



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

BOARD OF SUPERVISORS AGENDA LETTER

Department Name:

County Executive Office

Department Number:

012

Agenda Date:

June 23, 2026

Placement:

Administrative Agenda

Estimated Time:

N/A

Continued Item:

No

If Yes, date from:

N/A

Vote Required:

4/5

TO: Board of Supervisors

FROM: Department Directors: Mona Miyasato, County Executive Officer

DocuSigned by:
Mona Miyasato
41846F5C725B460...

Daniel Nielson, Department of Social Services Director

Signed by:
Daniel Nielson
11A5E47EB26A45A...

Bill Brown, Sheriff

Signed by:
Brad Welch
64D85AC4D6964E9...

CONTACT: Paul Clementi, Budget Director

SUBJECT: FY 2025-26 Department of Social Services and Sheriff's Office Fiscal Year End Budget Revisions to Address Shortfall

Concurrences:

County Counsel Concurrence:

As to form: Yes

Auditor-Controller Concurrence:

As to form: Yes

Other Concurrence: CEO Budget

As to form: Yes

Recommended Actions:

That the Board of Supervisors approve actions to increase budgets in the Department of Social Services and Sheriff Office budgets to cover projected year-end shortfalls, specifically:

- a) Approve Budget Revision Request No. 0011112 to help address the Department of Social Services shortfall by increasing appropriations by \$4,502,900 funded by a \$2,534,000 operating transfer from the General Fund and \$1,968,900 in leveraged State and federal funds and decreased interest revenue.
- b) Approve Budget Revision Request No. 0010996 to increase appropriations by \$10,100,000 in Sheriff's General Fund for Salaries and Benefits for overtime costs over budget funded by a \$8,100,000 transfer from the General Fund and the \$2,000,000 release of Public Safety Proposition 172 fund balance.
- 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 matter is before the Board to 1) approve an increase of \$4.5 million to the Department of Social Services (DSS) budget for In-Home Support Services (IHSS) and Child Welfare Services costs funded by a transfer of \$2.5 million from the General Fund and \$2 million in leveraged State and federal funds and decreased interest revenue; and 2) approve an increase of \$10.1 million to the Sheriff's Office (SBSO) budget primarily for excess overtime costs funded by a \$2.0 million transfer of Restricted Public Safety Proposition 172 fund balance and \$8.1 million from the General Fund.

These transfers are necessary to resolve expected year-end deficits in these departments. When a department's expenditures are projected to exceed appropriations, the County's budget policy requires those department heads to prepare transfer requests from the General Fund as an agenda item for the Board of Supervisors and report in writing to the Board of Supervisors explaining the reasons therefore.

Discussion:

The Department of Social Services has identified a \$2.5 million funding shortfall in the In-Home Support Services (IHSS) and Child Protective Services divisions driven by underestimated IHSS provider costs, lower than anticipated State and federal reimbursement for child welfare activities, and greater than anticipated cash assistance payments for Adoption and Foster Care assistance. As reported in second quarter budget status report to the Board on March 3, 2026, DSS underestimated the local share of program costs for their In-Home Supportive Services (IHSS) by \$569 thousand. The IHSS program costs are split between the federal, State, and county governments. The County's share of costs includes locally negotiated salary and benefit costs for providers plus an annual 4% inflation factor that is paid with State 1991 Realignment revenue and ongoing General Fund Contribution dollars. In the current year, local cost estimates included the annual 4% inflation factor but not the annual increase in salary and benefit costs. As of the end of May, the updated deficit is \$554 thousand for the fund by fiscal year end.

During Budget Workshops in April, DSS reported an additional \$1.9 million deficit driven by Child Welfare Services and Adoption Administration costs being higher than anticipated, and Cash Assistance Payments for Foster Care and Adoptions being larger than anticipated, interest charges for a negative cash balance, and costs for CalSAWS Joint Powers Agreement being higher than what was budgeted. The gaps in Child Welfare Services and Adoption Administration and Cash Assistance

Payments were the most significant drivers. For Child Welfare Services and Adoption Administration, this was largely due to lower-than-expected attrition and time spent in areas of Emergency Response, which has a cap on the amount of State and federal funding that can be drawn. For the Cash Assistance Payments, the gap was largely due to greater than anticipated costs per case, especially in the programs with the largest share of County costs including County-Only Foster Care and Short-Term Residential Treatment Program cases in Non-federal Foster Care.

