



County Executive Office

2025–26 Proposed Budget

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April 29, 2025
Item #8

Presentation Goals

- Identify our unique challenges
- Discuss State and Federal risks
- Highlight achievements
- Review Proposed Budget
- Answer Questions



2025-26 Proposed Budget

**Economic, Federal &
State funding risks
mitigated by local
support**



Some Major Budget Changes

- Reduction of 74.40 FTE positions in Health Services Agency, 2.0 FTE positions in Child Protective Services and avoided 15.70 FTE other HSA reductions*
- Loss of \$11.1 million in HSA revenue resulted in HSA budget augmentation of \$428k for a net reduction of \$8.98 million
- Fully funds local voter approved Measure K:
 - \$2.0 million for public works road systems (with another \$2.0 million in General Fund contributions)
 - \$1.0 million for environmental and parks projects
 - \$1.0 million for homelessness services in housing for health
 - \$1.0 million for housing needs
 - \$1.0 million for new disaster or General Fund federal claim denials

*Budget includes addition of 2.0 FTE positions: 1.0 FTE position in Sheriff-Coroner DNA lab and 1.0 FTE position in Board of Supervisors that would be offset by a mid-year reduction of 1.0 FTE position. The budget shifted funding to save 5.70 FTE positions in Public Health (\$408k) and 10.0 FTE Behavioral Health Child and Adult positions (\$428k)

Some Major Budget Changes

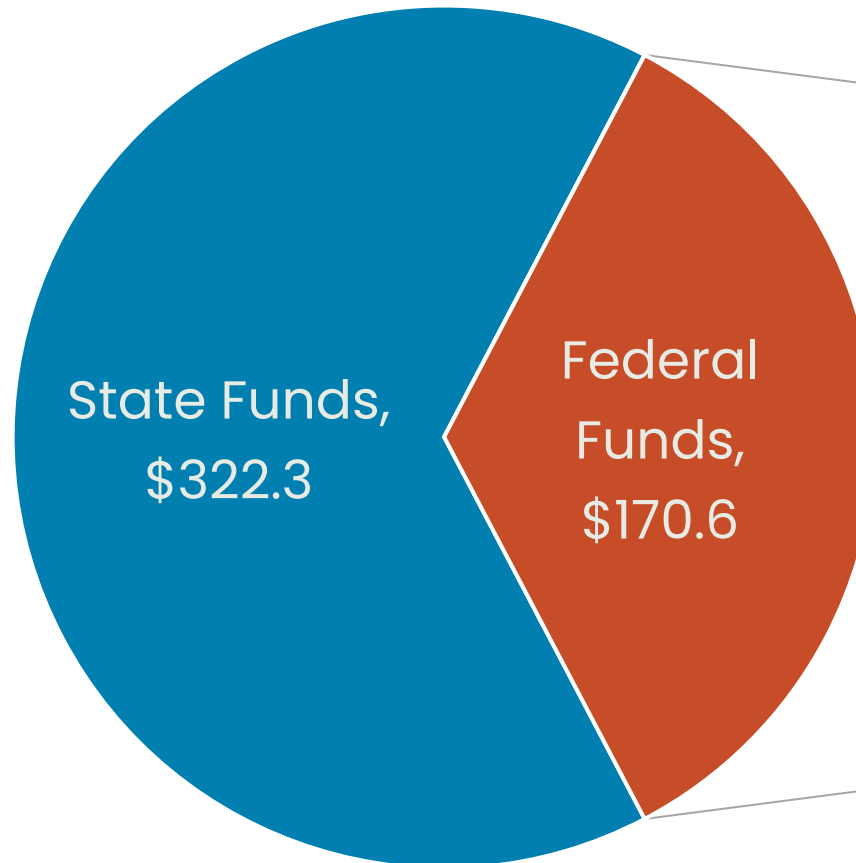
(continued)

- Provide \$5.3 million in net costs for operating the new Children's Crisis Center.
- Underfund the General Fund 1% contingency by \$1.2 million, resulting in a balance of \$6.9 million.
- Maintain General Fund reserves at \$98.1 million, or 12.7% of expenditures—below the 28.1% peer average
- Return all CZU Fire rebuild-related services to the Community Development and Infrastructure building permit center.
- Apply \$6.6 million in anticipated federal reimbursements to service and reduce 2024 disaster-related debt.
- Provide \$4 million in Measure D project future allocations.

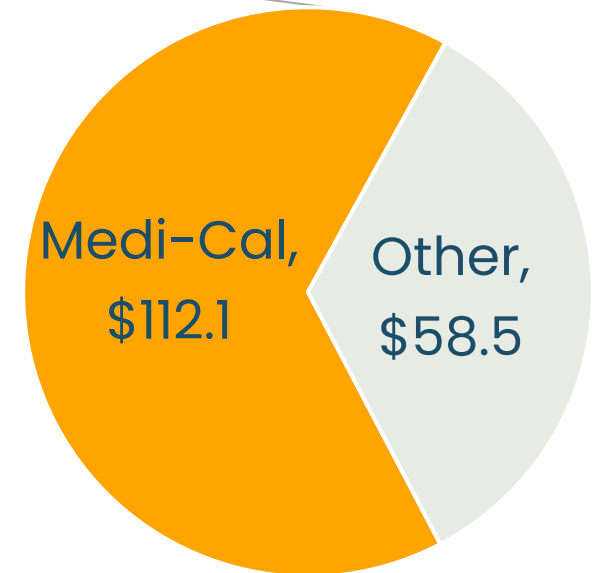
Federal & State Funding Risks

State Budget

- Federal funds make up over one-third of the State Budget
- 112.1 Billion in Medi-Cal is from Federal Sources

