

County Executive
David Villanueva



County of Sacramento

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May 23, 2025

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

RE: Fiscal Year 2025-26 Recommended Budget

Honorable Members of the Board:

I am pleased to submit the County of Sacramento (County) Recommended Budget for Fiscal Year (FY) 2025-26 for your consideration and approval.

With this year's budget, the County continues to address a longstanding structural imbalance in our budget, which has relied on one-time resources to fund ongoing expenditures. This imbalance has resulted from expenditures growing faster than revenues, in part due to costs required to comply with County obligations, including the Mays Consent Decree regarding the conditions in the County's jails. Significant reductions in the General Fund beginning balance in recent years have required service level reductions, and the process of bringing the budget into structural balance will continue to be a multi-year effort to align ongoing revenues with ongoing expenditures and put the County on a path toward fiscal sustainability into the future.

In developing this year's budget recommendations in the face of limited resources, 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.

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 Budget section of this letter.

Discretionary Resources	
Beginning Available Balance	\$ 71,000,000
Reserve Release	7,521,253
Discretionary Revenue	942,749,593
Total Discretionary Resources	\$1,021,270,846
Net County Cost	
Base budget	\$ 1,028,354,545
Dedicated funding reductions	(3,776,805)
Other recommended reductions	(12,466,407)
Recommended growth	9,159,513
Recommended Net County Cost	\$1,021,270,846

While the General Fund budget is balanced as required by State law, it remains out of structural balance, with nearly all of the estimated \$71 million beginning available balance recommended to fund ongoing expenditures. This means that the steps taken to reduce the structural imbalance in the budget this year will likely continue to 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 January 2025, the Board reaffirmed the following budget priorities for the use of discretionary resources in the FY 2025-26 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.

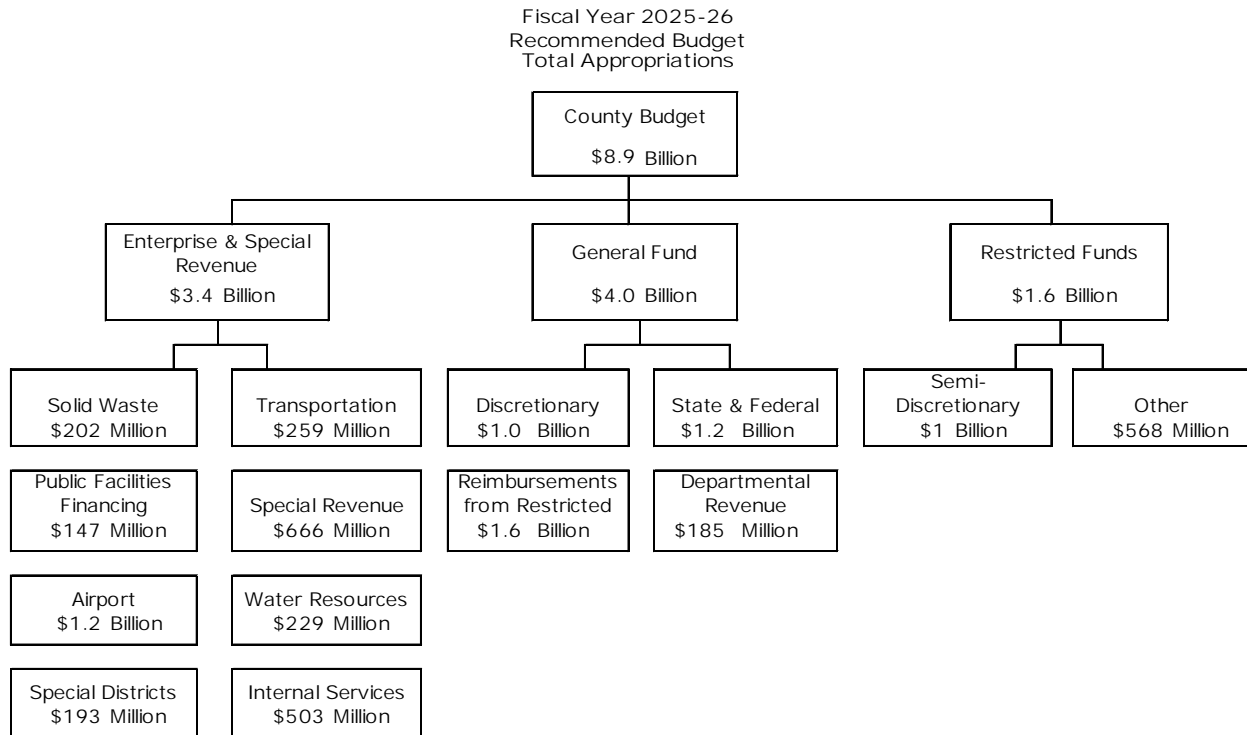
On September 6, 2023 and December 12, 2023, respectively, the Board adopted policies for General Fund Reserves and the General Fund Contingency, and the recommendations included in this budget are consistent with those policies.

ALL FUNDS BUDGET

The Recommended Budget for All Funds totals \$8.9 billion in appropriations, which is a decrease of \$258 million (2.8%) compared to the FY 2024-25 Adopted Budget of \$9.2 billion. The chart on page 4 illustrates the distribution of the All Funds Budget.

Adjustments contributing to the overall reduction in appropriations include the removal of expenditures associated with Sacramento Area Sewer District employees following their transition from County to district employment and

removing non-labor expenditures from the County budget for the First 5 Sacramento Commission and the Board of Retirement, which are staffed by County employees but have separate governing boards.



Of the total \$8.9 billion budgeted, \$3.4 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 \$4.0 billion are described in more detail in the General Fund Budget section of this letter. Restricted fund appropriations of \$1.6 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 2025-26 Recommended Budget and FY 2024-25 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 2025-26 Recommended Budget

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ALL FUNDS BUDGET - TOTAL APPROPRIATIONS

