



BOARD OF SUPERVISORS

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Alameda County's Projected Budget Gap for 2012-13: \$88.1 million

Alameda County is projecting an \$88.1 million budget gap for the 2012-13 fiscal year, it was announced Wednesday at a meeting of the County's Budget Workgroup. County Administrator Susan S. Muranishi said the budget gap reflects sluggish revenues linked to a slow economic recovery, costs associated with the State's sweeping new "realignment" plan, growing employee health and retirement costs and other factors.

"After a prolonged recession that ate significantly into our resources, Alameda County continues to be squeezed by rapidly rising employee health and retirement costs, continued high demand for services and a lackluster economy that undermines our chances for significant revenue growth," said Susan S. Muranishi, Alameda County Administrator.

The projected budget gap was released at a meeting of Alameda County's Budget Workgroup, a committee of County elected officials, department heads, community stakeholders (including labor, community-based organizations and the League of Women Voters) and concerned residents that meets regularly to help the County prepare its annual budget. The County's financial update comes as Governor Brown continues to seek \$10.3 billion in budget reductions that would inevitably widen Alameda County's budget gap due to planned cuts in State programs administered by local governments, including welfare and child care programs for low income families.

Supervisor Keith Carson, who chairs the Budget Workgroup, said the large Budget Gap means he and his Board colleagues will have some difficult decisions to make before July 1, the deadline by which the County must approve a balanced budget for the coming Fiscal Year. But Carson said the Budget Gap released today likely does not tell the entire story: several pending factors could make further reductions to the County Budget necessary in the coming months. These factors include public safety realignment, which shifts the responsibility for low level adult offenders and parole violators from the State to local government, and the uncertainty of sufficient revenue to support this new responsibility. While Alameda County officials are coming to terms with the fact that realignment will cut off some substantial sources of revenue, ongoing negotiations have left it far from clear how much the State plans to reimburse Alameda County and other local governments for the new duties they are taking on.

Carson said another factor is the fate of Governor Brown's plan to ask voters in November to approve a series of tax increases to help the State close its own substantial budget shortfall – and prevent an even deeper series of cuts to be passed on to local governments. “Our first order of business will be to close what is a very substantial shortfall,” Carson said. “This will require some very difficult decisions – decisions that no doubt will further hamper our ability to deliver services that are very important to people in our community. And we must do so knowing that another round of bad news may be heading our way.”

Today's meeting came after officials from County Departments/Agencies detailed their anticipated budgetary needs for the 2012-13 Fiscal Year. These needs are based on each department/agency's estimated costs to maintain services at current levels. The Budget Gap released on Wednesday is a result of a comparison of those estimated budgetary needs and the anticipated levels of funding Alameda County expects to have in FY 2012-13. At today's meeting, County budget analysts were directed to begin the process of preparing a list of options for closing the Budget Gap that County Supervisors can consider when working to develop a balanced FY 2012-13 County Budget.

The Board will hammer out the final details of the Final County Budget at a series of public Budget Hearings in late June. Alameda County is scheduled to approve a Final Budget by July 1.