



ALAMEDA COUNTY

Budget Update

Briefing to Labor Organizations

May 9, 2013

Susan S. Muranishi, County Administrator



Overview

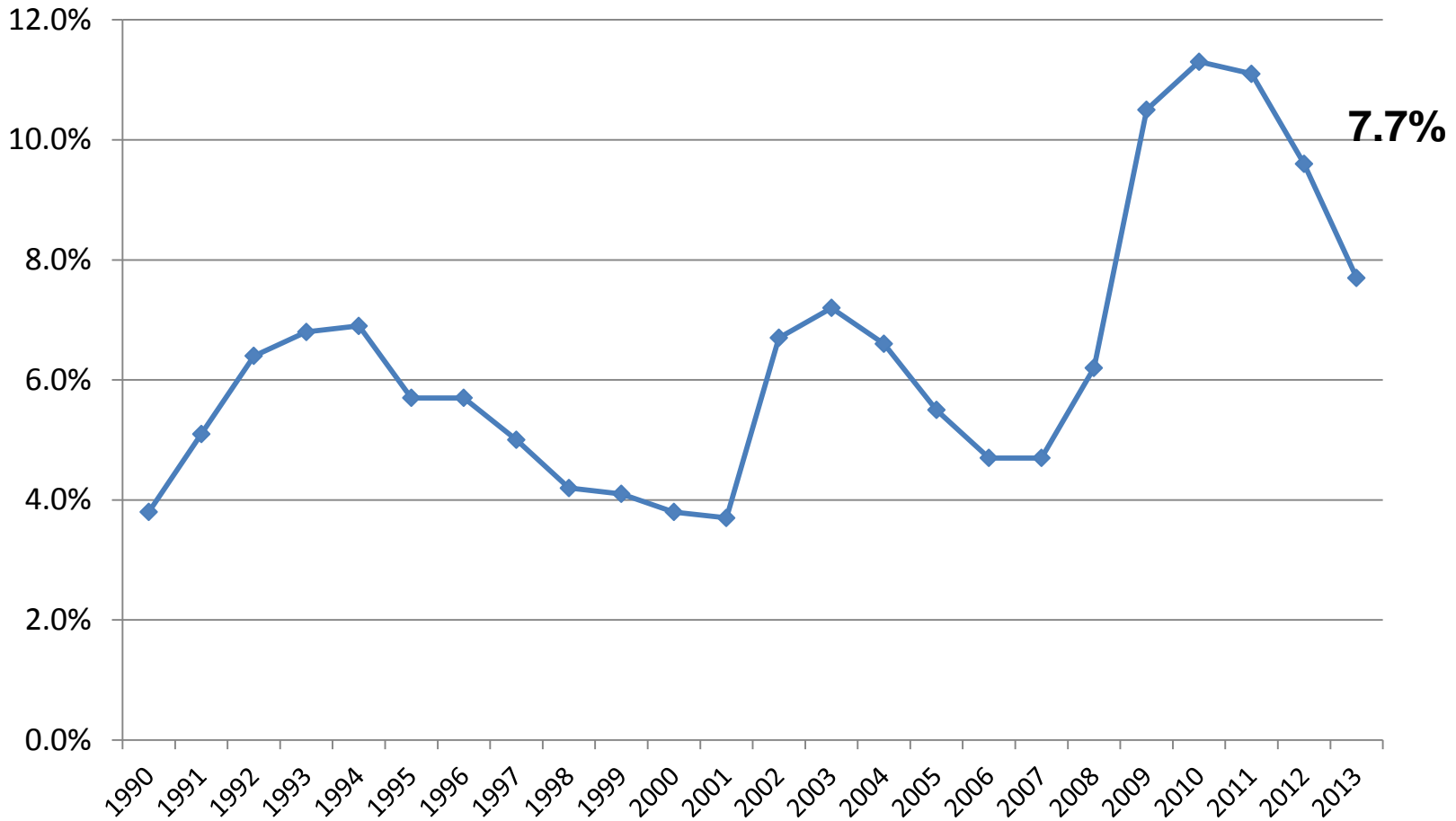
- Current Economic Indicators
- Demand for safety net services
- Economic & Policy Outlook
- Closing Last Year's Funding Gap
- 2013-14 Maintenance of Effort Budget
- Projected Funding Gap



Unemployment Rate - 1990 to Present

Alameda County

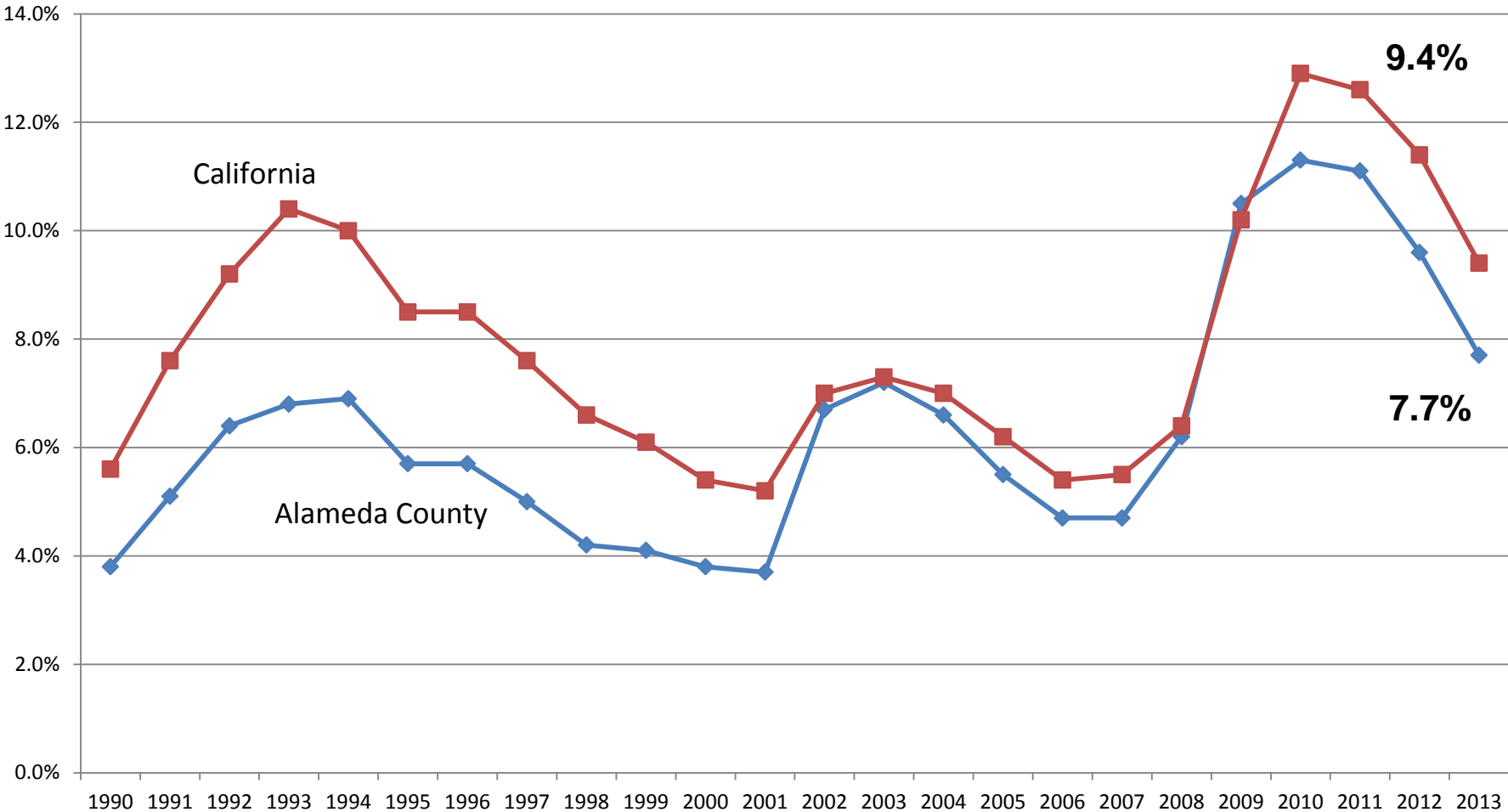
(not seasonally adjusted)





Unemployment Rate - 1990 to Present - Alameda County & State

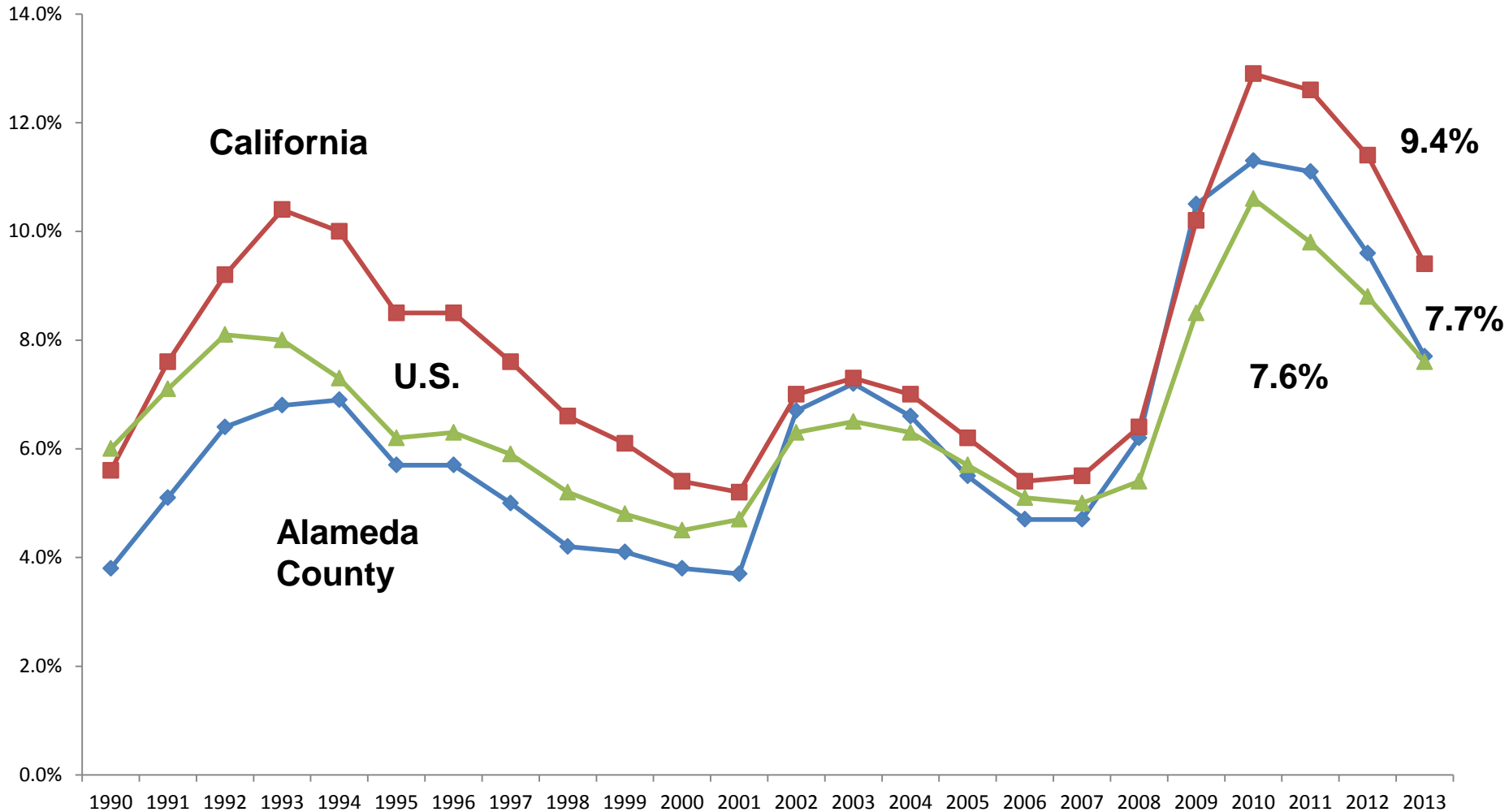
(not seasonally adjusted)





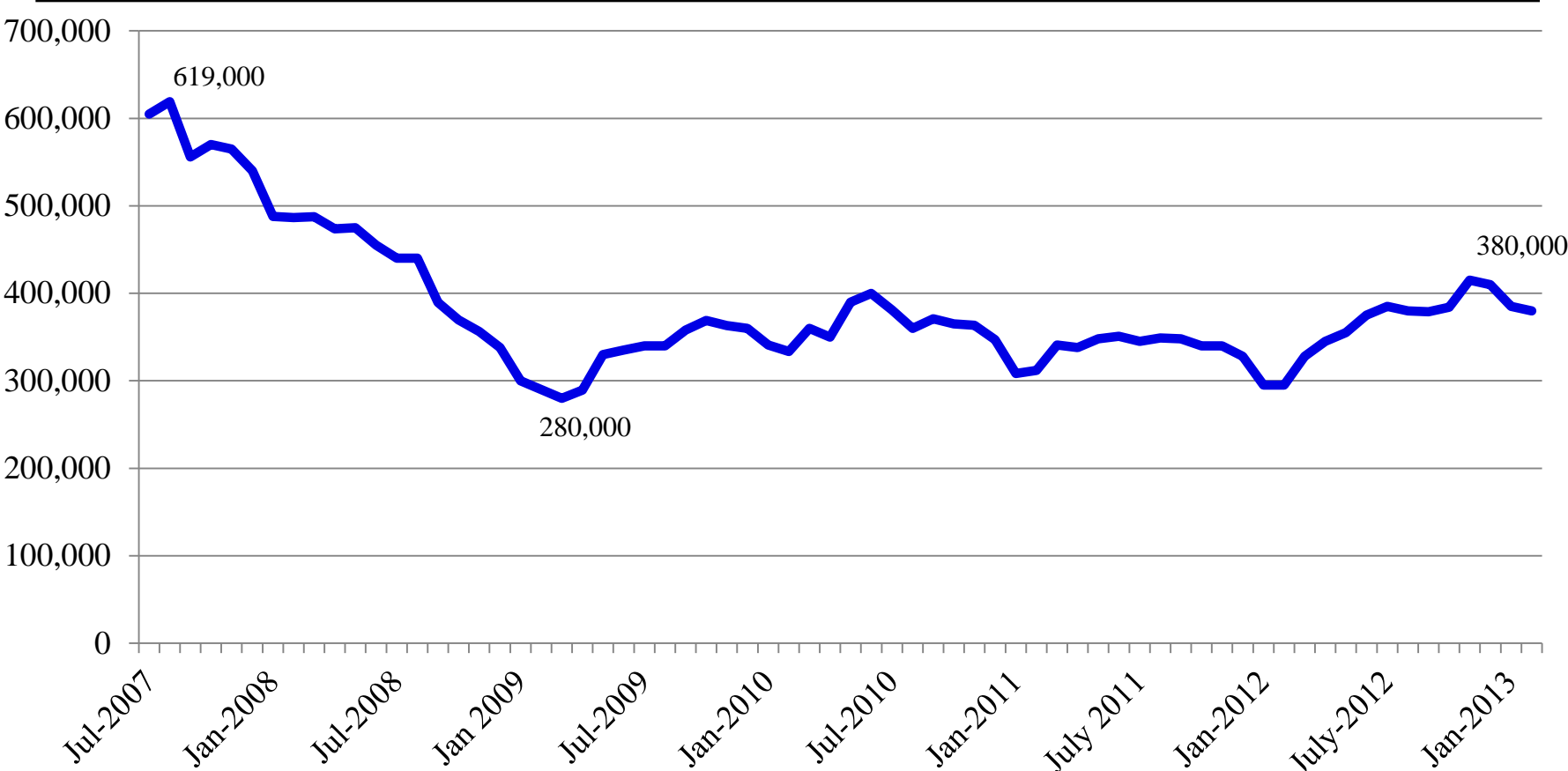
Unemployment Rate - 1990 to Present - Alameda County, State, & United States

