

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 Annual Comprehensive Financial Report (ACFR). ACFR data was used in the previous chapter to discuss the City's overall finances. This chapter, as well as the remainder of this report, uses budgetary data unless otherwise specified. Every year, the City Manager's Budget Office prepares a reconciliation between the ACFR and the adopted budget. To see the latest of these reconciliations, see the [2020-21 Annual Report](#).

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 2020-21, City expenditures from all funds totaled about \$4.8 billion, an increase from last year. Departmental personal and non-personal operating expenditures totaled approximately \$1.7 billion (or about \$1,618 per resident). The City's Operating and Capital Budgets are online at the [Budget Office Website](#).

Departmental Operating Expenditures, 2020-21 (All Funds, \$millions)

Airport	\$	66.5
City Attorney	\$	21.5
City Auditor	\$	2.3
City Clerk	\$	2.6
City Manager	\$	18.7
Community Energy	\$	11.9
Economic Development and Cultural Affairs	\$	12.1
Environmental Services	\$	307.5
Finance	\$	20.2
Fire	\$	257.7
Housing	\$	15.5
Human Resources	\$	13.5
Independent Police Auditor	\$	1.4
Information Technology	\$	24.3
Library	\$	44.1
Mayor and Council	\$	14.1
Parks, Recreation and Neighborhood Services	\$	86.3
Planning, Building and Code Enforcement	\$	53.6
Police	\$	464.2
Public Works	\$	118.0
Retirement	\$	6.9
Transportation	\$	103.4
Total	\$	1,666.4

Source: San José Adopted Operating Budgets, 2020-21 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 \$66.5 million in 2020-21 (as we report in the chart above and in the Airport section), but the Airport oversaw additional program expenditures, such as \$57.4 million in debt service/financing, over the course of the year. See individual department chapters for more information about additional expenditures.
- \$542.7 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).

Total may not add due to rounding.

OPERATING BUDGET AND STAFFING

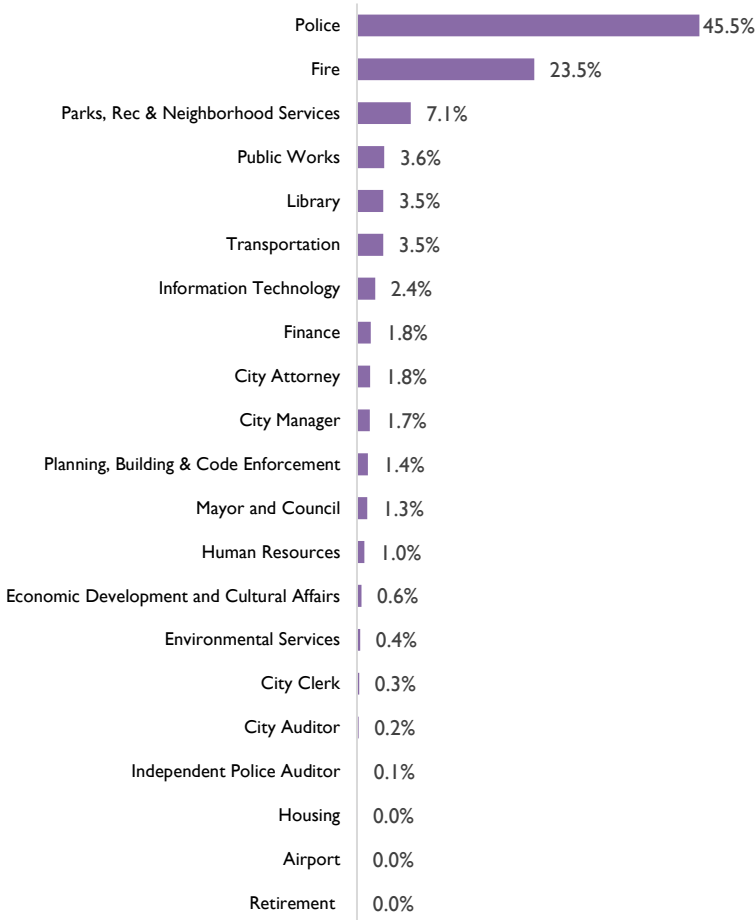
GENERAL FUND

The General Fund is the primary operating fund used to account for the City's revenues and expenditures, 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 business taxes. The General Fund is available to use for any purpose and much of its use is dedicated to paying for personnel costs.

