

**Review of the
County of Santa Clara
FY 2007-08 Recommended Budget**

**Prepared for the
Board of Supervisors of the
County of Santa Clara**

**Prepared by the
Board of Supervisors Management Audit Division
County Administration Building, 10th Floor, East Wing
70 West Hedding Street
San Jose, CA 95110**

(408) 299-6436

June 7, 2007

County of Santa Clara

Board of Supervisors
Management Audit Division

County Government Center, East Wing
70 West Hedding Street
San Jose, California 95110-1770
(408) 299-6436 FAX 299-5004 TDD 993-8272
E-mail: Roger.Mialocq@bos.co.scl.ca.us



Contract Auditor: Harvey M. Rose Accountancy Corporation

June 7, 2007

To: Board of Supervisors

From: Management Audit Manager *RAM*

Subject: Analysis of the FY 2007-08 Recommended Budget

The attached report is a limited review of the FY 2007-08 County of Santa Clara Recommended Budget. To prepare this report, we analyzed all County revenue and expenditure accounts that receive funds from or contribute funds to the County General Fund. We also reviewed the FY 2006-07 revenue and expenditure reports through Accounting Period 10, the FY 2007-08 Recommended Budget document and other documents and work papers prepared by the departments and staff of the County Executive's Office. Our staff also met with County Executive staff, various County financial officers, and department managers regarding the assumptions and projections upon which the FY 2006-07 Recommended Budget is based. This report has been discussed with the Budget Director, who will provide a separate written response to the recommendations contained herein.

The County Executive's Recommended FY 2007-08 Budget includes \$3,823,374,385 in expenditures for all funds, which amounts to \$76,307,950, or 2.04 percent more than the \$3,747,066,435 budget adopted by the Board of Supervisors for FY 2006-07. The General Fund portion of this budget shows an increase of \$90,980,358 from \$2,100,397,482 to 2,191,377,840. This represents an increase in County General Fund costs of 4.33 percent from the amount authorized for the FY 2006-07 Adopted Budget.

Report Conclusions and Recommendations

The attached table summarizes our recommended revenue and expenditure changes by Budget Unit. Detailed explanations of our recommendations are discussed in the body of the report. In total, this report includes recommendations that amount to \$945,290 in net decreased

revenues and \$34,703,978 in reduced expenditures for a combined net benefit of \$33,758,688.

The largest recommendations include:

- Increase salary savings by \$17,024,222 from 2.08 percent to 4.00 percent to more closely reflect the actual level of vacant positions funded in the FY 2007-08 budget and the anticipated mid-year retirements.¹
- Reduce “bridge funding” by \$7,135,244 to account for 140.5 bridge funded positions for which there is an existing funded vacant position in the same classification in the FY 2007-08 budget.
- Delete \$6,002,924 included in the VMC budget for subsequent year compensated absences, which are not funded in any other department.
- Increase the estimated available prior-year General Fund balance by \$2,318,710 to reflect greater than anticipated FY 2006-07 salary savings.
- Reduce the Object One salary and benefit accounts by \$2,067,022 to account for excess amounts included in all departmental budgets based on the actual versus budgeted effective dates of scheduled salary increases during FY 2007-08.
- Reduce VMC net interest expense by \$1,177,969 to reflect greater than anticipated interest revenue in FY 2007-08.
- Reduce “bridge funding” by \$869,717 to account for 14.5 bridge funded positions that are now vacant.²

¹ The additional salary savings is net of revenue losses in the Social Services Agency and other departments that are supported by revenues and non-General Fund reimbursements.

² In addition, OBA has identified 5.5 positions that were excluded from its original bridge funding list that it will present for addition to the Recommended Budget bridge funding amount of \$34,411,858.

SUMMARY OF MANAGEMENT AUDIT DIVISION RECOMMENDATIONS

FY 2007-08 BUDGET REVIEW

Budget Unit	Department Name	Revenue/Expenditure Account	Expenditure Decreases	Revenue Increases	Net Savings
	General Fund Balance	Additional Salary and Benefit Savings	-	2,318,710	2,318,710
101-509	Various Departments	Salaries w/o Benefits (Vacant Positions)	869,717	-	869,717
101-509	Various Departments	Salaries w/o Benefits (Immediate Placement)	7,135,244	-	7,135,244
101-509	All Departments	Salary Savings Factor	17,024,222	-	17,024,222
101-921	All Departments	Budget Salary Reduction	2,067,022	-	2,067,022
112	Tax Collector	Secured Property Taxes	-	(3,430,000)	(3,430,000)
130	Employee Services Agency	Professional and Specialized Services	50,000	-	50,000
130	Employee Services Agency	Psychological Testing	60,000	-	60,000
235-240	Department of Correction	Prisoner Housing Other County	-	250,000	250,000
246	Probation	Salaries w/o Benefits (Bridge Funding)	133,036	-	133,036
246	Probation	Reimbursed Work Projects	-	(84,000)	(84,000)
260	Planning and Development	Scanning Program	93,912	-	93,912
262	Agriculture and Environmental Management	Permanent Employee Salaries	89,932	-	89,932
921	Valley Medical Center	Salaries w/o Benefits (Compensated Absences)	6,002,924	-	6,002,924
921	Valley Medical Center	Interest Expense	1,177,969	-	1,177,969
		TOTAL	34,703,978	(945,290)	33,758,688

Prior-Year General Fund Balance

Included in the FY 2007-08 Recommended Budget are one-time resources that are allocated each year by Board policy to one of four categories of expense: (1) capital projects, (2) technology projects, (3) contingency reserve, and (4) other one-time needs. In FY 2007-08, the County Executive has identified \$224,622,300 in one-time resources, which is derived primarily from available reserves and the FY 2006-07 General Fund Balance. The projected FY 2006-07 General Fund Balance is comprised of: (1) salary and benefit savings, (2) Object 2 through Object 7 expenditure savings, and (3) unbudgeted revenue earnings.

The County Executive is recommending that the more than \$224.6 million in one-time resources be allocated to the following general categories:

Capital Projects	\$12,645,000
Technology Projects	5,585,977
One-Time Reserve Requirements	92,826,196
One-time Funding to Support Ongoing Operations	74,673,544
Lease Buy-out and Moving Costs Associated with Reductions	1,000,000
Pandemic Flu	2,500,000
Bridge Funding for Reductions Delayed to January 2008	34,411,858
Other Miscellaneous	<u>979,725</u>
Total One-Time Allocations	\$224,622,300

The General Fund Balance estimate made by the County Executive was prepared in early 2007 based on Accounting Period 6 financial information. As part of our budget review, we analyzed salary and benefit savings and major revenue accounts based on Accounting Period 10 financial information in order to identify significant deviations. The estimates that we present below reflect differences from the amounts included in the FY 2006-07 Fund Balance that has been presented in the published budget.

Based on our analysis, we believe that available one-time resources will be approximately \$226.9 million, rather than the more than \$224.6 million originally included in the Recommended Budget. The source of this \$2.3 million increase consists of additional salary and benefit savings. Our analysis of this General Fund Balance source follows.

Additional Salary and Benefit Savings

The FY 2007-08 Recommended Budget includes as a revenue source an estimate of General Fund Balance to be carried over from FY 2006-07 to FY 2007-08. The Fund Balance includes an estimate that actual FY 2006-07 salary savings will total \$14,681,815, as projected based on Accounting Period 6 data as of December 31, 2006. However, based on an analysis of more recent Accounting Period 10 data as of April 30, 2007, and including several necessary adjustments, the Management Audit Division projects that the Accounting Period 6 projection understates FY 2006-07 salary savings by \$2,318,710.

The differences between the Office of Budget and Analysis (OBA) and Management Audit Division projections are illustrated in the following table.

**Comparison of OBA Period 6 and Management Audit Division Period 10
Estimates of FY 2006-07 Unbudgeted Salary Savings**

	OBA Period 6	Management Audit Period 10
<i>Salaries & Benefits:</i>		
Budgeted Expenditures*	\$1,008,869,069	\$1,010,211,899
Projected Expenditures	<u>(994,187,254)</u>	<u>(993,624,096)</u>
Projected Gross Unbudgeted Salary Savings**	\$14,681,815	\$16,587,803
<i>Revenue Adjustments:</i>		
Information Services	(\$220,399)	(\$114,666)
Sheriff's Office	(836,573)	(320,693)
Social Services Agency	<u>(4,850,051)</u>	<u>(5,058,943)</u>
Projected Revenue Offsets	(\$5,907,024)	(\$5,494,302)
Projected Net Unbudgeted Salary Savings Difference in Net Projections	\$8,774,792	\$11,093,501 \$2,318,710

* Budgeted expenditures include budgeted salary savings, which is a negative appropriation that reduces funding for authorized positions to take into account unspent appropriations resulting from vacant positions and the savings realized from filling vacant positions at a lower salary level than originally budgeted.

** Unbudgeted salary savings is the difference between what was budgeted for salary savings and what was actually achieved. Our projection of FY 2006-07 actual salary savings amounts to \$45,685,514.

Our projection of salary savings for FY 2006-07 is approximately \$2.3 million higher than that of OBA. This difference results partly from using more recent Accounting Period 10 information, which reflects an increase of about \$1.9 million - from \$14.7 million to \$16.6 million - in gross unbudgeted salary savings for FY 2006-07. From the savings projection, we also made a total of approximately \$5.9 million and \$5.5 million in adjustments for the OBA and Management Audit Division estimates, respectively, based on the following three assumptions:

- We reduced salary savings for the Information Services Department by 25 percent, since the Department provides approximately this percentage of its services to non-General Fund customers, excluding Valley Medical Center.
- We removed salary savings for the Sheriff's Patrol Units that serve the contract cities and Valley Transportation Authority, since they reimburse the Office of the Sheriff for the cost of this service.

