



# ALAMEDA COUNTY

## FY 2019-20 Budget Update

Presented to the Alameda County Budget Workgroup  
May 23, 2019

**Susan S. Muranishi, County Administrator**

**Melanie Atendido, Principal Analyst**

**Pete Coletto, Principal Analyst**

# Agenda

- Guest Speaker – Irena Asmundson, CA Dept. of Finance
- State Budget Update – May Revise
- FY 2019-20 Budget Update
- Pending Factors
- Next Steps



# Governor's May Revise

- May Revise budget of \$213.5 billion (\$147 billion general fund)
- Improved short-term revenues, but lower revenues in out-years
  - FY 18 through FY 20 - \$3.2 billion above January estimate
  - FY 23 - \$1.6 billion below January estimate
  - Most of the additional short-term revenue is mandated to go to reserves, debt repayment, and schools
  - Most new spending in the May Revise is one-time
- **Lower out-year revenue resulting in Governor ending IHSS 7% hours restoration on Dec 31, 2021**
- In total, the May Revision is allocating \$15 billion to “budgetary resiliency”, an increase of \$1.4 billion from January
  - \$4.8 billion to paying unfunded retirement liabilities
  - \$4.5 billion to paying down debts and reverse deferrals
  - \$5.7 billion to building reserves



# Governor's May Revise – Homelessness Funding

(\$ in millions)

	January Budget Proposal	May Revise	Additional Funds
<b>Homelessness Emergency Aid</b>	<b>\$ 500</b>	<b>\$ 650</b>	<b>\$ 150</b>
<i>Big Cities</i>	<i>\$ 100</i>	<i>\$ 275</i>	<i>\$ 175</i>
<i>Counties</i>	<i>\$ -</i>	<i>\$ 275</i>	<i>\$ 275</i>
<i>Continuums of Care</i>	<i>\$ 200</i>	<i>\$ 100</i>	<i>\$ (100)</i>
<i>Milestone Based</i>	<i>\$ 200</i>	<i>\$ -</i>	<i>\$ (200)</i>
<b>Whole Person Care</b>	<b>\$ 100</b>	<b>\$ 120</b>	<b>\$ 20</b>
<b>Mental Health Workforce</b>	<b>\$ 50</b>	<b>\$ 150</b>	<b>\$ 100</b>
<b>SSI Advocacy</b>	<b>\$ 25</b>	<b>\$ 25</b>	<b>\$ -</b>
<b>Legal Services for Eviction Prevention</b>	<b>\$ -</b>	<b>\$ 20</b>	<b>\$ 20</b>
<b>Student Rapid Rehousing &amp; Services</b>	<b>\$ 30</b>	<b>\$ 40</b>	<b>\$ 10</b>
<b>Total Homelessness Services Investments</b>	<b>\$ 705</b>	<b>\$ 1,005</b>	<b>\$ 300</b>

*May Revise includes the \$1.75B in the Governor's January Budget to increase housing production*



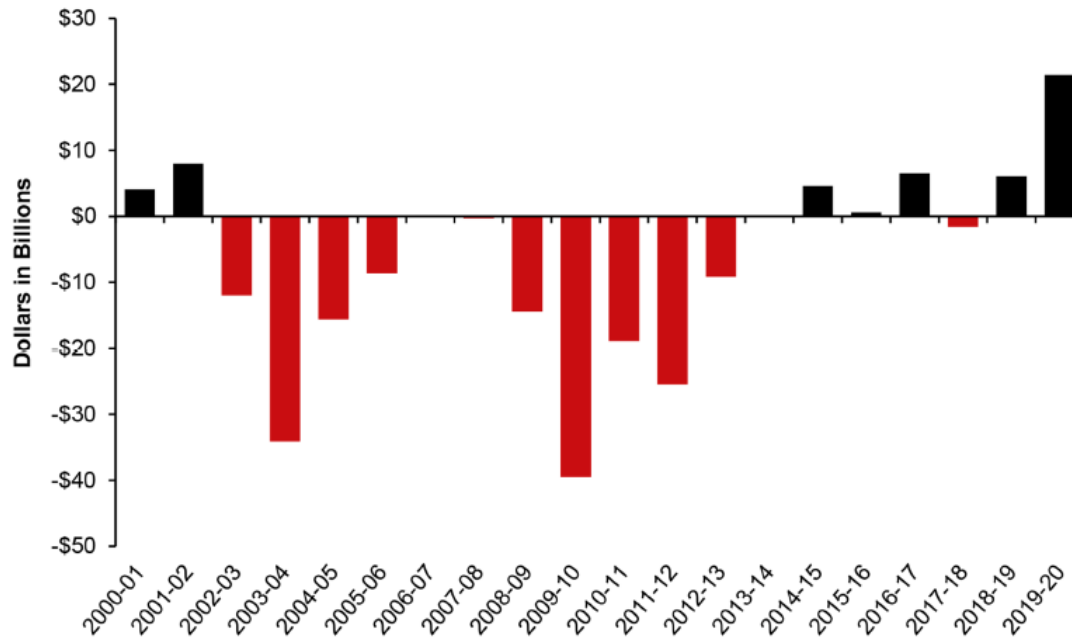
# Governor's May Revise – Additional Investments With Impacts on Counties

