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FOR IMMEDIATE RELEASE

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**ALAMEDA COUNTY OFFICIALS RESPOND TO GOVERNOR'S BUDGET PLAN**

Alameda County officials are expressing support for Governor Brown's latest budget proposal to restore some direct benefits for healthcare and other important services, but say the plan does not go far enough to reinstate support for other programs cut to the bone in recent years and raises unsettling questions about new burdens to local government under healthcare reform.

County officials say the Governor's January State Budget proposal reflects in many ways a return to responsible budgeting for the State of California. The Governor's leadership combined with an improving economy has led to a dramatic improvement in the State's fiscal situation. Rather than the annual deficits in excess of \$20 billion of a few years ago, the State of California anticipates a surplus of \$6 billion through next fiscal year.

The County is hopeful that with the State's finances on a better footing, local governments will be better off as well. For too long, the State has turned to counties to mitigate its own budget problems – whether through shifting property taxes, transferring responsibility for programs, or unfunded mandates. The County applauds the Governor for proposing to restore Medi-Cal benefits for mental health and substance abuse. The County also supports changes to 2011 Public Safety Realignment to include measures designed to keep low-level offenders out of jails and more able to receive the services they need. "These are investments in the right direction," says Keith Carson President of the Board of Supervisors and Chair of the County's Budget Workgroup. "However, there are still unmet needs in our communities as our residents experience incremental economic recovery. We continue to look to the State for leadership and support as we manage the recovery of programs that serve our vulnerable communities but have been damaged by years of cuts."

The Governor's Budget plan also shows a needed measure of caution: although the State's fiscal outlook is faring better than previous years, there are still reasons to be prudent. The Governor cites underlying risks that can add pressures to the State budget. Alameda County is also vulnerable to the same pressures that can destabilize the modest economic recovery.

County officials say the Governor's Budget proposal raises some areas of deep concern, particularly with regards to health services for low-income residents. Under the Medi-Cal program that is expanding dramatically as part of federal healthcare reform, the State has proposed

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significant cuts in funding it provides local governments to help care for uninsured residents. These proposed cuts are cause for concern because it is believed that thousands of Alameda County residents will remain uninsured even after healthcare reform is fully enacted, creating a new strain on the County's limited resources as it looks for ways to care for these residents. Furthermore, the Governor is maintaining cuts to the reimbursement rates for healthcare providers under the expanded Medi-Cal program. Given that reimbursement rates in Alameda County are already far too low, these proposals raise alarming questions about where residents who qualify for expanded Medi-Cal services will get the care they need.

Over the last few years, the Governor's budget strategies have placed pressure on local government by realigning programs and shifting responsibilities to the Counties. Alameda County has been extremely prudent and innovative in order to maintain essential services for low-income families, the frail and elderly, and other vulnerable residents. The County will continue to monitor carefully the full costs of the Public Safety realignment and the Affordable Care Act to ensure its residents receive quality services. "I am encouraged by the Governor's budget plan as there are no new significant program realignments, which can add real pressure on County resources," Carson said. "The County continues to work hard to implement the State's previous programmatic shifts, which have created significant new responsibilities for us with limited or at times no additional funding. We need a strong partnership with our State and federal governments, and we look forward to working directly with the Governor, his administration and State legislators as they continue to make major policy, legislative and financial changes that directly affect county and local government."

Alameda County has been working diligently with community health partners to prepare for the State's Medi-Cal expansion under the Affordable Care Act, which will result in significant reductions in healthcare funding to counties. The Governor's budget has in place \$900 million in reductions for all counties in the 2014-15 fiscal year. A \$300 million reduction took place in 2013-14 which resulted in a \$10.9 million loss for Alameda County. "The County needs to remain prudent in our financial planning in light of fiscal pressures resulting from new program responsibilities," said Susan S. Muranishi, County Administrator. "Until the Legislature adopts a final State budget and the Governor signs it, many uncertainties will remain for local governments including Alameda County. However, our strong fiscal position is a result of sound decisions by the Board of Supervisors,"

Alameda County will begin its budget development process for 2014-15 in the coming days. This process will include a close monitoring of the details of the Legislature's response to the Governor's Budget Plan, as well as any modifications in the Governor's May revise and final State budget.

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