



CBO is currently managing several key changes to the budget process in addition to implementing the City’s new budgeting software system. While these changes represent a significant opportunity to improve both the efficiency and effectiveness of the City’s budget process, the implementation of these changes have consumed a considerable portion of CBO’s focus and staff time over the past year and is expected to continue to consume significant staff time through FY 2019-20. These changes are being currently implemented under new and interim leadership, following recent departures of the budget director and assistant budget director.

## BASE BUDGET KEY ISSUES

### Budget Risks

Personnel costs are the primary driver of the CBO’s budget, making up \$2.3 million of its \$2.8 million annual budget --- approximately 83%. Underspending in personnel costs have decreased each year from \$46,000 (2.5%) in FY 2014-15 to \$20,000 (1.0%) in FY 2017-18. Total bureau underspending has varied, ranging from \$27,000 to \$87,000 over the past five years.<sup>1</sup> This trend indicates that CBO has limited flexibility to absorb significant changes in personnel costs. The bureau’s remaining budget of \$500,000 is used for internal service costs of approximately \$250,000 and another \$250,000 for other materials and services costs, as outlined in the chart.

CHART 1: CBO'S MATERIALS AND SERVICES BUDGET



For FY 2019-20 and beyond, two key changes pose a risk to CBO’s budget, both of which are driven by the increased compensation ranges of non-represented employees, following the recent implementation of the Classification and Compensation study:

- CBO could incur new costs for employees that were near the previous top of compensation range for their classifications. CBO has only one employee currently at top of range in prior compensation range, and thus there is little potential impact of this issue

<sup>1</sup> In FY 2018-19, CBO is likely to underspend its budget for two reasons: first, due to the turnover in staff, and particularly in higher-paid leadership positions, CBO has generated vacancy savings. Second, as part of the implementation of the new budget software, CBO has dedicated a position to administer the project; hours related to the project are booked against the one-time project funding, and as a result, savings are generated in the bureau’s ongoing personnel appropriations.











