



DEPARTMENT OF
HOMELESSNESS AND
SUPPORTIVE HOUSING

FY2018-19 and FY2019-20 Budget Overview

Local Homeless Coordinating Board
January 8, 2018



City's Financial Outlook

2

• Short-term Outlook – Similar to Last Year

- Economy strong, but revenue growth slowing
- Personnel and inflationary expenditures outpacing revenue

• Long-Term Outlook – Areas of Risk:

- Increasing employee costs (pension and health costs)
- Proportion of City budget allocated to baselines and set asides
- Economic cycle – Revenue Uncertainty
- Changes at Federal Level: Tax Reform Act, Affordable Care Act, CHIP, Medicaid, and Federal Budget Cuts



City's Two-Year Budget Projections

3

	<u>FY 18-19</u>	<u>FY 19-20</u>
Total Sources	189.9	450.7
Uses		
Salaries & Benefits	(132.7)	(290.8)
Baselines & Reserves	(78.2)	(117.0)
Other Citywide & Departmental Expenditures	<u>(67.2)</u>	<u>(216.3)</u>
Total Uses	(278.1)	(624.1)
Projected Cumulative Surplus / (Shortfall)	(88.2)	(173.4)



Mayor's Budget Instructions

4

- City must adopt a balanced two-year budget to close cumulative \$260M deficit in FY 2018-19 and FY 2019-20.
- Propose on-going reductions equal to 2.5% of General Fund support in each year (totaling a 5% reduction in the second year of the budget).
- Absorb cost increases
- Do not add new positions or increase overall FTE count
- Consider long-term savings and cost avoidance initiatives in developing budget submissions



Mayor's Policy Guidance to Departments

5

Budget Proposals Should:

• Reflect City's Five Strategic Vision Areas:

- Residents and Families that Thrive
- Clean, Safe and Livable Communities
- Diverse, Equitable and Inclusive City
- Excellent City Services
- City and Region Prepared for the Future

• Foster Community Engagement in Developing Proposals

• Consider Independent Audits and Reviews

• Leverage the City's Talent Development Programs



HSH FY2018-20 Budget Issues

6

- Complying with the Mayor's budget instructions
- Supporting HSH's Strategic Framework goals
- New program costs not in the base budget (Mayor Lee's 1,000 People Project)
- Uncertainty of federal funding
- Funding cost increases in nonprofit operations



2018 Budget Timeline

7

- Jan- Feb: HSH Budget Development, Stakeholder Meetings
- Feb. 21: Budget Submission Due to Mayor's Office
- March-May: Mayor's Office Budget Development
- May: City's 9-Month Financial Projections Released
- June 1: Mayor Proposes Two-Year Budget
- June: Board of Supervisors Holds Budget Hearings
- July: Board Adopts Final FY2018-20 Budget