

FY 2024-25 Forecast

And Budget Update



Overview

- Five-year fiscal projections
- State Revenue Conditions
- Federal Concerns
- Fiscal Year 2025-26 Budget Development Timeline

Five-Year General Fund Projections

(All number in millions)

Revenue/Sources	FY 24-25 Projected	FY 25-26 Projected	FY 26-27 Projected	FY 27-28 Projected	FY 28-29 Projected	FY 29-30 Projected
General Purpose Tax Revenue	\$ 391.6	\$ 404.3	\$ 415.8	\$ 429.3	\$ 445.0	\$ 461.4
Other General-Purpose	\$ 57.2	\$ 44.6	\$ 44.2	\$ 44.3	\$ 44.4	\$ 44.5
Use of 1x Fund Balance	\$ 13.8	\$ -	\$ -	\$ -	\$ -	\$ -
Total	\$ 462.6	\$ 448.9	\$ 460.0	\$ 473.6	\$ 489.5	\$ 506.0

Departmental Revenue	\$ 239.3	\$ 235.7	\$ 239.4	\$ 243.2	\$ 247.0	\$ 250.9
Total	\$ 701.9	\$ 684.6	\$ 699.4	\$ 716.8	\$ 736.5	\$ 756.9

Expenditure/Uses						
Salary and Benefits	\$ 449.7	\$ 470.1	\$ 487.0	\$ 503.5	\$ 524.3	\$ 539.8
Other Expenditures	\$ 244.1	\$ 213.8	\$ 219.6	\$ 227.1	\$ 228.1	\$ 231.2
Total	\$ 693.9	\$ 684.0	\$ 706.6	\$ 730.6	\$ 752.4	\$ 771.0

Surplus (Deficit) Not Cumm.	\$ 8.0	\$ 0.6	\$ (7.2)	\$ (13.9)	\$ (15.9)	\$ (14.1)
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Key Changes – FY 2024-25 Budget to Estimate

Revenues: +\$4.0 million

- Property tax growth: +\$4.8 million
- Sales Tax and Proposition 172: **-\$1.9 million**
- Other revenue: +\$1.1 million

Expenditures: **-\$4.0 million**

- Deferred Maintenance (by policy): +\$1.9 million
- Salary and Benefits: **-\$5.9 million**

Estimated year-end fund balance: +\$8.0 million – subject to change

Key Changes – FY 2025-26

- One-time revenues and expenditures removed
- *Moderate property tax growth – 3.5%*
- *Continued weakness in other taxes*
- Estimated 3.2% total S&B Change
 - Final year of current labor agreement
- No new programs/backfill included

General Fund Revenue	FY 24-25 Projected	FY 25-26 Projected
General Purpose Tax Revenue	\$ 391.6	\$ 404.3
Other General Purpose Revenue	\$ 57.2	\$ 44.6
Use of 1x Fund Balance	\$ 13.8	\$ -
Total General Purpose General Fund	\$ 462.6	\$ 448.9

Departmental Revenue	\$ 239.3	\$ 235.7
Total General Fund Revenue	\$ 701.9	\$ 684.6

General Fund Expenditures		
Salary and Benefits	\$ 449.7	\$ 470.1
Other Expenditures	\$ 244.1	\$ 213.8
Total General Fund Expenditures	\$ 693.9	\$ 684.0

Total Surplus (Deficit)	\$ 8.0	\$ 0.6
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Key Changes – FY 2026-27

- Property tax slowing - 3.0%
- Other tax growth still slow
- Estimated 3.6% total S&B change
 - Pending labor agreements
 - Assumes 3% wage change same as SCERA actuary assumption.

General Fund Revenue	FY 25-26 Projected	FY 26-27 Projected
General Purpose Tax Revenue	\$ 404.3	\$ 415.8
Other General Purpose Revenue	\$ 44.6	\$ 44.2
Use of 1x Fund Balance	\$ -	\$ -
Total General Purpose General Fund	\$ 448.9	\$ 460.0

Departmental Revenue	\$ 235.7	\$ 239.4
Total General Fund Revenue	\$ 684.6	\$ 699.4

General Fund Expenditures		
Salary and Benefits	\$ 470.1	\$ 487.0
Other Expenditures	\$ 213.8	\$ 219.6
Total General Fund Expenditures	\$ 684.0	\$ 706.6

