



Skagit County Board of Commissioners

Ron Wesen, First District

Peter Browning, Second District

Lisa Janicki, Third District

November 14, 2025

2026 Preliminary Budget

The development of the next Skagit County budget has been a particularly difficult and challenging process for 2026. We want to extend our sincerest appreciation to elected officials and department leaders for being creative and adaptable in evaluating how to best provide core government services to the community, while being mindful of the resources available at this time. Local governments are constantly challenged to do more with less each year, but the dedication of our staff ensures that we continue to offer the best service to our community every day.

The Skagit County budget provides our community with the opportunity to see the priorities of the County Commissioners and other county leaders in action each year. We aim to be transparent with each budgetary decision, and this letter offers an overview of the investments and reductions proposed for 2026.

2026 Budget Forecast

Each year, the Budget and Finance Department evaluates revenue forecasts to determine the available resources to Skagit County for the development of the following year's budget. The [2026 forecasts](#) are particularly troublesome when compared to the continued rise in expenses for maintaining current levels of services and programs at Skagit County. We [shared earlier this year](#) that if the 2025 budget allocations were to remain consistent in 2026, there would be an approximate \$19,000,000 budget deficit in the general fund.

The general fund deficit projection is the result of annual increases to operating and salary costs outpacing revenue sources for local governments. General fund revenue is primarily sourced through the following ways:

- Property Taxes (43.6%)
 - Property tax revenue is limited to a 1% increase each year.
- Sales and Use Taxes (25.3%)
 - Sales tax in 2024 and 2025 have remained flat and has not kept up with inflation.
- State and Federal Grant Support (10.5%)
 - Grant support has been reduced over the past year, with less dollars being available to local governments and more services becoming mandated for the county.
- Other Revenue (20.56%).
 - Investment revenue is the largest item in this category and has additionally been highly volatile and fluctuates based on cash available for investments and interest rates.

Skagit County additionally includes over 84,000 acres of Washington State Department of Natural Resources (DNR) forest lands, which is excluded from the tax base for the County. As a way to offset the loss in property tax revenue, DNR shares the revenue generated from timber sales to support county services to those lands. Skagit County has historically been one of the top three largest recipients of state timber land revenue; however, timber sales have been significantly reduced over the past eight years. In 2018, timber revenue peaked at approximately \$2.24M to Skagit County's general fund. In 2024, that amount was reduced by 72%, and to date in 2025, we have received just 13% of the peak amount. Timber sale revenue not only benefits the local economy, providing good-paying jobs and supplying our industries with locally sourced wood, but also provides a substantial influx of dollars to the county general fund. The continued loss of revenue from outside sources is contributing to our budget imbalance and reduces our ability to provide mandated services to our community.

One of the largest expenditure increases in recent years has resulted from our philosophy of paying staff competitively, with the intent of ensuring fair compensation and supporting recruitment and retention efforts. We conducted a salary study in 2023 to evaluate the compensation of Skagit County employees with our neighboring and comparable counties, and we made the strategic decision to pay County staff 5% above the median wage for similar positions in those counties. The ability for Skagit County to offer effective, efficient services to the community is built on a productive and thriving workforce; however, we were clear in 2023 that higher paid staff means we may not be able to employ as many staff in the future. Our overall workforce has grown from 625 in 2011 to 753 in 2026. Additionally, the average cost per employee in 2011 was \$84,500 and in 2026 the average cost has risen to \$141,800, accounting for a 67% increase in expenses, while general fund revenues only grew by 46% during that time. We are proud to support a strong workforce, but the cost to support our workforce requires us to carefully evaluate our organizational structure to ensure we are providing mandated government services efficiently.

In short, Skagit County cannot continue to fund all current services and programs in 2026. We will be reducing expenditures and creating organizational changes that are sustainable for future budgets, helping to lessen the need for continued budgetary reductions in 2027 and beyond. However, the 2026 budget as proposed does not constitute final solutions for the Skagit County financial situation. Continued evaluation of our services, staff levels, and programs will be needed throughout 2026 to ensure the County maintains the general fund reserves necessary for a healthy financial picture. As County Commissioners, we will be working with departments and elected officials regularly over the next few months to continue evaluating where changes can be made to reduce overall spending and investment.

