



County of Yolo

2025-26 Budget Development Update

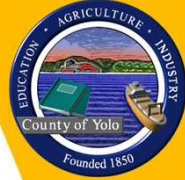
April 29, 2025

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Budget Development Update Overview

- Strategic approach to addressing County's structural deficit
- Presentation Overview
 - Review two-pronged approach
 - Overview of key reserve balances
 - Discuss budget balancing scenario, including departmental reductions
 - Next steps
- **Final balancing solutions will be refined following Board feedback, along with additional collaboration with departments.**



Addressing Structural Budget Deficit

1. Commitment to achieving a structurally balanced budget.
2. Will require a multi-year process.
3. Implement an immediate hiring review.
4. Continue to identify one-time funding and solutions to limit severe program and service impacts.
5. Evaluate the use of restricted departmental funding.
6. Departmental reduction process.
7. Evaluate options for long-term cost savings.
8. Evaluate options for ongoing revenue enhancement.



Budget Balancing Scenario

Two-Pronged Approach

- Immediate Focus – Balance Recommended Budget for June 10th
- Longer-Term Focus – Strategic process to address structural deficit

Mandatory-Discretionary Analysis

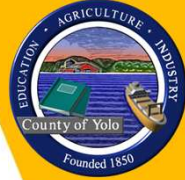
- Requested by the Board at the March 11, 2025, meeting
- Preliminary analysis has informed potential budgetary solutions
- Further work & department input needed to finalize

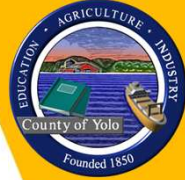
Moving Forward

- Results of Mandatory-Discretionary analysis
- Department Head working group
- Board-approved budget reduction principles
- Board workshops

