



ALAMEDA COUNTY BUDGET UPDATE

January 26, 2012

Susan Muranishi, County Administrator

Kai Mander, Principal Analyst



Overview

- ❑ Economic Update
- ❑ Federal Budget Update
- ❑ State Budget Update
- ❑ Realignment
- ❑ Redevelopment



Economic Update

California Economic Snapshot



New Auto Registrations
(Fiscal Year to Date)

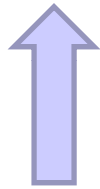
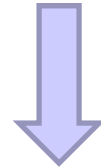
85,911
Through
July 2010

97,777
Through
July 2011

Median Home Price
(for Single-Family Homes)

\$255,000
In November 2010

\$244,000
In November 2011



**Single-Family
Home Sales**

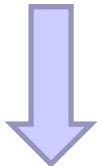
31,403
In November 2010

32,669
In November 2011

Foreclosures Initiated
(Notices of Default)

83,261
In 3rd Quarter 2010

71,275
In 3rd Quarter 2011



Total State Employment
(Seasonally Adjusted)

13,937,000
In October 2010

14,170,100
In November 2011



**Newly Permitted
Residential Units**
(Seasonally Adjusted
Annual Rate)

44,472
In November 2010

52,857
In November 2011

Data Sources: DataQuick, California Employment Development Department, Construction Industry Research Board, State Department of Finance



Federal Budget Update



Federal Budget Update

- FY 2012 Budget
 - Total discretionary spending of \$1.043 trillion
 - \$7 billion lower than last year; \$98 billion lower than Administration request
- FY 2013 Budget
 - President will submit 2/13
- Other issues
 - Extension of payroll tax cut, unemployment extension, Medicare physician payments, TANF
 - Transportation bill



Federal Debt and Triggers

- Triggers would cut \$1.2 trillion over 9 years
- Cuts effective January 2013
- Equal cuts to defense and non-defense
- Entitlement programs would be cut; some exemptions



State Budget Update



State Trigger Cuts

UC, CSU, community colleges	\$302M
Home to school transportation	\$248M
20% cut in IHSS hours, eliminate anti-fraud	\$101.5M
Developmental services	\$100M
Reduce school year by half a day	\$79.6M
County charges for youth held at State	\$67.7M
Child care funding	\$23M
State corrections budget	\$20M
Library grants	\$15.9M
Vertical prosecution grants	\$14.5M
Medi-cal provider cuts and co-payments	\$8.6M
TOTAL	\$980.8 Million



Triggers-Impact to Alameda County

- Cut anti-fraud grants for IHSS
- Cut vertical prosecution grants
- Cuts to libraries
- Cuts to subsidized childcare
- Cuts to Medi-Cal
- ~~\$125k charge per youth sent to DJJ~~
- ~~20% reduction in IHSS hours~~-----



State Budget

**Table 1: General Fund Receipts,
July 1, 2011 – December 31, 2011 (in Millions)**

Revenue Source	Actual Revenues	2012-13 Governor's Budget		2011 Budget Act	
		Estimate	Actual Over (Under)	Estimate	Actual Over (Under)
Corporation Tax	\$3,127	\$3,147	(\$20)	\$3,436	(\$309)
Personal Income Tax	\$21,868	\$21,938	(\$70)	\$22,247	(\$379)
Retail Sales and Use Tax	\$9,792	\$9,775	\$17	\$9,811	(\$19)
Other Revenues	\$2,404	\$2,497	(\$93)	\$4,165	(\$1,761)
Total General Fund Revenue	\$37,191	\$37,357	(\$165)	\$39,659	(\$2,468)
Non-Revenue	\$2,215	\$2,211	\$4	\$2,349	(\$134)
Total General Fund Receipts	\$39,406	\$39,567	(\$161)	\$42,008	(\$2,602)



Governor's Budget

STATE FUNDING GAP

Current year	\$4.1 billion
<u>FY 2012-13</u>	<u>\$5.1 billion</u>
TOTAL	\$9.2 billion

