



BUDGET MESSAGE

- ❖ The proposed Supplemental Budget recommendations increase the budget by \$3.4 billion and add 666 positions, bringing the total 2023-24 budget to **\$46.7 billion** and **115,324 budgeted positions**.
- ❖ This \$3.4 billion increase is comprised of:
 - a) \$1.8 billion from outside County sources, primarily from the State and federal governments, as well as year-end savings generated in the Special Funds/Districts. State and federal funding often comes with restrictions and conditions specifying how each must be used.
 - b) \$1.6 billion mainly from prior-year cost savings that resulted from vacancies, lower than anticipated expenditures in other areas, and revenue collections that exceeded budgeted levels. This funding is being carried over and used to support Board priorities, multi-year capital projects and other urgent recommendations included in this Board letter.
- ❖ After careful review of the County's revenue sources, the following adjustments are recommended this budget phase:
 1. Property Tax Revenues
 - Addition of **\$54.4 million** in property tax revenue to account for the Assessor's 2023 Assessment Roll growth in assessed valuation of 5.91%, which is a 0.91% increase from the 2023-24 Adopted Budget figure.
 2. Sales Tax Revenues
 - Reduction of **\$15.1 million** in Proposition 172 Public Safety sales tax revenues, representing a significantly lower growth rate of 0.7% versus the 2.2% previously anticipated.
- ❖ The confluence of the modest increase in property tax revenue and the reduced projection of anticipated Prop 172 revenue allowed for only a few programs to be funded with the \$41.1 million in available ongoing locally generated revenue.
- ❖ The following highlights some of the programmatic changes recommended this budget phase:
 - **Homelessness and Affordable Housing**
 - ✓ **\$870.5 million** -*highest level of Measure H resources*- total budget (comprised of \$534.8 million funded by ongoing resources and \$335.7 million in one-time funding) to fund the **County's New Framework** to combat homelessness and includes \$194.8 million set aside in the Committed for Homeless Programs to address this long-running crisis in future years.
 - ✓ **\$178.5 million** to **add 167 new mental health positions** to, among other things, expand HOME teams, support the Behavioral Health Bridge Housing program, and increase assistance for children and families, fully offset by State, federal and Mental Health Services Act (MHSA) funding.



- ✓ **\$29.8 million** to support **interim housing and triage programs** and related services for people experiencing homelessness, fully offset by State grant funding.
- ✓ **\$22.5 million** to provide permanent supportive and interim housing, as well as programs and **services for transition age youth**, fully offset by Homeless Housing Assistance and Prevention (HHAP) Program State funding.
- ✓ **\$19.8 million** to expand the **APS Home Safe Program**, which supports individuals at risk of or experiencing homelessness, fully offset by State funding.
- ✓ **\$10.9 million** to expand **outreach programs to LA Metro** rails, buses, and Union Station, fully offset by funding from LA Metro.
- ✓ **\$7.0 million** to **assist young adults** formerly in foster care or in the probation system to secure and maintain housing, fully offset by one-time State grant funding.
- ✓ **\$5.0 million** to support and expand **Stay Housed LA**, which offers free legal services to County residents facing eviction, funded by one-time fund balance.

➤ **Care First, Jails Last**

- ✓ **\$125.5 million** and 41 positions for various AB 109-funded programs.
- ✓ **\$78.8 million** and 29 positions to expand the **Felony Incompetent to Stand Trial (FIST)** program, which diverts individuals facing felony charges and found incompetent to stand trial, into community-based settings, fully offset by State funding.
- ✓ **\$20.1 million** to provide **free phone calls** for individuals in custody. This new County commitment is expected to save the families of those in custody an estimated \$41 million annually, funded by one-time fund balance in the Inmate Welfare Fund.
- ✓ **\$13.1 million** and 9.0 positions to support 360 additional beds for the **ODR Housing** program, fully offset by MHSA funding.
- ✓ **\$2.5 million** and 9 positions to continue the County's efforts to move individuals with the highest acuity mental health conditions **out of the jails and into non-carceral care settings**, funded by ongoing CFCI funding.

➤ **Child Protection**

- ✓ **\$21.3 million** to add 123.0 positions to reduce adoption caseloads for social workers while provide support for caregivers, provide medical services to Intensive Services Foster Care children and support the Family Finding and Engagement Program, fully offset by State funding.
- ✓ **\$18.0 million** to increase the number of foster children successfully placed in home-based family care settings and increase childcare programs, while maximizing funding to support childcare needs of families, fully offset by ongoing State funding.
- ✓ **\$0.6 million** for contract services to establish **doula hub** operations that will provide technical support to the doula provider workforce and expand access throughout the County, funded by one-time fund balance.
- ✓ **\$0.8 million** and **4.0 positions** for **California Home Visiting Program**, which aims to improve birth outcomes for African American families, fully offset by State funding.



