

City & County of San Francisco

Recovery Plan

State and Local Fiscal Recovery Funds

2025 Report

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GENERAL OVERVIEW

Executive Summary

Note: This Recovery Plan is submitted to meet reporting requirements; its contents largely duplicate those of the City and County of San Francisco 2024 Recovery Plan. Factual updates have been made in the General Overview section, and links have been updated in the Use of Evidence section. There are no substantive changes from the 2024 Plan in the other sections of this report. As noted most recently in the Quarter 3 2025 P&E Report, the entirety of SLFRF funds were spent in FY 2019-20 and FY 2020-21 on revenue replacement.

The COVID-19 pandemic ended the longest period of economic expansion in U.S. history. Within the first month, over 20 million jobs were lost across the country – equal to nearly all the jobs gained during the preceding ten years. In the San Francisco metro division, the City lost more than 115,000 jobs, and its unemployment rate rose to 13 percent from 2.2 percent in two months.

The pandemic reshaped San Francisco's economy. As an office employment center, the single most important change has been the shift to remote work. Office activities generated over 75% of the City's GDP before the pandemic, and about half of the City's employment base commuted from outside the City. As of May 2025, average office attendance remained steady at slightly below 45% of February 2020 levels, and office vacancy rates stood at 35.4% (compared to 5% immediately before the pandemic). Although changes in these measures have stabilized, the reduction in in-commuters has affected businesses that formerly served office workers and commercial real estate values. Remote work has reduced the premium of housing close to jobs, and therefore average asking apartment rents. As a destination reliant on international (particularly Asian) visitors, convention activity, and business travelers, slow recovery in these sectors has weakened a key sector of the local economy.

Beginning in July 2021, the City Controller's Office of Economic Analysis has produced monthly reports on economic indicators such as employment, office attendance and vacancy, hotel occupancy and rates, bridge and transit use, home prices and rents, and building permits to help track the City's economic recovery. The May 2025 report highlights improvements in the local job market in 2025 led by government, education, and health services. A modest increase in tech employment still leaves tech jobs at levels below February 2020. Muni metro ridership continues its slow recovery, just under 65% of 2019 levels, while regional commuter transit (BART) exits in downtown San Francisco are just below 40% of 2019 levels due to remote work and increased commuting by private car.

Table 1 below illustrates the steep losses and steady but slow recovery among three of San Francisco's most economically sensitive tax revenues—business gross receipts, sales, and hotel taxes—from FY 2018-19 peak levels. Taken together, these ended FY 2020-21 \$903 million or 41% below FY 2018-19. Without State and Local Fiscal Recovery Funds (SLFRF) to apply toward this revenue loss, local government employment and service levels would have been subject to sharp reductions, severely limiting our ability to respond to the pandemic, maintain core government services, and launch economic recovery work. These revenue streams are projected to continue their modest but steady gains in the coming years, buttressed by new locally approved revenue measures, prior year savings, and uses of reserves. However,

a significant projected structural budget shortfall remains as San Francisco works to realign its budget to the post pandemic economy.

	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY2023-24	FY2024-25	FY2025-26
	Actual	Actual	Actual	Actual	Actual	Actual	Projection	Budget
Business Tax	918	822	723	861	851	869	975	1,154
Sales Tax	214	180	147	188	198	191	183	190
Hotel Room	392	252	33	158	253	251	247	265
Total	1,524	1,255	903	1,208	1,301	1,311	1,405	1,608
Change v FY 2018-19		-18%	-41%	-21%	-15%	-14%	-8%	6%

Uses of Funds

Due to the severity and scale of revenue loss, San Francisco used the entirety of its \$624.8 million State and Local Fiscal Recovery Funds (SLFRF) to offset revenue shortfalls, providing revenue replacement for the Provision of Government Services (Expenditure Category 6.1). Half of the funds were recognized and spent in FY 2020-21 and half in FY 2021-22.

