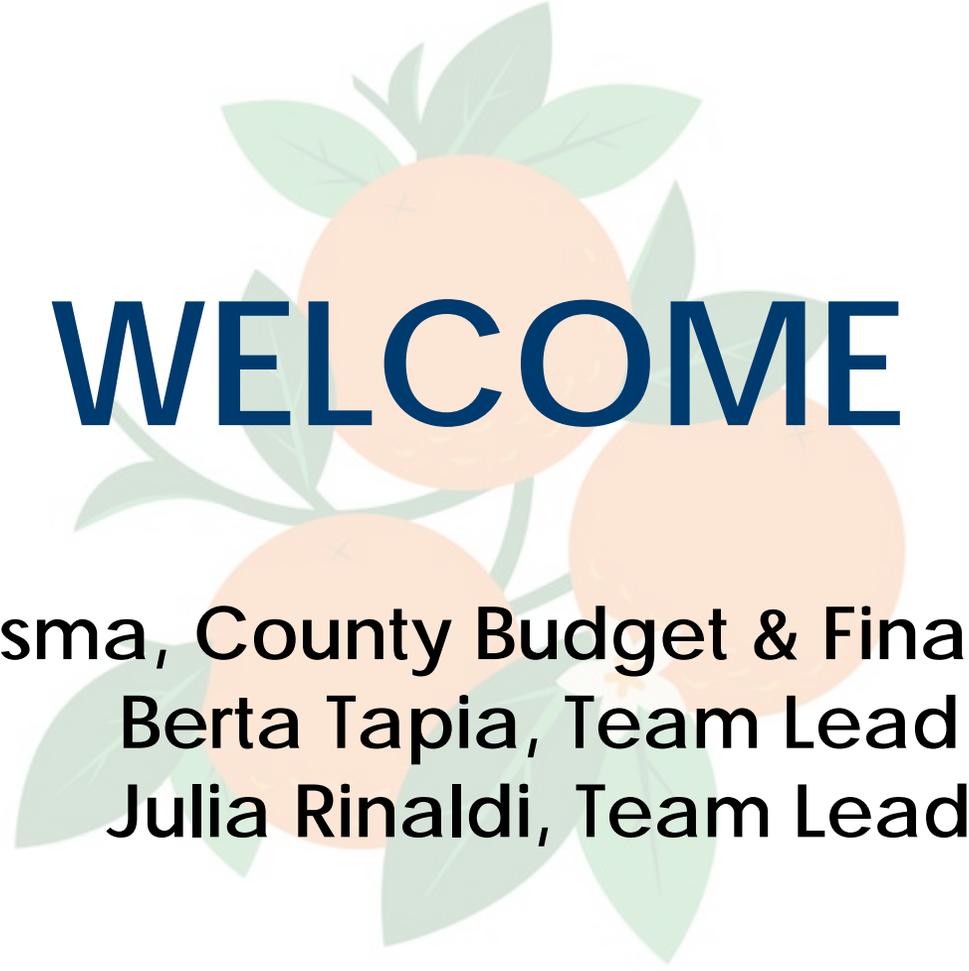


FY 2025-26 Recommended Budget





WELCOME

Oana Cosma, County Budget & Finance Director

Berta Tapia, Team Lead

Julia Rinaldi, Team Lead

County Mission

“Making Orange County a safe, healthy, and fulfilling place to live, work, and play, today and for generations to come, by providing outstanding, cost-effective regional public services.”

County Vision Statements

Vision Statement for Business Values

We strive to be a high-quality model governmental agency that delivers services to the community in ways that demonstrate:

Excellence

Provide responsive and timely services

Leadership

Leverage available resources as we partner with regional businesses and other governmental agencies

Stewardship

Seek cost-effective and efficient methods

Innovation

Use leading-edge, innovative technology

Vision Statement for Cultural Values

We commit to creating a positive, service-oriented culture which:

Attracts and retains the best and the brightest

Fosters a spirit of collaboration and partnership internally and externally

Supports creativity, innovation, and responsiveness

Demonstrates a “can-do” attitude in accomplishing timely results

Creates a fun, fulfilling and rewarding working environment

Models the following core values in everything we do:
Respect - Integrity - Caring - Trust - Excellence

Board-Approved Priorities

→ Stabilize the Budget

- ▶ Adopt a balanced budget in accordance with State law
- ▶ Reflect funds available to Departments/Programs and how funds will be spent

→ Prepare for Contingencies

- ▶ Adequate reserves to cover unanticipated and severe events

→ Address and Fund Agency Infrastructure

- ▶ Provide suitable funding for infrastructure to ensure high quality services are provided to the community.
- ▶ Assess best use of County funds to develop capital assets while maintaining long-term financial stability

Adopted December 18, 2012 and Reaffirmed March 31, 2015

Economic Outlook

National Economy

- Uncertainty in trade and fiscal policy due to changes in federal administration
- Projected stabilization of the Federal Reserve interest rates to combat anticipated inflation
- Below trend growth for U.S. economy in 2025
- Modest economic growth and recovery by 2027

