



**CIVIL SERVICE COMMISSION
CITY AND COUNTY OF SAN FRANCISCO**

**LONDON N. BREED
MAYOR**

Date: February 5, 2024

To: Civil Service Commission

Through: Sandra Eng
Executive Officer

From: Lavena Holmes
Deputy Director

Subject: **Fiscal Years 2024-25 and 2025-26 Mayor’s Budget Instructions and Department Budget Preparation**

On December 13, 2023, the Mayor’s Office of Public Policy and Finance presented an overview demonstrating the rate of expenditure growth for the City far outpacing City’s General Fund revenues creating **\$245 million** deficit in FY 2023-24, **\$554 million** in FY 2025-26 and worsening deficits in coming years. The five-year fiscal outlook demonstrates projected expenditure to grow by over \$1.3 billion (18%) while revenues are projected to only grow by \$170 million (2 – 3%).

The Mayor's Budget instructions to departments include reducing General Fund support 10% in FY 2024-25 and 10% in FY 2025-26 and contingency proposals for an additional 5% in ongoing reductions each year. For the Civil Service Commission that equates to \$110,675 each year in FYs 24/25 and FY 25/26 with a contingency of \$60,000 each year. Departments were further instructed not to add new FTEs and to eliminate remaining vacancies for savings. It was emphasized that budget reductions will only address a portion of the shortfall and the Mayor’s Office would convene departments to propose further citywide solutions and strategies.

Civil Service Commission Current Budget – without proposed reductions

Fiscal Years Budgets 2024 - 2026	Original Budget 23/24	Original Budget 24/25	Department Budget 24/25	Base Budget 24/25	Department Budget 25/26	Base Budget 25/26
Salaries	902,920	929,658	928,661	928,661	962,934	962,934
Fringes	330,140	336,370	336,958	336,958	346,183	346,183
Professional Services	28,795	28,795	28,795	28,795	28,795	28,795
Materials/ Supplies	3,395	3,055	3,055	3,055	3,055	3,055
Services of Depts	246,359	239,415	239,415	239,415	239,415	239,415
Total Budget	1,511,609	1,537,593	1,536,884	1,536,884	1,580,382	1,580,382
Expenditure Recovery	430,839	430,839	430,839	430,839	430,839	430,839
General Fund Support	1,080,770	1,106,754	1,106,045	1,106,045	1,149,543	1,149,543

Civil Service Commission Proposed Budget – with proposed reductions

Fiscal Years Budgets 2024 - 2026	Original Budget 23/24	Original Budget 24/25	Base Budget 24/25	Proposed Budget 24/25	Base Budget 25/26	Proposed Budget 25/26
Salaries	902,920	929,658	928,661	907,353	962,934	943,272
Fringes	330,140	336,370	322,232	322,232	346,183	331,892
Professional Services	28,795	28,795	28,795	25,000	28,795	25,000
Materials/Supplies	3,395	3,055	3,055	3,055	3,055	3,055
Services of Depts	246,359	239,415	239,415	239,415	239,415	239,415
Total Budget	1,511,609	1,537,593	1,536,884	1,497,055	1,580,382	1,542,634
Expenditure Recovery	430,839	430,839	430,839	430,839	430,839	430,839
General Fund Support	1,080,770	1,106,754	1,106,045	1,066,216	1,149,543	1,111,795

In a recent reporting of the department’s six-month budget for the current FY 23/24, we are trending on target to save approximately \$110K in the current year primarily due to salary savings. While our current savings do not reflect ongoing cost savings, nor do they meet the reduction criteria for FY 24/25 savings; they do however, reflect savings in approximately the same dollar amount requested in year 1.

A review of our very lean current base budget report does provide flexible annual costs to achieve the requested savings without eliminating a position. Our costs are fixed, with the exception of Professional Services and Materials/Supplies. The current budget assumes some savings, in that our materials and supplies budget was reduced and our rent to the Department of Real Estate was also slightly reduced. Additional salary adjustments and reductions in professional services in our proposed budget nets savings of approximately 3.7% in Year 1 and 3.4% in Year 2.

We place emphasis on the measures we have taken meet the Mayor’s priorities particularly in the areas of citywide economic vitality and accountability and equity in service and spending. We have made great strides in partnership with the Departments of Human Resources, Contract Administration, Technology and the Government Operations Consortium to modify civil service rules to expedite City Hiring and modernize/streamline the personal services contracting process.

In light of the City’s deficit we are not requesting any new positions added to Commission staff; however, we seek to fill our vacant 1241 Personnel Analyst position permanently. It is currently filled in an exempt capacity.

RECOMMENDATION: Direct Commission staff to prepare Fiscal Years 2024-26 Budget Request to maintain appropriate staffing levels to meet ongoing and future service needs; continue to negotiate amounts necessary to achieve optimal results; incorporate changes made by the Commission by the Budget Request submission deadline; and approve to submit the Fiscal Years 2024-26 Budget Request to the Controller and the Office of the Mayor by February 21, 2

