

Exhibit B to FY 2025-26 Mid-Year Budget Report

Summary Discussion of Department Mid-Year Projections

General Government

Assessor – No anticipated change to Net County Cost.

Auditor-Controller – Estimated to exceed Net County Cost by \$67,866.

The department is anticipating an increase in General Fund Cost primarily due to retirement payouts occurring through the Retirement Incentive Plan.

Board of Supervisors – No anticipated change to Net County Cost.

Chief Administrative Office – Net County Cost savings of \$1,079,175.

The Administration and Budget Division is projecting a Net County Cost savings of \$76,000, primarily due to the vacant permanent Chief Administrative Officer position.

The Airports Division has no anticipated change to Net County Cost.

The Wildfire Preparedness and Resilience Division is projecting \$122,000 in General Fund savings due to holding a Defensible Space Inspector I/II vacant, strategic utilization of Title III funds, and \$35,000 in unanticipated revenues.

The Parks, Trails, and River Management Division is projecting a General Fund savings of \$766,175. An estimated total of \$665,775 of these savings will be carried over into FY 2026-27 for the Forebay Park Project (\$647,175) and the Diamond Springs Community Park Project (\$18,600). The remainder of the projected savings is primarily due to salary savings and the Diamond Springs Community Park project being overstated in the current fiscal year due to the late receipt of FY 2024-25 invoices processed after the Adopted Budget was finalized, therefore no adjustments were made to account for these delayed entries.

The Central Services Division is projecting \$115,000 in savings due to vacancies in Central Fiscal. Procurement and Contracts, Facilities, and Community Development Finance and Administration are projected to complete the year with no change to Net County Cost.

The Emergency Medical Services Division projects no change to the budgeted Net County Cost.

County Counsel – Net County Cost savings of \$45,000.

A Net County Cost savings of \$45,000 is anticipated due to holding a Sr. Deputy County Counsel position vacant after the Retirement Incentive Program (RIP). There is the potential for one additional employee to take part in the Retirement Incentive Program. Should this individual choose to take advantage of the RIP and retire before the end of the fiscal year, there is a possibility that County Counsel may exceed their Net County Cost by up to \$40,000 due to the projected retirement payout of accrued leave balances.

Human Resources-Risk Management – Estimated to exceed Net County Cost by \$70,000.

The department is projecting an increase in General Fund costs of \$35,000 in Salaries and Benefits, primarily due to increased health benefits costs and \$35,000 in Services and Supplies, primarily due to ongoing negotiations and several unanticipated Public Employment Relations Board hearings. Salary savings are being completely offset by the increased health rates and employees electing health benefits that they did not have during budget development.

General Fund Non-Departmental Expenses – Estimated savings of \$1,440,238 to be carried over into FY 2026-27.

General Fund Non-Departmental Expenses, also known as Department 15, is projecting to end the year with \$1.14 million in future year grant match for the Wildfire Preparedness and Resilience Division, \$250,000 in American Rescue Plan Act spending plan funding, and \$47,000 in funding for Tahoe Paradise Recreation and Park District that will need to be carried over from FY 2025-26 for use in FY 2026-27.

Information Technologies – No anticipated change to Net County Cost.

Recorder Clerk – No anticipated change to Net County Cost.

Registrar of Voters – Net County Cost savings of \$18,495.

A Net County Cost savings of \$18,495 is anticipated primarily due to savings in Salaries and Benefits from employee health benefit elections that were lower than budgeted.

Treasurer-Tax Collector – Net County Cost savings of \$240,000.

A Net County Cost savings of \$240,000 is anticipated primarily due to savings in Salaries and Benefits from retirements, with savings being recognized due to the timing of filling those vacancies and an underfill of one of the vacancies.

Law & Justice

Alternate Public Defender (including Indigent Defense) – Net County Cost savings of \$158,102.

The department is anticipating salary savings of approximately \$180,604 due to a Deputy Attorney vacancy for six months and an employee on leave for a portion of the year. Revenues are anticipated to be under budget by \$6,000 due to a reduction in Community Corrections Partnership revenue based on operational expenses not being realized.

The Indigent Defense Program anticipates exceeding appropriations by \$16,502 based on current and historical experience in the program; however, the actual costs incurred are subject to variability based on judicial activity.

District Attorney – Net County Cost savings of \$350,000.

The District Attorney is anticipating revenues to come in lower than budgeted by \$667,280. Grant-eligible activity expenditures are projected to be approximately \$579,353 lower than budgeted, resulting in lower grant reimbursement. Public Safety Sales Tax is projected to be \$80,788 lower than anticipated, and reimbursement requests for the Drug Enforcement Administration Overtime Program are projected to be \$7,139 less than budgeted.

