

Mayor's Budget Instructions and Opportunity for Public Input

Presented by Iftikhar Hussain

January 12, 2023

Mayor's Budget Instruction for SFHSS General Fund FY 2023-24 and FY2024-25

Overview

SF City and County ***Health Benefits Trust*** - \$845 M

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

General Fund - \$13 M

- Targeted reduction of 5% in FYE 2024 and an additional 3% in 2025

Healthcare Sustainability Fund - \$4.5 M

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

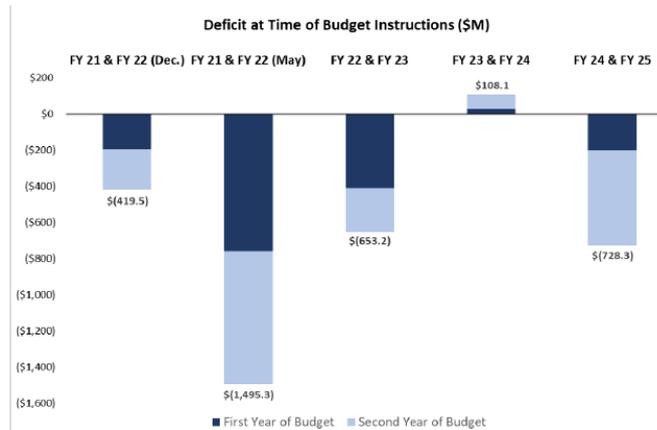
Mayor's Budget Instructions to Departments

- **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
Uses					
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)
Projected Annual Surplus / (Shortfall)	(200.8)	(527.5)	(745.6)	(991.7)	(1,224.1)
Two Year Deficit	(728.3)				

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

Calendar 2023

- January 12 - Mayor's Instructions and 1st opportunity Public Input
- January 20 - Capital and COIT budget requests due
- Early February - Controller's 6-Month Report
- February 6 - HSB Finance Committee , 2nd opportunity for Public Input
- February 9 - HSB Review and Approval
- February 21 - Budget submissions due
- May Controller's 9-Month Report
- Governor may revise
- June 1 - Mayor proposes a balanced budget to the Board of Supervisors
- June 8 – Present mayor's revisions to HSB
- June - Budget and Appropriations Committee hearings
- July - Budget considered by the Board of Supervisors

Opportunity for Public Input