

FY 2025-26 BUDGET UPDATE Second Quarter



COUNTY OF
SANTA BARBARA

March 3, 2026
County Executive Office

Today's Report

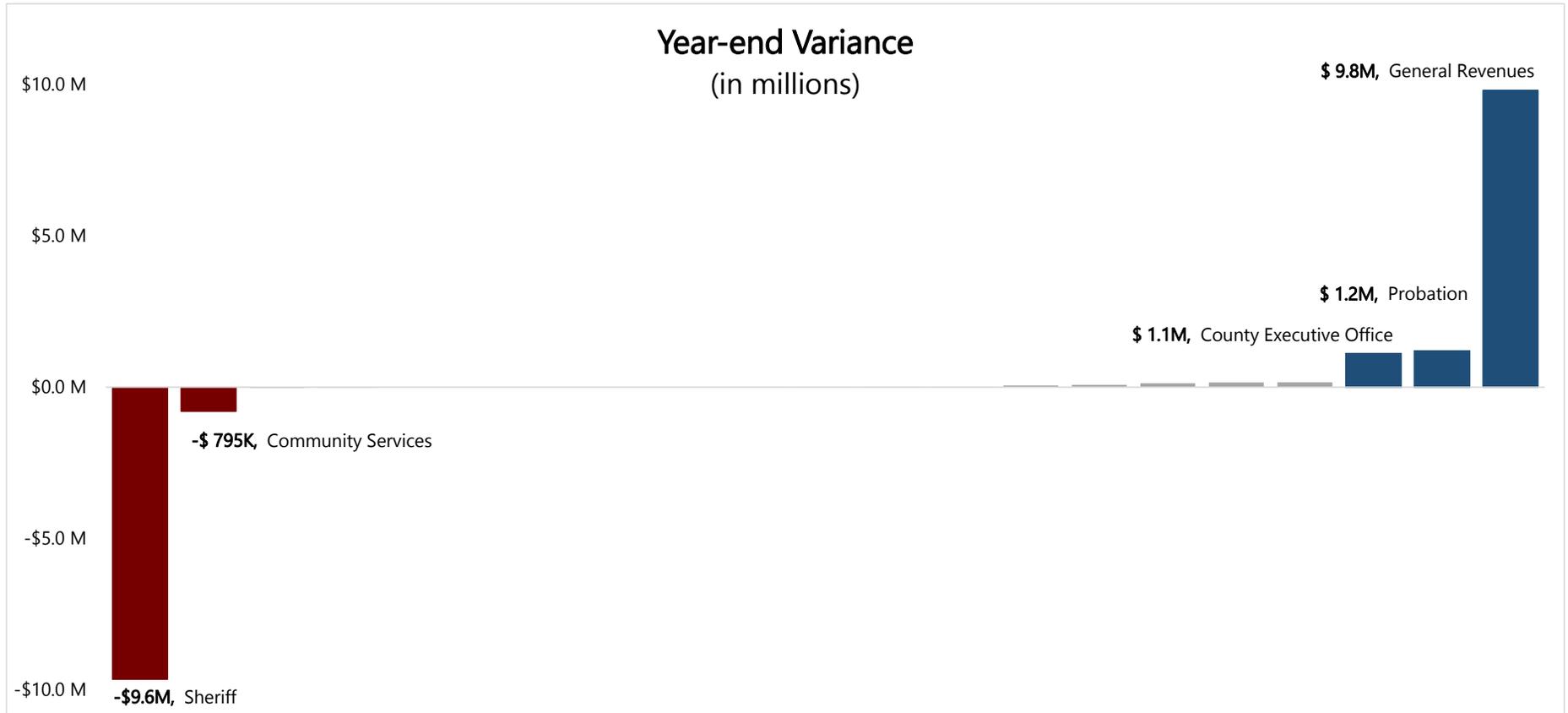
FY 2025-26 Budget and Financial Status
Update on the County's 2nd Quarter financial
position relative to the adjusted budget

Background

- Compares first quarter financial position as of December 31, 2025 against the adjusted budget
- Reportable variance threshold:
 - General Fund >\$300K per department, and;
 - Special Revenue Funds >\$500K per Fund
- If projected expenditures exceed appropriations, the department head must:
 - Reduce spending to stay within the approved budget
 - Request release of available department fund balance
 - Submit a General Fund transfer request and Board of Supervisors agenda item with justification
- Government Code places liability for obligations incurred beyond authorized appropriations upon the department director authorizing the expenditure.

