



COUNTY OF ALAMEDA

Economic and Budget Update

Presented by Susan S. Muranishi,
County Administrator

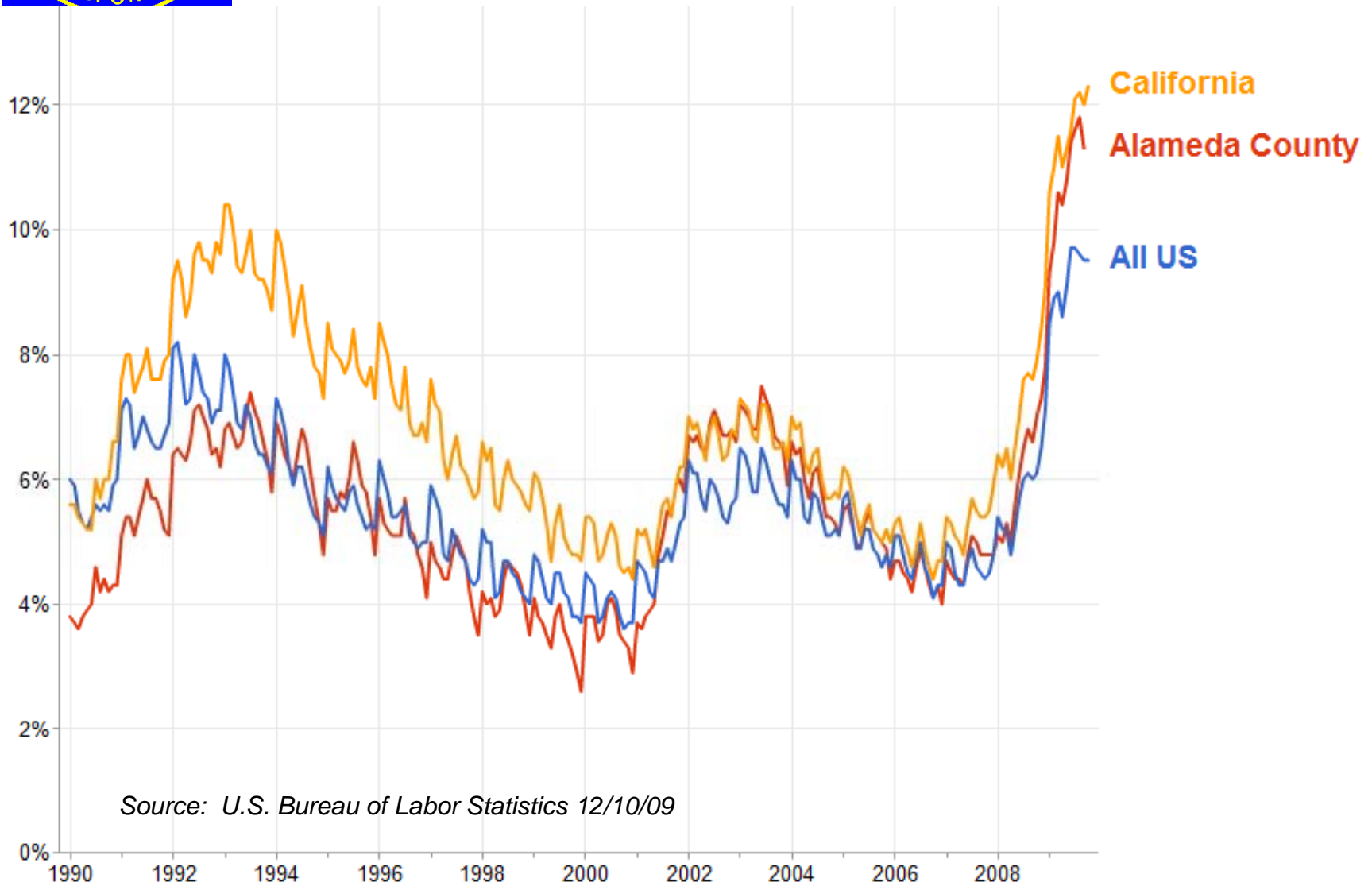
January 6, 2010



Economic Update



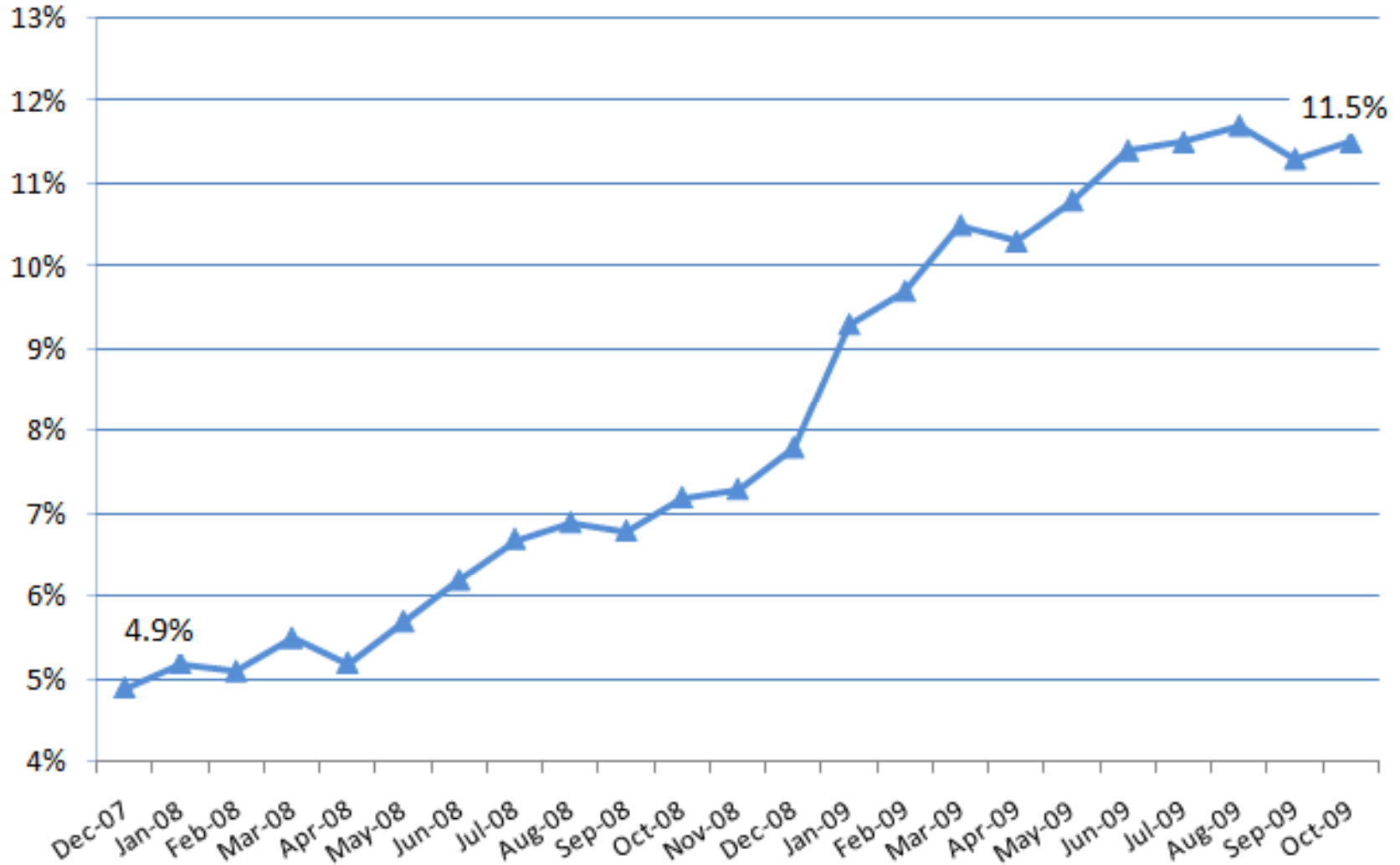
Unemployment Rate Over Time



Source: U.S. Bureau of Labor Statistics 12/10/09

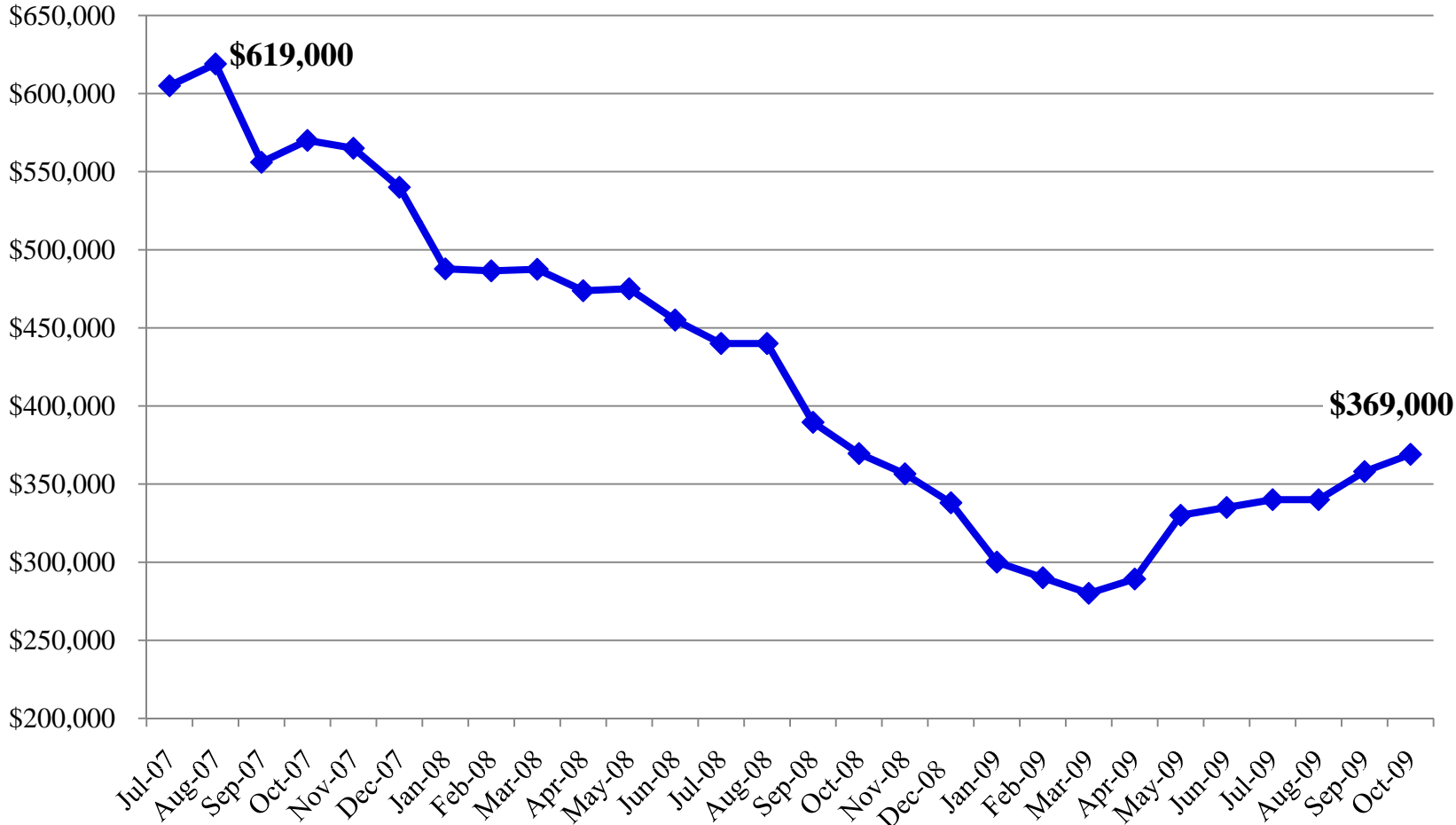


Alameda County Unemployment Rate Since Recession Began



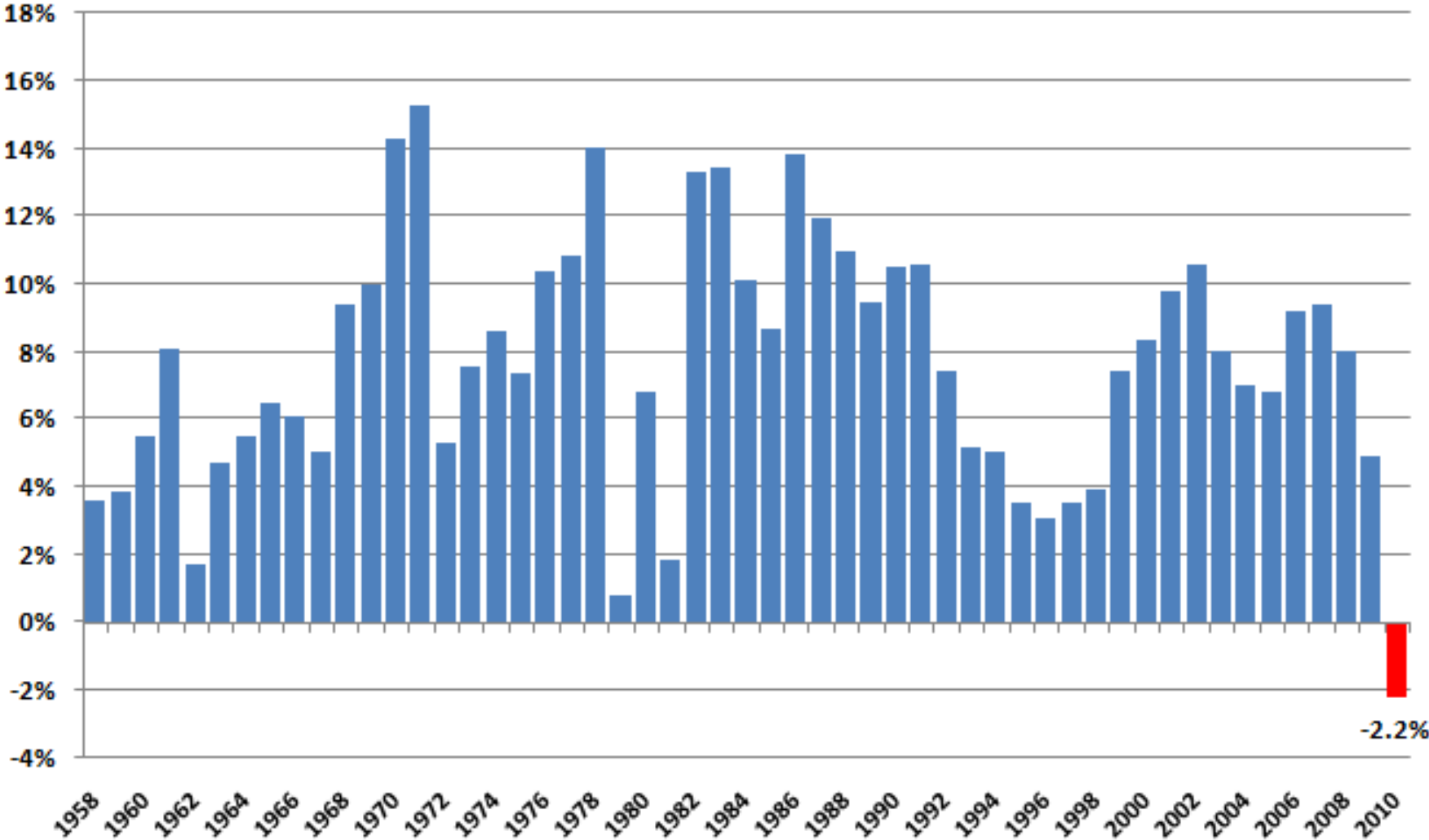


Alameda County Median Home Values July 2007 – Oct 2009



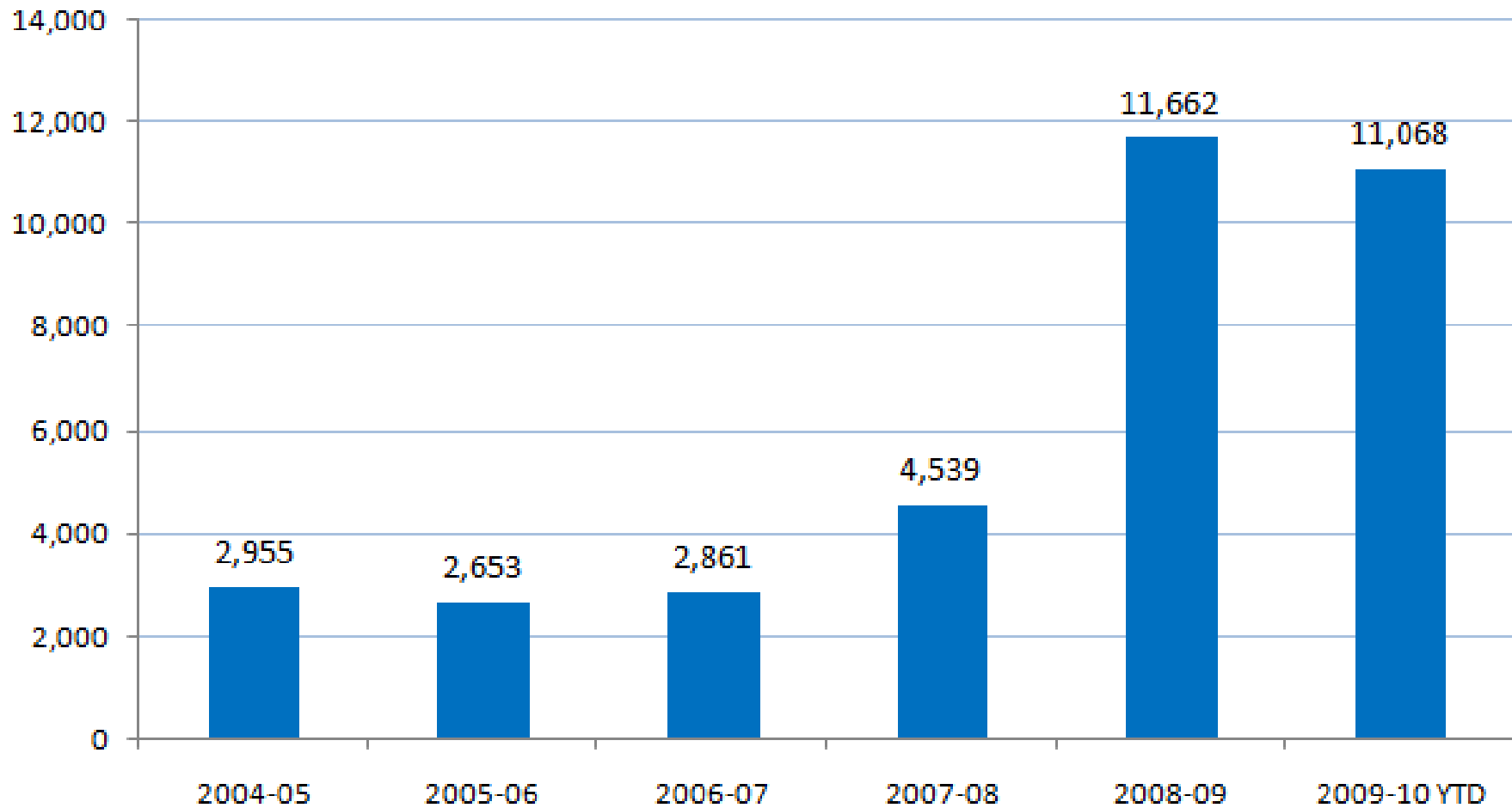


Assessment Roll—Percent Change Alameda County





Assessment Appeals Filed



