Alameda County
Fiscal Year 2022-2023
Budget Workgroup Meeting
March 17, 2022
Overview

- Economic Updates
- County Financing
- FY 21-22 Maintenance of Effort (MOE) Budget
- FY 21-22 Funding Gap
- Budget Balancing
- Pending Factors
- Looking Ahead
Alameda County Unemployment Rate
Alameda County Assessment Roll Growth
State and Federal Updates

State

- Governor’s January budget projects $21 billion discretionary surplus but focuses on one-time investments
- Cautionary long-term planning given potential out-year revenue uncertainty
- Governor’s CARE Court framework lacks clarity on county roles and funding

Federal

- FY 22 Appropriations omnibus signed - includes $1.5 trillion in discretionary spending
- Negotiations continue on Covid supplemental funding

Agencies/departments must exercise fiscal prudence and continue to use cost containment and cost reduction strategies in preparation for budgetary challenges and uncertainty.
County Financing
County Fiscal Dilemma

- Increasing demand for safety net services during economic downturns

- County revenue raising authority limited by:
  - Proposition 13 - restricted property tax growth
  - Proposition 218 - voter approval for tax increases
  - ERAF* - State shifted property taxes to schools

- Progressive loss of control over local spending

- Most services are mandated by State/federal government

- Mandates have continued to increase; reimbursements delayed

- Transfer of responsibility from the State to counties
  - Realigned programs with inadequate ongoing funding

*Education Revenue Augmentation Fund
Alameda County ERAF Losses by Year

($ in millions)

Total since FY 1992-93: $8.8 billion
Alameda County Funding Gaps since ERAF

($ in millions)

Total since FY 1993-94: $2.4 billion
Discretionary Revenue

- Discretionary revenue is approximately 27% of the General Fund, and nearly 90% is property tax-based.

- Alameda County receives **only 15 cents for every property tax dollar** collected in the County.

* Over time, redevelopment agencies’ share of property taxes should be distributed to the other entities.
FY 2021-22 Budget Overview
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
- 3.0% cost-of-living adjustment for eligible contracts with community-based organizations
- Mid-year Board approved adjustments
- MOE does not generally include COVID-19 impacts
- Alignment with Vision 2026
## FY 2021-22 Final Budget Overview

<table>
<thead>
<tr>
<th></th>
<th>FY 2020-21 Approved</th>
<th>FY 2021-22 Proposed</th>
<th>FY 2021-22 Final Budget</th>
<th>Change from FY 2020-21 Approved</th>
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<tbody>
<tr>
<td><strong>All Funds</strong></td>
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<td><strong>Budget</strong></td>
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<td>10,060.78</td>
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<td><strong>General Fund</strong>*</td>
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<td>8,194.95</td>
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*General Fund FTE changes are all Board-approved and fully offset by revenue or other one-time funding.
FY 2021-22 Final Budget
Appropriation by Major Object – General Fund
($ in millions)

- Salaries & Employee Benefits: $1,357.2 (39.7%)
- Services & Supplies: $588.8 (17.2%)
- Community-Based Organization Contracts: $728.6 (21.3%)
- Other Charges: $177.9 (5.2%)
- Other Financing Uses: $207.6 (6.1%)
- Fixed Assets: $9.4 (0.3%)
- Assistance/Client Benefit Payments: $348.2 (10.2%)

Intra-Fund Transfers: $-102.7 million
Total General Fund: $3,315.0 million
FY 2021-22 Final Budget
Appropriation by Program – General Fund
($ in millions)

Total General Fund: $3,315.0 million

Health Care Services $1,010.3 (30.5%)
Public Assistance $901.5 (27.2%)
Public Protection $877.4 (26.5%)
Non-Program Activities $173.7 (5.2%)
Contingency & Reserves $61.6 (1.9%)
Capital Projects $10.0 (0.3%)
General Government $280.5 (8.5%)

