

2024-2025 MAYOR'S PROPOSED BUDGET



MAYOR'S OFFICE, CITY OF LOS ANGELES

April 30, 2024



Overview of the Proposed Budget



1

Context for Process

2

Critical Services Delivered

3

Looking Ahead and Beyond

Our Work Together

Through our Work Together...

- ▶ Thousands of unhoused people came inside; tent encampments came down in every council district
- ▶ Violent crime and homicides were down last year
- ▶ Completed more than 2.5 million service requests for Angelenos

This would not have been possible without the partnership of the City Council.

Thank you for your efforts and your tireless partnership!

This budget lays a foundation to continue this work.

Opportunity for Budget Reset

- ▶ Applied a tactical approach to balance the 2024-25 Proposed Budget
- ▶ Facing challenging economic factors in upcoming years
- ▶ Have an opportunity to "reset" our budgeting process over the year ahead

2024-25 Mayor's Proposed Budget

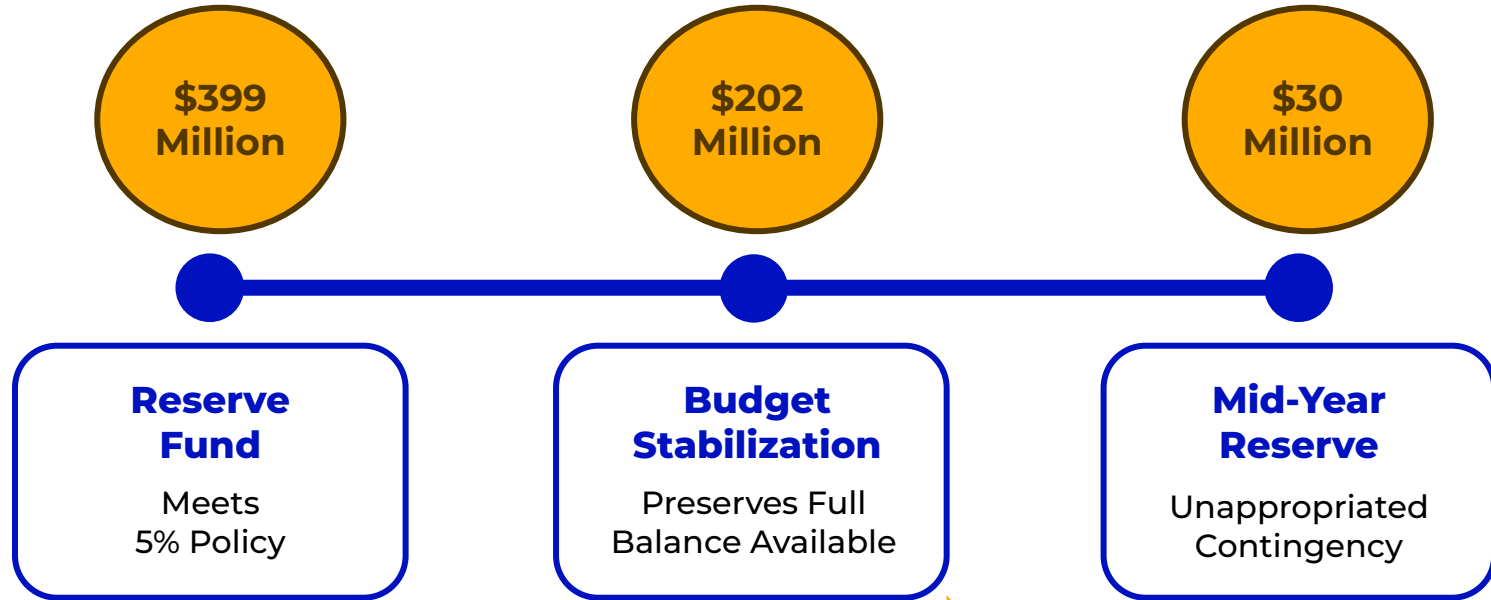
- ▶ \$12.82 Billion Proposed Budget
- ▶ \$323.39 Million (2.46%) decrease compared to 2023-24

	Proposed 2024-25	Adopted 2023-24	Year-Over-Year Change	Change as Percentage
Total Budget	\$12,822,072,685	\$13,145,462,833	(\$323,390,148)	-2.46%
General Fund	\$7,986,263,202	\$7,903,336,246	\$82,926,956	1.05%
Special Fund	\$4,835,809,483	\$5,242,126,587	(\$406,317,104)	-7.75%

