



FOR IMMEDIATE RELEASE
March 6, 2024

Controller Kenneth Mejia Releases March Revenue Forecast Report with Projections through FY 2024-25, Continues to Urge Long-term Strategy to Reshape City Government Amid Troubling Fiscal Outlook

LOS ANGELES – The Office of City Controller Kenneth Mejia last Friday published its annual [Revenue Forecast Report](#), which covers updated revenue estimates for the remainder of the current fiscal year and projections for the upcoming fiscal year. This report spans the fiscal year ending June 30, 2024 and fiscal year 2024-25.

Projections for the remainder of this fiscal year, FY23-24:

- **General Fund revenue will have an estimated \$160M shortfall** to the current adopted budget, **but \$42M higher than prior fiscal year (FY22-23).**
- **Special Fund revenue is estimated to end 12.5% below** the adopted budget, **and an increase of \$310M over FY22-23. \$270M of this increase is from Measure ULA.**
- Revenue from **licenses, permits, fees and fines** is projected to be **\$11.6M below budget**, but **\$119.6M above FY22-23.**
- **Economy-Sensitive Revenues** are estimated to be **\$119M below adopted budget**, but **\$392M above FY22-23.**

Projections for next fiscal year, FY24-25:

- **General Fund revenue is estimated to be only \$131.5M (1.7%) better than FY23-24.** This rise is fairly flat year over year.
- **General Fund revenue is projected to be \$7.738B**, which falls well short of the sharp rise in City expenses due to negotiated labor agreements and other cost increases.
- The **largest revenue surge** is projected to come from a **4.1% increase in Property Taxes** (\$83M growth).
- **Vehicle License Replacement** is expected to bring in an **additional \$34M**, an **increase of 5.4%** over current year.
- **Business License and Parking Users' taxes are also expected to outperform the overall average increase.** On the other hand, the **Power Transfer, franchise payments and interest income are all expected to be lower** in the coming year for a **net increase of just \$132 million** in General Fund revenue.
- **Special Fund revenue** is expected to be **\$167.4M better than** FY23-24 estimate.

The City's Total Revenue is comprised of General Fund revenue (68.7%) and Special Fund revenue (31.3%). 70% of General Fund revenue comes from "Economy-Sensitive" revenue items (Property tax, utility users' tax, business tax, sales tax, documentary transfer tax, transient occupancy tax, and parking users' tax). Property Tax makes up about 49% of this 70% (and over 33% of all General Fund revenue) and tends to be a stable source of income for the city; its increase is mainly due to growth in assessed valuations. About 17% of General Fund revenues comes from licenses, permits, fees and fines.

[Last year's Revenue Forecast Report](#) predicted "trouble ahead," which proved to be true. The Controller's Office projected revenues of \$7.560 billion for the General Fund. The City's adopted budget assumed General Fund revenues of \$7.767 billion (not including transfers from the Reserve Fund). In the CAO's recent January financial report regarding fiscal concerns, they have estimated that the City's General Fund revenues are now \$158 million below plan. Combined with some departments exceeding their budget, the City has been forced to adopt an abrupt hiring freeze on filling all jobs except those deemed "critical." With double-digit vacancy rates across nearly every City department, a hiring freeze will have a negative impact on virtually all City services.

General Fund expenses are on track to increase considerably next fiscal year. The Controller's Office urges the City to create a long-term strategy to reshape City government and establish more secure financial footing. Short-term fixes and budget gimmickry will only prolong pain and lead to "an inexorable decline in public services, undermining our quality of life and the economic prospects of our residents," as the Controller's Office warned in January when releasing the City's [Annual Comprehensive Financial Report](#). The Controller's Office urges the Mayor, the Council, the CAO, the city's civic leadership and the diverse voices of the community to address this chronic fiscal challenge.

Despite a healthy economy, the City faces harsh budget realities now, and in the years ahead. The Controller's Office advises that a long-term strategic approach is needed for the City to live within its means while meeting the changing needs of its four million residents.

**Visit the full report:
bit.ly/revforecast25**