



Alameda County FY 2009-10

Budget Workgroup Meeting

August 5, 2009

By Susan S. Muranishi, County Administrator



Overview

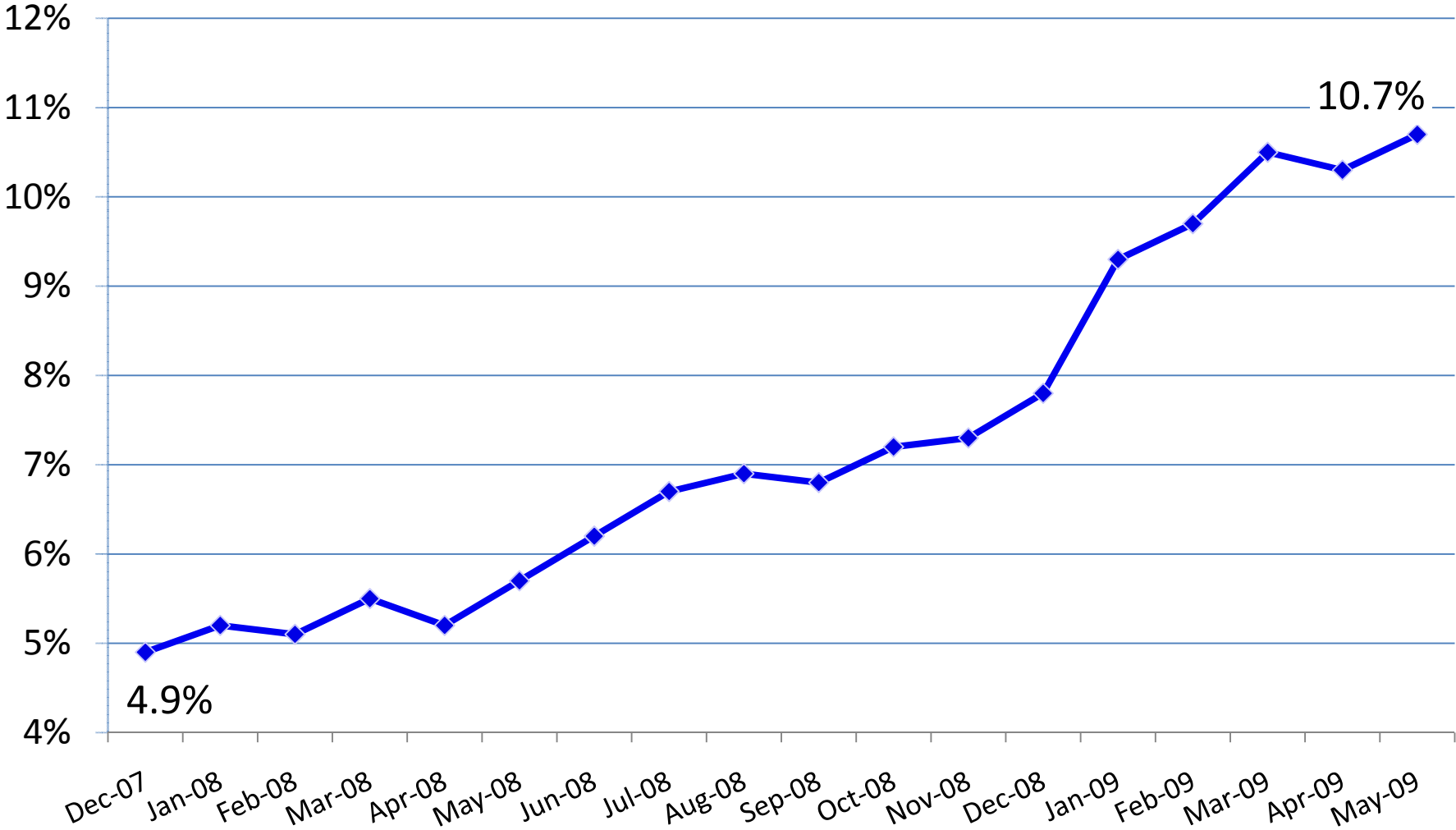
- Economic Update
- 2009-10 Final Budget
- Federal/State Budget Update