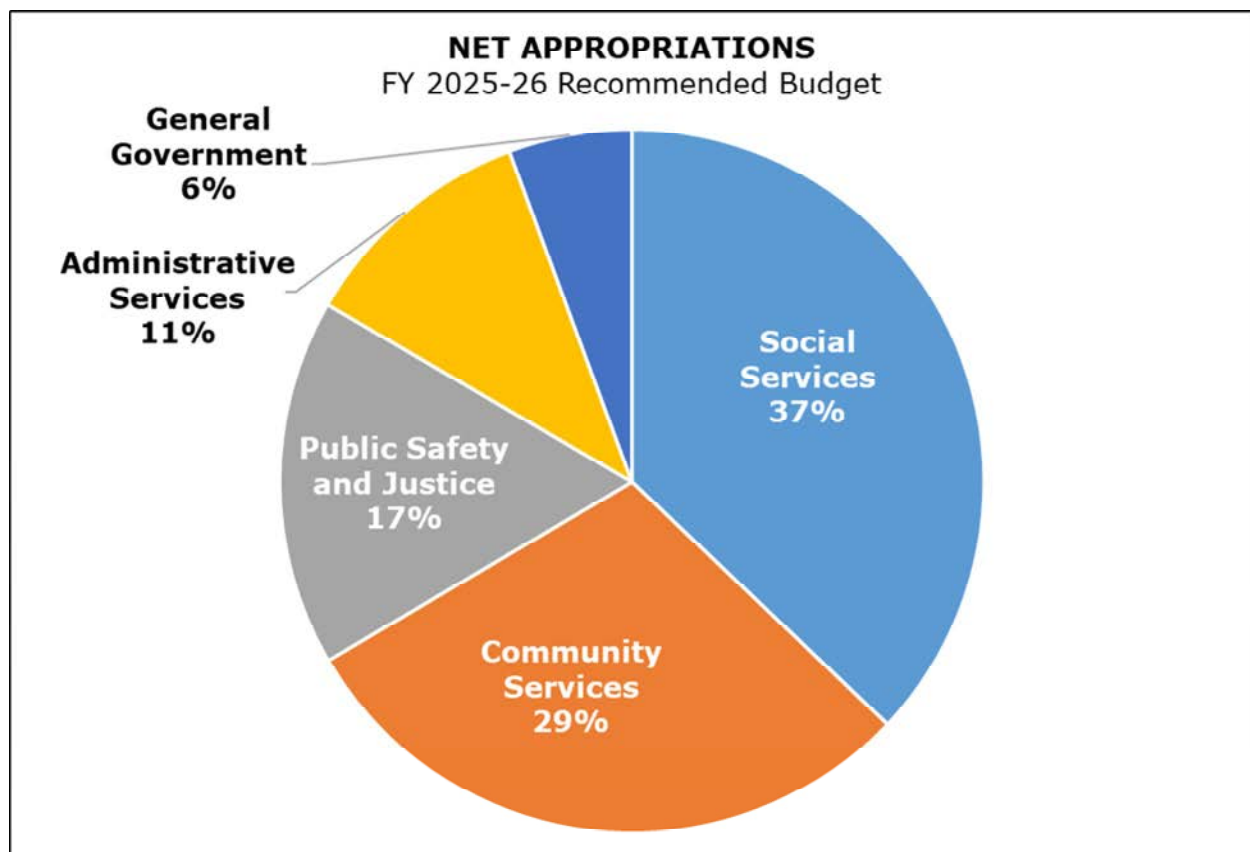
Fund or Fund Type	FY 2024-25 Adopted Budget	FY 2025-26 Recommended Budget	Difference	%
General Fund	\$ 3,851,831,015	\$ 3,960,376,930	\$ 108,545,915	2.8%
Community Investment Program	65,543	-	(65,543)	-100.0%
Neighborhood Revitalization	4,390,232	1,617,509	(2,772,723)	-63.2%
Mental Health Services Act	146,348,106	113,041,941	(33,306,165)	-22.8%
Public Safety Sales Tax	173,062,330	175,204,175	2,141,845	1.2%
1991 Realignment	411,628,761	432,130,379	20,501,618	5.0%
2011 Realignment	441,547,718	424,806,160	(16,741,558)	-3.8%
Clerk/Recorder Fees	8,108,403	7,888,439	(219,964)	-2.7%
SSD DOJ Asset Forfeiture	1,423,795	423,795	(1,000,000)	-70.2%
SSD Restricted Revenue	22,683,252	16,917,892	(5,765,360)	-25.4%
Economic Development	77,024,956	46,219,430	(30,805,526)	-40.0%
Environmental Management	24,921,738	25,524,910	603,172	2.4%
Golf Fund	12,769,629	13,891,117	1,121,488	8.8%
Transient Occupancy Tax	5,364,838	5,359,970	(4,868)	-0.1%
Transportation	519,853,749	525,481,665	5,627,916	1.1%
Water Resources	326,255,849	228,717,313	(97,538,536)	-29.9%
Airport System	1,146,114,937	1,167,607,794	21,492,857	1.9%
Waste Management & Recycling	222,740,750	202,236,077	(20,504,673)	-9.2%
Capital Projects Funds	195,507,773	135,403,779	(60,103,994)	-30.7%
Debt Service Funds	49,332,237	49,332,237	-	0.0%
Other Special Revenue Funds	132,660,284	118,079,106	(14,581,178)	-11.0%
Other Enterprise Funds	4,140,446	4,672,445	531,999	12.8%
Other Internal Service Funds	526,337,857	502,702,519	(23,635,338)	-4.5%
Other Special Districts & Agencies	494,189,128	340,442,581	(153,746,547)	-31.1%
Other Restricted Funds	109,101,446	95,320,251	(13,781,195)	-12.6%
Patient Care Revenue	278,001,117	334,459,858	56,458,741	20.3%
Total Appropriations	\$ 9,185,405,889	\$ 8,927,858,272	\$(257,547,617)	-2.8%
Total Interfund Reimbursements	\$(2,053,785,714)	\$(2,029,591,653)	\$ 24,194,061	-1.2%
NET APPROPRIATIONS	\$ 7,131,620,175	\$ 6,898,266,619	\$(233,353,556)	-3.3%

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

- Other Special Districts & Agencies, with a \$154 million (31.1%) decrease, including the removal of appropriations for external agencies described above.
- Water Resources Funds, with a \$98 million (29.9%) decrease due primarily to lower budgeted capital expenditures.

- Capital Projects Funds, with a \$60 million (30.7%) decrease reflecting the timing of capital projects.
- Economic Development, with a \$31 million (40.0%) decrease due primarily to the timing of McClellan remediation projects.
- Patient Care Revenue, with a \$56 million (20.3%) increase in transfers to the Health Services operating budget.
- Mental Health Services Act, with a \$33 million (22.8%) decrease due to lower expected revenue and transfers to the Health Services operating budget.

Interfund reimbursements represent \$2.0 billion, leaving net appropriations of \$6.9 billion 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 \$4.0 billion representing an overall increase of \$109 million (2.8%) compared to the FY 2024-25 Adopted Budget.

FY 2025-26 Recommended Budget GENERAL FUND

	FY 2024-25 Adopted Budget	FY 2025-26 Recommended Budget	Difference
Resources			
Beginning Available Balance (non-ARPA)	\$ 112,416,392	\$ 71,000,000	\$ (41,416,392)
Fund Balance due to ARPA	14,778,279	-	(14,778,279)
Reserve Release	5,245,906	7,521,253	2,275,347
Total Fund Balance and Reserves	\$ 132,440,577	\$ 78,521,253	\$(53,919,324)
Discretionary Revenue	907,391,467	942,749,593	35,358,126
Semi-discretionary Reimbursements	1,026,238,809	1,032,140,714	5,901,905
Interfund Reimbursements	513,109,261	531,642,976	18,533,715
Departmental Revenue	1,295,074,690	1,375,322,394	80,247,704
Total Revenue	\$3,741,814,227	\$3,881,855,677	\$140,041,450
Total Resources	\$3,874,254,804	\$3,960,376,930	\$ 86,122,126
Requirements			
Contingency	\$ 14,492,295	\$ 8,657,810	\$ (5,834,485)
Other Net County Cost	1,002,915,960	1,012,613,036	9,697,076
Total Net County Cost	\$1,017,408,255	\$1,021,270,846	\$ 3,862,591
Other Appropriations	2,834,422,760	2,939,106,084	104,683,324
Total Appropriations	\$3,851,831,015	\$3,960,376,930	\$108,545,915
Reserve Contributions - non- ARPA	\$ 7,645,510	\$ -	\$ (7,645,510)
ARPA-related Reserve	14,778,279	-	(14,778,279)
Total Reserve Contributions	\$ 22,423,789	\$ -	\$(22,423,789)
Total Requirements	\$3,874,254,804	\$3,960,376,930	\$ 86,122,126

