

OPERATING BUDGET AND STAFFING

Operating Budget and Staffing for City Services

OPERATING BUDGET AND STAFFING

CITY OPERATING BUDGET

The City's [operating budget](#) is a financial plan for how the City will provide services, pay obligations, and save for future expenses. It is approved by the Mayor and City Council. It contains information and data regarding expected sources, uses, and performance. The City Charter requires the budget to be balanced for every fiscal year. The fiscal year in San José begins July 1 and ends June 30.

The City's operating budget is prepared using a different accounting basis than the Comprehensive Annual Financial Report (CAFR). CAFR data was used in the previous chapter to discuss financial condition. This chapter, as well as the remainder of this report, use budgetary data unless otherwise specified. Every year, the City Manager's Budget Office prepares a reconciliation between the CAFR and the adopted budget. To see the latest of these reconciliations, see the [2016-17 Annual Report](#).

In addition to being balanced, the City Charter also requires that the budget include a complete financial plan for all City funds. This includes the General Fund as well as numerous special funds, such as those related to Airport operations, sewer services, and others.

In 2016-17, budgeted City expenditures from all funds totaled about \$3.2 billion. Of that, the City budgeted* approximately \$1.36 billion to City departmental operations. This was 20 percent more than ten years ago. Departmental budgets totaled \$1,301 per resident. The City's Operating and Capital Budgets are online at the [Budget Office website](#).

Budgeted Operations by Department, 2016-17

	(All Funds)	10 Year Change
Airport	\$ 63,251,206	-25%
City Attorney	\$ 17,428,286	12%
City Auditor	\$ 2,473,336	-13%
City Clerk	\$ 2,735,287	-10%
City Manager	\$ 14,365,470	43%
Economic Development	\$ 11,843,693	18%
Environmental Services	\$ 257,753,261	38%
Finance	\$ 18,650,894	21%
Fire	\$ 203,413,562	50%
Housing	\$ 10,787,566	7%
Human Resources	\$ 10,364,871	9%
Independent Police Auditor	\$ 1,260,406	51%
Information Technology	\$ 22,265,107	-6%
Library	\$ 38,734,292	13%
Mayor and Council	\$ 13,248,694	37%
Parks, Recreation and Neighborhood Services	\$ 75,979,901	6%
Planning, Building and Code Enforcement	\$ 53,093,858	24%
Police	\$ 346,977,957	22%
Public Works	\$ 101,326,271	15%
Retirement	\$ 6,551,984	106%
Transportation	\$ 88,865,210	16%
Total	\$ 1,361,371,112	20%

Source: San José Adopted Operating Budgets

* Department operating budgets include personal services, and non-personal/equipment expenditures for all funds with the exception of capital funds. Departmental operating budgets do not include all expenditures such as reserves, capital expenditures, debt service, and pass-through funding. Other budgeted expenditures include:

- Expenditures from other special funds that are not captured in departmental operating budgets. For example, the Airport's departmental budget totaled roughly \$63 million in 2016-17 (as we report in the chart above and in the Airport section), but the Airport had oversight over \$266 million in other operating expenditures over the course of the year. See individual department chapters for more information about additional expenditures.
- \$128 million in City-Wide expenditures (i.e., expenses that relate to more than one department or are not directly associated with ongoing departmental operations).
- \$276 million in capital contributions, transfers, and reserves.

OPERATING BUDGET AND STAFFING

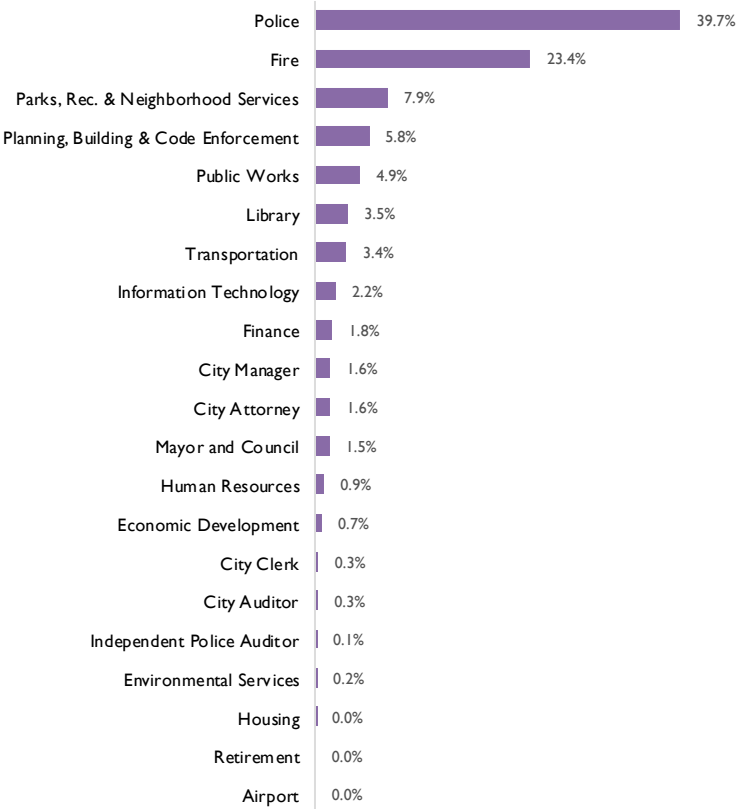
GENERAL FUND

The *General Fund* is the primary operating fund used to account for the revenues and expenditures of the City which are not related to special or capital funds. Some of the General Fund's larger revenue sources include: property taxes, sales taxes, utility taxes, licenses and permits, and franchise fees. The General Fund is available to use for any purpose and much of its use is dedicated to paying for personnel costs.

