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ALAMEDA COUNTY ADMINISTRATOR PROPOSES \$3.1 BILLION BUDGET FOR FY 2017-18

Alameda County Administrator Susan S. Muranishi has proposed a \$3.1 billion County Budget for FY 2017-18 that is balanced and would close a \$108.5 million funding gap without significant service reductions or staff layoffs.

Muranishi said the proposed spending plan includes funding increases to community service providers, allows the County to continue building its financial reserves, expands resources to maintain aging infrastructure, and supports a workforce of more than 9,600 employees.

The budget gap includes \$40 million in new costs passed on by the State as part of Governor Brown's plan to end a State-county cost-sharing setup to fund mandated In-Home Supportive Services (IHSS) that provide home health care for the elderly and disabled. Under the State Budget package approved by California legislators on June 15, that portion of Alameda County's budget gap will be closed with State General Fund revenue to be provided in the coming year as well as accelerated payment of 1991 realignment growth funds to counties to offset the initial shock of the IHSS cost shift. The plan remains a point of deep concern for Alameda County, however, because local government's share of IHSS costs will grow significantly in coming years without additional relief from Sacramento.

Even with the IHSS cost relief provided for the coming year, Alameda County's funding gap is still significant at a time when an ongoing economic recovery continues to boost local revenues. County officials said the challenge of keeping County finances in balance is not likely to ease – with soaring housing costs and other factors forcing many residents to rely on government services, and forecasts suggesting the economy could soon fall back into recession.

“High demand for safety net services administered by the County will continue to strain our resources, as rising home values and rents continue to make it very difficult for many residents to pay for even the basic necessities,” said Wilma Chan, President of the Alameda County Board of Supervisors.

Rising real estate values have fueled a 7 percent increase in the County's assessment roll, resulting in much-needed revenues for the County. They also are helping the County to fund increases to many of the Community Based Organizations (CBOs) that receive County General Fund support. As proposed, annual spending by the County will grow to about \$537 million to 310 CBOs providing health and human services, as well as housing, community development, and public safety programs.

Efforts to repair deteriorating roads and other aging infrastructure will get a boost in the coming year from the recently approved rise in the State gasoline tax, known as SB1, which will bring an estimated \$23.2 million annually to Alameda County over the next decade.

This year's \$108.5 million funding gap underscores the fact that – even with bolstered property tax revenue - Alameda County is grappling with a structural deficit in which State and federal funding combined with the County's limited discretionary revenues will continue to fall short of the rising cost of providing services to County residents.

Supervisor Keith Carson, who chairs Alameda County's Budget Workgroup, said fiscal discipline and strong management by County department heads are allowing the County to keep its finances in order without disrupting services. This is no small feat, with rising employee salary and benefits costs providing a constant challenge to budget balancing. In addition, Carson said significant long-term debt related to critical County investments in infrastructure and safety net services – like the \$668 million Highland Hospital Acute Tower Replacement Project – underscore the need for Alameda County to remain fiscally prudent moving forward.

“Keeping our budget in balance is proving to be no easy task even in relatively good times,” Carson said. “We all need to be prepared for a rougher road ahead.”

The Proposed Budget will be the focus of Budget Hearings held by the Board of Supervisors June 26-28. The Board is scheduled to adopt the Final Alameda County Budget for 2017-18 on Friday, June 30. All sessions will be in the Board of Supervisors Chambers, 1221 Oak Street, 5th Floor, Oakland.