

**CLERK OF THE BOARD OF SUPERVISORS
EXHIBIT/DOCUMENT LOG**

MEETING DATE & AGENDA NO. 05/19/2026 #31.

STAFF DOCUMENTS (Numerical)

No.	Presented by:	Description:
1	Staff	14-Page PowerPoint

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PUBLIC DOCUMENTS (Alphabetical)

No.	Presented by:	Description:
A	N/A	

B

C

D

E

F



COUNTY OF SAN DIEGO

FISCAL YEAR 2025-26 • 3RD QUARTER

ECONOMIC UPDATE

May 19, 2026

Item #31

Amy Thompson, Deputy Chief Financial Officer
Judy Ying, Interim Deputy Chief Financial Officer



Overview

State Update

Regional Economic Update

Quarter 3 Budget Performance

Looking Forward



State Budget Outlook



Balanced



Higher revenues than
projected



Focus on stability and
addressing structural
deficit



Acknowledges H.R. 1
impacts



State Budget Highlights



H.R. 1 impacts

- Limited one-time funding
- No funding for indigent care
- 2026-27: 44,000 disenrollment
- 2029-30: 1.3 million



IHSS

- \$200 million cost shift to counties remains



HHAP homelessness

- Remains \$500 million



Affordable Housing

- Impact fee prohibition



Proposition 36

- No funding



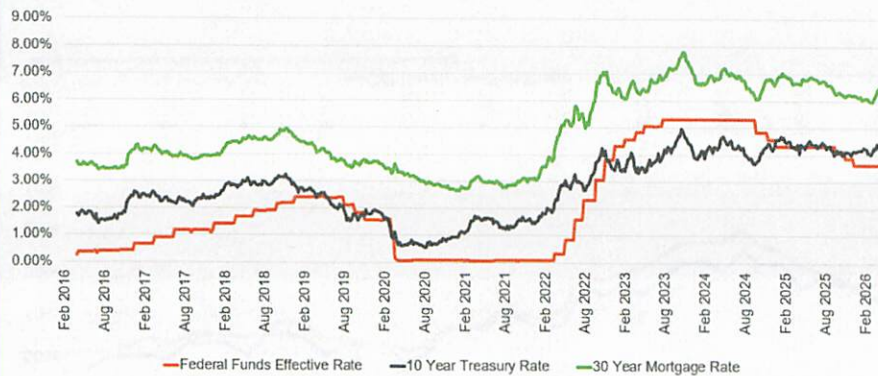
Mobile Crisis Response Teams

- No change to optional Medi-Cal benefit



Regional Economic Update

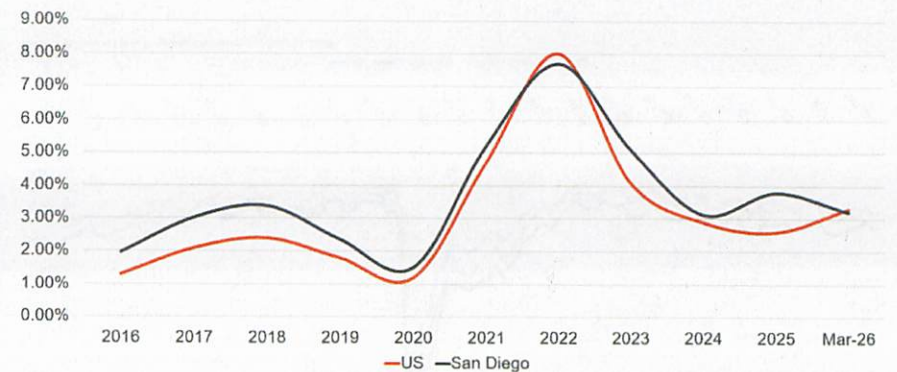
Interest Rates



Source: Board of Governors of the Federal Reserve System (US) via FRED®
Data updated as of April 2026