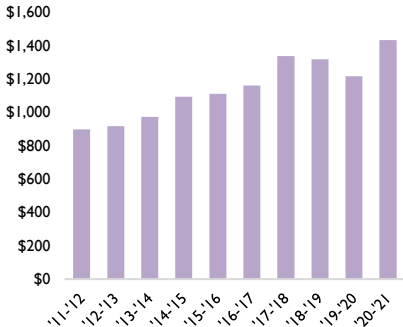
In 2020-21, General Fund expenditures totaled over \$1.4 billion. General Fund expenditures increased primarily due to repayment of Tax Revenue Anticipation Notes (TRANs). Departmental operations accounted for over \$1 billion, with the remaining budgeted for Citywide expenses, capital contributions, and transfers. Sixty-nine 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.

Due to the continued economic impact of COVID-19, the City projected a \$78 million budget shortfall for 2020-21. The 2020-21 City Manager's Budget Message forecasted that revenues would drop by 9 percent. This reduction exceeded those seen in the Great Recession. The 2021-22 Budget Message forecasted a budget shortfall in 2021-22, followed by small surpluses.

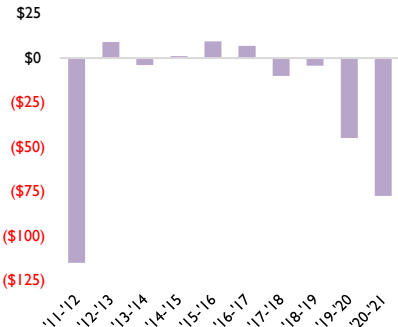
Breakdown of Departmental General Fund Operating Expenditures, 2020-21



General Fund Expenditures (\$millions)



Projected General Fund Shortfalls/Surplus (\$millions)*



Source: San José Adopted Operating Budgets and Annual Reports
 *2019-20 initially had a projected surplus, but the onset of COVID resulted in a \$45 million shortfall for the fiscal year.

Source: San José 2020-21 Annual Report
 Note: May not total to 100 percent because of rounding. Department expenditures in the General Fund totaled over \$1 billion. Citywide expenses, capital contributions, and transfers totaled \$410 million of additional General Fund expenditures.

OPERATING BUDGET AND STAFFING

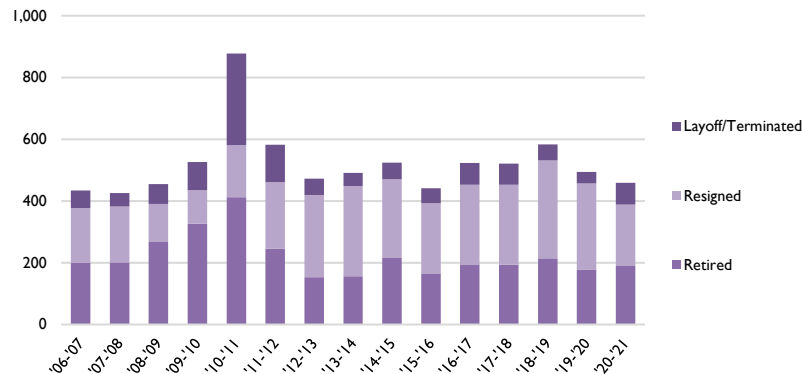
CITY STAFFING

Much of the General Fund’s expenses are allocated for personnel costs. In 2020-21, there were 6,592 full-time equivalent positions in the City. Due to COVID-19 fiscal impacts, staffing decreased in 2020-21. In addition, a partial hiring freeze was implemented in late March 2020. Increased staffing in prior years restored staffing levels from a low in 2011-12, but current staffing is still below the peak staffing level of around 7,500 in 2001-02.

While a few City departments are still below staffing levels from ten years ago, when the City saw a significant decline in its workforce, many departments have since experienced substantial growth in staffing levels. There were 1,089 full-time equivalent vacancies as of June 30, 2021; however, it should be noted that there were 75 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 2020-21, 459 full-time employees left City employment; 505 new full-time hires joined the City.

Number of Full-Time Employees Leaving by Type of Departure



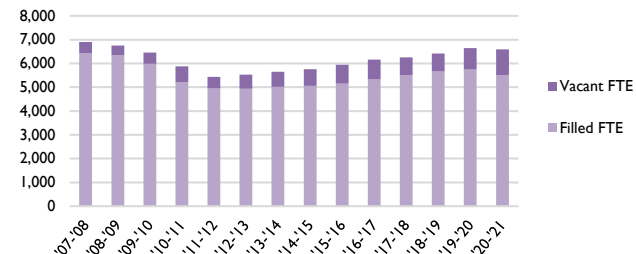
Source: Auditor analysis of PeopleSoft records

Authorized Department Staffing	2020-21	10-Year Change
Airport	214	4%
City Attorney	86	20%
City Auditor	14	8%
City Clerk	14	8%
City Manager	81	30%
Community Energy	29	not applicable
Economic Development and Cultural Affairs	57	-24%
Environmental Services	572	13%
Finance	123	5%
Fire	833	10%
Housing	88	39%
Human Resources	44	-18%
Independent Police Auditor	6	0%
Information Technology	88	-13%
Library	375	39%
Mayor and Council	27	not available
Parks, Recreation and Neighborhood Services	742	61%
Planning, Building and Code Enforcement	321	39%
Police	1,715	12%
Public Works	624	32%
Retirement	39	14%
Transportation	502	26%
Total	6,592	21%

Source: 2020-21 Adopted Operating Budget

Note: Total may not add due to rounding.

