



# HHSA REALIGNMENT FUNDING OVERVIEW (HEALTH FOCUS)

**County of San Diego**

**Health and Human Services Agency**

**September 2025**



**LIVE WELL  
SAN DIEGO**

# AGENDA

- What is Realignment?
- HHSA Realignment Budget
- Public Health Services Funding/Realignment
- Realignment Outlook/Considerations

# What is Realignment?

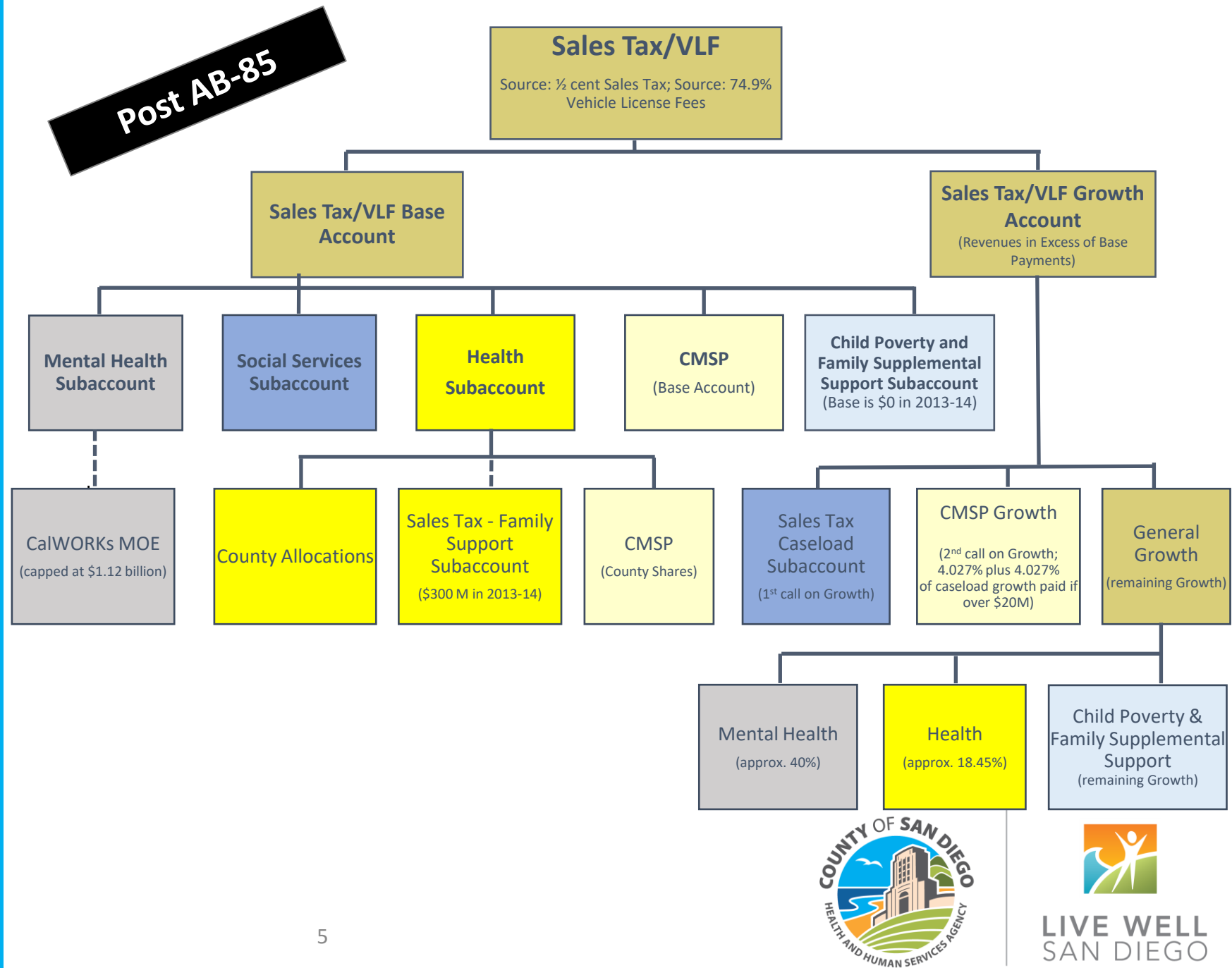
- Change in State and County relationship
  - A “realignment” of program responsibilities
  - Transfer of financial liability & administrative authority
  - Counties receive a dedicated portion of sales tax and VLF revenue for both 1991 and 2011 Realignment

