

Fiscal Responsibility

I will prudently manage the county's \$1.8 billion budget to efficiently provide vital county services such as law enforcement, fire protection, and public health. As an elected school board member for over seven years, I have a proven track record of insisting on financial accountability and making tough budget decisions. I will draw from my unique experience as a former senior executive at three high tech companies and as an local elected official to ensure that the decisions the county makes are both fiscally responsible and also compassionate to the residents who depend on our county for basic services.

As a current San Mateo Union High School District (SMUHSD) school board member and prior board president, I oversee a \$100 million operating budget and a \$300 million capital budget. I do not take this responsibility lightly. During my tenure on SMUHSD's board, the district's financial position has significantly improved. The district's bond rating has been upgraded twice and reserves have increased from 3% to over 10%. As a SMUHSD school board member, I helped implement the district's three megawatt solar project that will save the district almost \$1 million annually in electricity costs.

Declining tax revenues, state budget reductions, investment losses, increasing costs, and greater demand for services has created a significant structural deficit for the county which if not addressed will result in severe reductions to the critical services provided by the county. Over the last three years, the county has spent more than \$248 million from its reserve funds to balance the budget. This approach is not sustainable. If we continue to rely on reserves, we will jeopardize the county's strong credit rating and leave the county without options to respond to unforeseen fiscal emergencies.

We can close the county's budget deficit by (1) finding ways to operate more efficiently, and (2) cutting some services after first establishing our priorities.

Government Efficiency

In this economic climate, it cannot be business as usual for any level of government. Most large organizations can find ways to reduce their budgets significantly with discipline, creativity and belt tightening. I believe the county could achieve significant savings by taking some combination of the following actions:

- **Reducing the ratio of managers to employees.**
The county currently has a higher ratio of managers to employees than other counties of similar size.
- **Limiting contracts with consultants and outside vendors.**

At the end of the fiscal year June 30, 2010 the county spent \$165 million on hiring consultants and outside vendors. We need to make reductions here.

- **Negotiating salaries and health and pension benefits.**
We need to work collaboratively with the county's employee unions to establish salaries and health and pension benefits that reflect the new reality of limited tax dollars. We should also negotiate early retirement incentive packages in order to reduce employee costs in future years. We also need to set a cap on maximum pension payments, eliminate double dipping, stop pension holidays, and end pension spiking.
- **Aggressively implementing the National Health Care Reform Legislation.**
Under the recently passed health care reform legislation, approximately 65,000 currently uninsured county residents will have access to health insurance in 2014. In addition, the new legislation provides a number of financial incentives for implementing more efficient healthcare practices. Our county needs to maximize the opportunities presented by this legislation as it should significantly reduce the county's cost of providing healthcare services.
- **Having county managers and elected officials lead by example.**
We cannot expect the county's employees to agree to changes in their salaries and benefits unless the county's elected officials and top managements lead by example and accept compensation reductions.
- **Collaborating with cities, school districts, and special districts to share services.**
I will work to consolidate services across the county's 20 cities, 23 school districts and dozens of special districts and eliminate unnecessary overhead.
- **Cutting overtime and establishing relief staffing units.**
- **Improving debt collection.**
A debt amnesty program in Iowa generated substantial new revenue when debtors were offered the opportunity to pay 50 percent of their overdue fines and fees in one lump sum in return for having their remaining debt forgiven.
- **Reducing the county vehicle fleet and vehicle reimbursement program.**
Today the county has 741 vehicles for approximately 5,300 employees.

Setting Priorities Then Making Cuts

We must prioritize the services that are most critical to our residents, keeping in mind that in this fiscal environment, every service cannot be continued forever. Currently the county is looking at budget proposals that would cut \$50 million in programs and services across all departments. These cuts will be painful. To decide where to cut, the county should adopt a "budgeting for outcomes model." Under this approach, instead of using the existing incremental budget process that funds individual departments starting with the current year's budget, the

county would use a priority based process that allocates funding based on available resources, agreed on goals, and demonstrated results.