



County Executive Office

FY 2025-26 Recommended Budget: Key Budget Message

The County Executive Office is pleased to present the Board of Supervisors (Board) with the FY 2025-26 Recommended Budget reflecting the allocation of resources aligned with the County's mission, strategic priorities, and goals.

The FY 2025-26 Recommended Budget of \$10.8 billion addresses the essential community, capital, and operational needs of the County. When compared to the FY 2024-25 Adopted Budget, the FY 2025-26 Recommended Budget reflects an increase of \$1.2 billion (12.8%) and a net decrease of 163 positions. The budget increase is primarily related to non-general funds and is technical in nature to allow for transfers between funds including internal borrowing or for operating purposes. Additionally, the budget increase includes strategic investments in the County's parks, libraries, landfills and airport infrastructure aimed at enhancing public services, supporting sustainability, and improving the quality of life for residents. Furthermore, the budget increase includes funding for essential health and support services to meet the needs of the community, including the County's most vulnerable populations. The position decrease is due to the deletion of vacant positions compliant with the Board approved Vacant Position policy and positions proposed in reduce augmentations to meet Net County Cost (NCC) limits.

A Citizens' Guide to the FY 2025-26 Recommended Budget was also developed to provide members of the public with an overview of the FY 2025-26 Recommended Budget including General Fund revenue sources and uses, budget development and adoption timeline, department requests, and key initiatives the County is prioritizing and funding.

Highlights

- Consistent with long-term strategic priorities and the Strategic Financial Plan, the budget is balanced and includes 0% growth in NCC for General Fund departments, which comprises \$5.4 billion (50%) of the total \$10.8 billion budget.
- Budgeted General Purpose Revenues total \$1.2 billion, \$78.5 million more than the FY 2024-25 Adopted Budget, due primarily to a \$72.1 million projected increase in property tax revenues.
- Revenue assumptions reflect moderate levels of growth including 5.7% growth in General Fund net property tax revenue over the current year's budget.
- The FY 2025-26 budget for the one-half cent Public Safety Sales Tax (Proposition 172) revenue of \$427.6 million (80% OC Sheriff's Department - \$342.1 million; 20% OC District Attorney - \$85.5 million) is a 2.5% (\$11.0 million) decrease when compared to the FY 2024-25 Adopted Budget of \$438.6 million.
- Realignment revenues total \$945 million and include \$266 million for health, mental health, and social services (1991); \$667 million for public safety and social services (2011); and \$11

million for Juvenile Justice. This is an increase of \$28 million (3.1%) above the amount in the FY 2024-25 Adopted Budget.

- The FY 2025-26 Recommended Budget includes \$144.8 million in restore requests from General Fund departments to maintain current levels of service, for which all core positions and services are recommended for restoration with the use of ongoing and one-time funding.
- The FY 2025-26 Recommended Budget includes \$2.9 million in requests from departments to expand operations or increase levels of service provided. Of the amounts requested, \$2.7 million is anticipated to be funded by various revenue sources and \$0.2 million funded by the General Fund.
- The FY 2025-26 Budget is balanced based on the Governor's January Proposed Budget which was released prior to significant fiscal events such as the catastrophic California fires and changes implemented by the new federal administration. The State's Budgets will continuously be monitored until enacted and any reconciliation adjustments will be made through the mid-year budget report process.

FY 2025-26 Budget Summarized

Appropriations by Program Area

The table below summarizes the total appropriations, synonymous with expenditure limits, for each of the County's seven programs.

Program Number	Program Name	FY 2025-26 Recommended Budget (\$M)
I	Public Protection	\$1,857.6
II	Community Services	3,827.6
III	Infrastructure & Environmental Resources	1,986.0
IV	General Government Services	605.6
V	Capital Improvements	664.2
VI	Debt Service	211.7
VII	Insurance, Reserves & Miscellaneous	1,616.2
	Total	\$10,768.9

At 36% of the budget, the largest program area is the Community Services Program. This area includes the Social Services Agency, Health Care Agency, OC Community Resources, and Child Support Services. The vast majority of revenue in these departments is from state and federal sources, which are being closely monitored, for the County to administer programs and services on their behalf.