Note: Filings for 2009 continue until July 1, 2010.



Economic Forecast

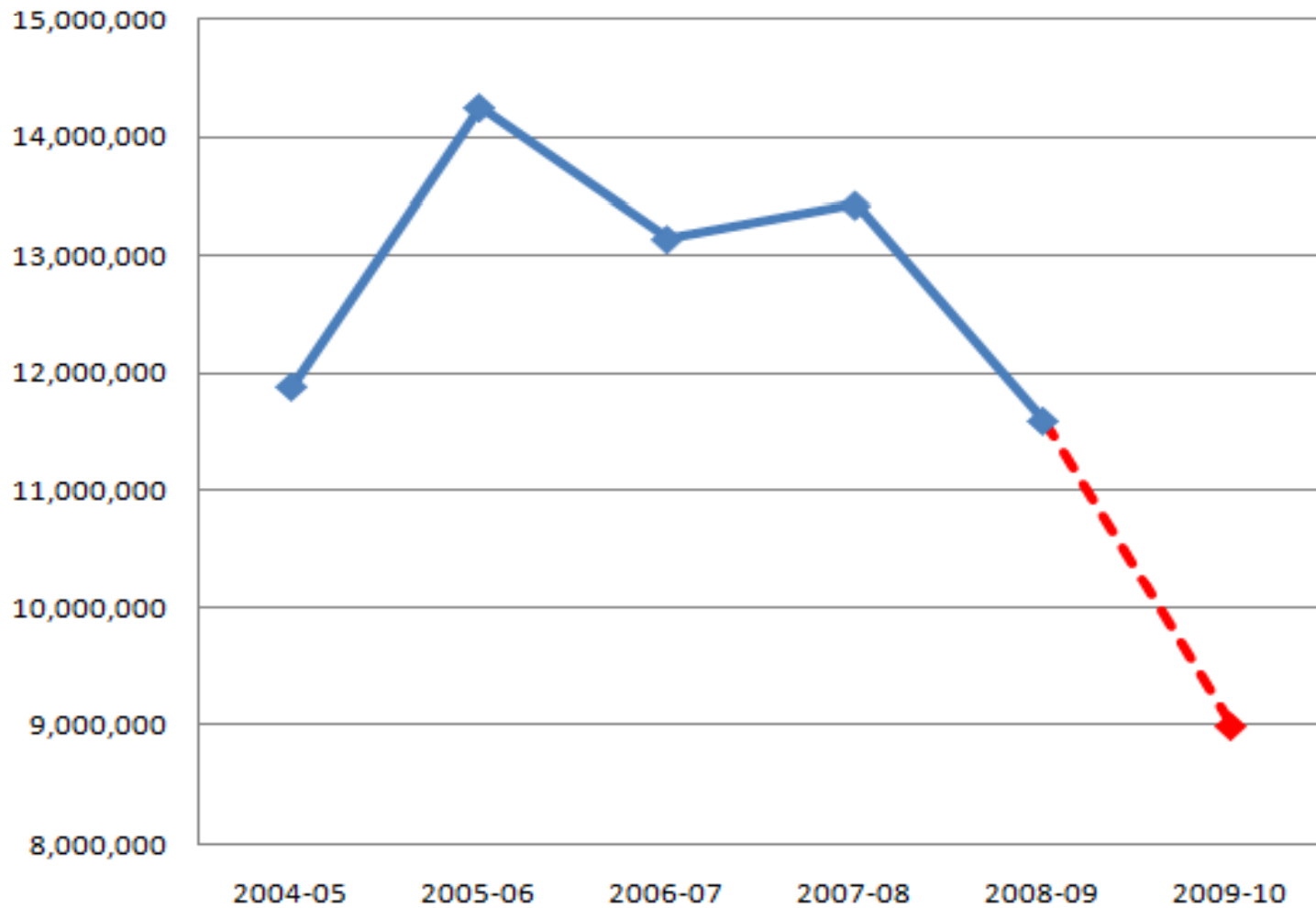
- ❑ Personal income, employment will fall through mid-2010
- ❑ Little change in home prices through 2010
- ❑ Foreclosures down from peak, but may increase again as mortgages reach reset date
- ❑ Taxable sales to decline another 3%
- ❑ Big impact on local government budgets
 - Declining home prices will impact property tax, transfer tax, sales taxes for years to come
- ❑ As in 2001 recession, recovery will be hampered by State and local government & education job losses resulting from impact of State Budget cuts



