

Media Advisory for Tuesday, December 3rd at 9:00AM

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Landmark Study Exposes LA County Tax Dollars Hard at Work Making the Private Sector Rich in ‘Taxpayer-to-Private-Sector Pipeline’

LA County Leadership Awarded \$6.2 Billion in FY 2023 to Largely Unaccountable Private Firms Not Required to Pay a Living Wage; Nearly \$1 Billion Annually Awarded to Ten Private Contractors with USC Receiving \$153 Million; Rubberstamp Contract Approval Process Impacts Healthcare Delivery and Mental Health Most

LOS ANGELES – SEIU 721 will announce the results of a landmark study exposing how LA County tax dollars are hard at work making the private sector rich, with county government rubberstamping nearly \$6.2 billion in FY 2023 to mostly private firms- both profit-seeking and non-profit- while not requiring them to pay a living wage. The study – “Shining a Light on Contracting in Los Angeles County” – details how nearly \$1 billion was awarded to just ten private contractors, with the University of Southern California receiving \$153 million.

“LA County is operating a taxpayer-to-private-sector pipeline,” said David Green, Executive Director and President of SEIU 721, which published the study. “Our tax dollars are hard at work making the private sector rich – and the problem is growing. More than one out of every ten taxpayer dollars goes straight to private firms that are not required to pay LA County’s own enhanced living wage. It’s a race to the bottom paid for with our taxpayer dollars. It perfectly illustrates how our taxpayer dollars are propping up the infamous “Non-Profit/Industrial Complex” – where well-meaning non-profit workers burn out fast because they’re doing grinding labor for poverty wages. Those jobs should be done with union labor that grows our middle class.”

SEIU 721 will host a press conference directly outside the LA General Medical Center in Boyle Heights to announce these findings – and to demand that taxpayer funds stop being funneled to private firms.

WHO: SEIU 721 Workers in Health and Mental Health Care, Social Services and More

WHAT: Press Conference to Announce Findings in Landmark Study, “Shining a Light on Contracting in Los Angeles County”

WHERE: Los Angeles General Medical Center

2051 Marengo St.

Los Angeles, CA 90033

WHEN: Tuesday, December 3rd at 9:00AM

VISUALS: The press conference will be held in front of a massive and colorful sign stating, “Your Tax Dollars at Work Making Private Companies Rich,” which charts the sharp rise in LA County’s spending on contractors.

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BACKGROUND: The landmark study – “Shining a Light on Contracting in Los Angeles County” – illuminates the extensive and growing taxpayer-to-private-sector pipeline. New revelations include the following:

- Since 2022, LA County has approved or extended 1,965 contracts.
- Thirty percent of those firms are headquartered outside LA County.
- The vast majority of county contractors are not required to pay their employees LA County’s enhanced living wage.
- Health delivery and mental health services are impacted the most. In the past five fiscal years, LA County spending has skyrocketed when it comes to contracting out services to mostly private firms. Specifically:
 - Case Management/Cast Management Services private contractor spending increased from \$30 million to \$328 million, or by more than 900%;
 - Professional Specialized Services private contractor spending rose from \$5 million to \$129 million, or by more than 2,000%;
 - Mental Health Services private contractor spending grew from \$827,000 to \$25 million, or by more than 2,000%;
 - Temporary Nurse Personnel/Temporary Nursing Personnel Services private contractor spending ballooned from \$2 million to \$81 million, or by more than 3,000%;
 - The Department of Health Services increased its nursing registry expenditures from \$11 million to \$186 million, or by more than 1,500%;
 - The Department of Health Services’ usage of outside nursing contractor Full Time Employees grew from 143 to 674, or by 371%.
- In Fiscal Year 2023, LA County paid ten private contractors close to \$1 billion for various services rendered. These ten contractors include seven private, non-profit corporations – with USC getting more than \$153 million.
- In 2023, of the roughly 5,907 unique contracts held by LA County, the Auditor-Controller publicly produced just 35 contract monitoring reports – equivalent to 0.59% of all contracts.
- Also in FY 2023, only 247 contracts (or 3.5%) of the total number of contract expenditures were subject to LA County’s enhanced living wage. So, the majority of employees providing contracted services did not receive it – and LA County’s enhanced living wage program has not been updated for nearly a decade.

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