(not seasonally adjusted)



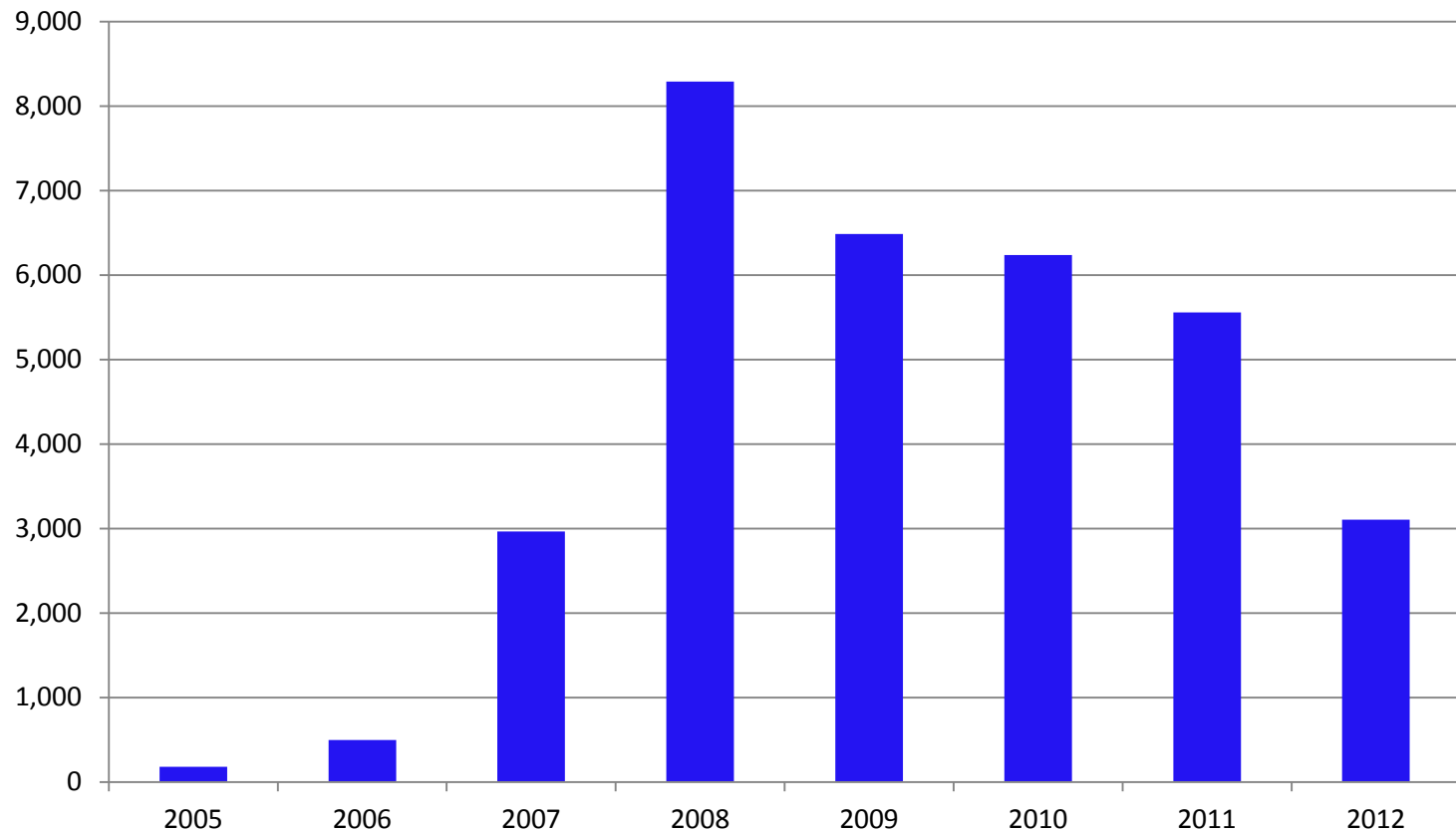


Alameda County Median Home Values July 2007 – February 2013



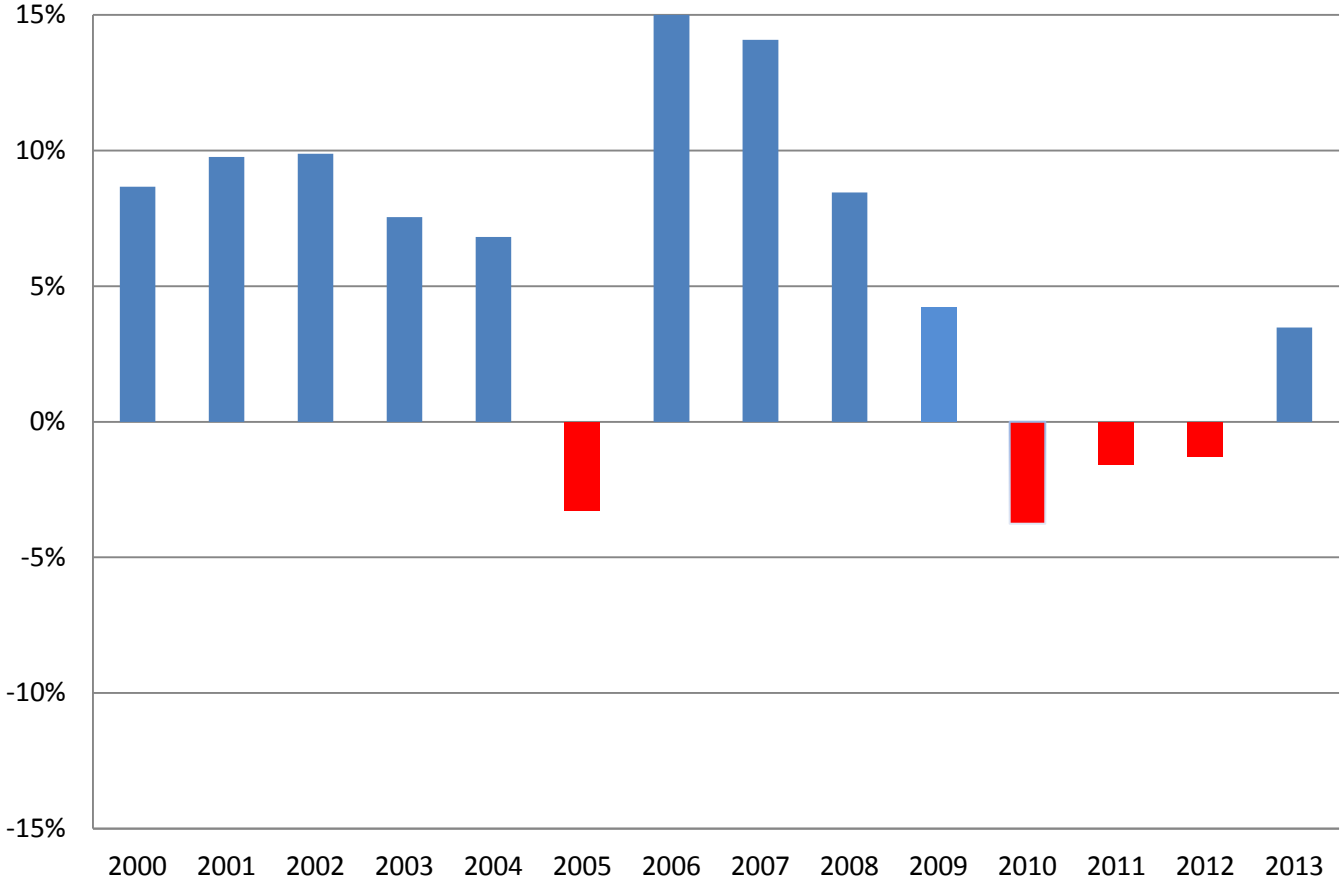


Alameda County Property Foreclosures



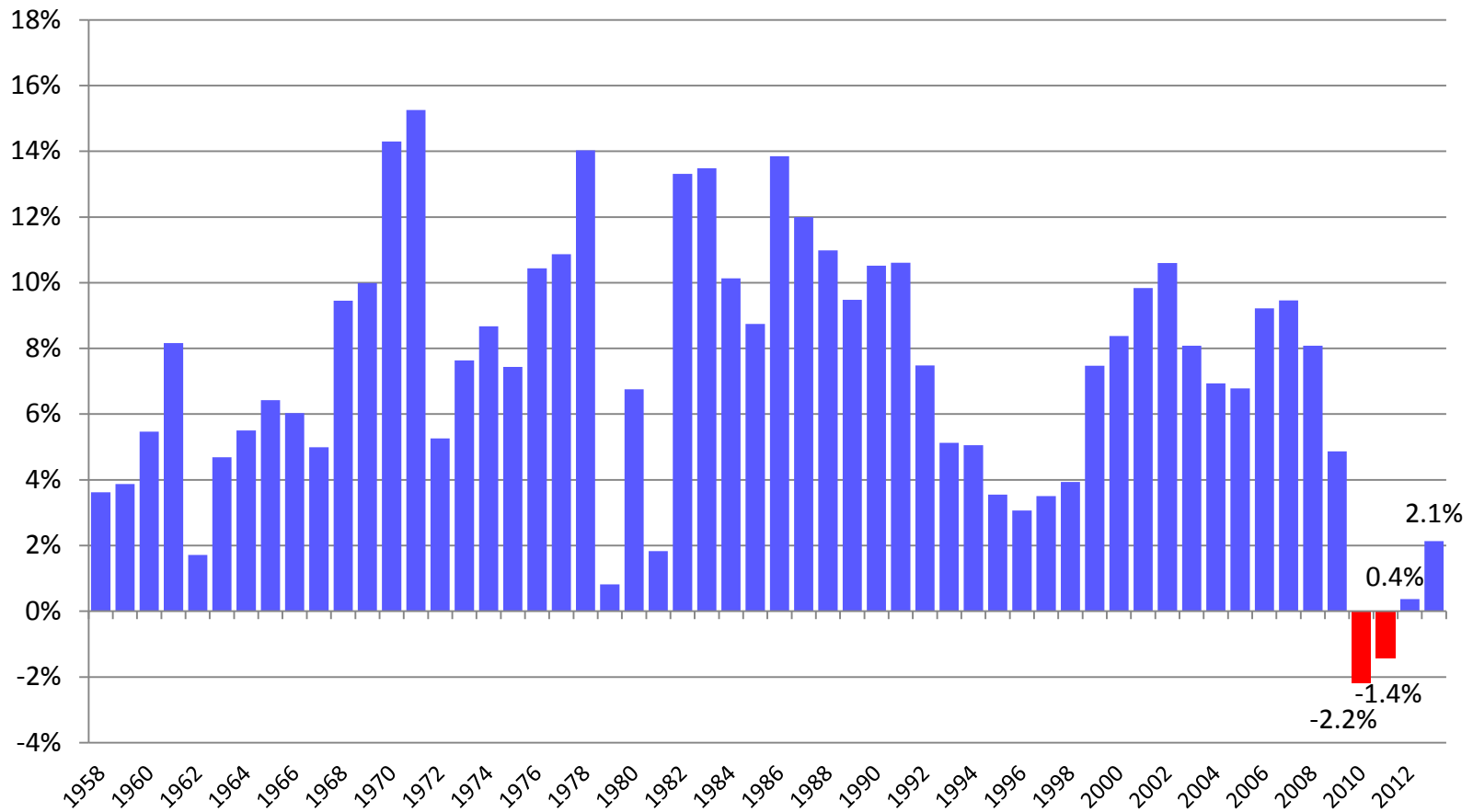


Secured Property Tax Percent Change



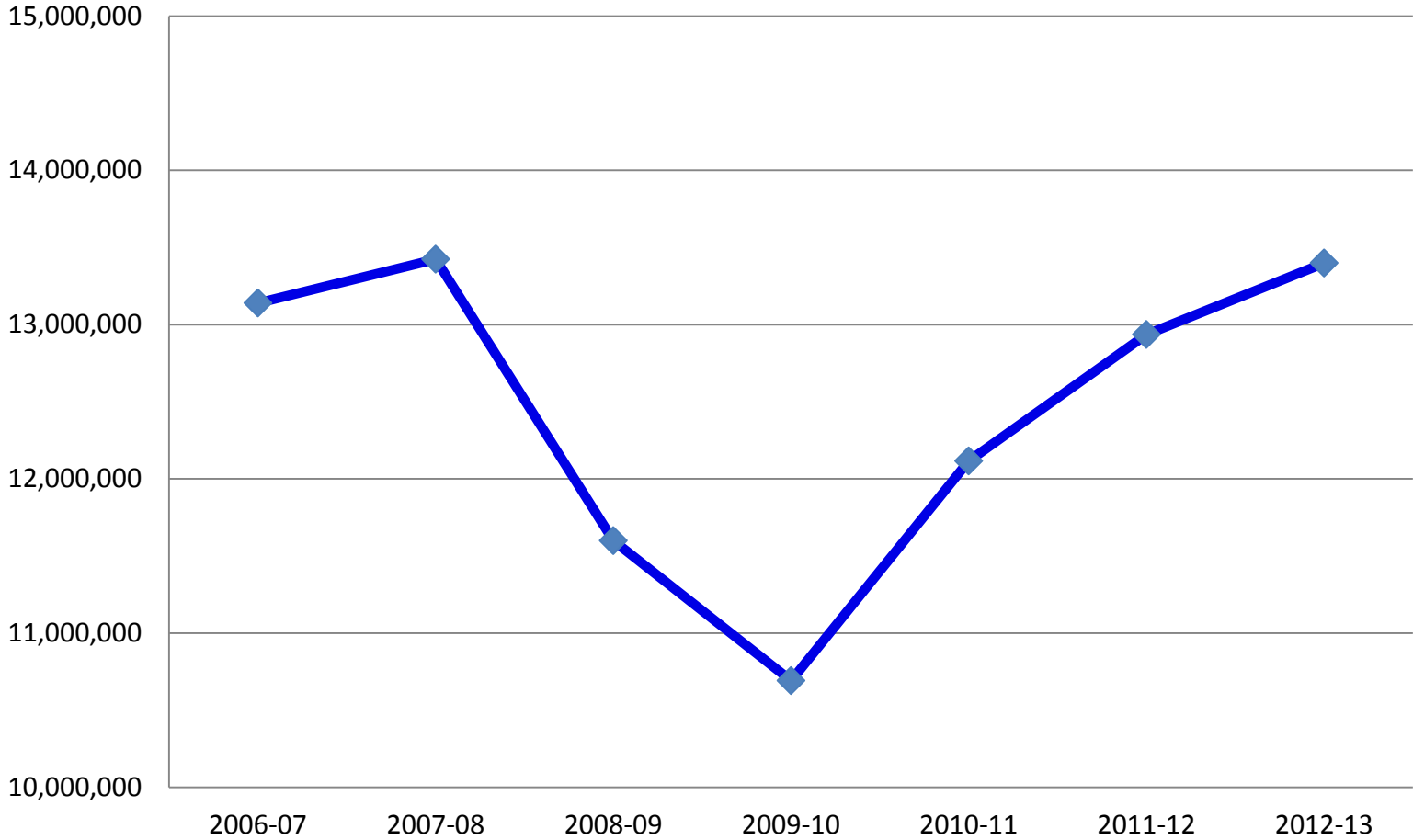


