

San Francisco Arts Commission

January 16, 2024

London N. Breed
Mayor

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City and County of San Francisco

To: Executive Committee Members

Cc: Manraj Dhaliwal, Commission Secretary

From: Sarah Hollenbeck, Deputy Director of Finance and Administration

Re: FY25 & FY26 Budget Proposal

- Our departmental capital and technology budget requests are due on January 19 and our operating budget submission is due to the Controller's Office and the Mayor's Office of Public Policy and Finance on February 21. The Mayor is legally mandated to present a balanced City budget to the Board of Supervisors by June 1. The Board's Budget Analyst will review the budget and recommend adjustments, 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 annual appropriation and salary ordinances in July or August.
- Each year the City budgets on a two-year basis. This year the Arts Commission is submitting its proposed budgets for Fiscal Year 2024-25 (FY25) and Fiscal Year 2025-26 (FY26). The budget presentation and supporting documents also include our final approved budget for the current fiscal year, Fiscal Year 2023-24 (FY24), for reference.
- As the result of a projected Citywide budget deficit of \$799M over the next 2 budget years, the Mayor's budget instructions include mandatory General Fund support reductions for FY25 and FY26, on top of the mid-year reductions that departments were required to make earlier in the current fiscal year. The Arts Commission has already made progress towards our mandatory budget reductions for FY25 and FY26 by implementing mid-year reductions in FY24 that carry forward into subsequent fiscal years, offsetting the additional reductions we now have to make. SFAC anticipates meeting its mandatory reduction targets for FY25 and FY26 with a combination of strategies including shifting certain labor costs to non-general fund sources, among others.
- The passage of Proposition E (November 2018) significantly reduced the Arts Commission's dependence on the General Fund. While SFAC's administrative costs, the Civic Art Collection program, and the Galleries program continue to be supported in whole or in part by the General Fund, the majority of the

January 16, 2024
Page 2

Department's grantmaking work is now funded with Hotel Tax revenue. Though projected Hotel Tax revenue growth rates have moderated since the adoption of the FY24 budget, the City Controller's Office is still projecting healthy growth in Hotel Tax revenue in FY25 and FY26 of 9% and 7%, respectively.