



# FY 2024-25 Nine-Month Budget Status Report



Office of the Controller

Budget & Appropriations Committee June 4, 2024

# Summary

- \$53.9 million improvement from prior projections in March 2025 Update to the Five-Year Financial Plan.
- Net revenue shortfall of \$32.7 million from is unchanged from the prior projection.
  - Persistent weakness in hotel and sales taxes is partially offset by business and real property transfer taxes.
  - High volumes of assessment appeals and refunds, partially offset by more excess ERAF, result in a net property tax revenue shortfall.
  - Assumes no changes from new federal administration's proposed funding freezes or recissions of funds.
- \$145.4 million net operating surplus in departments is a \$47.7 million increase from prior projection:
  - Includes \$19.9 million in savings from project close outs at DCYF (\$10.5M) and MOHCD (\$3M) and expenditures placed on reserve at DPH (\$2.5M)
  - An additional \$123.1 million in operating surplus from surplus revenue (\$75.8M) and expenditure savings (\$47.3M). Majority of operating surplus comes from DPH (\$106.3M) due to surplus patient revenue at the San Francisco Health Network and ZSFG Hospital. Expenditure savings at Human Services and Administrative Services are offset by Public Works and City Planning revenue shortfalls and overspending at the Sheriff's department.
- As of the report the Police, Fire, Emergency Management, Sheriff, and PUC were expected to require additional supplemental appropriations for overtime, as required by the Administrative Code. The Board has now approved the supplemental for Police and Sheriff and the supplemental related to Fire, PUC and DEM is pending at the full Board.

# Summary

**Table 1. FY 2024-25 Projected General Fund Variances, \$M**

	Fall 2024 Projection	6-Month	March 2025 Update	9-Month	Change
FY 2023-24 Ending Fund Balance	455.2	455.2	455.2	455.2	-
Appropriation in the FY 2024-25 Budget	(455.2)	(455.2)	(455.2)	(455.2)	-
<b>A. Prior Year Fund Balance vs Budgeted Levels</b>	-	-	-	-	-
Citywide Revenue	(45.7)	(114.1)	(32.7)	(32.7)	0.0
Baseline Contributions	(6.1)	(0.3)	(18.8)	(12.6)	6.2
Departmental Operations	-	97.7	97.7	145.4	47.7
<b>B. Current Year Revenues and Expenditures</b>	<b>(51.9)</b>	<b>(16.7)</b>	<b>46.1</b>	<b>100.1</b>	<b>53.9</b>
General Reserve Appropriated - Source	-	0.5	0.5	6.0	5.4
New Expenditures Supported by General Reserve - Use	-	(0.5)	(0.5)	(6.0)	(5.4)
<b>C. Supplemental Appropriations &amp; Use of Reserves</b>	-	-	-	-	-
<b>D. Previously Unappropriated Fund Balance</b>	<b>154.9</b>	<b>154.9</b>	<b>154.9</b>	<b>154.9</b>	-
<b>E. Fund Balance Previously Appropriated in FY 2025-26</b>	<b>228.5</b>	<b>228.5</b>	<b>228.5</b>	<b>228.5</b>	-
<b>F. FY 2024-25 Projected Ending Balance</b>	<b>331.5</b>	<b>366.7</b>	<b>429.5</b>	<b>483.4</b>	<b>53.9</b>

# Revenues

	FY 2023-24	FY 2024-25			Variance	
	Actuals	Budget	5-Yr Update (Mar 25)	9-Mo (May 25)	Vs Budget	Vs March 5-Yr
Traditional Property Tax	2,142.1	2,158.0	2,104.0	2,104.0	(54.0)	-
Excess ERAF	397.2	311.6	331.6	331.6	20.0	-
<b>Property Tax Total</b>	<b>2,539.4</b>	<b>2,469.6</b>	<b>2,435.6</b>	<b>2,435.6</b>	<b>(34.0)</b>	-
Business Taxes	868.9	1,023.0	1,069.2	1,069.2	46.2	-
Sales Tax - Local 1%	190.5	193.7	182.8	182.8	(10.9)	-
Hotel Room Tax	251.2	285.2	246.9	246.9	(38.3)	-
Utility User & Access Line Taxes	186.6	164.5	168.8	168.8	4.3	-
Parking Tax	86.2	86.9	86.9	86.9	-	-
Real Property Transfer Tax	177.7	218.9	229.6	229.6	10.8	-
Sugar Sweetened Beverage Tax	11.6	12.7	11.6	11.6	(1.1)	-
Stadium Admissions Tax	8.6	7.4	8.6	8.6	1.2	-
Cannabis Tax	-	-	-	-	-	-
Franchise Taxes	17.4	16.2	16.2	16.2	(0.0)	-
Interest Income	171.4	146.7	155.0	155.0	8.3	-
FEMA Disaster Relief	73.3	80.0	87.0	87.0	7.0	-
Health & Welfare Realignment	264.6	283.6	264.8	264.8	(18.8)	-
Public Safety Realignment	55.6	55.4	51.9	51.9	(3.5)	-
Public Safety Sales Tax	97.2	99.6	95.7	95.7	(3.9)	-
Airport Transfer In	55.6	58.3	58.3	58.3	-	-
Commercial Rent Tax Transfer In	28.4	28.1	28.1	28.1	-	0.0
<b>Total Citywide Revenues</b>	<b>5,084.0</b>	<b>5,229.7</b>	<b>5,197.0</b>	<b>5,197.0</b>	<b>(32.7)</b>	<b>0.0</b>

