



Human Services Network Budget Update

March 20, 2009

FY 2008-2009 Shortfall

	<i>Budgeted Amounts</i>		<i>Projected Actuals</i>
<u>\$ Millions</u>	<u>% Growth</u>	<u>Total</u>	<u>Shortfall</u>
Property Tax	9%	1019	(4.1)
Property Transfer Tax	-24%	94	(49.5)
Payroll Tax	10%	385	11.7
Sales-Tax Related	varies	363	(37.0)
Hotel Room Tax	7%	189	(39.8)
Other Sources	varies	961	<u>(8.2)</u>
			(126.9)



Balancing the Current Year Budget

- We balanced a toward revenue shortfall of at least \$90 million and a spending shortfall of \$28 million in the current year.
- We eliminated 712 positions, of which 409 positions were filled. Most layoffs were effective on February 20th.
- Almost 40% of our solution, or \$47 million, was revenue.

Budget Deficit Next Year

FY 2010

GENERAL FUND SOURCES AND USES (\$ in millions)	
	<u>FY10</u>
Net Loss of One-Time Sources	(77.4)
Revenues Less Than FY09 Budget (Pessimistic Scenario)	<u>(188.4)</u>
<i>Sources Subtotal</i>	(265.8)
Operating Costs	(230.8)
Voter-Approved Baselines	(7.0)
<i>Uses Subtotal</i>	(237.8)
Estimated State Cuts	(72.0)
Projected Shortfall	(575.6)
Estimated FY10 Savings From FY09 Mid-Year Reductions	<u>115.2</u>
Projected Shortfall with Mid-Year Reductions	(460.4)

Overview – High Level Balancing

(\$ in millions)

<u>December Projected Shortfall</u>	<u>(575.6)</u>
Mid-Year and 6-Month Adjustments	115.2
February 20 th Mid-Year Reductions	21.9
12.5% Department Solutions	144.3
Labor Contributions*	90.0
Rainy Day Funds	46.0
Pull Prop H trigger	<u>15.0</u>
Remaining Gap	(143.2)

*Still in negotiations.



Federal Stimulus Funding

- The Mayor's Office estimates that the stimulus funding could help with up to 10% of the city's General Fund problem on a one-time basis. However, much of this funding is one-time.
- Formula Changes: There are several formula changes, such as the Federal Medical Assistance Percentage (FMAP). We are still estimating the net benefit to San Francisco.
- Most of the federal stimulus funding expected to come to San Francisco will fund non-General Fund capital projects for the Housing Authority, San Francisco airport, SF Public Utilities Commission, SF County Transportation Authority, and the SFMTA.
- Some federal funding also may provide needed funds for certain General Fund elements of the 10-year capital plan. Department of Public Works expected funds for street repaving program – offsets state infrastructure bond money funding frozen by the state



Working Groups

- Mayor initiated 5 working groups
 - CBO Working Group (chairs: Sandra Hernandez and Dennis Herrera)
 - Citywide Consolidations (chairs: Sup. Alioto-Pier and Ed Lee)
 - Revenue Working Group (chairs: Jose Cisneros and Phil Ting)
 - Public Safety Working Group (chair: by Ben Rosenfield)
 - HIV Prevention Services Working Group (chairs: Sup. Dufty and Mitch Katz)
 - Civil Service Reform Working Group (chair: Micki Callahan)



Update: CBO Working Group

- Meetings with:
 - Department Heads
 - Executive Directors of CBOs
 - Non-profit evaluators
- Expected product:
 - Report issued in early April
- Issues discussed:
 - City Role
 - CBO Role
 - CBO Infrastructure



Calendar: Key Dates and Next Steps

March	Joint Report Issued
May 1	Second Layoff Effective Date
May 1	Proposed Budget for Enterprise Depts introduced at BOS
May 14	Governor's May Revise released
May	Controller's 9-month Report
June 1	Budget Submitted to BOS
June	Budget Committee Hearings
July	Budget considered at BOS