# Why Realignment?

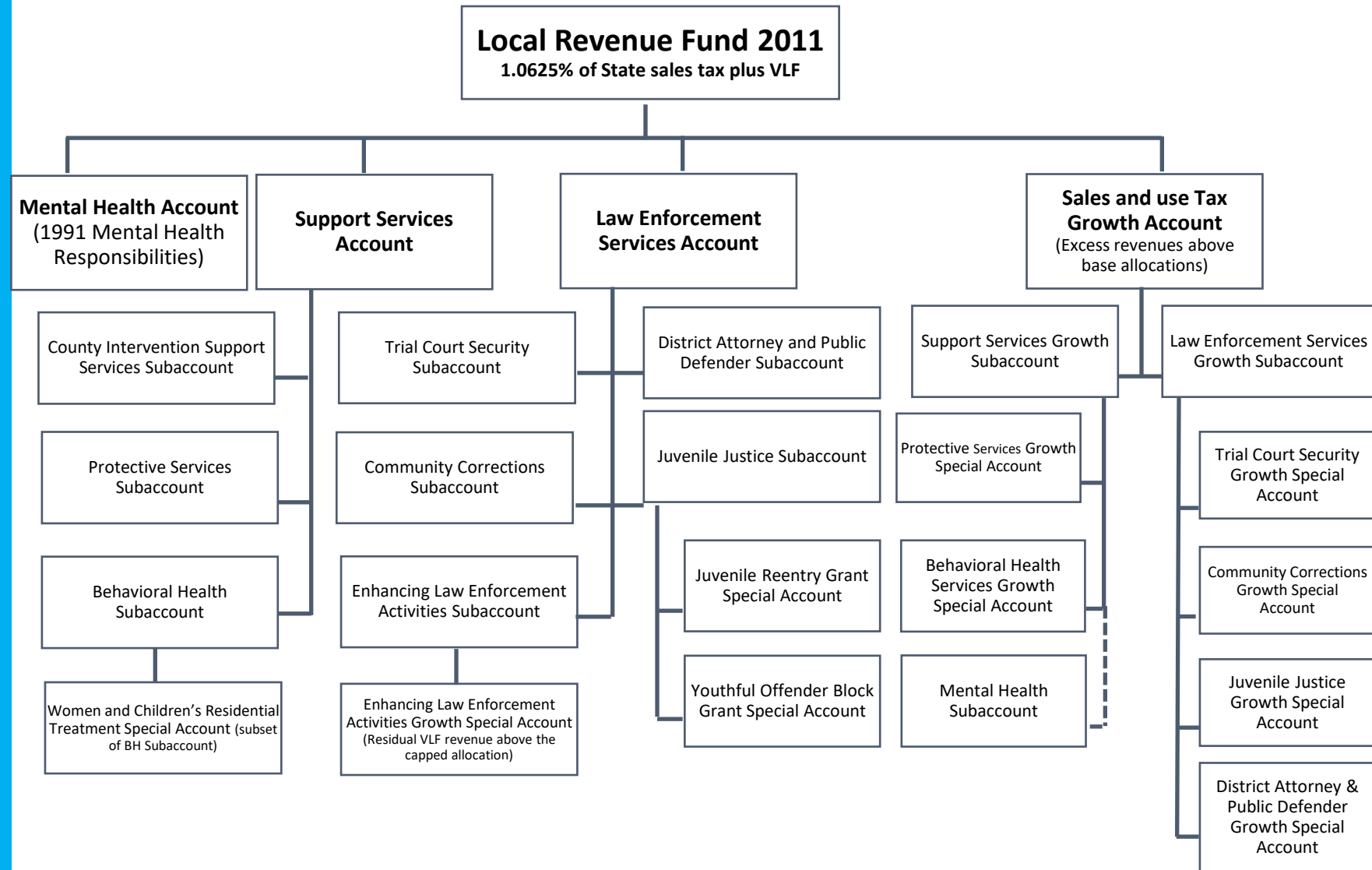
- State budget deficit in 1991 and 2011 prompted new solutions to mitigate State revenue gap
- 2011 Realignment also had AB 109 public safety legislation considerations
- Goals:
  - Mitigate State revenue gap
  - Give counties greater funding stability
  - Incentivize counties to operate programs with greater efficiency and effectiveness



