



Fiscal Year 2025-26 Recommended Budget and Capital Improvement Plan

June 4, 2025

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Building a More Sustainable Budget

- Structural imbalance resulting from use of one-time resources
 - Aligning revenues and expenditures will be a multi-year effort
- FY 2025-26 Recommended Budget reflects:
 - Identified efficiencies resulting in cost savings
 - Additional cost for County obligations, including Mays Consent Decree
 - Less reliance on one-time funding
 - Continued funding for many priority programs, despite need for some reductions
- Potential State or Federal impacts not reflected
- General Fund reserve contributions not recommended but would be priority for one-time resources in September
- Recommendation to explore revenue enhancement options



Budget Overview

- Budget is balanced with the continued use of one-time sources, but greater structural balance than prior fiscal year
- General Fund tightening resulting from:
 - Lower fund balance and moderate revenue growth
 - Increased costs and obligations
- Recommended reductions resulting from loss of dedicated funding and shortfall in available discretionary resources
- General Fund growth totals \$43 million, with \$9 million funded with discretionary resources
- Contingency and reserve recommendations consistent with Board policy

Community Engagement and Priorities

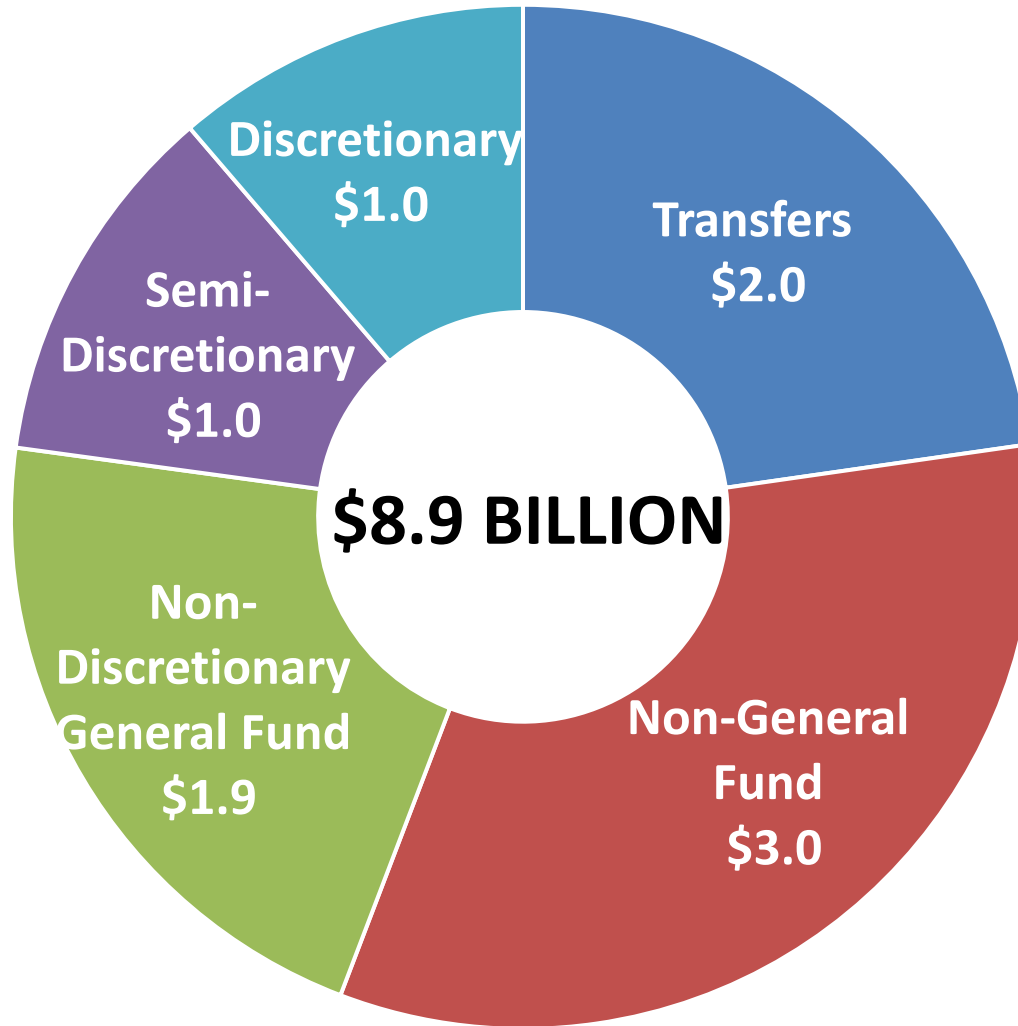
- Community Engagement Plan framework approved by the Board in 2021
- Budget outreach and engagement elements include:
 - Public budget workshops
 - Enhanced public information available on County's website
 - Professional public opinion surveys and focus groups of County residents
- Most recent survey of County residents conducted in 2023, followed by focus groups in November 2024
- FY 2025-26 budget priorities adopted January 2025

