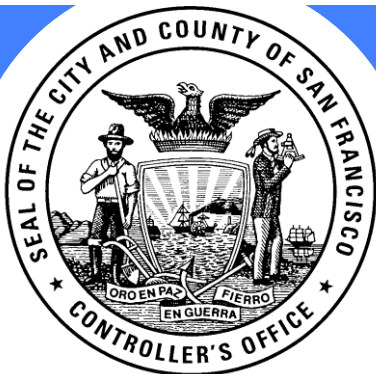


# City Budget Outlook: March Joint Report



CITY & COUNTY OF SAN FRANCISCO

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

March 31, 2020

# Presentation outline

## Current Fiscal Year

- Economic impacts
- Tax revenue losses

## Budget Outlook

- Tax revenue projections
- Updated shortfall projections

## Early economic impacts

### SF businesses and workers affected by shelter in place

- 14,000 businesses fully/partially impacted (monthly revs = \$3B)
- 166,000 employees (monthly payroll = \$900M)

### Statewide

- More than 1 million new jobless claims from March 13-25
- 10-20% unemployment likely by the end of April

# City financial impacts – Recession scenarios

## Recession

- Recession near certain
- Data is limited – early forecasts differ on severity

## Limited impact scenario

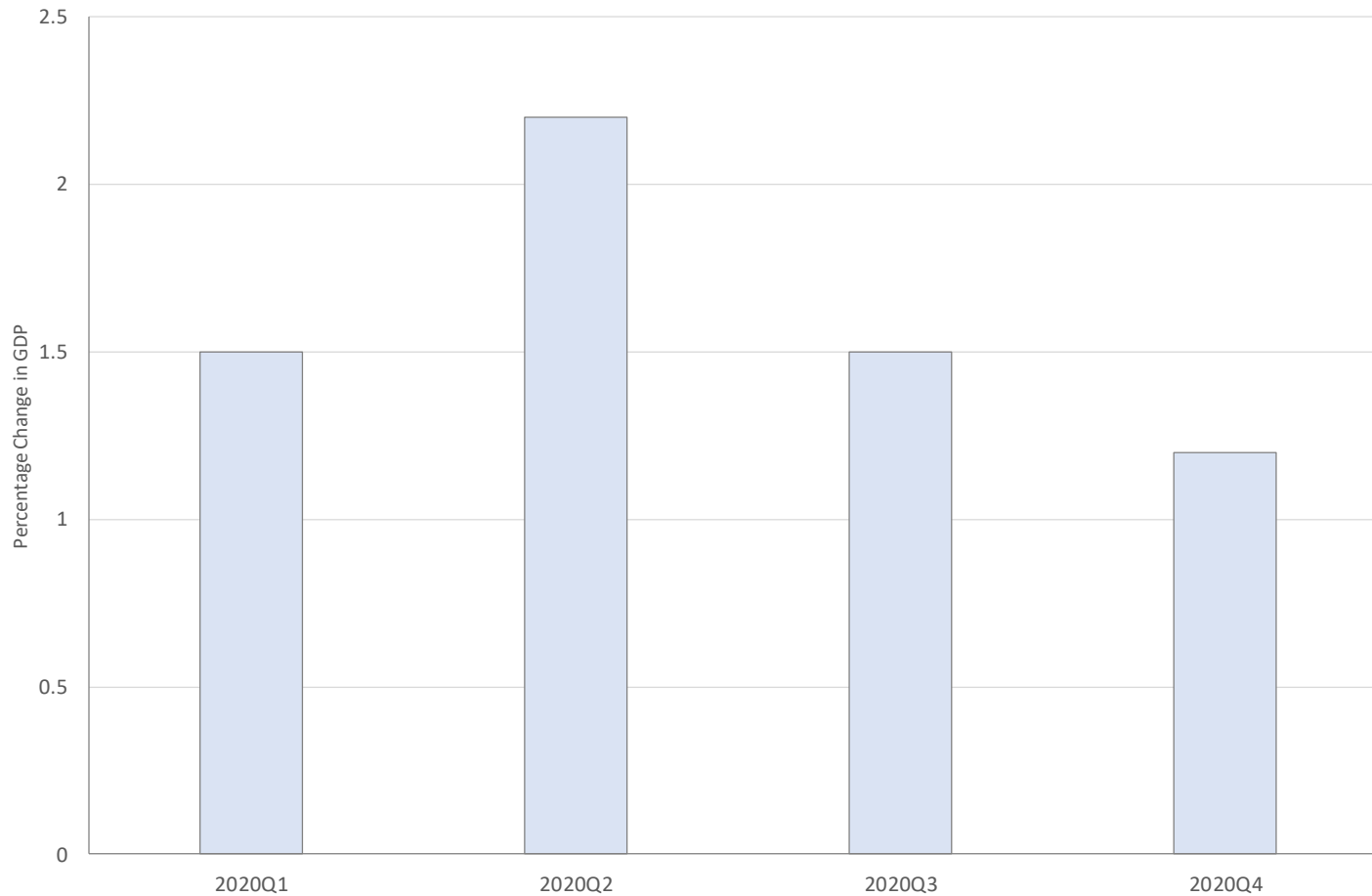
- Severe losses in coming three months
- Quick recovery underway by end of 2020