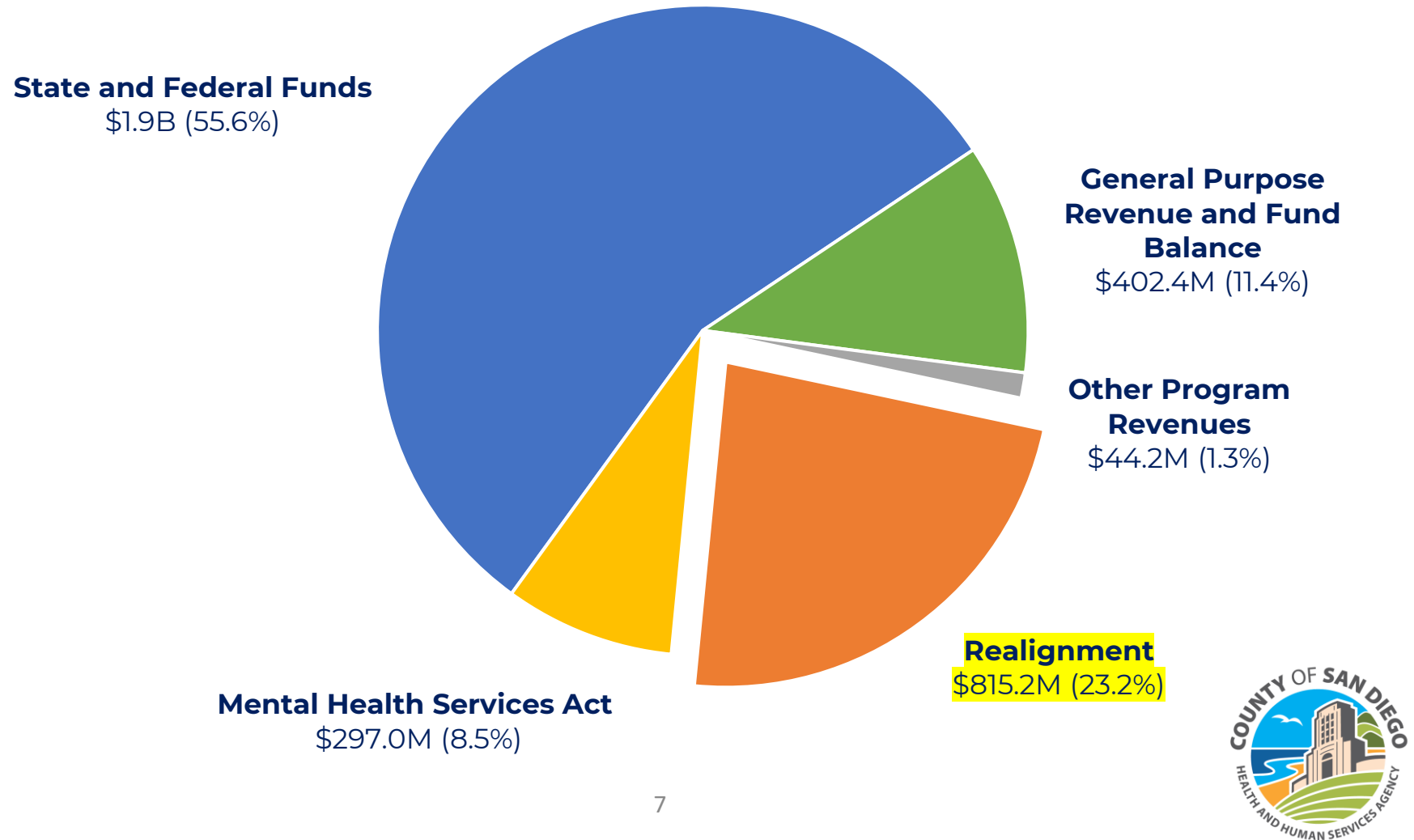
# 1991 Realignment Structure – State Sales Tax/VLF Distributions



