

DATE ISSUED: May 19, 2004

REPORT NO. 04-103

ATTENTION: Honorable Mayor and City Council
Docket of May 24, 2004

SUBJECT: Fiscal Year 2005 Social Services Program

SUMMARY

Issues

- 1) Should the City Council adopt the City Manager's funding recommendations for Fiscal Year 2005 Social Service Programs, contingent upon certification of funds availability by the City Auditor and Comptroller?
- 2) Should the City Council approve funding appropriations from the Community Development Block Grant Program, Emergency Shelter Grant, and the Housing Commission for Fiscal Year 2005 Social Service Programs, contingent upon adoption of the FY 2005 budget and contingent upon certification of funds availability by the City Auditor and Comptroller?
- 3) Should the City Council authorize the City Manager to negotiate and execute agreements with all programs approved for funding, contingent upon certification of funds availability by the City Auditor and Comptroller?

City Manager's Recommendations

- 1) Adopt the City Manager's funding recommendations for Fiscal Year 2005 Social Service Programs, contingent upon certification of funds availability by the City Auditor and Comptroller.
- 2) Approve funding appropriations from the Community Development Block Grant Program, Emergency Shelter Grant, and the Housing Commission for Fiscal Year 2005 Social Service Programs, contingent upon adoption of the FY 2005 budget and

contingent upon certification of funds availability by the City Auditor and Comptroller.

- 3) Authorize the City Manager to negotiate and execute agreements with all programs approved for funding, contingent upon certification of funds availability by the City Auditor and Comptroller.

Fiscal Impact

Adoption of these recommendations results in appropriations in the amount of \$3,466,097 for Fiscal Year 2005. Funds are available from the Community Development Block Grant, Emergency Shelter Grant, and the Housing Commission.

BACKGROUND

On November 19, 2001 the City Council adopted a formal selection process for the allocation of social services funding (Resolution # 295744). The process was recommended by a Task Force consisting of representatives from non-profit organizations, community members, and Mayor and City Council staff.

A dual category system was adopted to create a priority category of programs. These programs, referred to as Basic Services, do not have to compete in the competitive selection process. The programs recommended for this category must fit in to one of five groups: (1) City administered or sponsored programs; (2) Council directed programs; (3) programs designated to receive earmarked funding from another government agency; (4) programs funded by the City at no less than \$100,000 during each of the last five fiscal years; and (5) other programs approved by the City Council. Basic Services programs are afforded three-year contracts subject to annual renewal.

Programs that do not meet the Basic Services criteria can apply in an annual competitive application process for the remaining funds.

DISCUSSION

The City is facing a significant budget shortfall for FY05. As a result, the City Manager has proposed a number of cost savings measures in the proposed FY05 Budget. One such measure is a General Fund reduction of \$1,778,527 in the Social Service Program. For many years, it has been a practice of the City Council to augment the Social Service Program with General Funds to maximize our efforts of providing social services to the citizens of San Diego. Listed below is a breakdown of FY04 funding and the proposed FY05 funding.

Funding Available for Social Services	FY04	FY05
Community Development Block Grant Funds	\$2,797,050	\$2,739,000
Emergency Shelter Grant Funds	\$ 631,000	\$ 682,097

City General Funds	\$1,778,527	\$ 0
County of San Diego	\$ 25,000	\$ 0 *
San Diego Housing Commission	\$ 45,000	\$ 45,000 **
Total Funds Available	\$5,267,577	\$3,466,097
Basic services Recommendations	\$3,314,921	\$3,166,097
Available for competitive selection process	\$1,961,656	\$ 300,000
Total Funds Expended	\$5,276,577	\$3,466,097
Reduction of Social Service Program Funds		(\$1,810,480)

* For many years, the County of San Diego allocated \$25,000 annually toward the operation of the Neil Good Day Center. We have been notified that they will not provide funding in FY05 due to funding constraints.

** The San Diego Housing Commission will provide \$45,000 to the City to fund the Regional Task Force for the Homeless Program.

Basic Services

Basic Services fall into two categories: City Programs and Other than City Programs.

City Programs - Attachment 1 lists City administered or City directed programs followed by a brief program description. Some programs are recommended for increased funding to address increased operating costs.

Other than City Programs - Attachment 2 lists the Basic Service programs that are not City administered or City directed followed by a brief program description. A 15% reduction is proposed for most programs. However, some are recommended for a greater reduction to adequately fund City Programs and retain an amount for the competitive category. Fiscal Year 2005 represents the third year of funding in a three year funding period. All Basic Services that are not City Programs will be reviewed in FY05. The outcome of that review will determine if the City Manager will recommend funding beyond FY05.

Competitive Social Service Process

In FY04, fifty (50) programs were funded through the competitive process for a total of \$1,961,656. The proposed reduction of \$1,810,480 leaves \$300,000 for the FY05 competitive process.

The application period was kicked off December 4, 2003 with a submittal deadline of February 2, 2004. The City received 115 applications requesting a total of \$3,281,426. With the \$300,000 available, staff recommends the 20 highest scoring currently funded programs be allocated \$15,000 each. No new programs are recommended for funding.

Attachment 3 lists all programs recommended for funding in the competitive category.

Attachment 4 lists all programs not recommended for funding in the competitive category.

CONCLUSION

The City has funded Social Service Programs since the late 1960's. Many of the programs funded in the current year have received funding for more than 10 years. These programs are critically important to their respective clients and communities, and improve the quality of life in the City of San Diego. The recommendation to eliminate all City General Funds from this program is brought about by the dire fiscal challenges facing the City today.

We acknowledge that \$300,000 significantly limits our ability to financially support the dedicated non-profits that serve our City's neediest residents. City staff will continue to seek out grants and other ways to serve the social needs of San Diego within available resources.

Without new or increased funding sources, it is anticipated that the City will no longer have the ability to competitively award grants to the non-profit social service community in future fiscal years. However, the City will continue to fund City programs and Basic Services to the extent there is funding.

ALTERNATIVE(S)

- 1) Do not adopt the City Manager's funding recommendations.
- 2) Adopt the City Manager's funding recommendations with changes.

Respectfully submitted,

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Approved: Bruce Herring
Deputy City Manager

HERRING/DFE/ELL

- Attachments: [1. Recommended Basic Services Allocations – City](#)
[2. Recommended Basic Services Allocations – Other than City](#)
[3. Recommended Competitive Allocations](#)
[4. Projects not recommended for funding – Competitive Process](#)