Using the revenue loss calculation methodology provided by the U.S. Treasury, San Francisco calculated its FY 2019-20 (i.e., July 1, 2019, through June 30, 2020) revenue loss to be \$1.13 billion, and its FY 2020-21 revenue loss at \$1.04 billion, well above its total SLFRF allocation of \$624.8 million. For the period July 1, 2021, through June 30, 2022, the City expended well over \$312.4 million on the provision of government services across its 56 departments. For efficiency and accuracy of financial accounting and reporting, the City has identified General Fund payroll expenditures of \$312.4 million not claimed from other sources for both fiscal years, allowing these departments' operations to continue without major disruption and loss of workforce.

As the City entered the recovery phase of the pandemic emergency, it invested in a host of measures as detailed in the Mayor's FY 2022-23 and FY 2023-24 budget and below, which would not have been possible without the revenue support provided by ARPA SLFRF funds:

Public and behavioral health

The pandemic created significant mental health stress, particularly among children, youth, and their families, and exposed limitations on access to care. The budget invested \$5 million for UCSF hospital clinicians to work with community based organizations (CBOs) to provide onsite support to children and youth, train and coach CBO staff to identify signs and symptoms of mental health needs, provide clinical support to CBO staff, and increase agency capacity to provide wellness and referral services.

Addressing economic impacts on businesses and nonprofits

Supporting neighborhood businesses, vulnerable workers, and community-serving nonprofits has been a central goal of San Francisco's pandemic response and approach to economic recovery. The budget invested \$48.9 million to promote economic recovery through direct support for small businesses, as well as events, activations, and public space improvements to support areas that rely on visitors.

Since the beginning of the pandemic, San Francisco has provided immediate and ongoing relief for small businesses, including directing more than \$50 million in grants and loans to support

more than 3,500 businesses. The grants and loans have complemented tens of millions of dollars in tax and fee deferrals and waivers as well as technical assistance programs to drive access to state and federal resources such as the Paycheck Protection Program. Additionally, to provide critical relief to impacted workers, especially those who cannot access state and federal aid, the City delivered nearly \$25 million in funding to support 27,700 workers and families through programs like Right to Recover and the Family Relief Fund. The budget included an additional \$10 million in direct grants and loans aimed at helping small businesses stabilize and adapt to changing conditions.

The loss of foot traffic throughout downtown has had a significant impact on the area, where economic activity remains below pre-pandemic levels. The budget included \$10.5 million to establish the City Core Recovery Fund to support events, public space and ground floor activations, as well as a citywide marketing campaign. This funding will support community-driven efforts to beautify, improve, and activate public spaces and ground floor vacancies, particularly those produced by and showcasing local and neighborhood-based cultural amenities, artists, and merchants. The budget also maintains convention center rental incentives and funds dedicated to street and sidewalk cleaning around the convention center area.

Addressing economic impacts on families with children

The budget funded just under \$50 million of aspects of the Children and Family Recovery Plan, a set of recommendations to be implemented over three to five years to help children and families recover from the impacts of the pandemic, including \$32 million to provide childcare vouchers to more than 550 families with children under age three who earn less than 200 percent of the Area Median Income, and \$4 million annually to provide childcare vouchers to 150 transition-aged young adults with children under age five earning less than 85 percent of the State Median Income.

Supporting nonprofit workers

The budget provided \$70 million to support wages for nonprofit workers, sufficient for providing a 5.25 percent cost of living adjustment for nonprofit wages in FY 2022-23, as well as \$30 million to increase wages for staff in the City's permanent supportive housing portfolio, including wages for frontline workers, such as janitors and desk clerks.

Supporting early educators

The budget utilized \$60 million annually to improve pay, benefits, and working conditions of 2,000 City-funded early educators, including raising annual salaries by approximately \$8,000 to \$30,000 annually.

Rental assistance and affordable housing

Coordinating with more than a dozen community-based partners, the Emergency Rental Assistance Program (ERAP) has provided direct rental assistance to close to 2,500 vulnerable households facing eviction and financial disaster since inception in May 2021, utilizing ERA funds from the American Recovery Plan Act. This network of CBOs has been able to conduct outreach to our hardest to reach communities and provided over \$20 million in rental assistance to those impacted most severely by the effects of COVID.

