



Alameda County Budget Workgroup Meeting

May 18, 2026



Overview

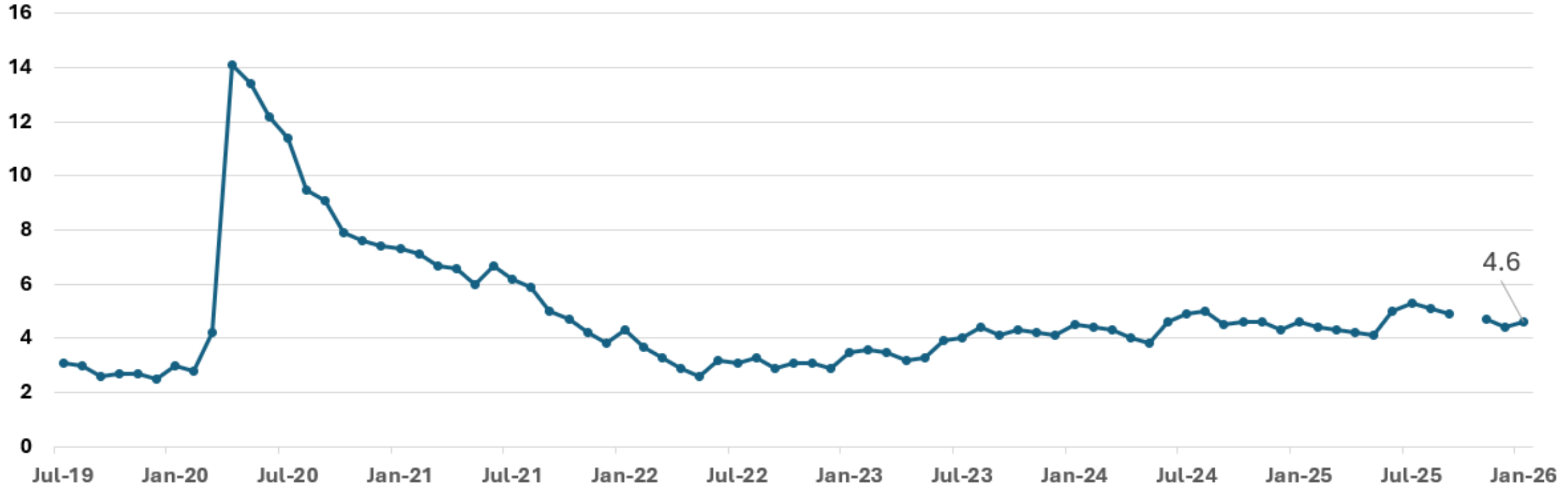
- Economic Updates
- State and Federal Updates
- FY 26-27 Maintenance of Effort (MOE) Budget
- FY 26-27 Funding Gap
- Budget Balancing
- Pending Factors
- Looking Ahead



Economic Context



Alameda County Unemployment



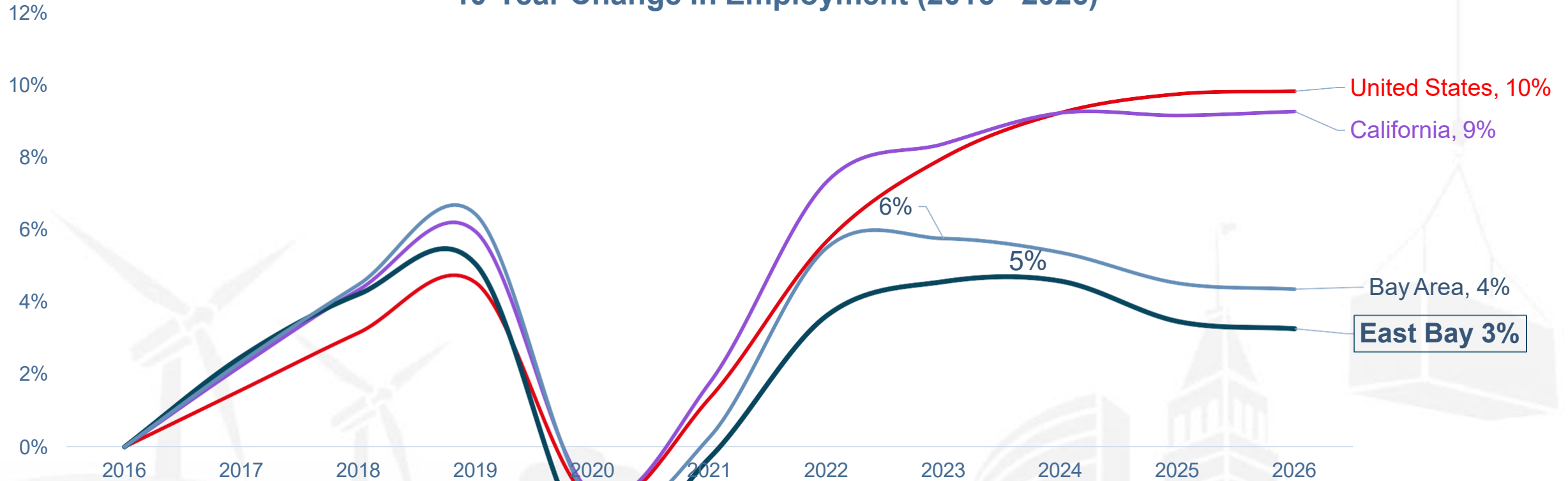
Source: State of California Employment Development Department

COUNTY ADMINISTRATOR'S OFFICE



While employment continued to grow across the U.S. after 2020, the Bay Area employment growth stalled, especially in the East Bay.

