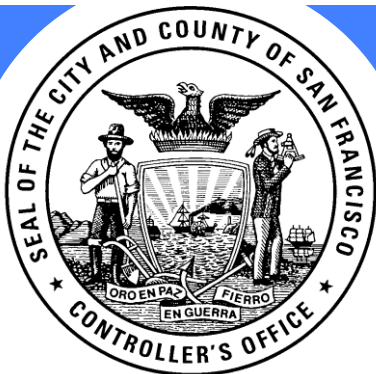


# City Budget Outlook: May Update



## CITY & COUNTY OF SAN FRANCISCO

Office of the Controller  
Board of Supervisor's Budget & Legislative Analyst  
Mayor's Budget Office

May 13, 2020

# Presentation Outline

## Projected Shortfalls

Current Year (FY 2019-20)

Future Years (FY 2020-21 through FY 2023-24)

## COVID Emergency Spending & Revenues

## Risks & Uncertainty

Slower economic recovery

Sustained emergency response costs

Federal & State revenues

# May Shortfall Projections

## Projected shortfalls through FY21-22

- March projection: \$1.1B - \$1.7B
- May projection: \$1.7B

# FY19-20 Local Taxes

## FY19-20 Local Tax Losses (\$M)

Property tax	75.8
Business taxes	(207.1)
Hotel tax	(150.1)
Parking tax	(22.1)
Sales tax	(33.7)
Other local taxes	1.4
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Local tax losses	(335.8)
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# FY19-20 Projection Summary

## FY19-20 Summary (\$M)

FY19-20 Starting Balance	294.1
Current year revenues	(436.0)
Baseline contributions	103.8
Current year expenditures	123.7
FY19-20 ending balance	85.5
Previously projected (January)	331.7
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Variance	(246.2)
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# May Baseline Forecast

	<u>FY2019-20</u>	<u>FY2020-21</u>	<u>FY2021-22</u>	<u>FY2022-23</u>	<u>FY2023-24</u>
I. Current fiscal year	(246.2)				
II. Future fiscal years		(753.9)	(735.4)	(1,016.4)	(1,088.5)
III. Projected shortfalls	<u>(246.2)</u>	<u>(753.9)</u>	<u>(735.4)</u>	<u>(1,016.4)</u>	<u>(1,088.5)</u>
FY 2019-20 - FY 2021-22 Total			(1,735.5)		

# Forecast Through FY 2023-24

## May Budget Outlook (\$M)

	FY19-20	FY20-21	FY21-22	FY22-23	FY23-24
<b>Sources</b>					
General fund sources		(487)	(306)	(110)	89
Public health revenues		(132)	(32)	(12)	8
Other		(31)	150	(67)	(93)
		<b>(650)</b>	<b>(188)</b>	<b>(190)</b>	<b>4</b>
<b>Uses</b>					
Baselines & reserves		93	21	(29)	(86)
Salaries & benefits		(125)	(307)	(415)	(495)
Citywide operating costs		(66)	(162)	(234)	(315)
Department costs		(6)	(100)	(148)	(197)
		<b>(104)</b>	<b>(547)</b>	<b>(827)</b>	<b>(1,093)</b>
Projected shortfall	(246)	(754)	(735)	(1,016)	(1,089)
<i>Through FY21-22</i>			<i>(1,735)</i>		

# COVID Spending & Revenues

## Current fiscal year

Projected spending and encumbrances of \$373M in the current year will likely be offset by federal & other revenues.

But the City will largely deplete the CARES Act allocations available to support sustained response costs after July 1<sup>st</sup>.

## Next fiscal year and beyond

Spending requirements for next fiscal year will be shaped by unknown ongoing community health risk.

Duration of FEMA reimbursement a key financial risk.

Additional federal aid packages for local response?



# COVID Spending & Revenues: FY 2019-20

	Total Cost	FEMA & Other	Net Local
<b>Expenditures</b>			
Health system costs	177.7	132.5	45.2
Shelter and housing programs	91.6	46.2	45.4
Emergency operations and staffing	30.7	10.7	20.0
Economic and social relief programs	72.7	42.5	30.2
<b>Subtotal, Expenditures</b>	<b>372.7</b>	<b>231.9</b>	<b>140.8</b>
<b>Other Federal &amp; State Sources</b>			
CARES Act - State & Local Governments			153.8
CARES Act - Other allocations			22.0
State Project Roomkey			7.4
<b>Subtotal, Other Federal &amp; State Sources</b>			<b>183.2</b>
<b>Balance of CARES Act Funding for Response Costs in FY 2020-21</b>			<b>42.4</b>

# COVID Spending & Revenue Ranges: FY 2020-21

## Unknowns:

- Arc of COVID in community in FY20-21 and beyond
- Scale and design of City programs to mitigate risks
- FEMA duration
- Additional federal local government aid?

