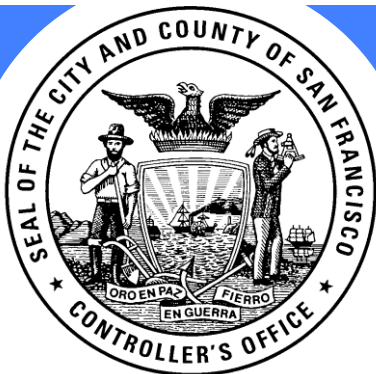


City Budget Outlook: March Joint Report



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

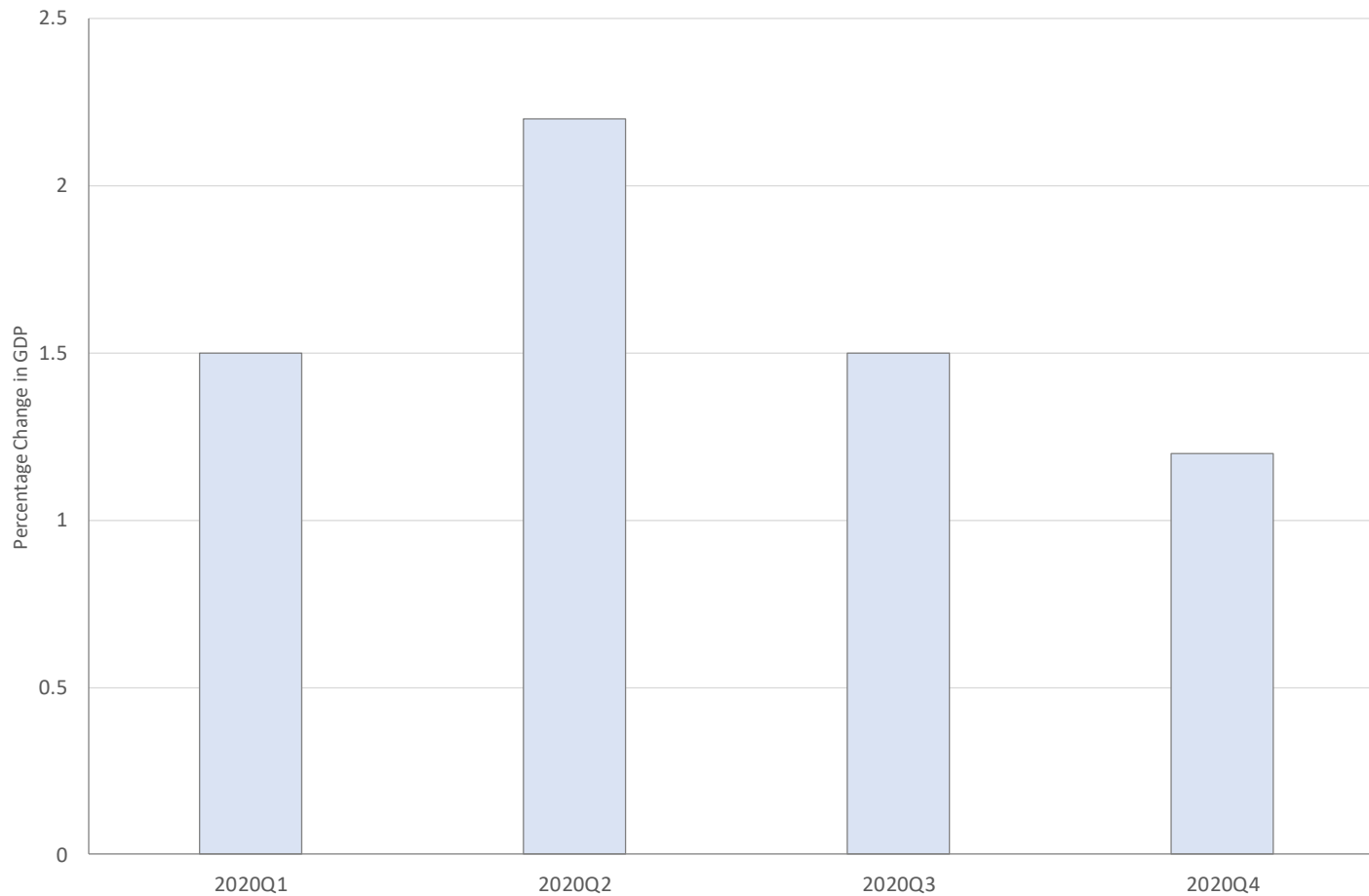
- Severe losses in coming three months
- Quick recovery underway by end of 2020

