

County Executive
David Villanueva



County of Sacramento

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May 24, 2024

Members, Board of Supervisors
County of Sacramento
700 H Street, Suite 2450
Sacramento, CA 95814

RE: Fiscal Year 2024-25 Recommended Budget

Honorable Members of the Board:

I am pleased to submit the County of Sacramento (County) Recommended Budget for Fiscal Year (FY) 2024-25 for your consideration and approval.

In **developing the recommendations presented in this year's budget**, we have remained focused on achieving the following important objectives:

- Alignment with community needs as identified through the Community Engagement Plan approved by the Board of Supervisors (Board).
- **Addressing the County's obligations and meeting the most critical needs** by balancing funding for new and enhanced programs with that for existing programs and services, **consistent with the Board's** budget priorities.
- Supporting sustainability of budgeted service levels by reducing the extent to which ongoing expenditures are funded with one-time resources.

With this year's budget, the County must begin addressing a longstanding structural imbalance in our budget, which has relied on one-time resources, including fund balance, to fund ongoing expenditures. While a significant reduction in the estimated General Fund beginning balance has required adjustments in the coming budget year, the process of bringing the budget into structural balance will be a multi-year effort to put the County on a path toward fiscal sustainability into the future.

The use of discretionary resources, or Net County Cost, in the Recommended Budget reflects a combination of (1) increased funding for new or enhanced programs (growth) to address the highest priority needs and (2) reduced funding for base programs (reductions) recommended to balance the budget. These recommendations are summarized in the table below and more fully described in the General Fund section of this letter.

Discretionary Resources	
Beginning Available Balance	\$ 76,000,000
Reserve Release	9,768,489
Discretionary Revenue	904,113,918
Total Discretionary Resources	\$ 989,882,407
Net County Cost	
Base budget	\$ 996,320,325
Dedicated funding reductions	(9,961,430)
Other recommended reductions	(5,123,867)
Recommended growth	8,647,379
Recommended Net County Cost	\$ 989,882,407

While the General Fund budget is balanced as required by State law, it remains out of structural balance, with nearly all of the \$76 million fund balance recommended to fund ongoing expenditures. This means that the steps taken to reduce the structural imbalance in the budget this year will likely also be necessary in future budgets.

BOARD BUDGET PRIORITIES AND POLICIES

Under the framework of the Community Engagement Plan approved by the Board in 2021, subsequent budget processes have included extensive public outreach and engagement resulting in the development of Board budget priorities. Elements of this plan include public budget workshops, enhanced **budget information available on the County's website, and professional public opinion surveys and focus groups of County residents.**

In December 2023, the Board adopted the following budget priorities for the use of discretionary resources in the FY 2024-25 budget:

1. **Complying with the County’s legal, financial, regulatory and policy obligations**, including providing mandated services, ensuring collection of revenues, and complying with the General Fund Reserve policy.
2. Optimizing the use of County resources, with budgeted service levels for County programs informed by community priorities, improving effectiveness and efficiency where possible, and limiting the extent to which reductions in dedicated revenue are backfilled with discretionary resources.
3. Funding new or enhanced programs that focus on the most critical and urgent needs, with the following priority focus areas identified in a survey of County residents:
 - A Countywide focus area of addressing homelessness, its impacts, and contributing factors, including the cost and availability of housing, mental health services and substance use treatment, and
 - An unincorporated focus area of improving the condition of roads.

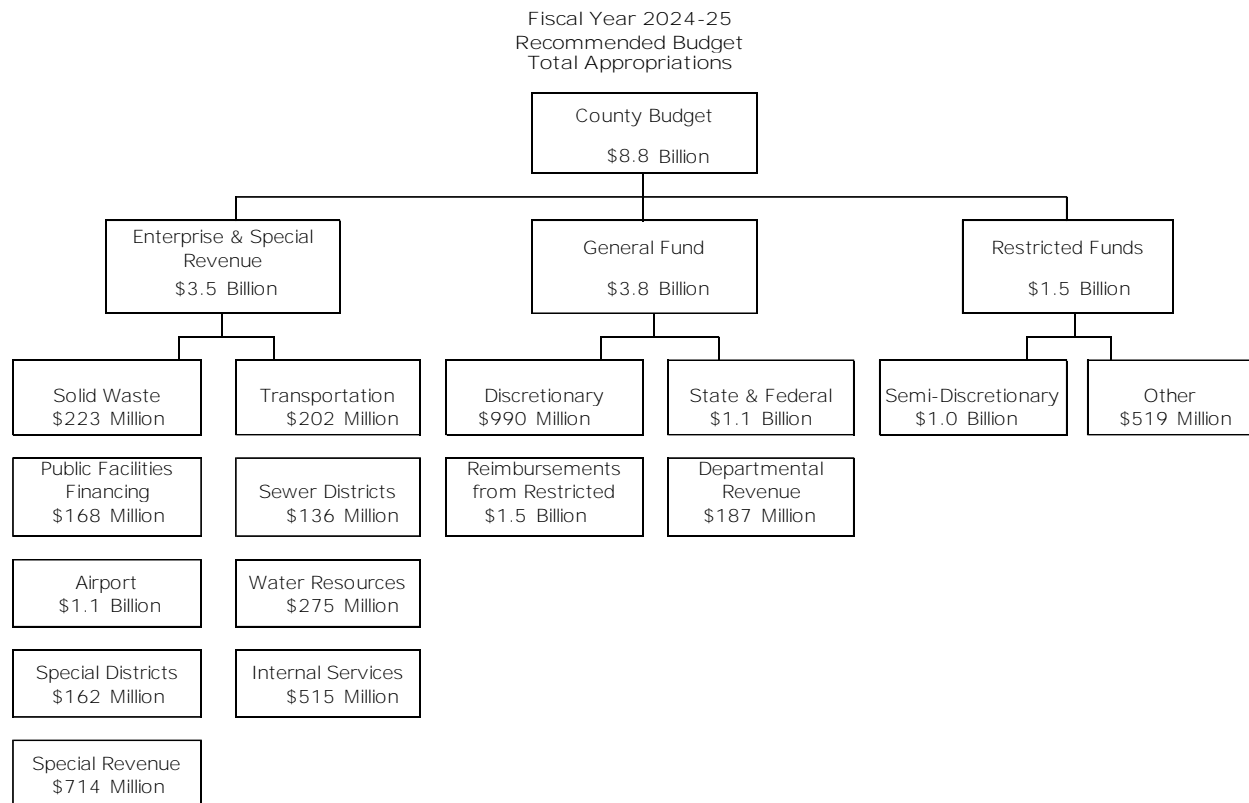
These priorities were included in the budget instructions provided to departments to ensure alignment between departmental budget requests and Board priorities, and recommendations for growth and reductions were evaluated based on alignment with these priorities.

Also in 2023, the Board adopted new policies for General Fund Reserves and the General Fund Contingency, and the recommendations included in this budget are consistent with those policies.