Assessment Roll—Percent Change Alameda County



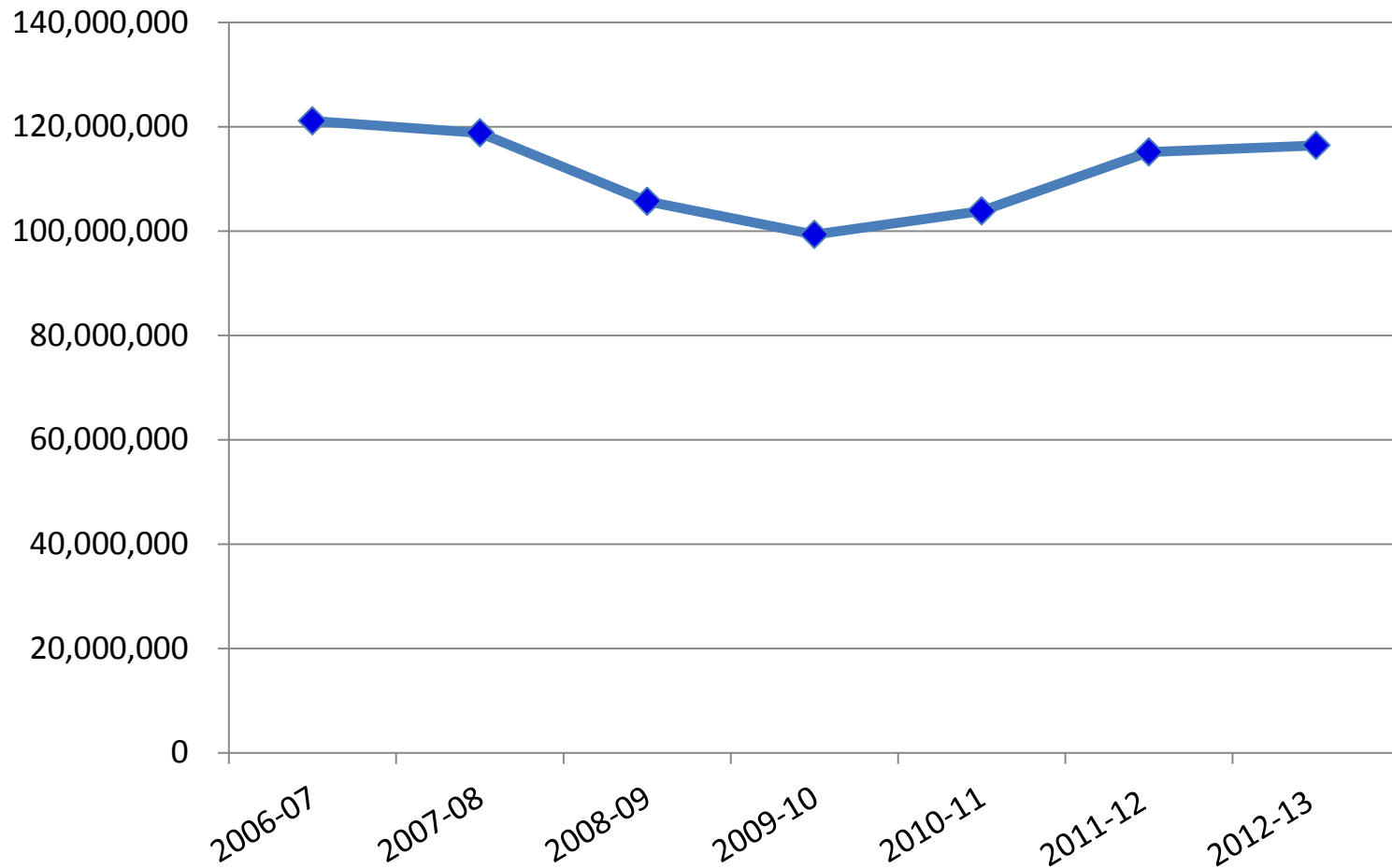


Sales Tax Revenues



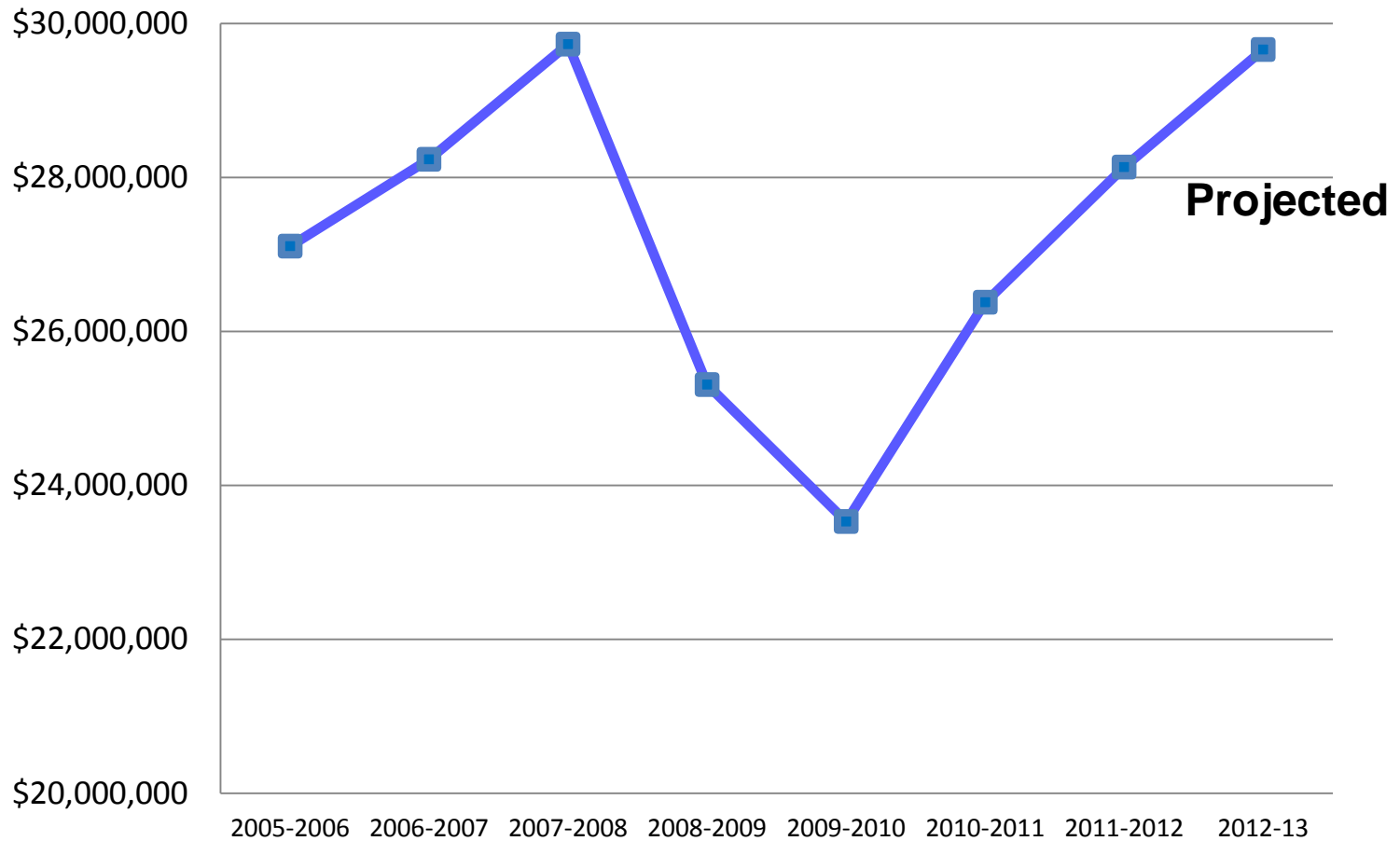


Prop. 172 Half-cent Sales Tax For Local Public Safety Revenues



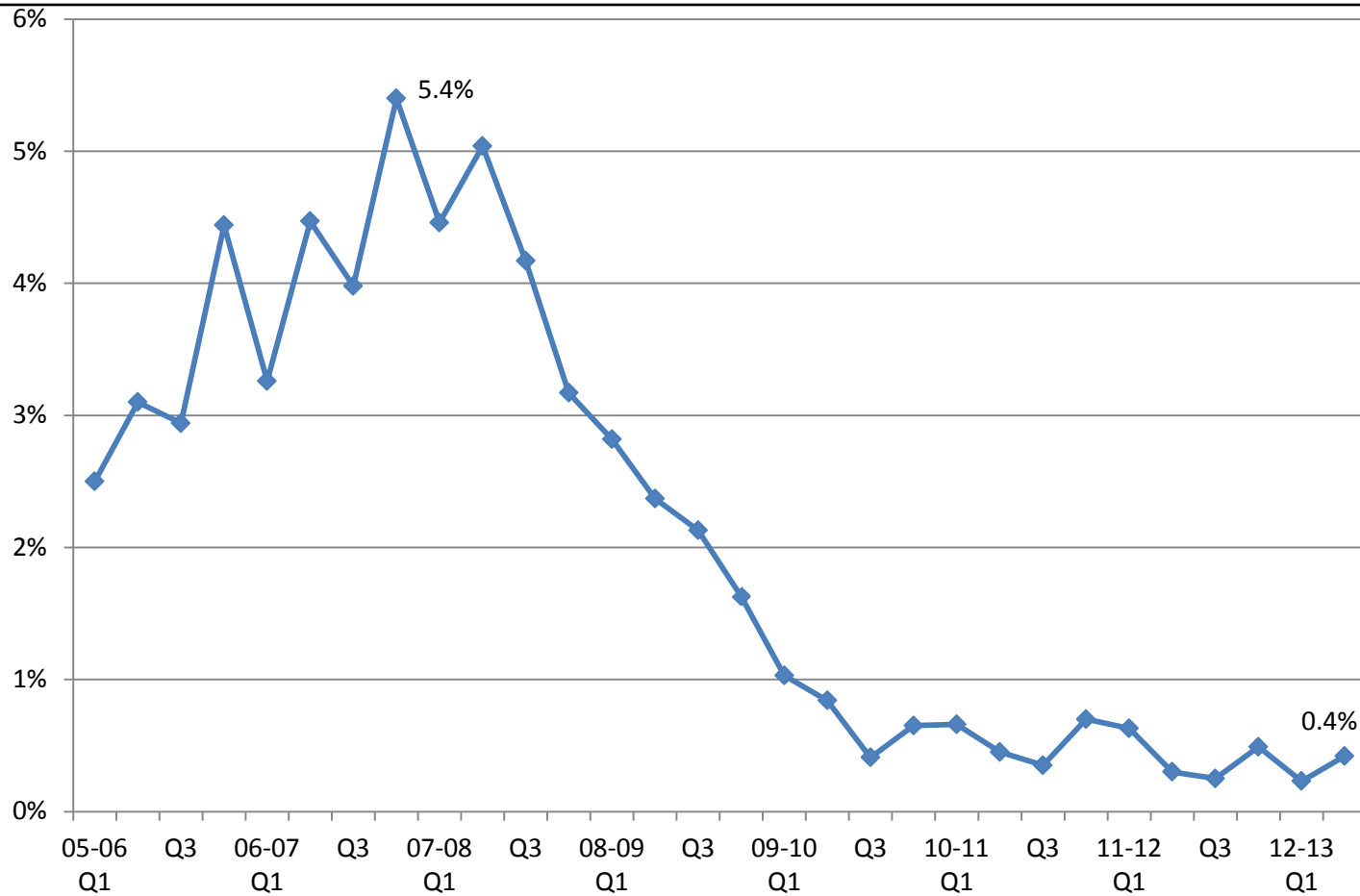


Measure A Alameda County Half-Cent Essential Health Care Services Sales and Use Tax Revenues