General Fund Highlights

The general fund preliminary budget includes \$84.6M of general fund expenses and revenues of \$73.6M. This includes spending approximately \$10.9M in reserves, leaving a projected general fund balance of \$10.4M at the end of 2026. The 2026 budget objectives we adopted in July state the general fund balance should maintain a minimum reserve balance of 16.67% of expenses, which would require a balance between \$14.1M to \$21.1M to cover two to three months of general fund expenses. The proposed reserve for 2026 has not met this goal, which will require the County to continue reducing expenses in 2026.

The general fund expense budget reflects a 1.7% increase from the 2025 modified budget. The general fund revenue budget includes a one percent increase on property tax revenue of \$303,762, estimated collections for new construction of \$334,202, and a sales tax projection of \$18,418,156.

We are dedicated to ensuring core government services are maintained and prioritized for the 2026 budget. The county general fund is the most flexible funding source for Skagit County operations. General fund uses include the following:

- Public Safety (76.5%)
 - This includes the Sheriff's Office, Superior and District Courts, and Prosecuting Attorney and Public Defender.
- General Government (20.5%)
 - This includes the Auditor, Assessor, Treasurer, Commissioners, Human Resources, Budget and Finance, Facility Maintenance, and transfers to Elections and Planning and Development Services.
- Parks (1.5%)
- Public Health (1.5%)

Other sources of revenue for Skagit County are restricted for the intended use, such as roads, solid waste, restoration projects, veteran services, and homelessness and behavioral health resources, and cannot be reallocated to support other programs and staffing.

When deciding how to reduce expenses in the general fund, we first reviewed programs which are not mandated to be provided by the county and then evaluated how those mandated services can be provided in the most efficient way possible. The following reductions have been included for the proposed 2026 budget:

1. Transitioning Senior Nutrition Program to New Provider

On September 30th, we notified Northwest Regional Council that we would like them to transition the Skagit County senior nutrition program from the Public Health Department to a new provider by July 1, 2026. This decision reduces the general fund allocation to Public Health by \$744,266 in 2026 and over \$1.1M in future years. The senior nutrition program includes the hot congregate meals in each of the senior centers and the hot and frozen meal deliveries to home-bound seniors in the community.

Skagit County has been the contractor for Northwest Regional Council to provide senior meals in the community since the program's inception in 1973. The federal government provides funding for this program through the Older Americans Act; however, the allocation has remained relatively stagnant over the last few decades and the reliance on local funding to support the program has continued to grow beyond what Skagit County is able to provide.

2. Public Health Staff Reductions

In addition to transitioning the senior meals program to a new provider, the Public Health Department budget has significant staffing reductions to reduce the reliance on general fund allocations to support current services. Public Health is primarily supported through grants and other revenue sources that are restricted to the intended use; however, increased demands for public health support during the COVID-19 pandemic led to a growth in staffing levels that is no longer sustainable.

In 2018, Public Health fund 101 supported 29.6 full-time employees. In 2025, fund 101 staff include 43.5 full-time employees, a nearly 50% increase. While this growth was essential to support the

extraordinary demands of the COVID-19 response, this level of staffing is no longer required. The Public Health preliminary budget includes nine staff reductions for 2026 in various divisions.

3. County Closure Days

We have made the difficult decision to close all county offices, as allowable, for ten business days in 2026. Furloughing staff saves \$130,000 per day in the general fund budget and each furlough day reduces the need for one staff layoff for one year. Ten closure days in 2026 saves ten county jobs for the current year.

A calendar of furlough days is included at the end of this message. All County business operations will be closed on designated furlough days, except those required by law to remain open or necessary to provide essential emergency and public safety services. Operations designated to remain open include:

- Courts (as determined by the judges)
- Detention Centers
- Law Enforcement
- Solid Waste Operations
- Guemes Island Ferry

While furlough days are an option to reduce county expenditures, we recognize this is a band-aid measure to reduce overall spending and cannot be relied on as a sustainable cost savings opportunity.

4. Various Position Eliminations

After careful discussion with department directors and elected officials, we have proposed to eliminate 51 positions across the County, including 23 positions within the meal program which will be eliminated after the program is transitioned to a new provider on July 1, 2026. These position reductions are not indicative of the importance of the position or the performance of the employee. With the magnitude of the budget imbalance for 2026, reducing the workforce is necessary to save sufficient costs next year. We will be working with departments and offices on organizational restructuring, if necessary, to ensure county services are still delivered effectively to the community.

