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LA City Council forms new panel to review long-term budget problems

Months after closing a \$1-billion budget gap, Los Angeles convened its new Budget and Finance Advisory Committee to help stabilize the city's finances.



Former City Controller Ron Galperin (Photo by John McCoy/Los Angeles Daily News)



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Months after Los Angeles City Hall scrambled to close a **\$1 billion budget deficit** and avoid layoffs of city employees, the City Council's new Budget and Finance Advisory Committee held its first meeting this week—beginning a two-year effort to confront deeper structural issues in the city's finances.

Councilmember Katy Yaroslavsky, who chairs the Budget and Finance Committee, proposed the creation of the five-member advisory group in March as the city grappled with wildfire recovery, rising costs, weak revenue growth and a strained reserve fund. The goal, she said, was to move away from “year-to-year fixes” and bring outside expertise into long-term budget planning.

“We cannot keep repeating the same budget process every year and expect different results,” Yaroslavsky said in a statement.

“Our revenue model has not kept pace with the needs of a modern city,” she said. “Costs rise every year and long-term obligations continue to expand. We need a clear path toward fiscal solvency, and that requires outside expertise.”

At Monday's first Budget and Finance Advisory Committee, members elected former Los Angeles City Controller Ron Galperin as chair and Jessica Lall, managing director at CBRE's downtown Los Angeles office, as vice chair. The committee also includes L.A. Co-op Lab co-founder Gilda Haas; Derric Johnson, vice president of impact and equity at United Way of Greater Los Angeles; and Joseph Lumarda, senior vice president and investment counselor with Capital Group Private Client Services.

“This is an important opportunity to strengthen the city's financial foundation,” Galperin said in a statement. “Our work will focus on long-term solutions that support sustainable budgeting, stronger revenue planning, and better use of city assets.”



Members of Los Angeles' new Budget and Finance Advisory Committee meet for the first time at City Hall on Monday, Nov. 24, 2025. From left: Gilda Haas, Derric Johnson, Ron Galperin, Jessica Lall and Joseph Lumarda. (Courtesy of Councilmember Katy Yaroslavsky's office)

Los Angeles closed a \$1-billion budget gap this summer after the City Council approved a revised spending plan that cut proposed layoffs by more than half and scaled back funding increases for public safety.

In September, Mayor Karen Bass announced a deal with labor unions that averted the remaining layoffs, resolving one of the most contentious issues in this year's budget cycle.

But even with the gap closed, officials say the city continues to face structural pressures, including volatile revenues, unexpected departmental spending, rising liability costs and a reserve fund hovering at the bare minimum required by city policy.

City Administrative Officer Matt Szabo used the inaugural session of Budget and Finance Advisory Committee to walk through the city's budget process and fiscal outlook. He noted that this year's \$14-billion spending plan initially eliminated about 1,600 positions — roughly 1,000 vacant and another 614 filled — before those layoffs were avoided through cost-saving labor agreements and departmental adjustments.

He told members that about 80% of the city's spending goes toward personnel and that Los Angeles relies heavily on economically sensitive revenues such as business, hotel and sales taxes. He also warned that the city's reserve fund remains near its 5% policy minimum — a level he has long argued should be closer to 10% to better withstand economic shocks.

Szabo said a recent four-year forecast shows a roughly \$91-million gap to close next fiscal year followed by a return to structural balance and potential surpluses. But that would happen only if this year's cuts were maintained, no recession occurred and no major new services were added.

Yaroslavsky told appointees during the meeting that she wants the Budget and Finance Advisory Committee to dig into structural issues — from how the city manages its real estate and liabilities, to potential charter reforms and ways to improve transparency and public engagement — and return with concrete motions and policy steps, not broad concepts.

The Budget and Finance Advisory Committee is expected to work in six-month cycles over two years and will be supported by city staff and two graduate fellows from the UCLA Luskin School of Public Affairs, funded through a partnership with the California Community Foundation.

Neighborhood Council Budget Advocates, who have long pushed for greater transparency and public input on city spending, welcomed the committee's launch but urged members to stay closely connected to residents.

Budget Advocate Lionel Mares said he was encouraged to hear Yaroslavsky acknowledge the group's recommendations, and called on City Controller Ron Galperin to seek out their ideas as the panel begins its work.

Mares said he wants the Budget and Finance Advisory Committee to focus on soaring liability costs that are "impacting the general fund that funds city departments and city services," ensure stronger oversight and transparency in homelessness spending, and "find a way to save city jobs by not reducing the civilian workforce, and prevent layoffs."

He added, "I hope that the Budget and Finance Advisory Committee will hold public meetings during the evenings and weekends to make it accessible to the public."

The advisory group will report its recommendations to the Budget and Finance Committee, and any major changes would ultimately need support from the full City Council. Members signaled Monday that they expect to narrow a long list of potential topics — from asset management and economic development to liability reform and budget process changes — into a smaller set of priorities over the coming months.

The panel is expected to meet roughly once a month, with its next meeting planned for Jan. 12.



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