

Corrupt San Francisco Faces Nearly \$1 Billion Deficit, Despite Federal Pandemic Cash

SAN FRANCISCO BLEW ALL THEIR CASH ON CORRUPTION

San Francisco Mayor-elect Daniel Lurie will have to tackle the city's nearly \$1 billion budget deficit when he takes office on January 8, and he may be forced to cut staff and services to overcome a shortfall of the city's own creation.

San Francisco imposed draconian lockdown policies during the coronavirus pandemic, while also adopting lax policing policies that allowed crime and homelessness to skyrocket. Many of the city's residents — including tech employees, now able to work from home — moved elsewhere.

As a result, San Francisco has recovered from the pandemic more [slowly](#) than any other major city in the U.S.

The *San Francisco Chronicle* [reported](#) Tuesday:

Mayor-elect Daniel Lurie will have his work cut out for him when he takes office next month: The political novice must immediately begin work to close a two-year San Francisco budget shortfall now pegged at \$876 million.

The latest fiscal update released Tuesday by Mayor London Breed's office presents a dire outlook for the city budget, suggesting that closing the deficit will be one of the most difficult and time-consuming challenges facing Lurie after he is inaugurated Jan. 8. Breed told departments to plan for permanent general fund spending reductions of 15% starting next fiscal year, though it will be up to Lurie to decide which cuts he will adopt.

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Simply put, San Francisco's expenses continue to rise far faster than its revenue. [Record-high office vacancies](#) driven by the persistence of remote work, combined with the local hospitality

industry's [languishing recovery](#) from the pandemic, are weighing on city finances. At the same time, salary and benefits for city employees are growing and some [ballot measures](#) approved by voters will increase government costs or reduce revenue in the near term.

San Francisco's woes are compounded by the fact that it [received](#) a whopping \$636 million from the federal government under President Joe Biden's "America Rescue Plan," the \$1.9 trillion spending package that was his first major legislative initiative. The spending kicked off an inflationary spiral while shoveling cash to "blue" states and cities that had mismanaged their budgets and chased residents away during the pandemic.

Rather than use the one-time cash infusion as an opportunity to restructure, San Francisco continued with business as usual, leading to persistent deficits that now threaten to become a drag on the city's future growth.

Mayor-elect Lurie, a wealthy Levi-Straus heir who has worked in the non-profit sector, has little experience in tackling such issues — but also little choice.



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