



Department of Administration  
Budget and Management Division

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Mayor

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Budget and Management Director

October 26, 2022

MEMORANDUM

To: Finance and Personnel Committee Members

From: Nik Kovac, Budget & Management Director

Subject: Future budget gaps

This chart illustrates the initial budget gap in years (2021-2023), as well as the projected initial budget gaps for years (2024-2026). For historical context, from 2005-2019 every initial gap has been between \$21 million and \$61 million. Starting in 2020, the gaps have all exceeded \$63 million and are now expected to be in excess of \$150 million in the coming years.

In the 2022 budget, about \$68 million in ARPA funding was allocated to support ongoing operational expenses to help close the gap. The Mayor has proposed \$81 million for such purposes in the 2023 budget, and in 2024 \$96 million of unallocated ARPA remain available.

If remaining ARPA funds are applied to ongoing operational expenses in 2024, then the gap will be similar to what we are seeing in the 2023 budget. However, that means the effective gap in 2025 and beyond will likely be \$100 million larger than every prior gap. Unless new revenue at that scale is acquired, significant budget cuts – forcing hundreds of layoffs across all departments – will be inevitable. Our recommended strategy is to attempt to begin closing that gap from both ends – by gathering as much new revenue as possible, as well as beginning to make significant cuts now so that less are necessary in future years.