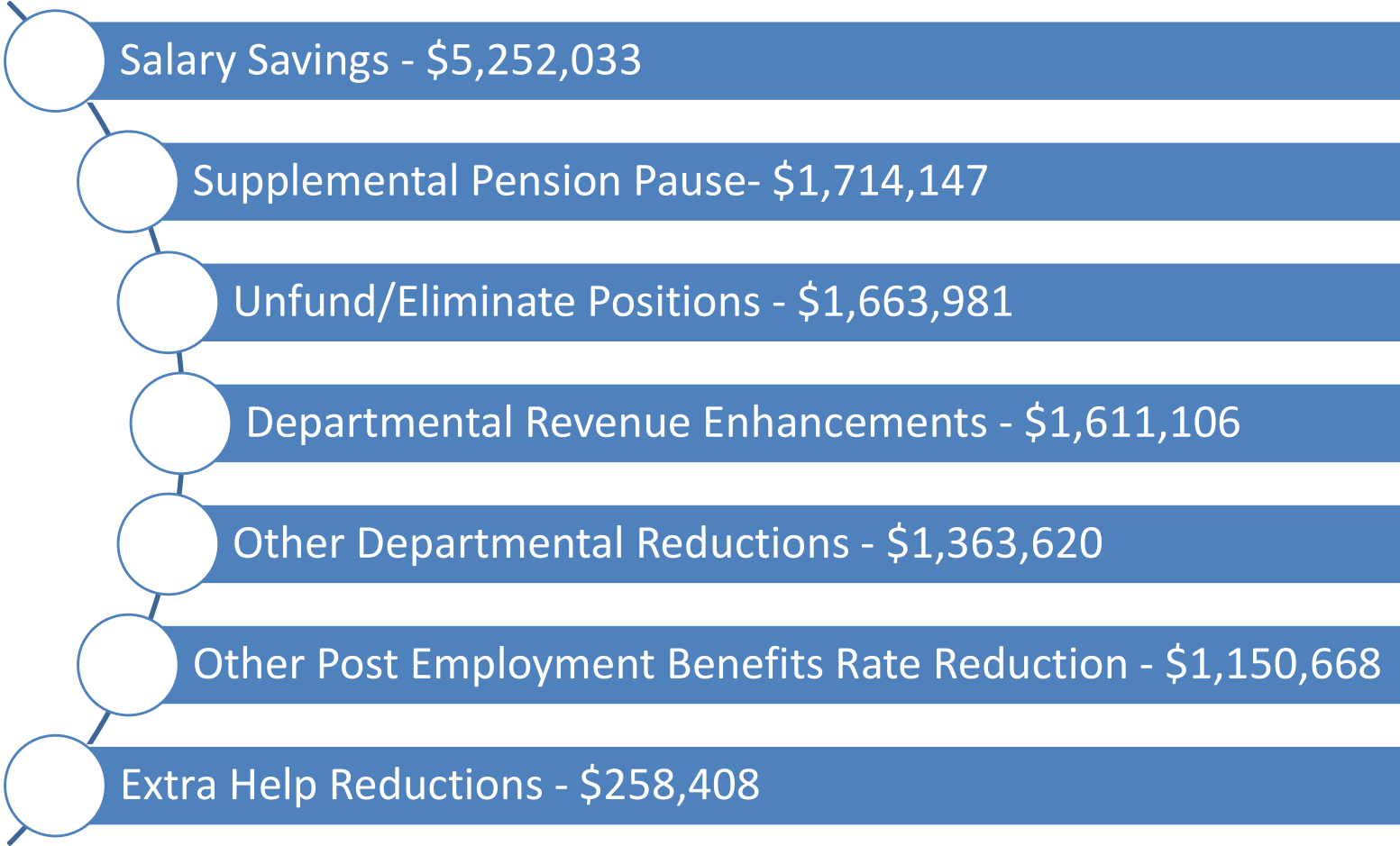
2025-26 Budget Scenario

2025-26 Base Budget Gap	\$ (39,846,440)
Base Adjustment	5,673,167
Recommended Augmentations	(60,000)
Departmental Reductions	13,013,963
One-Time Funding Sources	16,676,287
Use of Reserves	3,733,619
Revised Base Budget Gap	\$ (809,404)





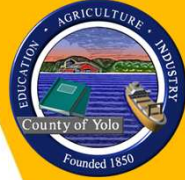
Departmental Reductions





Notable Department Budget Reductions

- Unfund/Eliminate 11 Vacant General Fund Positions
- Eliminate the Agriculture Organics Certification Program
- Eliminate USDA Trapper Contract
- Eliminate Federal Advocacy Contract
- Reduction of On-Call Audit Contracts
- Reduction in Fire Sustainability Funding (Zamora & Dunnigan)
- Transfer Climate Sustainability to CAO & Eliminate Extra Help
- Increase Animal Services Fees



Vacant Positions Identified for Unfunding/Elimination

Agriculture

- Admin Clerk - \$109,409
- Agricultural and Standards Technician - \$126,013

District Attorney

- Senior Deputy Probation Officer - \$181,457

General Services

- Project Manager - \$270,670
- Building Craftsmechanic - \$102,905
- Project Coordinator - \$144,333



