

# The Unbalanced Budget

Los Angeles Neighborhood Council Coalition

Jack Humphreville

January 11, 2010

A handwritten signature in black ink, appearing to read "Jack", written in a cursive style.

## Overview

4 Year Budget Gap	\$ 3.0 Billion
Unfunded Pension Liability	\$11.5 Billion
Deferred Maintenance / Infrastructure	\$10.0 Billion
Total	\$24.5 Billion

## 2009-10 Revised Budget Gap

General Fund Base	\$	4,553.7	100.0%
Budget Gap	\$	725.2	15.9%
Shared Responsibility and Sacrifice	\$	(319.9)	-7.0%
Budget Gap	\$	405.3	8.9%
E-RIP Off	\$	(47.2)	
Coalition	\$	(77.6)	
Police	\$	(77.4)	
Fire	\$	(52.0)	
Other Actions	\$	(53.0)	
Total	\$	(307.2)	-6.7%
<b>Budget Gap</b>	<b>\$</b>	<b>98.1</b>	<b>2.2%</b>
Salaries in excess of Budget	\$	85.0	1.9%
Lower Revenues	\$	75.0	1.6%
<b>Adjusted Budget Gap</b>	<b>\$</b>	<b>258.1</b>	<b>5.7%</b>

Notes:

We still have a Budget Gap after 6 months.  
 Budget Gap excludes Sustainable Funding for the repair and maintenance of the infrastructure.  
 Budget Gap excludes amortization of the Unfunded Pension Liability.  
 The Budget Gap has increased since the CAO's November report.  
 Salaries are \$85 million in excess of budget, per Controller Report of December 23, 2010.  
 CAO estimated that revenues are \$754 million lower than projected in November.  
 The Reserve Fund is \$122 million v. a target of \$250-\$300 million.

*present budget is understated...*

Los Angeles Budget Challenge Survey  
2010-2011

	Middle	High
2010-11 Budget Gap	\$ 408	\$ 408
Library Department Operating Hours	\$ 5	\$ 10
Recreation & Parks	\$ 14	\$ 28
Fire Department - Reduced Daily Staffing	\$ 25	\$ 50
Transportation & Infrastructure	\$ 15	\$ 30
General Administration & Support	\$ 60	\$ 90
Civilian Employee Furloughs	\$ 35	\$ 75
Capital Construction Projects	\$ 5	\$ 10
Pension Reform	\$ -	\$ -
Total Spending Cuts	\$ 159	\$ 293
Parking Users' Tax Increase	\$ 20	\$ 40
Clean Water Initiative - Rate Increase	\$ 25	\$ 25
Licenses, Permits, Fees, & Fines	\$ 5	\$ 15
Total New Revenue	\$ 50	\$ 80
Total "Savings"	\$ 209	\$ 373
Public Private Partnerships / Parking	\$ 200	\$ 100
Total	\$ 409	\$ 473
Adjusted Budget Deficit	\$ (1)	\$ (65)

E-RIP Cost?  
 E-RIP Cost?  
 E-RIP Cost?  
 E-RIP Cost?  
 E-RIP Cost?  
 } had year, million .. cost

Voter Approval Required  
 Voter Approval Required

Capital Asset / Operating Expenses  
 Chicago !!

Notes:

On January 11, 2010, LANCC voted to oppose the sale of the Parking Assets to pay for operating expenses. Police Department omitted as are many other departments.

Four Year Budget Outlook

	Revised				
	2009-10	2010-11	2011-12	2012-13	2013-14
General Fund Revenue	\$ 4,325	\$ 4,211	\$ 4,222	\$ 4,332	\$ 4,493
Budget Gap	\$ 408	\$ 725	\$ 878	\$ 1,036	
% of General Fund	9.7%	17.2%	20.3%	23.1%	
Cumulative	\$ 408	\$ 1,133	\$ 2,012	<b>\$ 3,048</b>	

Adjusted Four Year Budget Outlook

	Revised				
	2009-10	2010-11	2011-12	2012-13	2013-14
General Fund Revenue	\$ 4,325	\$ 4,211	\$ 4,222	\$ 4,332	\$ 4,493
Budget Gap	\$	\$ 408	\$ 725	\$ 878	\$ 1,036
Pension Amortization		500	500	500	500
Deferred Maintenance / Infrastructure		500	500	500	500
Adjusted Budget Gap	\$	\$ 1,408	\$ 1,725	\$ 1,878	\$ 2,036
% of General Fund		33.4%	40.9%	43.4%	45.3%
Cumulative	\$	\$ 1,408	\$ 3,133	\$ 5,012	<b>\$ 7,048</b>

Adjusted to reflect estimated amortization of Deferred Maintenance and Unfunded Pension Liability.

Alternatives

As Is

One Off Gimmicks

Vallejo - 2009

Bankruptcy

San Diego - 2006

Arthur Levitt Report

New York City - 1975

Emergency Financial Control Board  
Municipal Assistance Corporation

Handwritten note: *meanings for  
civilian  
practices*

## Do You Trust City Hall?

What Can You Do?

Demand pension reform, including for post retirement medical benefits.

Demand meaningful civilian oversight of the City's current and long term budget.

Demand a real balanced budget that reflects infrastructure investment and pension amortization.

Demand the elimination of one off budget gimmicks.

Unless there is meaningful civilian oversight and reform, **VOTE NO** on any ballot measures.

And Spread the Word.

Facebook: Budget LA

Twitter: BudgetLA

Web: BudgetLA.org

That's What You Can Do!