



KAREN BASS
MAYOR

To: General Managers of All City Departments
(Except Airports, Harbor, Water and Power, LACERS, and Fire and Police Pensions)

Fiscal Year 2023-24 Proposed Budget Development - A Message from the Mayor

Since taking office two months ago, I have been steadfast in my commitment to tackling our city's homelessness and affordable housing crises. On day one as Mayor, I declared a State of Emergency on homelessness and activated the City's Emergency Operations Center, moving the City in a new direction and with an urgent and strategic approach.

Since then, I have issued three executive directives to accelerate and lower the cost of building affordable and temporary housing; initiate "Inside Safe", a comprehensive, housing-based solution that proactively engages with people living in tents and encampments; and to maximize the use of city-owned properties for housing and services. We have already seen positive results and I am grateful for the support of the City Council, which approved an allocation of funding to launch the Inside Safe program, and all of the City workers and departments involved in making the program a reality.

As we continue the work to bring Angelenos indoors and make Los Angeles a safer and more affordable city for all, we must ensure our City's budget is a clear reflection of our commitment to these goals through bold and fiscally sustainable investments.

Over the last weeks, my budget team has reviewed your budget proposals. Unfortunately, the collective requests from departments, combined with our City's obligations, far exceed the resources projected to be available. In fact, based on discussions with the City Administrative Officer, we are still several hundred million dollars away from being able to deliver a balanced budget. In order to achieve the magnitude of response that the homelessness emergency requires, we must direct our budgetary resources in a manner consistent with that focus.

In the coming weeks, members of my administration will be meeting with you and the CAO to discuss your Fiscal Year 2023-24 requests. In advance of that meeting, this letter is intended to transparently share with you some of the principles that will inform that conversation and the development of the upcoming budget.

1. Given the difficult decisions ahead, my administration will use the same funding level of your adopted budget as the starting point for the upcoming fiscal year. However, if there are any new requests not included in your current base that are *essential* to your goals next fiscal year, please come prepared to discuss a commensurate offset, or other ideas to fund them within your existing resources.
2. With a citywide vacancy rate over 20%, my expectation is that you focus on filling current authorized positions before requesting additional personnel. Therefore, my administration will likely deny requests for new positions unless they are critical to the execution of our top priorities.
3. I will be directing the CAO and Personnel Department to work in partnership with you to develop plans demonstrating realistic hiring targets over four years to reach your desired staffing level. These plans will serve as a guidepost to make budgetary decisions over the next four years and ultimately increase city service delivery.
4. I am interested in creative mechanisms to balance our budget and grow city services, and therefore welcome any ideas you may have regarding revenue generation or full cost recovery for special funds.
5. In the event that the budget landscape improves, it is my desire to make additional investments as they relate to our homelessness crisis and making Los Angeles safer and more affordable for all. Please come to your budget meeting with this focus in mind, and be prepared to discuss your highest priority among your *existing* requests. This should not be a new item.

Note that my team may also ask you to discuss some of your other requests.

I look forward to collaborating with you as we work towards presenting a budget that addresses our City's biggest challenges.

Sincerely,

A handwritten signature in black ink that reads "Karen Bass". The signature is written in a cursive, flowing style.

Mayor Karen Bass