

County of Santa Clara

Office of the County Executive
70 West Hedding Street, East Wing 11th Floor
San Jose, CA 95110
(408) 299-5119



FOR IMMEDIATE RELEASE

May 5, 2005

Contact: Gwendolyn Mitchell/Laurel Anderson
Office of Public Affairs
(408) 299-5119

County Executive Proposes \$126 Million in Budget Solutions to Address FY 2006 Projected Deficit *Board to Hold Public Workshops May 16, 17, 18*

SAN JOSE, CALIF.—The County Executive's Recommended Fiscal Year 2006 Budget for the County of Santa Clara was released today. The County's total recommended budget including all services, operations, capital improvements and reserves total \$3.6 billion. The **\$2.1 billion General Fund budget** outlines the proposed spending plan for most services for the fiscal year beginning July 1, 2005.

County Executive Pete Kutas is recommending that the Board adopt a budget for FY 2006 that includes a solution package to solve a \$113.1 million local shortfall, as well as setting aside a one-time reserve of \$13.2 million to deal with any state reductions once the state budget is resolved.

The County began its FY 2006 planning process late in the summer of 2005 by estimating our funding shortfall for FY 2006 to be approximately \$127.3 million. In the mid-year update, on February 8, 2005, with changing revenue estimates and the initial review of Governor Schwarzenegger's January budget, it was estimated that the FY 2006 local deficit including known state impacts, was between \$116 million and \$135 million.

In his budget message, Kutas concluded that the climate for local government finance in California has changed. He stated, "To hold out hope that past levels of revenues and expenditures will return are a form of denial that we must resist."

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Over the past three years including this year, the County will have cut \$638.1 million from its budget - or 30% of the General Fund budget - making it difficult to continue to provide services to those in need.

“The budget is replete with difficult choices in terms of citizen services,” stated Kutras.

One of the bright spots in the recommended budget is the additional funding anticipated for Mental Health from Proposition 63. The County’s collaborative planning with staff and community partners on how best to use its allocation is drawing statewide recognition for its excellence.

Summary of Budget Balancing Strategies

The following is a summary of strategies used to reduce the \$126.3 million deficit:

- One-time Funding for Ongoing Operations - \$39.9 million
- Departmental Reductions, including departmental reductions and allocation of additional resources to meet needs in Probation and Facilities - \$38.2 million
- Countywide Savings - \$16.5 million
- PERS “fresh start” Savings - \$15.0 million
- Use of Safety Net Reserve for Ongoing Needs - \$3.5 million
- One-time Reserve for State Budget Impacts - \$13.2 million

Position Reductions

In anticipation of the revenue shortfall, the County began eliminating positions early in the fiscal year, and freezing positions as they became vacant. A net of **198.2 full time positions will have been eliminated** from the budget when it is approved. The largest percentage reduction (-3.4%) was among supervisory ranks.

“As in the past two fiscal years, we have maintained our commitment to the Board, our employee labor organizations, and our employees to pay close attention to reductions that are ‘vertically appropriate’,” said Kutras.

Budget Workshops

The Board of Supervisors will make the final decisions on the Recommended Fiscal Year 2006 Budget. A series of public workshops have been scheduled during May to review the proposed recommendations. Budget hearings and final decisions will take place in June.

Details of the Fiscal Year 2006 Budget are available under “Hot Items” on the County’s website: www.sccgov.org

Budget Workshop Schedule - Board Chambers, 70 W. Hedding Street, San Jose

Monday - May 16, 2005

1:30

- Budget Overview
- General Government Departments-Board of Supervisors, County Executive, Clerk of the Board, County Counsel, Information Services Department, Registrar of Voters, County Library
- Health and Hospital – Children’s Shelter and Custody Health Services, Community Outreach Services, Valley Health Plan, Mental Health Department

6:30

- Health and Hospital – Valley Medical Center, Public Health, Drug and Alcohol Services

Tuesday - May 17, 2005

1:30

- Continuation of General Government and Housing, Land Use, Environment and Transportation budget units -Assessor, Facilities and Fleet, Employee Services Agency, Finance Agency, Roads and Airports Department

6:30

- Children, Seniors and Families Committee agencies - Social Services Agency, Department of Child Support Services

Wednesday, May 18, 2005

1:30 p.m.

- Public Safety and Justice Committee budget units - Office of the District Attorney, Office of the Public Defender, Office of Pretrial Services, Office of the Sheriff, Department of Correction, Probation Department

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