



San Francisco Budget Outlook Fiscal Year 2011-12

Mayor Edwin M. Lee
Commission Presidents Meeting
February 8, 2011



Overview

- FY 2011-12 Budget Deficit Projection
- Budget Instructions
- Timeline
- Long-Term Financial Issues



FY2011-12 Shortfall

City Charter requires a balanced budget
where revenues equal expenditures



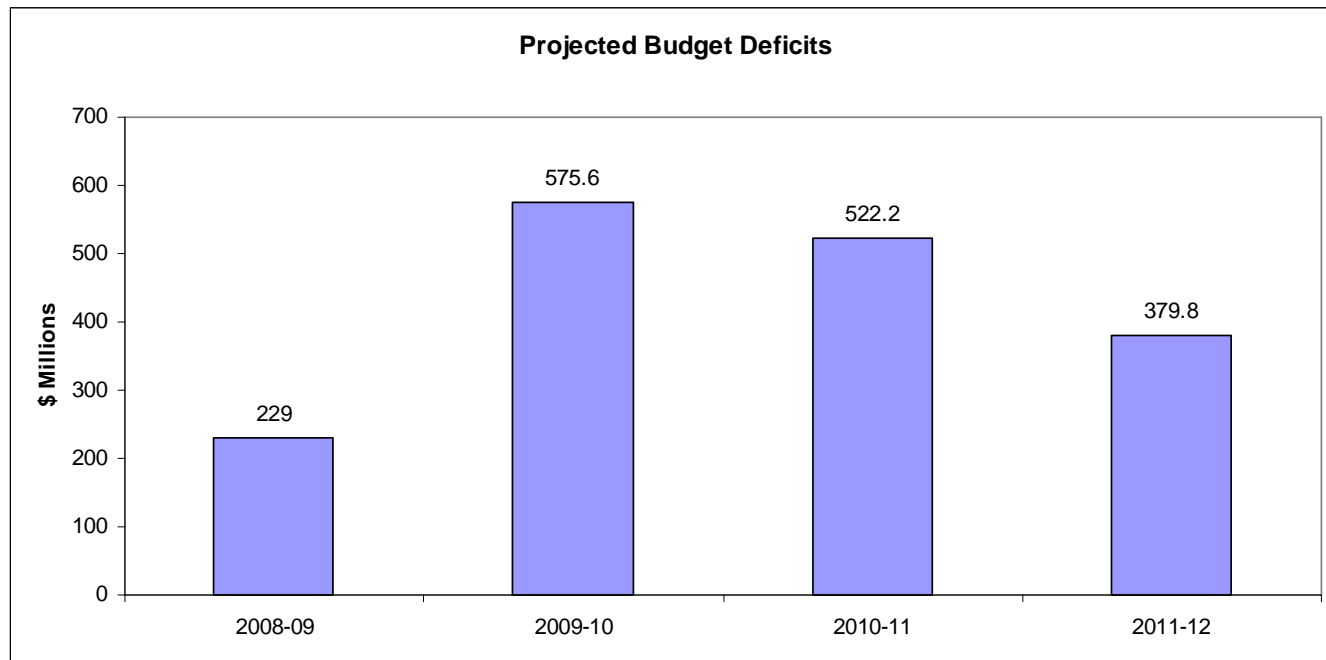
FY2011-12 Shortfall

(86.4) Sources

(293.4) Uses

(379.8) Projected General Fund Deficit

FY2011-12 Shortfall



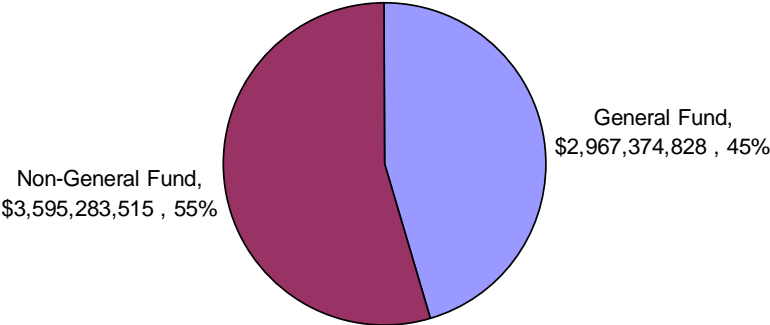


FY2011-12 Shortfall

Given that San Francisco has a \$6.5 billion annual budget, how problematic is a \$379.8 million deficit?

