



DK
RFH

2025-26 Recommended Budget

July 1, 2025 - June 30, 2026

CEO.

Fesia Davenport
Chief Executive Officer

April 15, 2025



**TOTAL BUDGET:
\$47.9 BILLION**

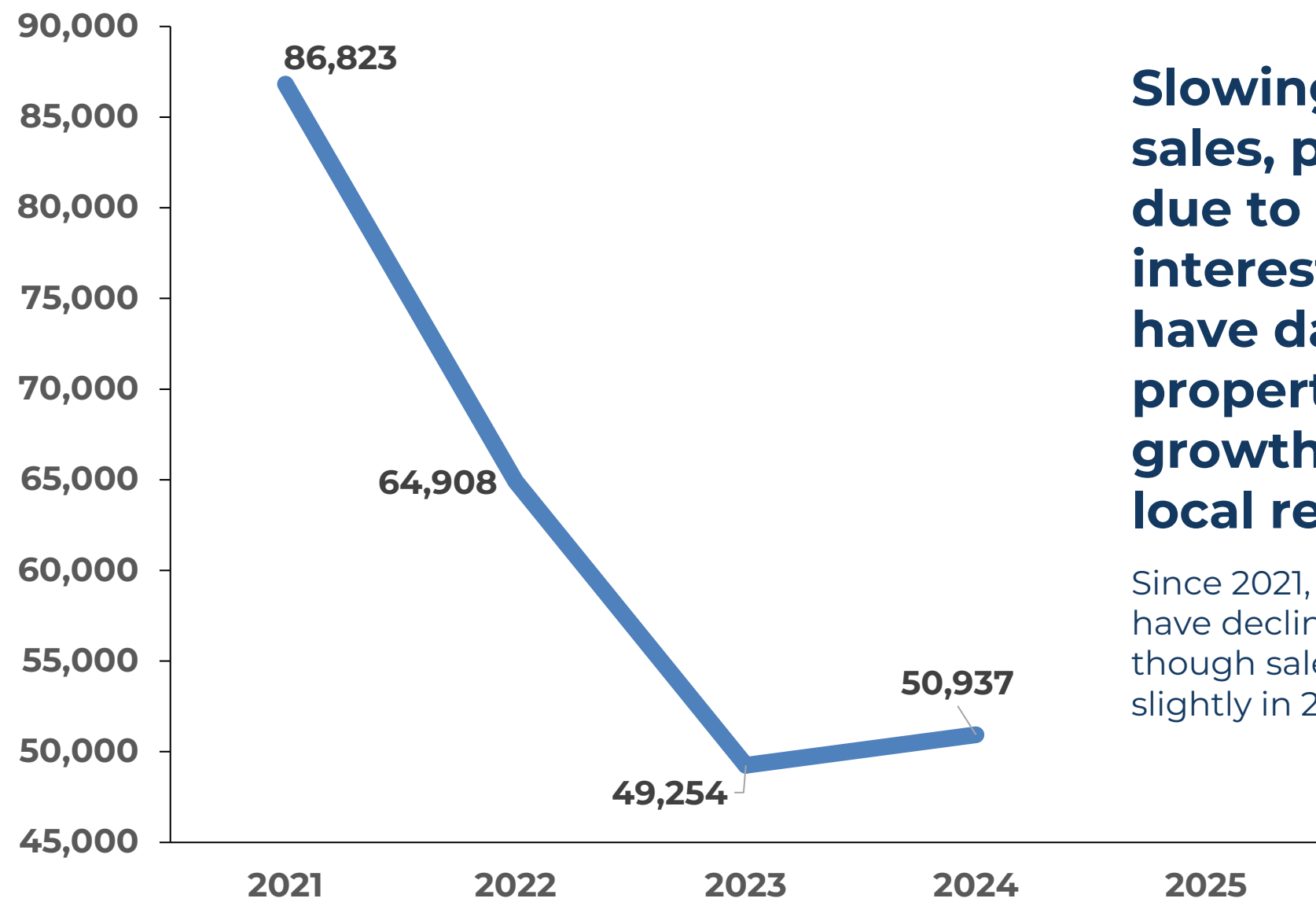


Nearly **\$1.3 billion less** than last year's Final Adopted Budget

- **\$2.4 billion+** requests from County departments
- **\$815 million** of those deferred to future budget phases
- **\$1.3 billion** in unmet needs remaining
- **14** net new positions, for a total of 117,100 budgeted positions

This phase in our budget process does not yet include any unspent funds or over-realized revenues from last fiscal year. Year-end surplus funds, if available, will be allocated in the Final Adopted Budget in October.