Revenue Trends

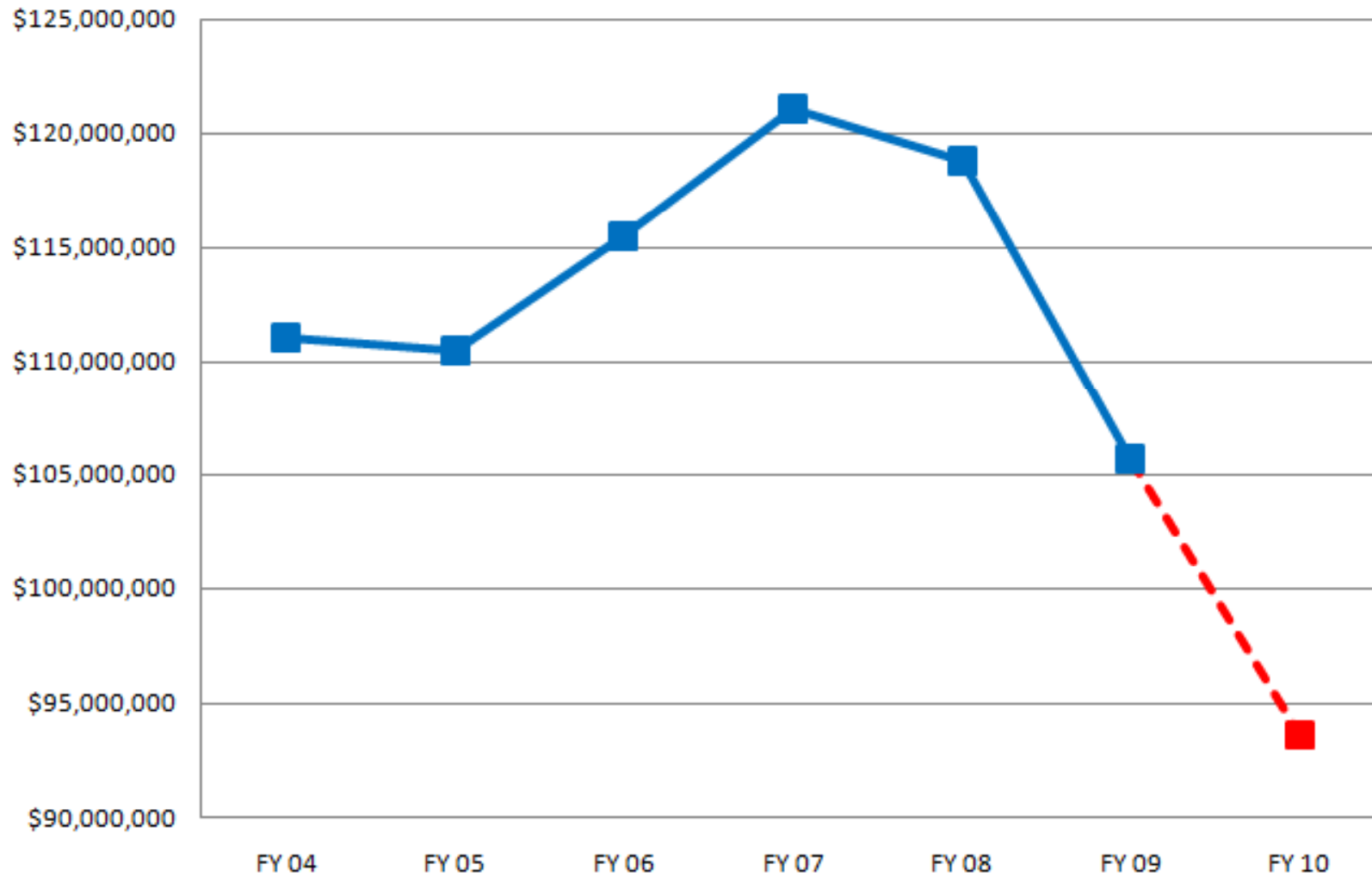


Sales Tax Revenues



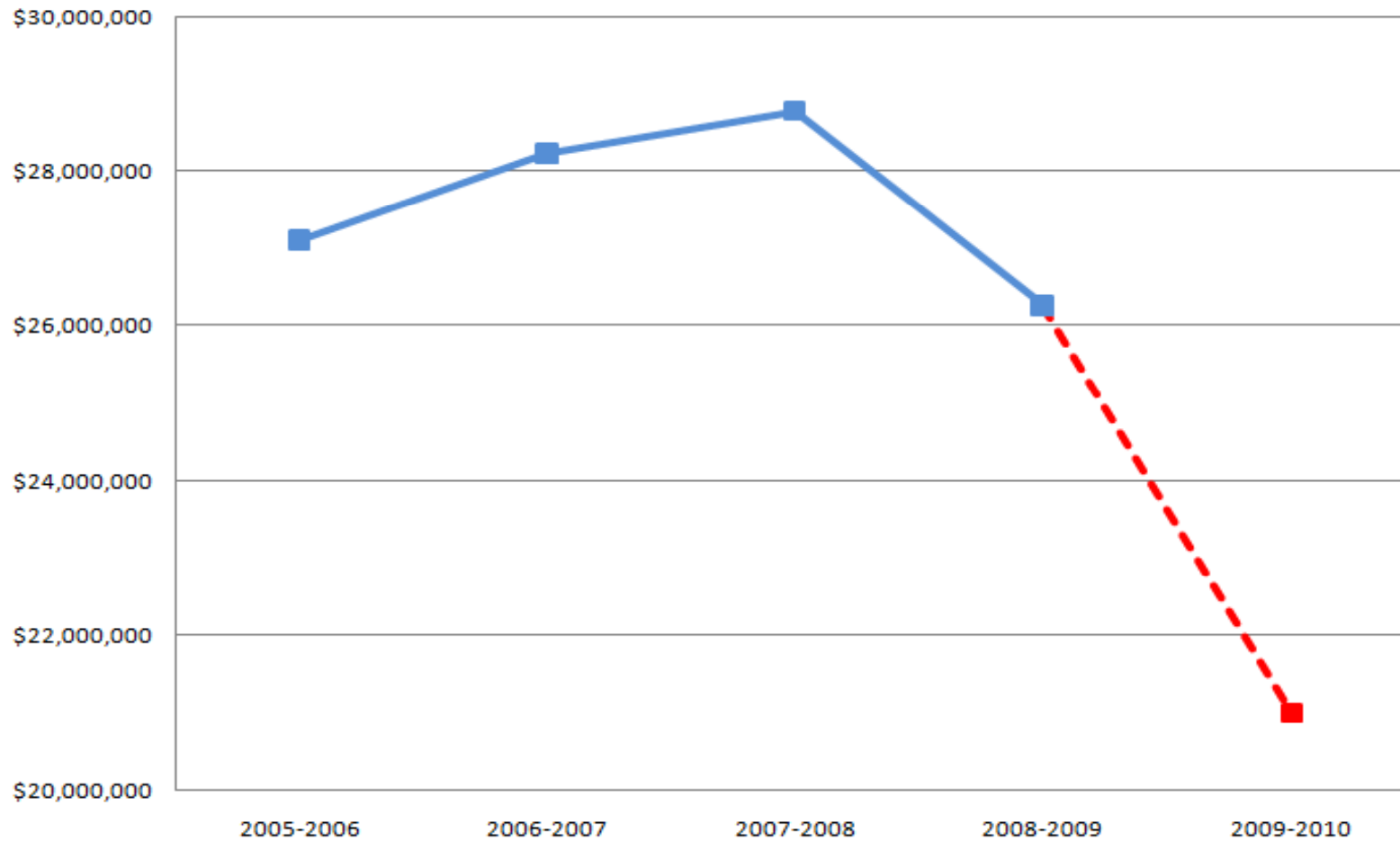


Prop. 172 Sales Tax Revenues



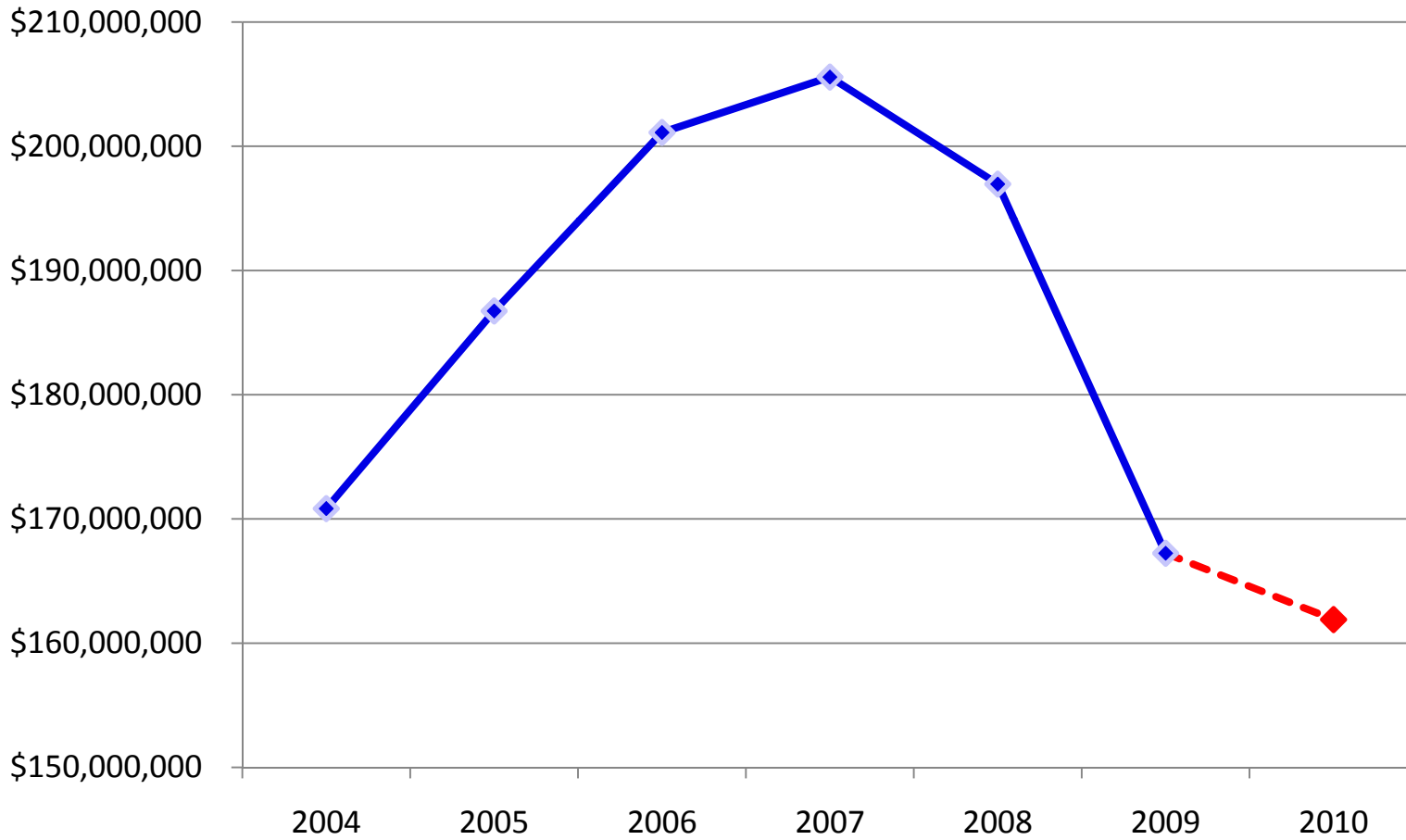


Measure A Revenues—County Share



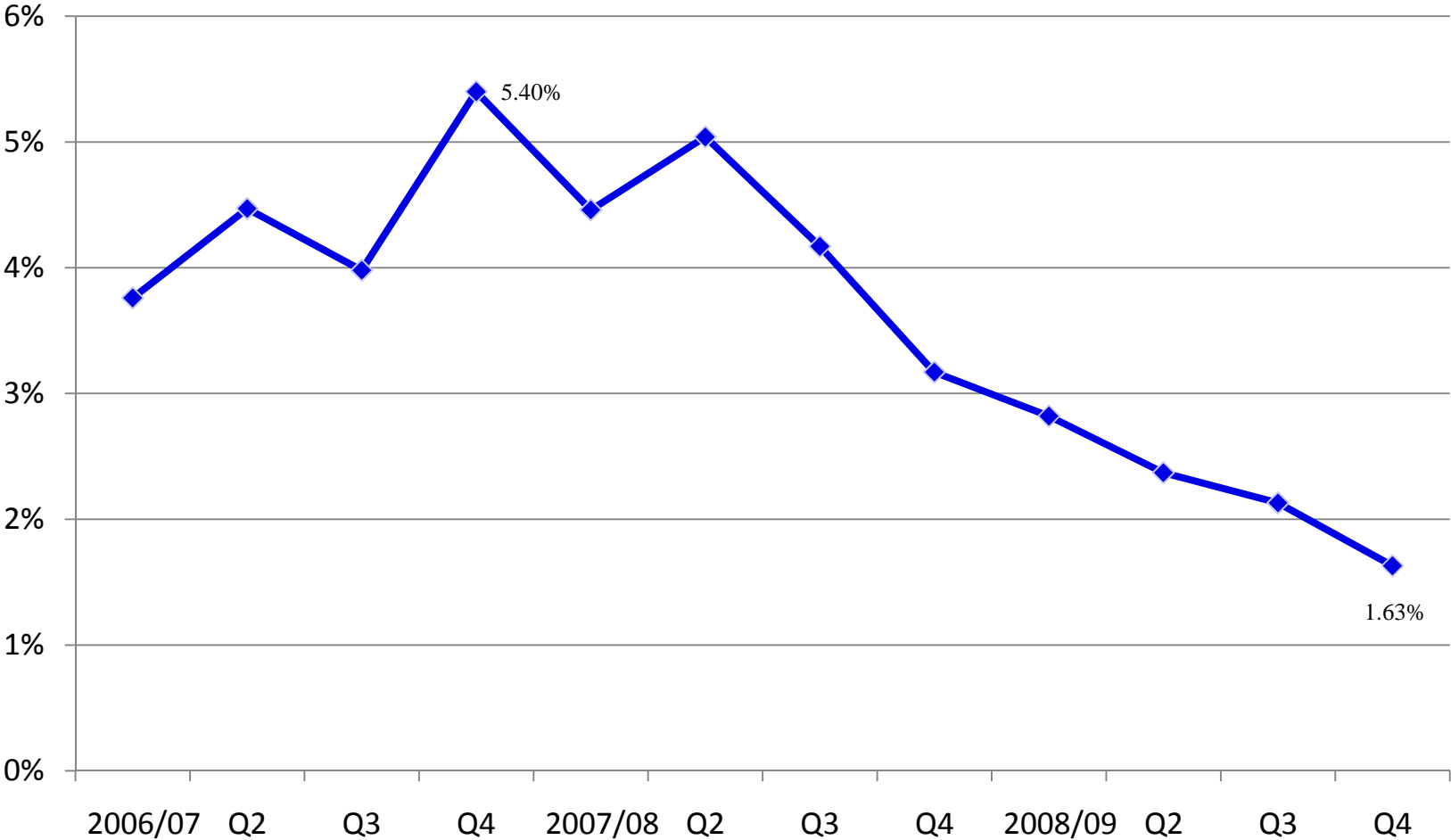


Realignment Revenues





Quarterly Interest Rate for Investment Pool

