

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 the City 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 actual and budgeted expenditures. To see the latest of these reconciliations, see the [2021-22 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 2021-22, City expenditures from all funds totaled about \$4.7 billion, a slight decrease from last year. Departmental personal and non-personal operating expenditures totaled approximately \$1.8 billion (or about \$1,827 per resident). The City's Operating and Capital Budgets are online at the [Budget Office Website](#).

Departmental Operating Expenditures, 2021-22 (All Funds, \$millions)

Airport	\$	73.1
City Attorney	\$	22.4
City Auditor	\$	2.3
City Clerk	\$	3.5
City Manager	\$	20.9
Community Energy	\$	13.6
Economic Development and Cultural Affairs	\$	11.5
Environmental Services	\$	328.5
Finance	\$	22.3
Fire	\$	286.0
Housing	\$	16.2
Human Resources	\$	16.1
Independent Police Auditor	\$	1.5
Information Technology	\$	26.5
Library	\$	49.7
Mayor and Council	\$	15.5
Parks, Recreation and Neighborhood Services	\$	97.3
Planning, Building and Code Enforcement	\$	51.3
Police	\$	483.4
Public Works	\$	126.0
Retirement	\$	7.5
Transportation	\$	108.7
Total	\$	1,783.6

Source: San José Adopted Operating Budgets, 2021-22 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 \$73.1 million in 2021-22 (as we report in the chart above and in the Airport section), but the Airport oversaw additional program expenditures, such as \$45 million in debt service/financing, over the course of the year. See individual department chapters for more information about additional expenditures.
- \$418 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

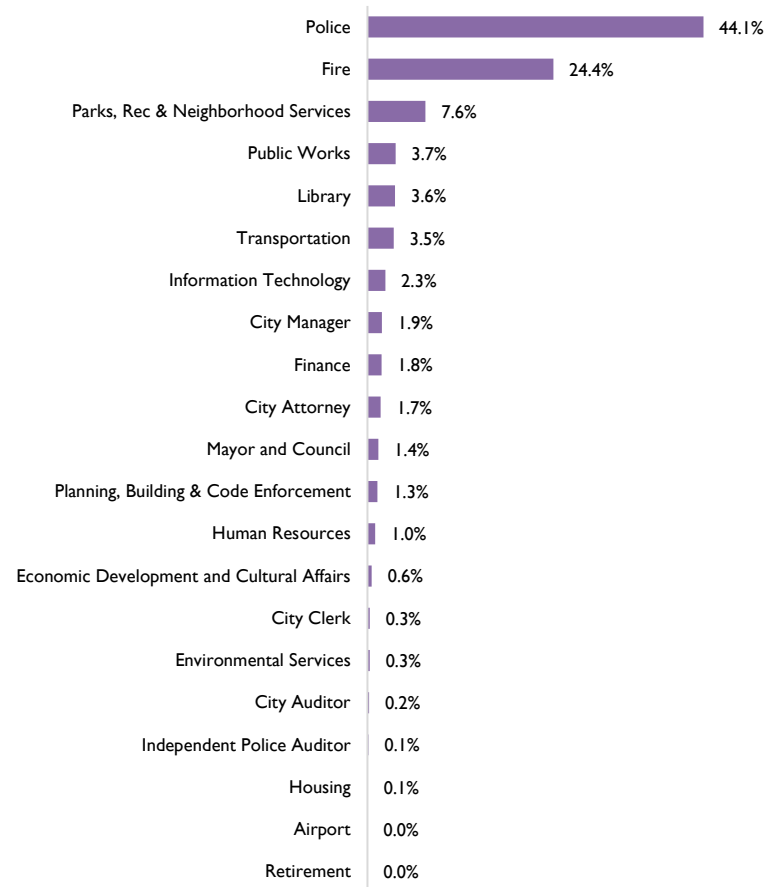
GENERAL FUND

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.