Economic Update

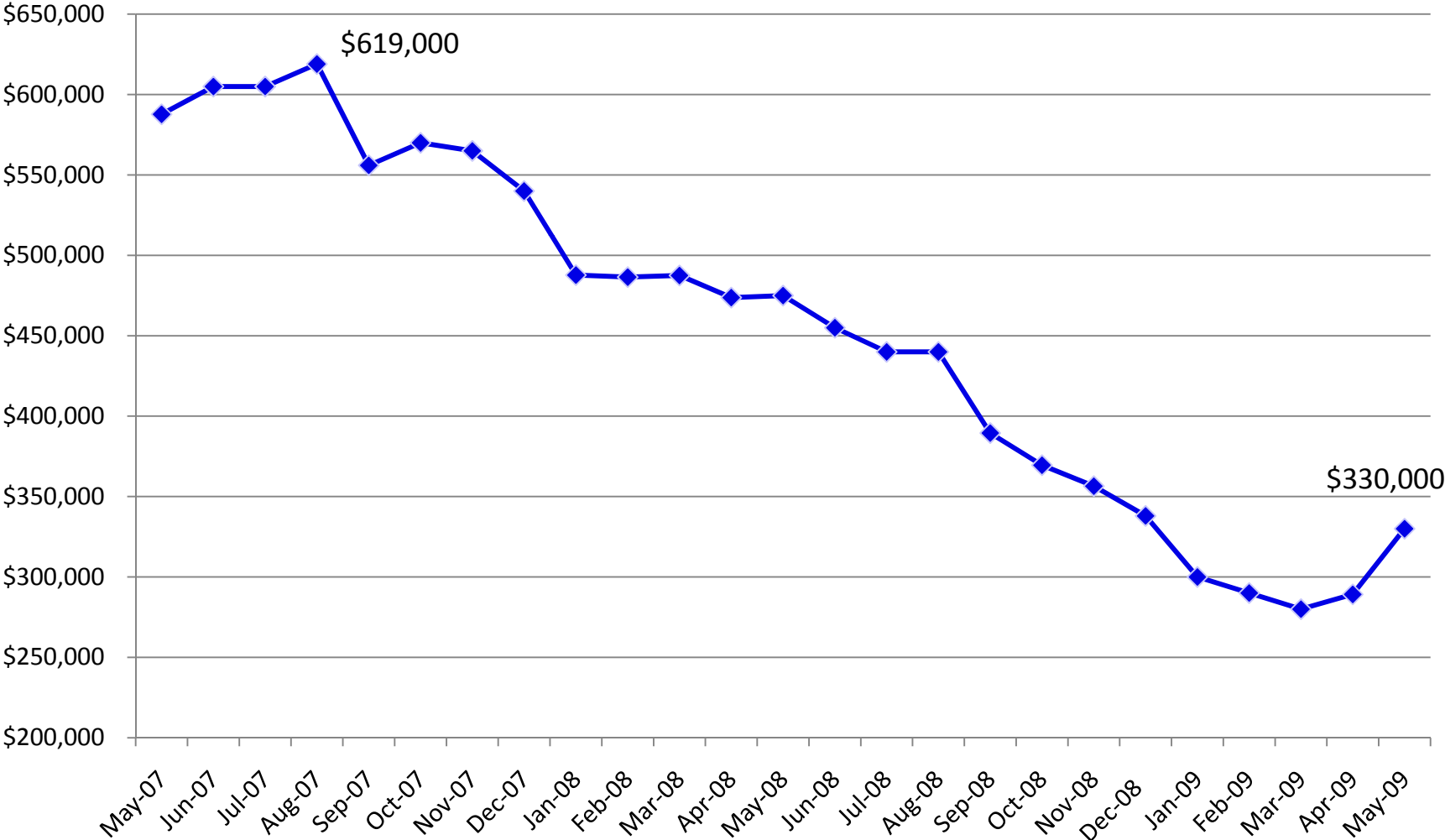


Alameda County Unemployment Rate Since Recession Began



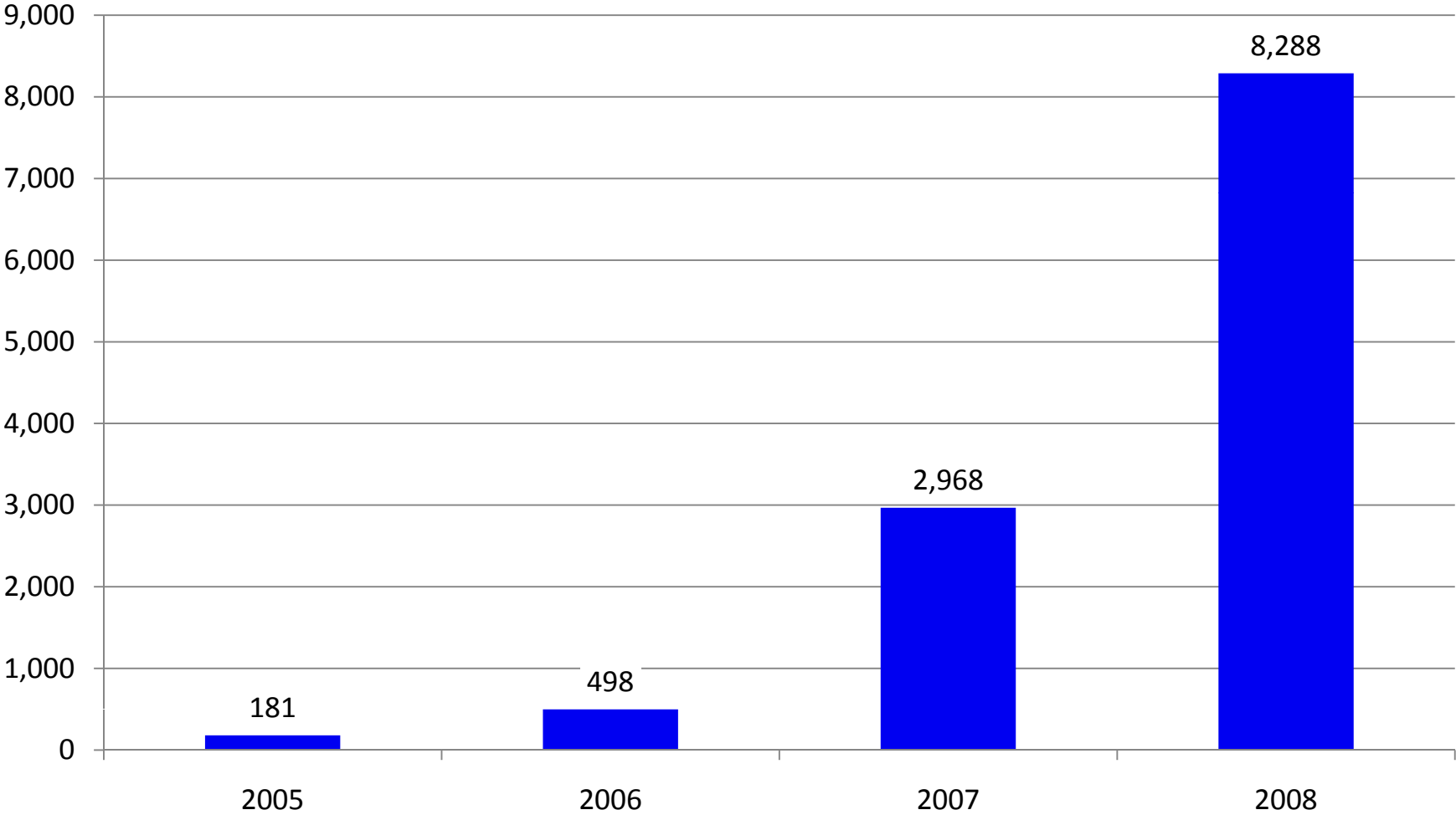


Alameda County Median Home Values May 2007 – May 2009



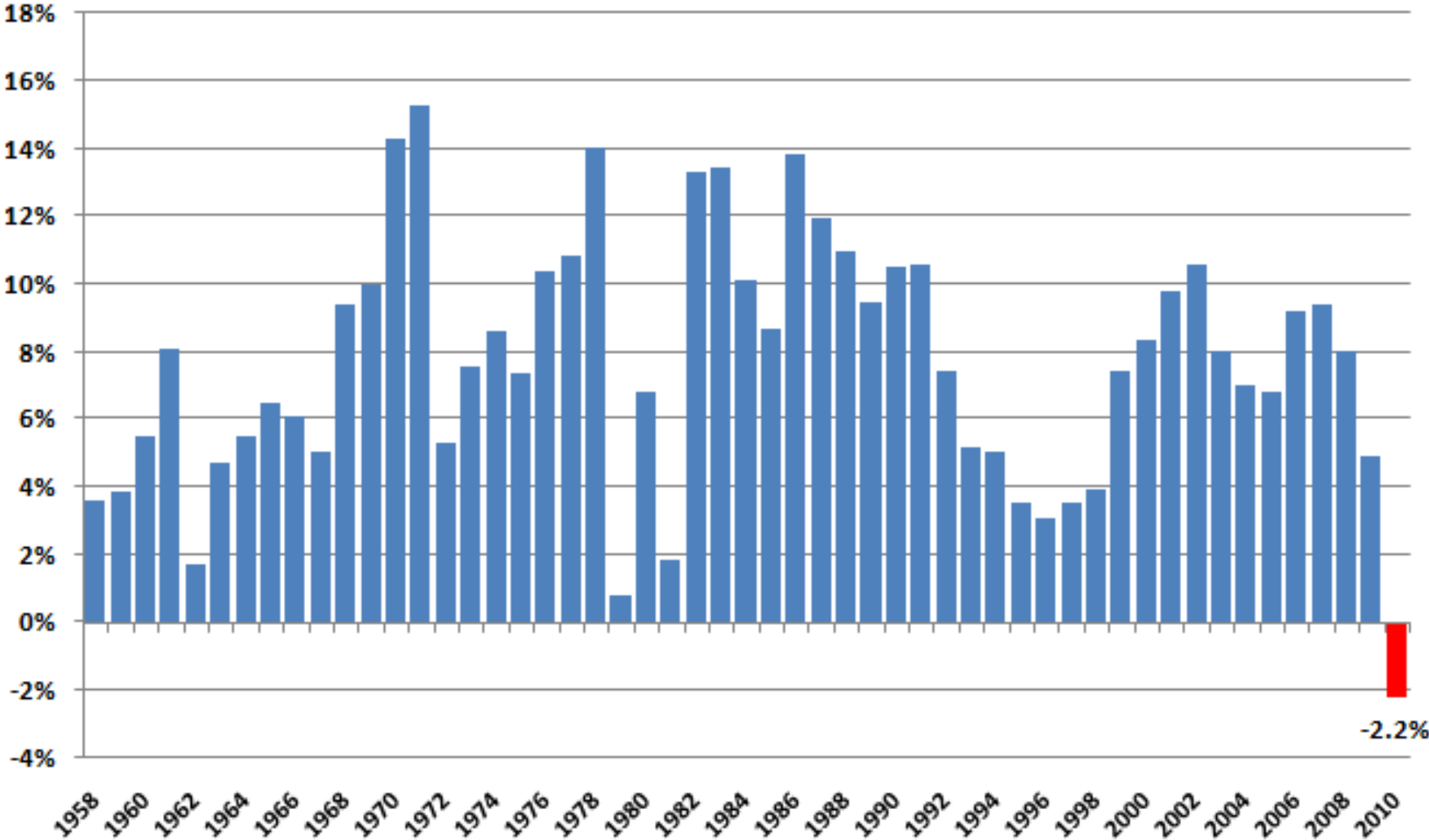


Alameda County Property Foreclosures



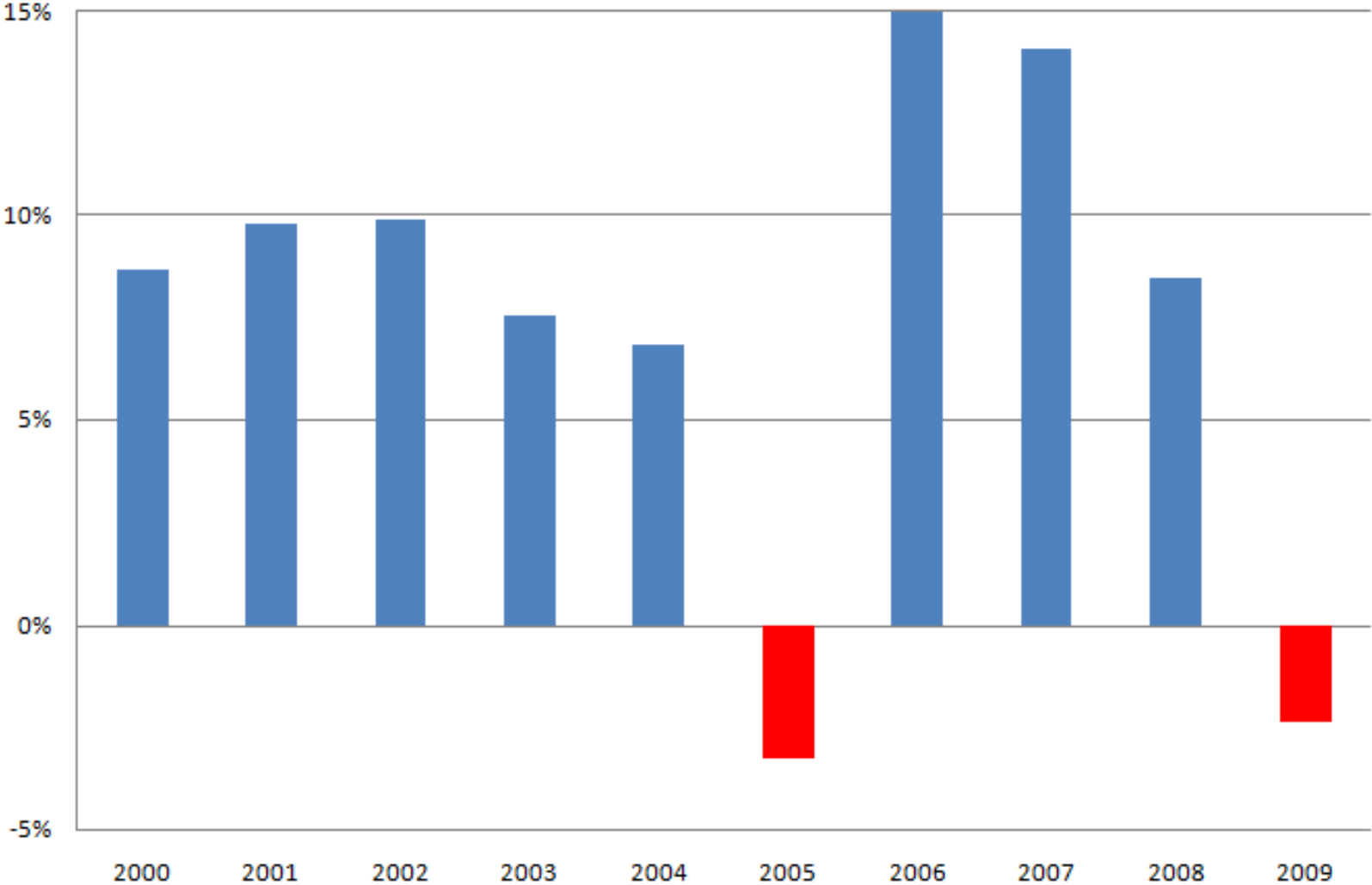


