



BOARD OF SUPERVISORS  
AGENDA LETTER

Agenda Number:

Clerk of the Board of Supervisors  
105 E. Anapamu Street, Suite 407  
Santa Barbara, CA 93101  
(805) 568-2240

Submitted on:  
(COB Stamp)

**Department Name:** Social Services  
**Department No.:** 044  
**Agenda Date:** November 18, 2025  
**Placement:** Departmental Agenda  
**Estimated Time:** 2 HOURS  
**Continued Item:** Yes  
**If Yes, date from:** October 7, 2025  
**Vote Required:** 4/5

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**TO:** Board of Supervisors  
**FROM:** Department Director(s): Daniel Nielson, Social Services Director  
Contact: Rachel Lipman, Chief Financial and Administrative Officer  
**SUBJECT:** Social Services Department FY 2025-26 Budget Update and Rebalancing Plan

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**County Counsel Concurrence**

As to form: Yes

**Auditor-Controller Concurrence**

As to form: Yes

**Recommended Actions:**

That the Board of Supervisors:

- a) Receive and file an update on the Department of Social Services (DSS) budget and fiscal outlook;
- b) Approve Budget Revision #0010875 that adjusts revenues and expenditures to expected levels and removes funding for 58 vacant positions; and
- c) Determine that the above actions are not a project under the California Environmental Quality Act (CEQA), because pursuant to sections 15378(b)(4) and 15378(b)(5) the recommended actions consist of organizational, administrative, or fiscal activities of government that will not result in direct or indirect physical changes in the environment.

**Summary Text:**

This report is in response to the Board's continuation of the Department of Social Services's presentation of its fiscal status report on October 7, 2025, that outlined the department's need to reduce expenditures in the current fiscal year. Upon direction from the Board, DSS has eliminated layoffs for the current fiscal year, but will continue to eliminate funding for vacant positions and reduce other spending to bring the Department's budget in line with lower than anticipated revenues. Specifically, the Department is no longer eliminating 65 filled FTE identified for layoff but eliminating funding for 58 funded vacancies.

The attached budget revision of \$2.3 million addresses these actions. Staff continues to work on potential savings to offset the transfer, such as holding vacancies, staff reassignments to other programs, and labor union concessions. Should savings from these efforts materialize, the Department would reduce the transfer amount from General County Programs. Lastly, the Department has refined its revenue estimates since the October 7, 2025, meeting and identified an additional funding need of \$0.5 million. Any savings would be necessary to address this new gap; otherwise, the Department may return to the Board seeking additional funding within the fiscal year. The Department continues to institute spending controls and rigorous fiscal review.

**Discussion:**

In July of 2025 after the FY 2025-26 budget was adopted, DSS identified a \$7.4 million structural deficit in local funding for the current fiscal year. DSS presented this information to the Board at the October 7 hearing, with a proposal to reduce expenditures to balance the budget, which included the elimination of 56 vacant and 65 filled positions. The Board directed CEO and DSS to eliminate funding for the 56 vacant positions and return with funding solutions to restore the 65 filled positions through June 30, 2026.

The attached budget revision adjusts revenues and expenditures in the following major categories:

- Removes funding for the 58 vacant positions (56 proposed on October 7, and two additional positions that have since become vacant) – cost reduction of \$1.4 million in local funding
- Adjusts salary savings expectations in the current year to reflect current attrition trends and negotiated salary increases – cost increase of \$1.8 million in local funding
- Reduces realignment revenues to match state projections – revenue reduction of \$1.5 million
- Increases the categorical aid cash assistance expenditure and revenue budget – cost increase of \$1.3 million in local funding
- Reduces approximately \$1.1 million in services contracted through other providers for CWS programs to meet available funding levels
- Reduces the one-time transfer from General County Programs by \$655,000 (this amount was drawn down in FY 2024-25 to close the books)
- Reduces the departmental fund balance draw by \$1.1 million (this amount was drawn down in FY 2024-25 to close the books)

Proposed reductions included in the budget revision will address \$2.3 million of the \$7.4 million gap. The remainder is addressed on a one-time basis by the \$2.8 million in one-time General County Programs funds already authorized by the Board in the adopted budget to cover categorical aid cash assistance expenditure growth, as well as an additional \$2.3 million transfer of one-time General County Program funds proposed in the attached budget revision.