	Total	CARES Balance	FEMA	Net City Cost
<b>Expenditures</b>				
Sustained at current spending rate	1,190.2	42.4	678.9	468.9
At 50% burn rate	595.1	42.4	339.5	213.3
At 25% burn rate	297.6	42.4	169.7	85.4

# Risks & Uncertainty

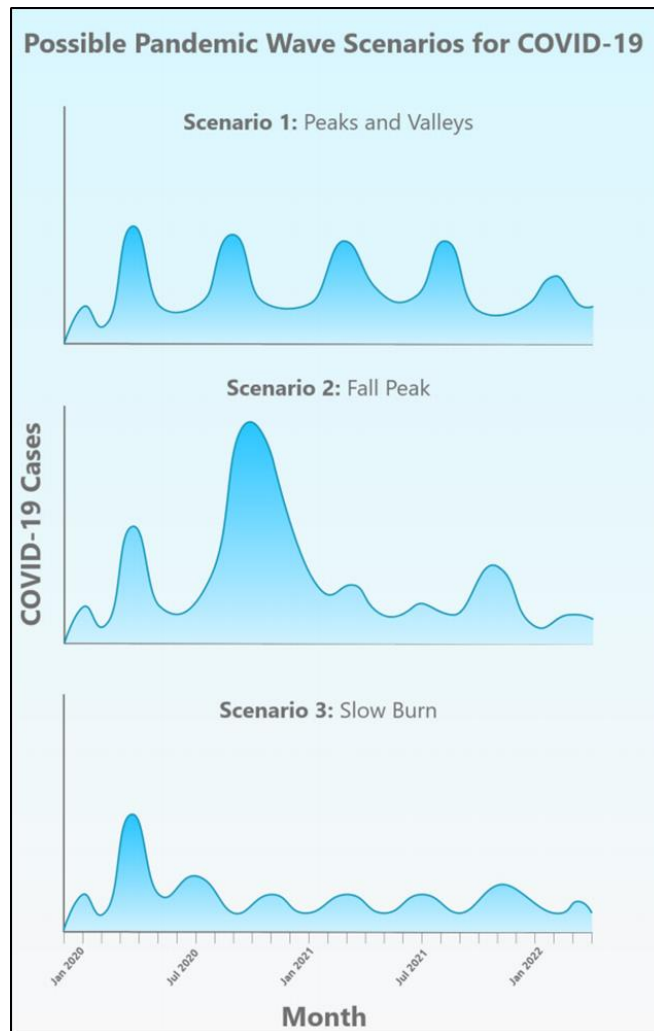
Duration and intensity of public health risks

Slower or later recovery than assumed

Level of City response sustained in coming years

Federal & State revenue risks

# Duration and intensity of public health risks?



## Center for Infectious Disease Research & Policy (CIDRAP)

1. Because of a longer incubation period, more asymptomatic spread, and a higher reproductive rate, COVID-19 appears to spread more easily than flu.
2. Based on the most recent flu pandemics, this outbreak will likely last 18 to 24 months.
3. Depending on control measures and other factors, cases may come in waves of different heights (with high waves signaling major impact) and in different intervals.

# Slower or later recovery?

## Local Tax Base (\$M)

FY20-21

Property tax	2,026	}		
Business taxes	980			
Hotel tax	164		Additional 5% decline =	(189)
Parking tax	85		Additional 10% decline =	(379)
Sales tax	173			
Other local taxes	361			
<b>Local tax base</b>	<b>3,789</b>			

# Level of required City response in future years?

City spending in current year projected at \$375M

Spending levels in FY20-21 and beyond?

- Hospital system (surge capacity, PPE, other)

- Testing and contact tracing

- Temporary housing & shelter

- Economic and social aid programs

- Other interventions & strategies

# Federal and State revenue risks & unknowns?

Projections assume no loss of Federal or State revenues

## Key Federal Risks

Duration of national emergency (FEMA)

Additional Federal aid packages?

## Key State Risks

CalOES emergency match

State budget shortfall of \$54B

## Questions or comments?

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