



BUDGET ADVOCATES REPORT June 2023

Los Angeles City Budget Update

On May 26, Mayor Karen Bass approved the City's \$13.1 billion budget. This includes the General Fund budget of \$7.9 billion, the City's primary operating fund that allocates discretionary tax revenues, including those from the seven economically sensitive taxes: Property, Utility Users, Business, Sales, Hotel, Documentary, and Parking taxes. The balance of \$5.2 billion consists of Special Purpose Funds and Available Balances.

As in past years, there is very little difference between the Adopted Budget and the Mayor's Proposed Budget.

The budget provides \$1.3 billion to homelessness. This top priority of the Mayor is financed by almost \$500 million from the General Fund and \$800 million from Special Funds, including Proposition HHH bonds, Measure ULA tax receipts, and numerous grants. There is, however, a change in the Mayor's \$250 million Inside Safe Program in that the City Council authorized the expenditure of \$66 million, but placed \$184 million in reserve, contingent on the Mayor submitting timely status reports to the City Council and its subsequent approval.

The budget also provides for the hiring of 780 police officers, the activation of 200 recently retired police officers, and numerous civilian workers to assist the Police Department. There are doubts whether the goal of 9,500 officers will be met given the current environment.

The City's reserves consist of the Reserve Fund and the Budget Stabilization Fund. They total over \$760 million, or almost 10% of the General Fund budget, the goal of the City Administrative Officer. This is after tapping the Reserve Fund for \$136 million, an increase of \$21 million from the Proposed Budget.

Areas of concern include new labor agreements with the City's civilian employees; the repair and maintenance of our streets, sidewalks, and parks; the impact of lower investment returns for the City's two pension funds; increased Liability Claims; and the impact of the economy and inflation on the City's revenues and operations.

We can also expect a call to increase fees for Solid Waste, Sewer, and Street Lights to alleviate pressure on the General Fund which has been subsidizing these special funds.

You can read more in Council File [23-0600](#).

Budget Advocates Activity

Budget Day is almost here. Please join us June 17 from 9:30 a.m. to 1:00 p.m. over Zoom for the last online Budget Day. Mayor Bass, City Council President Krekorian, and Budget, Finance, and Innovation Committee Chair Bob Blumenfield will be delivering addresses in the plenary session followed by a panel discussion. The panel will include the CAO and representatives from the Department of Civil + Human Rights and Equity, the Mayor's budget team, and the Controller's office. The panel discussion, whose theme is Restart, Reform, Refocus..., will be moderated by Liz Chao from the Los Angeles Public Press. Register now at tiny.cc/budgetday23.

Regional Breakout Sessions, where we will discuss City services, will follow the plenary session. The Budget Advocates want to know about the state of City services in your neighborhood and which services are most important to you. We will use the information you provide to help formulate questions we ask when we meet with department heads for the annual White Paper. We will also organize it into a report we will share with the City Council Budget, Finance, and Innovation Committee and the Mayor.

If there are openings in your region, we will hold Budget Advocates elections in the Regional Breakout Sessions. You must be a Budget Representative to run to be a Budget Advocate. If you are interested in joining our exciting work, please work with your Neighborhood Council President/Chair to secure an appointment/selection. Each Neighborhood Council may have up to two Budget Advocates. Voting in the Budget Advocates election is limited to Budget Representatives, NC Treasurers, and NC Presidents/Chairs; no more than two votes per Neighborhood Council.