5. Hiring Freeze

Following the completion of the annual budget work sessions with each elected office and county department, we announced an immediate 90-day hiring freeze to help stabilize current budget expenditures and reduce immediate costs as we developed the full preliminary 2026 budget.

We have decided to continue this hiring freeze into 2026 until further notice. We have more work to do in 2026 to stabilize and reduce expenses, and continuing the hiring freeze will help us evaluate each position as it becomes vacant to ensure its necessity for the future success of county operations.

In addition to these cost-saving measures, we have reduced travel expenses, training and conferences which require travel, new equipment purchases, and nonessential services, utilized attrition to reduce

staffing levels, and consolidated departmental resources as much as possible to minimize expenditures for 2026.

We have requested department directors and elected officials to present a plan for a 10% across the board reduction and a plan for an additional 10% reduction to help us strategize for the necessary changes we will need to make in 2026. These plans are only suggestions, but they will guide our decisions as positions become vacant, or as we identify programs which might be appropriate for elimination.

House Bill 2015 Revenue

On November 10, 2026, we adopted the Washington State House Bill 2015 (HB 2015) 0.1% sales tax increase to provide additional funding for public safety. This new sales tax will generate approximately \$4-4.5M in new annual revenue. The tax will be implemented starting April 1, 2026, so the revenue generated for the first year will be approximately \$3M.

We are proud to prioritize effective public safety services for the residents of Skagit County. The new sales tax will permit our organization to fund new staff within the Sheriff's Office, Public Health, and local city police departments. We are also evaluating the use of HB 2015 revenue to support current public safety expenses including: crisis response deputies, support for the Mount Vernon Police Department Integrated Outreach Services, Julota software for first responder agencies, and Skagit County Jail behavioral health services.

The new HB 2015 revenue investments include:

- Three Sheriff Investigation Deputies
- One Park Ranger
- Two Mental Health Professionals to Support the Cities of Anacortes, Burlington, and Sedro-Woolley

These investments in crisis response and restorative services help our communities most in-need of our support and ensure our deputies and police officers have the right staff in place to keep Skagit County safe.

2026 Strategic Plan Priorities and Investments

While the 2026 revenue forecasts have required county service level reductions in some areas, we have maintained our commitment to the Skagit County Strategic Plan priorities for next year. Our Key Focus Area (KFA) work groups have continued to collaborate over the past year to accomplish our goals and project priorities within the Strategic Plan. In 2024, we began transitioning our strategic plan language to the Balanced Scorecard model to translate our strategies into actionable activities. This model allows the organization to ensure that every department sees and understands the clear linkages between its own strategy and the strategy of the organization as a whole.

In 2025, KFA work groups began using ClearPoint software to publish the data we are tracking for goals and project priorities, and our progress towards accomplishing those goals. The software will help support a public facing website in 2026 to display our Strategic Plan and progress to the community.

We are proud of the accomplishments of the KFA work groups and staff thus far towards advancing our Strategic Plan. The following investments have been proposed for 2026 to continue our progress:

KFA 1: Strong and Engaged Workforce

Our first priority is to employ a strong and engaged workforce to provide necessary services to our community. Employees invest time, energy, talent, and the very best of themselves into the success of our County. Supporting their development and work ensures we foster belonging and satisfaction within our workforce. Staff working towards KFA 1 goals will be implementing the following initiatives in 2026:

- Continuing to evaluate competitive compensation and wages for staff and adopt job descriptions which provide alternatives for minimum requirements to include formal education, experience, certifications and/or licensing.
- Developing a recruitment program to expand our outreach to more qualified candidates.
- Launching an employee satisfaction survey and developing policies which support work life balance for Skagit County employees and flexible work schedules.
- Ongoing support for county employee collaboration opportunities through County Connects and the all-staff summer appreciation event.

KFA 2: Critical Infrastructure

One of the most important services Skagit County must provide to the community is the continued upkeep, maintenance, and stewardship of county roads, infrastructure, and assets. In addition to annual maintenance activities, such as chip sealing county roads and upgrading various county hardware and software programs, KFA 2 will work towards the following priorities:

- Pre-bond planning efforts, including communications and outreach consultant work, for a future new courthouse building and Sheriff's Office headquarters.
- Feasibility study of the Juvenile Detention programs to assess facility options and capacities.
- Risk and safety assessment of the Continental Building.
- Correction of ADA barriers and deficiencies in various county buildings.
- Continued work on the data accuracy improvement project within the Geographic Information Services division of the Central Services Department.
- Improving the security posture of our technology infrastructure.