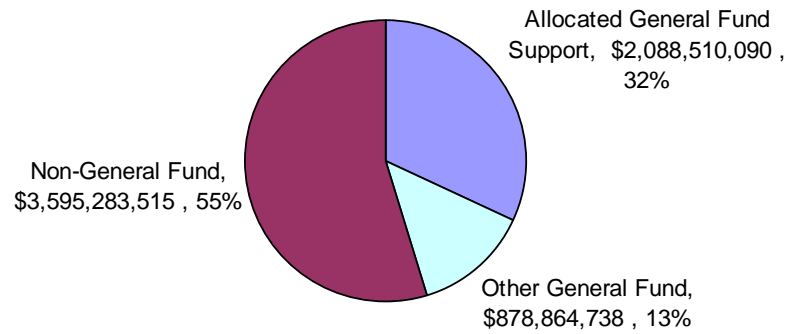
FY2011-12 Shortfall

Total City Budget is \$6.5 Billion



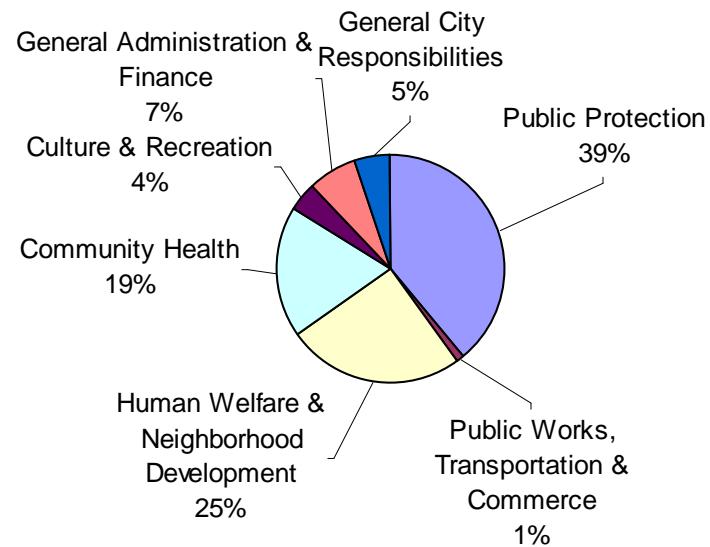
FY2011-12 Shortfall

Total City Budget is \$6.5 Billion



How does San Francisco spend its \$3.1 billion General Fund budget?

General Fund by Major Service Area





FY2011-12 Shortfall

- Revenue
 - Modest local tax revenue improvement
 - Economy seems to be stabilizing
 - A slow recovery is expected
 - Offset by loss of state and federal funding
- Expenditure Increases
 - Personnel-related expenditure increases
 - Loss of one-time savings from FY 2010-11 budget



FY2011-12 Shortfall

Revenue

- (78.9) Loss of Prior Year Starting Balance
- 55.4 Starting Balance - Current Year Savings and Revenues

Major FY 11-12 General Tax Revenue Changes

- 19.2 Property Tax
- 25.2 Business Tax
- 35.1 Property Transfer Tax



FY2011-12 Shortfall

Revenue

Major Revenue Losses Projected

- (47.1) FMAP Increase
- (88.0) Hospital Fee
- (32.7) Other One-Time Sources (Health Revenues, State Reimbursements, ESER Bond Repayments)



FY2011-12 Shortfall

Revenue

Other Revenue Changes

4.4	Net Rainy Day Withdrawal
20.6	Base HHS State and Federal Revenue
0.5	Other
(86.4)	Revenue Total



FY2011-12 Shortfall

Expenditure Highlights

- (34.8) Salaries
- (15.3) Health and Dental - Retirees
 - (9.2) Health and Dental - Active Employees
- (37.1) Retirement - Employer Contributions
- (4.7) Other Salary and Benefit Cost Increases



FY2011-12 Shortfall

Expenditures

- (32.1) Baseline Funding Increases
- (44.6) Capital Budget
- (19.2) COLA on Contracts, Materials and Supplies
- (10.5) Equipment and Information Technology
- (12.5) Debt Service



FY 2011 Budget

POTENTIAL UNCERTAINTIES

- Continued economic uncertainty
- State Budget
- Current year overspending or supplemental appropriations



FY2011 Budget Instructions

- Propose reductions and revenues equal to 10% of adjusted GF support (at least 7% ongoing)
- Of the 10%, at least 2.5% should be current year savings
 - Submitted to Mayor's Office December 21
 - Generated \$19.8 million in savings and revenue
- Remainder of 10% submitted with budget
- Provide additional 10% contingency



FY2011 Budget Instructions

Prioritize core functions

Seek and prioritize solutions such as:

- Administrative efficiencies
- Consolidation of programs and functions
- Restructuring service delivery
- Revenue options



Calendar: Key Dates and Next Steps

January 10	Governor's Budget Released
Jan-Feb	Commission Hearings on Dept Budgets
February	Controller's 6-Month Report
Feb 22	Dept Budget Submissions Due
March	Joint Report Issued
May 2	Enterprise Department Budgets
June 1	Mayor Proposes Balanced Budget



Long-Term Financial Issues

- Salary and Benefit cost growth places continuing pressure on budget
- Volatile Revenues
- 5-Year Financial Plan
- 2-Year Budgets



Questions?

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