FY 2025-26 Budget Priorities

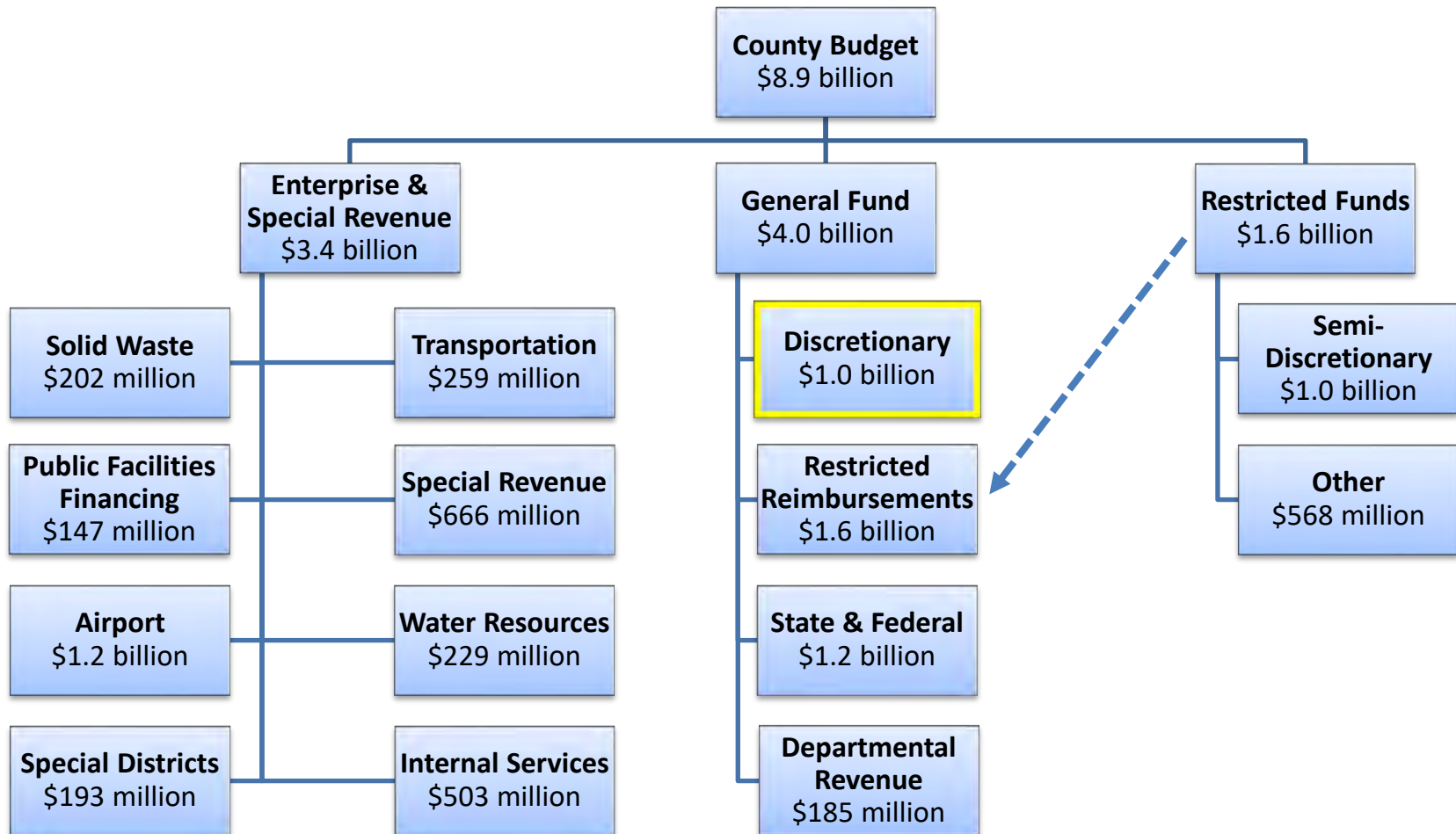
Board priorities based on community outreach and engagement:

1. Complying with the County's legal, financial, regulatory and policy obligations
2. Optimizing the use of County resources, including improving effectiveness and efficiency
3. New or enhanced programs focusing on most critical and urgent needs, with priority focus areas identified in a survey of County residents:
 - Countywide focus area of addressing homelessness
 - Unincorporated focus area of improving roads