Total Surplus (Defecit)	\$ 0.6	\$ (7.2)
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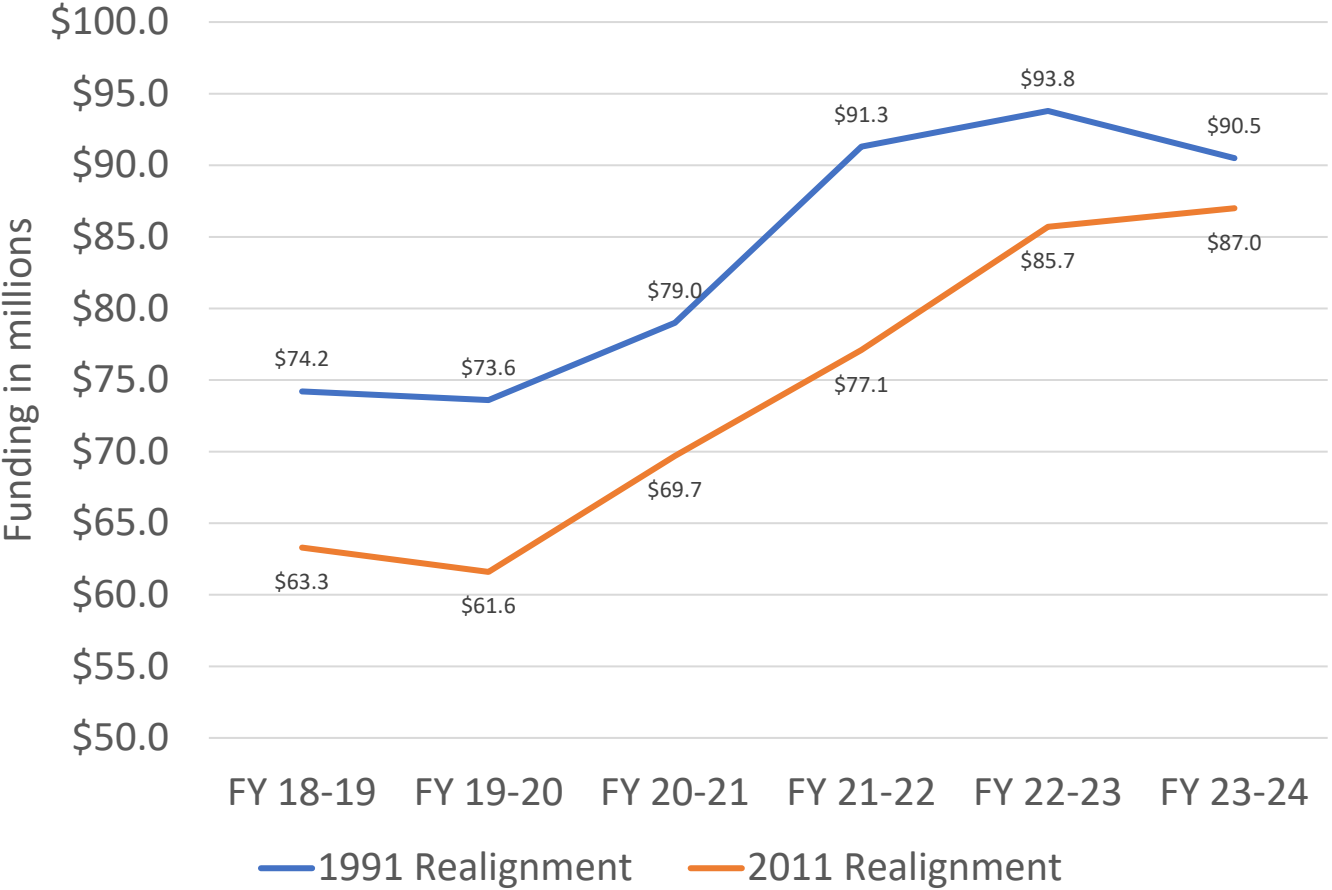
State and Federal Overview

- State and Federal Revenues account for 40% of Budget
 - State - \$551.5 million or 26%
 - Federal - \$308.6 million or 14%
- Levels have increased faster than General Fund
 - State funding up 33.6% since 2018-19
 - Federal funding up 43.3% since 2018-19
 - GF Tax revenues up 27.1% since 2018-19
- Increases not even across programs
- Great uncertainty if this will continue
- State administration warns that policies on tariffs, international trade, and immigration may cause inflationary impact which will dampen economic growth and reduce state revenues.

State Budget Impacts

- State saw major budget shortfall over previous two years
- Governor's Budget shows recovery from 2024-25
- Many state revenues tied to identified sources rather than identified amounts
 - Realignment
 - Proposition 172
- These funding sources expected to see limited increases in fiscal 2025-26

State Budget - Realignment



- Actual funding for Sonoma County shown in chart
- 2024-25 estimate from Gov. Budget:
 - 2.3% growth for 1991 Realignment
 - 3.4% growth for 2011 Realignment
- 2025-26 estimates from Gov. Budget
 - 2.6% growth for 1991 Realignment
 - 2.9% growth for 2011 Realignment
- Per HdL 2011 Realignment projected to grow from 3% to 3.6% per year over next 5 years

Federal Impacts

- Opening weeks of new federal administration have seen consistent focus on:
 - Reduction of overall federal funding levels
 - Alignment of funding with administration priorities
 - Attempts to circumvent normal processes to do so
- Initial efforts to freeze funds outside of budget process have been stayed by courts
- County's focus: Monitor, Validate, and Prepare
- Consistent with BOS policy, General Fund Forecast does *not* include funding to backfill federal programs or to address impact of federal policy

FY2025-26 Budget Development Timeline

- March 25 – Consolidated Fee Hearings
- April – Board Budget Request Deadline
- April 28-30 – Budget Workshops
- April 30 – Board Budget Information Requests (if any) from Districts to CAO
- May 12 – Recommended Budget Published Online
- June 10-13 – Scheduling Two-week Budget Hearings