

City of Austin Budget Update

Health and Human Services Committee

May 26, 2020

2020-21

City of Austin
Budget

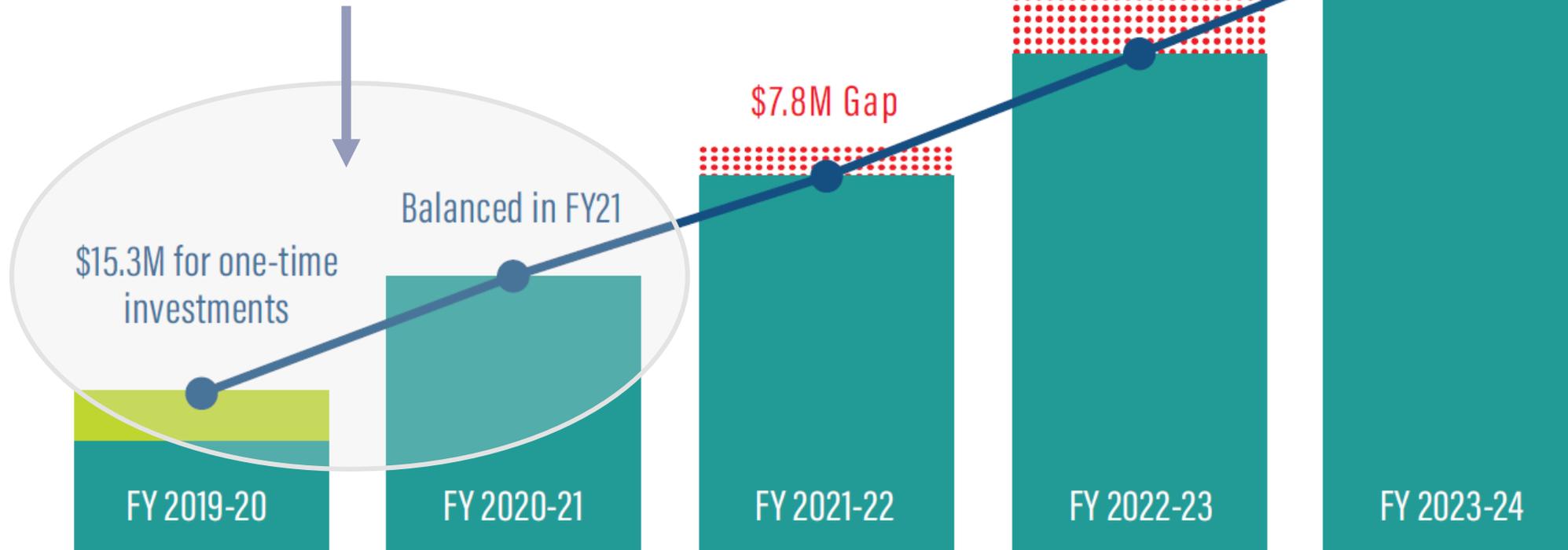


General Fund Budget Forecast

Prior to COVID-19 Outbreak



Balanced budgets *had* been forecast for fiscal years 2020 and 2021



Projected Revenue Shortfalls by Source

General Fund



Revenue Source	FY 2020 Budget	Rapid Resolution	Slower Resolution	FY 2021 Forecast	Rapid Resolution	Slower Resolution
Sales Taxes	\$251.8 M	(\$32.6 M)	(\$43.2 M)	\$260.6 M	(\$11.8 M)	(\$15.4 M)
Mixed Drink Taxes	\$14.2 M	(\$1.1 M)	(\$4.2 M)	\$14.7 M	-	(\$0.5M)
User Fees and Fines	\$91.2 M	(\$3.0 M)	(\$8.6 M)	\$91.9 M	-	-
Interest Earnings	\$8.3 M	(\$1.6 M)	(\$1.6 M)	\$9.0 M	(\$6.1 M)	(\$6.1M)
All Other	\$723.1 M	-	-	\$744.1 M	-	-
Total	\$1,088.6 M	(\$38.3 M)	(\$57.6 M)	\$1,120.3 M	(\$17.9M)	(\$22.0 M)

