



# County of Orange

County Executive Office

November 30, 2020

To: Chairwoman Michelle Steel, Supervisor, Second District  
Members, Board of Supervisors

From: Frank Kim, County Executive Officer

Subject: Fiscal Year 2020-21 Annual Budget



On behalf of the County of Orange Executive Office, I am pleased to present the Fiscal Year (FY) 2020-21 Annual Budget. The budget serves as a financial plan and operational guide that demonstrates the County's priorities and continued commitment to sound fiscal prudence.

As a result of unprecedented public health challenges and significant economic impacts resulting from the novel coronavirus (COVID-19) pandemic, the budget process for FY 2020-21 differs from that in prior years. In early June, the Board approved a base budget which set Net County Cost (NCC) limits for departments and included transfers, essential technical adjustments such as position realignment, and funding for in-progress, ongoing capital and information technology projects. This permitted the County to make payments in accordance with the approved appropriations when the fiscal year began on July 1, 2020 and provided time for the County to better assess the pandemic's economic impacts and operational challenges for FY 2020-21. In early September, a Public Budget Hearing was held for the FY 2020-21 Recommended Budget, which was subsequently adopted in mid-September.

## CARES Act

The FY 2020-21 Annual Budget includes Coronavirus Relief Funds (CARES Act). These monies fund the County's response to the COVID-19 public health emergency, including medical costs, public health expenses, public health measures, and \$111 million allocated to cities and small businesses for COVID-19-related economic recovery. The County received \$554 million of CARES Act funds in April 2020 to cover specific COVID-19 expenses from March 2020 through December 30, 2020.

The CARES Act funds do not provide funding for the County's response beyond December 30, 2020 or any relief from pandemic-related County revenue losses resulting in a \$30 million draw from the Catastrophic Event Reserve in FY 2019-20. In FY 2020-21, losses of revenue, such as sales tax, are estimated to be in excess of \$145 million.

## Fiscal Actions Taken

To address anticipated revenue shortfalls, the County instituted a hard hiring and expenditure freeze in March 2020, with the understanding that the completion of projects and implementation of new projects may be delayed. The staffing and expenses required to respond to the pandemic are exempted from the freeze. Additionally, to further reduce the budget shortfall due to the pandemic-related revenue losses, the Board of Supervisors approved the Voluntary Incentive Program (VIP) in July 2020. This tiered incentive program offering a one-time lump sum or retirement health reimbursement arrangement resulted in over 600 County employees voluntarily separating from County employment either through retirement or resignation.



## Continuing Projects

There are several ongoing essential capital and critical information technology projects that support the County's Systems of Care and are included in the FY 2020-21 Budget. They include:

- **Affordable and Supportive Housing**

Since June 2018, a total of 124 affordable and supportive housing units were completed/built. As of June 2020, 629 units are under construction or closing on their construction loan and 1,098 units are in progress of funding. A total of 1,727 units are in the current pipeline (not including units already completed/built).

- **Be Well Regional Wellness Campus**

The Be Well OC Wellness Hub behavioral health campus was made possible through partnerships with community organizations. Be Well OC will employ an integrated approach, co-locating mental health and substance abuse treatment which provides the ability to leverage funding and establish more effective and efficient service delivery systems. Services will include crisis stabilization, recidivism reduction, and linkages to services for all community members.

- **Integrated Services**

The Integrated Services 2025 Vision Report outlines a collaborative approach to integrate services among County, court, and community stakeholders, including describing strategic priorities, action items, targets, and outcomes to achieve a fully developed and integrated Community Corrections System of Care by the year 2025. The County's goal, consistent with the Federal Stepping Up Initiative, is to reduce the number of mentally ill individuals in our jails and to reduce the number of individuals in our system of care by wrapping them in services until they achieve self-sufficiency. As we implement the Vision 2025 Integrated Services Strategy, the concept is that the County will strategically invest resources into Program II Community Services while achieving a reduction in costs to Program I Public Protection.

Since the issuance of this report in October 2019, notable progress has been made with in-custody services by adding new treatment space and implementing an in-custody drug treatment program to increase the availability of behavioral health treatment while incarcerated. Specialized housing in the County jail was also a priority implemented in FY 2019-20 with plans to expand further in FY 2020-21. Additionally, the FY 2020-21 budget includes an AB109-funded augmentation to expand reentry services to bolster linkages to post-custody services, such as behavioral health treatments, workforce development, and temporary housing. The program will expand reentry services while in-custody and transition to the same level of services as offered post-custody.

- **System of Care Data Integration System (SOCDIS)**

SOCDIS is an enterprise-wide data sharing platform serving both County and non-County users to allow for improved care coordination and delivery of services across the System of Care for those most vulnerable individuals including those experiencing homelessness who are high-utilizers. The System of Care databases include Behavioral Health, Health Care, Housing, Benefits and Supportive Services and Community Corrections. Services include housing placement, emergency shelter placement, behavioral health treatment, eligibility verification for social services benefits and provision of health care services. The integration of these databases is integral to improving care coordination and the quality of care for those at risk of or are experiencing homelessness.

- **Yale Transitional Center**

The Yale Transitional Center will provide shelter for up to 425 individuals experiencing homelessness currently accessing shelter at the Courtyard Transitional Center and the Central Service Planning Area. The Yale Transitional Center is intended to provide shelter, meals, sanitary facilities and access to case management, employment and housing assistance, healthcare, mental health services and substance abuse treatment among other supportive services and assistance to individuals experiencing homelessness to improve their overall health and stability.

The County will continue to prioritize public health and safety. The combined efforts of the Board of Supervisors and County employees toward proactively addressing the pandemic's impacts coupled with responsible fiscal management will position the County to anticipate and address challenges as they arise. As we navigate through these uncertainties, the County remains committed to the mission to make Orange County, "a safe, healthy, and fulfilling place to live, work, and play."