Home sales 2021-2024



Slowing home sales, primarily due to higher interest rates, have dampened property tax growth, reducing local revenues.

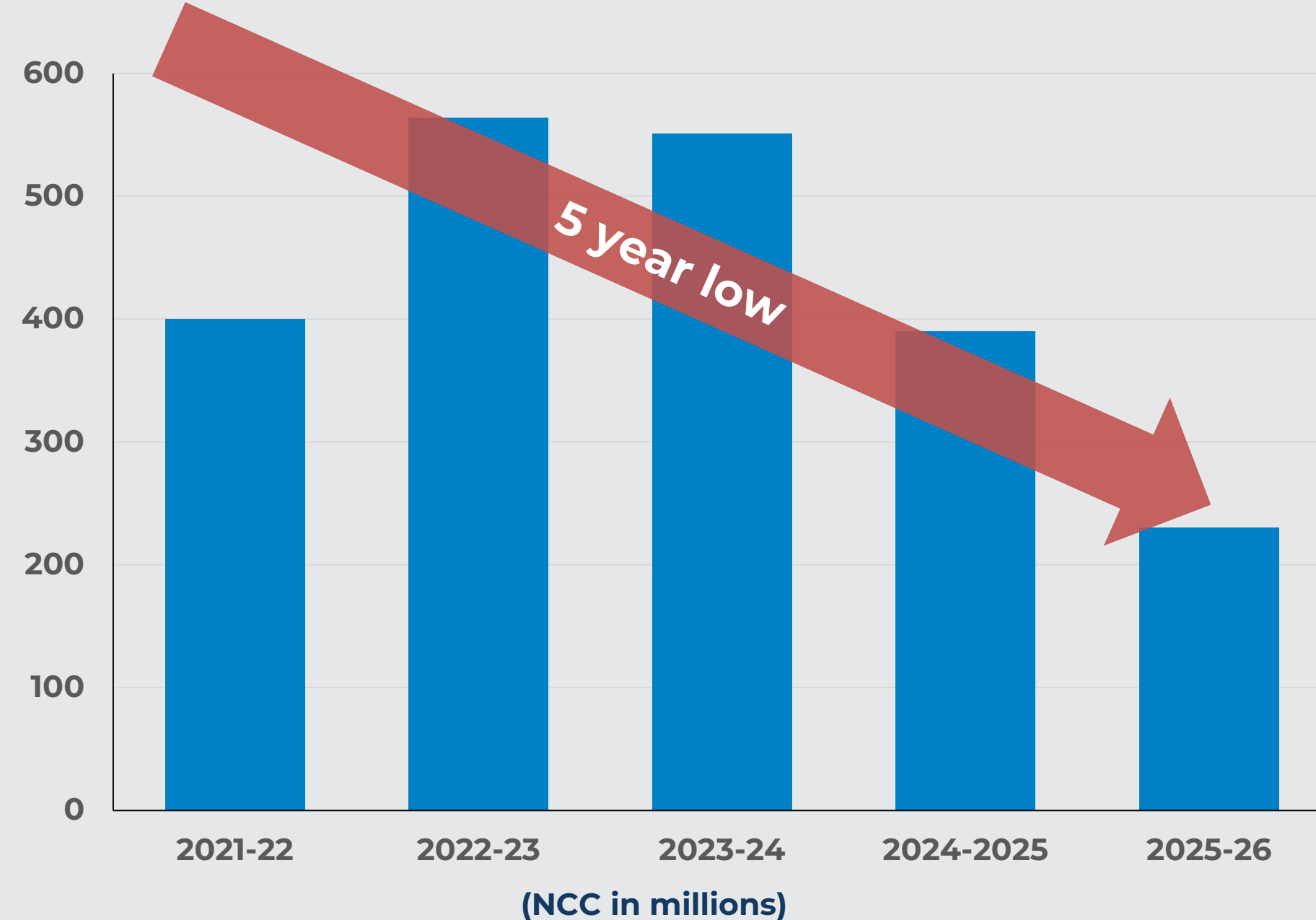
Since 2021, home sales have declined by 41%, though sales ticked up slightly in 2024.