General Fund Summary by Department

\$2.2M Projected Positive Variance



General Fund Significant Net Financial Impacts

General Revenues

Variance	% Budget
\$9.8M	2.4%

Notable Variances by Source

General Revenues Source	Variance
Interest Income	\$3.6M
Property Taxes	\$3.5M
Transient Occupancy Tax	\$2.2M
Sales and Use Tax	\$542K
Other Revenues	(\$249K)

General Fund
Significant Net
Financial Impacts

County Executive Office
 Probation
 Community Services Parks

Variance	% Budget
\$1.1M	11.0%
\$1.2M	1.3%
(\$795K)	(2.0%)

County Executive Office &
 Probation

Savings generated by staffing vacancies
 on funded positions

Community Services-Parks

Lower than projected revenue due to
 continued closures of the Cachuma
 Lake RV area, as well as lower than
 anticipated concession revenues

**General Fund
Significant Net
Financial Impacts**

		Variance	% Budget
Sheriff		(\$9.6M)	(4.2%)
Overrun in overtime	<p>Overtime costs through Q2 totaled \$9.9 million or 99% of the annual overtime budget of \$10.1 million</p> <p>At current rates, costs are expected to exceed OT budget by \$10.4 million</p>		
February 10 Direction	<p>Sheriff to explore additional controls to reduce overtime use</p> <p>Auditor to provide monthly updates to the Board on Sheriff overtime use for the next six months</p> <p>HR to explore overtime controls through upcoming labor negotiations</p>		
Additional Proposed Reviews	<p>CEO plans additional review of hiring, purchase orders and extra help use</p>		

Special Revenue and Other Funds
Significant Net Financial Impacts

	Variance	% Budget
Opioid Settlement (Fund 0043)	\$1.5M	36.9%
Workers' Comp (Fund 1911)	\$1.2M	4.4%

Opioid Settlement Fund Positive variance due to longer processing times for prior year payments; department will fund balance for future use

Workers' Comp Self Insurance Fund Positive variance primarily due to \$1.8M dividend from PRISM, the County's insurance pool, due to excess premiums paid in FY 24-25, slightly offset by higher than anticipated claims in current year. These funds will be used to offset future year rate increases beginning FY 26-27

Special
Revenue and
Other Funds
Significant Net
Financial Impacts

In-Home Support Services (Fund
0056)

Variance	% Budget
(\$569K)	3.6%

Underestimated local share of
costs

Increases to provider salaries and benefits were not included in cost estimates leaving the fund with a \$569K structural deficit and no fund balance to address the gap.

General Fund support will likely be necessary at year end

Q2 Funded Vacancies

Departments with rates at or greater than 15%

386.3 Funded Vacancies

County Executive Office, 20% (9/46 FTE)

Child Support Services, 19% (12.75/69 FTE)

Behavioral Wellness, 17% (84/483 FTE)

Key Takeaways

- Total funded vacancies decreased by 51.5 FTE from Q1 to Q2
- 9 Departments had funded vacancy rates of 7% or under
- Unused funds are returned to the General Fund or associated funding source at year end

Recommended Actions

- a) Receive and file the Fiscal Year (FY) 2025-26 Second Quarter Budget and Status Report as of December 31, 2025, showing the status of appropriations and financing for departmental budgets adopted by the Board of Supervisors;
- b) Provide feedback on CEO's proposed additional oversight and review of Sheriff's Office expenditures, as discussed in this report;
- c) Provide other direction as appropriate; and
- d) 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.