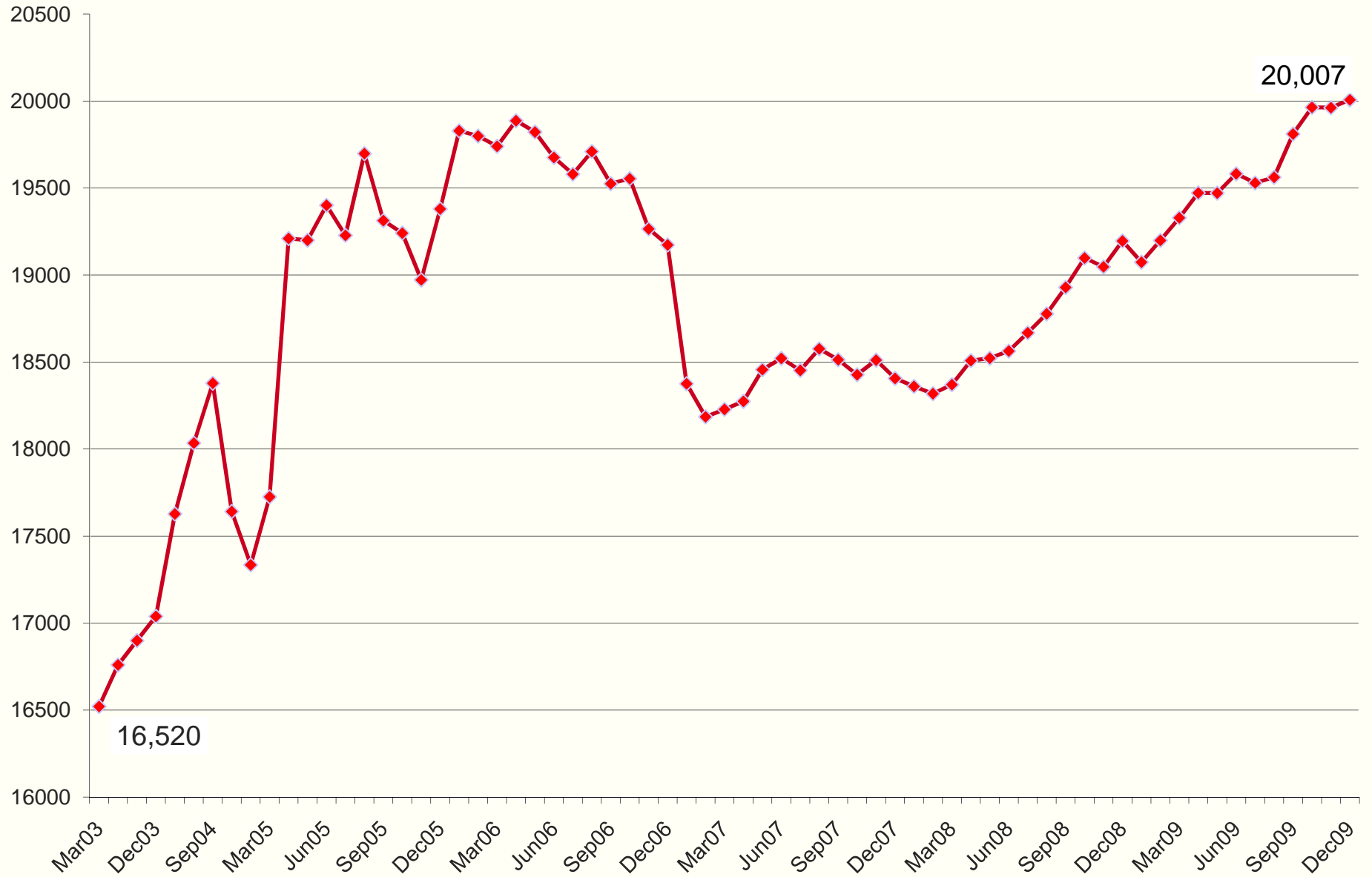




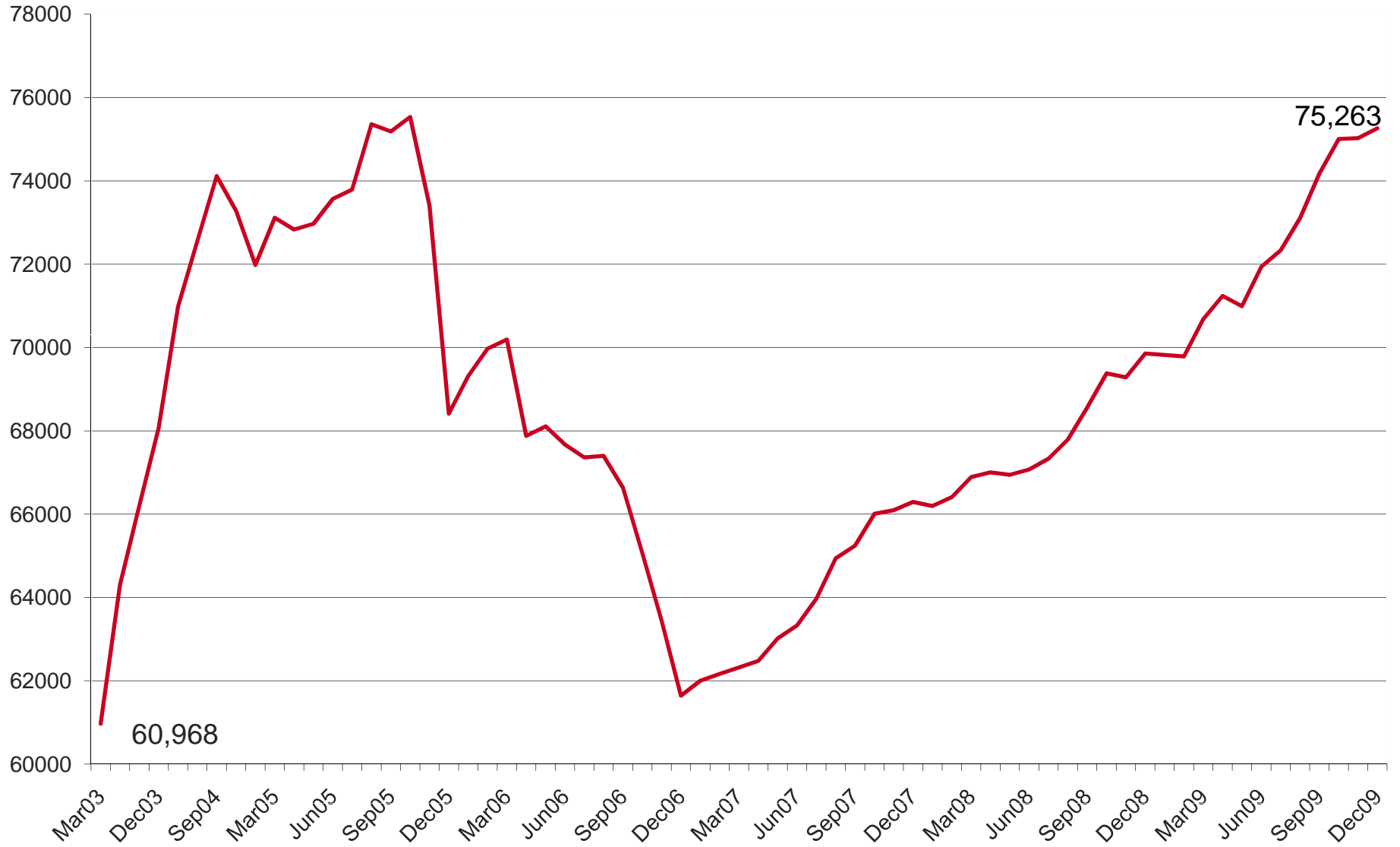
Increased Demand for Services

- Dramatic increase in caseloads for assistance programs, including:
 - CalWORKS
 - Food Stamps
 - General Assistance
 - Medi-Cal
- Increased Jail, Juvenile Justice Facility populations

