



Closing San José's \$137 Million Deficit Requires Fiscal Responsibility

This is the 6th year in a row that the City Council has had to close a multi-million dollar operating budget deficit. This year's shortfall is estimated to be \$29.6 Million. This problem has persisted due to a structural deficit in the City's General Fund that is projected to total \$75 Million in the next 4 years. In addition, the City has \$40.4 Million in unmet/deferred maintenance needs and \$21.6 Million in unfunded General Fund retirement benefits. This \$137 Million budget deficit must be dealt with soon or there will be serious consequences (this will still leave a half a Billion dollars in unfunded maintenance). The City has already waited too long to address critical maintenance needs. The cost to taxpayers is growing exponentially with every year it is ignored.

In response to this crisis, the Mayor and City Council appointed Councilmember Pete Constant Chair of a twenty-two person *3-Year General Fund Structural Deficit Elimination Plan Stakeholder Group*. Councilmember Constant wasted no time in getting started and even scheduled meetings during July, the City's legislative break, when most Councilmembers will be on vacation. He is committed to leaving no stone unturned and pushed the diverse stakeholder group to consider even unpopular options for closing the deficit.

"The strategies of the past have gotten us in the hole we are in now, it is time for new strategies and a commitment to doing what it takes to protect core city services," explained Constant.

Councilmember Constant has personal experience with one of those strategies. The Stakeholder's Group will look at reinstating the employee suggestion program where employees are encouraged to suggest operating efficiencies. While working as a San José Police Officer, Councilmember Constant made a recommendation through the program that saved the department approximately \$65,000 per year. The City Manager's office has projected this type of program could potentially save the city up to \$1 million dollars annually.

The members of the Stakeholder's Group represent a wide range of interests, including representatives from neighborhoods, taxpayers, non-profit organizations, the business community, City labor unions, and city employees. Meetings are open to the public. Your participation is encouraged and similar to City Council meetings, anyone wishing to speak to the group will be given 2 minutes to express ideas during a public comment period. You may also email ideas to Councilmember Constant at pete.constant@sanjoseca.gov. To view the Stakeholder's calendar of meetings along with agenda items and synopsis of past meetings go to <http://www.sjdistrict1.com/deficit/index.html>.