10-Year Change in Employment (2016 - 2026)



AI and Automation Continue to Reshape Tech Industry

- Federal Reserve held interest rates unchanged for a third straight meeting
- AI restructuring and automation drives cutbacks in the technology sector
- Notable recent layoffs:

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



block



amazon



workday



ups



cisco

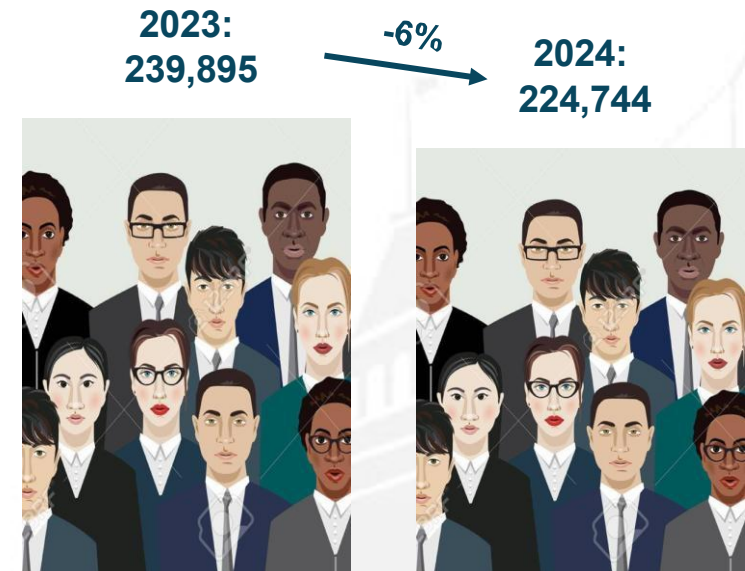


Technology's K-shaped expansion in the Bay Area (i.e. salaries up, jobs down)

AVERAGE ANNUAL WAGE



TOTAL TECH WORKERS

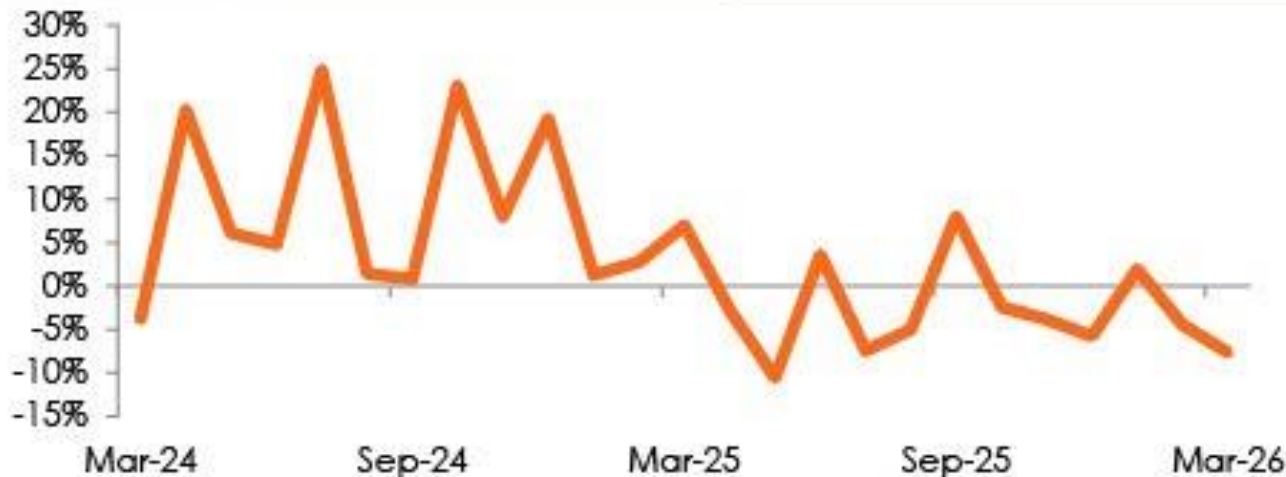
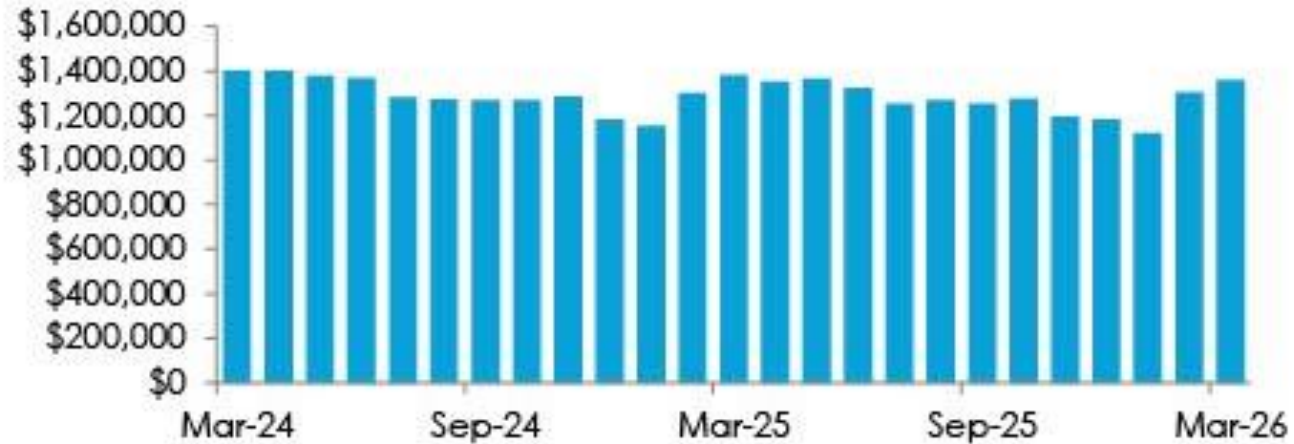


