

NC BUDGET ADVOCATES TRAINING

Intro to the City Budget

How Los Angeles builds, reads, and guards its budget, and where
Budget Advocates can move it

Thursday, September 24, 2026 • 4:00–6:00 p.m. • Zoom
Thomas J. Norman, Ph.D., Vice Chair of Development

Why this matters

A budget is the clearest statement of what a city values

1

Access

We sit across the table from general managers and budget chiefs. Few residents ever get that chance.

2

Voice

We carry our Neighborhood Councils' concerns into the rooms where the budget is built.

3

Transparency

We push for a budget process residents can follow, and we publish what we learn in the White Paper.

Neighborhood Councils fund this work. Your first effort does not need to be perfect.

Tonight's roadmap

Two hours, one short break, questions welcome anytime

4:00 Welcome and why it matters

4:10 The big numbers: where money comes from and goes

4:35 The shelf: which budget book answers which question

4:55 Break

5:00 Guardrails: financial policies and midyear control

5:15 The calendar: who holds the pen, and when

5:30 Think like a CAO analyst, then practice

5:50 Your next moves and Q&A

The size of it

2026-27 Adopted Budget, City of Los Angeles

\$14.87B

Adopted budget, all funds
(\$14,869,596,285)

+\$766M

Growth over 2025-26
(+5.4%)

\$8.59B

General Fund receipts
(Mayor's proposal)

+\$21.4M

Net added by Council to
the Mayor's \$14.85B plan

Not in these numbers: Airports, the Port, and Water and Power. These proprietary departments adopt budgets through their own boards; the City's budget touches them mainly through the Power Revenue Transfer (\$219.7M) and service reimbursements. Counting them, the City as a whole is a roughly \$43 billion enterprise.

Two kinds of money

Most budget fights are about the General Fund

General Fund

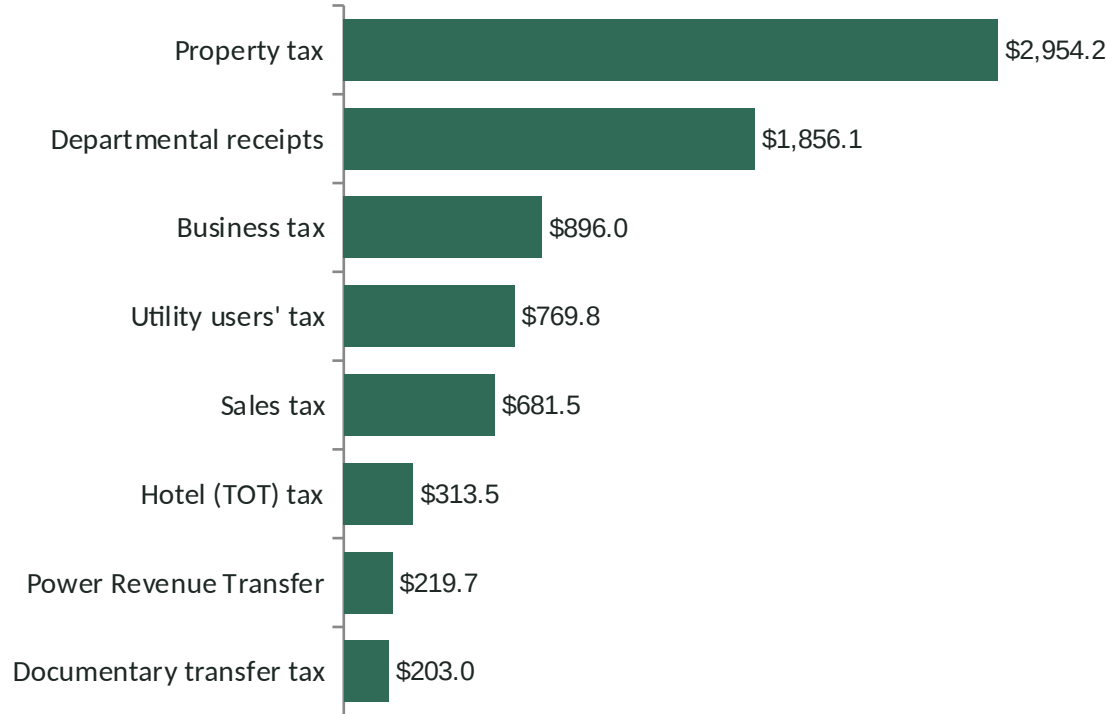
- Unrestricted: mostly taxes
- Can pay for any lawful City purpose
- Where the Mayor and Council have real choices
- Police, Fire, Library, Rec and Parks, City Attorney, and more draw on it

Special funds

- Restricted: fees, assessments, grants, voter measures
- Must be spent on the service that raised them
- Building permit fees cannot pay for police officers
- Sewer, trash, Measure ULA, street lighting assessments

Where the General Fund comes from

Largest General Fund receipts, 2026-27 proposed (\$ millions)



\$8.59B

total General Fund receipts

Property tax is more than a third of the total, and the steadiest piece. "Departmental receipts" is mostly special funds paying the General Fund back for pensions, benefits, and overhead it covers for them.

