



# Alameda County Fiscal Year 2022-23 Early Budget Work Session

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# Early Budget Work Session

- Federal, State, and Economic Update
- County Budget Updates
  - Board-Approved FY 2022-23 Budget Policy
  - Budget Balancing Strategies for FY 2021-22
  - FY 2022-23 Budget Next Steps
- Pending Factors
- FY 2022-23 Preliminary MOE - Department Presentations



# Federal Budget Update

- On March 15, President Biden signed a \$1.5 trillion spending bill to fund the federal government through the remainder of the Fiscal Year with increases to both defense and non-defense spending.
- On March 28, the Biden Administration released a \$5.7 trillion spending plan for FY 23 with a focus in the following:
  - Unclogging supply chains
  - Green Energy
  - Public Safety
  - Billionaire Minimum Income Tax, increases in top level income tax, & increase in corporate taxes

# State Budget Update

- On January 10, Governor Newsom released a \$286 billion proposed FY 23 Budget with a focus on:
  - Fighting COVID-19
  - Combating the Climate Crisis
  - Confronting Homelessness
  - Tackling the Cost of Living
  - Keeping our Streets Safe
- The Governor projected a \$21 billion discretionary surplus due to increased revenues driven by very strong personal income tax receipts.
- The Governor is proposing to use the surplus chiefly for one-time investments due to the volatility of State revenues.
- Some areas of interest/concern for counties include CalAIM, pretrial funding, and CARE Court.

# Economic Update

- The labor market continues its post-COVID recovery with February U.S. unemployment at 3.8% compared to 3.5% in January 2020.
- California continues to lag with an unemployment rate of 5.4% in February vs 4.1% in January 2020.
- The Federal Reserve has increased interest rates for the first time since the onset of the pandemic and has signaled future increases.
- 30-year mortgage rates have increased sharply – rising from 3.2% in January to 4.7% in March.

# 2022-23 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
- 3% 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 Budget Balancing

(\$ in millions)

	All Funds	General Fund	FTEs
<b>FY 2021-22 Adopted Budget</b>	\$3,607.9	\$3,315.0	10,078

Program	Total One-Time Balancing Strategies	Total Ongoing Balancing Strategies	Grand Total Balancing Strategies
<b>General Government</b>	\$0.0	\$7.9	\$7.9
<b>Health Care Services</b>	\$4.7	\$0.0	\$4.7
<b>Public Assistance</b>	\$0.0	\$5.5	\$5.5
<b>Public Protection</b>	\$0.0	\$10.0	\$10.0
<b>Countywide</b>	\$19.1	\$2.0	\$21.1
<b>Grand Total</b>	<b>\$25.4</b>	<b>\$23.8</b>	<b>\$49.2</b>





# FY 2022-23 Budget Development Next Steps

- Continue analysis of program expenditure & revenue projections
- Analyze & update non-program revenue and expenditure projections
- Identify any remaining funding gap & balancing strategies
- Analyze Governor's May Revision
- Submit balanced Proposed Budget to Board of Supervisors
- Budget Hearings
- Adopt balanced Final Budget by June 30th



# Pending Factors

- Rising retirement costs
  - As of the December 2020 actuarial report ACERA has \$2.5 billion in unfunded liabilities and funded ratio decreased from 77.6% to 76.2%
- Pending labor negotiations
- Deferred maintenance and infrastructure needs
- Public Safety Costs – inmate medical care, realignment of juvenile justice, pending litigation / consent decree
- Housing and homelessness
- Continued use of one-time funds for budget balancing
- Rising interest rates cooling the economy and potentially causing an economic downturn
- Continued COVID-19 response & recovery

# FY 2022-23 Early Budget Work Session Schedule

## County Administrator's Overview

### Health Care Services

Health Care Services Agency

### Public Assistance

Social Services Agency

Child Support Services

### General Government

General Services Agency

Public Works Agency

Community Development Agency

Information Technology Department

Registrar of Voters

### Public Protection

Sheriff

Probation Department

Public Defender

District Attorney

Fire Department

### General Government (continued)

Auditor

Assessor

Treasurer-Tax Collector

Human Resource Services

Library