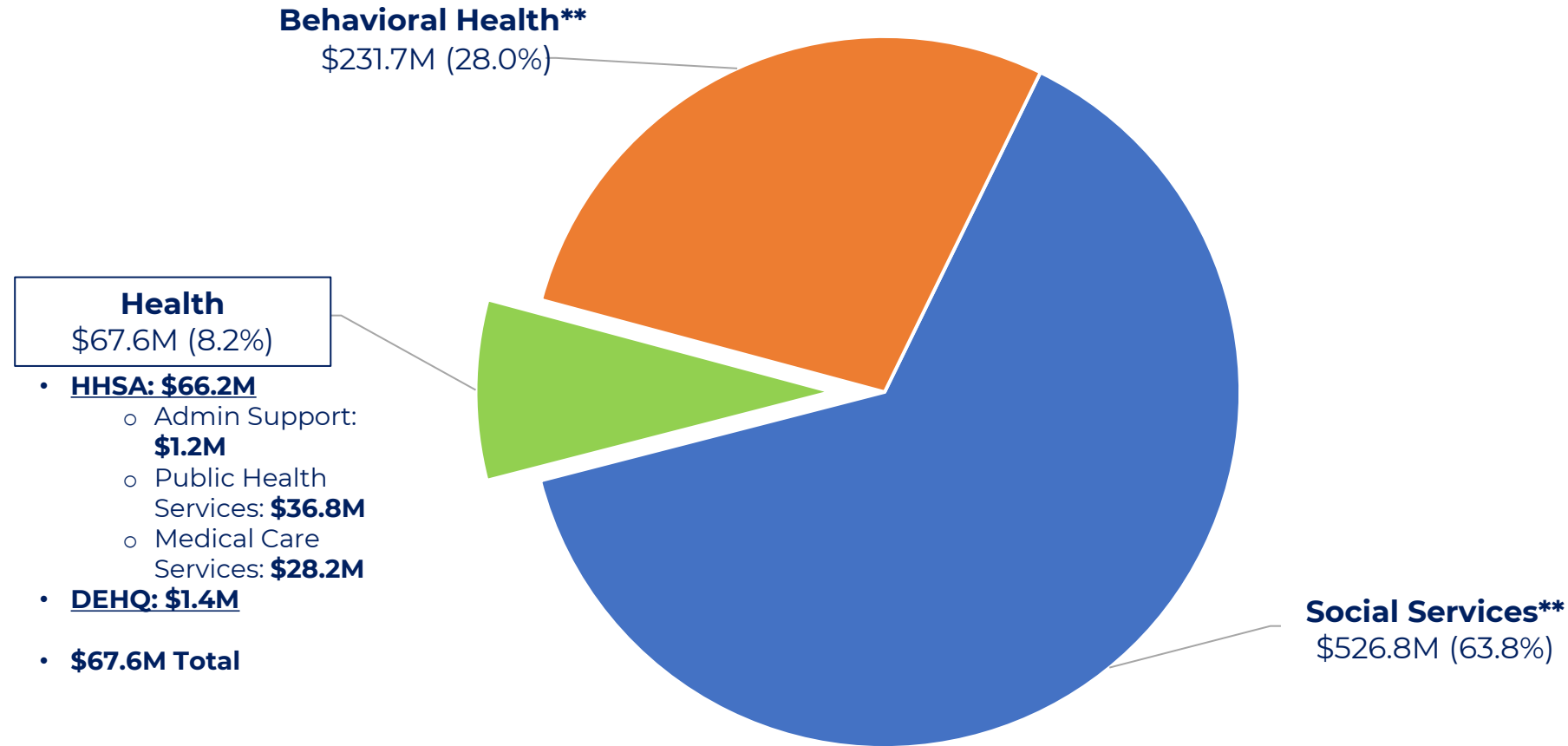
# Local Revenue Fund 2011: State Structure