## Extended impact scenario

- More severe losses in coming six months
- Extended recovery through 2021 and beyond

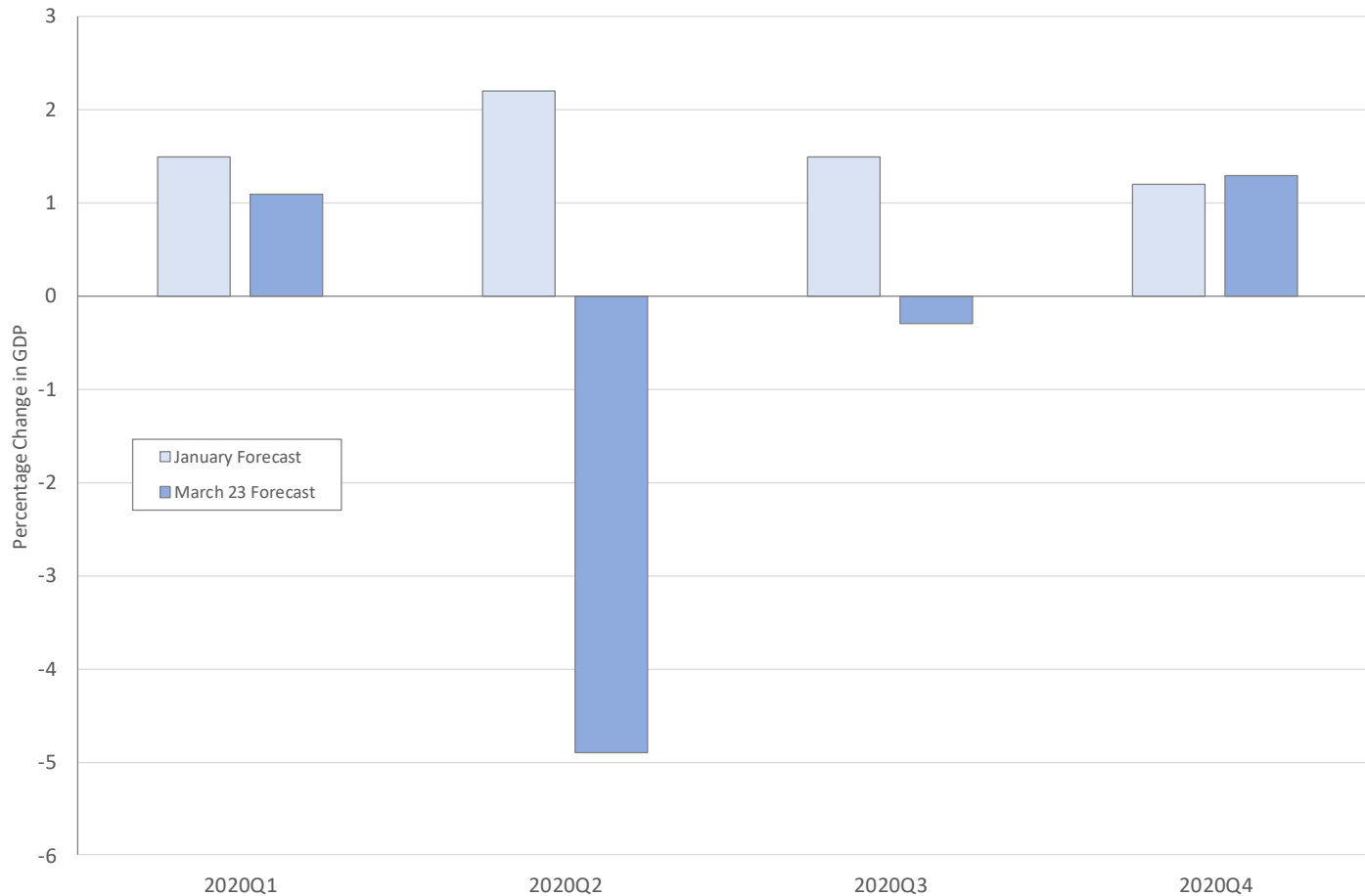
# Moody's GDP forecast: January 2020

