

From: [Kittler, Sophia \(MYR\)](#)
To: [Chan, Connie \(BOS\)](#); [Mandelman, Rafael \(BOS\)](#); [Melgar, Myrna \(BOS\)](#)
Cc: [DeRuff, Henry \(BOS\)](#); [Hsieh, Frances \(BOS\)](#); [Wagner, Greg \(CON\)](#); [Paulino, Tom \(MYR\)](#); [Fieber, Jennifer \(BOS\)](#); [Low, Jen \(BOS\)](#)
Subject: Fw: Placing Grant funds on Mayor Reserve
Date: Wednesday, September 11, 2024 5:34:07 PM

Dear Chair Chan and members of the Budget Committee,

In order to avoid more confusing and painful mid-year cuts this December, the Mayor has made the difficult decision to put many grant dollars on pause (Mayor's Reserve), including some Board-phase dollars, pending the fall revenue update, which is expected in late November or early December. We formally communicated this decision to CFOs in an email yesterday, copied below. This is part of a larger initiative through MBO to control cost growth across the budget.

As you can see from the CFO directive below, this **does not include all** add-back funding; we are working with departments to understand the direct service implication of the cuts and potential restorations at a program level.

As I also mentioned below, I am hopeful that good revenue news this fall will mitigate the budget outlook and that we will be able to expand services as you intended.

Chair Chan, I know you were thoughtful in anticipating and carrying the mantle for the need for this fiscal prudence throughout your public statements during the Budget, and look forward to working together to find other opportunities as appropriate.

As always, I'm happy to meet with you each on this (or any) topic and hope to see you soon.

Sophia

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From: Kittler, Sophia (MYR)
Sent: Tuesday, September 10, 2024 2:05 PM
To: Kittler, Sophia (MYR) <sophia.kittler@sfgov.org>
Cc: Wagner, Greg (CON) <greg.wagner@sfgov.org>
Subject: Placing Grant funds on Mayor Reserve

Dear colleagues,

As you know, the Mayor's and Controller's offices continuously monitor the City's financial outlook, not just for revenue expectations, but for cost growth. As with the last fiscal year, we

expect our structural deficit will continue to be a daunting challenge for the foreseeable future. Revenue growth appears to be weak and uncertain, while the cost of doing business in San Francisco continues to rise.

Given our growth uncertainty, and in an effort to avoid painful mid-year cuts, Mayor Breed has instructed our office to limit spending and cost growth over the coming months. One small part of that effort is to limit unplanned grant spending.

As such, MBO offers following guidance for the upcoming fall season:

- For granting departments, funding for CBOs added in Board phase are placed on Mayor's reserve until after updated revenue projections are released and reviewed (expected December 2024).

- Certain exceptions will be considered for funding restorations for **direct services** (eg, food delivery, not outreach and education) that were reduced mid-contract, and that do not require an additional procurement. Programs funded by these dollars will have their funding released through the end of the calendar year, with the remainder put on Mayor reserve; MBO will be requesting additional performance accountability data. If you haven't already, please reach out to your MBO analyst if you believe your restorations fit this criteria.

- MBO will continue to work with your budget teams regarding funding for staffing or other higher program-level funding (e.g., offset of attrition savings, COLA, GFTA, etc). Here, we want to ensure continued service delivery, but without continuing to drive up our expenditures.

Our intention is transparency - to avoid having to arbitrarily "claw back" funding as the budget outlook continues to deteriorate (as we currently project). We know that mid-year cuts were destabilizing for a number of our service providers last year, and seek to avoid that situation at all costs.

I hope instead that we will be able to release additional funding after positive budget news in the late fall.

MBO will also plan to reach out to the BOS Budget committee to brief them.

As always, please don't hesitate to reach out if you need additional guidance.

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