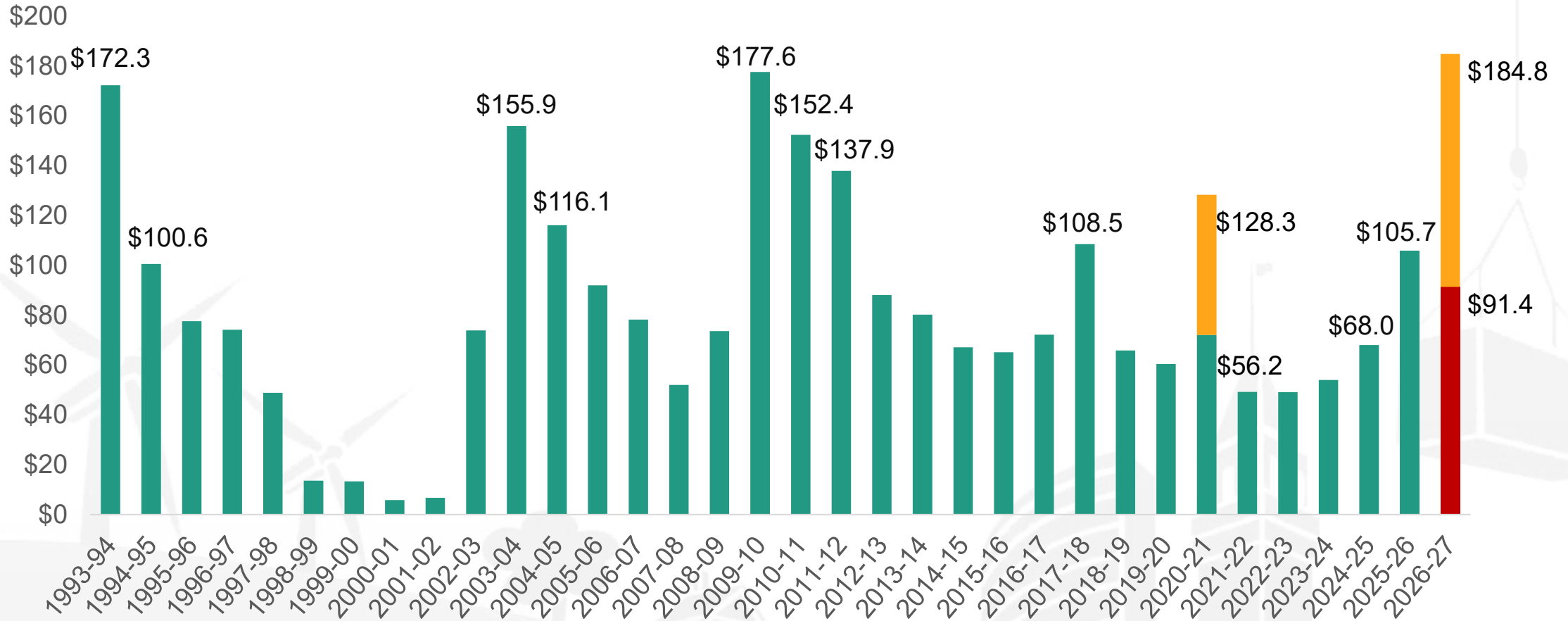
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# Alameda County Funding Gaps since ERAF

(\$ in millions)

Total since FY 1993-94: \$2.7 billion



# FY 2026-27 Budget Balancing



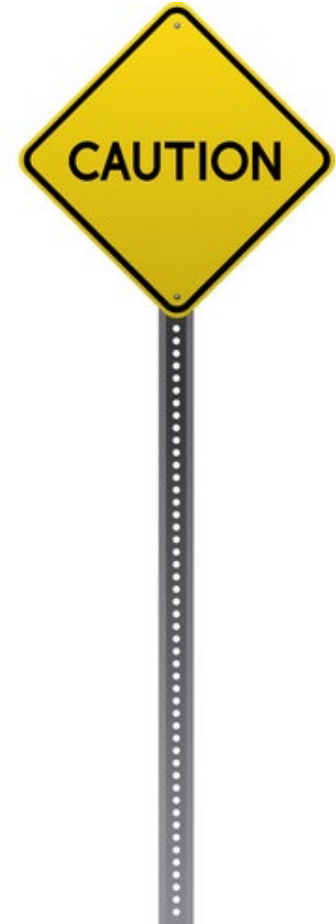
# Recommended Budget Balancing Approach

## 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
- Employee benefit cost increases
- Potential federal and State audit disallowances
- Unfunded capital projects and deferred maintenance
- Ongoing homelessness crisis; Home Together Plan
- Measure W implementation
- Prop. 1 implementation
- Board Initiatives
- Assessment appeals
- Global finances and climate change
- Economic downturn
- Special election costs



# 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
- Capital Improvement Plan – Over \$1 billion of unfunded capital costs over the next five years

# Next Steps

- 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 2026-27 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
- Work with County Agency/Department Heads to close the structural funding gap through a combination of strategies



# FY 2026-27 Budget Development Timeline

- ✓ Department MOE submissions February 2026
- ✓ Early Budget Work Session April 14, 2026
- ✓ Budget Workgroup April – May 2026
- ❑ Governor’s Revised Budget by May 14, 2026
- ❑ Proposed Budget submitted May 28, 2026
- ❑ Budget Hearings and Budget Adoption Mid-Late June 2026



