

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 and uses of funds, 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 [2017-18 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 2017-18, budgeted City expenditures from all funds totaled about \$3.4 billion. Of that, departmental operating expenditures totaled approximately \$1.4 billion (or about \$1,370 per resident). The City's Operating and Capital Budgets are online at the [Budget Office Website](#).

Departmental Operating Expenditures, 2017-18

(All Funds, \$millions)

		10-Year Change
Airport	\$ 66.8	-26%
City Attorney	\$ 18.7	20%
City Auditor	\$ 2.3	-13%
City Clerk	\$ 2.7	n/a
City Manager	\$ 16.6	33%
Community Energy	\$ 0.9	n/a
Economic Development	\$ 11.1	13%
Environmental Services	\$ 266.0	34%
Finance	\$ 17.9	9%
Fire	\$ 218.1	37%
Housing	\$ 11.4	3%
Human Resources	\$ 10.9	11%
Independent Police Auditor	\$ 1.3	52%
Information Technology	\$ 19.4	-18%
Library	\$ 39.5	14%
Mayor and Council	\$ 11.1	7%
Parks, Recreation and Neighborhood Services	\$ 83.7	27%
Planning, Building and Code Enforcement	\$ 50.3	23%
Police	\$ 386.3	36%
Public Works	\$ 105.6	11%
Retirement	\$ 6.1	80%
Transportation	\$ 96.1	22%
Total	\$ 1,442.7	22%

Source: San José Adopted Operating Budgets, 2017-18 Annual Report, and Budget Office

Note: Department operating budgets include personal services, and non-personal/equipment expenditures. 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 special funds that are not captured in departmental operating budgets. For example, the Airport's departmental budget totaled \$67 million in 2017-18 (as we report in the chart above and in the Airport section), but the Airport oversaw \$268 million in other program expenditures over the course of the year. See individual department chapters for more information about additional expenditures.
- \$388 million in Citywide expenses and capital contributions and transfers (Citywide expenses are related to more than one department or are not directly associated with ongoing departmental operations).

OPERATING BUDGET AND STAFFING

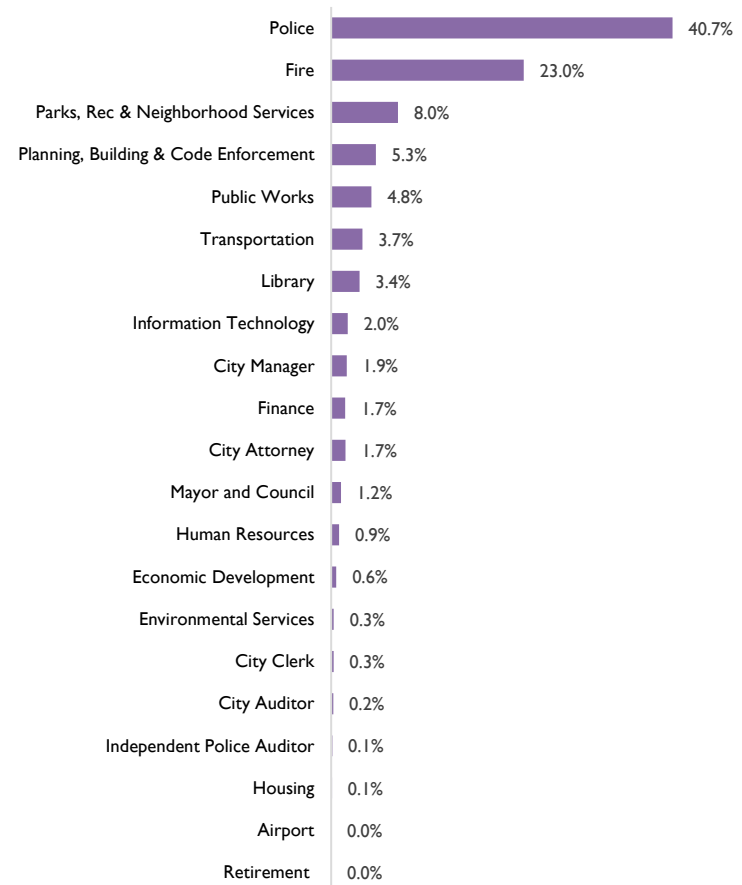
GENERAL FUND

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.

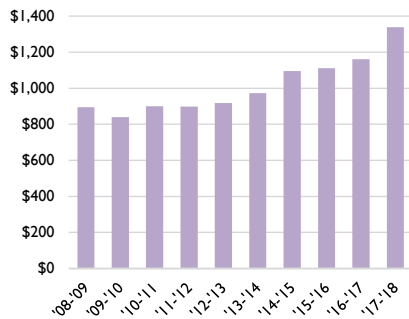
In 2017-18, General Fund expenditures totaled over \$1.3 billion. Departmental operations accounted for \$950 million, with the remaining budgeted for Citywide expenses, capital contributions, and transfers. About 64 percent of expenditures were for the Police and Fire Departments. Some departments are funded through special funds, such as the Airport and the Environmental Services Department, and receive little or no General Fund support.

