



DEPARTMENT OF
HOMELESSNESS AND
SUPPORTIVE HOUSING

FY2020-21 and FY2021-22 Budget Overview

Local Homeless Coordinating Board
January 6, 2020



City's Financial Outlook

2

• Short-term Outlook

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

• Long-Term Outlook – Areas of Risk:

- Increasing employee costs (salaries & benefits, pension and health costs)
- Moderate business tax growth
- Proportion of City budget allocated to baselines and set asides
- Projected decline in transfer tax revenue



City's Two-Year Budget Projections

3

	<u>FY 20-21</u>	<u>FY 21-22</u>
Total Sources	89.0	346.0
Uses		
Baselines & Reserves	(45.5)	(54.0)
Salaries & Benefits	(167.9)	(269.6)
Other Citywide & Departmental Expenditures	<u>(70.8)</u>	<u>(246.6)</u>
Total Uses	(284.2)	(570.2)
Projected Cumulative Surplus / (shortfall)	(195.2)	(224.2)



Mayoral Priorities

4

- The Mayor's top priority is to address the challenges we face with those struggling on our streets
 - Housing, shelter, and services for those in need
 - Clean and safe streets for everyone
 - Healthy and vibrant neighborhoods
- Focus and reprioritize funding toward this most pressing need:
 - Provide assistance to those on our streets
 - Be responsive to residents
 - Support City workers out there trying to make a difference



Mayor's Budget Instruction to Departments

5

- Mandated “target” efficiency/reduction proposals of 3.5% reduction in adjusted General Fund support, growing to 7% total reduction in second year of budget cycle
- Intensified focus on accountability and equitable outcomes
- Demonstrate the effective use of resources, help identify programs and funding that can be reprioritized



HSH FY2020-22 Budget Issues/Priorities

6

- Complying with the Mayor's budget instructions to reduce \$6.2 million (3.5%) General Fund support in FY2020-21 and \$12.4 million (7%) in FY2021-22.
- Supporting HSH's Strategic Framework goals
- Ensuring equity for providers across services based on Controller's Office's equity analyses
- Continuing \$10.4 million in Whole Person Care investments after 2020
- Sustainability of new programs after state and ERAF funds expire (ongoing 1,000 bed shelter expansion and new PSH operations)



HSH FY2020-22 Budget Meetings

7

- Met with providers and advocates in December to preview FY20-22 budget preview and get feedback on HSH priorities
- Ongoing funding challenges to hire and retain nonprofit staff based on low wages and high cost of housing
- Contract funding has not kept pace with these cost pressures and impact sustainability of HSH services
- HSH solicited feedback about what contracting/budget changes could support providers in spending down all contracted funds
- Heard support for permanent housing to match shelter expansion and expanded investment in problem solving



2020 Budget Timeline

8

- Dec-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 FY2020-22 Budget