



June 1, 2020

President Norman Yee
Board of Supervisors, City and County of San Francisco

Supervisor Sandra Lee Fewer
Chair, Budget and Finance Committee
Board of Supervisors, City and County of San Francisco

Re: Fiscal Years 2020-21 and 2021-22 Interim Budget

Dear President Yee, Chair Fewer, and Members of the Board of Supervisors,

Today we submitted the interim budget for Fiscal Years (FY) 2020-21 and 2021-22 to the Clerk of the Board. This budget serves as a continuity budget allowing essential city spending and operations to continue on July 1, 2020 until the final budget is adopted by the Mayor and Board of Supervisors by October 1, 2020. Due to the delayed budget timelines this year the Mayor's Proposed Budget will be submitted the Board on August 1st, when the difficult choices to close the projected \$1.5 billion two-year deficit and adopt a balanced budget will be considered.

The interim budget is based on the previously adopted FY 2020-21 budget, adopted by the Mayor and the Board in August, 2019. This interim budget does, however, contain three key changes from the previously adopted budget:

1. Wage delays for city employees, as triggered by the March Joint Report and consistent with language in negotiated memorandums of understanding (MOUs);
2. No inclusion of appropriation for the gross hourly increase for the IHSS Minimum Compensation Ordinance (MCO) on July 1, 2020. An ability to fund a wage increase in FY 2020-21 will be determined with August budget deliberations and subject to October appropriation levels; and
3. No July 1st implementation of the 2.5% cost-of-doing business (CODB) increase for non-profit providers. Any ability to fund a CODB increase in FY 2020-21 will be contemplated with August budget deliberations and subject to October appropriation levels.

While the Mayor and Board deliberate the extremely difficult choices needed to balance the budget, departments are instructed to continue to freeze non-essential hiring and to not move forward with new programs or projects. Additionally, the Controller's Office has issued guidance to contracting departments on how to modify contracts to bridge the interim budget period.

We know that many hard choices lie ahead of us to balance the historic shortfalls we're confronted with, and we will have to work together to bridge these significant budget gaps.

Sincerely,

A handwritten signature in blue ink that reads "Kelly Kirkpatrick".

Kelly Kirkpatrick
Mayor's Budget Director

cc: Severin Campbell, Budget and Legislative Analyst
Ben Rosenfield, Controller