Interest rates remain a pressure point for the region's economy

Inflation: Consumer Price Index



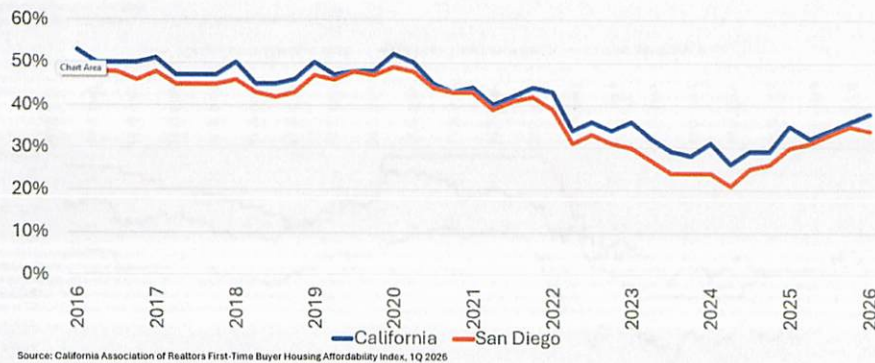
Source: Bureau of Labor Statistics. Non-seasonally adjusted figures as of April 2026.

Regional inflation continues to add costs to businesses and housing



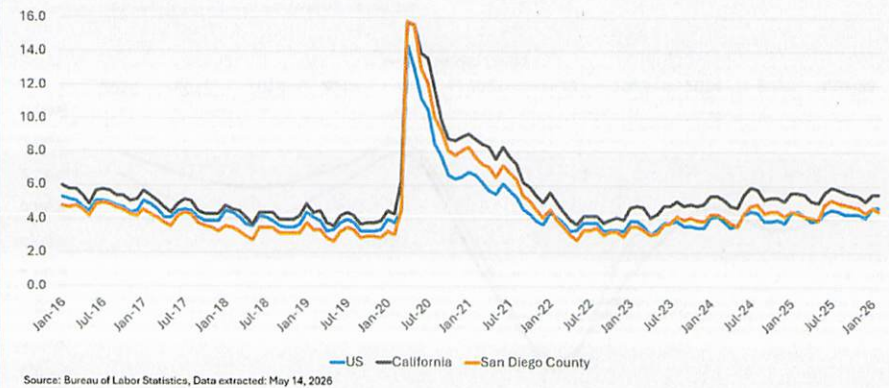
Regional Economic Update