Extended impact scenario

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

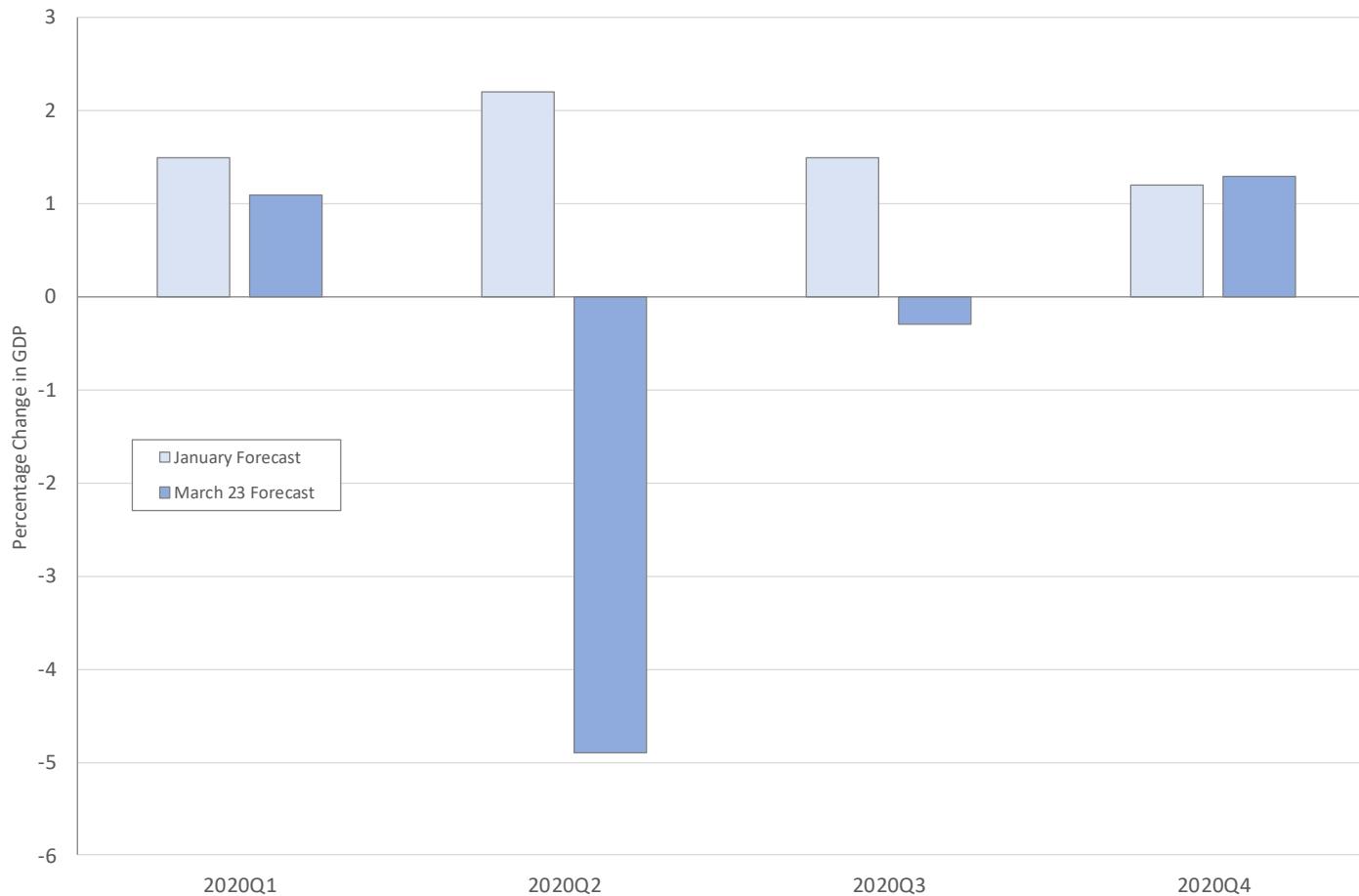
Moody's GDP forecast: January 2020

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



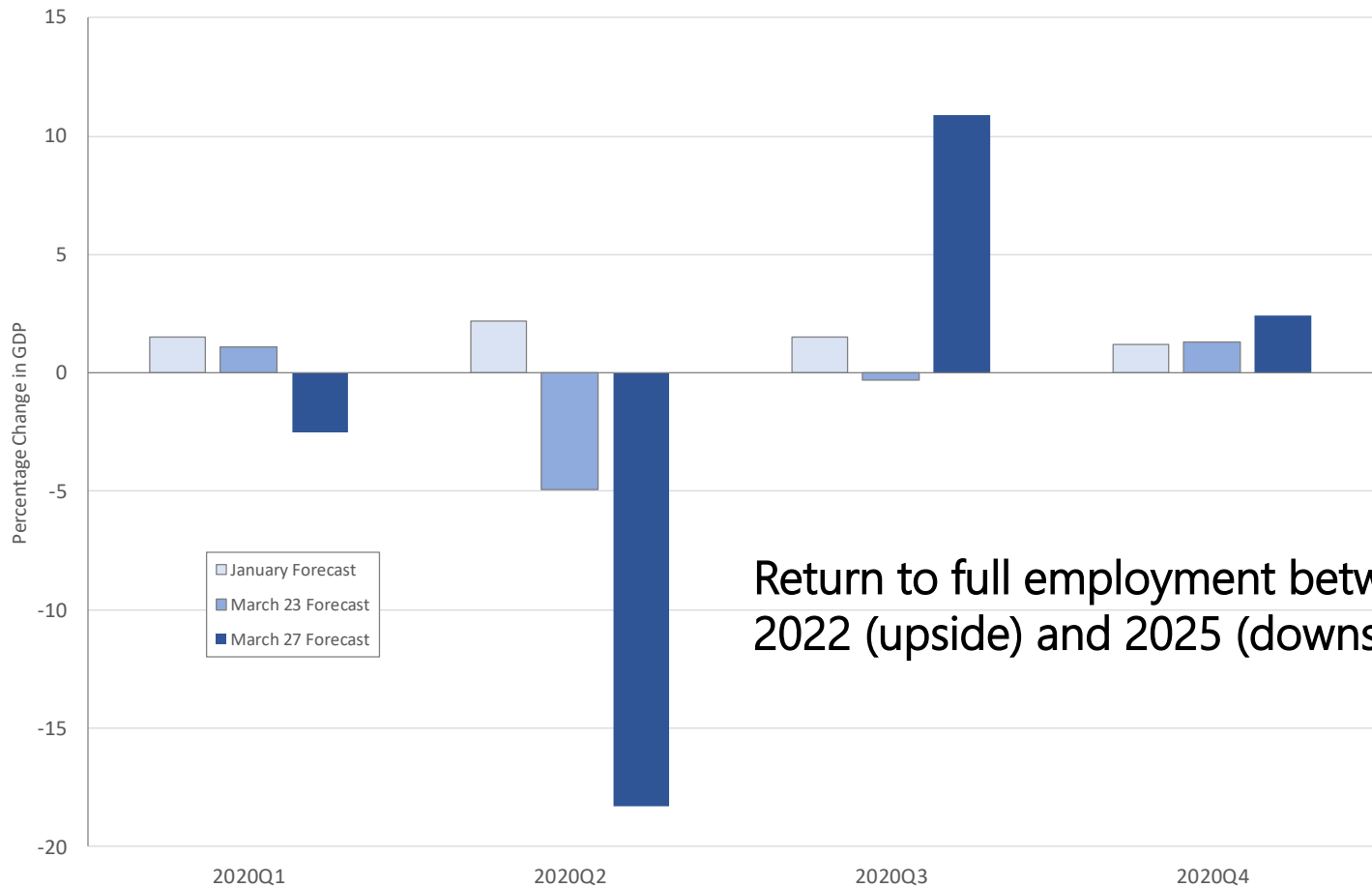
Moody's GDP forecast: March 23rd Update

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



Moody's GDP forecast: March 27th Update

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



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)
Revised projection (March)	(167)	(528)	(444)	(287)	(779)	(612)
<i>Cumulative 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?

Ben Rosenfield, Controller

ben.rosenfield@sfgov.org