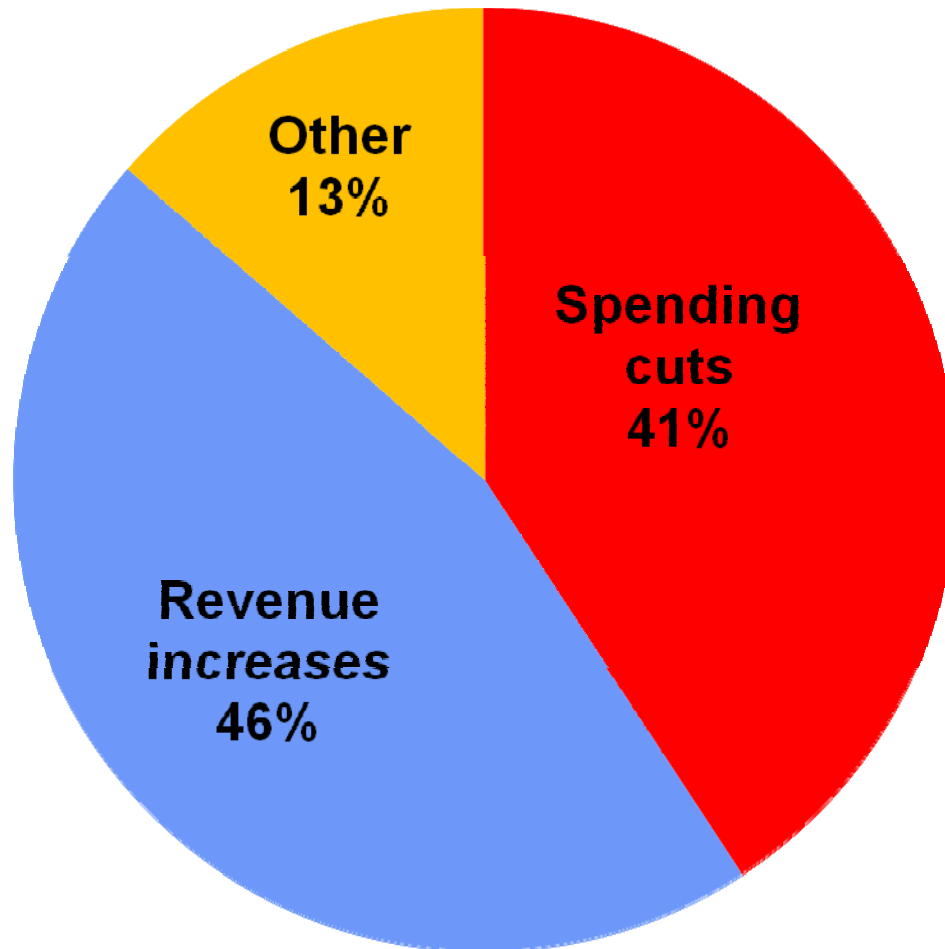


Governor's Budget

Expenditure reductions	\$4.2 billion
Revenue increases	\$4.7 billion
<u>Other</u>	<u>\$1.4 billion</u>
TOTAL	\$10.3 billion



Governor's Budget





Governor's Budget

Health & Human Services and Child Care Cuts

□ CalWORKs	\$946.2
□ Child Care	\$446.9
□ Medi-Cal	\$842.3
□ In-Home Supportive Services	\$163.8
□ Other HHS Programs	\$86.9
TOTAL	\$2,486.1



Governor's Budget

Education cuts (in millions)

<input type="checkbox"/> Proposition 98	\$544.4
<input type="checkbox"/> Cal Grants	\$301.7
<input type="checkbox"/> Other Education Programs	\$28
TOTAL	\$874.1



Governor's Budget

Other cuts (in millions)

<input type="checkbox"/> State mandates	\$828.3
<input type="checkbox"/> Other reductions	\$27.3
TOTAL	\$855.6



Governor's Budget

Revenues (in millions)

□ Temporary Taxes	\$4,400.8
□ Other General Fund revenues	\$88.8
□ Gross Premiums Insurance Tax on Medi-Cal Managed Care Plans	\$161.8
TOTAL	\$4,651.4



Governor's Budget

Revenues-Temporary Taxes

- Personal Income Tax
 - Raises max rate from 9.3% to 11.3% on highest earners
 - Effective 2012 for five years
 - Highly volatile
- Sales Tax
 - Rate increase of 0.5%
 - Effective 1/1/13 for four years
- LAO's revenue estimates significantly lower