Many of these efforts have continued and have been joined by new initiatives. For example, the current budget includes funding to support the establishment of a satellite campus for Historically Black Colleges and Universities (HBCUs) in San Francisco's downtown, to enhance the city's workforce diversity and support sustained economic growth. The Vacant to Vibrant program and other grants seek to transform empty storefronts into active spaces, both downtown and throughout San Francisco's neighborhoods. To support families and enhance early childhood care and education, the budget includes a \$120 million investment to expand eligibility for early learning childcare vouchers to families earning up to 150 percent of the Area Median Income (AMI) (vs current cap of 110 percent AMI), and pilot to extend childcare facility hours in the evenings and on weekends for parents with late or irregular shifts, including frontline workers.

Promoting equitable outcomes

Before the pandemic

Before the onset of the COVID-19 pandemic, San Francisco had begun the work to create structures to address inequities in our community. The City's Office of Racial Equity (ORE) was established in July 2019 to address the history of structural and institutional racism in delivery of services to the public and the City's internal practices and systems. ORE has enacted a citywide Racial Equity Framework to direct City departments to develop and implement Racial Equity Action Plans, to analyze the disparate impacts of pending ordinances, and implement other policy and reporting functions. In addition, the legislation requires departments to designate employees as racial equity leaders acting as a liaison to ORE and requires the Department of Human Resources to assess and prioritize racial equity within the City's workforce.

City departments completed the third year of their three-year racial equity action plans on December 31, 2023, and submitted annual progress reports to the ORE, Board of Supervisors, and Mayor's Office. These reports outlined results achieved and focused next steps across seven areas: hiring and recruitment; retention and promotion; discipline and separation; diverse and equitable leadership and management; mobility and professional development; organizational culture of inclusion and belonging; and boards and commissions.

The City continues to publish Annual Workforce Reports, including disaggregation by race, sub-ethnicity, gender, and department, and city of residence for current employees, applicants, promotions, new hires, classifications and salaries. These reports and other City workforce demographics reporting are available on the City's Department of Human Resources (DHR) website.

In order to maintain a consistent strategy across the entire organization, the City's FY 2024-25 and FY 2025-26 budget includes continued centralized investments in ORE and DHR to implement a citywide approach and work directly with department-based equity staff. Departmental surveys and a planned citywide survey will provide greater understanding of what employees need to thrive and feel supported in their work lives and guide citywide equity governance. Additionally, funding is included to deliver racial equity training to over 5,000 employees per year and will be recorded to reach additional employees and new hires. This coordinated approach will help to ensure that all employees are receiving consistent guidance,

resources, and support in order to make our workplace more equitable and further inclusion and belonging.

The City has focused its efforts to achieve gender equity through the Department of Status of Women (DOSW), which was established in 1975 by ordinance. The department promotes equitable treatment and fosters the advancement of women and girls throughout San Francisco through policies, legislation, and programs. The Department's major areas of work include promoting family-friendly, equal-pay, and gender equality policies in the workplace and reducing family violence.

In response to the pandemic

The City's work to address historic issues of inequity in public services and outcomes quickly developed to address the disparate health, economic, and educational outcomes caused by COVID-19.

San Francisco's Black, Latino, API, and Indigenous communities disproportionately suffered the pandemic's health and economic impacts. As the City works towards economic recovery, there is an opportunity to build a stronger and more equitable economy. Through the Office of Economic and Workforce Development, the City worked to create programs targeted to communities of color and vulnerable populations who lack equitable safety nets and have been historically excluded from wealth building opportunities. By FY 2020-21 year end over \$52.5 million went to loan and grant programs to support more than 1,200 small businesses and their employees, and an additional \$17.7 million went to aid for workers. San Francisco's Economic Recovery Task Force guided the City's efforts to sustain and revive local businesses, mitigate the impacts of COVID-19 on the most vulnerable residents, and build an equitable future. The Task Force's Shared Spaces program promoted safer operations by allowing merchants and community groups to use sidewalks, streets, and other public spaces for a variety of restaurant and retail activities. Through April 2021, the City issued more than 1,900 shared space permits.