Revenue Sources

Revenue Source	FY 2025-26 Recommended Budget (\$M)
Dedicated Revenue	\$5,361.1
Other General Fund – Non-Discretionary	4,196.6
General Purpose Revenue	1,211.2
Total	\$10,768.9

Dedicated Revenue represents the majority of revenue at 50%. This revenue source is dedicated to the County's various enterprise, internal service, and special districts budgets. Examples include John Wayne Airport, OC Road, OC Flood, OC Public Libraries and OC Waste & Recycling. Dedicated revenues may only be used for these purposes.

Other General Fund - Non-Discretionary is the second largest category of revenue at 39%. As described in the Appropriations by Program Area section above, the County receives this category of revenue, primarily in Community Services departments, for administration of state and federal programs and services. These funding sources are restricted to funding the associated programs and services.

General Purpose Revenue (GPR), approximately 11% (\$1.2 billion) of revenue, is referred to as discretionary; however, while GPR does not have specific limitations like Dedicated Revenue and Other General Fund-Non-Discretionary revenue sources that comprise 89%, or \$9.6 billion, of the budget, the County uses this funding source to meet its mandated service requirements that are not fulfilled by the state and federal governments such as match requirements for Community Services programs and operational expenses of the Public Protection and General Government departments.

Net County Cost (NCC)

NCC is the General Purpose Revenue allocated to departments and is calculated as the variance between expenditures and revenue sources. The FY 2025-26 Recommended Budget includes \$1.2 billion in NCC. The majority of NCC is used to meet mandates requiring the County to provide public protection and other services.

Program Number	Program Name	FY 2025-26 Recommended Budget (\$M)
I	Public Protection	\$638.6
II	Community Services	207.2
III	Infrastructure & Environmental Resources	38.5
IV	General Government Services	179.4
V	Capital Improvements	16.1
VI	Debt Service	0.1
VII	Insurance, Reserves & Miscellaneous	131.3
	Total	\$1,211.2

Positions and Augmentations

The tables below provide summarized position information, as well as augmentation information by Type, Program, and Department.

Positions

FY 2025-26 Recommended Budget		Augmentations		
Program	Base Budget	Restore	Expand	Total Recommended
Public Protection	6,230	122	3	6,355
Community Services	8,973	16	23	9,012
Infrastructure & Environmental	1,319	0	0	1,319
General Government	1,748	26	9	1,783
Insurance, Reserves, Miscellaneous	350	0	0	350
TOTAL	18,620	164	35	18,819

Augmentation Recommendations

Augmentation Type	Requested Positions	Recommended Positions	Requested Appropriations	Recommended Appropriations
Restore	166	164	\$144,838,549	\$144,838,549
Expand	35	35	3,035,518	3,035,518
TOTAL *	201	199	\$147,874,067	\$147,874,067

Restore Augmentations

As part of the budget development process, County departments identify the NCC funding amount required to maintain current service and staffing levels. If a funding gap exists between a department's existing NCC funding and the amount needed to maintain current service and staffing levels, the department submits a "Restore Augmentation" requesting the additional NCC amount required to avoid staffing and/or service reductions. Departments identified and requested \$144.8M in additional NCC, all of which is recommended for funding.

RESTORE AUGMENTATION APPROPRIATIONS

Department/Budget Control	Requested Appropriations	Recommended Appropriations
Public Protection		
• District Attorney-Public Administrator	\$19,396,785	\$19,396,785
• Public Defender	6,805,389	6,805,389
• Sheriff-Coroner	62,120,338	62,120,338
Total Public Protection	\$88,322,512	\$88,322,512
Community Services		
• Health Care Agency	\$22,491,560	\$22,491,560
• Social Services Agency	15,154,109	15,154,109
Total Community Services	\$37,645,669	\$37,645,669
Infrastructure & Environmental Resources		
• OC Public Works (Utilities)	\$2,770,996	\$2,770,996
Total Infrastructure & Environmental Resources	\$2,770,996	\$2,770,996

