

**SAN FRANCISCO HEALTH SERVICE SYSTEM
FISCAL YEAR 2022-23 AND FISCAL YEAR 2023-2024
PROPOSED GENERAL FUND ADMINISTRATIVE
BUDGET**

Presented by Iftikhar Hussain

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Background and Board Action

- The General Fund Administrative Budget is the biannual administrative budget guided by the Mayor's budget instructions and priorities.
- Unlike prior year, the current year targets do not have reductions but also do not allow increases in expenses beyond inflation.
- We have had discussions with the Mayor's office about new needs. Based on that discussion, these need are listed separately from the budget in this presentation.
- The Mayor's office is considering these needs along with other requests and the final decision will be made by June.
- Recommendation to the Board:
 - APPROVE SAN FRANCISCO HEALTH SERVICE SYSTEM FISCAL YEAR 2022-23 AND FISCAL YEAR 2023-2024 PROPOSED GENERAL FUND ADMINISTRATIVE BUDGET
 - Approve HSS budget requests to Mayor's office. Any items approved by the Mayor's office will become part of the HSS budget.

Mayoral Priorities & Instructions

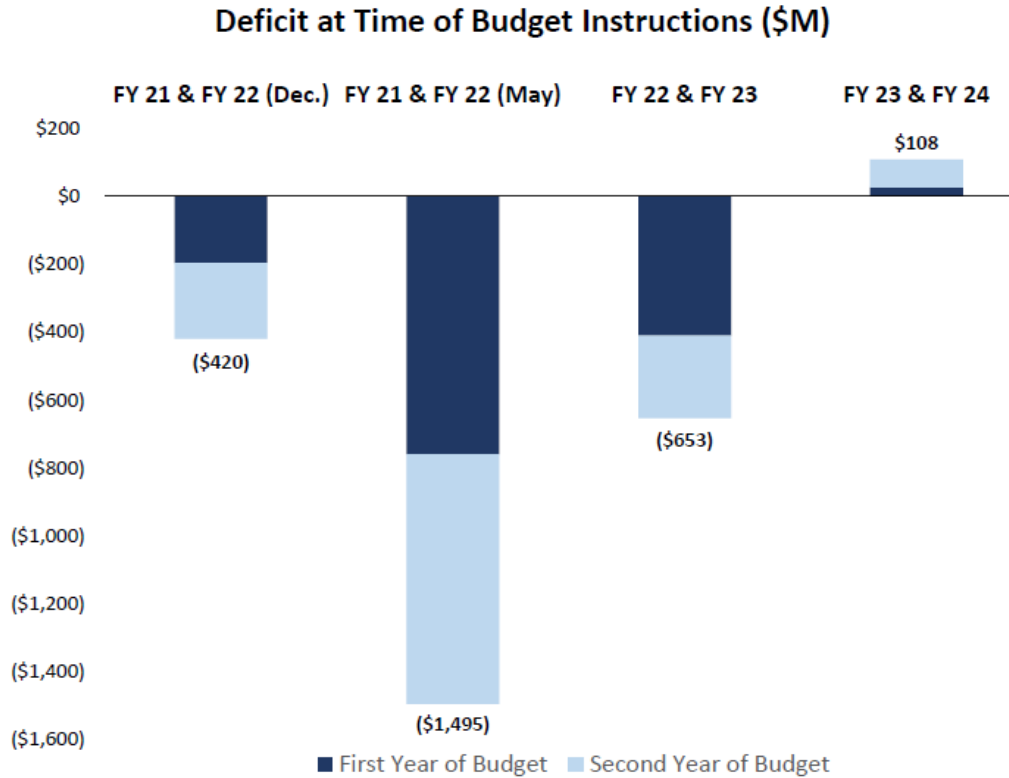
- Prioritize restoring San Francisco’s vibrancy, recovery, accountability, and equity
 - Restoring vibrancy in San Francisco, including improved public safety and street conditions
 - Recovery of the local economy driven by the return of residents, tourists, and office workers to downtown and public spaces; small business; housing production
 - Reprioritization of funding to improve core service delivery
 - Accountability & equity in programming, services, and spending
- Get “back to basics” and improve core service delivery within existing budget
- No mandatory reductions, but no increase to General Fund support

Mayor's Fiscal Outlook

Financial forecast projects a \$108.1 million **surplus** over the upcoming two budget years

Key Drivers:

- Overall growth in revenue
- Significant ongoing savings in retirement due to record returns
- Constrained ongoing cost growth



