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San Mateo County Recommended Budget Relies on Reserves

Fiscal 2010-11 Spending Plan Attempts to Minimize Cuts But Painful Decisions Ahead

REDWOOD CITY, Calif. – San Mateo County Manager David Boesch today announced his recommended budget for the 2010-11 fiscal year achieves balance by cutting programs by \$36 million and using \$90 million in reserves.

Boesch's budget focuses on protecting essential services, especially for the most vulnerable residents, in the face of flat or falling revenues. Yet reductions in services and staffing levels will occur as a result of the weak economy at a time of growing need for assistance in San Mateo County.

The recommended budget totals \$1.77 billion with 5,428 authorized positions. Boesch will present the recommended budget to the Board of Supervisors at the start of three days of public hearings on June 21.

“The always-difficult decision to reduce services in the coming year is necessary but not sufficient; harder choices loom ahead,” Boesch said. “The relatively good news, however, is that for another year we will be able to continue providing many services in numerous critical areas to the residents of San Mateo County by utilizing reserves that were set aside from prior year savings and as a direct result of prudent financial practices.”

Boesch said relying on reserves is not sustainable. Since the 2007-08 fiscal year the County has bridged its annual budget deficits by using \$248 million from reserves.

In the upcoming fiscal year property tax revenues are expected to fall due to declining property values. Declining statewide and local sales activity also continues. These revenue declines occur at the same time that pension contributions are increasing due to investment losses of 22 percent in the County's employee retirement fund.

The recommended budget assumes no salary or benefit increases beyond what has already been ratified with employee bargaining units. Boesch said the funding reductions will lead to fewer and smaller contracts with nonprofit service providers, longer wait times for service and a smaller County workforce.

Boesch said San Mateo County is committed to a balancing plan to eliminate the structural deficit by the 2012-13 fiscal year, which despite the proposed reductions, is expected to exceed \$100 million by the 2013-14 fiscal year.

The balancing plan calls for reducing spending by \$50 million through program reductions and finding more efficient ways to operate, finding \$25 million in new revenues and, by working collaboratively with employee bargaining units and managers, saving \$25 million in labor costs.

Despite reducing spending on programs by \$36 million, the recommended 2010-11 budget is actually \$7.7 million larger than the revised budget for 2009-10. This is mainly due to an increase in pension obligations of \$46 million and the County spending \$12 million to make up for declines in the State's half-cent Public Safety Sales Tax (Proposition 172).

The recommended budget reduces the number of positions by 138 from the 2009-10 fiscal year. More than 400 positions have been eliminated over the past three years.

Boesch said that the County cannot avoid making major cuts without following the budget-balancing plan.

To view the budget and related information, please visit SMC Budget Central:
www.co.sanmateo.ca.us/budget

The County also invites ideas and comments at the Budget Idea Forum:
<http://smcbudget.ideascale.com>

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