

# Santa Clara County Budget Analysis

Given the fact that the State of California is facing an estimated deficit of \$45 billion, and that the Governor has proposed cuts of \$27.6 billion in programs that fund counties across the state, the budget does not appear to be as bad as it might have been in past years for SEIU 521 members and the residents they serve. That said, the proposed budget would eliminate hundreds of unfilled positions and result in movement of 28 SEIU 521-represented workers and 7 actual layoffs. All of this would result in continuing – or worsened – short-staffing in a number of departments. Our analysis finds that these reductions could be avoided if the county would make more realistic projections of income and expenses. Furthermore, we believe there are real opportunities to improve both one-time revenue (from FEMA payments owed by the federal government) and ongoing revenue (by adding more participants from other employers to the Valley Health Plan.)

The budget on net reduces the county’s FTE count by 270.6 but does include deleting 364.1 positions. The difference is that it also includes adding 93.5 FTEs. This is county wide, and it includes positions outside the SEIU bargaining unit.

Compared to past years, the budget calls for smaller, but still significant staffing reductions in Social Services and the county hospital system. It does include position eliminations in behavioral health which is an area that the board of supervisors has declared to be a budget priority for them. There are also significant reductions in staff to support our criminal justice system (both District Attorney and Public Defender’s Offices.)

## Positions Deleted

Overall, the recommended budget includes reductions of 270.6 FTE on net. However, this is offset by the creation of some positions; the budget includes deletion of 364.1. A full list can be found on page 717 of the [Santa Clara County budget](#). A departmental breakdown of the deletions is as follows:

Department	Positions Deleted
Clerk of the Board of Supervisors	4.0
County Executive	25.0
Controller Treasurer	4.0
Department of Tax and Collection	11.0
County Recorder	2.0

Assessor	6.0
Procurement Department	6.0
Office of the County Counsel	10.0

Employee Services Agency	13.0
Registrar of Voters	4.0
Technology Services and Solution	17.0
Office of Supportive Housing	3.0
Department of Child Support Services	18.0
Office of the District Attorney	36.0
Public Defender Office	14.0
Office of Pretrial Services	7.0
Sheriff's Department	2.0
Office of the Sheriff Custody Bureau	1.0
Probation Department	34.0
Planning and Development Department	1.0
Dept of Agricultural and Environmental Mgmt	1.0
Facilities Department	5.0
Medical Examiner-Coroner	1.0
Public Health Department	10.5
Custody Health Services	17.0
Behavioral Health Department	26.5

Social Services Agency	32.0
Roads and Airports Department	1.0
County Library Headquarters	1.0
Valley Health Plan	6.0
Santa Clara Valley Medical Center	44.1

**County Budget Priorities**

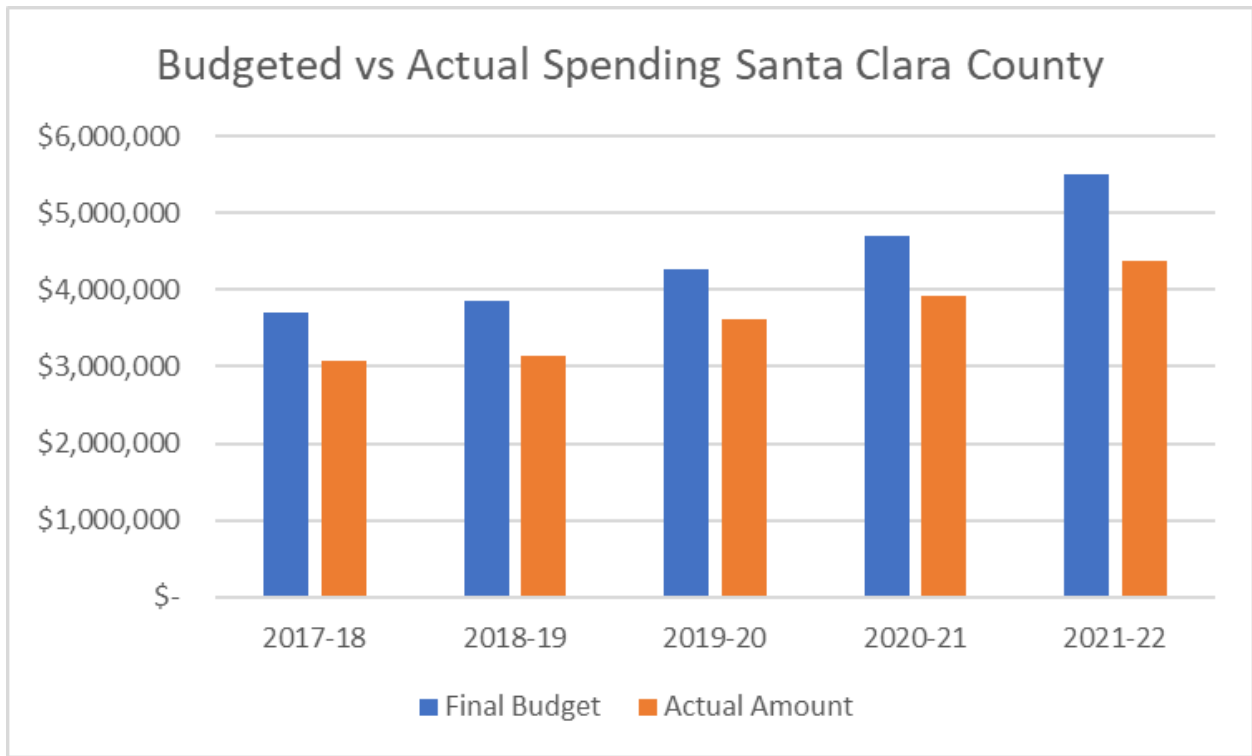
The county budget has identified 5 key areas that have been flagged as policy priorities by the board of supervisors, they are as follows:

