

Memorandum

DATE: February 13, 2020

TO: Karen Breslin, President and Members of the Health Service Board

FROM: Pamela Levin, Chief Financial Officer

RE: San Francisco Health Service System FY 2020-21 and FY 2021-22 Proposed General Fund Administration Budget

This is the second meeting on the San Francisco Health Service System (SFHSS) FY 2020-21 and FY 2021-22 General Fund Administration Budget. At today's meeting, the proposed budget is presented for approval by the Health Service Board (Board).

The proposed budget meets the Mayor's Budget Instructions for each fiscal year. However, over the last several years the options for reducing the SFHSS budget have diminished. Therefore, additional funding in the amount of \$91,686 for FY 2020-21 and \$250,996 for FY 2021-22 is required to restore services and address structural deficits.

Mayor's Budget Instructions for FY 2020-21 and FY 2021-22

At the January 9, 2020 Board meeting, the Mayor's Budget Instructions were presented for discussion. The financial instructions and impact on SFHSS are summarized in this Memo.

1. General Fund departments must submit "target" efficiency/reduction proposals in their budget submissions.

For FY 2020-21, departments are instructed to submit budget requests that reflect an on-going 3.5% reduction in adjusted General Fund support. The value of the SFHSS reduction in FY 2020-21 is \$126,227.

For FY 2021-22, departments are instructed to submit budget requests that reflect an additional 3.5% reduction in adjusted General Fund support. For SFHSS this reduction is equal to \$126,228. The cumulative 7% savings proposal over the two years is \$252,455 and must be on-going.

2. No new positions can be proposed.
3. Departments are to refrain from adding new General Fund supported enhancements and new positions in their budget submissions. Once budget proposals are submitted to the Mayor's Office, discussions can occur on new positions and discretionary spending which align with the Mayor's priorities.

Underlying Principles for SFHSS Budget Development

In addition to the Mayor's instructions, SFHSS adheres to the following overarching principles:

- The Strategic Plan for Years 2020-2022 will guide budget decisions.
- The Healthcare Sustainability Fund Budget will be used to minimize cuts to the extent that the expenditures benefit all four employers and retirees. The uses of the Healthcare Sustainability Fund Budget are limited to communications, Well-Being, actuarial services, and initiatives to reduce the cost of healthcare.
- Additional funding will be requested for unfunded structural budget issues and City-wide initiatives.

Proposed Budget

The tables in this section, summarize the proposed budgets for FY 2020-21 and FY 2021-22 that meet the Mayor's Budget Instructions. The projected revenues and expenditures for FY 2019-20 are based on the first five (5) months of actuals and include the one-time funding from FY 2018-19 carryforward. The FY 2020-21 base budget is compared to the FY 2019-20 projection to illustrate the growth between the fiscal years. In addition, both the proposed FY 2020-21 and FY 2020-22 budgets are compared to the base budgets for each year to illustrate the reductions required to meet the Mayor's Budget Instructions.

Summary

The following table summarizes the proposed budget. A thorough description of each component will follow.

Summary							
	FY 2019-20 Original Budget	FY 2019-20 Revised Budget	FY 2019-20 Projection *	FY 2020-21 Base Budget	FY 2020-21 Proposed Budget	FY 2021-22 Base Budget	FY 2021-22 Proposed Budget
Revenues							
Non-Operating (Forfeitures)	\$ 624,637	\$ 624,637	\$ 389,959	\$ 623,637	\$ 624,297	\$ 624,876	\$ 625,958
Operating	9,131	9,131	9,131	9,131	9,131	9,131	9,131
Carryforward		325,045	325,045				
Recoveries	11,454,136	11,454,136	11,430,366	12,054,140	11,928,253	12,297,133	12,043,596
Total	\$ 12,087,904	\$ 12,412,949	\$ 12,154,501	\$ 12,686,908	\$ 12,561,681	\$ 12,931,140	\$ 12,678,685
Expenditures	\$ 12,087,904	\$ 12,412,949	\$ 12,154,501	\$ 12,687,908	\$ 12,561,681	\$ 12,931,140	\$ 12,678,685
<i>Change (Budget to Budget)</i>		\$ 325,045	\$ (258,448)	\$ 600,004	\$ (126,227)	\$ 243,232	\$ (252,455)
* Projection based on 5 months of actuals including the carryforward funding from FY 2018-19							

REVENUES

As illustrated in Table One, the projection for FY 2019-20 Non-Operating revenues is less than the budget based on the amount of forfeitures received in FY 2018-19. The revenues in the proposed FY 2020-21 and FY 2021-22 budgets are increasing commensurate with the change in expenditures.

