



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

**Daniel Lurie
MAYOR**

Date: December 15, 2025

To: Civil Service Commission

Through: Sandra Eng, Executive Officer

From: Lavena Holmes, Deputy Director *Lavena Holmes*

SUBJECT: Budget Years 2026-27 and 2027-28 Mayor's Policy Instructions and Department Preparation Schedule

I. Budget Outlook and Due Date

The Mayor's Budget Office issued its detailed Budget Instructions for FYs 2026-27 and 2027-28 on December 12, 2025, and met with department Directors and CFOs on the same day. City departments are required to submit a fixed two-year budget plan for fiscal years 2026-27 and 2027-28 to the Office of the Controller and the Mayor's Budget Office by 5:00 p.m. on **February 21, 2026**. This report outlines the basis for the Civil Service Commission (CSC) budget request.

The fiscal outlook for City includes the following projections:

- Rate of expenditure growth far outpaces City's General Fund revenues – creating an \$936M two-year deficit (\$296M deficit in FY 2026-27, \$640M in FY 2027-28)
- Expenditure growth of \$1.8B far surpasses revenue growth of \$617M over the next five years

Fiscal Outlook: Major Assumptions in the Five-Year Forecast

- Strong business tax growth; modest local tax growth (does not assume a recession)
- Revenue loss from H.R.1: Assume \$300M over two years
- Salary & benefits: CPI growth on all open contracts assumed July 1 from FY29 onward; 7.2% ROR on pension investments; 9% health rate cost growth
- Citywide & departmental costs: Full funding of 10-year Capital & ICT plans by FY28; 3% CODB
- City funded baseline growth: Assumes all baseline growth funded in each year

Fiscal Outlook: Key Expenditures in the Five-Year Projection

- Salaries and benefits: increase by over \$820M over the next five FYs
- Required baseline contributions: Grow by over \$270M by 2030

- Citywide operating costs: real estate, capital, debt payments, PUC rates, and inflation on non-personnel services and multiyear nonprofit grants
- Other major costs: inflation on public health operating costs, IHSS program growth, shelter costs due to expiring state grants

II. Budget Priorities and Instruction for Fiscal Years 2026-27 & 2027-28

The Mayor's high-level overview of priorities at the time of the budget instruction includes safe and clean streets, and economic revitalization underscored by effective common-sense government. These priorities are designed to be accomplished by:

- Reorienting city spending towards 2026 priority core services
- Continuing to reduce the structural deficit; and
- Investing in long-term operational efficiencies

Overall budget instructions for Departments - Reduce General Fund spending by \$400M ongoing through restructured delivery and target discretionary program elimination, including:

Instruction 1: Eliminate discretionary programs.

Instruction 2: Restructure departments around current staffing levels.

Instruction 3: Review all contracted services and non-personnel expenditures to identify savings.

Instruction 4: Reduce all city-wide workorders.

Instruction 5: Identify redundancy and shared administrative needs.

Instruction 6: Identify investment opportunities to reduce long-term costs.

III. Budget Planning Calendar

TARGET DATE	DESCRIPTION
December 2025	Five Year Financial Plan Update (Joint Report)
December 15, 2025	Mayor's Budget Instructions and Department Budget Preparation Schedule shared with Civil Service Commission
January 20, 2026	Department Programming Worksheet due to MBO
January 23, 2026	Capital and COIT budget requests due
January 26, 2026	Civil Service Commission budget presentation at special meeting of January 26, 2026
February 2, 2026	Civil Service Commission review and approval of Budget Request
February 21, 2026	Department Budget submissions due
March 2026	March Update to the Joint Report
May 1, 2026	Mayor proposes May 1 Department budgets
May 2026	Controller's 9-Month Report
June 1, 2026	Mayor proposes a balanced budget to the Board of Supervisors
June 2026	Budget and Appropriations Committee hearings

IV. Fiscal Year 2025-26 Overview

A. Summary of Current Fiscal Year 2025-26

Below is the final base Fiscal Year 2025-26 (current) Civil Service Commission Budget. The total budget allocation was \$1,612,202 of which \$1,181,363 was General Fund Support. The remaining support consisted of Interdepartmental Expenditure Recovery totaling \$430,839 (same as prior years).