1. Expand behavioral and medical care access and quality;
2. Increase access to housing;
3. Strengthen community safety and reform criminal justice;
4. Enhance support for children and families; and
5. Promote sustainability, adapt to climate change, and protect natural resources.

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**Budget Forecasts**

As has been the case in most past years, it appears that the county is once-again under-estimating revenue and over-estimating spending which means the proposed cuts will likely not be needed in order to balance the budget.



For example, the county is not projecting any income from FEMA reimbursement funds owed by the federal government even though the total outstanding that is requested by the county is \$431.4 million.

Also, the county’s budget projections for property taxes take a conservative approach, an included UCLA study has a high scenario which forecasts significantly higher growth in property tax revenue in 2025-26.

**Risks to revenue from the State of California**

For the 2024-25 fiscal year the budget has identified some potential risks to county revenue. As in previous years the county budget flags the potential changes to excess ERAF (education revenue augmentation fund) dollars and says the state budget potentially risks \$38 million in county funding. **Addressing this risk is identified by the budget as the county’s #1 legislative priority in Sacramento.**

The county also flags the state budget as a potential threat overall and anticipates cuts to county services in the state’s 2024-25 budget. It also notes that there is unlikely to be additional federal support for county programs in the near future.

The budget notes that the county health system’s reliance on the general fund is growing and anticipates that finding a sustainable funding source for the county’s hospitals will be a challenge in future years. The budget also notes that the private sector cannot be relied upon to provide healthcare to all county residents.

**Table 1: General Fund Five-Year Forecast - In Millions**

<b>General Fund</b>	<b>FY 24-25</b>	<b>FY 25-26</b>	<b>FY 26-27</b>	<b>FY 27-28</b>	<b>FY 28-29</b>
Salary and Benefits	\$ 2,326	\$ 2,436	\$ 2,545	\$ 2,629	\$ 2,740
Services and Supplies	2,166	2,275	2,367	2,452	2,548
Operating/Equity Transfers	838	936	963	1,014	1,061
Other Expenditures	347	350	360	371	383
Expenditure Transfers	(487)	(510)	(533)	(550)	(574)
<b>Total Net Expenditures</b>	<b>\$ 5,191</b>	<b>\$ 5,487</b>	<b>\$ 5,701</b>	<b>\$ 5,917</b>	<b>\$ 6,159</b>
Taxes - Current Property	\$ 1,515	\$ 1,575	\$ 1,653	\$ 1,763	\$ 1,858
Taxes - Other Than Current Property	139	143	148	155	160
Aid From Gov't Agencies - State	996	1,042	1,061	1,089	1,119
Other Financing Sources	1,091	1,115	1,156	1,200	1,245
Aid From Gov't Agencies - Federal	758	791	831	868	908
Other Revenues	304	308	312	316	320
<b>Total Revenues</b>	<b>\$ 4,803</b>	<b>\$ 4,974</b>	<b>\$ 5,161</b>	<b>\$ 5,390</b>	<b>\$ 5,611</b>
Fund Balance	388	395	382	395	401
<b>Surplus/(Deficit)</b>	<b>\$ -</b>	<b>(\$ 118)</b>	<b>(\$ 158)</b>	<b>(\$ 132)</b>	<b>(\$ 146)</b>