Quarterly Interest Rate for Investment Pool



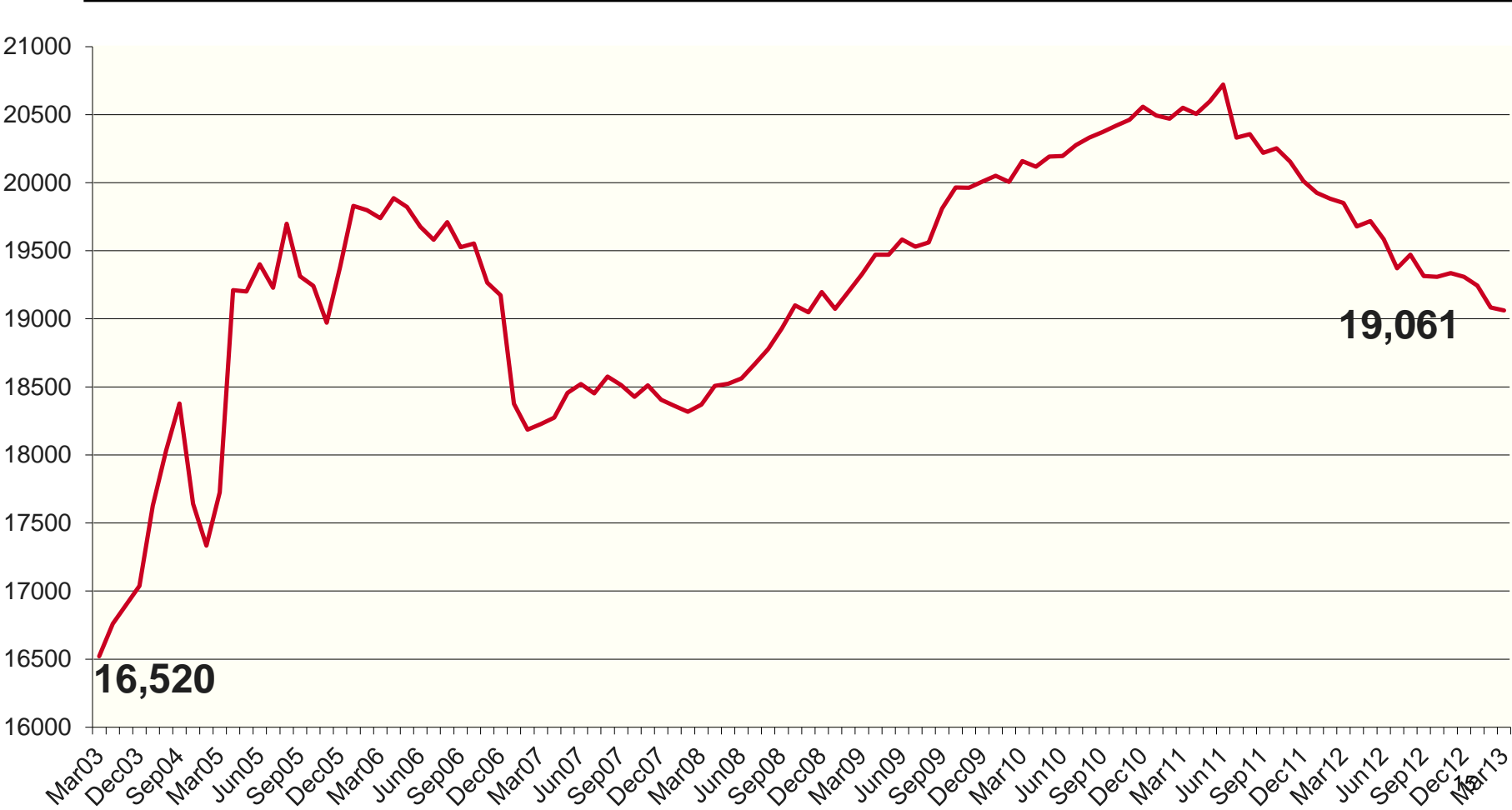


Increased Demand for Services

- Increases in caseloads for assistance programs, including:
 - CalWORKS
 - CalFresh (Food Stamps)
 - General Assistance
 - Medi-Cal
 - In-Home Supportive Services
- Other expenses are increasing, such as retirement, health care costs