Combined, as of the end of May, the gap for the below DSS programs is:

Program Area	FY 2025-26
IHSS Wages	\$554,000
Interest Charges for Negative Cash Balance	\$176,000
CalSAWS JPA Costs	\$42,000
CWS/Adoptions Program Administration	\$1,048,000
Cash Assistance Payments	\$714,000
Total	\$2,534,000

Because the department has fully exhausted its fund balance and other local funds, General Fund support will be necessary to close these deficits at year end. The proposed Budget Revision Request No. 0011112 for DSS matches the total needed in the programs above to close the year end gap. Only the amount actually needed to close the fiscal year balanced will be transferred to the Department.

The Sheriff’s Office has identified a \$10.1 million funding shortfall driven by greater than anticipated overtime and extra help costs and lower than anticipated salary savings related to a declining vacancy rate. To address the deficit, the Sheriff’s Office is requesting \$8.1 million in additional General Fund dollars and the release of \$2.0 million of Proposition 172 fund balance, set-aside in the Board’s FY 2025-26 budget development policies to “mitigate baseline overtime usage related to shift relief backfill including academy training time, vacation, sick, and other lost time, and special events/emergencies not reimbursed from other sources, and; reimburse for costs incurred for the County New Hire Incentive Program or other recruitment efforts pre-authorized by the CEO.” The use of Proposition 172 funds will minimize the impact of this overage to the General Fund.

The driver of the Sheriff’s Office negative net financial impact this fiscal year is primarily attributable to greater expenditures than budgeted resources in salaries and benefits, particularly in overtime. Some overtime is expected and necessary within the Sheriff’s Office, and the \$10.1 million in overtime budgeted in FY 2025-26 is anticipated to be overspent by \$7.4 million. The magnitude of Sheriff’s overtime charging was identified early in the fiscal year, and additional internal efforts have been made to curb overtime charging within the Sheriff’s Office.

SBSO Internal Controls:

- The Sheriff’s Office has instituted additional timesheet managerial controls including the reinstatement of paper slips to justify overtime request, capping the number of supervisors per shift per custody facility, and decreasing overtime shift length from 12 hour to 8-hour shifts.
- Ongoing discussions with the Sheriff’s Office Deputy Sheriff Association (DSA) union is underway to mitigate future runaway overtime charging, including decreasing the mandatory overtime shifts.

- The Sheriff’s Office continues to closely monitor overtime hours per pay period to ensure overtime hours trend down through and managerial oversight measures have a measurable impact. The Sheriff’s Office has provided additional information (Attachment A) on overtime hours throughout FY 2025-26.

External Monitoring and Analysis:

- Per direction from the BOS, the Auditor-Controller was asked to provide [monthly reports](#) related to Sheriff Overtime usage and costs. The first report - reviewing July 2025 through February 2026 - was presented to the BOS in April.
- The CEO continues working on additional review of Sheriff’s Office expenditures which may have greater impact on the upcoming FY 2026-27 budget than the FY 2025-26 budget. Beyond the normal cadence of monthly budget oversight meetings, these additional measures include:
 - More rigorous hiring review, where the Public Safety Assistant CEO reviews and evaluates each requisition before it is opened for recruitment.
 - Purchase order reviews by the CEO’s Office, where purchase orders are reviewed by the Public Safety Assistant CEO and questioned for urgency or necessity.
 - Review of all extra help currently employed by the department, and justification for continued use.

Background:

DSS depends largely on State and federal sources to fund programs and services. State and federal sources have not kept up with the department’s operating costs, which has created a structural deficit within the department to provide the same level of services and staffing. Over the past several years, DSS has relied on the use of fund balance to close this structural deficit; however, in FY 2024-25 DSS exhausted all available departmental fund balance. The department reduced 57 vacant full-time equivalent (FTE) in FY 2025-26 and will be reducing an additional 72 FTE in FY 2026-27 due to budget constraints. The position reductions in FY 2026-27 would have been 197 FTE, but the Board directed the restoration of 125 FTE with \$4.9M backfill of General Fund at budget workshops.