EXPENDITURES

Table Two summarizes the expenditures for FY 2019-20, FY 2020-21 and FY 2021-22. Each of the line items will be discussed separately.

Due to the timing of the application process for the Well-Being Grants, the original budget includes funding for the grants in Non-Personnel Services. After the Grants are awarded, the funding is moved to work orders so that the receiving departments can spend it.

Table Two - Expenditures						
	FY 2019-20 Original Budget	FY 2019-20 Projection *	FY 2020-21 Base Budget	FY 2020-21 Proposed Budget	FY 2021-22 Base Budget	FY 2021-22 Proposed Budget
Personnel	\$ 8,094,990	\$ 7,936,542	\$ 8,540,367	\$ 8,582,867	\$ 8,783,599	\$ 8,826,099
<i>Change Per Controller's Office</i>		\$ (158,448)	\$ 445,377	\$ 42,500	\$ 243,232	\$ 42,500
Non-Personnel						
Training	\$ 30,640	\$ 30,640	\$ 23,266	\$ 33,582	\$ 23,266	\$ 25,822
Software Licenses	19,355	20,129	19,355	14,035	19,355	14,035
Contracts	1,284,487	1,493,165	1,327,633	1,322,658	1,327,633	1,330,487
Onsite Activities	195,693	205,453	195,693	205,453	195,693	142,637
Well-Being Grants	161,759	-	161,759	70,073	161,759	-
Credit Card Fees	65,000	62,269	65,000	20,000	65,000	20,000
Other Current Expenses	47,324	51,850	48,398	45,081	48,398	45,081
Total Non-Personnel	\$ 1,804,258	\$ 1,863,506	\$ 1,841,104	\$ 1,710,882	\$ 1,841,104	\$ 1,578,062
<i>Change</i>		\$ -	\$ 36,846	\$ (130,222)	\$ -	\$ (263,042)
Materials and Supplies	\$ 45,130	\$ 55,035	\$ 45,130	\$ 49,125	\$ 45,130	\$ 55,717
<i>Change</i>		\$ -	\$ -	\$ 3,995	\$ -	\$ 10,587
Work Orders	\$ 2,143,526	\$ 2,299,418	\$ 2,261,307	\$ 2,218,807	\$ 2,261,307	\$ 2,218,807
<i>Change</i>		\$ (100,000)	\$ 117,781	\$ (42,500)	\$ -	\$ (42,500)
Grand Total	\$ 12,087,904	\$ 12,154,501	\$ 12,687,908	\$ 12,561,681	\$ 12,931,140	\$ 12,678,685
<i>Change</i>		\$ (258,448)	\$ 600,004	\$ (126,227)	\$ 243,232	\$ (252,455)
* Projection based on 5 months of actuals including the carryforward funding from FY 2018-19						

Personnel Services

SFHSS funds personnel through both the General Fund and the Health Care Sustainability Fund budgets. Overall, the funding for salaries and fringes in the General Fund will increase by 5.5% in FY 2020-21 and 2.5% in FY 2021-22 as outlined in Table Three. This increase is based on assumptions used by the Controller and Mayor's Office to budget increases in wages, employer pension contributions, and health benefit contributions. To reflect the value of the executive salaries that exceed the budgeted amount, an increase of \$42,500 is proposed. The increase is offset by a decrease in the budget for work orders.