Housing Market



Local housing affordability is very low

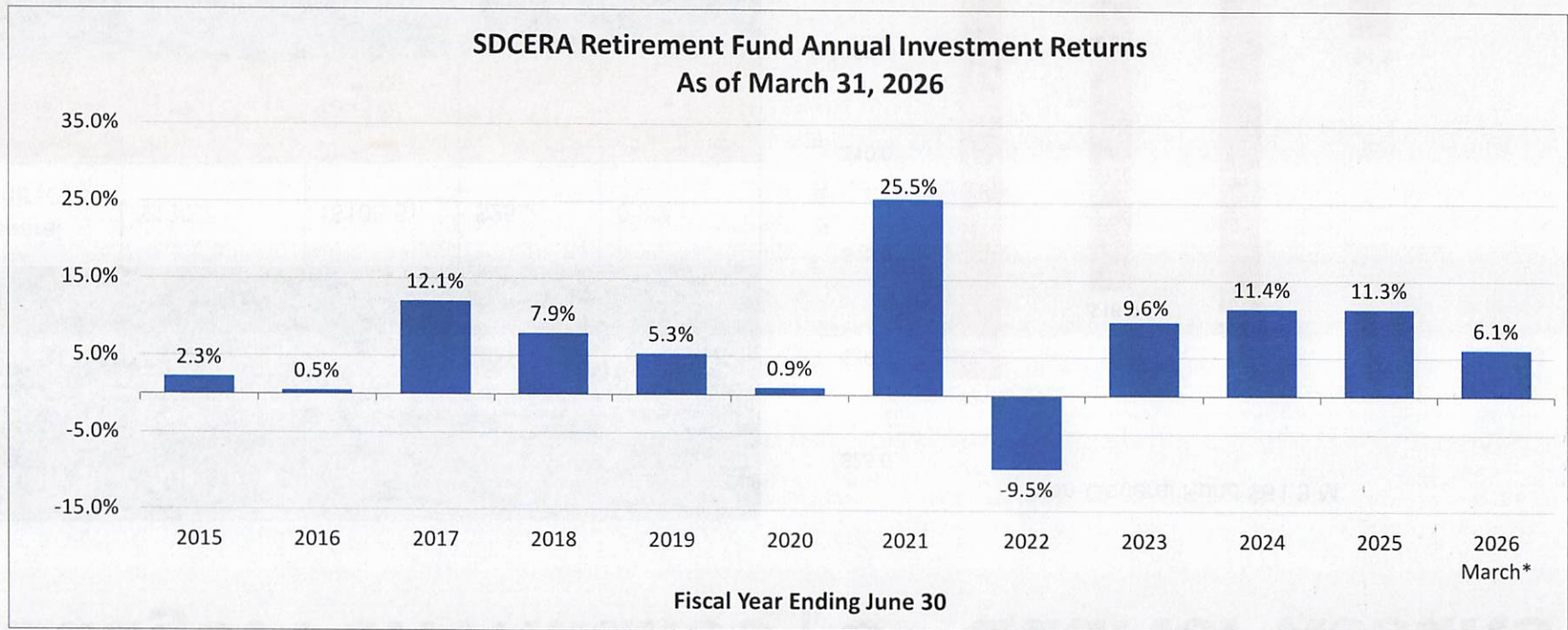
Unemployment



Stable and competitive workforce



Retirement Update

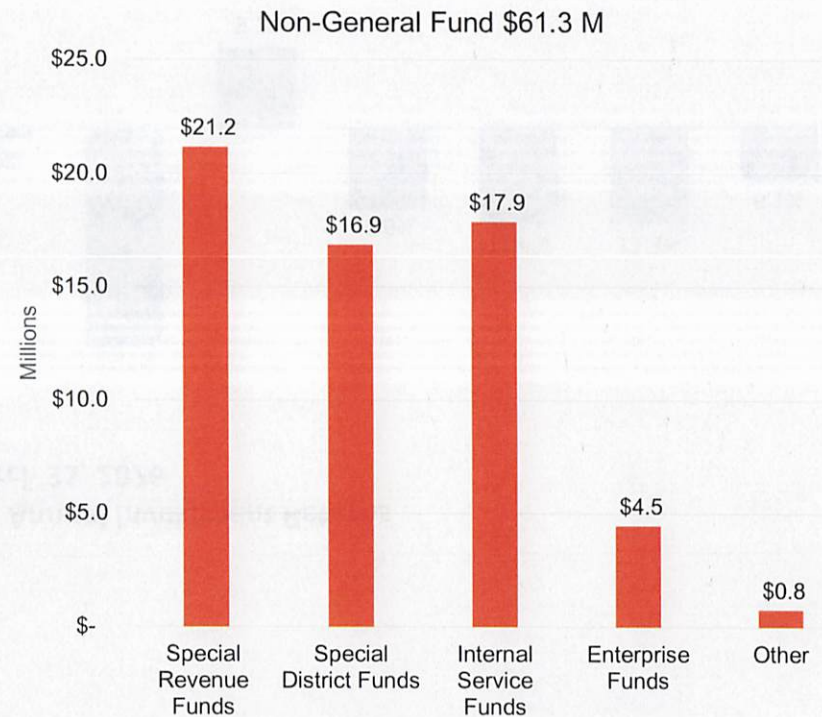


Sources: SDCERA Actuarial Valuation and Review as of June 30, 2025, page 25
*FYTD 2026 based on SDCERA Monthly Risk-Return Report as of March 31, 2026