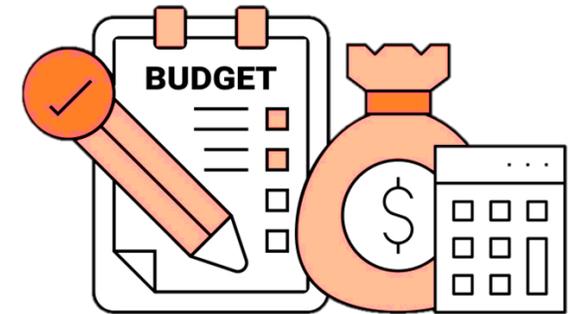


State Budget

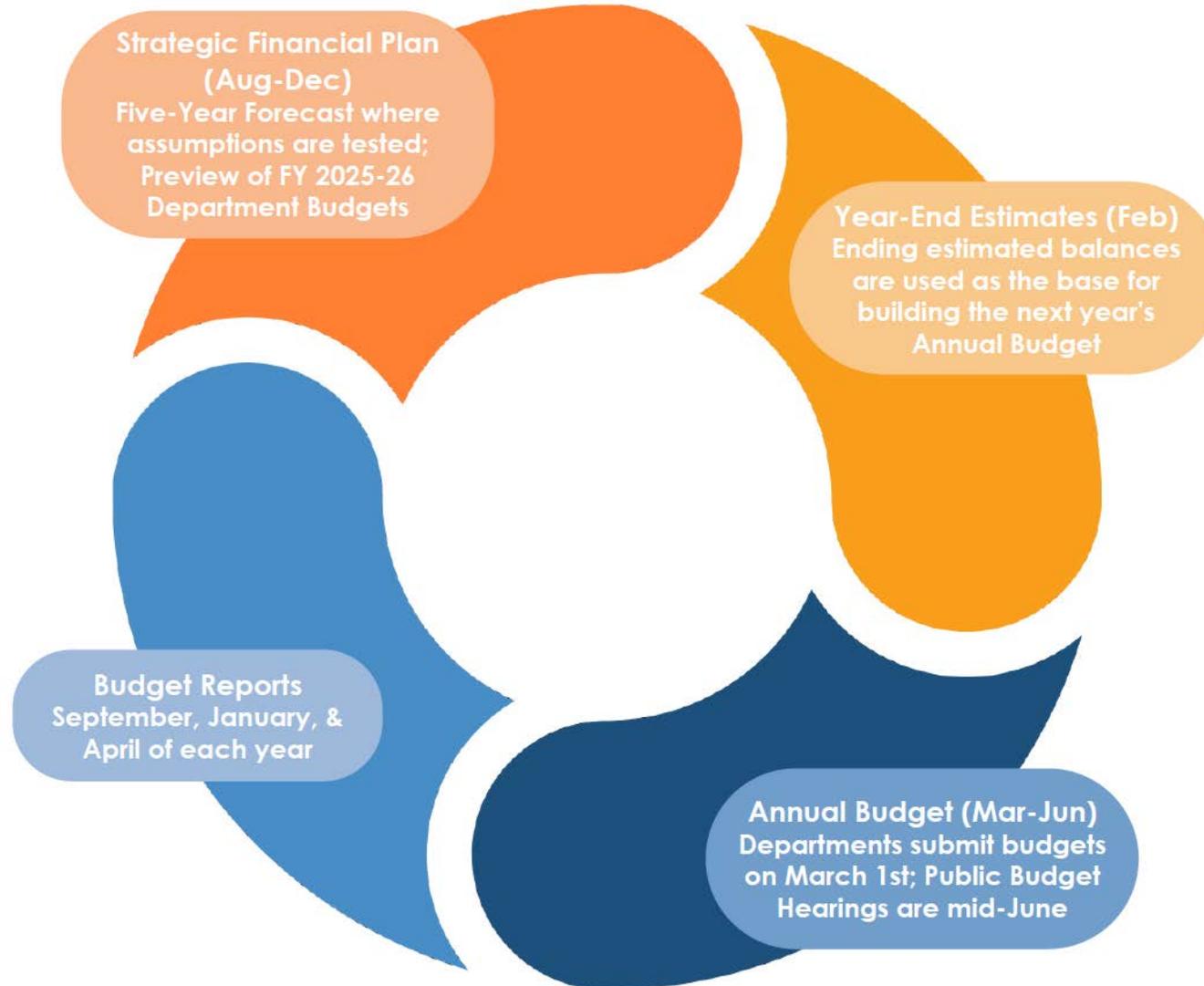
- May Revise Budget for FY 2025-26 projects a \$12 billion shortfall
- Deficit may require \$7.1B draw from reserves, borrowing from special funds and reductions in County-administered programs
- Proposal does not account for potential impacts of federal funding cuts

What is the Budget?

