



City and County of San Francisco
Five Year Financial Plan and
FY 2015-16 & FY 2016-17 Budget
Instructions

Commission on the Environment
January 27, 2015



Agenda

- Financial Planning & Policies
- Five Year Financial Plan
 - Goals
 - General Fund Base Case
 - Proposed Fiscal Strategies
 - Recession Scenario
- Budget Instructions



Financial Planning and Policies

- The City has worked over the last several years to strengthen its long term financial management and reduce volatility in our budget process.
- Two-year budgeting: FY 2014-15 and FY 2015-16 budget included seven departments with “fixed” two year budgets
- Consistent Long-Term Planning
 - Five Year Financial Plan, Five Year Information and Communication Technology (ICT) Plan, & Ten Year Capital Plan
- Responsible Fiscal Policies
 - Continue to increase reserves, limit the use of one-time sources to balance the budget, & codify debt policies and restrictions



Five Year Financial Plan Goals

- Highlight Key Financial Issues and Road Map for the City
 - Identify key drivers of revenues and expenditures
 - Monitor progress on the City's structural deficit
- Develop Multi-Year Strategies
 - Adopt strategies and implement them over time to reduce volatility in the City's budgeting process
- Five Year Financial Plan moved to the Fall
 - Move long range planning process well before budget time frame to allow for more thoughtful process

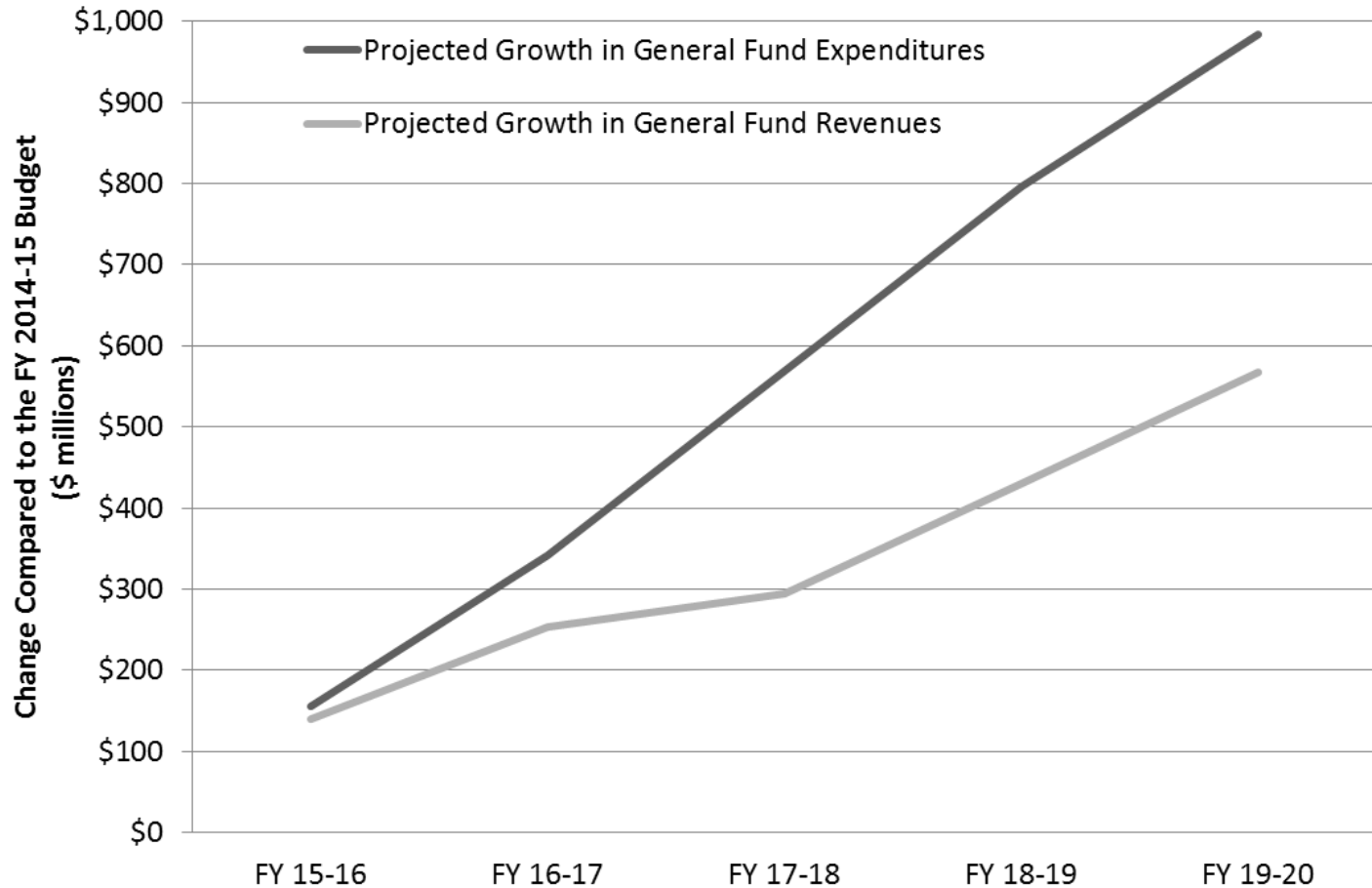
5 Year Base Case Outlook: Improved but Still Requires Corrective Actions