➤ **Justice System Reforms**

- ✓ **\$32.2 million** to improve **conditions in the County jail system**, funded with ongoing net County cost (NCC), as follows:
 - \$20 million for up to 20% recruitment and retention incentives for staff providing health care needs to the jail population, funded with ongoing NCC; and
 - \$12.2 million for body-worn cameras and the replacement of 2,000 cameras connected to the CCTV system, funded with \$3.6 million in ongoing NCC and \$8.6 million in one-time fund balance.

➤ **Mental Health and Public Health Services Changes**

- ✓ **\$86.5 million** for **various bed costs**, including 90 new subacute mental health beds and 42 new acute inpatient psychiatric beds, fully offset by State and federal funding.

➤ **Other Significant Program Changes**

- ✓ **\$55.3 million** to **replace EBT benefits** for victims of EBT card theft as a result in statewide skimming/scamming instances, fully offset by one-time State funding.
- ✓ **\$5.2 million** to provide supportive **services and nutrition to older residents** needed to address the changing needs of the growing 60+ population, fully offset by one-time State funding.
- ✓ **\$4.1 million and 25 positions** for the **Public Records Act SB 1421 program** to increase the public and media's access to certain law enforcement records on the use of force and alleged misconduct. This transaction transfers funding from the PFU budget unit to the Sheriff and Probation Departments to fund, via intrafund transfers, these positions and services in the County Counsel budget.
- ✓ **\$3.9 million** for **immigrant** cash assistance and **refugee** employment programs, fully offset by State and federal funding.
- ✓ **\$2.2 million** and 8 positions provide legal representation to justice-involved individuals who rely on **indigent defense services**, funded with ongoing NCC.
- ✓ **\$2.0 million** for a pilot program that provides start-up costs and working capital to small businesses and non-profits contracting with the County, funded with one-time fund balance.
- ✓ **\$10.0 million** to mitigate the high risk of significant damage after a severe earthquake event for the Medical Examiner's Administration Building, funded with one-time fund balance.

BUDGET OUTLOOK

- ❖ The rise in mortgage interest rates has muted home sales resulting in a 35 percent decline compared to last year through July 2023. This trend is expected to affect the assessment roll beginning in 2024-25.
- ❖ Our locally generated revenues, which are fueled mostly by property taxes, are forecasted to grow at a much slower pace in 2024 and beyond. This will sharply limit our ability to fund existing obligations along with any new programs over the next budget years.
- ❖ In addition, we remain focused on addressing the legal settlements and judgments from AB 218 claims. These lawsuits will also negatively impact the County's finances in future budget years.



2023-24 SUPPLEMENTAL BUDGET By the Numbers (\$ in Millions)

Total Budget by Fund	2021-22 Budget	2022-23 Budget	2023-24 Adopted	2023-24 Supplemental	Change From Adopted	% Change
Total General County	\$ 29,882	\$ 33,333	\$ 33,397	\$ 35,934	\$ 2,537	7.1%
Special Funds/Special Districts	9,442	11,309	9,966	10,809	843	7.8%
Total Budget	\$ 39,324	\$ 44,642	\$ 43,363	\$ 46,743	\$ 3,380	7.2%

Budgeted Positions	111,038	113,592	114,658	115,324	666	0.6%
---------------------------	---------	---------	---------	----------------	-----	-------------

Major Budget Changes by Fund	Net Change
General Fund/Hospital Enterprise	
Additional Fund Balance	\$ 753
Dept'l Additional Fund Balance	324
Carryover	489
NCC Changes	96
Ministerial Changes	353
Revenue Offset	522
Subtotal General County	2,537
Special Funds/Special Districts	
Special Revenue Funds	261
Capital Project Special Funds	(154)
Special Districts	719
Other Enterprise Funds	7
Internal Services Fund	9
Agency Fund	1
Subtotal Special Funds/Districts	843
Total County Change	\$ 3,380

Position Change by Department	Net Change
Mental Health	167
Children and Family Services	123
Health Services	79
Probation	36
Public Defender	35
Parks and Recreation	33
Alternate Public Defender	28
County Counsel	26
Public Health	23
Sheriff	18
Fire	14
Youth Development	14
Medical Examiner-Coroner	11
District Attorney	10
Animal Care and Control	6
Consumer and Business Affairs	6
Justice, Care and Opportunity	6
Military and Veterans Affairs	6
Public Works	6
Regional Planning	6
Aging and Disabilities	4
Board of Supervisors	3
Economic Opportunity	3
Arts and Culture	1
Chief Executive Office	1
Human Resources	1
TOTAL	666