Assessment Roll Growth Alameda County



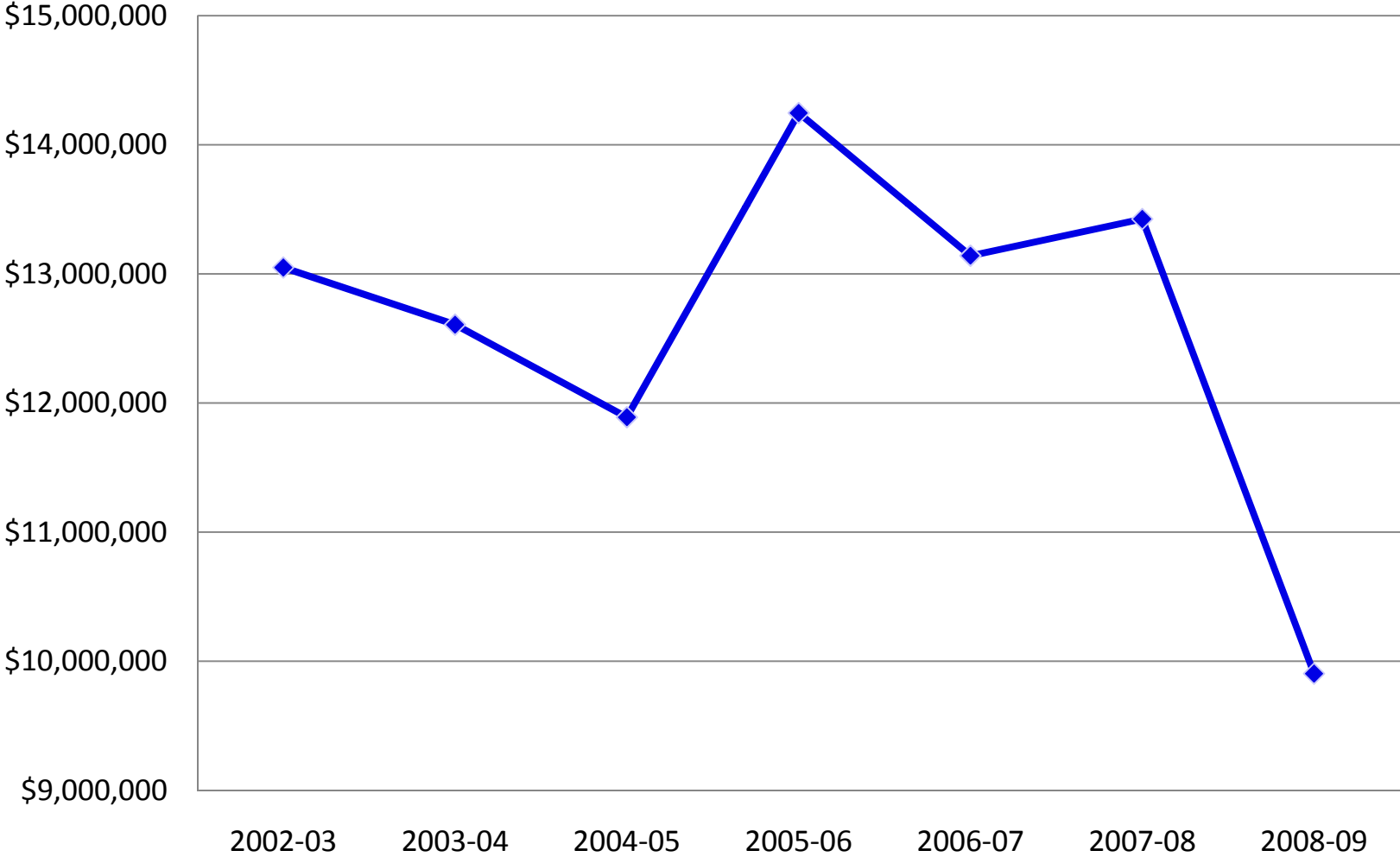


Secured Property Tax Percent Change



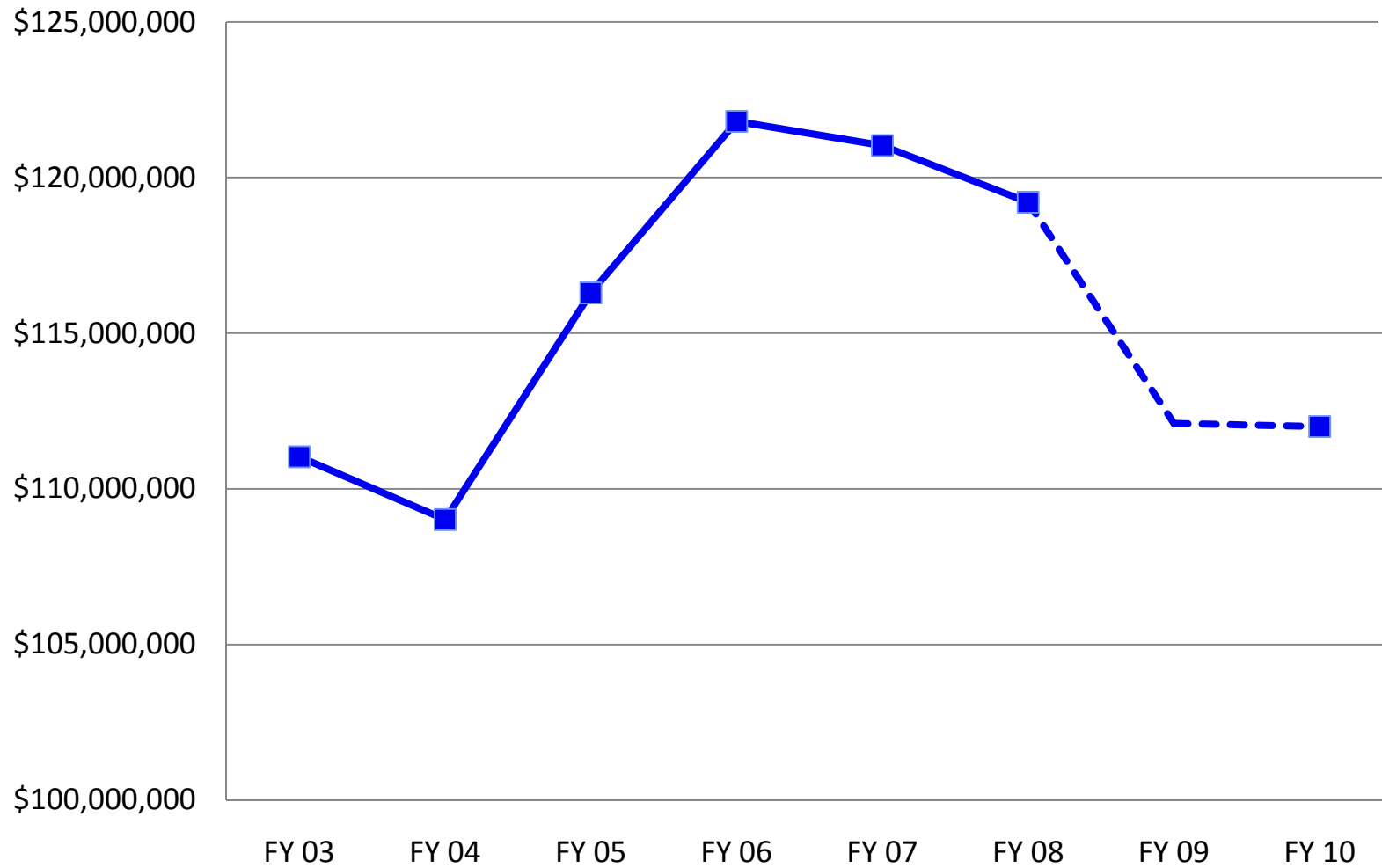


Sales Tax Revenues



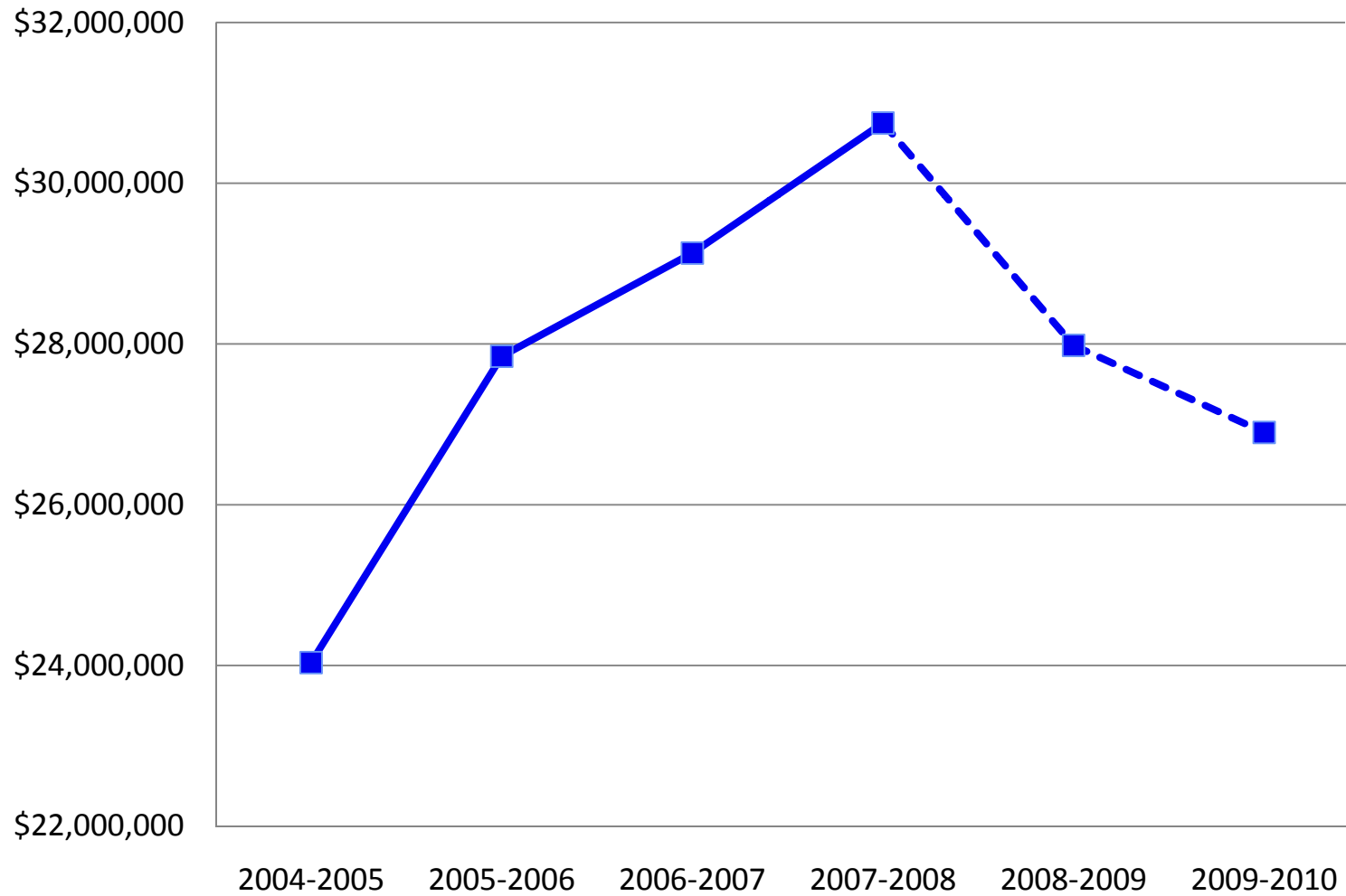


Prop. 172 Sales Tax Revenues



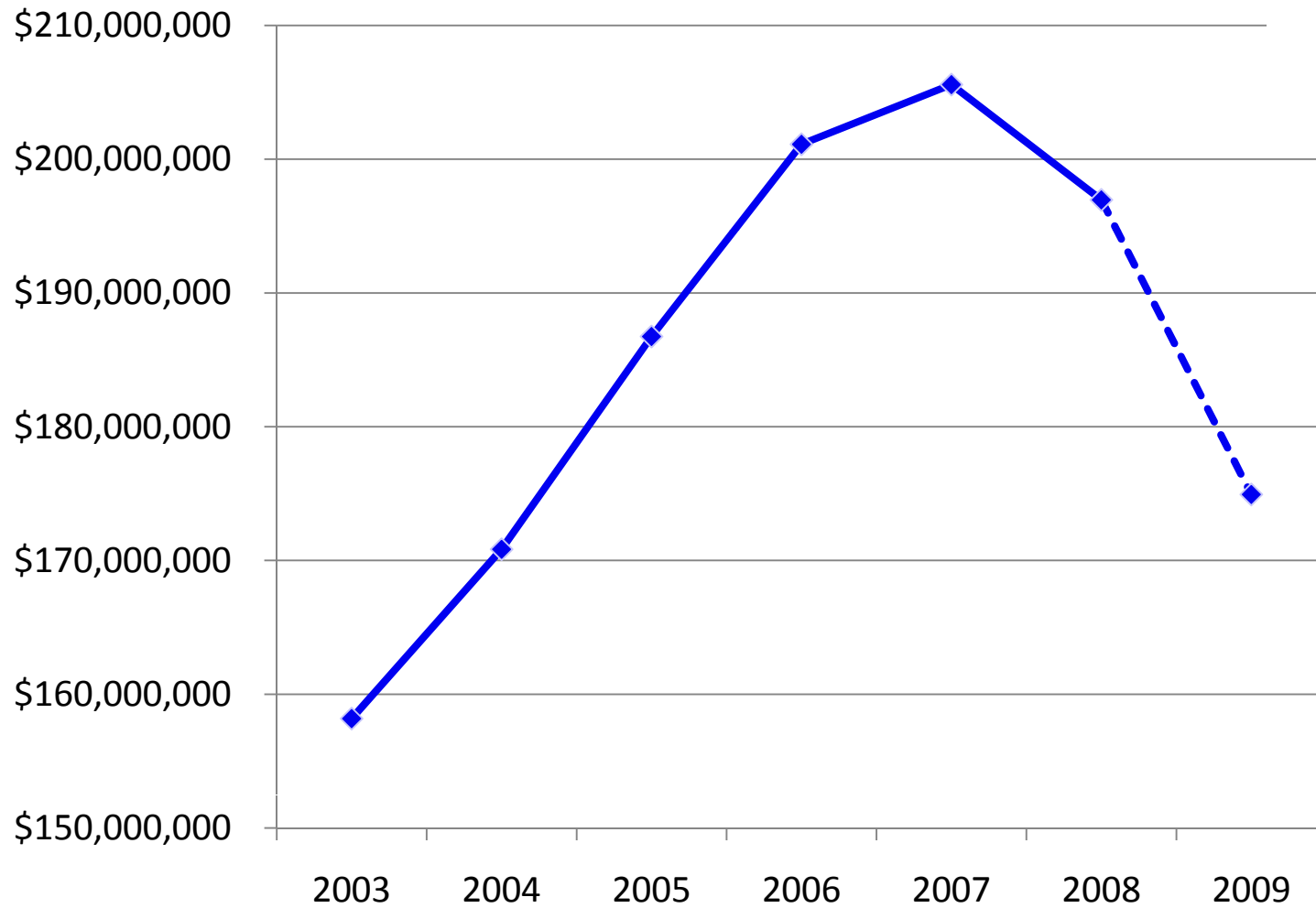


