



San Francisco Budget Overview

Presentation to SPUR

April 5, 2012



Overview

- San Francisco's Budget
- Current Year Status
- Projections for FY 12-13 and FY 13-14

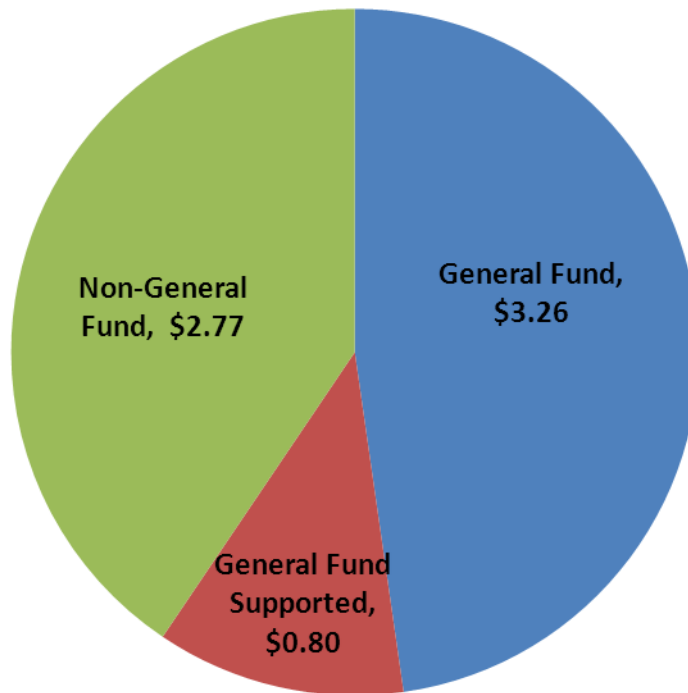


San Francisco's Budget

- The only combined City/County in the State
- 49 departments, 26,000+ employees
- \$6.8 billion in FY 11-12
- Voter mandated spending (MTA, Police, Fire, Children's Services, Libraries, Parks)

Budget Overview

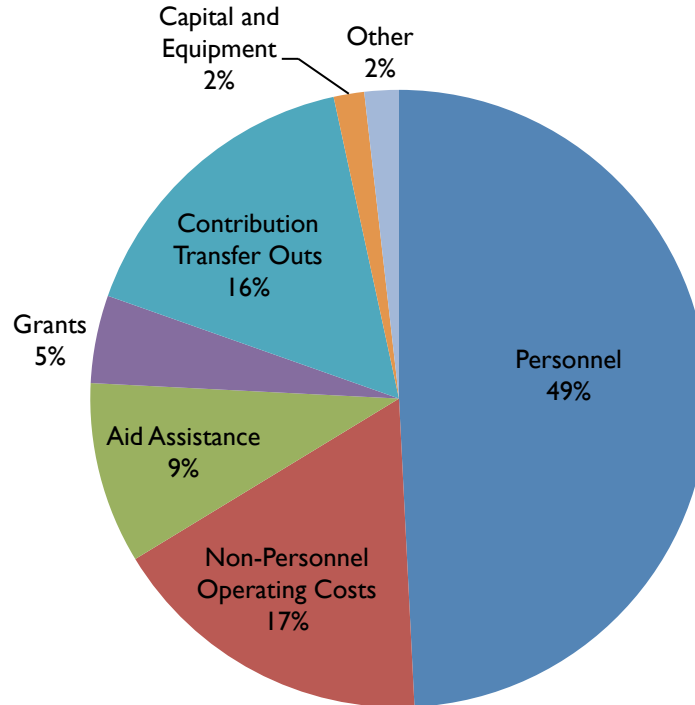
**FY 2011-12 City Budget
Total Budget = \$6.8 Billion**



- Of the \$3.26 billion in General Fund, only approximately \$1.5 billion is discretionary
- DPH, Police, Fire, HSA and Sheriff make up 75% of discretionary General Fund spending

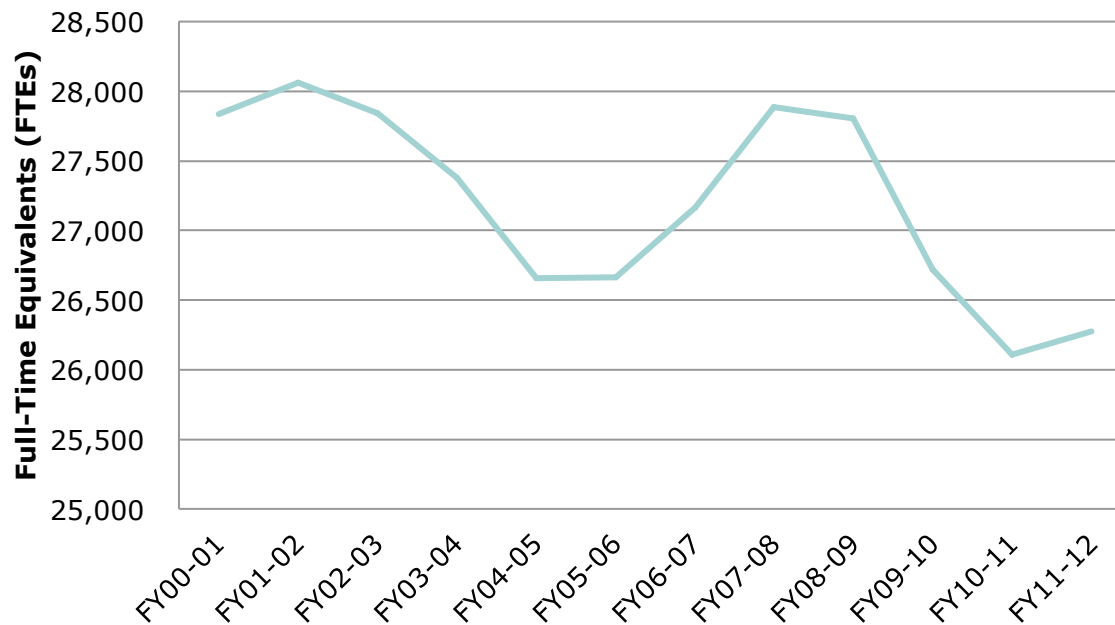
50% of all General Fund Expenditures are on Personnel


