

**COUNTY OF SAN DIEGO  
GENERAL FUND VARIANCES  
Fiscal Year 2025-26 2nd Quarter**

**GENERAL FUND EXPENDITURE VARIANCES**

The projected lower than budgeted expenditures generating an overall positive expenditure variance of \$108.8 million in the General Fund are primarily attributable to the following:

**Salaries & Benefits**

\$1.8 million in projected overall Salaries & Benefits positive appropriation variance. As of January 20, 2026, the vacancy rate (including newly added positions) was 5.3% (1,078 of 20,285 positions).

*Public Safety Group*

In PSG, the projected overall negative expenditure variance is \$10.0 million. A negative variance is primarily tied to salary adjustments, exacerbated by increased costs necessary to house an average daily population which has increased by approximately 300-500 incarcerated persons, as a result of Prop 36, *The Homelessness, Drug Addiction, and Theft Reduction Act*, implementation. The Sheriff will submit a Board letter on March 3, 2026 for the Board's consideration and approval to address the Sheriff's negative variance by approximately \$13.9 million due to cost overruns with the current medical contract. This Board letter will request authority to cancel the existing contract with current provider, NaphCare, and authority to initiate a new single source contract with AmeriChoice and establish appropriations which will partially mitigate escalating off-site hospital costs while maintaining quality of care. The funding source will be Local Revenue Fund 2011, Community Corrections Subaccount. Actual current year overrun costs will not be known until a new contract is negotiated and will be included in future projections and for funding consideration. The Sheriff's Office will continue to closely monitor payroll expenditures and develop a mitigation strategy with the Public Safety Group Executive Office and the Office of Financial Planning.

*Health and Human Services Agency*

In HHSA, the projected overall negative expenditure variance of \$0.9 million is attributed primarily in costs that exceed the projected appropriation capacity available to absorb the impacts of the new labor agreement and a lower vacancy rate than budgeted.

*Land Use and Environment Group*

In LUEG, the projected overall positive expenditure variance of \$9.6 million is primarily due to vacancies and under-filled positions.

### *Finance and General Government Group*

In FGG, the projected overall positive expenditure variance of \$3.1 million is primarily due to lesser number of Vote Centers for the November 4, 2025 Special Statewide Election.

### **Services & Supplies**

\$83.2 million in projected positive appropriation variance in Services & Supplies across the County.

### *Public Safety Group*

In PSG, projected overall positive expenditure variance of \$12.9 million due to lower than anticipated costs related to interim housing and residential treatment programs, the transfer of appropriations from the Public Safety Executive Office to fund the procurement of infrastructure mapping of the unincorporated area's most vulnerable infrastructure, and, in the Sheriff's Office, due to lower costs in various accounts including uniform allowance, professional & specialized services, contracted services with a portion associated with the Cal-ID program and Community Corrections Subaccount, fuel and facilities management costs including anticipated credits from the Department of General Services due to overbilling in the current and prior fiscal years, and in Public Safety Executive Office due to procurement delays related to the resource and reentry hub.

### *Health and Human Services Agency*

In HHSA, projected overall positive variance of \$56.5 million is in various departments. This consists of positive variances in:

- Behavioral Health Services (BHS) is driven by operating costs primarily for contracted services associated with a range of mental health and substance use disorder programs to align with anticipated spending which adjusts for contractor staffing vacancies and projected utilization in residential bed days, offset by negative variances in one-time IT resource needs and temporary staffing costs at the San Diego County Psychiatric Hospital (SDCPH).
- Public Health Services (PHS) is primarily due to procurement delays resulting from delayed funding notifications, loss of CalFresh Healthy Living funding that will not be renewed by the federal grantor this fiscal year, Immunizations program to align projections with the grant resources and workplan as a result of significant reduction in federal funding, California Children's Services contracts and IT projects to align with revised funding allocations, and in the Epidemiology program to align projections with anticipated spending due to the demobilization of COVID-19 associated activities.
- Housing & Community Development Services in No Place Like Home (NPLH) grant funds that has been fully utilized with no further projects anticipated and carry forward from prior year encumbrances that are no longer needed after aligning expenditures with current funding allocations, with no impact to service or to local funds offset by

the Landlord Incentive Program (LIP), fully funded by SB 105, to increase housing access for homeless clients and support the County's effort to end homelessness operational costs, the Inclement Weather Program providing safe temporary housing to individuals impacted by severe weather events, and temporary contract help to provide clerical support as the department transitions to a new case management system.