Moody's Forecast Change in U.S. Real GDP for 2020, as of January  
Annualized, Quarter-to-Quarter



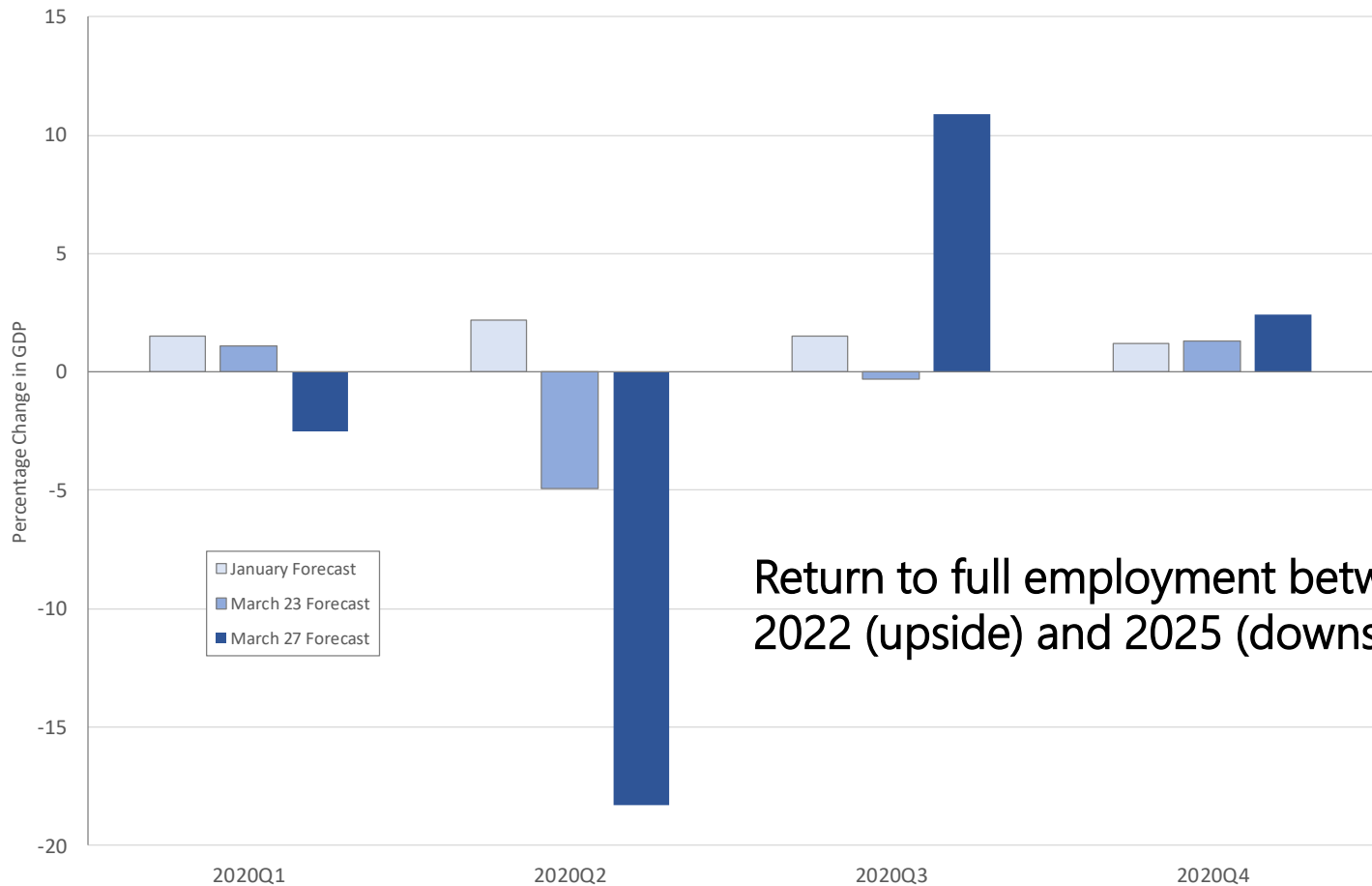
# Moody's GDP forecast: March 23<sup>rd</sup> Update

