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## **County Supervisors Adopt Balanced Budgets for 2008-09 and 2009-10** *Fiscal Challenges Continue in Face of Potential Cuts from the State*

**REDWOOD CITY, Calif.** – The San Mateo County Board of Supervisors on Wednesday approved a balanced budget for the coming fiscal year that begins the process of reducing the County’s structural deficit to safeguard programs and services for the County’s more than 733,000 residents.

The \$1.74 billion budget for the 2008-09 fiscal year is a cautious spending plan that relies in part on using reserves, reducing operational expenses and continuing the Board’s fiscal discipline. The Board in December approved a five-year deficit-reduction plan that requires departments to maintain a 5 percent vacancy rate and undertake no new expenditures without a new source of revenue or cost reductions, among other steps.

“The structural deficit that produces a \$90 million gap between income and expenses by 2013 is being addressed a step at a time,” said Supervisor Rich Gordon. “In order to close that gap and produce a balanced budget five years from now, fiscal restraint and creative thinking will be required.”

The budget for the 2008-09 fiscal year, which begins July 1, contains funding for 5,852 positions. The Board also approved the recommended budget for the 2009-10 fiscal year, a \$1.7 billion spending plan with 5,845 positions.

“I am proud to say that our budget represents a balance of fiscal prudence, policy innovation, and a continuing commitment to the people we serve. We have a difficult challenge ahead financially, but I believe that we are in good shape to meet the future,” Supervisor Rose Jacobs Gibson said.

San Mateo County, like all California counties, receives substantial funding from the state to provide social services, health care, law enforcement and other core services. Due to the state’s projected \$17.2 billion deficit for the 2008-09 fiscal year, San Mateo County could lose \$29.3 million in funding, according to an analysis. However, the impact on the County won’t be known until the state approves a budget.

“As a county, we recognize the issues and we have a plan in place to solve them,” said Board President Adrienne J. Tissier. “However, the biggest issue is also the biggest unknown, and that is the state budget. And until Sacramento figures out how to put its own house in order, every county and every city and town in California is literally on-hold waiting; waiting and hoping.”

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Supervisor Jerry Hill pointed to the shared vision and sound fiscal management of County leadership for resulting in a nearly \$200 million reserve balance as the signature aspect of this year's budget.

"It has been our fiscal prudence in building a significant reserve fund that will enable us to continue to provide the quality services our residents need, even as state budget difficulties and a troubled economy place additional demands on county resources," Hill said.

Supervisor Mark Church said, "While other counties throughout the state and nation are struggling with huge deficits, our deficit is small relative to the size of the overall budget thanks to sound fiscal management.

"Despite the adverse impacts of the state budget crisis on all counties," Church said, "the good news is we have adopted a budget and plan that will continue to ensure essential services for our residents and, at the same time, bring expenses in line with declining revenue."

Approval by the Board followed three days of public hearings. Board members praised the work of County Manager John Maltbie, who plans to retire in December after 20 years of service to San Mateo County, and his budget staff.

The 2008-09 budget includes funding for eight positions that provide transportation services at the Medical Center through September. County budget staff will consider union proposals to avoid outsourcing the positions and present a recommendation to the Board at its August 12 meeting.

In addition, the Board asked County staff to study whether the 5 percent vacancy rate is impacting the delivery of services. Staff was also directed to study and report back on why the level of reserves vary by department.

In December, the Board directed staff to engage employees and labor organizations in the development of ongoing budget solutions to eliminate the structural deficit by 2013. Since then, the County has formed budget workgroups comprised of County staff and labor representatives to consider suggestions for cost savings or revenue enhancement. The cooperative effort will be ongoing.

More information can be found at [www.co.sanmateo.ca.us/budget](http://www.co.sanmateo.ca.us/budget)

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