



# FY 2025-26 CAO RECOMMENDED OPERATIONAL PLAN

## HEALTH AND HUMAN SERVICES AGENCY

### MAY 2025

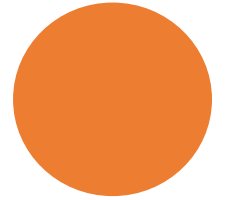


COUNTY OF SAN DIEGO  
HEALTH AND HUMAN SERVICES AGENCY

# AGENDA

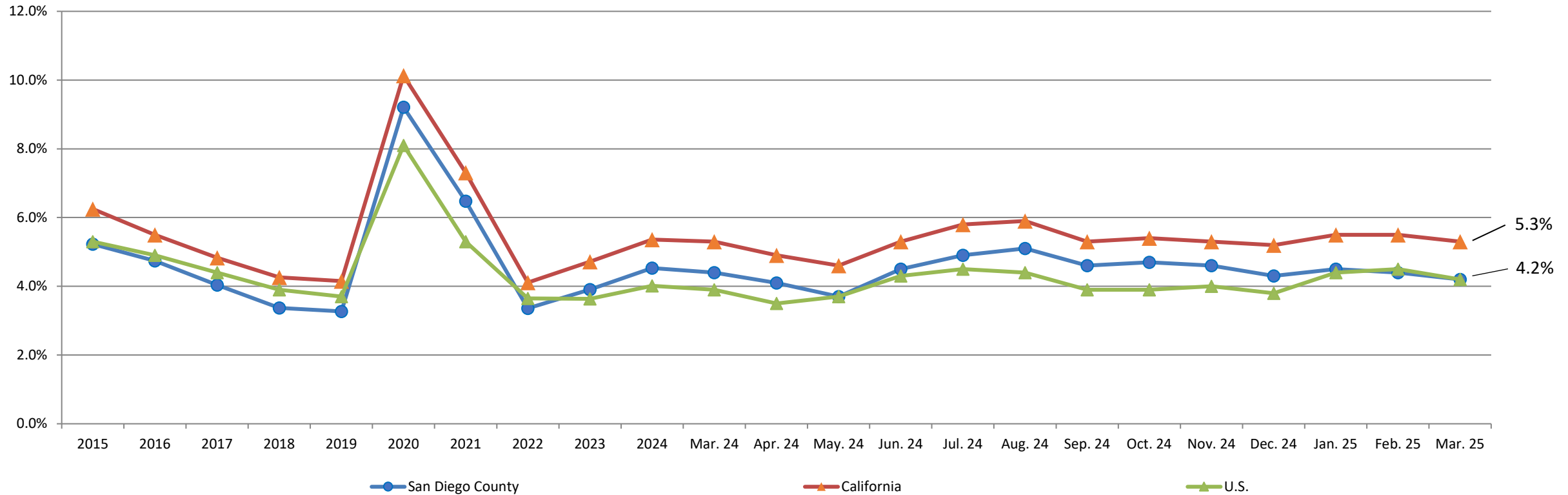
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- Economic Updates
- State/Federal Budget
- FY 2025-26 CAO Recommended Budget for HHSA
- Upcoming Budget Events
- Q&A