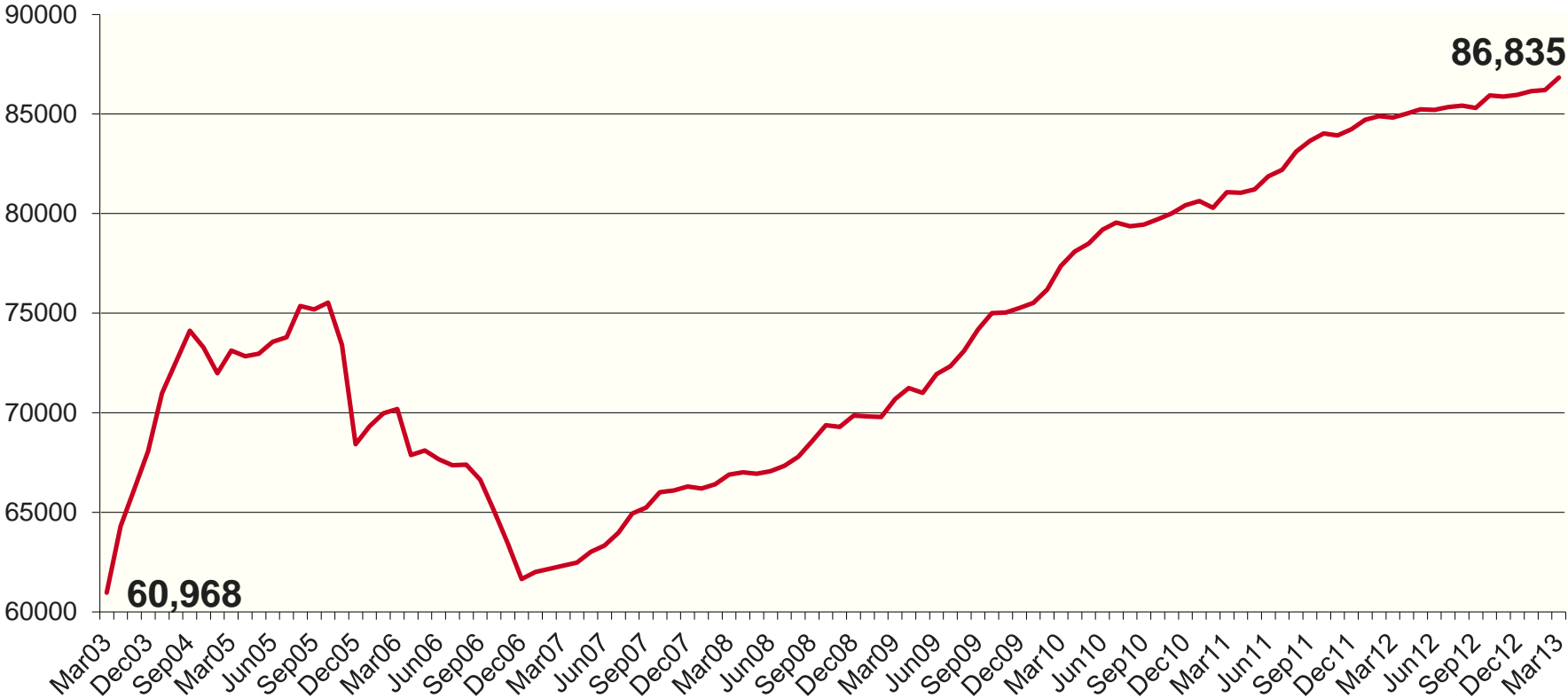


CalWORKS Households aided per month



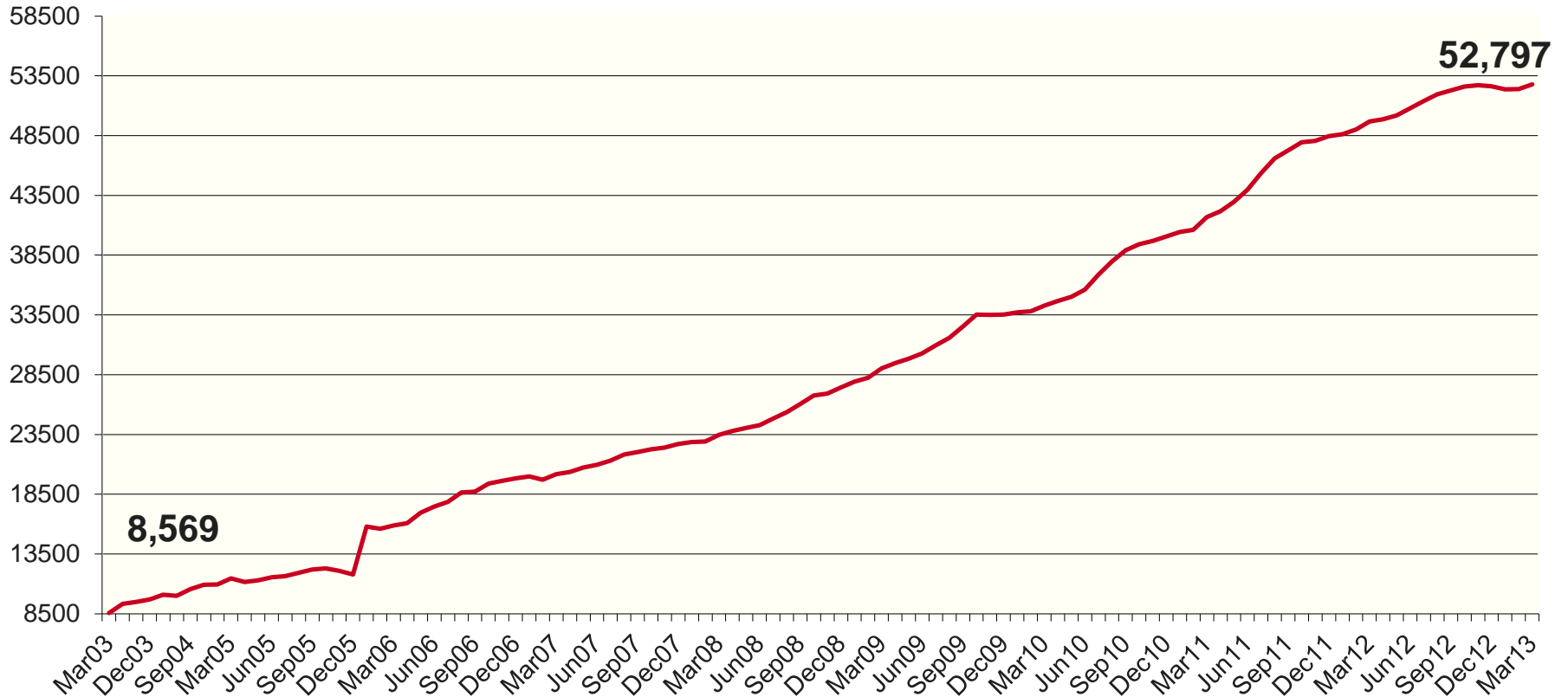


Medi-Cal Households aided per month



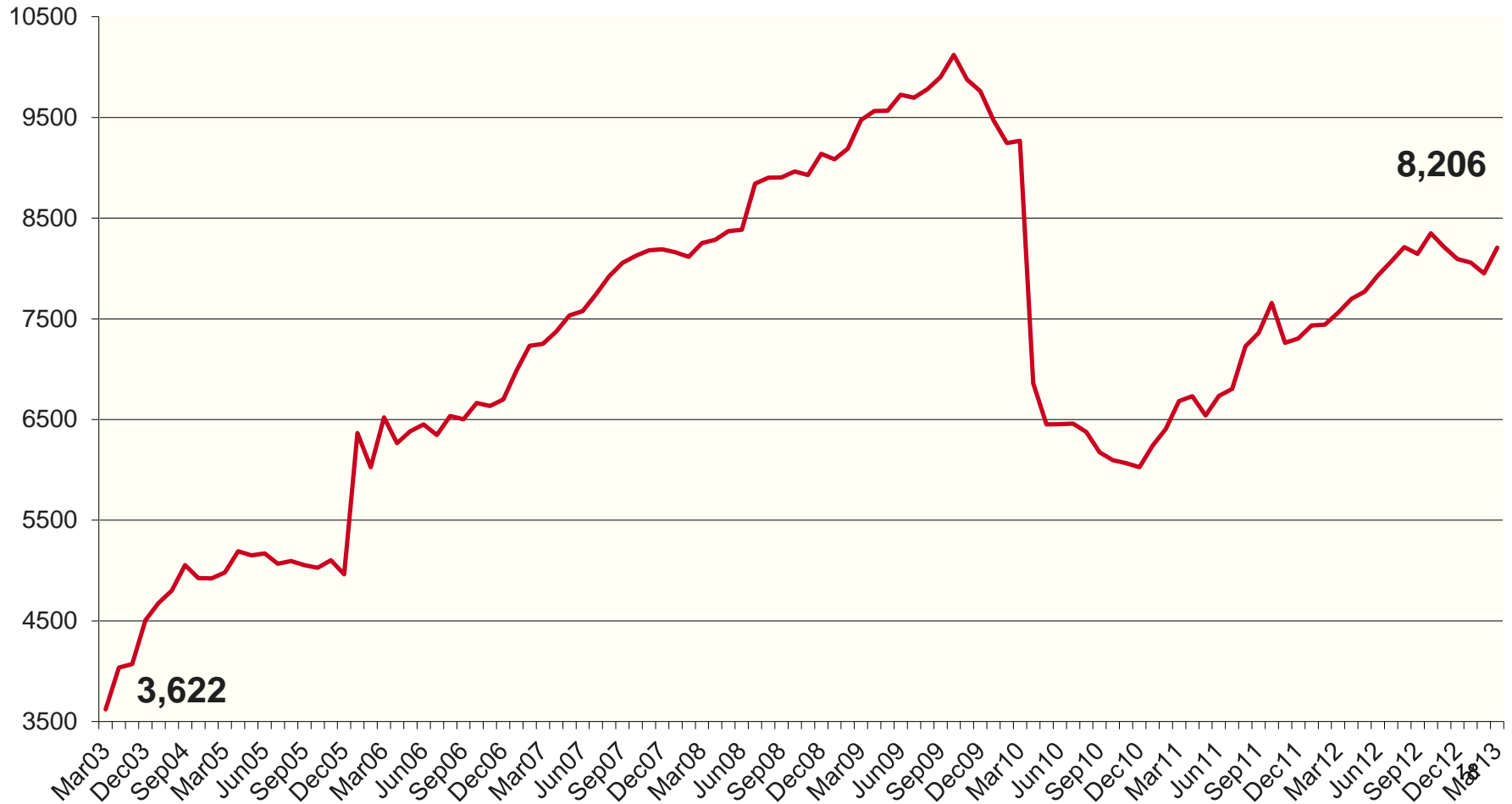


CalFresh Households aided per month



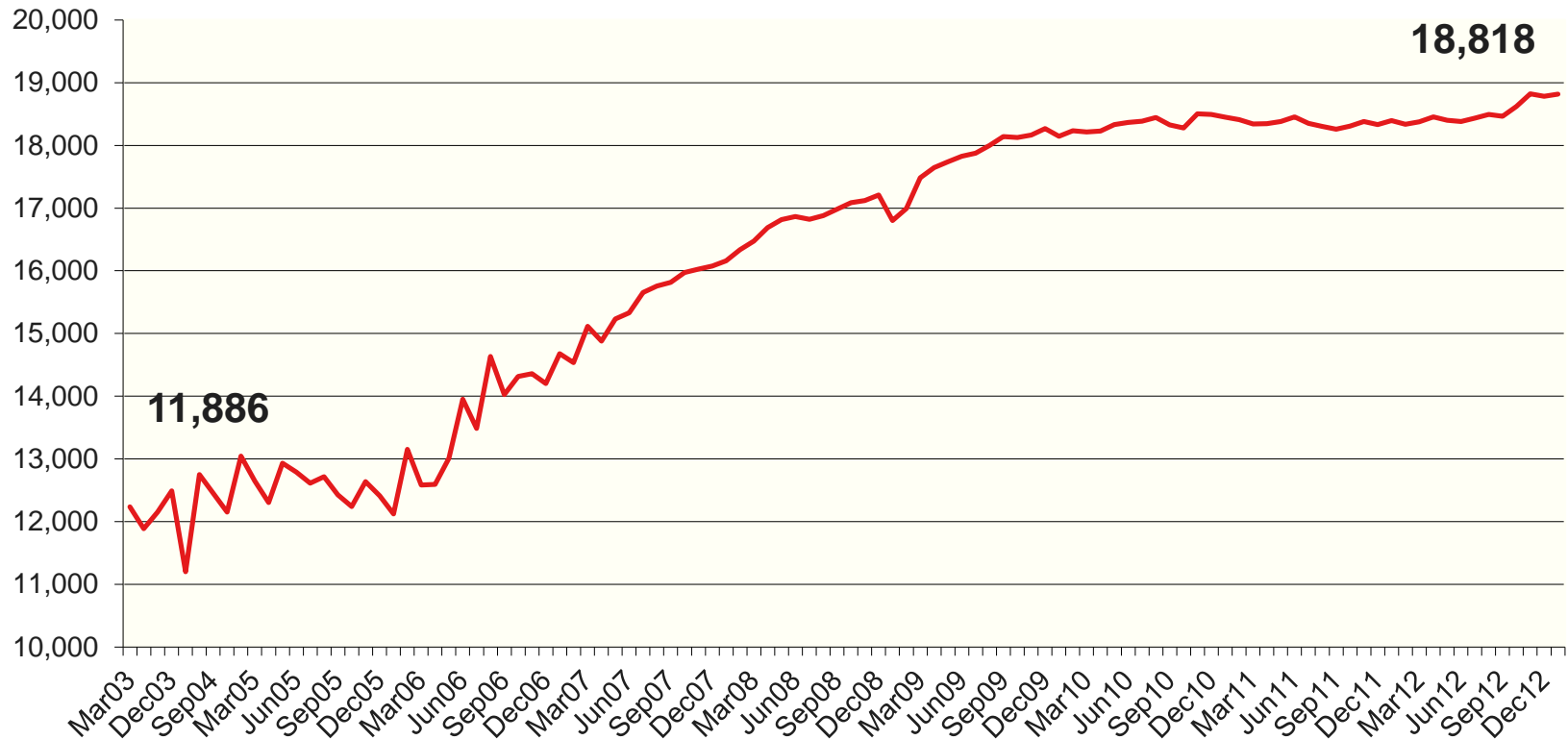


General Assistance Cases aided per month





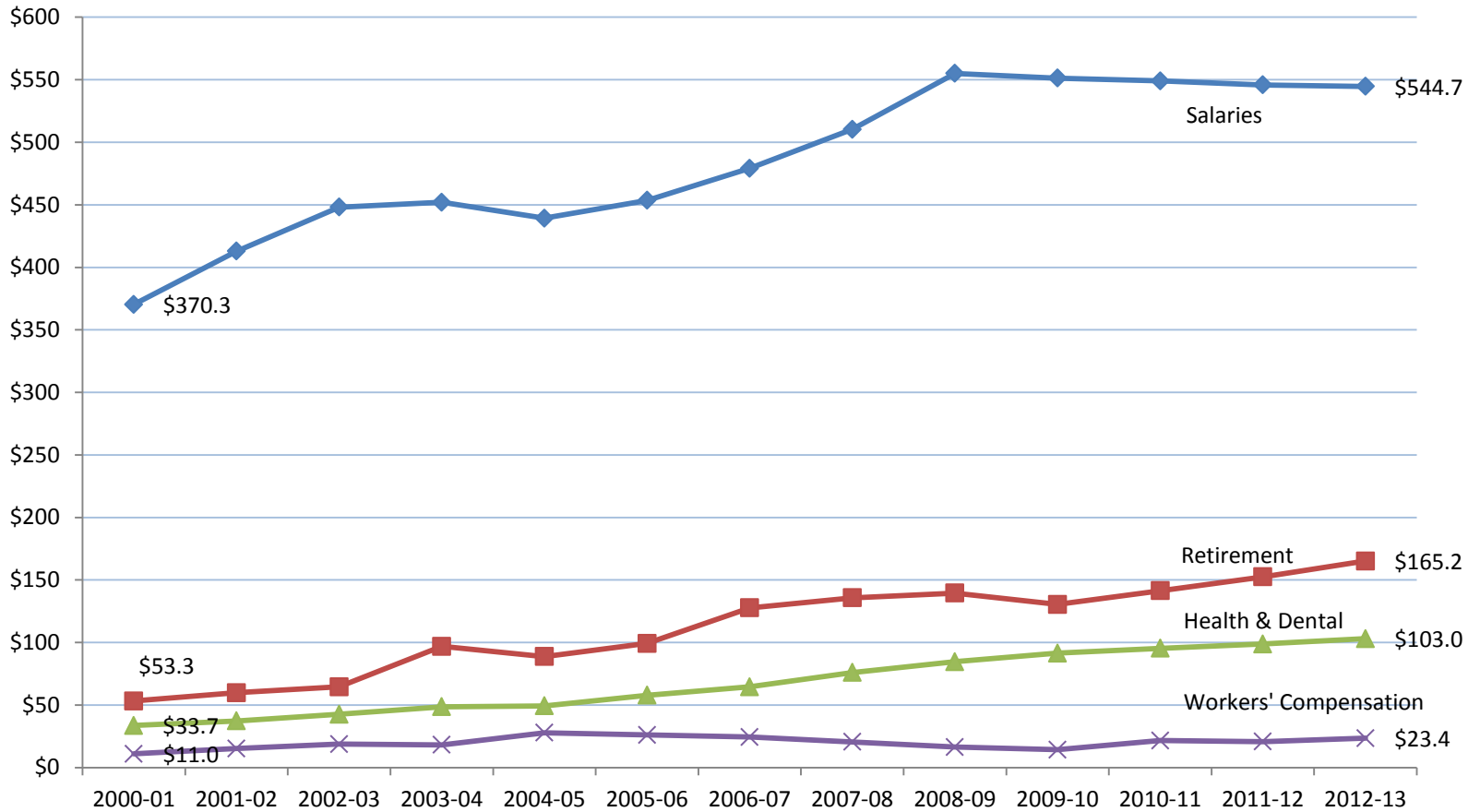
In-Home Supportive Services Average Monthly Caseload



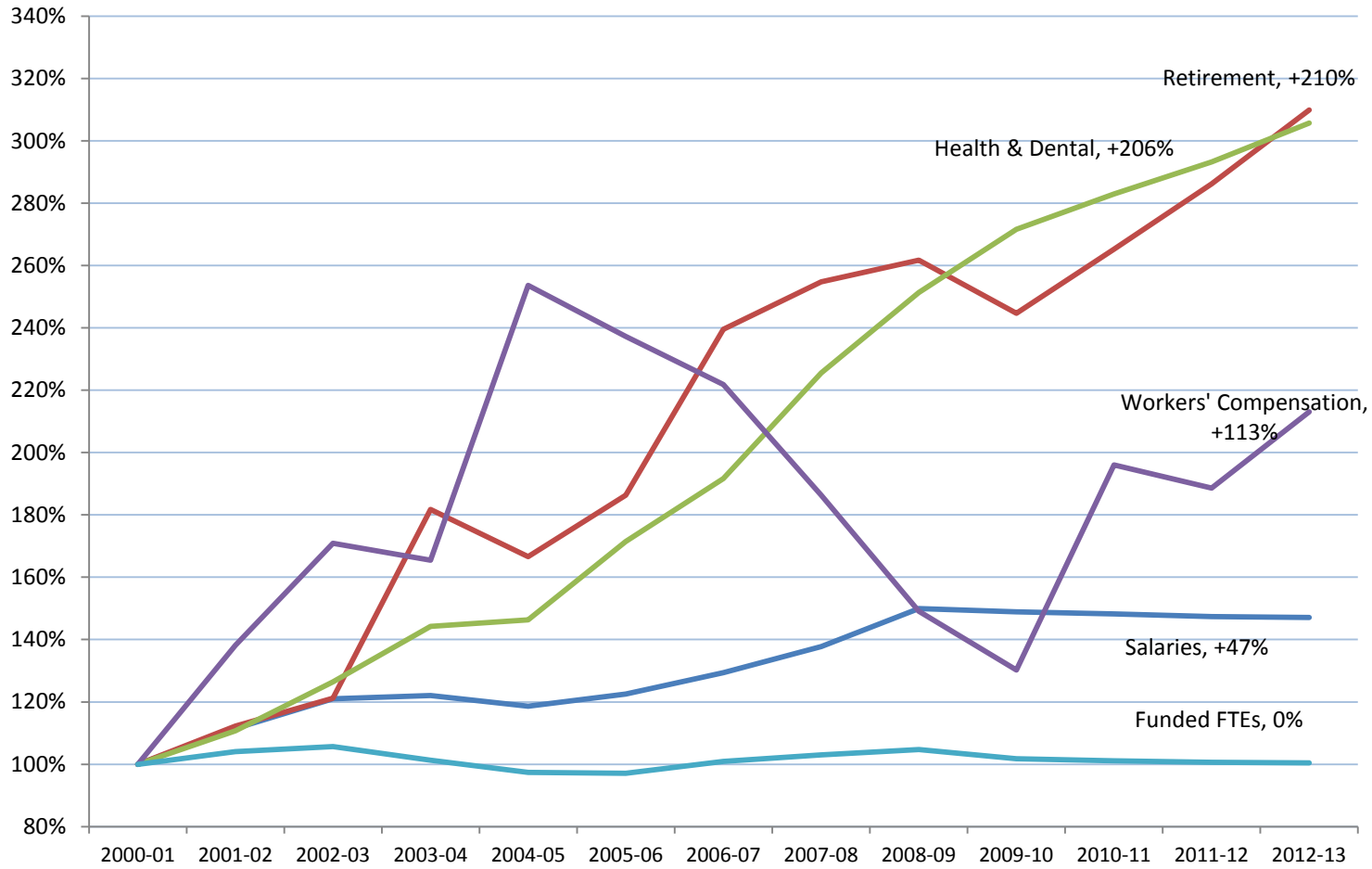


Salary & Employee Benefits

Salary and Benefits FY 2000-01 to 2012-13 General Fund (in millions)

