

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 [2015-16 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.

In 2015-16, budgeted City expenditures from all funds totaled about \$3.2 billion. Of that, the City budgeted* approximately \$1.69 billion to City departmental and non-departmental (City-wide expenses, capital contributions, transfers, and reserves) operations during 2015-16. This was 25 percent more than ten years ago.

	2015-16	10 Year Change
Airport	\$ 62,651,270	-20%
City Attorney	\$ 16,732,315	14%
City Auditor	\$ 2,414,656	-2%
City Clerk	\$ 2,608,154	4%
City Manager	\$ 12,896,372	37%
City-Wide Expenses	\$ 122,802,918	8%
Economic Development	\$ 10,951,661	15%
Environmental Services	\$ 245,716,687	52%
Finance	\$ 17,452,318	13%
Fire	\$ 189,845,256	46%
General Fund Capital Contributions and Transfers	\$ 83,353,606	60%
General Fund Reserves	\$ 185,725,732	34%
Housing	\$ 10,231,734	8%
Human Resources	\$ 9,930,862	22%
Independent Police Auditor	\$ 1,284,498	77%
Information Technology	\$ 20,983,179	15%
Library	\$ 37,327,010	13%
Mayor and Council	\$ 12,174,749	37%
Parks, Recreation, and Neighborhood Services	\$ 67,148,379	-2%
Planning, Building, and Code Enforcement	\$ 49,051,574	21%
Police	\$ 338,449,842	31%
Public Works	\$ 97,308,826	13%
Retirement	\$ 6,314,579	110%
Transportation	\$ 85,491,470	19%
Total	\$ 1,688,847,647	25%

* Department operating expenditures include personal services for all funds, 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. Furthermore, other special funds are not always captured in departmental operating budgets. For example, the Airport's departmental budget totaled roughly \$63 million in 2015-16 (as we report in the chart above and in the Airport section), but the Airport had oversight over roughly \$261 million in other operating expenditures over the course of the year. The City's Operating and Capital Budgets are online at the [Budget Office website](#).

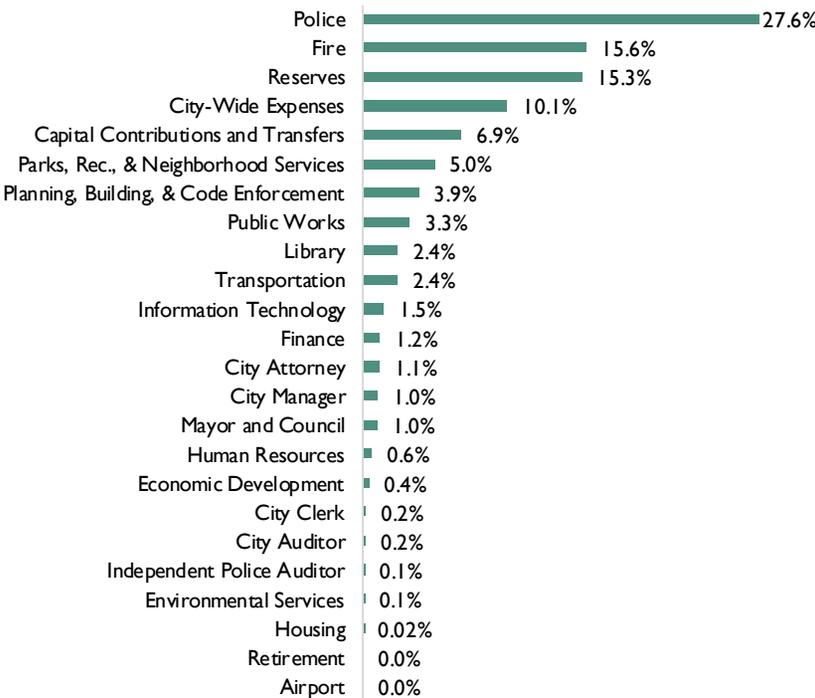
OPERATING BUDGET AND STAFFING

CITY OPERATING BUDGET (CONTINUED)

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.

In 2015-16, General Fund budgeted uses totaled about \$1.22 billion. Forty-three percent of the budgeted uses were for the Police and Fire Departments. An additional 32 percent were for City-wide expenses, capital contributions and transfers, and reserves. City-wide expenses relate to more than one department or are not directly associated with ongoing departmental operations.

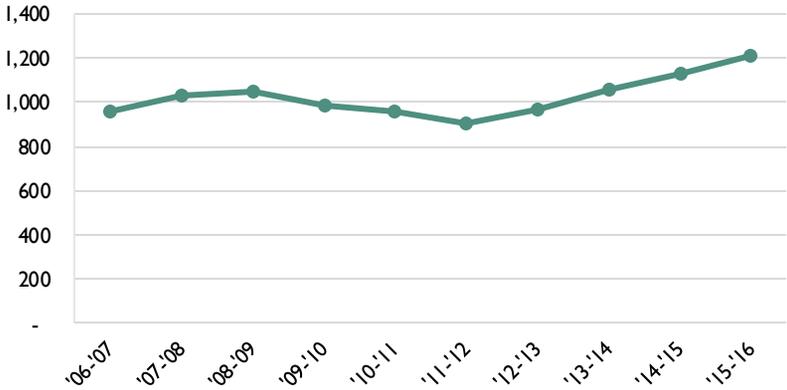
General Fund Uses, 2015-16



Source: San José 2015-16 Operating Budget

Over the past 10 years, General Fund budgeted uses grew by almost 30 percent.

