



2021-22 Budget Advocate Report to the Neighborhood Councils #3

December 2021

The City Budget – winter season

City departments have now submitted their preliminary budget memos to the City Administrative Officer and the Mayor's office. These plans will be analyzed not only on their own merit but how they fit within the entire City budget.

Based on past experience, a preliminary budget should be completed by mid-February. The Mayor's Proposed Budget will be submitted to the City Council on or before April 20th for its review. The City Charter requires that the final budget be approved by both the City Council and the Mayor by June 1st.

In the past, the Budget Advocates have requested that the City Council and all Angelenos be able to review the preliminary budget starting in February so that there is time for considered review and constructive input. This request has been denied despite the clear need for improved transparency and more participatory budgeting to offset special interests which have better access to City Hall.

The Police Department is proposing a budget of almost \$2 billion, an increase of \$213 million, or 12%. When related costs for pensions, medical benefits, and other allocated costs are included, the total budget is expected to be in the range of \$3.3 billion.

How does this increase get funded given that the City is projecting a \$261 million budget gap next year?

As a result of investment returns in the range of 30%, the unfunded pension liability for the City's two pension plans (LACERS and Fire and Police Pension Plans) decreased to \$1.6 billion ((97% funded) from \$12 billion (77% funded)).

The unfunded liability jumps to \$9 billion (85% funded) if a more realistic investment rate assumption of 6% were utilized. The Budget Advocates are calling for a Pension Commission to analyze the pension plans and to make recommendations for eliminate the debt like unfunded liability over the next 25 years.

The Budget Advocates are concerned that the Mayor and the City Council will balance the 2022-23 Budget by raiding the Reserve Fund yet again despite the prospect of record revenues of \$7.2 billion.

The 2nd Financial Status Report from the CAO came out at the end of last week with both spending and income over expectations. After sorting through the plethora of figures from this fall, the CAO notes that the Reserve Fund is down but still over 8% of the budget, well above the 5% minimum but below the 10% policy target. He feels the challenges are manageable although no-one knows what impact the Omicron variant will have.

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Issues your Neighborhood Council may want to address

In addition to the Reserve Fund, the Budget Advocates have concerns about the impact of the Olympics – the concept is exciting but the current residents of City Hall will be long gone when the bills come in. Does your Neighborhood Council want to submit a CIS on CF #15-0989?

Currently in Advocate-land

The Budget Advocates gave a presentation at SLANCC last month about why the organization is important and how we can all work together to improve the quality of life in all areas of the City.

We welcome further input from the Neighborhood Councils of South Los Angeles, and would also like to hear from other Alliances on their specific interests and how the Budget Advocates could help support their concerns about City budget and services.

During December, the Budget Advocates are working on their reports which we hope to have completed by the end of the month so relevant insights from various departments can be incorporated into the White Paper.

At the moment, we are still hoping to complete the White Paper by the end of January but the release may depend on when we can schedule a meeting with the Mayor and encourage him to consider our recommendations.

We are still looking for people in Regions 3, 4, 5, 6 and 10. Budget Advocates need to be Budget Representatives that are appointed or elected by their Neighborhood Councils. Budget Representatives can be board members or stakeholders.

When new Budget Representatives are appointed please send their names and e-mails to info@budgetadvocates.org. This should also be done to update contact information for continuing Budget Reps.

The next Budget Advocate meetings will be on Saturday, December 18th at 9:30 am and Monday, January 3rd at 7 pm. Meetings are open to all. The agenda and Zoom link are posted on our website www.budgetadvocates.org a few days prior to each meeting.

December 8, 2021

Neighborhood Council Budget Advocates

Co-Chairs: Jennifer Goodie *and* Glenn Bailey

Vice-Chair, Outreach: Kay Hartman

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Contact us at info@budgetadvocates.org