



Revised Budget Outlook & Department Instructions

May 20, 2020



Forecast Through FY 2023-24

	<u>FY2019-20</u>	<u>FY2020-21</u>	<u>FY2021-22</u>	<u>FY2022-23</u>	<u>FY2023-24</u>
I. Current fiscal year	(246.2)				
II. Future fiscal years		(753.9)	(735.4)	(1,016.4)	(1,088.5)
III. Projected shortfalls	<u>(246.2)</u>	<u>(753.9)</u>	<u>(735.4)</u>	<u>(1,016.4)</u>	<u>(1,088.5)</u>
FY 2019-20 - FY 2021-22 Total			(1,735.5)		



Risks & Uncertainty

- Duration and intensity of public health risks
- Slower or later recovery than assumed
- Level of City response sustained in coming years
- Federal & State revenue risks



Department Budget Instructions



Budget Priorities

- Meet General Fund reduction requirements
- Prioritize core services that provide critical government functions
- Evaluate current operations for realignment with City outlined COVID operating measures and guidelines
 - What operations can and should be performed remotely?
 - What services need to be provided in person? And how?
 - What services can be moved online?
- Prioritize services for vulnerable populations and providing equitable services for underserved populations



Department Reduction Plans

Mandatory budget reductions to help close the deficit

- Required reduction of General Fund support
 - Equivalent to 10% of adjusted GFS in FY 20-21
 - Growing to 15% in in FY 21-22 (an additional 5%)
 - Additional 5% in second year – contingency in FY 20-21 if fiscal conditions worsen
- Non-General Fund departments and funds must balance within their own revenue projections



Department Reduction Plans

When developing reduction plans, prioritize solutions that maintain core functions – at modified levels. Consider:

- Contract savings – reduce or cancel underperforming contracts, services that do not conform to physical distancing, or those supporting non-essential activities
 - For necessary contracts, consider re-bidding at reduced rates
- Reduction of personnel costs - including elimination of vacant positions, attrition savings, or project suspensions
- Streamlining operations and consolidation
- New revenue options



Reduction Plan – Timeline & Logistics

- Mandated reduction plans are due to the Mayor's Budget Office by June 12, 2020
- Departments will provide mandatory reduction plans from the base budget
 - Provide technical plan to implement reductions
- Provide clear, written description of service and staffing impacts of reductions



Future Planning - Re-opening

Make budget decisions based on the following re-opening considerations

- Identify core services – critical government functions
- Incorporate public health guidance for re-opening operation planning
- Equity principles and considerations need to guide any service changes to ensure people can still access needed services in a safe manner
- Citywide guidance to follow – do not implement or communicate changes until guidance is issued



Future Planning - Re-opening

Make budget decisions based on the following re-opening considerations

- Workforce
 - City employees who can work from home, should work remotely
 - How will physical space and supply needs change for work that must continue in person and work that can happen remotely?
- Required public services - in-person & online considerations
 - What are services, or that must be delivered in person - statutory, regulatory, equity?
 - How should they be delivered differently – queuing, appointments, & space needs
 - What services can be moved online and how would that impact different residents?



Additional Budget Directions

- No new hiring – except for direct COVID response and essential workforce
- Communicate with other departments & MBO analyst on work order reductions that may have a General Fund impacts

For the remainder of the current fiscal year (FY 2019-20):

- Only those cash-funded, general fund supported capital projects necessary to address legal, life-safety issues, and other essential needs may proceed from design into construction for now - with approval from the Capital Planning and DPW
- Contracts –
 - RFP schedules – do not issue new RFPs until pending guidance
 - Contract continuity across fiscal years process – guidance forthcoming
- Do not move forward with new programs currently on pause, until rebalancing plan decisions are made and communicated



Interim Budget

Allow department operations to continue from July 1, 2020 until Mayor's Proposed budget is adopted by the Board of Supervisors (October 2020)

- FY 2020-21 & FY 2021-22 base budget
- Policy choices reserved for August 1 Mayor's Budget
- Introduced by June 1; needs to be approved by the Board by July 1
- Controller guidance on contract continuity forthcoming



Public Input & Process

- Departments should provide updates to commissions and advisory bodies of reduction plans
- Where feasible, share budget proposals in an online format or forum prior to submission to the Mayor's Office in order to receive feedback
- Discussing fiscal picture with labor partners & CBO partners in the coming week



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Calendar / Key Dates

May 12	Revised Joint Report, 9-Month Report, & COVID Spending
May 14	Governor's May Revise Budget
May 18	Revised department budget instructions issued
Late May	Current fiscal year rebalancing plan introduced
June 1	Interim budget introduced to the Board of Supervisors & adopted for FY 20-21 fiscal year continuity
June 12	Department budget reduction plans due to the Mayor's Office
August 1	Mayor proposes balanced budget to Board of Supervisors
August	Budget and Finance Committee hearings
September	Budget considered at Board of Supervisors
October 1	Mayor signs budget



Questions?