- Counties are required to adopt a balanced budget
- The budget fiscal year begins on July 1 and ends June 30
- Government Code Sections 29002 and 30200 require the State Controller to prescribe uniform procedures
- Budget is presented by program and department
- Clearly defined expense and revenue categories
- Consistency and comparability



Budget Planning and Development Cycle



Budget Calendar

AUGUST

- Strategic Financial Plan

SEPTEMBER

- Year-End Budget Report
- Year-End Budget Report
- September Budget Update
- September Budget Update
- Strategic Financial Plan

OCTOBER

- Strategic Financial Plan

NOVEMBER

- Strategic Financial Plan

MARCH

- Recommended Budget: Collaboration and CEO Recommendations

FEBRUARY

- Recommended Budget

JANUARY

- Mid-Year Budget Report
- Mid-Year Budget Report
- Recommended Budget

DECEMBER

- Strategic Financial Plan
- Strategic Financial Plan

APRIL

- April Budget Update
- April Budget Update
- Recommended Budget: Collaboration and CEO Recommendations

MAY

- Recommended Budget/ Final Budget

JUNE

- Budget Hearing / Budget Adoption
- Recommended Budget / Final Budget

JULY

- Fiscal Year-End Close

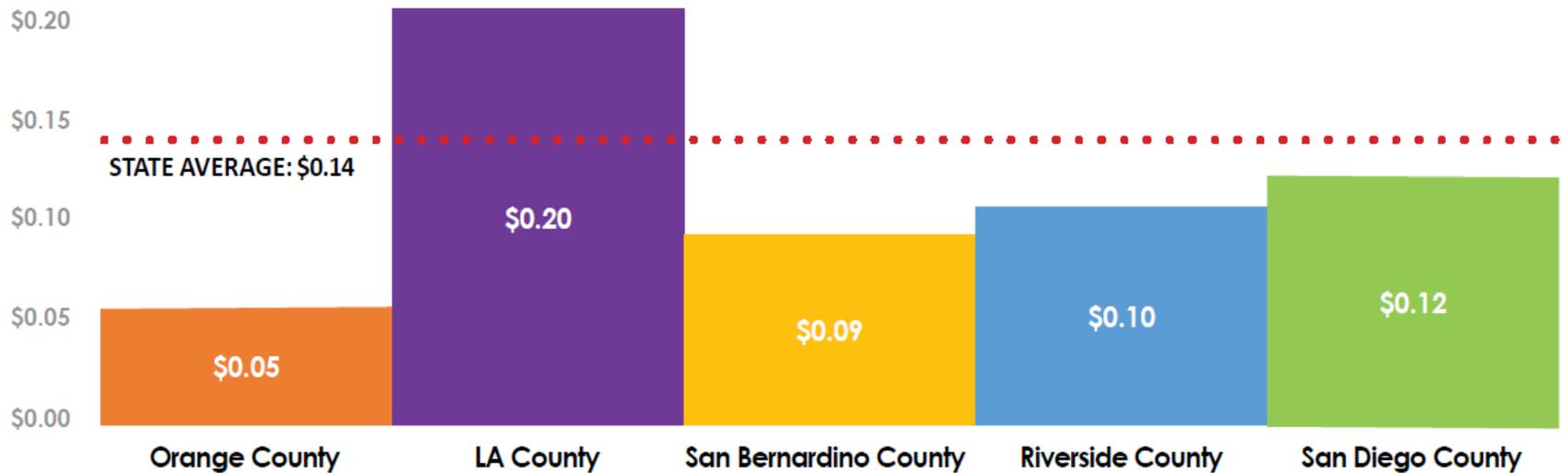
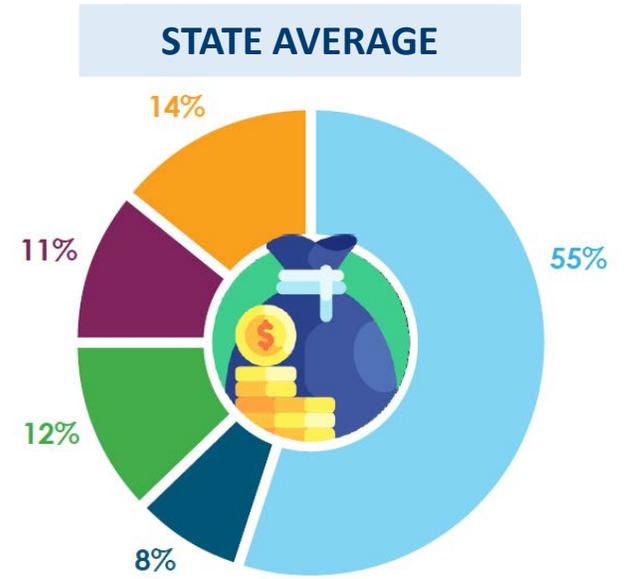
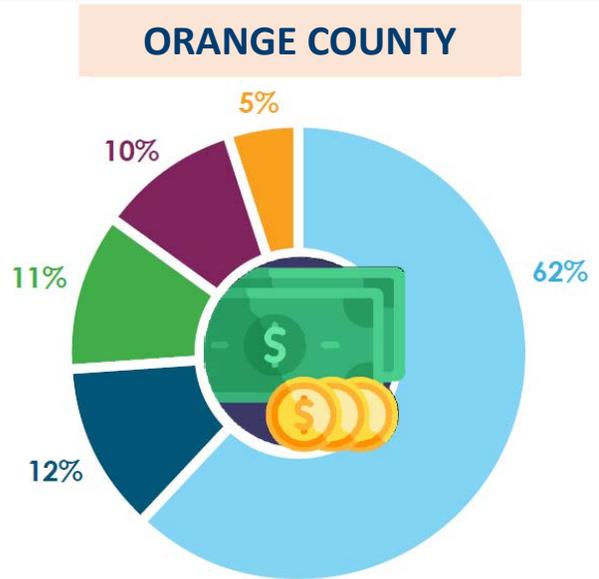
LEGEND: Community, Board of Supervisors,
County Administration & Departments



