

# Proposed SFHSS General Fund Administration Budget FYE 2023-2024 and FYE 2024- 2025

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# Background, Highlights and Staff Recommendation

- The General Fund Administrative Budget is the biannual administrative budget guided by the Mayor's budget instructions and priorities
- Unlike prior year, the Mayor's office is projecting deficits. SFHSS was given cost reduction targets of \$209,000 for FYE 2024 and an additional \$126,000 for FYE 2025
- Mayor's guidance is to use attrition to meet this cost reduction targets
- The proposed budget includes requests by SFHSS to meet strategic goals and is higher than the Mayor's target
- Approve and Recommendation to the Health Service Board:
  - APPROVE SAN FRANCISCO HEALTH SERVICE SYSTEM FISCAL YEAR 2023-24 AND FISCAL YEAR 2024-2025 PROPOSED GENERAL FUND ADMINISTRATIVE BUDGET

# SFHSS Impact on SF City and County Budget

SF City and County Non-Pension Benefits - \$845 M

- SFHSS Impact
  - Rates negotiation, RFPs
  - Manages self-insured plans
  - Wellness
  - EAP
  - Open enrollment

***General Fund - \$15 M – this presentation***

- ***Ongoing Expenses***

Sustainability Fund - \$4 M

- Special projects
- Funded with \$3 pmpm charge in benefit costs
- Annual revenue of \$2.5 million.
- Amounts over \$2.5 million use up remaining balances from prior years

# Budget Highlights

- Mayor's guidance is to budget close to current year budget with cost inflation offset by cost reduction targets
- HSS proposed budget is \$1.3 million and \$1.6 million higher than the Mayor's target for FYE 24 and FYE 25 respectively
- Proposed budget includes the following to support core operations:
  - New Quality Improvement position
  - Reverse Mayor's increases in attrition
  - Increase in Human Resources support to fill vacancies
- EAP services for first responder departments funded by these departments

# HSS Budget Adjustments

(in thousands)

	FYE 24	FYE 25	Comments
Additional Funding requests			
Process improvement 931 position	253	265	Strategic plan initiatives to enhance service
Mayor's cost reduction target	209	335	Not made in the budget
Adjust HSA forfeitures to admin costs		181	Similar to FYE 2024
Moving Costs for possible relocation at end of current lease	50		
Inter departmental Costs			
HR Support	218	229	Increase HR support to fill vacancies and maintain adequate staffing
EAP	518	543	Nets to zero from Interdepartmental recovery
HSS HSB election	70		
Other	3	30	
Total requests	1,321	1,584	
<b>Sources of funds</b>			
Inter departmental recovery for EAP	(518)	(543)	
Total variance from Mayor's target	803	1,041	

# General Fund Budget

( in thousands)

	FYE 22 Act.	FYE 23 Budget	FYE 24			FYE 25		
			Myr. Proposed	HSS Adj	HSS Proposed Budget	Myr. Proposed	HSS Adj	HSS Proposed Budget
<b>Sources</b>								
Charges for Services	0	9	9	0	9	9	0	9
Other Revenues	240	450	445	0	445	626	(181)	445
Expenditure Recovery	11,889	13,092	13,078	803	13,881	13,108	1,221	14,329
EAP recovery				518	518		543	543
General Fund Support - Carryforward	199	0	0		0	0		0
<b>Sources Total</b>	<b>12,328</b>	<b>13,551</b>	<b>13,532</b>	<b>1,320</b>	<b>14,853</b>	<b>13,743</b>	<b>1,583</b>	<b>15,327</b>
<b>Uses - Operating Expenditures</b>								
<b>Personnel</b>								
Salaries	5,422	6,354	6,439	335	6,774	6,659	598	7,257
Mandatory Fringe Benefits	2,572	2,863	2,596	127	2,723	2,557	239	2,796
<b>Personnel Total</b>	<b>7,994</b>	<b>9,217</b>	<b>9,035</b>	<b>462</b>	<b>9,497</b>	<b>9,216</b>	<b>837</b>	<b>10,053</b>
<b>Non-Personnel Services Total</b>								
Training and Travel	2	23	23	7	30	23	5	28
Software Licenses	144	177	177	6	183	177	(10)	167
Contracts	1,850	2,067	2,060	569	2,630	2,070	540	2,610
Other	22	47	41	9	50	57	7	65
<b>Non-Personnel Services Total</b>	<b>2,017</b>	<b>2,314</b>	<b>2,301</b>	<b>591</b>	<b>2,893</b>	<b>2,328</b>	<b>542</b>	<b>2,870</b>
Materials & Supplies	47	61	68	(24)	44	71	(27)	44
Services of Other Departments	1,855	1,959	2,127	291	2,418	2,127	232	2,359
<b>Uses Total</b>	<b>11,913</b>	<b>13,551</b>	<b>13,532</b>	<b>1,320</b>	<b>14,853</b>	<b>13,743</b>	<b>1,583</b>	<b>15,327</b>
<b>Net</b>	<b>415</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(0)</b>	<b>(0)</b>