Source: JLL Research. QECW 4 quarter average comparing NAICS 51 employment numbers versus total reported wages for the nine county Bay Area in 2023 and 2024. Note incomes are reported in Q1, likely due to reported bonuses. QECW data is not available for 2025 for the Bay Area.

Alameda County Real Estate Market Trends

March 2026

Median Price
For SF Detached Homes
\$1,360,000
4.3% MTM
-1.4% YTY



Home Sales
For SF Detached Homes
-7.7% YTY
32.0% MTM
-4.4% YTD



Alameda County Real Estate Market Trends

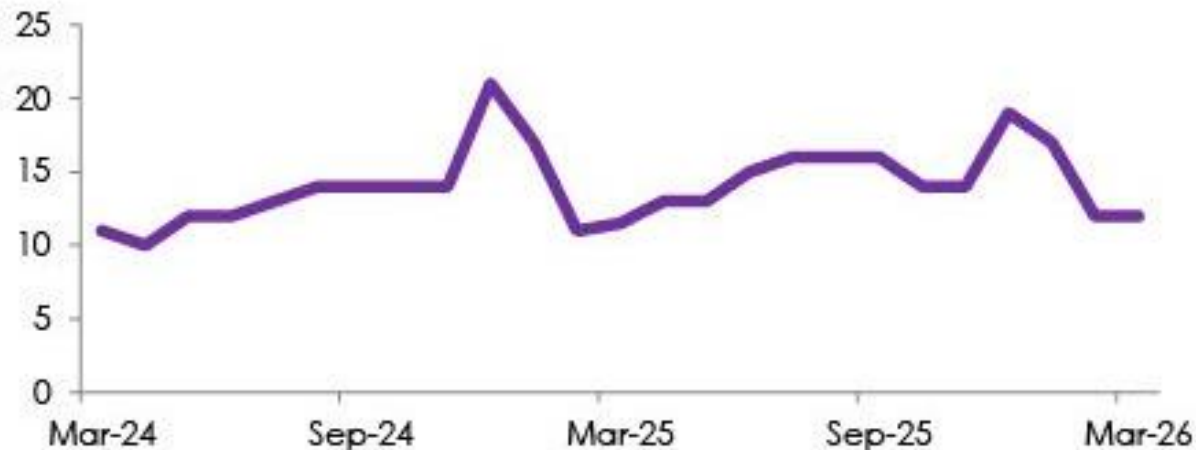
March 2026

Unsold Inventory
For SF Detached Homes

2.1 Months

-16.0% MTM

-19.2% YTY



Median Time on Market
For SF Detached Homes

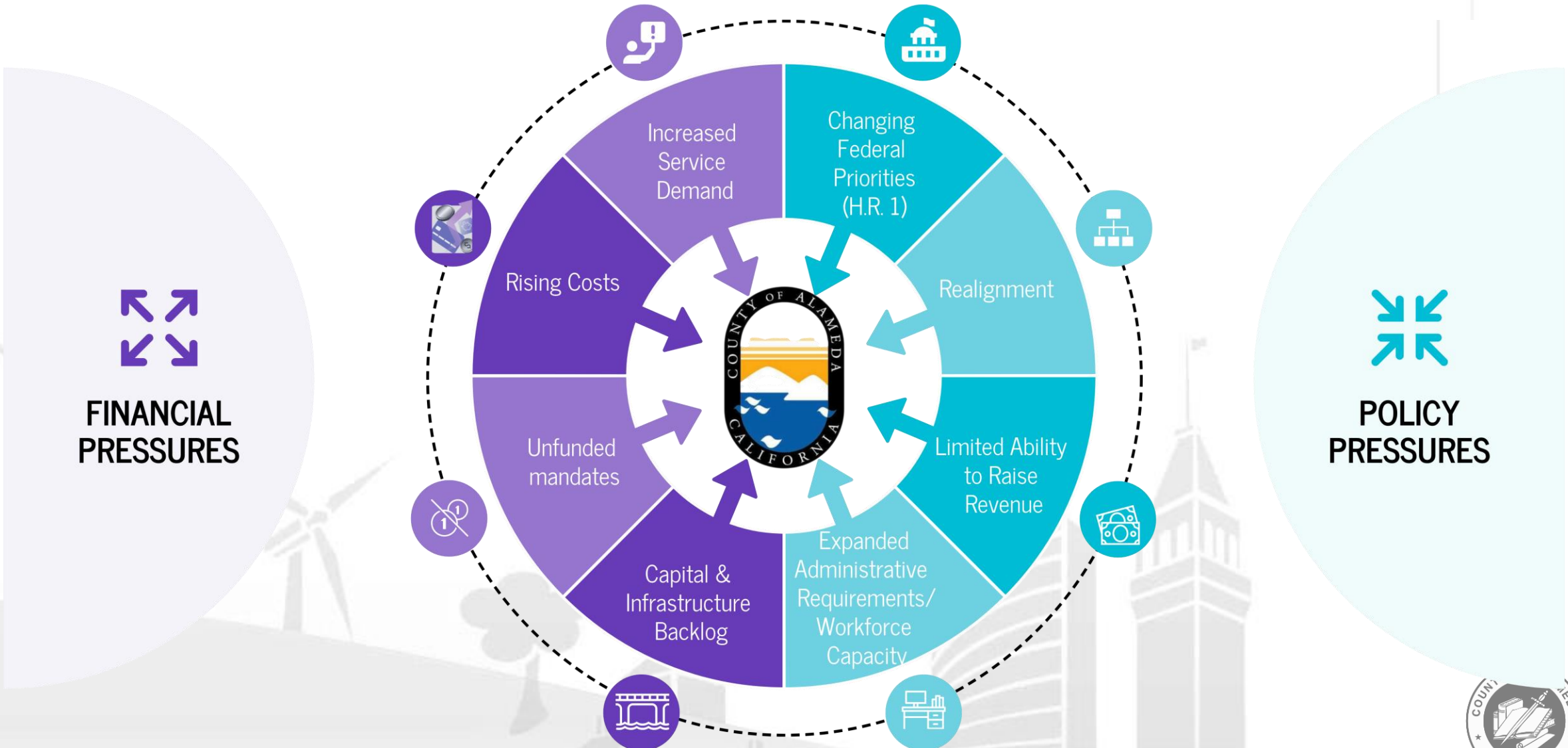
12 Days

0.0% MTM

4.3% YTY



The Pressure Environment for Counties



State and Federal Updates



Federal Budget Update

- House & Senate in session this week before going out on Memorial Day recess.
- Reconciliation discussions are continuing to take up most of the time as they approach the June 1 deadline imposed by President Trump.
- The House unveiled their transportation bill, BUILD America 250 Act this week with markup scheduled for May 21.



State Budget Update – May Revise

On Thursday, May 14th the Governor released his May Revise.

Positive Fiscal Signals