Salaries and Benefits are anticipated to have total savings of \$1,196,006. Of that savings, \$1,471,506 is due to vacancies experienced through the year and reduced grant-funded activities. This is slightly offset by unanticipated overages in separation payouts for four employees totaling \$120,694, and the change from attorneys being represented to unrepresented and now eligible for expanded Deferred Compensation benefits totaling \$154,806.

Services and Supplies are expected to exceed appropriations by \$33,669. There are anticipated reductions in expenditures for mental health services costs due to the cancellation of federal funds for the Child Abuse Treatment grant for a portion of the fiscal year. Savings are also expected in equipment costs, ammunition costs, and Fleet mileage and fuel costs. However, the savings in Services and Supplies is offset by increased expenditures in Victim Witness travel due to major cases, travel and training for employees, DNA forensic services, utilities, and rate increases for software/computer subscriptions.

Fixed assets are anticipated to have savings of \$5,341 due to reduced costs for a new vehicle purchase. And finally, Interfund and Intrafund Transfers are anticipated to be over budget by \$150,398. This increase is primarily due to decreased reimbursements from HHS for the Welfare Fraud Grant due to the retirement of the program's Investigator. This is offset by savings in transfers to Fleet for repairs.

Grand Jury – No anticipated change to Net County Cost.

Probation – No anticipated change to Net County Cost.

Public Defender – No anticipated change to Net County Cost.

Sheriff – Net County Cost savings of \$1,000,000.

The department anticipates savings of \$1,000,000 in Salaries and Benefits due to vacancies, offset partially by Board-approved increases to salaries for some bargaining units.

Land Use

Agriculture – No anticipated change to Net County Cost.

Unclaimed gas tax (UGT) is the Department's largest source of non-General Fund revenue. The County has been notified by the California Department of Food and Agriculture (CDFA) that the net county expenditures over the past five years indicate the County has met the maintenance of effort for FY 2025-26. The County will be notified in the next few months of the exact amount the County will receive. The UGT budget for FY 2025-26 is \$705,150, and the Department will work with the Chief Administrative Office to amend their revenues and appropriations once the funds are received, if needed.

The Department anticipates increases in Professional Services and Salary and Benefits due to the retirement of the Ag Commissioner and adjustments to labor union contracts. The unanticipated expenses will be fully offset by Salary and Benefits savings and increased revenue from Notice of Penalties Assessments and Device Fees.

At this time, CDFA has proposed a status quo budget. However, they have canceled the European Grape Vine Moth contract. The Department did not budget the full contract amount, and the reduction will not affect Net County Cost. The Department will continue to monitor CDFA's budget for possible future changes.

Environmental Management – No anticipated change to Net County Cost.

Planning and Building - No anticipated change to Net County Cost.

The General Fund programs within Planning and Building are projecting no change to their Net County Cost of \$4.83 million.

The Department is projecting revenue reductions in both the Planning and Building divisions, as well as unbudgeted employee payout expenses for three employees participating in the retirement incentive program. These challenges will be offset by increased Code Enforcement revenues, salary savings from vacancies, and savings in non-billable Services and Supplies.

There is no projected change to Net County Cost for the Housing, Community Economic Development Special Revenue Fund.

Surveyor – No anticipated change to Net County Cost.

Transportation – Net County Cost savings of \$517,894.

A Net County Cost savings of \$517,897 is projected, resulting from a carryover of \$335,648 for the Broadband Project, scheduled to begin construction in FY 2026-27, and a partial carryover of \$182,246 for the FEMA Hazard Mitigation Grant Program project.

The Road Fund is projected to be \$3.6 million under budget, mainly due to Salary and Benefits savings from vacant positions and \$300,000 in projected savings from the retirement incentive program this fiscal year. Additionally, \$300,000 in savings is projected across Services and Supplies, Fixed Assets being carried over, and the deferral of the Tahoma project. DOT is carrying forward \$3 million of General Fund allocated in the Adopted Budget and has allocated it toward the Tahoma Project (\$500,000), County-wide culvert repairs (\$1 million), and split the remaining (\$1.5 million) evenly across the five districts for miscellaneous maintenance projects.

There is no projected change to Net County Cost for Fleet, Special Districts, County Service Areas, and Zones of Benefits.

Health and Human Services

Child Support Services – No anticipated change to Net County Cost.

Health and Human Services Agency (HHSa)

HHSa is projecting an overall estimated decrease of \$1.14 million from budget in General Fund use, which reflects a 9% savings from budget. This reflects General Fund savings in all HHSa Divisions. HHSa is not projecting a significant change in Realignment revenue when compared to budgeted amounts. A significant amount of projected savings is due to vacancies and intentionally held vacant positions across HHSa.