All Funds Appropriations



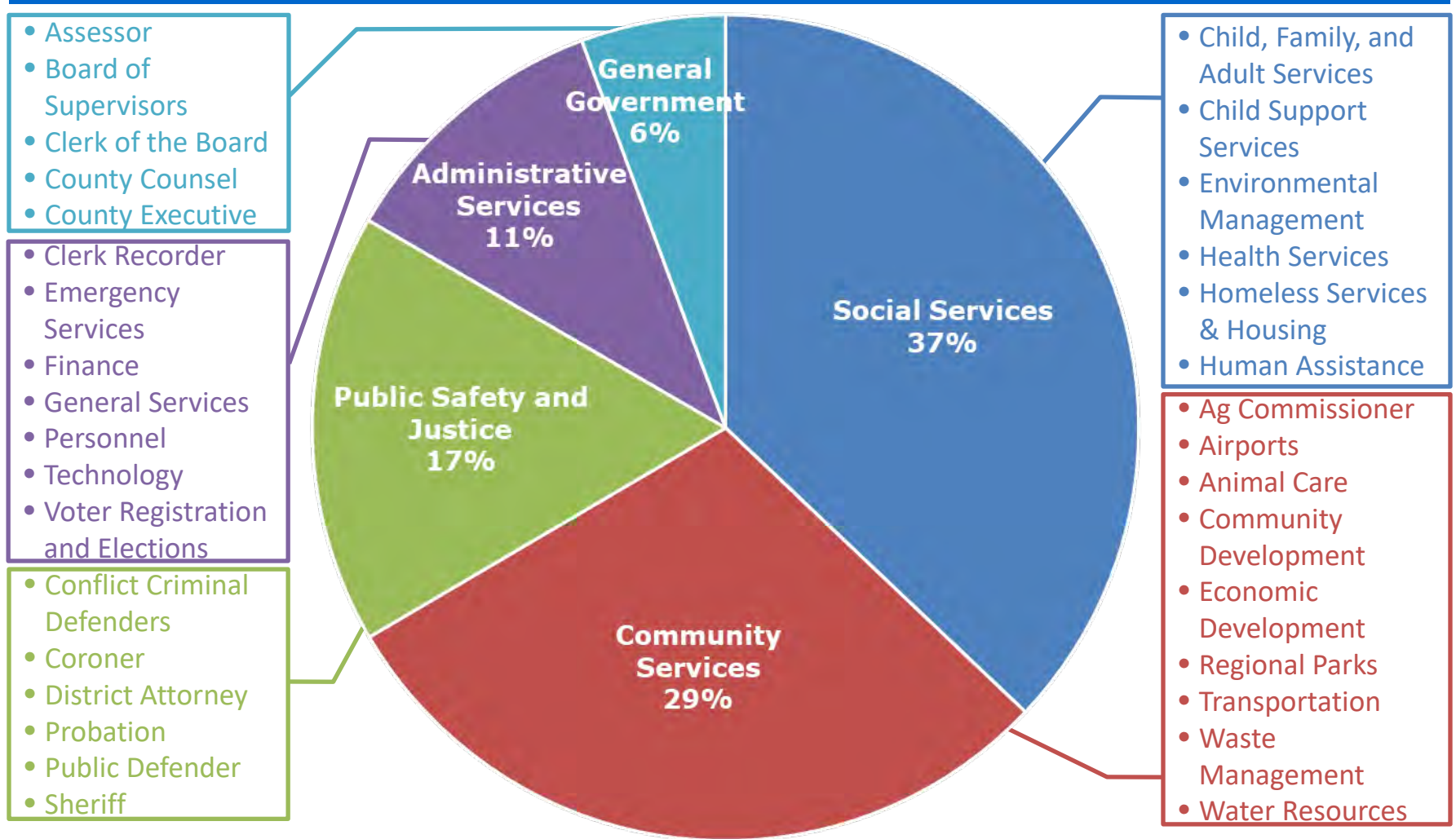
All Funds Budget



All Funds Budget

- \$8.9 billion in total appropriations, decrease of \$258 million (2.8%) compared to FY 2024-25 Adopted Budget
 - General Fund: increase of \$109 million (2.8%)
 - Other Special Districts & Agencies: decrease of \$154 million (31.1%)
 - Patient Care Revenue: increase of \$56 million (20.3%)
- \$6.9 billion in budgeted expenditures net of reimbursements
- \$66 million total appropriations for new or enhanced programs (Growth)
 - \$43 million General Fund
 - \$23 million non-General Fund

All Funds Net Appropriations: \$6.9B



Note: Semi-discretionary resources reflected in functional area receiving reimbursements.

