

Budgetary Pressures and Impacts

Weekly Budget Briefing

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| **CEO.**

LA County BUDGET CRISIS IN THE MAKING

Due to the budget cuts approved by the Board, the County's budget is solvent and it will require fiscal discipline to remain that way.

COSTS

KNOWN

FUTURE

POTENTIAL IMPACTS



Federal



Roughly **\$1.1 billion** in Big Bill impacts alone by 2027-28.



Other federal cuts, including additional Medicaid cuts: **+\$400-900 million more in ongoing funding lost.**

Big Bill cuts in health care, nutrition, green resilience. Possible **facility closure(s)** and potential estimated **5,000 layoffs** in next five years.



AB 218



\$4 billion tentative settlement is just the start.

2,900+ additional cases pending.

3% cuts already imposed; 310 vacant positions eliminated; some programs reduced.



Labor



\$2 billion (\$778 million in NCC) to fund COLAs and bonuses.

36 tables actively negotiating, Unions continue to bring proposed salary increases to the tables.

5.5% cuts imposed in Supplemental will cut and close numerous programs to fund COLAs and bonuses; some layoffs anticipated.



Fires



+\$800 million

\$2 billion in costs and lost revenue, including the known \$800 million and fee deferrals.

Urgent need to identify additional revenue sources to support robust recovery.



Probation Receivership

Information Pending

Information Pending

Receiver as proposed would have substantial authority over juvenile halls, including funding decisions.

The “Big Bill” shifts costs to local governments. Our **legislative advocates are identifying opportunities to shape agency regulations** around the bill’s implementation to preserve or supplement County funding.



Advocates are working on multiple fronts—including with GOP-led jurisdictions and various coalitions—to delay, reduce or eliminate federal cuts beyond the Big Bill.

Key issues include:

- **\$350M** in cuts to Medicaid Disproportionate Share Hospital payments (effective beginning October 1)
- State’s **\$34.16B** request for Federal Disaster Relief Appropriations
- **\$31.8M** in pending appropriations requests

CEO. A Closer Look: White House Executive Order on Homelessness

The Executive Order on Homelessness prioritizes civil commitment, law enforcement of public spaces, and involuntary mental health treatment and **ends support for Housing First policies.**

What Does This Executive Order Mean for LA County?



- **Likely Loss of Funding:** For permanent housing and housing voucher programs from HUD (which provided more than \$240M in funding to local continuums of care in FY2024)



- **Program Restrictions:** No longer permitted to use Substance Abuse and Mental Services Administration discretionary funds for harm reduction services that have dramatically decreased overdose deaths in LA County



- **Coercive Treatment May Undermine Participation:** The push for involuntary treatment and mandatory data sharing with law enforcement could undermine the County's street outreach efforts



- **New Funding Opportunities:** Potential for additional federal funding to expand crisis intervention services through Federally Qualified Health Centers or lifting of Medicaid's Institution for Mental Diseases funding exclusion



Thank you.

Questions?