- May sales tax payment down 4.5% from the prior year (2 month lag; represents March sales)
- Other large Texas cities experienced steeper declines ranging from 6.5% to 10.7%; State down 9.3%

Projected Revenue Shortfalls by Source

Other Funds – FY20 Projections



- Hotel Occupancy Taxes – *\$36.7 million decline*
 - Impact on programs in the Convention Center, Historic Preservation, Cultural Arts, and Music Funds
- Airport Revenue – *\$68.1 million decline*
 - Steep declines in parking fees, landing fees, and concession revenue
- Austin Transportation Department Parking Fees – *\$8.9 million decline*

Closing the Shortfall

Initiatives Implemented And In Progress



Initiatives	Progress to Date
<i>Hiring freeze on non-essential positions</i>	<i>Currently over 600 vacancies frozen; exceptions under review</i>
<i>Reductions in discretionary budget line items</i>	<i>Work in progress; approximately \$14.4 million in savings anticipated (including hiring freeze)</i>
Operational efficiency improvements	Consultants hired; focusing on “early wins” for inclusion in the FY 2021 Budget
Homelessness services performance framework and social service contract review	Contract to review current services approved 12/5
Strategic Direction 2023 program alignment	Preliminary alignment work completed and under review
Other sources of General Fund revenue	A number of options under legal and financial review

Note: Italicized items were implemented March 27, 2020.

Closing the Shortfall

Revisit Major Forecast Assumptions



- Sales tax growth of 3.5%; Property tax at 3.5% rollback rate
- Funding for employee wage adjustments
- Full funding of the Housing Trust Fund
- Full funding of the Capital Replenishment Fund
- 30 additional Officers
- 3 new fire stations
- No health benefit or premium increases for the fourth consecutive year

Note: Items in red text are being reexamined in light of COVID-19 budget impacts.

Closing the Shortfall

Other Options

- Property tax cap of up to 8% is allowable for the next two fiscal years
- Limiting the number and amount of fee waivers
- General Fund reserves
- Federal funding for expenses related to the City's response the pandemic including public health and economic support programs



City of Austin Budget Timeline



Policy Input & Forecasting

Budget Development

Council Deliberation & Adoption

JANUARY - APRIL

MAY - JUNE

JULY - AUGUST

Community Engagement

Boards & Commissions

Council Town Hall Meetings

Public Hearings

KEY DATES:

- *Early April* – Economic outlook and City financial status update to Council
- *May 8* – Department budget submittals due to Budget Office
- ***July 13*** – Presentation of Proposed Budget to City Council
- *July 23, 30* – Public hearings
- ***August 12*** – Budget and tax rate adoption