ALL FUNDS BUDGET

The Recommended Budget for All Funds totals \$8.8 billion in appropriations (net of intra-fund reimbursements)¹, an increase of \$570 million (6.9%) compared to the FY 2023-24 Adopted Budget of \$8.3 billion. The following chart illustrates the distribution of the All Funds Budget.

¹ Consistent with State Controller guidelines, beginning with the County’s FY 2024-25 budget, total appropriations are stated net of intra-fund reimbursements in all budget schedules.



Of the total \$8.8 billion budgeted, \$3.5 billion in Enterprise and Special Revenue Fund appropriations is funded through utility rates, fees, internal service charges, and other dedicated revenue. General Fund appropriations of \$3.8 billion are described in more detail in the General Fund Budget section of this letter. Restricted fund appropriations of \$1.5 billion include amounts transferred to the General Fund to reimburse eligible expenditures in General Fund departments.

A comparison of total appropriations by fund for the FY 2024-25 Recommended Budget and FY 2023-24 Adopted Budget is shown in the table on page 5. Total appropriations by budget unit can be found in Attachment 1, and detail on new or enhanced programs (growth) for all budgets, including non-General Fund budgets, can be found in Attachment 2.

Fiscal Year 2024-25 Recommended Budget
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ALL FUNDS BUDGET - TOTAL APPROPRIATIONS

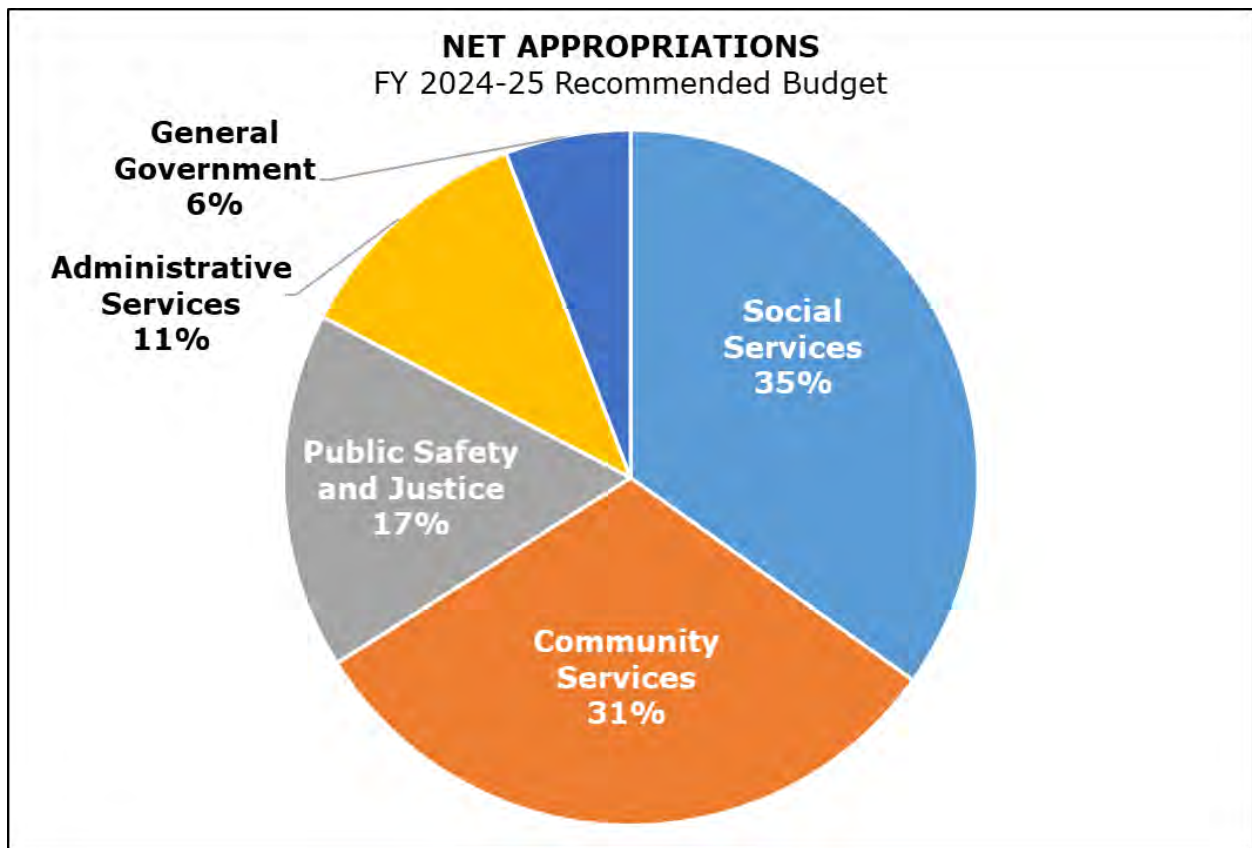
Fund or Fund Type	FY 2023-24 Adopted Budget	FY 2024-25 Recommended Budget	Difference	%
General Fund	\$ 3,742,127,754	\$ 3,783,861,935	\$ 41,734,181	1.1%
Community Investment Program	91,104	65,542	(25,562)	-28.1%
Neighborhood Revitalization	4,707,484	4,389,887	(317,597)	-6.7%
Mental Health Services Act	154,392,768	146,348,106	(8,044,662)	-5.2%
Public Safety Sales Tax	184,479,202	180,319,324	(4,159,878)	-2.3%
1991 Realignment	419,562,868	403,700,761	(15,862,107)	-3.8%
2011 Realignment	433,888,122	438,796,586	4,908,464	1.1%
Clerk/Recorder Fees	9,036,228	8,108,403	(927,825)	-10.3%
SSD DOJ Asset Forfeiture	1,321,084	1,321,084	-	0.0%
SSD Restricted Revenue	21,506,272	18,002,384	(3,503,888)	-16.3%
Economic Development	97,861,509	69,135,800	(28,725,709)	-29.4%
Environmental Management	24,553,137	24,921,738	368,601	1.5%
Golf Fund	10,945,699	11,382,629	436,930	4.0%
Transient Occupancy Tax	6,143,140	5,610,178	(532,962)	-8.7%
Transportation	426,842,342	458,944,568	32,102,226	7.5%
Water Resources	307,182,886	275,415,108	(31,767,778)	-10.3%
Airport System	755,485,682	1,124,456,006	368,970,324	48.8%
Waste Management & Recycling	221,542,439	222,740,750	1,198,311	0.5%
Capital Projects Funds	174,070,239	159,410,110	(14,660,129)	-8.4%
Debt Service Funds	43,604,591	43,604,591	-	0.0%
Other Special Revenue Funds	128,955,530	130,773,288	1,817,758	1.4%
Other Enterprise Funds	4,026,919	3,563,096	(463,823)	-11.5%
Other Internal Service Funds	524,884,239	514,727,207	(10,157,032)	-1.9%
Other Special Districts & Agencies	512,734,436	469,689,489	(43,044,947)	-8.4%
Other Restricted Funds	65,053,843	70,429,684	5,375,841	8.3%
Patient Care Revenue	-	275,251,117	275,251,117	
Total Appropriations	\$ 8,274,999,517	\$ 8,844,969,371	\$ 569,969,854	6.9%
Total Interfund Reimbursements	\$(1,730,513,353)	\$(1,968,094,907)	\$(237,581,554)	13.7%
NET APPROPRIATIONS	\$ 6,544,486,164	\$ 6,876,874,464	\$ 332,388,300	5.1%

In addition to the General Fund, the funds or fund groups with the largest increase in total appropriations include:

- Airport System funds, with a \$369 million (48.8%) increase largely reflecting construction costs associated with the SMForward capital improvement program at Sacramento International Airport.

