



Alameda County

FY 2009-10

Budget Workgroup Meeting

May 11, 2009

By Susan S. Muranishi, County Administrator



Overview

- Economic Update
- Federal/State Budget Status
- 2009-10 Maintenance of Effort Budget
- Balancing Strategies
- Pending Factors
- Budget Schedule



Federal Budget Update

- President Obama released \$3.6 trillion FY 09-10 budget
- Overall, boosts spending significantly
- Includes cuts of \$17 B:
 - Almost half from Department of Defense
 - Reductions to private lenders in federal student aid program
 - State Criminal Alien Assistance Program: \$400M
 - Grants for Safe and Drug-Free Schools and Communities: \$295M
- CBO: 08-09 deficit: \$1.8 trillion; 09-10: \$1.4 trillion



American Recovery and Reinvestment Act of 2009

- ❑ As of May 1, Fed Gov't had announced 73 grants
- ❑ Alameda County Strike Team reviewing all grants to evaluate County eligibility
- ❑ All grants being reviewed for possible cross-agency/local municipality/local business and CBO collaborations
- ❑ Alameda County Departments have applied for 12 grants totaling over \$55M
- ❑ Other grant collaborations currently underway



FY 2009-10 State Budget Update

- LAO projects \$8 billion shortfall in FY 09-10
- State income tax receipts under budget by \$2 billion
- May 19 Special Election. Six ballot initiatives worth \$6 billion
- = Possible shortfall of **\$16 billion**
- Subject to revision in May/June, 2009



FY 2009-10 State Budget Update

- LAO: State facing \$23 B cash shortage in FY 09-10
 - State could run out of cash by July
 - Difficulty borrowing due to credit rating
 - Recommends State make further cuts
 - Recommends against accepting help from Federal government



FY 2009-10 State Budget Update

- May seek to borrow \$2 B in property taxes from local gov'ts; \$40 M impact on Alameda County
- Early release of 38,000 prisoners, housing some prisoners in local jails, parole reform. Unknown cost impact to local govts



FY 2009-10 MOE

- ❑ Federal and State budget deficits
- ❑ Greater demand for services
- ❑ Higher cost of doing business
- ❑ Economic downturn is impacting revenues and expenses
- ❑ Financial markets impacting retirement fund



FY 2009-10 MOE Budget - All Funds

	FY 2008-09	FY 2009-10 MOE	Inc/ (Dec)	% Change
Appropriation (in millions)	\$2,395.2	\$2,518.2	\$123.0	5.1%
Revenue	\$2,395.2	\$2,340.6	(\$54.6)	(2.3%)
Funding Gap	\$0.0	\$177.6	\$177.6	
F.T.E. Positions	9,316.71	9,266.77	(49.94)	(0.5%)



Major Elements of 2009-10 MOE General/Grant/Measure A Funds

	2008-09 FINAL	2009-10 MOE	Change	% Change
Expenditures	\$2,051.0	\$2,169.8	\$118.8	5.8%
Program Revenue	\$1479.6	\$1,470.7	(\$8.9)	(0.6%)
Non Program Revenue	\$517.7	\$521.4	\$3.7	0.7%
One-Time Funding/FMR	\$53.7	\$0.00	(\$53.7)	
Total Financing	\$2,051.0	\$1,992.1	(\$58.9)	(2.9%)
Funding Gap	\$0.00	\$177.6	\$177.6	
F.T.E.	7,549.45	7,498.93	(50.52)	(0.7%)



FY 2009-10 MOE

Net Cost Change by Program

Program	2008-09 Net Cost	2009-10 MOE Net Cost	Change	% Change
General Government	\$61.4	\$75.2	\$13.8	22%
Health Care	\$102.3	\$119.7	\$17.4	17%
Public Assistance	\$88.9	\$120.0	\$31.1	35%
Public Protection	\$238.7	\$265.6	\$26.9	11%
Subtotal – Programs	\$491.3	\$580.5	\$89.2	18%



FY 2009-10 MOE - Net Cost Change Non-Program

	2008-09 Net Cost	2009-10 MOE Net Cost	Change	% Change
Capital	\$4.8	\$10.1	\$5.3	110.4%
Contingency/Reserves/ Debt Service	\$75.3	\$108.4	\$33.1	43.9%
One-Time Funding/FMR	(\$53.7)	\$0.00	\$53.7	
Non-Program Financing	(\$517.7)	(\$521.4)	(\$3.7)	0.7%
Subtotal – Other	(\$491.3)	(\$402.9)	\$88.4	(18.0%)
FUNDING GAP	\$0	\$177.6	\$177.6	



FY 2009-10 MOE - Expenditures

<u>2008-09</u>	<u>2009-10</u>	<u>Inc/(Dec)</u>	<u>%</u>
\$2,051.0M	\$2,169.8M	\$ 118.8	5.8%

Major Components:

- ❑ Retirement contribution from investment losses
- ❑ Salary & Employee Benefit cost-of-living increases
- ❑ Caseload/workload increases
- ❑ Cost-of-living increases for Community-Based Organizations & APMC
- ❑ 1% of discretionary revenue for Capital Projects
- ❑ 1% of discretionary revenue for Reserves
- ❑ Grant Fund adjustments



FY 2009-10 MOE - Revenues

<u>2008-09</u>	<u>2009-10</u>	<u>Inc/(Dec)</u>	<u>%</u>
\$2,051.0M	\$1,992.2M	(\$ 58.8)	(2.9%)

Major Components:

- ❑ Decreased program revenues
- ❑ Decreases from declining property values: property tax, transfer tax, recording fees
- ❑ Decreases from declining sales: Measure A 1/2 sales tax, Prop. 172 public safety sales tax
- ❑ Decreased State realignment revenue
- ❑ Loss of one-time funding
- ❑ Increased grant revenues



Board Policies (in \$millions)

□	Contract COLAs	
■	Community Based Organizations (2%)	\$2.5
■	Alameda County Medical Center (2%)	<u>\$2.1</u>
	Total – Contract COLAs	\$4.6
□	Capital Projects 1% Designation	\$5.2
□	Reserves 1% Designation	\$5.2



Closing the Gap - \$177.6 million

- Revenue Enhancements
- Program Reductions
- Countywide Strategies



Pending Factors & Outlook

- Continued economic downturn: lower revenues, rising caseloads
- Retirement costs
- Pending labor negotiations
- Stimulus funding and State appeal of federal ruling
- 2009-10 State Budget – May/June Revise
 - May 19 Special Election
 - Possible Suspension of Prop. 1A
 - Prisoner early release/parole reform
 - State cash flow problem
- Rising borrowing/debt financing costs



Next Steps

- Proposed Budget Submitted to Board
 - June 11, 2009
- Budget Hearings/Adoption
 - June 22 – 26, 2009