



FY 2011-12 Funding Gap and Balancing Options

Presented to the Alameda County Budget Workgroup

April 18, 2011

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County Budget Problems

Riverside County supervisors endorse two-tiered pension proposal

11:48 PM, Apr. 4, 2011 | 4 Comments

Written by
Erica Felci
The Desert Sun

Contra Costa's fifth year of budget cuts draws cries of alarm

By Lisa Vorderbrueggen
Contra Costa Times
Posted: 04/12/2011 03:02:43 PM PDT
Updated: 04/12/2011 06:40:30 PM PDT



Santa Clara County Departments Face The Budget Axe

February 22, 2011 4:11 PM

Cuts in government aid hit hard in Tulare County

April 13, 2011 | By Michael J. Mishak, Los Angeles Times



County loses fight to overturn deputies' pension boost

posted by Kimberly Edds, Staff Writer

San Mateo County dips into reserves again to help balance budget

By Bonnie Eslinger
Daily News Staff Writer
Posted: 04/12/2011 08:08:25 PM PDT
Updated: 04/12/2011 10:51:09 PM PDT

San Mateo County budget proposal strips kid-services funding

By: Shaun Bishop 04/13/11 10:42 PM
Examiner Staff Writer



San Francisco budget deficit makes cuts, layoffs seem likely

By: Joshua Sabatini 03/30/11 7:23 PM
Examiner Staff Writer

San Bernardino County firefighters accept pension cut

By James Rufus Koren Staff Writer
Posted: 04/14/2011 06:42:16 PM PDT



FY 2011-12 MOE

- ❑ Federal and State budget deficits
- ❑ Greater demand for services
- ❑ Economic downturn is impacting revenues and expenses
- ❑ Retirement and health cost increases
- ❑ Use of one-time solutions in prior year
- ❑ No COLAs for Labor, CBOs, ACMC



Use of FMR and Designations in Prior Year

Program	FMR*	Designation	Total
Health Care	\$20.0M	\$12M	\$32M
Public Protection	\$12.5M	\$0	\$12.5M
General Government	\$18.5M	\$0	\$18.5M
Public Assistance	\$10.4M	\$0	\$10.4M
Countywide Strategy	\$0	\$1.2M	\$1.2M
Total	\$61.4M	\$13.2M	\$74.6M

*FMR = Fiscal Management Reward Program

Note: Prop. 172 designation of \$5.8M already included in Public Protection program area



FY 2011-12 MOE Budget - All Funds
 (in millions)

	FY 2010-11 FINAL	FY 2011-12 MOE	Inc/ (Dec)	% Change
Appropriation	\$2,443.4	\$2,518.8	\$75.4	3.1%
Revenue	\$2,443.4	\$2,380.9	(\$62.5)	(2.6%)
Funding Gap	\$0	\$137.9	\$137.9	
F.T.E. Positions*	9,103.2	9,160.0	56.8	0.6%

*Full-time equivalent positions



Major Elements FY 2011-12 MOE General Fund, Grants, Measure A (in millions)

	2010-11 FINAL	2011-12 MOE	Change	% Change
Appropriations	\$2,101.6	\$2,123.4	\$21.8	1.0%
Program Revenue	\$1,524.3	\$1,478.6	(\$45.7)	
Non-program revenue	\$502.7	\$506.9	\$4.2	
One-time use of FMR, Designation, AFB	\$74.6	\$0	(\$74.6)	
Total Financing	\$2,101.6	\$1,985.5	(\$116.1)	(5.5%)
Funding Gap	\$0	\$137.9	\$137.9	



Major Components of Net County Cost Increase (partial list)

□ Prior year use of FMR	\$61.4M
□ Loss of stimulus funding	\$19.6M
□ Prior year use of designations	\$19.0M
□ Retirement and health care rate increases	\$14.3M
□ Loss of Vehicle License Fee revenue	\$8.4M
□ Loss of one-time redevelopment pass-through payments	\$5.4M
□ 1% designation for capital	\$5.0M
□ Social Services allocation changes	\$4.6M
□ Loss of SB 90 revenue	\$4.0M
□ Loss of one-time DA revenue	\$4.0M
□ Loss of one-time Sheriff revenue	\$2.9M
□ Property tax revenues	(\$6.6M)
□ Internal service fund charges	(\$3.3M)