# 2025-26 HHSA Revenues \$3.5B



# 2025-26 COSD Realignment Budget (\$826.1M\*)

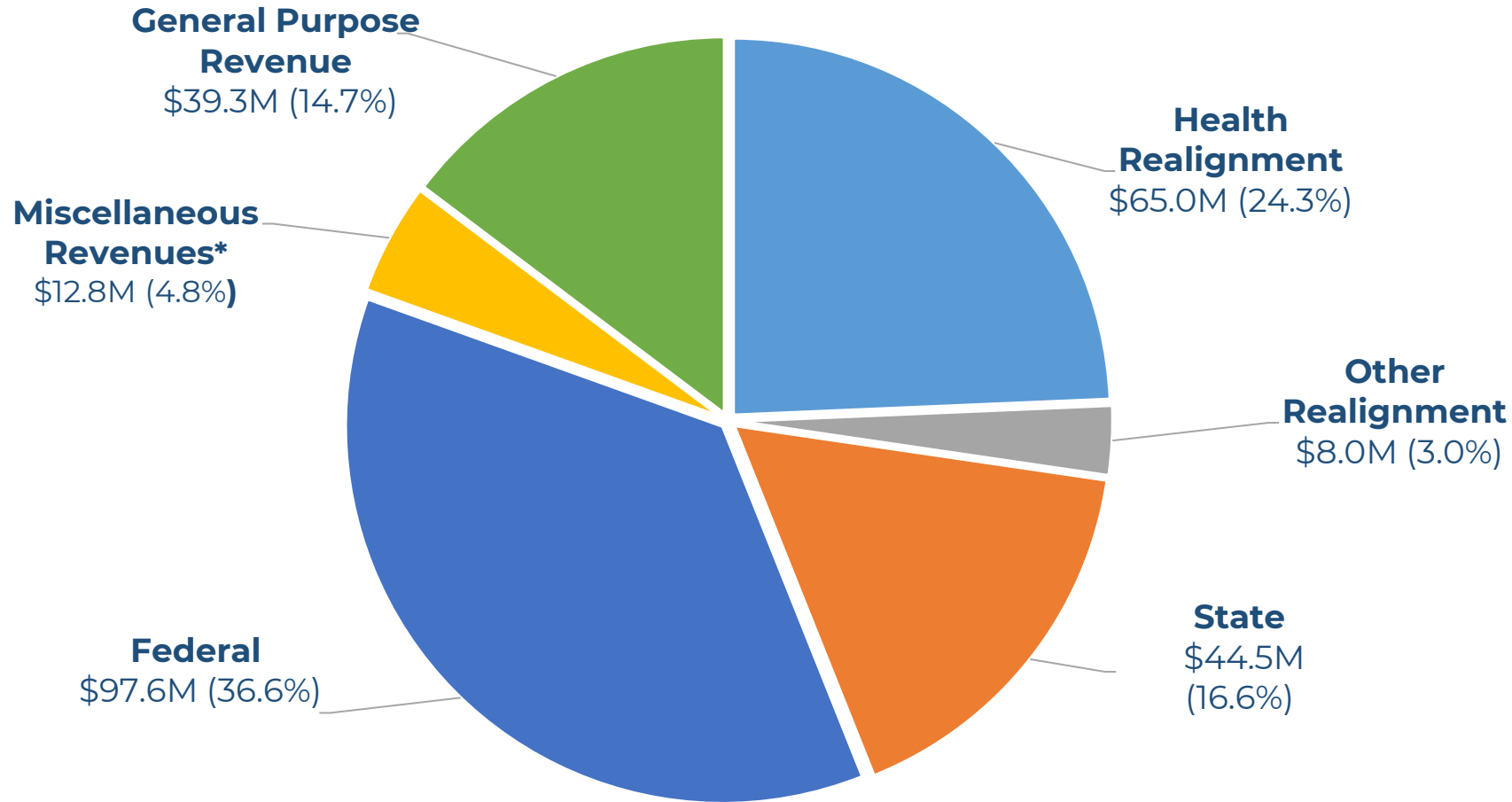


\*Total COSD Realignment \$826.1M includes HHSA Realignment \$815.2M, PSG Realignment \$9.5M, and DEHQ Realignment \$1.4M.

