

**SAN FRANCISCO
HEALTH SERVICE SYSTEM**

Affordable, Quality Benefits & Well-Being

MEMORANDUM

DATE: June 10, 2021
TO: Dr. Stephen Follansbee, President and Members of the Health Service Board
FROM: Larry Loo, MPH Chief Financial Officer
RE: Revised San Francisco Health Service System (HSS) – General Fund Administrative Budget Fiscal Year (FY) 2021-22 and FY 2022-23

This memo is a summary of the revised San Francisco Health Service System (SFHSS) General Fund Administration Budget for Fiscal Year (FY) 21-22 and FY 22-23. Approval of the Revised General Fund Administrative Budget is requested by the Health Service Board.

BACKGROUND

The General Fund Administrative Budget follows the process from the Mayor's Office. The Mayor's Office issued budget directions in December 2020. SFHSS developed the budget proposal conforming to the directions and targets set for SFHSS. The Board and Budget and Finance Committee approved the budget proposal in February. The proposed budget did not have sufficient funds for the continuation of the 24/7 Employee Assistance Program (EAP). Therefore, the proposed budget included a request for restore funding for the program. After the budget was submitted, the Mayor's Budget Office provides detailed review and assessment relative to all other City General Fund budgets prior to submission to the Board of Supervisors in June. I am happy to report that the funding for the 24/7 EAP program was restored. This memo discusses the changes in the revised budget forwarded to the Board of Supervisors subject to their approval process.

SUMMARY

Expenditures:

The revised General Fund Administrative Budget received an over increase of \$537,524 for FY 21-22 and \$422,000 for FY 22-23. The driver of revision is mainly due to the restoration of funds for the 24/7 EAP program. The funding was restored to \$588,000 and \$488,000 for FY 21-22 and FY 22-23, respectively. The second-year reduction in costs recognizes the carry forward of credits for unused funds for additional EAP sessions that were not needed during the prior contract year.

The budget for Personnel was reduced by increasing the staffing attrition. This was done to allow for the funding for a job reclassification of an existing position, as previously discussed in February. For FY 21-22, the targeted attrition savings from salary and mandatory fringe benefits is \$40,094. For FY 22-23, the targeted attrition savings is \$42,170.

The other main revisions include reductions in expenditures to other City departments primarily in DHR. For FY 21-22 and FY 22-23 there is a \$36 K reduction in funding requirement for DHR Workers Comp. All other departments had minor adjustment netting to a few thousand dollars.

Revenues:

The revised General Fund Administrative budget for revenues balances to the budget for expenditures. The Expenditure Recovery is the main source of revenue and is charged to other City departments. The Expenditure Recovery is the overall SFHSS budgeted expenditures less the projections for Charge for Services of \$9,131 and for the projections of the Other Revenue from forfeitures of fees.

TABLE 1. Comparison of SFHSS Proposed General Fund Budget to the REVISED General Fund Budget in the Mayor’s Budget Book (6/1/21)

The table below summarizes the changes by FY 21-22 and FY22-23, for the SFHSS proposed budget, the revision by the Mayor’s Office, and difference by Positions, Sources (or Revenue) and by Uses (or Expenditures).

	2021-2022 Budget Proposal Per MYR Target (GF)	2021-2022 REVISED Budget in Mayor's Budget Book (GF)	Increase / (Decrease) from SFHSS Proposed 2021-2022	2022-2023 Budget Proposal Per MYR Target (GF)	2022-2023 REVISED Budget in Mayor's Budget Book (GF)	Increase / (Decrease) from SFHSS Proposed 2022-2023
POSITIONS						
Approved FTEs	56.59	56.32	-0.27	56.72	56.55	-0.17
Non-Operating Positions (cap/other)	-9.25	-9.15	0.10	-9.38	-9.38	0.00
Net Operating Positions	47.34	47.17	-0.17	47.34	47.17	-0.17
SOURCES - REVENUE						
Charges for Services	9,131	9,131	0	9,131	9,131	0
Other Revenues	625,958	625,958	0	625,958	625,958	0
Expenditure Recovery	11,398,156	11,935,680	537,524	11,851,716	12,273,716	422,000
Sources Total	12,033,245	12,570,769	537,524	12,486,805	12,908,805	422,000
USES - EXPENDITURES						
Personnel						
Salaries	5,655,486	5,635,247	-20,239	5,854,738	5,833,784	-20,954
Mandatory Fringe Benefits	2,744,388	2,724,533	-19,855	2,792,834	2,771,618	-21,216
	8,399,874	8,359,780	-40,094	8,647,572	8,605,402	-42,170
Non-Personnel Services	1,704,659	2,291,057	586,398	1,818,594	2,305,275	486,681
Materials & Supplies	41,286	47,717	6,431	71,362	71,362	0
Services of Other Depts	1,887,426	1,872,215	-15,211	1,949,277	1,926,766	-22,511
Uses Total	12,033,245	12,570,769	537,524	12,486,805	12,908,805	422,000