- We adjusted salary savings for the Social Services Agency, because approximately 79 percent of the Agency's expenses are reimbursed from State and federal sources. This means that 79 cents of revenue is lost for every dollar of salaries that is unspent.

After accounting for these adjustments, we project net unbudgeted salary savings of \$11,093,501 for the current fiscal year, versus an OBA projection of \$8,774,792. Our estimate is also similar to salary savings calculated from the Period 10 Financial Status Reports submitted by departments to OBA. Based on these reports, net unbudgeted salary savings in FY 2006-07 will total \$10,376,647, which is only \$716,854 less than our estimate. Consequently, we estimate that the FY 2006-07 Fund Balance is understated by at least \$1.6 million, but recommend that the County Executive increase the budget estimate of FY 2006-07 Fund Balance by \$2,318,710.

FY 2007-08 Departmental Budgets

Budget Units 101-509 – Various Departments

Various Pages

Expenditure Account 5102000

**Salaries w/o Benefits
(Bridge Funding, Vacant Positions)**

<u>County Executive Recommended</u>	<u>Management Audit Proposed</u>	<u>Expenditure Decrease</u>
\$34,411,858	\$33,542,141	\$869,717

The FY 2007-08 Recommended Budget includes \$34,411,858 to provide bridge funding for 415 positions that were filled at the time of the preparation of the Recommended Budget, but were recommended for deletion in the FY 2007-08 budget. The purpose of the bridge funding is to permit these employees, who would otherwise leave county employment on July 1, 2007, the opportunity to fill another position that subsequently becomes vacant by funding these positions to January 27, 2008.

Of the 415 positions that were bridge funded in the FY 2007-08 Recommended Budget, 391 positions are in General Fund departments and account for \$25,804,103 of salary and fringe benefit costs of the \$34,411,482 in total bridge funding. However, a comparative analysis of these 391 General Fund positions with the May 3, 2007 payroll, determined that 14.5 positions were vacant as of that date (see Attachment 1). The bridge funding included in the FY 2007-08 budget for the 14.5 positions amounts to \$869,717 and is now unnecessary, since these employees have left the County or taken other positions. In addition, OBA has identified 5.5 filled positions that were omitted from its list of bridge-funded positions. These positions and the related cost will be recommended for addition to the bridge funding list by OBA in a separate action.

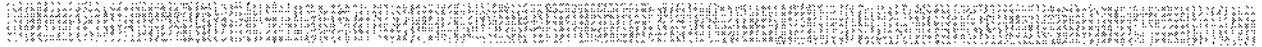
Expenditure Account 5102000

**Salaries w/o Benefits
(Bridge Funding, Immediate Placement)**

<u>County Executive Recommended</u>	<u>Management Audit Proposed</u>	<u>Expenditure Decrease</u>
\$34,411,858	\$27,276,614	\$7,135,244

In addition to the 14.5 vacant positions that are included among the 391 bridge-funded positions, 140.5 of the remaining positions could potentially be immediately filled from existing vacant positions that are funded in the FY 2007-08 budget. Based on a comparative analysis of the 391 bridge-funded positions in the FY 2007-08 budget, with the 1,195 vacant funded positions that are included in the FY 2007-08 budget, it was determined that 140.5 of the bridge-funded positions have a vacant, funded matching position in the FY 2007-08 budget. This determination was made based on existing vacant funded positions as of May 3, 2007 as reported by the Employee Services Agency.

The Employee Services Agency Manager advised that employees who can be placed in an existing vacancy in the same department can be immediately placed, which would obviate the need for bridge funding for these positions. There are currently 39 positions in this category. For the 101.5 employees for whom a matching vacant position currently exists in another department, County personnel procedures and collective bargaining agreements require a layoff notice be given the employee initiating a 20-day period during which the County Human Resources Department would evaluate seniority within the classification and determine which employee would be bumped from his or her position and offered the vacant position. Due to the complexity of this process, it would be necessary to provide bridge funding for approximately 20 workdays for these positions. However, the reduced amount of required bridge funding for the 140.5 positions amounts to \$7,135,244 as shown on Attachment 2.



Budget Units 101-509 – All Departments

Various Pages

Expenditure Account 5107000

Salary Savings Factor

**County Executive
Recommended**

**Management Audit
Proposed**

**Expenditure
Decrease**

(\$23,617,189)

(\$40,641,411)

\$17,024,222

The County Executive has recommended a General Fund budget of \$23,617,189 in the expenditure account for salary savings in FY 2007-08. This is a negative appropriation that reduces funding for authorized positions to take into account unspent appropriations resulting from vacant positions and the savings realized from filling vacant positions at a lower salary level than originally budgeted. Of this amount, \$21,558,052 is budgeted for General Fund departments, which represents a 3.38 percent salary savings factor on the permanent employee salaries budget of \$637,891,664.¹

In a recent memo to the Board of Supervisors, the County Executive explained that salary savings factors differ between General Fund departments, based on operational factors, but average between 3 percent and 4 percent Countywide. The salary savings factor is based solely on permanent employee salaries, since employee benefits rates are calculated using a vacancy rate factor that results in a built-in salary savings for these expenses. However, not all benefits have this built-in salary savings. The Office of Budget and Analysis reports that salary savings was not calculated on the County-paid employee share of PERS, which amounts to about \$63 million in FY 2007-08, as well as FICA and Medicare, which account for an additional \$37 million in the FY 2007-08 Recommended Budget. As a result, budgeted salary savings amounts to only 2.08 percent of the total gross budget for salaries and benefits in FY 2007-08, as shown on Attachment 3.

Because budgeted salary savings does not account for all benefits, we compared our projection of FY 2006-07 actual salary savings to the County Executive's recommendation of FY 2007-08 budgeted salary savings. Based on Accounting Period 10 data, we project that actual salary savings will amount to \$45,685,514, including \$16,587,803 in unbudgeted salary savings, in FY 2006-07. This equates to a 4.40 percent salary savings factor based on the total gross budget for salaries and benefits among General Fund departments. As a result, the projected salary savings factor for FY 2006-07 is 2.32 percentage points higher, or more than double the budgeted salary savings factor for FY 2007-08, as shown in the following table.

¹ This amount excludes Budget Unit 200 – Child Support Services, which is fully funded from State and federal monies.

**Comparison of FY 2006-07 Projected and FY 2007-08 Budgeted
Salary Savings for General Fund Departments**

	FY 2006-07 <u>Projected</u>	FY 2007-08 <u>Budgeted</u>
Salary Savings	\$45,685,514	\$21,558,053
Gross Salaries and Benefits	\$1,039,309,610	\$1,038,334,357
Salary Savings Factor	4.40%	2.08%

A salary savings factor of 4.40 percent falls in the middle of the range of 3 to 6 percent that the Board of Supervisors has established as its policy relating to salary savings (Board Policy No. 4.5). It is also consistent with the actual salary savings factor achieved in the three prior years, as follows: 3.78 percent in FY 2005-06, 6.16 percent in FY 2004-05 and 5.66 percent in FY 2003-04.

In addition, based on payroll information for General Fund departments as of May 3, 2007, the FY 2007-08 Recommended Budget includes 596.3 vacant positions, at a cost of \$61,826,032 (see Attachment 3). If these positions, or another combination of positions with the same total cost, remained vacant throughout the year, the salary savings factor that would be achieved is 5.95 percent. While achieving this level of salary savings will be mitigated by certain departments, such as those with 24/7 operations, that use overtime or extra help to backfill for vacancies, the impending retirement of up to a thousand County employees in December 2007 will create a substantial number of additional vacancies and a corresponding significant amount of additional salary savings. Based on these factors, we estimate that the salary savings factor that could be achieved in FY 2007-08 ranges from 3.28 percent with 500 retirements to 5.10 percent with 1,000 retirements, as shown on Attachment 4. It should be noted that in January 2007, the County's actuary projected that there would be 829 retirements in FY 2007-08.

We therefore recommend that the County Executive adjust the salary savings factor in individual General Fund departments to achieve an overall rate of no less than 3 percent, as specified by Board policy. The table on the next page shows four scenarios with a salary savings factor that ranges from 3.20 percent to 4.40 percent that should be considered, and takes into account the revenue that would be lost by the Information Services Department, Office of the Sheriff, and Social Services Agency as a result of achieving additional salary savings. Based on the scenarios shown, the County could generate additional salary savings, net of revenue losses, of between approximately \$10.5 million and \$20.3 million.

