



County of Monterey

Item No.10

Board Report

Board of Supervisors
Chambers
168 W. Alisal St., 1st Floor
Salinas, CA 93901

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March 25, 2025

Introduced: 3/12/2025

Current Status: Agenda Ready

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Matter Type: General Agenda Item

- a. Receive an update on budget development as part of the Board of Supervisors' Fiscal Year 2025-26 Budget Workshop; and
- b. Provide direction to staff.

RECOMMENDATION:

It is recommended that the Board of Supervisors:

- a. Receive an update on budget development as part of the Board of Supervisors' Fiscal Year 2025-26 Budget Workshop; and
- b. Provide direction to staff.

SUMMARY/DISCUSSION:

On March 11, 2025, the County Administrative Office (CAO) presented the countywide financial forecast to the Board of Supervisors (Board). The forecast indicates continued growth in discretionary revenues. However, revenue growth is not sufficient to keep up with increased costs of doing business. Rising pension contributions, increased salaries, increased employee health insurance costs, higher workers' compensation and general liability program expenditures, and formulaic increases in general fund subsidies lead to an estimated funding gap of \$43.3 million next fiscal year, \$67.4 million in FY 2026-27, and \$93.6 million by FY 2027-28.

Since the forecast, departments have submitted their requested budgets for next fiscal year, including initial "baseline" plans of operations if increased County contributions are not available. Staff in the County Administrative Office are analyzing the baseline budgets to better understand each department's operational needs and implications to services. These preliminary baseline budgets identify staffing-related funding gaps for 117 positions, including 49 filled positions and 68 vacancies. Departments submitted augmentation requests totaling \$61.8 million to address funding gaps and, in some cases, to add new staff or enhance programs.

As indicated during the March 11, 2025, Board's meeting, all ongoing discretionary revenue has been allocated to departments so there is no ongoing revenue to fund these requests. During the March 25, 2025, Board budget workshop, the Board will receive information and perspectives on the developing budget for next fiscal year, including presentations from Department Heads. Direction provided in the workshop will be incorporated into the Recommended Budget scheduled to be presented for consideration during the annual budget hearings commencing on May 28, 2025.

OTHER AGENCY INVOLVEMENT:

Development of the Recommended Budget is a collaborative effort between the County

Administrative Office and all County departments, with overall direction provided by the Board of Supervisors. This workshop was preceded by a budget workshop with Department Heads on March 21, 2025.

FINANCING:

Receipt of this report does not specifically impact the budget. However, feedback received in the workshop will help shape the overall approach in developing the budget for next fiscal year.

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Attachments: Budget Workshop Presentation