Alameda County
Fiscal Year 2022-23
Early Budget Work Session

Susan S. Muranishi, County Administrator

April 12, 2022
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
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)

<table>
<thead>
<tr>
<th>Program</th>
<th>Total One-Time Balancing Strategies</th>
<th>Total Ongoing Balancing Strategies</th>
<th>Grand Total Balancing Strategies</th>
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<tbody>
<tr>
<td>General Government</td>
<td>$0.0</td>
<td>$7.9</td>
<td>$7.9</td>
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<tr>
<td>Health Care Services</td>
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<tr>
<td>Public Assistance</td>
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<tr>
<td>Public Protection</td>
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<tr>
<td>Countywide</td>
<td>$19.1</td>
<td>$2.0</td>
<td>$21.1</td>
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<tr>
<td><strong>Grand Total</strong></td>
<td><strong>$25.4</strong></td>
<td><strong>$23.8</strong></td>
<td><strong>$49.2</strong></td>
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<table>
<thead>
<tr>
<th></th>
<th>All Funds</th>
<th>General Fund</th>
<th>FTEs</th>
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<tbody>
<tr>
<td>FY 2021-22 Adopted Budget</td>
<td>$3,607.9</td>
<td>$3,315.0</td>
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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