- The May Revision assumes:
 - \$16.5 billion in higher-than-expected revenues
 - No deficit in 2026-27 or 2027-28
 - Nearly \$30 billion in combined reserves
 - No major new statewide spending commitments

For Alameda County, this means:

- Reduced immediate risk of deep state cuts
- Continued funding for many core human services programs
- More stability for realignment and county-administered programs



May Revise Impacts – Medi-Cal and Health Services

County Administrative Funding Increase

The May Revision includes:

- \$262 million total funds statewide (\$74 million GF) in 2026-27 for county Medi-Cal administration
- Additional funding in 2027-28 and 2028-29 for eligibility workload increases

H.R. 1 Impacts

The state projects:

- 44,000 Medi-Cal disenrollments in 2026-27
- 1.3 million disenrollments statewide by 2029-30

County Concerns Not Funded

The May Revision does **not** provide:

- Public hospital relief funding
- Indigent care funding
- Behavioral health mitigation funding related to H.R. 1

Immigration-Related Medi-Cal Changes

The budget proposes:

- Transitioning some immigrants from managed care to fee-for-service Medi-Cal
- Delayed implementation of restricted-scope Medi-Cal until July 1, 2027

Medi-Cal Asset Test Reinstatement

The proposal reinstates stricter asset limits:

