Overview

- Economic Updates
- FY 2020-21 Budget Framework
- FY 2020-21 Budget Phase 2
  - Revised revenue projections
  - Budget balancing considerations
- Pending Factors
  - State Budget and Federal Assistance (Phase 3)
  - Other County pending factors
- Next Steps
Economic Updates
Alameda County Unemployment Rate
June 2020

- Nation: 11.1%
- California: 14.9%
- Alameda County: 13.4%
Job Losses Grow as Unemployed Face Benefit Cuts
The Unemployment Crisis Continues

Nationwide

- Expanded benefits at $600/week end nationally July 31
- Additional 1.4 million filed for unemployment the week of July 12
- First time weekly jobless claims rose since the peak in late March 2020
  - Includes those who returned to work in June and faced layoffs again during new shutdowns

California

- Expanded benefits at $600/week ended July 25 absent federal extension
- $50 billion paid in unemployment benefits since mid-March
- $4.1 billion paid in benefits during week of July 12 alone
Consumer Spending Stalls After Reopenings Rolled Back

Lacking Lift
Number of passengers through TSA checkpoints underscores airlines' pain from pandemic

Source: Transportation Security Administration
May be short-lived as one-time stimulus funds run out and expanded unemployment benefits expire end of July

Pausing reopenings and reverting back to closures amidst the spike in cases will further impact unemployment and consumer spending
State Budget Impact

State

- Governor signed $202 billion budget agreement on June 29, 2020
- Partial realignment backfill
  - $750M included in State budget
  - $250M contingent upon additional federal funds (received by October 15, 2020)
- State Coronavirus Relief Fund Allocations (CARES)
  - State received $15.3 billion
    - $9.5 billion retained by the State
      → ($1.3 billion is allocated to counties and $500 million to cities)
    - $5.8 billion to cities & counties with populations over 500,000
- Funding for Homekey, homelessness, elections
Federal Budget Update

- **Coronavirus Aid, Relief, and Economy Security (CARES) Act:** Enacted March 27; $2 trillion stimulus
  - Coronavirus Relief Fund – Direct allocation to the states & units of government with population > 500K
  - One-time restricted time-limited allocation for unanticipated extraordinary expenses related to COVID-19
  - Cannot offset revenue losses; Unanticipated COVID-19 expenses are projected to exceed $450M

- **HEROES Act:** $875 billion to states and local governments
  - County allocations based on population:
  - $125 billion within 30 days of enactment; $62.5 billion within one year
  - Allows funds to offset lost revenue as a result of the COVID-19 pandemic
  - Timing pushed back

- **SMART Act:** bipartisan bill $500 billion in emergency funding for state and local governments
  - Allows funds to be used retroactively to offset lost revenues
  - Funds allocated based upon population size, infection rates and revenue losses

- **Health, Economic Assistance, Liability Protection and Schools (HEALS) Act:** Introduced July 27
  - No additional funding but allows flexibility in spending of CARES Coronavirus Relief funds
  - Extends end date for allowable expenditures from Dec 30, 2020 to 90 days after last day of FY 2020-21
  - Expands allowable use of relief payments to local/State/other governments to cover revenue shortfalls
  - Extension of unemployment benefits and 2nd round of individual assistance stimulus checks

- **Stimulus funding** – Negotiations between Senate/House regarding additional stimulus funding for State and local governments

- **Other Federal Factors:** Census 2020, Medi-Cal waiver
FY 2020-21 County Budget Framework

**Phase 1:**
Maintenance of Effort

**Phase 2:**
May Revise Projections

**Phase 3:**
State Budget & Federal Assistance
## FY 2020-21 Final Budget

<table>
<thead>
<tr>
<th></th>
<th>FY 2019-20 Approved</th>
<th>FY 2020-21 Proposed</th>
<th>FY 2020-21 Final Adjustments</th>
<th>FY 2020-21 Final</th>
<th>Change from FY 2019-20</th>
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<tbody>
<tr>
<td><strong>All Funds</strong></td>
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<td>FTE*</td>
<td>9,887.00</td>
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<td>10.07</td>
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<td><strong>General Fund</strong></td>
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<td>Budget</td>
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<td>FTE*</td>
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<td>8,071.30</td>
<td>9.40</td>
<td>8,080.70</td>
<td>149.61</td>
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</tbody>
</table>

*Full-time equivalent positions*
FY 2020-21 Final Budget
Appropriation by Major Object – General Fund
($ in millions)

Intra-Fund Transfers: $-86.0 million
Total General Fund: $3,145.1 million

Salaries & Employee Benefits
$1,288.6 (39.9%)

