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BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES
SM-1 June 16, 2026
EDWARD YEN
EXECUTIVE OFFICER

Budgetary Pressures and Impacts

Update Prior to Final Changes Budget 2026-27

Joseph M. Nicchitta
Chief Executive Officer
June 16, 2026

CEO.

A Time for Fiscal Discipline

The County continues to operate in a difficult environment with maximum uncertainty.

The **focus is on financial sustainability** but demand for services continues to grow.

The year ahead will require discipline and a willingness to prioritize critical, safety net services over less immediate needs.

CEO. Projected Year-End Closing Still Reflects Deficit

The County continues to project a year-end deficit at closing after carryovers and fund balance obligations.

Departments must continue to focus on cost controls and efficiencies to avoid future curtailments.

Limited savings equals limited new funding in September.

It is likely the hiring freeze will need to remain in place through the end of FY2026-27.

Budget Status Report
November 2025 v. March 2026

	November	March	Variance
Estimated Year-End Fund Balance	$3.27 B	$3.26 B	($14 M)
Minus: Carryover	$3.16 B	$2.98 B	($179 M)
Minus: Fund Balance Requirements	$425 M	$680 M	$254 M
Excess Fund Balance	($313 M)	($402 M)	($90 M)

Comparison of Prior Year Fund Balance Estimates
2026 $3.26 B
2025 $4.03 B
2024 $4.22 B
* Estimate as of March of each year, unadjusted

Financial Sustainability Efforts: A collaborative approach to effective budgeting

Cross-departmental workgroups are tackling financial sustainability from a broad, structural, leadership-led perspective.

Current workgroups include:

- Central Agency Billing Optimization
- Fee Rationalization
- Civil Service Reforms
- Naming Rights

Near-term potential lies in:

- Cost-cutting and efficiency improvements (central billing)
- Covering true costs of service delivery (right-sizing fees to match costs)

Civil service reform is ultimately essential to maximizing effective service delivery.

Potential State Budget Impacts on LA County

- Two-party Legislative Budget agreement reached on June 11
- Deadline for Governor's action on budget is June 29
- Key county interests include:
  - Support in face of H.R. 1 impacts
  - Investment in homelessness programs and services
  - Rejection of cost shifts associated with IHSS
  - Support for public safety programs

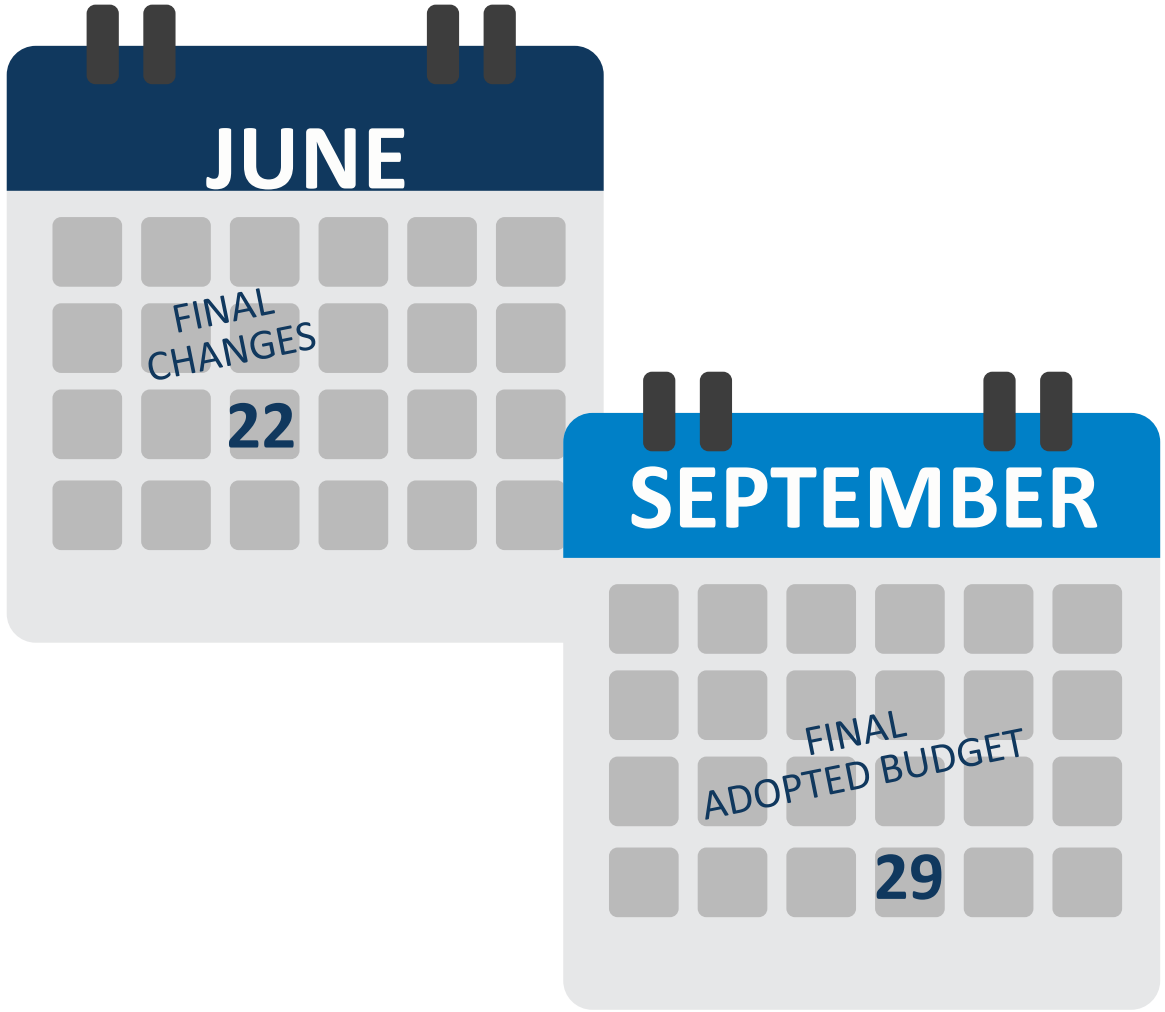
CEO. What's Next

Final Changes

- No new property tax revenues
- Limited NCC, limited County-funded investments

Supplemental/Final Adopted Budget

- Closely monitoring State budget
- Managing to year-end closing
- Factoring in Measure ER



Thank you.

Questions?

CEO.