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Alameda County's Projected Budget Gap for FY 2017-18: \$108.5 million

At last week's meeting of the County's Budget Workgroup, Alameda County announced a projected \$108.5 million budget gap for Fiscal Year 2017-18. County Administrator Susan S. Muranishi said the budget gap is 50 percent larger than that closed by the County to balance the Fiscal Year 2016-17 budget. This growth reflects challenges that include a proposed shift in State costs to counties for the mandated In-Home Supportive Services (IHSS) program, slowing economic growth, increased employee salary and benefits costs, and a 3.5 percent cost-of-living adjustment for eligible service contracts with community-based organizations.

The projected funding gap would be slightly smaller than the \$72.2 million shortfall recorded last year were it not for the Governor's controversial plan to end the IHSS maintenance of effort funding arrangement that limited annual cost increases to counties to a predetermined inflation factor. The IHSS program funds in-home care for low-income elderly and disabled residents as an alternative to more expensive nursing homes.

The plan to shift IHSS costs to back to local governments would cost Alameda County an additional \$40 million in FY 2017-18 alone, with costs projected to increase sharply due to the phase-in of State mandates that will raise program costs, such as minimum wage increases and paid leave requirements, as well as demographic shifts associated with an aging population.

If the State does not take any action to mitigate its shift of IHSS costs to counties, local governments will be forced to make tough choices to address the resulting funding gap. "In order to fund this rise in costs, Alameda County will have to make cuts to critical services provided to our community," County Supervisor and Budget Workgroup Chair Keith Carson said. "These services include public assistance, health care and public safety programs."

The Budget Workgroup – a committee of County leaders, community stakeholders and concerned residents that meets regularly to help in the County's annual budget process – will convene again on April 27. At that time, the workgroup will identify reduction targets to help close the \$ 108.5M funding gap.

Alameda County is scheduled to approve a Final Budget for FY 2017-18 by June 30.