

*Parallel Shift: Agustina Rodriguez*

# FY24 Budget Update

February 2024



City of Austin  
**2023-24  
BUDGET**

# Briefing Context and Background

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- Why are we here?
  - Council directed a mid-year budget update on four programs
- Financial forecast presentation to Council coming in April
  - 5-year revenue and expenditure projections for all major funds
- Economic headwinds beginning to be felt
  - High interest rates
  - Federal stimulus effect winding down
- American Rescue Plan Act spending must conclude by December 2026
- Significant increase in some service levels under ARPA
  - Need to plan for future reduction in funding

# Today's Agenda

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- FY23 Year-End Review
- FY24 Budget update
  - Sales tax collection trend
  - Mid-year progress report on items flagged during budget adoption:
    - Tenant stabilization funds
    - Permanent Supportive Housing (PSH) funds
    - City of Austin childcare assistance program



# FY23 General Fund Year-End Review – Preliminary

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# **FY23 General Fund Year-End Review – Preliminary**

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## **Revenue**

- General Fund is currently projected to end FY23 with \$1.304 billion in total revenue, \$3.5 million above estimated collections
  - Property tax: \$5.1 million below estimate due to protests and refunds processed after adoption process
  - Sales tax: \$4.3 million below estimate due to continuation of downtrend
  - EMS: \$5.9 million above estimate due to faster-than-anticipated progress working through billing backlog (one-time)
  - Interest earnings \$3.6 million above estimate as rates have remained elevated

## **Expenditures**

- Combined, General Fund departments are projected to close the year with expenditures at 99.9% of budgeted amounts

## **FY23 Year-end Impact on FY24 General Fund Reserves**

- Reserve balance \$4.7M above financial policy requirements
  - Major Assumptions:
    - Significant FEMA reimbursement expectations
    - Travis County COVID expense reimbursement
    - 3.5% sales tax return

# FY24 Major Assumptions

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## Reimbursement Expectations

- Award amount is 75%-100% of the City's total eligible expenses
- Payments are often received years after an event

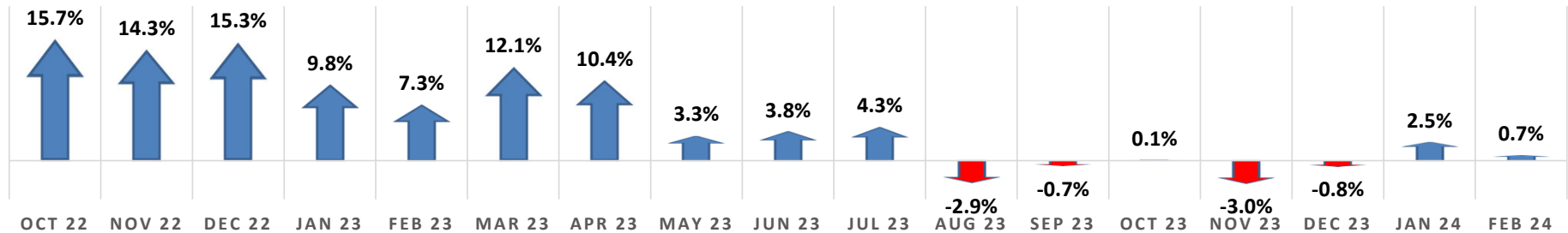
	FY24 Budget	Year-to-date Received
FEMA reimbursement	\$19.2 million	\$16.4 million
Travis County COVID expense reimbursement	\$15.0 million	\$10.6 million

# FY24 Major Assumptions

## Sales Tax Return

- Through three payments, FY24 year-to-date growth is 0.5%
  - Compared to budgeted growth rate of 3.5%
- Currently \$8.5 million *below* budget
  - At year-to-date growth rate, gap would widen to \$15.4 million by year-end

CURRENT MONTHLY SALES TAX GROWTH (EXCLUDES ADJUSTMENTS)







# FY24 Items for Review

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Items flagged by Council for mid-year review:

- Tenant stabilization
- PSH Local Voucher Program (LVP)
- PSH wrap-around services
- City of Austin childcare assistance program



# FY24 Items for Review

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## *Housing Stabilization Efforts*

- Tenant Stabilization Programs
  - ***Emergency rental assistance***
  - ***Tenant relocation***
  - Tenant representation and renter's rights
- Anti-displacement
  - Displacement prevention navigator program
  - Project Connect
- Homelessness response efforts
  - **Permanent Supportive Housing (PSH)**
  - Rapid Rehousing (RRH)

# FY24 Items for Review

## Tenant Stabilization

- Provides financial assistance with rent, moving, storage and relocation costs to reduce residential displacement of tenants in Austin
- Displacement prevention strategy to help families stay in their homes

Summary of Funds			
Department	Available Funding	Year-to-Date Expenditures	Notes
Housing	\$9.6 million*	\$2.2 million	Program anticipated to be fully expended by May 2024; estimate serving approximately 1,500 households

