Contra Costa FY 2022-23 Budget Highlights and Plan

For Joint Budget Justice Coalition/Racial Justice Coalition Meeting
March 31, 2022
County and State Budget Cycles and Key Decision Points for 2022-23 Budget

State Budget Cycle

- **January** – Governor’s proposed budget
- **January thru May** – analysis and revisions
- **May** – Revised budget
- **Late June or Summer** – Budget Act approval

**County Budget Cycle**

- **November 2021**:Bulk of Measure X funding approved
- **December 2021**: MX capital projects approved
- **January 2022**: Governor’s proposed budget
- **February 22nd**: Board budget retreat/preview
- **April 12th**: PROPOSED General Budget presented to Board
- **May**: Revised budget
- **Late June or Summer**: Budget Act approval

**State Budget Cycle**

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What Goes into the County Budget Soup

- Standard Budget/Revenue
- Expense considerations
- Measure X
- American Rescue Plan Act (ARPA)
- State Budget considerations
- Proposed Total Budget
Key Issues
This Year

• **ARPA** - disposition and availability of ARPA funds for non-Covid medical expenses.
  - Why does HSD need all of ARPA funding?
  - Should the Board make some excess funds available for other uses?

• **New revenue** – uses for increases in general revenue

• **Sheriff Department** – 34 new patrol FTEs allocated, but only 10 funded this year, creating an obligation to fund the remaining positions next year
  - Potential message/ask strategy – ask for one-to-one dollar match for prevention and reentry services

• **Contra Costa CARES** – full funding to cover all undocumented people

• **MXCAB** – support unfunded recommendations, esp. services for immigrants
General Budget Highlights

### Revenue Highlights

- **Overall, the County’s financial position is sound**
- **New Revenue**
  - New $20 million available - The County will discontinue $20 million in annual contributions to Other Post Employment Benefit (OPEB), aka pension obligations
  - New $47.4 million available - The County pension obligation bond (POB) payment will be made in June, “freeing up $47.4 million in annual resources for employee wages.”
  - $28.9 million in additional property tax rev: Assessed property values estimated to increase by 6%
- **Reserve**: $720 million reserve for the General Fund, about 38%. Of this, 21.2% is “unassigned”, a bit higher than last year; up from 9.4% in 2013. Some reserve funds are advanced for Covid expenses that will likely be reimbursed by FEMA, but amounts and timing are uncertain.
- **Regional Medical Center** will continue to receive a $73 million General Fund subsidy; in addition, it will get $40 million from Measure X

### Expenditure Highlights

- **Labor** - many contracts end 6/30 and are under negotiation; compensation costs will increase
- **Covid** – “Cost and impact of the pandemic might exceed one time funding” (from CAO presentation – however, see ARPA on next slide)
- **Rental Assistance** – “there is a greater need for rental assistance than resources support”
- **Aging Facilities** – there is a need to identify funding for up to $538.5 million needed for upgrades/renovations over the next 5 years. $2.6 million due within 1 year; $35.3 million within 2 years
- **Aging Technology** – countywide needs including hardware and security are significant - Finance & Tax systems replacement in process
- **Unknown** to what level the Federal government will continue to respond to counties’ needs
- **Unincorporated Patrol** – “funding of $10 million must be identified” for unincorporated patrol officers
- **Ongoing funding** for County Hospital, Clinics, and Health Plan - it continues to be difficult to support the hospital with increased costs. “We continue to dedicate new revenue to support hospital needs. We must continue to consider alternative revenue streams and right size services to resources available.” (But see discussion of ARPA and state funding on following slides.)
American Rescue Plan Act (ARPA) and Measure X