- \$2,000 individual
- \$3,000 couple



May Revise Impacts – Behavioral Health Impacts

Behavioral Health Funding Shift

The May Revision shifts:

- \$211.9 million statewide from General Fund to Behavioral Health Services Fund (BHSA/Prop 1 funding)

No County Behavioral Health Mitigation Funding

Counties requested:

- \$224 million in 2026-27
- \$828 million in 2027-28

The proposal includes:

\$0 for county behavioral health mitigation

May Revise Impacts – Homelessness and Housing

Homeless Housing Assistance and Prevention (HHAP)

Continued Funding

The budget includes:

- \$1 billion in HHAP Round 6 as already approved
- Proposed \$500 million for HHAP Round 7

New Accountability Requirements

To receive future HHAP funds, local governments may need to:

- Maintain compliant housing elements
- Align with state encampment guidance
- Maintain pro-housing policies
- Provide local matching funds

Affordable Housing Fee Changes

The proposal discourages local impact fees on state-funded housing projects.

May Revise Impacts – CalFresh and Human Services

CalFresh Administrative Funding

The budget includes:

- \$30 million one-time statewide funding for counties to administer increased CalFresh workload due to new federal work requirements

Food Assistance Support

The May Revision includes:

- \$30 million one-time for food banks statewide

5. IHSS Impacts

The budget includes:

- \$33.7 billion statewide for IHSS
- Funding adjustments tied to immigration eligibility and Medi-Cal asset tests

May Revise Impacts – Public Safety and Realignment

Realignment Revenues

- The May Revision updates 1991 and 2011 Realignment estimates and projects moderate growth.

Proposition 47 Savings

The state estimates:

- \$89.1 million in statewide savings from Prop 47

SB 678 Probation Funding

The budget includes:

- \$132.2 million statewide for county probation departments

May Revise Impacts – Impacts & Risks

Most Significant Positive Impacts

- Additional Medi-Cal county administration funding
- Continued homelessness funding (HHAP)
- Stable realignment outlook
- Food bank support
- Large statewide reserves reducing immediate cut risk

Most Significant Risks

- Major H.R. 1 impacts on Medi-Cal and CalFresh
- Increased uninsured populations
- No direct funding for public hospital losses
- No indigent care mitigation funding
- Increased behavioral health demand without sufficient county support
- Administrative burden from eligibility redeterminations and work requirements



Current Year Budget Overview



FY 2025-26 Final Budget Overview

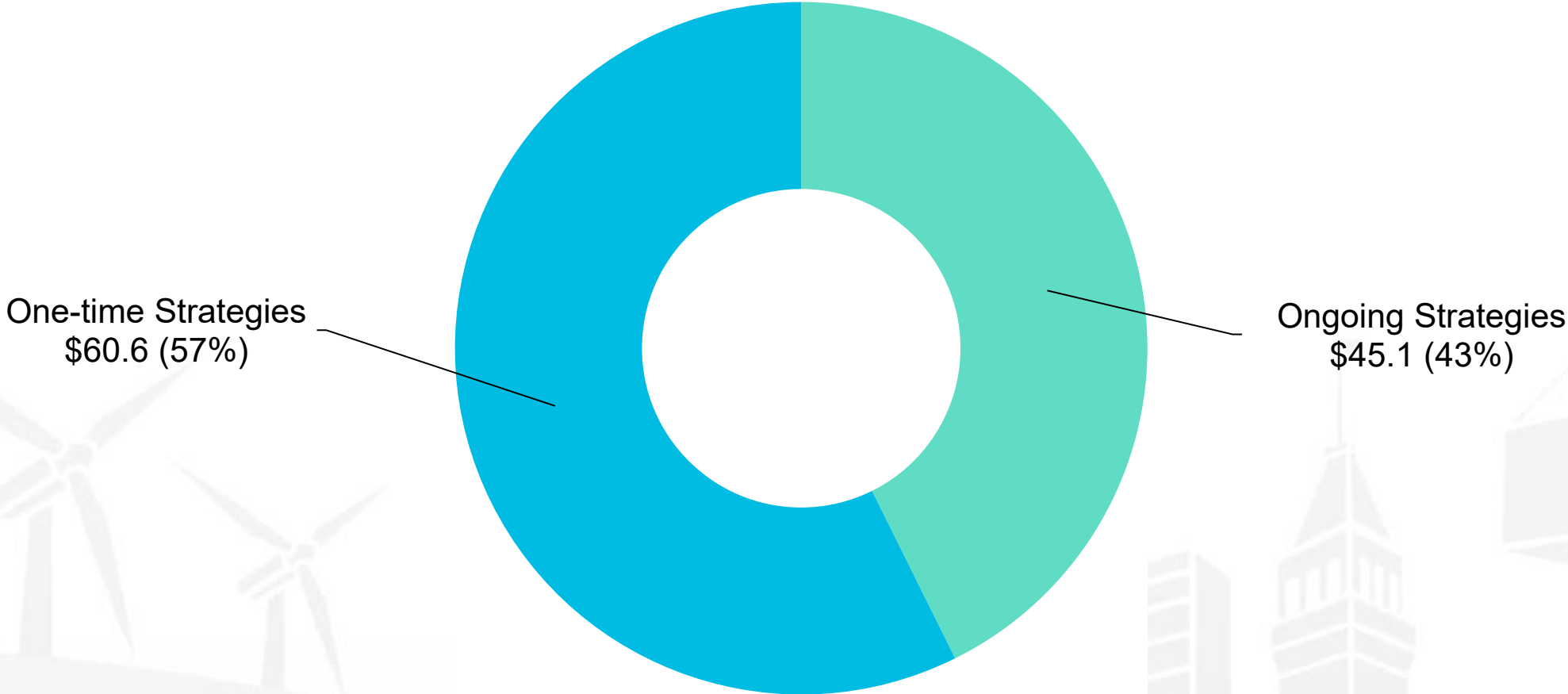
(\$ in millions)

