



## **Budget Advocate Report to Neighborhood Councils #7**

### **The City Budget and Fiscal Management**

The City is facing a fiscal crisis.

This year, the City is facing a \$200 to \$400 million shortfall because of the impact of Covid-19 on the City's seven economically sensitive taxes. Next year, the projected shortfall is \$228 million according to the City Administrative Officer. This does not include the impact of Covid-19 which will increase the shortfall to an estimated \$400 million.

The City's Adopted Budget for the fiscal year beginning July 1 was already stressed because of the impact of the budget-busting labor agreements with the police, fire fighters, and civilian unions. It is now under additional pressure because of the City has been unable to offset the elimination of \$150 million of furloughs that were objected to by the unions representing the City's civilian employees. This includes the impact of the failed Separation Incentive Program and the diversion of \$40 million from the Police Department budget.

To date, the City has not implemented any cost savings program.

On September 11, the Mayor sent a memo to all City Departments directing they help the City achieve fiscal accountability by taking specific cost-cutting actions including providing the CAO with proposals to reduce their current budget by 3%.

A week later, on September 18, the Mayor issued his Budget Policy and Goals request for 2021-22, which included additional requests for fiscal belt-tightening, including more cuts.

Overall, the cuts requested by the Mayor will not offset the declines in revenue. This may necessitate furloughs or layoffs since personnel costs (salaries, benefits, pension contributions) are the largest expenditure item.

The Budget Advocates will continue to call for more transparency and accountability – we need something more current than a hypothetical interim budget based on assumptions that are, by now, seriously out of date.

### **History**

Ever wonder where the Budget Advocates came from? Well so did BONC. In response to a request last July, DONE drafted a paper without input from the Budget Advocates or the Neighborhood Councils. We would like the opportunity to improve on this by calling on the memories of current members, reaching out to those who were around from the inception of

the NC system through to the establishment of today's Budget Advocate structure, and using documents in our own files to illustrate our evolution. Stay tuned.

### **Education**

The first Budget Advocate Training Module on the Los Angeles Budget & Department Structure is up on the website at <https://www.budgetadvocates.com/training-docs>. In addition to Budget Advocates and Budget Representatives, we encourage board members and stakeholders to check it out and learn more about how our City operates, how revenue is generated, and when to advocate during the budget process. More materials are in development.

### **Events**

The first of a series of Town Halls is scheduled for late afternoon of Saturday, November 14. 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.

The Congress o Neighborhoods was a virtual success. The informative morning zoom assembly was followed by four networking sessions. Our session on "The Real City Budget" attracted almost 50 people, most of whom hung in for two hours between the ever-entertaining Ron Galperin and the shocking revelations about the City's own budget (failures). You can watch the morning and all networking sessions including this one at <https://www.nccongressla.com/> and we will be posting the Real City Budget session on our new website.

### **Updated Website**

The Budget Advocates' new website – <https://www.budgetadvocates.org/> – went live for Congress. We are still updating it but right now it has information that will allow Neighborhood Councils to find and contact their Budget Advocates. Coming soon (if not already complete) the website will have a comprehensive calendar and more training materials.

### **Budget Advocate Ad-Hoc Committees**

Our committees are now on the website with links to the point person for each committee, should you be interested in getting involved. We hope to start posting meetings and agendas shortly.

*October 11, 2020*