



COUNTY OF SANTA CRUZ

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Nicole D. Coburn, County Executive Officer

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BOARD APPROVES FY 2026-27 PROPOSED BUDGET

The Santa Cruz County Board of Supervisors today approved the Fiscal Year (FY) 2026-27 Proposed Budget, completing months of public review and difficult deliberations to preserve essential public services while confronting one of the most challenging fiscal environments the County has faced in decades.

The \$1.29 billion budget maintains core public safety, health and human services, and other essential County operations while continuing a strategy of fiscal restraint designed to address a structural budget imbalance that has been worsened by inflation, rising operating costs, and significant reductions in federal support for safety-net programs.

The approved budget includes an \$851.4 million General Fund and funds more than 2,600 full-time equivalent positions. It continues the County's strategy of using one-time resources to bridge an estimated \$23 million structural budget gap while avoiding layoffs and preserving essential services as the County develops longer-term structural solutions.

"The Board and County staff were faced with extraordinarily difficult choices," County Executive Officer Nicole Coburn said. "While today's vote reflects challenging trade-offs made throughout the budget hearings, the FY 2026-27 Budget maintains the discipline necessary to protect essential services today while preparing for even greater fiscal challenges ahead. These choices were made with an eye toward preserving the County's long-term operational and financial sustainability."

Throughout the budget process, the Board considered extensive public testimony and made several adjustments to the Proposed Budget, including maintaining the County's current conflict public defense model while directing staff to return later this year with recommendations for the long-term delivery of conflict defense services. Finalization of changes to funding for County Parks, including preserving Sunday hours at Simpkins Family Swim Center and restoration of funding for arts grants, was delayed until June 30.

Federal changes enacted through H.R. 1 are expected to increase costs and reduce funding for programs serving Santa Cruz County residents, placing additional pressure on local governments already struggling with rising costs. Counties throughout California face

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growing uncertainty surrounding health care, behavioral health, food and nutrition assistance, housing, homelessness response and other essential safety-net services.

Although the FY 2026–27 Budget is balanced, significant uncertainty remains. The full fiscal impact of H.R. 1 will depend largely on how California implements the law and responds to substantial new costs shifted from the federal government to states and counties.

As those decisions take shape, the County will continue monitoring their effects on local programs and services. Staff expect to return to the Board of Supervisors this fall with updated fiscal projections and, if necessary, recommendations to address budget impacts. The County will also continue working with the Board on long-term fiscal strategies, including evaluating sustainable funding options to help meet community needs.

The approved budget continues investment in several major County priorities, including:

- Completion of the County's next Strategic Plan to guide long-term priorities and fiscal investments.
- Continued implementation of Streamline Santa Cruz County and the AI Elevation and Standardization Workplan to improve customer service and modernize County operations.
- Continued local investments from Measure K in roads, environment, parks, housing and homelessness, supporting basic quality-of-life services for residents throughout the County unincorporated area.
- Continued implementation of Measure Q to improve parks, reduce wildfire risk, and enhance environmental stewardship.
- Progress on affordable and permanent supportive housing initiatives, including Veterans Village, Park Haven Plaza, and future development at 7th Avenue and Brommer Street.

The FY 2026–27 Budget relies on one-time funding that cannot sustain ongoing operations indefinitely, and County officials warned that it does not resolve the County's long-term fiscal issues. Current projections indicate the County will continue facing significant structural deficits in future years, requiring continued fiscal discipline, operational efficiencies, advocacy for State and federal support, and careful evaluation of County programs and services.

The County thanks residents, employees, nonprofit partners, community organizations, and other stakeholders who participated throughout the budget process and helped inform the Board's decisions.

The FY 2026–27 Budget and supporting documents are available at www.sccbudget.us.