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



FY 2025-26 Budget Balancing

(\$ in millions)

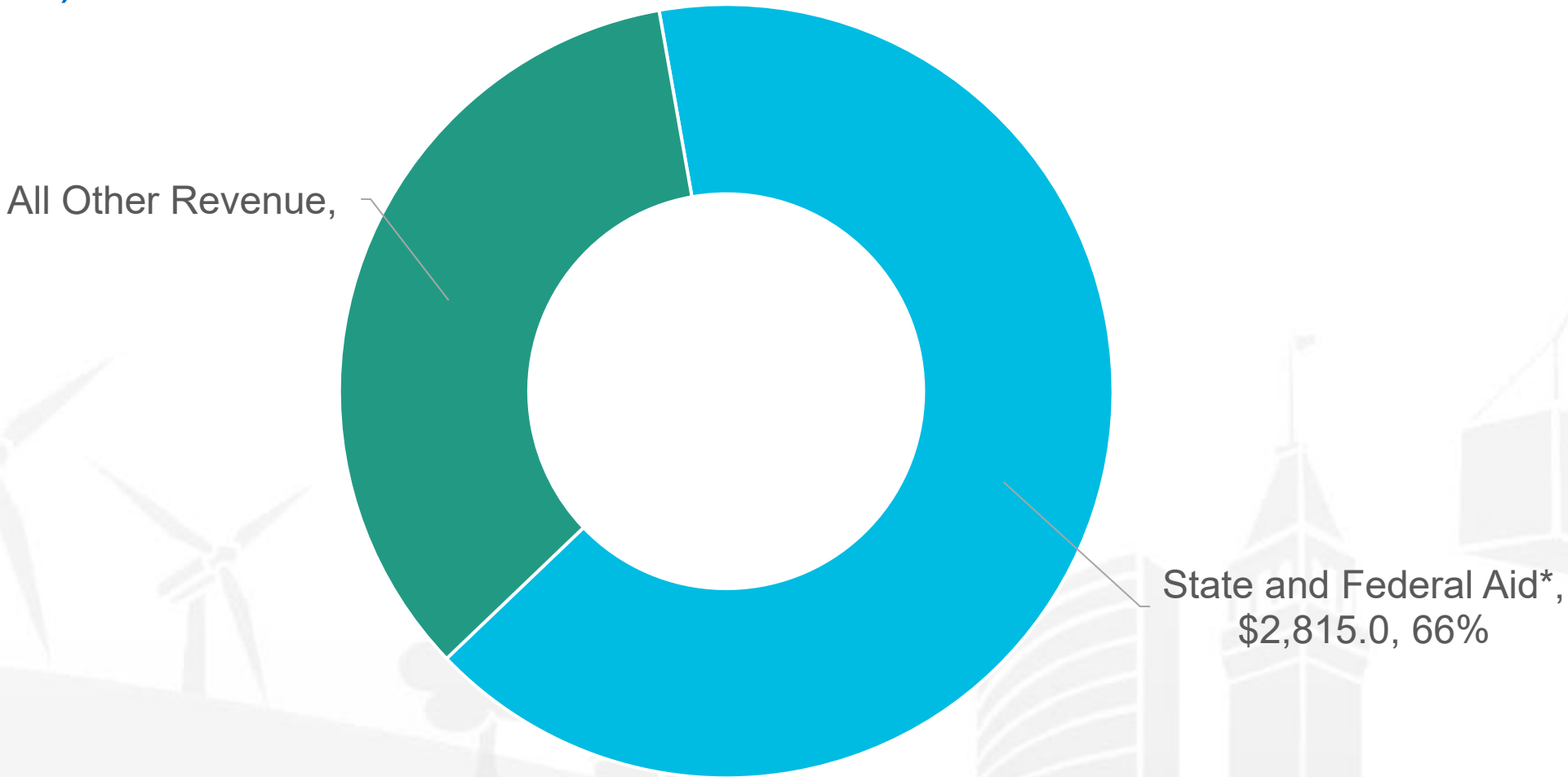


Total Net County Cost Reductions: \$105.7 million



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*



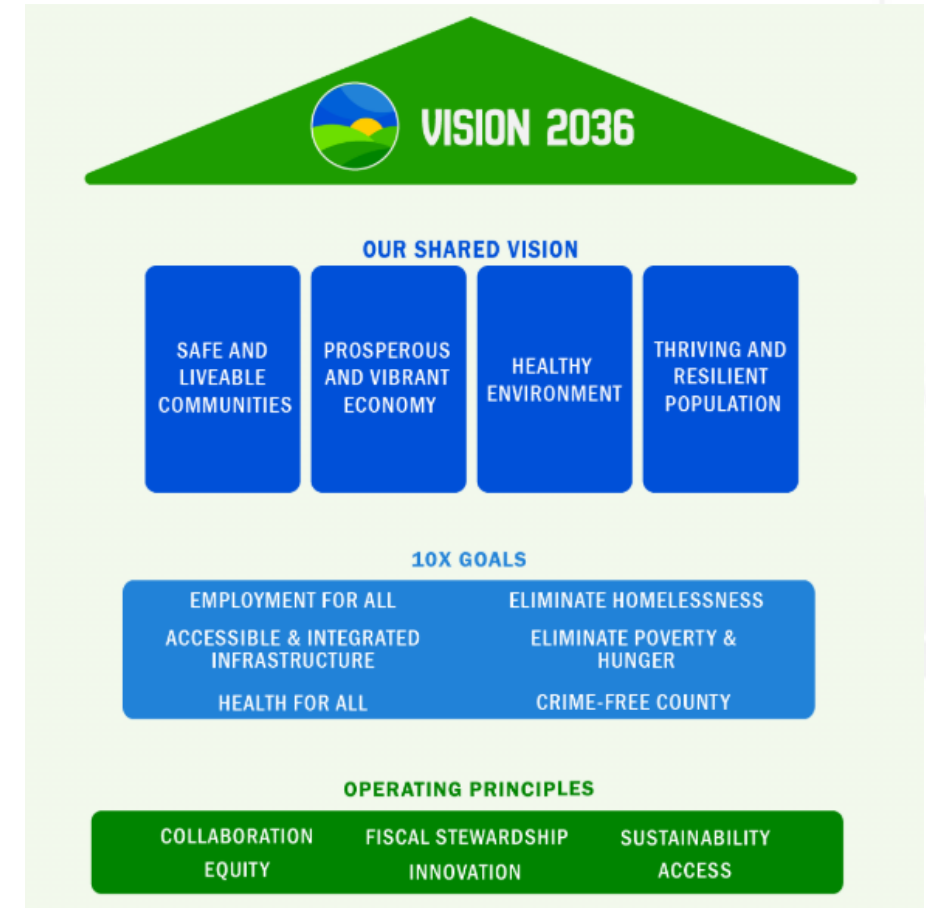
FY 2026-27 MOE Budget



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)	-
Net County Cost	\$969.1	\$1,045.5	\$76.4	7.9%

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
Subtotal Programs	\$3,979.4	\$2,933.9	\$1,045.5

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%
Subtotal Programs	\$969.1	\$1,045.5	\$76.4	7.9%

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%
Total Internal Service Funds	\$378.2	\$411.5	\$33.3	8.8%

* 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

Gross Salary and Benefits: \$134.4

- Net Retirement Savings: (\$93.4)

Net Salary and Benefit Adjustments: \$41.0



FY 2026-27 Additional Program Net Cost Changes

(\$ in millions)

Appropriation changes

• 4.0% COLA for CBOs	\$3.8
• Santa Rita Jail service contracts	\$5.9
• Expert witness costs	\$1.3
• Indigent Defense	\$5.0

Financing changes

• Realignment revenue adjustments	\$7.5
• ROV election services revenue	\$13.9
• Property Transfer Tax adjustments	(\$1.6)
• Recording Fee adjustments	(\$1.0)
• Federal contract revenue	(\$4.4)
• Police Protection County Service Area	\$0.6
• Unincorporated revenue	\$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)
Total Non-Program	\$383.7	\$1,337.8	(\$954.1)

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%
Total Non-Program	(\$969.1)	(\$954.1)	\$15.0	1.5%

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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Total Non-Program Expenditures	\$ 0.2
■ 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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Total Non-Program Financing	\$ 14.8
TOTAL NON-PROGRAM	\$ 15.0

*Includes residual taxes



FY 2026-27 MOE Budget Summary

(\$ in millions)

	Appropriation	Revenue	Net Cost
General Government	\$ 348.2	\$ 193.4	\$154.8
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Debt Service	\$ 54.1	\$ 16.2	\$ 37.9
Non-Program Expenses & Revenues	\$ 68.0	\$1,235.0	(\$1,167.0)
Subtotal Non-Program	\$383.7	\$1,337.8	(\$954.1)
TOTAL	\$4,363.1	\$4,271.7	\$91.4

