

San Francisco Arts Commission January 28, 2021

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Mayor

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City and County of San Francisco

To: Executive Committee Members
Cc: Alyssa Ventre, Commission Secretary
From: Kevin R. Quan, Finance and Accounting Manager
Re: FY22 & Fy23 Budget Proposal

- Our departmental budget submission is due to the Controller's Office and the Mayor's Office of Policy and Finance on February 22. The Mayor is legally mandated to present a balanced City budget to the Board of Supervisors on June 1. The Board's Budget Analyst will review the budget and recommend cost savings, which they will present and discuss at hearings throughout the month of June. The full Board of Supervisors will vote on the final budget in July, and the Mayor will sign the ordinance in August.
- The Arts Commission is submitting a rolling two-year budget. The attachment includes our final approved budget for FY21, as well as our proposed budget for FY22 and FY23. Capital and Technology requests are listed separately.
- As the result of projected Citywide General Fund deficits of \$411.1M in FY22 and \$242.1M in FY23, the Mayor's budget instructions include a requirement to submit ongoing savings equal to 7.5% in adjusted General Fund support for FY22 and FY23. Additionally, departments must submit proposals for an ongoing 2.5% contingency for FY22 and FY23 to be considered should fiscal conditions worsen. The 7.5% target is equal to \$292,683 for FY22 and FY23. The contingency proposal is equal to \$97,561 for FY22 and FY23.
- The passage of Proposition E (November 2018) significantly reduced the Arts Commission's dependence on the General Fund, because the majority of the grant making work is now supported with dedicated Hotel Tax Fund revenue. The resulting ordinance also caps annual increases and decreases by 10%, critical in the current pandemic where Hotel Tax revenue experienced a precipitous decline in the current fiscal year. The General Fund currently supports the agency's administrative costs, the Civic Art Collection program, and the Galleries program.

- As the City recovers from the public health crisis and severe revenue loss caused by COVID-19, the Mayor is focused on achieving equitable outcomes for residents across the City. We are prioritizing core functions where budget decisions will emphasize effective use of City funding in tandem with our Racial Equity Action Plan.