FY2018-19 and FY2019-20 Budget Overview

Local Homeless Coordinating Board
January 8, 2018
City’s Financial Outlook

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

http://hsh.sfgov.org
## City’s Two-Year Budget Projections

<table>
<thead>
<tr>
<th></th>
<th>FY 18-19</th>
<th>FY 19-20</th>
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</thead>
<tbody>
<tr>
<td><strong>Total Sources</strong></td>
<td>189.9</td>
<td>450.7</td>
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<tr>
<td><strong>Uses</strong></td>
<td></td>
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<tr>
<td>Salaries &amp; Benefits</td>
<td>(132.7)</td>
<td>(290.8)</td>
</tr>
<tr>
<td>Baselines &amp; Reserves</td>
<td>(78.2)</td>
<td>(117.0)</td>
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<tr>
<td>Other Citywide &amp; Departmental Expenditures</td>
<td>(67.2)</td>
<td>(216.3)</td>
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<tr>
<td><strong>Total Uses</strong></td>
<td>(278.1)</td>
<td>(624.1)</td>
</tr>
<tr>
<td><strong>Projected Cumulative Surplus / (Shortfall)</strong></td>
<td>(88.2)</td>
<td>(173.4)</td>
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[http://hsh.sfgov.org](http://hsh.sfgov.org)
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

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

http://hsh.sfgov.org
HSH FY2018-20 Budget Issues

- 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

- 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