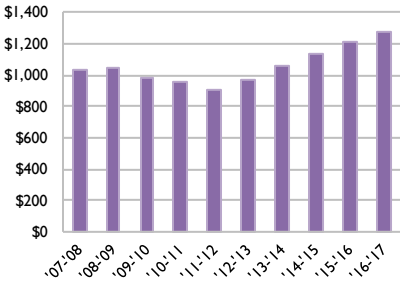
In 2016-17, General Fund budgeted expenditures totaled about \$1.27 billion. \$867 million was budgeted for department operations, with the remaining budgeted for City-Wide expenses, capital contributions and transfers, and reserves. Sixty-three percent of expenditures budgeted to department operations were for the Police and Fire Departments. Some departments are funded through special funds, such as the Airport and the Environmental Services Department, and receive little or no General Fund support.

Over the past 10 years, General Fund budgeted uses have grown by more than 20 percent. In 2016-17, the City saw a projected \$6.9 million General Fund surplus. However, the City has faced projected General Fund shortfalls in six of the last ten years. The [FY 2017-18 City Manager's Budget Message](#) forecasts budget shortfalls for each of the next five years.

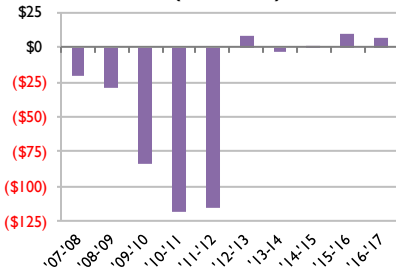
Budgeted Operations by Department, 2016-17 (General Fund Only)



Total General Fund Budgeted Uses (\$millions)



Projected General Fund Shortfalls/Surplus (\$millions)



Source: San José Adopted Operating Budgets

Source: San José 2016-17 Adopted Operating Budget
 Note: May not total to 100 percent because of rounding. Budgeted departmental operations in the General Fund totaled \$867 million. City-Wide expenses, capital contributions and transfers, and reserves totaled \$405 million of additional budgeted General Fund expenditures.

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CITY STAFFING

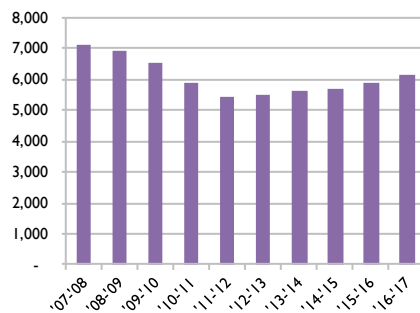
Much of the General Fund's expenses are allocated for personnel costs. In 2016-17, there were 6,159 full-time equivalent positions in the City. Although staffing has increased over the last few years, overall staffing levels are still well below what they were ten years ago when the City had more than 7,000 authorized positions.

Nearly all City departments are below staffing levels from 10 years ago. Furthermore, the number of vacant full-time positions has been steadily increasing, with more than 830 vacancies as of June 30, 2017. By contrast, there were just 400 vacancies as of June 30, 2009 when authorized positions totaled more than 6,500.

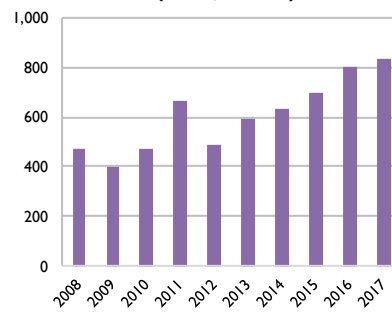
The number of full-time employees leaving City service has come down from the high seen in 2011 when more than 800 employees left the City. In 2016-17, 523 full-time employees left City employment and 628 new full-time hires joined the City.

