



City of  
Pittsburgh

COVID-19  
Budget Impacts  
April 20, 2020

# Agenda



- Budget update
- Addressing fiscal challenges in FY 20-21
- Next Steps

# Covid-10 Fiscal Outlook



- The fiscal impacts of Covid-19 will be felt for the rest of FY 19-20 and well into FY 20-21
- The length and depth of the recovery is unknown
- Action is required to maintain fiscal sustainability

# Assumptions



- Nonessential services will be closed for the balance of FY 19-20 and well into FY 20-21
- Current shelter in place orders are progressively relaxed during FY 20-21
- Business will not resume operations at the same level upon being able to reopen

# Revenue Changes FY 2019-20



Revenue reduction 4%

- Sales and Use Tax 10%
- Transient Occupancy Tax 25%
- Fines and Forfeitures 25%
- Estimated (\$1.8) million less than budget

# Revenue Changes FY 2020-21



Revenue reduction 10%

- Sales and Use Tax 33%
- Transient Occupancy Tax 50%
- Revenue Impact (\$5.24) million vs FY 19-20

# Revenue Changes FY 2020-21



Revenue reduction 15%

- Sales and Use Tax 50%
- Transient Occupancy Tax 50%
- Revenue Impact (\$7.72) million vs FY 19-20

# Revenue Changes FY 2020-21



## Revenue reduction 20%

- Property Tax 5%
- Sales and Use Tax 50%
- Transient Occupancy Tax 75%
- Franchise, Comm. Benefit & Motor Vehicle Tax 15%, Other Taxes 5%
- Fines & Forfeitures 50%
- Revenue Impact (\$9.5) million vs FY 19-20



# Revenue Changes FY 2020-21



## Revenue reduction 30%

- Property Tax 10%
- Sales and Use Tax 75%
- Transient Occupancy Tax 90%
- Franchise, Comm. Benefit & Motor Vehicle Tax 20%, Other Taxes 5%
- Fines & Forfeitures 75%
- Revenue Impact (\$13.95) million vs FY 19-20

# Expenses Adjustments



FY 2019-20 – All non-essential services have been delayed, hiring has been frozen, seasonal staff was reduced, non-vital contracts paused, Union contract negotiations postponed and expected use of OPEB side fund

FY 2020-21 -Planned reduction of non-essential staff, pavement expenditures, capital and other expenses to the extent of revenue reductions. Utilization of OPEB side fund for current costs

# General Fund – Fund Balance



- The use of Fund Balance will result in projected ending balance at:
  - June 30, 2020 \$18.5 million (39.43%)
  - June 30, 2021 with a:
    - 10% reduction \$17.3 million (38.7%)
    - 15% reduction \$16.5 million (37.2%)
    - 20% reduction \$ 15.9 million (36.8%)
    - 30% reduction \$ 14.2 million (33.7%)

# General Fund – Fund Balance



- The use of Fund Balance at the rate below will result in projected ending balances of:

Reduction	2020-21	2021-22	2022-23	2023-24
10% impact (\$1.2M) Fund Balance	\$ 17.3M 38.7%	\$ 16.1M 36.0%	\$ 14.9M 33.4%	\$ 13.7M 30.7%
15% impact (\$2.2M) Fund Balance	\$ 16.5M 37.2%	\$ 14.3M 32.3%	\$ 12.1M 27.3%	\$ 9.9M 22.3%
20% impact (\$2.5M) Fund Balance	\$ 15.9M 36.8%	\$ 13.4M 31.1%	\$ 11.0M 25.3%	\$ 8.5M 19.5%
30% impact (\$4.3M) Fund Balance	\$ 14.2M 33.7%	\$ 9.9M 23.5%	\$ 5.6M 13.3%	\$ 1.3M 3.1%

# Fiscal Impact Conclusion



- Decisive action is needed to preserve the fiscal sustainability of the City in the current year as well as the next few years.

# Next Steps



## Guiding Council Goals for Addressing Fiscal Challenge

- Fiscal Goal: Authorize the use of reserves and reductions to ensure GF Fund balance for FY 2020-21 is no lower than 20%
- Thoughtful: Prioritize essential services and direct staff to make necessary operational changes
- Transparent: Information shared openly, with rationales of decisions
- Employees: Recognize through the process that employees are the City's most valuable asset
- Equitable & Proportional: To the extent feasible, impacts are spread across all employee groups



Questions?