Services & Supplies
$546.7 (16.9%)

Community-Based Organization Contracts
$692.3 (21.4%)

Fixed Assets
$12.9 (0.4%)

Other Financing Uses
$188.7 (5.8%)

Assistance/Client Benefit Payments
$345.6 (10.7%)

Other Charges
$156.3 (4.8%)
FY 2020-21 Final Budget
Appropriation by Program – General Fund
($ in millions)

- Health Care Services $945.9 (30.1%)
- Public Protection $828.2 (26.3%)
- Public Assistance $882.7 (28.1%)
- Non-Program Activities $147.6 (4.7%)
- Contingency & Reserves $59.6 (1.9%)
- Capital Projects $7.5 (0.2%)
- General Government $273.6 (8.7%)

Total General Fund: $3,145.1 million
FY 2020-21 Final Budget
Available Financing by Source – General Fund
($ in millions)

- Property Tax Revenues $484.1 (15.4%)
- Other Revenues $153.2 (4.9%)
- Charges for Services $397.1 (12.6%)
- Aid from Local Gov't Agencies $69.1 (2.2%)
- Federal Aid $515.6 (16.4%)
- Available Fund Balance $0.5 (0.0%)
- Other Financing Sources $108.8 (3.5%)
- Other Revenues $153.2 (4.9%)

- State Aid $1,256.0 (39.9%)
- Federal Aid $515.6 (16.4%)
- Licenses, Permits & Franchises $10.2 (0.3%)
- Use of Money & Property $18.0 (0.6%)
- Fines, Forfeits & Penalties $13.3 (0.4%)
- Other Taxes $119.3 (3.8%)

Total General Fund: $3,145.1 million

60% of GF budget is State and Federal Aid ($1.9 billion)
FY 2020-21 Final Budget
Discretionary Revenue – Share of Total General Fund
($ in millions)

Total General Fund: $3,145.1 million

Program Revenue $2,281.0 (72.5%)

Discretionary Revenue $798.2 (25.4%)

Debt Service Revenue $26.9 (0.9%)

Use of FMR* $39.1 (1.2%)

*FMR = Fiscal Management Rewards
FY 2020-21 Final Budget
Discretionary Revenue by Source
($ in millions)

Total Discretionary Revenue: $798.2 million

- Vehicle License Fee (ERAF): $227.1 (28.5%)
- Interest: $17.4 (2.2%)
- Sales & Use Tax: $23.4 (2.9%)
- Property Tax: $484.1 (60.7%)
- Other Revenue: $46.1 (5.8%)
FY 2020-21 Final Budget
Use of Discretionary Revenue by Program
($ in millions)

Total Discretionary Revenue: $798.2 million
### Community-Based Organization (CBO) Contracts

#### FY 2020-21 Funding ($ in millions)

<table>
<thead>
<tr>
<th>Program Area</th>
<th>FY 20-21 Contracts</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Government</td>
<td>$24.9</td>
</tr>
<tr>
<td>Health Care Services*</td>
<td>$439.5</td>
</tr>
<tr>
<td>Health Care – Alameda Health System</td>
<td>$88.5</td>
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<tr>
<td>Public Assistance</td>
<td>$98.6</td>
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<tr>
<td>Public Protection</td>
<td>$40.8</td>
</tr>
<tr>
<td><strong>CBO Contracts Total</strong></td>
<td><strong>$692.3</strong></td>
</tr>
</tbody>
</table>

*excluding Alameda Health System contracts

Note: FY 20-21 Final Budget includes a 3.5% COLA for eligible CBOs ($5.3M)

Total: 261 CBO Contractors

NOTE: Totals may vary slightly due to rounding.
# Closing the FY 2020-21 Budget Gap

## Budget Balancing

<table>
<thead>
<tr>
<th>Budget Balancing Strategies</th>
<th>Net County Cost Reduction ($ in millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Government</td>
<td>$ 17.7</td>
</tr>
<tr>
<td>Health Care</td>
<td>$ 20.5</td>
</tr>
<tr>
<td>Public Assistance</td>
<td>$  2.9</td>
</tr>
<tr>
<td>Public Protection</td>
<td>$ 31.0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$ 72.1</strong></td>
</tr>
</tbody>
</table>
FY 2020-21 Budget Balancing Strategies

Ongoing vs. One-time ($ in millions)

Total Net County Cost Reductions: $72.1 million

*Fiscal Management Program Savings

NOTE: Totals may vary slightly due to rounding.
FY 2020-21 Budget Salaries & Benefits (in millions)

