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FOR IMMEDIATE RELEASE

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ALAMEDA COUNTY BOARD OF SUPERVISORS APPROVES FINAL BUDGET FOR FY 2015-16

The Alameda County Board of Supervisors this afternoon approved a Final Budget for Fiscal Year 2015-16 that totals \$2.7 billion for County programs and services and supports a workforce of 9,600 full-time equivalent positions. The Final Budget closes a funding gap of \$65.1 million without significant program reductions or staff layoffs.

County Administrator Susan S. Muranishi said the funding gap was the smallest the County had faced in eight years, but that optimism about ongoing economic growth must be balanced with concerns about continued high demand for safety net services – programs that were decimated by cuts during the recent recession – and the reality that surging State revenues will result in little additional support for these programs.

“We embark on the new fiscal year in relatively strong financial condition, with ample reason for optimism,” Muranishi said. “At the same time we must be vigilant in monitoring our spending and in preparing for the next economic downturn; we know it 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 still had to close a \$65.1 million budget gap in crafting its FY 2015-16 Final budget. County leaders say significant budget-balancing measures were required – including contributions by County departments of nearly \$33 million in savings accrued during prior years - due to the ongoing 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, said Supervisor Keith Carson, who chairs Alameda County’s Budget Workgroup. “We still faced a significant funding gap,” Carson said. “And this is the best budget year Alameda County has had for many years.”

Added Scott Haggerty, President of the Board of Supervisors: “We must be wary about the boom in State revenues due to temporary sales and income tax rate increases. Those taxes will begin expiring in the next couple years – possibly right when the next recession hits – so we must take all precautions necessary to make sure our County services can withstand the next downturn.”

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 improves. 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 results in 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.

To learn more about County services and finances, explore Alameda County’s new Open Budget Website at <http://budget.acgov.org/>.