


DCYF Budget Update and Discussion

Presented to:
All Grantee Meeting
January 21, 2009



Desired Outcomes

- Share Our Understanding of the Current Budget Context
- Communicate Budget Facts and Instructions
- Outline DCYF FY 09 – 10 Budget Approach
- Take Questions & Answers
- Engage in Small Group Discussion to Inform Budget Development

The Current Context

The impact of the current economic environment is unfolding with significant impacts for our constituents, partners and DCYF

- Families
- Service Providers
- Philanthropy
- Government

Creating a challenging environment for making budget decisions

The Current Context: Families

Purchase power decreasing

- Food costs increasing in double digits nationally
 - Milk 26% increase, eggs 40% increase.

Unemployment rising

- Rises in unemployment correlate with increases in poverty.

Demands for safety net services growing

- Food Bank providing serving more clients but providing each less food.

Family stress increasing

- Kaiser Permanente SF has seen psychiatric admissions increase four fold in August, 60% of patients blaming financial stress for at least part of the problem.

The Current Context: Service Providers

According to the United Way of the Bay Area's Fall 2008 Nonprofit Pulse Survey, many agencies are feeling the economic downturn:

- **69% report an increase in service demand** during the last six months.
- **46% have been unable to meet the increase.**
- **28% plan to reduce services.**
 - In 2007, the survey found 90% of nonprofits planning to increase or maintain services.
- **26% experienced revenue decreases because of the delay in receiving state grants** due to the delay in the approval of the California State Budget.

The Current Context: Philanthropy

Foundations have lost an average of **30 percent** of their assets due to the plunge in the stock market as demand is increasing.

The Council on Foundations, *The Chronicle of Philanthropy*.
www.councilofnonprofits.com

The Current Context: Government

State budget shortfall projected at least \$45 billion

Services vulnerable to cuts:

<u>Service</u>	<u>FY08-09 GF Spending</u>
● K-12 Education	\$41.6 billion
● Higher Education	\$12.1 billion
● Health and Human Services	\$31.1 billion

Local Budget Context (GF in Millions)

Sources

Net Loss of One-Time Sources	-77.4
Revenue Growth	<u>-188.4</u>
Sources Subtotal	-\$265.8

Uses

Operating Costs	-230.8
Voter Approved Baselines	<u>-7.0</u>
Uses Subtotal	-\$237.8

Estimated State Cuts -72.0

Shortfall Projection -\$575.6

Est FY09-10 Savings from FY08-09 Reductions 115.2

Projected Shortfall with Mid-Year Reductions -\$460.4

09- 10 Budget Instructions

- Creatively explore internal and interdepartmental strategies to meet targets through revenue or expense strategies
- City wide work groups have been convened to explore broad changes
 - Public safety, community based organization contracting, departmental consolidation, human resources