\*\*Behavioral Health includes Behavioral Health (2011), Mental Health (2011), Mental Health (VLF Collections) (1991), and Women and Children's Residential Treatment (2011). Social Services includes Social Services (1991), Protective Services (2011), CalWORKs MOE (1991), and Family Support Realignment (1991).



# FY 2025-26 PHS Funding Sources \$267.2M



*In FY 25/26 Public Health Services and Medical Care Services were merged under one department.*

\*Miscellaneous Revenues includes Misc. Revenues, Charges for Current Services, Licenses Permits & Franchises, and Other Financing Sources

# PHS: Realignment and GPR

## \*Public Health Services Department

	FY 2019-20 Adopted Budget
<b>REALIGNMENT &amp; GPR</b>	<b>\$73.2M</b>
<i>HEALTH REALIGNMENT</i>	<i>\$55.6M</i>
<i>OTHER REALIGNMENT</i>	<i>\$1.3M</i>
<i>GPR</i>	<i>\$16.3M</i>
<b>ALL OTHER REVENUES</b>	<b>\$75.1M</b>
<b>TOTAL BUDGET</b>	<b>\$148.3M</b>

FY 2024-25 Adopted Budget	FY 2025-26 Adopted Budget
<b>\$111.2M</b>	<b>\$112.4M</b>
<i>\$74.4M</i>	<i>\$65.0M</i>
<i>\$5.1M</i>	<i>\$8.0M</i>
<i>\$31.7M</i>	<i>\$39.3M</i>
<b>\$180.5M</b>	<b>\$154.9M</b>
<b>\$291.8M</b>	<b>\$267.3M</b>

- General Purpose Revenue (GPR) and Health Realignment are used flexibly in PHS to match federal funds and fill funding gaps for services once federal/State revenue is exhausted.
- One-Time Realignment available was used as a strategy to help avoid more severe reductions while giving a longer runway for revenues to recover and other solutions. This was a main strategy in FY 2024/25.
- Additional GPR has shifted into PHS to help cover costs.

*\*In FY 25/26 Public Health Services and Medical Care Services were merged under one department. FY 19/20 and FY 24/25 combine departmental budgets for display purposes.*



