

# Budget Town Hall

October 8, 2020

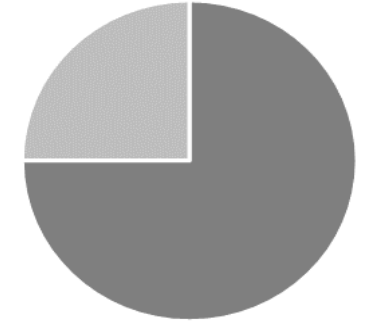
City Budget Office



# The City's Revenues - Where the \$ comes from

Sources	Amount in 2020 (based on 2020 adopted budget)
General Fund (taxes and fees)	\$1.5 billion
SPU (utility rates and wholesale revenues)	\$1.4 billion
City Light (utility rates and wholesale revenues)	\$1.4 billion
SDOT (non-General Fund)	\$700 million
Other restricted sources (e.g., permit fees, user fees, dedicated taxes, grants)	\$700 million
Voter-approved levies and Parks District	\$300 million
<b>Total City Revenues</b>	<b>~\$6 billion</b>

# General Fund: \$1.5 billion

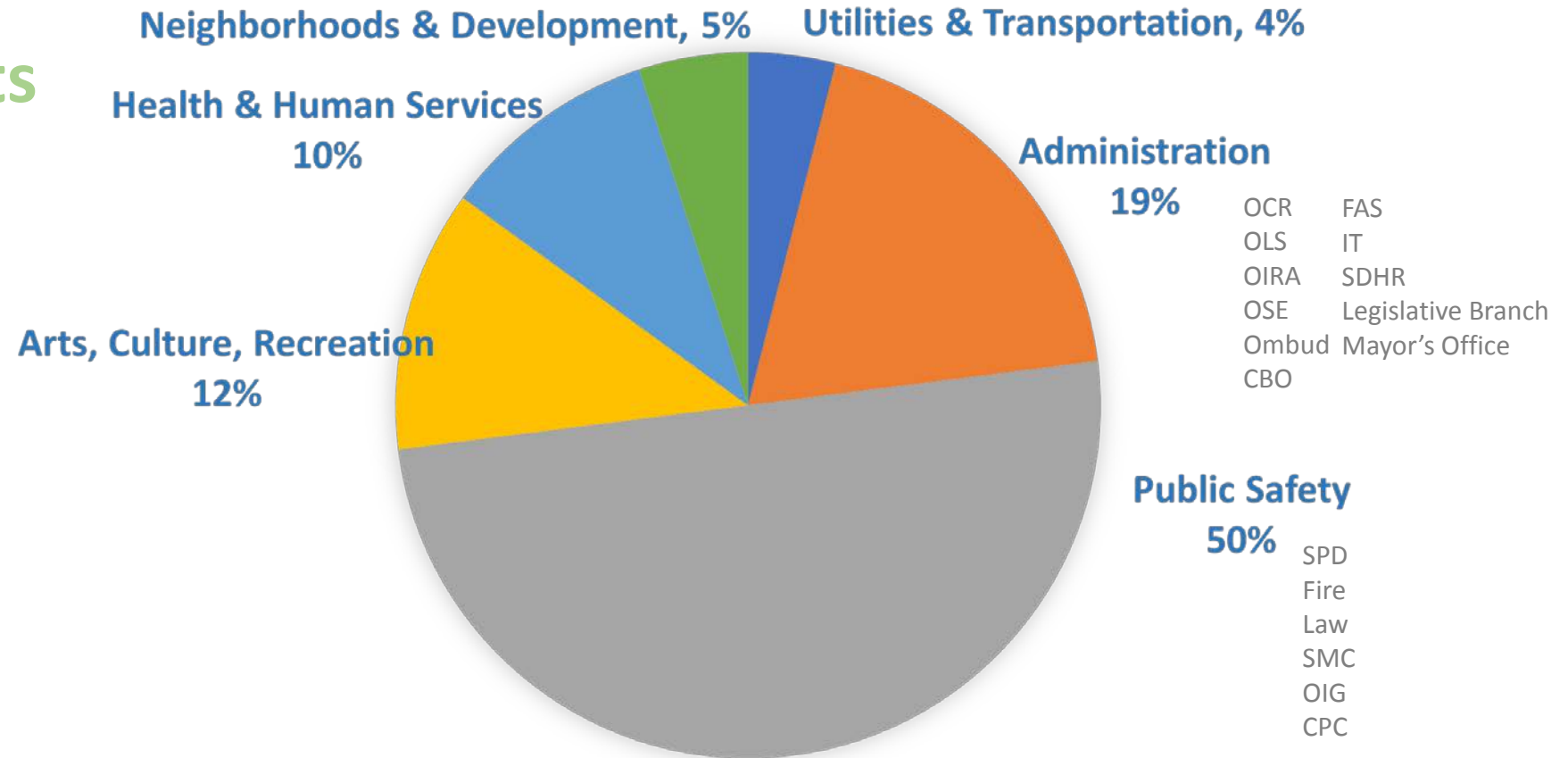


The City's most flexible revenue source to spend

- 78% of GF revenue comes from:
  - Property Taxes
  - Sales Tax
  - Business & Occupation (B&O) Tax
  - Utility Taxes
- The rest comes from miscellaneous fees, traffic fines, etc. collected by the City