# General Fund – Labor and Benefits

	FYE 22 Act.	FYE 23 Budget	FYE 24			FYE 25		
			Myr. Proposed	HSS Adj	HSS Proposed Budget	Myr. Proposed	HSS Adj	HSS Proposed Budget
Total FTE's	54.79	56.59	55.52	2.50	58.02	54.50	3.50	58.00
Non-Operating Positions (cap/other)	(7.61)	(7.40)	(7.61)	-	(7.61)	(7.61)	-	(7.61)
Net Operating Positions	47.18	49.19	47.91	2.50	50.41	46.89	3.50	50.39

- Total FTEs increased by 1 from the current year budget for Quality Improvement position to support core operations
- Added back Mayor's proposed reduction of 1.5 FTEs and 2.5 FTEs for FYE 24 and FY 25 respectively to support core operations.
- Non-Operating items consist of positions funded with Health Sustainability

# Approve and Recommendation to the Board

APPROVE SAN FRANCISCO HEALTH SERVICE SYSTEM  
FISCAL YEAR 2023-24 AND FISCAL YEAR 2024-2025  
PROPOSED GENERAL FUND ADMINISTRATIVE BUDGET

# Appendix

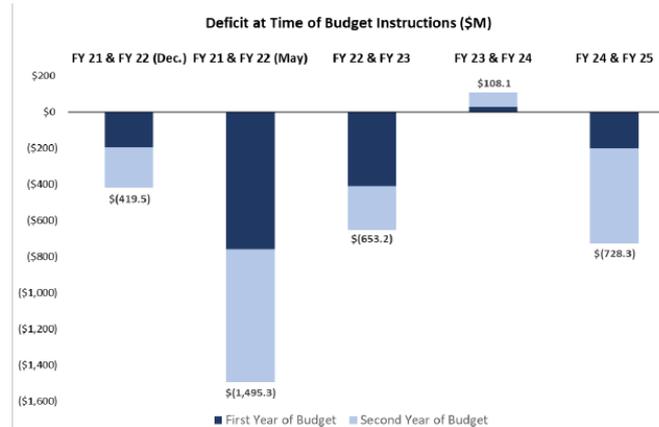
# Mayor's Budget Instructions to Departments

- **Prioritize filling or reclassifying vacancies** for core departmental functions and Mayoral priorities
- **Propose** remaining vacancies for budget savings
- **Maintain Mayoral initiatives** and recommend ways to fund more efficiently
- **Prepare** for outlook to worsen

# CCSF Forecast

	FY 23-24	FY 24-25	FY 25-26	FY 26-27	FY 27-28
<i>SOURCES Increase / (Decrease)</i>	(29.2)	(24.7)	49.9	105.4	206.2
<b>Uses</b>					
Baselines	(49.8)	(96.3)	(140.9)	(177.1)	(209.9)
Departmental Costs	11.7	(37.3)	(84.0)	(146.1)	(214.9)
<i>USES (Increase) / Decrease</i>	(171.6)	(502.8)	(795.4)	(1,097.0)	(1,430.4)
<b>Projected Annual Surplus / (Shortfall)</b>	<b>(200.8)</b>	<b>(527.5)</b>	<b>(745.6)</b>	<b>(991.7)</b>	<b>(1,224.1)</b>
<b>Two Year Deficit</b>	<b>(728.3)</b>				

Financial forecast projects a \$728 million **deficit** over the upcoming two budget years



# Reasons for Projected Deficit

- Weakening revenue outlook and loss of Federal revenues
- Higher base wages for employees and growing health benefit costs
- Increased pension costs due to recent market down-turn
- New and growing General Fund commitments that increase annually
- Slow or no growth in major tax revenues
- Loss of federal revenues and other one-time sources
- Incorporates 2022 Election Measures, including new set-aside for schools
- Salary & Benefits –assumes CPI growth on open contracts; 7.2% rate of return on pension investments
- Citywide & Departmental Costs –CPI on non-personnel costs and IHSS wages, full funding of Ten-Year Capital Plan, and other updates