**FY 2007-08 Additional Salary Savings for General Fund
Departments Based on Four Salary Savings Factors**

	<u>3.20%</u>	<u>3.60%</u>	<u>4.00%</u>	<u>4.40%</u>
<i>Salaries & Benefits:</i>				
Adjusted Savings	\$33,208,336	\$37,359,378	\$41,510,420	\$45,661,462
Budgeted Savings	<u>(21,558,053)</u>	<u>(21,558,053)</u>	<u>(21,558,053)</u>	<u>(21,558,053)</u>
Gross Additional Savings	\$11,650,283	\$15,801,325	\$19,952,367	\$24,103,409
<i>Revenue Adjustments:</i>				
Information Services	(\$6,126)	(\$10,785)	(\$15,445)	(\$20,104)
Sheriff's Office	(97,215)	(113,857)	(130,500)	(147,143)
Social Services Agency	<u>(1,075,837)</u>	<u>(1,929,018)</u>	<u>(2,782,199)</u>	<u>(3,635,380)</u>
Net Additional Savings	\$10,471,105	\$13,747,664	\$17,024,222	\$20,300,781

Since General Fund departments achieved a projected salary savings factor of 4.40 percent in FY 2006-07, and due to the large number of existing vacancies and anticipated retirees, we believe the County will achieve a salary savings factor of at least 4.00 percent in FY 2007-08. Accordingly, after taking into account revenue that will be lost by achieving additional salary savings, this recommendation adjusts the FY 2007-08 budget for salary savings by \$17,024,222, for a total negative appropriation of \$40,641,411.²

² This amount includes \$2,059,137 in salary savings for Budget Unit 200 – Child Support Services.

Budget Units 101-921 – All Departments	Various Pages
---	----------------------

Expenditure Account 5107100

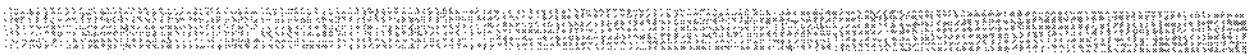
Budget Salary Reduction

<u>County Executive Recommended</u>	<u>Management Audit Proposed</u>	<u>Expenditure Decrease</u>
	<u>General Fund (Object 1):</u>	
(\$1,358,939)	(\$2,637,096)	\$1,278,157*
	<u>VMC Enterprise Fund (Object 1):</u>	
(\$8,460,745)	(\$9,249,610)	\$788,865
	<u>All Funds (Object 1):</u>	
(\$9,819,684)	(\$11,886,706)	\$2,067,022

* If the Board of Supervisors approves this recommended budget adjustment, the detail by Budget Unit will be provided.

The FY 2007-08 Recommended Budget includes negotiated salary increases for approximately 33 County employee bargaining units that are separately represented by labor organizations. Each collective bargaining agreement provides for a percentage salary increase effective as of various dates throughout the fiscal year. All of the collective bargaining agreements between the County and the labor organizations call for salary increases during the 2007-08 fiscal year, on a date other than July 1. However, the County's current budget software entitled BRASS, which is used by the Office of Budget and Analysis, is limited in its capability to precisely calculate employee salary increases. Changes in rates of pay can only be calculated from the first day of a month.

Consequently, the FY 2007-08 increased salary and fringe benefit cost of 29 bargaining units was calculated from the first day of the month preceding the effective date of the negotiated increase, thereby overstating the FY 2007-08 budget. The increased salary and fringe benefit cost of the other four bargaining units was calculated from the first day of the month subsequent to the effective date of the negotiated increase, thereby understating the FY 2007-08 budget. Based on our analysis, the net cost of salaries and fringe benefits are overstated by approximately \$2,067,022. Of this amount, approximately \$1,278,157 is funded from the General Fund and \$788,865 from VMC Enterprise Fund sources. The attached schedules (Attachment 5) provide a detailed analysis by bargaining unit of the excess salary and fringe benefit costs that are included in the FY 2007-08 Recommended Budget.



Revenue Account 4001100

Secured Property Taxes

**County Executive
Recommended**

**Management Audit
Proposed**

**Revenue
(Decrease)**

\$373,240,000

\$369,810,000

(\$3,430,000)

The County Executive has recommended a budget of \$373,240,000 for secured property tax revenue, which includes the County's portion of the 1 percent tax on the secured roll and the County retirement tax, and the County's share of unitary taxes and the unitary retirement tax. In developing the FY 2007-08 Recommended Budget, the Office of Budget and Analysis assumed that revenue from secured property taxes would grow by 8.5 percent. However, based on information from the Assessor's Office, year-to-date real property growth was 7.80 percent as of June 1, 2007. This translates to 8.29 percent annual growth when replicated against actual growth from a year ago. The Controller-Treasurer Department also estimated that the tax increment loss to redevelopment agencies (RDA) will grow by 7.43 percent between FY 2006-07 and FY 2007-08 based on the real property roll growth information prepared by the Assessor's Office. Consequently, assuming a growth factor of 8.29 percent on the secured roll and 7.43 percent on the RDA tax increment loss, as well as \$30.0 million in roll corrections, net of refunds, we estimate that revenue from secured property taxes will amount to about \$3.43 million less than the County Executive has recommended in FY 2007-08. To reflect this new information, we recommend that the FY 2007-08 budget for secured property taxes be reduced to \$369,810,000.

Expenditure Account 5255100

Professional and Specialized Services

**County Executive
Recommended**

**Management Audit
Proposed**

**Expenditure
Decrease**

\$432,212

\$382,212

\$50,000

The FY 2007-08 Recommended Budget includes \$432,212 related to professional and specialized services, an increase of \$300,000 from FY 2006-07. Of the \$300,000, the Department has included \$100,000 for "Investigative Consumer/Background Checks" on new employees and existing employees before appointment to certain classifications or work assignments. These background investigations may include review of criminal conviction records, motor vehicle records, credit reports, and verification of Social Security Number, education, certification, licensure, and prior employment.

In FY 2007-08, the Department estimates a total of 2,716 background investigations will be required. This estimate is based on the number of regular County employees, extra help, unclassified employees, and dependent contractors hired during the one year period from March 2006 through March 2007, as reflected in the PeopleSoft Payroll System and an estimate of new volunteers obtained from departments. The table below summarizes the new hires and shows the Department's estimated cost to perform the background investigations.

**Estimated New Hires In FY 2007-08
Requiring Background Investigations**

<u>Type of New Hire</u>	<u>Number of New Hires</u>	<u>Estimated Cost</u>
Regular Employee	936	\$41,886
Extra Help & Unclassified	870	38,933
Dependent Contractors	110	8,800
Volunteers	800	<u>18,000</u>
Total	2,716	\$107,619

The Department's estimate of background investigation costs assumes that the policy will be implemented beginning July 1, 2007. However, the background investigation of new employees is a new policy still in draft form and must be approved by the County Counsel, bargaining units for SEIU Local 521 and miscellaneous employees, and the Board of Supervisors. Since the requirement for background investigations would be a change to the merit system, the County Personnel Board must also approve it before it can be implemented. The Department estimates that it will take approximately three months to obtain the necessary approvals before the policy could be implemented. Because of the steps that still must be accomplished before the policy goes into effect,

we recommend reducing the funding for background investigations by 50 percent, from \$100,000 to \$50,000. This will reflect an estimated implementation of January 1, 2008.

Expenditure Account 5255108

Psychological Testing

<u>County Executive Recommended</u>	<u>Management Audit Proposed</u>	<u>Expenditure Decrease</u>
\$110,000	\$50,000	\$60,000

The FY 2007-08 Recommended Budget includes \$110,000 related to psychological testing and counseling, which the County has a contractual obligation with the Deputy Sheriff's Association and the Correctional Peace Officers Association to provide pursuant to the Memorandum of Understanding between the County and the members of these two bargaining units. The Employee Services Agency began incurring expenditures for psychological testing and counseling in FY 2003-04, and has budgeted \$110,000 each year since FY 2004-05, or for the past four fiscal years. However, over the past three fiscal years, including FY 2006-07, the expenditure account has been over-budgeted by at least \$57,920 and as much as \$88,862 with an average surplus of \$73,100, as shown in the following table.

**Budgeted versus Actual Psychological Testing
Expended in FY 2004-05 to FY 2006-07 (Estimated)**

<u>Fiscal Year</u>	<u>Budgeted</u>	<u>Actual</u>	<u>Surplus</u>
2004-05	\$110,000	\$37,482	\$72,518
2005-06	110,000	52,080	57,920
2006-07 (est.)	110,000	21,138	<u>88,862</u>
Average			\$73,100

It should also be noted that the FY 2006-07 estimated surplus is based on expenditures totaling \$21,138 through Accounting Period 10. Given the fact that the Department has maintained a large surplus in this line item for the past three fiscal years, we believe that the expenditure account continues to be over-budgeted based on current and historical financial information. Accordingly, we recommend that the budget for psychological testing be reduced by \$60,000 from \$110,000 to \$50,000 in FY 2007-08. This level of expenditure reduction is consistent with the average of the savings realized during the three fiscal years 2004-05 through 2006-07.

Revenue Account 4723120

Prisoner Housing Other County

<u>Department Recommended</u>	<u>Management Audit Proposed</u>	<u>Revenue Increase</u>
\$1,976,948	\$2,226,948	\$250,000

This account represents revenue received from Alameda, Marin and San Mateo counties for housing their prisoners requiring mental health care in the Unit 8A Mental Health unit in the main jail. Based on the latest information provided by the Department, the San Mateo contract for FY 2007-08 requires that County to pay a flat amount, \$2,626 per day, or \$961,116 for the entire fiscal year, for guaranteed use of an average of 61 bed days per month, or about two beds per day, in Unit 8A. The contracts with Alameda and Marin counties provide beds on an as-needed basis, with each county scheduled to pay \$1,455 per prisoner per day for 8A housing.

The budgeted amounts for this revenue in FY 2007-08 are the same as in the current fiscal year. However, projected revenues from this amount in the current fiscal year by the Department are \$2,065,652, while the Management Audit Division projects \$2,271,085 will be received, based on the receipts from this source through Accounting Period 10. Furthermore, use of 8A beds by Alameda County has averaged 68 prisoner days per month for Alameda County, and nine prisoner days per month for Marin County. If that level of usage occurred in FY 2007-08, total revenues from the County contracts would be slightly more than \$2.3 million. Therefore, we believe the proposed \$250,000 revenue increase is reasonable, since it is less than the maximum increase that could be projected based on current-year use of the facility by the contracting counties.