*\*one-time funding*

# FY24 Items for Review

## *Permanent Supportive Housing (PSH) – Local Voucher Program*

- Operating subsidy to fund the difference between the amount the tenant can pay and Austin’s fair market rent value
- Vital component of the City’s homelessness response efforts
- First location to utilize the PSH Local Voucher Program opened in January 2024

Summary of Funds			
Department	Available Funding	Year-to-Date Expenditures	Notes
Housing-AHFC	\$12.4 million	-	contract awarded November 2023
Housing	\$1.0 million*	-	contract awarded November 2023

*\*one-time funding*

# FY24 Items for Review

## *Permanent Supportive Housing (PSH) – Wrap-Around Services*

- Case management to connect participants to essential supportive services
- Vital component of the City’s homelessness response efforts

Summary of Funds			
Department	Available Funding	Year-to-Date Expenditures	Notes
Austin Public Health	\$8.7 million	\$1.6 million	<ul style="list-style-type: none"> <li>• Tenant-based PSH programs</li> <li>• Site-based PSH locations</li> </ul>
Austin Public Health	\$1.0 million*	-	Anticipate solicitation late spring 2024

*\*one-time funding*

# FY24 Items for Review

## *Childcare Assistance Program – CoA Employee Benefits Program*

- Up to \$5,000 benefit to full-time, regular City employees with children under the age of 13 to cover care-related costs
- Eligibility is based on the Family Gross Income and family size
  - Increased gross income limits to expand program eligibility in 2024

### Summary of Funds

Department	Available Funding	Year-to-Date Expenditures	Notes
Human Resources	\$1.0 million	\$73,000	administered on a calendar-year basis; estimated FY24 spend approximately \$400,000

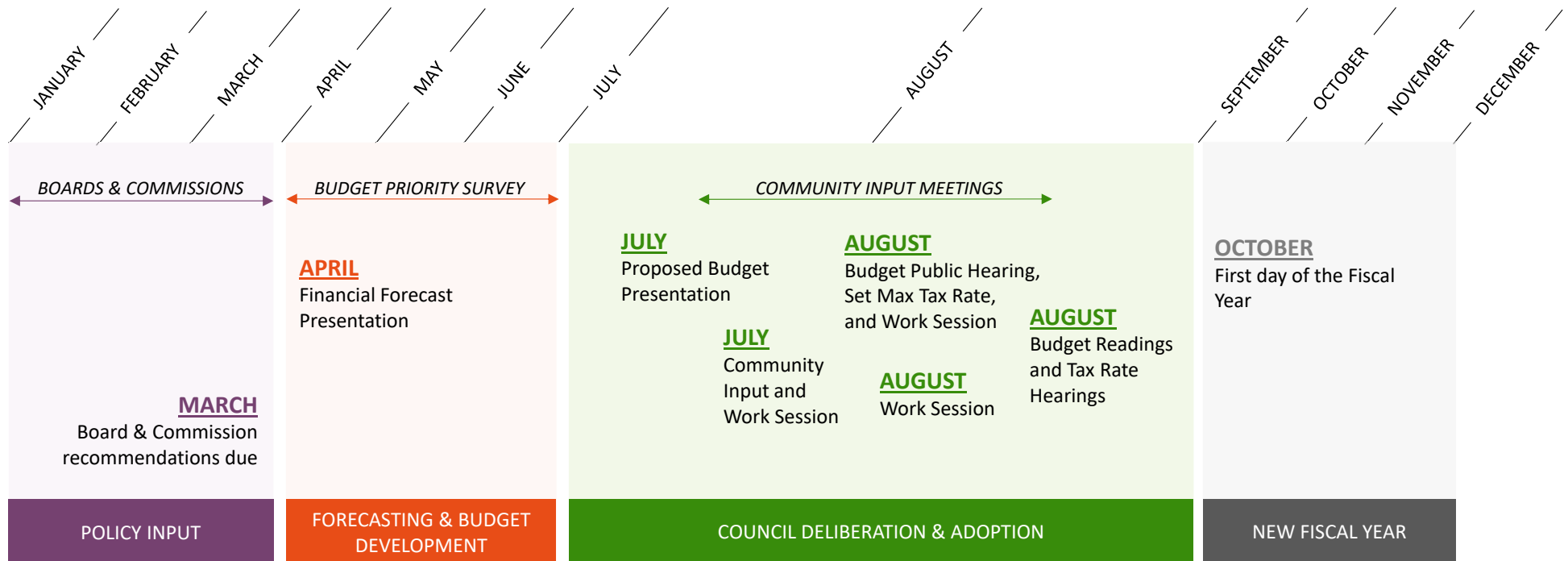
# Key Takeaways

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- Sufficient funding available for PSH and Childcare Assistance
- Continued discussion and evaluation needed for citywide tenant stabilization
- General Fund Revenue uncertainty
- Financial Forecast presentation mid-April
  - Sales Tax Revenue update
  - Comprehensive projections on revenue and expenditure
  - ARPA spending update
- Staff recommendation
  - Revisit after financial forecast provides more complete projections



# Next Steps





# Questions

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