- Patient Care Revenue, which is a newly established fund resulting from statewide behavioral health payment reform, with \$275 million of appropriations representing transfers to the Health Services operating budget.
- Transportation funds, with a \$32 million (7.5%) increase due largely to construction projects in the Transportation Sales Tax and Transportation Development Fee budgets, funded with a combination of revenues and fund balance.

Reimbursements between funds represent \$1.9 billion of total appropriations, leaving net appropriations of \$6.9 billion, which are distributed by functional area as shown in the chart below.



GENERAL FUND BUDGET

General Fund Overview

The table below provides a summary of changes in the General Fund budget, with total appropriations of \$3.8 billion representing a modest overall increase of \$42 million (1.1%) compared to the FY 2023-24 Adopted Budget.

FY 2024-25 Recommended Budget
GENERAL FUND

	FY 2023-24 Adopted Budget	FY 2024-25 Recommended Budget	Difference
Resources			
Beginning Available Balance	\$ 159,007,415	\$ 76,000,000	\$ (83,007,415)
Reserve Release	4,256,589	9,768,489	5,511,900
Discretionary Revenue	876,230,289	904,113,918	27,883,629
Semi-discretionary Reimbursements	1,037,930,192	1,022,816,671	(15,113,521)
Interfund Reimbursements	214,138,880	490,919,954	276,781,074
Departmental Revenue	1,468,363,281	1,280,242,903	(188,120,378)
Total Revenue	\$3,596,662,642	\$3,698,093,446	\$101,430,804
Total Resources	\$3,759,926,646	\$3,783,861,935	\$ 23,935,289
Requirements			
Contingency	\$ 13,978,369	\$ 15,104,505	\$ 1,126,136
Other Net County Cost	1,007,717,032	974,777,902	(32,939,130)
Total Net County Cost	\$1,021,695,401	\$ 989,882,407	\$(31,812,994)
Other Appropriations	2,720,432,353	2,793,979,528	73,547,175
Total Appropriations	\$3,742,127,754	\$3,783,861,935	\$ 41,734,181
Provision for Reserves	17,798,892	-	(17,798,892)
Total Requirements	\$3,759,926,646	\$3,783,861,935	\$ 23,935,289

As described more fully in the following sections, the General Fund budget reflects the following sources and uses of discretionary resources:

- A \$76 million estimated beginning available balance.
- A \$10 million use of the property tax system reserve to fund budgeted expenditures for that project.
- \$904 million of discretionary revenue.
- \$990 million of Net County Cost (NCC), or appropriations funded with discretionary resources.

General Fund Discretionary Resources

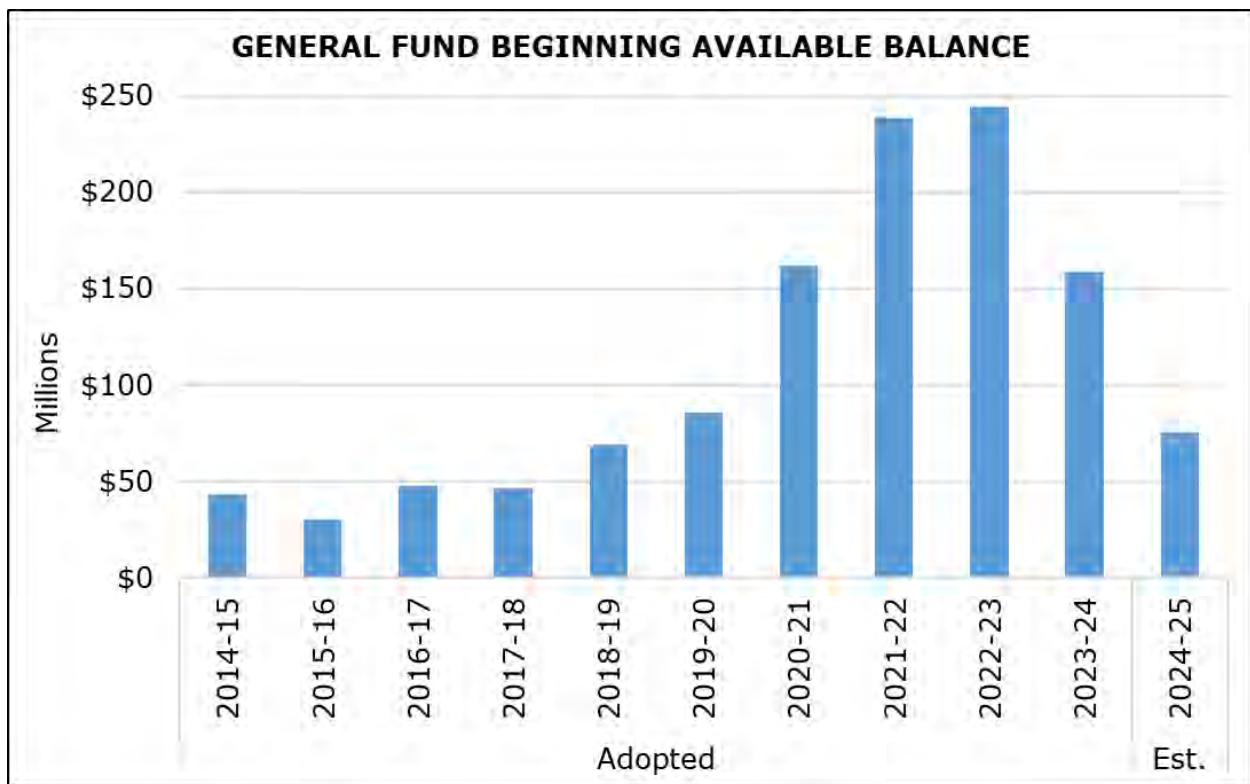
Available Fund Balance

The General Fund beginning available balance represents unspent funding from FY 2023-24 and is estimated at \$76 million based on data available as

of January 2024. This amount will be updated in the Revised Recommended Budget once actual FY 2023-24 revenues and expenditures are known.

The estimated fund balance of \$76 million is less than half of the \$159 million available in FY 2023-24, approximately \$100 million of which was used to fund ongoing expenditures, creating a structural imbalance and contributing to the need to make expenditure reductions in FY 2024-25.

As shown in the chart below, the declining available fund balance in recent years represents a return to pre-pandemic levels, indicating that lower fund balances may be likely in future years.