Both the Department and the Office of Budget and Analysis have also reported a concern expressed by the Health and Hospital Agency, which operates Unit 8A through its Custody Health Services Division, that budget cuts for the Mental Health Department may result in more mentally ill Santa Clara County residents entering the jail, eliminating the capacity in Unit 8A that now permits the housing of inmates from other counties. We view this concern as speculative, since the extent of Mental Health Department reductions to be approved by the Board is not yet known, and their effect on the jail has not been formally assessed. We note that actual populations in Unit 8A for the 13 months ending in April 2007, including both in-County and out-of-County inmates, averaged 27 patients per day, with a high of 34 per day in March 2007, and a low of 23 per day in January 2007, versus the unit's capacity of 42 patients. This indicates that there is still physical capacity to absorb additional inmates without requiring removal of revenue-producing inmates from other counties.

Budget Unit 246 – Probation

Expenditure Account 5102000

**Salaries w/o Benefits
(Bridge Funding)**

**County Executive
Recommended**

**Management Audit
Proposed**

**Expenditure
Decrease**

\$434,700 (revised)

\$301,664

\$133,036

The Probation Department's FY 2007-08 Recommended Budget includes \$605,411 in "bridge" funding for 10 of 36 positions eliminated through closing of the work furlough programs. Of this, \$170,711 was an error that has been identified by OBA and corrected in a May 14 transmittal to the Board of Supervisors. This leaves \$434,700 in bridge funding. Of this, \$217,552 is associated with a Storekeeper position and four Law Enforcement Clerk positions that the Department indicates will be used through January 27, primarily to address backlogs in required recordkeeping. The remaining \$217,148 is for five Cook positions that were serving the work furlough programs in Cost Centers 3439 and 3710. The bridge funding for these positions is enumerated below:

Amount	Title
\$45,490	Cook II
\$42,056	Cook I
\$45,490	Cook II
\$42,056	Cook I
\$42,056	Cook I
\$217,148	5 Positions

Individuals in these positions cook for inmates who will cease to be residents of Probation programs as of July 1. According to the Department, bridge funding these positions will result in savings in overtime and extra help staffing in Juvenile Hall and the ranch programs. However, the Department has proposed no reductions relative to the FY 2006-07 Final Budget in the overtime or extra help budgets of James ranch, the Wright Center or Juvenile Hall.

To determine the likelihood that the Department could in fact make cost-effective use of the Cook positions by employing them in continuing programs until late January, we reviewed the actual FY 2006-07 work hours for overtime and extra help paid by Probation to Cooks through May 6, 2007. This equaled 1,446.6 hours. Of this, 178.5 hours were overtime and extra help in the work furlough programs. Deducting this amount, and annualizing the net amount for the remainder of the year, we estimate that the Department will pay Cooks overtime and extra help pay for about 1,488 hours in Juvenile Hall, the Wright Center and James Ranch by June 30, 2007. We estimate that the five bridged Cooks positions equate to at least 4,615 productive work hours. Therefore, if the full bridge funding is approved without a corresponding decrease in overtime or extra help funding, the Department will "over-budget" an estimated 3,127

hours, which equates to roughly three Cooks through January 27, 2008. The value of this bridge funding is approximately \$133,036. We therefore recommend either reducing extra help and overtime budgets by this amount, or eliminating \$133,036 in bridge funding. This proposed reduction is in addition to the proposed reduction identified in the Bridge Funding section of this report. This \$133,036 reduction, plus the reduction of the erroneous \$170,711 in bridge funding as accounted for in the May 14 transmittal, leaves a proposed bridge funding for the work furlough programs of \$301,664. We point out that this funding is for continuation of staff eliminated from a program that as of July 1, 2007 will cease to exist.

Revenue Account 4723550

Reimbursed Work Projects

<u>County Executive Recommended</u>	<u>Management Audit Proposed</u>	<u>Revenue (Decrease)</u>
\$84,000	\$0	(\$84,000)

Prior to FY 2002-03, earnings by delinquent minors assigned to work projects were deposited into this account. In the intervening years, however, the Department established a Probation Enterprise Trust Fund in which these monies are deposited on behalf of the minors, who are then able to use this revenue to pay victim restitution. Since this Departmental revenue has not existed for several years, the account should be closed and the budgeted amount of \$84,000 should be removed. This reduction to the General Fund is offset by an estimated increase in revenues of \$96,000 beginning in FY 2007-08 from a fee for adult record clearances. This additional revenue has already been accounted for in the budget through the May 14 transmittal.

.....

Budget Unit 260 – Planning and Development

Page 634

Various Expenditure Accounts

Scanning Program

County Executive
RecommendedManagement Audit
ProposedExpenditure
Decrease

	<u>Permanent Employee Salaries (5101000):</u>	
\$53,436	\$0	\$53,436
	<u>Various Benefits (5110300-5110600):</u>	
\$28,476	\$0	\$28,476
	<u>Equipment (1305000):</u>	
\$12,000	\$0	\$12,000
	<u>All Expenditures:</u>	
\$93,912	\$0	\$93,912

In the FY 2006-07 Final Budget, the Department added a new Permit Technician (N33), increased contract services by \$20,000, and allocated \$12,000 in "one-time" monies for a high-speed scanner. With these additional resources, the Department expected to bring in an additional \$110,000 in ongoing revenue from a new fee for scanning documents and plans. According to page 537 of the FY 2006-07 Recommended Budget, "the cost of the position, the augmentation in contract services and the high-speed scanner will be entirely offset by the recommended scanning fee."

As of May 30, 2007 the new scanner had not been purchased, the Permit Technician was not engaged in scanning activity, and receipts in the scanning fee account amounted to \$18,003, with the Department projecting to receive less than \$22,000 in total by June 30, 2007. Further, the FY 2007-08 Recommend Budget reduces this budgeted revenue from \$110,000 to \$20,000, indicating that the Department does not expect new revenues as originally anticipated when the associated expenditures were approved.

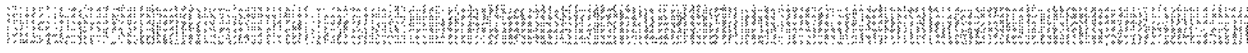
Per the Department, the new Permit Technician is not engaged in scanning activity, but instead is working on unrelated contractor performance bond activities. Until this year, these activities had been handled by various staff within the Department. Further, the Department indicates that the scanning program will not move forward in FY 2007-08 as originally envisioned, and the County is engaged in completing a new master agreement for scanning services.

The FY 2007-08 Recommended Budget allocates funds for the scanning program as follows:

- One FTE Permit Technician (N33): \$81,912
- Contract Services: \$20,000
- High-speed scanner: \$12,000

This results in a total of \$113,912 in General Fund expenses. Instead of offsetting 100 percent of this cost with new revenue, the FY 2007-08 Recommended Budget anticipates recovering less than 18 percent of these costs in scanner fees.

Since the increase in expenditures was predicated on the generation of new revenues that have not materialized and are not expected to be earned in FY 2007-08, we recommend eliminating most of the associated expenses that were added in the current year. Specifically, we recommend eliminating the funding for the new Permit Technician position, as this individual is not engaged in scanning activity but has simply absorbed other duties. We also recommend eliminating the budgeted amount for the high-speed scanner, as the Department does not anticipate buying this machine, but rather intends to contract specialized scanning jobs to an outside firm. We therefore recommend retaining the increased contract amount of \$20,000 in the budget. Based on these recommendations, General Fund expenses should be reduced by a total of \$93,912, which is the sum of the budgeted amount for the Permit Technician and the high-speed scanner.



Expenditure Account 5101000

Permanent Employee Salaries

County Executive
Recommended

Management Audit
Proposed

Expenditure
Decrease

\$44,966

(\$44,966)

\$89,932

A 0.5 position of Unclassified Agricultural Biologist III was deleted from Cost Center 5660, but the savings associated with removal of this position was inadvertently represented in the budget as a positive \$44,966. Therefore, the expenditure account for permanent employee salaries is overstated by twice this amount, or \$89,932.

Expenditure Account 5102000

**Salaries w/o Benefits
(Compensated Absences)**

<u>County Executive Recommended</u>	<u>Management Audit Proposed</u>	<u>Expenditure Decrease</u>
\$6,002,924	\$0	\$6,002,924

The FY 2007-08 budget for Valley Medical Center (VMC) includes an amount of \$6,002,924 to fund future vacation and sick leave costs that will be earned, but not used in FY 2007-08. Pursuant to generally accepted accounting principles (GAAP), such costs are required to be reported as liabilities on enterprise fund financial statements, and are also reported for all funds on the County's entity-wide financial statements. Although the reporting requirements must be complied with to conform to GAAP, there is no requirement to fund this liability. As of June 30, 2006, the County's total liability for accumulated vacation and sick leave amounted to approximately \$107 million, of which the VMC portion was \$39 million.

The County has had a long-standing policy not to fund this liability, since the related annual costs are based on a small but predictable number of employees who retire or leave the County annually. The accumulated vacation and sick leave costs are then paid from the annual budget from salary savings, or by keeping the employee's position vacant until the leave costs have been recovered. The County has never funded this liability in the annual budget for the General Fund or any other fund, and is not required to by any accounting standards or regulatory board, since this accumulated cost will never come due all in one year. In practice, the cost of vacation and sick leave payoffs is absorbed in the permanent salary account in all county departments, including VMC.