Declining Growth in Property Tax Revenues

2022-23	2023-24	2024-25	2025-26
\$450.5M	\$385.7M	\$328.5M	\$233.9M

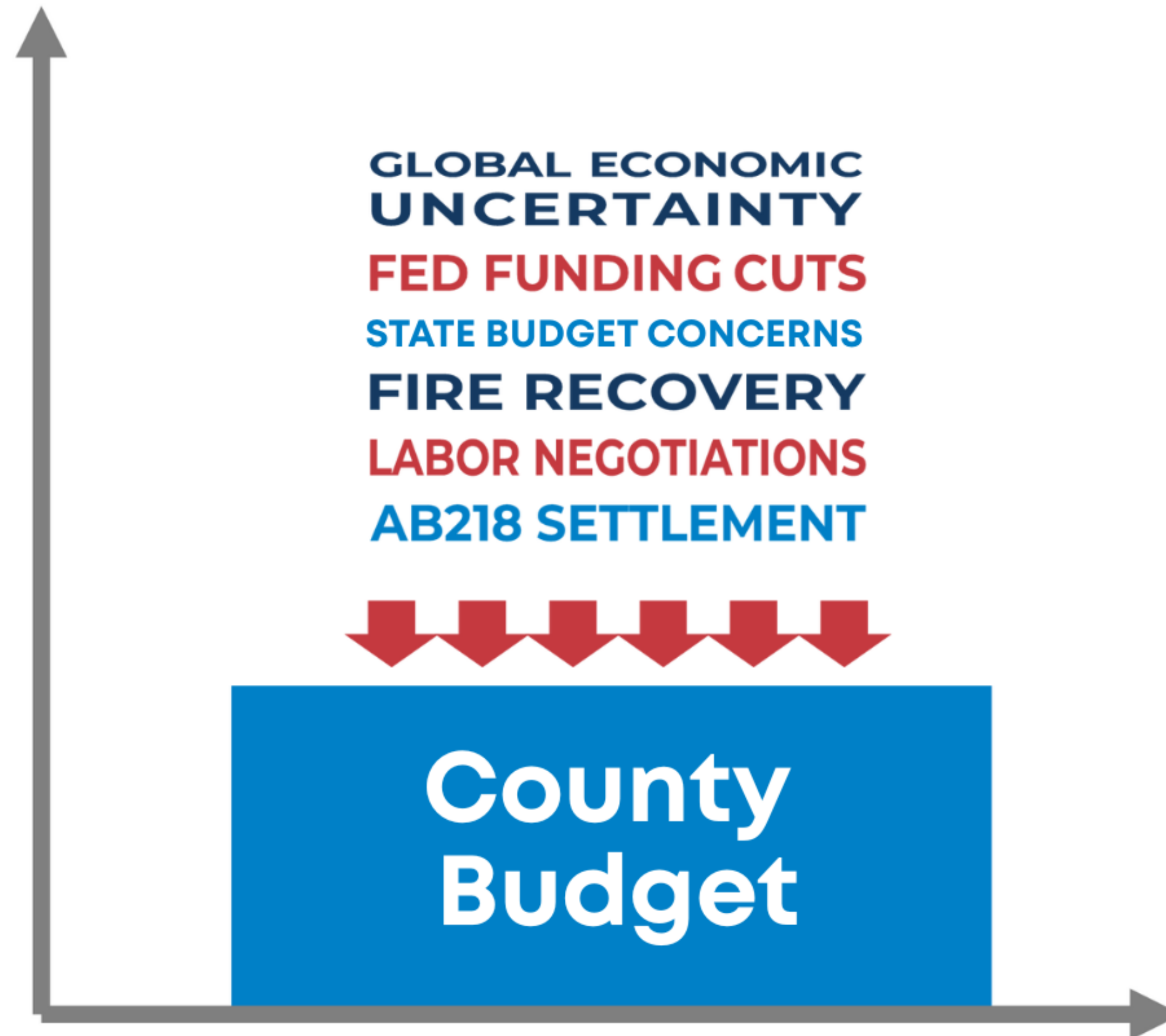
New property tax revenue growth has declined by nearly half since 2022-23.