Measure A Revenues



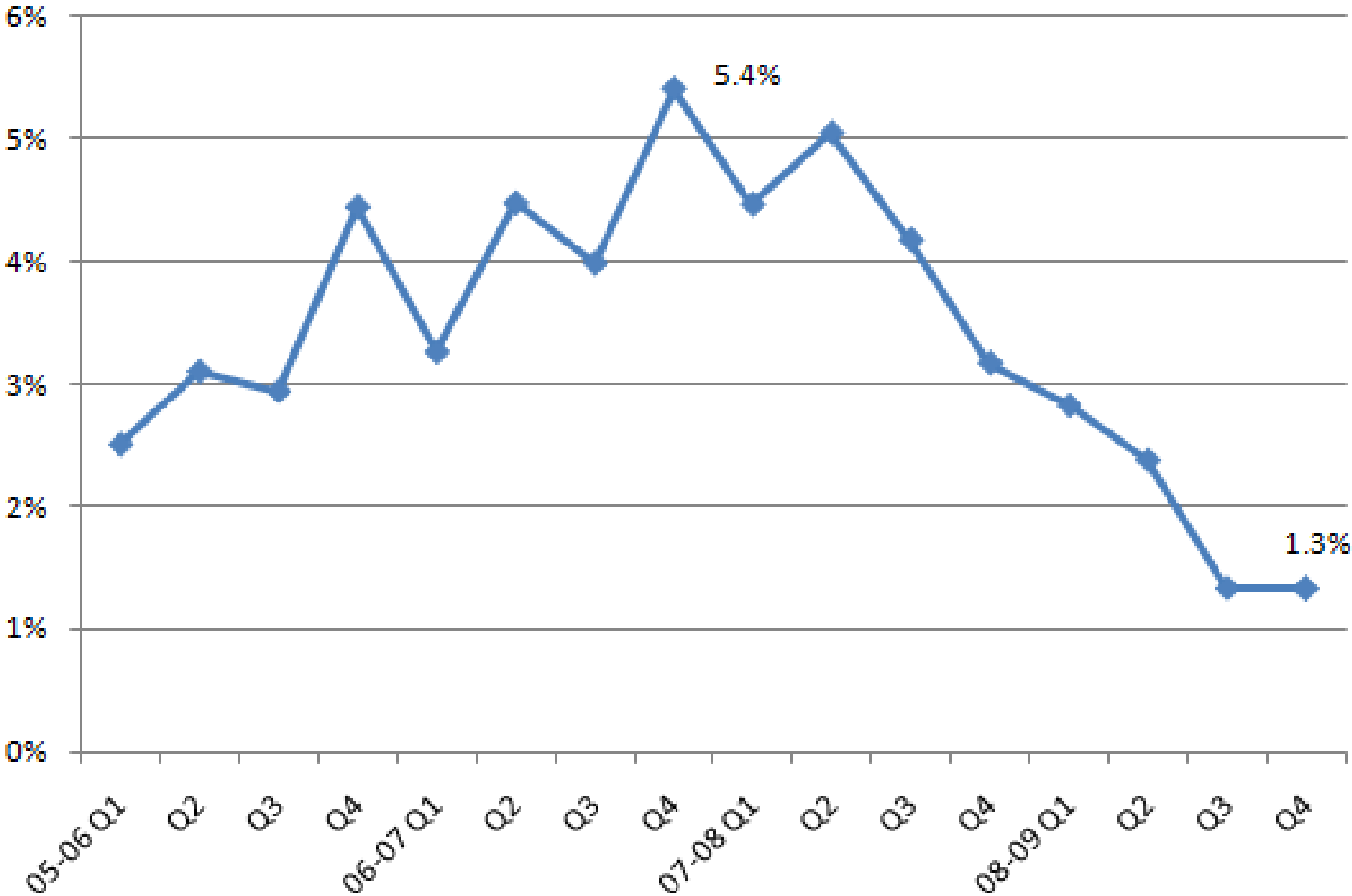


Realignment Revenues





Quarterly Interest Rate for Investment Pool





Economic Forecast – UCLA Anderson School

- ❑ Unemployment will continue to rise into 2010
- ❑ Real income, taxable sales to continue falling
- ❑ Slow recovery may begin at end of 2009
- ❑ As in 2001 recession, recovery will be hampered by State and local government & education job losses resulting from impact of State Budget cuts
- ❑ State credit rating is worst in the country



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
- Other expenses are increasing, such as retirement, health care costs