FY 2011-12 Appropriations Change by Major Object

<input type="checkbox"/> Salaries and Employee Benefits	\$21.4M
<input type="checkbox"/> Retirement	
<input type="checkbox"/> Health	
<input type="checkbox"/> Services & Supplies/Operating Expenses	\$2.9M
<input type="checkbox"/> Internal Service Funds	(\$3.3M)
<input type="checkbox"/> Other	\$0.8M
Net Appropriation Increase	\$21.8M



FY 2011-12 Revenues Major Components of Change

□ Program Revenue	(\$45.7M)
□ Non-Program Revenue:	\$4.2M
□ FMR/Designations:	(\$74.6M)
Net Revenue Decrease	(\$116.1M)



FY 2011-12 Revenues

Program revenue declines (partial list)

- | | |
|---|-----------|
| <input type="checkbox"/> Loss of Stimulus funding | (\$19.6M) |
| <input type="checkbox"/> Expiring VLF increase | (\$8.4M) |
| <input type="checkbox"/> Use of Prop. 172 Designation in prior year | (\$5.8M) |
| <input type="checkbox"/> Social Services allocation changes | (\$4.6M) |
| <input type="checkbox"/> Loss of SB 90 revenue | (\$4.0M) |
| <input type="checkbox"/> Loss of one-time DA revenue | (\$4.0M) |
| <input type="checkbox"/> Reimbursement for elections | (\$3.7M) |
| <input type="checkbox"/> EPSDT revenue | (\$3.4M) |
| <input type="checkbox"/> One-time Sheriff revenues | (\$2.9M) |
| <input type="checkbox"/> Sheriff revenue for contract prisoners | (\$1.0M) |



FY 2011-12 Revenues

Non-Program Revenue	\$4.2M
<input type="checkbox"/> Property Taxes	\$6.6M
<input type="checkbox"/> ERAF—Motor Vehicle/Sales Tax	\$1.7M
<input type="checkbox"/> Sales Taxes	\$1.2M
<input type="checkbox"/> Loss of one-time pass-through payments	(\$5.4M)
<input type="checkbox"/> Other	\$0.1M



FY 2011-12 MOE General/Grant/Measure A Funds By Program (in millions)

Program	Appropriation	Revenue	Net Cost	F.T.E.
General Government	\$196.6	\$125.4	\$71.2	921.4
Public Protection	\$544.4	\$274.2	\$270.2	2,626.7
Public Assistance	\$689.3	\$592.3	\$97.0	2,501.4
Health Care Services	\$578.7	\$456.9	\$121.8	1,293.4
Subtotal Programs	\$2,009.0	\$1,448.8	\$560.2	7,342.9
Capital Projects	\$13.4	\$3.5	\$9.9	0.00
Contingency/Reserve/ Debt service	\$101.0	\$26.3	\$74.7	0.00
Non-Program Financing	\$0	\$506.9	(\$506.9)	0.00
Subtotal Other	\$114.4	\$536.7	(\$422.3)	0
Total	\$2,123.4	\$1,985.5	\$137.9	7,342.9



FY 2011-12 MOE Net Cost Change by Program

Program	2010-11 FINAL Net Cost	2011-12 MOE Net Cost	Change	% Change
General Government	\$67.7	\$71.2	\$3.5	5%
Health Care	\$116.5	\$121.8	\$5.3	5%
Public Assistance	\$75.0	\$97.0	\$22.0	29%
Public Protection	\$239.6	\$270.2	\$30.6	13%
Subtotal – Programs	\$498.8	\$560.2	\$61.4	12%

Not including use of FMR or designation in prior year



FY 2011-12 MOE - Net Cost Change Non-Program (in millions)