Additionally, DSS is working with CEO to pursue other strategies to fund department operations. Currently, DSS and CEO are exploring opportunities to reassign DSS staff to work with justice-involved individuals in other departments, including:

- Redirect CalAIM Path 2 funds to DSS to assist with Medi-Cal eligibility determinations and enrollment
- DSS staff would utilize social services workers or other para-professionals to assist with re-entry care management for services that are currently funded through General Fund and Community Corrections Partnership revenues

Should savings from these efforts materialize, they would reduce the transfer amount from General County Programs. Additionally, any savings achieved through concession bargaining between Human Resources and unions would reduce the needed transfer amount.

Following the October 7 hearing, DSS has refined revenue estimates and is now projecting an additional \$0.5 million gap this fiscal year. Due to the uncertainty of departmental revenue sources and unprecedented growth in categorical aid cash assistance costs over the past several years, DSS will be holding future vacancies to generate additional savings during the fiscal year and take all feasible measures to reduce costs. As new state funding allocations come in, which typically occurs periodically throughout the fiscal year, DSS will analyze impacts on current year projections. When refined year-end projections are available, in consultation with CEO, DSS will return to the Board with a second budget revision to make further adjustments to the extent the gap can be filled with any other funding sources such as concessions and alternative revenues, and include a fund transfer from General County Programs should it appear that the department will be unable to balance expenditures with available revenues.

Looking ahead to FY 2026-27, DSS's fiscal picture is bleaker, with an anticipated shortfall of at least \$10 million that will need to be addressed with ongoing structural changes instead of one-time stopgap measures. During budget development and April budget workshops, DSS will return to the Board with proposed reduction strategies.

**Background:**

Governed primarily by federal and state mandates, DSS provides services and programs critical to delivering a countywide system of health, security, and safety for vulnerable County residents.

DSS is funded through a mix of federal, state, and local sources. These funds support a wide range of programs and services aimed at improving the well-being of the county's most vulnerable residents. The Department's financial structure is complex, as local funds are often required to draw down additional federal and state dollars.

In nearly all programs provided by the department, the local share of cost (Realignment or General Fund) is only a portion of labor and non-labor costs but is a required component in order to access the available state and federal funds.

DSS's largest revenue sources include federal and state revenues, 1991 and 2011 Realignment, and General Fund Contribution. Over the past four years, 1991 and 2011 Realignment revenues have remained largely flat while other major revenue sources have seen moderate growth. Current projections of Realignment revenues anticipate that they will be 6% lower in the current fiscal year than they were three years ago.

Costs over the past several years have steadily increased, particularly in the area of categorical aid cash assistance payments, which are outside the Department's control.

DSS has maintained a structural deficit between ongoing revenue sources and expenditures for many years, but the past use of departmental fund balance or attrition beyond anticipated levels has masked the issue. In the current year, operational changes must be made to bring available expenditures in line with anticipated revenues. These changes include operating with a lower staffing level (eliminating all vacant positions and holding future vacancies), reducing the level of contracted

social services in the CWS program (related to supportive services for children and families), and eliminating certain administrative costs (including fewer computer hardware upgrades, keeping older assigned vehicles instead of replacing, and offering fewer external training contracts).

The reduction of vacant positions, including the continued holding of any newly vacated positions, will likely result in slower case processing and longer wait times. The expanded caseload per case worker has not yet been estimated. However, DSS expects a reduction in certain performance measures. DSS anticipates meeting state targets and will continue to prioritize high risk referrals and investigations.