Table Three - Personnel Services							
	FY 2019-20 Original Budget	FY 2019-20 Revised Budget	FY 2019-20 Projection *	FY 2020-21 Base Budget	FY 2020-21 Proposed Budget	FY 2021-22 Base Budget	FY 2021-22 Proposed Budget
Salaries and Fringes	\$ 8,094,990	\$ 8,094,990	\$ 7,936,542	\$ 8,540,367	\$ 8,582,867	\$ 8,783,599	\$ 8,826,099
Change		-	\$ (158,448)	\$ 445,377	\$ 42,500	\$ 200,732	\$ 42,500
Percent Change		N/A	-2.0%	5.6%	0.5%	2.5%	0.5%
* Projection based on 5 months of actuals including the carryforward funding from FY 2018-19							

Table Four summarizes the full-time employee positions (FTEs) by fiscal year and funding source. The comparison is between budgets rather than projected FTEs since the number of positions is established in the Annual Salary Ordinance.

Table Four - Positions (FTE)				
	FY 2019-20 Original Budget	FY 2020-21 Proposed Budget	FY 2021-22 Proposed Budget	
General Fund				
SFHSS Administration	45.65	45.65	45.65	
Well-Being and Employee Assistance Program (EAP)	6.51	6.74	6.74	
Temporary Positions	0.11	0.10	0.10	
Total General Fund	52.27	52.49	52.49	
Change		0.22	-	
Attrition	(2.58)	(2.66)	(2.66)	
Funded Positions - General Fund	49.69	49.83	49.83	
Change		0.14	0	
Health Care Sustainability Fund Budget				
Annual Salary Ordinance	3.61	3.61	3.61	
Project Based Positions	3.08	4.00	4.00	
Total Health Care Sustainability Fund	6.69	7.61	7.61	
Change		0.92	0	
Total Positions	56.38	57.44	57.44	
Change		1.06	0	
* Projection based on 5 months of actual with carryforward funding				

The project-based positions are for implementation of the Strategic Plan for 2020-2022.

Other Expenditures

The proposed budget reflects an increase in Training, Other Non-Personal Services, Materials and Supplies, and Work Orders. However, to meet the Mayor's budget instructions all other line items were reduced.

Training

Additional training is budgeted in FY 2020-21 for safety training in operating the automated external defibrillator (AED) machine and CPR for the SFHSS Emergency Response Team. In addition, a new and mediation and alternative dispute resolution training course for the Employee Assistance Program (EAP) counselors is budgeted. Funding for Board Education will be maintained at current levels.

Table Five - Training						
	FY 2019-20 Original Budget	FY 2019-20 Projection *	FY 2020-21 Base Budget	FY 2020-21 Proposed Budget	FY 2021-22 Base Budget	FY 2021-22 Proposed Budget
Administration/Operations	\$ 3,000	\$ 3,000	\$ 4,000	\$ 3,000	\$ 4,000	\$ 3,000
Department-wide Safety Training	350	350	1,740	6,572	1,740	6,572
Enterprise Systems and Analytics Technical Training	10,100	10,100	200	950	200	1,000
Health Service Board	10,000	10,000	10,000	10,000	10,000	10,000
EAP and Well-Being Certificates	7,190	7,190	7,326	13,060	7,326	5,250
	\$ 30,640	\$ 30,640	\$ 23,266	\$ 33,582	\$ 23,266	\$ 25,822
<i>Change</i>		\$ -	\$ (7,374)	\$ 10,316	\$ (10,316)	\$ 2,556
* Projection based on 5 months of actuals including the carryforward funding from FY 2018-19						

Software Licenses

The proposed budget for software licenses decreased primarily due to movement of the SFHSS charges for virus and malware protection into a work order with the Department of Technology (DT). Due to the heightened concern by the City on cybersecurity, the City has centralized the acquisition and deployment of this software.

A Request for Proposals (RFP) was issued in FY 2019-20 to replace the current EAP Case Management Software originally purchased in 1999. The new software will be implemented this fiscal year to meet the needs of a modern EAP program. This results in an increase in the license fees.

