

**REVISED MOTION BY SUPERVISORS HOLLY J. MITCHELL
AND HILDA L. SOLIS**

February 10, 2026

Securing Funding to Preserve Critical County Services Cut by H.R.1

The federal budget bill, H.R.1, also known as the “One Big Beautiful Bill Act,” proposed and signed into law by President Donald Trump, includes massive funding cuts. In Los Angeles County (County), these cuts most severely impact the County’s health care system. H.R.1 cuts billions in federal Medicaid funding to California and imposes new eligibility requirements and copays, resulting in reduced care for patients. The County has 3.3 million residents who rely on Medi-Cal. That is 1 in 3 County residents, including nearly one million children. Hundreds of thousands of them could face loss of coverage and reduced access to care. The implications of these cuts are on track to result in overcrowding of emergency rooms when residents are unable to access health care until they are experiencing a life-threatening crisis.

After accounting for H.R.1, recent Executive Orders from the Trump Administration on grant oversight, and new federal Terms & Conditions restrictions, the County’s most impacted departments face projected losses totaling \$2.4 billion over the next three years. Due to funding losses, County officials have already initiated hiring freezes and are contemplating service consolidations, potential layoffs of 5,000 staff, and facility closures in the coming years. Federal funding cuts will affect public health services such as chronic disease prevention, disease tracking and water safety, as well as the health care provided at the County’s public hospitals and numerous clinics. The President’s bill, H.R.1, and other reductions in health and public health funding by the Trump Administration

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disproportionately affect low-income families and several of the proposed cuts specifically target health care and public health providers.

The Department of Health Services (DHS) plays a pivotal role in protecting the health and wellness of County residents. In 2024, DHS medical teams provided immediate and comprehensive care to 600,000 specialty care patients, handled 260,905 emergency room visits, 192,502 urgent care visits, and performed 36,295 surgeries. The system also served 193,241 people at food distribution clinics, secured permanent supportive housing for 22,239 individuals, and distributed 413,074 Narcan doses. These DHS medical teams work across four County hospitals — Los Angeles General Medical Center, Olive View Medical Center, Rancho Los Amigos and Harbor-UCLA Medical Center — as well as 23 clinic sites and various mobile and community-based sites. The cuts in H.R.1 will result in unprecedented and catastrophic impacts on residents and on health care and social service providers.

The reductions at both the federal and state levels significantly affect Medicaid (Medi-Cal), which is a primary revenue source for DHS. In just four months following H.R.1's signing, the County lost an average of 1,000 people per day from Medi-Cal enrollment — over 120,000 people between July and November 2025. During the same four-month period, more than 27,000 children under age 18 lost their Medi-Cal coverage, equating to nearly 200 children per day. In that same four-month period following H.R. 1's passage, the County also lost over 70,000 CalFresh enrollees receiving food assistance, including approximately 27,000 who were children under age 18. This funding and coverage loss poses a serious threat to the long-term sustainability of critical safety-net services relied upon by County residents, as the County health care system faces more than \$1 billion in cuts. DHS alone, for example, must absorb a projected federal revenue loss exceeding \$700 million per year. Additionally, the Department of Public Health (DPH) projects a loss of \$200-300 million in federal and state funds. DPH is also forecasting a minimum \$42 million deficit this fiscal year, requiring various clinic closures, service reductions, personnel reassignments and possible terminations. This deficit will likely worsen given cuts to federal revenue.

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The County health departments have been diligently examining every option to reduce expenditures and create efficiencies to avoid any health care service cuts to County residents. For example, DPH and DHS are limiting overtime to only essential clinical activities and those needed to respond to public health emergencies. Both departments are also restricting the distribution of County-issued cell phones, reducing lease and facility costs, lowering employee expenses by eliminating contract staff positions, implementing a soft hiring freeze, consolidating clinic services, and limiting travel and training expenses.

In addition to eliminating expenses, DHS is innovating ways to increase revenue. Although the great majority of their patients are Medi-Cal recipients, DHS is creating a new patient accounting/revenue cycle system to maximize opportunities to bill private health insurance companies. DHS has also set aside an emergency reserve, called the DHS Enterprise Fund, to use in times of crisis. That emergency reserve funding and these efficiency efforts, however, are not enough to prevent large service cuts, layoffs and hospital closures starting next year. Seventy percent (70%) of DHS's budget comes from federal funding, and only 6% comes from local revenue. When the federal government withdraws that support, there is no ongoing backup funding. There is nothing left to cut without closing hospitals and clinics.