City Full-Time Equivalent Staffing and Vacancies



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

Note: Vacancies are as of June 30, 2021

OPERATING BUDGET AND STAFFING

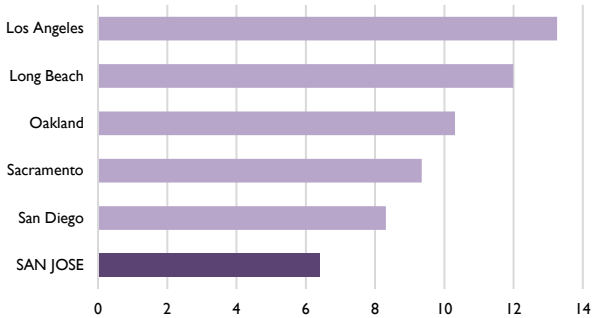
CITY STAFFING (CONTINUED)

In 2020-21, the City had 6.4 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 of 6.6.

All City employees are Disaster Service Workers (DSW) who can be reassigned for the purposes of the emergency response. In 2020-21, over 190 staff were activated to serve in the EOC. See the City Manager chapter for more information.

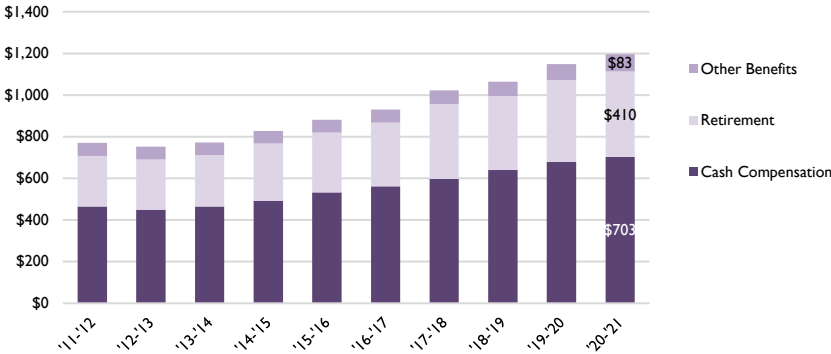
Total employee compensation for operating funds rose to \$1.2 billion in 2020-21. Cash compensation and other benefit costs have risen since 2012-13, partly driven by a restoration of former staffing levels and growing retirement costs (not adjusted for inflation). For more information, see the Retirement Services chapter.

2020-21 Authorized Full-Time Positions per 1,000 Residents



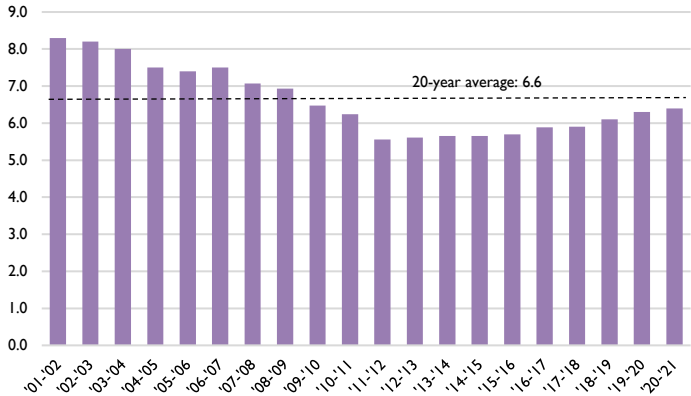
Source: 2020-21 Operating Budgets from each jurisdiction and California Department of Finance Demographic Research Unit
 Note: The type and range of services may vary across jurisdictions.

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



Source: Auditor analysis of FMS records
 Note: Not adjusted for inflation.

Authorized Full-Time Positions per 1,000 population



Source: 2011 Fiscal and Service Level Emergency Report, November 2011, San José 2012-13 through 2020-21 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 2021-22 adopted operating 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 2021-22 adopted capital 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 2020-21 Annual Report.](#)

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 Adopted Fees and Charges.](#)