Public Input Available During Board of Supervisors Meetings

Property Tax Revenues

ORANGE COUNTY RECEIVES THE LOWEST PROPERTY TAX REVENUE ALLOCATION OF ALL 58 COUNTIES



- ➔ Used to meet County mandated service requirements that are not fulfilled by the state and federal governments.
- ➔ Why does the County Receive Less Property Tax?
 - ▶ Proposition 13 – Assessed value based on purchase price in 1978, with maximum increase of 2% annually and 1% cap on property tax rate.
 - ▶ Assembly Bill 8 – Set property tax allocation formula for all counties with no adjustment for population changes. From 1979 to 2024, the County’s population has nearly doubled from 1.8 million to 3.1 million.



How does the County use its Property Tax Dollars?

Did you know that the County is legally required or mandated to provide certain essential services to the public?



89%

MANDATED



11%

NON-MANDATED

County Property Tax Dollars are Used for the Following Programs and Services



Public Protection



Community Services



Infrastructure & Environmental Resources



General Government Services



Capital Improvements

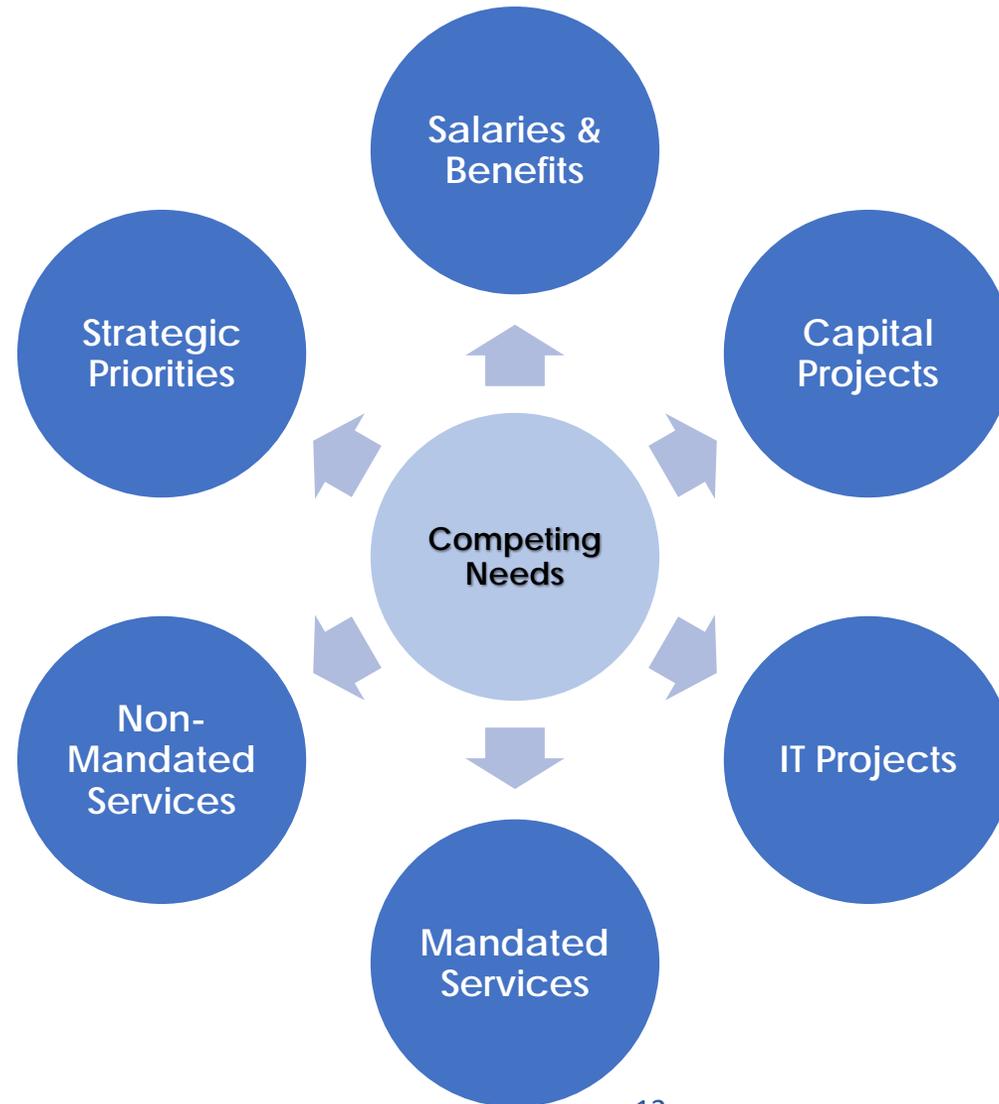


Debt Service



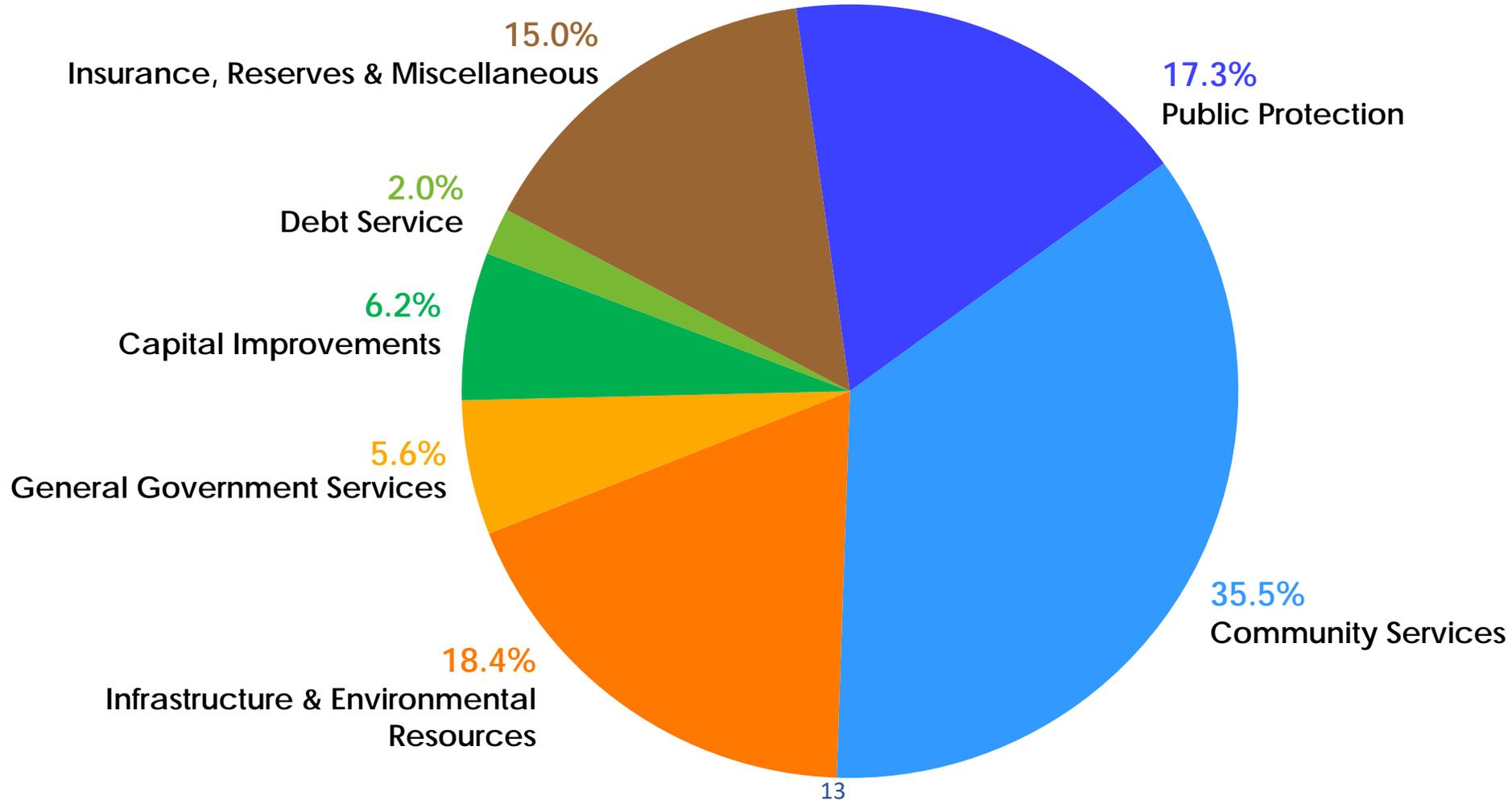
Insurance, Reserves & Miscellaneous

Competing Needs for General Funds



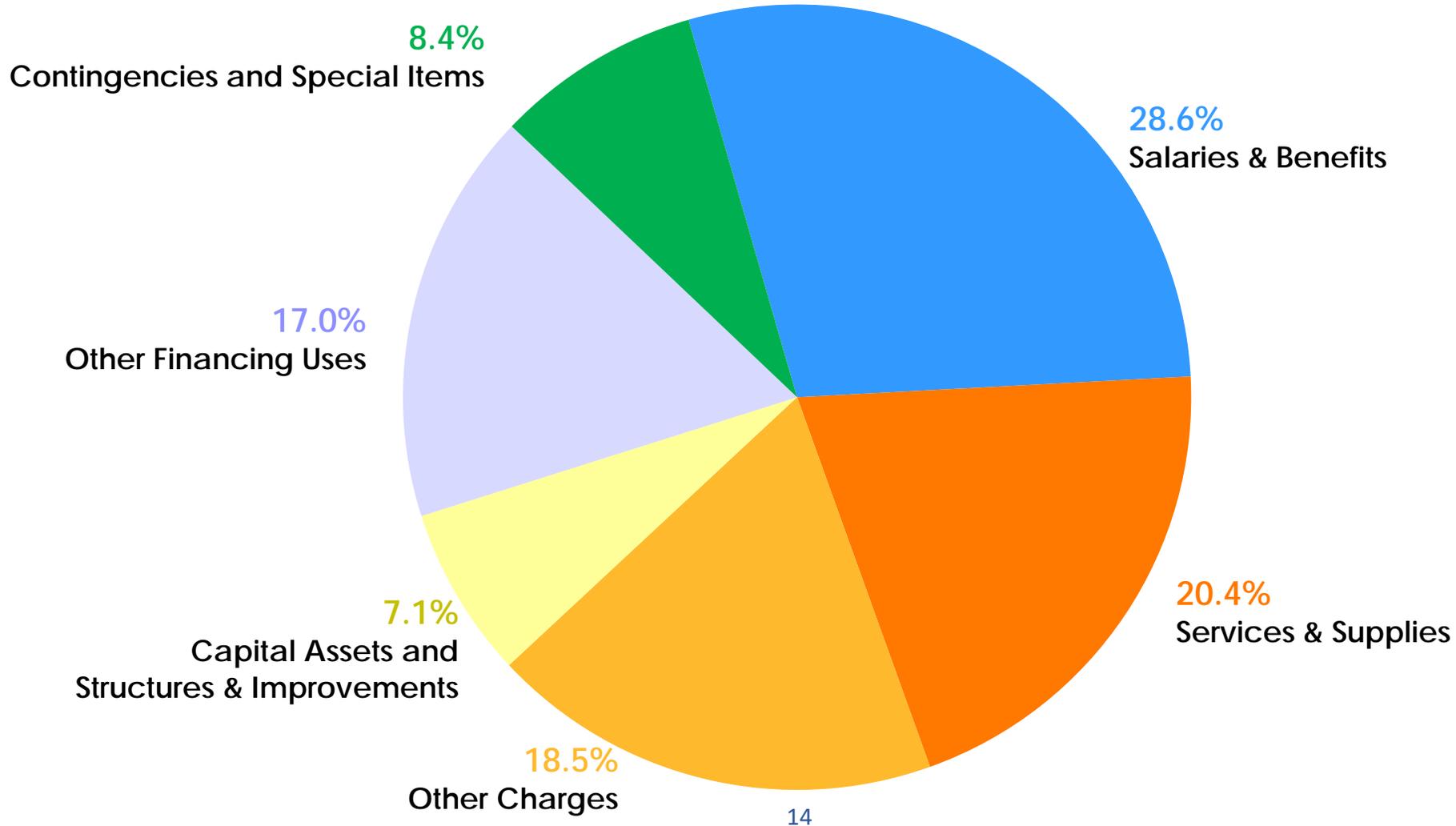
County Appropriations by Program

FY 2025-26 Recommended Budget Total = \$10.8 Billion



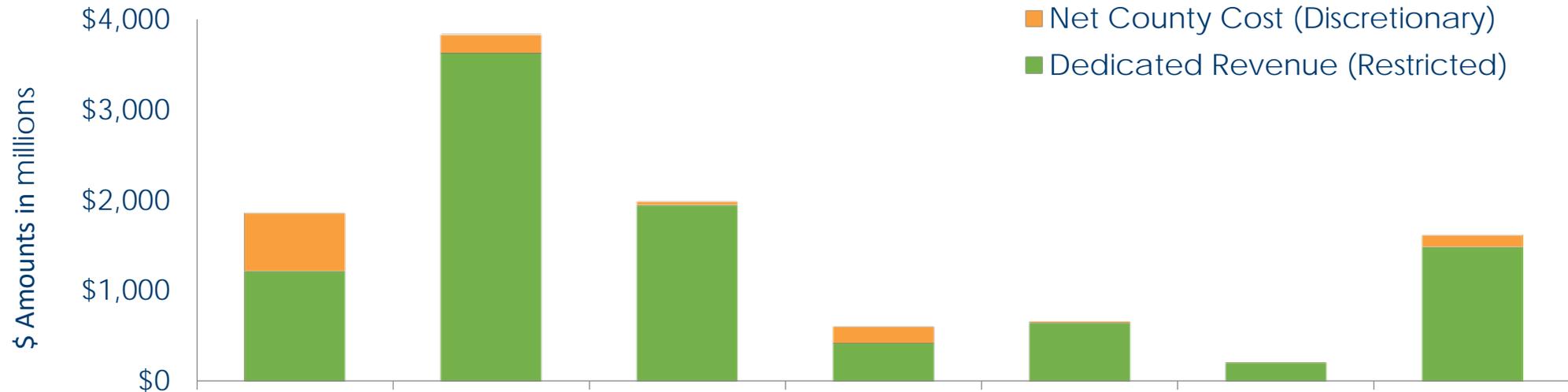
County Appropriations by Expenditure Category