Equity was a guiding principle of San Francisco's COVID public health response. The COVID Command Center (CCC) worked with community leaders, CBOs, local businesses and trusted community partners to design outreach strategies and solutions specifically for each community. Examples include:

A robust food security program that delivered more than two million bags of groceries and two million meals for food insecure San Franciscans;

Partnerships with community-based organizations representing the Asian American and Pacific Islander, Black/African American, Latinx, LGBTQ+, Faith, Youth, Tenderloin, Bayview and Excelsior communities to support community-led COVID-19 public education campaigns. These campaign concepts were driven by community input with the CCC providing graphic design, translation, multimedia production, printing, neighborhood canvassing and advertising support.

Commitment to Language Access: The CCC maintained a robust translation capacity and translated more than 5,200 documents into 10 languages including the threshold languages of Spanish, Chinese and Filipino. Through the activation more than 130 disaster services workers were deployed as translators.

CCC tracked virus-related data based on demographics, including race/ethnicity, as well as neighborhood in order to identify and try to mitigate inequities. Positive cases are

disproportionately high in the Latinx population, deaths are disproportionately high in the Asian population, and vaccine rates are disproportionately low in the Black African American population.

The COVID Command Center worked individually with community leaders, CBOs, local businesses and trusted community partners to design outreach strategies and solutions specifically for each community.

Additionally, testing, vaccine, and COVID-19 education events are planned and occur during pre-existing community events and celebrations, and known entities for specific communities such as Carnival, Pride, Juneteenth, Lighthouse for the Blind, Slow Streets, and others.

Additional programs

In addition to government-wide efforts led by ORE and DOSW, the City has funded and made progress on a range of specific equity initiatives, such as:

Fees & Fines Reform and the Financial Justice Project. The Treasurer's Office Financial Justice Project was launched to assess how fees and fines affect low income residents and communities of color and advance reforms to lift the disproportionate financial burden they create. Accomplishments to date include waiving \$33 million in criminal justice fees and penalties, eliminating \$1.5 million in library fines and clearing 88,000 driver's license holds for people who missed traffic court. Fees associated with a variety of Medical Examiner services, obtaining a City ID Card, owner surrender of animal, and dog license late fees have been eliminated, with service costs assumed by the City's General Fund. Additionally, the Street Artist License Fee assessed by the Arts Commission is being reduced to provide relief to individual artists. The Project has developed a Fine and Fee Discount Guide to help low income residents pay, reduce, or address through community service hours fees and penalties related to parking, traffic, fare evasion, transit, tow fees, quality of life citations, water and sewage bills, ambulance bills, museum entry, and child support.

Financial Empowerment. The Treasurer's Office of Financial Empowerment advocates to strengthen the economic security and mobility of all residents through a variety of services, including finding a safe and affordable bank account, free individual financial coaching, publicly funded universal Children's Savings Accounts for all public school students, and consumer fraud protection.

Community Engagement

The entirety of the City's SLFRF allocations were used to replace revenues that support the Provision of Government Services (EC6) contained in the City's budget, as proposed by the Mayor and approved by the Board of Supervisors, using existing community engagement processes, including extensive public Board and Commission hearings, town hall meetings and other outreach with the Mayor and Board of Supervisors, and district-specific participatory budgeting. In addition, the City's budget website, sf.gov/topics/budget, centralizes key documents and timelines to help community members learn about and participate in budget decisions.

Most of the City's operating departments are governed not only by elected officials – the Mayor, 11-member Board of Supervisors, and other elected officials (Sheriff, Assessor, Tax Collector,

District Attorney, Public Defender, City Attorney) –but also by appointed boards, commissions, and other oversight bodies, each of which is required to hold public meetings with opportunities for public comment on departments’ proposed budgets. Live broadcast and archived recordings of meetings of these bodies have historically been available through the City’s two public access channels (television and streaming); at the start of the pandemic, many added the option to participate remotely as well. A selection of key departments governed by commission includes: the Department of Public Health; the Human Services Agency; Fire Department; Police Department; Public Library; Department of Recreation and Parks; Department of Children, Youth and Families; San Francisco International Airport; Port of San Francisco; Public Utilities Commission; Municipal Transportation Agency Commission; Arts Commission; Juvenile Probation Department; among others.