Moody's Forecast Change in U.S. Real GDP for 2020  
Annualized, Quarter-to-Quarter



# Moody's GDP forecast: March 27<sup>th</sup> Update

Moody's Forecast Change in U.S. Real GDP for 2020  
Annualized, Quarter-to-Quarter



Return to full employment between  
2022 (upside) and 2025 (downside)

# City financial impacts

## Sharp and immediate losses (current year)

- Hotel taxes
- Sales, parking, and other local taxes
- Transfer taxes and interest earnings

## Delayed losses (coming fiscal years)

- Property taxes
- Business taxes
- Others



# Current year losses – General Fund (\$M)

	Limited	Extended
Six month budget improvement	98	98
COVID revenue losses		
Property	(2)	(50)
Business	18	18
Hotel	(112)	(124)
Transfer	(88)	(118)
Sales	(68)	(109)
Other	(59)	(70)
	(311)	(453)
Baseline offsets	46	67
Revised March projection	(167)	(287)

## Current year losses – Other funds (\$M)

	Limited	Extended
<hr/>		
Select Enterprise Funds		
Airport	(190)	(220)
MTA	(170)	(250)
Port	(23)	(30)
<hr/>		
Select Enterprises	(383)	(500)
<hr/>		

## Three year General Fund revenue losses (\$M)

	Limited	Extended
FY19-20	(167)	(287)
FY20-21	(333)	(584)
FY21-22	(220)	(388)
Three Year Total	(720)	(1,259)

*\* Updated revenue losses net versus prior projection, net of baselines*

# March budget outlook (\$M)

## Cumulative budget shortfall through FY21-22

- January projection = \$419M
- March projection = \$1.1B - \$1.7B

	<u>Limited Scenario</u>			<u>Extended Scenario</u>		
	FY19-20	FY20-21	FY21-22	FY19-20	FY20-21	FY21-22
Previous projection (January)		(195)	(224)		(195)	(224)
Revised revenue outlook (March)	(167)	(333)	(220)	(287)	(584)	(388)
<b>Revised projection (March)</b>	<b>(167)</b>	<b>(528)</b>	<b>(444)</b>	<b>(287)</b>	<b>(779)</b>	<b>(612)</b>
<i>Cummulative through FY21-22</i>			<i>(1,139)</i>			<i>(1,678)</i>

# Not included in March projection

(Coming in April update)

- COVID response expenses
- Federal and State relief and stimulus
- Retirement system losses & contributions
- Other department revenue & expenditure trends
- Budget actions – Spending reductions, reserve draws, others

# Reserves

City reserve position better than prior two recessions

- Rainy day & stabilization reserves = \$590M
- General reserve = \$150M
- Other reserve balances available to offset some reductions in one-time program spending

Reserves will soften the budget impact but will not be sufficient to carry the City through multi-year revenue losses

# Federal and State relief and stimulus

## Relief for private businesses and workers

- Sick leave expansion
- Unemployment extension and expansion
- Small business loans / grants
- Individual household payments
- Other

# Federal and State relief and stimulus

## Relief for public agencies

- FEMA & CalOES disaster relief
  
- Federal COVID stimulus bills
  - State and local governments
  - Transit agencies
  - Hospitals & healthcare systems
  - Other



# Questions or comments?

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