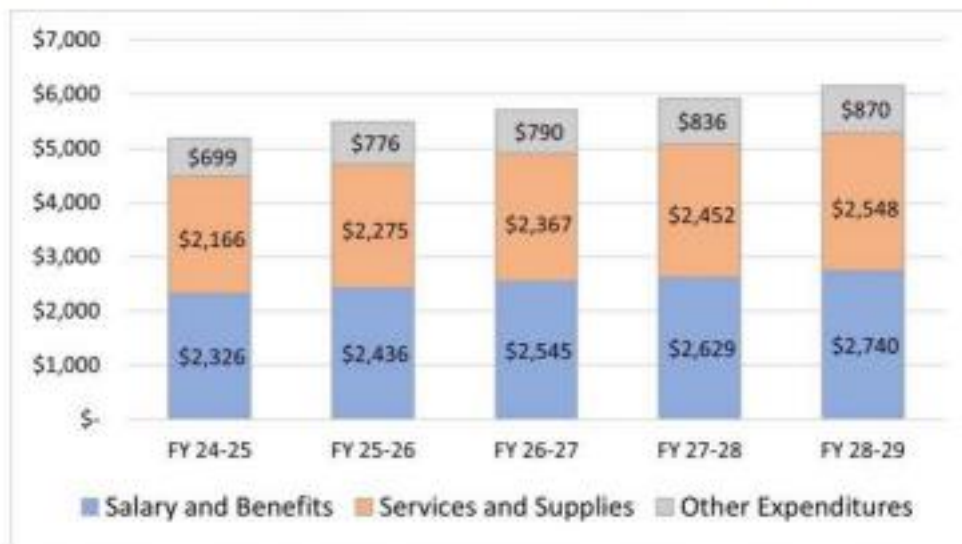
**Table 5: State Aid and Other Financing Sources (OFS) Forecast - In Millions**

Revenue Category	FY 24-25	FY 25-26	FY 26-27	FY 27-28	FY 28-29
1991/2011 Realignment (Incl. AB109)	\$ 685	\$ 730	\$ 748	\$ 759	\$ 777
Public Safety Sales Tax	279	285	292	299	305
ERAF	320	333	350	374	394
MHSA	202	199	205	211	217
Other State Revenues	601	609	622	646	671
<b>Total State Aid and OFS</b>	<b>\$ 2,087</b>	<b>\$ 2,156</b>	<b>\$ 2,217</b>	<b>\$ 2,289</b>	<b>\$ 2,364</b>

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The budget projects other revenue sources to increase as well.

**Chart 1: Largest General Fund Expenditures Outlook - In Millions**



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The budget notes that spending on Salary and Benefits is the largest category in general fund expenditures and is projected to rise over the next 5 years. This is largely driven by increases in compensation, pension contributions and expected rises in healthcare premiums.

**Structural Deficit Addressed**

The budget claims that there was a \$250 million structural deficit, and it claims that 50% of this shortfall was covered by revenue measures which avoided painful cuts to services. The budget identifies 5 broad categories for reductions, they are labeled as follows:

**Revenue Solutions:** The document identifies an example of a revenue solution as increased revenue for the behavioral health department due to expanded Medi-Cal eligibility which will lead to additional client enrollment.

**Restricted Revenue:** The budget identifies several areas where restricted funds have been raised to offset transfers from the general fund, which will free up general fund dollars for other priorities which cannot be funded through restricted dollars.

**Hospital System Cost Reductions:** The budget includes several cost reduction measures in the county health system including the deletion of vacant positions, decrease of extra help and overtime as well as cost saving initiatives to reduce services and supply usage. The health system is also pursuing a contingency based contract for medical supplies which is expected to save \$4.2 million annually.

**General Fund Department Cost Reductions:** The budget includes deletion of vacant positions and reduced spending on services and supply contracts. In some areas the budget was adjusted for services in supplies because in previous years it had been overbudgeted, but actual spending never reached that amount.

**Internal Service Fund Cost Reductions:** Funds which primarily service other county departments have identified numerous cost savings such as selling underutilized county vehicles and eliminating unused desk phones.