# Unemployment

## Unemployment Rate 2015 through March 2025 Comparison



**Notes:** Data not seasonally adjusted; 2015–March 2025 actuals.

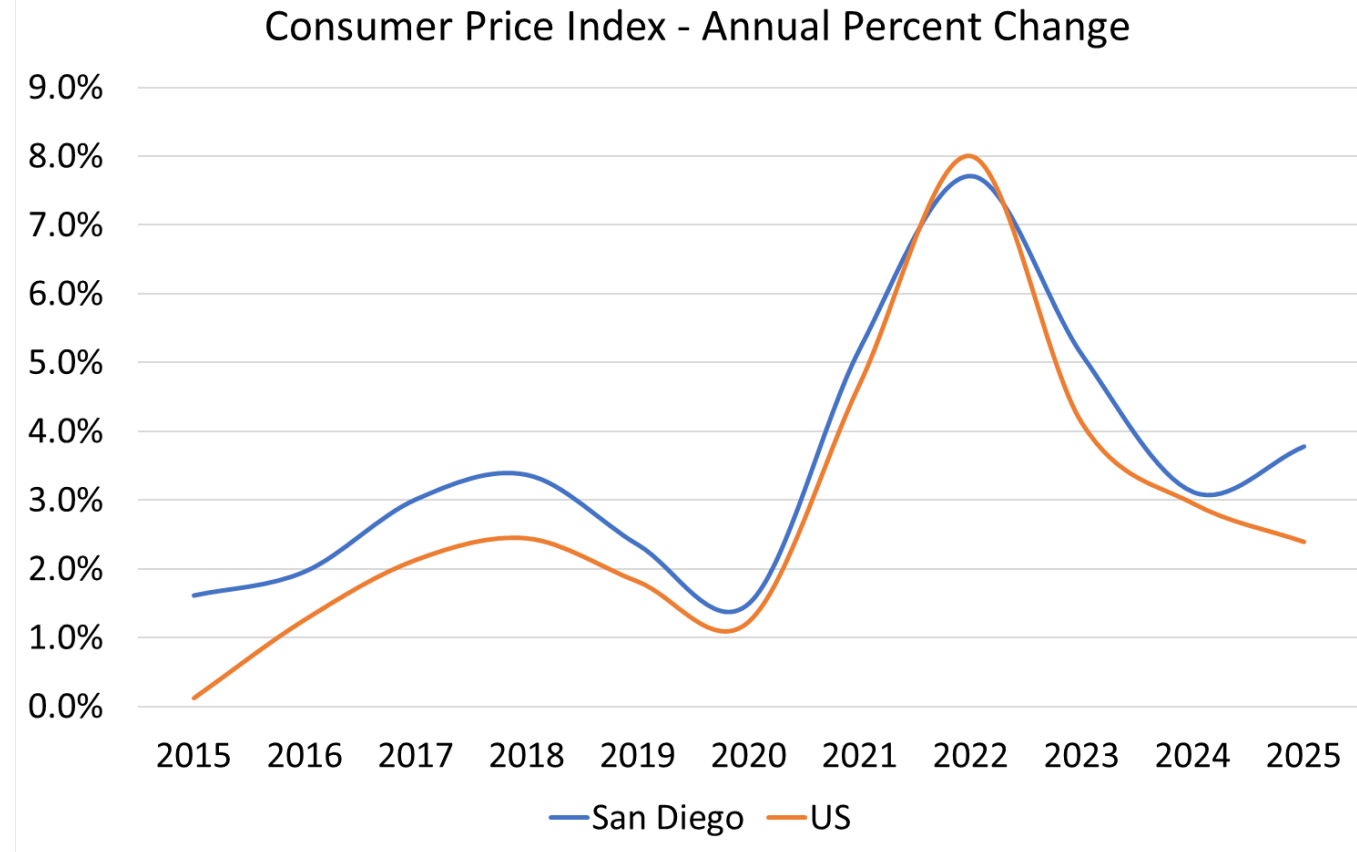
**Sources:** Actuals: California Employment Development Department, US Bureau of Labor Statistics