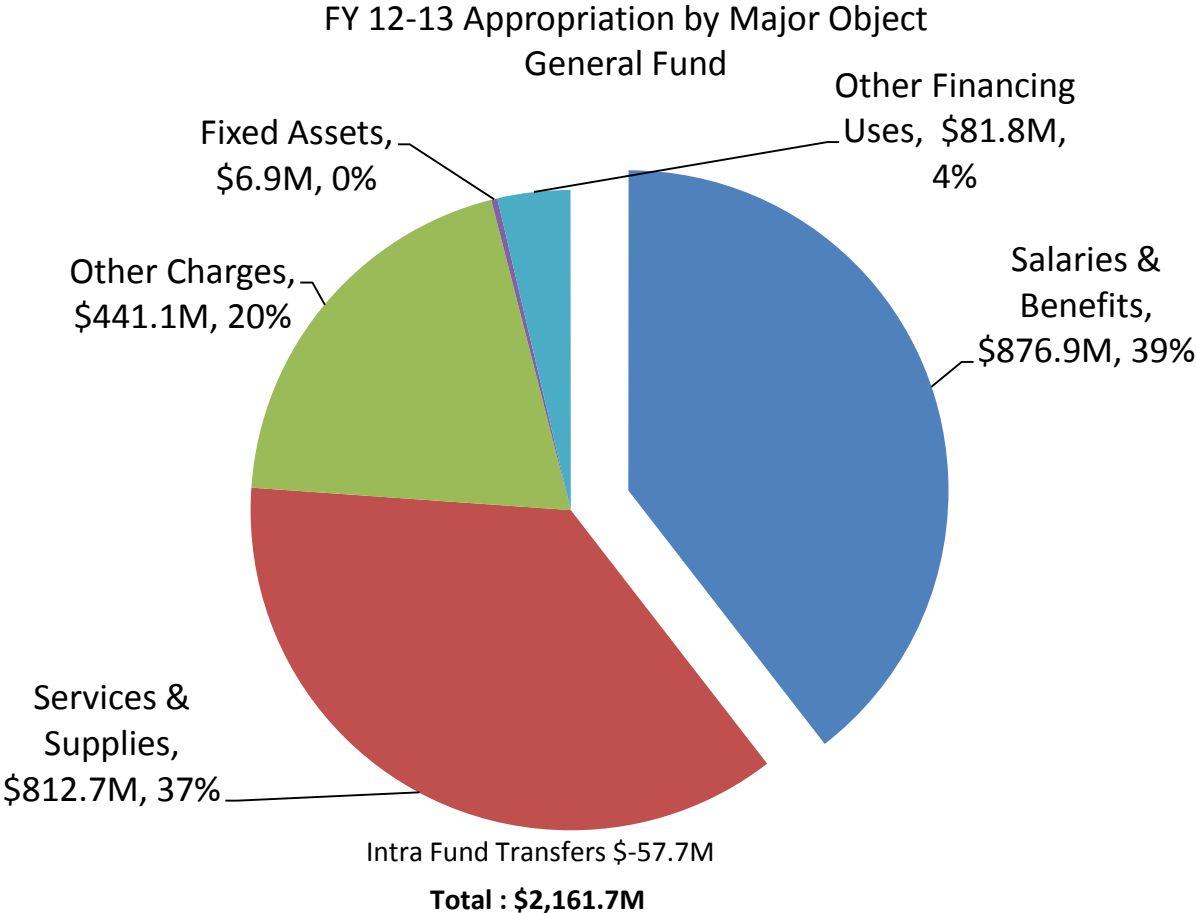


Salary, Benefits, and FTEs % Increase Since FY 2000-2001 General Fund



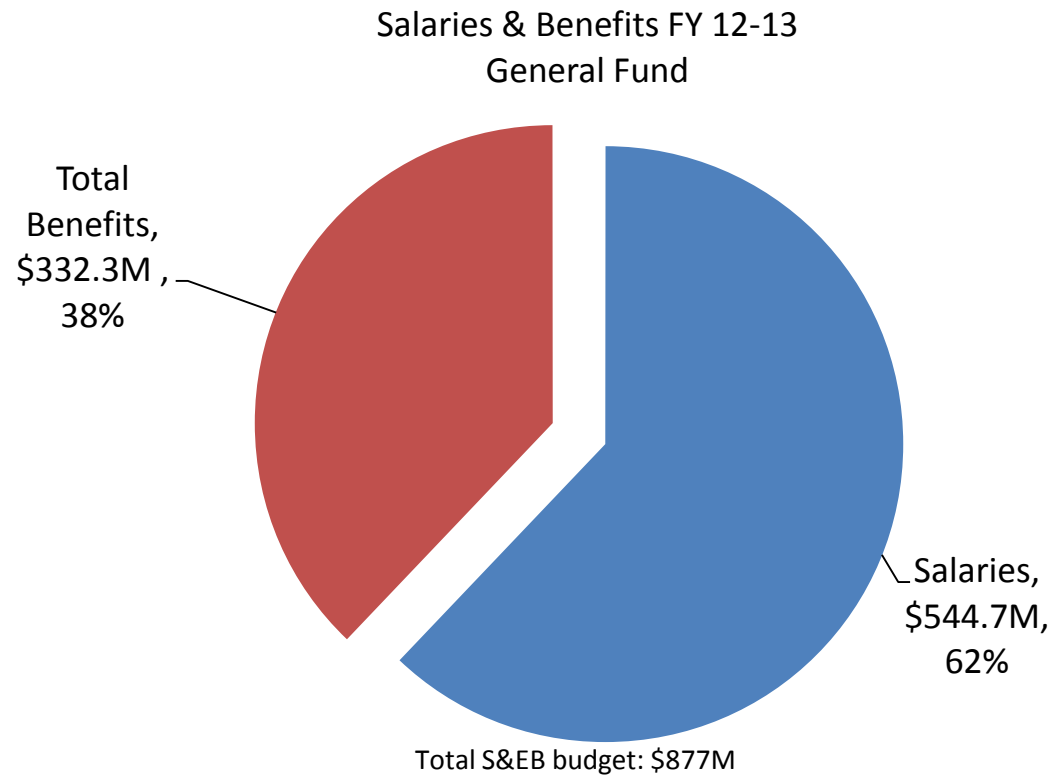


FY 2012-13 Budget By Spending Category





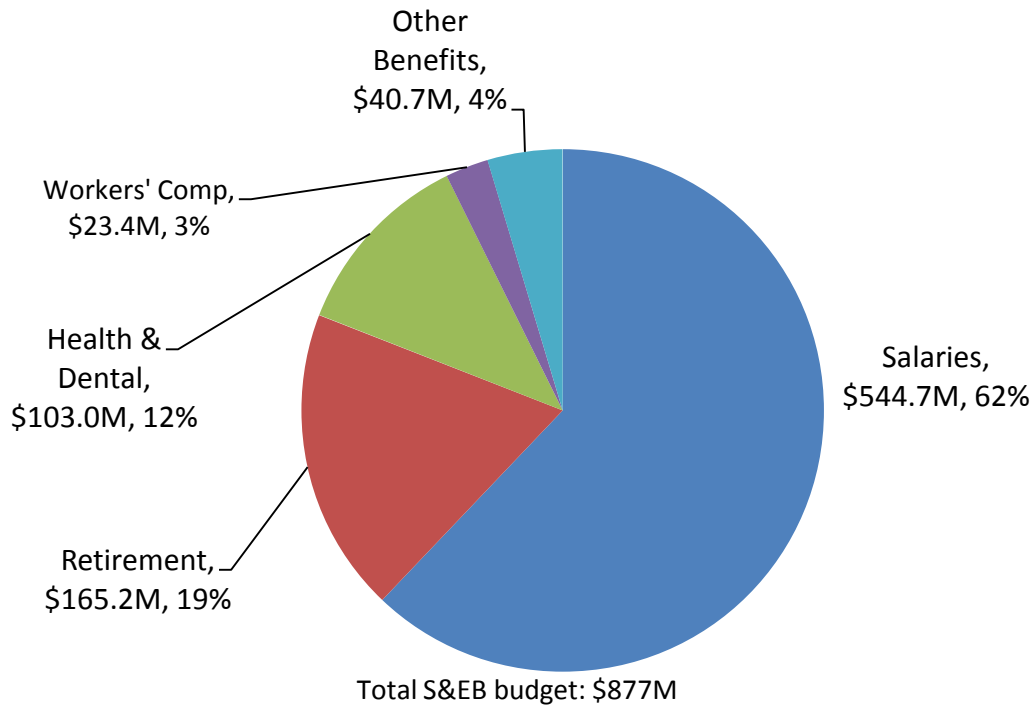
FY 2012-13 Budget Salaries & Benefits



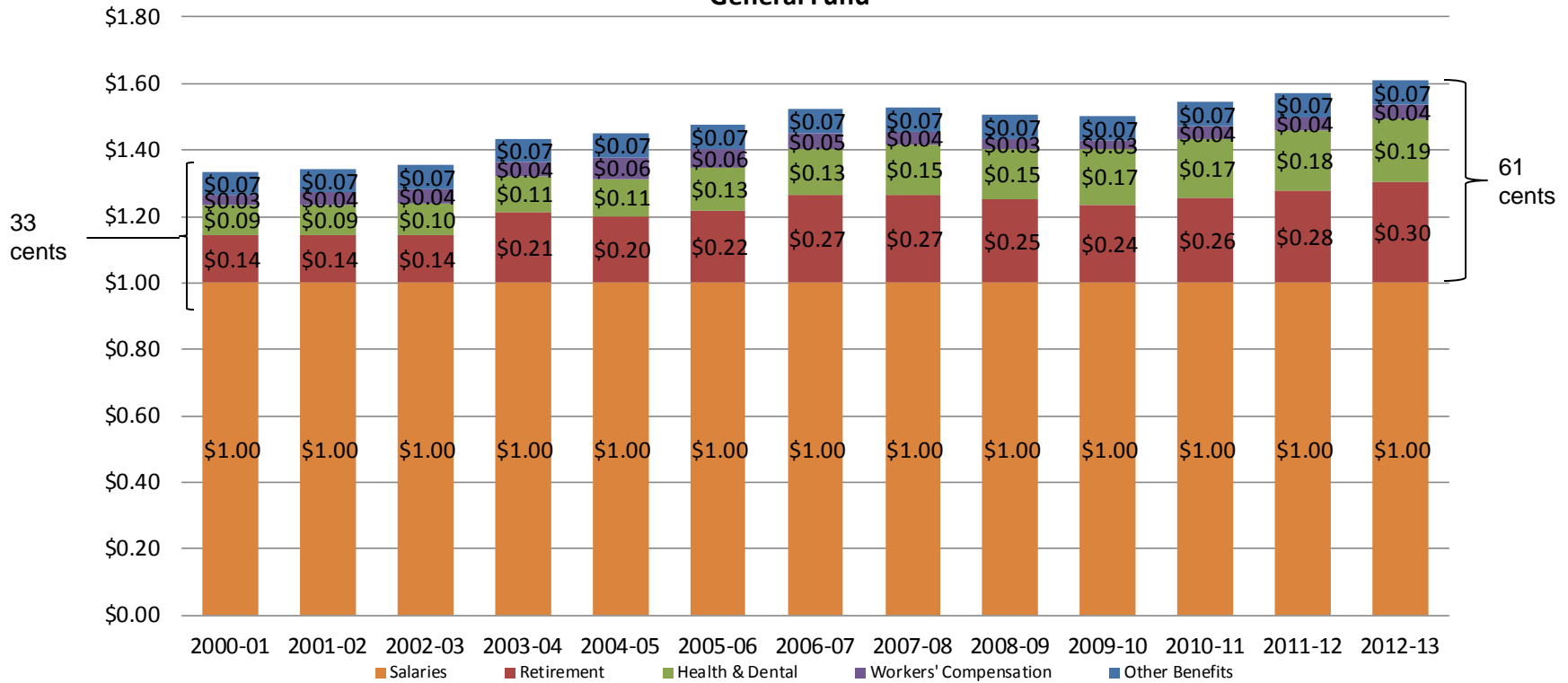


FY 2012-13 Budget Salaries and Benefits

Salaries & Benefits 2012-13 Budget
General Fund

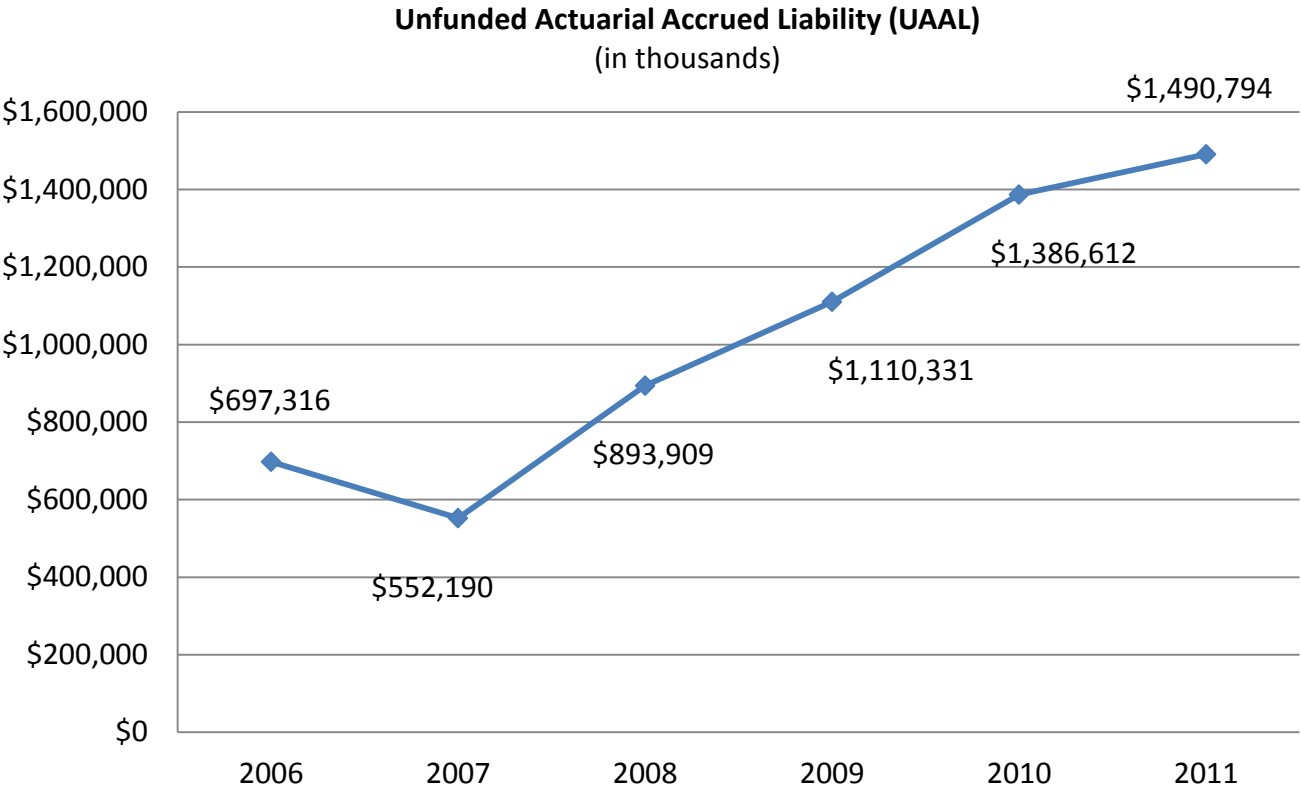


Employee Benefits per Dollar of Salary FY 2001 to FY 2013 General Fund





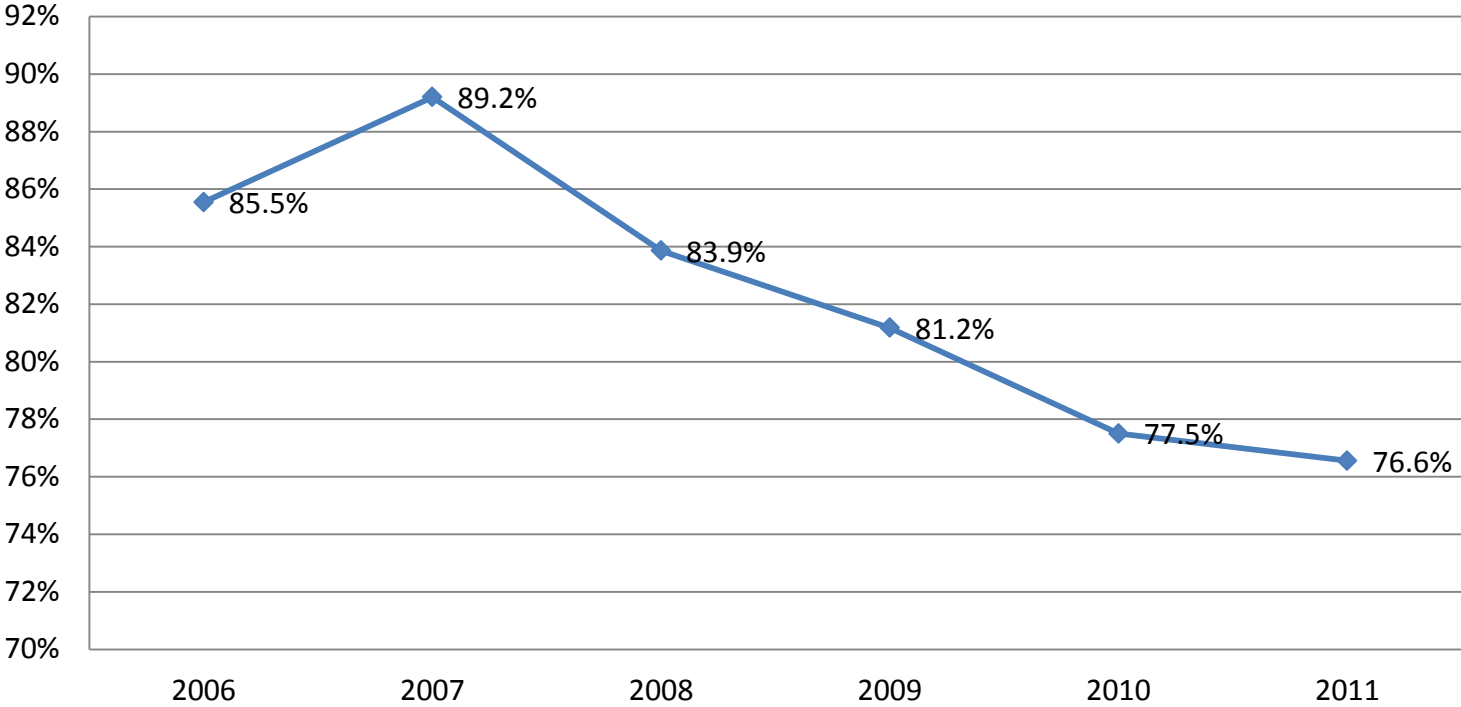
Alameda County Unfunded Actuarial Liability





