promotes well-being and self-sufficiency among individuals, families and communities

Human Services Agency FY13-14 & FY14-15 Budgets

CBO Budget Meeting December 19, 2012
HSA FY12-13 Original Budget By Sources
$703.5M

- Federal $224.6M (32%)
- State $63.8M (9%)
- Realignment 1 $60.7M (9%)
- Realignment 2 $60.1M (8%)
- Federal/State Grants $32.8M (5%)
- Community Living Fund $2.5M (0%)
- Human Services Care Fund $13.7M (2%)
- General Fund - Operating $111.9M (16%)
- General Fund - Aid $102.9M (15%)
- Work Order Recovery $30.6M (4%)
- Human Services Care Fund $2.5M (0%)
- General Fund - Operating $111.9M (16%)
- General Fund - Aid $102.9M (15%)
- Work Order Recovery $30.6M (4%)
- Federal $224.6M (32%)
- State $63.8M (9%)
- Realignment 1 $60.7M (9%)
- Realignment 2 $60.1M (8%)
- Federal/State Grants $32.8M (5%)
- Community Living Fund $2.5M (0%)
- Human Services Care Fund $13.7M (2%)
HSA FY12-13 Original Budget: Operating vs Aid:
$703.5M

Operating - Total $459.0M 65%
Aid - Total $244.5M 35%
Mayor’s FY13-14 & FY14-15 Budget Projections

Revenue outlook favorable; yet structural deficit persists

<table>
<thead>
<tr>
<th>Citywide Projected Shortfall (in millions)</th>
<th>FY13-14 (vs. Adopted)</th>
<th>FY14-15</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Revenue</td>
<td>15.30</td>
<td>65.5</td>
</tr>
<tr>
<td>Total Expenditures</td>
<td>(144.4)</td>
<td>(199.6)</td>
</tr>
<tr>
<td>Incremental Shortfall</td>
<td>(129.1)</td>
<td>(134.1)</td>
</tr>
<tr>
<td>Cumulative Shortfall</td>
<td>(129.1)</td>
<td>(263.2)</td>
</tr>
</tbody>
</table>
### FY13-14 & FY14-15 Projections

**Citywide Revenue Changes**

<table>
<thead>
<tr>
<th>Citywide Revenue Summary</th>
<th>FY13-14 (vs. Adopted)</th>
<th>FY14-15</th>
</tr>
</thead>
<tbody>
<tr>
<td>Changes to Fund Balance</td>
<td>(18.7)</td>
<td>0</td>
</tr>
<tr>
<td>Changes to Reserves</td>
<td>0</td>
<td>(14.1)</td>
</tr>
<tr>
<td>Revenue Growth</td>
<td>34.0</td>
<td>79.6</td>
</tr>
<tr>
<td><strong>Total Revenue Changes</strong></td>
<td><strong>15.3</strong></td>
<td><strong>65.5</strong></td>
</tr>
</tbody>
</table>
## FY13-14 & FY14-15 Projections
### Citywide Expenditure Changes

<table>
<thead>
<tr>
<th>Citywide Expenditure Summary</th>
<th>FY13-14</th>
<th>FY14-15</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Baselines &amp; Set-Asides</strong></td>
<td>(77.4)</td>
<td>19.2</td>
</tr>
<tr>
<td><strong>Citywide Uses – Salaries &amp; Benefits</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Prior Year COLAs &amp; MOUs</td>
<td>0</td>
<td>(23.0)</td>
</tr>
<tr>
<td>Health &amp; Dental</td>
<td>0</td>
<td>(23.5)</td>
</tr>
<tr>
<td>Lower than expected health rates</td>
<td>2.1</td>
<td>0</td>
</tr>
<tr>
<td>Pension Costs</td>
<td>(5.9)</td>
<td>(40.1)</td>
</tr>
<tr>
<td>All other changes</td>
<td>(5.0)</td>
<td>(3.5)</td>
</tr>
<tr>
<td><strong>Subtotal Salary &amp; benefit changes</strong></td>
<td>(8.8)</td>
<td>(90.0)</td>
</tr>
</tbody>
</table>
### FY13-14 & FY14-15 Projections

#### Citywide Expenditure Changes (continued)

<table>
<thead>
<tr>
<th>Citywide Expenditure Summary</th>
<th>FY13-14</th>
<th>FY14-15</th>
</tr>
</thead>
<tbody>
<tr>
<td>Citywide Uses - Other</td>
<td></td>
<td></td>
</tr>
<tr>
<td>City’s Capital Plan</td>
<td>(28.5)</td>
<td>(51.4)</td>
</tr>
<tr>
<td>CPI on Non-Personnel Costs</td>
<td>0</td>
<td>(32.7)</td>
</tr>
<tr>
<td>All Other Citywide Uses</td>
<td>(11.3)</td>
<td>(8.2)</td>
</tr>
<tr>
<td><strong>Subtotal Citywide - Other</strong></td>
<td>(39.8)</td>
<td>(92.3)</td>
</tr>
<tr>
<td>Dept. Costs Linked to Capital Investments</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Expenditure Changes</strong></td>
<td>(144.4)</td>
<td>(199.6)</td>
</tr>
</tbody>
</table>
Budget Uncertainties

- Economic growth
- Additional state and federal losses
- Sequestration / Fiscal Cliff
- Managed Care / Transitional Care / Health Care Reform
- Benefit cost growth
- Labor contracts open in Year 2
Cost of Doing Business (CODB)

• FY13-14 CODB increase (relative to the base budget) will be 0.09%

• FY12-13 and FY13-14 increase is baselined (i.e. funded on an ongoing basis)

• FY14-15 projections include a CPI increase for non-personnel costs, though this cost factors into the projected shortfall and thus is not guaranteed
Mayor’s Budget Instructions
FY13-14 & FY14-15

• Reduce General Fund by 3% over two years
  – FY 13-14: Propose ongoing reductions and revenues equal to 1.5% of adjusted GF support
  – FY14-15: Propose ongoing reductions and revenues equal to additional 1.5% of adjusted GF support

• Citywide, 1.5% generates $18.7M annually
  Value of Target:   FY13-14   $18.7M
                  FY14-15   $37.4M
HSA Reduction Target

- FY13-14 $1,351,071
- FY14-15 $1,621,287
Total $2,972,358
HSA Budget Strategies

• Leverage Agency-wide revenue

• Achieve administrative efficiencies across the agency

• Hold the line on agency cost increases
HSA FY13-14 & FY14-15
Budget Timeline

- Dec 10  Mayor’s Budget Instructions Released
- Dec 19  HSA Budget Meeting with CBO partners
- Jan 29  Aging & Adult Svcs Commission – 1\textsuperscript{st} budget meeting
- Feb 6   Aging & Adult Svcs Commission – 2\textsuperscript{nd} budget meeting
- Feb 7   Human Services Commission – 1\textsuperscript{st} budget meeting
- Feb 21  Department Proposed Budgets due to Mayor
         (HSA to submit tentative budget pending HSC 2\textsuperscript{nd} meeting)
- Feb 28  Human Services Commission – 2\textsuperscript{nd} budget meeting
- June 1  Mayor submits budget proposals to Board
- June    Board of Supervisors Budget Committee Hearings
- July    Budget Considered by Board of Supervisors