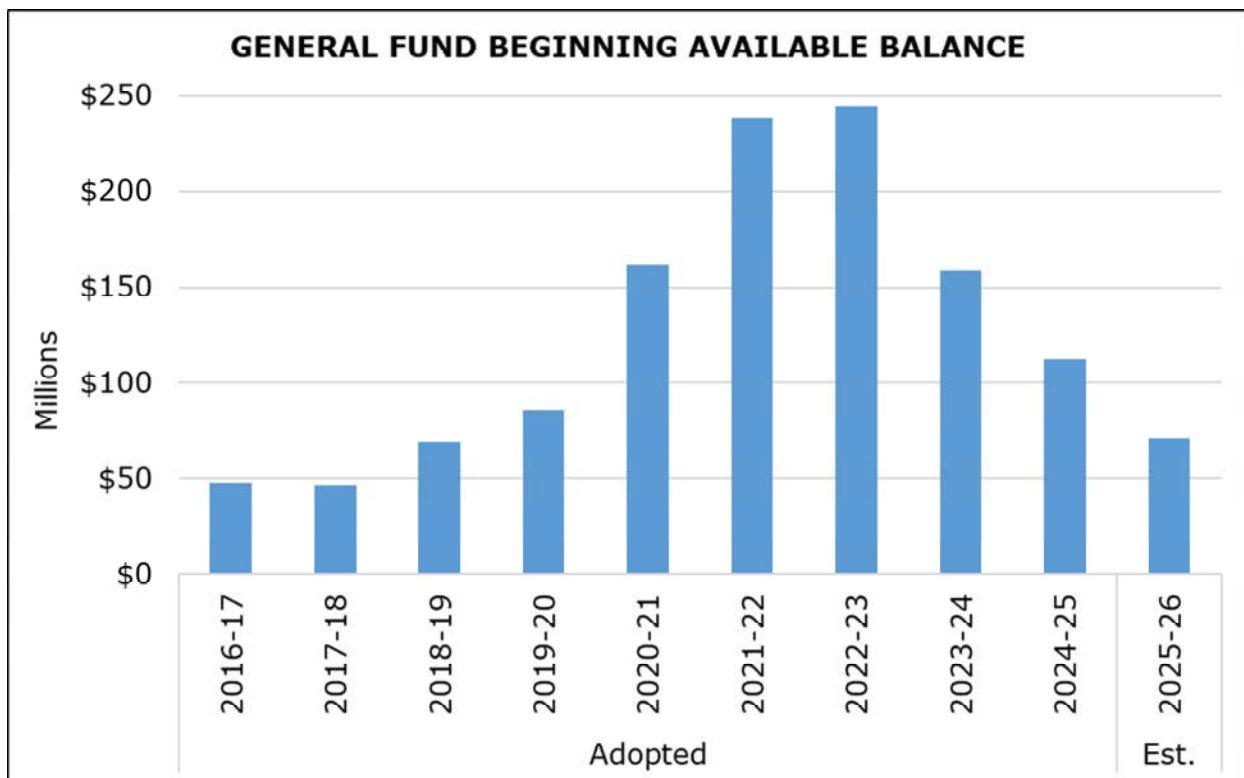
General Fund Discretionary Resources

Available Fund Balance

The General Fund beginning available balance represents unspent funding from FY 2024-25 and is estimated at \$71 million based on data available as of January 2025. This amount will be updated in the Revised Recommended Budget once actual FY 2024-25 revenues and expenditures are known.

The estimated fund balance of \$71 million represents a 37% reduction compared to the FY 2024-25 available fund balance of \$112 million, approximately \$80 million of which was used to fund ongoing expenditures, creating a structural imbalance and contributing to the need to make expenditure reductions in FY 2025-26.

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 \$942 million in FY 2025-26, an increase of \$35 million (3.9%). The increase in discretionary revenue results primarily from projected increases in property tax, utility user tax, and other revenue.

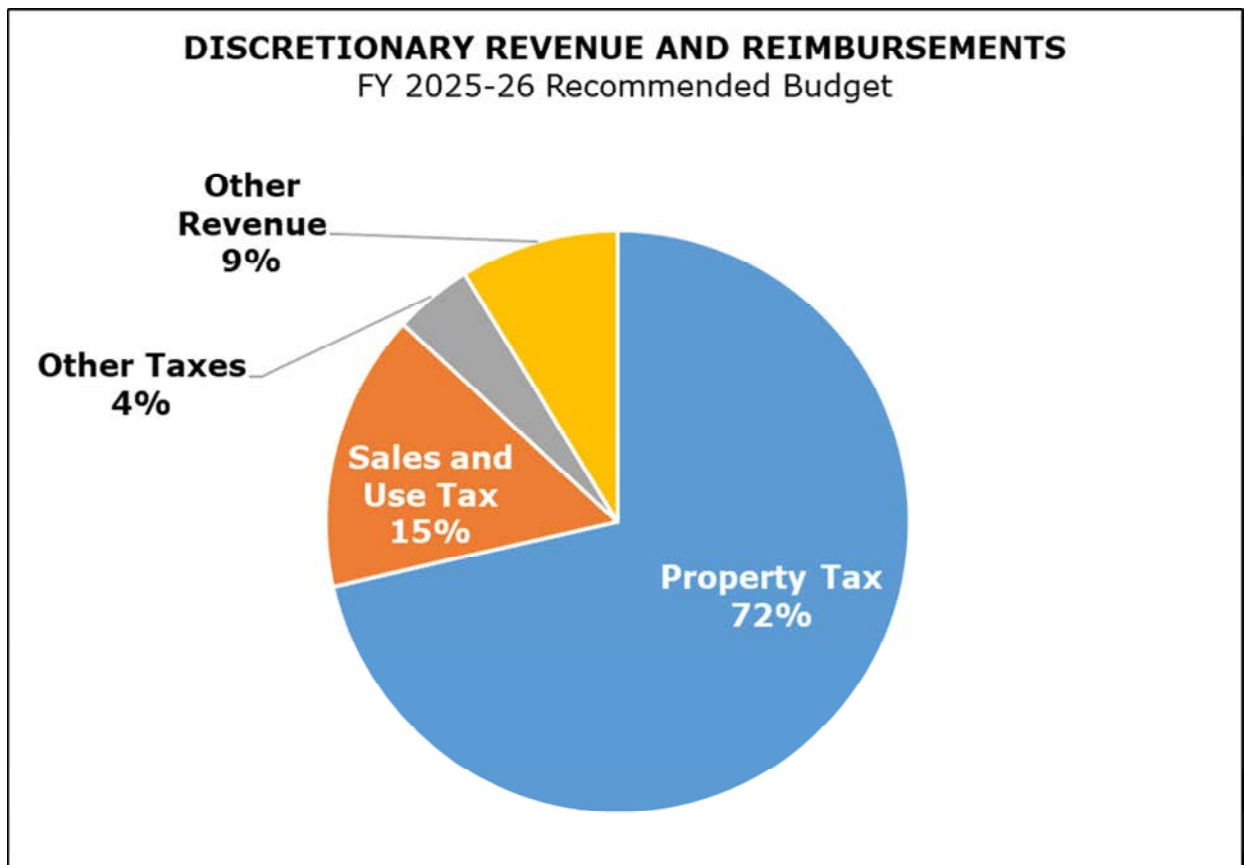
FY 2025-26 Recommended Budget DISCRETIONARY REVENUE

	FY 2024-25 Adopted	FY 2025-26 Recommended	Difference
Property Tax - Secured/VLF in Lieu	\$ 598,470,579	\$ 627,594,420	\$ 29,123,841
Property Tax - Supplemental	8,907,480	7,571,358	(1,336,122)
Other Property Tax	23,345,373	23,955,514	610,141
Total Property Tax	\$ 630,723,432	\$ 659,121,292	\$28,397,860
Sales and Use Tax	\$ 143,223,753	\$ 145,152,502	\$ 1,928,749
Utility User Tax	20,130,000	22,940,000	2,810,000
Transient Occupancy Tax	5,641,000	5,180,000	(461,000)
Property Transfer Tax	13,000,000	13,000,000	-
Teeter	15,101,227	14,464,429	(636,798)
Other Revenue	79,572,055	82,891,370	3,319,315
Total Revenue	\$ 907,391,467	\$ 942,749,593	\$35,358,126

Property Taxes: As shown in the chart on page 10, property taxes represent nearly three quarters of discretionary revenue. FY 2025-26 property tax revenue is projected to be \$659 million, an increase of \$28 million (4.5%), relatively consistent with the growth experienced during FY 2024-25 but lower than increases seen in prior years as higher interest rates have negatively impacted the volume of home sales. Continued high interest rates combined with concerns about inflation 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 15 percent. FY 2025-26 sales and use tax revenue is projected to be \$145 million, an increase of \$2 million (1.3%), 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, as well as a cautious outlook resulting from the uncertainty surrounding the potential impact of recently announced and enacted tariffs on imported goods.

Other Taxes and Revenues: Utility user taxes are projected to increase by \$2.8 million (14.0%) due, in part, to rate increases implemented by utility providers. Other revenue sources are projected to increase in total by \$3.3 million (4.2%) primarily due to an increase in central service department cost recovery from non-General Fund departments.