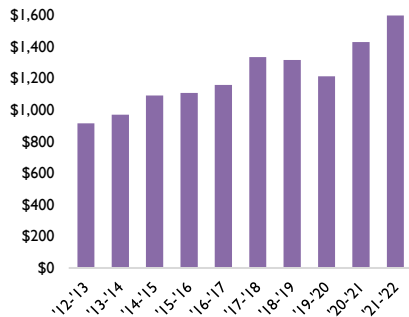
In 2021-22, General Fund expenditures totaled over \$1.6 billion. Departmental operations accounted for over \$1 billion, with the remaining budgeted for Citywide expenses, capital contributions, and transfers. Sixty-nine percent of expenditures were for the Police and Fire Departments. Some departments 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 \$38.3 million budget shortfall for 2021-22. However, the Adopted Operating Budget used \$45.0 million from American Rescue Plan funds, along with a number of other budgetary strategies, to resolve the 2021-22 shortfall and pay for high-priority one-time projects and programs in the General Fund.

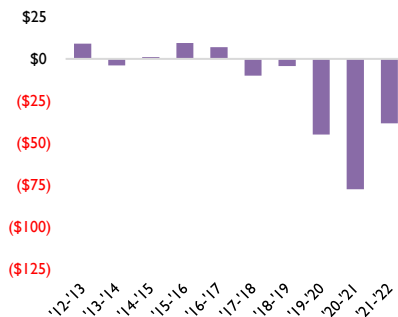
Breakdown of Departmental General Fund Operating Expenditures, 2021-22



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 2021-22 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 \$505 million of additional General Fund expenditures.

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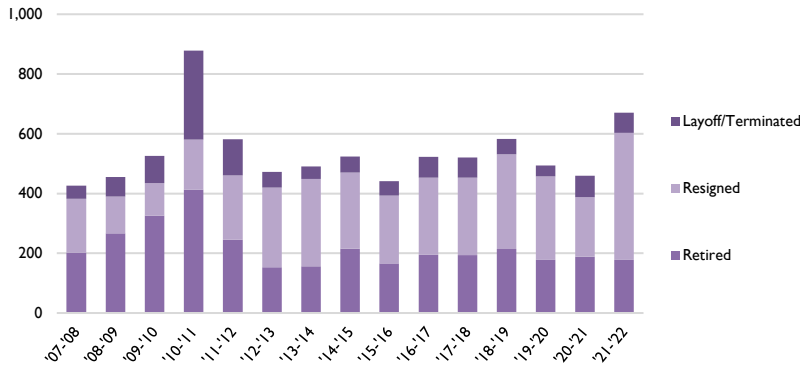
CITY STAFFING

Much of the General Fund's expenses are allocated for personnel costs. In 2021-22, there were 6,647 full-time equivalent positions in the City. This represents a net increase of 55 positions from 2020-21, with a third of the increase associated with the ongoing establishment of the consolidated Beautify San José (BeautifySJ) program, the restoration of Library hours, and the San José Abierto/Placemaking and Activation programs. Increased staffing in recent 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 and was at one of the lowest points in City staffing, many departments have since experienced substantial growth in staffing levels. There were 904 full-time equivalent vacancies as of the end of 2021-22; however, it should be noted that there were 89 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 2021-22, however, following unprecedented churn in national labor markets in the wake of the COVID-19 pandemic, 671 full-time employees left City employment, a marked increase from last year. This fit a national trend of a 20-year high quit rate (sometimes referred to as the "great resignation").

Number of Full-Time Employees Leaving by Type of Departure



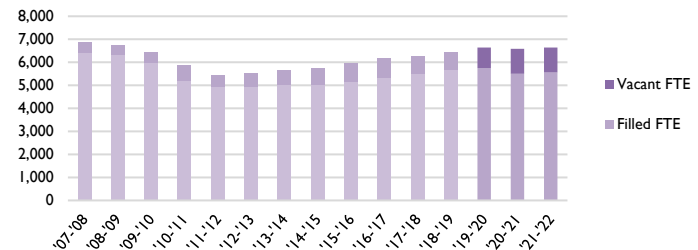
Source: Auditor analysis of PeopleSoft records

