

February 27, 2026

Krista De La Torre
2302 Zanker Road
San Jose, CA 95131

RE: Request for Information – Department Hiring Freeze, Anticipated Budget Reductions, and Potential Layoffs

Dear Ms. De La Torre:

We are in receipt of your information request, dated January 22, 2026, in which you request various information regarding your concerns with the City's hiring freeze. In addition to responding to your specific questions, we are also including some additional information to clarify some of the initial points made at the beginning of your letter.

Additional Information and Clarification of Introductory Bullets

- **The General Fund has ended each year with an average surplus of \$32.2 million, driven by recurring expenditure savings that have averaged \$149 million per year, even in years when the Five-Year Forecast projected deficits in Year 1 or Year 2.**

When citing the amount of additional available ending fund balance in excess of the amount assumed in the Adopted Budget, the correct figure to cite is the fund balance amount after accounting for funds that need to be carried over ("rebudgeted") and clean-up actions. It's important to note that the majority of year-end fund balance consists of funds that need to be carried over into the following fiscal year to continue earmarked reserves and various City-Wide and Capital Project allocations that are expended over a multi-year period.

For example, as described in the transmittal memorandum in the 2024-2025 Annual Report, on page 3, the additional fund balance available after clean-up and rebudget actions totaled \$1.2 million for 2024-2025. The \$1.2 million in available fund balance is 0.03% of the 2024-2025 Modified Budget.

The table below provides the 10-year history of the available fund balance, averaging \$19.8 million. Excluding the volatility and uncertainty of the COVID-19 pandemic from 2019-2020 through 2021-2022, the average drops to \$10.6 million or 0.29% of the total budgeted sources and uses which is a very close variance margin.

Fiscal Year	Fund Balance Available After Clean- Up/Rebudget Actions [A]	Source Modified Budget [B]	Use Modified Budget [C]	Fund Balance as % of Total Source and Total Use [A]/([B]+[C])*100
2024-2025	1,191,757	2,191,271,588	2,191,271,588	0.03%
2023-2024	2,390,570	2,204,665,826	2,204,665,826	0.05%
2022-2023	18,589,920	2,321,636,352	2,321,636,352	0.40%
2021-2022	33,741,416	2,160,831,006	2,160,831,006	0.78%
2020-2021	61,613,389	1,789,587,926	1,789,587,926	1.72%
2019-2020	28,390,433	1,610,970,366	1,610,970,366	0.88%
2018-2019	27,392,653	1,670,692,892	1,670,692,892	0.82%
2017-2018	11,015,047	1,583,017,252	1,583,017,252	0.35%
2016-2017	7,101,979	1,402,384,778	1,402,384,778	0.25%
2015-2016	6,825,000	1,324,959,322	1,324,959,322	0.26%
Average	19,825,216	1,826,001,731	1,826,001,731	0.54%

- **The City regularly maintains substantial balances in multiple reserves and has historically over-estimated expenses, resulting in year-end savings and increases to fund balances.**

As noted above, a majority of the earmarked reserves are rebudgeted to the following fiscal year and are not included as available ending fund balance. Please also refer to the table above (under column A) for the year-end savings or available fund balance.

Response to Information Request

Budget, Staffing, and Hiring Freeze Information

1. **A list of all budgeted positions by department and classification, including:**
 - a. **number filled**
 - b. **number vacant**
 - c. **budgeted salary/benefit cost**
 - d. **funding source (General Fund vs. Non-General Fund, please specify the fund if Non-General Fund)**
 - e. **indication of which classifications/positions have been frozen pursuant to the most recent directive.**

Please see Attachment 1 which provides the following information:

- The first tab lists the permanent and limit-dated positions included in the 2025-2026 Adopted Operating Budget, their total budgeted cost, and if they are budgeted within the General Fund, Special Funds, or Capital Funds;
- The second tab lists all vacant budgeted positions as of February 5, 2026; and
- The third tab lists all authorized limit-dated and overstrength positions, including their expiration date, as of February 5, 2026.