FY 2025-26 Recommended Budget Total = \$10.8 Billion



County Appropriations & Positions by Program

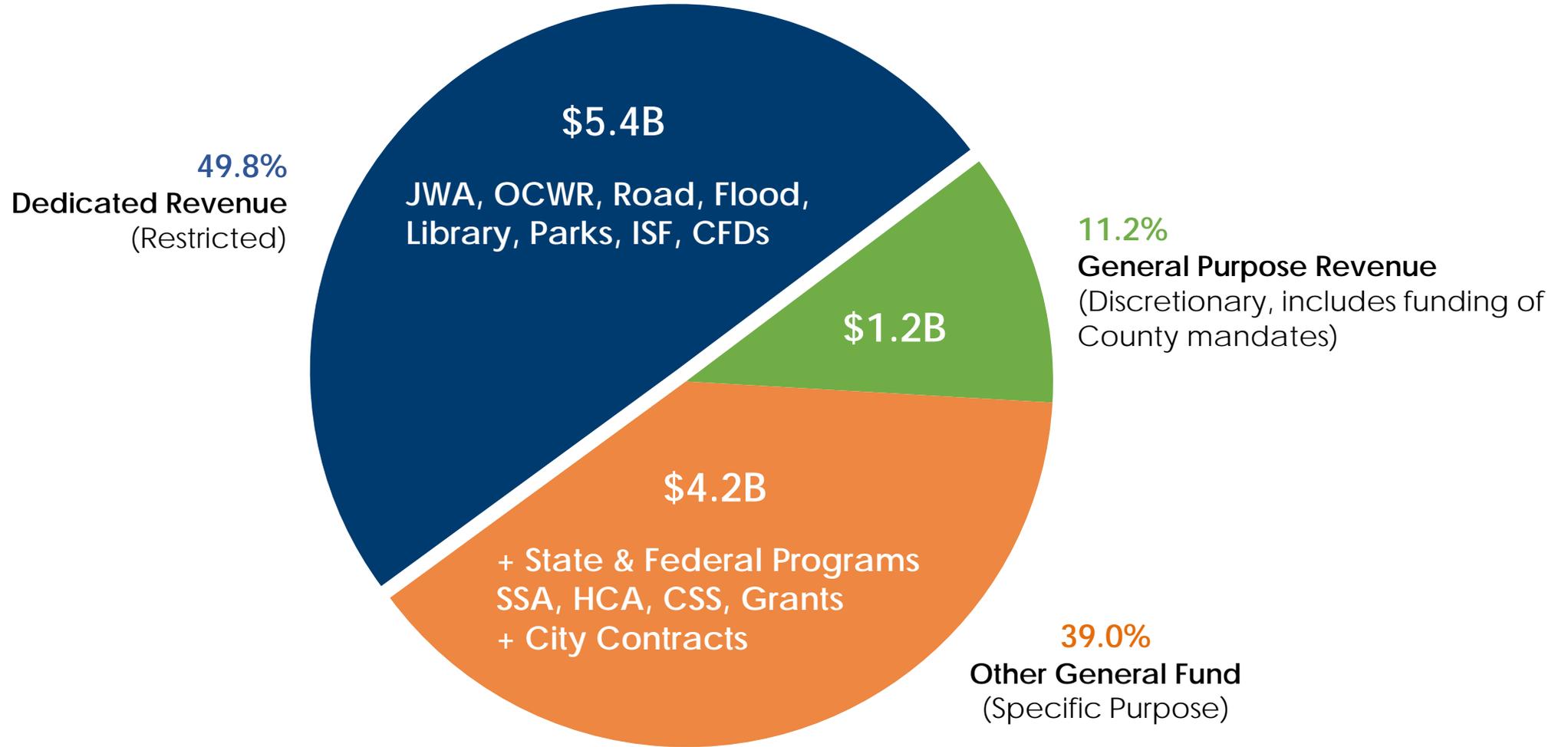
FY 2025-26 Recommended Budget Total = \$10.8 Billion



| | Public Protection | Community Services | Infrastructure & Environmental Resources | General Government | Capital Improvements | Debt Service | Insurance, Reserves & Misc. |
|---------------------------------|-------------------|--------------------|--|--------------------|----------------------|-----------------|-----------------------------|
| Dedicated Revenue (Restricted) | \$ 1,219.0 | \$ 3,620.4 | \$ 1,947.5 | \$ 426.2 | \$ 648.1 | \$ 211.7 | \$ 1,484.8 |
| Net County Cost (Discretionary) | 638.6 | 207.2 | 38.5 | 179.4 | 16.1 | 0.1 | 131.4 |
| Total Appropriations | \$ 1,857.6 | \$ 3,827.6 | \$ 1,986.0 | \$ 605.6 | \$ 664.2 | \$ 211.8 | \$ 1,616.2 |
| Total Positions (18,620) | 6,230 | 8,973 | 1,319 | 1,748 | 0 | 0 | 350 |