Discretionary Revenue

General Fund discretionary revenue includes property tax, sales and use tax, other taxes, and discretionary revenue from other sources. As shown in the table below, discretionary revenue is projected to total \$904 million in FY 2024-25, an increase of \$28 million (3.2%). The increase in discretionary revenue results primarily from projected increases in property tax and sales and use tax revenues, offset by projected decreases in other taxes and revenues as described below.

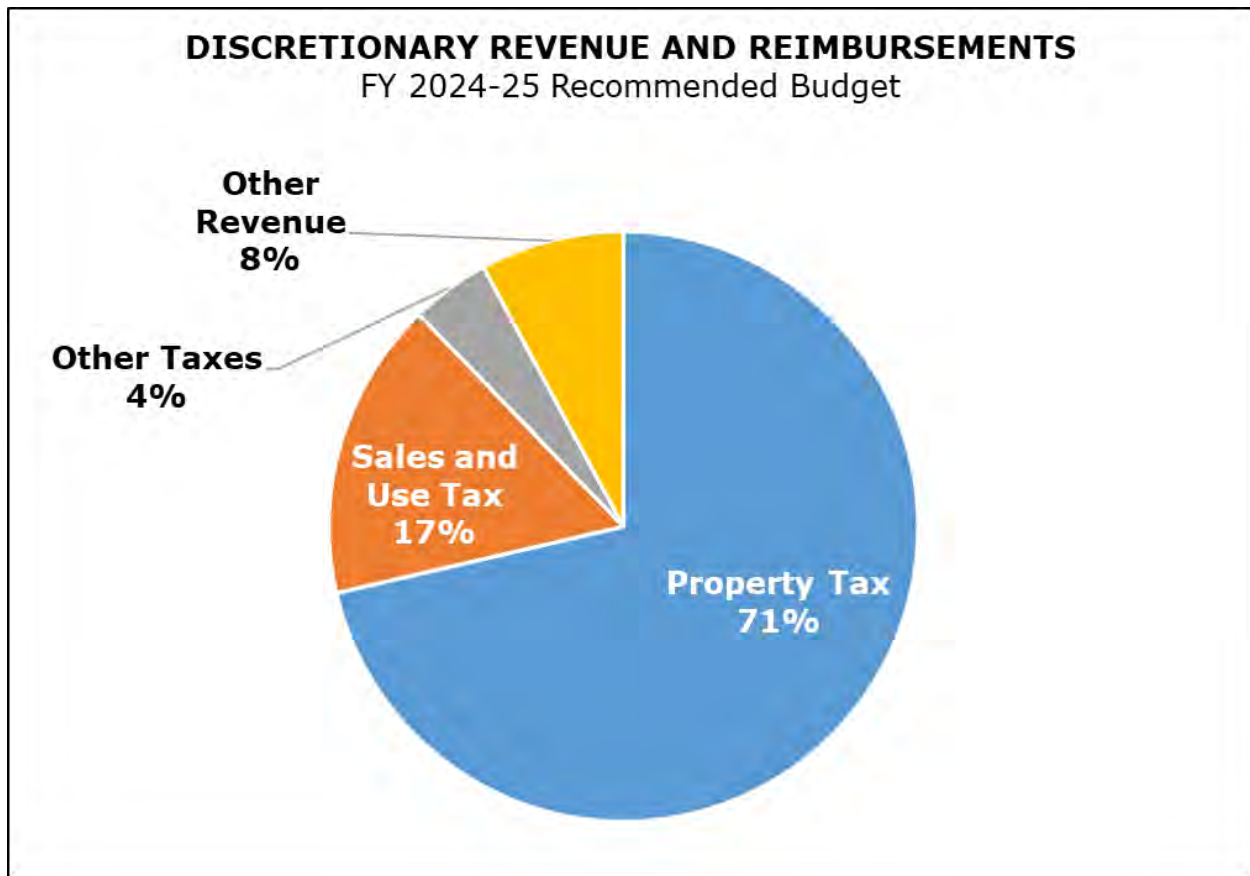
FY 2024-25 Recommended Budget
DISCRETIONARY REVENUE

	FY 2023-24 Adopted	FY 2024-25 Recommended	Difference
Property Tax - Secured/VLF in Lieu	\$ 572,709,096	\$ 600,201,125	\$ 27,492,029
Property Tax - Supplemental	10,556,746	8,973,234	(1,583,512)
Other Property Tax	20,388,042	21,089,132	701,090
Total Property Tax	\$ 603,653,884	\$ 630,263,491	\$26,609,607
Sales and Use Tax	\$ 143,983,392	\$ 148,274,824	\$ 4,291,432
Utility User Tax	22,055,000	19,970,000	(2,085,000)
Transient Occupancy Tax	6,133,000	6,180,000	47,000
Property Transfer Tax	13,000,000	13,000,000	-
Teeter	14,449,014	15,101,227	652,213
Other Revenue	72,955,999	71,324,376	(1,631,623)
Total Revenue	\$ 876,230,289	\$ 904,113,918	\$27,883,629

Property Taxes: As shown in the chart on page 10, property taxes represent nearly three quarters of discretionary revenue. FY 2024-25 property tax revenue is projected to be \$630 million, an increase of \$27 million (4.4%), lower than increases seen in recent years as rising interest rates have negatively impacted the volume of home sales. Continued high interest rates also increase the risk of an economic recession and broader labor market impacts, which could negatively impact a broad range of revenues received by the County, including property tax revenues.

Sales and Use Taxes: Sales and use taxes represent the next largest category of discretionary revenue and reimbursements, at approximately 17 percent. FY 2024-25 sales and use tax revenue is projected to be \$148 million, an increase of \$4 million (3.0%), reflecting a continued slowdown of growth as consumer spending and inflation have moderated following large increases in sales tax revenue experienced during the post-pandemic economic recovery.

Other Taxes and Revenues: Projected reductions in other revenue sources, including a \$2 million (9.5%) reduction in utility user tax revenue, partially offset the increases in property and sales tax revenues described above.



Semi-Discretionary Reimbursements

The County receives “semi-discretionary” revenue (1991 and 2011 Realignment and Proposition 172 Public Safety Sales Tax) that can be allocated within certain broad parameters, primarily to social services and public safety departments. Semi-discretionary revenue is received in restricted funds and then either transferred as a reimbursement to departments in the General Fund or held in reserves within the restricted funds.

As shown in the table below, total semi-discretionary revenue is estimated to be \$993 million in FY 2024-25, an increase of \$35 million (3.6%). These estimates generally assume that statewide sales tax revenue will be flat in FY 2023-24 and will grow by approximately 3% in FY 2024-25.