Compliance with City Financial Policies

- ▶ **Reserve Fund**: Meets Minimum Policy Goal of Five Percent (5%)
- ▶ **Budget Stabilization**: Preserves up to \$25.6 million for eligible withdrawal
- ▶ **One-Time Revenues**: Full compliance of use to support one-time expenses
- ▶ **Debt Policy**: Borrowing levels below limits to preserve future capacity
- ▶ **Structural Balance**: 2024-25 Balanced Budget, with forecast of projected surplus attainable by 2028-29

Fiscal Responsibility: 2024-25 Reserve Levels



Cumulative General Fund (GF) Reserve Level:

\$632 million
(7.9% of GF Revenues)

Overview of Financial Challenges

2023-24:

- ▶ **Revenues:** \$180 million below Budget
 - ▶ **Overspending:** \$289 million over Budget (as of mid-year)
-

2024-25:

- ▶ **Fair Labor Compensation:** \$412 million increase
- ▶ **Revenues:** Modest increase of 1.05% over current-year level

Budget Balancing Objectives

- ▶ **Continue Progress** in Key Areas of Investment
- ▶ **Preservation** of Critical Core Services
- ▶ **Healthy Reserves and Compliance** with City Financial Policies
- ▶ **Commitment to Base Budget Review** to Achieve Structural Balance and Improved Service Delivery



Confronting the Homeless Crisis

The Proposed Budget Builds on the Foundation of Homeless Services developed by the City and Maintains Life-saving Services

- ▶ Capital expenses winding down - no new acquisitions
- ▶ Preserves existing pipeline projects and services
- ▶ HHH Spending is reduced by nearly \$182 million
- ▶ Federal aid for Homekey in the American Rescue Plan is reduced from \$54 million to \$5 million

2023-2024 Adopted	2024-2025 Proposed	Year-over-Year Change	Change as %
\$1,277,749,849	\$950,759,478	\$ (326,990,371)	-25.59%



Urgently Bringing People Inside

- ▶ Maintains comparable annual funding levels
- ▶ Leverages program savings and grant contributions
- ▶ Reduces commitment of new General Fund monies
- ▶ Cost-effective model, with focus on improved outcomes

Inside Safe Program Budget (in millions)				
Source of Funds	2023-24 Adopted	2024-25 Proposed	Year-Over-Year Change	
Total Budget:	\$250.0	\$185.5		
(new) General Fund	\$250.0	\$80.0	\$ (170.0)	-68%
Grant Contributions		\$33.0		
Current-Year Carryover of Program Savings	\$ (72.5)	\$72.5		
(Adjusted Budget)	\$177.5	\$185.5	\$8.0	5%

Keeping Angelenos Safe

- Focus on recruitment and retention of police officers
- Funds the hiring of firefighters
- Invests in the Emergency Appointment Paramedic Program
- Reducing crime and preventing gang violence
- Continuing to expedite the hiring of crossing guards





Building a Greener Los Angeles

- Transportation electrification
- EV Accessibility
- Ensuring Clean Water



Creating Opportunity

- Pathways to employment
- Adds support for Family Source Centers
- Supports Seniors

Paying City Workers Fairly



Compensation increases secured for:

- Police Officers
- Sanitation Workers
- Pothole Repair Teams
- Park Rangers
- Traffic Safety Officers
- Custodians

Investing in Capital Improvements & Maintaining Services

- ▶ **Wide-range of capital investments to support delivery of core service to residents & local businesses**
 - Funds libraries
 - Delivers park programming
 - Protects animals
 - Continues support for the Zoo

- ▶ **Continues hiring for critical positions including sanitation, street services, police officers, firefighters and more while eliminating some vacancies to prioritize services and people over empty desks**



Looking Ahead: Approach and Objectives

- ▶ The 2024-25 Proposed Budget sets the stage for future budgets
- ▶ Comprehensive analysis of all Departments to immediately follow the current budget process
- ▶ Determine options to increase effectiveness and efficiency of Department services
- ▶ Successful outcomes rely on the meaningful participation of the City's leadership

Looking Ahead and Beyond

- ▶ The process should have three primary objectives:
 1. De-duplicating functions that are currently repeated across many departments
 2. Finding savings by identifying strategic investments in technology or efficiency solutions.
 3. Designing programs to continually measure effectiveness and make refinements.

- ▶ The City should position itself to be more competitive for outside investment from grants and have shovel-ready projects that are attractive to outside capital.

Acknowledgements

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THANK YOU



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