Fiscal Year 2011-12 General Fund Uses



Size of the City's Workforce has shrunk by 6.4% over 10 years

Total Funded FTEs for the City and County of San Francisco: Fiscal Years 2001 - 2012





FY 2011-12 Update

Upside

- Local tax revenue strength
- Signs of economic recovery
- Reserves for State budget impacts
- Passage of Streets Bond (Prop B) and Pension Reform (Prop C)

Downside

- State & Federal Impacts
- Failure of Prop G (Sales Tax) - \$15M
- Employment slow to recover



FY 2012-13 & FY 2013-14 Budget Context

- For the first time, the City will have a Two-Year Budget for all departments this year
 - Need to balance both years
 - Fixed two-year budget for Enterprise Departments (MTA, AIR and PUC)
- New Financial Policies
 - Increasing General Fund Reserve
 - Limits on use of one-time revenue
- Five-Year Financial Plan



FY 2012-13 & FY 2013-14 Shortfall

- Revenue
 - Local tax revenue improvement
 - Offset by loss of one-time revenue and state and federal funding

- Expenditure Increases
 - Personnel-related expenditure increases
 - Loss of one-time savings from FY 2011-12 budget

- Increased transfers to Baselines (MTA , Children' s Fund, Library Preservation Fund and Open Space Fund)

FY 2012-13 & FY 2013-14 Updated Shortfall

Summary of GF-Supported Projected Budgetary Surplus / (Shortfall), \$ M

	FY 2011-12				
	Original Budget	FY 2012-13 Projection	FY 2013-14 Projection	FY 2014-15 Projection	FY 2015-16 Projection
Sources					
Use of Prior Year General Fund Balance	\$ 159	\$ 65	\$ 65	\$ -	\$ -
Regular Revenues, Transfers & Other	3,902	4,102	4,198	4,276	4,364
Subtotal - Sources	4,062	4,167	4,263	4,276	4,364
Uses					
Salaries & Fringe Benefits	2,192	2,304	2,425	2,537	2,622
Other Exps, Reserves & Transfers	1,869	2,033	2,150	2,231	2,238
Subtotal - Uses	4,062	4,336	4,575	4,768	4,860
Projected Surplus/(Shortfall)	\$ -	\$ (170)	\$ (312)	\$ (492)	\$ (495)

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Change from Prior Year	\$ -	\$ (170)	\$ (142)	\$ (180)	\$ (4)



Key Assumptions

- Continued economic recovery that will be reflected in tax revenue increases, many of which will reach prior peak levels in FY 2011-12.
- No major changes to service levels and numbers of employees.
- State and Federal budget – Preliminary estimate of \$50M in further impacts.

Salaries & Benefits: \$111 million increase for 2012-13 at current staffing

	Change from Prior Year Budget (\$ Millions)			
	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16
Salaries & Benefits <i>Decrease / (Increase)</i>				
Annualization of Partial Year Positions	(9.8)	2.2	-	-
Projected Costs of Closed Labor Agreements	(81.3)	-	-	-
Projected Costs of Open Labor Agreements	-	(47.7)	(52.6)	(63.5)
Subtotal Salaries	(91.1)	(45.5)	(52.6)	(63.5)
Health & Dental Benefits - Current Employees	(12.7)	(12.9)	(13.0)	(13.8)
Health & Dental Benefits - Retired Employees	(7.6)	(9.2)	(10.4)	(11.4)
Retirement Benefits - Employer Contribution Rates	(6.9)	(46.5)	(36.7)	12.4
Other Misc. Costs (Unemployment Insurance & Work Days)	7.0	(6.9)	-	(8.1)
Subtotal Benefits	(20.2)	(75.5)	(60.1)	(20.9)
Total Salaries + Benefits	(111.3)	(121.0)	(112.7)	(84.4)



Revenue Issues

State and Federal Impacts: \$50M preliminary assumption for reductions due to the State's severe budget shortfall and other pending State and Federal decision. Issues include:

- Redevelopment Dissolution
- AIDS/HIV funding
- Laguna Honda skilled nursing facility Medi-cal reimbursement rate
- In-Home Support Services potential program changes
- CDBG and other federal programs
- Public Safety and Social Services Realignment
- Additional potential state and federal FY 2012-13 cuts



FY 2012-13 & FY 2013-14 Balancing

- Budget Instructions:
 - 5% targets for each of next two fiscal years,
 - 2.5% contingency either year
 - 1% FTE reduction
 - 5% = 58 Million
- Policy Choices Include
 - Fully funding City's Capital Plan?
 - Fund inflation on contracts?
 - Backfill State and Federal Reductions?



Uncertainty Remains

- Continued economic recovery
- State Budget – Redevelopment, Realignment, Revenue
- Current year overspending or supplemental appropriations
- Pension Costs
- Labor Negotiations - 27 labor agreements expiring



Questions?