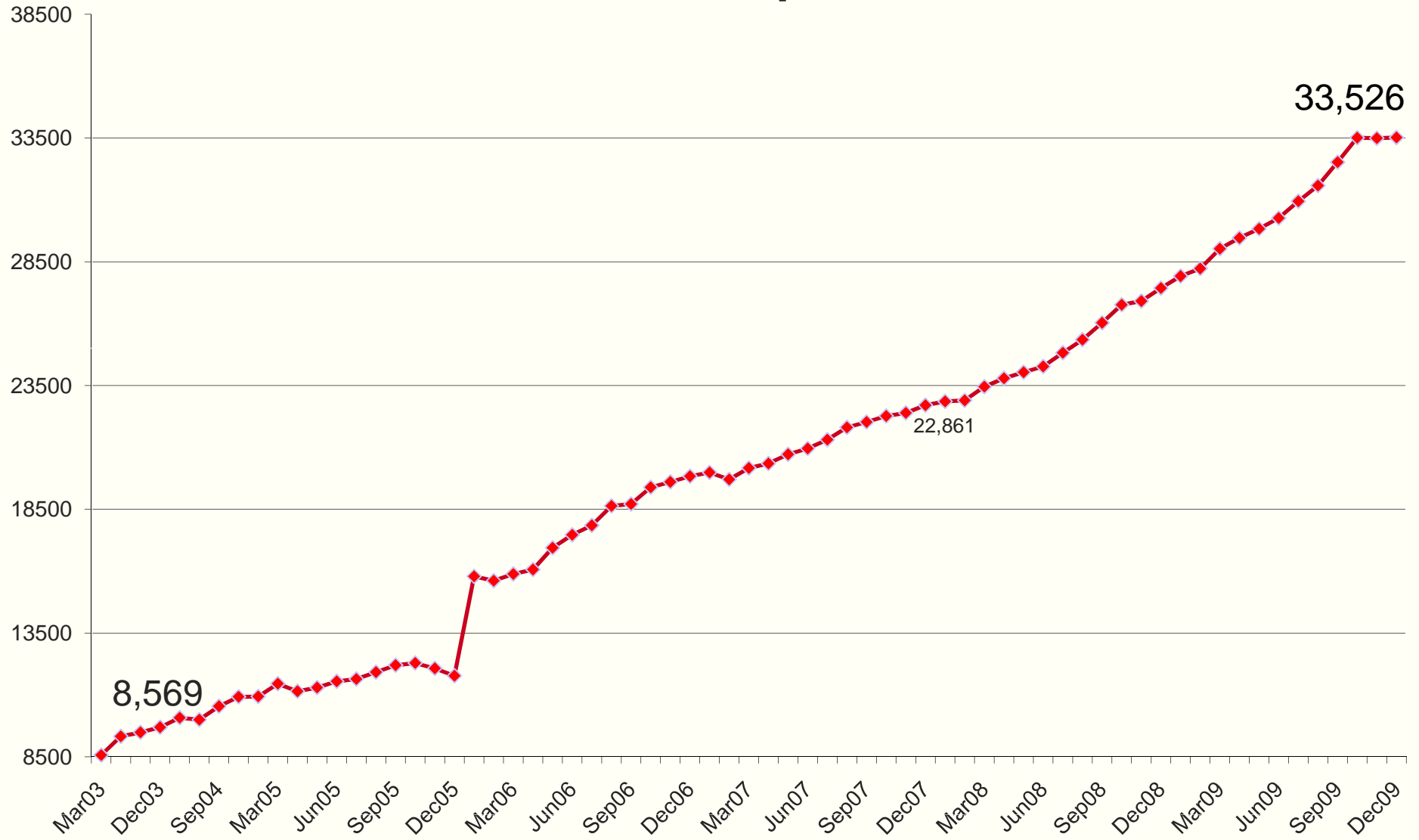
CalWORKS



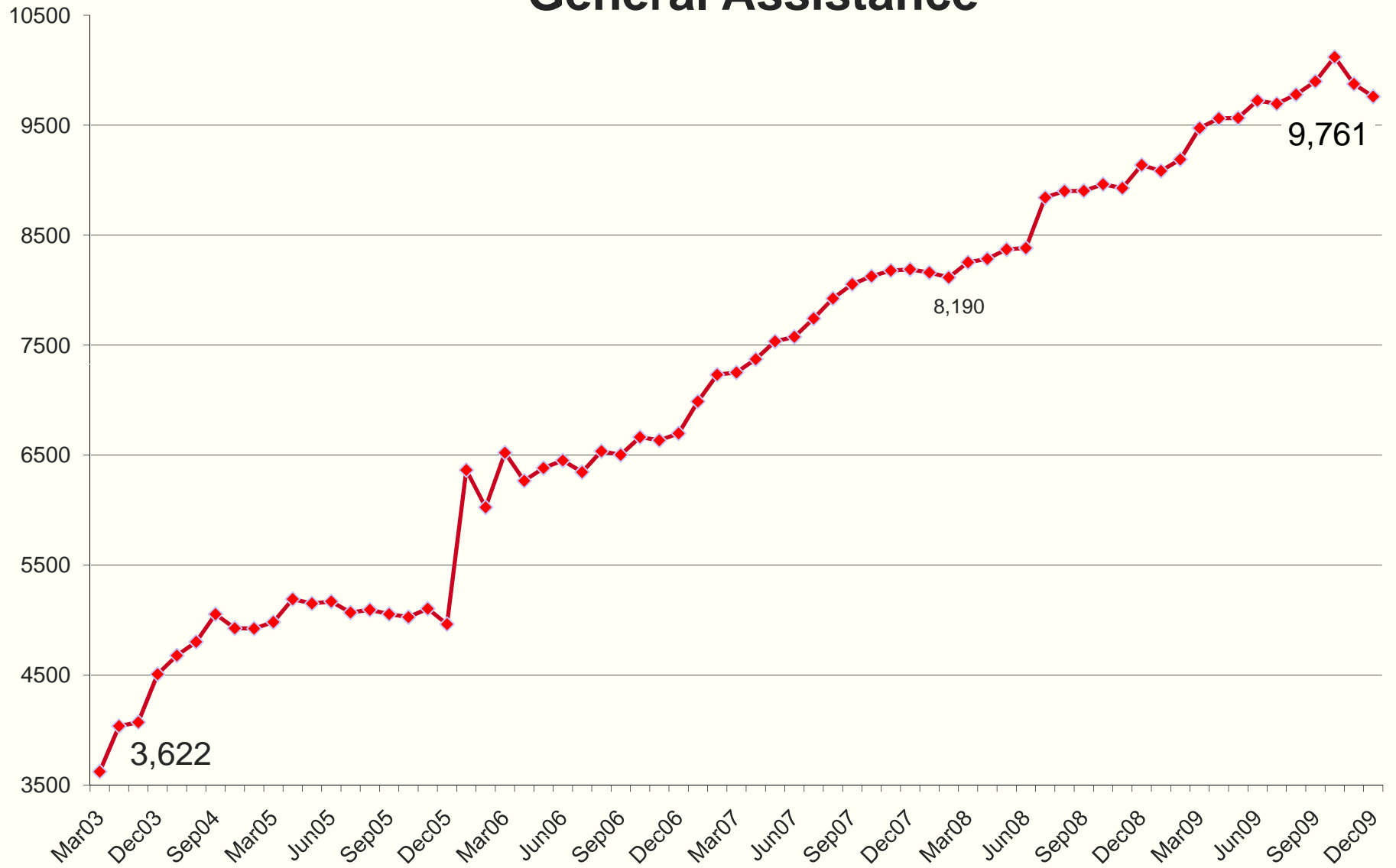
MediCal



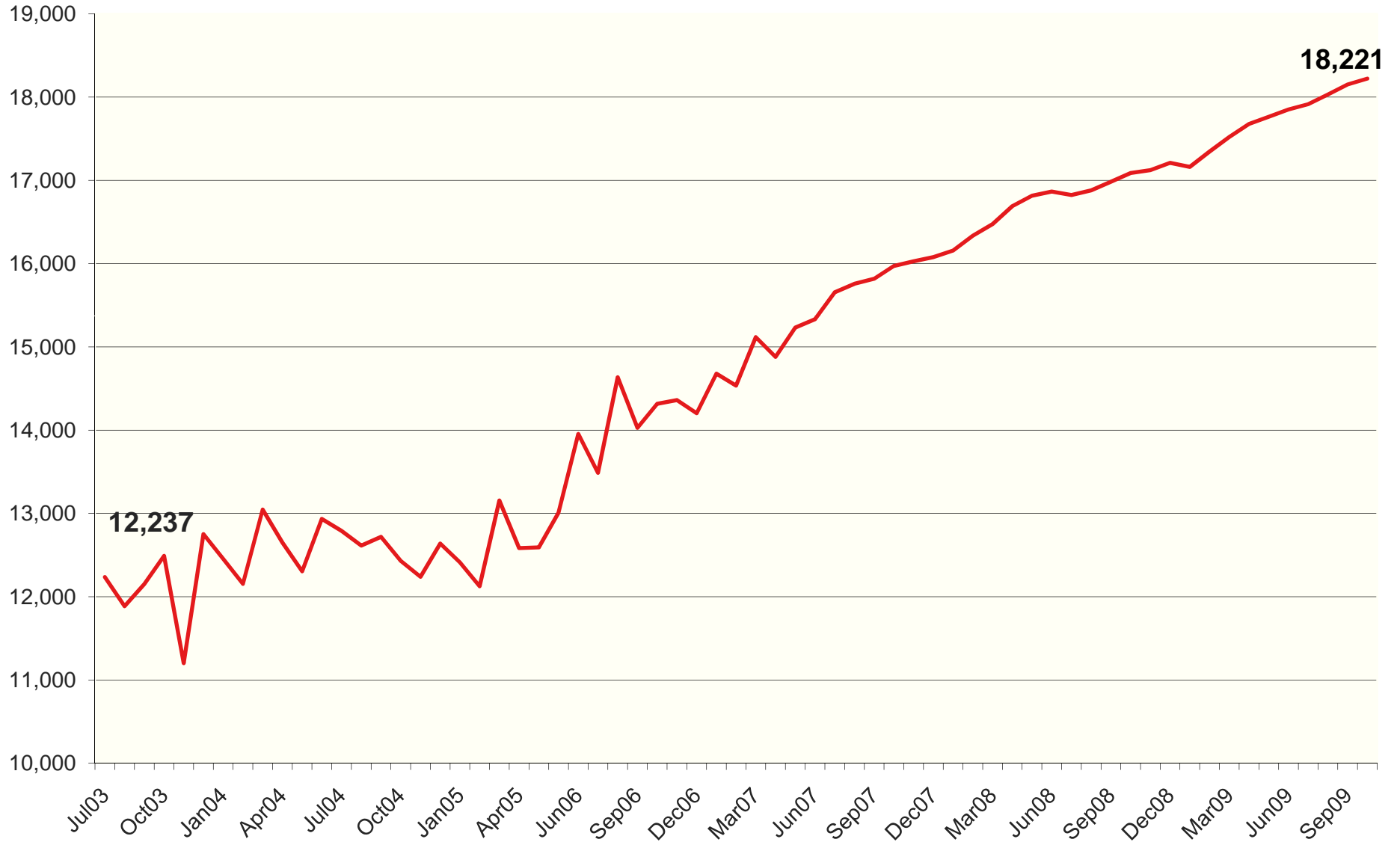
Food Stamps



General Assistance



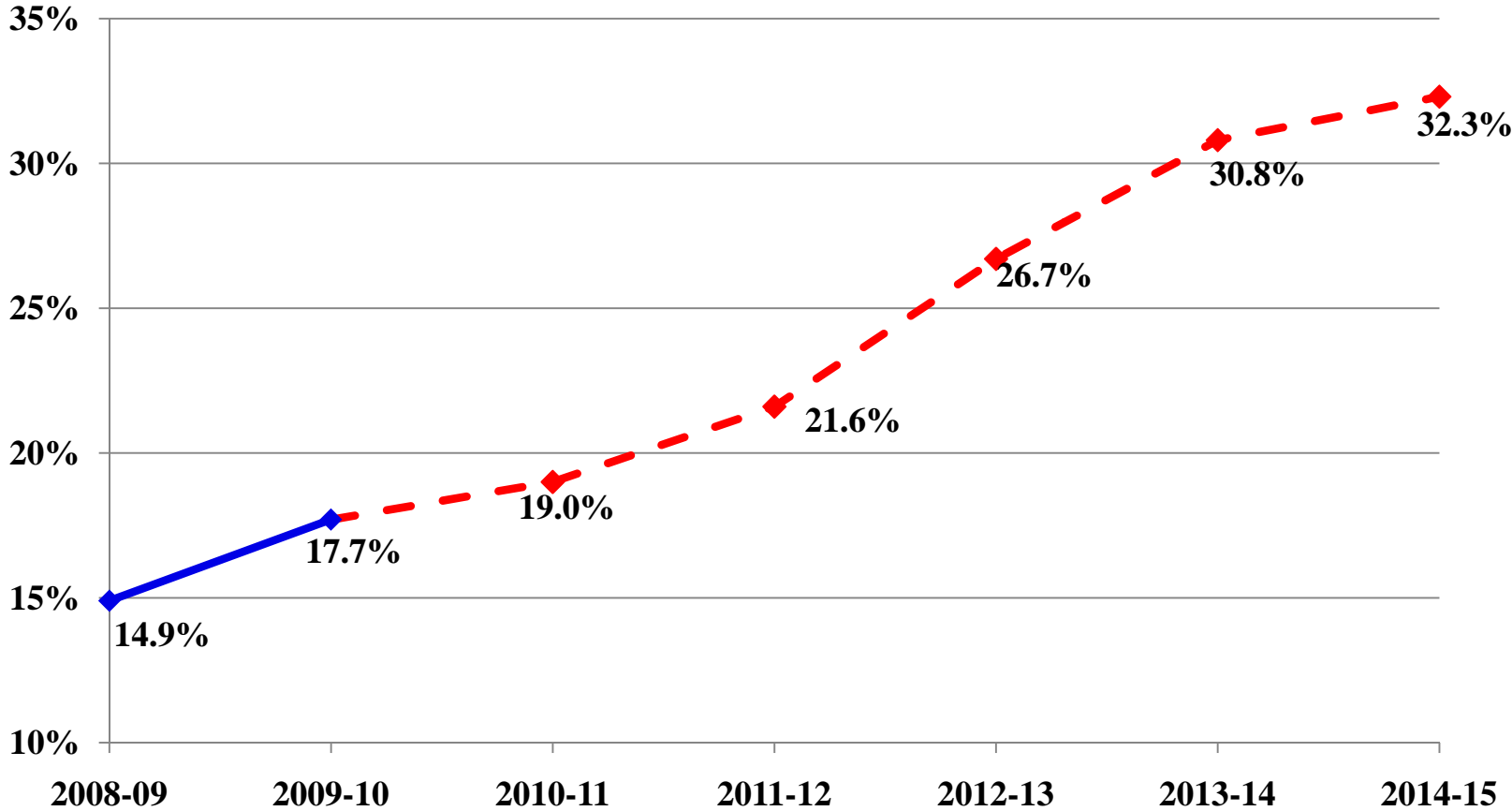
In-Home Support Services



Upd 1/5/10



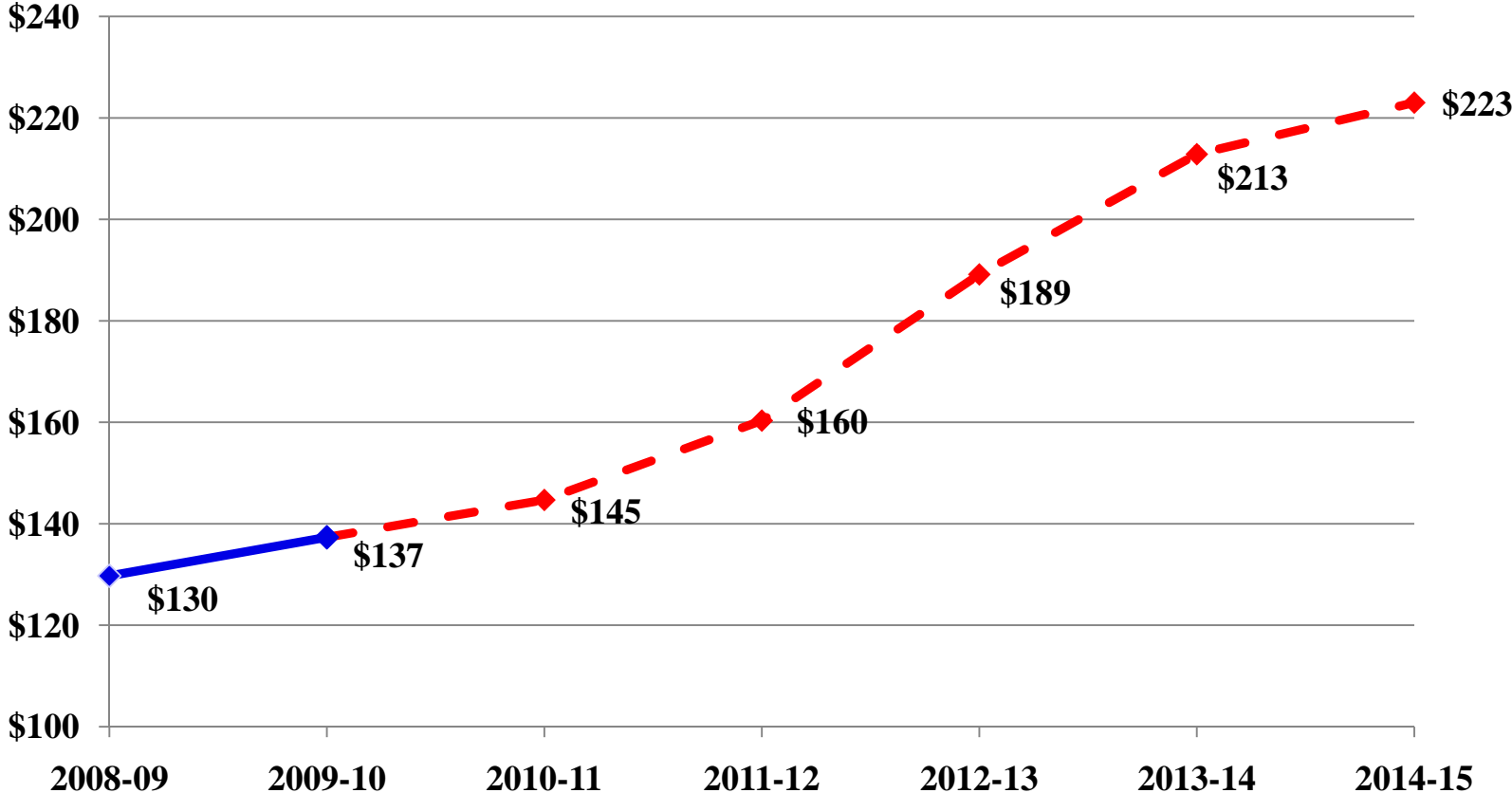
Alameda County Projected Employer Retirement Rates