- Child and Family Well Being (CFWB) is mainly due to lower than anticipated operating costs associated with travel, transportation and utilities ISFs.
- Aging & Independence Services (AIS) is primarily tied to an adjustment to the In-Home Supportive Service (IHSS) Maintenance of Effort (MOE) resulting from an approved wage increase for the IHSS Individual Providers during labor negotiations with the United Domestic Workers, increase in allocations for participants in the San Diego Veterans Independence Service at Any Age (SD-VISA) program, and higher operating costs to align with current spending levels, partially offset by savings from the conclusion of SNAP-Ed funding, completion of one-time allocations, reduced contracted services and lower participation in Multi Senior Services Program (MSSP). A negative variance would have been projected in Services & Supplies but now a positive variance is projected in Housing and Community Development Services (HCDS) to utilize available appropriation capacity and maintain a zero overall expenditure variance for AIS, pending the transfer of appropriation to AIS.

These are offset by negative variance in Self-Sufficiency Services primarily tied to increases in contracted services based on revised allocations for CalWORKs Housing Support Program associated with California Department of Social Services redistribution of unspent prior year funding and in Administrative Support due to higher than anticipated operating costs associated with Facilities Internal Service Fund (ISF), including utilities, mailing and other facility-related costs.

#### *Land Use and Environment Group*

In LUEG, projected overall positive variance of \$4.3 million primarily in Planning and Development Services is due to schedule changes to one-time only projects and reduced consultant contract spending and in Department of Public Works due to reduced fleet cost, less support from other County departments, and less than budgeted cost from completed stormwater projects.

#### *Finance and General Government Group*

In FGG, projected overall positive variance of \$9.5 million is primarily in Registrar of Voters due to delays associated with the replacement of the election management system and from lesser number of Vote Centers for the November 4, 2025 Special Statewide Election and in Assessor/Recorder/County Clerk to application services and contracted services related to the delay of the Archives Collection Management System, partially offset by increased software costs associated with Mainframe roadmap projects and maintenance of the Assessor's legacy systems, and in Human Resources due to lower than anticipated costs related to pre-employment medical screenings and information

technology that are charged to the Employee Benefits ISF, and contracted services related to miscellaneous insurance costs.

### **Other Charges**

A projected positive appropriation variance of \$20.4 million in Other Charges is primarily in Self-Sufficiency Services due to lower than budgeted caseload levels in CalWORKs programs and General Relief program offset by a projected negative variance in the Sheriff's Office due to higher than anticipated costs for medical and mental health services contracts for the incarcerated population and in Housing & Community Development Services driven by the projected repayment of Emergency Rental Assistance Program (ERAP) funds to the Federal Treasury, resulting from ineligible awards identified by the County, and in HOPWA Tenant Based Rental Assistance (TBRA) with higher than anticipated expenditures due to program growth and rent increase in the region.

### **Capital Assets Equipment**

A projected positive appropriation variance of \$7.5 million in Capital Assets Equipment is in HHSA primarily in PHS due to the termination of the mobile health lab contract and the elimination of planned equipment purchase for the lab due to the anticipated conclusion of the Epidemiology & Laboratory Capacity Enhancing Detection Expansion grant.

### **Expenditure Transfer & Reimbursements**

A projected negative appropriation variance of \$3.4 million in Expenditure Transfer & Reimbursements in HHSA is primarily Behavioral Health Services due to Public Safety Group agreement has ended and efforts are being redirected to support the Department of Health Care Services mandated services under the Next Move Program which provides outpatient treatment services and in PSG primarily in Child Support due to lower than anticipated expenditures in the Bureau of Public Assistance Investigations for cost of staffing and services reimbursed by Health and Human Services Agency.

### **Operating Transfers Out**

A projected negative appropriation variance of \$0.5 million in Operating Transfers Out in LUEG is primarily in Agriculture, Weights and Measures due to unanticipated major maintenance capital outlay projects.