General Fund Discretionary Resources

Discretionary Resources
\$1.021 billion

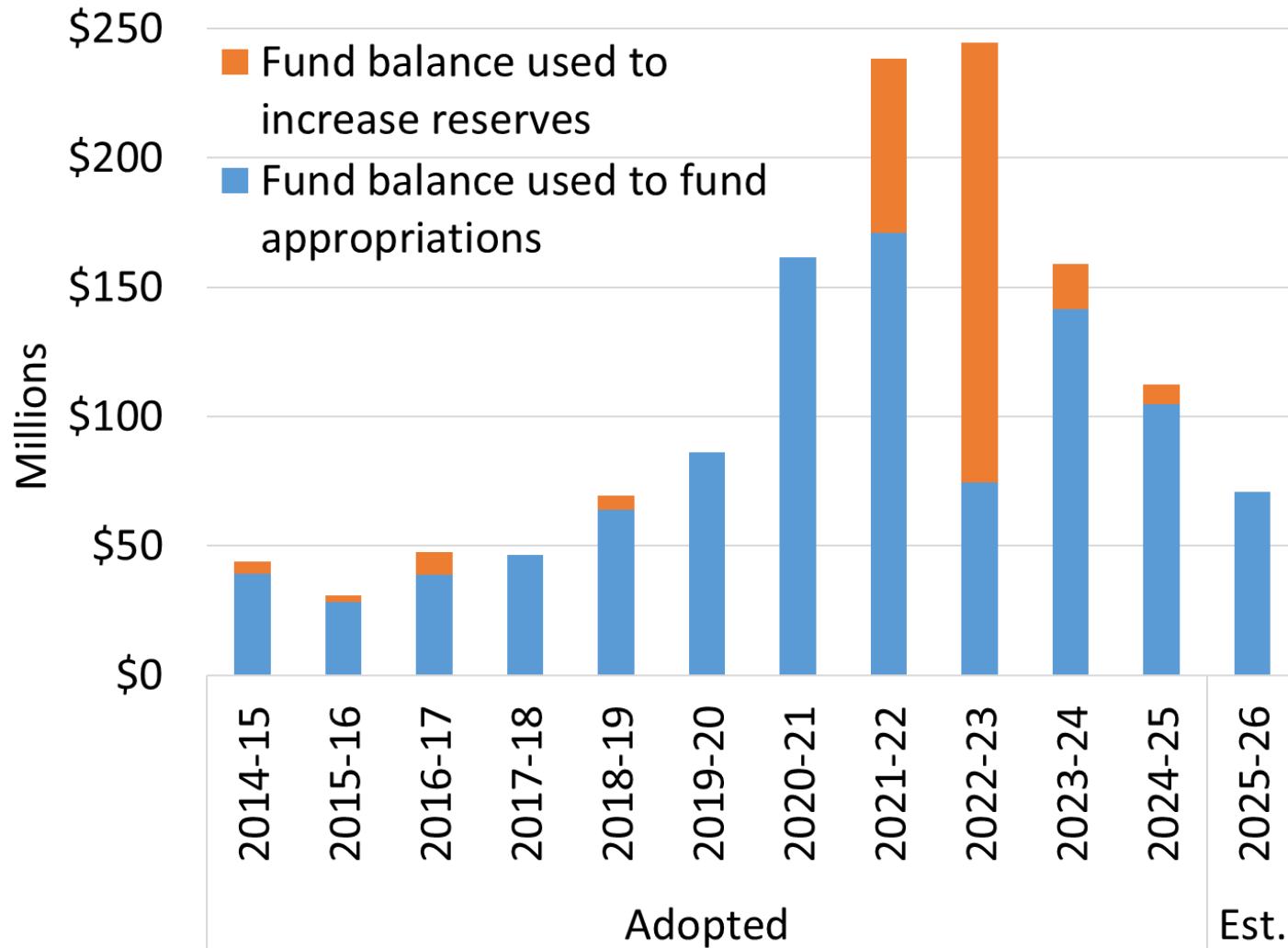
\$943 million
Discretionary revenue
+
\$71 million
Fund balance
+
\$7 million
Reserve release

