



Maria Su, Psy.D.
EXECUTIVE DIRECTOR



Edwin M. Lee
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TO: Members of the Oversight & Advisory Committee

THROUGH: Maria Su, Director

FROM: Leo Chyi, Director of Budget, Operations, and Grant Support (CFO)

DATE: December 10, 2015

SUBJECT: FY 2016-17 and 2017-18 Budget Instructions

DCYF received budget instructions from the Mayor's Office and Controller's Office on December 1, 2015. I have attached a soft copy of their presentation for your reference, and the detailed formal instructions should be posted online in the near future. I will present a more DCYF-specific presentation at our December 14, 2015 OAC Meeting, but I thought some of you might be interested in this deeper background about the City's financial position.

Here are some key highlights from the presentation:

- The City is projecting a \$100M General Fund shortfall in FY 16-17 which grows to a \$240M General Fund shortfall in FY 17-18.
- Revenues are projected to grow at a solid pace of 9.5% each year, but cost growth outpaces revenue growth, resulting in the projected deficit. Increased retirement costs are a major factor.
- The Mayor's Office has requested ongoing 1.5% General Fund reductions to FY 16-17 departmental budgets, as well as an additional 1.5% reduction in FY 17-18.
- This equals \$510,697 in ongoing cuts to DCYF's Budget in FY 16-17 and an additional cut of the same value in FY 17-18.
- DCYF's Children and Youth Fund will also need to absorb its portion of cost increases.

If you are interested in more specifics beyond the presentation, the Five Year Financial Plan Update was released by the Controller's Office, Mayor's Office, and Board of Supervisors' Budget Analyst on December 7, 2015, and can be found at this link:

<http://sfcontroller.org/Modules/ShowDocument.aspx?documentid=6988>. This joint report details the underlying assumptions and analysis behind the shortfall projection.

I look forward to providing you more DCYF-specific information on Monday.