In 2017-18, the City projected a \$10 million General Fund shortfall. This represented about 0.6 percent of the total General Fund budget. The City has faced projected General Fund shortfalls in six of the last ten years. In addition, the [FY 2018-19 City Manager's Budget Message](#) forecasted budget shortfalls for each of the next four years.

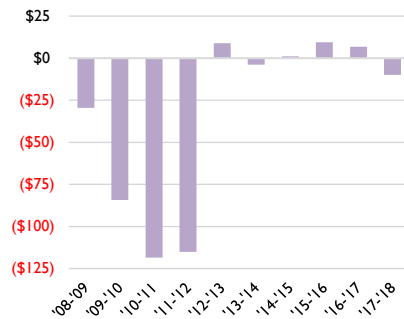
Departmental Operating Expenditures, 2017-18 (General Fund Only)



General Fund Expenditures (\$millions)



Projected General Fund Shortfalls/Surplus (\$millions)



Source: San José Adopted Operating Budgets and Annual Reports

Source: San José 2017-18 Annual Report
 Note: May not total to 100 percent because of rounding. Department expenditures in the General Fund totaled \$950 million. Citywide expenses, capital contributions, and transfers totaled roughly \$388 million of additional General Fund expenditures.

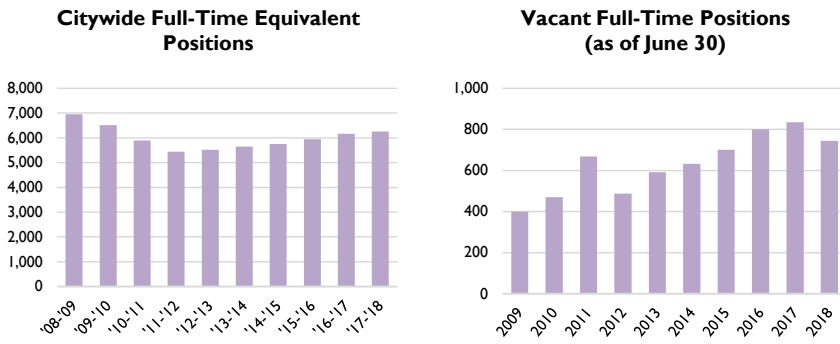
OPERATING BUDGET AND STAFFING

CITY STAFFING

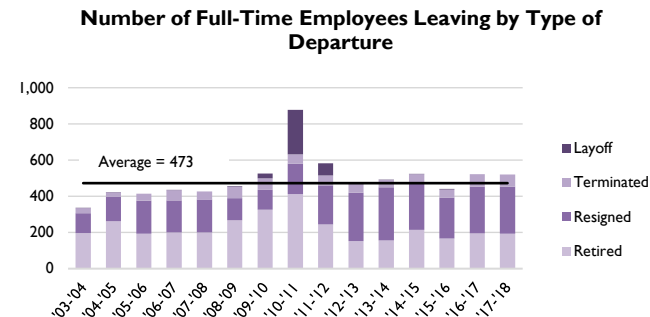
Much of the General Fund's expenses are allocated for personnel costs. In 2017-18, there were 6,250 full-time equivalent positions in the City. Although staffing has increased over the last few years, overall staffing levels are still well below what they were ten years ago when the City had nearly 7,000 authorized positions.

Nearly all City departments are below staffing levels from 10 years ago. Furthermore, there were 745 vacancies as of June 30, 2018. It should be noted there were roughly 100 police recruits in the police academy to fill vacant police officer positions.

The number of full-time employees leaving City service has come down from the high seen in 2011 when nearly 900 employees left the City. In 2017-18, 521 full-time employees left City employment; 655 new full-time hires joined the City.



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



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

Authorized Department Staffing	2017-18	10 Year Change
Airport	211	-39%
City Attorney	79	-16%
City Auditor	15	-17%
City Clerk	15	-12%
City Manager (Including former Fire staff to establish the Office of Emergency Management)	71	-20%
Economic Development	58	-24%
Environmental Services	552	10%
Finance	118	-16%
Fire (Excluding staff from the former Office of Emergency Services)	819	-6%
Housing	66	-20%
Human Resources	51	-33%
Independent Police Auditor	6	20%
Information Technology	79	-47%
Library	364	-2%
Mayor and Council	27	not available
Parks, Recreation and Neighborhood Services	685	-2%
Planning, Building and Code Enforcement	317	12%
Police	1,649	-10%
Public Works	562	-9%
Retirement	40	37%
Transportation	468	2%
Total	6,250	-10%

Source: 2017-18 Adopted Operating Budget, Council Memo regarding the establishment of the Office of Emergency Management heard at the September 12, 2017 City Council meeting.
Note: The table does not include staff for the new Community Energy Department.