Table Six - Software Licenses							
	FY 2019-20 Original Budget	FY 2019-20 Revised Budget	FY 2019-20 Projection *	FY 2020-21 Base Budget	FY 2020-21 Proposed Budget	FY 2021-22 Base Budget	FY 2021-22 Proposed Budget
Virus and Malware Protection Sof	\$ 6,200	\$ 6,200	\$ 6,200	\$ 6,200	\$ -	\$ 6,200	\$ -
Helpdesk	1,500	1,500	1,500	1,500	1,500	1,500	1,500
1095 Software	500	500	500	500	500	500	500
EAP Case Management Software	10,250	10,250	11,435	10,250	11,630	10,250	11,630
Medical Plan Enrollment Software	405	405	494	405	405	405	405
IRS Software	500	500	-	500	-	500	-
	\$ 19,355	\$ 19,355	\$ 20,129	\$ 19,355	\$ 14,035	\$ 19,355	\$ 14,035
<i>Change</i>		\$ -	\$ 774	\$ -	\$ (5,320)	\$ 5,320	\$ (5,320)
* Projection based on 5 months of actuals including the carryforward funding from FY 2018-19							

Contracts/Professional Services

To balance the FY 2020-21 budget to meet the Mayor's instructions, funding for contracts is reduced by

\$86,901 from \$1,685,085 in the FY 2020-21 Base Budget to \$1,598,184 in the FY 2020-21 Proposed Budget. The reduction in FY 2021-22 is \$211,961 from \$1,685,085 in the FY 2021-22 Base Budget to \$1,473,124 in the FY 2021-22 Proposed Budget as found in Table Seven (a).

Table Seven (a) - Contracts							
	FY 2019-20 Budget	FY 2019-20 Revised Budget	FY 2019-20 Projection *	FY 2020-21 Base Budget	FY 2020-21 Proposed Budget	FY 2021-22 Base Budget	FY 2021-22 Proposed Budget
Actuarial, Benefit Administration, FSA and COBRA Administration, Audit Services, EAP Interpreter,	\$ 1,284,487	\$ 1,493,165	\$ 1,493,165	\$ 1,327,633	\$ 1,322,658	\$ 1,327,633	\$ 1,330,487
<i>Change</i>		\$ 208,678	\$ 208,678	\$ 43,146	\$ (4,975)	\$ 4,975	\$ 2,854
Well-Being Grants**	\$ 161,759	\$ -	\$ -	\$ 161,759	\$ 70,073	\$ 161,759	\$ -
<i>Change</i>		\$ (161,759)	\$ (161,759)	\$ -	\$ (91,686)	\$ 91,686	\$ (161,759)
Onsite Well-Being Activities	\$ 195,693	\$ 205,453	\$ 205,453	\$ 195,693	\$ 205,453	\$ 195,693	\$ 142,637
<i>Change</i>		\$ 9,760	\$ 9,760	\$ -	\$ 9,760	\$ (9,760)	\$ (53,056)
Total	\$ 1,641,939	\$ 1,698,618	\$ 1,698,618	\$ 1,685,085	\$ 1,598,184	\$ 1,685,085	\$ 1,473,124
<i>Change</i>		\$ 56,679	\$ 56,679	\$ 43,146	\$ (86,901)	\$ 86,901	\$ (211,961)
* Projection based on 5 months of actuals including the carryforward funding from FY 2018-19							
** In FY 2019-20 Projection, Grants are distributed to department via workorder							

Table Seven (b) illustrates the actual impact of the reductions to meet the Mayor's budget instructions on the SFHSS's projected contractual obligations, in each fiscal year, based on current utilization. The actual funding requirement in FY 2020-21 is \$1,689,870. This is \$4,785 lower than the base budget of \$1,685,085, but due to the reduction targets in the Mayor's Budget Instructions, the proposed budget is \$91,686 less than what is needed. Additional funding will be requested for the FY 2020-21 budget.

In FY 2021-22, the actual funding requirement, based on current utilization, is \$1,730,622 which is \$45,537 greater than the base budget of \$1,685,085. The proposed budget is \$257,588 less than what is needed. Additional funding will also be requested for FY 2021-22.