Assumes 60/140 corridor is continued
Source: Segal actuarial study



Projected Retirement Costs General Fund (in millions)



Assumes no increase in wages from 2010-11
Upd 12/4/09

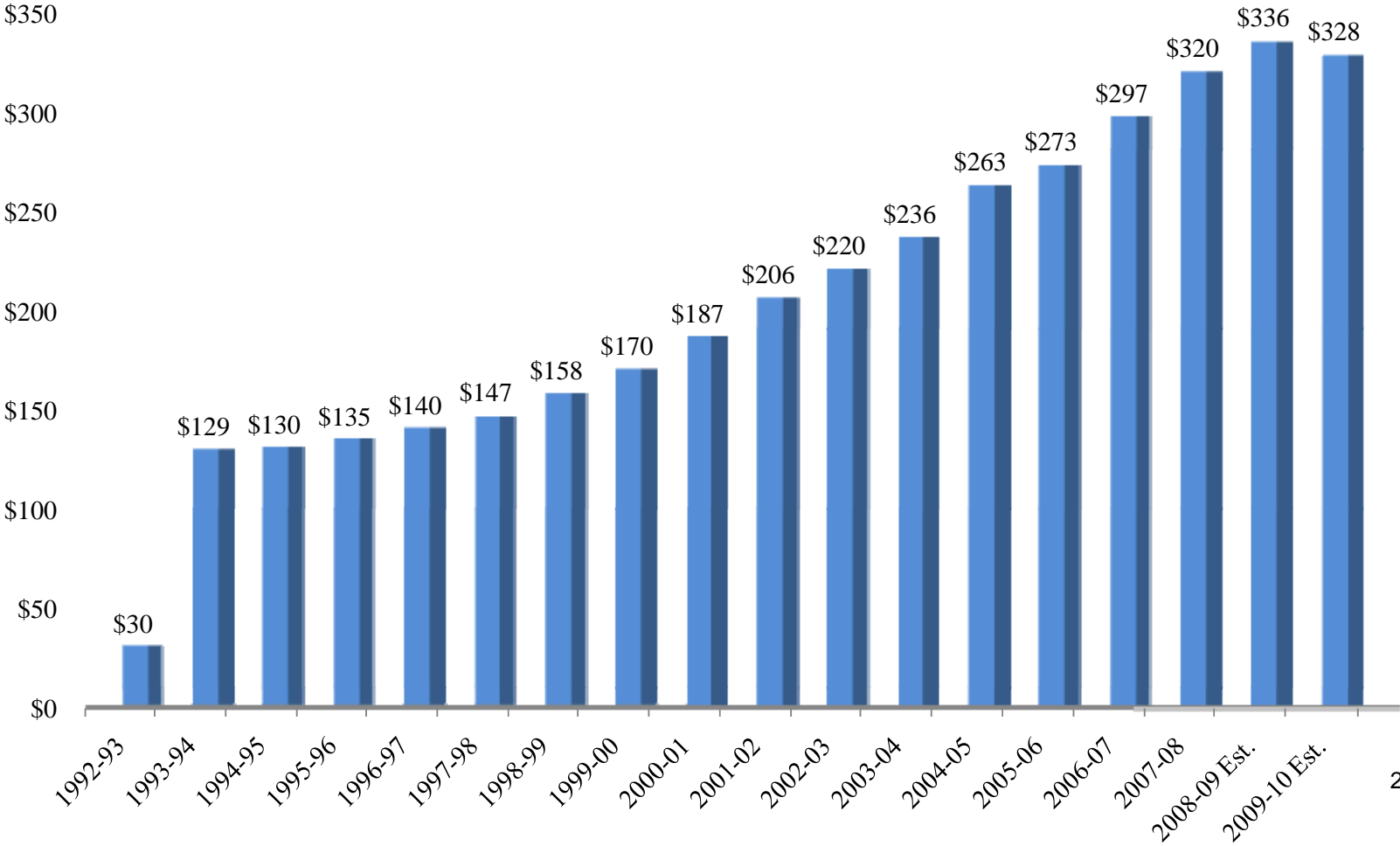


Alameda County Budget Update



ERAF Losses by Year (Education Revenue Augmentation Fund)