# Inflation

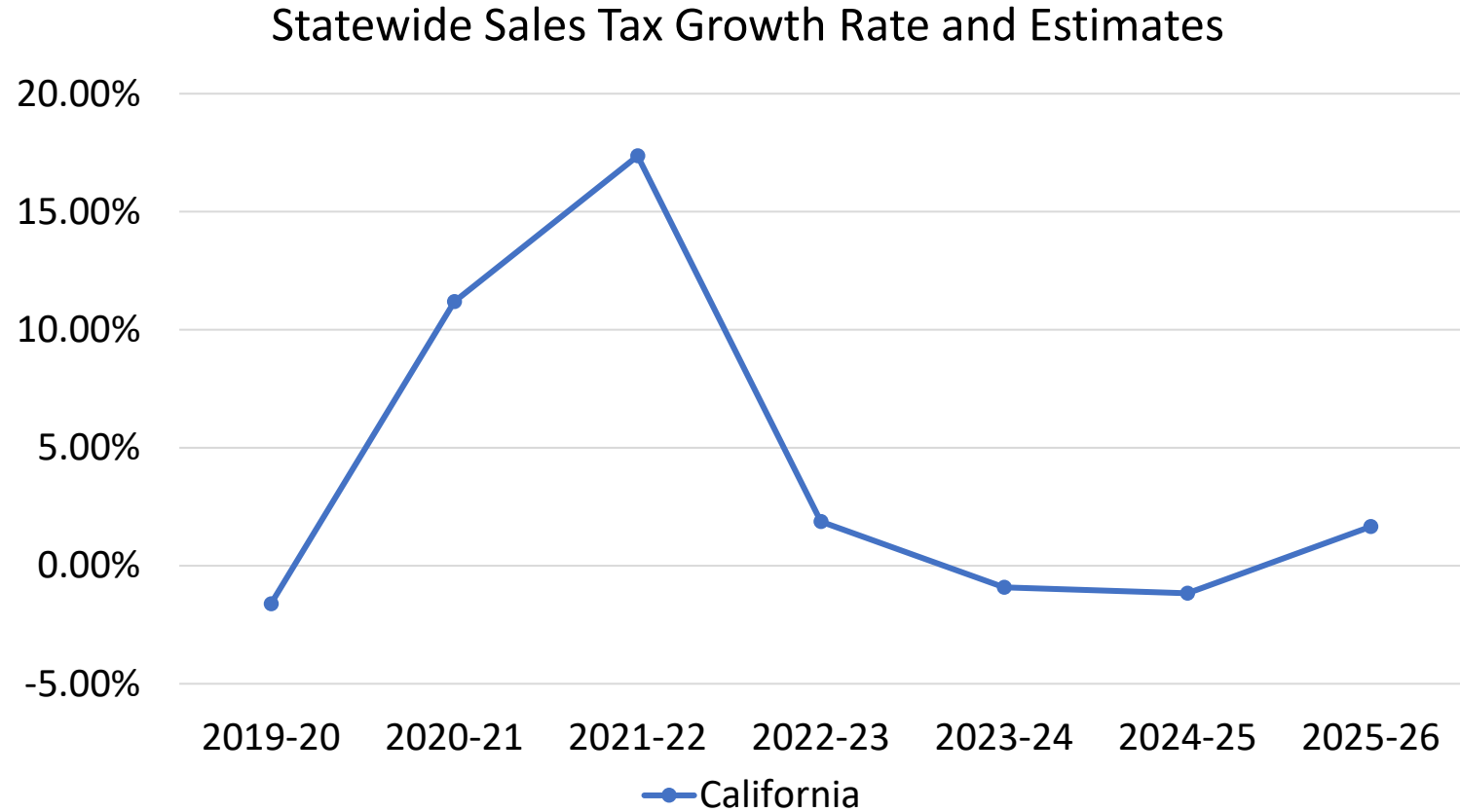


- The trend is slowly moderating but remains above the Fed's 2% target.
- As of March 2025:
  - U.S. Consumer Price Index (CPI) increased 2.4% year-over-year.
  - Inflation in San Diego is higher than national levels with CPI at 3.8%.



Source: Bureau of Labor Statistics. Non-seasonally adjusted figures as of March 2025.

# Statewide Sales Tax



Source: State Controller's Office Half-Percent Sales Tax for Public Safety for actuals from FY2019-20 to FY2023-24. HdL 4Q24 Prop 172 Report for FY2024-25 to FY2025-26 growth estimate.

Sales tax drives HHSA realignment revenue: \$815.2M, 23.2% of HHSA's Budget

# Upcoming Budget: State Budget

- Governor's January Proposed Budget for FY 2025-26
  - More stable than FY 2024-25
  - Modest surplus
  - No significant new investments in programs
  - Placeholder budget
- Contingencies
  - LA fires – which state resources will be shifted
  - Federal funding uncertainty
- **May Revise – May 14**
- Enacted Budget – June 15

# Upcoming Budget: Federal Uncertainty

- Over \$1 billion in federal revenue in the proposed HHS budget.
- Medicaid is the largest source, but also included are federal streams for food assistance (SNAP), cash assistance (TANF), and a variety of public health and housing grants.

## Key legislative issues:

Reconciliation	Federal Budget
<ul style="list-style-type: none"><li>• Medicaid</li><li>• SNAP</li><li>• TANF</li><li>• Social Services Block Grant</li></ul>	<ul style="list-style-type: none"><li>• President's 'skinny budget' request</li><li>• Appropriations</li></ul>

# Upcoming Budget: County

## County Budget Outlook: FY 2025-27



While the County is seeing an amount of revenue growth, the costs of operations continues to increase



Focusing on core services and programs



Planning for the needs of the region in the face of uncertainty





# HHSA: Budget Strategy



Prioritize  
Mandated Services

- Reduction of discretionary services to reallocate local funding to core mandated services
- Align to State required service levels where outperforming



Consolidate/Restructure &  
Streamline Operations

- Reorganization of offices previously under Homeless Solutions and Equitable Communities
- Merger of Public Health Services and Medical Care Services
- Facility footprint optimization

