

Key Components of 2021 Strategy

- Advocacy for new state and federal resources.
- Draw down remainder of Rainy Day and Emergency Funds, and other one-time resources.
- Remaining 2021 budget gap exceeds \$160 million. New revenues may address some of this shortfall, but economic impact of COVID will still force deep reductions in City spending, and thus in City services.
- Labor costs are roughly 65% of overall General Fund spending, so impacts to the City workforce are unavoidable. Layoffs will be the most direct impacts, but negotiations with the City's unions may also provide alternative cost-savings strategies.
- Departments have been requested to develop proposals to reduce their 2021 budgets by 5%-10% relative to what would be their baseline spending. CBO will review opportunities to again redirect Levy and MPD resources.
- These strategies alone will be insufficient to rebalance. New revenues or additional cost savings will be needed to balance the 2021 budget. Likely it need to be a combination of both.
- Forecasts indicate that the economic impacts of COVID-19 will last for several years. Approach budget needs to acknowledge that this is not a short-run crisis.
- \$100 million investments in BIPOC communities will be led by community engagement process this summer.

