



Alameda County Fiscal Year 2024-25 Early Budget Work Session

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Early Budget Work Session

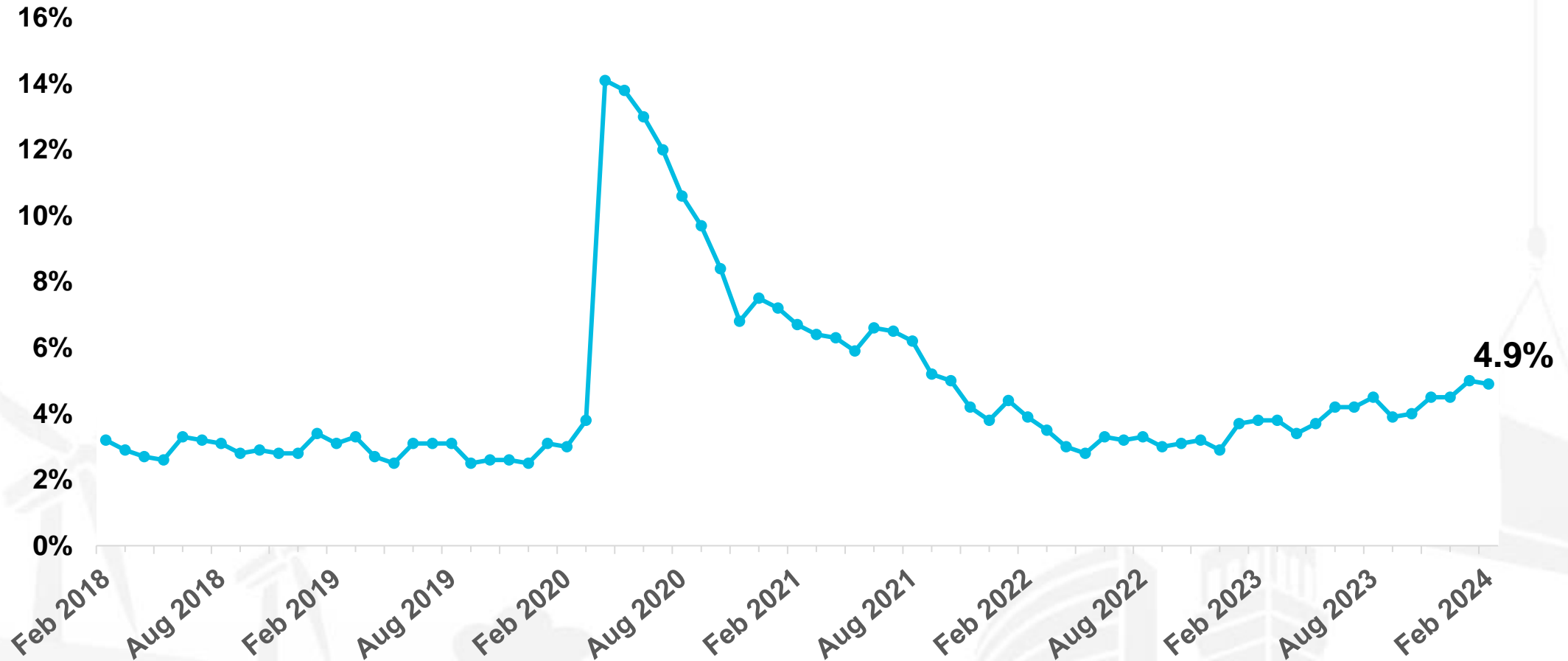
- Economic Context, Federal, and State Update
- County Budget Updates
 - Board-Approved FY 2024-25 Budget Policy
 - FY 2024-25 Budget Next Steps
- Pending Factors
- FY 2024-25 Preliminary MOE - Department Presentations



Economic Context



Alameda County Unemployment



Bay Area Layoffs

- Tech companies eliminated nearly 4,000 jobs by early February according to WARN data filed with State EDD
- After just 5 weeks of 2024, tech layoffs in the Bay Area this year equate to nearly 20% of tech jobs cut in the Bay Area in all of 2023
- Other notable layoffs in 2024
 - Health – Blue Shield and Kaiser
 - Biotech – Personalis, Inc. and Lonza Biologics
 - Other – Apple, Macys, Rivian, Marriott, Electronic Arts