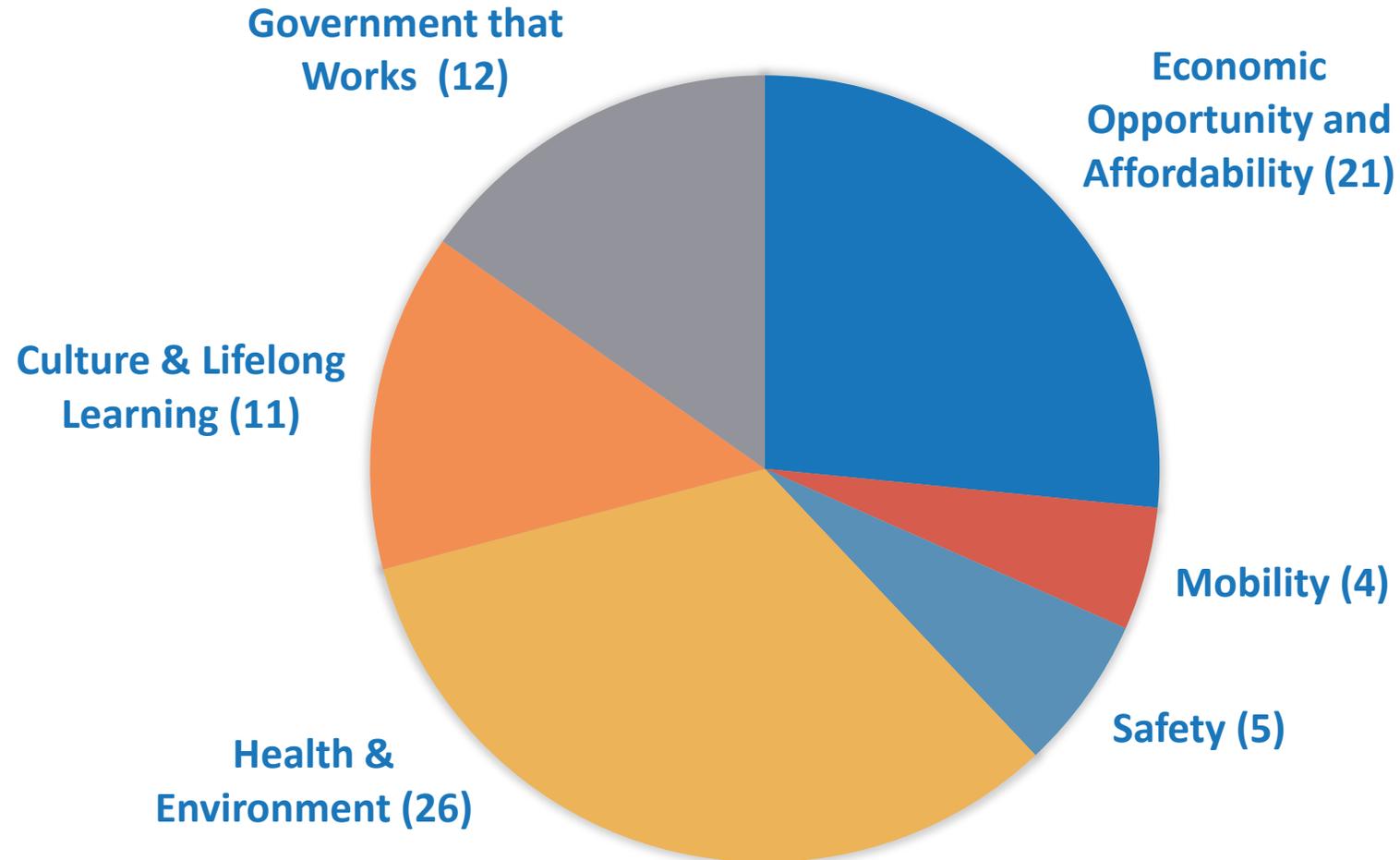
Budget Equity Forums



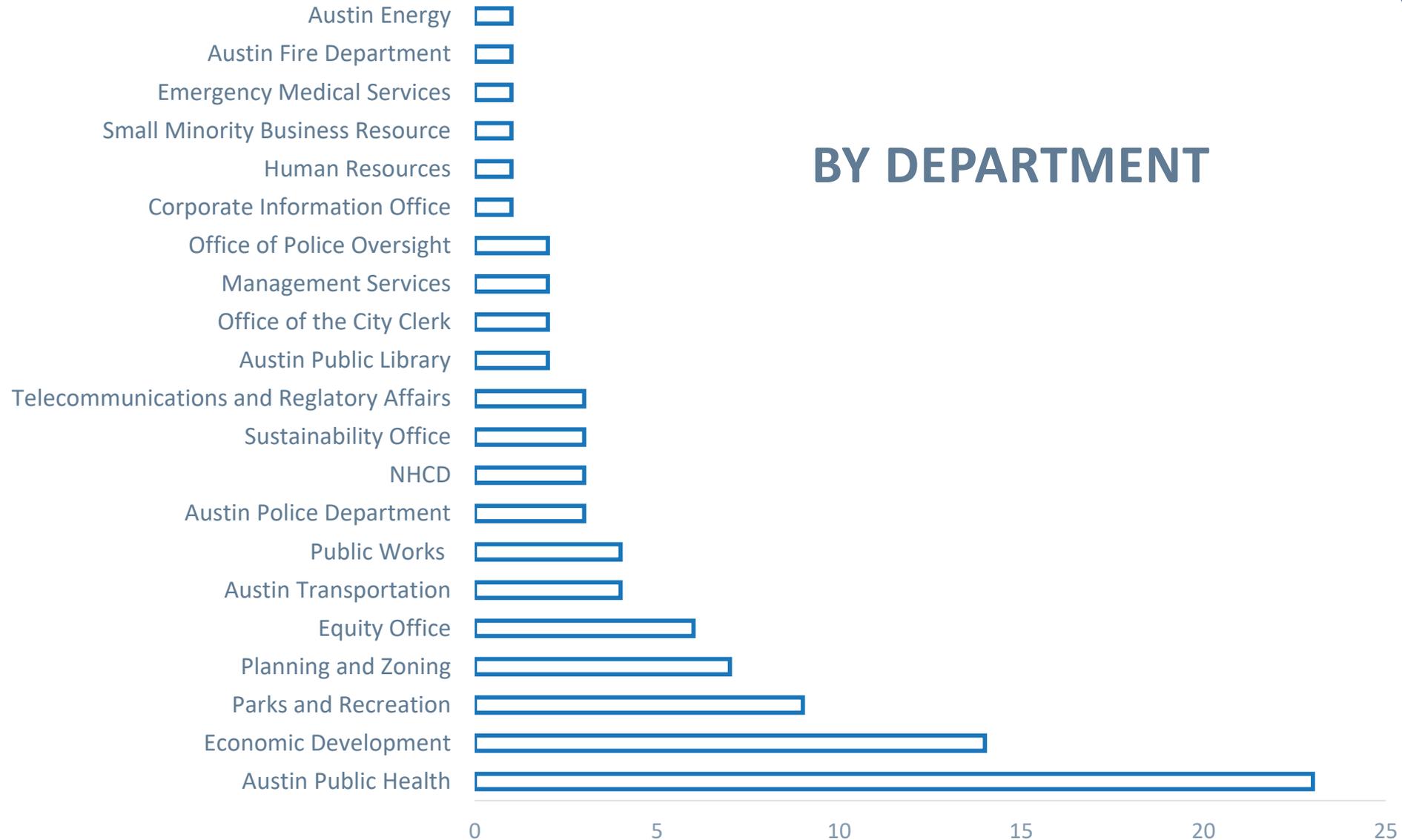
- ✓ **LGBTQ Quality of Life Advisory Commission** – Saturday, January 11th, City Hall, 1pm
- ✓ **Hispanic/Latino Quality of Life Resource Advisory Commission** – Saturday, January 25th, South Austin Recreation Center, 10am
- ✓ **African American Resource Advisory Commission** – Tuesday, January 28th, Millennium Youth Entertainment Center, 6:30pm
- ✓ **Commission on Seniors** – Tuesday, February 4th, Gus Garcia Recreation Center, 1pm
- ✓ **Commission for Women** – Wednesday, February 5th, City Hall, 6pm
- ✓ **Mayor's Committee for People with Disabilities** – Friday, February 7th, City Hall, 5pm
- ✓ **Asian American Quality of Life Advisory Commission** – Thursday, February 13th, Asian American Resource Center, 6:30pm
- ✓ **Commission on Immigrant Affairs** – Saturday, February 22nd, Asian American Resource Center, 2pm
- ✓ **Human Rights Commission** – Monday, February 24th, Learning Research Center, 5:30pm

Board and Commission Recommendations

BY STRATEGIC OUTCOME



Board and Commission Recommendations



2020-21

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www.speakupaustin.org/budget-2021