Although this cost should be included in the VMC budget to facilitate proper accounting for the enterprise fund, as is VMC depreciation, funding this cost in the budget would be inconsistent with the County's funding policies and represents a \$6 million drain on the County's General Fund. This matter was discussed with the County Controller-Treasurer, who concurs with our assessment and recommendation.

Expenditure Account 5420100

Interest Expense

<u>County Executive Recommended</u>	<u>Management Audit Proposed</u>	<u>Expenditure Decrease</u>
\$15,652,456	\$14,474,487	\$1,177,969

The FY 2007-08 VMC Enterprise Fund budget includes \$15,652,456 for estimated interest expense on various bonds and other debt instruments, net of estimated interest

income earned on its average daily cash balances in the Commingled Investment Fund. This estimate was originally prepared in August 2006. Based on a review of the cash flow projection and average daily cash balances for FY 2007-08, it was determined that the projected net investment income from the Commingled Fund was understated by approximately \$1,177,969. This estimate was reviewed with VMC fiscal staff who concur with the revised amount, but have advised us that they plan on updating the entire analysis to ensure that the other components and the estimated cash balances are based on the most recent available information.

VACANT BRIDGE FUNDED POSITIONS DELETED IN THE FY 2007-08 BUDGET
(Sorted by Budget Unit)

Count	Position	Stat	Class	FTE%	FTEs	Suprv	BU	Cost Center	Fund	Filled	Step	Union	Grade	Bridge Date	Bridge Amount
1	00030710	14	D49	100	1.00	No	115	1160	0001	1	4	2	373	01/27/2008	40,373
2	00030712	14	D49	100	1.00	No	115	1160	0001	1	3	2	373	01/27/2008	38,930
3	00032575	14	U20	50	0.50	No	202	3836	0001	1	5	7	391	01/27/2008	74,815
4	00030799	14	D96	100	1.00	No	263	2305	0001	1	5	1	417	01/27/2008	48,610
5	00009194	14	S48	100	1.00	No	410	2950	0001	1	5	5	574	01/27/2008	90,790
6	00009223	14	S48	100	1.00	No	410	2982	0001	1	5	5	574	01/27/2008	90,356
7	00028339	14	D1E	100	1.00	No	410	2914	0001	1	5	2	422	01/27/2008	48,503
8	00014954	14	Y42	100	1.00	No	412	4461	0001	1	5	1	491	01/27/2008	64,154
9	00014975	14	P97	100	1.00	No	412	4547	0001	1	3	1	491	01/27/2008	61,576
10	00022812	14	P67	100	1.00	No	412	4481	0001	1	5	1	489	01/27/2008	63,630
11	00024771	14	Y41	100	1.00	No	412	4403	0001	1	5	1	511	01/27/2008	69,660
12	00028424	14	D2E	100	1.00	No	412	4461	0001	1	5	2	399	01/27/2008	44,613
13	00029390	14	D2E	100	1.00	No	412	4572	0001	1	5	2	399	01/27/2008	44,613
14	00029392	14	D2E	100	1.00	No	412	4370	0001	1	5	2	399	01/27/2008	44,613
15	00029394	14	D2E	100	1.00	No	412	4462	0001	1	4	2	399	01/27/2008	44,481
Total					14.50										869,717

Source: OBA Bridge Funding Report

**BRIDGE FUNDED POSITIONS DELETED IN THE FY 2007-08 BUDGET
WITH A FUNDED VACANT POSITION IN THE SAME CLASSIFICATION IN THE FY 2007-08 BUDGET
(Sorted by Budget Unit)**

Count	3-May Vacancy	Position	Stat	Class	FTE%	FTEs	Suprv	BU	Cost Center	Fund	Filled	Step	Last	First	Mi	Employee Number	Union	Grade	Bridge Date	Bridge Amount	Adjusted Bridge Amount
1	Yes	00031753	14	Y3C	100	1.00	No	107	5700	0001	1	5				17		206	01/27/2008	67,303	58,328
2	Yes	00003518	14	D97	100	1.00	No	112	2212	0001	1	2				2		396	01/27/2008	40,856	35,409
3	Yes	00002727	14	D49	100	1.00	No	115	1154	0001	1	2				2		373	01/27/2008	36,295	31,456
4	Yes	00027287	14	D49	100	1.00	No	115	1155	0001	0	1				2		373	01/27/2008	35,051	30,378
5	Yes	00027289	14	D49	100	1.00	No	115	1153	0001	1	5				2		373	01/27/2008	40,373	34,980
6	Yes	00030710	14	D49	100	1.00	No	115	1160	0001	1	4				2		373	01/27/2008	40,373	34,990
7	Yes	00030712	14	D49	100	1.00	No	115	1160	0001	1	3				2		373	01/27/2008	38,930	33,759
8	Yes	00007088	14	D49	100	1.00	No	115	1153	0001	1	3				2		373	01/27/2008	40,373	34,990
9	Yes	00003154	14	D66	100	1.00	No	204	3500	0001	1	5				1		429	01/27/2008	47,995	47,995
10	Yes	00032690	24	V73	100	1.00	No	204	3500	0001	1	5				2		458	01/27/2008	55,933	48,475
11	Yes	00002775	14	D43	100	1.00	No	230	3909	0001	1	1				1		491	01/27/2008	63,950	55,423
12	Yes	00026298	14	D51	100	1.00	No	230	3904	0001	1	5				2		0	01/27/2008	38,480	33,349
13	Yes	00003581	14	D97	100	1.00	No	230	3901	0001	1	5				2		358	01/27/2008	38,250	33,150
14	Yes	00005915	14	G73	100	1.00	No	230	3904	0001	1	5				2		396	01/27/2008	37,985	37,985
15	Yes	00032568	14	G73	100	1.00	No	230	3916	0001	1	5				1		405	01/27/2008	39,198	39,198
16	Yes	00032569	14	G73	100	1.00	No	230	3916	0001	0					1		0	01/27/2008	39,198	39,198
17	Yes	00023764	14	U58	100	1.00	No	230	3933	0001	1	5				9		234	01/27/2008	102,977	88,247
18	Yes	00023765	14	U64	100	1.00	No	230	3906	0001	1	5				9		234	01/27/2008	102,977	102,977
19	Yes	00011830	14	U64	100	1.00	No	230	3904	0001	1	5				10		0	01/27/2008	65,774	65,774
20	Yes	00011993	14	U64	100	1.00	No	230	3904	0001	1	5				10		170	01/27/2008	65,774	65,774
21	Yes	00012048	14	U64	100	1.00	No	230	3904	0001	1	4				10		170	01/27/2008	65,774	65,774
22	Yes	00012059	14	U64	100	1.00	No	230	3905	0001	0					10		0	01/27/2008	65,774	65,774
23	Yes	00022351	14	U64	100	1.00	No	230	3907	0001	1	5				10		170	01/27/2008	65,774	65,774
24	Yes	00024534	14	U64	100	1.00	No	230	3904	0001	1	5				10		170	01/27/2008	65,774	65,774
25	Yes	00026835	14	U64	100	1.00	No	230	3904	0001	1	5				10		170	01/27/2008	65,774	65,774
26	Yes	00026835	14	G74	100	1.00	No	240	3446	0001	1	5				10		170	01/27/2008	65,774	65,774
27	Yes	00005999	14	H60	100	1.00	No	246	3720	0001	1	5				3		405	01/27/2008	45,490	45,490
28	Yes	00018434	14	C40	100	1.00	No	246	3439	0001	1	5				3		391	01/27/2008	43,140	37,388
29	Yes	00006031	14	D96	100	1.00	No	263	2421	0001	1	5				3		384	01/27/2008	42,056	36,449
30	Yes	00025451	14	D96	100	1.00	No	263	2305	0001	1	5				1		405	01/27/2008	46,411	40,223
31	Yes	00030799	14	D96	100	1.00	No	263	2445	0001	1	5				1		417	01/27/2008	48,610	48,610
32	Yes	00007345	14	D1E	100	1.00	No	410	2914	0001	1	20				8		114	01/27/2008	63,138	54,720
33	Yes	00028339	14	D49	100	1.00	Yes	410	2962	0001	1	5				2		422	01/27/2008	48,503	42,036
34	Yes	00029049	14	S48	100	1.00	No	410	2950	0001	1	5				2		373	01/27/2008	40,332	34,954
35	Yes	00009194	14	B1P	100	1.00	No	410	2917	0001	1	5				5		574	01/27/2008	90,790	90,790
36	Yes	00018973	14	B1R	100	1.00	No	410	2925	0001	1	5				92		444	01/27/2008	69,800	60,498
37	Yes	00022392	14	C29	100	1.00	No	410	2900	0001	1	5				92		406	01/27/2008	59,492	51,560
38	Yes	00028214	14	C60	100	1.00	No	410	2900	0001	1	5				2		434	01/27/2008	50,798	44,025
39	Yes	00028224	14	C76	100	1.00	No	410	2970	0001	1	5				2		417	01/27/2008	47,581	41,237
40	Yes	00008884	14	C82	100	1.00	Yes	410	2934	0001	1	5				92		407	01/27/2008	59,741	51,776
41	Yes	00028153	14	D09	50	0.50	No	410	2962	0001	1	5				92		495	01/27/2008	86,859	86,859
42	Yes	00028248	14	D09	100	1.00	No	410	2937	0001	1	5				2		393	01/27/2008	22,734	22,734
43	Yes	00028300	14	D09	100	1.00	No	410	2900	0001	1	5				2		393	01/27/2008	43,418	37,629
44	Yes	00028302	14	D09	100	1.00	No	410	2946	0001	1	5				2		393	01/27/2008	43,418	37,629
45	Yes	00028304	14	D09	100	1.00	No	410	2962	0001	1	5				2		393	01/27/2008	43,418	37,629
46	Yes	00028305	14	D09	100	1.00	No	410	2970	0001	1	5				2		393	01/27/2008	43,418	37,629
47	Yes	00028314	14	D09	100	1.00	No	410	2904	0001	1	5				2		393	01/27/2008	43,418	37,629
48	Yes	00028326	14	D09	100	1.00	No	410	2937	0001	1	5				2		393	01/27/2008	43,418	37,629
49	Yes	00032366	14	D09	100	1.00	No	410	2937	0001	1	5				2		393	01/27/2008	43,418	37,629