New Ongoing County Funding in Recommended Budget



These interrelated trends are troubling at a time when federal and State resources are also threatened.

**Mounting Fiscal
and Economic
Pressures**



\$4 billion

6,800+ claims

2050-51 to
pay in full

If approved by the Board of Supervisors, the settlement of thousands of AB 218 cases would be the costliest settlement in County history.

The financing plan is expected to require:

- Drawing on reserve funds
- Using year-end surpluses to fill other funding gaps
- Issuing judgment obligation bonds
- Annual cost = hundreds of millions a year until 2030, millions more annually through fiscal year 2050-51

In anticipation of our numerous budget challenges, including AB 218 settlement costs, County departments prepared 3% curtailment plans. The Recommended Budget includes \$88.9 million in cuts, including:

- About \$36.4 million in cuts from elimination of 310 vacant positions
- More than \$50 million in other savings from cutting supplies, equipment purchases and reducing the scope of some programs

**3%
Curtailments**

No Layoffs Now

**Minimizing
operational
impacts**



Given the level of fiscal uncertainty, we expect more changes than usual in the next two budget phases, Final Changes and Supplemental Budget:

- Greater insights into potential federal funding cuts
- Clarity on State funding priorities and impact on County based on May revise and final State budget in June
- More information on financial markets and the prospects of a recession
- More clarity around AB 218 settlement and financing options, including the potential for additional settlements
- Labor negotiations

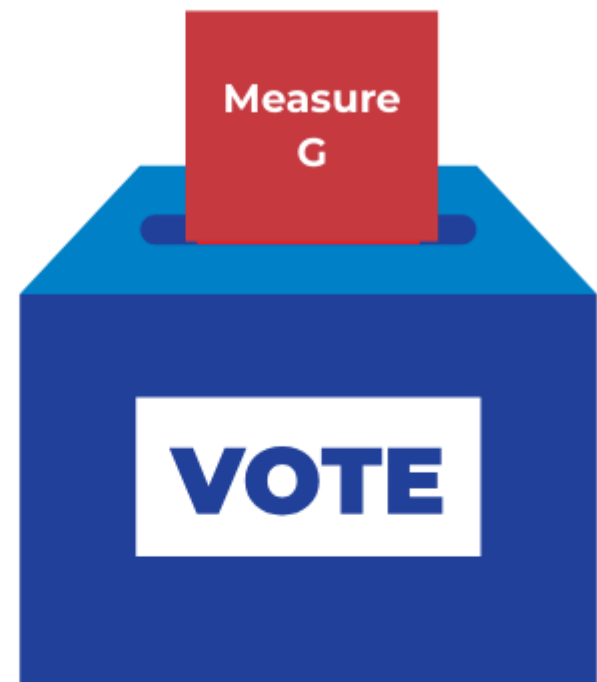
Despite budget pressures, the County is firmly committed to maintaining its safety net responsibilities.

- Most of the County's budget comes from federal, State and other sources tied to specific uses and may not be repurposed.
- NCC must be used to backfill declining revenues from other sources.

We are also committed to the 10% set aside for Care First Community Investment.

- This year's Recommended Budget is higher than than last year's—but restricted revenues have increased even more.
- Locally generated unrestricted revenues total \$2.877 billion and 10% equals an allocation of \$287.7 million. This is \$13 million less than last year's allocation of ongoing funds; however, the total investment in CFCI is \$571.6 million due to availability of unspent funds from previous years.
- Some of these one-time resources may be reallocated to County departments for CFCI-aligned programs to put this money to work sooner.

Despite budget pressures, LA County continues to progress.