FY 2024-25 Recommended Budget
SEMI-DISCRETIONARY RESTRICTED FUNDS - REVENUE

Fund	FY 2023-24 Adopted Budget	FY 2024-25 Recommended Budget	Difference
Public Safety Sales Tax	\$ 177,198,704	\$ 180,300,430	\$ 3,101,726
1991 Realignment	357,874,522	398,369,892	40,495,370
2011 Realignment	423,617,865	414,535,297	(9,082,568)
Total	\$ 958,691,091	\$ 993,205,619	\$ 34,514,528

The estimated combined semi-discretionary revenue beginning fund balance is \$109 million, including reserves of \$79 million, which compares to a FY 2023-24 beginning fund balance of \$166 million. As shown below, overall reserves are recommended to remain at approximately \$79 million, with a \$15 million 2011 Realignment reserve release offset by a \$15 million increase in 1991 Realignment reserves.

FY 2024-25 Recommended Budget
SEMI-DISCRETIONARY REVENUE RESTRICTED FUNDS - RESERVES

Fund	FY 2023-24 Ending	FY 2024-25 Recommended Budget	Difference
Public Safety Sales Tax	\$ 18,894	\$ -	\$ (18,894)
1991 Realignment	29,304,163	44,759,581	15,455,418
2011 Realignment	49,741,596	34,591,907	(15,149,689)
Total	\$ 79,064,653	\$ 79,351,488	\$ 286,835

As shown in the table below, the Recommended Budget includes semi-discretionary reimbursements in the General Fund of \$1.02 billion, a decrease of \$15 million (1.5%) compared to the FY 2023-24 Adopted Budget of \$1.04 billion, reflecting a reduction in available resources for certain categories and a more structurally balanced budget overall.

FY 2024-25 Recommended Budget
SEMI-DISCRETIONARY APPROPRIATIONS/REIMBURSEMENTS

	FY 2023-24 Adopted Budget	FY 2024-25 Recommended Budget	Difference
Enhancing Law Enforcement Activities	\$ 23,687,340	\$ 22,911,774	\$ (775,566)
Law Enforcement Services	128,481,863	130,165,865	1,684,002
Behavioral Health Services	119,054,522	126,490,913	7,436,391
Protective Services	162,664,397	159,228,034	(3,436,363)
Total 2011 Realignment	\$ 433,888,122	\$ 438,796,586	\$ 4,908,464
Mental Health	\$ 65,990,994	\$ 50,465,345	\$ (15,525,649)
Public Health	18,128,292	19,333,372	1,205,080
Social Services	160,870,493	157,580,731	(3,289,762)
Total 1991 Realignment - Non-CalWORKs	\$ 244,989,779	\$ 227,379,448	\$ (17,610,331)
CalWORKs	174,573,089	176,321,313	1,748,224
Total 1991 Realignment	\$ 419,562,868	\$ 403,700,761	\$ (15,862,107)
Proposition 172	184,479,202	180,319,324	(4,159,878)
Total	\$ 1,037,930,192	\$ 1,022,816,671	\$ (15,113,521)
Total Semi-discretionary Reimbursement - Non-CalWORKs	\$ 863,357,103	\$ 846,495,358	\$ (16,861,745)

General Fund Departmental Revenue and Reimbursements

Departmental revenues and reimbursements represent funding sources **specific to a department's programs and generally cannot be allocated for** programs in other departments. General Fund departmental revenues are budgeted at \$1.77 billion for FY 2024-25, an increase of \$89 million (5.3%). Budget units with the largest increases in departmental revenue are described below.

- Human Assistance - Aid Payments, with a \$32 million (20.1%) increase primarily due to an increase in Federal and State revenue resulting from increased expenditures in CalWORKs, Refugee Cash Assistance, Adoption Assistance, and Cash Assistance Program for Immigrants.

- Health Services, with a \$30 million (5.0%) increase resulting primarily from increased patient care revenue as a result of Medi-Cal payment reform and increased Mental Health Services Act (MHSA) revenue. The additional revenue and reimbursements in the Health Services budget fund \$15 million of recommended growth for FY 2024-25, with the remaining \$15 million funding base budget appropriations.
- Correctional Health Services, with a \$15 million increase, \$5 million of which results from the consolidation of the Correctional Health and Juvenile Medical Services budget units. The remaining increase of \$10 million is primarily due to additional State and Federal funding, including for recommended growth.
- Voter Registration and Elections, with a \$7 million (340%) increase due to State reimbursement for qualifying expenditures as well as an increase in election service charges for the upcoming general election.
- Probation, with a \$3 million (10%) increase largely due to an increase in State grant funding.

Departmental revenue reductions with programmatic impacts are described in the Program Reductions section below.

General Fund Appropriations

The Recommended General Fund Budget totals \$3.8 billion in appropriations, an increase of \$42 million (1.1%). As shown in the table below, this increase is the net result of \$50 million in additional appropriations for recommended new or enhanced programs (growth) and an overall net decrease in recommended appropriations for existing programs and services of approximately \$9 million.

FY 2024-25 Recommended Budget GENERAL FUND APPROPRIATIONS

FY 2024-25 Appropriation Category	FY 2023-24 Adopted Budget	FY 2024-25 Recommended Budget	Difference	%
Base Service Level	\$ 3,742,127,754	\$ 3,748,947,054	\$ 6,819,300	
Categorical Reductions		(9,961,430)	(9,961,430)	
Non-categorical Reductions		(5,594,313)	(5,594,313)	
Recommended Growth		50,470,624	50,470,624	
Total Appropriations	\$ 3,742,127,754	\$ 3,783,861,935	\$ 41,734,181	1.1%

The \$10 million net decrease in appropriations for existing programs and services results from the following categories of changes, each described in more detail below:

- \$7 million net increase in base budget appropriations, which is the budget year cost for existing programs and service levels.
- \$10 million of categorical reductions resulting from the loss of dedicated funding.
- \$6 million of programmatic reductions resulting from a decrease in discretionary resources available.

Key factors and assumptions resulting in the \$7 million net increase in General Fund base budget appropriations include:

- Salary and benefit cost increases resulting from negotiated labor agreements, including an assumed 3% cost of living adjustment (COLA).²
- Increased cost of supplies and contract service provider rates, resulting from price inflation for goods and services.
- An increase in In Home Supportive Services (IHSS) provider payments resulting from a negotiated agreement requiring an additional County share of cost of \$9 million in FY 2024-25.
- An increase in aid payment appropriations primarily due to an expected increase in CalWORKs caseloads and costs.
- Reduction in appropriations for one-time amounts included in the FY 2023-24 Adopted Budget.
- A \$1 million increase in contingency to account for uncertainties identified in the budget development process, consistent with the General Fund Contingency Policy adopted by the Board.

Departments also made adjustments to base appropriations to ensure that budgeted levels are realistic when compared to recent actual expenditures, including assumed salary savings due to normal vacancies during the year, as well as adjustments to other budgeted amounts that have historically been under-expended. While these adjustments reduce the ability to absorb unanticipated expenditures in department budgets, the General Fund contingency is intended for this purpose.

² Subsequent to development of the budget, the actual COLA was determined to be 3.3%.

