



## BUDGET ADVOCATES REPORT May 2024

### Los Angeles City Budget Update

The City's budget for both this year and next year has been adversely impacted by lower than planned revenues and new expensive labor agreements with its police and civilian employees.

To balance this year's budget that ends on June 30<sup>th</sup>, the City tapped the Reserve Fund for almost \$300 million,

For next year, Mayor Bass had to close a budget gap of more than \$400 million. While there was a modest increase in revenues, the City reduced General Fund expenditures by almost \$300 million. This includes the elimination of over 2,139 vacant positions; using surplus funds from unfilled positions in the LAPD; reductions in selected departmental budgets, capital spending, and expense accounts; and a variety of other measures.

While the Proposed Budget is balanced, there is very little wiggle room, in large part because the Reserve Fund is at its charter mandated minimum equal to 5% of General Fund revenue, in this case \$400 million.

For example, what happens if there is over expenditures in fire department overtime as has been the case in past years? Or what happens if Liability Claims exceed the projected \$87 million, especially given that claims this year are expected to exceed \$250 million? What happens if there are continued overruns in developing the Human Resources and Payroll system? And how will the City pay for the new labor contract with the firefighters?

The City also claims that it will achieve fiscal sustainability in 2029. Unfortunately, this is not the case. While the City is projecting a surplus of \$164 million in 2029, this surplus turns into a deficit of over \$200 million when adjusted for new labor contracts in 2028 and 2029 with the City's unions. And for the next four years, the Structural Deficit totals about \$900 million.

If Mayor Bass does not want to live with these deficits for the next six years (assuming she is reelected in 2026), she should heed the suggestions of Controller Kenneth Mejia. These include developing a five-year plan to achieve fiscal sustainability, implementing a serious capital improvement plan, ushering in a two-year budgeting cycle, and appointing a chief financial officer to oversee the City's budget and finances.

### Budget Advocates Activity

The [Congress - Budget Advocacy Contribution Form](#) on the City Clerk's website is updated to include an option for "Neighborhood Council Budget Day." Your NC can use this option to contribute to Budget Day and other expenses incurred by the Budget Advocates. We ask that you consider agendizing a contribution no later than your May Board meeting and support our work with your remaining funds from the 2023-2024 NC budget. Such payment requests need

to use the vendor name of “Neighborhood Council Budget Day” and must be submitted to the NC Funding Program no later than June 1st. The Budget Advocates are grateful for your support.

The annual Neighborhood Council Budget Day will be held the morning of Saturday, June 15, 2024. For the first time since 2019, Budget Day will be in person at City Hall. It is a free event that is open to the public. Registration is now open at [tiny.cc/BudgetDay24](https://tiny.cc/BudgetDay24).

The plenary session will be presented in City Council Chambers where members of the Los Angeles government and other speakers discuss the City’s budget and what it means for programs and services the City provides to Angelenos. Please save the date for what will be an educational and thought-provoking event.

Breakout sessions where attendees discuss regional concerns with City services follow the plenary session. Anyone concerned about where our City is headed is encouraged to attend and provide input. The regional breakout sessions will also elect Budget Advocates for their next two-year term. For up-to-date information, visit [BudgetAdvocates.org](https://BudgetAdvocates.org). Registration will be available closer to the event.

We would appreciate it if you would share the Budget Day graphic to your outreach channels.

On April 27, the Budget Advocates hosted a town hall on the Mayor’s budget. If you missed it, you can find the recording on the Town Halls page of our website at [BudgetAdvocates.org](https://BudgetAdvocates.org).

On April 30, the Budget Advocates presented its take on the budget to the City Council Budget, Finance, and Innovation Committee. You can find the recording on the homepage of our website at [BudgetAdvocates.org](https://BudgetAdvocates.org).

For more information about the Budget Advocates, please visit our website at [BudgetAdvocates.org](https://BudgetAdvocates.org).