



NEWS

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For Immediate Release

Rough Waters Ahead: County of San Mateo Releases 2020-21 Recommended Budget

REDWOOD CITY, Calif. – County Manager Mike Callagy expects the [Fiscal Year 2020-21 Recommended Budget](#) released today, Friday, May 29, 2020, will undergo substantial changes once the full health and economic impacts of the response to the coronavirus pandemic are known.

The initial budget deficit projection due to this is approximately \$65 million to \$100 million in lost taxes and [realignment](#) revenues.

Departments most impacted by these losses include those that provide direct safety-net services that we chiefly need during this COVID crisis: The Department of Housing, Human Services Agency and County Health and Public Safety, among others. At the same time, demand for County health services, individual and family assistance programs and other safety-net aid is expected to increase costs.

“While this crisis will necessitate significant budget changes as the impacts become clearer, the County of San Mateo’s commitment to our essential priorities – public health, public safety and safety net services – will remain,” Callagy said. State law requires each county to submit a budget by July 1 to authorize spending and the functioning of county government.

“The budget before you is based on revenue and spending assumptions and decisions made prior to the COVID-19 emergency, and therefore is not reflective of the significant budget changes you will receive in September,” Callagy said in his budget transmittal letter to the Board of Supervisors. “We will spend the next three months adjusting this preliminary budget based on new information about our losses and our anticipated funding.”

Callagy is scheduled to present the \$3.2 billion Recommended Budget (all funds) to the Board of Supervisors at a June 23 public hearing. The hearing will be held online as the Board Chambers is closed due to applicable health orders. Further information will be available at <https://sanmateocounty.legistar.com/>.

Prior to the pandemic, County Health projected a budget gap of \$57 million. The department's budget outlook, which has worsened due to the COVID crisis, will be balanced with a combination of revenue solutions, expense reductions, reserves and one-time stop-gap funding. These steps will take place while County Health continues to work to stabilize its budget.

To lessen the overall anticipated financial impact to the County budget outlook, Callagy in early April authorized an immediate hiring freeze. "The good news," as Callagy put it, is that the County under the Board's leadership has built up a reserve rainy-day fund well above 10 percent of expenses, has paid down pension liabilities and maintains an excellent (Aaa per Moody's) bond rating.

In his message, Callagy concludes with optimism: "Alone we can't solve all the problems associated with a worldwide pandemic, yet we can set the example on how to respond — everyone working together — to save lives and restore financial sustainability to the County.

"The world around us has changed quickly in San Mateo County, yet our focus remains the same ... It is the resiliency of the County of San Mateo and all of our partners, residents, businesses and employees that will stand tall in the face of this crisis and lead the way to a better future," Callagy said.

The Recommended Budget is available at this link:

<https://cmo.smcgov.org/sites/cmo.smcgov.org/files/documents/files/FY%202020-21%20Recommended%20Budget.pdf>

Note: the County of San Mateo is seeking financial reimbursement for costs associated with responding to the COVID-19 pandemic from the Federal Emergency Management Agency as well as additional agencies and sources.

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