

Mayor's Budget Instructions and Opportunity for Public Input

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Mayor's Budget Instruction for SFHSS General Fund FYE 2024-2025 and FYE 2025- 2026

HSS Budget Overview

Health Benefits Trust – \$844M CCSF aggregate plan cost

- HSS Impact
 - Rates negotiation, RFPs
 - Manage flex funded plans
 - Wellness activities to promote health
 - Mental Health EAP services
 - Member support for open enrollment

General Fund - \$13.9M

- Targeted reduction of 10% in FYE 2025 and an additional 5% contingency plan

Healthcare Sustainability Fund - \$3.5 M

- Use for member communications, programs to reduce healthcare costs and member well-being programs
- Funded with \$3 pmpm charge in benefit costs. The charge was last increased in plan year 2017
- Annual revenue of \$2.5M
- Uses above \$2.5M reduce balance accumulated in prior years

HSS Priorities Based on Strategic Goals



Goal 1: Foster **health equity** through intentional organizational culture, accessibility, inclusion, and belonging.



Goal 2: Advance **primary care practice** and member engagement to ensure the right care, at the right time and place.



Goal 3: Provide **affordable and sustainable** healthcare and high-quality well-being services through value-driven decisions and program design.



Goal 4: Support the **mental health and well-being** of our membership by reducing stigma and addressing barriers to care in partnership with key stakeholders.



Goal 5: **Optimize service** to maintain and advance exceptional member and stakeholder engagement.

CCSF Fiscal Outlook –Major Assumptions in Forecast

Projection shows growing deficits



Five Year Report Update – Summary

	Projection 2024-25	Projection 2025-26	Projection 2026-27	Projection 2027-28
SOURCES Increase / (Decrease)	(9.6)	181.0	153.9	172.8
Uses				
Baselines & Reserves	(13.3)	(78.3)	(150.4)	(264.1)
Salaries & Benefits	(163.3)	(336.2)	(447.4)	(593.0)
Citywide Operating Budget Costs	(95.2)	(301.7)	(396.0)	(496.3)
Departmental Costs	36.8	(19.3)	(105.3)	(169.0)
USES Decrease / (Increase)	(235.1)	(735.5)	(1,099.1)	(1,522.5)
Projected Cumulative Projected Surplus / (Shortfall)	(244.7)	(554.5)	(945.1)	(1,349.7)
Two-Year Deficit	(799.2)			

CCSF Fiscal Outlook –Major Assumptions in Forecast

Decline or nominal growth in major tax revenues:

- Ongoing reductions to property tax as office market resets. **High office vacancies** negatively impact property, business, and transfer taxes. Transfer taxes at 2011 levels, tepid business tax growth.
- **Business taxes** seeing significant rates of dispute & litigation, requiring City to reserve collections for litigation risks
- **Hospitality industry expected to recover *after* plan period**, slower than previously forecasted. The City experienced rapid “bounce back” after the pandemic, but now plateauing
- **Local & state sales tax growth slower** than previously forecasted. **One-time sources** including FEMA & fund balance budgeted through FY 26-27.

Citywide & Departmental Costs: CPI growth on non-personnel costs, IHSS wage agreements, full funding of Ten Year Capital & ICT Plans by FY 25-26, and other updates.

Mayor's Budget Instructions to Departments

- Reduce General Fund support: 10% in FY 24-25
- Submit contingency proposals of ongoing 5% in each year
- Departmental budget reductions will help address only portions of total shortfall –the Mayor's Office will convene departments to propose further citywide solutions and strategies
- Implement mid-year cuts that are ongoing in FY 24-25 & FY 25-26
- Do not add new FTE. Prioritize staffing key areas related to public safety and essential operations. Eliminate remaining vacancies for savings.
- Departments should only fill essential FTE in the current year and plan towards using additional vacancies for budget savings
- Focus on core department operations & services. Eliminate costs supporting non-essential, discretionary or redundant service areas

Budget Calendar

- January 11 - Mayor's Instructions and 1st Opportunity Public Input
- Week of February 5 – Health Service Board Budget and Finance Committee, 2nd Opportunity for Public Input
- February 8 – Health Service Board Review and Approval
- February 21 - Budget submissions to CCSF
- Governor may revise
- June 1 - Mayor proposes a balanced budget to the Board of Supervisors
- June 13 – Health Service Board Meeting-Present Mayor's revisions
- June 10th-21st-Board of Supervisors Budget and Appropriations Committee hearings
- July 3- HSS Present Budget to Budget and Appropriations Committee
- July-Budgets considered by Board of Supervisors.

Opportunity for Public Input