H.R.1 cuts extend beyond the County-operated health care facilities and also impact other non-profit hospital and clinic providers that substantially contribute to the safety net for uninsured and low-income residents. Nonprofit community health centers, for example, are a critical component of the County's health care safety net, providing medical, dental, and behavioral health care to over 2 million County residents at more than 450 full time sites Countywide. Each year, these health centers serve 1 in 5 County residents, 1 in 3 County residents enrolled in Medi-Cal, and nearly 80,000 people experiencing homelessness. These private health centers disproportionately serve Medi-Cal enrollees, people experiencing homelessness, immigrants, and patients with complex medical and behavioral health needs—populations most likely to be harmed by federal and State policy changes. The County and the nonprofit community health centers have closely partnered for over 30 years to create a system of care for the uninsured and under-

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resourced residents of our community. These public-private partnerships have improved access to care for hundreds of thousands of residents.

The Community Clinic Association of Los Angeles County projects that H.R.1 will have a disastrous impact on the health centers, forcing up to 1.5 million County residents off coverage, reducing covered benefits, and increasing the administrative burden required to keep people covered. Without local funding, health centers will also need to consider widespread service reductions and clinic closures as uncompensated care rises. Underfunding community-based primary care will shift patients into emergency departments and DHS facilities, increasing County uncompensated care and system strain. Stable clinic funding keeps care in lower-cost, preventative care settings.

In order to meet the urgent health care needs of the County's residents and combat the looming potential closure of hospitals, clinics and the emergency room overcrowding crisis caused by H.R. 1, this Board must place a temporary 0.5% sales tax on the ballot at the next available election to be held June 2, 2026. This measure includes taxpayer oversight, audits and accountability measures that ensure the public will know how the funding is spent by the County. Preliminary polling shows 58% of County residents would support a temporary ½ cent sales tax increase to preserve health care services.

What is at stake should not be lost on anyone. Without this measure, the County will be forced to limit critical public health services and close hospitals and clinics in communities that depend on them, leaving neighborhoods without essential, life-saving care. Maternity wards will shut down. Children who have lost their Medi-Cal coverage will have nowhere to go when they are sick except overcrowded emergency rooms, driving up costs for everyone and leaving families with medical bills they cannot pay. Essential public safety protections that ensure mitigation of communicable diseases, clean water, and health services for the most vulnerable will be severely curtailed or eliminated, resulting in grave danger for all County residents.

This Board will continue to pursue any other options to prevent the collapse of the County's health care and social services safety net. Unfortunately, after exhausting every existing alternative, this temporary emergency measure is the only option that can be implemented quickly enough to prevent hospital closures and the loss of health care

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access for at least hundreds of thousands of residents. This proposed measure would keep the County's health care system positioned to meet the demand it currently faces and prevent the potential closure of our public hospitals.

H.R.1 has created the largest federal health care cuts in U.S. history. These cuts are going to have both an immediate and generational impact. The unfortunate truth is that the blatant disinvestment in health care by our federal government requires strengthening local investments in the County. The County is authorized to impose a general retail transactions and use (sales) tax within both incorporated and unincorporated areas of the County to generate revenue dedicated to preserving and restoring health care services and other critical local services.

! WE THEREFORE MOVE THAT THE BOARD OF SUPERVISORS:

1. Adopt the attached resolution ordering, calling and giving notice of a special election to implement a countywide general retail transactions and use (sales) tax measure to be placed on the June 2, 2026 Statewide Direct Primary Election to be held in the County of Los Angeles on June 2, 2026.
2. Approve the general sales tax ordinance (attached as Exhibit A to the Resolution), which, subject to majority approval by the voters, would:
 - a. Impose a ½ percent (0.5 %) general sales tax until October 1, 2031;
 - b. Establish a nine-member citizens' oversight committee to provide transparency and ensure fiscal accountability as to any revenues raised by the measure by:
 - i. Reviewing the receipt and expenditures of the revenue from the sales tax, including the County's annual independent audit;
 - ii. Making recommendations to the Board on how to allocate the general fund revenue generated by the sales tax;
 - iii. Producing an annual oral or written report which shall be considered by the Board of Supervisors (Board) at a public meeting; and
 - iv. The committee's responsibilities shall not include decision-making on spending priorities, financing plans or tax rate

projections or assumptions and the committee shall have no authority to direct, nor shall it direct, County staff or officials;

