

June 1, 2009

Dear Residents of San Francisco:

This is the tenth consecutive year in which the City has faced a projected General Fund budget shortfall. This year's projected shortfall, \$438.1 million, is the highest our City has faced in its recent history due to the global economic downturn. As Mayor, I have worked with all departments and the Board of Supervisors to submit five responsible, balanced budgets that created efficiencies and improved operations. Today, I am privileged to present my sixth balanced budget for the City and County of San Francisco.



As we crafted a new balanced budget for the City and County of San Francisco amidst the financial rubble of the California economy, we stayed focused on the reality that the most important budget problems this year are not at City Hall, but in the City itself.

We have very serious civic financial challenges. But the problems of government are not as serious as those faced by San Franciscans who are losing their jobs, losing their homes, losing their ability to pay rising tuition bills and losing their employer-supplied health care.

That's why the balanced budget I am proposing today targets our scarce resources to core priorities – health, safety, economic recovery, transportation and improving and increasing educational opportunities from pre-Kindergarten through college.

Our new budget is squarely focused on the only real solution to this budget challenge – attracting new jobs and making smart infrastructure investments so we can put San Franciscans back to work. While Sacramento argues how to cut budgets because of the shrinking economy, we are improving our economy with the most aggressive local economic stimulus package in the nation and creating nearly 20,000 jobs from projects that are currently underway or that will start in the next year.

We are taking existing Federal funds that used to fund a handful of jobs, and turning them into micro-loans that will help hundreds of unemployed San Franciscans start new businesses and create exponentially more jobs when these new small businesses grow. Using federal Stimulus and private employer dollars, we will create over 1,000 new jobs for low-income residents through an innovative partnership with the private and non-profit sectors. And we are now harvesting the benefits of more than five years of investment in attracting green tech and clean tech industries – the kind of long-term investments in high-wage jobs we will continue to make in this year's budget.

We are proposing new reforms, including consolidations affecting nine City departments. This is in addition to the 14 departments we have consolidated and the four we have eliminated over five years. As times get tough, government needs to get better even faster. And these consolidations will help us deliver services more effectively.

We have been negotiating quietly and consistently with our unions, and most have agreed to defer wage increases, reduce holidays or make other significant sacrifices that help lower the cost of