ARPA*

- $224 million in Fiscal Recovery Fund for 2 years; $112 million 2021-22; $112 M for '22-'23. Can be used for: Government operations, housing, community aid, public health, infrastructure, economic and workforce development, and public safety
- 2021-22 - all $112 million allocated to Health Services for "Covid-related expenses"
- Revised December estimate for '21-22 Covid health needs = $83 million
- Actual spent through December = $38 million, for an annual spend rate of $76 million
- Balance of $112 minus $83 million December revised projection ($29 million) is rolled over to next year
- HSD/CAO assumes next year "Covid-related health expenses" of $83 million, leaving a balance of ~$59 million for next year
- CAO recommend & Board approved deferring decision on $59 million until January 2023 (this can be changed)
- But actual spending is less than projected, and based on current spend rates, ~$73 million in ARPA funds may be available next year, including $14M beyond the $59M on hold

* See slide 7 for a detailed ARPA analysis

Measure X

- $200 million over 2 years (2021-23) has been allocated
- $100 million are one-time expenditures ($80 million for hospital facilities)
- $100 million is ongoing, and pre-allocated for future years, subject to Board discretion
- Items recommended by Community Advisory Board that were not funded:
  - Full request for Contra Costa CARES
  - Stand Up Contra Costa
  - Mental health services for AAPI, African American, LGBTQI
- See slide 13 for more specifics
State Budget and Sheriff Department

State Budget Considerations**

- Stronger than expected revenue for FY '22-23, including "Realignment funding" that supports mental health and other services
- $2.7 billion for Covid response
- Commits to working with public hospital systems on possible financing structures to improve their overall long-term financial stability.
- Extending temporary economic support to families, including more for Californians who are undocumented and excluded from federal support;
- Expanding cash support for Californians without children;
- Significantly increasing investments in rebuilding the child-care system
- Providing additional paid sick leave so workers can follow public health guidelines during the pandemic and increasing paid family leave benefits;
- Fast-tracking planned investments in the social safety net, such as Medi-Cal expansion and increases in SSI-SSP grants, currently not scheduled to begin until 2024 and within the means of the state to start earlier;
- Expanding CalWORKs to include children in all eligible households;
- Monitoring K-12 funding and enrollment formulas to ensure students and schools are not harmed by attendance shifts as a result of the pandemic;
- Providing ongoing funding for people experiencing homelessness; and
- Boosting ongoing investments in public health.

Sheriff Department Issues

Department is requesting $4 million for 10 additional Sheriff patrol FTEs in unincorporated areas, but allocates total of 34 FTEs, which would need to be funded in future years

Deputies

- A high vacancy rate from last year is diminishing due to new recruitment into training academies in December and this year
- Recruitment and training was inhibited by Covid in previous couple of years. (A similar dynamic is happening with the Fire Department)

Detention

- Close Marsh Creek Detention Facility - $5.8M in savings
- Close Juvenile Hall and re-allocate funds for other uses - $22.7M budgeted
- Cut excess spending at detention facilities: over the past 5 years, there has been a 25% increase in spending while number of inmates has dropped by 48%

** See https://calbudgetcenter.org/resources/first-look-understanding-the-governors-proposed-2022-23-state-budget/
## ARPA Analysis