Alameda County FY 09-10 Budget



FY 2009-10 Final Budget - All Funds

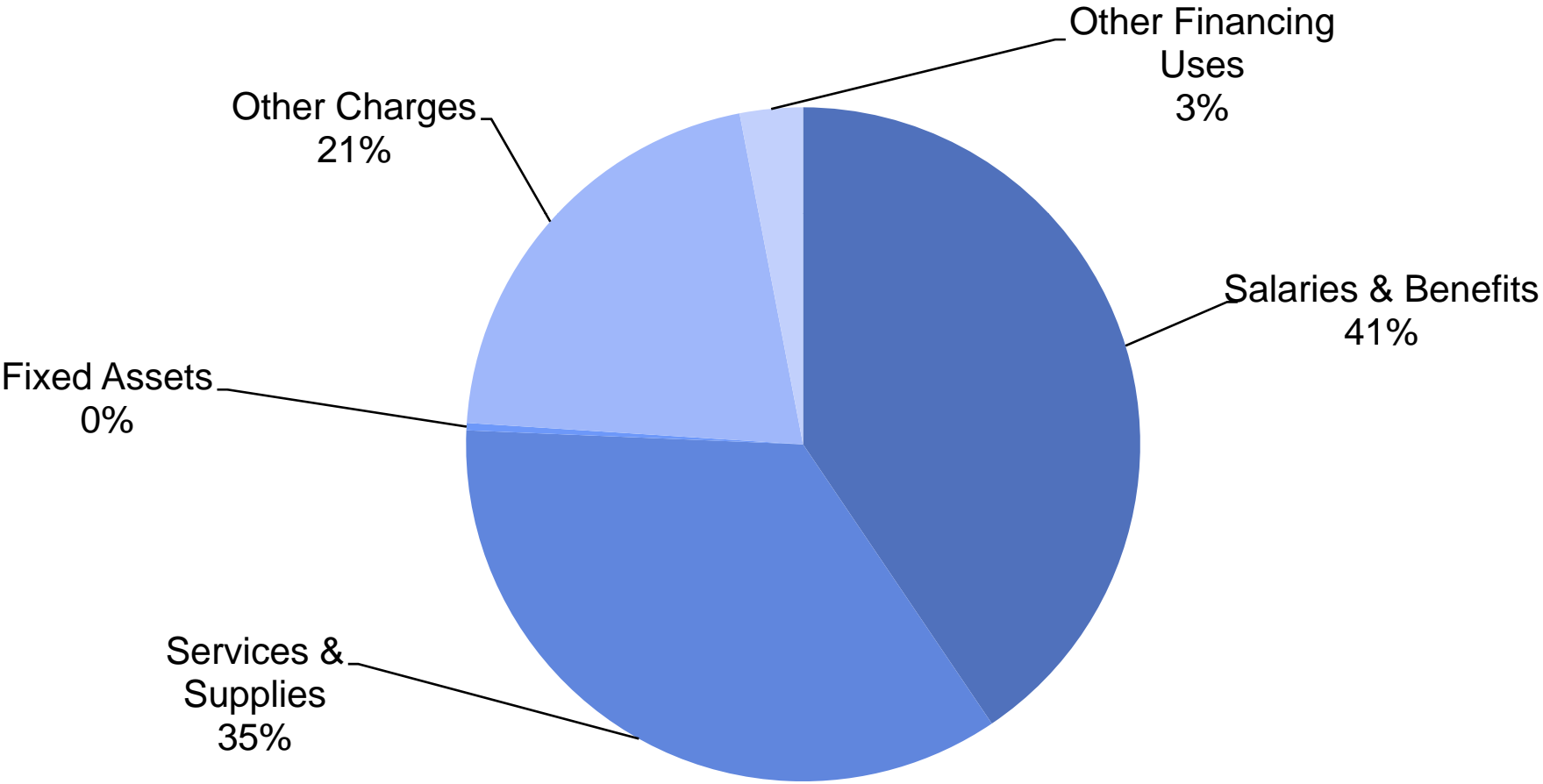
(in millions)

	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

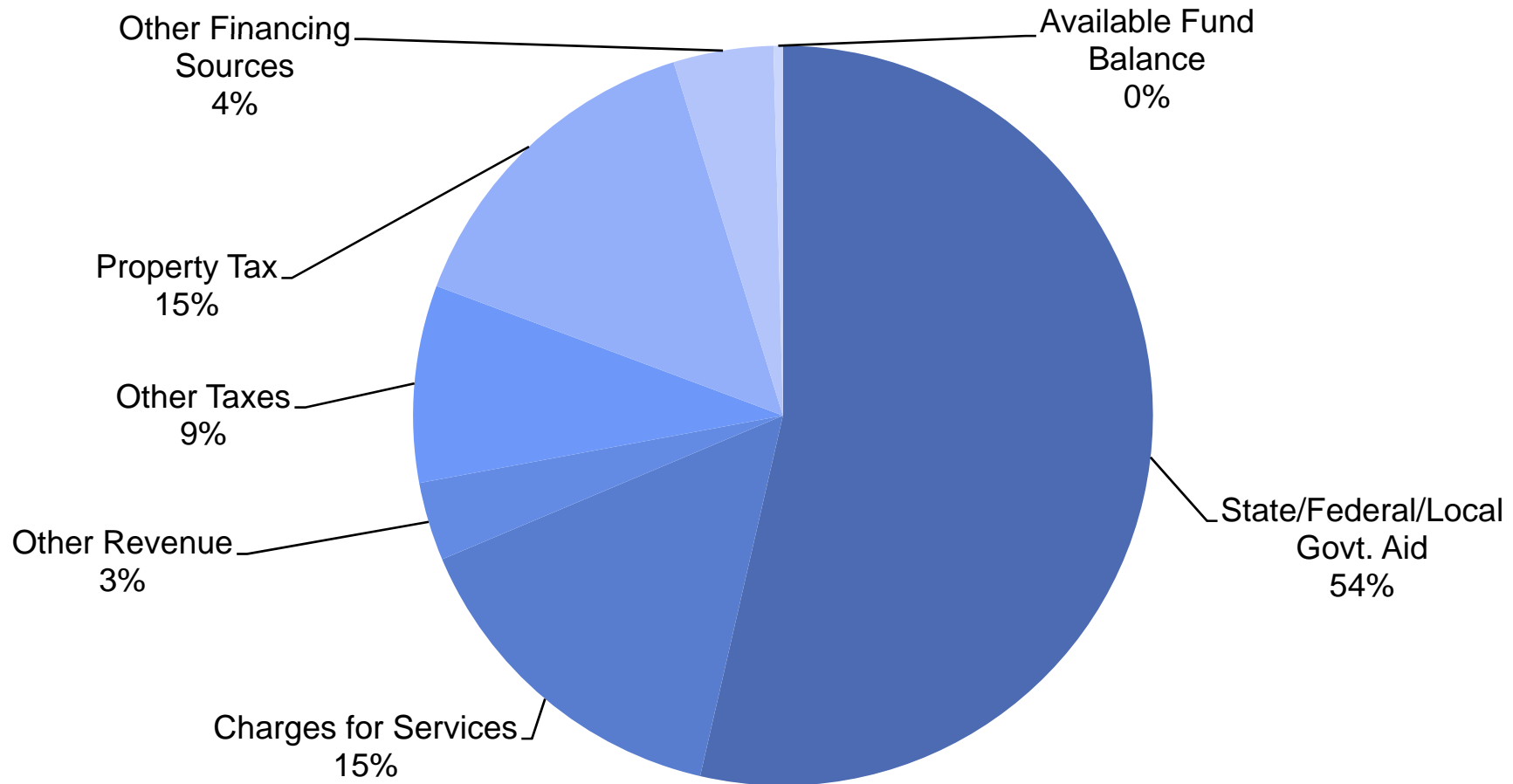


FY 2009-10 Final Budget General/Grant/Measure A Funds Appropriation by Major Object