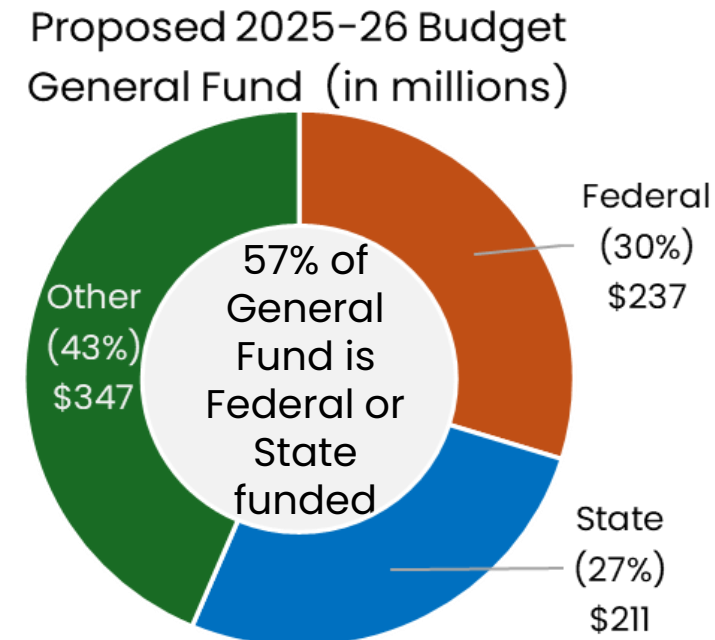
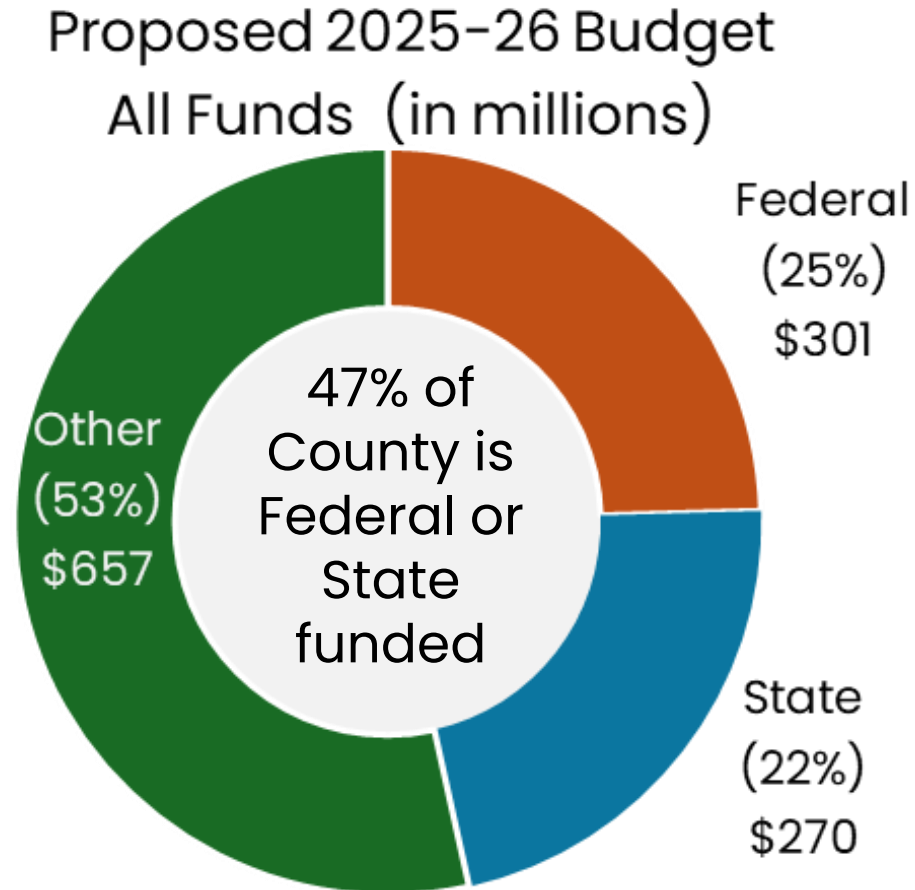


State Use of Federal Funds



County Reliance on State & Federal Funding

- The County's exposure to federal funding and policy risk is significant
- Federal funds make up nearly a quarter of the county wide budget and 30% of the General Fund



Included in Federal are budgets for State Medi-Cal & Disaster pass throughs

Federal Policy REAL Impacts

- **Passport Identification Restrictions**

- Destroy passport application forms that utilize a gender “X” marker
- Replace them with a new form that does not have an option outside of a gender binary

- **Voter Eligibility and Elections Administration**

- Require proof of citizenship to register to vote in federal races
- Mandate all mail-in ballots must be received by Election Day

- **Building Resilient Infrastructure and Community Grant**

- Phase 2 would have provided \$20 million for wildfire risk reduction and \$420,000 to improve Pajaro River levee at the wastewater treatment plant

- **Health Services Grants Eliminated**

- Access to health (\$78k lost)
- Microenterprise Home Kitchen Operation pilot project (\$26k lost)
- Access to immunizations for COVID-19, flu and other vaccine-preventable diseases (\$330k lost)
- Detection and prevention of emerging infectious diseases (fully expended)
- 5.7 FTEs saved with other funding sources

Federal Policy Potential Impacts

- Reduced eligibility for public assistance within Medi-Cal, CalFresh and CalWORKS
- At risk funding for housing voucher and like funding that supports 4,000 people
- Reductions within FEMA for individual and agency disaster support

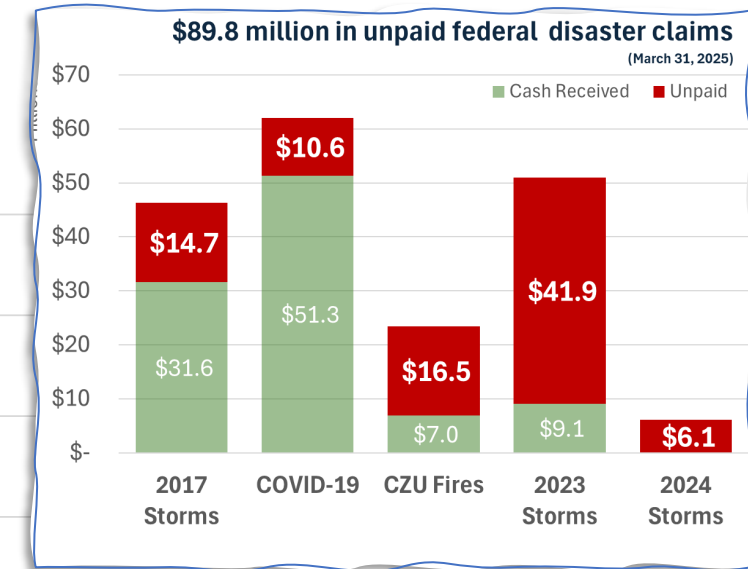
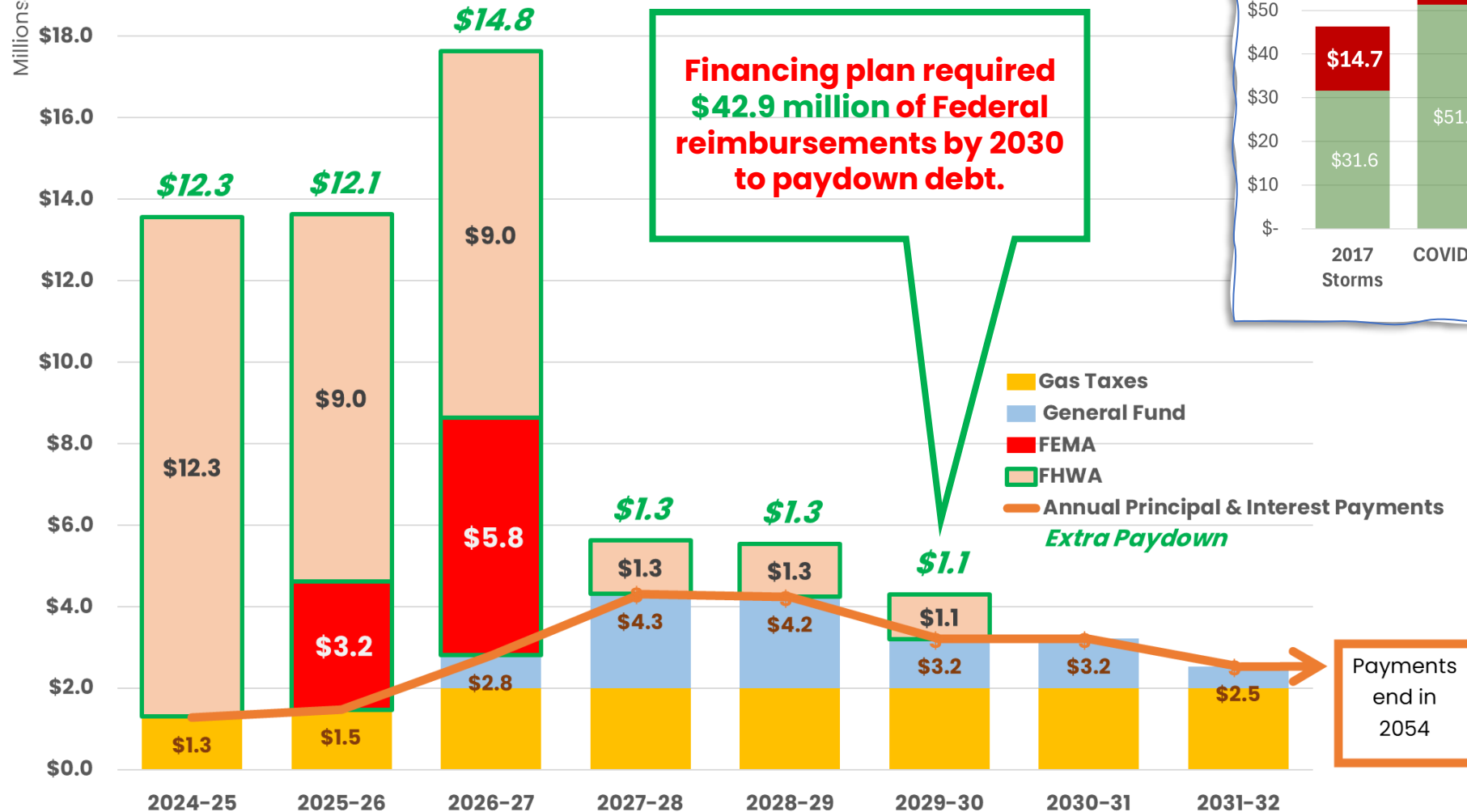
Community Impact*:

