



County of Orange

County Executive Office

May 19, 2021

To: Chairman Andrew Do, Supervisor, First District
Members, Board of Supervisors

From: Frank Kim, County Executive Officer 

Subject: Fiscal Year 2021-22 Recommended Budget



On behalf of the County of Orange Executive Office, I am pleased to present the Fiscal Year (FY) 2021-22 Recommended Budget, a balanced budget that reflects a responsible allocation of resources and an ongoing commitment to fiscal sustainability.

While the response to the COVID-19 pandemic continues to be in the forefront, the County is moving forward on many other strategic priorities benefiting the community it serves.

Coronavirus Disease 2019 (COVID-19)

County Public Health Progress

In March 2020, the World Health Organization declared the coronavirus disease 2019 (COVID-19) a pandemic. Significant county time and resources have been dedicated to the COVID-19 response. Shortly after vaccinations received emergency use authorization by the Federal Drug Administration, the County, in partnership with several mutual aid agencies, launched Operation Independence. This partnership fostered the establishment of regional vaccination point-of-dispensing sites (PODs) to administer vaccines efficiently and reach the County's most vulnerable populations.

The POD sites opened in phases and compliment the efforts of local hospital systems, pharmacies, and clinics to facilitate and expedite community access to vaccinations. The ongoing collaboration, courage, and dedication demonstrated by public health and safety professionals, as well as staff across all departments, exemplifies the County's ability to quickly mobilize to meet community needs and ensure public health and safety.

Federal & State Government Funding

Various funding allocations from federal and state agencies are essential to the County's public health response to COVID-19.

The Federal Emergency Management Agency (FEMA) reimburses the County for certain COVID-19-related expenses, including most vaccination-related costs. Unfortunately, the County has experienced delays in receiving FEMA reimbursement. The unpredictable nature of this funding source presents a budgetary and fiscal risk, so it is closely monitored.



In FY 2020-21, the County efficiently leveraged the Coronavirus Aid, Relief, and Economic Security (CARES) Act funds, which funded a myriad of services to the community including: free regional testing sites, medical and protective supplies and equipment, meals and shelter for vulnerable populations, allocations to cities, hospitals and clinics, and grants to local small businesses and non-profits. All COVID-19-related expenditures using CARES monies will be closed out by June 30, 2021.

Additional federal funding is now available through the American Rescue Plan Act (ARPA). Included in the bill is a \$130.2 billion allocation for the Local Fiscal Recovery Fund to mitigate the effects stemming from COVID-19. Given the wide range of mitigation efforts, the funding eligibility runs from March 3, 2021 through December 31, 2024.

Of the \$130.2 billion local government allocation, the County of Orange is scheduled to receive \$308 million in FY 2020-21 and \$308 million in FY 2021-22. Fortunately, ARPA also provides COVID-19 mitigation funding directly to cities. Overall, Orange County cities are estimated to receive \$715 million over the two-year period or \$357.5 million each year in ARPA funding.

Additionally, the California Department of Public Health (CDPH) provided the County various allocations of Epidemiology and Laboratory Capacity (ELC) funding. In August 2020, CDPH allocated \$19.5 million in ELC Enhancing Detection funding to support COVID-19 activities through November 17, 2022. In March 2021, CDPH allocated an additional \$115.5 million in ELC Expansion funding to support COVID-19 testing, contact tracing, vaccination, surveillance, and other local public health response efforts from January 15, 2021 to July 31, 2023.

The County will prioritize funding for programs and projects that serve the community and facilitate the County's recovery to pre-pandemic conditions.

Service Delivery Impacts

During the FY 2020-21 budget process, 548 vacant positions were deleted to mitigate some of the County's economic impacts from COVID-19. Additionally, in July 2020, to further address the budget shortfall due to the pandemic-related revenue losses, the Board of Supervisors approved the Voluntary Incentive Program, resulting in the retirement or resignation of 617 employees and the deletion of 212 vacant positions. The cumulative loss of these positions has affected County service delivery. We will continue to evaluate service impacts resulting from the reduction of staff resources as part of future budget processes, beginning with the FY 2021-22 Mid-Year Budget Report.

Continuing Projects

The following list describes several ongoing essential capital and information technology projects supporting the County's Systems of Care that are included in the FY 2021-22 Budget.

- **Affordable and Supportive Housing**

Since June 2018, a total of 495 affordable and supportive housing units were completed/built. As of April 2021, 530 units are under construction or closing on their construction loan and 1,032 units are in progress of funding. A total of 1,933 units are in the current pipeline.

- **Be Well OC Campuses**

The first Be Well OC Campus opened in January 2021. The 60,000 square-foot facility focuses on mental health and wellness in Orange County. In September 2020, the Board approved development and construction of a second wellness campus on a 22-acre portion of the County's property located near the former Marine Corps Air Station (MCAS) El Toro in South Orange County. The approved agreements with Mind OC will result in the entitlement, construction, operation, management, and maintenance of the second campus.

- **Data Sharing Platform for Care Coordination**

The County operationalized its System of Care data integration platform in December 2020 and initiated a pilot project in January 2021 to provide care coordination in accordance with AB 210. The pilot aims to test the data integration platform alongside the multi-disciplinary team (MDT) process to determine the most effective way to enhance care coordination for the highest service utilizers experiencing homelessness in the County. 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.

- **Integrated Services Strategy**

The County continues to prioritize justice reform through prevention and intervention by integrating services across the Public Protection and Community Services departments. Efforts are focused on adult and juvenile populations and include broadening public awareness of behavioral health issues, increasing the use of diversion treatment options in lieu of incarceration, and reentry services that begin upon entry into the criminal justice system and continue post release that include treatment, vocational training, and housing assistance. The FY 2021-22 budget includes additional staffing for in-custody health care to provide enhanced behavioral health treatment and care plans and a coordinated reentry center that will support all adults involved in the criminal justice system to obtain self-sufficiency.

- **Master Plan for Aging**

In January 2021, the Governor released his Master Plan for Aging (MPA), which includes five distinct goals for counties to achieve as California prepares for a projected increase in the number of California residents age 60 years and older. An intergovernmental team consisting of OC Community Resources, Social Services Agency, Health Care Agency, and CEO are engaging in a joint effort to improve the quality of service delivery to this population, beginning with an aggressive engagement strategy focused on hearing from the County's aging population regarding services most important to them and the best form of access for them. This will be a unique effort to design a countywide plan informed by county residents.

The combined efforts of the Board of Supervisors and County employees toward careful and responsible fiscal management will position the County to overcome new challenges as they arise, while continuing to fulfill the County's mission to make Orange County, “a safe, healthy, and fulfilling place to live, work, and play.”