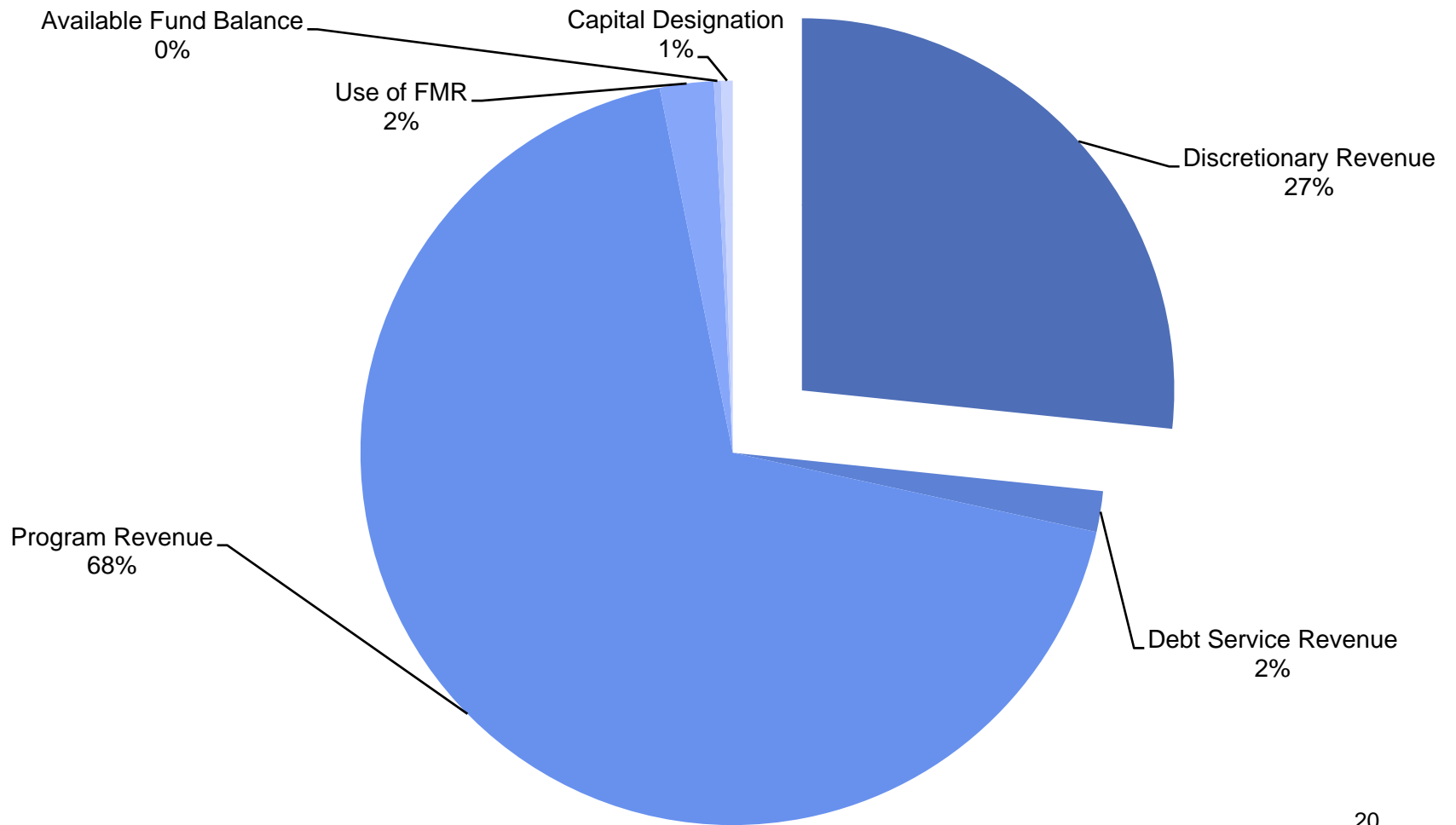


FY 2009-10 Final Budget General/Grant/Measure A Funds Revenue by Source





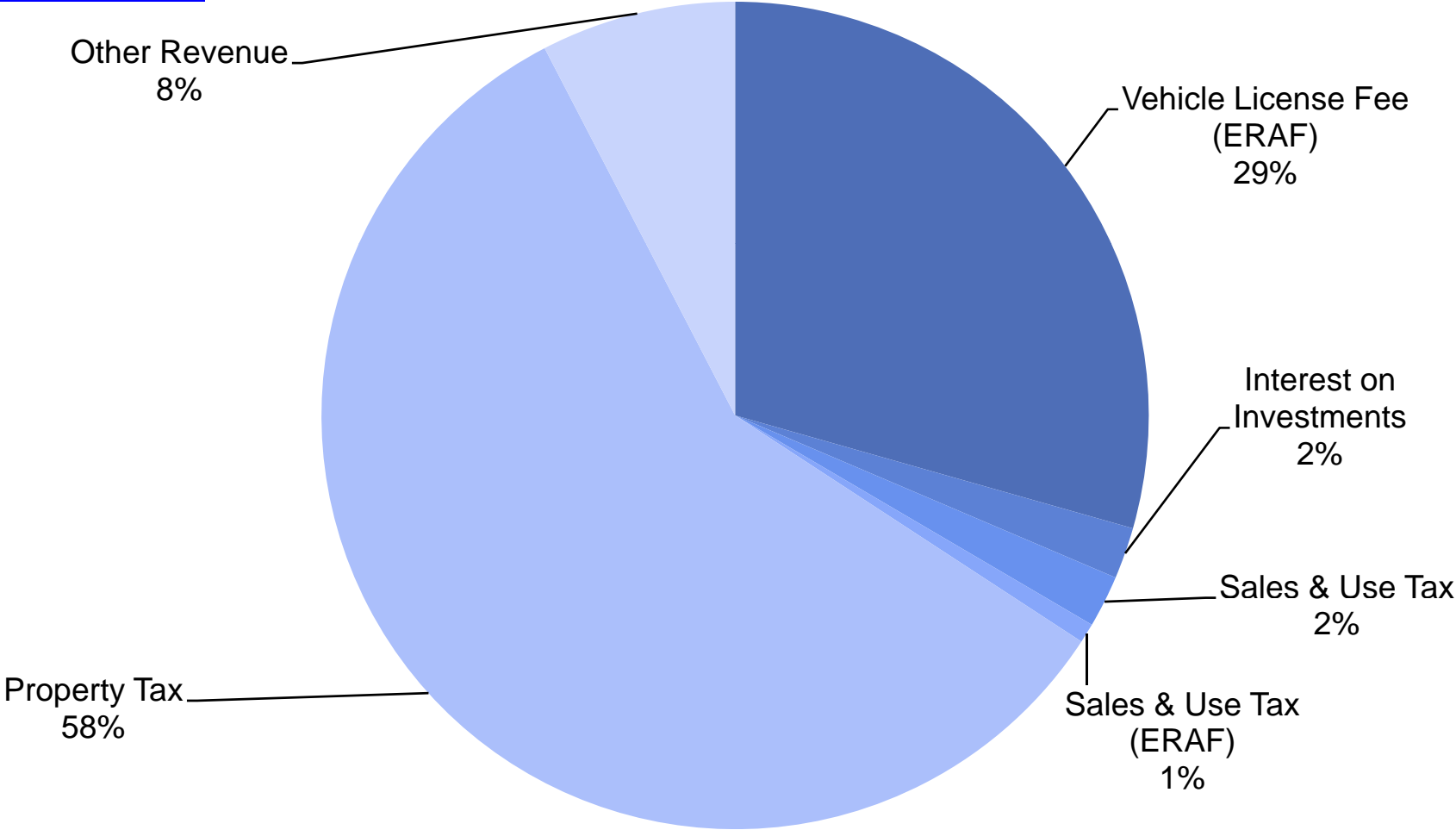
FY 2009-10 Discretionary Revenue Share of Total General Fund



Total General Fund: \$1,960.8 million



FY 2009-10 Discretionary Revenue by Source



Discretionary Revenue: \$522.4 million



Closing the Gap

General/Grant/Measure A Funds (in millions)

	Net County Cost Reduction	FTE Reductions
<u>Reductions by Program:</u>		
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