- 30,000 (1 in 3) county Medi-Cal enrollees at risk
- Current recipients:
 - 86,541 in Medi-Cal
 - 43,488 in CalFresh food assistance
 - 4,336 in CalWORKS cash aid

Federal delays risk adding \$4.2 million annually

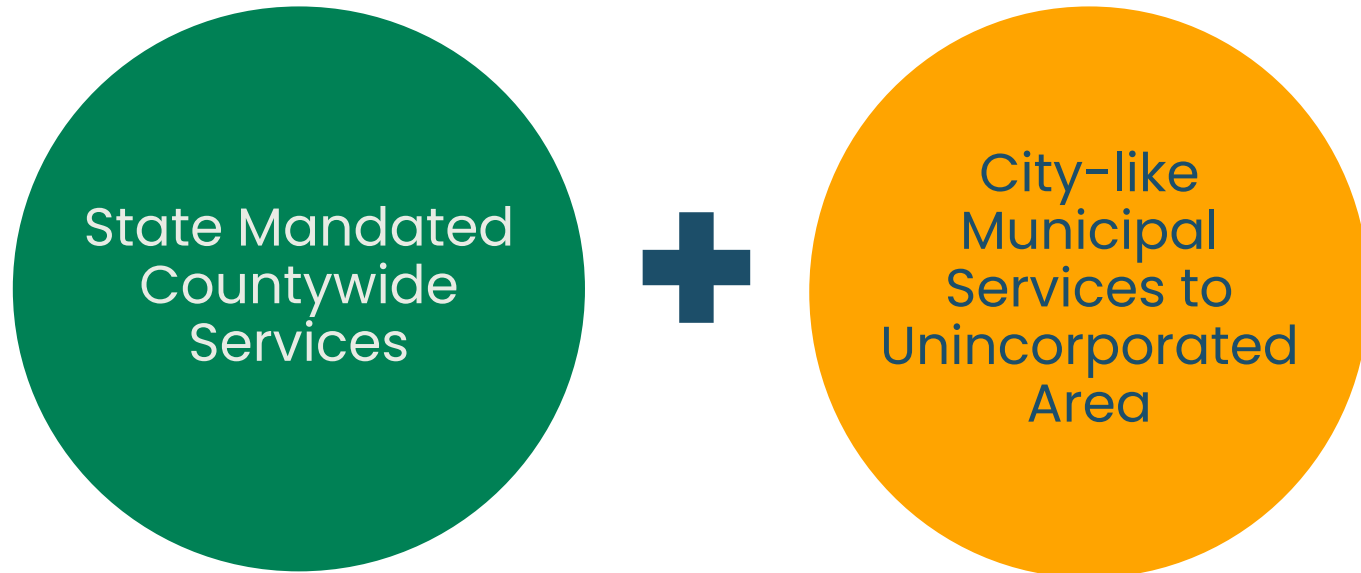
2023 Storms Debt Service and Funding Sources