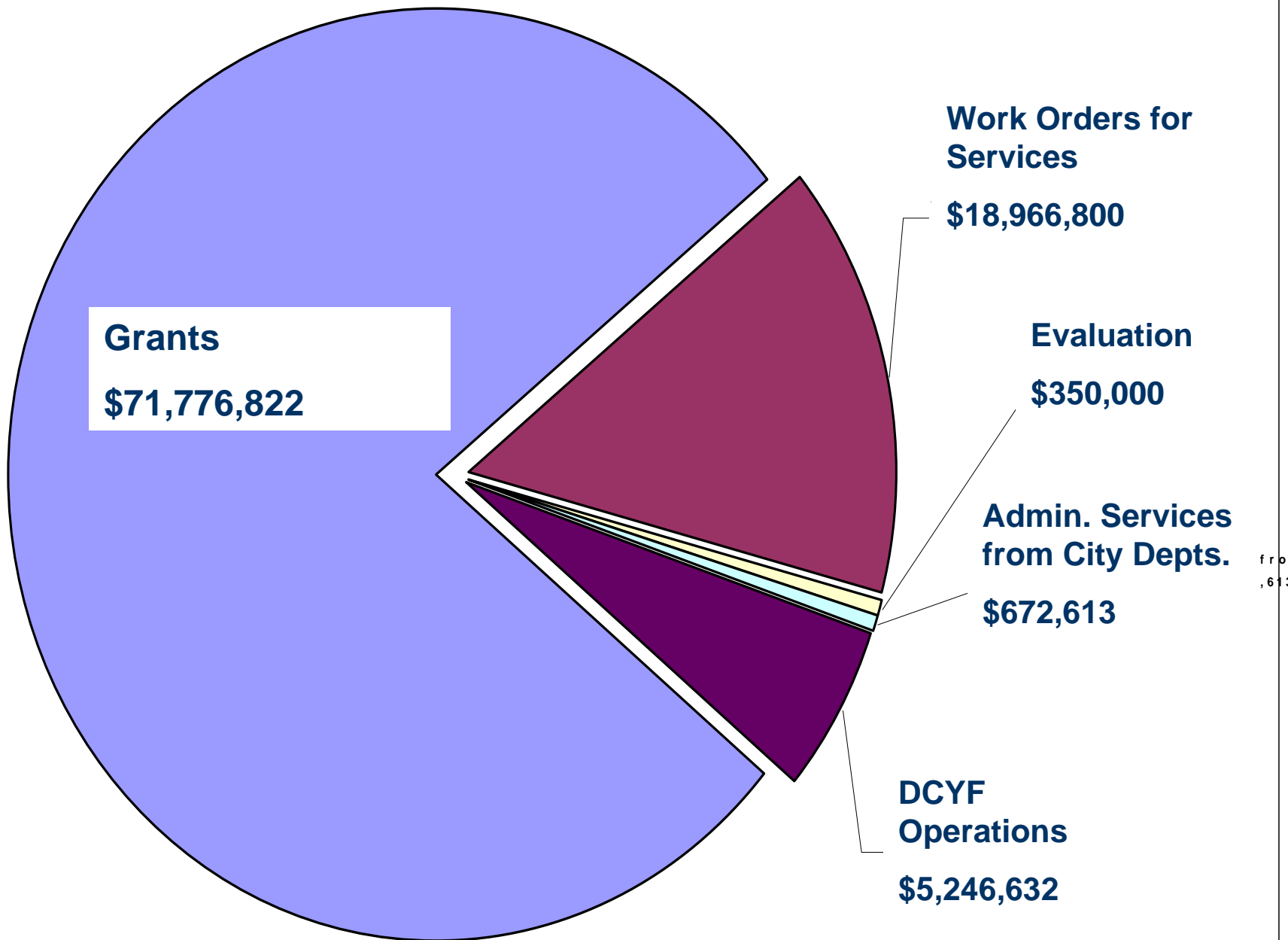
DCYF FY 09- 10 Budget Instructions

- Prepare a budget with a 12.5% reduction in the revised general fund budget (approx. \$3.3 million)
- Prepare an additional 12.5% contingency reduction in general fund budget (approx. \$3.3 million)
- Anticipate changes with Children's Fund
 - Best Case (no growth , approx. \$2.5 million reduction due to increasing costs and loss of one time revenues)
 - Possible Case (decrease, approx. \$5 million reduction)

Impact of Budget Instructions on DCYF

- Best case \$5.8 million reduction in budget (approximately 6.7%)
- Possible case \$11.6 million reduction in budget (13.4%)
- While DCYF is working to identify operational budget savings, grant commitments will need to be reduced to meet these targets.

DCYF Expenditures 08-09



DCYF Process & Approach

Multiple inputs into process for Departmental budget to be submitted Feb. 20th:

- Data on performance from Contract Management System and site visits
- Grantee Survey (55 responses received)
- Internal Service Area Teams comprised of program officers and planners
- Consultation with other funders
- Today's grantee dialogue
- Citizen's Advisory Committee Meetings (January 8th & February 5th)

DCYF Process & Approach

We are actively working to identify targeted, least-harm cuts through a data-driven, results based approach balancing the following factors:

- Direct services core to Children's Amendment
- Community need
- Populations served
- Impacts of other funding streams (local, state, philanthropic)
- Mayoral priority

DCYF Process & Approach

Staff are working to identify reductions as responsibly as possible:

- (1) Eliminating programs that have not yet started or slowing down ramp up of newly launched efforts;
- (2) Restructuring programs to preserve direct services but create efficiencies;
- (3) Reductions in contracts or programs based on under-spending;
- (4) Reductions in contracts or programs based on under-utilization or performance;
- (5) Reductions in contracts or programs which are performing but do not provide direct services

Next Steps

- Analyze input from various sources
 - ** today's small group discussions will be key**
- Develop budget scenarios
- Present and receive input at February 5th Citizen's Advisory Committee
- Submit balanced, "least harm" budget
February 20th

For More Information

- Visit the Budget page of www.dcyf.org (this presentation will be posted later today)

Contact Your DCYF Colleagues

OR

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or other DCYF staff

Buzz Session

Turn to your neighborhood for 5 minutes and discuss:

- What is your reaction to the information shared?
- Do you have any clarifying questions?



Questions and Answers

Small Group Discussion & Input

Bayview/Hunters Point, Visitation Valley & Potrero Hill	(Green Room)
Sunset, West of Twin Peaks, Merced & Miraloma	(Room 212)
Chinatown, Tenderloin, SoMA, Treasure Island, North Beach & Telegraph Hill	(Room 223)
Excelsior, OMI, & Portola	(Room 213)
Western Addition & Haight	(Room 215)
Mission, Bernal Heights & Castro	(Room 202)
Richmond, Pacific Heights & Presidio	(Room 219)