

# Budgetary Pressures and Impacts

Weekly Budget Briefing

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**CEO.**

# CEO. FY 2026-27 Budget Planning Is Underway

- Departmental budgeting for 2026-27 has begun
- None of the County's many budget pressures have eased
- The Board and County Departments took difficult steps to balance the budget last year
- More tough choices lie ahead

## 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
 <b>Federal</b>	 Roughly <b>\$1.1 billion</b> in Big Bill impacts alone by 2027-28.	 Other federal cuts, including additional Medicaid cuts: <b>+\$400-900 million more in ongoing funding lost.</b>	Big Bill cuts in health care, nutrition, green resilience. Possible <b>facility closure(s)</b> and potential estimated <b>5,000 layoffs</b> in next five years.
 <b>AB 218</b>	 <b>\$4 billion</b> tentative settlement is just the start.	 <b>2,900+</b> additional cases pending.	<b>3% cuts</b> already imposed; 310 vacant positions eliminated; some programs reduced.
 <b>Labor</b>	 <b>\$2 billion</b> (\$778 million in NCO) to fund COLAs and bonuses.	 36 tables actively negotiating. Unions continue to bring proposed salary increases to the tables.	<b>5.5% cuts imposed</b> in Supplemental will cut and close numerous programs to fund COLAs and bonuses; some layoffs anticipated.
 <b>Fires</b>			
 <b>Probation Receivership</b>			

## LA County **BUDGET CRISIS**

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.

### 3% CUTS

To help pay for AB 218 settlements

**Parks & Recreation**

- Shorter park hours, reduced swim season, and cutbacks in the Parks After Dark program

**Justice, Care & Opportunities**

- Ends College and Careers programs at two community colleges, reducing support for justice-involved individuals

### 5.5% CUTS

To fund cost of negotiated labor agreements

**Parks & Recreation**

- Shortens swim season to 10 weeks
- Cancels Parks After Dark summer program
- Closes regional parks and lakes every Monday and Tuesday

**Probation**

- Closes Santa Monica and Valencia offices, increasing travel burden

**Beaches & Harbors**

- Less frequent beach cleaning and shorter restroom hours due to staff cuts

**Animal Care & Control**

- Slower animal adoptions due to loss of care center staff
- Slower response to resident complaints due to fewer enforcement positions

**Economic Opportunity**

- Cuts about 100 youth jobs for vulnerable populations (e.g., foster, homeless, LGBTQ)


**Public Health**

- Cuts staffing for disease control and prevention

### FEDERAL CUTS

Including the Big Bill Strategies to Reduce Costs and Maintain Balanced Budget:

- Hiring Freeze
- Furloughs
- Layoffs
- Merging Departments
- Facility Closures



- New fixed costs include a **2% COLA for the County workforce**
- Due to slower property tax growth and higher fixed costs, **new fixed costs are expected to outpace new revenue** sources
- Existing curtailments will allow the County to **keep the budget in balance for 2026-27**, but these factors will likely result in **no new ongoing County revenues** for new or expanded programs
- Several programs key to the Board's vision are operating in a **structural deficit**
- Other Board programs already approved have **yet to be fully realized/funded**

To date, **structural deficits have been managed** through a series of short-term solutions. The Board's **flexibility to continue short-term fixes is now limited.**

## Sample Priorities Still In Need of Ongoing Funding (ILLUSTRATIVE)

Program	Challenges
<b>ICHS</b> Integrated Correctional Health Services	<ul style="list-style-type: none"> <li>• <b>\$18.7 million</b> ongoing structural deficit</li> <li>• <b>\$165.3 million</b> in unmet needs, including staff and supplies to comply with the DOJ settlement agreement</li> </ul>
<b>ODR</b> Office of Diversion & Reentry	<ul style="list-style-type: none"> <li>• ODR projected to run out of beds in FY 2025-26</li> <li>• <b>\$186.4 million</b> over 4 years to fund 1,000 more beds to serve P3/P4's in jail and possibly expand eligibility to P2's, per CSIT 10/7/25 report</li> </ul>
<b>Stay Housed LA</b> Right To Counsel / Tenant Eviction Protection	<ul style="list-style-type: none"> <li>• Program implemented with one-time funding</li> <li>• <b>\$167.9 million</b> projected need over the next 5 years</li> </ul>
<b>DPSS CalFresh</b> Food Assistance Administration	<ul style="list-style-type: none"> <li>• Effective 10/1/2026, federal participation drops from 50% to 25%, shifting that 25% to the State and County</li> <li>• Assuming the State/County split of the non-federal share remains 70/30, the estimated impact to the County is <b>\$42.3 million</b> in FY 2026-27</li> </ul>



# CEO. Exploring All Options to Balance Future Budgets

## Budgeting to the Board's Existing Priorities

 **Increase Revenues**

 One-Time Patches

 Increase Revenue Streams

 **Decrease Expenses**

 Cut Costs

 Find Efficiencies

 **Reallocate Resources**

 Shift Dollars from Low  
→ High Priorities

 Find & Redirect  
Underutilized Funds



Thank you.

Questions?

| CEO.