Federal delays will increase costs and alter the 2024 financing plan



About the County

County Responsibilities



County (unincorp.)
133,153



Santa Cruz
62,956



Watsonville
52,590

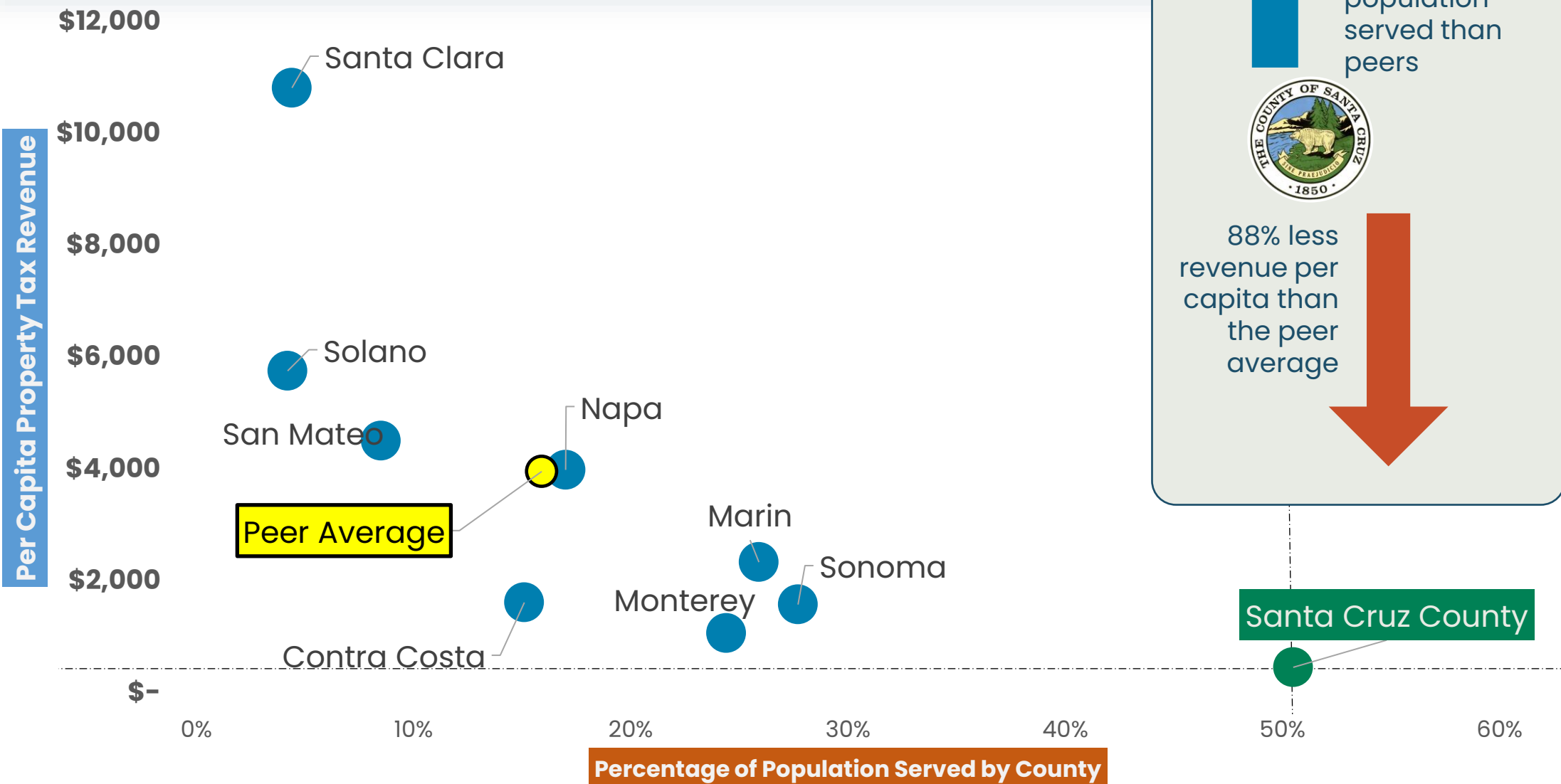


Scotts Valley
12,224



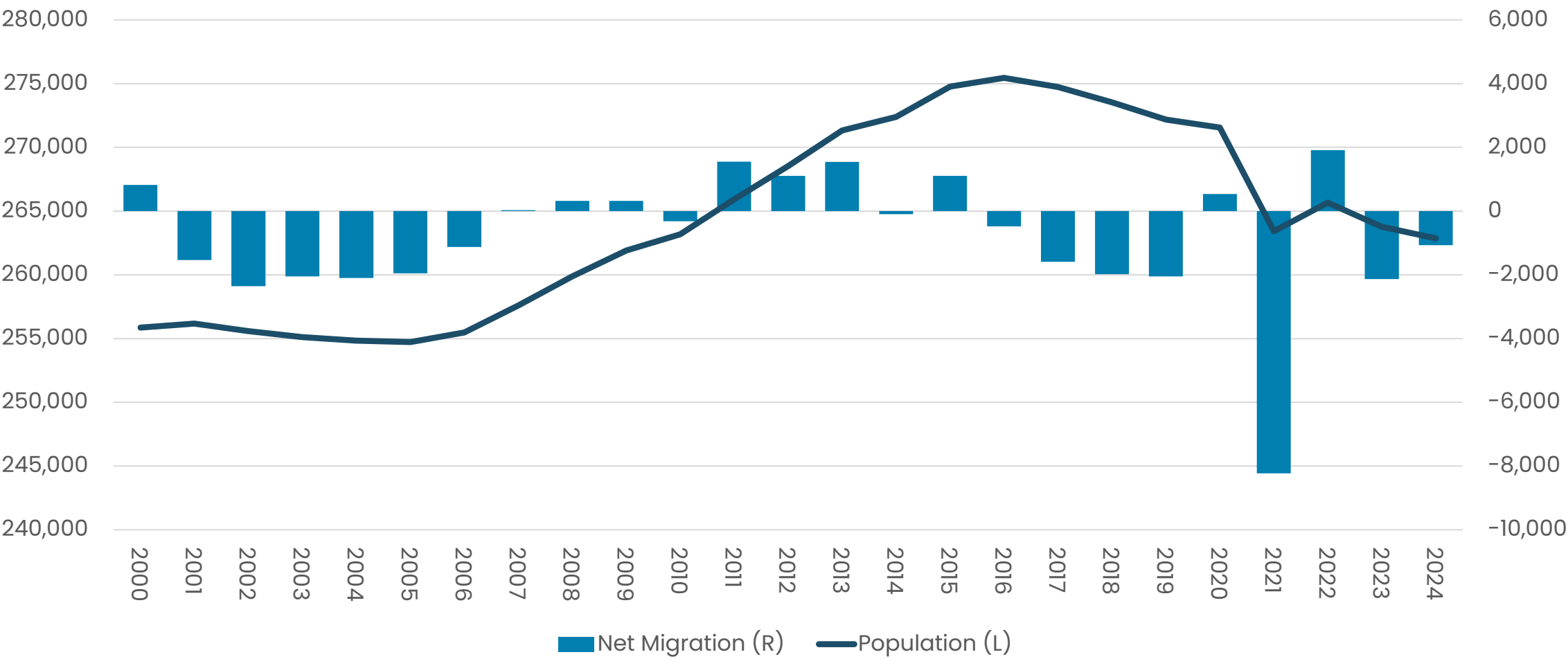
Capitola
9,938

County supports more with less



County Population and Net Migration

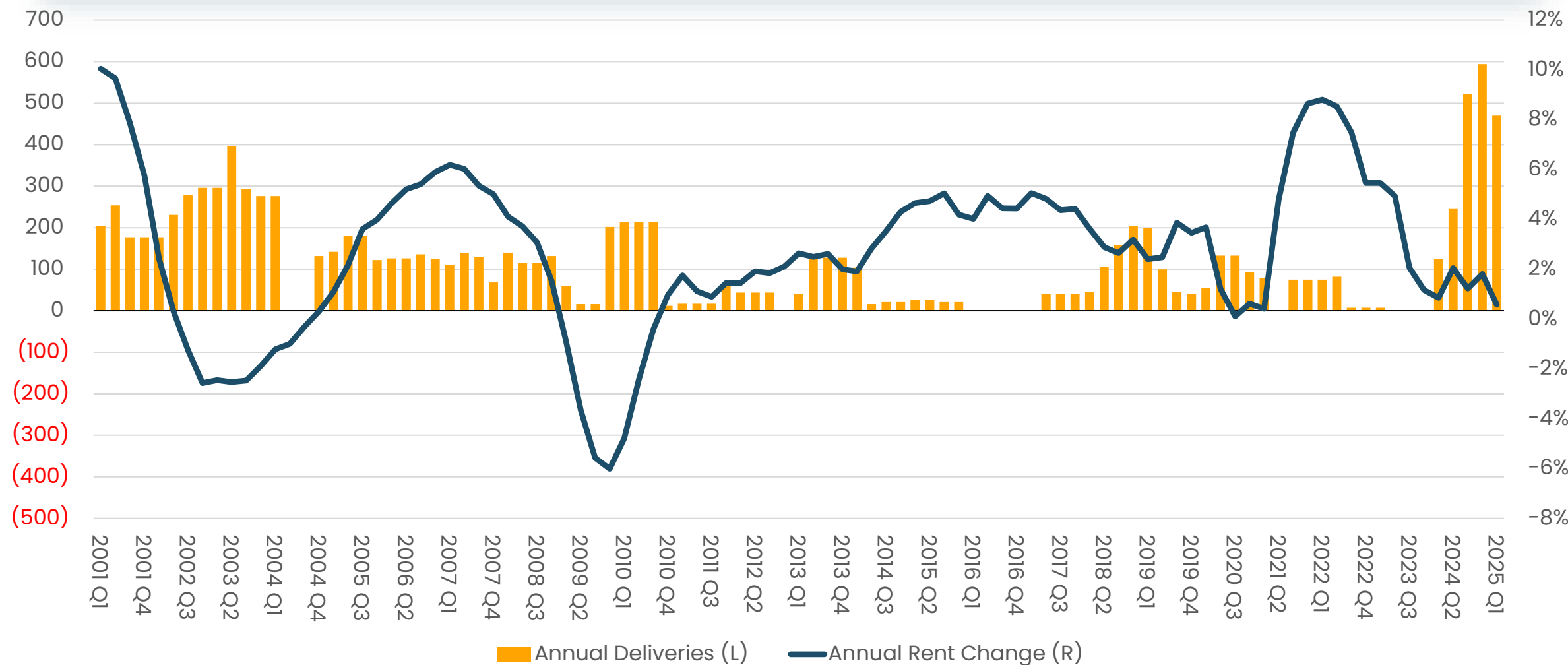
County: Santa Cruz



Source: California Department of Finance. Analysis by County of Santa Cruz. Published 4/24/25.

Multifamily Supply and Annual Rent Growth

County: Santa Cruz



Source: CoStar. Analysis by County of Santa Cruz. Published 4/24/25.
Note: Data shows trailing 12-month total of deliveries (number of units) vs. annual percent change in multifamily effective rents.

County Achievements & Operational Plan Progress

277 achievements & completed 70 major Operational Plan objectives

Highlights include:

- Launched 24/7 mobile crisis response team
- Completed Measure S Library Construction
- Secured \$14m grant for regional electrification