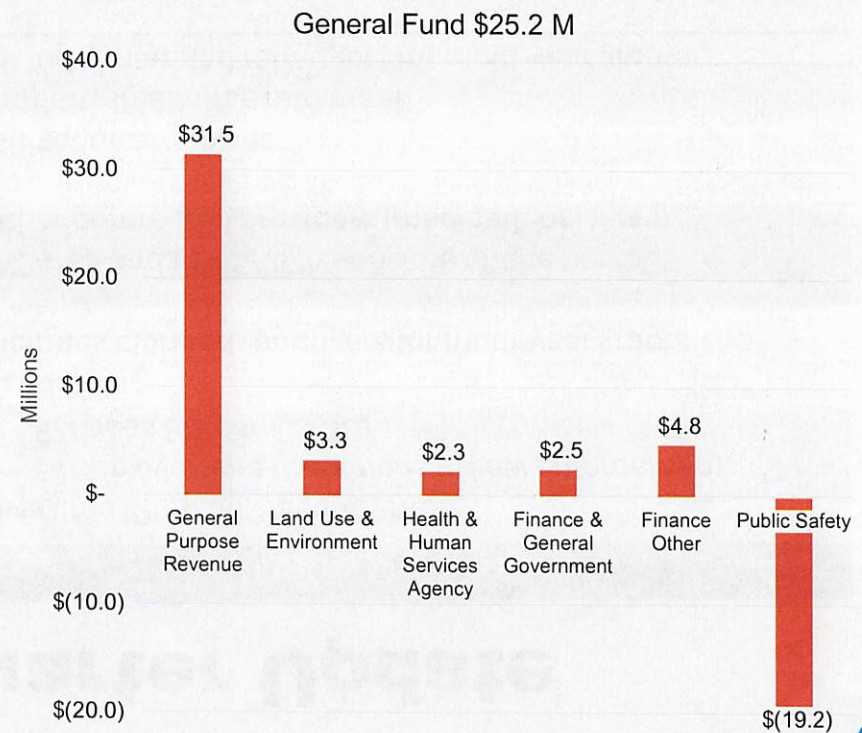
Budget Performance | 3rd Quarter Results

County Summary (in millions)				
	Expenditures Variance	Revenues Variance	Projected Fund Balance (FB)	% of Projected FB to Budget
General Fund (GF)	\$130.7	(\$105.6)	\$25.2	0.3%
Non-GF	\$114.3	(\$53.0)	\$61.3	2.0%
TOTAL	\$245.0	(\$158.5)	\$86.5	0.8%



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Sheriff's Office 3rd Quarter Update

	Q3 Variance	Key Drivers
Salaries & Benefits	(13.9)	- Overtime (Prop 36, vacancy rate) \$4M in overtime reductions in Law Enforcement Services Bureau (LESB) - Academies - Includes planned rebudgets for multi-year grants
Medical Contracts	(18.6)	- FY24/25 and FY 25/26 NaphCare offsite costs - Other contracted providers (medications, x-ray)
Services & Supplies / Capital Assets	32.5	- Mitigation strategies - Property insurance rate break - Includes planned rebudgets for multi-year grants
TOTAL EXPENDITURE VARIANCE	-	
TOTAL REVENUE VARIANCE	(20.5)	
OVERALL VARIANCE	(20.5)	

(29.3) Q2 overall variance, down \$8.8 million



Unlocked Reserves *(in millions)*

Total Unlocked Reserves* = \$381.6 million

Amount available in Fiscal Year 2025-26 (25% of total)*	\$95.4
1 st Quarter: Lump sum payments to employees	(\$14.2)
2 nd Quarter: Address conditions in the Tijuana River Valley	(\$8.8)
2 nd Quarter: Housing, support for vulnerable populations, sustainability, and infrastructure	(\$47.4)
3 rd Quarter appropriations based on advice and guidance of the Ad Hoc Subcommittee on Sustainable Fiscal Planning:	
• Innovative Housing Trust Fund (IHTF)	(\$22.2)
• Feeding America	(\$1.0)
Fiscal Year 2025-26 balance remaining	\$1.8