RESTORE AUGMENTATION APPROPRIATIONS (continued)

Department/Budget Control	Requested Appropriations	Recommended Appropriations
General Government Services		
• Assessor	\$1,898,359	\$1,898,359
• Auditor-Controller & CAPS Program	467,299	467,299
• County Executive Office	882,975	882,975
• County Counsel	502,451	502,451
• Registrar of Voters	11,665,550	11,665,550
• Treasurer-Tax Collector	682,738	682,738
Total General Government Services	\$16,099,372	\$16,099,372
TOTAL RESTORE AUGMENTATIONS	\$144,838,549	\$144,838,549

Expand Augmentations are department requests to fund either new programs or increased service levels. Expand requests may be for ongoing or one-time funding.

EXPAND AUGMENTATION APPROPRIATIONS

Department/Budget Control	Requested Appropriations	Recommended Appropriations
Public Protection		
• District Attorney	\$687,668	\$687,668
Total Public Protection	\$687,668	\$687,668
Community Services		
• Health Care Agency	\$2,013,228	\$2,013,228
Total Community Services	\$2,013,228	\$2,013,228
Infrastructure & Environmental Resources		
• OC Public Works	\$204,965	\$204,965
Total Infrastructure & Environmental Resources	\$204,965	\$204,965
General Government		
• County Executive Office/Real Estate	\$44,657	\$44,657
Total General Government	\$44,657	\$44,657
Insurance, Reserves and Miscellaneous		
• OC Fleet Services	\$85,000	\$85,000
Total Insurance, Reserves and Miscellaneous	\$85,000	\$85,000
TOTAL EXPAND AUGMENTATIONS	\$3,035,518	\$3,035,518

Risks

The County, as with the rest of the state and nation, is facing uncertainties from changes in the federal administration. In addition, passed initiatives have or could have a significant impact on the County, most notable of which is the passage of Proposition 1, which implements the Behavioral Health Services Act (BHSA), and Proposition 36, which enacts several key changes related to punishments for theft and drug crimes. CEO Legislative Affairs continues to closely monitor these initiatives and their potential impacts on County operations and finances. The

County Budget and Finance Office along with departments will work through the 2025 strategic financial planning process to mitigate identified impacts.

State Budget: The FY 2025-26 Recommended Budget is based on the Governor's January Proposed Budget, which reflects a balanced spending plan with no projected deficit. However, the Proposed Budget does not account for the recent Southern California fires, or the changes imposed by the new federal administration, both of which could impact the State's Enacted Budget. Specific impacts from the State's budget on the County will be determined and reconciled in the mid-year budget report process.

Conclusion

The strategic efforts of the Board of Supervisors, County Executive Office and County departments demonstrate responsible fiscal management and position the County to anticipate and effectively address challenges as they arise. This is accomplished by proactively planning for economic shifts and utilizing available and eligible funding to advance the initiatives that best support the community overall. The County remains committed to the mission of making Orange County, "a safe, healthy, and fulfilling place to live, work, and play."

Next Steps

Two Public Budget Workshops providing a preview of the FY 2025-26 Recommended Budget information to be presented during the Public Budget Hearing on June 10, 2025, will be held on May 29, 2025. A Citizens' Guide to the FY 2025-26 Recommended Budget will be posted on the County's website along with the relevant budget documents. Details and links to access this information will be included with the press release issued at the time the budget is available on May 21, 2025.

The County Executive Office looks forward to presenting the FY 2025-26 Recommended Budget to the Board of Supervisors during the Public Budget Hearing scheduled on June 10, 2025.

The Board of Supervisors is scheduled to adopt the FY 2025-26 Annual Budget on June 24, 2025.

Additional information on County programs, budgets and Board meeting dates and agendas can be found on the County's website at www.ocgov.com.

Community feedback is important throughout the budget development cycle and can be provided year-round at <https://cfo.ocgov.com/>.