- Staffed recently completed DNA Laboratory
- Rezones for 2023 Housing Element Implementation
- Completed intersection improvements at Hwy 152 & Holohan Rd
- Expanded county clerk-elections, records, and tax collection services at South County Government Center
- Expanded 211 services



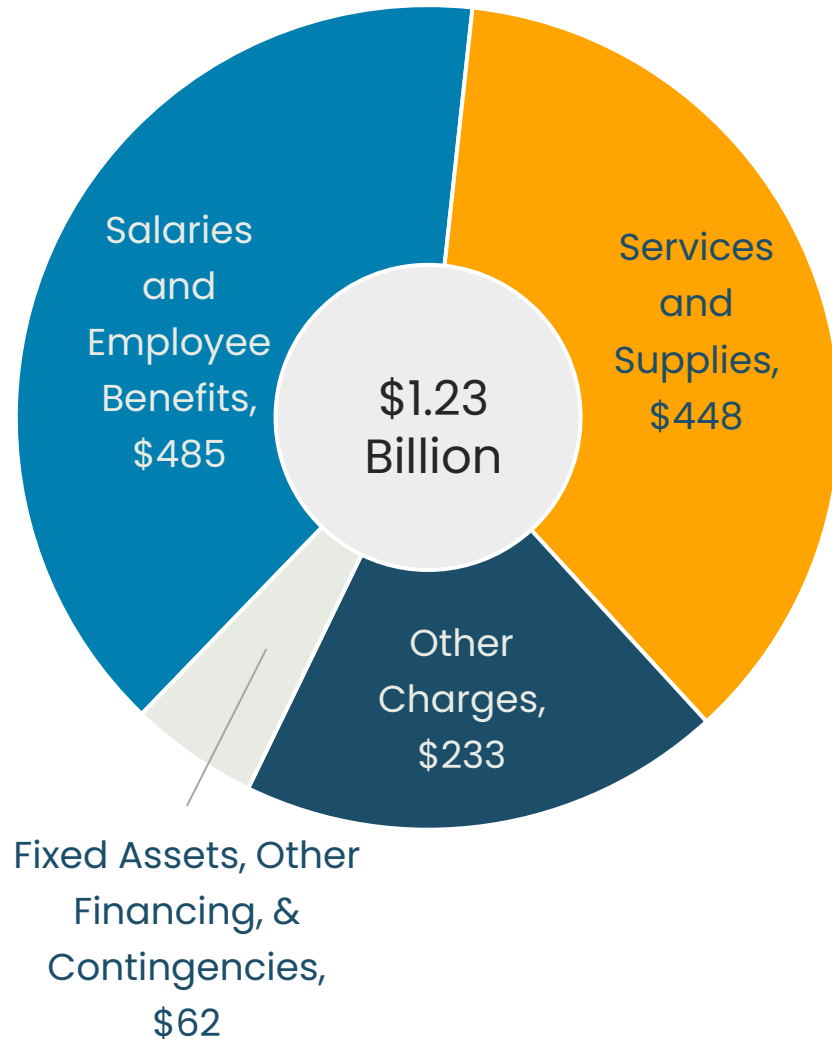
Proposed Budget

Fiscal Year 2025–26

Proposed 2025–26 Budget

By Fund Type

FY 2025–26 Budget:
\$1,228,205,926



Fund	2025–26 Proposed Budget	Change from Adopted
General Fund	\$ 793.5	\$ (71.3) ↓
Internal Service Funds	\$ 187.1	\$ 10.3 ↑
Enterprise Funds	\$ 39.5	\$ (2.4) ↓
Special Revenue Funds	\$ 114.3	\$ (42.3) ↓
Capital Project Funds	\$ 5.2	\$ (77.1) ↓
Special Districts and Other Agencies	\$ 68.7	\$ 6.8 ↑
Less Than Countywide Funds	\$ 20.0	\$ 0.2 ↑
Total County Budget	\$1,228.2	\$ (176.3) ↓

Figures are in Millions

Staffing Changes for 2025–26



Add 2.0 FTE

- Board of Supervisors – 1.0 FTE
- Sheriff Coroner – 1.0 FTE



Reduce 74.4 FTE

- Child Support Services (2.0 FTE)
- Health Services Agency (74.4 FTE)