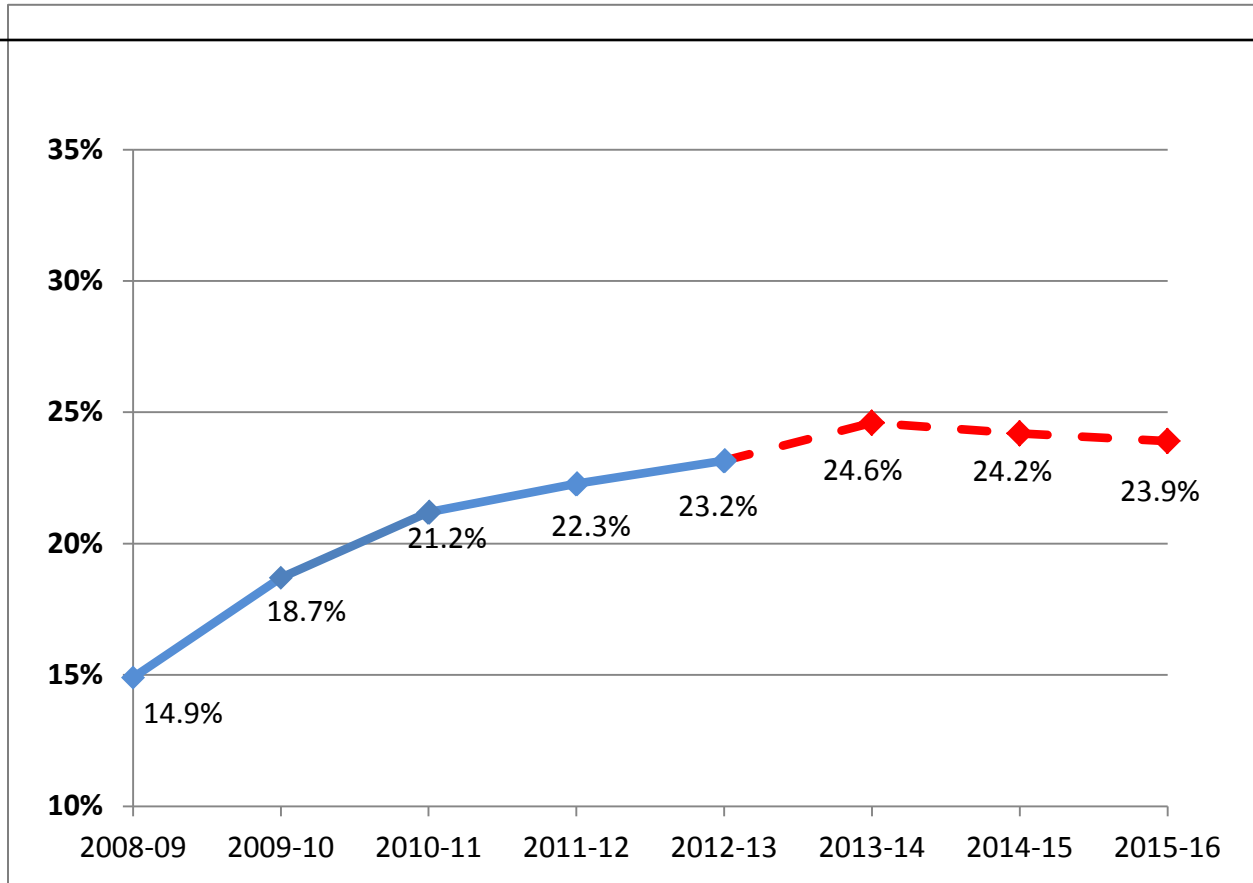
Alameda County Funded Ratio

Funded ratio



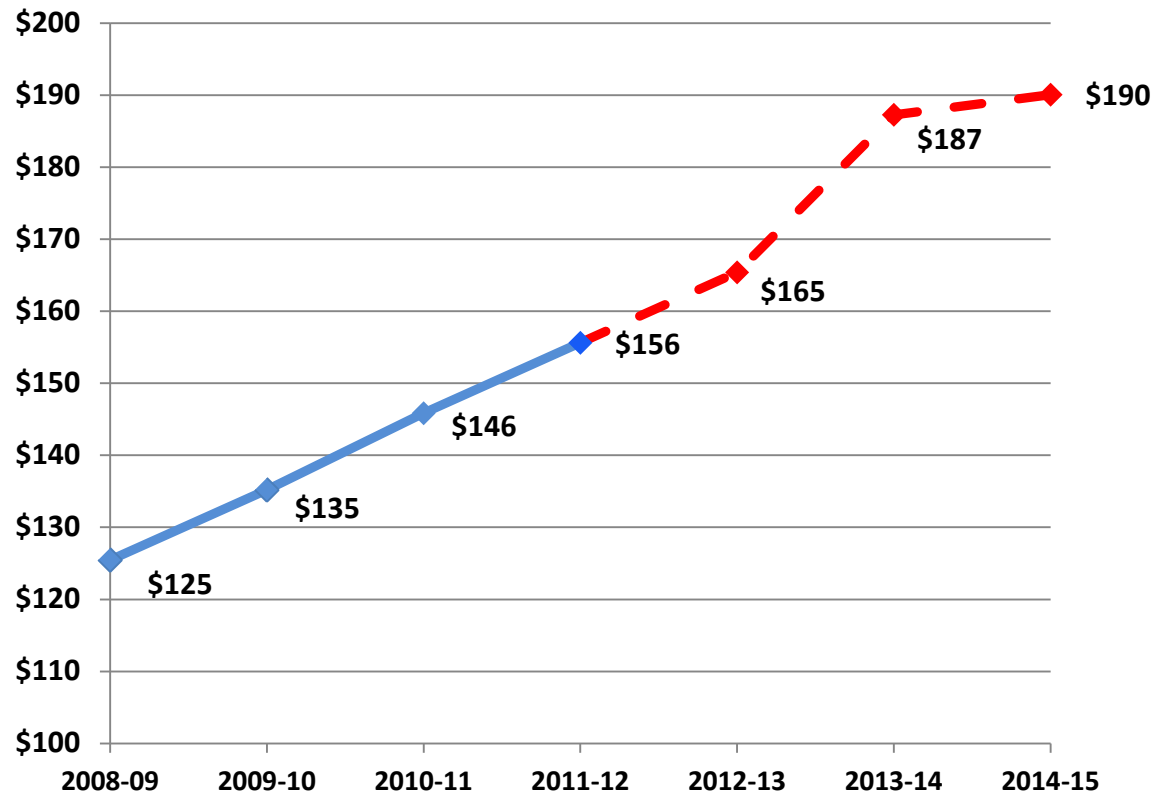


Alameda County Projected Employer Retirement Rates





Projected Retirement Costs General Fund (in millions)





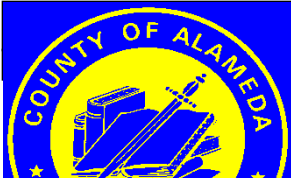
Economic & Policy Outlook

- An uncertain economic and budget policy outlook at the National, State and local levels may impact the current proposed and future County budgets.



Uncertain Economic Outlook

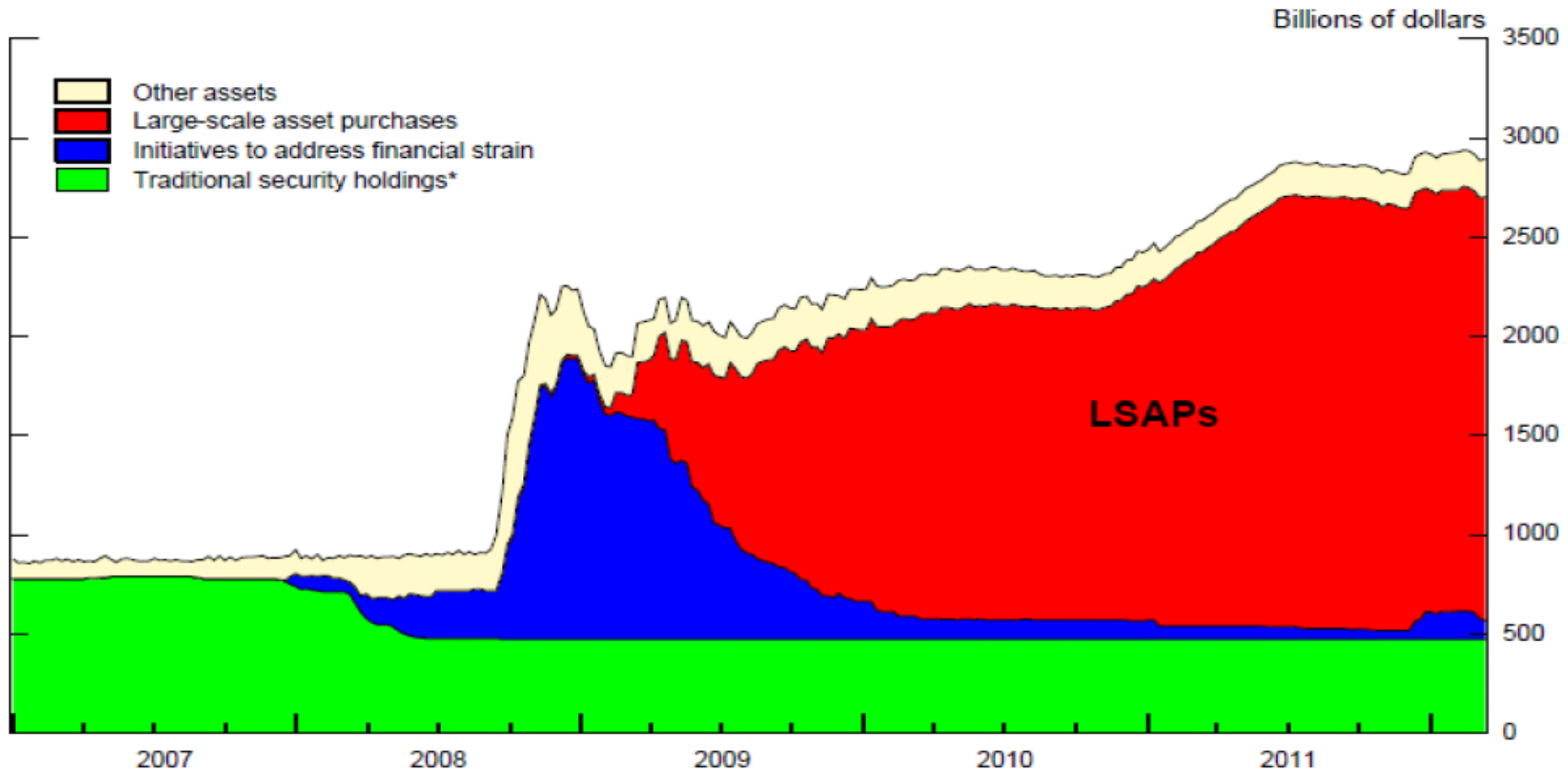
- ❑ Recovery picking up speed or threatened?
- ❑ Impact of Federal Reserve Monetary Policy
- ❑ Revenues picking up but will trend continue?



Federal Reserve Quantitative Easing Policy

Large-Scale Asset Purchases

Federal Reserve Balance Sheet, Assets



*Traditional security holdings reflect Treasury holdings through November 28, 2008; they are held constant after November 28.



State & Federal budgets

- State budget
 - Heavily reliant on temporary taxes
 - Expands health coverage, but who will pay?
 - Doesn't solve State prisoner problem. More shifts to counties?
- Federal budget
 - President's Proposed Budget for FY 14
 - Sequestration cuts: \$85B/year, \$26.4B in non-defense discretionary
 - \$7.1M estimated impact to Alameda County
 - More to come?



County Budget Balancing Challenges

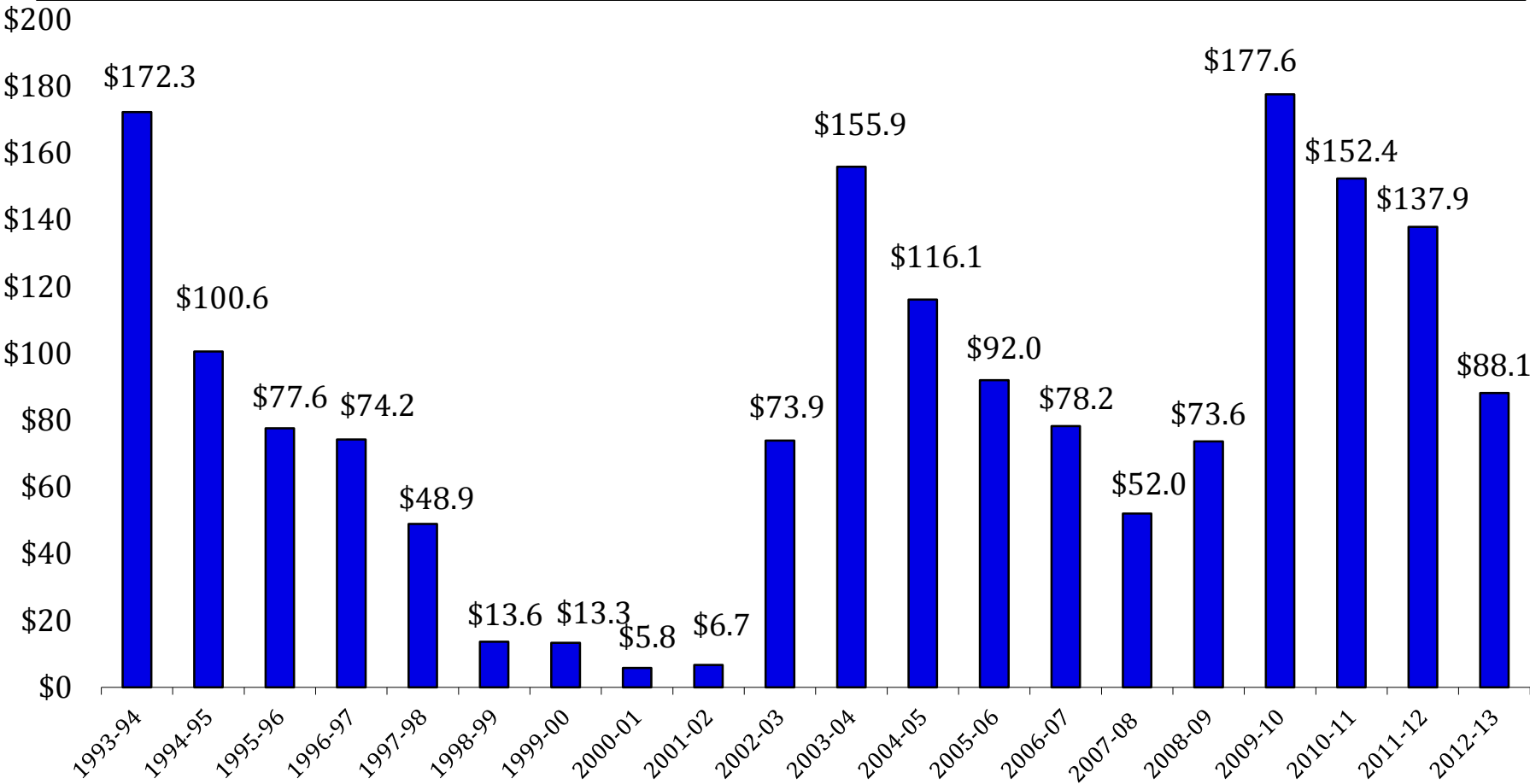
- Still high demand for safety-net services.
- County's ability to provide services is challenged by lower revenues and reduced State/Federal funding.
- Unless renewed by 2/3rd of voters, Measure A expires in June 2019.



