

Health and Human Services Agency

RECOMMENDED BUDGET • FY 2026-27

RECOMMENDED BUDGET

The budget for the Health and Human Services Agency (HHS) is recommended at \$260,501,605, which is an increase of \$10,226,929 (4%) when compared to the FY 2025-26 Adopted Budget. Revenue totals \$245,351,484. The Recommended Budget includes a 2.4 FTE reduction in allocated personnel, for total staffing of 667.68 FTE positions. The majority of the change in appropriations can be attributed to increased funding for Behavioral Health programs including increased Medi-Cal claiming and the Behavioral Health Services Act.

The Recommended Budget for HHS reflects General Fund support of \$15.1 million. The change to the HHS General Fund support request is a net increase of \$1.9 over the FY 2025-26 Adopted Budget. The increased use of General Fund is primarily due to factors outside of the control of the Agency including state and federal funding changes and board-approved compensation increases. The Agency has carefully reviewed all General Fund support to restrict increases in General Fund support where possible while providing the minimum level of services for mandated programs and not impacting the level of service for Board-directed discretionary programs.

AGENCY PROGRAM SUMMARY

	Appropriations	Revenues	Total General Fund Support	Staffing
Administration*	5,289,696	5,187,133	102,563	73.81
Behavioral Health	96,338,688	94,174,836	2,180,362	153.75
Community Services**	35,575,512	27,210,243	8,365,269	83.42
Public Health	38,651,429	38,186,877	464,552	71.8
Social Services***	84,646,280	80,608,905	4,037,375	284.9
Total	260,501,605	245,367,994	15,150,121	667.68

*Additional \$820,00 from General Fund HHS ICRP & \$50,000 from Disaster Expenses Designations

**Additional \$133,581 of General Fund to Veterans Affairs Commission SRF

*** Additional \$251,033 in American Rescue Plan Act Lost Revenue General Fund Contribution

MISSION

The Health and Human Services Agency (HHS) partners with the community on health and welfare issues. The Agency’s mission is: unified in building a stronger, safer, and healthier community. The vision is: transforming lives and improving futures.

AGENCYWIDE PENDING ISSUES

State and Federal Budget Impacts on HHS

The One Big Beautiful Bill Act (HR1) and state policy issues are significantly impacting the HHS Budget. With the passage of HR1 significant reductions in individual eligibility for Medicaid and public assistance programs go into effect, which will impose work requirements for beneficiaries to maintain eligibility, impose greater limitations on the duration of some benefits (such as CalFresh), increase the frequency of redeterminations for benefit eligibility, and increase the State sharing ratios for funding of these entitlement programs. This translates into a direct increase in costs for local jurisdictions and an increase in County work requirements with no additional funding to support the following expanded obligations. HR1 results in the need for \$853,000 in additional General Fund support for Social Services programs.

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Despite the Governor's stated commitment to maintaining essential services, the FY 2026-27 Governor's Proposed Budget provided no additional funding in response to HR1 and the May Revised Budget proposes only \$104 million to offset eligibility workload impacts, less than a third of the amount requested by counties. Despite HHSA's best efforts to run as lean an Agency as possible, this presents significant challenges, as the costs associated with implementing Health and Human Services programs continue to rise while demand for our programs is also increasing. The Realignment revenues that constitute most of the discretionary funding for Social Services, Behavioral Health, and Public Health are expected to hold steady, but revenue growth is not keeping up with growth in programmatic costs. Given the constraints of unfunded mandates, the need to respond to local emergencies, and evolving legislative changes, the County must be particularly vigilant and unified in maintaining fiscal responsibility.

As such, it is important to continue to conservatively safeguard Realignment fund balances to mitigate the potential negative impacts to program service delivery and County General Fund if the economy declines. Staff continue to closely monitor the state and federal budgets and plan for any impacts it may have on HHSA programs. The Agency will likely have revisions to the Recommended Budget in the fall, once the State Budget has been finalized.

Staffing Shortages

HHSA continues to experience a continued elevated vacancy rate this year, including workforce challenges and limited opportunities to recruit qualified and experienced candidates. 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. HHSA 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 appropriations and support Net County Cost savings. HHSA continues to explore other innovative approaches to increase and retain qualified staff, ensuring they can maintain the Agency's high standard of care and support.

Agency-wide Efforts to Conserve General Fund Resources

HHSA's Recommended Budget reflects an attempt to reduce the burden on General Fund as much as possible while meeting the increased demands for mandated health and welfare services and complying with new statutory regulations. This practice includes strict scrutiny of the level of services mandated for each program and balancing the potential cost of fines and penalties against the ongoing General Fund burden, when applicable. The Recommended Budget does not reduce services levels or increase the risk of fines and penalties for mandated programs. Staff continue to evaluate services levels and mandates to prepare for future years where the shortfall of state and federal funding for mandated programs will likely increase.

HHSA Facilities

HHSA's Recommended Budget conserves fund balance wherever possible to allow for future investments in HHSA facilities, reducing the need for General Fund support. HHSA has continued to pursue new and innovative approaches to meet the growing facility needs of the County. This includes entering into negotiations for a lease-to-own agreement for the Briw Road property, a strategic step toward long-term sustainability and growing the investment of County-owned properties. Additionally, the agency has expanded its lease footprint into the Victory Mine building, which allowed for the transition of staff and services out of the aging Spring Street location and is supporting board direction to explore the purchase of that property. Most notably, HHSA was recently awarded \$24 million through the BHCIP grant, which is reflected in the Accumulative Capital Outlay Budget. This transformative funding will support the relocation of the Psychiatric Health Facility and help create an integrated campus designed to provide comprehensive supportive services for individuals transitioning out of the Psychiatric Health Facility.