General Fund Program Reductions

The table below summarizes the \$10 million in recommended categorical reductions and \$6 million in non-categorical reductions, for total program reductions of \$16 million, which result in the deletion of 98.5 full-time equivalent (FTE) positions, all of which are either vacant or recommended to be restored in associated growth requests. No filled positions are recommended for deletion.

FY 2024-25 Recommended Budget

PROGRAM REDUCTIONS TO BASE BUDGET - GENERAL FUND

Department/Budget Unit	Total Recommended		Non-Categorical	FTE
	Reductions	Categorical		
Animal Care Services	\$ 65,000	\$ -	\$ 65,000	-
Assessor	179,203	-	179,203	-
Child, Family and Adult Services	1,823,756	-	1,823,756	16.0
Clerk of the Board	175,500	-	175,500	-
Community Development	250,000	-	250,000	-
Correctional Health Services	600,000	-	600,000	-
District Attorney	140,673	140,673	-	1.0
Emergency Services	88,950	38,000	50,950	-
Health Services	2,213,792	-	2,213,792	14.0
Human Assistance-Administration	9,106,961	8,995,230	111,731	65.0
Public Defender	886,908	787,527	99,381	2.5
Regional Parks	25,000	-	25,000	-
Total General Fund	\$ 15,555,743	\$9,961,430	\$5,594,313	98.5

Categorical Revenue Reductions

Departments identified programmatic impacts resulting from anticipated reductions in revenue designated for a specific purpose (categorical revenue). In cases where departments identified a need to continue these programs, growth requests were submitted to backfill the lost revenue with discretionary funding. Of the \$10 million in categorical reductions:

- \$9 million for the Department of Human Assistance, including funding for 64 vacant positions, is due to reductions in State programs and were not requested to be backfilled, and
- \$1 million for other departments, including funding for 3.5 positions, is restored with recommended growth.

The \$9 million of categorical reductions for the Department of Human Assistance (DHA) result from reductions in funding for the following State programs administered by DHA and were not requested to be backfilled with discretionary funding:

- Expanded Subsidized Employment: Anticipated State funding reduction of \$5.1 million, resulting in the recommended deletion of 19.0 vacant FTE positions and contract expenditures for this program, which will impact customers who are receiving CalWORKs and are eligible for subsidized employment.
- CalWORKs: Anticipated State funding reduction of \$3.4 million, resulting in the recommended deletion of 41.0 vacant FTE positions, which could impact response times in the eligibility determination process.
- Family Stabilization: Anticipated State funding reduction of \$0.5 million, resulting in the recommended deletion of 4.0 vacant FTE positions and contract expenditures for this program, which will impact customers who are receiving CalWORKs and are eligible for Family Stabilization services.

The remaining \$1 million of categorical reductions are recommended for funding with associated growth requests as described below:

- District Attorney: Anticipated \$140,673 loss of categorical funding due to a reduction in Victims of Crime Act grant funds. The 1.0 FTE previously funded with this revenue is recommended to be restored with discretionary funding in an associated growth request.
- Emergency Services: Anticipated \$38,000 loss of categorical funding due to a reduction in grant funding for software used in the Emergency Operations Center. Funding for the software is included in a recommended growth request.
- Public Defender: Anticipated \$787,527 loss of categorical revenue due to a reduction in State reimbursements resulting from a decrease in State prison case filings. The 2.5 FTE positions previously funded with this revenue are recommended to be restored with discretionary funding in an associated growth request.

Non-Categorical Reductions

Non-categorical program reductions are recommended to balance the General Fund budget. To determine the recommended reductions,

departments identified the programmatic impacts of maintaining the same level of discretionary funding compared to the FY 2023-24 Adopted Budget, adjusting for one-time costs and changes in semi-discretionary allocations.

The impacts identified by departments were then evaluated along with departmental growth requests to develop funding recommendations based **on the Board's budget priorities and** department indicated priorities, with the overall goal of **meeting the County's obligations while** optimizing the use of available resources for budgeted service levels consistent with priorities identified by the community. Through that process, approximately \$15 million of identified impacts were restored, with the remaining \$6 million recommended for reduction.

The \$6 million in recommended non-categorical reductions shown in the table on page 15 includes the recommended deletion of 31 vacant FTE positions, as well as non-personnel expenditure reductions across several departments. Additional detail is included in Attachment 4 and in the Program Budget sections for each budget unit. Reductions with the most significant impact include:

- Health Services: \$2.2 million reduction in Net County Cost, including consulting contracts, operational supplies, and the deletion of 14.0 vacant FTE positions, 12.0 of which are in Primary Health Clinics. As new funding is identified or less critical positions are vacated, the department plans to restore the most critical positions to improve access to patient care, clinic workflow efficiency, wait times, and caseloads for existing filled positions. The remaining 2.0 FTE deletions in Public Health impact long-term care facility oversight and response, capacity to receive referrals from healthcare providers, and surge capacity during emergencies, with the department planning to restore the most critical positions as new funding is identified or less critical positions are vacated.
- Child, Family, and Adult Services: \$1.8 million reduction in total appropriations (\$1.4 million Net County Cost), including the deletion of 16.0 vacant FTE positions across several programs, with impacts including delays or workload increases for existing filled positions in child welfare and public guardian/conservator programs.

General Fund New or Enhanced Programs (Growth)

Departments submitted over \$180 million in requests for new or enhanced programs (growth requests), including \$58 million in Net County Cost support. The Recommended Budget includes \$102 million in recommended growth across all funds. As shown in the table below, recommended General Fund growth totals \$50 million, with \$9 million of that amount funded with Net County Cost.

FY 2024-25 Recommended Budget

GENERAL FUND NEW OR ENHANCED PROGRAMS (GROWTH)

Department/Budget Unit	Total Appropriations	Net County Cost	FTE
District Attorney	\$ 522,843	\$ 321,931	3.0
Sheriff	3,920,494	1,170,534	(2.0)
Clerk of the Board	26,037	12,037	-
County Counsel	237,107	237,107	1.0
County Executive Cabinet	178,781	-	1.0
Department Of Finance	612,795	74,627	6.0
Emergency Services	106,705	106,705	1.0
Office of Compliance	-	-	-
Personnel Services	1,818,489	22,000	13.0
Voter Registration And Elections	44,414	44,414	2.0
Agricultural Comm-Sealer Of Wts &	13,986	13,986	-
Community Development	1,210,415	1,011,521	3.0
Cooperative Extension	30,000	30,000	-
Regional Parks	384,563	109,389	2.0
Conflict Criminal Defenders	112,103	112,103	1.0
Coroner	140,308	140,308	1.0
Grand Jury	51,629	51,629	-
Public Defender	1,144,621	768,621	2.5
Child, Family and Adult Services	5,735,869	4,509,037	10.0
Child Support Services	178,842	-	-
Correctional Health Services	3,414,674	305,785	2.0
Health Services	28,417,651	-	6.2
Homeless Services and Housing	(2,050,395)	(486,718)	3.0
Human Assistance-Administration	4,218,693	92,363	1.0
Total General Fund	\$ 50,470,624	\$ 8,647,379	56.7

The most significant General Fund growth included in the Recommended Budget is summarized below, with more detailed information provided in Attachment 2 and the Program Budget sections for each budget unit.

