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FOR IMMEDIATE RELEASE

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**PROPOSED ALAMEDA COUNTY BUDGET FOR FY 2016-17
PRESENTED TO BOARD OF SUPERVISORS**

Alameda County Administrator Susan S. Muranishi has proposed a \$2.8 billion County Budget for FY 2016-17 that would include modest funding increases to community service providers, allow the County to continue building its financial reserves and expand resources for affordable housing while supporting a workforce of more than 9,600 employees.

Muranishi said the proposed spending plan is balanced and would close a \$72.2 million funding gap without significant program reductions or staff layoffs. While this year's funding gap is smaller than those recorded during and just after the Great Recession – when shortfalls routinely topped \$100 million – its size is daunting, given the relatively positive conditions in which growth in the national and local economies is providing some boost to County revenues. County officials said the challenge of keeping County finances in balance is not likely to ease in the coming years – with a growing wage gap keeping a large number of residents reliant on government services and numerous forecasts suggesting the economy could fall back into recession in the near future.

“High demand for safety net services administered by the County will continue to strain our resources, as rising home values and rents reduce the stock of affordable housing and require residents to devote larger and larger shares of their incomes to housing costs,” said Scott Haggerty, President of the Alameda County Board of Supervisors.

Rising real estate values have fueled a 7.1 percent increase in the County's assessment roll, resulting in much-needed general purpose 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 \$500 million to nearly 250 CBOs providing health and human services, as well as housing, community development, and public safety programs.

But even with boosted property tax revenue, this year's \$72.2 million funding gap suggests that Alameda County has a structural deficit in which State and federal funding combined with County's limited discretionary revenues will continue to fall short of rising costs.

Continued fiscal restraint in Sacramento will only add to these challenges. Governor Brown continues to emphasize building a Rainy Day Fund to pay down debt and prepare for the next economic downturn, which will limit the State's ability to restore safety net programs administered by counties that were cut dramatically during the recession years. This will only intensify the strain on local government resources as demand for services remains high.

“We may be near or at the high water mark in terms of the improving economy, and still we face no small challenge in keeping our finances in order,” said Supervisor Keith Carson, chair of Alameda County’s Budget Workgroup. “If, as expected, the economy begins to slip, we should expect those challenges to grow significantly. We’ve got to do all that we can to prepare for tougher times ahead.”

In Alameda County, demand for food assistance, subsidized health care, cash aid and other support remains high, despite an unemployment rate that has fallen to 4.3 percent – 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.

Soaring housing costs are one of the biggest factors squeezing residents with low incomes. While cuts to federal housing programs mean less funding available for the County to meet community needs, the Board of Supervisors has continued to invest over \$100 million annually in housing programs across various agencies and departments. In addition, the Board has committed \$5 million to \$7.5 million per year of limited discretionary funding towards affordable housing programs across the County. The Board also is considering placing a Housing Bond on the November ballot that would raise hundreds of millions dollars more for affordable housing programs.

Carson said the Board stands firmly behind the County’s annual affordable housing allocations as an effective strategy to help struggling segments of the community, but he adds that a large portion of these discretionary funds could also be used for capital projects to replace or upgrade aging infrastructure.

“There’s no doubt that the housing crisis is at the top of the list of those challenges needing our immediate attention,” Carson said. “But aging infrastructure isn’t far down that list. I’m concerned it is going to get more and more difficult to fund needed upgrades to our transportation corridors, community centers and facilities for public safety and other service providers.”

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 2016-17 on Tuesday, June 28. All sessions will be in the Board of Supervisors Chambers, 1221 Oak Street, 5th Floor, Oakland.