Table Seven (b) Contract Requirements				
	FY 2020-21 Funding Requirement Based on Current Utilization	FY 2020-21 Proposed Budget	FY 2021-22 Funding Requirement Based on Current Utilization	FY 2021-22 Proposed Budget
Actuarial, Benefit Administration, FSA and COBRA Administration, Audit Services, EAP Interpreter	\$ 1,322,658	\$ 1,322,658	\$ 1,363,450	\$ 1,330,437
<i>Change</i>		-		\$ (33,013)
Well-Being Grants	\$ 161,759	\$ 70,073	\$ 161,759	\$ -
<i>Change</i>		\$ (91,686)		\$ (161,759)
Onsite Well-Being Activities	\$ 205,453	\$ 205,453	\$ 205,453	\$ 142,637
<i>Change</i>		\$ -		\$ (62,816)
Total	\$ 1,689,870	\$ 1,598,184	\$ 1,730,662	\$ 1,473,074
<i>Change</i>		\$ (91,686)		\$ (257,588)

Credit Card Payment Processing Vendor (Other Non-Personnel)

In FY 2019-20, the member-facing portal for paying premiums using a credit card will be implemented. This portal will allow SFHSS members, including retirees without enough pension payments to allow for premium deductions and members on leave of absence, to pay for their premiums themselves. SFHSS will no longer be charged the service fee if members use a credit card. If the member chooses to pay by eCheck, SFHSS will be responsible for the fee but it is substantially less than the current fee.

Table Eight - Other Non-Personnel							
	FY 2019-20 Budget	FY 2019-20 Revised Budget	FY 2019-20 Projection *	FY 2020-21 Base Budget	FY 2020-21 Proposed Budget	FY 2021-22 Base Budget	FY 2021-22 Proposed Budget
Credit Card Fees	\$ 65,000	65,000	\$ 62,269	\$ 65,000	\$ 20,000	\$ 65,000	\$ 20,000
Other Non-Personnel	47,324	49,893	51,850	48,398	45,081	48,398	45,081
Total Other Non-Personnel	112,324	114,893	114,119	113,398	65,081	113,398	65,081
<i>Change</i>		\$ 2,569	\$ 1,795	\$ 1,074	\$ (48,317)	\$ 48,317	\$ (48,317)

* Projection based on 5 months of actuals including the carryforward funding from FY 2018-19

Materials and Supplies

The Materials and Supplies budget will be increased to fund Employee Assistance Program (EAP) materials used in training provided to City departments. The materials include textbooks and packets for Crisis Prevention Institute training, mediation training, and other training.

Table Nine - Materials and Supplies						
	FY 2019-20 Budget	FY 2019-20 Projection *	FY 2020-21 Base Budget	FY 2020-21 Proposed Budget	FY 2021-22 Base Budget	FY 2021-22 Proposed Budget
General Office Supplies	\$ 22,192	\$ 32,097	\$ 22,192	\$ 22,192	\$ 22,192	\$ 22,192
Employee Assistance Program Training Materials	9,131	9,131	9,131	13,783	9,131	20,375
Well-Being Supplies and Awards Ceremony	13,807	13,807	13,807	13,150	13,807	13,150
Total Materials and Supplies	\$ 45,130	55,035	45,130	49,125	45,130	\$ 55,717
<i>Change</i>		\$ 9,905	\$ -	\$ 3,995	\$ (3,995)	\$ 10,587
* Projection based on 5 months of actuals including the carryforward funding from FY 2018-19						

Work Orders

The budget for most Work Orders is not determined by SFHSS, but rather through negotiations between the Mayor's Office and the departments providing the services. The exception to this rule is the work order with the City Attorney's Office, which is negotiated by SFHSS. Table 10 provides the budget for work orders. The FY 2019-20 revised budget and projection include the budget for the Well-Being Grants, which are budgeted in Contracts in the original budget. Table 11 provides the distribution of the FY 2019-20 Grants.

