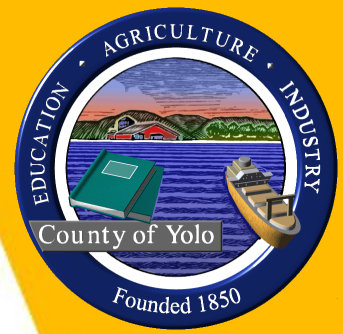


Fiscal Year 2026-27 Budget Update

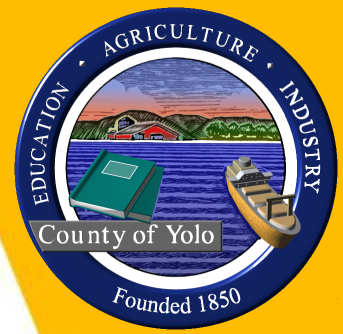
March 24, 2026

Tom Haynes, Chief Financial Officer
Laura Liddicoet, Chief Budget Official



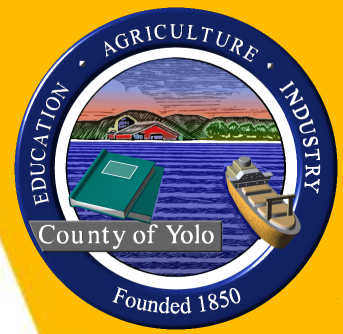
2026-27 Budget Update

- Presentation today is intended to provide a high-level summary of where staff are in the 2026-27 Budget Development process
- Purpose is to highlight the General Fund base budget gap and additional funding challenges resulting from HHSA's structural budget deficit
- Staff are currently reviewing all department budget submissions and draft reduction options
- Details on proposed reduction options and associated service impacts will be presented to the Board in April



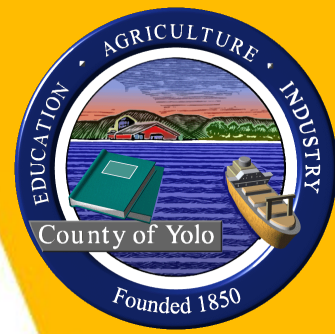
2026-27 General Fund Budget Outlook

- Yolo County continues to face a structural budget deficit
 - Ongoing expenditures exceed and are outpacing ongoing revenues
- Solving the structural deficit will require structural solutions
 - Some combination of revenue increases and expenditure reductions
- Will not be solved in a single year
 - Deficit is the result of long-term trends that have compounded over many years
 - Will likely take several years to correct



Fiscal Year 2026-27 Budget Update

- On January 27 the Board approved the following staff recommendations:
 - Implementation of 3 years of reduction to address the County's structural deficit, including initial reduction target of \$15 million in 2026-27
 - Setting initial reduction targets with the assumption of new revenues, but to continue to develop strategies and timelines for revenue enhancement
 - Adjust reduction targets in future years should new revenues materialize
- Subsequently, the Revenue Generation Ad Hoc Subcommittee was formed and began reviewing and analyzing revenue generation options
 - Update will be provided to the Board in May



Staff Recommendation – Scenario B

Assumes \$10 million in new revenue

<i>In \$ Millions</i>	2026-27	2027-28	2028-29	2029-30	2030-31	Reserve Balances
Adjusted Deficit	(26,932)	(20,213)	(6,597)	(3,768)	(4,168)	
New Revenue	0	3,000	3,500	3,500	0	
Reductions	15,000	15,000	3,097	0	0	
One-Time Funding Sources	11,932	2,213	0	268	4,168	
Total Solutions	26,932	20,213	6,597	3,768	4,168	
<i>Suplus/(Deficit)</i>	<i>0</i>	<i>0</i>	<i>(0)</i>	<i>0</i>	<i>0</i>	
One-Time Funding Detail						
General Reserve	0	0	0	0	0	23,951
Pension Trust Reserve	4,420	213	0	0	2,168	2,543
Chula Vista Fund Reserve	3,376	2,000	0	268	2,000	3,732*
Other One-Time Funding	4,136	0	0	0	0	
Total One-Time Funding	11,932	2,213	0	268	4,168	

* The Chula Vista Fund earns approx. \$2 million per year. Reflects projected balance at 6/30/2031.



FY 2026-27 General Fund Base Budget Gap

Preliminary General Fund Base Budget Gap	
General Purpose Revenues	\$114,773,683
Estimates General Fund Balance	\$7,000,000
Initial Base Budget Requests	(\$145,279,544)
General Fund Base Budget Gap	(\$23,505,861)



Departmental 2026-27 General Fund Reductions

\$21.8 million
submitted

DFS/CAO staff
reviewing with
departments

Return to the
Board in April

Potential Reductions

Reduction of Extra Help budgets

Elimination of vacant positions

Elimination of filled positions

Contract reductions/eliminations

Revenue enhancement options



HHSA Structural Deficit

- Funding to backfill HHSA at status quo service levels due to declining revenues was not included in the Five-Year Forecast and reflects a new budgetary challenge
- \$11.7 million in additional General Fund would be needed to maintain status quo service levels
- Funding challenge is a result of declining state and federal revenues including:
 - Title IV-E
 - CalWORKS Single Allocation
 - Medi-Cal
 - CalWORKs Housing Support Program
- In addition to expenditures outpacing limited growth in various Realignment funding streams



HHSA Proposed Non-General Fund Reductions

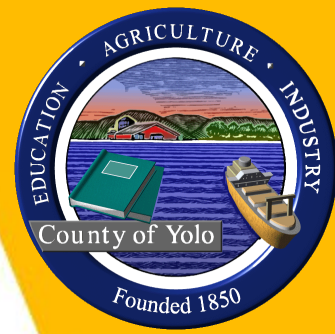
- HHSA has proposed \$9 million in additional, non-General Fund reductions
- Reductions thematically similar to General Fund reductions
- Reductions would result in service level impacts
- Staff will return to the Board with proposed reductions in April



FY 2026-27 Base Budget Deficit-Reexamined

Preliminary General Fund Base Budget Gap	
General Purpose Revenues	\$114,773,683
Estimates General Fund Balance	\$7,000,000
Initial Base Budget Requests	(\$145,279,544)
Additional HHS General Fund Backfill	(\$11,726,686)
General Fund Base Budget Gap	(\$35,232,547)

FY 2026-27 Conceptual Balancing Solution



FY 2026-27 Conceptual Balancing Solution	
General Fund Base Budget Gap	(\$35,232,547)
Proposed Solutions	
Departmental Reduction Assumptions	
General Fund Departmental Reductions	\$15,000,000
HHSA Non-General Fund Reductions	\$9,037,800
One-Time Solutions	
Chula Vista Earnings	\$3,376,000
Use of Reserves	
Misc. Reserves/Other Funding Sources	\$4,136,000
Pension Trust/General Reserve	\$4,420,000
Remaining Budget (Gap)/Surplus	\$737,253



Next Steps

- Department Budget Meetings – March 16 to April 3
- April 28 – Budget Development Update to Board
- June 2 – FY 2026-27 Recommended Budget Book and Staff Report Released
- June 9 – FY 2026-27 Recommended Budget Hearing