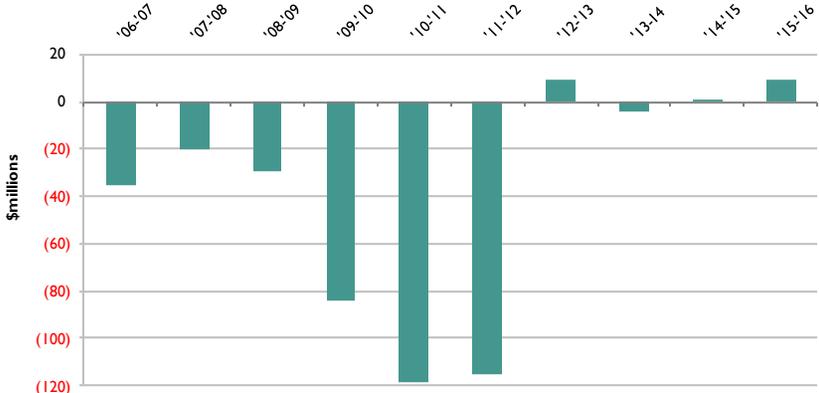
Total General Fund Budgeted Uses (in \$millions)



Source: Auditor analysis of PeopleSoft records

In 2015-16, the City saw a projected \$9.4 million General Fund surplus. Since 2006-07, the City has faced projected General Fund shortfalls in all but three years.

Projected General Fund Shortfalls/Surplus



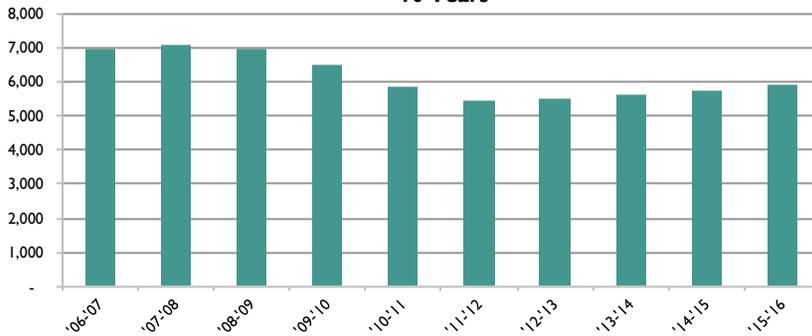
Source: San José Operating Budgets

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CITY STAFFING

Much of the General Fund's expenses were allocated for personnel costs. When the City is forced to make major budget cuts, it has to cut staffing. Overall staffing levels decreased since 2007-08 from 7,102 to 5,918 positions.

Citywide Budgeted Full-time Equivalent Positions Over the Past 10 Years



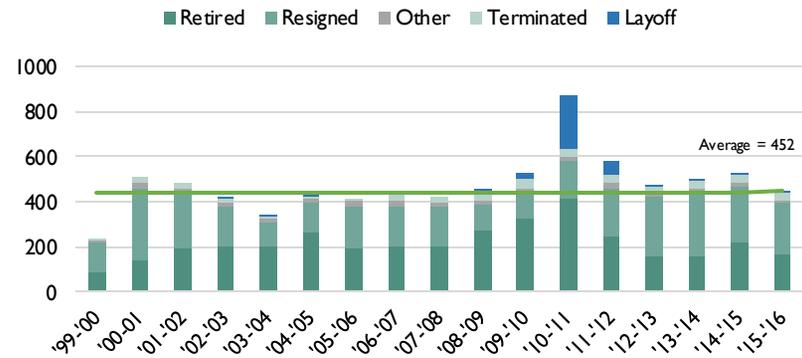
In 2015-16, there were 5,918 authorized full-time equivalent positions City-wide, excluding the Mayor and City Council. On average, about 12 percent of full-time and part-time positions were vacant in 2015-16.

Authorized Departmental Staffing	2015-16	% Change over 10 years
Airport	187	-52%
City Attorney	77	-23%
City Auditor	15	-12%
City Clerk	15	-12%
City Manager	63	-27%
Economic Development	57	-26%
Environmental Services	536	20%
Finance	117	-11%
Fire	793	-8%
Housing	58	-26%
Human Resources	51	-22%
Independent Police Auditor	6	0%
Information Technology	83	-37%
Library	354	-3%
Parks, Recreation, and Neighborhood Services	560	-24%
Planning, Building, and Code Enforcement	305	-13%
Police	1,611	-11%
Public Works	552	-6%
Retirement	40	42%
Transportation	439	-8%
Total	5,918	-15%

Source: San José 2015-16 Operating Budget

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 2015-16, 441 full-time employees left City employment and 418 new full-time hires joined City employment.