Authorized Departmental Staffing	2016-17	10 Year Change
Airport	187	-52%
City Attorney	78	-18%
City Auditor	15	-17%
City Clerk	15	-17%
City Manager	66	-27%
Economic Development	57	-27%
Environmental Services	540	13%
Finance	117	-16%
Fire	822	-6%
Housing	65	-19%
Human Resources	54	-27%
Independent Police Auditor	6	0%
Information Technology	83	-47%
Library	360	-2%
Mayor and City Council	27	n/a
Parks, Recreation and Neighborhood Services	653	-13%
Planning, Building and Code Enforcement	319	-13%
Police	1,650	-9%
Public Works	559	-5%
Retirement	40	42%
Transportation	447	-7%
Total	6,159	-13%

Citywide Full-time Equivalent Positions

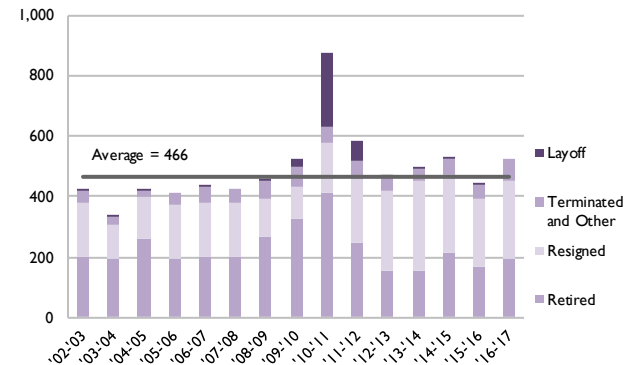


Vacant Full-Time Positions (as of June 30)



Source: San José Adopted Operating Budgets and auditor analysis of PeopleSoft

Number of Full-Time Employees Leaving by Type of Departure



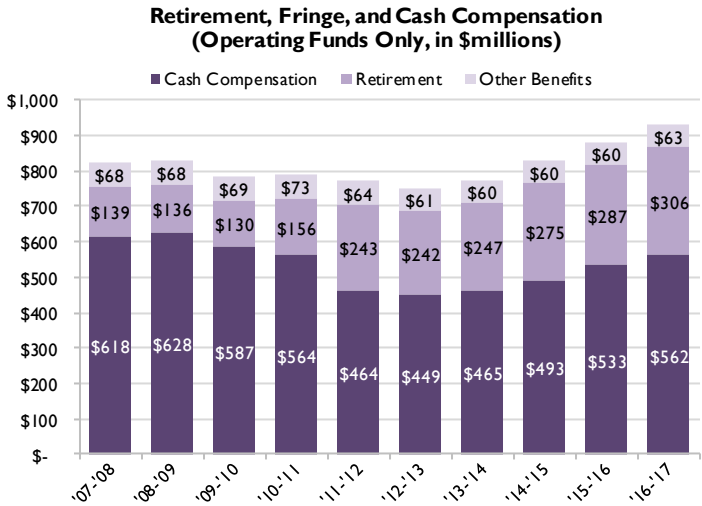
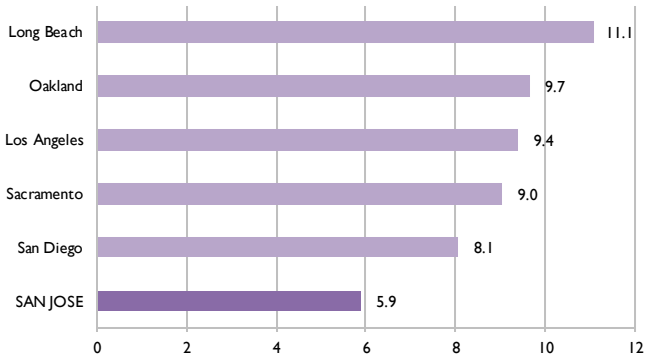
Source: Auditor analysis of PeopleSoft records
Note: Average does not include layoffs.

CITY STAFFING (CONTINUED)

In 2016-17, the City of San José had 5.9 authorized positions per 1,000 residents, far fewer than other large California cities. The number of authorized positions per 1,000 residents was also less than San José’s 20-year average.

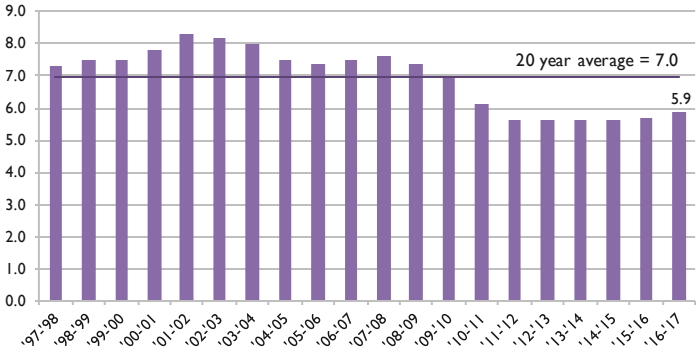
Total employee compensation for operating funds rose to \$931 million in 2016-17. While cash compensation and other benefit costs remain lower than 2007-08 levels (because of a combination of factors including staffing reductions as well as salary reductions that City employees took beginning in 2010-11), retirement benefit costs have more than doubled since then. Retirement benefits as a share of total employee compensation have increased from 17 percent to 33 percent over the last ten years (they were just 11 percent of total compensation in 2003-04.) For more information, see the Retirement Services chapter.

2016-17 Authorized Full-Time Positions per 1,000 Residents



Source: Auditor analysis of FMS records

Authorized Full-Time Positions per 1,000 population



Source: 2011 Fiscal and Service Level Emergency Report, November 2011, San José 2012-13 through 2016-17 Adopted Operating Budgets