How the revenues behave

Some are anchors, some ride the economy, some disappear



STEADY ANCHOR

Property tax

Prop 13 holds assessed values far below market, so receipts rarely fall even in a downturn. Slow, reliable growth.



RIDES THE ECONOMY

Sales, business, and hotel taxes

These swing with jobs, tourism, and spending. Several were below their 20-year average growth for three straight years.



BOOM AND BUST

Documentary transfer tax

Driven by both home prices and sales volume, so it climbs fast and crashes hard. Watch it in the Revenue Outlook.



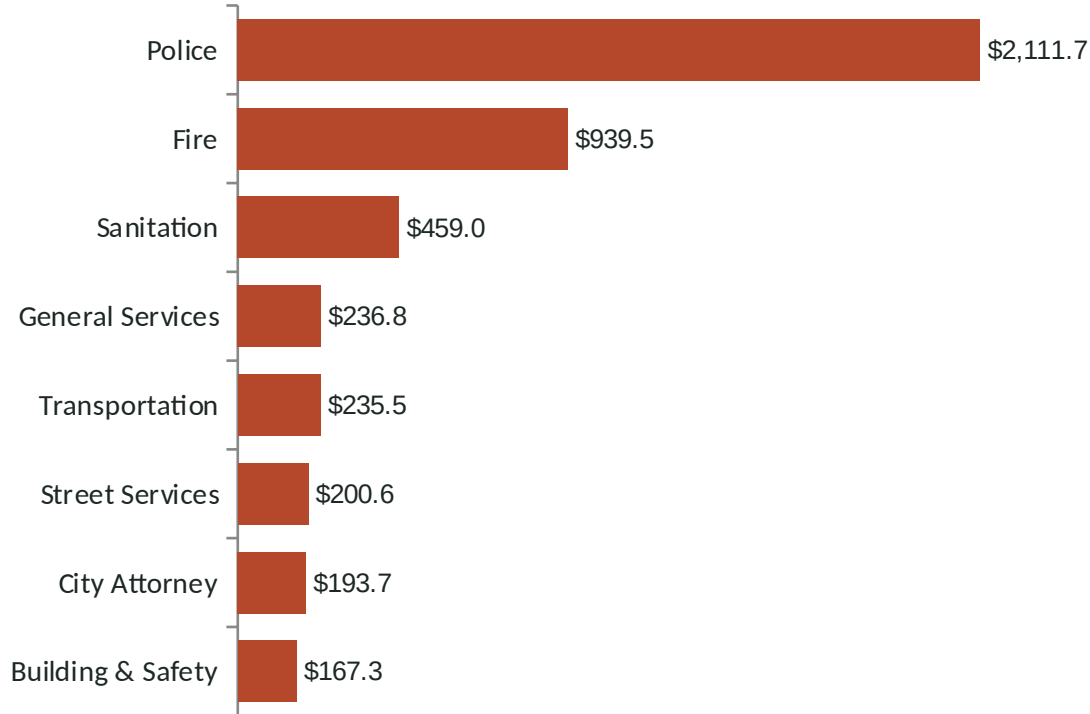
ONE-TIME

Grants, fund transfers

Money that will not recur should pay for things that will not recur. Covid-era federal aid is gone.

Where it goes

Largest departmental appropriations, 2026-27 proposed (\$ millions)