In accordance with the 2025-2026 Budget Reductions and Cost Control Measures memorandum that was released by the City Manager on December 19, 2025, the following classifications are exempted from the hiring freeze:

- Police Department and Fire Department sworn and communications positions;
- Positions directly supporting Animal Care and Services operations; and
- Positions directly supporting a very limited set of services within City Council Focus Areas and Administration priorities.

Other exceptions to the hiring freeze, in addition to those listed above, are granted on a case-by-case basis that demonstrates a position's direct and immediate impact on critical service delivery or would otherwise result in significant organizational risk, including certain enterprise, utility, and development-fee funded positions required to maintain rate-payer services.

To date, many exemption requests have been approved, activating recruitments to fill the underlying vacancies.

2. A list of proposed or approved departmental General Fund expense reductions and any corresponding memos, reports, or analyses submitted to the City Manager or Budget Office.

To the extent that the request seeks draft reports, the City is unable to provide these draft reports, as such reports show the City's deliberative process as it worked toward developing final overall adjustments to the 2022-2026 Mid-Year Budget Review, that was then considered, debated, and modified in open session during the City Council's formal approval process. To the extent that there is a belief that the City is required to produce such reports, please provide any legal authority to support such belief for our review.

Approved reductions as a result of the 2025-2026 Budget Reductions and Cost Control Measures memorandum that was released by the City Manager on December 19, 2025 were included as part of the [2025-2026 Mid-Year Budget Review](#). Each item that was part of that strategy has "2025-2026 Cost Reductions" in the title of the action. The reductions were categorized as follows:

- Salaries and Benefits Reserve (\$5.67M);
- Suspension of New Services Not Yet Started (\$4.91M);
- Project/Program Savings (\$2.37M);
- Non-Personal/Equipment Cost Reductions (\$2.24M); and
- Personal Services Cost Reductions (\$1.42M).

3. The analysis and data used to develop the City's sales tax revenue forecast, including any models assessing potential revenue impacts associated with the 2026 FIFA World Cup scheduled to arrive in San Jose near the end of FY 2025-2026.

The revenue estimate for the City's Transient Occupancy Tax currently assumes an additional \$1 million in Fiscal Year 2025-2026 resulting from the 2026 sporting events. While additional economic activity will occur across San José in 2026, the Administration does not have a specific estimate of the revenue impact to other General Fund revenue categories. All General Fund revenue categories are currently under review to determine revised estimates for Fiscal Year 2025-2026 and forecasted amounts for Fiscal Year 2026-2027 and beyond. Discussion of these estimates, including sales tax, will be included in the Fiscal Year 2026-2027 City Manager's Budget Request and 2027-2031 Five-Year Forecast and Revenue Projections document scheduled for release on March 2, 2026.

Revenue, Tax Programs, and Incentives

4. Total amount paid to eBay Inc. under the revenue-capture agreement since 2019.

A total of \$46.1 million has been paid to eBay Inc, which represents Sales Tax revenue from the 2nd Quarter of Fiscal Year 2019-2020 through the 4th Quarter of Fiscal Year 2023-2024.

Information Related to Layoff Planning, Bumping, Redeployment, and Employee Protections

- 5. Given the City’s stated need to identify reductions and the potential for workforce impacts, please also provide:**
- a. The most current citywide seniority list for all IFPTE Local 21-represented classifications (departmental and citywide), used for layoff and bumping determinations.**
 - b. All draft, proposed, or final lists of classifications or positions under consideration for elimination, reduction, consolidation, reorganization, or defunding.**
 - c. All departmental reduction proposals submitted to the City Manager, including drafts, attachments, spreadsheets, impact statements, and supporting documents.**
 - d. Any criteria, scoring tools, ranking models, or decision frameworks used by departments to identify positions or classifications for potential reduction**
 - e. A list of “held vacant” positions, including those intentionally kept vacant for budgetary savings, by department and classification.**
 - f. Any analysis conducted by departments or the Budget Office regarding redeployment, reassignment, or alternative placement options to avoid layoffs.**
 - g. All projections of attrition, retirements, vacancy savings, or turnover assumptions used to inform FY 2026-2027 shortfall estimates or reduction strategies.**
 - h. Any communications, guidance, or instructions issued by HR or the City Manager’s Budget Office to departments regarding:**
 - i. layoff procedures**
 - ii. sequencing**
 - iii. displacement (bumping) rights**
 - iv. treatment of Limit-Date, Temporary, Overstrength, or grant-funded positions**
 - v. impacts to employees in reclassified or alternate job series**