- Health Services – \$28.4 million total, including \$18.3 million funded with a combination of 2011 realignment and patient care revenue for increased acute psychiatric inpatient costs. Additional recommended growth includes \$3.0 million of Behavioral Health Bridge Housing funding for services provided by the Department of Homeless Services and Housing described below, \$2.3 million supporting increased capacity and services at Permanent Supportive Housing units, \$2.0 million to expand a Medi-Cal funded contract with the Sacramento County Office of Education, and \$1.0 million for behavioral health services at the Youth Detention Facility.
- Child, Family and Adult Services - \$5.7 million (\$4.5 million Net County Cost) including \$3 million in Net County Cost to provide additional funding for Child Protective Services welcome and assessment center contracted services and \$1.3 million in Net County Cost for family resource center court-mandated parenting workshops.
- Human Assistance – Administration – \$4.2 million total, including \$4.1 million for childcare payments for CalWORKs participants funded through the CalWORKs program and \$100,000 of Net County Cost funding for a position in the County Veterans Services Office.
- Sheriff – \$3.9 million total (\$1.2 million Net County Cost), including \$2 million for a mobile command vehicle and equipment funded with Sheriff restricted revenues, \$850,000 of Net County Cost funding for required software expenditures, and \$400,000 of Net County Cost funding for required body worn camera licenses and equipment.
- Correctional Health Services - \$3.4 million (\$0.3 million Net County Cost) including \$2.0 million funded with ARPA and Opioid Settlement funds for a Medication Assisted Treatment Program and \$300,000 Net County Cost funding for additional pharmacy **positions, both of which support the County’s obligations under the Mays Consent Decree Remedial Plan.** Additionally, \$1.0 million of grant funding is recommended for a new electronic health record system.

- Community Development - \$1.2 million (\$1.0 million Net County Cost) including Net County Cost funding of \$400,000 to support the Infill Acceleration Program, \$375,000 to support the Climate Action Plan, and \$231,000 for 2.0 FTE Planning Technician positions.
- Homeless Services and Housing - \$2.0 million of overall appropriation reduction as a result of the \$3 million Behavioral Health Bridge Housing (BHBH) reimbursement from Health Services to support interim housing for BHBH clients at Safe Stay Communities, including \$0.5 million in additional appropriations. Additional growth includes \$0.5 million of Net County Cost funding for three new positions and services supporting administration of this new department.

Growth Prioritized for Revised Recommended Budget

The following table summarizes the growth recommended to be prioritized for funding in the September Revised Recommended Budget should sufficient additional resources be available. Additional detail for each request is included in Attachment 2.

FY 2024-25 Recommended Budget

GROWTH PRIORITIZED FOR INCLUSION IN REVISED RECOMMENDED BUDGET

Department/Budget Unit Description		Total Appropriations	Net County Cost	FTE
Animal Care Services	Reallocate 1.0 FTE Veterinarian to 1.0 FTE Chief of Shelter Medicine	\$ 16,709	\$ 16,709	0.0
Emergency Services	Emergency Operations Center one-time audio visual upgrades	500,000	500,000	0.0
Financing-Transfers/Reimbursement	One-time General Fund contribution to Roads Fund	20,000,000	20,000,000	0.0
Total General Fund - Net County Cost		\$20,516,709	\$20,516,709	0.0
Roads	Pavement maintenance and rehabilitation for County roads	20,000,000	-	0.0
Total Non-General Fund - Net County Cost		\$20,000,000	\$ -	0.0
TOTAL ALL FUNDS		\$40,516,709	\$20,516,709	0.0

General Fund Total Appropriations by Budget Unit

The table on page 22 shows total appropriations by budget unit for the FY 2023-24 Adopted Budget and FY 2024-25 Recommended Budget. Changes in appropriations relative to FY 2023-24 generally result from the base budget changes, reductions, and growth described above; however, additional changes specific to certain budget units include:

- Homeless Services and Housing, with an overall decrease in total appropriations (net of intra-fund reimbursements) of \$5 million (8.4%). In addition to the factors described above, including a \$3 million reimbursement included in recommended growth, this also reflects a \$2 million decrease in the Flexible Housing Pool contract with no programmatic impact.
- Public Defender, with a \$1.7 million (2.7%) decrease in total appropriations reflecting changes discussed above, as well as a decrease in contracted mental health treatment services of \$2.8 million previously funded under a grant from the Department of State Hospitals, with services shifting to the Department of Health Services.

Additionally, certain budget unit consolidations are recommended, resulting in increased appropriations for the consolidated budget unit:

- Juvenile Medical Services consolidated into Correctional Health Services
- Labor Relations consolidated into Personnel Services
- Fair Housing Services eliminated, with appropriations shifting to Homeless Services and Housing and Non-Departmental Costs