Count	3-May Vacancy	Position	Stat	Class	FTE%	FTEs	Suprv	BU	Cost Center	Fund	Filled	Step	Last	First	Mi	Employee Number	Union	Grade	Bridge Date	Bridge Amount	Adjusted Bridge Amount
50	Yes	00028335	14	D1E	100	1.00	No	410	2911	0001	1	5					2	422	01/27/2008	48,503	42,036
51	Yes	00028338	14	D1E	100	1.00	No	410	2914	0001	1	5					2	422	01/27/2008	48,503	42,036
52	Yes	00028343	14	D1E	100	1.00	No	410	2914	0001	1	5					2	422	01/27/2008	48,503	42,036
53	Yes	00028345	14	D2E	50	0.50	No	410	2918	0001	1	5					2	399	01/27/2008	22,217	19,255
54	Yes	00028346	14	D2E	50	0.50	No	410	2918	0001	1	5					2	399	01/27/2008	22,217	19,255
55	Yes	00028353	14	D2E	100	1.00	No	410	2918	0001	1	5					2	399	01/27/2008	44,429	38,505
56	Yes	00029046	14	D49	100	1.00	No	410	2918	0001	1	5					2	373	01/27/2008	40,332	34,954
57	Yes	00029051	14	D49	100	1.00	No	410	2974	0001	1	5					2	373	01/27/2008	40,332	34,954
58	Yes	00029054	14	D49	100	1.00	No	410	2946	0001	1	5					2	373	01/27/2008	40,332	34,954
59	Yes	00029056	14	D49	100	1.00	No	410	2917	0001	1	5					2	373	01/27/2008	40,332	34,954
60	Yes	0003712	14	E07	100	1.00	No	410	2996	0001	1	5					1	395	01/27/2008	43,754	37,920
61	Yes	00018451	14	E07	100	1.00	No	410	2931	0001	1	5					1	395	01/27/2008	43,796	37,957
62	Yes	00026223	14	E28	100	1.00	No	410	2929	0001	1	5					3	374	01/27/2008	40,484	35,086
63	Yes	0003756	14	E32	100	1.00	No	410	2931	0001	1	5					1	419	01/27/2008	47,995	47,995
64	Yes	0003766	14	E32	100	1.00	No	410	2931	0001	1	5					1	419	01/27/2008	47,995	47,995
65	Yes	00066818	14	J26	100	1.00	No	410	2917	0001	1	5					1	511	01/27/2008	69,354	69,354
66	Yes	00018920	14	J26	100	1.00	No	410	2906	0001	1	5					1	511	01/27/2008	69,354	69,354
67	Yes	00066838	14	J27	100	1.00	No	410	2996	0001	1	5					1	469	01/27/2008	58,406	60,107
68	Yes	00066844	14	J27	100	1.00	No	410	2996	0001	1	5					1	469	01/27/2008	58,406	60,107
69	Yes	00019201	14	S59	100	1.00	No	410	2812	0001	1	5					1	469	01/27/2008	58,406	50,619
70	Yes	0009450	14	S75	100	1.00	No	410	2911	0001	1	6					4	16	01/27/2008	121,701	105,474
71	Yes	0009454	14	S75	100	1.00	No	410	2931	0001	1	6					4	13	01/27/2008	98,889	85,704
72	Yes	0009460	14	S75	100	1.00	No	410	2918	0001	1	6					4	13	01/27/2008	97,891	84,839
73	Yes	00023877	14	S75	50	0.50	No	410	2931	0001	1	5					4	13	01/27/2008	47,310	41,002
74	Yes	00031829	14	S75	50	0.50	No	410	2918	0001	1	5					4	13	01/27/2008	47,250	40,950
75	Yes	00010487	14	S85	100	1.00	No	410	2918	0001	1	5					1	443	01/27/2008	43,439	37,647
76	Yes	00010488	14	S85	100	1.00	No	410	2918	0001	1	5					1	443	01/27/2008	52,623	45,607
77	Yes	00010492	14	S85	100	1.00	No	410	2918	0001	1	5					1	443	01/27/2008	52,623	45,607
78	Yes	00026179	14	S85	100	1.00	No	410	2911	0001	1	5					1	443	01/27/2008	52,623	45,607
79	Yes	00029211	14	W71	100	1.00	Yes	410	2900	0001	1	5					92	464	01/27/2008	76,053	65,913
80	Yes	00028398	14	C60	100	1.00	No	412	4350	0001	1	5					2	417	01/27/2008	47,779	41,408
81	Yes	00028410	14	D09	100	1.00	No	412	4350	0001	1	5					2	393	01/27/2008	37,686	32,661
82	Yes	00030252	14	D09	100	1.00	No	412	4357	0001	1	5					2	393	01/27/2008	43,592	37,780
83	Yes	00028422	14	D2E	50	0.50	No	412	4335	0001	1	2					2	399	01/27/2008	20,704	20,704
84	Yes	00028423	14	D2E	100	1.00	No	412	4499	0001	1	5					2	399	01/27/2008	44,613	44,613
85	Yes	00028424	14	D2E	100	1.00	No	412	4461	0001	1	5					2	399	01/27/2008	44,613	44,613
86	Yes	00028431	14	D2E	100	1.00	No	412	4444	0001	1	4					2	399	01/27/2008	44,613	44,613
87	Yes	00028436	14	D2E	100	1.00	No	412	4461	0001	1	5					2	399	01/27/2008	44,613	44,613
88	Yes	00028440	14	D2E	100	1.00	No	412	4572	0001	1	1					2	399	01/27/2008	40,686	40,686
89	Yes	00028441	14	D2E	100	1.00	No	412	4481	0001	1	5					2	399	01/27/2008	44,613	44,613
90	Yes	00028443	14	D2E	100	1.00	No	412	4485	0001	1	5					2	399	01/27/2008	44,613	44,613
91	Yes	00028447	14	D2E	100	1.00	No	412	4481	0001	1	5					2	399	01/27/2008	44,613	44,613
92	Yes	00029385	14	D2E	100	1.00	No	412	4441	0001	1	5					2	399	01/27/2008	44,613	38,665
93	Yes	00029386	14	D2E	100	1.00	No	412	4571	0001	1	5					2	399	01/27/2008	44,613	38,665
94	Yes	00029388	14	D2E	100	1.00	No	412	4461	0001	1	5					2	399	01/27/2008	44,613	38,665
95	Yes	00029390	14	D2E	100	1.00	No	412	4461	0001	1	5					2	399	01/27/2008	44,613	38,665
96	Yes	00029392	14	D2E	100	1.00	No	412	4572	0001	1	5					2	399	01/27/2008	44,613	38,665
97	Yes	00029394	14	D2E	100	1.00	No	412	4370	0001	1	5					2	399	01/27/2008	44,613	38,665
98	Yes	00028457	14	D49	100	1.00	No	412	4462	0001	1	4					2	399	01/27/2008	44,481	38,550
99	Yes	00003462	14	D96	100	1.00	No	412	4485	0001	1	1					2	373	01/27/2008	37,055	32,114
100	Yes	00003620	14	D97	100	1.00	No	412	4371	0001	1	5					2	417	01/27/2008	47,779	41,408
101	Yes	00003622	14	D97	100	1.00	No	412	4371	0001	1	5					2	396	01/27/2008	44,109	38,228
102	Yes	00026059	14	P49	100	1.00	No	412	4441	0001	1	5					2	396	01/27/2008	44,109	38,228
103	Yes	00029499	14	P49	50	0.50	No	412	4485	0001	1	5					20	574	01/27/2008	138,702	138,702
104	Yes	00029597	14	P49	50	0.50	No	412	4444	0001	1	5					20	574	01/27/2008	70,671	70,671

