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FOR IMMEDIATE RELEASE

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## **PROPOSED ALAMEDA COUNTY BUDGET FOR FY 2014-15 PRESENTED TO BOARD OF SUPERVISORS**

Alameda County Administrator Susan S. Muranishi on Tuesday presented a Proposed County Budget for FY 2014-15 that calls for using savings accrued over the past year and other strategies to close a funding gap of \$67.1 million. Muranishi said the funding gap is the smallest the County has faced in seven years, but that optimism about an economy picking up steam must be balanced with concerns about continued high demand for safety net services and persistent questions about costs associated with health care reform and the ongoing shift of responsibility for thousands of inmates from State to local authorities.

“For Alameda County the good news is that continued improvement in our local economy is translating into increased revenues from both property and sales tax revenues,” Muranishi said. “But the economic recovery is not benefiting everyone equally. Poverty continues to grip significant portions of our community, to the point that historically high numbers of families, adults and children continue to rely on safety-net services.”

County officials credit Governor Jerry Brown for returning the State’s finances to more stable footing and, in general, they support the governor’s cautious approach that sees him resisting calls for significant new spending now that the State has a sizable budget surplus. But County supervisors continue to make their case that – given the hardship that cumulative reductions have had on the poor – the State should restore cuts to poverty-fighting programs like CalFresh food assistance, subsidized childcare and housing assistance for CalWORKs recipients.

Furthermore, Alameda County continues to call for a long-overdue acceleration of reimbursements to local governments for State-imposed mandates. Though the Governor proposes returning \$100 million to local governments in FY 2014-15, the State Legislature appears eager to use these funds for new investments in programs. “While we believe the State should restore its own cuts to important programs, this should not be done on the backs of local governments,” Muranishi said. The repayment of State-imposed mandates, she says, would not only help local governments but also assist the State in its goal of paying down its “Wall of Debt.”

Alameda County’s Proposed Budget includes cost-of-living adjustments (COLAs) for many community based organizations (CBOs) that provide services under contracts with the County. The Proposed Budget includes \$459.4 million for services provided by 242 CBOs that include health providers, re-entry programs for ex-offenders, employment and housing services to former foster youth, food programs for seniors and the poor, advocates for the disabled and many more.

But there are reductions to CBOs providing indigent care services, under the presumption that people who have received these services will now benefit from subsidized health insurance coverage under the federal Affordable Health Care Act. County officials are concerned the State cuts to indigent care programs may go too far, leading to another source of strain on local resources. Even under Obamacare and the expansion of the State's Medi-Cal program, it is believed an estimated 100,000 people in Alameda County may remain uninsured and will require County indigent health care services. The Proposed Budget addresses these concerns by including \$9.4 million in Alameda County General Fund support for primary care community-based providers, continuing funding the Board of Supervisors approved for the current year.

Furthermore, Alameda County continues to be concerned that local resources will be stretched too thin under State-driven Public Safety Realignment, the ongoing transfer of many public safety programs from the State to local government. This historic shift is bringing many challenges, including a strain on resources at local jails that are not designed to house inmates for extended sentences. County officials continue to believe that funding provided by State is inadequate to meet the many new responsibilities being passed on to local government by the State.

"From the day the Governor launched public safety realignment three years ago, we have been mostly in agreement that many of these law enforcement functions are better administered at the local level," said Keith Carson, President of the Alameda County Board of Supervisors. "We also have been concerned from Day 1 that these new responsibilities would be handed over without the resources necessary to carry them out. Our fear that we would be left holding the bag, so to speak, is as strong today as it's ever been."

Carson said there's irony in the fact that the State cites "fiscal responsibility" in its reluctance to cover local costs associated with program shifts such as health care reform and public safety realignment, because this approach constrains Alameda County's ability to effectively manage its own finances. Unlike the State, Alameda County does not have a budget surplus; in fact, the County continues to struggle with a structural deficit. Yet additional local costs passed down by the State make it more difficult for the County to pay down its own "Wall of Debt," including almost \$1.2 billion in pension costs for current and future retirees; more than \$600 million in debt associated with construction of the new Highland Hospital Acute Care Tower project in Oakland; and more than \$450 million for pension obligation bonds.

The Proposed Budget totals \$2.8 billion, an increase of \$86.7 million, or 3.2%, from the FY 2013-2014 Final Budget. It supports a workforce of almost 9,500 full-time equivalent (FTE) positions, a net increase of 297 FTE. The \$67.1 million funding gap was determined by identifying the difference between the cost of maintaining existing programs and available financing. The Proposed Budget calls for using a combination of permanent ongoing program reductions, revenue increases, and one-time strategies to close the funding gap. The Proposed Budget recommends the use of \$17.4 million or 26% in ongoing strategies and \$49.7 million or 74% in one-time strategies, with most of the one-time savings coming from the County's Fiscal Management Reward (FMR) Program. , FMR allows departments to carry over net savings each fiscal year to be used in subsequent years for budget balancing and to help preserve vital services.

Alameda County Supervisors and department heads will use the coming weeks to study the Proposed Budget and will participate in Budget Hearings held by the Board of Supervisors June 23-25. The Board is scheduled to adopt the Final Alameda County Budget for 2014-15 on Friday, June 27.