	2010-11 FINAL Net Cost	2011-12 MOE Net Cost	Change
Capital	\$4.9	\$9.9	\$5.0
Contingency/Reserves/Debt Service	\$73.5	\$74.7	\$1.2
One-time use of FMR	(\$61.4)	\$0	\$61.4
Use of EPSDT Designation	(\$12.0)	\$0	\$12.0
Use of Capital Designation	(\$1.2)	\$0	\$1.2
Non-Program Financing	(\$502.7)	(\$506.9)	(\$4.2)
Subtotal - Other	(498.9)	(\$422.3)	\$76.6
FUNDING GAP	0	\$137.9	\$137.9



Board Policies (in \$millions)

- 1% Disc. Revenue for Capital Projects \$5M
- 1% Disc. Revenue for Reserves \$5M
- No COLAs for Labor, CBOs, ACMC



Closing the Gap - \$137.9 million

- ❑ Revenue Enhancements
- ❑ Program Reductions
- ❑ Countywide Strategies



NCC increases by Program, with Prior Year Use of FMR and Designations

Program	NCC Increase	FMR*	Designation	Total
Health Care	\$5.3M	\$20.0M	\$12M	\$37.3M
Public Protection	\$30.6M	\$12.5M	\$0	\$43.0M
General Government	\$3.5M	\$18.5M	\$0	\$22.1M
Public Assistance	\$22M	\$10.4M	\$0	\$32.4M
Program Total	\$61.4M	\$61.4M	\$12M	\$134.8M

*FMR = Fiscal Management Reward Program

Note: Prop. 172 designation of \$5.8M included in Public Protection NCC increase



NCC increases outside of Program areas

	NCC Increase
1% of Discretionary Revenue for Capital	\$5.0M
Debt service payments	\$1.2M
Use of capital designation in prior year	\$1.2M
Non-program revenues	(\$4.2M)
Non-program total	\$3.1M



Reduction Target Options

			Option A	Option B	Option C
	2011-12 MOE NCC	% Share of NCC	Equal Share Among Programs	Based on % Share of MOE NCC	NCC Increase and % Share of Remaining Gap
General Government	\$89.7	14.2%	\$34.5	\$19.5	\$22.6
Public Protection	\$282.6	44.6%	\$34.5	\$61.5	\$44.0
Public Assistance	\$107.5	17.0%	\$34.5	\$23.4	\$33.2
Health Care	\$153.8	24.3%	\$34.5	\$33.5	\$38.1
Total	\$633.6	100.0%	\$137.9	\$137.9	\$137.9

NCC includes the use of FMR and designations in prior year

Numbers and percentages are rounded for display purposes, but calculations are based on exact numbers