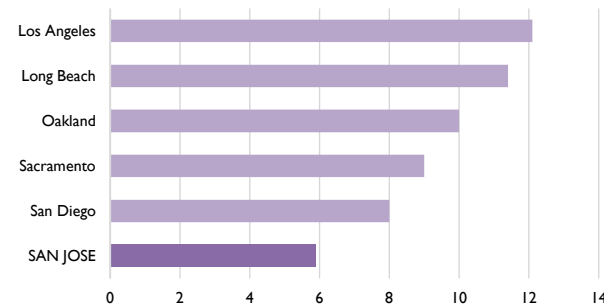
OPERATING BUDGET AND STAFFING

CITY STAFFING (CONTINUED)

In 2017-18, 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.

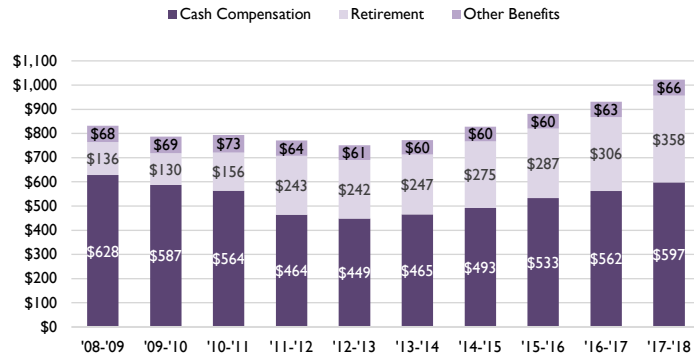
Total employee compensation for operating funds rose to \$1.02 billion in 2017-18. While cash compensation and other benefit costs remain lower than 2008-09 levels (because of a combination of factors including staffing reductions as well as salary reductions that City employees took in 2010-11), retirement benefit costs have more than doubled. For more information, see the Retirement Services chapter.

2017-18 Authorized Full-Time Positions per 1,000 Residents



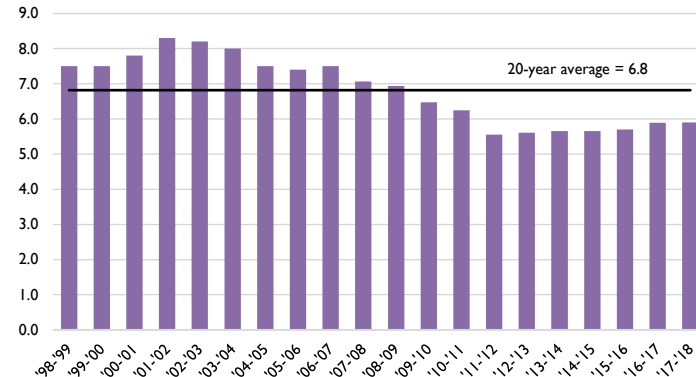
Source: 2017-18 Operating Budgets from each jurisdiction and California Department of Finance Demographic Research Unit
 Note: The type and range of services may vary across jurisdictions.

Retirement, Fringe, and Cash Compensation (Operating Funds Only, \$millions)



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

OPERATING BUDGET AND STAFFING

ADDITIONAL REPORTS FOR MORE INFORMATION

The City of San José prepares numerous budgetary documents during the fiscal year.

The City's **Annual Adopted Operating Budget** details how the City will pay for services and operations. The Adopted Operating Budget contains key information about the City's budgets and performance, broken down by broad areas of City service delivery and City departments. It also contains information about the sources and uses of operating funds. Visit: [City Manager's Budget Office 2018-19 adopted budget homepage](#).

The City Manager's Budget Office also prepares an **Annual Adopted Capital Budget** and a **Five Year Capital Improvement Program** to outline how the City will maintain and grow its capital assets. This document provides detailed information about the planned capital investments in the City's assets such as buildings, parks, and transportation infrastructure. Visit: [City Manager's Budget Office 2018-19 adopted budget homepage](#).

The **Annual Report** provides unaudited information on the financial status of the City at the end of each fiscal year. The focus of the Annual Report is a comparison of actual revenue collections and expenditures to projections and appropriations included in the budget. This report also provides information about each City fund, including the status of the year-end reserve levels. Visit: [City Manager's Budget Office 2017-18 Annual Report homepage](#).

The **Five Year Forecast** includes projected revenues and expenditures for the General Fund and revenue projections for the Capital Improvement Program. Visit: [City Manager's Budget Office Five Year Forecast homepage](#).

The **Fees and Charges Report** documents the majority of the fees and charges within the General Fund and selected fees within other funds. Some fees for enterprise activities, such as the Airport, are not included as they are approved separately. Visit: [City Manager's Budget Office Proposed Fees and Charges homepage](#).