



Mayor's Proposed FY 2020-21 and FY 2021-22 Budget

August 12, 2020



Mayor's Proposed Budget - Overview

Total Size of Budget

- \$13.7 billion in FY 2020-21
- \$12.6 billion in FY 2021-22

General Fund vs. Non-General Fund

- Non-General Fund – \$7.5 billion (54%)
- General Fund – \$6.2 billion (46%)
 - \$3.9 billion is restricted by state and federal reimbursements, voter-mandated baselines and setasides
 - \$2.3 billion is discretionary



Mayor's Proposed Budget – Highlights

- Balances budget responsibly
- Makes progress on mental health and homelessness
- Reinvests \$120 million over two-years to support racial equity initiatives and alternatives to policing
- Maintains robust response to COVID-19



Mayor's Proposed Budget – How do we balance?

Utilizes one-time and ongoing solutions to close projected shortfall, while including targeted investments in shared priority areas

- Solves \$1.5 billion shortfall primarily driven by revenue losses due to COVID
- Identifies \$1.9 billion in revenue and expenditure solutions from the use of reserves, excess ERAF, revenue from the Business Tax Reform measure, an assumed labor concession, and other solutions
- Invests over \$300 million in shared priorities of homelessness and behavioral health, racial equity, and COVID-19



Mental Health & Homelessness

- Continues investments in navigation centers and emergency shelters
- Preserves and expands critical city pilots and programs to address homelessness, and continues support for housing subsidies and emergency rental assistance
- Implements the City's Homelessness Recovery Plan, leveraging over \$500 million in federal, state, and local sources to make 6,000 adult placements in housing and shelter available over the next two years
- Initiates Mental Health SF, utilizing unlocked Prop C and City General Funds to create the Office of Coordinated Care, increase behavioral health beds, pilot crisis response, and expand service at the Behavioral Health Access Center



Prioritizing Racial Equity & Youth

- Reinvests \$120 million in law enforcement funding to support improved health, housing, and economic outcomes for African American community, and explore alternatives to policing
- Provides \$15 million to SFUSD to provide needed financial relief and support for vulnerable students
- Extends stipend programs for SFUSD teachers in high potential schools and for educators in the City's early care and education systems
- Supports youth workforce opportunities through the Opportunities for All program, provides funding to respond to the Office of Racial Equity's Vulnerable Populations Survey, and redirects revenue from Juvenile Probation to support youth programs at DCYF



Maintaining Response to COVID-19

- Mayor's proposed budget allocates nearly \$450 million toward continue robust response to COVID-19
- Expenditures are offset by FEMA (\$246 million) and CARES Act (\$82.1 million), resulting in net General Fund cost of \$93 million
- Sustained response includes ongoing COVID Command Center operations, testing, contact tracing, community outreach, food security, and emergency shelter



Future Risks Exceed Remaining Reserves

- Before the pandemic, the City had set aside about \$1 billion in reserves
- Mayor's proposed budget will draw down about \$500 million over the coming three years, including the maximum legal withdrawal from the City rainy day reserve, leaving about \$500 million to address future risks
- Future risks include:
 - Failure of the November 2020 Business Tax Reform measure (\$300 million)
 - FEMA expires before July 2021 (\$100 million)
 - COVID expenses continue past July 2021 (\$150 million)
 - Slower economic recovery (\$275 million)
 - Excess ERAF & State budget reductions (\$80 million)
 - Subsequent year shortfalls (\$400 million)