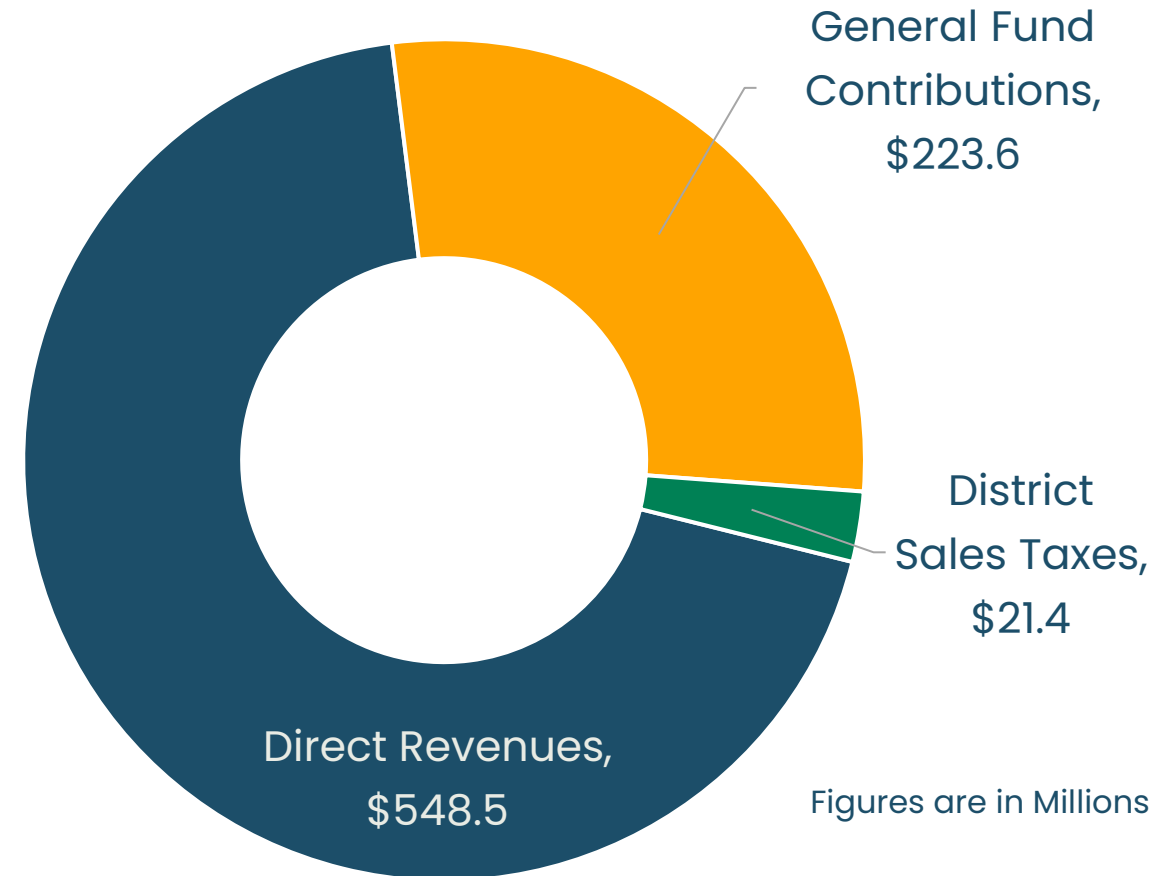
Total Proposed
Staffing:
2,724.16 FTEs

* The budget includes the transfer 3.0 FTE personnel positions from Human Services to Personnel

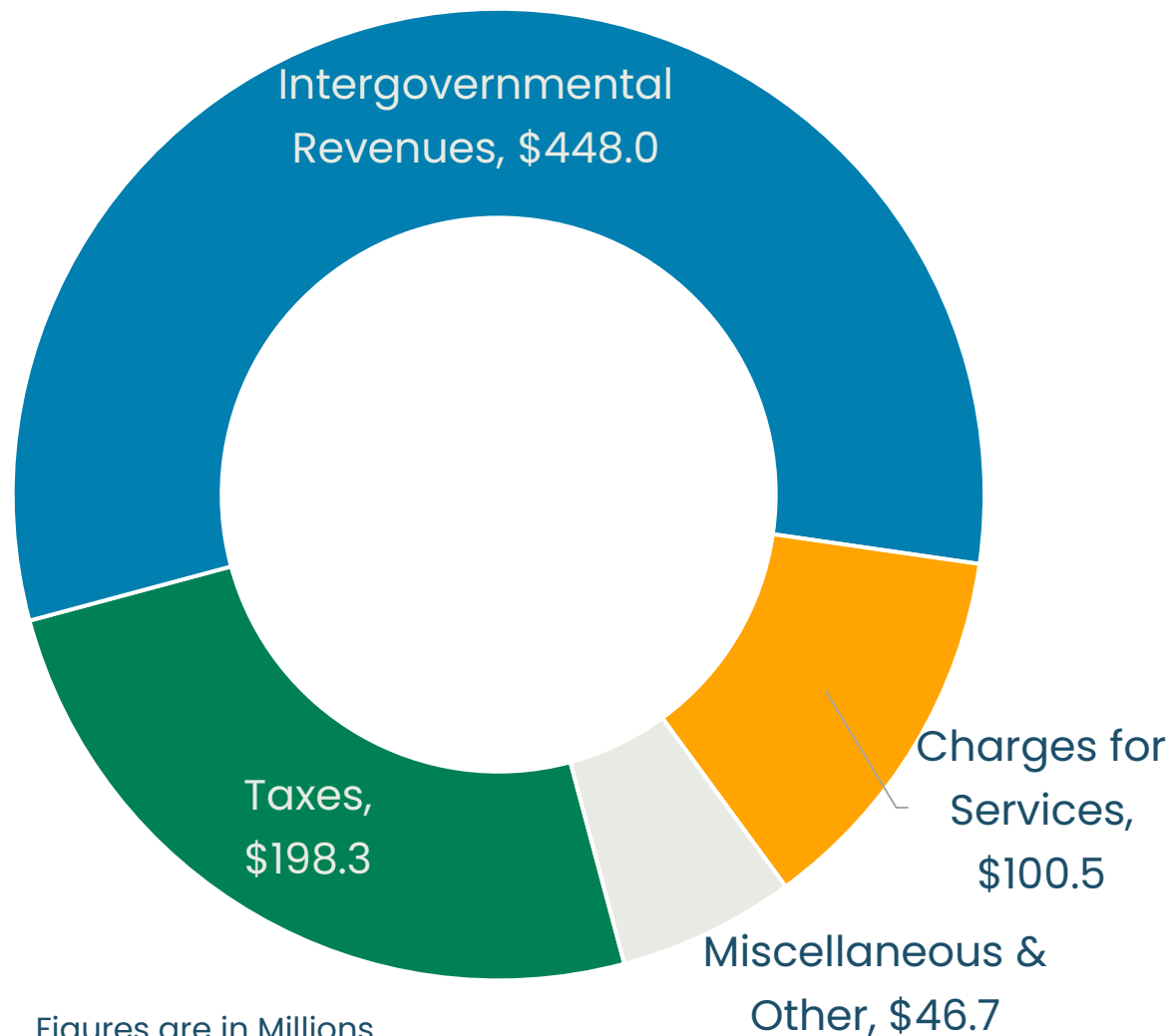
Financing of General Fund Expenditures

Government Area	General Fund Contribution (GFC)	GFC from District Sales Taxes
General Government	\$23,033	\$ -
Health and Human	\$52,424	\$2,400
Land Use and Community Services	\$17,393	\$6,100
Public Safety and Justice	\$123,708	\$5,723
Capital, Contingencies, & Debt Service	\$ 7,780	\$7,202
Total	\$223,636	\$21,425