Reduction Target Options

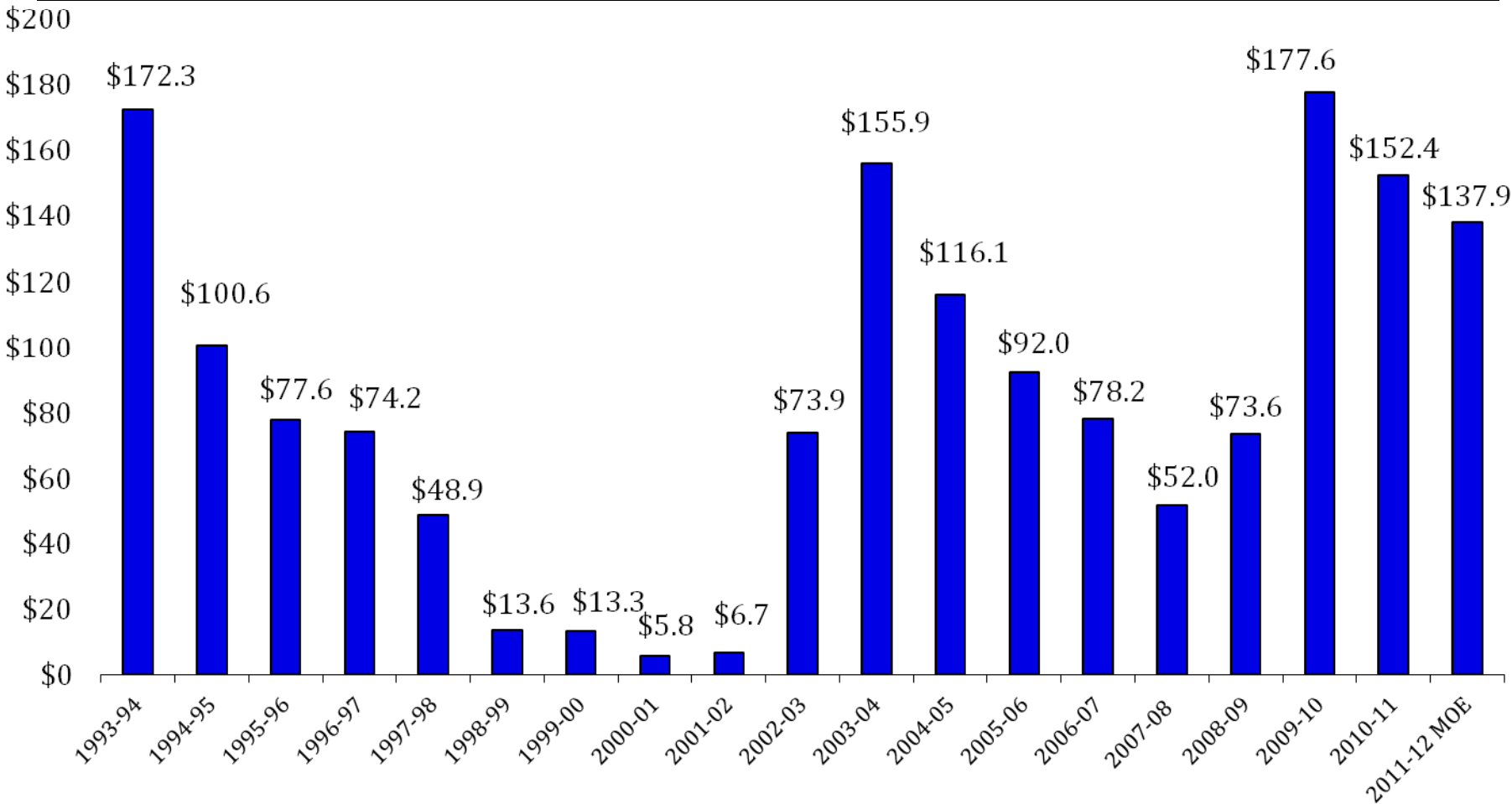
					Option A	Option B	Option C
	2011-12 MOE NCC	% Share of NCC	Net County Cost Increase	% Total Program Increase	Equal Share Among Programs	Based on % Share of MOE NCC	NCC Increase and % Share of Remaining Gap Based on % Increase
General Government	\$89.7	14.2%	\$22.1	16.4%	\$34.5	\$19.5	\$22.6
Public Protection	\$282.6	44.6%	\$43.0	31.9%	\$34.5	\$61.5	\$44.0
Public Assistance	\$107.5	17.0%	\$32.4	24.0%	\$34.5	\$23.4	\$33.2
Health Care	\$153.8	24.3%	\$37.3	27.7%	\$34.5	\$33.5	\$38.1
Program Total	\$633.6	100%	\$134.8	100.0%	\$137.9	\$137.9	\$137.9
			\$3.1*				
Total Gap			\$137.9		\$137.9	\$137.9	\$137.9

*NCC includes the use of FMR and designations in prior year
 Numbers and percentages are rounded for display purposes, but calculations are based on exact numbers*



Funding Gaps Since ERAF Intercept

(in millions)





2011-12 Proposed Budget Calendar

- Budget Work Group Meetings
 - Funding Gap April 14
 - Reduction Targets April 18
- Reduction Plans submitted to CAO May 4
- Budget Work Group Meeting May 16
- Proposed Budget to Board June 9
- Budget Hearings June 20-23
- Final Budget Adoption June 24



Alameda County Budget Information on the Web

acgov.org/budget.htm



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