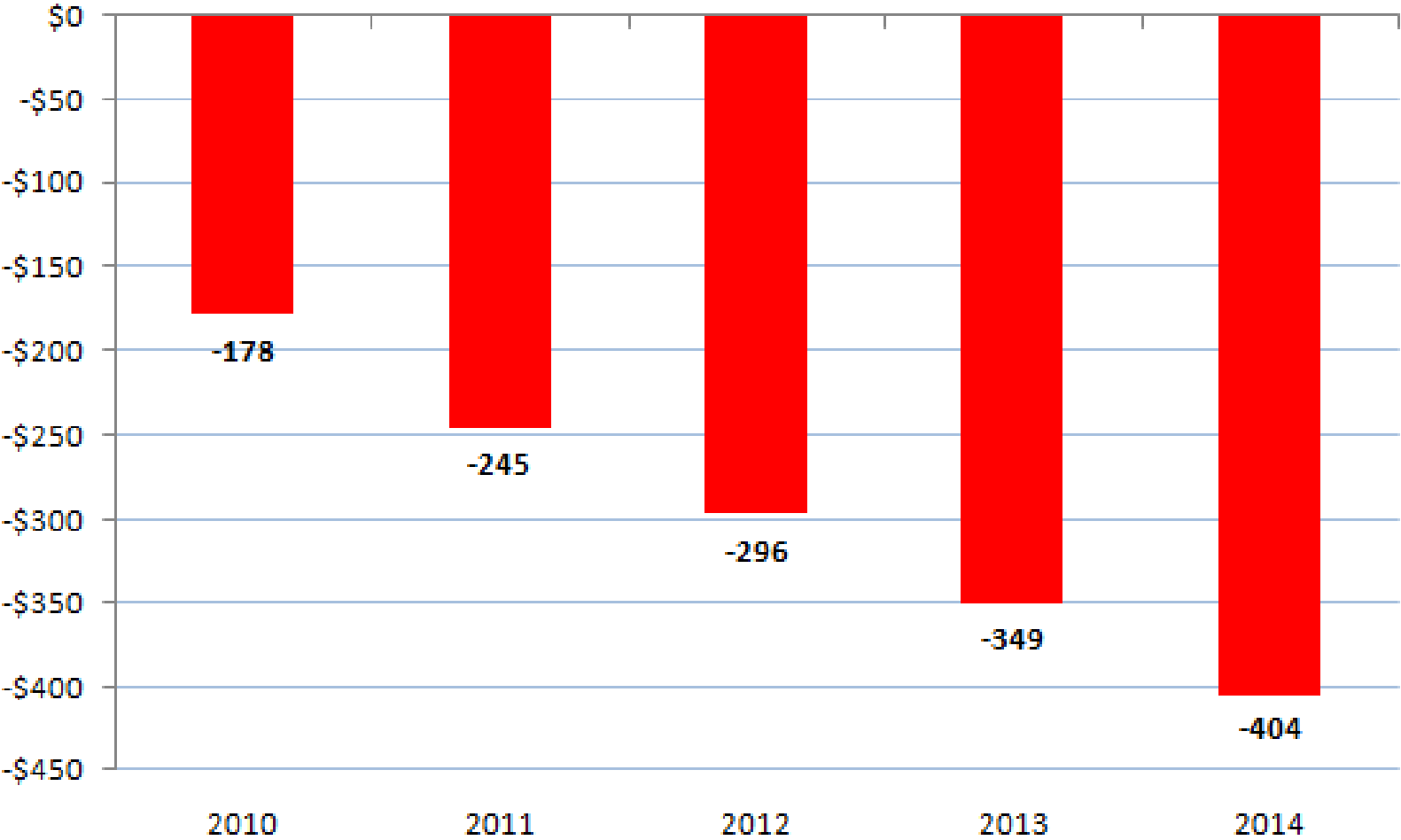


FY 2009-10 - Closing the Gap- Impacts (partial list)

- ❑ Reduced wages for IHSS workers
- ❑ Time limits, reduced benefits for General Assistance recipients
- ❑ Elimination of COLAs for CBOs and ACMC
- ❑ Reduced law enforcement, Coroner, Crime Lab, emergency, jail and animal shelter services
- ❑ Reduced supervision of adults and youth on probation
- ❑ Reduced ability to represent indigent defendants, prosecute consumer and environmental crimes
- ❑ Deferral of IT, building maintenance, capital projects
- ❑ Staffing decrease of 235 FTE compared to prior year



Alameda County Projected Budget Shortfalls





Federal Budget Update



Federal Budget Update

- President proposes \$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



State Budget Update



Revisions to State Budget

- Closes \$24 billion gap out of \$88 billion General Fund budget
- Cuts \$3.7 billion from 2008-09 budget and \$12.4 billion from 2009-10 budget
- Reduces GF budget by 18% compared to 2 years ago
- \$16.1 billion in cuts; \$8 billion “other” solutions; no new taxes
 - \$8.5 billion cut to K-12, Community Colleges, Higher Education
 - \$4 billion from local governments
 - \$1.3 billion Medi-Cal assumed savings
 - \$846 million from State employee salary reductions and furloughs
 - \$785 million from Corrections (details to be determined later)
 - \$510 million cut to CalWORKs
 - \$284 million cut to regional centers
 - \$263 million cut to IHSS services



State Budget Revisions (continued)

- \$179 million cut to Healthy Families
- \$169 million cut to Courts
- \$164 million cut to mental health services
- \$120 million cut to Child Welfare Services and foster care
- \$108 million cut to SSI/SSP
- \$99 million cut to substance abuse treatment services
- \$66 million cut for suspension of local mandates
- \$60 million cut to County Medi-Cal administration
- \$59 million cut to AIDS services
- Numerous smaller cuts to vital services, such as domestic violence shelters, child immunization, services to seniors
- Other: State park closures, sale of Workers' Comp Fund (\$1 billion), accounting changes (one-day delay in pay, advance tax payments)



State Budget Revisions

Transfers from Local Governments

□ Property Tax Shift:	\$2 billion
□ <u>Redevelopment Agencies:</u>	<u>\$2.05 billion</u>
TOTAL	\$4.05 billion



State Budget Revisions: Estimated Impact to Alameda County

□ “Loan” of property taxes	\$40 million
□ Shift of redevelopment funds	\$9.7 million
□ Prop. 36 cuts for substance abuse treatment/ crime prevention	\$6.1 million
□ HIV/AIDS services	\$2.9 million
□ Child welfare services	\$2 million
□ Mental Health Managed Care	\$1.7 million
□ Reduced Prop. 99 tobacco revenues	\$1.1 million
□ Transitional housing for foster youth	\$0.5 million
□ <u>Adult & aging programs</u>	<u>\$0.5 million</u>
Preliminary Estimated Total	\$64.5 million ++



State Budget Revisions: Impact to Alameda County Residents

- Reductions to safety net programs, including:
 - CalWORKs
 - Healthy Families, Medi-Cal
 - In-Home Supportive Services
 - Foster care
 - HIV/AIDS
 - SSI/SSP
 - Adult & aging programs
- Decreased funding for education
- Potential public safety impacts from pending corrections reductions
- Reduced discretionary funding for local government services



State Budget Revisions: Pending Impacts to Alameda County

- Unspecified Medi-Cal reductions
- Unspecified Corrections cuts
- Centralized eligibility for social services programs: possible large impact in future years from privatizing function now performed by County employees



State Budget Revisions: Delayed Payments

- ❑ Defer Prop. 42 payments for first two quarters
- ❑ Defer gas tax payments until after January 1, 2010
- ❑ Defer county mental health payments for 11 months
- ❑ Defer payments and suspend 31 local government mandates
- ❑ IOUs (\$8.6 million to date)



State Budget Revisions: Market Reaction

- ❑ Credit downgrades preceded budget revisions, but have not been reversed
- ❑ Moody's: "Reliance on one-time revenues, accounting shifts, and borrowing and expenditure cuts that need to be repaid will leave the state poorly positioned for budgetary balance in future years."
- ❑ Potential ongoing structural deficit of as much as \$15 billion



State Budget Revisions: Ongoing Challenges

- ❑ Legal challenges
- ❑ Court-ordered prisoner release
- ❑ Additional deficit likely in current year given accounting gimmicks, optimistic revenue estimates, lawsuits
- ❑ Multi-billion State deficits expected in future years



FY 09-10 Adopted Budget: Pending Factors & Outlook

- ❑ Continued downturn in economy—lower revenues, greater demand for County services
- ❑ Rising borrowing/debt financing costs
- ❑ Pending labor negotiations
- ❑ Rising health care costs
- ❑ Losses in retirement fund
- ❑ Federal Budget – Deficit and Debt
- ❑ New reductions due to State Budget revisions
- ❑ Potential further cuts from State