- v. The Board shall give special consideration to organizational representatives most impacted by H.R.1 in making appointments to the citizens' oversight committee. Committee members must either reside or work in Los Angeles County. Citizens' oversight committee members shall serve a three-year term and are eligible to be reappointed by the Board, at its discretion.
- c. Require the Auditor-Controller to cause a report to be prepared by an independent auditor and filed with the Board no later than ~~December~~ 31st March 31st of each year until all funds are expended, stating: (i) the amount of general sales tax proceeds collected and expended in such year; and (ii) the status of any projects or description of any services or programs funded from proceeds of the general sales tax.
3. Direct the Chief Executive Office's Legislative Affairs and Intergovernmental Relations Branch to support any legislative or administrative relief necessary to immediately implement the measure upon passage, including any needed exemptions from sales tax caps.
4. Adopt a spending plan expressing the Board's intent to allocate new general fund revenues generated by the general sales tax, if approved by the voters, in the following manner, subject to the County's annual budgeting process:
 - a. Up to forty-seven percent (47%) of revenue generated shall be used by the Department of Health Services (DHS) to fund a program under which a limited network of non-profit partner providers, licensed under Section 1204(a) of the California Health and Safety Code, shall furnish no-cost or reduced cost care to low-income residents of Los Angeles County who do not have health insurance. In addition, to the extent appropriate, the network may include a limited number of partner pharmacies, specialists, or ancillary service providers for services not available through the network health centers. Services available through the

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program shall include, to the extent funding is available, outpatient medical, specialty, dental, mild-to-moderate behavioral health, diagnostic, pharmaceuticals, nutrition and medical supplies;

- b. Five percent (5%) shall be used for school-based health needs and programs as determined by the governing board of L.A. Care Health Plan;
- c. Ten percent (10%) shall be allocated to the Department of Public Health to support core public health functions and the awarding of grants to support health equity;
- d. Five percent (5%) shall be allocated to the Department of Public Social Services to support Medicaid outreach and enrollment activities as well as work and volunteer programs;
- e. Two-and-a-half percent (2.5%) shall be allocated to support Correctional Health Services;
- f. Twenty-two percent (22%) shall provide financial support to DHS to safeguard its public hospital and clinic services.
- g. Five percent (5%) shall be allocated to support non-profit safety net hospitals in Los Angeles County, as determined by meeting one of the following criteria:
 - i. A critical access hospital in Los Angeles County; or
 - ii. Non-profit hospitals that meet all of the following criteria:
 1. At least 40% of the local population within a 5-mile radius around the hospital is living below 200% of the Federal Poverty Level (FPL);
 2. The hospital's location is listed under Los Angeles County's Concentrated Disadvantage Index;
 3. The hospital's service area is listed in the highest two tiers of Los Angeles County's COVID-19 Vulnerability and Recovery Index;

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4. The hospital's service area is listed in the highest need quartile of the California Healthy Places Index (HPI) compiled by the Public Health Alliance;
 5. The hospital's service area is listed in the highest need quartile of the Centers for Disease Control and Prevention's Social Vulnerability Index;
 6. The hospital provides at least 75,000 emergency room visits per year to Medi-Cal and uninsured, Medi-Cal patients make up at least 70% of its total patients each year, and the hospital is not affiliated with a larger hospital or health care system;
 7. The hospital's service area is federally designated as a Health Professional Shortage Area (HPSA).
- h. Two-and-a-half percent (2.5%) for in-home supportive services (IHSS) for the elderly and those living with disabilities, with a priority on enhancing wages and benefits for IHSS providers;
 - i. One percent (1%) to provide financial support to the City of Pasadena Public Health Department and the City of Long Beach Department of Health and Human Services to safeguard their public services, to be divided between the cities proportionately based on what each city spent on core public health services over the past five fiscal years;
 - j. Unless otherwise specified, all non-County hospital funds shall be distributed in a needs-based manner that is primarily based on Medicaid Emergency Department volume.

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