



# San Francisco Ethics Commission

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February 3, 2025

To: Members of the Ethics Commission

From: Patrick Ford, Executive Director

Subject: Agenda Item 8 - Presentation, public hearing, and possible action on Ethics Commission budget proposal for the Fiscal Year 2025-26 and Fiscal Year 2026-27

## Summary and Action Requested

This item provides an opportunity for the Commission to be briefed and receive public comment on the department's budget proposal for Fiscal Years 2025-26 (FY26) and 2026-27 (FY27). No action is required at this public hearing. This item has been noticed for both discussion and possible action should the Commission wish to take action related to its budget priorities or strategy at this meeting.

## Background Information

Departmental budget submissions for the two-year period that begins July 1, 2025 and ends June 30, 2027 must be submitted to the Mayor's Office by Friday, February 21, 2025. As part of the annual budget submission process, departments are required to hold two hearings to receive public input on their budget priorities and budget proposals, respectively. The Commission held its first public hearing to receive feedback on the Commission's budget priorities on Friday, January 17, 2025, in which staff provided a [memo](#) and a [detailed presentation](#) regarding the Commission's funding overview, organizational structure, budgetary priorities, Mayor's budget instructions to City departments, and impact of the required target cuts on the department's operations.

The Commission has scheduled a second public hearing for the department's FY26-FY27 budget proposal at its regular monthly meeting on Friday, February 7, 2025. The information provided in this meeting must include description of the agency's divisions; budget totals and major changes including new or reduced initiatives and staffing changes; changes in service levels; projected salary savings; and how the agency is meeting budget instruction targets.

## Mayor's Budget Instructions

Mayor Breed issued annual budget instructions to City departments for FY26 and FY27 on December 3, 2024. The City is projecting a budget shortfall of approximately \$876 million with a \$253 million deficit in the first year and \$623 million in the second year. Therefore, City departments are required to propose ongoing cuts of 15% in FY26 and FY27 from their General Fund budgets. The budget instructions to departments are outlined below.

- Permanently reduce General Fund spending by 15% beginning FY26.
- Assess community-based organizations (CBO) grant allocations for efficiency.
- Re-examine all contractual services and non-personnel expenditures.

- Eliminate vacancies and do not add new FTEs. Hire only for core department functions.
- Consider hiring freezes.

The Mayor's budget instructions also mentioned the following priorities.

- Maintaining core city services, including public safety and clean streets.
- Continue significant progress decreasing unsheltered homelessness; ensuring effective mental health treatment.
- Propose opportunities to improve operational efficiency in service delivery and reporting across all areas of City services.

On January 9, Mayor Daniel Lurie announced a hiring freeze on most City positions. As of February 3<sup>rd</sup>, the Commission has a vacancy in the Engagement and Compliance Division that will be impacted by the hiring freeze.

Following submission of the budget proposals, the Mayor's Budget Office will evaluate the requests and develop the Mayor's proposed balanced budget to submit to the Board by June 1, 2025. The Board of Supervisors then considers the budget and must send a balanced budget back to the Mayor for signature by August 1, 2025.

### Department's Budget Proposal

The Ethics Commission's budget proposal for FY26 and FY27 is detailed in Attachment I which outlines changes to programs, staffing, organization structure, and budget totals; projected savings; and approaches to meet the target cuts. An overview of the Commission's divisions also appears in Attachment II.

We look forward to receiving feedback from the Commission and public as part of finalizing our budget submission. Written comment on the Commission's budget proposal may be submitted to [ethics.commission@sfgov.org](mailto:ethics.commission@sfgov.org).