

# Fix the City Budget

## The Problem

San Francisco is headed toward an **over \$1 billion budget deficit**. If more federal and state funding cuts materialize and/or a recession hits, the problem could get worse. This is not a short-term issue and it will not fix itself.

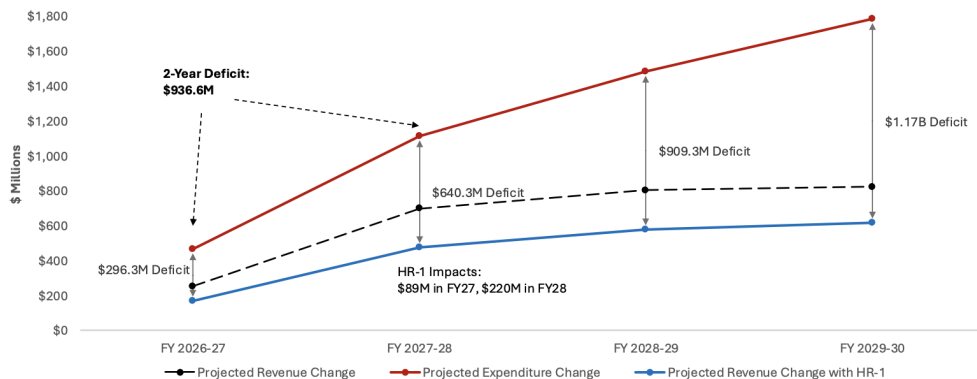
Despite modest population decline, the City’s budget has continued to grow. Today, SF:

- Has a City budget that has grown to **roughly \$16 billion** despite our population declining since 2020.
- Has **more public employees per capita** than major cities like New York City and Los Angeles.
- Spends **more than 8 peer city-counties, 10 U.S. states, and at least 5 countries on city services.**
- **Increasing taxes won't fix the problem** - San Francisco has **some of the highest taxes in the Bay Area**, which has already driven away or caused major employers to downsize their city presence like Charles Schwab, Stripe, and McKesson.

The bottom line is clear: **San Francisco does not have a revenue problem. It has a spending problem.**



## Fiscal Outlook: Spending Outpaces Revenue





## Why This Is Happening

- **Non-profit spending:** City spends ~[\\$1.6 billion on non-profits](#). Scandals and audits have [revealed weak oversight](#), [misuse of funds](#), and [straight up fraud](#).
- **Wasteful and irresponsible city spending:** The City [fails](#) to effectively track spending, with examples including [rising homelessness despite increased funding](#) and raiding a [small-business healthcare fund](#) to plug budget [gaps](#).

## What Happens If We Don't Act

Even with progress made by last year's City budget, San Francisco remains on an unsustainable path. **Continued overspending risks:**

- Severe fiscal stress that reduces quality of life. Back in 2024, credit rating firms [Moody's](#) and [Standards and Poor](#) lowered SF's credit rating due to concerns over our deficit.
- Painful cuts to services such as our parks, libraries, and police.

## What We're Calling For: The Three Do Nots

San Francisco must close its budget gap responsibly by following these three clear principles:

1. **Do not use reserve funds.** Reserves are for emergencies like recessions and not for poor planning.
2. **Do not use one-time fixes and short cuts.** Accounting gimmicks won't solve a structural deficit.
3. **Do not increase taxes.** The problem is spending, not revenue.

## What You Can Do

- **Sign and share:** Sign our petition to send a letter to the Mayor and Board of Supervisors to address our budget crisis with the Three Do Nots:



## The Bottom Line

San Francisco is approaching a fiscal cliff. We still have time to change course but only if we act decisively. **Do not use reserve funds. Do not use one-time fixes/short cuts. Do not increase taxes.** Just responsible budgeting and real reform now.