



## **December's Budget Advocate Report to the Neighborhood Councils**

### **The City's Budget Deficit**

The City Administrative Officer is scheduled to issue his Second Financial Status Report in early December where he is expected to detail proposed solutions to eliminate the City's \$700 million "budget gap." According to Councilmember Paul Krekorian, the chair of the City Council's Budget & Finance Committee, solutions will include, among others, the entire elimination of non-core operations by Departments, the renegotiation of labor agreements, "massive" furloughs, and layoffs.

Krekorian also indicated that the City cannot expect a bailout from Washington. We are on our own.

To date, the City has failed to take any meaningful measures to offset the decline in revenues other than to implement a hiring freeze that is expected to save \$50 million but may disproportionately impact Departments and Angelenos.

### **Separation Incentive Program / Furloughs**

To the contrary, the City has failed to implement the planned furloughs of 26 days for each of the 15,000 civilian employees because of the objections of the labor unions. This budget item was expected to "save" \$140 million, money needed to offset salary increases due to last year's negotiations.

Rather, the City will spend about \$100 million on the Separation Incentive Program (SIP) that, according to the CAO, will only save \$2.6 million this year. Savings for next year are yet to be determined. The City also diverted \$40 million from the Police Department's budget to offset the furloughs. The failure to implement the furloughs will result in estimated over-expenditures of \$70 million. The Budget Advocates are calling for increased transparency into the SIP.

### **Next Year's (2021-22) Budget Deficit**

The City is also expecting a sizeable "budget gap" next year, most likely in excess of \$500 million. This shortfall is a function of the unsustainable labor agreements with the police and firefighters that were approved by the Mayor and City Council; the lower than expected revenues due to the impact of Covid-19; higher pension contributions of \$127 million; costs associated with major construction projects (Civic Center, Convention Center, LA River Revitalization); and new labor agreements with the City's other unions.

## **Budget Advocate Business**

There are now openings for Budget Advocates in Region 1 (North East Valley), Region 7 (East), Region 9 (South LA) and Region 12 (Harbor Area). Any Budget Representative (or stakeholder who can be appointed one) is eligible.

In all Regions, whether there are current openings or not, we welcome people to join with us in reviewing and analyzing the budget and resultant service issues that are of interest to you.

We would like to refer you to our website [www.budgetadvocates.org](http://www.budgetadvocates.org). We have posted articles, and papers on a variety of subjects including the City's deficit, how the City's fiscal crisis is affecting the Emergency Management Department, and on how the LAPD's budget has been virtually immune to cuts at <https://www.budgetadvocates.org/articles>.

There is also a list of committees <https://www.budgetadvocates.org/committees> and contacts in case you are interested in becoming involved in ones that are of interest to you.

Jay Handal, a long time Budget Advocate, has been elected our new Vice Chair of Development. In this position, Jay will provide training resources on how the City's budget is supposed to function for Budget Advocates and as well as NC board members and interested stakeholders. He will also coordinate mentoring, ensure all Neighborhood Councils receive Budget Advocate reports either directly or through their Budget Representatives, and track Budget Advocate successes. You can contact Jay at [Jay.Handal@budgetadvocates.org](mailto:Jay.Handal@budgetadvocates.org) with questions  
A warning: The budget crisis may result in a reduction of NC stipends.

Finally, please ensure a Budget Advocate report is agendaized at your monthly meetings and that any reports are circulated to your NC and stakeholders. Budget Advocate reports can be given by one of the NC's Budget Representatives, or the Treasurer or President based on the report.

If you are not seeing a Budget Advocate or getting reports or need advice on appointing Budget Representatives, have an interest in working with us, or have any questions, please contact the Co-Chairs, Jack Humphreville at [Jack.Humphreville@budgetadvocates.org](mailto:Jack.Humphreville@budgetadvocates.org) and Liz Amsden at [Liz.Amsden@budgetadvocates.org](mailto:Liz.Amsden@budgetadvocates.org).

*December 1, 2020*

### **Neighborhood Council Budget Executive Committee**

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

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