Figures are in Thousands



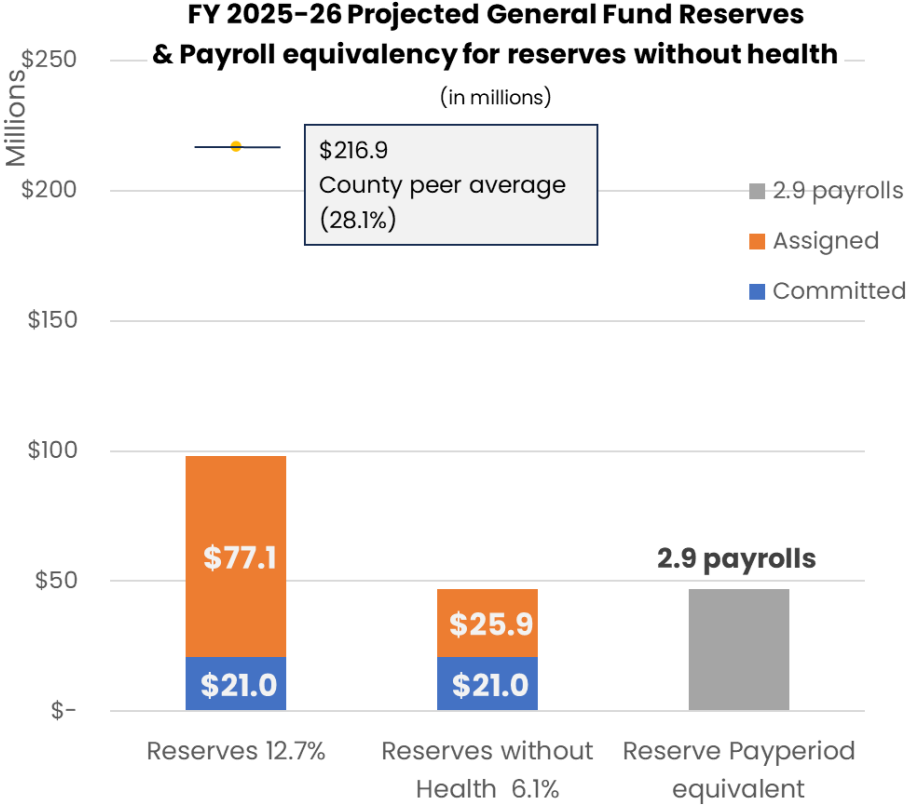
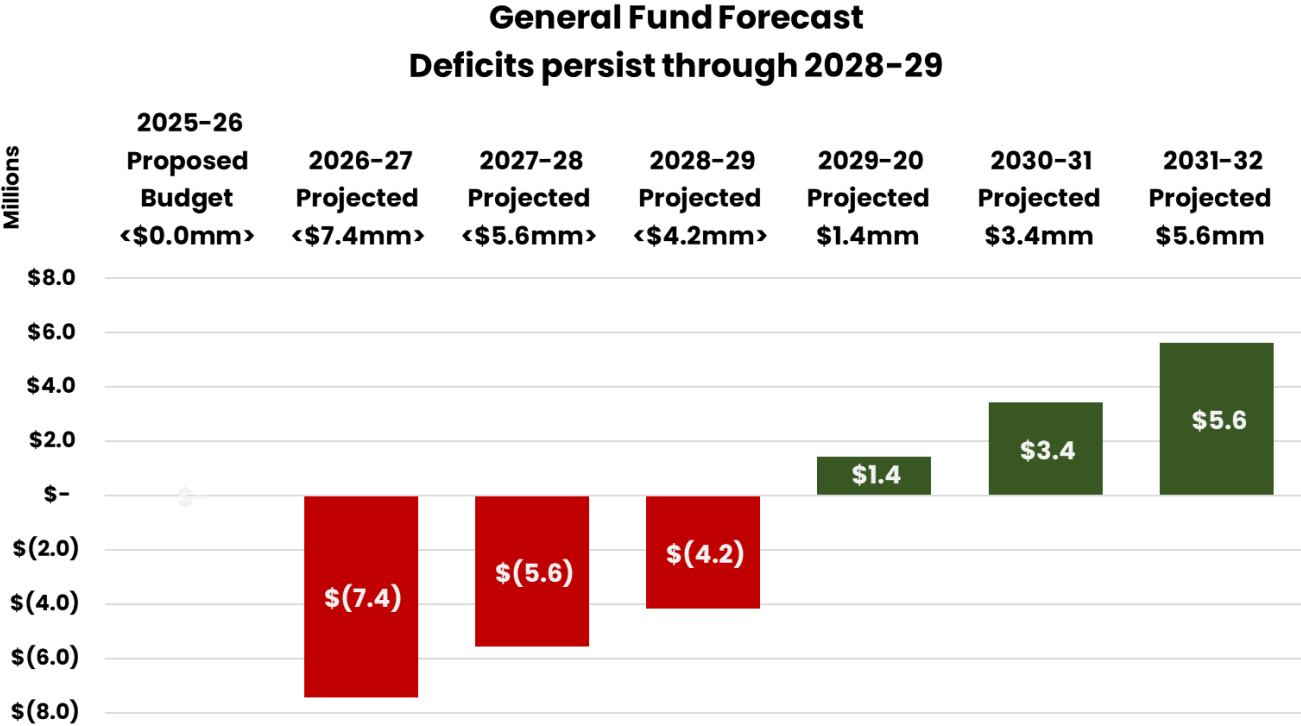
General Fund Revenues



Revenues	Change from Adopted
Taxes	\$7,358
Licenses, Permits and Franchise Fees	\$(541)
Fines, Forfeitures & Assessments	\$2,148
Use Of Money and Property	\$721
Intergovernmental Revenues	\$(30,651)
Charges for Services	\$(5,692)
Miscellaneous Revenues	\$(2,058)
Other Financing Sources	\$911
Total	\$(27,804)

Figures are in Thousands

General Fund Forecast and Reserves



2025 – 2030 Capital Improvement Plan

- New online publication
- Identifies \$396 Million in active capital projects
- Catalogs 45 distinct funding sources

2025-26

Proposed Capital
Projects

Facilities

Parks

Revenues

\$1.38m

\$716K

Expenses

\$2.38m

\$716K

General Fund
Contribution

\$1.0m

\$ 0

The screenshot shows the homepage of the County of Santa Cruz Capital Improvement Plan (CIP) 2025-2030. The header is blue with the County of Santa Cruz logo on the left and navigation links: CIP HOME, PUBLIC INFRASTRUCTURE, GOVERNMENT FACILITIES, PARKS AND OPEN SPACES, and MORE. A 'SELECT LANGUAGE' button is on the right. Below the header, the text 'COUNTY OF SANTA CRUZ' and 'FY2025-26 Proposed Budget' are visible. The main title 'Capital Improvement Plan 2025-2030' is in large orange letters, with the subtitle 'Investing in Our Community' below it. A paragraph of text describes the CIP as a strategic roadmap for public investment in infrastructure, facilities, and community spaces over the next five years. Below this, there are three columns with images: 'Public Infrastructure' showing a bridge, 'Government Facilities' showing a modern building, and 'Park and Open Spaces' showing a playground.

