



Bexar County Public Information Office

San Antonio, Texas 78205-3036

210.335.2555

210.335.2926/fax

FOR IMMEDIATE RELEASE:

April 7, 2020

Contact: Monica Ramos

210.335.2742/o

210.289.5751/m

Bexar County Prepares for Upcoming Recession for the FY 2020-21 Budget

On Tuesday, April 7, Bexar County Manager David Smith implemented several cost-saving measures throughout County Offices and Departments, in anticipation of the loss of revenue for the FY 2020-21 budget. Early estimates indicate the potential impact to the County's General Fund next budget could be a loss of \$70 to 100 million, which would represent a revenue loss of 14 to 20 percent.

"The situation we currently face is not unlike the Great Recession of 2008, but the impact has been more rapid and it is expected to be far worse," stated Bexar County Manager David Smith. "Therefore I am directing that similar actions that were taken during the 2008 recession be taken now to mitigate COVID-19's impact on the County's finances and secure our financial stability."

"Last year's budget cycle preparation indicated we could face a recession and thanks to conservative budget planning, Bexar County is positioned to act accordingly in response to this new threat."

The following measures are effective immediately:

1. **Hiring Freeze** – effective immediately, all vacant positions will be frozen. The Budget and Finance team will be contacting offices and departments to discuss exceptions for Public Health and Safety on a case-by-case basis. All current programs allowing hiring above entry level are accordingly also suspended.
2. **Discretionary Spending** – discretionary spending should cease immediately. The County Manager has requested that the Purchasing Department and the Auditor's Office assist in the monitoring of expenditures to help defer any non-essential purchases at this time.
3. **Capital Projects** – fully funded capital projects that are currently in construction will continue. However, no projects that are not currently fully funded will be initiated. Until there is better insight into COVID-19's impact to the County's financial situation, the ability to secure financing in the bond markets will be greatly constrained. No projects currently in the design or engineering phase will move to construction at this time, but these projects will be permitted to complete design that is already underway; this will develop a group of capital projects that are "shovel ready" should the Federal Government approve Recovery funds for infrastructure projects.

4. The County's Economic Development team has been directed to suspend offering economic development incentives at this time. This follows a similar suspension enacted by the City of San Antonio.
5. The Budget and Finance Department has been instructed to work with all offices and departments to identify funds that can be utilized to help build a reserve against the projected revenue losses in the upcoming budget.
6. The Budget and Finance Department has also been instructed to suspend the County's normal budget process for FY 2020-21.

Further details about budgeting for next year will be coming in the next few weeks as the Budget and Finance Department gains clarity into the financial impact this crisis will have on the County. Please note, at this time, there is no plan to recommend an implementation of a reduction in force program or any across the board pay cuts.

The goal of the measures listed above is to protect and secure our most valuable resource, our County workforce, and to ensure the continuity of world-class service to the people of Bexar County.

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