



CITY OF OAKLAND

**MEMORANDUM**

**TO:** HONORABLE MAYOR &  
CITY COUNCIL

**FROM:** Donna Hom  
Budget Director

**SUBJECT:** Federal and State Budgetary Actions  
Standing Report

**DATE:** October 9, 2013

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City Administrator

Date

Approval /s/ Deanna J. Santana

**10/9/13**

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**INFORMATION**

During the October 8, 2013 Finance and Management Committee, the Budget Director verbally reported the latest known Federal and State budgetary actions that may have financial implications to the City of Oakland. This memorandum memorializes the presentation as well as provides additional detail that has recently become available.

**Federal:****Federal Government “Shutdown”**

Congress did not approve a 2014 Appropriations Bill, which allocates funding for the fiscal year or a Continuing Resolution, which would have authorized funding for a short amount of time, by the end of the federal fiscal year. As a result, the federal government was “shutdown” on Tuesday, October 1, 2013. Non-essential federal staff has been furloughed and funding for non-essential federal programs has been suspended.

**Federal Debt Ceiling**

On October 1, 2013, the U.S. Department of the Treasury released a letter to Congress advising that the federal government will have insufficient funds to meet outstanding financial obligations if an increase to the federal debt ceiling is not authorized by October 17, 2013. The U.S. Department of the Treasury further advises that the federal government default on its financial obligations is unprecedented and would have negative impacts to the US and global economies.

**State:****State 2013 Legislative Session**

The State Legislature is currently on recess and will return on January 6, 2014 for the new legislative session.

Federal Court Prison Population Cap

Per a federal court order, the State was ordered to reduce its prison population to 137.5 percent of its design capacity. In response, the State implemented “realignment” in 2011, which shifted responsibility of lower-level offenders from the State to Counties, but this initiative did not do enough to reduce the prison population to the federal court imposed prison population cap. The State now has until December 31, 2013 to implement the following measures: expand the number of prisoners housed in fire camps; increase the number of contract beds in out-of-state prisons; and, release about 6,000 inmates early. Governor Brown has requested \$315 million to implement these measures in 2013-14 and the State Legislative Analyst reports that this cost will increase to approximately \$400 million in 2014-15.

For questions, please contact Michael K. Kek, Interim Assistant to the City Administrator, at (510) 238-4906.

Respectfully submitted,

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/s/

Donna Hom  
Budget Director

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