CIP HOME PUBLIC INFRASTRUCTURE GOVERNMENT FACILITIES PARKS AND OPEN SPACES MORE SELECT LANGUAGE

COUNTY OF SANTA CRUZ FY2025-26 Proposed Budget

Capital Improvement Plan 2025-2030

Investing in Our Community

The County of Santa Cruz's 2025–2030 Capital Improvement Plan (CIP) is a strategic roadmap guiding public investment in essential infrastructure, facilities, and community spaces over the next five years. Developed in close partnership between the County Executive Office, the Community Development and Infrastructure Department's Public Works Division, the County Parks Department, and the General Services Department, this CIP reflects a coordinated, countywide approach to capital planning. This is the first CIP published since 2022, following a necessary pause to address urgent recovery efforts stemming from the 2022–2023 winter storms. As a result, this edition focuses primarily on currently active capital projects to establish a clear baseline for future planning. Subsequent iterations will build on this foundation by incorporating emerging needs and future project concepts aligned with long-term community goals.

Public Infrastructure



Government Facilities



Park and Open Spaces



Our Budget connected to Strategic Initiatives

Quick click to Spanish

The screenshot displays the Santa Cruz County Strategic Initiatives website. At the top, the header includes the county seal, the text "SANTA CRUZ COUNTY STRATEGIC INITIATIVES", and navigation links for "STRATEGIC PLAN AND EQUITY FRAMEWORK", "BUDGET", "OPERATIONAL PLAN", and "COMMUNITY RESULTS". A language selection dropdown menu is open on the right, showing options like Arabic, Chinese, Filipino, French, Hindi, Italian, Russian, Spanish, Thai, and Vietnamese. A large blue arrow points from the "BUDGET" link in the header to a dropdown menu that lists: Overview, Economic Outlook, Budget Summary, Your Tax Dollars At Work, Department Budgets, and Budget Policies & Resources. Below the header, a banner for the "Proposed 2025-26 Budget" is visible. A second blue arrow points from this banner to the same dropdown menu. On the left, a "Quick links" sidebar contains the same list of budget-related items. The main content area is titled "Overview" and features a paragraph about the 2025-26 budget and a portrait of a man in a suit.

en Español

County of Santa Cruz

Select Language

- Arabic
- Chinese (Simplified)
- Filipino
- French
- Hindi
- Italian
- Russian
- Spanish
- Thai
- Vietnamese

SANTA CRUZ COUNTY STRATEGIC INITIATIVES

STRATEGIC PLAN AND EQUITY FRAMEWORK BUDGET OPERATIONAL PLAN COMMUNITY RESULTS

Proposed 2025-26 Budget

BUDGET links to all sections

- Overview
- Economic Outlook
- Budget Summary >
- Your Tax Dollars At Work
- Department Budgets >
- Budget Policies & Resources >

Vision Santa Cruz Budget

Overview

Overview

It is my privilege to present the recommended budget for Fiscal Year 2025-26. Over the past year, we've made meaningful progress in infrastructure, service delivery, and equity—while staying fiscally responsible. This \$1.23 billion budget, including a \$793.5 million General Fund, reflects the values of our community. It includes 2,724.16 full-time equivalent (FTE) positions across 22 departments that provide a wide range of public safety, safety net, land use, community, infrastructure and support services.

Quick links

Department Budget

Overview

Budget Summary

Emerging Issues

Department Operations and
Performance

Major Budget Changes

Budget Charts and Data

Staffing Chart and Data

Health Services Agency

Total Expenses	Total Revenues	General Fund Contribution	District Sales Tax Contribution	Other Fund Contributions	Funded Staffing	Website
\$304,142,241 (-3%) ¹	\$283,018,306 (-4%) ²	\$20,712,232 (+11%) ³	\$400,000 (0%) ⁴	11,703 (-96%) ⁵	658.85 (-74.40) ⁶	Health Services

Overview

Mission Statement

The Health Services Agency (HSA) promotes and ensures a healthy community and environment by providing education, outreach, and comprehensive health services in an inclusive and accessible manner.

Department Overview

HSA exists to enhance, protect and improve the health of the people in Santa Cruz County. To accomplish this, the department provides a

Emerging Issues

Federal Administration Policy Changes: HSA will actively monitor policy changes under the new federal administration, including shifts in healthcare funding, Medicaid/Medi-Cal regulations, and public health priorities, as they are anticipated to significantly impact county health services. HSA remains committed to advocating for stable funding and adjusting services to align with evolving federal mandates while upholding its core responsibilities.

HSA will closely track and proactively adapt to policy developments to ensure the continued delivery of essential health services. Federal level policy impacts could include decreased federal funding for community health centers, loss of medical coverage for vulnerable populations, and uncertainty in Medicaid and Medicare funding. These factors can hinder long-term planning, limit access to health care – especially for undocumented patients – and lead to loss of coverage and reduced services and increased waiting times for patients. In Public Health, State grants and allocations account for over 60% of the Division budget, which are often pass-through from the Federal government. While funding has remained mostly flat or declined, Public Health has had three grants cancelled prior to their expiration, which means the services and staffing cannot be sustained with the State grants and allocations alone given the rising costs of salaries, benefits and overhead. Staffing and services are being reduced to focus on mandates and priority activities with highest value and impact and align Public Health Strategic priorities.

State Behavioral Health Initiatives: The Behavioral Health Division (BHD) is working to meet over 20 legislative mandates that impact community members served in multiple County Departments, including individuals who are justice-involved or incompetent to stand trial, participating in voluntary court-supported services via the CARE (Community Assistance, Recovery and Empowerment) Act, or found to be

Major Budget Changes

Sort By Division:

Select a Division

MAJOR CHARGES	NET FTE CHANGES	2025-26 ONGOING BUDGET INCREASE / (DECREASE)	2025-26 ONE-TIME BUDGET INCREASE / (DECREASE)
» Behavioral Health			
Behavioral Health Intergovernmental Revenue	0.00	(-\$6,928,764)	\$0
Recommended Action Decrease intergovernmental revenue.			
Description and Service Impact This decrease in revenue is primarily due to decreases in Mental Health Services Act (MHSA) funding, Enhanced Case Management (ECM) and Crisis Care Mobile Unit (CCMU), which is offset by an increase in Drug Medi-Cal (DMC), Medi-Cal Administrative Activities (MAA), Proposition 47 Grant, and 2011 Realignment revenue.			
Behavioral Health Charges for Services	0.00	(-\$116,230)	\$0

The 2025–26 Budget Season: What's next

2025 Dates	Budget Hearing Topic
April 29	Conduct budget hearing and accept and file 2025–26 Proposed Budget
May 20	Budget discussion of State May Revision
June 3	Budget Hearing #2: Health and Human Services, Capital Projects and General Government
June 4	Budget Hearing #3: Public Safety and Land Use Budget Hearing
June 10	Budget Hearing #4: Consider last day and concluding actions; Approve Budget
July–August	Potential Federal and/or State Budget impacts considerations
Sept 30	Adopt 2025–26 Budget

Questions?

Thank You