=

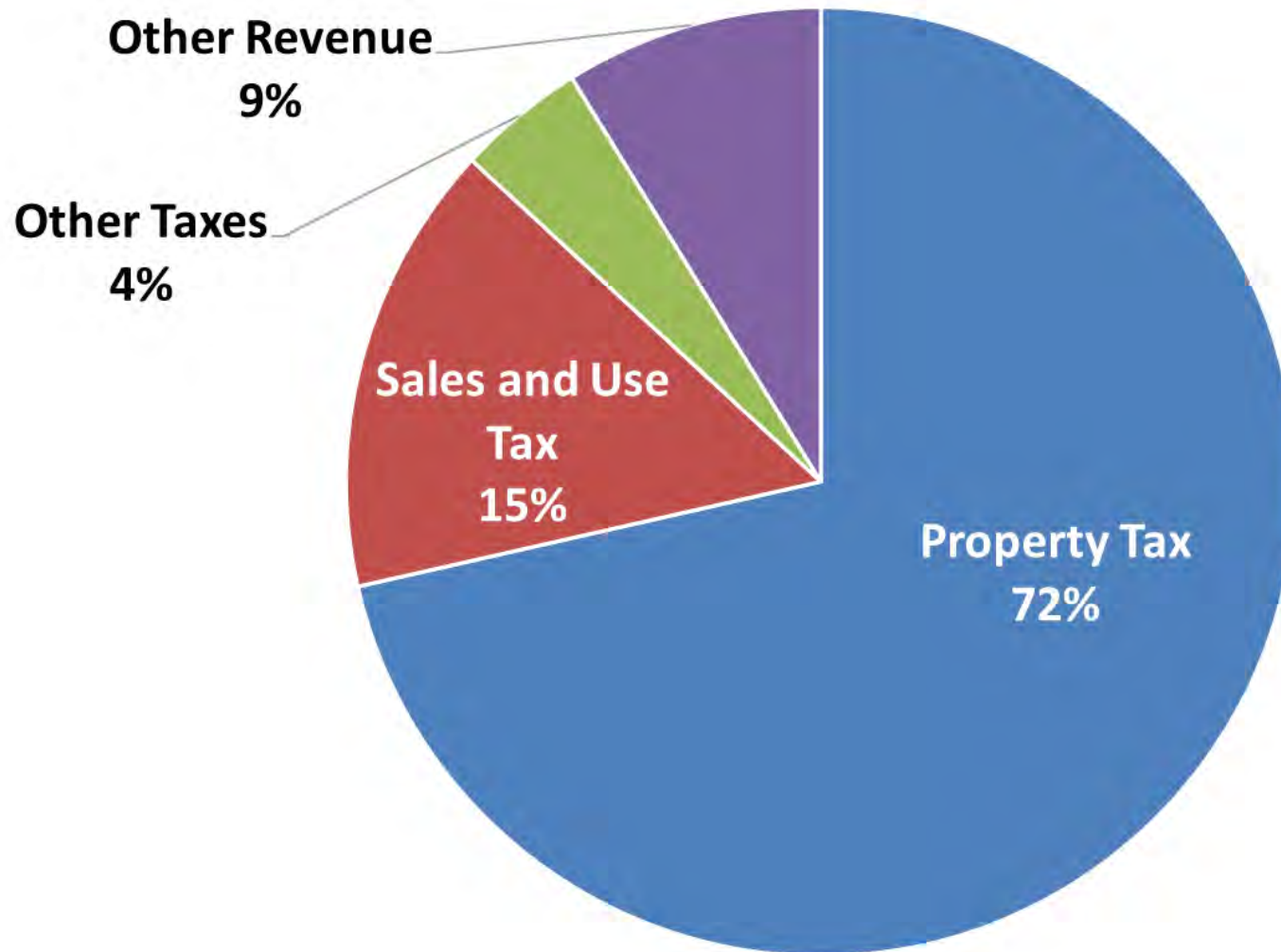
Net County Cost
\$1.021 billion

\$1.028 billion
Base budget
-
\$4 million
Categorical reductions
-
\$12 million
Other reductions
+
\$9 million
Growth

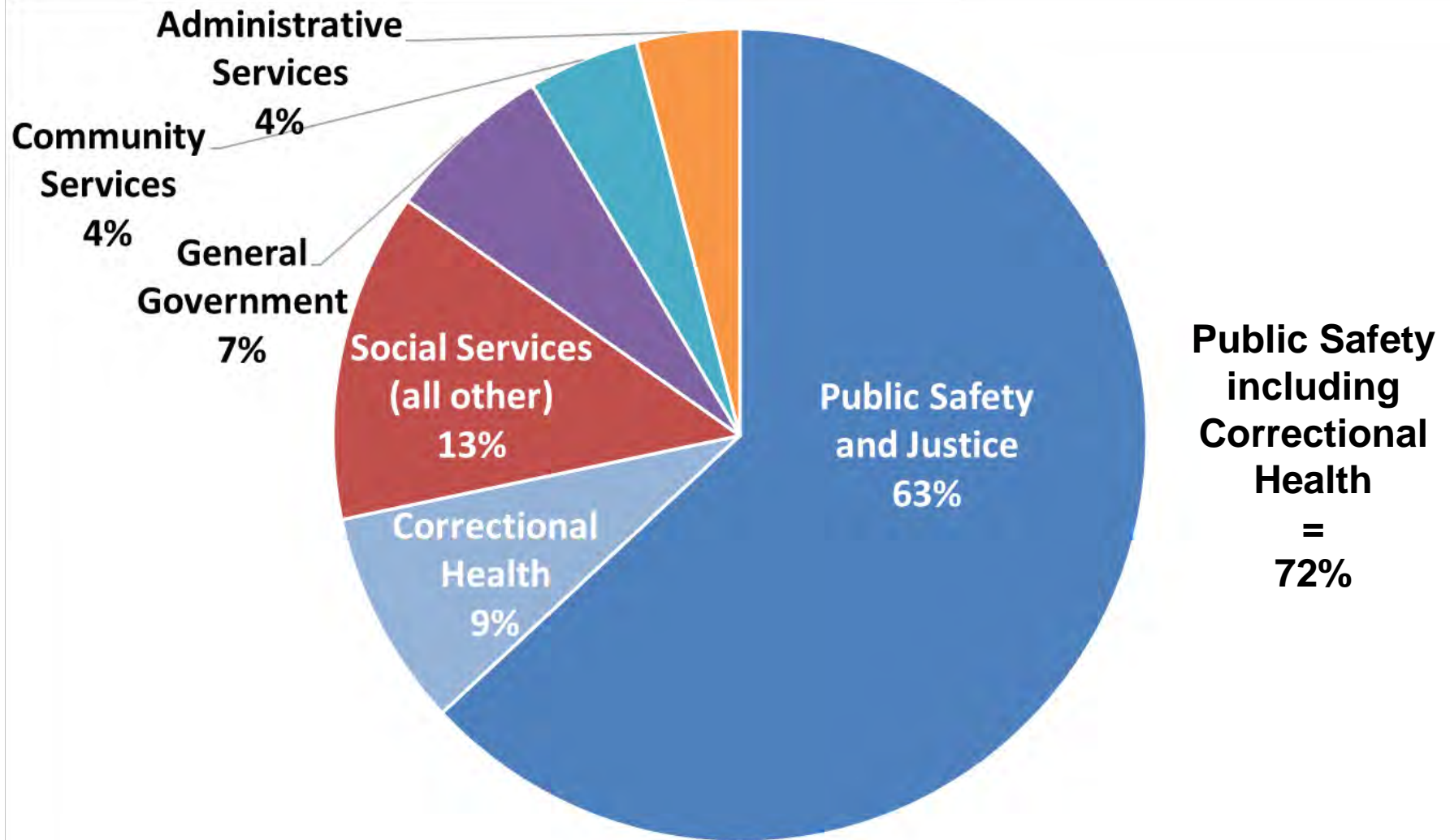
Available Fund Balance Carry-Forward



Discretionary Revenue: \$943 million



Net County Cost: \$1.021 billion



Discretionary Revenue

- \$943 million total, up \$35 million (3.9%) compared to FY 2024-25 Adopted Budget
- **Property taxes:** \$659 million, up \$28 million (4.5%)
- **Sales and use taxes:** \$145 million, up \$2 million (1.3%)
- Net \$5 million increase in other taxes and revenues
- Revenue assumptions do not reflect any impacts resulting from tariffs or a potential economic downturn