This budget supports the administration of the three (3) major programs, the essential core functions of the Commission's Charter mandate: 1) Appeals and Requests for Hearings, Rules, Policies, and Administration; 2) Merit System Review, Inspection Services and Audit; and 3) Employee Relations Ordinance Administration.

Account	FY 2024-25 Adopted Budget	Total
Salary and Fringe Benefits		
Permanent Salaries	959,549	
Temporary Salaries		
Mandatory Fringe Benefits	352,064	
	Sub-total	1,311,613
Non-Professional Services	25,000	
Material and Supplies	3,055	
Services of Other Depts	272,534	
	Sub-total	300,589
General Fund Support		1,181,363
Interdepartmental Recovery		430,839
Total Budget Appropriation		1,612,202

B. Fiscal Year 2025-26 Staffing

The Commission's Fiscal Year 2025-26 budget includes a budgeted staff of 6.0 FTE:

- Two Administrators
Executive Officer (Job Code 0961 Department Head I)
Deputy Director (Job Code 0951 Deputy Director I)
- Two Professional Staff
Merit System Review/Audit and Employee Relations Ordinance Administrator (Job Code 1244 Senior HR Analyst)
Public Records/Inspection Service Request Investigator (Job Code 1241 HR Analyst)
- Two Technical and Support Staff
Rules, Personnel & Office Coordinator (Job Code 1203 Personnel Technician)
Administrative Staff Assistant (Job Code 1840 Jr. Management Assistant)

V. Fiscal Year 2026-27 & Fiscal Year 2027-28 Budget Request Approach

As indicated, by the Mayor's budget instructions the Civil Service Commission will assess the current budget with an eye to restructure the organization around our current staffing level to increase efficiency and eliminate redundancy; much of this work is already underway in our current budget cycle with the automation of appeals and inspection service processing. We will also assess non-personnel expenditure to identify savings and opportunities to share costs with other departments for required outside administrative services.

If our workorder support through interdepartmental recovery is reduced by the proposed 10% cut in workorders, that amount will not be offset by potential cost savings of 10% in services of other departments. This proposed level of budget restructuring creates an approximate \$16K loss for the Civil Service Commission.

The Budget Request for Fiscal Years 2026-27 and 2027-28 must provide adequate levels of funding for the Civil Service Commission to perform its mission of overseeing the merit system and Rule-making authority to ensure qualified candidates for appointments to City and County positions.

Commission staff members conduct consultation, meetings, training and informational sessions with departmental human resources leadership and their staff, hiring managers and other City employees, union organizations, and the public on Rule and policy clarification, selection processes and other hiring issues, appealable matters, and charter mandates. The Executive Officer and Deputy Director work with the Department of Human Resources, Municipal Transportation Agency (MTA) and Public Safety on rule change proposals to modernize and expedite hiring. CSC managers participate as advisors to the workforce working group with the Office of Racial Equity on the evaluation of citywide inclusion, diversity, equity and access initiatives to advance the City's goals. The Committee on Policies and Rules (COPAR) continues to meet regularly and is updating Volumes I and IV Miscellaneous and MTA rule series (last updated in 2000) to be effective in the upcoming fiscal year.

The \$400M targeted reduction in general funding spending correlates to approximately 15% per department. For the Civil Service Commission is \$241,830 for FY 26-27. The CSC budget does not have flexibility to make funding cuts without position elimination.

Commission staff will prepare the budget request without impacting mission critical services required of the Civil Service Commission, while seeking additional ways to collaborate, expedite and improve the appeals, inspection service, and support hiring processes in ways that automate, remain equitable, retain fairness and transparency and continue to provide the best qualified candidates for positions to serve the residents of San Francisco.

VI. Recommendation

Accept the report and direct Commission staff to prepare Fiscal Year 2027 and Fiscal Year 2028 Budget Request; present Budget Request at the Commission meetings of January 26, 2026 and February 2, 2026; incorporate changes made by the Commission; and receive approval to submit the Fiscal Year 2027 and Fiscal Year 2028 Budget Request to the Office of the Controller and the Mayor's Budget Office by February 21, 2026.