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Responding to COVID-19 economic crisis, revised L.A. County budget includes program cuts and potential layoffs

In the wake of the unprecedented economic crisis sparked by COVID-19, Los Angeles County's 2020-21 Final Changes budget includes a wide range of curtailments affecting virtually every County department.

The \$34.9 billion budget, which will be presented to the Board of Supervisors for budget deliberations on Monday, June 29, represents some of the most challenging fiscal decisions in recent County history.

The cuts are needed to address a projected \$935.3 million budget gap, mostly due to sharp revenue declines at the same time the County also is investing in major response and reopening activities to support its communities during the pandemic.

"I am very disappointed to report that significant cuts in County programs and personnel will be needed as a result of the serious economic downturn caused by this ongoing public health emergency," said Chief Executive Officer Sachi A. Hamai. "This is not the outcome any of us wants to see, especially as our County staff continues to serve with great commitment during this crisis. I want to wholeheartedly thank our more than 100,000 employees for their incredible dedication to public service at this difficult time."

She expressed hope that the cuts can be mitigated in the Supplemental Budget, which will be submitted to the Board in September.

"This budget marks a point in time, not the finish line," Hamai said. "I remain hopeful that we will be able to obtain additional funding from Washington and Sacramento, and we also continue to work with labor on cost-saving measures that could help preserve jobs."

The cuts in the proposed budget include \$453.5 million in departmental curtailments and \$59.3 million in management cost reductions. To bridge the gap, the budget will also draw on \$351.6 million in one-time funding from departmental trust accounts.

An estimated \$70.9 million drop in Measure H sales tax revenues will be offset with state Homeless Housing, Assistance and Prevention Program funding of \$22.6 million, with other sources of funding expected to be identified in the Supplemental Budget.

Overall, the proposed departmental curtailments result in the elimination of 3,251 positions—2,596 vacant and 655 potential layoffs. No layoffs would take place prior to October 1.

The proposed curtailments represent an across-the-board cut of 8% for departments funded with what is known as Net County Cost, or NCC—the portion of the budget that is funded with sales tax and other locally generated revenues.

Because the largest share—40%—of NCC goes to the County's public safety departments, including the Sheriff's Department, these departments are most heavily affected by the cuts. These departments also receive a large share of the state realignment sales tax revenues, which have declined sharply as well.

"These proposed cuts are not intended to penalize any department, or to diminish the importance of their work," Hamai said. "Rather, these curtailments are part of an equitable process of cost reductions that will affect all County departments."

“Thanks to our County’s long-standing tradition of responsible budgeting, historically high credit ratings, and investments in rainy day reserves, we are in a better position than some other local governments to respond to this crisis,” Hamai said. “Los Angeles County has always been able to overcome every challenge in our path, and I am confident we can emerge from this crisis stronger than ever to serve the vibrant and diverse communities that make up our great County.”

For a link to the transmittal letter, click [here](#).

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