**Fiscal and Facilities Impacts:**

Proposed reductions included in the attached budget revision will address \$2.3 million of DSS's \$7.4 million gap. The remainder will be solved on a one-time basis by \$2.8 million in one-time General County Programs funds authorized by the Board to cover categorical aid cash assistance expenditure growth in the current adopted budget as well as an additional \$2.3 million one-time transfer of funds from General County Programs to support the costs this fiscal year of the 65 filled positions that had been slated for elimination.

The additional \$0.5 million gap identified subsequent to the October 7 Board hearing will be addressed to the extent possible during the fiscal year by working closely with CEO and monitoring revenues and expenditures. Should the department be unable to solve some or all of the gap, the department will return to the Board later in the year with a second budget revision to access additional one-time funds from General County Programs and make further adjustments as needed.

County Human Resources staff has achieved tentative agreements with SEIU Local 620 and 721 on concessions that would be applied to DSS employees represented by their unions, as well as confidential, management and executive staff within DSS. If ratified by union membership and subsequently approved by the Board of Supervisors, these concessions are projected to generate approximately \$250K in one-time savings to general fund resources. The one-time savings generated from these concessions will be realized on a month-to-month basis throughout calendar year 2026, and therefore will cross over FY 2025-26 and FY 2026-27. The total one-time savings will not be fully realized until the end of calendar year 2026.

Looking forward to FY 2026-27, the Department anticipates a funding gap of at least \$10 million, which could increase should further state or federal budget impacts arise. The drivers of the anticipated gap are as follows:

- Removal of FY 2025-26 one-time funding from General County Programs - \$2.8 million
- Full year of increased CalFresh administrative cost sharing - \$2.6 million
- Ongoing costs of 65 filled positions that had been proposed for elimination - \$4.8 million

During budget development and April budget workshops, the department will return to the Board with proposed reduction strategies to address this anticipated gap. Due to the large funding shortfall anticipated in FY 2026-27, the department expects to bring forward proposed layoffs in excess of the size that had been proposed in the current year.

**Staffing Impacts:**

The following positions will be held vacant this fiscal year and eliminated during the FY 2026-27 budget process:

<b>Job Class</b>	<b>Vacant Positions Eliminated</b>	<b>Average Local Cost per Position*</b>	<b>Average Federal/State Cost per Position*</b>
ADMINISTRATIVE OFFICE PROFESSIONAL I / II	4	\$ 35,000	\$ 83,800
ADMINISTRATIVE OFFICE PROFESSIONAL SR	1	\$ 39,000	\$ 111,600
CAREER EMPLOYMENT SPECIALIST / SR	1	\$ -	\$ 127,100
CAREER EMPLOYMENT SPECIALIST SUPERVISOR	1	\$ -	\$ 153,300
COMPUTER SYSTEMS SPECIALIST I / II	1	\$ 19,300	\$ 148,200
DEPT BUSINESS SPECIALIST I / II	3	\$ 51,100	\$ 122,200
EDP SYSTEMS & PROGRAM ANALYST I / II	1	\$ 21,200	\$ 163,000
ELIGIBILITY SUPERVISOR	1	\$ 19,900	\$ 260,300
ELIGIBILITY WORKER I / II	31	\$ 7,200	\$ 109,200
ELIGIBILITY WORKER III	4	\$ 34,300	\$ 301,700
SOCIAL SERVICES CASE AIDE	2	\$ 42,300	\$ 59,300
SOCIAL SERVICES SUPERVISOR II	1	\$ 101,900	\$ 79,900
SOCIAL SERVICES WORKER / SR PS/L	2	\$ 50,800	\$ 85,300
SOCIAL SERVICES PRACTITIONER	4	\$ 87,000	\$ 66,600
UTILITY CLERK-DEPT	1	\$ 18,900	\$ 80,900
<b>Grand Total</b>	<b>58</b>		

\* Cost sharing ratios vary by program. This table reflects averages across all programs.

**Special Instructions:**

Upon approval, please send one copy of the minute order to:

- Katie Bell – [kibell@countyofsb.org](mailto:kibell@countyofsb.org)

**Attachments:**

Budget Revision #0010875

**Contact Information:**

Rachel Lipman, Chief Financial and Administrative Officer