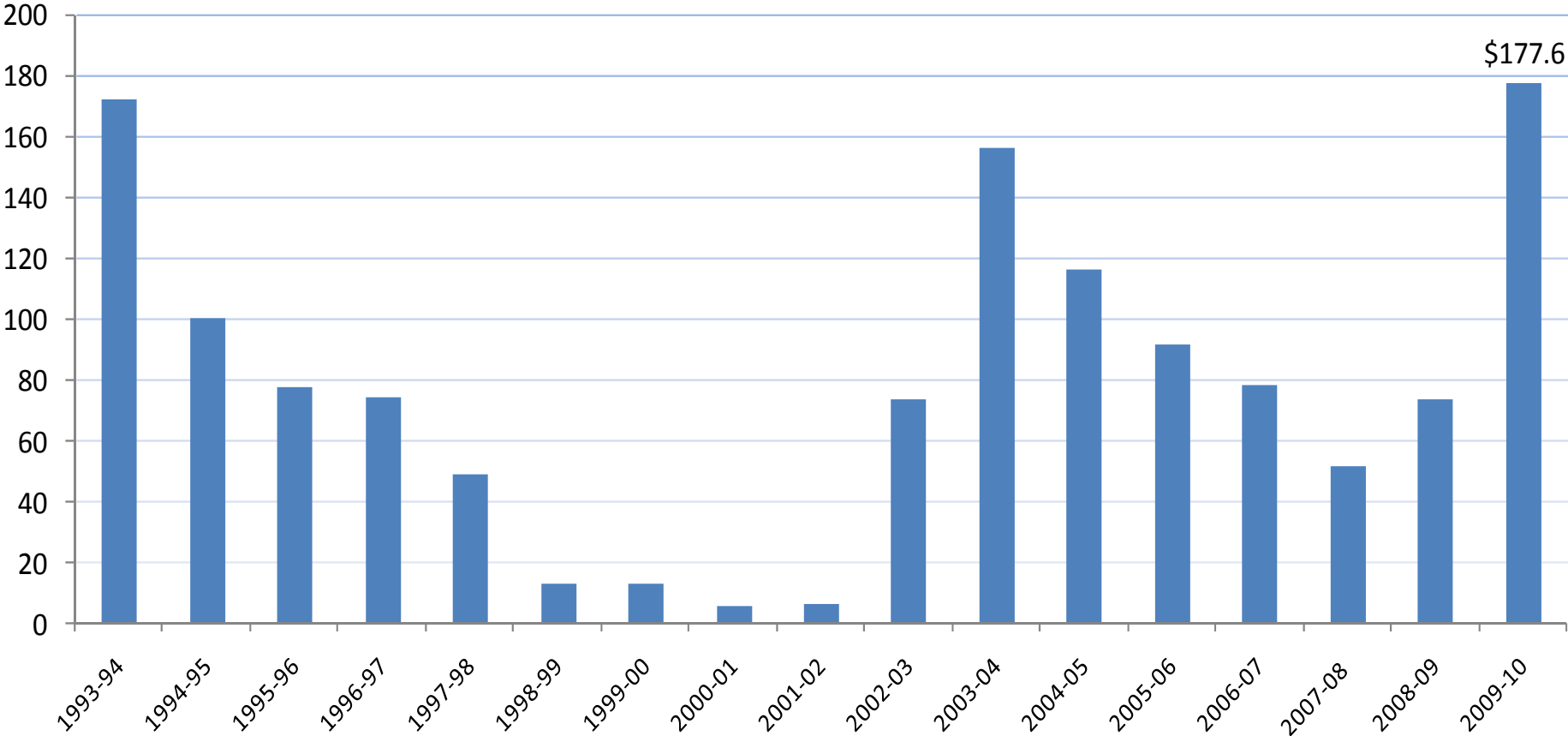
Cumulative loss: \$3.7 Billion





Funding Gaps Since ERAF Intercept

(in millions)





Alameda County Property Tax Distribution Of Each Dollar of Property Tax Collected:

Schools (41 cents)

Cities (18 cents)

Redevelopment (13 cents)

Special Districts (13 cents)

County (15 cents)





FY 2009-10 Final Budget - All Funds

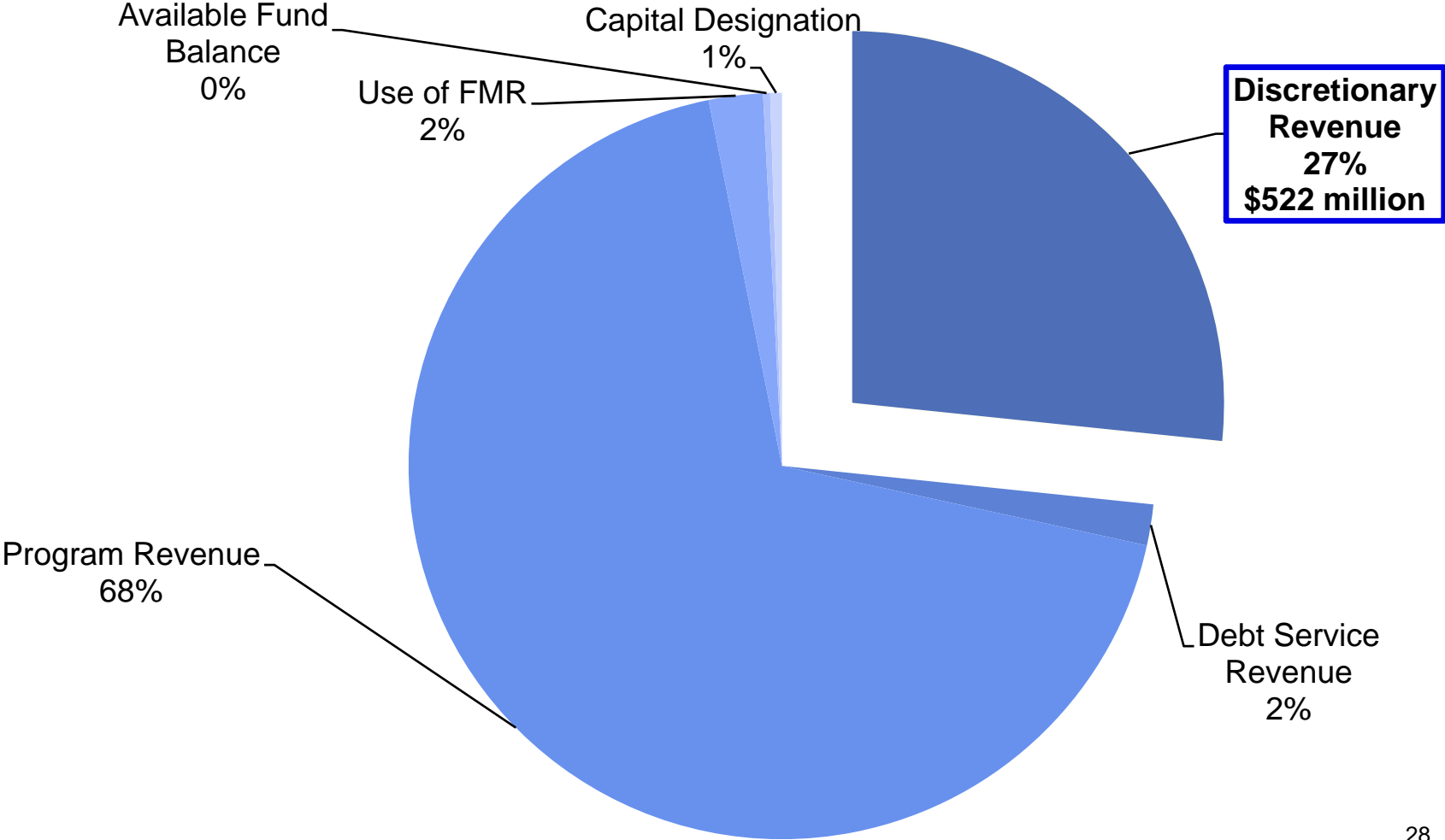
(in millions)

	FY 2008-09	FY 2009-10	Inc/ (Dec)	% Change
Appropriation	\$2,395.2	\$2,429.9	\$34.7	1.5%
Revenue	\$2,395.2	\$2,429.9	\$34.7	1.5%
F.T.E. Positions*	9,316.71	9,081.22	(235.49)	(2.5%)

*Full-time equivalent positions



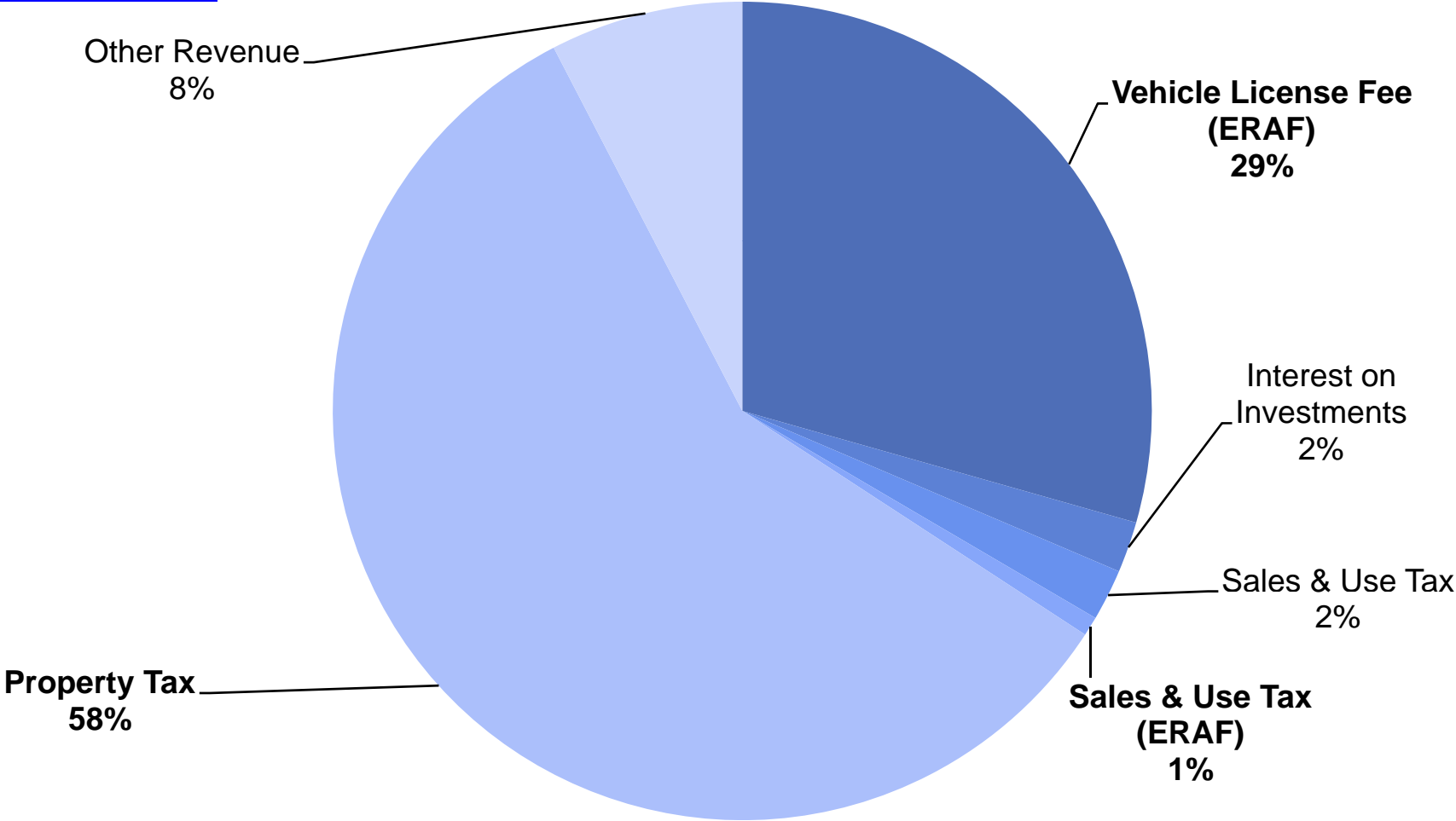
FY 2009-10 Discretionary Revenue Share of Total General Fund