# HHSA: Budget Strategy



Maximize Alternative  
Funding

- Behavioral Health Revenue under Medicaid Waivers
- Opioid Settlement Funds, Tobacco Settlement Funds
- Grant Opportunities



Delay/Suspend  
New Requests

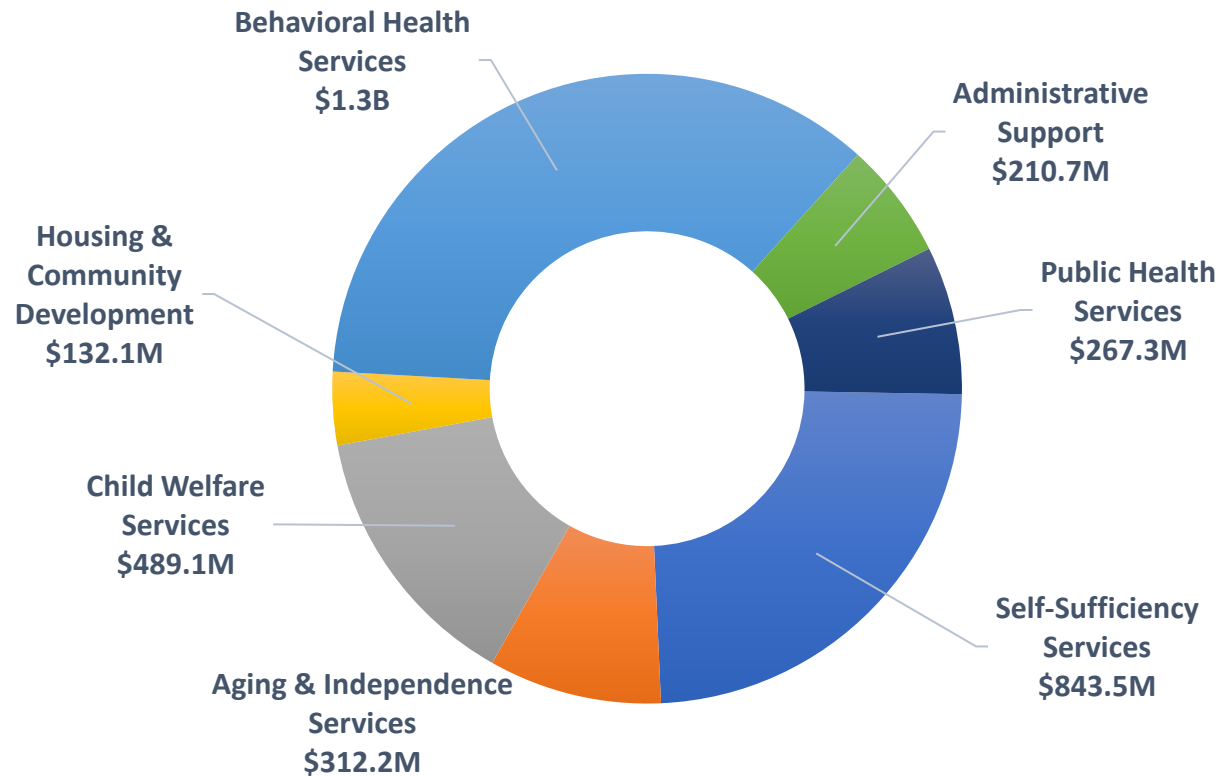
- Staffing
- Discretionary service expansion



Employ Revenue  
Stabilization Strategies

- Realignment Bridge

# HHSA FY 2025-26 RECOMMENDED BUDGET BY DEPARTMENT: \$3.5 BILLION



Increase of \$65.4 million or 1.9%

- \$29.1M Salaries & Benefits
- \$22.5M Safety Net Benefits
- \$13.8M driven by \$90M increased services & supplies budget in BHS offset by decreases throughout HHSA for one-time investments and various other adjustments.