HHSa continues to navigate numerous challenges this year, including workforce challenges, funding reductions, increasing costs to provide services to the community, and an increasing demand for services. Additionally, newer legislative changes, such as the Behavioral Health Services Act (BHSA), present significant shifts in operations, including reductions in federal and state financial support. The BHSA reforms the Mental Health Services Act (MHSA) to incorporate substance use disorders, a focus on homeless prevention, enhanced oversight and accountability, and a reduction in disparities. The financial implications of BHSA are still unknown; however, we do know it will significantly constrain HHSa's ability to fund historically supported programs due to new mandates and changes to allowable funding. One example is that 30% of BHSA funding must go toward housing in this new framework, and while some currently funded services (such as transitional housing and enhanced Board and Care placements) meet this definition, most do not. Additionally, significant administrative burdens and the elimination of "Prevention" as a category will result in necessary reductions in funding

to historic contracts to create capacity for these new requirements. Additionally, local providers who lack the capacity for the new expansive reporting requirements and do not have a nexus to leverage Medi-Cal billing will no longer qualify for this funding source. This will result in the elimination of multiple locally contracted programs and the shifting of resources to meet new mandates.

Workforce challenges persist, including HHSA's ability to recruit qualified and experienced candidates to effectively provide services. All divisions continue to experience a high vacancy rate, which is consistent with recent years. This fiscal year, several tenured employees accepted the Retirement Incentive Plan. Leadership evaluated each position for necessity and service impact before deciding to hold or fill it and intentionally held vacancies as part of a fiscally focused strategy to reduce expenditures and support Net County Cost savings. While this approach supports the County's budget objectives, it limits the Agency's operational flexibility. Staff who would otherwise be available to take on new tasks, develop efficiencies, or build new skills must instead absorb additional workload. Over time, this can reduce the Agency's capacity to adapt to new mandates or implement improvements. HHSA continues to focus on adapting programs to changing regulatory and funding requirements with limited resources while continuing to fulfill its vision of "transforming lives and improving futures."

HHSA Projections by Division

Administration and Financial Services – Net County Cost decrease of \$163,608.

The Administration and Financial Services Division is projecting a Net County Cost savings of \$163,608 due to positions being held intentionally vacant to align administrative costs with programmatic costs. HHSA Administration and Financial Services Division costs are allocated to the programs based on direct program salaries through the Indirect Cost Rate Proposal (ICRP), and any over- or under-collections over time are addressed with a two-year carry-forward reconciliation process. As positions are held vacant within programs, their reduced programmatic salaries result in a lower proportion of the ICRP. HHSA has proactively reduced costs within the HHSA Administration and Financial Services Division to conserve General Fund costs and ensure an accurate ICRP rate, preventing an increased overcollection process.

Animal Services – Net County Cost savings of \$128,439.

The Animal Services Division is projected to have a Net County Cost savings of \$128,439 from budget due to Salaries and Benefits savings from vacancies and \$14,000 in savings from the delayed purchase of a fixed asset that will be carried over into FY 2026-27.

Behavioral Health Division – No Change to Net County Cost.

The Behavioral Health Division continues to experience a 40% vacancy rate throughout the Division. The lack of clinical staff overburdens the existing staff and leads to burnout. In order to meet operational mandates, the Division is conducting an analysis to determine if some job duties can be shifted to classifications that have lower vacancy rates to ensure continuity of services. The Agency continues to contract with Amergis Healthcare Staffing for temporary staffing to mitigate these vacancies.

HHSA is projecting base funding for both 1991 and 2011 Realignment but is not projecting any growth funding. Institutes for Mental Disease (IMD) placement costs of conserved Public Guardian clients and placement costs of clients in private psychiatric hospitals are projected to increase by 13% (\$892,000), which are primarily funded with realignment revenues. Although the projected number of Psychiatric Health Facility (PHF) Administrative Bed Days in FY 2025-26 (816 bed days) is 35% lower than the record high year in FY 2021-22 (1,254 bed days), it is 39% higher than the prior fiscal year (589 bed days). Administrative bed days are days in which a conserved client no longer meets the acute medical necessity requirements for placement at the PHF but cannot be moved out until a bed is made available in an appropriate, less restrictive facility. The cost of these days cannot be billed to Medi-Cal, so they are funded with Realignment dollars. The Division continues to work to increase its available bed days and reduce its PHF administrative bed days by contracting with both in-County and out-of-County providers for IMD, Adult Residential, Crisis Residential Treatment (CRT), and Patched Board and Care (B&C) beds.

Given the State's current budget constraints, coupled with uncertain federal funding levels, Realignment revenues could decrease while expenses increase. Staff will continue to closely monitor revenue and expenses while ensuring we maintain an appropriate fund balance for these services for future years.

Community Services Division - General Fund savings of \$545,151.