## **GENERAL FUND REVENUE VARIANCES**

The projected under-realized revenue of \$98.6 million includes positive variances totaling \$25.5 million and negative variances of \$124.1 million. In many instances, the negative revenue variances are directly associated with the positive expenditure variances described above, that is, the County does not receive the supporting revenue when a cost is not incurred.

*The projected **positive revenue variance** of \$25.5 million is primarily attributable to the following categories:*

### **Taxes Other Than Current Secured**

Taxes Other Than Current Secured are anticipated to be \$15.2 million above budget.

The revenue variances in Taxes Other Than Current Secured are mainly in Sales and Use Taxes which assumes steady allocation from business-industry fulfillment centers and modest growth from countywide use tax pools largely due to continued strength in online sales, in Teeter Tax Reserve Excess based on returned excess Teeter Tax Reserve requirement on current penalty and interest collections and available data on the outstanding receivables and projections through the end of the fiscal year, in Documentary Transfer Tax due to projected home prices remaining high with projection of a slight increase in sales volume, in Transit Occupancy Tax based on prior year receipts and continued growth in the hotel industry and tourism as a whole, and in Aircraft Unsecured Tax projected to be higher than budget based on year-to-date current year actuals going higher than expected.

### **Taxes Current Property**

Taxes Current Property (\$9.5 million) variance is primarily in Current Secured Property Taxes due to higher than budget primarily due to factoring in anticipated assessed value (AV) growth once the roll was closed and in Current Unsecured Property Taxes due to projected higher revenue based on prior year receipts. \$0.8 million will be appropriated to provide funding for one-time needs, which will result in an adjusted projection of \$0.5 million. At the time the budget was prepared, current unsecured property tax revenues were based on the assumption that there would be no growth in the current unsecured roll. Unlike the secured roll, the unsecured roll does not build on a prior year base.

### **Licenses, Permits & Franchises**

Licenses, Permits & Franchises (\$0.4 million) variance in the Sheriff's Office is primarily due to higher collections from license fees.

## **Miscellaneous Revenues**

Miscellaneous Revenues (\$0.4 million) variance is primarily due closure of Flex Forfeitures Trust Funds, a one-time unanticipated Port Payment for the Chula Vista Bayfront project and SD-VISA program offset by negative variances from lower than anticipated costs related to pre-employment medical screenings and information technology that are charged to the Employee Benefits ISF and contracted services related to miscellaneous insurance costs and recoupment of payments in contracted services from prior year adjustments.

*The projected **negative revenue variance** of \$124.1 million is primarily attributed to:*

## **Intergovernmental Revenues**

\$105.6 million in projected negative revenue variance in Intergovernmental Revenues across the County.

### *Public Safety Group*

In PSG (\$14.8 million), the variance is primarily due to lower than anticipated costs for Community Corrections Subaccount offset by revenue for State mandates, lower contracted services funded by Community Corrections Subaccount and Community Corrections Performance Incentives Act, and lower than anticipated State and federal reimbursement revenue related to the lower than anticipated expenditures in the Bureau of Public Assistance Investigations for cost of staffing and services reimbursed by Health and Human Services Agency, and lower reimbursements for eligible expenditures related to Community Assistance, Recovery, and Empowerment (CARE) Court, Edward Byrne Memorial Justice Assistance Grant (JAG), partially offset by unanticipated reimbursements from prior years State mandated program, Sexually Violent Predators claims

### *Health and Human Services Agency*

In HHSA (\$95.4 million), the variance is in various departments. This consists of negative variances in:

- Behavioral Health Services (BHS) primarily tied to realignment revenue to align with spending and to align federal and State funding to anticipated billable service units and aligning grant funding with overall anticipated expenditures.
- Public Health Services (PHS) primarily in realignment revenues to align with spending and adjustments in various PHS grant revenues to reflect revised grant awards and align with anticipated Salaries & Benefits and Services & Supplies spending levels, in Immunization Action Plan grant to align with workplan, ending of the CalFresh Healthy Living grant, in COVID-19 Expanding Laboratory Capacity, in California Children's Services (CCS) tied to projection based on actual State allocation.

