

File # 170250
Received in Committee
4/5/18
j.w.



March Update to the Five Year Financial Plan FY 2018-19 through FY 2021-22

April 5, 2018



Assumptions

- “Base case” projection
- Revenue
 - Economy strong but revenue growth slowing and signs of growth constraints
- Salary and Benefits
 - Inflation increase on personnel (average of Moody’s & CA DOF)
- Citywide Costs
 - Inflation on nonpersonnel
 - IHSS cost increases from the State
 - Funding the Hall of Justice Exit plan



March Update Projection

Updated Projection	FY 18-19	FY 19-20	FY 20-21	FY 21-22	% of Uses
<i>SOURCES Increase/(Decrease)</i>	235.1	510.5	360.2	488.7	
Baselines & Reserves	(83.6)	(117.9)	(163.6)	(190.7)	17%
Salaries & Benefits	(112.5)	(261.4)	(411.4)	(531.2)	47%
Citywide Operating Budget Costs	(50.9)	(152.9)	(209.7)	(283.1)	25%
Departmental Costs	(26.0)	(77.4)	(96.5)	(135.6)	12%
<i>USES Increase/(Decrease)</i>	(273.0)	(609.5)	(881.2)	(1,140.6)	100%
Projected Cumulative Surplus / (Shortfall)	(37.9)	(99.0)	(521.0)	(651.9)	

Approx. \$137 million for the upcoming two-year budget. Mayor must introduce a balanced budget each year.



Changes from December Report

- Revenue
 - \$61.6M in additional FY 2017-18 fund balance from Six-Month Report
 - Higher than previously projected property, business, and hotel tax revenue
- Salary and Benefits
 - Changes to CPI assumptions
 - Revised projected employer pension contributions
- Citywide Costs
 - Replenishment of Election Campaign Fund
 - Increased impact of IHSS cost shift from the State
 - Annualization of Current Year Supplementals



Structural Deficit and Risks

- Near term reliance on onetime sources;
- Significant structural deficit remains- increase of \$420M in deficit between FY 2019-20 and FY 2020-21;
- Assumes no downturn or recession;
- Continued State and Federal uncertainty.