- State IHSS costs increased to account for higher caseloads and new wage negotiations, and 7% hours restoration changed from permanent to temporary
- One-time \$36 million investment in foster care Resource Family Approval & Foster Parent Recruitment, Retention, & Support programs
- CalWORKs
  - \$41.4M increase in Single Allocation
  - \$13.2M increase for Outcomes & Accountability review
  - \$10.7M increase for Home Visiting
- One-time \$40 million investment to support local Public Health Departments
- Additional \$15.3 million for Medi-Cal administration
- One-time \$87.3 million to replace voting systems & strengthen election technology security
  - \$65.7M to fund vote center models for counties with over 50 precincts (bringing State investment to 75% of cost vs 50%)
  - \$18M for County Election Management System replacement
  - \$3.6M for counties with 50 or fewer precincts
  - This is in addition to the \$134M one-time funding in the FY 2018-19 budget



# Governor's May Revise – Risks & Pending Factors

Balanced Budgets Have Been Quickly Followed by Huge Deficits<sup>1/</sup>

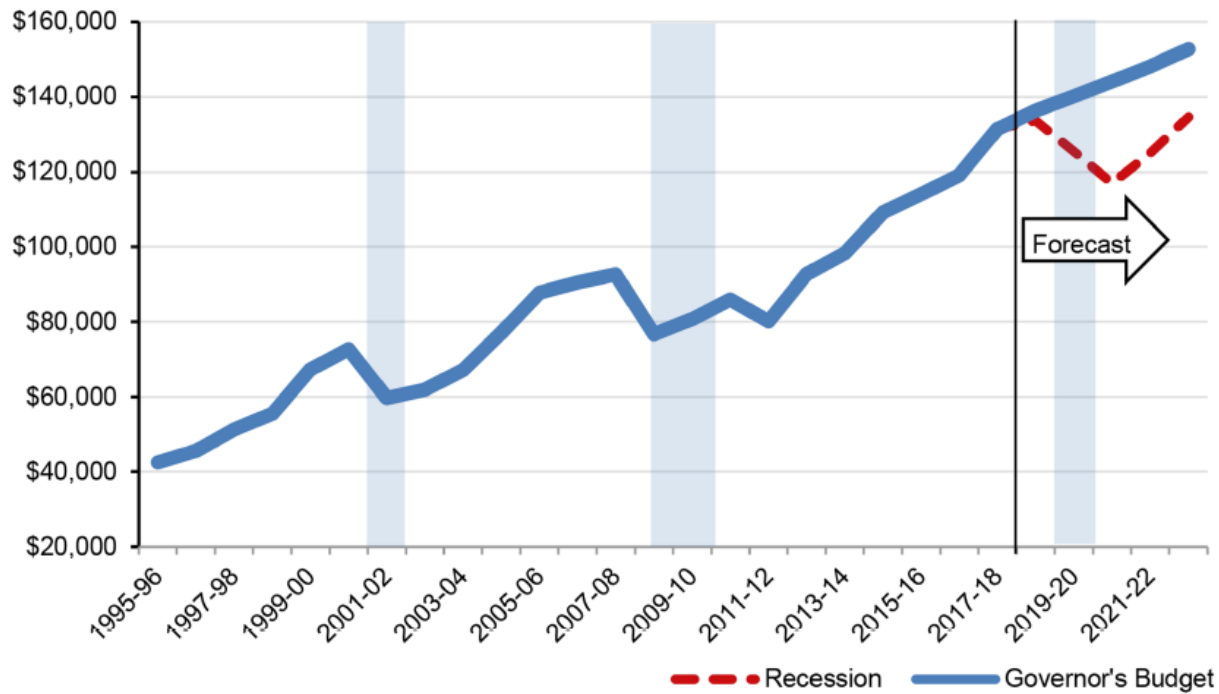


<sup>1/</sup> Budget shortfalls or surplus, measured by the annual Governor's Budget.



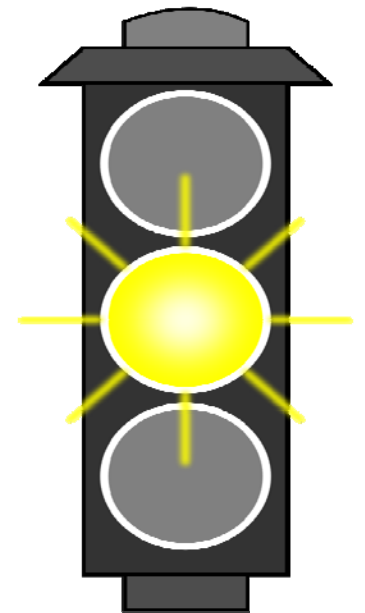
# Governor's May Revise – Risks & Pending Factors

Revenue Could Drop by Nearly \$70 Billion in a Recession  
(Dollars in Millions)



## Governor's May Revise – Risks & Pending Factors

- AB 109 growth estimates have decreased from \$102M in January Budget to \$67M
  - Growth funds will be received by counties in the fall of 2019
  - Results in estimated base of \$1.38 billion
- Lowered sales tax forecast for FY 2018-19 and FY 2019-20 vs January Budget
- Potential increased costs to counties from new paid leave mandates