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, semi-discretionary revenue is estimated to total \$1.013 billion in FY 2025-26, an increase of \$60 million (6.3%); however, most of that increase in revenue results from CalWORKs-related realignment that is offset by changes in other CalWORKs funding sources and has no impact on the County's use of discretionary resources. Non-CalWORKs-related revenue is projected to increase by only \$9.0 million (1.1%). These estimates generally assume that statewide sales tax revenue will be flat in FY 2024-25 and will grow by approximately 3% in FY 2025-26.

FY 2025-26 Recommended Budget

SEMI-DISCRETIONARY RESTRICTED FUNDS - REVENUE

Fund	FY 2024-25 Adopted Budget	FY 2025-26 Recommended Budget	Difference
Public Safety Sales Tax	\$ 173,027,944	\$ 175,204,175	\$ 2,176,231
1991 Realignment - Non-CalWORKs	222,086,693	226,243,381	4,156,688
2011 Realignment	414,535,297	417,155,156	2,619,859
Total - Non-CalWORKs	\$ 809,649,934	\$ 818,602,712	\$ 8,952,778
1991 Realignment - CalWORKs	142,897,079	194,303,122	51,406,043
Total	\$ 952,547,013	\$ 1,012,905,834	\$ 60,358,821

The estimated combined semi-discretionary revenue funds beginning fund balance is \$67 million, including reserves of \$64 million, which compares to a FY 2024-25 beginning fund balance of \$145 million. As shown below, the non-CalWORKs-related beginning balance is approximately \$45 million lower than the prior year, reflecting use of fund balance to fund expenditures during FY 2024-25.

FY 2025-26 Recommended Budget

SEMI-DISCRETIONARY REVENUE RESTRICTED FUNDS - BEGINNING BALANCE

Fund	FY 2024-25 Adopted Budget	FY 2025-26 Recommended Budget	Difference
Public Safety Sales Tax	\$ 34,386	\$ -	\$ (34,386)
1991 Realignment - Non-CalWORKs	50,114,291	29,905,832	(20,208,459)
2011 Realignment	61,467,067	37,137,626	(24,329,441)
Total - Non-CalWORKs	\$ 111,615,744	\$ 67,043,458	\$ (44,572,286)
1991 Realignment - CalWORKs	33,424,234	-	(33,424,234)
Total	\$ 145,039,978	\$ 67,043,458	\$ (77,996,520)

As shown in the table below, overall reserves are recommended to decrease from \$64 million in FY 2024-25 to \$48 million in FY 2025-26, reflecting a combined net reserve release to fund General Fund expenditures of \$16 million, contributing to the overall structural imbalance in the General Fund.

FY 2025-26 Recommended Budget

SEMI-DISCRETIONARY REVENUE RESTRICTED FUNDS - RESERVES

Fund	FY 2024-25 Ending	FY 2025-26 Recommended Budget	Difference
Public Safety Sales Tax	\$ -	\$ -	\$ -
1991 Realignment	29,812,246	18,321,956	(11,490,290)
2011 Realignment	34,166,887	29,486,622	(4,680,265)
Total	\$ 63,979,133	\$ 47,808,578	\$ (16,170,555)

As shown in the table below, the Recommended Budget includes semi-discretionary reimbursements in the General Fund of \$1.03 billion, an overall increase of \$6 million (0.6%). Excluding CalWORKs, reimbursements are \$12 million lower than in the FY 2024-25 Adopted Budget, reflecting a reduction in available resources due to prior-year use of fund balance.

FY 2025-26 Recommended Budget
SEMI-DISCRETIONARY APPROPRIATIONS/REIMBURSEMENTS

	FY 2024-25 Adopted Budget	FY 2025-26 Recommended Budget	Difference
Enhancing Law Enforcement Activities	\$ 24,837,359	\$ 24,930,779	\$ 93,420
Law Enforcement Services	130,991,412	133,371,788	2,380,376
Behavioral Health Services	126,490,913	108,996,281	(17,494,632)
Protective Services	159,228,034	157,507,312	(1,720,722)
Total 2011 Realignment	\$ 441,547,718	\$ 424,806,160	\$ (16,741,558)
Mental Health	\$ 58,293,345	\$ 75,787,977	\$ 17,494,632
Public Health	19,333,372	20,038,101	704,729
Social Services	157,680,731	142,001,179	(15,679,552)
Total 1991 Realignment - Non-CalWORKs	\$ 235,307,448	\$ 237,827,257	\$ 2,519,809
CalWORKs	176,321,313	194,303,122	17,981,809
Total 1991 Realignment	\$ 411,628,761	\$ 432,130,379	\$ 20,501,618
Proposition 172	173,062,330	175,204,175	2,141,845
Total	\$ 1,026,238,809	\$ 1,032,140,714	\$ 5,901,905
Total Semi-discretionary Reimbursement - Non-CalWORKs	\$ 849,917,496	\$ 837,837,592	\$ (12,079,904)

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 \$1.91 billion for FY 2025-26, an increase of \$99 million (5.5%). Budget units with the largest changes in departmental revenue are described below.

- Health Services, with a \$59 million (9.3%) increase resulting primarily from increased State revenue and Patient Care Revenue. The additional revenue and reimbursements in the Health Services budget fund \$12 million of recommended growth for FY 2025-26.

- Human Assistance – Aid Payments, with a \$23 million (12.0%) increase primarily due to an increase in Federal and State revenue resulting from increased expenditures in CalWORKs, Foster Care, Adoption Assistance, Refugee Cash Assistance, and Cash Assistance Program for Immigrants.
- Human Assistance – Administration, with a \$15 million (4.3%) increase primarily due to an increase in Federal and State revenue to fund recommended growth for FY 2025-26.
- Child, Family, and Adult Services, with a \$12 million (7.5%) decrease primarily due to the expiration of one-time State and Federal funding for dedicated programs.
- Voter Registration and Elections, with a \$7 million (80.2%) decrease due to a prior-year one-time State reimbursement for qualifying expenditures as well as decrease in election service charges due to fewer anticipated contests and measures for the upcoming election.

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

Approach to Use of Discretionary Resources

Recognizing the structural imbalance in the General Fund budget and the need to better align ongoing expenditures with ongoing revenues, our approach to development of the General Fund budget in each of the last two fiscal years has been for departments to submit budget requests that show the impact of receiving no net increase in the allocation of discretionary resources, after adjusting for the use of semi-discretionary resources, one-time costs, and cost shifts between fiscal years.

For FY 2025-26, the approach also adjusted for the decrease in Pension Obligation Bond (POB) debt service allocated to departments due to a reduction in scheduled debt payments as shown in the table on page 15.

The overall reduction in POB debt service estimated to be funded with discretionary and semi-discretionary resources is approximately \$9 million, and reducing resource use by this amount would allow for debt service capacity to be preserved for future capital needs, including improvements required to comply with the Mays Consent Decree. Given the overall shortfall in available resources relative to funding needs, the Recommended Budget does not preserve this capacity for future use.