*San Diego County Administrative Code Section 113.1



Looking Forward



Economic Conditions



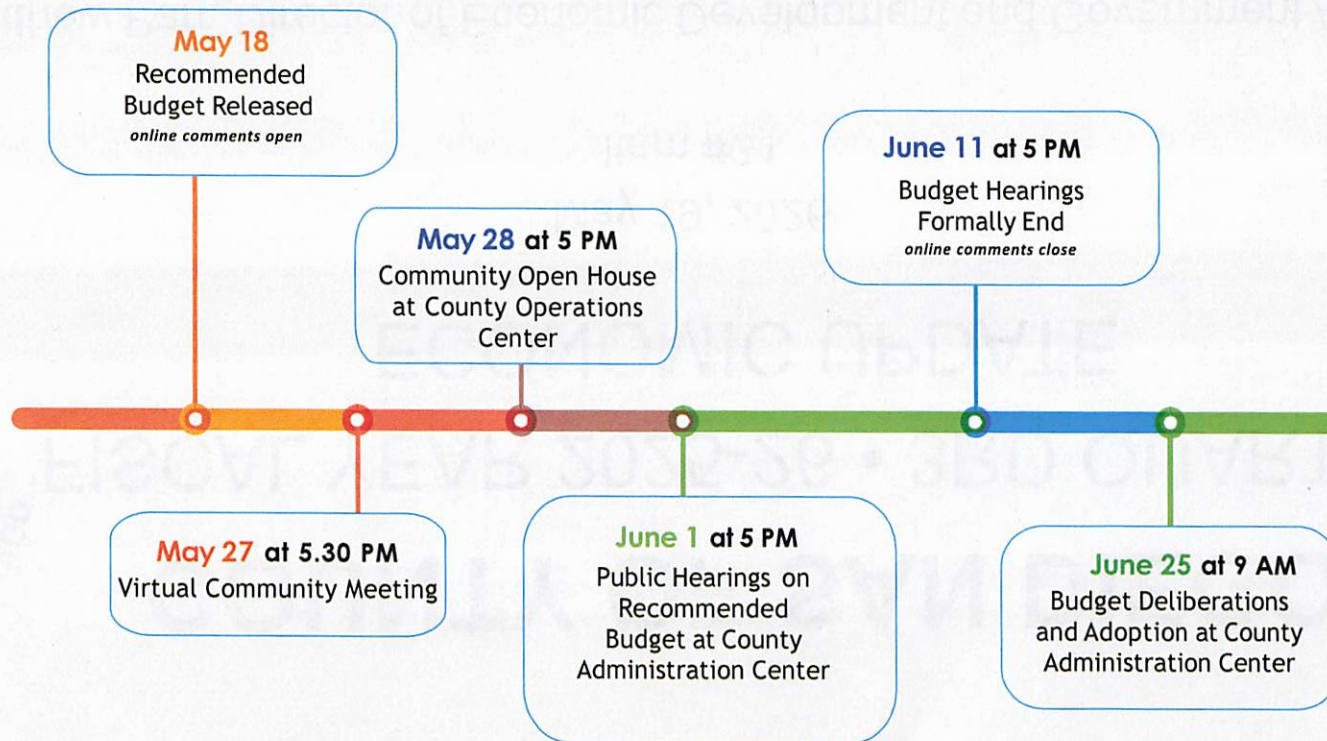
State Impacts



Budget Strategies



Upcoming Budget Engagement Opportunities



Visit www.sandiegocounty.gov/budget for more information





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Matthew Parr, Director of Economic Development and Government Affairs

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