- **Salaries & Employee Benefits**: $1,288.6 (39.9%)
- **Services & Supplies**: $546.7 (16.9%)
- **Community-Based Organization Contracts**: $692.3 (21.4%)
- **Other Charges**: $156.3 (4.8%)
- **Assistance/Client Benefit Payments**: $345.6 (10.7%)
- **Fixed Assets**: $12.9 (0.4%)
- **Other Financing Uses**: $188.7 (5.8%)

**Intra-Fund Transfers**: $-86.0 million

**Total General Fund**: $3,145.1 million
FY 2020-21 Budget Salaries & Benefits (in millions)

- Total S&EB Budget: $1,288.6M
- Salaries: $786.5 (61.0%)
- Total Benefits: $502.2 (39.0%)
Salary and Benefits FY 2020-21 General Fund (in millions)

- Salaries: $786.5M (61.0%)
- Retirement: $250.0M (19.4%)
- Health & Dental: $163.0M (12.7%)
- Workers' Compensation: $30.1M (2.3%)
- Other Benefits: $59.0M (4.6%)

Total S&EB Budget: $1,288.6M
Salary and Benefits Budget (in millions)

*Note: FY 19-20 retirement decrease is attributable to the retirement of the Pension Obligation Bonds
FY 2020-21 Salary, Benefits and FTE % Increase

*Note: FY 19-20 retirement decrease is attributable to the retirement of the Pension Obligation Bonds*
Employee Benefits Per Dollar of Salary FY 2001 to FY 2021
General Fund

<table>
<thead>
<tr>
<th>Year</th>
<th>Salaries</th>
<th>Retirement</th>
<th>Health &amp; Dental</th>
<th>Workers' Compensation</th>
<th>Other Benefits</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000-01</td>
<td>$0.14</td>
<td>$0.07</td>
<td>$0.03</td>
<td>$0.06</td>
<td>$0.09</td>
</tr>
<tr>
<td>2005-06</td>
<td>$0.22</td>
<td>$0.07</td>
<td>$0.13</td>
<td>$0.04</td>
<td>$0.20</td>
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<tr>
<td>2010-11</td>
<td>$0.26</td>
<td>$0.07</td>
<td>$0.03</td>
<td>$0.04</td>
<td>$0.34</td>
</tr>
<tr>
<td>2015-16</td>
<td>$0.40</td>
<td>$0.07</td>
<td>$0.17</td>
<td>$0.04</td>
<td>$0.35</td>
</tr>
<tr>
<td>2020-21</td>
<td>$0.40</td>
<td>$0.08</td>
<td>$0.20</td>
<td>$0.04</td>
<td>$0.35</td>
</tr>
</tbody>
</table>

Note: The chart shows the allocation of employee benefits per dollar of salary from FY 2000-01 to FY 2020-21. The benefits include salaries, retirement, health & dental, workers' compensation, and other benefits.
### Ongoing Fiscal Uncertainty and Budget Gaps

<table>
<thead>
<tr>
<th>20-21 MOE Baseline Budget Funding Gap</th>
<th>20-21 May Revise and Other Projected Revenue Reductions</th>
<th>20-21 State Budget &amp; Federal Assistance</th>
</tr>
</thead>
<tbody>
<tr>
<td>$72.1 million</td>
<td>$121.6 million*</td>
<td>TBD</td>
</tr>
<tr>
<td>Health Care: $20.5M</td>
<td>Health Care: $62.1M</td>
<td></td>
</tr>
<tr>
<td>Public Assistance: $2.9M</td>
<td>Public Assistance: $27.1M</td>
<td></td>
</tr>
<tr>
<td>Public Protection: $31.0M</td>
<td>Public Protection: $29.2M</td>
<td></td>
</tr>
<tr>
<td>General Gov’t: $17.7M</td>
<td>General Gov’t: $3.2M</td>
<td></td>
</tr>
<tr>
<td>One-Time: $56.2M (78%)</td>
<td>*Initial projection based upon May Revise</td>
<td></td>
</tr>
<tr>
<td>Ongoing: $15.9M (22%)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Initial projection based upon May Revise
FY 20-21 Budget Phase 2

Projected Revenue Shortfall
# FY 20-21 Overview: Revised Revenue Projections
(in millions)