Semi-Discretionary Resources

- Semi-discretionary revenue/reimbursements = 1991 and 2011 Realignment and Proposition 172 Public Safety Sales Tax
- Reimburses expenditures that otherwise would be Net County Cost (with exception of CalWORKs)
- Non-CalWORKs Revenue: \$819 million, up \$9 million (1.1%)
- Non-CalWORKs combined beginning balance: \$67 million, down \$45 million compared to prior year
- Non-CalWORKs reimbursements to the General Fund: \$838 million, down \$12 million (1.4%)
 - Includes \$16 million use of reserves, bringing balance to \$48 million

General Fund Departmental Revenues

- Revenue specific to departmental programs
 - Used to fund eligible expenditures before the use of discretionary or semi-discretionary resources
- \$1.9 billion total revenue and reimbursements, net increase of \$99 million (5.5%)
 - Health Services - \$59 million (9.3%) increase
 - Human Assistance – Aid Payments - \$23 million (12.0%) increase
 - Human Assistance – Administration - \$15 million (4.3%) increase
 - Voter Registration and Elections - \$7 million (80.2%) decrease
- Categorical Revenue Reductions:
 - Sheriff
 - Child Support Services
 - Human Assistance
 - Agricultural Commissioner

General Fund Budget Approach

- Recognizing need to better align ongoing spending with ongoing resources, departments submitted budgets showing impact of no increase in use of discretionary resources (NCC)
 - Adjustments made for semi-discretionary resources, one-time costs, cost shifts between departments, and reduction in POB allocations
 - Goal of preserving funding capacity created by reduction in POB debt service not ultimately reflected in recommendations
- Several departments submitted budgets that maintained service levels with no increase in NCC
- Departments identifying need for increased NCC to maintain existing services submitted prioritized reduction scenarios
- Departments identifying need for new/expanded services submitted prioritized growth requests

General Fund Appropriations: \$4.0B

FY 2025-26	
Base Service Level	\$3.935 billion
Categorical Reductions	-\$4 million
Other Reductions	-\$14 million
Recommended Growth	\$43 million
Total Appropriations	\$3.960 billion

General Fund Base Appropriations

- Department-identified efficiencies resulting in cost savings
- Adjustments to better align budget with actual results
- Reduction in scheduled POB debt service payments
- Salary and benefit cost adjustments, including assumed 2.7% salary increase
- Inflationary impacts on cost of services and supplies
- In Home Supportive Services provider payment increase
- Aid payments caseload and cost increases
- Reduction for one-time amounts included in 2024-25 budget
- Contingency decrease of \$6 million for total of \$9 million

General Fund Categorical Reductions

- \$4 million total impacts resulting from reductions in dedicated revenue
- \$2 million not requested for backfill - \$1.5 million for Sheriff and \$0.5 million for Child Support Services
- \$1.7 million for Human Assistance due to reductions in CalFresh revenue
 - 13.5 FTE restored with discretionary resources
 - \$1.4 million reduction resulting in deletion of 13 FTE
 - \$300k further loss of State revenue results in elimination of contract assisting residents in the south rural areas of the County
- \$127k loss of State funding for 1.0 FTE for Ag Commissioner

General Fund Other Reductions

- \$14 million of other reductions recommended to balance the General Fund budget
- **Sheriff** - \$8.1 million total, \$7.4 million Net County Cost (1.9% of requested base)
 - CCW Program - \$1.5 million (\$840k NCC) funding 2 FTE and extra help
 - Homeless Outreach Team (HOT) - \$2.3 million funding 9 FTE
 - Problem-Oriented Policing (POP) Teams - \$4.0 million funding 16 FTE
 - Marine Unit - \$300k funding 1 FTE
- **District Attorney** - \$1.8 million (2.0% of requested base) funding 6 FTE in Misdemeanor Units
- **Regional Parks** - \$1.6 million (8.4% of requested base) funding 2 FTE, extra help and work crews, and contracts for waterway support and science education programs

General Fund Other Reductions (cont.)