The base budgets for FY 2020-21 and FY 2021-22 increases from \$2,143,526 in FY 2019-20 to \$2,261,227 for both years. This is primarily due to an increase in the rent for 1145 Market. Based on historical experience, the work order for the City Attorney is reduced from \$167,500 to \$125,000 in both FY 2020-21 and FY 2021-22, which is a decrease of \$42,500 each year.

Table Ten - Work Orders							
	FY 2019-20 Original Budget	FY 2019-20 Revised Budget	FY 2019-20 Projection	FY 2020-21 Base Budget	FY 2020-21 Proposed Budget	FY 2021-22 Base Budget	FY 2021-22 Proposed Budget
Well-Being Grants	\$ -	\$ 167,223	\$ 167,223				
DT Enterprise Tech Contracts	11,232	11,232	11,232	11,232	11,232	11,232	11,232
DT SFGov TV Services	17,753	17,753	17,753	17,753	17,753	17,753	17,753
DT Technology Infrastructure	141,613	141,613	141,613	145,279	145,279	145,279	145,279
DT Technology Projects	18,598	28,158	28,158	18,598	18,598	18,598	18,598
DT Telecommunications Services	73,555	73,555	73,555	30,157	30,157	30,157	30,157
GF-CON-Information System Ops	54,803	61,352	61,352	52,665	52,665	52,665	52,665
GF-City Attorney-Legal Service	167,500	217,500	172,000	167,500	125,000	167,500	125,000
GF-HR-Client Svc-Recruit-Assess	284,516	284,516	284,516	284,516	284,516	284,516	284,516
GF-HR-Mgmt. Training	2,500	4,500	4,500	2,500	2,500	2,500	2,500
GF-HR-Workers' Comp Claims	69,111	69,111	69,111	71,039	71,039	71,039	71,039
GF-Rec & Park-Gardener	79,044	99,604	99,604	79,044	79,044	79,044	79,044
GF-Risk Management Svcs (AAO)	2,995	2,995	2,944	3,014	3,014	3,014	3,014
Is-Purch-Reproduction	25,423	25,423	26,423	25,423	25,423	25,423	25,423
Leases Paid To Real Estate	1,194,883	1,194,883	1,139,434	1,352,587	1,352,587	1,352,587	1,352,587
Total Workorders	\$ 2,143,526	\$ 2,399,418	\$ 2,299,418	\$ 2,261,307	\$ 2,218,807	\$ 2,261,307	\$ 2,218,807
<i>Change</i>		\$ 255,892	\$ (100,000)	\$ 117,781	\$ (42,500)	\$ -	\$ (42,500)
* Projection based on 5 months of actuals including the carryforward funding from FY 2018-19							

Well-Being Grants

The FY 2019-20 budget for Well-Being grants is \$161,758 which funds for a wide range of resources, training and tools to support well-being as found in Table Eleven. In FY 2018-19 the grants totaled \$159,955. In order to meet the Mayor's budget instructions, the grants are reduced from \$161,759 to \$70,073 in FY 2020-21 which is a \$91,686 decrease. In FY 2020-21, the grants are eliminated.

Table Eleven - Well-Being Grants					
		FY 2019-20 Grants	Carryforward From FY 2018-19	Total FY 2019- 20	Projection FY 2019-20
311	Recreation Equipment, Activities and Healthy Eating	\$ 1,979		\$ 1,979	\$ 1,979
Animal Care & Control	Incentives for Well-Being Activities	1,000		1,000	1,000
ADM General	Recreation Equipment	54		54	54
Office of Contracts Administration	Kitchen	1,138		1,138	1,138
Real Estate Division	Stress Management Tools	2,323		2,323	2,323
Assessor	Fitness Equipment, Stress Management Tools	4,882		4,882	4,882
City Planning Commission	Fitness Equipment	1,987		1,987	1,987
Department of Aging Adult Services	Recreation Equipment	2,288		2,288	2,288
Department of Emergency Management	Fitness Equipment	1,786		1,786	1,786
Public Health	Stress Management Tools	2,807		2,807	2,807
Laguna Honda Hospital	Healthy Eating, Fitness Equipment	17,374		17,374	17,374
Zuckerberg San Francisco General	Healthy Eating	1,609		1,609	1,609
Fine Arts Museum	Fitness Equipment	1,390		1,390	1,390
Fire	Kitchen, Incentives for Well- Being Activities, Stress Management Tools, Fitness Equipment, Training	30,309	3,717	34,026	34,026
Human Service Agency	Recreation Equipment, Healthy Eating, Incentives for Well-Being Activities, Fitness Equipment, Recreation Equipment	24,813		24,813	24,813
Human Service Agency - Office of Early Child Education	Recreation Equipment	435		435	435
Public Library	Fitness Equipment	2,943		2,943	2,943
SF Municipal Transportation Agency	Stress Management Tools, Lactation Supplies, Health Screening Equipment, Recreation Equipment, Incentives for Well-Being Activities	2,560		2,560	2,560