<table>
<thead>
<tr>
<th>Source</th>
<th>20-21 MOE</th>
<th>20-21 May Projection</th>
<th>Change from 20-21 MOE to May Projection</th>
</tr>
</thead>
<tbody>
<tr>
<td>Realignment*</td>
<td>$459.9</td>
<td>$396.8</td>
<td>($63.1)</td>
</tr>
<tr>
<td>Measure A (County portion)</td>
<td>$38.0</td>
<td>$32.2</td>
<td>($5.8)</td>
</tr>
<tr>
<td>MHSA**</td>
<td>$127.0</td>
<td>$94.6</td>
<td>($32.4)</td>
</tr>
<tr>
<td>Unincorporated Area Sales Tax</td>
<td>$23.4</td>
<td>$20.2</td>
<td>($3.2)</td>
</tr>
<tr>
<td>Prop. 172</td>
<td>$170.9</td>
<td>$153.8</td>
<td>($17.1)</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>$819.2</td>
<td>$697.6</td>
<td>($121.6)</td>
</tr>
</tbody>
</table>

*Realignment revenue loss from May Projection: HCSA - $23.9M; SSA - $27.1M; Public Protection - $12.1M totals $63.1M.
**Mental Health Services Act; based on DOF estimates

Numbers and percentages may vary slightly due to rounding; calculations are based on exact numbers.
## FY 20-21 Overview: Revised Revenue Projections (in millions)

<table>
<thead>
<tr>
<th>Source</th>
<th>20-21 MOE</th>
<th>20-21 May Projection</th>
<th>Change from 20-21 MOE to May Projection</th>
<th>20-21 July Projection</th>
<th>Change from 20-21 MOE to July Projection</th>
<th>Change in Rev Projection from May to July</th>
</tr>
</thead>
<tbody>
<tr>
<td>Realignment*  Backfill @ $750M</td>
<td>$459.9</td>
<td>$396.8</td>
<td>($63.1)</td>
<td>$426.3</td>
<td>($33.6)</td>
<td>$29.5</td>
</tr>
<tr>
<td>Measure A (County portion)</td>
<td>$38.0</td>
<td>$32.2</td>
<td>($5.8)</td>
<td>$33.8</td>
<td>($4.2)</td>
<td>$1.6</td>
</tr>
<tr>
<td>MHSA**</td>
<td>$127.0</td>
<td>$94.6</td>
<td>($32.4)</td>
<td>$110.3</td>
<td>($16.7)</td>
<td>$15.7</td>
</tr>
<tr>
<td>Unincorporated Area Sales Tax</td>
<td>$23.4</td>
<td>$20.2</td>
<td>($3.2)</td>
<td>$20.6</td>
<td>($2.8)</td>
<td>$0.4</td>
</tr>
<tr>
<td>Prop. 172</td>
<td>$170.9</td>
<td>$153.8</td>
<td>($17.1)</td>
<td>$155.3</td>
<td>($15.6)</td>
<td>$1.5</td>
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<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$819.2</strong></td>
<td><strong>$697.6</strong></td>
<td><strong>($121.6)</strong></td>
<td><strong>$746.3</strong></td>
<td><strong>($72.9)</strong></td>
<td><strong>$48.7</strong></td>
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</tbody>
</table>

*Realignment revenue loss from May Projection: HCSA - $23.9M; SSA - $27.1M; Public Protection - $12.1M totals $63.1M.

**Mental Health Services Act; based on DOF estimates.

Numbers and percentages may vary slightly due to rounding; calculations are based on exact numbers.
## FY 20-21 Revise Projections – July 2020

### Revenue Loss by Program (in millions)

<table>
<thead>
<tr>
<th>Program</th>
<th>20-21 MOE</th>
<th>20-21 May Projection</th>
<th>Change Amount from MOE</th>
<th>20-21 July Projection</th>
<th>Change Amount from MOE</th>
<th>Change in Rev Projection from May to July</th>
</tr>
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<tr>
<td>Health Care</td>
<td>$321.7</td>
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<td>($62.1)</td>
<td>$286.0</td>
<td>($35.7)</td>
<td>$26.4</td>
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<td>Public Assistance</td>
<td>$218.3</td>
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<td>($27.1)</td>
<td>$206.5</td>
<td>($11.8)</td>
<td>$15.3</td>
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<td>Public Protection</td>
<td>$255.8</td>
<td>$226.6</td>
<td>($29.2)</td>
<td>$233.2</td>
<td>($22.6)</td>
<td>$ 6.6</td>
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<td>General Gov’t</td>
<td>$ 23.4</td>
<td>$ 20.2</td>
<td>($  3.2)</td>
<td>$ 20.6</td>
<td>($  2.8)</td>
<td>$  0.4</td>
</tr>
<tr>
<td><strong>Total Projected Program Impact</strong></td>
<td><strong>$819.2</strong></td>
<td><strong>$697.6</strong></td>
<td><strong>($121.6)</strong></td>
<td><strong>$746.3</strong></td>
<td><strong>($72.9)</strong></td>
<td><strong>$48.7</strong></td>
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</tbody>
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Numbers and percentages may vary slightly due to rounding; calculations are based on exact numbers.
FY 20-21 Budget Phase 2