- Self-Sufficiency Services due to negative variance in assistance payment revenue, partially offset in social services administrative revenues to align with allocations and projected expenditures, and in Medi-Cal funding tied to a one-time payment from the State's prior-year closeout process.
- Housing & Community Development Services (HCDS) primarily due to the full utilization of No Place Like Home (NPLH) funds and prior-year encumbrances no longer needed which aligns with anticipated funding allocations. This is partially offset by increased revenues associated with HOPWA Tenant Based Rental Assistance (TBRA) and SB 105, as noted above, along with tied to pending appropriations adjustments for Aging and Independence Services (AIS) and Child and Family Well-Being (CFWB).
- Aging and Independence Services (AIS) due to negative variances associated with pending appropriation adjustments from HCDS to mitigate appropriation impacts, lower participation than anticipated in the MSSP program, SNAP-Ed federal funding ending, to align budget with the completion of one-time, multi-year funding and carryover encumbrances from prior years that are no longer needed, partially offset by positive variances in social services administrative revenues to align with allocations and projected spending.

#### *Land Use and Environment Group*

In LUEG (\$1.3 million), the variance is primarily due to delays in grant related projects.

#### *Finance and General Government Group*

In FGG (\$5.0 million), the variance is primarily due to reimbursable costs tied to the replacement of the election management system and lesser number of Vote Centers for the November 4, 2025 Special Statewide Election.

#### *Finance Other*

In Finance Other, a positive variance of \$13.5 million is primarily due to pass-through distributions and residual balance estimates in Aid from Redevelopment Successor Agencies (\$10.8 million) and in State Motor Vehicle In-lieu (\$3.2 million), offset by lower than budget in State Aid for Homeowners Property Tax Relief (HOPTR) (\$0.5 million). However, \$2.5 million will be transferred to the Office of Emergency Services to fund the procurement of infrastructure mapping of the unincorporated area's most vulnerable infrastructure, resulting in an adjusted higher Intergovernmental Revenue of \$11.0 million as described above

### **Charges for Current Services**

Charges for Current Services (\$11.4 million) is due primarily in a decline in billable activities for land development, project planning, and building projects due to staff vacancies, reduced labor charges for land development projects and other County funded projects, align projected reimbursements and fees in Vital Records, lower than anticipated

reimbursements from local jurisdictions for their share of election costs, in Recorder Fee Modernization due to the impact of the legislative change and shift of SSN Truncation projects to Modernization, in Micrographics Fee due to delay of the Archives Collection Management System and legislative change limiting the use of these funds for the County Recorder Archives and trusted systems, in E-Recording fees due to less than anticipated contracted services, in SSN Truncation due to shift of funding to Modernization fees, and in Marriage Ceremony due to less than anticipated marriage ceremonies performed. These are partially offset due to estimated slight increase in the number of documents recorded and an estimated slight increase in vital records.

### **Revenue from Use of Money & Property**

Revenue from Use of Money & Property (\$6.3 million) is primarily due to a lower projected average daily cash balance than what was budgeted which was used to calculate the interest revenue.

### **Other Financing Sources**

Other Financing Sources (\$0.6 million) variance is primarily due to a decrease in transfers from Proposition 172, *Local Public Safety Protection and Improvement Act of 1993*, resulting from lower than expected receipts and from the Incarcerated Peoples' Welfare Fund associated with vacant positions.

### **Fines, Forfeitures & Penalties**

Fines, Forfeitures & Penalties (\$0.1 million) variance is primarily due to due to lower than anticipated costs for the Cal-ID program.

## **GENERAL FUND PROJECTION NOTES**

The General Fund year-end fund balance projection includes receipt of additional Federal Emergency Management Agency (FEMA) revenue to cover costs incurred. Total FEMA costs are currently estimated at \$438.3 million. This includes \$438.3 million of costs incurred from the beginning of the pandemic through May 11, 2023, when FEMA eligibility ended, and \$2.4 million for Fiscal Year 2024-25 for allowable administrative costs to manage the grant beyond the FEMA eligibility date. To date, a total of \$323.5 million in FEMA reimbursement payments have been received and projections anticipate receiving an additional \$3.3 million by December 31, 2025, for prior year efforts. The remaining balance of \$114.9 million, which includes the 10% withhold amount as part of the FEMA close out process, is anticipated to be received in future fiscal years. County staff continue to actively monitor federal actions and legislation, which may impact FEMA reimbursements or other federal revenues, and evaluating the potential impacts of these actions.