General Fund:
- Public Assistance
- Public Protection
- Health Care Services
- Non-Program Activities
- Contingency & Reserves
- Capital Projects
- General Government
FY 2021-22 Final Budget
Available Financing by Source – General Fund
($ in millions)

Available Fund Balance $19.1 (0.6%)
Other Financing Sources $62.8 (1.9%)
Other Revenues $170.3 (5.1%)
Charges for Services $377.3 (11.4%)
Aid from Local Gov’t Agencies $78.2 (2.4%)
Federal Aid $576.4 (17.4%)
State Aid $1,327.8 (40.1%)
Licenses, Permits & Franchises $10.8 (0.3%)
Fines, Forfeits & Penalties $9.2 (0.3%)
Use of Money & Property $13.3 (0.4%)
Other Revenues $170.3 (5.1%)
Other Financing Sources $62.8 (1.9%)
Available Fund Balance $19.1 (0.6%)
Total General Fund: $3,315.0 million
FY 2021-22 Final Budget
Discretionary Revenue – Share of Total General Fund
($ in millions)

Total General Fund: $3,315.0 million

- Program Revenue: $2,393.1 (72.2%)
- Discretionary Revenue: $885.4 (26.7%)
- Debt Service Revenue: $36.5 (1.1%)
FY 2021-22 Final Budget
Discretionary Revenue by Source
($ in millions)

Total Discretionary Revenue: $885.4 million
FY 2021-22 Final Budget

Use of Discretionary Revenue by Program

($ in millions)

Total Discretionary Revenue: $885.4 million

- Public Protection: $427.4 (48.3%)
- Public Assistance: $70.9 (8.0%)
- Health Care: $170.7 (19.3%)
- Debt Service: $67.0 (7.6%)
- Capital Projects: $10.0 (1.1%)
- Contingency & Reserve: $61.6 (7.0%)
- General Government: $77.8 (8.8%)
Community-Based Organization (CBO) Contracts
FY 2021-22 Final Budget Funding ($ in millions)

<table>
<thead>
<tr>
<th>Program Area</th>
<th>FY 21-22 Contracts</th>
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<tbody>
<tr>
<td>General Government</td>
<td>$43.9</td>
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<tr>
<td>Health Care Services*</td>
<td>$449.4</td>
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<td>Health Care – Alameda Health System</td>
<td>$89.3</td>
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<td>Public Assistance</td>
<td>$104.9</td>
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<td>Public Protection</td>
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<td><strong>CBO Contracts Total</strong></td>
<td><strong>$728.6</strong></td>
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* excludes Alameda Health System contracts
FY 2021-22 Budget Balancing Strategies
Ongoing vs. One-time ($ in millions)

One-Time Strategies
$23.8 (48.4%)

Ongoing Strategies
$25.4 (51.6%)

Total Net County Cost Reductions: $49.2 million
Funding Challenges

- Homelessness Crisis
- In-Home Support Services (IHSS)
- Public Safety Costs—inmate medical care, realignment of juvenile justice, pending litigation
- Alameda Health System
- Elections
- Infrastructure and Capital needs
Fiscal Stewardship

- 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 (since 2018)

- Invest in capital improvements and deferred maintenance

- Manage the County’s pension liability
Pending Factors

- State and federal funding
- Growth of program costs outpacing growth of program revenue
- COVID-19
  - American Rescue Plan Act
  - Reopening/Hybrid Workforce/Reimagining County operations
- Litigation
- Climate Change/Drought/Wildfires/Public Safety Power Shutoffs
Our Shared Vision

**Strategic Focus Areas**

- Safe and Livable Communities
- Thriving and Resilient Population
- Healthy Environment
- Prosperous and Vibrant Economy
Key Budget Dates

- Special budgets due: March/April 2022
- Early Budget Work Session: Early April 2022
- Reduction targets to departments: Late April 2022
- VBB plans submitted by departments: May 2022
- Proposed Budget submitted: Early June 2022
- Final Budget adopted: Late June 2022