The City’s budget development process sets overall policies and priorities for the City and includes active community outreach and opportunities for feedback. Departments submit their budgets to the Mayor’s Office in February of each year, after working through their respective commission and board processes. From March through May, the Mayor’s Office analyzes each budget proposal, examining policy and service implications. Concurrently, the Mayor conducts budget outreach with community members to understand community members’ neighborhood and citywide priorities. All San Franciscans have an opportunity to share their budget feedback and priorities by emailing the Mayor’s Office of Public Policy and Finance. Feedback from these various forums is used to make budget decisions.

Beginning in February, the Board of Supervisor’s three-member Budget and Finance Committee is expanded to a five-member Budget and Appropriations Committee, with separate duties and public meetings, including delineating the budget process for the coming months, setting hearing topics, outlining how it will identify and publicly communicate its budget policy priorities, and its guidelines regarding public transparency and decision-making. The committee holds a public hearing on the Mayor’s budget priorities (as required by Chapter 3 of the Administrative Code) and a proposed response. As the committee considers the Mayor’s June 1 proposed budget, it posts on its website one or more proposed spending plan describing proposed allocations of available funds in the budget at least 72 hours before the Committee votes to forward the annual appropriations ordinance to the full Board. These plans are discussed in public hearings on the budget in June.

Labor Practices

Although this section is not directly applicable as San Francisco is using all SLFRF funds for Revenue Replacement (EC6), the City and County has incorporated many of these practices into its local laws and policies:

Since its inception in 2001, San Francisco’s Office of Labor Standards Enforcement (OLSE) has enforced local labor laws, including the Minimum Wage Ordinance, Minimum Compensation Ordinance, Health Care Accountability Ordinance, and Prevailing Wage Ordinance. A description of these laws, enforcement actions, and outcomes, including wage restitution for workers, is detailed in the Office’s Annual Report.

Prior to 2019, the City adopted Project Labor Agreements on a project basis, for example, in its \$4.8 billion Water System Improvement Project. In 2019, the City adopted the Citywide Project Labor Agreement Ordinance to require project labor agreements for projects with projected

costs over threshold amounts (generally ranging from \$1,000,000 to \$5,000,000 but \$10,000,000 for projects funded by a source other than a general obligation bond or revenue bond).

The Planning Commission and Board of Supervisors approve development agreements to garner community benefits through legislated requirements, including preservation and acquisition of affordable housing community serving retail (such as grocery stores), community facilities (such as childcare), arts and cultural protections, and more. Development agreement processing and approval requirements are set forth in local code and described on the Planning Commission's website.

The San Francisco Local Hiring Policy for Construction is administered by the Office of Economic and Workforce Development to promote the utilization of local residents on locally sponsored projects. The First Source Hiring Program, enacted in 1998, requires developers, contractors, and employers utilize good faith efforts toward employing economically disadvantaged San Franciscan residents for entry level positions on applicable projects. The Program provides a ready supply of qualified workers to employers with hiring needs and gives economically disadvantaged individuals the first opportunity to apply for entry level jobs in San Francisco.

Use of Evidence

Although this section is not directly applicable as San Francisco is using all SLFRF fund for Revenue Replacement (EC 6), the City and County has incorporated evidence-based practices into its operations, communication, and decision making.

While operating agencies within the city conduct program evaluations and other relevant assessments, the City also measures and reports its performance centrally through the City Services Auditor (CSA). CSA was created in the Office of the Controller through an amendment to the Charter of the City and County of San Francisco that voters approved in 2003. Charter Appendix F grants CSA broad authority, which includes reporting on the level and effectiveness of San Francisco's public services and benchmark the City to other public agencies and jurisdictions, and conducting financial and performance audits of city departments, contractors, and functions to assess efficiency and effectiveness of processes and services. The City's performance group publishes its work through performance [scorecards](#) on the efficiency and effectiveness of San Francisco government in the areas of streets, parks, and libraries; transit and street safety; public safety; sustainability and climate action; public health; homelessness response system; safety net services; and economy and finance. Measures are also included in the [Mayor's Proposed Budget](#) and [annual reports](#).

Performance Report

The project inventory and performance report is not applicable as the Provision of Government Services (EC 6) is not a project.