KFA 3: Behavioral Health & Homelessness

We have long recognized the behavioral health and homelessness crisis within our community and the need for the County to lead on effective, community-based solutions. North Star represents our best efforts to collaborate with our local cities, stakeholders, and residents with lived experiences to ensure we address these complex issues with the expertise needed to make meaningful and sustainable change. We aim with the following priorities to build on the success of North Star and continue to strengthen the network and coordination of services, and create a community of recovery that supports all people thriving:

- Development of a behavioral health and homelessness plan which incorporates vital conditions and urgent services, an evidence-based recovery care model, and expansion of year-round low-barrier shelter connected to behavioral health services.
- Increasing the Sheriff's Office Crisis Response Team (CRT) staff with the goal of having CRT deputies available 24/7.

- Creation of new recovery and transitional housing using behavioral health sales tax funding and opioid settlement funding to reduce the number of individuals released from the Community Justice Center entering homelessness.
- Reducing recidivism by increasing therapeutic court participation and re-entry services for the Community Justice Center.
- Implementing a case consult model with Coordinated Entry partners to quickly identify and house the most vulnerable households.

KFA 4: Health, Housing, & Community Safety

This KFA addresses the overall wellbeing of community members by increasing affordable housing, providing for living wage jobs, and improving public safety within our communities. Through partnerships between the Public Health Department, Planning and Development Services, Parks and Recreation Department, and the Sheriff's Office, we will improve the livability of Skagit County with the following investments:

- Continued assessment of the Mount Vernon Senior Center property for affordable housing development and evaluation of a new location for the Mount Vernon Senior Center.
- Using Economic Development Public Facility Funds for affordable workforce housing projects county-wide. 2025 awards include \$950,000 to Community Action of Skagit County Kulshan View Apartments, \$700,000 to Family Promise of Skagit Valley Cottage Village and Transitional Housing Expansion, and \$810,000 to Housing Authority of Anacortes Olson Building Reconstruction.
- Supporting the work of the Skagit County Drug Task Force.
- Completing the acquisition of new acreage for Yudwasta Big Rock Park and reopening the park for public access in spring 2026.
- Finishing the design work to continue expanding Centennial Trail.

KFA 5: Sustainable & Resilient County Government

Part of responsible stewardship of a county government is being proactive and resilient to environmental changes, protecting our natural resource lands, and dedication to long-term planning efforts to protect and upgrade our infrastructure and assets. In 2026, we will continue our efforts to improve transparency and customer service within our organization, as well as advancing environmental protection and restoration efforts in the county. These targeted priorities for next year will advance those goals:

- Increasing financial transparency by launching Euna OpenBook software to display the Skagit County budget as well as actual revenues and expenditures online. The data displayed will be updated regularly to reflect current financial information.
- Continued support of ClearPoint software to display our progress towards accomplishing Strategic Plan goals and priorities.
- Launch of the new Skagit County website to improve the customer service experience of website users and ensure our website continues to have software support to operate the system.
- Broad emergency management and response training to Skagit County employees and partner agencies to ensure we are prepared to jointly respond to the next community disaster.
- Replacement of culvert barriers with fish passable structures throughout the county.
- New and continuing efforts to restore riparian areas.

We are grateful to our entire staff at Skagit County for making the success of these investments for 2026 possible. Local governments provide important and impactful services, and our employees are the reason these services support a thriving Skagit for all. Thank you for your dedication to serving our community.

Sincerely,

**BOARD OF COUNTY COMMISSIONERS
SKAGIT COUNTY, WASHINGTON**



Lisa Janicki, Chair

Ron Wesen, Commissioner



Peter Browning, Commissioner

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Holidays

Washington State recognized regular holidays. County's regular operations are closed.

Closure

All County business operations will be closed on designated County Closure Days, **except** those required by law to remain open or necessary to provide essential emergency and public safety services.

Operations designated to remain open include:

Courts (as determined by the judges), detention centers, law enforcement, solid waste operations, Guemes Island Ferry

Furlough schedules for employees in these operations will be determined by the respective department head or elected official. Only minimum necessary staff shall work on closure days to maintain the continuation of essential operations.