- **Public Defender** - \$1.0 million (1.8% of requested base) funding 1 FTE, extra help, and contracts for Juvenile Trauma Response Court and Pretrial Support Program
- **Child, Family, and Adult Services** - \$0.4 million (0.9% of requested base) funding supporting services provided by the Child Abuse Prevention Council and the Sacramento County Office of Education
- **Internal Service Departments:**
 - Finance – 4 FTE
 - Personnel Services – 3 FTE
 - Technology – 1 FTE

New or Enhanced Programs

- Over \$150 million departmental requests for new or enhanced programs (“growth”)
- \$43 million General Fund growth recommended for funding
 - \$9 million Net County Cost
 - 52 full time equivalent (FTE) positions
- Additional \$20 million Net County Cost growth prioritized for Revised Recommended Budget
- \$23 million non-General Fund growth recommended for funding
 - 23 FTEs

General Fund Growth

- **Correctional Health Services** - \$9 million, including \$6 million Net County Cost
- **Sheriff** - \$2 million (\$1 million NCC)
- **Health Services** - \$12 million total (no NCC)
- **Homeless Services and Housing** - \$4.3 million (\$0.6 million NCC)
- **Human Assistance - Administration** - \$13 million total (no NCC)
- **Conflict Criminal Defenders** - \$900k Net County Cost
- **Community Development** - \$100k Net County Cost
- **Probation** - \$100k Net County Cost

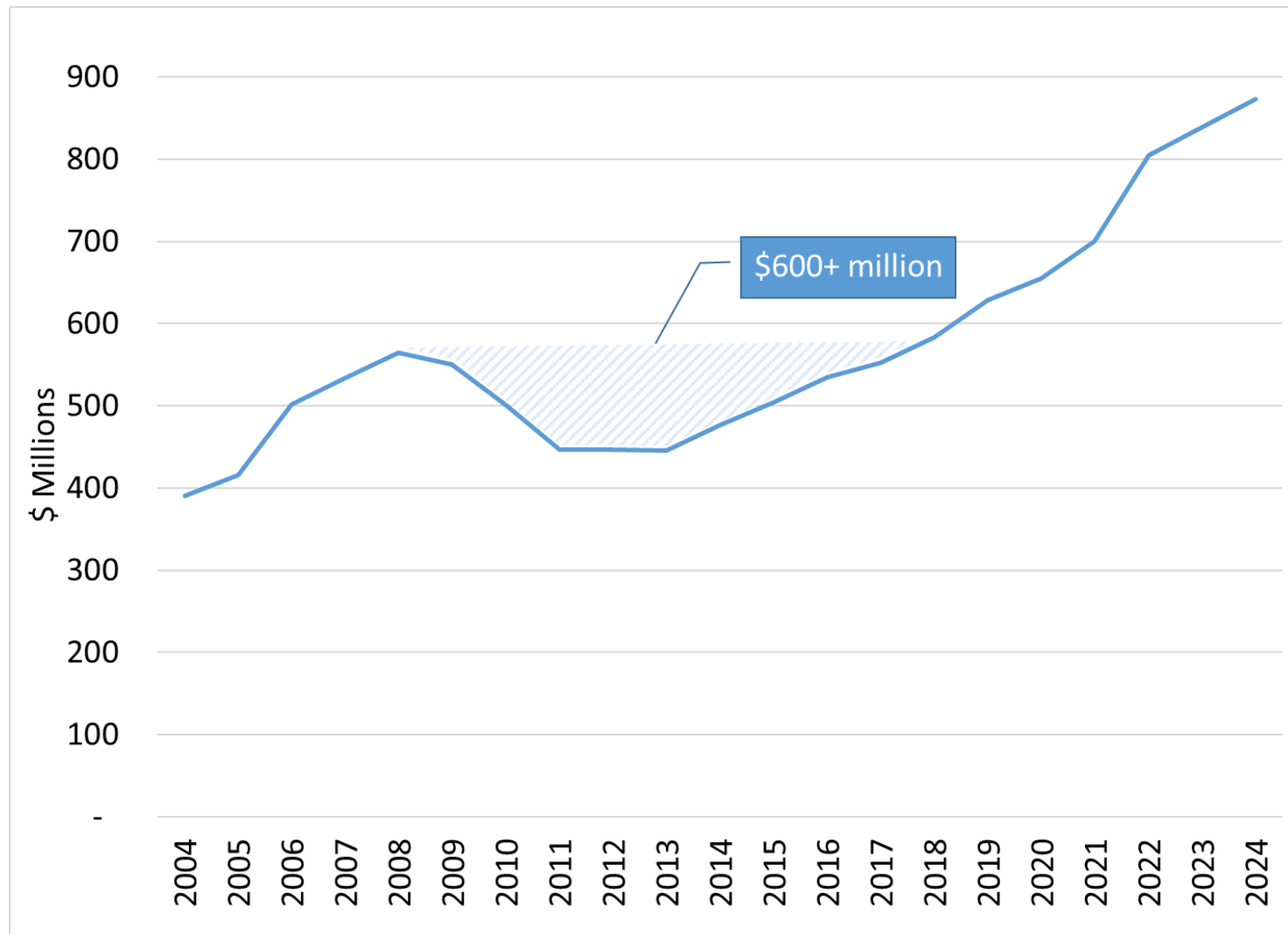
Growth Prioritized for September

Department/Budget Unit	Total Appropriations	Net County Cost
Regional Parks	\$ 25,000	\$ 17,980
Financing-Transfers/Reimbursements	20,000,000	20,000,000
Total General Fund	\$20,025,000	\$20,017,980
Parks – Restricted Revenues	\$ 7,020	-
Roads	20,000,000	-
Total Non-General Fund	\$20,007,020	\$ -
Total All Funds	\$40,032,020	\$20,017,980