Closing Alameda County's FY 2012-2013 Funding Gap



Funding Gaps (in millions)



Cumulative gaps since FY 1993-94: \$1.7 billion



Closing the Gap General/Grant/Measure A Funds

	Net Reductions (in millions)	FTE Reductions
General Government	\$18.8	0.75
Health Care Services	\$20.4	15.58
Public Assistance	\$25.8	0
Public Protection	\$17.7	21.00
<i>Subtotal Programs</i>	\$82.8	37.33
<i>Countywide Strategies</i>	\$5.3	0.0
Total	\$88.1	37.33

FTE = Full-Time Equivalent Positions



Use of FMR* for FY 2012-13 Budget Balancing

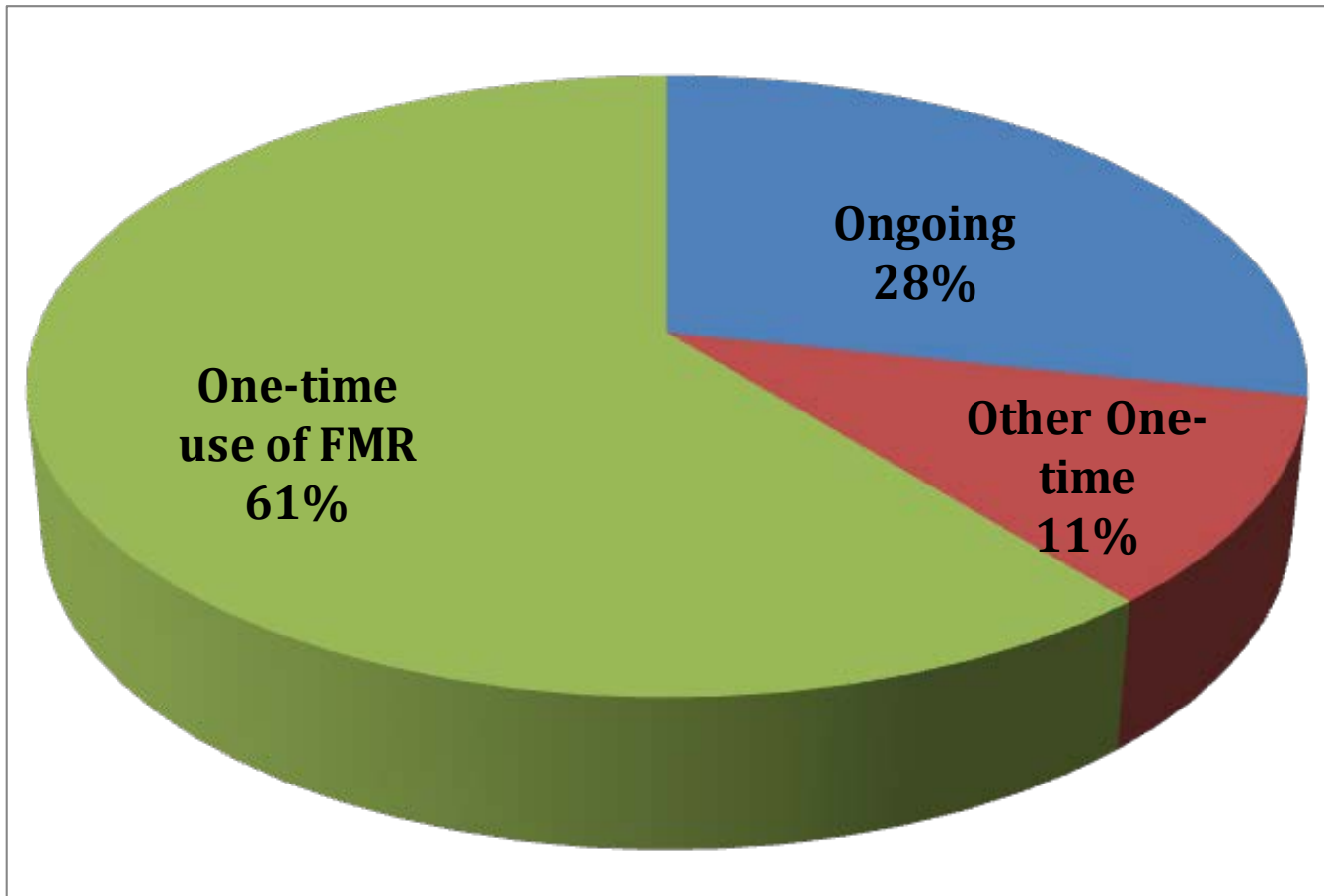
Program	FMR*
General Government	\$17.8M
Health Care	\$13.9M
Public Assistance**	\$ 6.8M
Public Protection	\$10.0M
Total	\$48.4M

*FMR = Fiscal Management Reward Program

**The Public Assistance program also used \$5.3M in Title IV-E Waiver FMR during MOE;
Thus, total one-time FMR in FY 12-13 budget was \$53.7M



FY 2012-2013 - Closing the Gap Ongoing vs. One-Time Strategies





Alameda County 2013-14 Maintenance of Effort Budget



FY 2013-14 MOE

- ❑ Federal and State budget impacts
- ❑ Greater demand for services
- ❑ Economic downturn and slow recovery
- ❑ Retirement and health cost increases
- ❑ COLAs for Labor, Community-based providers
- ❑ Use of one-time solutions in prior year
- ❑ Loss of key revenues



FY 2013-14 MOE Budget – General Fund

(\$ in millions)

Need fix	FY 2012-13 FINAL	FY 2013-14 MOE	Inc/ (Dec)	% Change
Appropriation	\$2,161.7	\$2,254.5	\$92.8	4.3%
Revenue	\$2,161.7	\$2,174.3	\$12.6	0.6%
Funding Gap	\$0	\$80.2	\$80.2	
FTE Positions*	7,234	7,350	116	1.6%

*Full-time equivalent positions



FY 2013-14 MOE

General Fund

(\$ in millions)

Program	Appropriation	Revenue	Net Cost	FTE
General Government	\$210.5	\$127.3	\$83.2	918.9
Public Protection	\$571.6	\$308.4	\$263.2	2,604.1
Public Assistance	\$696.0	\$613.6	\$82.4	2,460.1
Health Care Services	\$652.9	\$531.4	\$121.5	1,367.0
Subtotal Programs	\$2,131.0	\$1,580.7	\$550.3	7,350.1
Capital Projects	\$12.2	\$2.3	\$9.9	0.0
Contingency/Reserve/ Debt service/Designations	\$111.4	\$56.4	\$55.0	0.00
Non-Program Financing	\$0	\$534.9	(\$534.9)	0.00
Subtotal Other	\$123.6	\$593.6	(\$470.0)	0.0
Total	\$2,254.6	\$2,174.3	\$80.2	7,350.1



FY 2013-14 MOE

Net Cost Change by Program

Program	2012-13 FINAL Net Cost	2013-14 MOE Net Cost	Change	% Change
General Government	\$65.1	\$83.2	\$18.1	27.8%
Public Protection	\$247.9	\$263.2	\$15.3	6.2%
Public Assistance	\$73.9	\$82.4	\$8.5	11.5%
Health Care	\$100.1	\$121.5	\$21.4	21.4%
Subtotal - Programs	\$487.0	\$550.3	\$63.3	13.0%



FY 2013-14 MOE

Net Cost Change Non-Program

Program	2012-13 FINAL Net Cost	2013-14 MOE Net Cost	Change	% Change
Capital	\$4.9	\$9.9	\$5.0	102.0%
Contingency/Reserves/Debt Service, Designations	\$76.5	*\$55.0	(\$21.5)	(28.1%)
One-time use of FMR	(\$53.7)	\$0	\$53.7	(100%)
Non-Program Financing	(\$514.7)	(\$534.9)	(\$20.2)	3.9%
Subtotal – Other	(\$487.0)	(\$470.0)	\$17.0	(3.5%)
TOTAL	\$0	\$80.2	\$80.2	

* Includes \$14.2 million in designated property tax revenues for CDA Tier 1 projects



Major Components of Net County Cost Increase (partial list in \$ millions)

□	Prior year use of FMR*	\$53.7
□	Loss of Revenue – all Programs	\$15.1
□	Salary COLAs	\$14.1
□	Retirement and health insurance cost increases	\$9.5
□	Hospital Contracts (AHS John George & Napa)	\$6.8
□	1% designation for capital	\$5.0
□	Internal Service Fund costs	\$5.0
□	CBO (\$2.6M) & AHS (\$1.5M) COLAs	\$4.1
□	General Assistance costs	\$3.0
□	Property tax administration fees	\$1.3

* Includes \$5.3M in Social Services Title IV-E waiver revenue



Major Components of Net County Cost Increase (partial list in \$ millions)

□ Discretionary revenue increase	(\$20.2)
□ Increased Proposition 172 revenue	(\$7.0)
□ Reduced Contingency	(\$6.9)
□ Reduced debt service	(\$0.5)
□ Other	<u>(\$2.7)</u>
□ Total	\$80.2



FY 2013-14 Revenues

Detail of Loss of Revenue – All programs

<input type="checkbox"/> Probation SB 678 & Title IV E	\$5.6
<input type="checkbox"/> Health Care - federal, other	\$3.5
<input type="checkbox"/> Social Services – one time revenue	\$3.4
<input type="checkbox"/> Sheriff - weapons screening, other	<u>\$2.6</u>
Total	\$15.1



FY 2013-14 Revenues

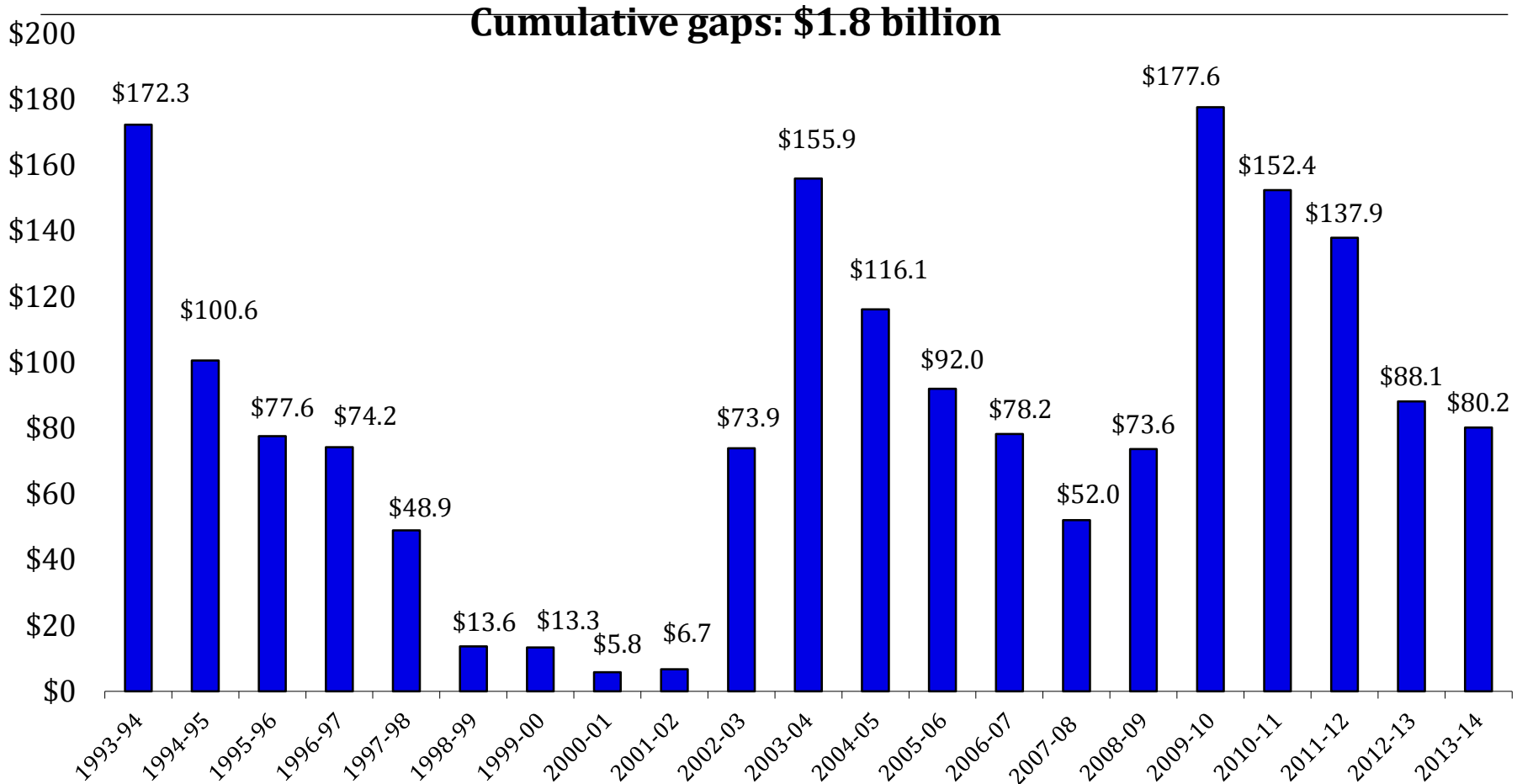
Discretionary Revenue Increases:

<input type="checkbox"/> Property Taxes	\$8.8M
<input type="checkbox"/> Pass-through payments	\$5.0M
<input type="checkbox"/> ERAF—Motor Vehicle/Sales Tax	\$4.8M
<input type="checkbox"/> Sales Taxes	\$1.4M
<input type="checkbox"/> Other	<u>\$0.2M</u>
TOTAL	\$20.2M



Funding Gaps Since ERAF Intercept

(in millions)





2013-14 Proposed Budget Calendar

- Budget Workgroup Meeting -
Balancing Options & Reduction Targets April 23
- Reduction Plans submitted to CAO May 8
- Budget Workgroup Meeting May 13
- Proposed Budget to Board June 11
- Budget Hearings June 24-27
- Final Budget Adoption June 28



Alameda County Budget Information on the Web

www.acgov.org/budget.htm