*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.
• *Any savings that the City experiences in Personnel is recognized using the reduced Personnel budget that includes the Vacancy Credit expense decrease.
  o In the above example the new personnel number is $74m (Original $75m - $1m Vacancy Credit)
  o 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."