\$11.9 million for ramp up to Measure G reforms



\$1.1 billion for Measure A homeless funding



\$12.3 million in funding for Youth@Work



\$2.4 million & 31 positions for after-hours Parks safety



\$1.7 million & 39 positions for County parks' aquatics programs



\$1.7 million & 6 positions for emergency response & recovery



\$5.5 million one-time funds for Represent LA



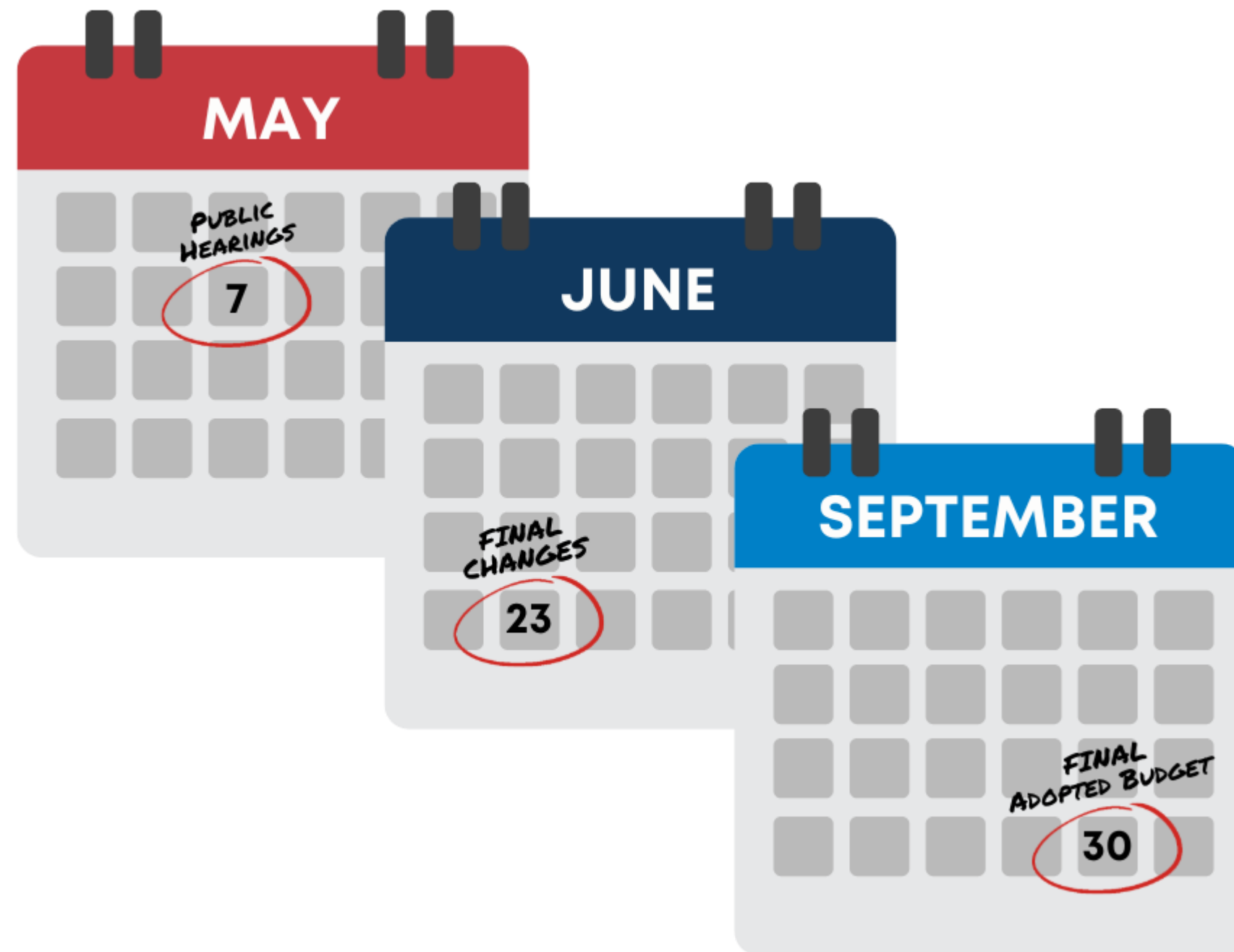
\$6.7 million & 17 positions for Alternative Crisis Response



\$4.9 million one-time funds for victims of EBT card theft



\$900,000 one-time funding for doula hub operations



Key dates:

- Public Hearings begin May 7
- Final Changes Budget Deliberations set for June 23
- Supplemental/Final Adopted Budget scheduled for September 30

Questions?

Thank you.