County Revenue Budget

FY 2025-26 Recommended Budget Total = \$10.8 Billion



Major Revenue Sources

- **Property Tax – \$1,115M**
- **Realignment – \$944M**
 - ▶ 1991 Realignment – \$266M
 - ▶ 2011 Realignment – \$667M
 - ▶ Juvenile Justice Realignment – \$11M
- **Public Safety Sales Tax (Prop. 172) – \$428M**
- **Mental Health Services Act (MHSA) – \$223M**

Augmentations

→ NCC Limits

- ▶ Established at the beginning of the SFP and budget process and set for ongoing baseline operations (current levels of service)

→ Restore Level of Service

- ▶ Requests for resources when the assigned NCC Limit is insufficient to maintain current service levels. The NCC Limits plus restore level of service requests is the projected funding required to keep current operations and staffing.

→ Expand Level of Service

- ▶ Requests for resources above and beyond current funding and staffing levels which may involve new mandates related to existing services, increasing workloads in existing programs or proposals for new services

Restore Augmentations

| Program | Department Request | | CEO Recommendation | | | |
|--|--------------------|-----------------------|--------------------|-------------------------|------------------------------|-----------------------|
| | Positions | Net County Cost | Positions | Ongoing Net County Cost | One-Time Net County Cost [1] | Total Net County Cost |
| I. Public Protection | 122 | \$ 88,322,512 | 122 | \$ 46,589,041 | \$ 41,733,471 | \$ 88,322,512 |
| II. Community Services | 16 | 37,645,669 | 16 | 26,645,669 | 11,000,000 | 37,645,669 |
| III. Infrastructure & Environmental Services | 0 | 2,770,996 | 0 | 2,770,996 | 0 | 2,770,996 |
| IV. General Government | 28 | 16,099,372 | 26 | 16,099,372 | 0 | 16,099,372 |
| Total – Restore Augmentations | 166 | \$ 144,838,549 | 164 | \$ 92,105,078 | \$ 52,733,471 | \$ 144,838,549 |

[1] One-time funds include OCERS Reserves (\$30M) and Teeter revenue (\$20M)

Expand Augmentations

| Program | Department Request | | CEO Recommendation | | | |
|---|--------------------|-------------------|--------------------|-------------------------|--------------------------|-----------------------|
| | Positions | Net County Cost | Positions | Ongoing Net County Cost | One-Time Net County Cost | Total Net County Cost |
| I. Public Protection | 3 | \$ 0 | 3 | \$ 0 | \$ 0 | \$ 0 |
| II. Community Services | 23 | 0 | 23 | 0 | 0 | 0 |
| III. Infrastructure & Environmental Resources | 0 | 204,965 | 0 | 0 | 204,965 | 204,965 |
| IV. General Government | 9 | 0 | 9 | 0 | 0 | 0 |
| VII. Insurance, Reserves & Miscellaneous | 0 | 0 | 0 | 0 | 0 | 0 |
| Total – Expand Augmentations | 35 | \$ 204,965 | 35 | \$ 0 | \$ 204,965 | \$ 204,965 |

Countywide Initiatives

OC CARES

OC Housing

Homelessness

OC Builds

Master Plan for
Aging

Environmental
Conservation &
Sustainability

CaAIM

Service Delivery
Model

MHSA
Modernization

Public Budget Hearing & Budget Adoption

→ FY 2025-26 Public Budget Hearing:

- ▶ CEO presents the Recommended Budget by Program
- ▶ Board of Supervisors cast non-binding straw votes to provide direction on base budgets and Restore and Expand augmentations
- ▶ Changes to Clerk in Writing Prior to Close of Budget Hearing

→ FY 2025-26 Budget Adoption:

- ▶ Board of Supervisors adopt the budget on a simple majority vote
- ▶ Adopted budget reflects the Board of Supervisors approved Restore and Expand augmentations
- ▶ Adopted budget becomes the spending plan and spending limit for County departments

Next Steps



→ FY 2025-26 Budget

- ▶ Public Budget Hearing – June 10 & 11, 2025
- ▶ Final Budget Adoption – June 24, 2025
- ▶ Public Input Available during Board of Supervisors Meetings



→ 2025 Strategic Financial Plan

- ▶ Kick-Off – August 2025
- ▶ Board Receive & File – December 2025
- ▶ Public Input Available during Board of Supervisors Meetings

Links & Resources

→ **CEO Budget & Finance Website:** <https://cfo.ocgov.com/budget>

- ▶ [FY 2025-26 Recommended Budget](#)
- ▶ [FY 2025-26 Budget Augmentation Requests](#)
- ▶ [Citizens' Guide to FY 2025-26 Budget](#)



→ **Public Feedback:** <https://cfo.ocgov.com/public-feedback>

Basics of Budgeting & Strategic Financial Plan Video



Watch the video on [Youtube](#)



Questions?

Thank You