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FOR IMMEDIATE RELEASE

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**PROPOSED ALAMEDA COUNTY BUDGET FOR FY 2015-16
PRESENTED TO BOARD OF SUPERVISORS**

Alameda County Administrator Susan S. Muranishi on Tuesday presented a Proposed County Budget for FY 2015-16 that totals \$2.7 billion for County programs and services and supports a workforce of more than 9,500 full-time equivalent positions. The proposed budget closes a funding gap of \$65.1 million without significant program reductions or staff layoffs. Muranishi said the funding gap is the smallest the County has faced in eight years, but that optimism about ongoing economic growth must be balanced with concerns about continued high demand for safety net services and the reality that surging State revenues will result in little additional support for these programs.

The Budget includes a \$71 million increase in General Fund spending over 2014-15. It also provides 3 percent increases for many of the Community Based Organizations (CBOs) that receive County General Fund support. This brings annual spending by the County to about \$485 million to CBOs providing a range of services to County residents, including health and human services programs, as well as housing, community development, and public safety programs.

“There is reason to feel good about our financial situation as we enter a new fiscal year,” Muranishi said. “At the same time we must be vigilant in monitoring our spending and in preparing for the next economic downturn that will come — we just don’t know when.”

The improving economy has helped to boost County revenue streams as well as the State’s fiscal situation. But even with boosted property tax revenue that comes from a surge in local home prices, the County’s \$65.1 million budget gap is still significant and reflects a structural deficit in which State and federal funding combined with County’s limited discretionary revenues fail to meet rising costs.

“The County’s financial situation in many ways runs counter to a growing public perception that all government budgets are surging as the economy revs into high gear,” Muranishi said.

It's true that State revenue projections have expanded dramatically, increasing by \$6.7 billion from the Governor's January Budget projections. But higher state revenues will go almost entirely to education as required by voter-approved Proposition 98. Relief to safety net programs that were pared significantly during the recession will be further limited by required State contributions to a Rainy Day fund in order to pay down debt and prepare for the next economic downturn.

These financial commitments mean the County – which relies on State support for many of its programs and services - will continue having to shoulder significant budgetary strain as it maintains safety net programs that have been reduced dramatically in recent years, even when demand for these services remains stubbornly high.

“Our financial situation is as good as it has been for many years and we still have a significant funding gap,” said Supervisor Keith Carson, who chairs Alameda County's Budget Workgroup. “And this is while the State is benefitting from temporary sales and income tax rate increases. Those taxes will begin expiring in the next couple years, possibly right when the next recession hits. We must remain prudent to make sure that County services can weather the storm.”

Alameda County's budgetary dilemma is underscored by growing evidence that people at the bottom of the economic ladder are falling further behind, even as the overall economy surges. In Alameda County, demand for food assistance, subsidized health care, cash aid and other support remains high. This is true even though the County's unemployment rate has fallen to 4.5 percent, or about half what it was just a few years ago. This fact suggests that Alameda County is home to growing numbers of working poor whose wages are failing to keep up with accelerating costs.

Rising home prices also pose a kind of double-edged sword for the County. Figures show that average housing costs in the County have returned to pre-recession levels. This brings good news for County finances, in the form of a 6.47 percent increase to the County assessment roll that is bringing in much-needed general purpose revenue.

At the same time, increases in home prices and rents further limit the availability of affordable housing. This has resulted in residents having to devote larger portions of their income to housing – and in larger portions of the population who must turn to government assistance to cover other basic needs.

Scott Haggerty, President of the Alameda County Board of Supervisors, said the County has been actively trying to address the problem by setting aside significant sums for affordable housing and rapid re-housing programs. Last July, the Board allocated nearly \$14 million for affordable housing, while supervisors also have pledged to designate \$2 million annually for these programs starting in 2016-17.

“In spite of our best efforts, more and more working poor need government assistance,” Haggerty said. “This is at least partly attributable to the rapid increases in housing costs we are seeing across this region.”

Furthering the need for continued caution are a number of unfunded obligations facing Alameda County.

These include 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 pension obligation bond debts totaling \$378 million.

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 22-24. The Board is scheduled to adopt the Final Alameda County Budget for 2015-16 on Friday, June 26.

To view the FY 2015-16 Proposed Budget, the Proposed Budget Summary or the Proposed Budget Presentation, visit <http://www.acgov.org/MS/OpenBudget/BudgetReports.aspx>.

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