



Budget Advocate Report to the Neighborhood Councils #14 mid-March 2021

The Third Financial Status Report

The City is expecting to receive \$1.354 billion from Washington pursuant to the American Rescue Plan, of which half (\$677 million) will be received within 60 days and the balance within the next twelve months. This will help to stabilize the City's budget and finances. But there are still significant issues that must be addressed, including next year's projected deficit of \$800 to \$900 million, the Structural Deficit (where expenditures increase faster than revenues), underfunded pensions, and deferred maintenance. The CAO recommended that any new initiatives be addressed in the normal budget process.

The CAO's Third Financial Status Report recommended that the City apply the stimulus revenue of \$677 million to reverse some of the drastic solutions that were used to balance this year's budget. These include eliminating deficit financing of \$133 million and replenishing the Reserve and Budget Stabilization Funds with \$294 million. The CAO recommended directing \$196 million to the Reserve Fund to cover the revenue shortfall last year. The final \$53.7 million would also go to the Reserve Fund.

As a result, the Reserve Fund will total \$728 million, or 11.2% of the General Fund, \$78 million more than the City's goal of 10%. The City will also be receiving an additional \$677 million of stimulus money. But this money is needed to eliminate the \$800 to \$900 million projected deficit (assumes the economy begins to recover in the summer), to maintain the Reserve Fund in case there is a spike in Covid-19 cases and deaths, and to repair a portion of the City's deteriorating infrastructure. The City is also anticipating additional federal funds to address homelessness, income protection, rent relief, and economic development.

The CAO stressed that the stimulus and other infusions are one-time sources of money and are not to be used to fund ongoing programs. He strongly recommended that the allocation of any new money be addressed in the normal budget process. We agree.

The Mayor will present his Proposed Budget to the City Council on or before April 20 at which time the City Council will have the opportunity to promote any new initiatives provided that the budget remains balanced.

The Budget Advocates

The Budget Advocates hope to submit a White Paper on City Budget issues along with reports on the various departments' budgets and concerns to the Mayor at the end of March.

Budget Day & Town Halls

So all Neighborhood Councils' new board members will be up to speed, this year's Budget Day has been scheduled for Saturday, August 21, tentatively starting at 10 am – format to be determined as possibilities evolve. In the meantime, we are hoping to hold some Town Halls to look into this year's City budget process and the potential impact on City services as it unfolds.

Calling all Neighborhood Councils

We are looking for updates on Budget Representatives for all Neighborhood Councils. Budget Reps are the conduit between Budget Advocates and the Neighborhood Council. While we can always reach out to the President and Treasurer, having a dedicated Budget Rep or two can help address the City budget and service issues for the NC outside of those demanding positions.

Please send your Budget Reps' names / contact info to Jennifer.Goodie@budgetadvocates.org.

Each Neighborhood Council can elect or appoint (according to their Bylaws) two Budget Representatives who can be board members or stakeholders and who serve until replaced. Budget Reps elect the Budget Advocates in even-numbered years and as needed between.

There are currently openings in Regions 1 (North East Valley), 4 (South East Valley), 7 (East), 8 (Northeast LA), 9 (South LA), and 12 (Harbor).

Knowledge can be acquired; what we are looking for is a willingness to commit time and energy and a passion to improve the City's approach to budgeting and services. Please contact the Parliamentarian Carol Newman at Carol.Newman@budgetadvocates.org.

The next Budget Advocate meeting will be on Monday, April 5. 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 (1st Mondays of the month at 7 pm and 3rd Saturdays of the month at 9:30 am).

March 23, 2021

Neighborhood Council Budget Executive Committee

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