# FY 2025-26: Realignment and GPR

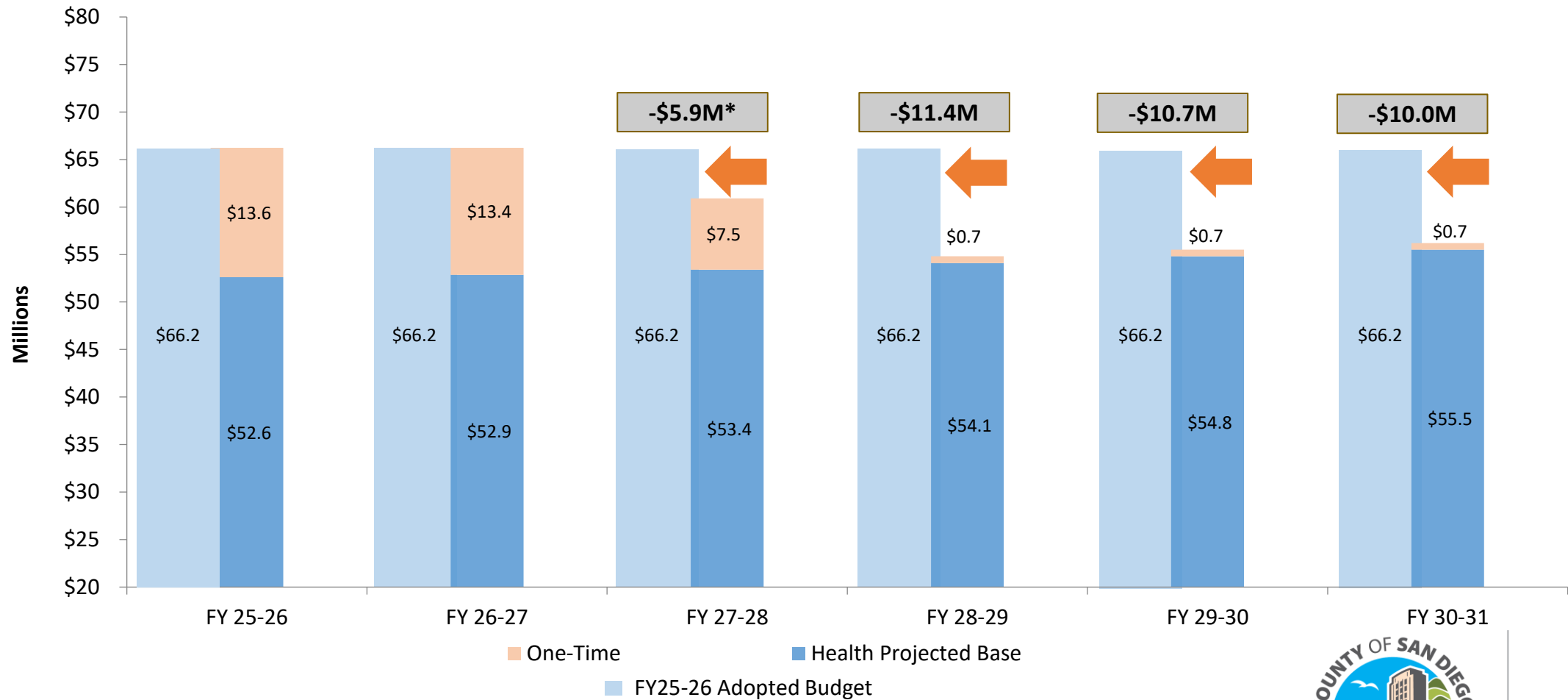
Public Health Services		
	FY 2024-25 Adopted Budget	FY 2025-26 Adopted Budget
<b>REALIGNMENT &amp; GPR</b>	<b>\$64.6M</b>	<b>\$67.4M</b>
HEALTH REALIGNMENT	\$42.4M	\$36.8M
OTHER REALIGNMENT	\$1.3M	\$1.3M
GPR	\$20.9M	\$29.3M
ALL OTHER REVENUES	\$172.2M	\$146.8M
<b>TOTAL BUDGET</b>	<b>\$236.8M</b>	<b>\$214.2M</b>
Medical Care Services		
	FY 2024-25 Adopted Budget	FY 2025-26 Adopted Budget
<b>REALIGNMENT &amp; GPR</b>	<b>\$46.7M</b>	<b>\$45.0M</b>
HEALTH REALIGNMENT	\$32.1M	\$28.2M
OTHER REALIGNMENT	\$3.8M	\$6.7M
GPR	\$10.8M	\$10.1M
ALL OTHER REVENUES	\$8.3M	\$8.1M
<b>TOTAL BUDGET</b>	<b>\$55.0M</b>	<b>\$53.1M</b>

- Realignment and GPR help to fund the local share of programs such as:
  - Public Health Emergency Response Preparedness
  - STD Prevention and Control
  - TB
  - Epidemiology Disease Investigation and Control
  - PH Lab
  - Immunizations
  - Maternal Child Adolescent Health
  - Public Health Center Operations
  - Nurse Home Visiting
  - Administration and support costs

*In FY 25/26 Public Health Services and Medical Care Services were merged under one department. FY 25/26 broken out for display purposes.*



# Realignment Outlook: Health Services



\*Gap amount to FY25-26 Adopted Budget prior to applying new costs.

# Health Realignment: Considerations

- Health Realignment can be used to fund a broad range of public health activities supporting areas such as:
  - Communicable Disease Control, Chronic Disease Prevention, Immunizations
  - Maternal, Child, and Adolescent Health, Public Health Nursing
  - Public Health Laboratories, Health Education, Indigent Health
- Given this flexibility, the use of Health Realignment is prioritized in the same way General Purpose Revenue is prioritized by the PHS Team – focusing on core mandated services, leveraging of program revenue, equity, and overall impact.
- Significant growth in Health Realignment is not anticipated over the next several years. Increased pressures on realignment are anticipated with uncertainty around federal funding streams and limitations on the State General Fund. Additionally, changes in Medicaid could increase need elsewhere, like our County Public Health Centers.
- Continued efficiencies and cost savings are anticipated to help offset the realignment gap to some extent with efforts like the merger of PHS/MCS, business process redesigns, and potential billing opportunities.

# Thank you!

## Q&A

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