Economic Takeaways

- Labor market remains tight
- Tech continues to grow despite layoffs
 - Artificial Intelligence investments
- Consumption remains strong and signals shifting priorities
- Low inventory and high mortgage rates driving the real estate market
 - Significant construction labor shortage persists; slower housing growth
- Federal Reserve has signaled additional rate cuts

State and Federal Updates

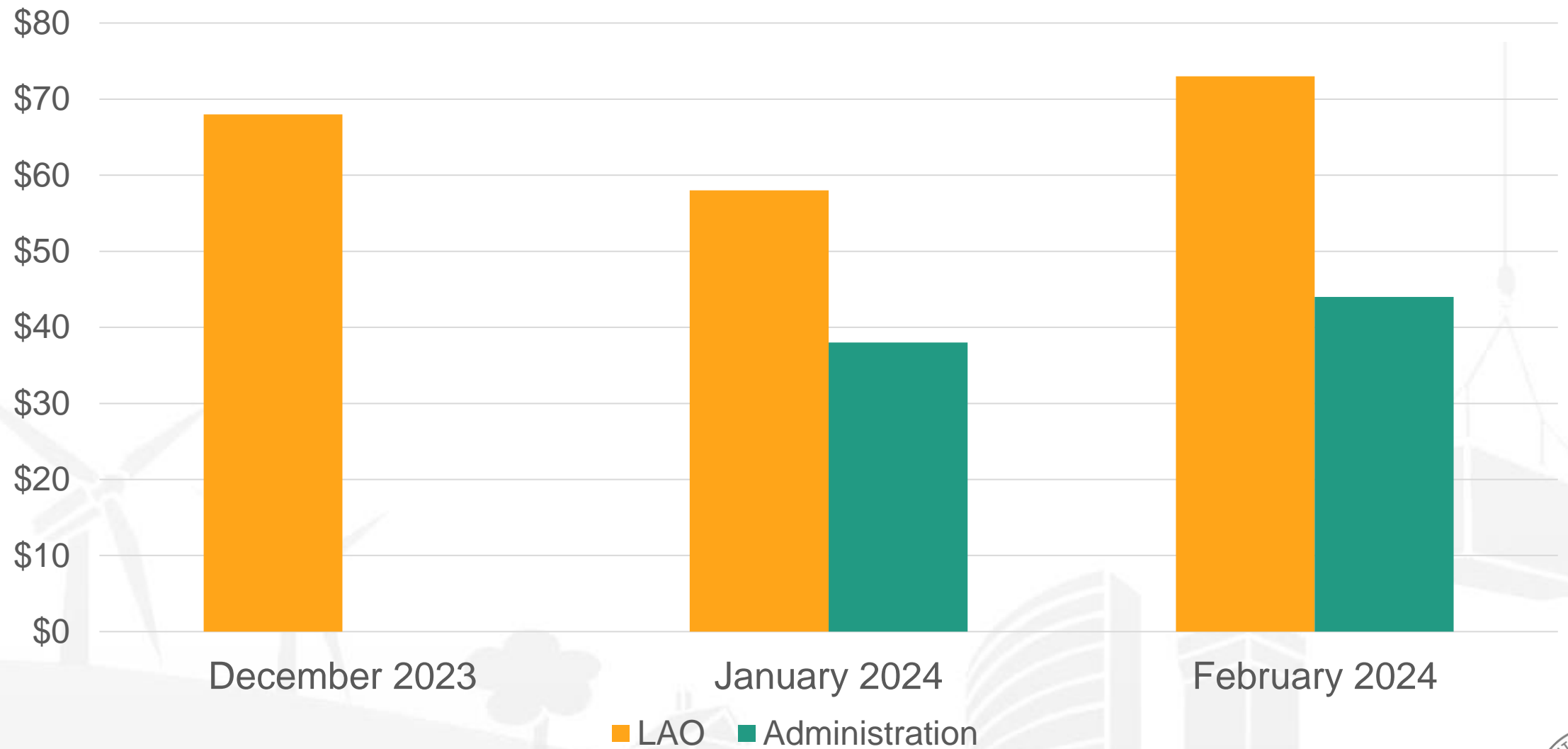


State Budget Update

Weak revenue collections resulting in significant budget challenges

- The Department of Finance reports cash receipts are **\$5 billion** below the 24-25 Budget forecast for January and nearly \$6 billion below the fiscal year-to-date forecast.
- The LAO released a report on February 20 projecting a **\$73 billion** budget deficit, further widening the difference between the LAO projection and the administration's estimate.
- Anticipate significant budgetary revisions in May.

Estimated State Revenue Shortfall (\$ in billions)



State Budget Balancing – “Early Action Plan”

On April 4, the Governor and legislative leaders announced a \$17.3 billion “early action” plan to address the State’s budget gap

- **Reductions:** Salary savings from vacant positions, CalWORKs Single Allocation, Foreclosure Intervention Housing Preservation Program
- **Delays:** Public transit, Early Care Education facilities grant program, Behavioral Health Bridge Housing, CA Jobs First, Behavioral Health Continuum Infrastructure Program
- **Revenue/Borrowing:** MCO Tax
- **Fund Shifts and Deferrals:** Greenhouse Gas Reduction Fund, retirement contribution reductions, Statewide payroll deferral

Federal Update

- On March 11, President Biden released his \$7.3 trillion Fiscal Year 2025 budget with key components including:
