Supplemental Changes Budget Fiscal Year 2026-27

CEO.

Joseph M. Nicchitta
Chief Executive Officer

September 29, 2026

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Supplemental Budget At a Glance

TOTAL BUDGET $54.2 BILLION

An increase of $3.9 billion, **$45.2 million** of which is available to support new or expanded ongoing programs and services

TOTAL BUDGETED POSITIONS: 115,433

Net decrease of 250 positions from 2026-27 Adopted Budget

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Budget Stabilization

$391.1 MILLION

REALLOCATED TO CRITICAL NEEDS

- Swept from capital projects and funds set aside for other uses
- Does not “grow the pie” – redirects funding to priority needs
- These reallocations help us manage today’s budget issues but reduce flexibility for future budget shocks

REALLOCATE RESOURCES

DECREASE EXPENSES

INCREASE REVENUES

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Meeting Our Commitments

$1.2 BILLION AVAILABLE

FOR AB 218 YEAR 2 PAYMENTS

- Part of nearly **$5 billion** in settlements
- Paying with one-time funds will cost less than issuing bonds and reduces the risk of future curtailments

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Board Priorities and Operational Necessities

Housing and Safety Net Services

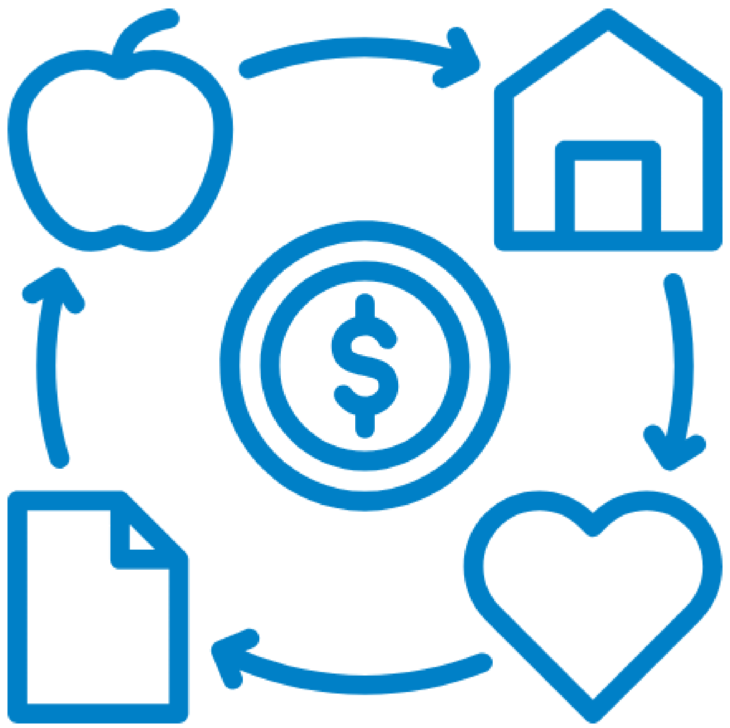
Wildfire Recovery

Care First, Jails Last

Emergency Operations and Preparedness

Community Resources and Economic Development

Civic Engagement



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Housing and Safety Net Services

KEY INVESTMENTS

$163 Million
Homeless Programs and Services

$22.5 Million
Housing Capital Projects, Rental Subsidies and Landlord Outreach

$11.5 Million
Stay Housed LA program

$10 Million
Emergency Rent Relief Program

$5.3 Million
Elderly Nutrition Program
$2.5M fund balance plus $2.8M carryover

$1.5 Million
Self-Help Legal Access Centers

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Wildfire Recovery

KEY INVESTMENTS

$20 Million
Disaster Recovery Rebuild Authority Start Up Loan

$13.7 Million
Rebuild Permit Review and Deferred Permit Fees

$8.1 Million
Wage Loss Recovery and Workforce Development

$2.5 Million
One-Stop Permitting Centers

KEY INVESTMENTS

$106.2 Million

AB 109 Funding to Improve Jail Conditions and Enhance In-Custody Services

$23.1 Million

Reentry and Supportive Services, including Job Training

$19 Million

Prevention, Harm Reduction, Mental Health and Diversion

$15.5 Million

Closure of Men's Central Jail

$14.4 Million

Increased Indigent Defense Costs

$13.7 Million

Public Defender, Alternate Public Defender and District Attorney for Resentencing and Violence Reduction

$4.5 Million

Office of Diversion and Reentry Bed Expansion

Emergency Operations and Preparedness

KEY INVESTMENTS

$20.2 Million
Emergency Management Facilities

$1.5 Million
Community Emergency Resiliency Fund

$4 Million
Office of Emergency Management Year 2 Funding

$0.3 Million
Medical Examiner Mass Casualty Response Capabilities

KEY INVESTMENTS

$27.8 Million
Bioscience Grant Program

$2.5 Million
Vision Zero Traffic Safety Initiative

$2.5 Million
Organizational Arts Grants

$1.5 Million
Business Interruption Fund

$1.1 Million
PLACE Program

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Civic Engagement

KEY INVESTMENTS

$32.4 Million
Election Security and Transparency

$9.6 Million
Department of Ethics Commission/Office of Ethics Compliance

- $5.9M previously funded and now allocated
- $3.7M in Year 2 funding

Investing in Our Workforce

$151.5 MILLION
FOR YEAR 2 OF LABOR AGREEMENTS

- **2% cost-of-living increase**
- Salary increases, retirement health plan and benefits changes

THE FINANCIAL COST

- Made possible based on funding set aside in Recommended Budget
- **Departments that rely on State and federal funding will need to identify funds to cover their share**

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Hiring Freeze

Continuing the hiring freeze—with existing exceptions and exemptions—will maintain fiscal discipline and help generate savings

- Departments are operating close to actual budgeted funding
- Savings were insufficient this year to cover one-time operating needs without reallocating resources
- Departments rely on carryover and fund balance savings for basic operational needs in the next fiscal year
- CEO can reevaluate based on department budget status reports beginning in November

Next Steps

CEO WILL CONTINUE TO MONITOR AND WORK ON:

- Federal Regulations Status and Impact on Health Departments
- Finalizing Labor Contracts
- Phase 2 Budget Stabilization

Questions?

Thank you.