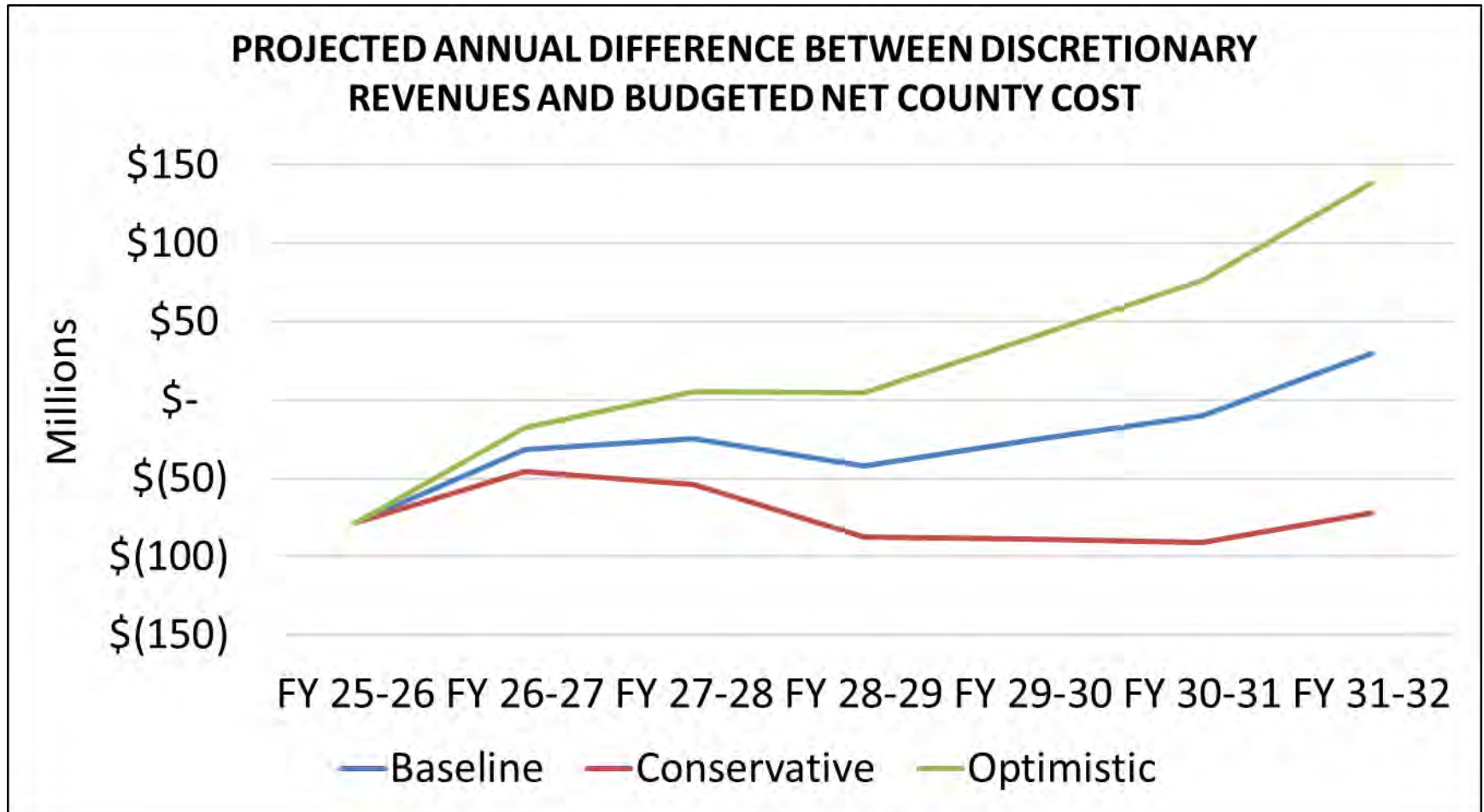
General Fund Reserves

- \$7.5 million release from Property Tax System Reserve
- Total discretionary reserves of \$253 million, with \$39 million set aside for specific purposes
- Remaining \$214 million available discretionary reserves
 - 6% of total General Fund revenue
 - Policy goal of 17% would be \$660 million
- **Before funding growth prioritized for September:**
 - Reserve policy calls for funding General Reserves to 10% of discretionary revenue
 - Additional recommended reserve contribution of \$20 million for Mays Consent Decree capital needs

Historical Tax Revenues



General Fund Sensitivity Analysis



Capital Improvement Plan (CIP)

- 5-Year CIP Total: \$2.7 billion, with \$891 million in FY 2025-26
- Includes projects in following departments:
 - Airports
 - General Services: County Buildings, Libraries, Mather Community Campus
 - Regional Parks
 - Transportation
 - Waste Management & Recycling
 - Water Resources: Drainage and Water Supply
- All projects previously reviewed by the Board, with new and newly funded projects reviewed in April 2025
- Funding for FY 2025-26 projects included in the Recommended Budget

Recommended Actions

Recommended Budget:

1. Adopt the attached resolution approving the FY 2025-26 Recommended Budget
2. Direct DPS to prepare an administrative SRA to reflect the positions approved in the FY 2025-26 Recommended Budget, including any deletion of positions
3. Direct the County Executive to explore revenue enhancement options and return to the Board with recommendations

Capital Improvement Plan:

1. Adopt the Fiscal Year 2025-26 Five-Year Capital Improvement Plan