# Departments

	Revenue Surplus / (Shortfall)	Expenditure Savings/ (Deficit)	Net Surplus / (Shortfall)
Net Shortfall Departments			
Sheriff	0.3	(10.9)	(10.6)
City Planning	(10.1)	4.1	(6.0)
Public Works	(4.9)	2.6	(2.3)
Police Department	(0.5)	0.0	(0.5)
Subtotal Net Shortfall Departments	(15.2)	(4.2)	(19.3)

	Revenue Surplus / (Shortfall)	Expenditure Savings/ (Deficit)	Net Surplus / (Shortfall)
Net Surplus Departments			
Public Health	102.1	4.2	106.3
Children, Youth and Their Families	(0.1)	10.6	10.5
City Administrator	0.6	7.6	8.2
General City Responsibility	5.0	3.1	8.1
Human Services Agency	(1.2)	8.1	6.9
Mayor	-	4.5	4.5
Elections	1.8	1.8	3.6
City Attorney	(3.5)	6.1	2.7
Human Rights Commission	-	2.3	2.3
Fire Department	10.1	(8.0)	2.1
Adult Probation	(0.3)	2.1	1.8
Economic & Workforce Development	(12.6)	13.8	1.2
Ethics Commission	0.2	0.9	1.1
Homelessness and Supportive Housing	(2.9)	3.9	1.0
Subtotal Net Surplus Departments	99.2	61.0	160.2

All Other	(8.2)	12.6	4.4
TOTAL	75.9	69.5	145.3

# Reserves

	FY 2023-24	FY 2024-25			FY 2025-26		
	Ending Balance	Deposit	Use	Projected Balance	Deposit	Use	Projected Balance
General Reserve	\$ 128.1	\$ 14.6	(6.0)	\$ 136.8	\$ 24.5	-	\$ 161.2
Rainy Day Economic Stabilization City Reserve	114.5	-	-	114.5	-	-	114.5
Budget Stabilization Reserve	275.2	-	-	275.2	-	-	275.2
<b>Economic Stabilization Reserves</b>	<b>389.7</b>	-	-	<b>389.7</b>	-	-	<b>389.7</b>
<b>Percent of General Fund Revenues</b>	<b>6.1%</b>			<b>6.1%</b>			<b>6.0%</b>
Budget Stabilization One Time Reserve	54.8	-	-	54.8	-	(54.8)	-
Rainy Day Economic Stabilization SFUSD Reserve	1.0	-	-	1.0	-	-	1.0
Federal and State Emergency Grant Disallowance Reserve	81.3	-	(38.2)	43.1	-	-	43.1
Fiscal Cliff Reserve	182.4	-	-	182.4	-	-	182.4
Business Tax Stabilization Reserve	29.5	-	(29.5)	-	-	-	-
Public Health Revenue Management Reserve	148.9	-	-	148.9	-	-	148.9
Free City College Reserve	7.6	-	(7.5)	0.1	6.2	(6.2)	-
Student Success Fund Reserve	1.5	-	-	1.5	-	-	1.5
<b>Other Reserves</b>	<b>507.1</b>	-	(75.2)	<b>431.9</b>	<b>6.2</b>	<b>(61.1)</b>	<b>377.0</b>
Litigation Reserve	-	11.0	(11.0)	-	11.0	(11.0)	-
Salary and Benefits Reserve	1.8	20.2	(22.0)	0.0	20.8	(20.8)	0.0
<b>Annual Operating Reserves</b>	<b>1.8</b>	<b>31.2</b>	<b>(33.0)</b>	<b>0.0</b>	<b>34.3</b>	<b>(34.3)</b>	<b>0.0</b>
<b>TOTAL, General Fund Reserves</b>	<b>1,026.7</b>	<b>45.8</b>	<b>(114.2)</b>	<b>958.4</b>	<b>64.9</b>	<b>(95.4)</b>	<b>927.9</b>