



FY 2025-26 Six-Month Budget Status Report

Office of the Controller

Budget & Finance Committee February 25, 2026

Summary

- Improvement of \$89.4 million from prior projection (December 2025 Five Year Financial Plan).
- Reduces projected shortfall in the upcoming two-year budget from \$936.6 million to \$877.0 million.
- Revenue surplus of \$213.7 million is \$46.0 million better than prior projection. Reflects strength in business and transfer taxes, reducing FEMA COVID reimbursements from \$80 million to \$0.
- \$55.8 million net department surplus:
 - \$33.1 million Public Health revenue surplus
 - \$23.5 million Human Services surplus
 - Non-public safety departments projected to have ~\$8 million salary savings, not enough to solve overtime overspending in public safety. Indigent defense costs will exceed budget.
- The PUC, Police, Fire, Sheriff, and Emergency Management departments require supplemental appropriations for overtime. The Sheriff will require use of the General Reserve.
- Approving supplementals using General Reserve in the current year increase the budget year shortfall.
- Assume no changes from new federal administration's proposed funding freezes or rescission of funds.

Summary

	Fall 2025 Projection	6-Month	Change
FY 2024-25 Ending Fund Balance	420.9	420.9	-
Appropriation in the FY 2025-26 Budget	(382.4)	(382.4)	-
A. Prior Year Fund Balance vs Budgeted Levels	38.6	38.6	-
Citywide Revenue	167.7	213.7	46.0
Baseline Contributions	(47.3)	(54.7)	(7.3)
Departmental Operations	(3.3)	55.8	59.1
B. Current Year Revenues and Expenditures	117.1	214.8	97.8
General Reserve Appropriated - Source	-	3.5	3.5
New Expenditures Supported by General Reserve - Use	-	(3.5)	(3.5)
Deposit to Budget Stabilization Reserve	-	(8.4)	(8.4)
C. Supplemental Appropriations & Use of Reserves	-	(8.4)	(8.4)
D. Previously Unappropriated Fund Balance	140.0	140.0	-
Fund Balance Previously Appropriated in FY 2026-27	229.6	229.6	-
E. FY 2025-26 Projected Ending Balance	525.2	614.6	89.4

Revenues

	FY 2024-25	FY 2025-26		Variance		
	Actuals	Budget	5-Yr (Fall 25)	6-Mo (Feb 25)	Vs Budget	Vs Fall 5-Yr
Traditional Property Tax	2,122.8	2,164.0	2,173.0	2,142.0	(22.0)	(31.0)
Excess ERAF	362.3	273.0	313.4	309.0	36.0	(4.4)
Property Tax Total	2,485.1	2,437.0	2,486.4	2,451.0	14.0	(35.4)
Business Taxes	1,120.4	1,139.6	1,268.8	1,294.8	155.2	26.0
Sales Tax - Local 1%	188.3	189.5	191.6	193.6	4.1	2.0
Hotel Room Tax	255.3	265.2	272.0	275.7	10.5	3.7
Utility User & Access Line Taxes	170.0	170.8	192.5	192.5	21.6	-
Parking Tax	81.3	88.8	83.5	83.5	(5.3)	-
Real Property Transfer Tax	294.4	267.6	290.7	336.7	69.2	46.0
Sugar Sweetened Beverage Tax	11.4	11.6	11.4	11.4	(0.3)	-
Stadium Admissions Tax	8.9	8.6	9.9	9.9	1.3	-
Cannabis Tax	-	-	-	-	-	-
Franchise Taxes	17.4	16.1	17.4	17.4	1.3	-
Interest Income	171.1	151.9	166.3	175.0	23.1	8.7
FEMA Disaster Relief	73.9	87.0	7.0	3.7	(83.3)	(3.3)
Health & Welfare Realignment	307.6	272.8	278.6	278.6	5.8	-
Public Safety Realignment	52.2	53.5	53.1	53.1	(0.4)	-
Public Safety Sales Tax	96.1	97.2	96.8	96.3	(1.0)	(0.5)
Airport Transfer In	58.5	61.3	60.5	59.4	(1.8)	(1.1)
Commercial Rent Tax Transfer In	26.7	27.7	27.2	27.2	(0.4)	-
Total Citywide Revenues	5,418.5	5,346.1	5,513.8	5,559.8	213.7	46.0

Departments

	Revenue	Expenditure	
	Surplus /	Savings/	Net Surplus
	(Shortfall)	(Deficit)	/ (Shortfall)
Net Shortfall Departments			
Sheriff	0.5	(9.0)	(8.5)
Public Works	(2.1)	-	(2.1)
City Planning	(4.2)	2.4	(1.8)
Superior Court	-	(1.5)	(1.5)
Public Defender	-	(1.2)	(1.2)
Human Resources	(5.0)	4.8	(0.2)
Subtotal Net Shortfall Departments	(10.8)	(4.6)	(15.4)
Net Surplus Departments			
Public Health	33.1	-	33.1
Human Services Agency	(2.8)	26.3	23.5
Homelessness and Supportive Housing	0.0	3.0	3.0
City Administrator	0.5	1.9	2.3
City Attorney	(4.8)	6.8	2.0
District Attorney	(0.2)	1.5	1.3
Treasurer / Tax Collector	(2.5)	3.9	1.3
Mayor	(0.1)	1.2	1.0
Subtotal Net Surplus Departments	23.1	44.5	67.6
All Other	(19.1)	22.7	3.6
TOTAL	(6.8)	62.7	55.8

Reserves

	FY 2024-25	FY 2025-26			FY 2026-27		
	Ending Balance	Deposit	Use	Projected Balance	Deposit	Use	Projected Balance
General Reserve	\$ 136.8	\$ 27.6	(3.5)	\$ 160.8	\$ 29.3	-	\$ 190.1
Rainy Day Economic Stabilization City Reserve	114.5	-	-	114.5	-	-	114.5
Budget Stabilization Reserve	390.9	8.4	-	399.3	8.5	-	407.8
Economic Stabilization Reserves	505.4	8.4	-	513.8	8.5	-	522.4
Percent of General Fund Revenues	7.6%			7.5%			7.6%
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	2.1	-	(1.1)	1.1	-	(1.1)	-
Fiscal Cliff Reserve	40.0	-	(25.0)	15.0	-	(15.0)	-
Federal and State Revenue Risk Reserve	221.6	240.8	(9.1)	453.3	-	-	453.3
Business Tax Stabilization Reserve	29.5	-	-	29.5	-	-	29.5
Public Health Revenue Management Reserve	174.2	-	-	174.2	-	-	174.2
Free City College Reserve	0.1	8.0	(8.1)	-	-	-	-
Student Success Fund Reserve	18.1	-	-	18.1	-	-	18.1
Other Reserves	541.4	248.8	(43.2)	747.0	-	(70.9)	676.1
Litigation Reserve	-	11.0	(11.0)	-	11.0	(11.0)	-
Salary and Benefits Reserve	9.6	22.0	(17.0)	14.6	21.3	(35.9)	-
Annual Operating Reserves	9.6	33.0	(28.0)	14.6	32.3	(46.9)	-
TOTAL, General Fund Reserves	1,193.2	317.9	(74.7)	1,436.3	70.2	(117.8)	1,388.7