Mayor's Financial Forecast

	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
<i>SOURCES Increase / (Decrease)</i>	40.1	323.4	522.5	710.9
Uses				
Baselines & Reserves	(112.9)	(202.7)	(271.2)	(318.9)
Salaries & Benefits	(57.8)	(81.7)	(140.6)	(266.3)
Citywide Operating Budget Costs	132.9	58.4	(75.2)	(161.0)
Departmental Costs	24.0	(15.5)	(74.1)	(113.6)
<i>USES Decrease / (Increase)</i>	(13.9)	(241.5)	(561.1)	(859.8)
Projected Cumulative Projected Surplus/(Shortfall)	26.2	81.9	(38.6)	(148.9)
Two-year Surplus/(Shortfall)	108.1			

HSS Impact on SF City and County Budget

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

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

General Fund - \$12.5 M – this presentation

- ***Ongoing Expenses***

Health Sustainability Fund - \$4 M – this presentation

- 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

Trust (7Q)

- Funds flow of health benefit premiums charges and payments.

General Fund Budget before Requests to Mayor

- These amounts meet Mayor's target
- Minor revisions to the base budget that net to zero.

Table I. SFHSS Propose General Fund Administrative Budget - Achieving Mayor's Target Budget Reductions	2022-2023 Budget Proposal Per MYR Target (GF)	Change From Requested to Revised/Target 2021-2022	2023-2024 Revised Base Budget (GF)	2023-2024 Budget Proposal Per MYR Target (GF)	Change From Requested to Revised/Target 2022-2023
Approved FTEs	56.59	0.00	56.83	56.83	0.00
Non-Operating Positions (cap/other)	-9.40	0.00	-9.61	-9.61	0.00
Net Operating Positions	47.19	0.00	47.22	47.22	0.00
Sources					
Charges for Services	9,131	0	9,131	9,131	0
Other Revenues	450,000	-175,958	625,958	445,000	(180,958)
Expenditure Recovery	12,347,820	74,104	12,273,716	12,388,596	114,880
General Fund Support		0			
Sources Total	12,806,951	-101,854	12,908,805	12,842,727	-66,078
Uses - Operating Expenditures					
Personnel					
Salaries	5,859,750	15,009	6,004,095	6,019,471	15,376
Mandatory Fringe Benefits	2,642,267	5,709	2,512,980	2,518,316	5,336
	8,502,017	20,718	8,517,075	8,537,787	20,712
Training & Travel	23,481	0	23,481	23,481	0
Software License	177,035	0	177,035	177,035	0
Contracts	2,037,917	0	2,037,917	2,027,565	-10,352
Other	46,717	-20,125	66,842	40,792	-26,050
Non-Personnel Services	2,285,150	-20,125	2,305,275	2,268,873	-36,402
Materials & Supplies	61,362	-10,000	71,362	68,481	-2,881
Services Of Other Depts	1,958,422	9,407	1,949,015	1,967,586	18,571
Uses Total	12,806,951	0	12,842,727	12,842,727	0

General Fund – Labor and Benefits

- Total FTEs unchanged from current year
- Non-Operating items represent positions funded with HSF fund
- FTEs below are net of 5.5 attrition/vacancy.

Table II. SFHSS Propose General Fund Administrative Budget - FTE's, Salary & Mandatory Fringe Benefits	2022-2023 Budget Proposal Per MYR Target (GF)	Change From Requested to Revised/Target 2020-2021	2023-2024 Revised Base Budget (GF)	2023-2024 Budget Proposal Per MYR Target (GF)	Change From Requested to Revised/Target 2022-2023
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	8,502,017	20,718	8,517,075	8,537,787	20,712

General Fund – Non-Labor

- Non-Labor expenses are primary purchased services for actuarial, benefit administration and Employee Assistance Program (EAP)

Table III. SFHSS Propose General Fund Administrative Budget - Non-Personnel Expenditures	2022-2023 Revised Base Budget (GF)	2022-2023 Budget Proposal Per MYR Target (GF)	Change From Requested to Revised/Target 2020-2021	2023-2024 Revised Base Budget (GF)	2023-2024 Budget Proposal Per MYR Target (GF)	Change From Requested to Revised/Target 2022-2023
Training & Travel	23,481	23,481	0	23,481	23,481	0
Software License	177,035	177,035	0	177,035	177,035	0
Contracts	2,037,917	2,037,917	0	2,037,917	2,027,565	-10,352
Other	66,842	46,717	-20,125	66,842	40,792	-26,050

General Fund Requests to Mayor's Office

- \$200K for First responder EAP enhancements for Fire, Police and Sheriff.
 - RPF process to address needs of first responders
 - RFP selection committee picked a new vendor MHN
 - Increase visits per issue to 8 from 6 per year.
 - Critical Incident support
- \$ 1.7 M Transition Wellness and Communication from HSF to General Fund
 - Programs implemented in HSF fund and have made an impact in reducing healthcare costs.
 - Trust fund will be depleted FYE 2024.