



County of Los Angeles

BUDGET AT A GLANCE

FY 2026-27 SUPPLEMENTAL BUDGET

Recommended Budget
April 14, 2026

Final Changes
June 22, 2026

Supplemental Budget
September 29, 2026

The **SUPPLEMENTAL BUDGET** ("Final Adopted Budget") is the last phase in the County's annual budget cycle. It serves as the last opportunity to revise revenue estimates (e.g., updated property taxes) and allocate one-time savings identified after closing the books in the prior year.

SUPPLEMENTAL BUDGET AT A GLANCE

\$54.2B TOTAL BUDGET

115,433 BUDGETED POSITIONS

- **CHANGE VS. PRIOR BUDGET PHASE:** Increase of **\$3.9 billion** and net decrease of **250 positions** from the FY 2026-27 Adopted Budget (adopted June 22, 2026). Position reductions are primarily due to department operational needs and the elimination of vacant positions.
- **CHANGE VS. PRIOR FISCAL YEAR:** Increase of **\$1.7 billion** and net decrease of **533 positions** from the FY 2025-26 Final Adopted Budget (adopted September 30, 2025).

BUDGET OVERVIEW

What Is Changing in the Budget?

The **\$3.9 billion increase** from the 2026-27 Adopted Budget is driven primarily by one-time year-end savings identified following the close of FY 2025-26, updated revenue estimates, and use of available reserves.

Key components include:

- **\$2.0 billion** in unspent prior-year funds primarily for carryovers
- **\$391.1 million** in budget stabilization savings.
- **\$148.1 million** in one-time revenue.
- **\$51.0 million** in new ongoing revenue from updated property tax and Proposition 172 revenue estimates.

This budget also recommends \$5.9 million in ongoing funding and 17 positions to establish the Department of Ethics Commission/Office of Ethics Compliance, pursuant to the Measure G County Charter amendment. Additional funding will be required in future budget phases to establish the Chief Legislative Analyst office and support the elected County Executive.

KEY BUDGETARY PRESSURES

What's Making It Hard to Balance the Budget?

The challenges and one-time investments the County has had to meet this year have been well documented during a series of presentations to the Board:

- **Legal settlements and liabilities:** Addressing the second year of payments required for the multi-year AB 218 settlement agreements totaling \$4.8 billion. More than 5,000 unsettled claims are currently pending, growing the County's liability.
- **Labor and structural cost growth:** Funding the multi-billion dollar investment in our County workforce resulting from labor negotiations; and
- **Federal cuts:** Addressing the impact of federal changes on County services.

UNDERSTANDING WHAT IS AVAILABLE TO ALLOCATE

The CEO recommends changes to the full budget, but only a small portion is flexible. Most of the budget comes from program-specific revenue – including State, federal, and special district funds earmarked for specific purposes designated under legal, contractual or voter-approved requirements.

The rest of the budget comes from locally generated revenue, also known as net County cost (NCC), and its flexibility varies:

- **One-time NCC** is available only once and can't be relied on in future years;
- **Restricted ongoing NCC** is largely obligated to cover mandated/structural commitments, e.g., Maintenance of Effort¹, legal/contractual obligations, and State/Federal requirements;
- **Unrestricted ongoing NCC** is the most flexible and can be used to address Board priorities and discretionary programs.

¹ **Maintenance of Effort (MOE)** means the County is required to keep spending at a certain level — usually to continue receiving State or federal funding. These rules prevent cuts to core programs by making sure local funding doesn't drop below a set baseline.

CEO'S BUDGET RECOMMENDATIONS

Our Plan For a Balanced Budget

The CEO’s recommendations reflect efforts to stabilize the budget in response to continuing budgetary pressures and the redirection of existing resources toward higher-priority obligations, including funding cost-of-living adjustments (COLAs) for the County workforce and AB 218 settlement payments.

ONE-TIME USE OF FUND BALANCE

Of the \$3.9 billion increase in this phase, \$2.2 billion is one-time funding from FY 2025-26 year-end savings across all County funds, including \$1.3 billion in non-General Fund.

The remaining \$927.0 million in General Fund savings is recommended for one-time uses, including:

- \$403.6 million carryover for AB 218 Year 1 settlement payments.
- \$150.0 million for AB 218 Year 2 settlement payments (Combined with \$669.1 million previously set aside, \$209 million in budget stabilization savings, and \$148.1 million in one-time revenues, \$1.2 billion is available for these payments).
- \$163.0 million to continue homeless programs and services, including \$4.6 million for HSH’s coordinated effort to address homeless encampments in Very High Fire Hazard Severity Zones and reduce related fire risks.
- \$20.2 million for emergency management facilities consistent with the McChrystal After Action Report.
- \$5.3 million for the Elder Nutrition program.

