

Sustaining Financial Capacity

Hiring and Spending Freezes

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CEO.

CEO. Why A Hiring Freeze?

- As part of a broader strategy to address the County's long-term financial stability, **CEO is recommending hiring and spending freezes effective February 13, 2026.**
- A review of FY 2025-26 actual spending has revealed **year-end NCC deficits projected to exceed \$200 million.**
- These numbers are **trending worse than last year** and **expected to be worse yet in 2027-28** as "Big Bill" regulations are fully implemented.
- AB 218 settlement payments and a stream of additional claims limit our discretionary spending.



CEO. Revenue Risks



Federal and State funding make up more than 1/3 of our total budget.

- The unpredictability of federal funding puts benefits and services for millions of people at risk and adds stress to our safety net system.
- While a resolution to the threatened federal shutdown appears close, a social services funding freeze is still possible.
- Significant “Big Bill” cuts will take effect 2027-28.
- The State is working to close its own deficit, however deficits are possible in the coming years.
- Property tax revenues are heavily dependent on housing sales and interest rate moves.

CEO. A Closer Look: Implementing a Hiring Freeze

The **hiring freeze** would apply to promotions and new hires, including transfers and 120-day retiree hires.

The **spending freeze** would apply to non-essential purchases of services and supplies and non-essential travel.

- **Critical health and safety, mandated, and revenue-generating positions will be exempt from the hiring freeze.**
- We will establish an exception process for priority hires and promotions.
- Departments already under a Board-ordered hiring freeze (Sheriff's Department and Probation) will remain under the previous Board-ordered hiring freeze and the new **Department of Homeless Services and Housing will be exempted.**



Thank you.

Questions?

| CEO.