GENERAL FUND PENSION OBLIGATION BOND (POB) ALLOCATIONS		
Budget Unit - Name	Appropriation Decrease Due to Reduction in POB Debt Service	Estimated Net County Cost Impact
Elected Officials		
3610000BU - Assessor	(220,275)	(129,682)
4050000BU - Board of Supervisors	(42,956)	(42,956)
5800000BU - District Attorney	(1,058,026)	(899,837)
7400000BU - Sheriff	(4,832,787)	(3,992,776)
Subtotal - ELECTED OFFICIALS	(6,154,044)	(5,065,251)
General Government		
4010000BU - Clerk of the Board	(25,124)	(15,850)
4210000BU - Civil Service Commission	(3,640)	(3,243)
4810000BU - County Counsel	(203,517)	(98,549)
5730000BU - County Executive Cabinet	(117,604)	(23,656)
Subtotal - GENERAL GOVERNMENT	(349,885)	(141,298)
Administrative Services		
3230000BU - Department Of Finance	(294,553)	(16,125)
3240000BU - County Clerk/Recorder	(71,756)	-
4410000BU - Voter Registration And Elections	(42,643)	(22,050)
5740000BU - Office of Compliance	(3,110)	-
6050000BU - Personnel Services	(331,369)	-
7090000BU - Emergency Services	(17,998)	(4,589)
Subtotal - ADMINISTRATIVE SERVICES	(761,429)	(42,764)
Community Services		
3210000BU - Agricultural Comm-Sealer Of Wts & Meas	(42,200)	(11,732)
3220000BU - Animal Care Services	(70,101)	(61,211)
5720000BU - Community Development	(205,934)	(89,290)
6400000BU - Regional Parks	(161,635)	(90,779)
Subtotal - COMMUNITY SERVICES	(479,870)	(253,012)
Public Safety And Justice		
4610000BU - Coroner	(76,015)	(64,194)
5510000BU - Conflict Criminal Defenders	(5,818)	(5,529)
5750000BU - Justice Planning, Analytics and Coordination	(4,860)	(4,860)
6700000BU - Probation	(1,514,470)	(1,261,289)
6910000BU - Public Defender	(528,077)	(488,986)
Subtotal - PUBLIC SAFETY AND JUSTICE	(2,129,240)	(1,824,858)
Social Services		
5810000BU - Child Support Services	(390,203)	-
5820000BU - Homeless Services and Housing	(46,600)	(23,670)
7200000BU - Health Services	(1,824,401)	(451,568)
7410000BU - Correctional Health Services	(567,512)	(472,311)
7800000BU - Child, Family and Adult Services	(1,722,195)	(804,139)
8100000BU - Human Assistance-Administration	(2,382,193)	(153,041)
Subtotal - SOCIAL SERVICES	(6,933,104)	(1,904,729)
Total General Fund Dept	(16,807,572)	(9,231,912)

Consistent with the Budget Priority #2 to optimize the use of County resources, several departments submitted budget requests that maintain

existing service levels with no increase in the use of discretionary resources through a combination of better aligning budgets with actual results, identifying operating efficiencies, and enhancing departmental revenues.

Departments that identified the need for increased discretionary funding to maintain existing service levels, due to salary and benefit cost increases, other cost escalation, and/or a decrease in departmental revenues, submitted reduction scenarios that described the impact of not receiving additional discretionary funding. Departments identifying the need for additional discretionary funding for new programs or expanded service levels for existing programs submitted growth requests.

Both reduction scenarios and growth requests were evaluated based on the Board's budget priorities, considering available resources and the sustainability of funding recommendations in future fiscal years. Specific recommendations are detailed in the General Fund Program Reductions and General Fund New or Enhanced Programs sections.

General Fund Appropriations

The Recommended General Fund Budget totals \$4.0 billion in appropriations funded with all funding sources, an increase of \$109 million (2.8%). As shown in the table below, this increase is the net result of \$43 million in additional appropriations for recommended growth and an overall net increase in recommended appropriations for existing service levels of approximately \$65 million.

FY 2025-26 Recommended Budget
GENERAL FUND APPROPRIATIONS

FY 2025-26 Appropriation Category	FY 2024-25 Adopted Budget	FY 2025-26 Recommended Budget	Difference	%
Base Service Level	\$ 3,851,831,015	\$ 3,935,160,674	\$ 83,329,659	2.2%
Categorical Reductions		(3,934,175)	(3,934,175)	-0.1%
Non-categorical Reductions		(14,147,527)	(14,147,527)	-0.4%
Recommended Growth		43,297,958	43,297,958	1.1%
Total Appropriations	\$3,851,831,015	\$3,960,376,930	\$ 108,545,915	2.8%

The \$65 million net increase in appropriations for existing programs and services results from the following categories of changes, each described in more detail below:

- \$83 million net increase in base budget appropriations, which is the budget year cost for existing programs and service levels.

- \$4 million of categorical reductions resulting from the loss of dedicated funding.
- \$14 million of programmatic reductions resulting from a shortfall in discretionary resources available compared to base budget funding needs.

Key factors and assumptions resulting in the \$83 million net increase in General Fund base budget appropriations include:

- An increase in aid payment appropriations primarily due to an expected increase in CalWORKs caseloads and costs.
- Salary and benefit cost increases, including an assumed 2.7% wage increase and mid-year position changes approved by the Board.
- A reduction in scheduled POB debt service payments, as described in the Approach to Use of Discretionary Resources section.
- Increased cost of supplies and contract service provider rates, resulting from price inflation for goods and services and additional contracts approved by the Board.
- An increase in In Home Supportive Services (IHSS) provider payments resulting from (1) an increase in the County's required share of cost due to 4% annual escalation and a \$0.10 increase in provider wages effective July 1, 2025 and (2) an increase in provider insurance premiums.
- Reduction in appropriations for one-time amounts included in the FY 2024-25 Adopted Budget.
- A \$6 million decrease in contingency to fund at a level that accounts for uncertainties identified in the budget development process, consistent with the General Fund Contingency Policy adopted by the Board.

Departments also adjusted base appropriations to ensure that budgeted levels are realistic when compared to recent actual expenditures and identified opportunities for efficiencies, including deleting vacant positions no longer required to deliver current service levels. While these adjustments reduce the ability to absorb unanticipated expenditures in department budgets, the General Fund contingency is intended for this purpose.

General Fund Program Reductions

The table below summarizes the \$4 million in recommended categorical reductions and \$14 million in non-categorical reductions, for total program reductions of \$18 million, which result in the deletion of 73 full-time equivalent (FTE) positions.

For all departments except for the District Attorney, positions recommended for reduction are either vacant or the department has identified that incumbents would be shifted to a vacancy in the same classification within the department. While the District Attorney's Office did not describe the impact of the proposed reduction, sufficient vacancies existed in the department as of May 5, 2025 for the six positions recommended for reduction. As a result, the recommended reductions are not anticipated to result in the deletion of filled positions.

FY 2025-26 Recommended Budget

PROGRAM REDUCTIONS TO BASE BUDGET - GENERAL FUND

Department/Budget Unit	Total Recommended Reductions	Categorical	Non-Categorical	FTE
Agricultural Comm-Sealer Of Wts & Meas	\$ 127,455	\$ 127,455	\$ -	1.0
Animal Care Services	210,643	-	210,643	1.0
Child, Family and Adult Services	376,797	-	376,797	-
Child Support Services	568,605	568,605	-	5.0
Department Of Finance	394,563	-	394,563	4.0
District Attorney	1,756,256	-	1,756,256	6.0
Emergency Services	66,754	5,000	61,754	-
Human Assistance-Administration	1,719,973	1,719,973	-	13.0
Non-Departmental Costs/General Fund	40,000	-	40,000	-
Personnel Services	687,224	-	687,224	4.0
Public Defender	992,973	-	992,973	1.0
Regional Parks	1,571,029	-	1,571,029	2.0
Sheriff	9,569,430	1,513,142	8,056,288	36.0
Total General Fund	\$ 18,081,702	\$3,934,175	\$14,147,527	73.0

Additional detail for all of the reductions is included in Attachment 4 and in the Program Budget sections for each budget unit.

Categorical Revenue Reductions

Departments identified programmatic impacts resulting from anticipated reductions in revenue designated for a specific purpose (categorical

revenue). In some cases, departments identified a need to continue these programs and requested that the lost revenue be backfilled with discretionary funding. Consistent with Budget Priority #2, reductions in dedicated funding are recommended for backfill for only the most critical needs.

Of the \$4 million in recommended categorical reductions, \$2 million was not requested for backfill as follows:

- Sheriff: \$1.5 million for 8 vacant positions, due to reductions in grant and contract funding, and
- Child Support Services: \$0.5 million for 5 vacant positions due to frozen State funding levels.

