



Budget Advocates Report to Neighborhood Councils #8

The City Budget – the Bad News Just Keeps on Coming

The Budget Advocates met with the Mayor on October 9th – and what he said confirmed our premise: the City is indeed facing a fiscal crisis.

When asked about why the City approved budget busting raises in September of 2019 for the police and firefighters that resulted in an unbalanced budget in the range of \$150-200 million, the Mayor claimed the City was counting on increases in revenues and the Reserve Fund to balance the budget.

This was not the case as the City's projections that were available to the Mayor and the City Council showed a deficit in the current year and shortfalls of \$200 to \$400 million a year for the next four years.

Furthermore, the Reserve Fund is for the unforeseeable. Covid-19 would qualify but union raises negotiated and approved by the City certainly do not.

The City relies on revenue from numerous sources to pay its employees and other expenses. Some of these rely on our tourist industry which is toast in the time of Covid. Others, such as the sales and business taxes, have also been impacted by Covid-19.

Without a second stimulus package from Washington, without that money coming to the states and cities to boost their economies, many smaller businesses are quietly going bankrupt. Add that to a growing number of Covid cases across the country, and acceptance by many that quarantine status will stay in place through the first half of 2021, and the shortfall predicted this past summer although huge then, is probably a vast overstatement of what the City will be able to collect over the next nine months.

Backed by figures from the Mayor's budget team, the CAO, the Controller, and the Office of Finance, we thought the City was facing a shortfall of an estimated \$400 million this year between unrealized income and the pandemic costs. Significantly more if the economy continues to slide.

Today's report from the CAO indicates that this shortfall will now be closer to \$600 million.

The City has floated some cost-reducing approaches – furloughs, the Separation Incentive Program, departmental cuts from this year's budget and next – but these are probably too little when looking at the bigger picture and nothing has been implemented.

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The Budget Advocates ask that the Neighborhood Councils join them in calling out our elected officials. They are not in City Hall for a popularity contest. They are being paid to lead.

Ask for leadership to justify their salaries. Ask for transparency so we can see them act. And ask for a real accounting of where the City stands. We don't need bread and circuses, we want solutions.

Budgets

Everyone deals with budgets – at home, at work, at your Neighborhood Council. The City has its budget and so do the departments, including the Department of Neighborhood Empowerment. DONE has to make cuts under the Mayor's recent directives. Since these will directly affect the Neighborhood Councils, it is up to all of us to come up with suggestions that will impact those services the least. Creative solutions can come from the most unexpected places so... if you have an idea, please reach out.

Events

The first of a series of Budget Advocate Town Halls has been scheduled for Saturday, November 14 at 6 pm. It will address the challenges of allocating services and budget resources equitably across Los Angeles. More than calling out the problems, we want people across the City to focus on constructive recommendations and solutions. More details to come.

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. Their meetings and agendas will start appearing on our calendar. We have been ironing out the process of how to approve and publish papers and articles, with this resolved, we should start releasing material early next month. As well as papers, we now have a video and committee-specific town hall in the works.

Region 12 (Harbor Area) Budget Reps – are you interested in becoming a Budget Advocate

This is actually open to any stakeholder but they need to be appointed or elected a Budget Representative by their Neighborhood Council. Anyone interested should e-mail

October 23, 2020

Neighborhood Council Budget Executive Committee

Co-Chairs: Liz Amsden and Jack Humphreville

Vice-Chair, Development: Albert Farias

Vice-Chairs, Outreach: John DiGregorio and Julia Moser

Corresponding Secretary: Glenn Bailey

Administrative Secretary: Jennifer Goodie

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