



## **Recommendations for FY25 Municipal Budgeting**

*May 2024*

### **SDCTA Position:**

The San Diego County Taxpayers Association® (Association) has two budget recommendations for municipal entities in San Diego County as they budget for Fiscal Year 2024-2025:

- (1) General funds should be prioritized first to core municipal functions, namely capital improvement and maintenance and public safety needs; and
- (2) If a municipal entity has excess revenue or other grants to dedicate to homelessness services, it should be prioritized to prevention, diversion, and crisis management in that order.

### **Rationale for Position:**

The Association observes that municipal entities have generally put at risk their core municipal functions to maintain public infrastructure and to assure public safety, and these investments need to be prioritized. In the city of San Diego in particular, roads generally continue to be in disrepair, and the property damage from flooding, especially in low income communities, is the result of underinvestment in stormwater infrastructure over many years. While homelessness is a crisis, general funds should be expended on addressing homelessness when core municipal functions are financed appropriately.

Furthermore, any investments in homelessness services, whether it be in prevention, diversion, and crisis management, should be made based on evidence. The Association defines prevention, diversion, and crisis management in the same manner defined by the Public Regional Outcomes Standards Board<sup>1</sup>, which references the definitions by the US Interagency Council on Homelessness.

The Association also notes that the Regional Task Force on Homelessness in February 2024 updated their overall statistics to indicate that, on average over the past twelve months, for every ten individuals who found housing, now sixteen instead of thirteen individuals experienced homelessness for the first time.<sup>2</sup> Leveraging the definitions above, this is to say that for every ten individuals served through crisis management, sixteen were not prevented or diverted from homelessness. This is broad system-wide evidence that prevention and diversion needs more attention.

---

<sup>1</sup> <https://www.sdcta.org/prosboard-homelessness>

<sup>2</sup> <https://www.rtfhsd.org/wp-content/uploads/HMIS-Data-Newsletter-February-2024.pdf>



Furthermore, the San Diego Taxpayers Educational Foundation (Foundation) has completed an econometric analysis to identify if there are any statistical relationships between public expenditures on prevention, diversion, or crisis management with the annual point in time count. The Foundation used the expenditures of all eighteen cities from January 2015 to December 2022, classified as either prevention, diversion, or crisis management in consultation with the eighteen cities, and the jurisdictional point in time counts from January 2016 to January 2023 to identify any statistically significant relationships. To be clear, this analysis was scoped to the eighteen cities, so budget recommendations for the County of San Diego are out of scope.

The study, available online, has a number of limitations, and the main limitation is that the point in time count is regrettably the only outcome data the Regional Task Force on Homelessness has given to the Association and the San Diego Taxpayers Educational Foundation. Numerous requests for data have been denied, though the Regional Task Force on Homelessness had previously given the Association and Foundation de-identified enrollment and exit data that could be integrated into this expenditure analysis. Until we have those data, however, these point in time counts are still the best data available to perform this econometric analysis investigating whether there are statistical relationships between expenses and outcomes.

Preliminarily, there does not appear to be a statistically significant association between overall expenditures with jurisdictional point in time counts. Specifically, when you control for other factors like median income in a jurisdiction, every overall increase of \$100,000, on average, is neither associated with an increase nor decrease in the number of individuals experiencing homelessness.

When prevention, diversion, and crisis management are separated, however, there appears to be a weak association with prevention and the point in time count, and there are no correlations between crisis management or diversion and the point in time count.<sup>3</sup>

While the Association acknowledges that this study is sufficiently limited that it ought not to drive specific budgeting recommendations, the preliminary indications, with the statistics produced by the Regional Task Force on Homelessness, provide enough evidence to at least remind us that core municipal functions should be prioritized first and then when there are homelessness expenditures, they ought to be prioritized in the order of prevention, diversion, and crisis management.

Finally, the Association acknowledges that a natural policy recommendation, given these lack of correlations between crisis management and diversion expenditures with the point in time

---

<sup>3</sup> The p-value for prevention is 0.15, which is not normally considered statistically significant when you accept a false positive (alpha) risk of 5%.



counts, might be to stop investing in crisis management or diversion programs. Because of the limitations of this study, which again is the best achievable given the data that RTFH has released, the Association is not ready to make that recommendation of divestment.