



**FOR IMMEDIATE RELEASE**

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**San Joaquin County Midyear Budget Signals Caution Ahead  
Despite Stable Current Year Performance**

*County Projects \$23.7M in General Fund Savings Midyear but Urges Prudence*

**STOCKTON, CA** – The San Joaquin County Board of Supervisors reviewed the midyear budget report for the current fiscal year. At the end of the fiscal year, the County projects General Fund savings of \$23.7 million as compared to the budget for the year. By June 2026, the County expects to bring in \$10.1 million more in local tax revenue than budgeted. While current conditions are not alarming, County leaders are warning that tough times may be ahead due to cuts at the state and federal levels.

“This midyear report reflects the discipline and leadership of the Board of Supervisors, coupled with the hard work and discipline of our County departments,” commented Board Chair Sonny Dhaliwal. “But it also sounds a warning we cannot ignore. Between the State budget and sweeping federal Medicaid reductions, San Joaquin County must plan wisely and spend carefully. We owe it to our residents to protect essential services while pressing the State and federal governments to make the structural changes needed for long term fiscal stability.”

**Local Revenue: Solid, but Slowing**

Property taxes, which make up the bulk of the County’s discretionary revenue, are performing ahead of budget for the current year by \$6.5 million. Sales tax revenue is expected to exceed budgeted amounts by \$2.3 million. Proposition 172 public safety sales tax is projected to be \$400,000 ahead of budget.

However, looking ahead, the County Assessor preliminarily projects property tax growth of 2% for 2026–2027, a significant decrease from current-year performance of 7% growth.

“Today’s numbers are the result of careful planning and spending discipline, and projections for the coming year demand fiscal prudence. Property tax growth is slowing, federal health funding is at risk, and labor costs continue to climb,” added

County Administrator Sandy Regalo. “We are taking deliberate, responsible steps, including spending discipline, to ensure San Joaquin County remains on solid financial footing to provide the services our residents expect and deserve.”

### **State and Federal Pressures: A Growing Risk to County Services**

The County faces significant fiscal uncertainty driven by decisions in Sacramento and Washington, D.C. The Governor’s Proposed State Budget projects a \$2.9 billion deficit, with the independent Legislative Analyst’s Office projecting an \$18 billion gap and structural deficits growing to \$35 billion by 2027–2028. These shortfalls are expected to result in county-level funding losses for health and human services programs.

At the federal level, H.R.1 introduces sweeping Medicaid (Medi-Cal) reductions that threaten County health and human services programs. San Joaquin Health Centers, which serves over 33,000 patients annually with approximately 85% covered by Medi-Cal, faces a potential \$5–9 million annual revenue loss. Behavioral Health Services anticipates annual Medi-Cal revenue losses of \$22.5 million by 2029. San Joaquin General Hospital faces potential revenue reductions of \$10–25 million through 2028–2029 as supplemental funding rates are phased down toward Medicare levels. The Human Services Agency is already facing a projected \$12.4 million Net County Cost deficit, driven largely by revenue shortfalls as rising program costs have outpaced funding.

### **Commitment to Financial Restraint**

In response to federal and State uncertainty, the County has taken proactive steps. Several departments have instituted targeted hiring freezes, including the Human Services Agency, Public Health Services, and San Joaquin General Hospital. Countywide costs for labor agreements already in place are projected to increase by approximately \$22.4 million in 2026–2027, driven by negotiated salary increases and rising health insurance premiums of up to 29.9%. At the direction of the Board, the County will continue to look for lower cost health insurance options. Multiple labor groups are currently in negotiations and will likely result in further cost increases.

The County Administrator’s Office has asked all departments to keep their budget requests focused on existing programs and to plan for a tighter budget year ahead. The Proposed Budget presentation will be on the Board Agenda on June 2, 2026, and the Final Budget Hearing will be held on June 16, 2026.

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The Board of Supervisors is the governing body of San Joaquin County and serves more than 816,000 residents. The Board establishes County policies, passes local ordinances, approves the budget, sets local tax rates, supports community programs and provides many other essential services.