Fiscal Year 2024-25 Recommended Budget

GENERAL FUND TOTAL APPROPRIATIONS BY BUDGET UNIT				
Budget Unit - Name	FY 2023-24 Adopted Budget	FY 2024-25 Recommended Budget	Difference	%
Elected Officials				
3610000BU - Assessor	22,631,707	23,323,143	691,436	3.1%
4050000BU - Board of Supervisors	5,266,873	5,684,931	418,058	7.9%
5800000BU - District Attorney	123,077,516	125,600,326	2,522,810	2.0%
7400000BU - Sheriff	677,695,985	681,348,041	3,652,056	0.5%
Subtotal - ELECTED OFFICIALS	828,672,081	835,956,441	7,284,360	0.9%
General Government				
4010000BU - Clerk of the Board	4,329,348	4,672,959	343,611	7.9%
4210000BU - Civil Service Commission	518,037	549,983	31,946	6.2%
4810000BU - County Counsel	7,342,456	7,889,869	547,413	7.5%
5110000BU - Financing-Transfers/Reimbursement	40,247,246	6,050,926	(34,196,320)	-85.0%
5730000BU - County Executive Cabinet	6,597,945	6,928,663	330,718	5.0%
5770000BU - Non-Departmental Costs/General Fund	25,058,032	25,102,769	44,737	0.2%
5980000BU - Appropriation For Contingency	13,978,369	15,104,505	1,126,136	8.1%
Subtotal - GENERAL GOVERNMENT	98,071,433	66,299,674	(31,771,759)	-32.4%
Administrative Services				
3230000BU - Department Of Finance	41,289,287	41,853,458	564,171	1.4%
3240000BU - County Clerk/Recorder	15,258,182	12,838,403	(2,419,779)	-15.9%
4410000BU - Voter Registration And Elections	15,737,430	17,656,324	1,918,894	12.2%
5710000BU - Data Processing-Shared Systems	28,281,832	27,511,303	(770,529)	-2.7%
5740000BU - Office of Compliance	-	-	-	-
5920000BU - Contribution To LAFCO	256,552	269,380	12,828	5.0%
5970000BU - Office of Labor Relations	477,564	-	(477,564)	-100.0%
6050000BU - Personnel Services	19,034,391	21,522,462	2,488,071	13.1%
7090000BU - Emergency Services	11,735,061	8,252,959	(3,482,102)	-29.7%
Subtotal - ADMINISTRATIVE SERVICES	132,070,299	129,904,289	(2,166,010)	-1.6%
Community Services				
3210000BU - Agricultural Comm-Sealer Of Wts & Meas	5,877,966	5,935,617	57,651	1.0%
3220000BU - Animal Care Services	14,770,610	15,120,243	349,633	2.4%
3260000BU - Wildlife Services	193,989	195,000	1,011	0.5%
3310000BU - Cooperative Extension	548,126	598,899	50,773	9.3%
4660000BU - Fair Housing Services	226,342	-	(226,342)	-100.0%
5720000BU - Community Development	29,250,561	29,841,182	590,621	2.0%
6400000BU - Regional Parks	30,228,507	29,952,456	(276,051)	-0.9%
Subtotal - COMMUNITY SERVICES	81,096,101	81,643,397	547,296	0.7%
Public Safety And Justice				
4522000BU - Contribution To The Law Library	304,556	311,401	6,845	2.2%
4610000BU - Coroner	11,395,268	11,545,224	149,956	1.3%
5020000BU - Court / Non-Trial Court Operations	10,121,922	10,164,726	42,804	0.4%
5040000BU - Court / County Contribution	24,468,756	24,468,756	-	0.0%
5050000BU - Court Paid County Services	2,115,450	2,397,525	282,075	13.3%
5510000BU - Conflict Criminal Defenders	11,720,773	12,097,220	376,447	3.2%
5660000BU - Grand Jury	360,949	393,323	32,374	9.0%
5750000BU - Justice Planning, Analytics and Coordination	224,038	236,840	12,802	5.7%
5780000BU - Office of Inspector General	186,201	182,234	(3,967)	-2.1%
6700000BU - Probation	206,690,057	208,949,989	2,259,932	1.1%
6760000BU - Care In Homes And Inst-Juv Court Wards	625,000	-	(625,000)	-100.0%
6910000BU - Public Defender	61,146,683	59,468,852	(1,677,831)	-2.7%
Subtotal - PUBLIC SAFETY AND JUSTICE	329,359,653	330,216,090	856,437	0.3%
Social Services				
5810000BU - Child Support Services	48,574,202	49,149,010	574,808	1.2%
5820000BU - Homeless Services and Housing	58,307,183	53,416,876	(4,890,307)	-8.4%
7200000BU - Health Services	806,863,574	820,816,338	13,952,764	1.7%
7230000BU - Juvenile Medical Services	12,498,697	-	(12,498,697)	-100.0%
7250000BU - IHSS Provider Payments	137,610,346	153,400,090	15,789,744	11.5%
7270000BU - Health - Medical Treatment Payments	2,491,350	2,091,350	(400,000)	-16.1%
7410000BU - Correctional Health Services	101,796,936	126,555,538	24,758,602	24.3%
7800000BU - Child, Family and Adult Services	297,693,447	302,071,880	4,378,433	1.5%
8100000BU - Human Assistance-Administration	354,506,163	358,248,854	3,742,691	1.1%
8700000BU - Human Assistance-Aid Payments	453,498,289	474,092,108	20,593,819	4.5%
Subtotal - SOCIAL SERVICES	2,273,840,187	2,339,842,044	66,001,857	2.9%
Total General Fund Dept	3,743,109,754	3,783,861,935	40,752,181	1.1%
General Government				
5700000BU - Non-Departmental Revenues/General	(982,000)	-	982,000	-100.0%
Subtotal - GENERAL GOVERNMENT	(982,000)	-	982,000	-100.0%
TOTAL GENERAL FUND	3,742,127,754	3,783,861,935	41,734,181	1.1%

General Fund Reserves

Consistent with the General Fund Reserve Policy, because the Recommended Budget does not fully fund the base budget, reserve contributions are not recommended at this time, and the only recommended change to reserves is the \$10 million release from the Property Tax System Reserve to fund project expenditures.

If additional resources are available in the Revised Recommended Budget after funding any changes in base budget requirements and any new County obligations, the Reserve Policy prioritizes funding General Reserves at 10% of discretionary revenues before funding the additional growth identified above.

FY 2024-25 Recommended Budget
GENERAL FUND RESERVE STATUS

Reserved for:	FY 2023-24 Ending	FY 2024-25 Recommended	Change
Tax Loss Teeter	\$ 2,831,227	\$ 2,831,227	\$ -
Teeter Delinquencies	661,944	661,944	-
Loan Buyout (Teeter Plan)	7,733,340	7,733,340	-
Sub-total: Restricted Reserves	\$ 11,226,511	\$ 11,226,511	\$ -
General Reserves	85,365,175	85,365,175	-
Cash Flow	32,421,527	32,421,527	-
Imprest Cash	525,895	525,895	-
Audit Report Payback/Litigation	-	-	-
Special Deposits Travel	100,000	100,000	-
Property Tax System	31,317,135	21,548,646	(9,768,489)
Service Stability	88,443,938	88,443,938	-
American River Parkway Homeless	5,000,000	5,000,000	-
Affordable Housing Incentive	5,000,000	5,000,000	-
Sub-total: Discretionary	\$ 248,173,670	\$238,405,181	\$(9,768,489)
Total Reserves	\$ 259,400,181	\$249,631,692	\$(9,768,489)

ATTACHMENTS TO THE BUDGET TRANSMITTAL LETTER

Attachments are included with this transmittal letter that provide more detailed budget information.

- Attachment 1:** Provides total appropriations by budget unit.
- Attachment 2:** Provides information on new and enhanced programs (growth) recommended for funding.
- Attachment 3:** Provides information on departmental requests for growth that are not recommended for funding.
- Attachment 4:** Provides information on recommended reductions.
- Attachment 5:** Provides information on the allocation of Transient Occupancy Tax (TOT) revenue.
- Attachment 6:** Provides a multi-year General Fund sensitivity analysis.

CONCLUSION/ACKNOWLEDGEMENT

I would like to acknowledge the hard work and dedication of the County's department heads and fiscal staff in preparing this year's Recommended Budget. Their input, judgment, and collaboration have been critical in developing a Recommended Budget that addresses important community needs under challenging fiscal circumstances. I would also like to thank the Deputy County Executives and the staff in the Office of Budget and Debt Management under the leadership of Amanda Thomas, without whose insights, efforts, and contributions preparation of this budget would not have been possible.

The Recommended Budget will be presented to the Board on June 5, 2024, with deliberations on that date and the following two days, as needed.

We look forward to working with you as you review the Recommended Budget. During your review, please contact me with any questions you may have.

Respectfully submitted,



David Villanueva
County Executive