



# County of Yolo, California

## 2025-26 Budget Principles

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**Best Practices** – The following key principles, which have been established in County financial policies, reflect best budgeting practices and shall provide the foundation for the 2025-26 annual budget development:

- The budget should be structurally balanced, with ongoing revenues equal to ongoing expenditures (*Policy on Budget & Financial Management*)
- Ongoing expenditures should not be funded by one-time or non-recurring revenue sources (*Policy on Budget & Financial Management*)
- Reserves and contingencies shall be funded at levels consistent with best practices and County policies. Efforts shall continue toward increasing the General Reserve to the reserve policy level of 10% (*Policy on Fund Balance and Reserves*)
- Fees and charges should be calculated to recover the full cost of providing services, unless prohibited by law or waived by specific action of the Board of Supervisors, and all departments are - encouraged to routinely update fees to reflect cost inflation (*Policy on Cost Recovery and Fees*)
- The General Fund should be the fund of last resort; restricted and special purpose funds should be used wherever possible before General Fund resources are drawn upon (*Policy on Fund Balance and Reserves*)

**Financial Sustainability** – The 2025-26 budget shall strengthen financial sustainability by work towards achieving a structurally balanced budget. The budget will seek out all opportunities for ongoing revenue enhancements and long-term cost savings and consider all options to minimize program reductions and service impacts. The budget will also continue to proactively fund pension and OPEB liabilities.

**One Time Funding Sources** – The 2025-26 budget will identify one-time funding sources and implement short-term budgetary solutions to mitigate program reductions and service impacts, while longer-term solutions working toward a structurally balanced budget are developed.

**Grant Opportunities** - The county shall continue to pursue grant funding where opportunities exist, provided those opportunities do not lead to ongoing expenses that will be incurred by the County in subsequent fiscal years.

**State and Federal Funding** – The 2025-26 County budget will continue to take advantage of any funding opportunities presented in the State budget while preparing to address any potential funding impacts from the Federal government.

**Strategic Alignment** – Funding recommendations in the 2025-26 budget shall reflect the Board’s strategic priorities as established in the 2024 - 2028 Strategic Plan. Funding requests that do not directly support the Board’s strategic priorities will receive lower prioritization.

**Climate Sustainability** – The 2025-26 budget will prioritize funding opportunities for programs and projects that support the County’s Climate Action and Adaptation Plan and further the County’s goal of achieving net-negative emissions by 2030.

**New Position Requests** – Due to an uncertain economic outlook and continued cost pressures from labor costs, new position requests that increase net county cost will be reviewed critically, while recognizing that resources are unlikely to be able to accommodate growth. Departments may submit new position requests where operational needs exist but are encouraged to identify alternate funding strategies.

**Performance Measurement** – For 2025-26 departments shall continue to provide one-sentence purpose statements for each program identified in the budget book. Departments shall also provide performance measures of their choice. These should be key measures of importance to the department and would ideally be outcome measures. Data should be provided along with each measure for the 2024-25 fiscal year for comparison.



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### Budget Principles for Budget Reductions

The following key principles shall provide additional foundation specifically for budgetary reductions:

**Board Governance** – Budget policies and decisions are the purview of the Board of Supervisors. Staff’s role is to apprise the Board of budget/fiscal status, develop and analyze the full range of alternatives for Board consideration, and make professional recommendations to the Board for consideration.

**Structural Balance** – Yolo County is committed to achieving and maintaining a structurally balanced and sustainable budget, where short and long-term revenues and expenditures are equilibrated, and services and delivery levels are kept within fiscal means.

**Stabilization** – Budget reductions should provide for immediate stabilization in the short term, while creating the time and opportunity to make strategic decisions for addressing structural budget deficiencies in the longer term. Utilization of one-time funds and budget “reserves” should be limited to short-term stabilization and should not be relied upon for long-term solutions. Temporary pauses in supplemental contributions to Retirement and OPEB liabilities shall similarly be considered as a short-term measure only.

**Employee-Centered** – Budget reductions should be employee-centered, recognizing our valuable human capital and acknowledging the service and sacrifice of the community and staff whose lives are being affected by these decisions. To the greatest extent possible, reductions in spending on personnel should come from concessions and voluntary attrition before layoffs and should prioritize redistribution of work to existing staff over new hires. Positions that have been in the budget and on the position allocation list, but unfunded (especially for multiple years) shall be considered for elimination in an effort to “right size” the organization after strategic programmatic evaluation. To the extent that workforce reductions are necessary to ultimately achieve structural balance, due consideration shall be given to strategic reductions and providing clear communication, care, and support to those impacted while adhering to relevant contractual obligations.

**Strategic** – Budget balancing solutions shall be made with an eye towards strategic change, consideration of investments and organizational models that result in efficient and effective service delivery, and not in “one-size-fits-all” approaches. Due consideration shall be given to investments in staffing/contracts/services that support long term financial stability. Over time, new positions should only be incorporated after due consideration for the strategic alignment of those positions with the organizational priorities and upon identifying sufficient revenue to ensure long term structural balance.

**Transparency** – Budget reductions, and the process by which they are reached, should be as transparent as possible through consistent communication, including consideration of input from departments, stakeholders, appropriate county advisory committees/commissions, and understanding of short and long-term policy and service implications.

**Prioritization of Mandates and Public Facing Services** – Budget reductions should focus on preservation of mandated services and programs and maintaining appropriate and accessible services and programs. Key consideration will be given to the level of mandated service delivery that must be provided and distinguishing that from the level of service delivery that would ideally be provided if additional funds were available in addition to the public service impacts of any such reduction. Additionally, consideration shall be given to whether a different part of the organization, another agency, community-based organization, or a non-profit can provide the service.

**Support Systems** – Recognition and maintenance of appropriate levels of administration and support to ensure that County programs and services can be effectively carried out is critical. Functions such as, but limited to, Program Management/Oversight, Human Resources, Financial Services, Information Technology, Legal Counsel, Facilities, Fleet, and Administrative Support, for example, must remain viable and at levels that ensure community facing services meet desired targets.



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**Permanency** – Budget decisions to reduce or eliminate programs and services should consider the permanence of such reductions and create a list of “restoration priorities” should funds become available to re-establish those programs/services again in the future. As an alternative to elimination, consideration shall be given to the possibility of decreasing or slowing programs services.

**Revenue** – Budget considerations for new revenue should be explored immediately, with an acknowledgment that revenue generation initiatives can, and often do, take considerable lead time to generate meaningful outcomes, and may require investments at the front end.