Authorized Department Staffing	2021-22	10-Year Change
Airport	215	17%
City Attorney	84	16%
City Auditor	13	-13%
City Clerk	14	-7%
City Manager	82	38%
Community Energy	37	not applicable
Economic Development and Cultural Affairs	57	-25%
Environmental Services	572	15%
Finance	121	5%
Fire	849	11%
Housing	92	48%
Human Resources	43	-21%
Independent Police Auditor	7	0%
Information Technology	103	12%
Library	365	16%
Mayor and Council	27	not applicable
Parks, Recreation and Neighborhood Services	775	61%
Planning, Building and Code Enforcement	299	29%
Police	1,717	11%
Public Works	628	30%
Retirement	40	11%
Transportation	509	30%
Total	6,647	20%

Source: 2021-22 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 the fiscal year end. 2019-2022 data reflects revised methodology.

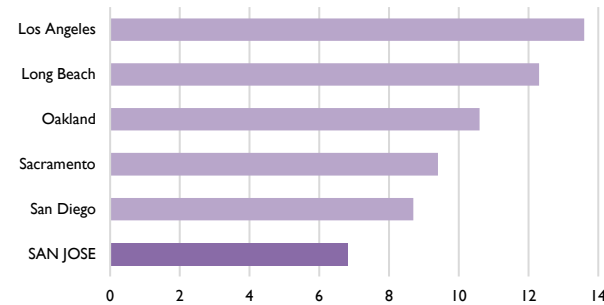
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CITY STAFFING (CONTINUED)

In 2021-22, the City had 6.8 authorized positions per 1,000 residents, far fewer than other large California cities. The number of authorized positions per 1,000 residents was, however, more than San José's 20-year average of 6.5.

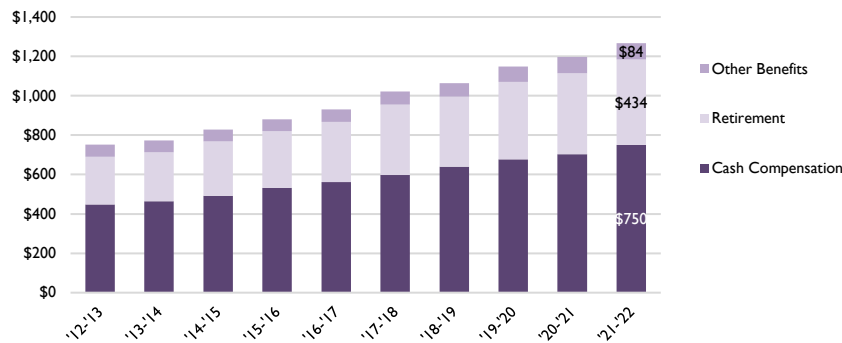
Total employee compensation for operating funds rose to more than \$1.2 billion in 2021-22. Cash compensation and other benefit costs have risen since 2012-13, partly driven by a restoration of former staffing levels and growing retirement costs (not adjusted for inflation). For more information, see the Retirement Services chapter.

2021-22 Authorized Full-Time Positions per 1,000 Residents



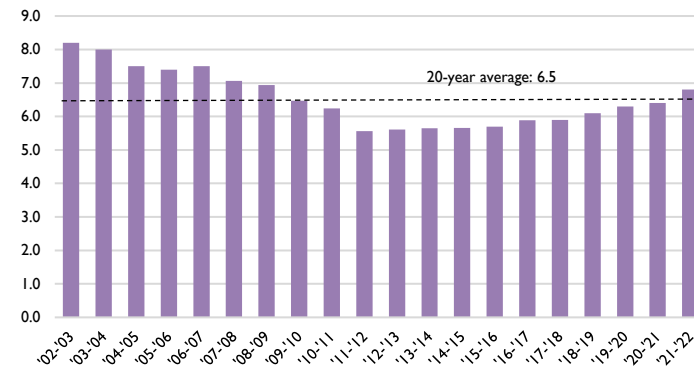
Source: 2021-22 Operating Budgets from each jurisdiction and California Department of Finance Demographic Research Unit
 Note: The type and range of services may vary across jurisdictions.

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 2021-22 Adopted Operating Budgets

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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. See: [City Manager's Budget Office 2022-23 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. See: [City Manager's Budget Office 2022-23 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. See: [City Manager's Budget Office 2021-22 Annual Report.](#)

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