

# Los Angeles declares fiscal emergency, prepares mass layoffs amid \$1 billion deficit

Marc Wells  
4 July 2025

The Los Angeles City Council voted unanimously last week to declare a “fiscal emergency,” thereby initiating sweeping austerity measures to close a projected \$1 billion deficit in the upcoming fiscal year. The vote is aimed at preparing budget cuts, hiring freezes, and large-scale layoffs of city workers across multiple departments.

What is unfolding in Los Angeles is part of a nationwide wave of fiscal crises in major cities. In Philadelphia, 9,000 municipal workers are on strike in a city where the school district has a \$300 million deficit, and the transit system is preparing “doomsday” cuts. The New York Metropolitan Transit Authority is billions of dollars in the red. Chicago is preparing similar “doomsday” transit cuts in addition to education cuts.

In LA, mayor Karen Bass has proposed eliminating as many as 1,600 city positions. The resolution passed by the City Council specifically places 614 layoffs on the table, including dozens of workers in the Fire Department, Sanitation, LAPD civilian staff, Information Technology and other areas. While some impacted employees may be shifted to enterprise-funded departments like the Port and Airports, many face the prospect of job losses.

The “fiscal emergency” resolution was passed 14–0, including the support of all four council members affiliated with the Democratic Socialists of America (DSA): Nithya Raman, Eunisses Hernandez, Hugo Soto-Martinez and Ysabel Jurado. City Controller Kenneth Mejia, also backed by the DSA, has cited overspending, liability payouts, and even the cost of recent labor agreements as key drivers of the deficit—signaling that city workers’ wages and benefits are being targeted for rollback.

Bass’s \$47.9 billion budget proposal for 2024–25

represents a \$2 billion increase from the previous year, however, this growth masks previous major reductions in public services and employee compensation.

This includes a \$17.6 million reduction to the Fire Department last year—\$7 million of which came from overtime. This cut weakened aerial firefighting capacity and disaster response in the lead-up to the destructive wildfires that swept through Southern California in January. Fire Chief Kristin Crowley, who warned that the cuts endangered public safety, was removed by Bass in February.

Los Angeles is home to 56 billionaires with a combined net worth of over \$240 billion. Yet city officials, both Democrat and DSA-aligned, insist that there is “no alternative” but to slash jobs and services. Their real concern is maintaining the city’s credit rating and securing the confidence of the financial markets.

The planned cuts throw into sharp relief the Democratic Party’s response to Trump’s deployment of the military to the city to suppress immigration protests, a move which millions protested in last month’s “No Kings” protests. Bass and California’s Democratic governor Gavin Newsom opposed the move, not because it is part of Trump’s plans to build a dictatorship, but on the grounds that local riot cops were enough to quell the protests.

This position, coupled with their near-absence from the mass protests against Trump, flows from their mutual hostility to the working class. The Democrats are just as much a party of war and inequality as Trump and the Republicans.

The social resources from these cuts are being redirected upward through massive tax cuts for the rich—including over \$3 trillion in the budget passed Thursday in Congress—alongside record military

budgets for war against Russia, Iran, China and others.

Union officials have responded with hypocritical words. David Green, president of SEIU Local 721, which represents many city employees, issued a statement opposing layoffs, declaring, “We’re not going to allow out-of-touch bureaucrats to balance the budget on the backs of city workers ... Even one layoff is too many.”

But the union played a direct role in paving the way for these cuts. Just weeks ago, the SEIU announced a tentative agreement for 55,000 workers at the county level that failed to meet workers’ demands, after shutting down a limited two-day strike in April without any resolution. At no point did the union warn workers that layoffs were being planned. The contract’s real purpose was to impose “labor peace,” thereby giving the city breathing room while it prepared its austerity offensive.

The class character of this agreement was made even clearer by comments from Los Angeles County Chief Executive Fesia Davenport, who warned that the deal would require “belt tightening” across departments. In other words, the cost of the contract would be borne not by the region’s corporate elite, but by working people—through job cuts, service reductions, and further erosion of public infrastructure.

This is a repeat of what happened earlier this year in Chicago. There, the Chicago Teachers Union pushed through a concessionary contract, only for the school district to turn around and, citing a budget crisis, threaten to tear even this up. Significantly, the DSA is in control of both the CTU and the mayor’s office.

The role of the DSA in Los Angeles and other cities is to provide a left cover for this agenda. While claiming to speak for workers, its officials in government not only rubber-stamp budgets, but actively organize and help carry out layoffs. Their actions show that they are not an alternative to the Democratic Party, but, instead, provide an important service for the party by capturing and demobilizing left-moving social opposition.

Workers cannot defend their jobs, wages and services within these official channels. What is required is the building of independent rank-and-file committees, uniting workers across departments and industries, to prepare a real fight against the cuts—and against the entire political and economic system responsible for

them.



To contact the WSWs and the Socialist Equality Party visit:

**[wsws.org/contact](https://wsws.org/contact)**