Vacant Positions Identified for Unfunding/Elimination

Financial Services

- Property Tax Supervisor - \$179,321

Human Resources

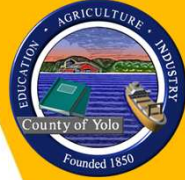
- Senior Personnel Analyst - \$203,781

Probation

- Legal Secretary - \$131,860
- Admin Clerk - \$86,503

Public Defender

- Paralegal - \$127,729



One-Time Solutions

Fund Balance - \$9,000,000

Chula Vista Earnings - \$2,012,000

ARPA Crisis Now - \$2,000,000

Tribal Mitigation Fund Balance - \$1,663,000

Local Innovation Subaccount - \$599,600

ARPA Contingency - \$501,687

Cannabis Tax - \$450,000

Pomona Fund Contingency - \$450,000

Use of Reserves

HHSA Reserve - \$1,497,460

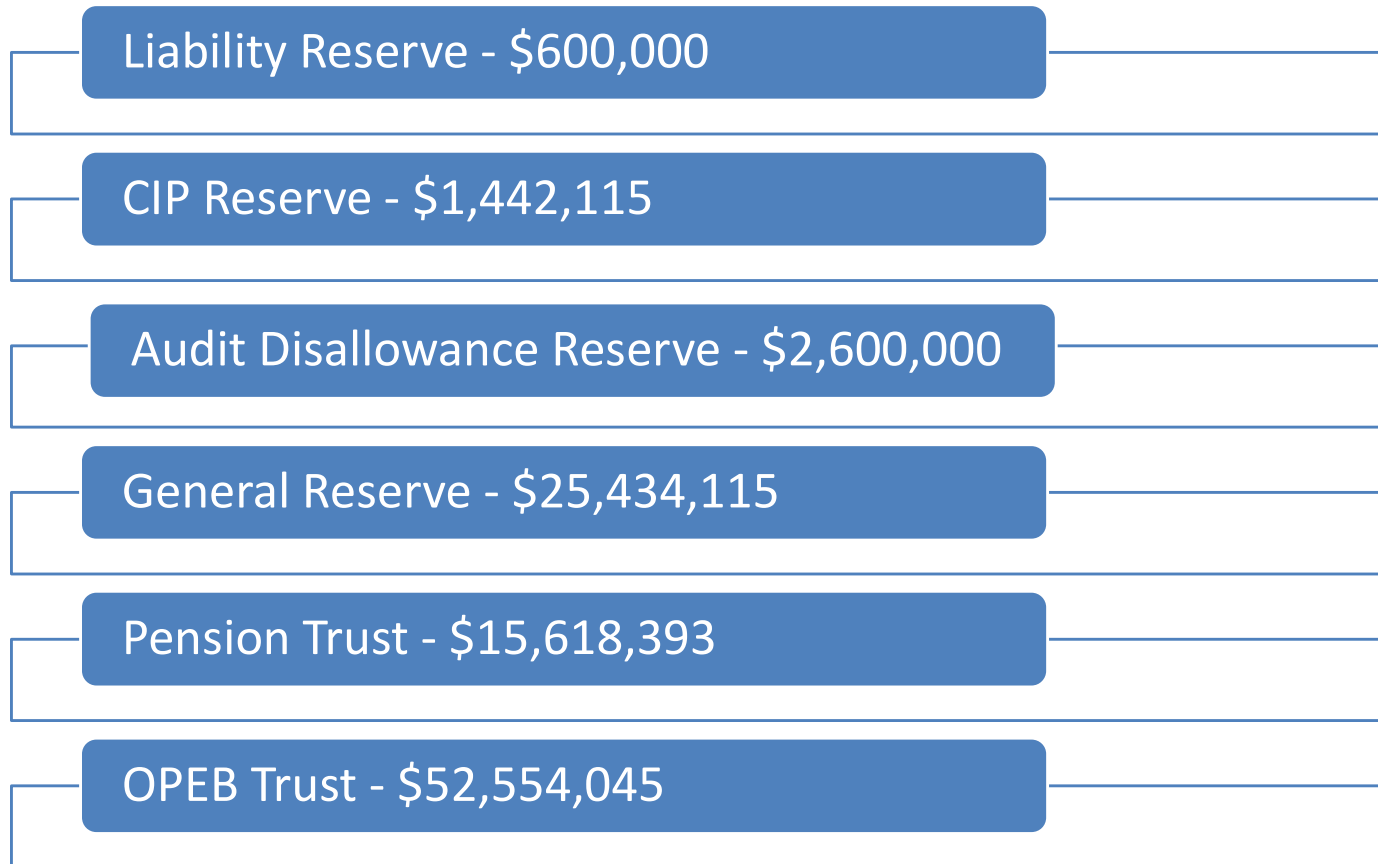
CIP Reserve - \$1,442,115

Audit Disallowance -
\$794,044

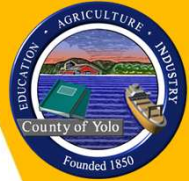
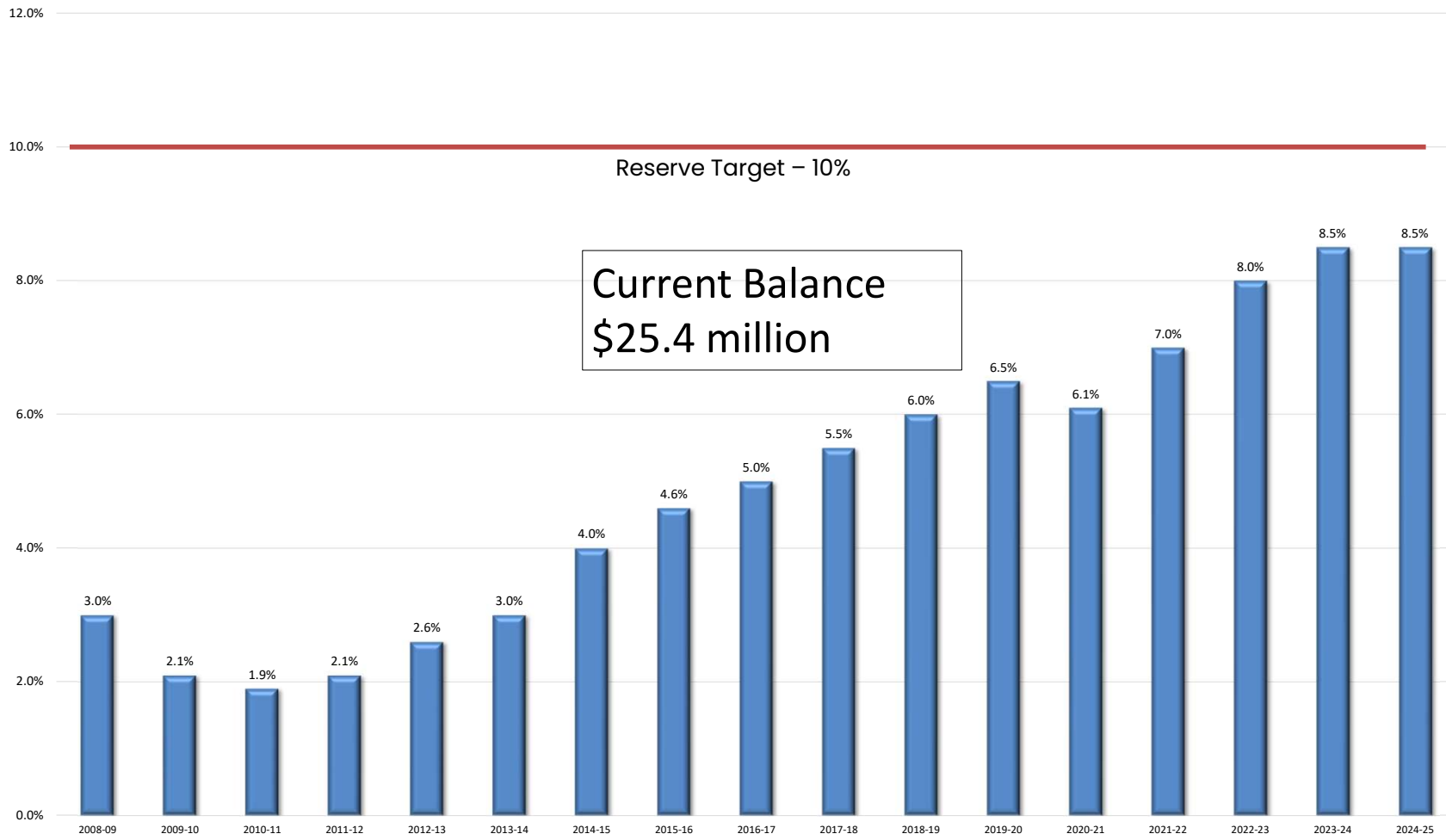




Reserve Balances

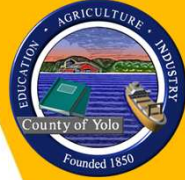


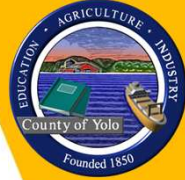
General Reserve



HHSA Update

- Similar to the County's General Fund, HHSA is projecting that expenditures will exceed revenues on an ongoing basis beginning in FY2025-26 within some of its major revenue sources, including:
 - 1991 Realignment
 - Intergovernmental Transfers (IGT)
 - Mental Health Services Act (MHSA)