# General Fund Expenditures: \$1.5 billion

By types of  
City departments



# How the pandemic is impacting 2020 Revenues

## General Fund Budget Shortfall - 2020

2020 Revenue	Original Forecast	Revised	Difference
Property Taxes	\$345,100,000	\$340,900,000	(\$4,200,000)
Sales Taxes	\$298,800,000	\$233,400,000	(\$65,400,000)
B&O, Taxes & Licenses	\$315,500,000	\$257,500,000	(\$58,000,000)
Utility Taxes	\$220,600,000	\$207,300,000	(\$13,300,000)
Court Fines/Parking	\$65,700,000	\$31,500,000	(\$34,200,000)
Admission Tax	\$11,700,000	\$3,500,000	(\$8,200,000)
All Else	\$156,800,000	\$145,600,000	(\$11,200,000)
<b>Revenue Sub-Total</b>	<b>\$1,480,700,000</b>	<b>\$1,286,200,000</b>	<b>(\$194,500,000)</b>
<b>Backfill for Lost Earned Revenues</b>			<b>(\$18,000,000)</b>
<b>Total</b>			<b>(\$212,500,000)</b>

June interim forecast data; not yet updated for August forecast



# Strategies to Close the Gap in 2020

- Revenue shortfalls are solved in two ways – reducing expenditures or increasing revenues
- City Council passed a payroll tax for new revenues, but still have a shortfall; revenue stream is uncertain
- Depts identified opportunities for savings in budgets, which may include removing vacant positions, reducing discretionary spending, delaying projects or layoffs
- In a recession, government is often expected to meet the growing needs of community, though resources are declining