The remaining \$2 million in recommended categorical reductions was requested for backfill, with the most significant impacts described below:

- Human Assistance - Administration: Due to a reduction in the State CalFresh allocation, the department identified the need for \$2.4 million in additional discretionary funding for 26.5 FTE to maintain current staffing levels in the CalFresh program. Because of the critical nature of this program, half of the funding loss has been restored in the recommended base budget to support 13.5 FTE on a one-time basis while the department implements process improvements to achieve efficiencies in the program. The remaining 13 FTE with total appropriations of \$1.4 million are recommended for reduction.

Additionally, due to a further loss of State revenue related to the resumption of CalFresh overpayment recoupment, a categorical reduction of \$300,000 results in the recommended elimination of a contract providing food, rent, utility, and transportation assistance to underserved residents in the south rural areas of the County.

- Agricultural Commissioner: Due to an anticipated reduction of \$127,000 in State funding, including the complete elimination of the Detector Dog Program, 1.0 FTE is recommended for deletion, decreasing pest detection efficiency and increasing the risk of pests that threaten local agriculture and crop production.

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 and, for internal service departments, not increasing charges to other departments.

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. Through that process, approximately \$20 million of identified impacts were restored and are included in the recommended base budget, with the remaining \$14 million recommended for reduction.

The \$14 million in recommended non-categorical reductions shown in the table on page 18 includes the recommended deletion of 46 FTE positions, as well as non-personnel expenditure reductions across several departments, with a Net County Cost impact of \$12 million. Reductions with the most significant impact include:

- Sheriff: \$8.1 million reduction in total appropriations including \$7.4 million in Net County Cost representing a 1.9% reduction to the department's requested base budget and the deletion of 28.0 FTE positions. Incumbents in these positions would be moved to other vacancies in the Department. Specific program reductions for this budget unit are recommended according to priorities identified by the Sheriff's Office as follows:

Carry Concealed Weapons (CCW) Program - \$1.5 million reduction in total appropriations (\$840,000 Net County Cost) resulting in the deletion of 2.0 FTE positions and elimination of funding for 18 on-call positions that staff the CCW Program.

Homeless Outreach Teams (HOT) - \$2.3 million reduction in total appropriations and Net County Cost resulting in the deletion of 9.0 FTE positions serving on homeless outreach teams that are specialized units focusing on providing services and support to individuals experiencing homelessness, often in collaboration with social services.

Problem-Oriented Policing (POP) Teams - \$4.0 million reduction in total appropriations and Net County Cost resulting in the deletion of 16.0 FTE positions. POP is an approach where law enforcement focuses on identifying and addressing underlying issues or patterns of crime and emphasizes long-term solutions by collaborating with the community, other agencies, and resources.

Marine Unit - \$300,000 reduction in total appropriations and Net County Cost resulting in the deletion of 1.0 FTE position assigned to the Marine Unit. Marine teams are essential for ensuring safety, maintaining law and order, and protecting the environment on water bodies like rivers, lakes, and oceans.

This reduction was originally submitted for 4.0 FTE, with 3.0 FTE restored in the recommended base budget due to Sheriff's Office prioritization. Other potential reductions that were restored based on department prioritization included the Youth Services Unit and a reduction in the use of extra help.

- District Attorney: \$1.8 million reduction in total appropriations and Net County Cost representing a 2.0% reduction to the department's requested base budget and the deletion of 6.0 FTE positions in the Misdemeanor Trials and Misdemeanor Court Review Units.

This reduction was originally submitted for 20.0 FTE, with 14.0 FTE restored in the recommended base budget. Other potential reductions that were restored based on department prioritization included impacts to felony prosecutions, major crimes, and community prosecutors.

- Regional Parks: \$1.6 million reduction in total appropriations and Net County Cost representing an 8.4% reduction to the department's requested base budget. Recommended reductions include the deletion of 2.0 FTE positions; reductions to extra help staffing, work crews, and equipment rentals; and elimination of funding to contract service providers of \$500,000 for waterway support and \$75,000 for science education programs.
- Public Defender: \$1.0 million reduction in total appropriations and Net County Cost representing a 1.8% reduction to the

department's requested base budget. Recommended reductions include the deletion of 1.0 FTE position, reduced extra help staffing in the Expungement and Records Clearing Program, and reductions to contract services for the Juvenile Trauma Response Court Program and Pretrial Support Program. Contract services for the Pretrial Support Program are included as recommended growth in the Correctional Health budget.

- Child, Family, and Adult Services: \$0.4 million reduction in total appropriations and Net County Cost representing a 0.9% reduction to the department's requested base budget. Recommended reductions include the elimination of funding support to the Child Abuse Prevention Council (CAPC) for training that CAPC is otherwise mandated to provide and elimination of a contract with the Sacramento County Office of Education (SCOE) for services addressing the educational needs of dependent children and youth.
- Internal Service Departments: Reductions are also recommended in internal service departments to minimize allocated costs passed on to General Fund operating departments. Position reductions are recommended for the Department of Finance (4.0 FTE), Department of Personnel Services (3.0 FTE), and Department of Technology (1.0 FTE).

General Fund New or Enhanced Programs (Growth)

Departments submitted over \$150 million in requests for new or enhanced programs (growth requests), including \$67 million in Net County Cost support. The Recommended Budget includes \$66 million in recommended growth across all funds.

As shown in the table on page 23, recommended General Fund growth totals \$43 million, with \$9 million of that amount funded with Net County Cost. Given the overall shortfall in discretionary resources relative to base budget funding needs, Net County Cost growth is focused on the most critical needs and largely reflects Budget Priority #1 – County Obligations, with much of this growth focused on compliance with the Mays Consent Decree.

FY 2025-26 Recommended Budget

GENERAL FUND NEW OR ENHANCED PROGRAMS (GROWTH)

Department/Budget Unit	Total Appropriations	Net County Cost	FTE
Assessor	\$ 40,000	\$ 40,000	-
Board of Supervisors	35,000	35,000	-
District Attorney	337,799	-	2.0
Sheriff	2,118,782	1,020,319	15.0
Clerk of the Board	29,930	29,930	-
County Counsel	-	-	1.0
County Executive Cabinet	144,664	-	1.0
Financing-Transfers/Reimbursement	35,768	35,768	-
Department Of Finance	378,268	5,843	1.0
Emergency Services	28,786	28,786	-
Personnel Services	763,936	-	2.0
Community Development	130,315	121,238	1.0
Conflict Criminal Defenders	935,099	935,099	-
Probation	100,000	100,000	-
Child, Family and Adult Services	302,348	-	1.0
Correctional Health Services	8,975,983	6,273,983	10.0
Health Services	11,810,324	-	14.0
Homeless Services and Housing	4,361,318	598,276	1.0
Human Assistance-Administration	12,769,638	(64,729)	3.0
Total General Fund	\$ 43,297,958	\$ 9,159,513	52.0

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.

- Correctional Health Services - \$9.0 million (\$6.3 million Net County Cost) primarily to support the County's obligations under the Mays Consent Decree Remedial Plan, including \$4.2 million Net County Cost for increased costs for the UC Davis mental health services contract, \$1.3 million Net County Cost for 3 months of funding to add 8.0 FTE positions and contract services for the Acute Psychiatric Unit expansion expected for the Spring of 2026, \$400,000 Net County Cost for 2.0 FTE positions for chronic care, and \$300,000 Net County Cost for jail pre- and

post-release services currently contracted by the Public Defender. Additional growth includes \$2.3 million of Proposition 47 grant funding to provide services to inmates as they are released from jail.