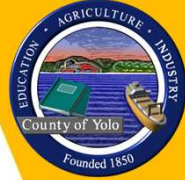




HHSA Update

- Major Revenue Sources where Structural Budget Deficits are projected:

	Recommended	Forecast			
	FY2025-26	FY2026-27	FY2027-28	FY2028-29	FY2029-30
1991 Social Services Realignment					
Annual Surplus/Deficit	(384,600)	(1,253,408)	(2,165,657)	(3,123,518)	(4,129,273)
Fund Balance	1,720,226	(482,002)	(3,086,732)	(6,124,284)	(9,626,800)
1991 Public Health Realignment					
Annual Surplus/Deficit	(743,944)	(1,048,657)	(1,368,605)	(1,704,550)	(2,057,293)
Fund Balance	283,098	(765,558)	(1,973,654)	(3,352,370)	(4,913,545)
1991 Mental Health Realignment					
Annual Surplus/Deficit	(233,941)	(633,815)	(1,053,683)	(1,494,544)	(1,957,448)
Fund Balance	(233,941)	(867,756)	(1,688,532)	(2,710,277)	(3,947,835)
1991 CalWORKS Realignment					
Annual Surplus/Deficit	3,000	(211,475)	(436,674)	(673,133)	(921,415)
Fund Balance	(227,064)	(438,539)	(746,438)	(1,158,158)	(1,681,542)
Intergovernmental Transfer (IGT)					
Annual Surplus/Deficit	(2,717,845)	(3,073,607)	(3,447,158)	(3,839,385)	(4,251,225)
Fund Balance	(838,531)	(3,912,138)	(7,359,296)	(11,198,681)	(15,449,906)



HHSA Update

- In FY2025-26, staff project that HHSA will use all available MHSA fund balances and have a remaining deficit of \$4.7 million in the Community Services and Support (CSS) category.

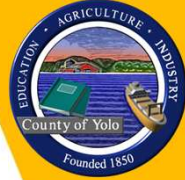
Remaining Fund Balance by Category

	Prudent Reserve	2,724,069
MHSA Capital Facilities and Technological Needs (CFTN)		-
MHSA Workforce Education and Training (WET)		-
MHSA Community Services and Support (CSS)		(4,720,065)
MHSA Prevention and Early Intervention (PEI)		2,160,241
MHSA Innovation (INN)		4,758,881
Total Fund Balance Remaining		4,923,127

HHSA Update

- Staff plans to return to the Board on May 20 with an initial discussion on transitioning from the Mental Health Services Act to the Behavioral Health Services Act (Prop. 1).
- This will allow HHSA to develop funding options for the Board's consideration and will also allow HHSA to meet public comments and state deadlines for submitting an approved plan.





HHSA Update

- To submit a balanced FY2025-26 Recommended Budget:
 - HHSA had to increase vacancy savings in some program areas beyond sustainable amounts – this will require a hiring freeze.
 - HHSA moved program expenses between the various Realignment categories to make use of those with more capacity/fund balance (within legal limits/applicability).
 - Staff also used more Intergovernmental Transfer (IGT) funding than originally planned.
- In summary, staff employed a combination of strategies to submit a balanced budget in the short term. However, these strategies are not sustainable and require structural correction in the longer term.
- HHSA will be developing a more sustainable long-term plan to reduce cost. This will start with the 3-step process outlined in the next slide.

HHSA Update

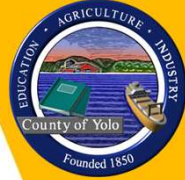


Reduce Administrative Overhead/Branch costs where possible. These savings totaling \$6.7 million will have limited to no service impacts.

Identify additional cost savings to close the budget gap.

1. May have service impacts.
2. Mandatory vs. non-mandatory service.

Staff will be putting together a cost savings plan that will address the MHSA \$4.7 million budget gap.