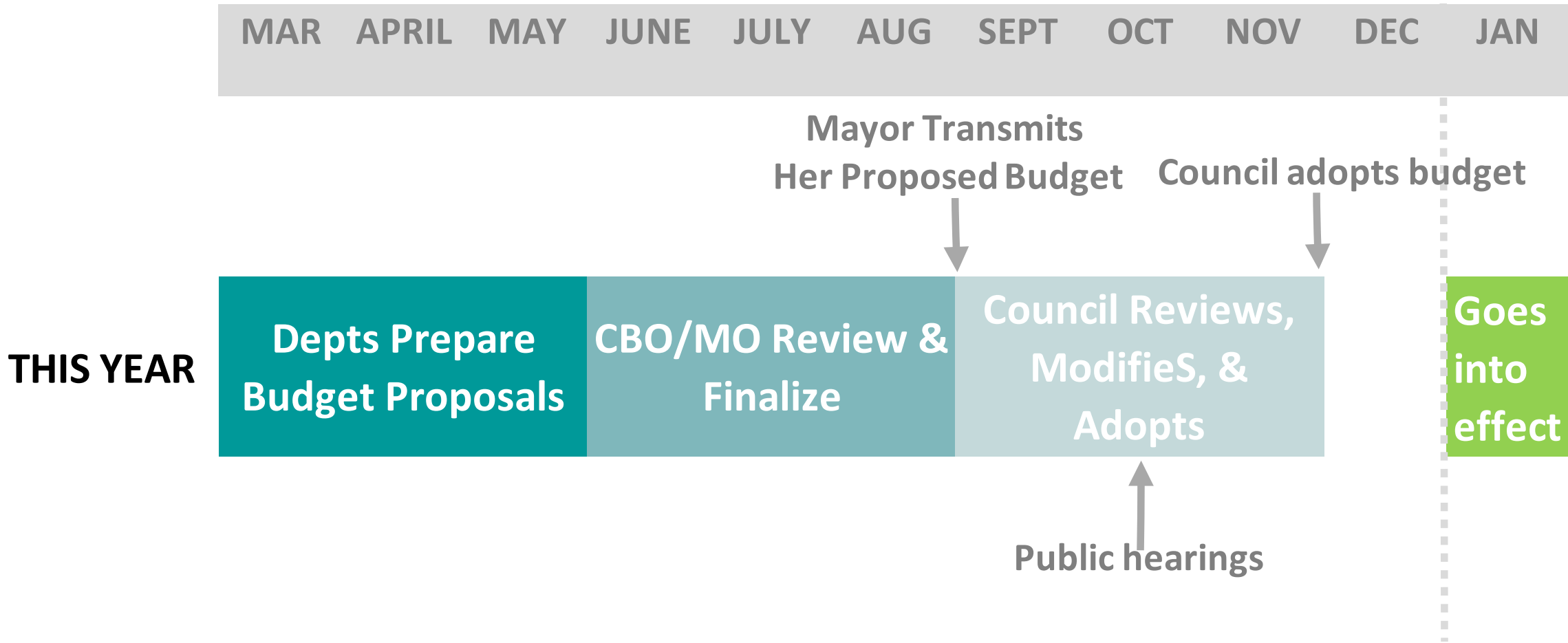
# 2020 Rebalancing

## Key strategies and actions the Mayor took to rebalance the budget.

- Immediate spending reductions from City Departments.
- Across the board hiring freeze and a holding vacancies
- Freeze on travel and training budgets
- Tapping the Rainy Day and Emergency Funds for \$29M (out of a total of \$128M between the two funds), may need additional reserves
- Aggressive approach to seeking and use of Federal resources



# 2021 Budget Process (Revenue Shortfall \$300+M)







# Current Budget Climate

- Operating changes due to COVID-19 will persist
- Recovery to pre-virus revenue levels cannot be reasonably anticipated until 2023 and 2024, at best
- New payroll tax projected to provide an additional \$200+M in annual revenue
- Multiple revenue sources are down significantly from 2020 Adopted levels
- Will rely significantly upon Rainy Day and Emergency Funds



# Mayor's Priorities in Building the 2021 Budget

- Sustaining the City's Response to the COVID-19 Pandemic
- New \$100 Million Investment in BIPOC Communities while Protecting Current BIPOC Programs like EDI
- Immediately Removing Functions Out of the Department and Create the Foundation to a New Approach to Community Safety
- Preserve Essential Public Services and Supports
- Expand Efforts to Address Homelessness and Housing Crisis
- Minimize Impact to the City's Workforce

# Balancing the General Fund Consistent with These Priorities

## 2021 General Fund Balancing - Summary

### Resources

Projected General Fund Revenues (including Payroll Tax)	\$1,475,000,000
Starting Fund Balance	\$8,000,000
Rainy Day and Emergency Funds	\$73,000,000
<b>Total</b>	<b>\$1,556,000,000</b>

### Proposed Spending and Reductions

<i>Base General Fund Expenditures</i>	\$1,458,000,000
Proposed General Fund Reductions	(\$63,500,000)
COVID-19 Relief Package	\$21,750,000
Equity Initiative	\$100,000,000
Additional Human Services Spending	\$19,000,000
Other Spending Additions	\$20,800,000
<b>Total</b>	<b>\$1,556,000,000</b>

# Sustaining COVID-19 Response

- 2021 elements of COVID-19 Relief Package total \$21.75M include:
  - \$8M for continued rental assistance
  - \$2M to address increased costs for shelter providers (supplements provided in 2020)
  - \$3.4M for grocery vouchers
  - \$350K for mortgage counseling
  - \$3M for small business assistance
  - \$5M to sustain City operated testing sites
- 2021 Budget provides resources to continue operation of existing homelessness supports (including shelter and food programs) with appropriate social distancing and risk management.
- Also includes \$6M of new General Fund to sustain expanded hygiene facilities and mobile shower services.
- Seattle Parks and Recreation is providing childcare and supports for elementary-aged children at 19 existing community center locations, as well establish teen resource hubs at seven of these facilities.

# Investing in BIPOC Communities

- Proposed Budget includes \$100 million Equitable Communities Fund to address systemic racial inequities in our city.
- An unallocated fund that would be used in 2021 based on community recommendations regarding investment strategies in Spring 2021.
- In 2022 and beyond, the Mayor has discussed proposing an Equity Levy or another progressive revenue to sustain funding.



# Restructuring SPD and Investing in Community Safety

## Reduce Police Spending and Transfer Civilian Functions Out of SPD

- Reduction in sworn officers and overtime, and savings from a civilian hiring freeze
- Transfer Parking Enforcement Officers to SDOT
- 911 Call Center to become the independent “Emergency Communications Center”
- Office of Emergency Management also to be independent office

## Investing in Community Safety

- Establish joint Inter-Departmental Team to complete a review of 911 calls and all current SPD functions
- Restructure and reduce budget for Seattle Municipal Courts probation services
- Add funding for case manager services to support new Seattle Community Court
- Expand Health One pilot to include a second vehicle

# Budget Reduction Strategies: City-wide and Department Specific

## City-wide Strategies – consistent with approach taken this year

- Maintain vacancies for non-essential positions
- Pay freeze for APEX/SAM broad-band employees (strategic advisors, managers and executives)
- Eliminate non-essential spending on travel, training, consultants, etc.
- Defer one-time expenditures on equipment, IT systems, vehicles, etc.
- Manage vacancies and reduce staffing in ways that minimize direct services to the community.
- Re-prioritize levy and other voter-approved funding toward basic services.



Questions?