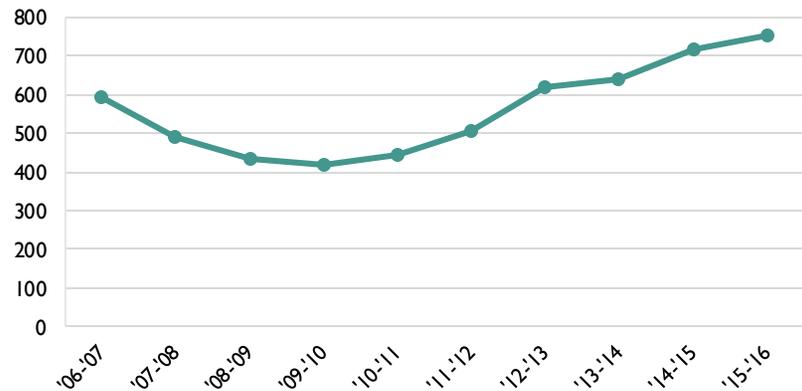
Number of Full-Time Employees Leaving City Service by Type of Departure



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

The number of vacant full-time positions has also been steadily increasing while the number of authorized positions has been on the decline. As of June 30, 2016, there were nearly 800 vacant full-time positions.

Vacant Full-Time Positions (as of June 1)

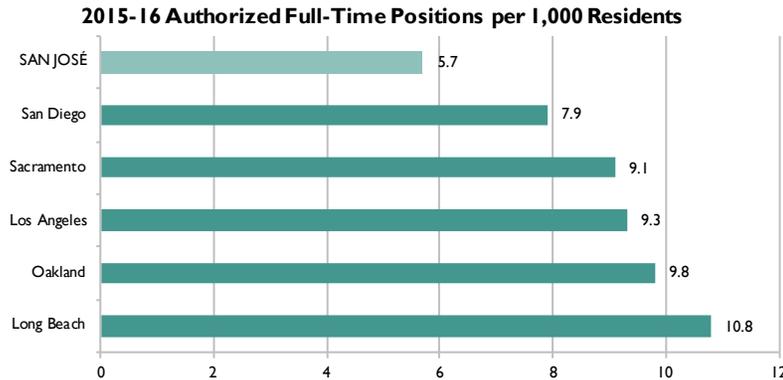


Source: Auditor analysis of PeopleSoft records

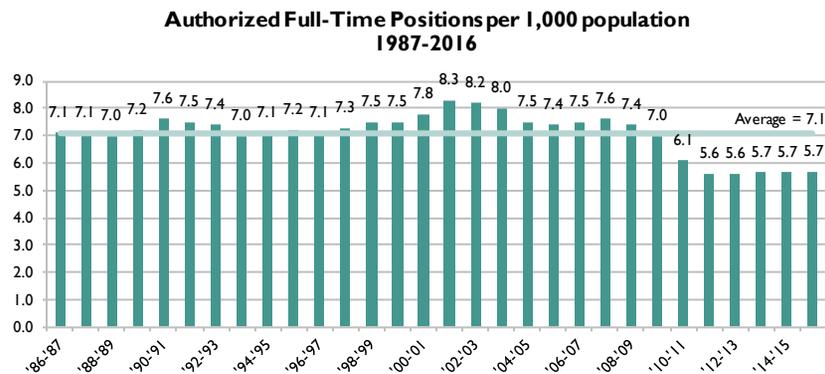
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CITY STAFFING (CONTINUED)

In 2015-16, the City of San José authorized fewer positions per 1,000 residents than many other large California cities.



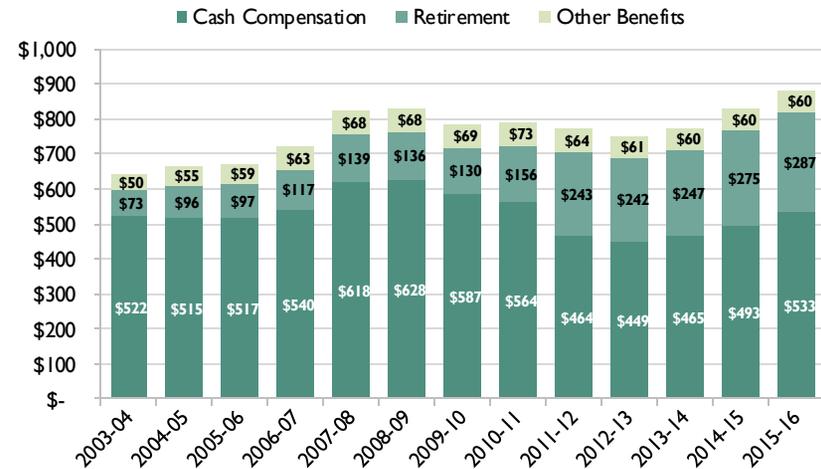
San José authorized 5.7 positions per 1,000 residents, much less than San José's average of 7.1 positions during the 29-year period from 1987-2016.



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

Total employee compensation for operating funds rose to \$881 million in 2015-16. While cash compensation and other benefit costs remain lower than 2008-09 levels (due to 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 11 percent to 33 percent since 2003-04. For more information, see the Retirement chapter.

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



Source: Auditor analysis of FMS records