HHSA Reductions by Branch*

Administration

- 10 Vacant Positions

Adult and Aging

- 8 Vacant Positions

Service Centers

- 12 Vacant Positions

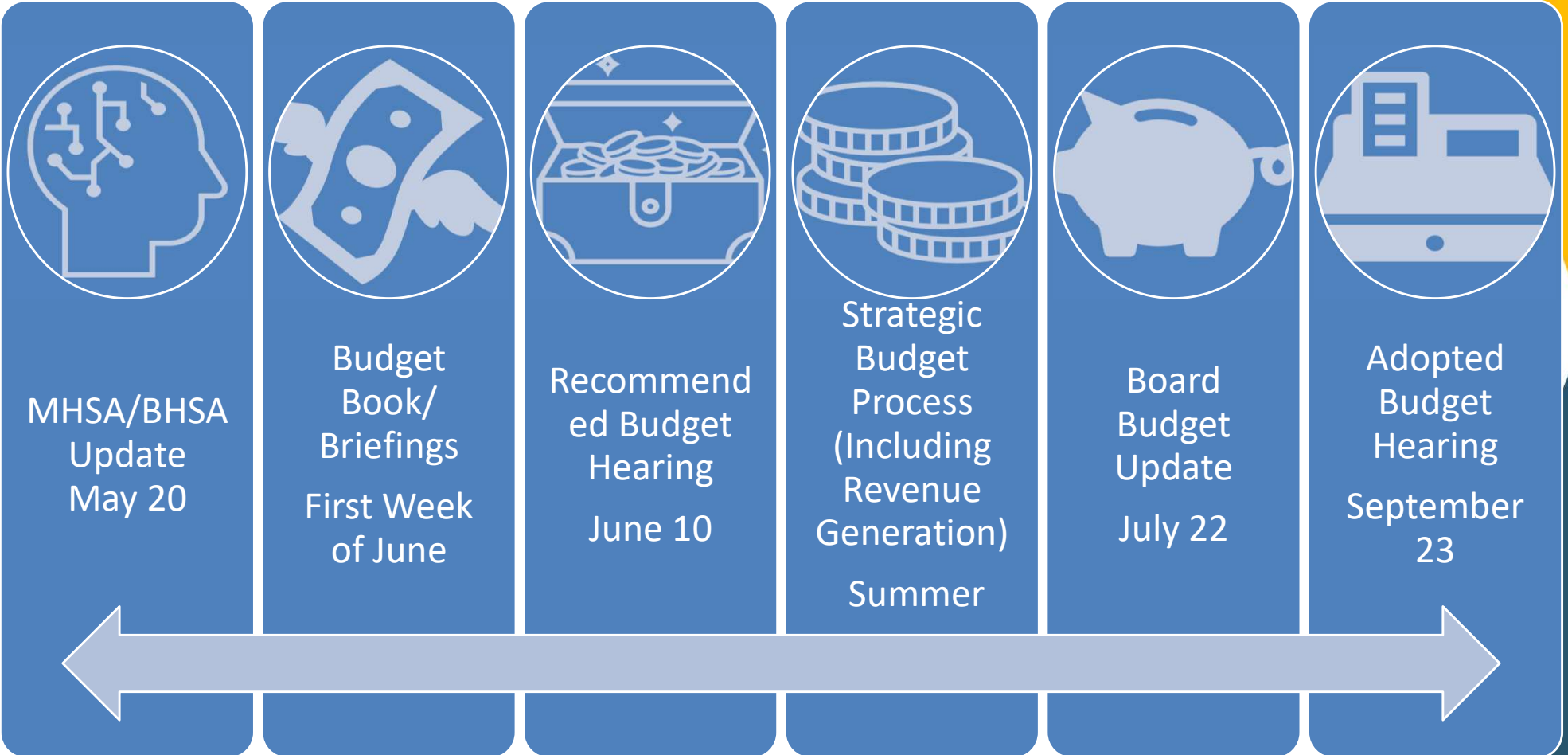
Child Youth and Family

- Contract Reductions

**Zero to minimal service impact anticipated as a result of proposed reductions*



Next steps



Questions?

