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Facing deep impacts from COVID-19, Los Angeles County unveils recommended budget for 2020-21

Los Angeles County Chief Executive Officer Sachi A. Hamai has released the County's 2020-21 recommended budget, a \$35.5 billion spending plan expected to undergo extensive changes in the months ahead as revenues decline and costs rise due to the COVID-19 emergency.

The County expects an estimated \$1 billion drop in revenues as it concludes the current fiscal year, and anticipates an additional \$1 billion-plus revenue decline in 2020-21. Those shortfalls, combined with increased spending to respond to the unprecedented COVID-19 crisis, will shape the budget as it makes its way through a months-long process with the adoption of the budget by the end of June 2020 and concluding with the final budget scheduled for the end of September 2020.

"This is a budget process unlike any we've ever faced before, even in previous downturns," Hamai said. "Although the County has its strongest fiscal foundation ever, thanks to our long history of prudent budgeting and investments in our Rainy Day fund, we are in a profoundly challenging economic environment that may get worse before it gets better. There are many factors outside the County's control, including the length and severity of the COVID-19 crisis, and the amount of assistance we will receive from the state and federal governments."

The recommended budget, the first step in the County's annual budget process, will go before the Board of Supervisors on Tuesday, April 28.

Although it was drafted before the current crisis, the recommended budget includes a significant emphasis on health and mental health programs, including funding for mental health inpatient beds and specialty care services through the hospitals.

It also includes funding for the development and preservation of affordable housing; additional aid to help vulnerable seniors; and further assistance in foster care.

In addition, the proposed budget provides funding for the County’s ambitious efforts to combat and prevent homelessness—although it notes that Measure H sales tax revenues are likely to be affected by the downturn and will need to be revisited in future budget phases.

In fact, all recommendations in the proposed budget are likely to be reconsidered, given the deep uncertainties ahead.

“We are hoping for the best but preparing for the worst as we chart the course ahead,” Hamai said. “As always, we will prioritize vital services to the public and our essential role as the safety net for our most vulnerable residents.”

In anticipation of the economic challenges ahead, the Board has already imposed hard freezes on hiring and purchasing and has directed County department heads to prepare for a range of potential program reductions in the coming fiscal year.

In order to close out the current 2019-20 budget year on June 30, the County will draw on one-time reserves and disciplined spending unless federal stimulus funding becomes available.

It will also close out the fiscal year with a cash balance of \$196 million—a decrease of \$950 million from the \$1.146 billion that had been projected as the closing balance before the COVID-19 crisis hit.

Responding to such drastic revenue decreases here and nationwide, Los Angeles County has joined with the National Association of Counties and other partners to advocate full FEMA reimbursement of COVID-19 expenses, and to enable municipalities to use funding from the Coronavirus Aid, Relief, and Economic Security Act, known as the CARES Act, to offset revenue losses.

To read the Board letter on the recommended budget, click [here](#).

To read a list a County programs potentially affected by sales tax revenue declines, click [here](#).

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