



# CITY OF TOPEKA

Budget Office

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## \*Changes to the Budget\*

- \$250,000 added to Fire callback-pay. Callback pay is used when staffing levels are low and employees are asked to report back to work at a rate of 1.5x their salary. Due to vacancies in the Fire Department, callback-pay has been more than what has been budgeted over the last few years. This additional \$250,000, for a total of \$750,000, is in line with the actuals in 2021 and the projected actuals for 2022.
- \$141,080 added to Community Engagement's budget for the two blight crew FTEs. Originally, a majority of the salary for these two positions was going to be paid with CDBG funds. The entire amount will need to be paid with non-CDBG funds. The \$141,080 would put the City over the allowable amount of CDBG money that can be used for employee positions.
- Duplicate position in City Manager's office removed. Decrease of \$134,000.
- \$105,927 increase in Health Care costs for the General Fund. Initial budget projections had a 7% increase to Health Insurance. This adjustment is to align the budget with the newly approved health insurance contract.
- These changes are covered by increasing the Vacancy Credit from \$1.2 million to \$1.53 million.
  - Personnel Historical Savings:
    - 2020 – \$4,674,069 (Plus \$1,500,000 Vacancy Credit)\*
    - 2021 – \$3,326,030 (Plus \$800,000 Vacancy Credit)
    - 2022 Projected – \$2,964,600 (Plus \$817,071 Vacancy Credit)

## Vacancy Credit Explanation and Example

Vacancy Credits are used during the budget process to lower the overall expense of the budget due to anticipated vacant positions. It is not a pot of money, and the credits do not go to any one department's budget. Example –

- Expense Budget \$101m
  - Personnel makes up \$75m of the \$101m
- Revenue Budget \$100m
- Expense - Revenue = \$101 – 100 = \$1m budget gap
  - Implement Vacancy Credit for \$1m
    - New Expense – \$100m (-1)
    - New Personnel – \$74m (-1)
  - In this case rather than increasing revenue by \$1m (through an increase in the mill levy or additional user fees) the City is able to recognize \$1m of vacancy credits. Again, this money is not put in a pot and is not able to be used for other items, it lowers the overall expense, allowing the budget to be balanced without having to increase revenue.



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- \*Any savings that the City experiences in Personnel is recognized using the reduced Personnel budget that includes the Vacancy Credit expense decrease.
  - In the above example the new personnel number is \$74m (Original \$75m - \$1m Vacancy Credit)
  - If actuals come in at \$72m then the City will have a Personnel Expense savings of \$2m. (\$74m budget - \$72m actuals = \$2m Personnel savings)
    - \*\*Savings are for the fund as a whole, not individual departments.