### ARPA Funding and Expenditure Analysis

<table>
<thead>
<tr>
<th>Description</th>
<th>Amounts Allocated or Spent</th>
<th>Variance from ARPA Allocation</th>
<th>Variance from Estimated Costs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Original estimate of 2021-22 Covid-related health expenses</td>
<td>$135,000,000</td>
<td></td>
<td></td>
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<tr>
<td>FY '21-22 ARPA Allocation for &quot;Covid related health expenses&quot; (100% to Health Services)</td>
<td>$112,000,000</td>
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<tr>
<td><strong>Expenses - Projected and Actual</strong></td>
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<tr>
<td>Revised estimate of '21-22 expenses, based on first quarter actuals</td>
<td>$83,000,000</td>
<td>-$29,000,000</td>
<td>-$52,000,000</td>
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<tr>
<td>Actual ARPA expenditures through December 2021</td>
<td>$38,000,000</td>
<td></td>
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<tr>
<td>Revised annualized estimate based on Q1 + Q2 actuals</td>
<td>$76,000,000</td>
<td>-$36,000,000</td>
<td>-$59,000,000</td>
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<tr>
<td><strong>ARPA Funds Availability</strong></td>
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<tr>
<td>FY 2022-23 ARPA Funds Available</td>
<td>$112,000,000</td>
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</tr>
<tr>
<td>Assumed FY '22-23 need for &quot;Covid related health expenses&quot; presented at January Board retreat</td>
<td>$83,000,000</td>
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<tr>
<td>Excess in '22--23 funds, based on $83M estimate</td>
<td>$29,000,000</td>
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<tr>
<td>Plus left-over from 2021-22, based on 12/31 revised estimate in Board retreat</td>
<td>$58,000,000</td>
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<td>Board approved deferring decision on how to use this until January 2023</td>
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<tr>
<td><strong>BJC Revised Estimates Based on Actuals</strong></td>
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<tr>
<td>Total needed in '22-23 if spend rate in '22-23 mirrors first half of '21-22 actuals</td>
<td>$76,000,000</td>
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</tr>
<tr>
<td><strong>Total excess ARPA funds available from leftover '21-22 + excess in '22-23, based on actuals</strong></td>
<td><strong>$72,000,000</strong> (Note, the Board can also vote to move up decisions on the deferred $58 million)</td>
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<tr>
<td>Amount in addition to $58 million deferred to January 2023, and presumably available</td>
<td><strong>$14,000,000</strong></td>
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Contra Costa’s Use of ARPA Compared to Other Counties


Contra Costa dedicated 100% of ARPA Local Fiscal Recovery Fund dollars to “Covid-related health Expenses”

Out of 152 cities and counties nation-wide, only 2 counties were identified that spent 100% of ARPA funds on Public Health: Contra Costa and Marin
Support other coalitions’ efforts

Next Up - Meetings with Supervisors – April 4-8

Mobilize for April 12th

Develop budget questionnaire for Supervisor candidates, hold town hall
BJC Message/Asks - ARPA

• Why is Contra Costa one of only 2 counties that is using 100% of ARPA funds for health care?

• People are still hurting from COVID impacts

• Use $14 million (minimum) of excess ARPA funds to address one-time needs arising from the immediate crisis:
  • Fund ERAP, immigrant legal defense, relocation support, foreclosure prevention, legal services for tenants, and community-based services such as child-care, early childhood mental health, and mental health services for BIPOC communities
  • Full funding for Contra Costa CARES; plan should include community-based outreach
See https://docs.google.com/document/d/18_H284mUt5Up6AYc1tnkdqHnk5P4kpojcvfmVtR04/edit

For Reimagine Public Safety letter and asks
BJC Message/Asks – Any New Revenue Should Fund MXCAB Recommendations

- Community-based mental health (at-risk populations – AAPA,, African American, LGBTQ+)
- Substance abuse treatment (community-based)
- East County community-based equity center
- Stand Together CoCo: removal defense, social services
- Immigration legal services
- Tenant legal services & support (county/community)
- Youth/young adult permanent housing subsidies
- Food distribution (community-based)
- Training & employment services (community-based)
- Services for children with disabilities
- Community-based aging services
- Guaranteed income pilot
- East County multi-agency center for disabled
- Restorative justice (community-based)
- Family support services (county-provided)
- Discretionary funds for CPS & foster youth
- Public Defender front-end advocacy teams
- Reentry support services (community-based)
- Employment services (community-based)
- Abuse prevention & support
- Rental assistance for immigrants
- Reimagine public safety initiative (countywide)
- Seasonal fire staffing (28*)
- Multicultural AAPI/Nepali wellness center
Explicitly embed equity criteria in budget deliberations and process, and provide accessible information to the public on how these criteria are being met.

See LA County Equity dashboard: https://ceo.lacounty.gov/recovery/arpa-equity-dashboard/
Timeline

March
• Meet with philanthropy to mobilize support from that sector
  • San Francisco Foundation
  • East Bay Community Foundation, Camila Calloway
  • STRONG group

April
• Meetings with Supervisors
• Mobilize base for April 12th Board meeting
• CC CARES media(?)

After April 12th - re-evaluate strategy based on outcomes, prepare for May 10 approval meeting