Table Eleven - Well-Being Grants (Continued)					
		FY 2019-20 Grants	Carryforward From FY 2018-19	Total FY 2019- 20	Projection FY 2019-20
San Francisco Police Department	Healthy Eating, Fitness Equipment	24,370	1,748	26,118	26,118
Public Utilities Commission	Incentives for Healthy Well-Being Activities, Fitness Equipment	24,509		24,509	24,509
SF Recreation & Parks Department	Kitchen, Recreation Equipment	1,580		1,580	1,580
Public Works	Fitness Equipment	9,622		9,622	9,622
Total		\$ 161,758	\$ 5,465	\$ 167,223	\$ 167,223

*** Projection based on 5 months of actuals including the carryforward funding from FY 2018-19**

Requests for Funding

The Proposed Budget for FY 2020-21 and FY 2021-22 is insufficient to fund and support the work that is performed by SFHSS. Over the last several years, incremental reductions have been made, primarily to contract/professional services, to meet the Mayor's reduction targets. There are very few remaining feasible options to meet the FY 2020-21 and FY 2021-22 reduction targets without adversely impacting service commitments to our members.

Table Eleven outlines the requests that will be made to the Mayor's Office for \$91,686 in FY 2020-21 and \$257,588 in FY 2021-22.

Table Eleven - Request for Funding		
FY 2020-21	FY 2021-22	Justification
\$ -	\$ 33,013	To meet the budget targets, the full requirement for the contract for administration of Flexible Spending Accounts is not reflected in the FY 2020-21 proposed budget. On an annual basis, the average number of accounts administered annually increases by 10% and the cost of the contract increases 8%. The request is to fully fund the shortfall in FY 2021-22.
91,686	161,759	To meet the budget targets each year, funding for the Well-Being Grants was reduced. These grants assist departments in creating a workplace culture that supports the Well-Being and meets their employee's needs. In FY 2018-19 \$159,955 in grants were provided to departments. Table Ten outlines the wide range of initiatives for which the departments have received grants in FY 2019-20. Reducing the grants in FY 2020-21 by 57% and totally eliminating the funding in FY 2021-22 will severely hamper the ability for departments to directly improve the well-being of their employees. Restoration of the Well-Being Grants to the FY 2019-20 funding level is requested for both FY 2020-21 and FY 2021-22.
-	62,816	Apart from underfunding the existing multi-year not-to-exceed amounts for critical contracts, the remaining reduction is for the group exercise classes that are provided in partnership with the Recreation and Parks Department. In calendar year 2019, approximately 125 group exercise classes per month at 24 worksite locations were provided. In addition, there were 224 onsite activities offered at various worksite locations. The request is to fully fund the on-site activities at the current level of \$205,453.
\$ 91,686	\$ 257,588	

Next Steps

Upon approval by the Board, the FY 2020-21 and FY 2021-22 proposed budget will be presented to the Mayor on February 21, 2020. Negotiations will proceed with the Mayor's Office to determine what will be included in the Mayor's budget proposal to the Board of Supervisors on June 1, 2020. SFHSS staff will advise the Board on the changes made by the various offices at upcoming Board meetings.