



Budget Advocate Report to the Neighborhood Councils #9

The City's Budget Crisis

Based on the City Administrative Officer's First Financial Status Report, the City is facing a budget crisis with a projected deficit estimated to be more than \$700 million. The report, released on October 23, indicates a revenue shortfall of \$400 to \$600 million – which we suspect may exceed \$600 million – and over-expenditures of almost \$120 million.

As of now, the Mayor and City Council have failed to take any meaningful action to address the scope of this deficit.

While the City cannot be held responsible for revenue shortfall from projected hotel, sales and other taxes on which it depends, by choosing to underestimate the impact and duration of the pandemic, the City has failed to take appropriate remedial action. This neglect has cost the City hundreds of millions of dollars since mid-March.

According to City Council's Budget and Finance Chair Paul Krekorian, all departments will need to "jettison" non-core services in their entirety as well as "a major reduction in the cost of personnel," ranging from renegotiated labor agreements, "massive" furloughs, and/or layoffs.

Based on what has already happened, the ability of the Mayor and this City Council to lay off personnel or renegotiate labor agreements may be severely limited.

The CAO also addressed next year's budget gap that is expected to grow because of increased personnel costs associated with the 2019 labor agreements with the police and firefighters and increased pension contributions combined with lower than expected revenues.

The deficits for this year will result in fewer services for Angelenos, including, but not limited to, the repair and maintenance of our streets, sidewalks, and parks, services for the homeless, environmental initiatives and, unfortunately, aspects of public safety. Neighborhood Council funding is also vulnerable.

The longer the City delays, the worse the crisis and the deeper the cuts. The City can no longer "kick the can down the road," but needs to develop and implement a transparent plan to eliminate the \$700 million budget deficit while still maintaining basic services.

Separation Incentive Program

The City's Separation Incentive Program has been a waste of money. Designed to eliminate a portion of the 26 furlough days for 15,000 civilian employees of the City to pay for the increased costs of the 2019 labor agreements, the CAO notes this program will save only \$2.6 million after spending \$140 million. The failure to implement the furlough program on a timely basis probably added \$60 million to the over-expenditures.

Proposition 15 & HEROES

The City was anticipating a windfall of new revenue from the passage of Proposition 15, the Split Roll, to help balance the budget. However, the voters appear to have rejected it and eliminated that source of funds.

Under a Biden presidency, the City was hoping for swift passage of the \$3 trillion HEROES (Health and Economic Recovery Omnibus Emergency Solutions) Act. With the Senate remaining under the control of the Republicans for now, passage is unlikely.

Events / Town Hall

We regret to announce that due to scheduling difficulties, the Budget Advocate's Town Hall, scheduled for November 14 will have to be postponed to a later date.

Tribunes

A splinter group of a few Budget Advocates and Budget Representatives has formed the Tribunes to focus on analyzing the service needs of Neighborhood Councils from the "bottom up" rather than addressing the City's budget and its departments that provide the services which has been the practice of the Budget Advocates for the past 15 years and more.

In this time of economic challenge, our connections and experience matter. Our priority is advocating for the fiscal control needed to ensure the City can and will provide those services. If you are not seeing a Budget Advocate or getting reports, please contact the Co-Chairs at JackH@TargetMediaPartners.com and LizAmsden@hotmail.com.

Budget Advocate Ad-Hoc Committees

Our committees are now on the website – <https://www.budgetadvocates.com/committees> – with links to the point person for each. If you are interested in getting involved or just have a question, please contact them.

Region 7 and Region 12 Budget Reps – are you interested in becoming a Budget Advocate

There are two openings for Budget Advocates, one in Region 7 (Atwater Village, Echo Park, Elysian Valley Riverside, Los Feliz, Rampart Village, and Silver Lake) and the other in Region 12 (Harbor Area). Any Budget Representative (or stakeholder who can be appointed one) is eligible.

November 5, 2020

Neighborhood Council Budget Executive Committee

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Vice-Chairs, Outreach: Julia Moser and John DiGregorio

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