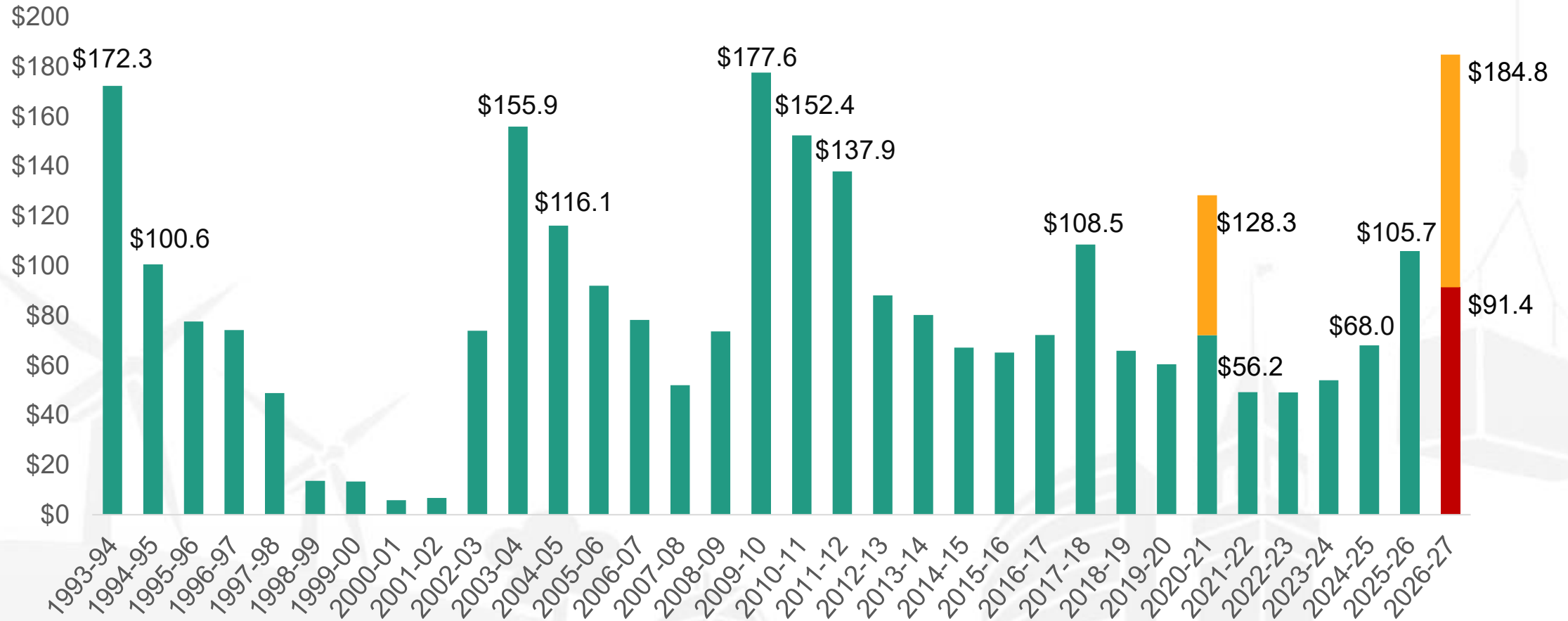
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Alameda County Funding Gaps since ERAF

(\$ 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

Preliminary Budget Balancing Strategies

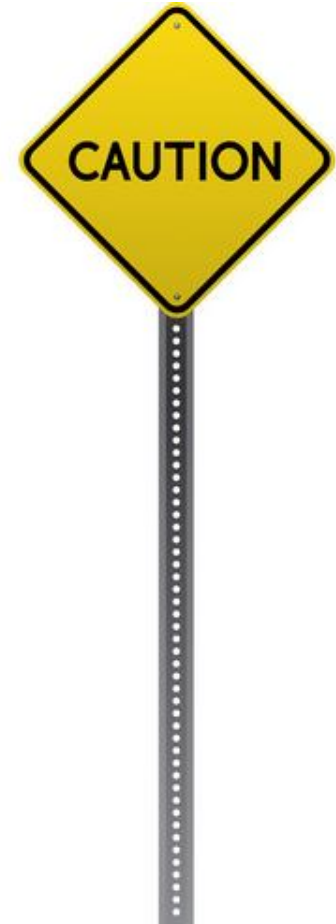
(\$ in millions)

Balancing Strategy	Amount
Additional identified revenue	\$40.2
Ongoing cost reductions	\$ 3.1
Ongoing salary and benefit adjustments	\$10.6
Other solutions	\$ 1.4
TOTAL REDUCTIONS	\$55.3M



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 a 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

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, community partners and unincorporated area residents 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 May 14, 2026
- Presentation of Proposed Budget May 28, 2026; 12:00 PM
- Budget Hearings and Budget Adoption June 18, 22 – 25, 2026