Count	3-May Vacancy	Position	Stat	Class	FTE%	FTEs	Suprv	BU	Cost Center	Fund	Filled	Step	Last	First	Mj	Employee Number	Union	Grade	Bridge Date	Bridge Amount	Adjusted Bridge Amount
105	Yes	00008015	14	P67	100	1.00	No	412	4403	0001	1	5					1	489	01/27/2008	63,630	55,146
106	Yes	00014965	14	P96	100	1.00	No	412	4441	0001	1	5					1	511	01/27/2008	69,660	60,372
107	Yes	00014947	14	Y41	100	1.00	No	412	4447	0001	1	5					1	511	01/27/2008	69,660	69,660
108	Yes	00014951	14	Y41	100	1.00	No	412	4485	0001	1	5					1	511	01/27/2008	69,660	69,660
109	Yes	00014952	14	Y41	100	1.00	No	412	4447	0001	1	5					1	511	01/27/2008	69,660	69,660
110	Yes	00014961	14	Y41	100	1.00	No	412	4461	0001	1	5					1	511	01/27/2008	69,660	69,660
111	Yes	00014966	14	Y41	100	1.00	No	412	4481	0001	1	5					1	511	01/27/2008	69,660	69,660
112	Yes	00014973	14	Y41	100	1.00	No	412	4444	0001	1	5					1	511	01/27/2008	69,660	69,660
113	Yes	00014978	14	Y41	100	1.00	No	412	4461	0001	1	5					1	511	01/27/2008	69,660	69,660
114	Yes	00014996	14	Y41	100	1.00	No	412	4461	0001	1	5					1	511	01/27/2008	69,660	69,660
115	Yes	00015009	14	Y41	100	1.00	No	412	4461	0001	1	5					1	511	01/27/2008	69,660	69,660
116	Yes	00015013	14	Y41	100	1.00	No	412	4485	0001	1	5					1	511	01/27/2008	69,660	69,660
117	Yes	00015030	14	Y41	100	1.00	No	412	4444	0001	1	5					1	511	01/27/2008	60,372	60,372
118	Yes	00028467	14	C60	100	1.00	No	417	4670	0001	1	5					1	417	01/27/2008	47,650	41,297
119	Yes	00028272	14	C82	100	1.00	Yes	417	4670	0001	1	5					92	495	01/27/2008	87,001	75,401
120	Yes	00028479	14	D09	100	1.00	No	417	4600	0001	1	5					2	393	01/27/2008	43,480	37,883
121	Yes	00028491	14	D09	100	1.00	No	417	4670	0001	1	5					2	393	01/27/2008	43,480	37,883
122	Yes	00029397	14	D2E	100	1.00	No	417	4658	0001	1	5					2	399	01/27/2008	44,496	44,496
123	Yes	00028508	14	X09	100	1.00	No	417	4676	0001	1	5					2	413	01/27/2008	46,917	40,861
124	Yes	00023498	14	B1N	100	1.00	No	418	4181	0001	1	5					92	464	01/27/2008	76,141	65,989
125	Yes	00023524	14	E07	100	1.00	No	418	4181	0001	1	5					1	395	01/27/2008	43,796	37,957
126	Yes	00023525	14	E07	100	1.00	No	418	4181	0001	1	5					1	395	01/27/2008	43,796	37,957
127	Yes	00023527	14	E07	100	1.00	No	418	4181	0001	1	5					1	395	01/27/2008	43,796	37,957
128	Yes	00023529	14	E07	100	1.00	No	418	4181	0001	1	5					1	395	01/27/2008	43,796	37,957
129	Yes	00023530	14	E07	100	1.00	No	418	4181	0001	1	5					1	395	01/27/2008	43,796	37,957
130	Yes	00023531	14	E07	100	1.00	No	418	4181	0001	1	5					1	395	01/27/2008	43,796	37,957
131	Yes	00023534	14	E07	100	1.00	No	418	4181	0001	1	5					1	395	01/27/2008	43,796	37,957
132	Yes	00023536	14	E07	100	1.00	No	418	4181	0001	1	5					1	395	01/27/2008	43,796	37,957
133	Yes	00023537	14	E07	100	1.00	No	418	4181	0001	1	5					1	395	01/27/2008	43,796	37,957
134	Yes	00023538	14	E07	100	1.00	No	418	4181	0001	1	5					1	395	01/27/2008	43,796	37,957
135	Yes	00026683	14	W71	100	1.00	No	418	4182	0001	1	5					1	395	01/27/2008	43,796	37,957
136	Yes	00024661	14	Y3A	100	1.00	No	418	4181	0001	1	5					92	464	01/27/2008	76,141	65,989
137	Yes	00024662	14	Y3A	100	1.00	No	418	4181	0001	1	5					17	164	01/27/2008	56,690	49,131
138	Yes	00023566	14	Y3B	100	1.00	No	418	4181	0001	1	5					17	164	01/27/2008	56,690	49,131
139	Yes	00023567	14	Y3C	100	1.00	No	418	4181	0001	1	5					17	185	01/27/2008	61,733	53,502
140	Yes	00030037	14	Y3C	100	1.00	No	418	4181	0001	1	5					17	185	01/27/2008	61,733	53,502
141	Yes	00030038	14	Y3C	100	1.00	No	418	4181	0001	1	5					17	206	01/27/2008	67,303	58,329
142	Yes	00030039	14	Y3C	100	1.00	No	418	4181	0001	1	5					17	206	01/27/2008	67,303	58,329
143	Yes	00030040	14	Y3C	100	1.00	No	418	4181	0001	1	5					17	206	01/27/2008	67,303	58,329
144	Yes	00030041	14	Y3C	100	1.00	No	418	4181	0001	1	5					17	206	01/27/2008	67,303	58,329
145	Yes	00030042	14	Y3C	100	1.00	No	418	4181	0001	1	5					17	206	01/27/2008	67,303	58,329
Total	0.00					140.50														7,860,643	7,135,244

FY 2007-08 Budgeted Salary Savings

Budget Unit	Department	2007-08 Object One Net Budget (a)	2007-08 Budgeted Salary Savings (b)	2007-08 Object One Gross Budget (c)	2007-08 Budgeted Savings %	2007-08 Budgeted Vacant Positions (d)	2007-08 Vacant Savings %
101-105	Board of Supervisors	4,902,173	0	4,902,173	0.00%	0	0.00%
106	Clerk of the Board	2,930,320	75,313	3,005,633	2.51%	0	0.00%
107	County Executive	9,813,858	201,891	10,015,749	2.02%	994,301	9.93%
108	Countywide Modified Financial Policies	(25,035,381)	0	(25,035,381)	0.00%	0	0.00%
110	Comptroller-Treasurer	10,135,237	282,590	10,417,827	2.71%	417,118	4.00%
112	Tax Collector	5,600,248	131,093	5,731,341	2.29%	143,551	2.50%
114	Clerk-Recorder	7,470,841	0	7,470,841	0.00%	131,562	1.76%
115	Assessor	26,005,782	598,560	26,604,292	2.25%	1,141,424	4.29%
118	Procurement	3,566,855	43,346	3,610,001	1.20%	1,042,475	28.88%
120	County Counsel	20,332,244	281,516	20,613,760	1.37%	647,284	3.14%
130	Human Resources	10,597,223	171,322	10,768,545	1.59%	134,587	1.25%
132	Risk Management	1,453,589	40,856	1,494,445	2.73%	0	0.00%
140	Registrar of Voters	9,230,073	76,494	9,306,567	0.82%	0	0.00%
145	Information Services	4,654,368	124,601	4,778,969	2.61%	1,774,369	37.13%
148	Revenue	6,703,810	130,829	6,834,639	1.91%	342,604	5.01%
168	Office of Affordable Housing	424,316	0	424,316	0.00%	0	0.00%
190	Communications	13,461,470	192,916	13,654,386	1.41%	544,397	3.99%
202	District Attorney	74,301,253	1,055,600	75,356,853	1.40%	853,861	1.13%
203	Crime Laboratory	6,921,766	182,573	7,104,339	2.57%	234,700	3.30%
204	Public Defender	35,292,696	366,342	35,659,038	1.03%	64,600	0.18%
210	Office of Pretrial Services	4,877,577	71,105	4,948,682	1.44%	224,409	4.53%
230	Sheriff	105,787,286	898,224	106,685,510	0.84%	12,866,860	12.06%
235	Sheriff's D. O. C. Contract	100,749,948	2,034,162	102,784,110	1.96%	11,197,894	10.89%
240	Correction	30,961,266	667,367	31,628,633	2.11%	2,166,821	6.85%
246	Probation	91,696,237	2,022,364	93,718,601	2.16%	4,031,159	4.30%
260	Planning & Development	10,368,763	156,949	10,525,712	1.49%	0	0.00%
262	Agriculture & Environmental Management	5,502,038	105,882	5,607,920	1.89%	236,428	4.22%
263	Facilities	28,484,091	660,764	29,144,855	2.27%	801,813	2.73%
293	Medical Examiner-Coroner	2,688,245	42,222	2,730,467	1.55%	135,844	4.88%
410	Public Health	47,980,897	2,245,220	50,226,117	4.47%	1,851,413	3.69%
412	Mental Health	38,133,578	560,799	38,694,377	1.45%	5,807,420	15.01%
414	Children's Shelter & Custody Health	36,133,315	0	36,133,315	0.00%	1,177,360	3.26%
417	Alcohol & Drug Services	17,480,748	647,280	18,128,028	3.57%	431,784	2.38%
418	Community Outreach Services	10,701,873	562,432	11,264,305	4.99%	187,548	1.66%
501	Social Services Agency	256,644,251	6,927,241	263,571,492	2.63%	12,242,446	4.64%
509	Nutrition Services	823,499	0	823,499	0.00%	0	0.00%
GENERAL FUND TOTAL		\$1,016,776,304	\$21,558,053	\$1,038,334,357	2.08%	\$61,826,032	5.95%

Source: BRASS Reports
 (a) Recommended Budget.
 (b) Includes only the Salary Savings Allotment (5107000).
 (c) Calculated as Object One Net Budget + Budgeted Salary Savings.
 (d) Includes budgeted positions that were vacant as of May 3, 2007.