# FY 2019-2020 Budget Update

# FY 2019-20 MOE Budget - General Fund

(\$ in millions)

	FY 2018-19 FINAL	FY 2019-20 MOE	Increase/ (Decrease)	% Change
Appropriation	\$2,889.7	\$3,034.3	\$144.6	5.0%
Revenue	\$2,889.7	\$2,973.9	\$84.2	2.9%
Funding Gap	\$0	\$60.4	\$60.4	n/a
FTE Positions*	7,801.5	7,832.6	31.2	0.4%

\*Full-time equivalent positions

NOTE: Totals may vary slightly due to rounding



# FY 2019-20 Budget Balancing – Option D

(\$ in millions)

	<b>Option D</b> Absorb NCC Increase w/ FMR & w/o POB adjustment and Credit Share of \$54.9M Based on % Share of NCC
General Government	\$ 22.0
Public Protection	\$ 14.1
Public Assistance	\$ 12.3
Health Care	\$ 12.0
<b>Total Programs</b>	<b>\$ 60.4</b>

*Numbers and percentages are rounded for display purposes, but calculations are based on exact numbers.*



# Values-Based Budgeting Reductions Major Components

**PRELIMINARY**

Fiscal Management Reward savings	\$28.8M
Net appropriation reductions	\$16.2M
Net revenue increases	<u>\$10.9M</u>
Total reductions	\$55.9M

*Position reductions: 7.00 Full-Time Equivalents (vacant)*



## FY 2019-20 Pending Factors

- Economic uncertainty
- State budget: Legislative adoption and Governor's signing
- Structural funding gap – use of one-time solutions for ongoing expenses
- Labor, health, retirement costs



## Next Steps

- Continue to close the funding gap
- May Revision
  - Determine/refine estimates of budget and human impacts
  - Continue to monitor State budget negotiations
  - Work with legislative advocates
- Presentation of FY 2019-20 Proposed Budget to Board
  - Early June
- Budget Hearings/Adoption
  - Budget hearings during week of June 24, 2019
  - Adoption of FY 19-20 Final Budget on June 28, 2019





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