# FY 2025-26 CAO RECOMMENDED BUDGET

## BUDGET BY DEPARTMENT: \$3.5 BILLION

DEPARTMENT	FY 25/26 CAO RECOMMENDED		CHANGE FROM FY 24/25 ADOPTED TO FY 25/26 CAO RECOMMENDED	
	FTE	BUDGET (in millions)	FTE	BUDGET
Administrative Support	456.00	\$210.7	26.00	\$11.8
Aging & Independence Services	651.00	\$312.2	(3.00)	\$7.4
Behavioral Health Services	1,332.50	\$1,257.2	-	\$100.6
Child and Family Well-Being	1,661.00	\$489.1	(11.00)	\$10.1
Homeless Solutions and Equitable Communities	0.00	0.0	(160.00)	(\$112.4)
Housing and Community Development Services	244.00	\$132.1	86.00	\$41.1
Medical Care Services	0.00	0.0	(216.00)	(\$55.0)
Public Health Services	981.00	\$267.3	206.00	\$30.5
Self-Sufficiency Services	2,750.00	\$843.5	(96.00)	\$31.3
<b>TOTAL</b>	<b>8,075.50</b>	<b>\$3,512.1</b>	<b>(168.00)</b>	<b>\$65.4</b>

# HHSA FY 2025-26 FTE CHANGE

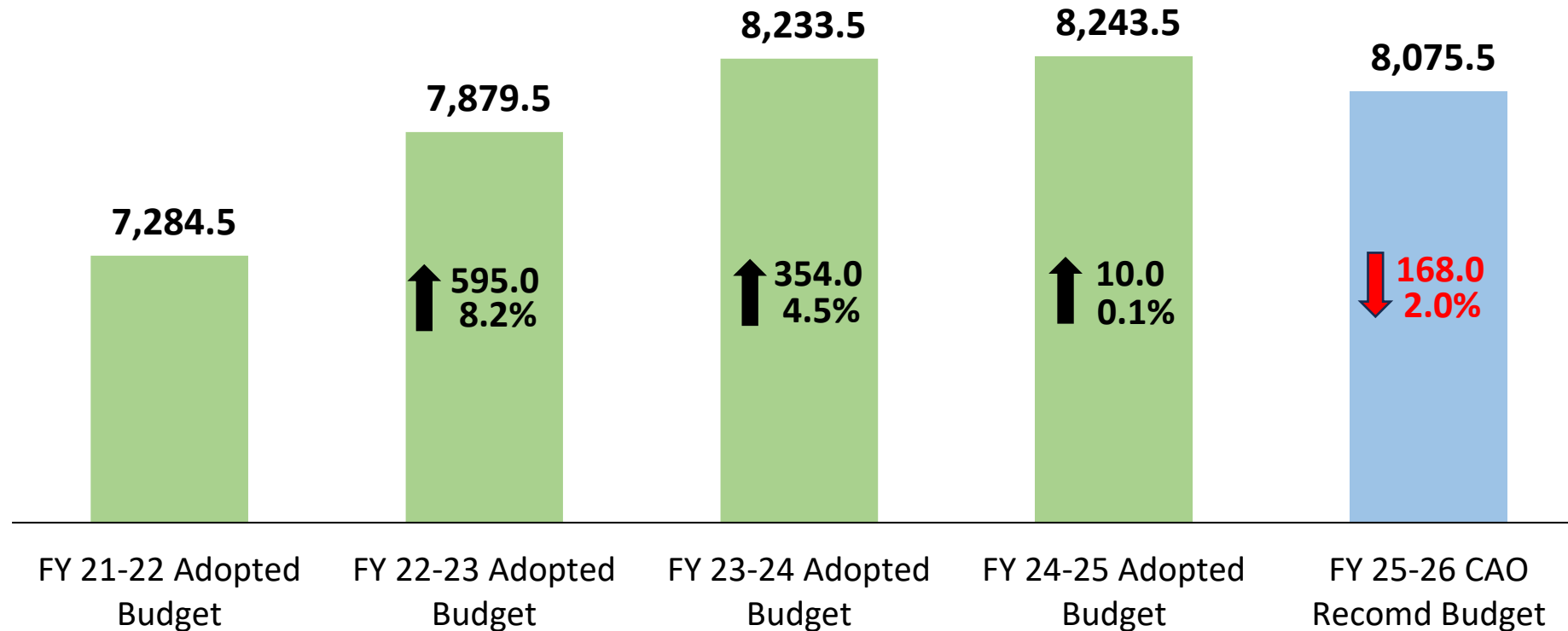
## Decrease of 168.00 net full time equivalents (FTE)

- Decrease of 104.00 staff years to align with available funding and State requirements around timely access to safety net services.
- Decrease in 46.00 staff years due to alignment of resources with slowing revenue streams within discretionary programs.
- Decrease in 18.00 staff years due to internal transfer of positions, consolidation efforts, staffing alignment and focus on core mandated functions.