- Sheriff – \$2.1 million total (\$1.0 million Net County Cost), including \$600,000 Net County Cost for 3.0 FTE Deputy Sheriff positions to escort inmates to and from medical and dental appointments and \$500,000 Net County Cost to provide 3 months of funding for 9.0 FTE to support the Acute Psychiatric Unit expansion, both of which support the County's obligations under the Mays Consent Decree. Additional growth includes contract and grant funding for an additional 4.0 FTE positions.
- Health Services – \$11.8 million total, including \$6.5 million for a new Behavioral Health Urgent Care Center to support the Mays Consent Decree and funded with Patient Care Revenue. Additional growth includes funding provided to the Department of Homeless Services and Housing, enhanced staffing and services for Primary Health funded by Medi-Cal revenue, and enhanced Behavioral Health staffing funded with Patient Care Revenue.
- Homeless Services and Housing – \$4.3 million total (\$0.6 million Net County Cost) including \$3.1 million to support the Watt Safe Stay Campus shelter, operational, and facilities costs, funded with State Homeless Housing and Prevention (HHAP) funding and Behavioral Health Bridge Housing (BHBH) reimbursement from Health Services. Additional growth includes one-time budget augmentations for existing shelter providers to ensure department performance expectations are met, funded with HHAP and \$0.6 million Net County Cost.
- Human Assistance – Administration – \$12.8 million total, including \$10.0 million for childcare payments for CalWORKs participants funded through the CalWORKs program, \$1.5 million for CalWORKs Expanded Subsidized Employment contract expenditures, and \$1.3 million for additional CalWORKs staffing.
- Conflict Criminal Defenders- \$900,000 Net County Cost primarily to implement a rate increase of \$6 per hour for Conflict Criminal Defender attorneys and investigators in an attempt to

bring to parity with comparable jurisdictions, with rates having remained at the current levels since FY 2018-19.

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 after funding the reserve contributions identified in the General Fund Reserves section of this letter. Additional detail for each request is included in Attachment 2.

FY 2025-26 Recommended Budget

GROWTH PRIORITIZED FOR INCLUSION IN REVISED RECOMMENDED BUDGET

Department/Budget Unit Description		Total Appropriations	Net County Cost	FTE
Regional Parks	Purchase of inflatable boat	25,000	17,980	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		\$20,025,000	\$20,017,980	0.0
Parks-Restricted Revenues	Asset forfeiture funds to purchase inflatable boat	7,020		0.0
Roads	Pavement maintenance and rehabilitation for County roads	\$ 20,000,000	\$ -	0.0
Total Non-General Fund - Net County Cost		\$20,007,020	\$ -	0.0
TOTAL ALL FUNDS		\$40,032,020	\$20,017,980	0.0

General Fund Budget Unit Total Appropriations and Use of Resources
The tables on pages 26 and 27 show total appropriations and use of discretionary and semi-discretionary resources by budget unit for the FY 2024-25 Adopted Budget and FY 2025-26 Recommended Budget. Changes relative to FY 2024-25 generally result from the base budget changes, reductions, and growth described in earlier sections.

Fiscal Year 2025-26 Recommended Budget

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GENERAL FUND TOTAL APPROPRIATIONS BY BUDGET UNIT				
Budget Unit - Name	FY 2024-25 Adopted Budget	FY 2025-26 Recommended Budget	Difference	%
Elected Officials				
3610000BU - Assessor	23,323,143	23,952,667	629,524	2.7%
4050000BU - Board of Supervisors	5,759,931	5,937,990	178,059	3.1%
5800000BU - District Attorney	126,556,390	128,926,246	2,369,856	1.9%
7400000BU - Sheriff	684,848,567	692,742,580	7,894,013	1.2%
Subtotal - ELECTED OFFICIALS	840,488,031	851,559,483	11,071,452	1.3%
General Government				
4010000BU - Clerk of the Board	4,672,959	4,560,492	(112,467)	-2.4%
4210000BU - Civil Service Commission	549,983	570,114	20,131	3.7%
4810000BU - County Counsel	7,889,869	7,700,179	(189,690)	-2.4%
5110000BU - Financing-Transfers/Reimbursement	26,121,851	6,309,893	(19,811,958)	-75.8%
5730000BU - County Executive Cabinet	6,928,663	7,123,108	194,445	2.8%
5770000BU - Non-Departmental Costs/General Fund	25,129,020	25,639,201	510,181	2.0%
5980000BU - Appropriation For Contingency	14,492,295	8,657,810	(5,834,485)	-40.3%
Subtotal - GENERAL GOVERNMENT	85,784,640	60,560,797	(25,223,843)	-29.4%
Administrative Services				
3230000BU - Department Of Finance	41,853,458	41,931,179	77,721	0.2%
3240000BU - County Clerk/Recorder	12,838,403	12,708,439	(129,964)	-1.0%
4410000BU - Voter Registration And Elections	17,656,324	16,523,983	(1,132,341)	-6.4%
5710000BU - Data Processing-Shared Systems	27,511,303	26,372,168	(1,139,135)	-4.1%
5740000BU - Office of Compliance	-	-	-	-
5920000BU - Contribution To LAFCO	269,380	282,850	13,470	5.0%
6050000BU - Personnel Services	21,522,462	19,501,759	(2,020,703)	-9.4%
7090000BU - Emergency Services	10,328,903	7,588,336	(2,740,567)	-26.5%
Subtotal - ADMINISTRATIVE SERVICES	131,980,233	124,908,714	(7,071,519)	-5.4%
Community Services				
3210000BU - Agricultural Comm-Sealer Of Wts & Meas	5,935,617	5,956,093	20,476	0.3%
3220000BU - Animal Care Services	15,136,952	15,569,830	432,878	2.9%
3260000BU - Wildlife Services	195,000	183,047	(11,953)	-6.1%
3310000BU - Cooperative Extension	598,899	626,379	27,480	4.6%
5720000BU - Community Development	30,261,182	31,694,791	1,433,609	4.7%
6400000BU - Regional Parks	30,582,732	28,898,700	(1,684,032)	-5.5%
Subtotal - COMMUNITY SERVICES	82,710,382	82,928,840	218,458	0.3%
Public Safety And Justice				
4522000BU - Contribution To The Law Library	311,401	312,991	1,590	0.5%
4610000BU - Coroner	11,545,224	11,169,268	(375,956)	-3.3%
5020000BU - Court / Non-Trial Court Operations	10,164,726	10,177,373	12,647	0.1%
5040000BU - Court / County Contribution	24,468,756	24,468,756	-	0.0%
5050000BU - Court Paid County Services	2,397,525	2,475,995	78,470	3.3%
5510000BU - Conflict Criminal Defenders	12,097,220	13,255,452	1,158,232	9.6%
5660000BU - Grand Jury	393,323	369,201	(24,122)	-6.1%
5750000BU - Justice Planning, Analytics and Coordination	236,840	257,505	20,665	8.7%
5780000BU - Office of Inspector General	182,234	182,234	-	0.0%
6700000BU - Probation	208,059,245	206,543,992	(1,515,253)	-0.7%
6910000BU - Public Defender	59,743,707	61,188,172	1,444,465	2.4%
Subtotal - PUBLIC SAFETY AND JUSTICE	329,600,201	330,400,939	800,738	0.2%
Social Services				
5810000BU - Child Support Services	48,011,653	48,961,825	950,172	2.0%
5820000BU - Homeless Services and Housing	56,454,951	60,787,221	4,332,270	7.7%
7200000BU - Health Services	849,713,924	898,026,214	48,312,290	5.7%
7250000BU - IHSS Provider Payments	154,654,090	169,764,875	15,110,785	9.8%
7270000BU - Health - Medical Treatment Payments	2,091,350	783,432	(1,307,918)	-62.5%
7410000BU - Correctional Health Services	126,555,538	145,280,167	18,724,629	14.8%
7800000BU - Child, Family and Adult Services	309,506,999	296,244,376	(13,262,623)	-4.3%
8100000BU - Human Assistance-Administration	360,186,915	373,339,074	13,152,159	3.7%
8700000BU - Human Assistance-Aid Payments	474,092,108	516,830,973	42,738,865	9.0%
Subtotal - SOCIAL SERVICES	2,381,267,528	2,510,018,157	128,750,629	5.4%
Total General Fund Dept	3,851,831,015	3,960,376,930	108,545,915	2.8%