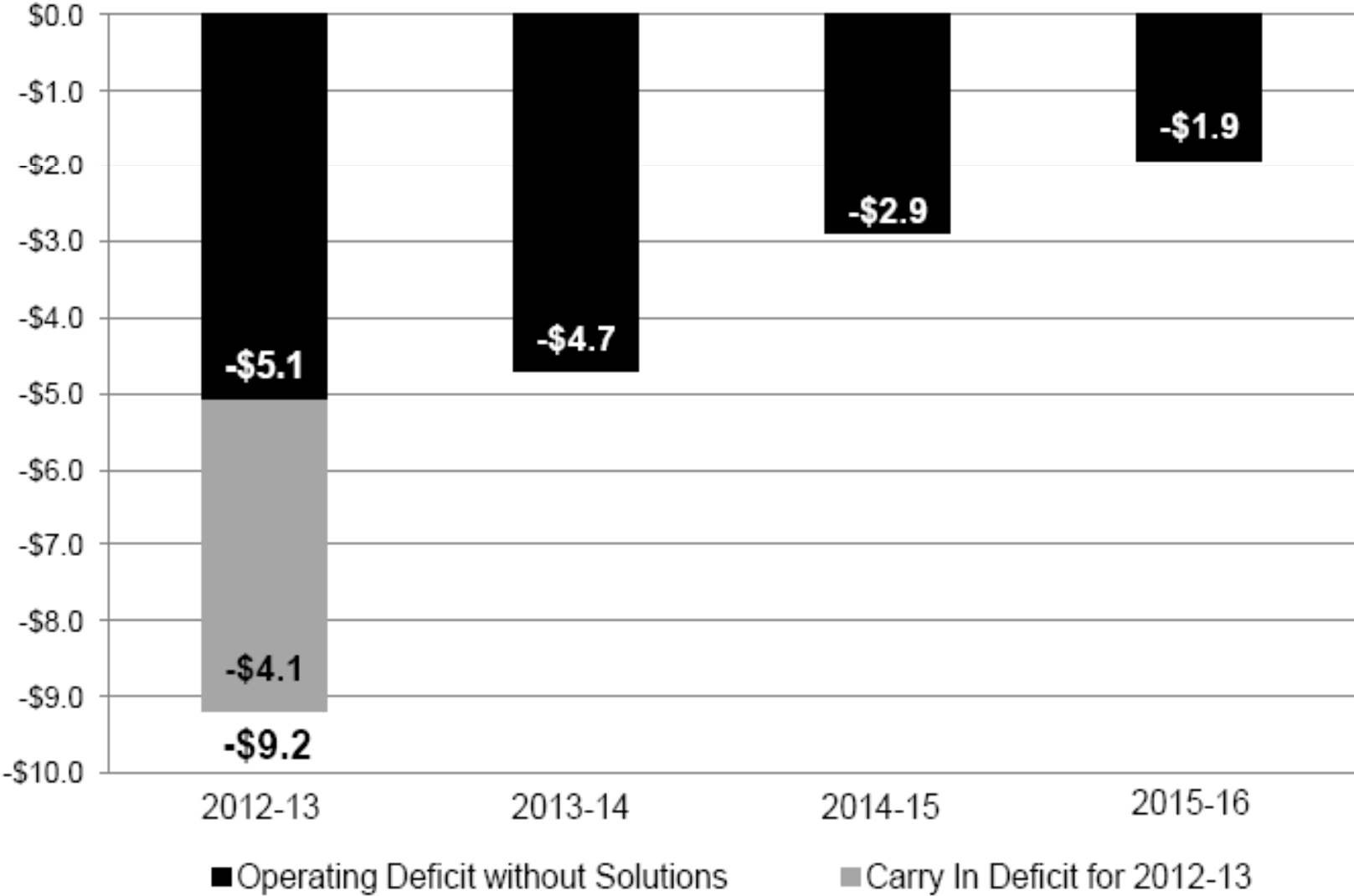


Governor's Budget

Other (in millions)

□ Loan Repayment deferrals	\$630.5
□ Unemployment insurance pmt.	\$417.0
□ Additional weight fee revenues	\$349.5
□ Suspend County Share of Child Support Collections	\$34.5
TOTAL	\$1,431.5

Figure INT-01
Structural Budget Deficit
 Dollars in Billions





Ballot initiative and Triggers

- ❑ Ballot Initiative in Nov. 2012
- ❑ Protects realignment revenues
- ❑ Temporarily raises income and sales taxes
- ❑ Trigger cuts if ballot measure fails



Trigger Cuts (in millions)

□ Schools, community colleges	\$4,837
□ University of California	200
□ California State University	200
□ Courts	125
□ CalFire	15
□ Flood Control	7
□ Fish & Game	4
□ Park Rangers and Lifeguards	2
□ Dept. of Justice	1
TOTAL	\$5,390



Governor's Budget - Realignment

- ❑ Guarantees Ongoing Revenues to Local Governments for Realigned Programs.
- ❑ Constrains State's Ability to Impose Additional Requirements After 2012
- ❑ Limits Local Governments From Seeking Additional Reimbursements
- ❑ State and Local Governments Could Share Some Unanticipated Costs
- ❑ CSAC Ballot Initiative Suspended



Realignment Update

- Probation
- Sheriff
- District Attorney
- Public Defender
- Social Services Agency
- Health Care Services Agency



State Budget—Pending Factors

- ❑ Are budget gap and revenue estimates realistic?
- ❑ Triggers create much uncertainty for schools
- ❑ Redevelopment – what's next?
- ❑ Future realignment
- ❑ Carbon tax controversy
- ❑ Lawsuits
- ❑ Federal budget cuts and policies



Redevelopment

- California Supreme Court ruling:
 - State had legal right to seize \$1.7B
 - Rejects allowing opt-in for agencies
 - Long-term could increase amount of \$ for local gov't and schools, easing pressure on State



Redevelopment

- SB 659 would extend dissolution date to April 15
- CRA would like redevelopment agencies to remain in business by contributing property tax funding to State



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