Total General Fund: \$1.96 billion



FY 2009-10 Discretionary Revenue by Source



Discretionary Revenue: \$522 million



Closing the Gap

General/Grant/Measure A Funds (in millions)

Agency/Department	Net County Cost Reduction	FTE Reductions
Reductions by Program:		
General Government	\$28.4	45.70
Health Care Services	\$30.0	0.00
Public Assistance	\$45.0	10.00
Public Protection	\$40.0	179.58
Total Programs	\$143.4	235.28
Countywide Strategies	\$34.2	0.0
Grand Total	\$177.6	235.28



Structural Deficit Likely to Increase

- ❑ Negative Consumer Price Index (CPI)
- ❑ Commercial property reassessments
- ❑ Deferred losses in Retirement Fund
- ❑ Health care costs
- ❑ State cuts, delayed payments and deferrals
- ❑ Ongoing weakness in economy—high unemployment, increased need for safety net services
- ❑ Weak revenues
- ❑ Deferred Capital Maintenance
- ❑ Acute Care Tower Replacement



State Budget



2009-10 State Budget (in billions)

- FY 2009-10 budget process closed almost \$60B in funding gaps
 - Spending reductions: \$29.2
 - Temporary tax increases: \$12.5
 - Temporary stimulus funding: \$ 8.5
(offsets some cuts)
 - Transfers/loans from local gov'ts.: \$ 3.6
 - One-time revenues/transfers: \$ 3.5
 - Use of transportation funds: \$ 1.6
 - Borrowing from special funds: \$ 0.5



2009-10 State Budget General Fund Spending by Program (in billions)

	Actual 2007-08	Estimated Budget 2008-09	Budget 2009-10	% Change since 2008-09	% Change since 2007-08
K-12	39.8	32.4	33.7	4.3%	-15.3%
Higher Ed	11.8	10.1	10.5	3.5%	-11.2%
Health	19.9	18.8	16.1	-14.5%	-19.2%
Social Services	9.4	10.0	8.9	-11.3%	-5.9%
Criminal Justice	13.1	12.8	9.0	-29.3%	-30.8%
All others	9.0	7.5	6.4	-14.9%	-29.0%
Totals	103.0	91.5	84.6	-7.6%	-17.9%

Source: Legislative Analyst's Office, October 2009

Wednesday, November 18, 2009

Q- KEYWORD SEARCH **SEARCH**

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Years of budget deficits predicted for California

By Kevin Yamamura
kyamamura@sacbee.com

ShareThis

Buzz up!

Published: Wednesday, Nov. 18, 2009 - 10:03 am

Last Modified: Wednesday, Nov. 18, 2009 - 11:38 am

California faces annual budget deficits of \$20 billion even while assuming state employees would receive no salary increases through 2014-15, according to a forecast issued today by the nonpartisan [Legislative Analyst's Office](#).

The fiscal report also assumes that the state would not provide automatic cost-of-living adjustments to social service programs, courts and higher education -- just as the University of California system today is considering raising tuition 32 percent over the next year to compensate for [state budget cuts](#).

SLIDE SHOW << ● ○ >>



Hector Amezcua / hamezcua@sacbee.com

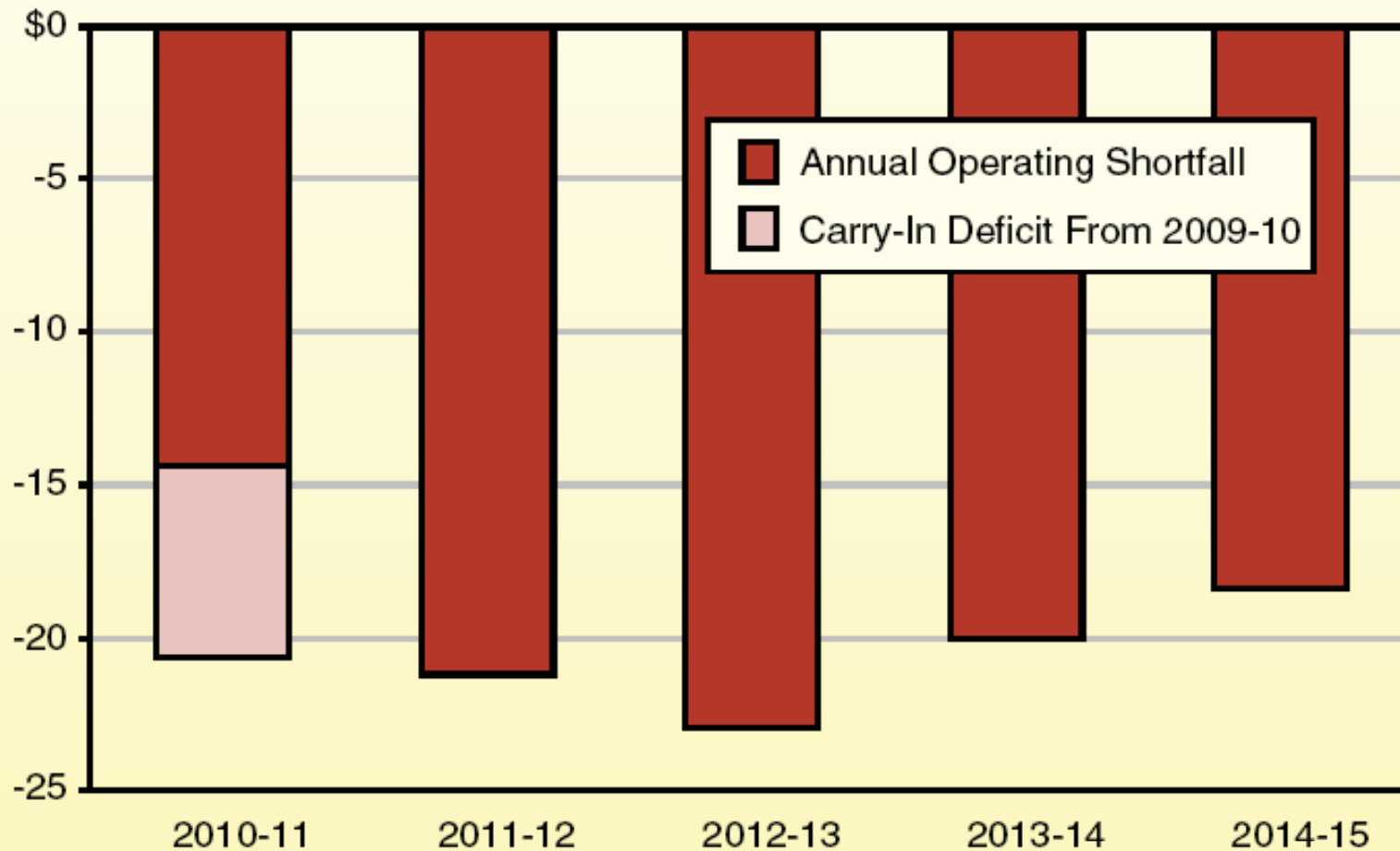
Legislative Analyst Mac Taylor kicked off the budget season with his multi-year forecast Wednesday morning. He predicted California will have an annual budget deficit of more than \$20 billion.

POPULAR COMMENT

We need more tax revenue, but not from raising tax rates, from attracting more jobs and taxpayers. 40% of Californians pay NO income taxes. We need them to pay in, or leave. We also need reduced regulation and tax rates to attract jobs. Of course, we need a much smaller government, with far fewer handouts. Let's keep

Huge Operating Shortfalls Projected Throughout Forecast Period

General Fund (In Billions)



Source: Legislative Analyst's Office, November 18, 2009



LAO Projection

- It may actually be a lot worse...

- LAO assumes:
 - No COLAs for employees
 - No COLAs for social services, courts, education
 - State wins ALL of its lawsuits

Monday, January 4, 2010

Q- KEYWORD SEARCH

SEARCH

Capitol and California

Comments (603) | Recommend (89) | Print

Judge rules Schwarzenegger can't furlough 3 unions

By Andrew McIntosh
amcintosh@sacbee.com

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Buzz up!

Published: Friday, Jan. 1, 2010 - 12:00 am |

Page 1A

Last Modified: Monday, Jan. 4, 2010 - 12:14 pm

An Alameda Superior Court judge has ordered the Schwarzenegger administration to stop furloughing thousands of [state workers](#) who are members of three big public sector unions, including Service Employees International Union Local 1000, offering them a huge legal victory as 2010 begins.



HECTOR AMEZCUA / Bee file, 2009

Workers represented by SEIU Local 1000 hold a San Francisco rally in July against furloughs. An Alameda County judge ruled Thursday that the governor's basis for the cuts was flawed and illegal.

MORE INFORMATION

- [PDF: Read the SEIU furlough ruling \(.pdf\)](#)
- [PDF: Read the UAPD furlough ruling \(.pdf\)](#)



State General Fund Revenues

	2009-10 Budget Act	LAO Projection	Under- realized Revenues	
FY 08-09	\$84.1 billion	\$83.6 billion	-\$500 million	-0.6%
FY 09-10	\$89.5 billion	\$88.1 billion	-\$1.4 billion	-1.6%
TOTAL	\$173.6 billion	\$171.7 billion	-\$1.9 billion	



FY 09-10 State Revenues

- 95% of State revenues come from three sources
 - Personal Income Tax: \$300 million ↓
 - Sales and Use Tax: \$362 million ↓
 - Corporate Income/Franchise Tax: \$199 million ↓
- Other Revenue impacts:
 - No sale of SCIF: \$1 billion ↓
 - Better-than expected insurance, oil revenues: \$400 million ↑



State Debt

- ❑ \$60B of debt already issued; \$50B more authorized
- ❑ 6.7% debt-service ratio; will reach 9%
- ❑ Debt-service ratio, lack of true budget balancing are primary reasons for low credit rating
- ❑ Makes bonds harder to sell, increases debt costs (143% in 10 years); State paying 4% at a time of zero inflation



Governor's Proposed Budget

To be released Jan. 8, likely to include:

- ❑ raid on \$1 B in transit/transportation funding via gas tax swap
- ❑ assumption of \$8B in aid from Federal Gov't
- ❑ extending furloughs
- ❑ offshore oil drilling

Without Federal aid, Governor will propose:

- ❑ cutting back or eliminating CalWORKs
- ❑ eliminating Healthy Families program
- ❑ reducing IHSS program
- ❑ eliminating two tax breaks for large corporations

Not included: new taxes



Alameda County

Ongoing Budget Policies

- ❑ Continue to monitor expenditures and revenues
- ❑ Restrict spending
- ❑ Pursue revenue enhancements
- ❑ Agencies & Departments directed to fill only critical (life/safety, mandated, cost effective) positions



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