ANALYSIS OF FY 2007-08 GENERAL FUND SALARY SAVINGS

	Period 10 Projected FY 2006-07	500 Retirements FY 2007-08	1,000 Retirements FY 2007-08
<u>Analysis of FY 2006-07 Salary Savings:</u>			
FY 2006-07 General Fund Gross Object One(excl BU 200)	1,039,309,610		
FY 2006-07 May 8, 2006 vacant General Fund positions	784		
Average cost per position	106,918		
FY 2007-08 May 3, 2007 vacant General Fund positions	714		
Average cost per position	113,284		
Average vacancies in FY 2006-07	749		
Avg Cost per position	106,918		
Total Value of vacant positions	80,081,582		
Period 10 Projected FY 2006-07 Actual General Fund Salary Savings	45,685,514		
Percent of Gross Object One	4.40%		
Amount required for overtime, payoffs, extra help, etc	34,396,068		
<u>Analysis of FY 2007-08 Salary Savings:</u>			
FY 2007-08 General Fund Gross Object One(excl BU 200)	1,038,334,357		
Beginning vacancies		596	596
Projected Dec 17 Retirements	500		
Projected months of salary savings on 12/17 retirees	4		
Projected FTE equivalent of 12/17 retirees	167		
Projected FTE Dec 17 Retirements (1)		167	333
Less Positions filled with Bridge Funded Deletions (75% of 391)			
FTE Equivalent for 293 positions filled for 6 mo		-147	-147
Projected Net FY 2007-08 Vacant Positions		617	783
Total Value of vacant positions		69,839,586	88,682,491
Less Amount required for overtime, payoffs, extra help, etc. (2)		-35,771,911	-35,771,911
Projected FY 2007-08 Actual General Fund Salary Savings		34,067,675	52,910,581
Percent of Gross Object One		3.28%	5.10%

Notes: (1) In January 2007, the County's actuary projected 829 retirements in FY 2007-08.
 (2) Estimated overtime, payoffs and other object one costs inflated by 4.00% for FY 2007-08.

Analysis of BRASS Distribution of Salary Increases in the FY 2007-08 Budget

Bargaining Unit Number	Bargaining Unit	Contract Effective Date	BRASS Budget Date	Days Over Budgeted	Week Days Over Budgeted	Excess Salary Cost Per \$1 Million	Excess Fr Ben Cost Per \$1 Million	Total Excess Cost Per \$1 Million	FY 2007-08 Salary Budget			FY 2007-08 Excess Object One Budget				
									Gen Fund Salary Budget	VMC Salary Budget	Other Funds Salary Budget	Gen Fund Object 1 Budget	VMC Object 1 Budget	Other Funds Object 1 Budget	All Funds Object 1 Budget	
01.1	SEIU APT	12/17/07	12/01/07	16	10	1,533	436	1,968	102,099,841	91,319,154	19,593,628	212,012,623	200,950	179,731	36,595	417,276
01.2	SEIU APT:Phys Asst (\$46)	06/16/08	06/01/08	15	10	383	436	819	102,099,841	91,319,154	19,593,628	212,012,623	83,993	74,767	15,223	173,584
01.3	SEIU Safety-DOSA (178-9921)	11/05/07	11/01/07	4	2	613	436	1,049	1,944,356	1,944,356	0	3,927,612	156	2,039	0	2,195
01.4	SEIU Safety-Prob (X22-X55)	10/08/07	09/01/07	9	5	1,149	436	1,585	3,927,612	3,927,612	0	7,855,224	6,875	0	0	6,875
02	SEIU 715 Central	12/17/07	12/01/07	16	10	1,533	594	2,127	5,160,148	5,160,148	0	10,320,296	8,008	0	0	8,008
03	SEIU 715 Blue Collar	06/16/08	06/01/08	15	10	383	436	819	67,173,485	42,635,112	7,504,324	117,312,921	132,200	83,913	14,770	290,891
04	SEIU 715 Blue Collar	12/17/07	12/01/07	16	10	1,533	436	1,968	42,544,284	42,544,284	0	85,088,568	54,998	34,833	6,144	95,975
05	Registered Nurse Prof Assn	06/16/08	06/01/08	15	10	383	436	819	17,489,645	17,489,645	0	34,979,290	20,773	22,286	34,423	87,479
06	SEIU 715 Pub Hlth Nurs	12/17/07	11/01/07	4	2	613	315	928	12,852,271	11,323,434	17,489,645	44,447,027	12,800	9,271	14,520	36,391
07	SEIU 715 Pub Hlth Nurs	12/17/07	12/01/07	16	10	1,533	433	1,966	3,610,384	3,610,384	0	7,220,768	11,030	0	0	11,030
08	SCC Govt Attorneys	01/28/08	06/01/08	14	4	813	389	1,202	5,610,384	5,610,384	0	11,220,768	4,581	0	0	4,581
09	Bldg/Const Trade Council	12/17/07	12/01/07	16	10	1,533	488	2,021	46,200,962	7,020,468	2,273,773	53,495,193	10,356	3,356	-510	10,865
10.1	Dep. St. Assn Subrg	09/10/07	09/01/07	9	5	1,149	601	1,750	7,020,468	1,515,508	0	14,041,444	14,175	0	0	14,175
10.2	DSA Cadets	09/10/07	09/01/07	9	5	1,149	430	1,580	36,541,711	36,541,711	0	73,083,422	67,461	0	0	67,461
11	SC Valley House Staff Assn	07/01/07	07/01/07	0	0	0	0	0	7,232,724	7,232,724	0	14,465,448	0	0	0	0
12	Engineers-Scientists of CA	09/24/07	10/01/07	-7	-5	-766	405	-361	475,947	10,732,863	0	21,465,714	-172	-3,897	0	-4,069
13	Engineers-Scientists Assn	03/25/08	04/01/08	-7	-5	-958	418	-540	2,650,594	855,999	3,938,579	7,435,172	-3,344	-434	0	-3,778
14	SEIU 715 SCEHA	12/17/07	12/01/07	16	10	1,533	418	1,951	0	0	4,739,922	9,479,844	0	0	0	9,479
15	SEIU 715 SCEHA	06/16/08	06/01/08	15	7	958	365	1,323	0	0	7,232,724	14,465,448	0	0	0	14,465
16	Probation Officers 1587	12/17/07	10/01/07	7	5	1,149	559	1,708	35,140,903	1,833,228	65,162	72,039,293	46,523	4,035	146	46,523
17	DA Investigators	09/10/07	09/01/07	9	5	1,149	359	1,508	7,088,623	8,592,284	0	15,680,907	156,480	0	0	156,480
18	County Counsel Attorneys	12/17/07	12/01/07	16	10	1,533	552	2,085	8,592,284	8,592,284	0	17,184,568	20,273	0	0	20,273
19	Union American Physicians	01/14/08	01/01/08	13	9	1,224	430	1,654	5,281,253	5,281,253	0	10,562,506	20,273	0	0	20,273
20	Soc Workers 335 Subrg	12/17/07	12/01/07	16	10	1,533	441	1,974	7,232,724	7,232,724	0	14,465,448	11,377	4,761	0	16,138
21	Cor Peace Off Assn	10/10/07	10/01/07	9	5	1,149	629	1,778	16,489,566	16,489,566	0	32,979,132	32,536	0	0	32,536
30	Cor Peace Off Assn-Ly/Sgt	09/10/07	09/01/07	9	5	1,149	640	1,789	49,650,166	49,650,166	0	99,300,332	88,290	0	0	88,290
31	Park Rangers	10/10/07	10/01/07	9	5	1,149	503	1,652	4,457,328	4,457,328	0	8,914,656	7,976	0	0	7,976
45	ACE-Adm Conf Clerks	12/17/07	12/01/07	-6	-4	-613	354	-259	0	0	3,146,700	0	0	0	0	0
50	ACE-Adm Conf Clerks	06/16/08	06/01/08	15	10	1,533	436	1,968	6,589,189	1,328,652	670,908	8,688,749	12,165	2,615	-814	-814
91	No Rep Exec Mgmt Safety	01/01/08	01/01/08	0	0	0	436	819	6,689,189	3,259,068	1,487,634	8,592,284	3,477	1,088	1,320	17,101
92.1	CEMA-Nurses	12/17/07	12/01/07	16	10	1,533	436	1,968	19,988,117	3,259,068	1,487,634	24,734,874	8,707	1,820	648	10,775
92.2	CEMA-Nurses	11/05/07	11/01/07	4	2	613	430	1,043	7,124,857	18,231,347	18,231,347	36,462,694	151,893	51,625	36,972	239,598
93	No Rep Adm Cont Adm	12/17/07	12/01/07	16	10	1,533	436	1,968	4,384,002	10,355,672	646,442	15,385,116	4,574	10,804	674	16,052
94	Physicians & Surgeons	12/17/07	12/01/07	16	10	1,533	430	1,963	7,206,350	977,548	1,772,390	9,956,278	14,184	3,488	0	19,596
96	VHC Per Diem	12/17/07	12/01/07	16	10	1,533	436	1,968	62,508,136	62,508,136	204,390	127,022,662	1,399	122,650	401	124,450
NA	Total								625,574,499	422,210,326	80,855,894	1,128,640,719	1,206,972	744,930	174,511	2,126,413

Notes: (1) Totals exclude duplicated bargaining units due to two scheduled increase inflation adjust %
 (2) BU 200 attorney salaries of \$2,273,773 moved from General Fund to other funds.

Revised est based on May 21 report

1,278,157	788,865	184,804	2,251,826
-----------	---------	---------	-----------

