



# FY 2024-25 Six-Month Budget Status Report



Office of the Controller

Budget & Appropriations Committee March 5, 2025

# Summary

- Improvement of \$35.7 million from prior projection (December 2024 Five Year Financial Plan).
- Reduces projected shortfall in the upcoming two-year budget from \$875.9 million to \$840.2 million.
- Net revenue shortfall of \$114.7 million is \$68.5 million worse than prior projection. Reflects estimated value of 2024 assessment appeals filings, reduction in business tax due to Prop M change in tax rates, state and local weakness in sales tax and a shortfall in hotel tax.
- \$97.7 million department surplus includes new revenue and results of steps taken to address shortfall:
  - \$22.3 million CBO grant budgets placed on Mayor's Reserve and assumed closed
  - \$37.8 million operating savings: September 2024 mid-year personnel savings target of 3.5% and additional hiring restrictions announced in January, and other operating conditions.
  - \$40.0 million revenue surplus, largely in San Francisco Health Network revenue, partially offset by a revenue shortfall at Laguna Honda Hospital caused by the pause on new admissions during recertification. Shortfalls in planning and street use fee revenues.
- The PUC, Police, Fire, and Sheriff's departments are expected to require additional supplemental appropriations for overtime. The Sheriff will likely require use of the General Reserve for this.
- Approving supplementals in the current year can affect the budget year shortfall.
- Assume no changes from new federal administration's proposed funding freezes or rescission of funds.

# Summary

	Fall 2024 Projection	6-Month	Change
FY 2023-24 Ending Fund Balance	455.2	455.2	-
Appropriation in the FY 2024-25 Budget	(455.2)	(455.2)	-
<b>A. Prior Year Fund Balance vs Budgeted Levels</b>	-	-	-
Citywide Revenue	(45.7)	(114.1)	(68.5)
Baseline Contributions	(6.1)	(0.3)	5.9
Departmental Operations	-	97.7	97.7
<b>B. Current Year Revenues and Expenditures</b>	<b>(51.9)</b>	<b>(16.7)</b>	<b>35.2</b>
Approved Use of General Reserve	-	0.5	0.5
Public Health Revenue Management Reserve	-	-	-
<b>C. Supplemental Appropriations &amp; Use of Reserves</b>	-	<b>0.5</b>	<b>0.5</b>
<b>D. Previously Unappropriated Fund Balance</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>F. FY 2024-25 Projected Ending Balance</b>	<b>331.5</b>	<b>367.2</b>	<b>35.7</b>

# Revenues

	FY 2023-24	FY 2024-25			Variance	
	Actuals	Budget	5-Yr	6-Mo	Vs Budget	Vs 5-Yr
Traditional Property Tax	2,142.1	2,158.0	2,167.0	2,107.0	(51.0)	(60.0)
Excess ERAF	397.2	311.6	298.0	306.8	(4.8)	8.8
<b>Property Tax Total</b>	<b>2,539.4</b>	<b>2,469.6</b>	<b>2,465.0</b>	<b>2,413.8</b>	<b>(55.8)</b>	<b>(51.2)</b>
Business Taxes	868.9	1,023.0	995.4	1,000.2	(22.8)	4.8
Sales Tax - Local 1%	190.5	193.7	188.0	182.8	(10.9)	(5.2)
Hotel Room Tax	251.2	285.2	254.1	246.9	(38.3)	(7.2)
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	17.1	17.1	0.8	-
Interest Income	171.4	146.7	164.4	164.4	17.7	-
FEMA Disaster Relief	73.3	80.0	87.0	87.0	7.0	-
Health & Welfare Realignment	264.6	283.6	269.3	264.8	(18.8)	(4.5)
Public Safety Realignment	55.6	55.4	54.9	51.9	(3.5)	(3.0)
Public Safety Sales Tax	97.2	99.6	96.9	95.7	(3.9)	(1.2)
Airport Transfer In	55.6	58.3	58.3	57.5	(0.9)	(0.9)
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>5,184.1</b>	<b>5,115.6</b>	<b>(114.1)</b>	<b>(68.5)</b>

# Departments

	Revenue Surplus / (Shortfall)	Expenditure Savings/ (Deficit)	Net Surplus / (Shortfall)
<b>Net Shortfall Departments</b>			
Sheriff's Department	0.0	(8.3)	(8.2)
City Planning	(11.1)	5.6	(5.5)
Public Works	(6.3)	1.8	(4.5)
Police Department	(0.5)	-	(0.5)
<b>Subtotal Net Shortfall Departments</b>	<b>(17.9)</b>	<b>(0.8)</b>	<b>(18.7)</b>
<b>Net Surplus Departments</b>			
Department of Public Health	59.0	2.6	61.6
Human Services Agency	8.4	8.4	16.7
Children, Youth & Their Families	(0.0)	10.6	10.6
Dept. of Homelessness and Supportive Housing	(0.0)	4.5	4.5
Mayor	-	3.9	3.9
General City Responsibility	2.6	1.1	3.7
Human Rights Commission	-	2.3	2.3
City Attorney	(1.8)	3.8	2.0
Elections	(0.0)	2.0	2.0
Treasurer / Tax Collector	1.5	0.4	1.9
Economic & Workforce Development	(12.0)	13.2	1.2
District Attorney	(0.1)	1.3	1.2
General Services Agency - Administrative Services	0.5	0.6	1.1
Fire Department	7.3	(7.2)	0.1
<b>Subtotal Net Surplus Departments</b>	<b>65.3</b>	<b>47.5</b>	<b>112.8</b>
All Other	(7.4)	11.0	3.7
<b>TOTAL</b>	<b>40.0</b>	<b>57.7</b>	<b>97.7</b>

# 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	(0.5)	\$ 142.2	\$ 19.7	-	\$ 161.9
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>6.2%</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	8.0	(8.0)	0.1
Student Success Fund Reserve	1.5	-	-	1.5	-	-	1.5
<b>Other Reserves</b>	<b>507.1</b>	-	<b>(75.2)</b>	<b>431.9</b>	<b>8.0</b>	<b>(62.8)</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>(108.7)</b>	<b>963.8</b>	<b>62.0</b>	<b>(97.1)</b>	<b>928.6</b>