The City’s Human Resources Department generates seniority lists when necessitated by layoff or bumping determinations. Because the Administration has not made recommendations to the Mayor and City Council regarding position cuts and/or redeployment of staff, there is no information responsive to (a) or (h).

Regarding items (b), (c), (d), and (f), please be advised that your request seeks draft reports from City Departments. The City is unable to provide these draft reports, as such reports show the City’s deliberative process as it works toward developing a final overall budget proposal recommendation to the Mayor and City Council that would then be considered, debated, and potentially modified in open session during the City Council’s formal approval process for the City’s budget. To the extent that there is a belief that the City is required to produce such reports, please provide any legal authority to support such belief for our review.

Regarding (e), please see the City’s response to the “Budget, Staffing, and Hiring Freeze Information” section, above. Regarding (g), assumed vacancy savings are reflected in the figures contained in Attachment 1.

6. Identification of all Limited-Date, Temporary, Overstrength, and grant-funded positions that may be impacted before permanent positions under established layoff sequences.

A list of all limit-dated and overstrength positions, including their respective expiration dates, as of February 5, 2026, can be found in Attachment 1.

We note that the order of layoff and/or bumping listed in this question does not reflect the order of layoff and/or bumping in the Memoranda of Agreement between the City and the Association of Engineers and Architects (Units 41/42), Association of Engineers and Architects (Unit 43), Association of Maintenance Supervisory Personnel, or the City Association of Management Personnel.

7. Any departmental assessments of workload impacts, duty changes, safety implications, and service level reductions associated with proposed staffing cuts, consolidations, or realignments.

Because the Administration has not made recommendations to the Mayor and City Council regarding position cuts and/or redeployment of staff, there is no information responsive to this request.

8. Any analysis comparing consultant or contractor-performed work to work performed by Local 21-represented classifications in areas targeted for reductions.

Because the Administration has not made recommendations to the Mayor and City Council regarding position cuts and/or redeployment of staff, there is no information responsive to this request.

In addition to the foregoing responses to IFPTE’s formal requests for information, below are responses to questions – along the same topics – that the Union raised at the IFPTE Citywide Labor-Management Committee meeting on January 14, 2026

9. Is there a trigger or mechanism that determines when the hiring freeze would end, and if so, what is it?

While no criteria for rescinding the hiring freeze is contained in the 2025-2026 Budget Reductions and Cost Control Measures memorandum, this determination will be made based on available budgetary information. As noted above, the 2025-2026 Budget Reductions and Cost Control Measures memorandum establishes a process by which departments can request exemptions to the hiring freeze. Such requests are evaluated on a case-by-case basis.

10. Provide a Citywide list of vacant positions that were frozen as a result of the hiring freeze.

Please refer to the City’s response to Item #1, above.

11. What is the process for requesting an exemption for a position subject to the hiring freeze?

Please refer to the 2025-2026 Budget Reductions and Cost Control Measures memorandum, which can be found at the following location:

- <https://www.sanjoseca.gov/home/showpublisheddocument/127395>

12. In the past 3 years, during periods of a hiring freeze, has the City ever elected to contract out a position instead of filling it, and if so, would the position later be reopened and filled by the department?

The City is not aware of any such instances. To the extent that IFPTE believes this has occurred, please provide us with additional information that would allow the City to review such a belief.

With best regards,



Aram Kouyoumdjian
Director of the City Manager's Office of Employee Relations
Director of Human Resources

Attachment