# A LOOK BACK: 5 YEAR TREND

STAFF YEARS (FTES)

11% FTE increase since FY 21-22







# HHSA KEY INCREASES & CONTINUED INVESTMENTS

## Behavioral Health

- \$90 million net increase to build out continuum of care including board and care, residential and outpatient services
- Building capacity as outlined in the Mental Health and Substance Use Optimal Care Pathways
- New Substance Use Residential and Treatment Services (SURTS) and Tri-City Psychiatric facility
- Two new Crisis Stabilization Units

*\*\$90 million excludes salary and benefit adjustments*



# HHSA KEY INCREASES & CONTINUED INVESTMENTS

## Safety Net Services and Vulnerable Populations

- \$22 million increase for CalWORKs and General Relief cash assistance
- Continued enrollment and renewals to help people secure and keep their benefits
- In-Home Supportive Services increase of \$11.5 million for a total of over \$223 million
- Strengthen and keep at-risk families together with front-end intervention and prevention with the Family Connection Hub



# HHSA KEY INCREASES & CONTINUED INVESTMENTS

## Housing and Homelessness

- Starting construction on 60 Troy Street Sleeping Cabins
- Continued \$15M Regional Homeless Assistance Program (RHAP) for 250 households per night
- Over \$6 million in grant funds in the upcoming year to help those experiencing homelessness in the San Diego riverbed and Plaza Bonita areas
- Continuation of \$500-a-month rental subsidy pilot for nearly 400 low-income, rent-burdened older adults
- 16 affordable housing developments partially funded by the County are under construction regionwide. Another 18 developments are in the works.





# HHSA KEY INCREASES & CONTINUED INVESTMENTS

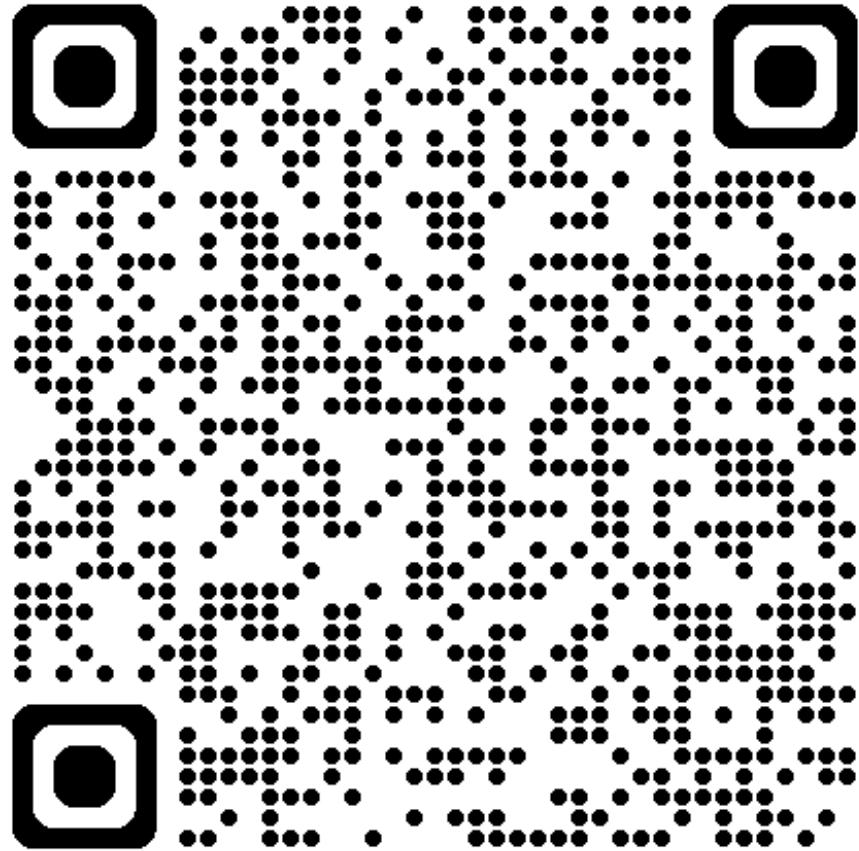
## Public Health

- \$267.3 million to prevent epidemics and the spread of disease and ensure access for all through public health centers, home visiting programs and pharmaceutical services.
- Includes funding to operate a new \$93 million state-of-the-art public health lab that will protect the public by testing for infectious diseases

# UPCOMING BUDGET EVENTS: KEY DATES



# County Budget 2025 - 27 | Engage San Diego County





# CLOSING REMARKS AND Q&A

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"I met with the budget people and we agreed that the cheapest way to fix all of our problems is chocolate."

Amy Thompson

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