Summary of General Fund Supported Projected Budgetary Surplus / (Shortfall) (\$ Millions)

	Savings/ (Cost) Change from Prior Year, \$ Million				
	FY15-16	FY16-17	FY17-18	FY18-19	FY19-20
Change in Projected Sources	139.9	112.9	41.2	136.8	136.1
Change in Projected Uses	(155.9)	(185.2)	(227.7)	(228.0)	(187.9)
Incremental Surplus / (Shortfall)	(15.9)	(72.3)	(186.6)	(91.2)	(51.8)
Cumulative Surplus / (Shortfall)	(15.9)	(88.3)	(274.8)	(366.1)	(417.9)

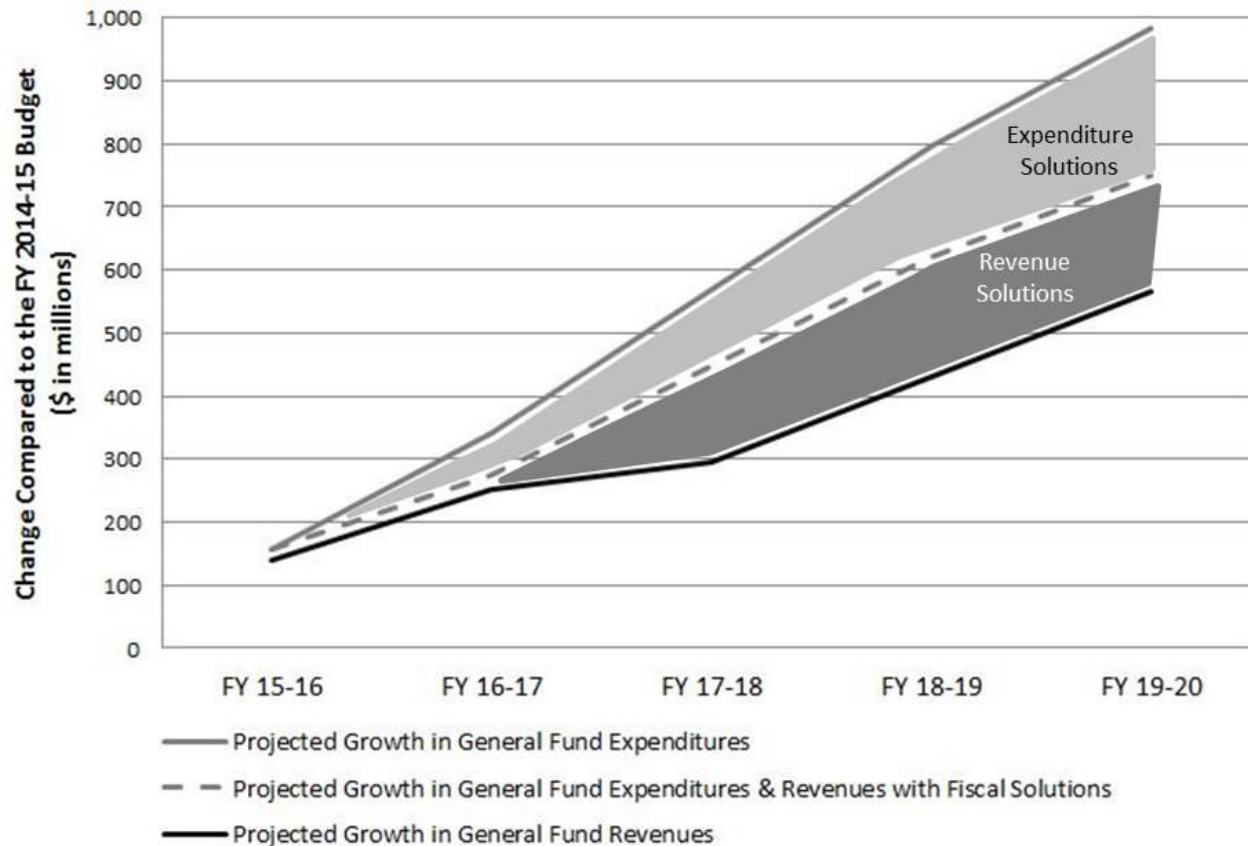
5 Year Outlook Base Case:

Growth in Expenditures Still Projected to Outpace Growth in General Fund Revenues

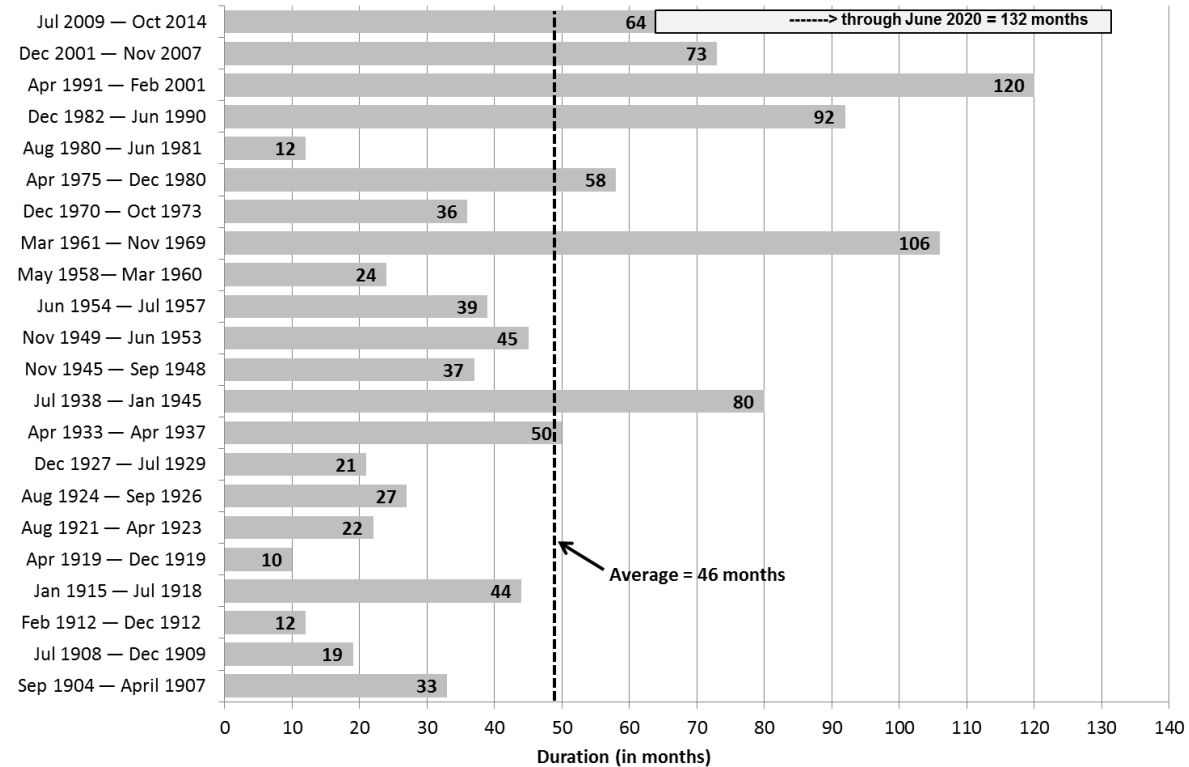


Fiscal Strategies: Grow, but at a slower pace than projected

- Slow the pace of growth from 23% to a more modest 18% over the next five years through a variety of strategies.