The Sheriff’s Office historically has exceeded budget for overtime expenditures due to vacant staff position, unexpected events (i.e. emergencies, uncompensated mutual aid, etc.), and allowable use of leave balance to generate overtime, however the overage in FY 2025-26 is the largest overage and most concerning. Negative net financial impact (NFI) usually occurs when overspending in overtime is not fully offset by salary savings from funded position vacancies, which have generally covered more of the costs in the past. The table below shows that the Sheriff has had a negative year-end position in all but one of the past eight years, which the rest of the General Fund, along with Prop 172 set-asides more recently, has mitigated. The additional General Fund required in FY 2025-26 to support the Sheriff’s Office is the highest in the past decade.

	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26 Projected
Total Sources	144,539,691	151,996,949	161,938,990	174,664,373	188,339,361	201,825,575	215,529,252	228,003,274
Total Uses	145,597,264	156,384,906	162,485,135	175,102,072	189,826,656	201,794,487	221,953,823	238,064,752
NFI	(1,057,573)	(4,387,957)	(546,145)	(437,699)	(1,487,295)	31,089	(6,424,571)	(10,061,478)

The County's Budgetary Control and Responsibility Policies outline the following processes required by department heads for maintaining departmental expenditure levels within approved budget appropriations:

A. If expenditures are projected to exceed appropriations, the department head responsible for the budget shall perform one or more of the following steps in the following order:

- 1) Lower the expenditure level to maintain overall expenditures within the total amount budgeted,
- 2) Request a transfer from fund balance within the same department and fund under the department head's control (if available for appropriation),
- 3) Prepare a transfer request from General Fund Contingency and an agenda item for the Board of Supervisors with a memo to the County Executive Office, providing adequate justification.

B. If, at the end of a fiscal year, a department budget has over-expended its appropriation and/or under-realized its revenue, the department head responsible for that budget will report in writing to the Board of Supervisors by the third Board of Supervisors' meeting following the fiscal year, explaining the reasons therefore.

C. California Government Code Section 29121 provides that department heads may be held personally liable for their departmental over expenditures. The Board of Supervisors reserves the right to apply this law in instances of a department heads' failure to adhere to the procedures outlined in this policy.

Fiscal Impacts:

Budget Revision Request No. 0011112 allows General Revenues to recognize higher than anticipated Transient Occupancy Tax and Sales Tax received in the current fiscal year of \$2,534,000. Additionally, Budget Revision Request No. 0010996 allows General Revenues to recognize higher than anticipated Property Tax and Interest Income in the current fiscal year of \$8,100,000. Per this board action, both amounts would be transferred to the respective departments as one-time operating transfers for their respective shortfalls.

The proposed actions allow DSS to receive a transfer to the In-Home Supportive Services Public Authority Fund (Fund 0056) of \$554,000 from the General Fund to support the gap in IHSS, and a transfer to the Social Services Fund (Fund 0055) of \$1,980,000 from the General Fund to support the gaps in Child Welfare Services and Adoptions Program, Categorical Aid for Foster Care and Adoptions, Negative Interest charges, and CalSAWs JPA costs.

The proposed actions recognizes \$10,100,000 in additional expenditures in the Sheriff Office's budget. This is funded in part by a \$2,000,000 transfer of Restricted Public Safety Proposition 172 fund balance and in part by an \$8,100,000 transfer of the General Fund.

Attachments:

Attachment A – Additional Overtime Information from Sheriff's Office

Attachment B – Budget Revision Request No. 0011112

Attachment C – Budget Revision Request No. 0010996

Page 6 of 6

Contact Information:

Daniel Williams

Fiscal & Policy Analyst

Danwilliams@countyofsb.org

Bruce Haase

Fiscal & Policy Analyst

bhaase@countyofsb.org