 - Tax hikes for higher-income households and corporations
 - Expanded child care, and housing initiatives
 - \$7.7 billion in WIC funding
 - New program under which working families with incomes up to \$200,000 per year would be guaranteed affordable, high-quality child care from birth until kindergarten
 - \$1.3 billion in the HOME Investment Partnerships Program (HOME) to construct and rehabilitate affordable rental housing and provide homeownership opportunities
 - \$7.5 billion in mandatory funding for new Project-Based Rental Assistance
 - \$4.1 billion for Homeless Assistance Grants

2024-25 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 should first offset eligible increased operating costs
- 5.0% 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

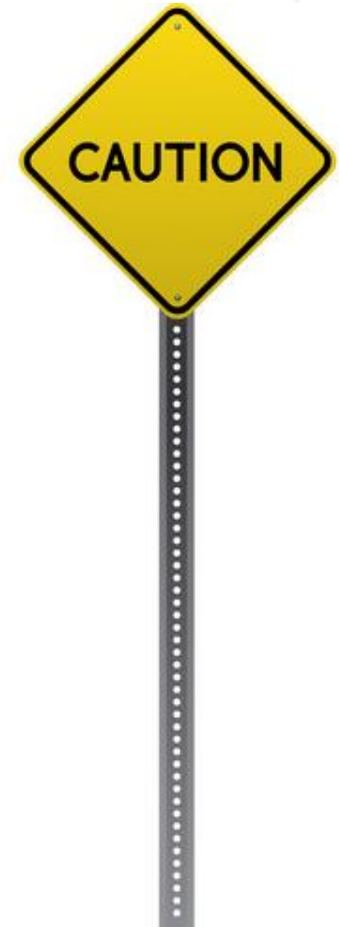


FY 2024-25 Budget Development Next Steps

- 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

- Ongoing homelessness crisis; Home Together Plan
- Labor negotiations & workforce challenges
- Pending litigation and settlements
- Rising insurance costs
- Rising health benefit costs
- Potential federal and State audit disallowances
- Unfunded capital needs
- CARE Court implementation / MHSA Changes
- Reimagining Justice
- Special election costs
- Assessment appeals
- Global finances and climate change
- Economic downturn



FY 2024-25 Early Budget Work Session Schedule

County Administrator's Overview

Health Care

AC Health

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

District Attorney

Public Defender

Probation Department

Fire Department

General Government (continued)

Auditor

Assessor

Treasurer-Tax Collector

Human Resource Services

Library