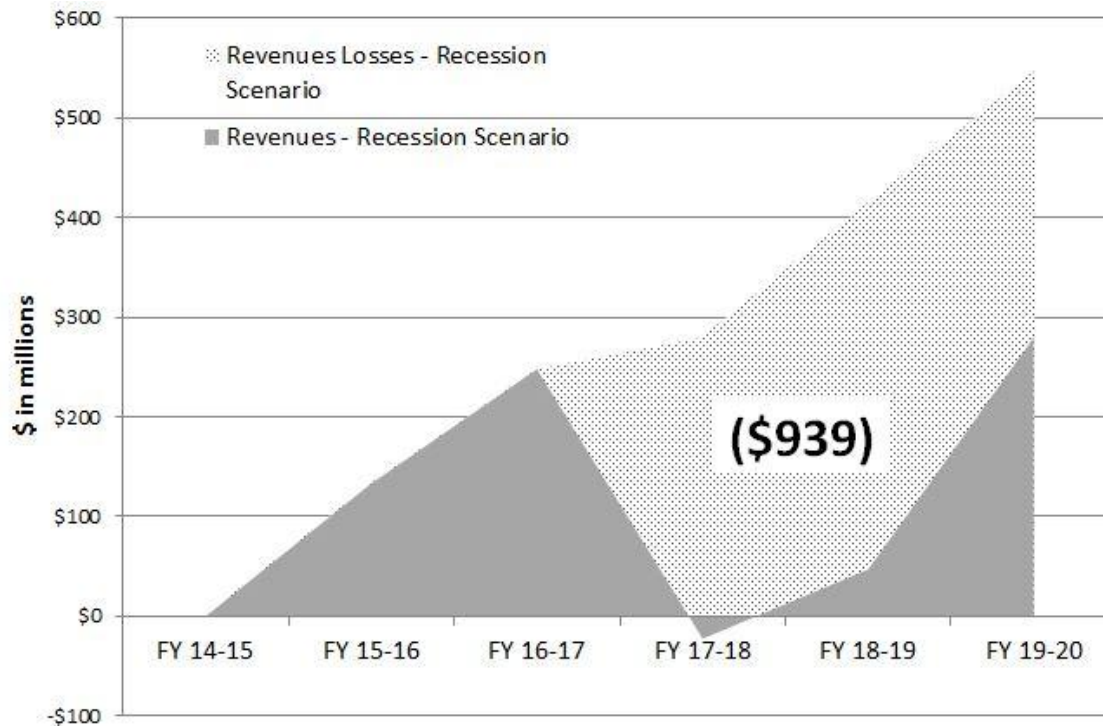


Recession Scenario



- Since 1900, average length of time between recessions has been 46 months. The current economic expansion has lasted over 64 months.
- If no recession through FY20, it will mark the longest economic expansion since 1900.

Recession Scenario



Recession Scenario - Five Year Forecast	FY 15-16	FY 16-17	FY 17-18	FY 18-19	FY 19-20
Base Case Deficit Projection	(16)	(88)	(275)	(366)	(418)
Updated Deficit Projection	(16)	(88)	(556)	(773)	(821)
<i>Change in Projected Deficit</i>	-	-	(281)	(407)	(403)

FY16 & FY17 *Budget Instructions*

PROJECTED BUDGET SHORTFALL	FY15-16	FY16-17
Total Sources	139.9	112.9
Total Uses	(155.9)	(185.2)
<i>Incremental Shortfall</i>	<i>(15.9)</i>	<i>(72.3)</i>
Cumulative Shortfall	<u>(15.9)</u>	<u>(88.3)</u>

FY16 & FY17: *Budget Instructions*

- FY 2015-16: No target reductions requested. Absorb revenue losses.
- FY 2016-17: Propose ongoing reductions and revenues equal to 1.0% of adjusted GF support.

Calendar: *Key Dates and Next Steps*

Dec 4	Budget Instructions
January	Governor's Budget Released
January 16	IT Plans and Capital Budget Requests Due
February	Controller's 6-Month Report
February 23	Budget Submissions Due
March	Budget Town halls and Stakeholder Meetings Begin
	Joint Report – Update to 5 Year Outlook
May	Controller's 9-Month Report
	Governor's May Revise
June 1	Mayor Proposes Balanced Budget
June	Budget Committee Hearings
July	Budget Considered at Board of Supervisors

Questions

Questions?