It is important to note that requests for funding in this budget phase exceeded the amount available after accounting for required reserves and carryovers, as well as the 10% rainy day fund set aside. Closing the budget gap therefore required difficult decisions and actions.

ONGOING NCC ALLOCATIONS

New ongoing funding in this budget phase reflects updated property tax and Prop 172 revenue estimates. A 0.52% increase in the Assessor’s 2026 roll forecast is expected to generate \$35.2 million, while updated Prop 172 revenues are estimated to increase by \$15.8 million, resulting in \$51.0 million in new ongoing NCC available for allocation.

These resources are recommended for some targeted investments to meet high priority needs, including:

- \$10.0 million set aside in PFU for various priorities, including ODR bed expansion, OEM Year 2 funding, and a community emergency resiliency fund.
- \$10.8 million for the courts to address a structural deficit in indigent defense costs.
- \$5.0 million annual allocation for facility re-improvement projects as required by Board policy.
- \$3.7 million set aside in PFU for Year 2 funding for the continued implementation of the new Department of Ethics Commission/Office of Ethics Compliance.
- \$2.5 million to DPW for the Vision Zero initiative.
- \$1.5 million set aside in PFU for jail closure activities (and \$14.0 million one-time to support the Men’s Central Jail Closure Year 1 Plan).
- \$1.5 million for the Department of Economic Opportunity’s Business Interruption Fund.
- \$0.3 million to support the Medical Examiner’s emergency preparedness and response plans.

The recommendations also provide \$3.6 million to DEO and Arts to restore or partially restore ongoing funding that was cut in FY 2025-26 for the PLACE (\$1.1 million) and organization grants programs (\$2.5 million), respectively, offset with a reduction of one-time funding.

BUDGET STABILIZATION

After months of extensive collaborative work with other County departments, the CEO recommends the redirection of existing resources within various budget units and trust accounts toward higher-priority obligations, including funding the Year 2 AB 218 settlement payments and future COLAs. These reallocations include both sweeps of funding that were unused, underutilized, or held in excess, as well as swaps of NCC for another funding source, allowing the use of NCC for more critical or immediate needs. Examples of each are outlined below:

SWEEPS		SWAPS	
\$50.0 million	Interest revenue held in trust account	\$55.7 million	Tobacco funding, not NCC, will now backstop the MLK Community loan
\$33.3 million	One-time funding previously set aside for various programs in the Provisional Financing Uses (\$28.2 million) budget unit and obligated fund balance (\$5.1 million) that sat idle for several years	\$70.0 million	Probation will draw down on additional Juvenile Justice Realignment Block Grant (\$40 million) and Youthful Offender Block Grant (\$15 million) funding. DPH will draw down on additional \$15 million in opioid settlement funds.

Although these were tough decisions, this reallocation strategy allows the County to meet its settlement obligations using cash resources without requiring additional funding or the issuance of judgment obligation bonds, thereby minimizing potential cuts to County residents and services.

2026-27 Supplemental Budget

(\$ in Millions)

	2024-25 Final Adopted	2025-26 Final Adopted	2026-27 Adopted	2026-27 Supplemental Budget	Change From 2026-27 Adopted	% Change
Total Budget by Fund						
Total General County	\$ 37,995	\$ 40,097	\$ 38,554	\$ 40,590	\$ 2,036	5.3%
Special Funds/Special Districts	11,178	12,380	11,776	13,635	1,859	15.8%
Total Budget	\$ 49,173	\$ 52,477	\$ 50,330	\$ 54,225	\$ 3,895	7.7%
Budgeted Positions	117,086	115,966	115,683	115,433	(250)	-0.2%

Department Name	Net Change in Positions
Ethics Commission/Office of Ethics Compliance	17
Mental Health	17
Alternate Public Defender	16
Fire	16
Youth Development	15
Homeless Services and Housing	8
County Counsel	5
Human Resources	5
Parks and Recreation	5
Aging and Disabilities	4
District Attorney	4
LA County Library	1
Medical Examiner	1
Military and Veterans Affairs	1
Treasurer and Tax Collector	(1)
Board of Supervisors	(4)
Public Defender	(6)
Health Services	(12)
Probation	(56)
Sheriff	(91)
Public Health	(195)
TOTAL	(250)