Community Services Division (CSD) Fund 11 programs are projected to have General Fund savings of \$423,406. The programs include CSD Administration, Low Income Heating and Energy Assistance Programs (LIHEAP), Housing & Homelessness Programs, Adult Day Services (The Club), and Area Agency on Aging (AAA) programs, such as the Senior Center, Senior Nutrition, and Senior Legal. The General Fund savings is primarily due to holding positions vacant while developing the FY 2026-27 Budget. Prior to COVID, the Adult Day Services (The Club) fee for service collections averaged between \$500,000 and \$600,000 a year, with a General Fund need ranging between \$350,000 and \$420,000 a year. Current fee for service revenue is projected to be \$293,000, with a General Fund requirement of \$383,519. Savings are driven by temporary personnel cost reductions associated with vacant positions pending recruitment and placement.

Fund 13 - Public Housing Authority (PHA) and In-Home Supportive Services Public Authority (IHSS PA) are projecting \$121,745 in Net County Cost savings. PHA is projecting General

Fund savings of \$84,090, and IHSS PA is projecting General Fund savings of \$37,655, which is primarily related to temporary personnel cost reductions associated with vacant positions pending recruitment and placement.

Public Guardian Program – Net County Cost savings of \$269,705.

Public Guardian is projecting \$269,705 in Net County Cost savings primarily as a result of Salaries and Benefits savings from holding positions vacant while developing the FY 2026-27 Budget. The Board, on January 6, 2026, with Legistar file 25-1846, approved an updated Public Guardian Fee Schedule, which is effective 60 days after approval. The Mid-Year Projection does not include this updated fee schedule, which could lower the Program's Net County Cost further, but is subject to the Court's ability to waive fees for clients, which remains beyond the County's control.

Public Health Division – No anticipated change to Net County Cost.

The Public Health Division is currently projecting no change from budgeted General Fund contributions, primarily for the California Children Services program.

Counties are the healthcare providers of last resort for lawful residents whose medical needs are beyond their ability to pay and are legally obligated to provide subsistence medical care. However, since the implementation of the Affordable Care Act, funding for county indigent programs has been redirected to the state. Despite the redirection of funds, the legal obligation for these services has not been removed, and should there be an increase in medically uninsured individuals seeking subsistence medical care, the County would be responsible for covering those costs. The Division is facing several other challenges, including the relocation of staff from Spring Street, rising operational costs, reductions in state and federal funding of current programs, and changing legislative and local priorities. These factors could necessitate the use of Public Health fund balances to maintain operations. Effective management and conservation of realignment funds are crucial to address future Public Health needs and mitigate potential funding shortages in other programs. Conservation efforts include evaluating cost-saving measures such as different options for fulfilling the mandate for a Public Health Officer, seeking additional revenues, and increased oversight regarding grant management with a focus on maximizing alternative funding sources.

Social Services Division – No anticipated change to Net County Cost.

Realignment Funding, which serves as one of the primary discretionary funding sources for Social Services programming, is naturally volatile as it is sourced from Sales & Use Taxes, with a smaller portion from Vehicle License Fees. This means that periods of economic contraction result in reduced funding, which is also accompanied by a higher demand for services. The demand for services is often inversely proportionate to the availability of funding, and as the economy declines, case counts for CalWORKs, CalFresh, Homeless

Prevention, and Medi-Cal generally grow, along with increased referrals to Child Welfare and Adult Protective Services. Realignment revenue collections in the current year appear on track to meet or even slightly exceed prior year collections. However, even if Realignment revenue stays at current levels or experiences some modest growth, increasing costs for program operations will place an increasingly higher demand on Realignment funding sources and are projected to exceed 1991 Realignment revenues in future years if existing trends continue. Social Services has some Realignment fund balance developed through strict fiscal control in prior years, but these reserves are limited and would only persist through a short-term downturn in revenue collections.

In addition to the uncertainty surrounding the State's economic outlook, as of January 6, 2026, the federal administration has implemented a funding freeze affecting several key Social Services programs. This action includes halting access to federal funds for programs such as CalWORKs, Child Care, Child Welfare, and Foster Care, until the State provides the administration with all requested documentation. The California Welfare Directors Association is actively communicating with the California Department of Social Services to assess and understand the potential impacts this freeze may have on service delivery, program operations, and funding stability for Counties across the affected programs. There is also pending litigation related to these freezes; however, the outcome is uncertain.

To aid in the balancing of the FY 2025-26 General Fund Budget, the Division intentionally held several positions vacant this year to reduce expenditures and achieve Net County Cost savings. This proactive approach helps mitigate financial pressures in the upcoming budget cycle, though it does limit operational flexibility in the short term. Staff who would otherwise be available to take on new tasks, develop efficiencies, or build new skills must instead absorb additional workload. Over time, this can reduce the Division's capacity to adapt to new mandates or implement improvements.

Veteran Affairs – Net County Cost savings of \$37,029.

Veteran Affairs is projecting Net County Cost savings of \$37,029, primarily due to Salaries and Benefits savings from vacancies.

Library – No anticipated change to Net County Cost.