Budget Balancing Considerations
## Phase 2 Budget Balancing Considerations by Program (in millions)

<table>
<thead>
<tr>
<th>Program</th>
<th>2A: Equally by Program Area</th>
<th>2B: Proportionate Share of Net County Cost</th>
<th>2C: Estimated Loss of Revenue by Program Area</th>
<th>2D: Proportionate % of Revenue Loss Mitigated by Countywide Strategies</th>
<th>% Share of Revenue Loss</th>
</tr>
</thead>
<tbody>
<tr>
<td>Health Care</td>
<td>$18.2</td>
<td>$15.8</td>
<td>$35.7</td>
<td>$21.5</td>
<td>49.0%</td>
</tr>
<tr>
<td>Public Assistance</td>
<td>$18.2</td>
<td>$7.5</td>
<td>$11.8</td>
<td>$7.1</td>
<td>16.2%</td>
</tr>
<tr>
<td>Public Protection</td>
<td>$18.2</td>
<td>$39.1</td>
<td>$22.6</td>
<td>$13.6</td>
<td>31.0%</td>
</tr>
<tr>
<td>General Government</td>
<td>$18.2</td>
<td>$10.5</td>
<td>$2.8</td>
<td>$1.7</td>
<td>3.8%</td>
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<tr>
<td>Program Total</td>
<td>$72.9</td>
<td>$72.9</td>
<td>$72.9</td>
<td>$43.9</td>
<td>100%</td>
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<tr>
<td>Countywide Strategies</td>
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<td>$29.0</td>
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<tr>
<td>TOTAL</td>
<td></td>
<td></td>
<td></td>
<td>$72.9</td>
<td></td>
</tr>
</tbody>
</table>

*Numbers and percentages may vary slightly due to rounding; calculations are based on exact numbers.*
Phase 2 Recommended Budget Balancing Approach

- The reduced GAP of $72.9M is based solely on program revenue shortfalls resulting from the impact of the economic recession.

- Consider revenue losses by program area with adjustments based on each program area’s proportionate share of the total program revenue loss.

- Countywide strategies should be considered to partially mitigate program revenue shortfalls including non-program revenue adjustments and internal service fund reductions.

- Continue to pursue other revenue strategies, implement cost containment and reduction policies, and analyze reduction plans submitted by agency/departments in anticipation of Phase 2 and 3 budget adjustments.
FY 20-21 County Budget Framework – Phase 3
State Budget & Federal Assistance Pending Factors

- $11.1 billion in GF trigger cuts that will be restored if at least $14 billion in federal funds are received by October 15, 2020:
  - $6.6 billion in deferred spending on schools;
  - Approximately $970 million in funding for the University of California and the California State University;
  - $2.8 billion for state employee compensation;
  - $150 million for courts, and funding for child support administration, teacher training, moderate-income housing, and infrastructure to support infill housing; and
  - An additional $250 million for county programs to backfill revenue losses.

- Federal budget – downstream impacts absent additional stimulus

- COVID-19 pandemic impacts resulting in unanticipated expenses and reduced federal, State, and local revenues

- Revenues could be further downgraded
Other Pending Factors

- Economic downturn
  - Unanticipated costs related to COVID-19 response and projected revenue shortfalls
- State budget adjustments
- Salary & Employee Benefit COLAs
- Rising retirement costs
- Ongoing homelessness crisis
- Health care – Expiration of Medicaid waivers; Alameda Health System financial status
- Public safety costs – inmate medical care, pending litigation, realignment of juvenile justice
- Capital needs and unfunded major maintenance needs
  - Workplace modifications to slow the spread of COVID-19 in County facilities
- Ballot initiatives – Utility Users Tax; General Purpose Sales Tax
- Census 2020
Next Steps

- Develop a proposal to close the current $72.9 M revenue shortfall and maintain a balanced FY 2020-2021 budget

- Continue to update revenue projections and implement cost containment and reduction strategies

- Consider technology solutions and other efficiency initiatives to streamline operations

- Review agency/department proposed reduction plans in anticipation of Phase 3 budget adjustments

- 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