



2020-21 SUPPLEMENTAL BUDGET FACT SHEET AND FAQs September 29, 2020

OVERVIEW

Los Angeles County's \$37.6 billion supplemental budget represents a positive update from some of the most severe fiscal impacts anticipated during the early stages of the COVID-19-related economic downturn. While widespread economic uncertainty persists as this public health emergency continues, the 2020-21 supplemental budget restores funding for a number of key programs that had been targeted for cutbacks earlier in the budget process, while also adding new services and preserving jobs. This is primarily due to an infusion of resources from the state and to savings achieved through County efficiencies. Key investments and restorations include funding the Alternatives to Incarceration initiative and providing additional resources for the Office of Diversion and Reentry; enhancing oversight and accountability in support of justice system reform; and advancing racial and gender equity and immigrants' rights. It provides support for seniors and those at high-risk of COVID-19, along with other vital pandemic response services including testing, contact tracing and medical sheltering, jobs, workforce development, and support for small businesses. And it continues support for efforts to combat homelessness and increase the supply of affordable housing.

AT A GLANCE

- **Budget total: \$37.6 billion**
- **Positions eliminated since 2019-20: 2,556**
- **Layoffs averted: 655**
- **Current projected revenue loss: \$661.8 million** (an improvement of \$273.5 million compared to the \$935.3 million revenue loss projected in June 2020)

FREQUENTLY ASKED QUESTIONS

How did the County's budgetary picture improve so dramatically since June?

A key factor is an unanticipated \$239 million provided by the state to help backfill sales tax revenue losses in child welfare, social services, health/mental health services, and justice system programs funded under what is known as "realignment." In addition, Prop. 172 sales tax revenues were stronger than expected, providing \$58.9 million more than previously anticipated. And through departmental curtailments totaling \$369 million.

How are you overcoming the remaining revenue gap of \$661.8 million?

Los Angeles County is balancing the budget by continuing the extensive spending cuts and efficiencies implemented at the beginning of this crisis. These include freezes on non-essential hiring and purchasing, along with management cost reductions such as the suspension of County matching contributions for retirement accounts. We will also draw on \$197 million in reserves set aside in departmental trust accounts.

What are some of the uncertainties ahead?

County unemployment rates are higher than in other parts of the country; hard-hit sectors include tourism, retail, dining, and entertainment. The County's interest earnings are projected to decline by \$35.8 million, and we are also watching for potential negative impacts to property tax revenue in the next fiscal year. We are continuing to advocate for crucial federal relief to enable us to continue to provide vital services to our 10 million residents.

Definitions:

Realignment—The sales tax-funded transfer of some child welfare, social services, health/mental health services, and criminal justice responsibilities from the state to counties

Prop. 172—California's ½-cent -cent sales tax to fund local public safety functions

Provisional Financing Uses—A temporary budget account for dedicated program funding that has not yet been formally allocated.

Supplemental Budget—The last of three phases in the County's annual budget process, the supplemental budget addresses programmatic and economic changes that occur after adoption of what's known as the "final changes" budget each June

For a list of key program restorations and investments, click [here](#).

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