Fiscal Year 2025-26 Recommended Budget

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NET COUNTY COST AND NON-CALWORKS SEMI-DISCRETIONARY ALLOCATIONS				
Budget Unit - Name	FY 2024-25 Adopted Budget	FY 2025-26 Recommended Budget	Difference	%
Elected Officials				
3610000BU - Assessor	13,731,019	13,559,099	(171,920)	-1.3%
4050000BU - Board of Supervisors	5,759,931	5,937,990	178,059	3.1%
5800000BU - District Attorney	107,634,565	112,272,970	4,638,405	4.3%
7400000BU - Sheriff	565,811,579	569,139,871	3,328,292	0.6%
Subtotal - ELECTED OFFICIALS	692,937,094	700,909,930	7,972,836	1.2%
General Government				
4010000BU - Clerk of the Board	2,948,110	2,967,439	19,329	0.7%
4210000BU - Civil Service Commission	489,983	510,114	20,131	4.1%
4810000BU - County Counsel	3,820,496	3,621,664	(198,832)	-5.2%
5110000BU - Financing-Transfers/Reimbursement	26,121,851	6,309,893	(19,811,958)	-75.8%
5730000BU - County Executive Cabinet	1,393,683	1,370,026	(23,657)	-1.7%
5770000BU - Non-Departmental Costs/General Fund	25,129,020	25,445,883	316,863	1.3%
5980000BU - Appropriation For Contingency	14,492,295	8,657,810	(5,834,485)	-40.3%
Subtotal - GENERAL GOVERNMENT	74,395,438	48,882,829	(25,512,609)	-34.3%
Administrative Services				
3230000BU - Department Of Finance	2,291,205	2,312,709	21,504	0.9%
3240000BU - County Clerk/Recorder	-	-	-	-
4410000BU - Voter Registration And Elections	9,129,900	14,835,445	5,705,545	62.5%
5710000BU - Data Processing-Shared Systems	23,387,653	21,972,441	(1,415,212)	-6.1%
5740000BU - Office of Compliance	-	-	-	-
5920000BU - Contribution To LAFCO	269,380	282,850	13,470	5.0%
6050000BU - Personnel Services	22,000	-	(22,000)	-100.0%
7090000BU - Emergency Services	2,633,783	2,396,900	(236,883)	-9.0%
Subtotal - ADMINISTRATIVE SERVICES	37,733,921	41,800,345	4,066,424	10.8%
Community Services				
3210000BU - Agricultural Comm-Sealer Of Wts & Meas	1,650,207	1,638,472	(11,735)	-0.7%
3220000BU - Animal Care Services	13,217,228	13,156,017	(61,211)	-0.5%
3260000BU - Wildlife Services	165,951	165,951	-	0.0%
3310000BU - Cooperative Extension	598,899	626,379	27,480	4.6%
5720000BU - Community Development	13,120,765	12,322,220	(798,545)	-6.1%
6400000BU - Regional Parks	17,176,139	17,210,360	34,221	0.2%
Subtotal - COMMUNITY SERVICES	45,929,189	45,119,399	(809,790)	-1.8%
Public Safety And Justice				
4522000BU - Contribution To The Law Library	13,576	13,741	165	1.2%
4610000BU - Coroner	9,749,888	9,685,657	(64,231)	-0.7%
5020000BU - Court / Non-Trial Court Operations	9,314,726	9,327,373	12,647	0.1%
5040000BU - Court / County Contribution	24,468,756	24,468,756	-	0.0%
5050000BU - Court Paid County Services	-	-	-	-
5510000BU - Conflict Criminal Defenders	11,497,220	12,405,452	908,232	7.9%
5660000BU - Grand Jury	393,323	369,201	(24,122)	-6.1%
5750000BU - Justice Planning, Analytics and Coordination	236,840	257,505	20,665	8.7%
5780000BU - Office of Inspector General	182,234	182,234	-	0.0%
6700000BU - Probation	173,276,975	170,952,407	(2,324,568)	-1.3%
6910000BU - Public Defender	55,321,200	56,083,383	762,183	1.4%
Subtotal - PUBLIC SAFETY AND JUSTICE	284,454,738	283,745,709	(709,029)	-0.2%
Social Services				
5810000BU - Child Support Services	-	-	-	-
5820000BU - Homeless Services and Housing	28,675,876	27,347,176	(1,328,700)	-4.6%
7200000BU - Health Services	210,317,746	199,299,804	(11,017,942)	-5.2%
7250000BU - IHSS Provider Payments	108,654,090	114,564,875	5,910,785	5.4%
7270000BU - Health - Medical Treatment Payments	2,091,350	783,432	(1,307,918)	-62.5%
7410000BU - Correctional Health Services	105,325,736	119,914,469	14,588,733	13.9%
7800000BU - Child, Family and Adult Services	144,517,058	143,648,919	(868,139)	-0.6%
8100000BU - Human Assistance-Administration	23,139,755	21,757,083	(1,382,672)	-6.0%
8700000BU - Human Assistance-Aid Payments	109,153,760	111,334,468	2,180,708	2.0%
Subtotal - SOCIAL SERVICES	731,875,371	738,650,226	6,774,855	0.9%
Total General Fund Dept	1,867,325,751	1,859,108,438	(8,217,313)	-0.4%

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 in the Recommended Budget is the \$8 million release from the Property Tax System Reserve to fund project expenditures.

As shown in the table below, non-dedicated discretionary reserves would remain at \$214 million, representing 5.5% of total General Fund revenues, compared to the overall Reserve Policy target of 17%.

FY 2025-26 Recommended Budget
GENERAL FUND RESERVES

	FY 2024-25 Ending	FY 2025-26 Recommended	Change
Restricted Reserves			
Tax Loss Teeter	\$ 2,685,709	\$ 2,685,709	\$ -
Teeter Delinquencies	737,604	737,604	-
Loan Buyout (Teeter Plan)	7,574,509	7,574,509	-
Total Restricted Reserves	\$ 10,997,822	\$ 10,997,822	\$ -
Discretionary Reserves			
General Reserves	\$ 90,739,147	\$ 90,739,147	\$ -
Cash Flow	32,421,527	32,421,527	-
Service Stability	90,639,816	90,639,816	-
Total Non-Dedicated Discretionary	\$213,800,490	\$213,800,490	\$ -
<i>Percentage of General Fund Revenue</i>	<i>5.7%</i>	<i>5.5%</i>	
Property Tax System	\$ 26,387,823	\$ 18,866,570	\$ (7,521,253)
ARPA Administration	7,829,128	7,829,128	-
ARPA CBO Capacity Building	6,949,151	6,949,151	-
American River Parkway Homeless	5,000,000	5,000,000	-
Audit Report Payback/Litigation	-	-	-
Imprest Cash	513,650	513,650	-
Special Deposits Travel	100,000	100,000	-
Total Other Discretionary Reserves	\$ 46,779,752	\$ 39,258,499	\$ (7,521,253)
Total Discretionary Reserves	\$260,580,242	\$253,058,989	\$ (7,521,253)
Total Reserves	\$271,578,064	\$264,056,811	\$ (7,521,253)

If additional resources are available in the Revised Recommended Budget after funding any changes in base budget requirements and any new County obligations, the following recommended reserve contributions will be included in the Revised Recommended Budget before funding the additional growth identified in the General Fund New or Enhanced Programs section:

- Consistent with the General Fund Reserve Policy, a contribution to General Reserves to maintain the minimum balance of 10% of

discretionary revenues, estimated to be \$3.5 million based on current revenue estimates, and

- Recognizing the need for significant capital investments associated with the Mays Consent Decree, for which the County does not have an identified source of funding, an initial \$20 million contribution to establish a reserve for jail facility capital improvements.

A Jail System Master Plan will soon be underway, with recommendations to the Board anticipated in December 2026. While we expect that capital needs identified in the Jail System Master Plan and those that may be needed before plan recommendations can be implemented will require the County to consider a range of financing options and new funding sources, setting aside available funds in the Revised Recommended Budget will best position the County to ensure that obligations under the Mays Consent Decree are met.

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 best reflects Board and community priorities 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, 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 4, 2025, 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,

A handwritten signature in blue ink, appearing to read 'D Villanueva', with a long horizontal flourish extending to the right.

David Villanueva
County Executive