



Budget Advocate Report to the Neighborhood Councils #16 June

The City's Budget

On June 2, Mayor Eric Garcetti approved an \$11.2 billion budget, including \$7.5 billion of General Fund monies, for the fiscal year that begins on July 1. According to Mayor Garcetti's press release, the budget includes "a spending plan that dedicates nearly a billion dollars to confronting the homelessness crisis, \$300 million for racial and economic justice across the city, and commits critical resources to helping Angelenos recover from COVID-19."

In the current fiscal year that ends on June 30, the City's budget and finances benefited from a \$640 million infusion of cash from Washington under the American Rescue Plan. This allowed the City to eliminate this year's deficit, replenish the Budget Stabilization Fund (\$118 million), and create a Reserve Fund of almost \$700 million, representing about 9.5% of General Fund revenues, close to its goal of 10%.

In the upcoming fiscal year, the second instalment of \$640 million of cash from the Federal Government will allow the City to balance its budget, restore services, address homelessness, and fund on-going operations. However, the City is using one-time money to finance on-going operations to the tune of \$134 million, a clear violation of the City's financial policies. As a result, the City is projecting a budget deficit for the following year of \$261 million, a number that will most likely increase based on comments by the City Administrative Officer.

The Mayor's Proposed Budget anticipated a Reserve Fund of almost \$700 million. However, as a result of spending initiatives by the City Council, the Reserve Fund is now expected to be \$509 million (6.8% of General Fund revenues). This is disconcerting because the City will be using the Reserve Fund to finance upcoming budget deficits and new labor agreements with the public sector unions.

The Four Year Budget Outlook is anticipating a four year cumulative deficit of \$286 million. This compares to a projected surplus in April of \$264 million. This represents a swing of \$500 million precipitated by the city Council's spending initiatives. This will have a negative impact on services to our neighborhoods.

Meetings with the Mayor and City Council

On May 3, the Budget Advocates presented their thoughts on the Mayor's Proposed Budget to the City's Budget and Finance Committee. This presentation was well-received. There is a link to the presentation if you scroll down the main page at www.budgetadvocates.org.

On Thursday, May 20, the Budget Advocates met (albeit virtually) with the Mayor to discuss the City's budget and services as well as our recommendations and concerns raised in this year's White Paper. Mayor Garcetti appreciated the funding from the Federal government. This allowed the City to balance its budget and expand services

Earlier, on April 24, the Budget Advocates hosted a Town Hall to address concerns about the Proposed Budget and answer stakeholder questions. It is informative, runs just over an hour and is available on the front page of our website, www.budgetadvocates.org.

White Paper

The Budget Advocates' White Paper along with reports and recommendations on many of the City departments is currently posted on our website at www.budgetadvocates.org. Please take some time to review the White Paper and reports to see what resonates with you and your Neighborhood Council.

Budget Day

Budget Day is scheduled for August 21, hopefully as hybrid in-person, zoom video and live streamed event. Everyone is invited to learn more about the City Budget and how it affects services and quality of life in your community. Neighborhood Councils, please appoint your two Budget Representatives and encourage them to attend. In the wake of the recent elections, please send the names and contact info of your Budget Representatives, new and continuing, to Jennifer.Goodie@budgetadvocates.org.

Your Budget Advocates are at Risk

After 18 years of serving the Neighborhood Councils and their stakeholders, DONE General Manager Raquel Beltrán is questioning our legitimacy and independence.

Last fall, she tried to divert our funds to finance DONE's operations, a move that was rejected by the City Administrative Officer. More recently she has blocked all contributions from Neighborhood Councils and is directing funds into a 'budget advocacy' account that she controls. We are now being told to change our mission from citywide oversight to address only local concerns.

She is attempting to dictate how we operate and spend our money. She has delayed payment of our invoices. So far she has refused to confirm that Budget Advocates can use our own money to pay for Budget Day. There has been no transparency, no effort to include our input and experience. And nothing beyond her own opinion has been used to justify her unilateral actions.

We will provide additional information in subsequent reports along with requests for support including putting this issue on your agendas and filing Community Impact Statements (CIS).

June 26, 2021

The Neighborhood Council Budget Advocates will be electing officers for 2021-22 at their meeting on July 5. We thank you for your support during this past year.

Co-Chairs: Liz Amsden and Jack Humphreville
Vice-Chair, Development: Jay Handal
Vice-Chair, Outreach: Julia Moser
Corresponding Secretary: Glenn Bailey
Administrative Secretary: Jennifer Goodie
Treasurer: Lanira Murphy
Parliamentarian: Carol Newman