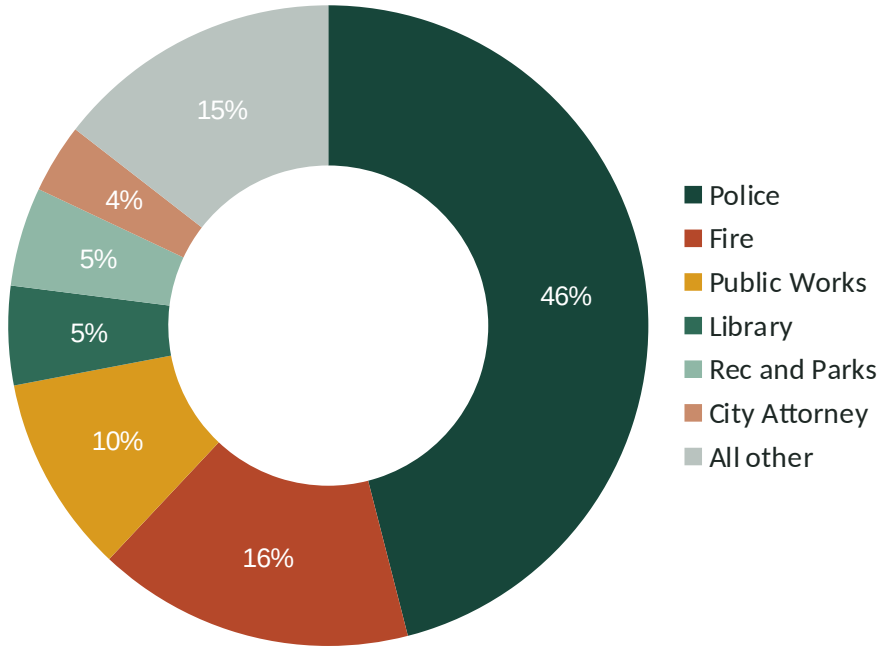
57%

of the budget is non-departmental

Benefits (\$1.0B), pension contributions carried by the TRAN (\$1.5B), debt, capital, liability claims, and special-fund schedules. Departments themselves are about 43%.

Where the choices really are

Truly discretionary General Fund, fully loaded costs (2025-26 adopted, per CAO)



About \$6.7B

This is where the Mayor and Council have the most discretion, and where "the budget is a statement of values" is most literal.

But it barely moves year to year: most of it is salaries, and shifting it means hiring or laying off large numbers of people.

The shelf: six books, six questions

Know what you want, then go find it. Nobody reads 4,000 pages front to back

Budget Summary

What does the Mayor want to highlight?

Mayor's message, key investments, pictures

Line-item Budget

How much is in each account?

The controlling line-item book

Blue Book

What changes, program by program?

Detail of Department Programs, with metrics

Revenue Outlook

What is the City assuming about the economy?

Every General Fund revenue and its forecast

Supporting Information

What does the CAO independently think?

Policy compliance, reserves, 4-year outlook

White Book

What did Council actually adopt?

The Blue Book updated after adoption; out in September

Reading your department's chapter

Every White Book chapter follows the same five-part pattern

- | | | |
|---|--------------------------------|---|
| 1 | Summary page | Five-year trend, General Fund vs. special funds, and the CAO's "main budget items" |
| 2 | Recap of changes | Which accounts moved, and from which funds |
| 3 | Changes across programs | Raises, turnover, one-time deletions |
| 4 | Program pages | Description, metrics, and numbered change items with the department's own justification |
| 5 | Contracts and positions | Every contract by amount; authorized position counts |

Decode the change items

The category tells you whether a dollar is new policy or bookkeeping

Obligatory

Deletion of one-time

Continuation

Restoration

Increased services

New services

Efficiencies

Reduced services

Transfer of services

Other adjustments

Position types

Regular: permanent, created by ordinance

Resolution: limited-term; deleted every year and re-justified

Ask: How many authorized positions are filled?
How many are resolution rather than regular?

Guardrails: the City's financial policies

Not law, but the yardstick the CAO holds every budget against

Reserve Fund

5% of General Fund revenue; a 10% goal across all three reserves

Capital and technology

1.5% of General Fund revenue invested in infrastructure

One-time revenue

Spend one-time money only on one-time costs

Debt

Non-voted debt service under 6%; voted under 15%

Structural balance

Ongoing revenue covers ongoing costs, tested in a 4-year outlook

Full cost recovery

Fees and grants pay their way; subsidies are deliberate and visible

Midyear control: the CAO issues at least four Financial Status Reports (FSRs) a year. "The budget has to balance on June 30, not just July 1."

Pressures to watch this cycle

What the CAO flagged last year, and what to check for 2026-27

Liability payouts

Budgeted \$200M in 2025-26 after years near \$100M; actual payouts ran about \$250M–\$287M.

Staffing

2025-26 eliminated 614 filled and 961 vacant positions. Service impacts follow.

Slow tax growth

Sales, business, and hotel taxes fell short; tourism and federal policy add uncertainty.

Pensions

About 16% of the General Fund; the June 30, 2026 actuarial valuations arrive around December.

Infrastructure

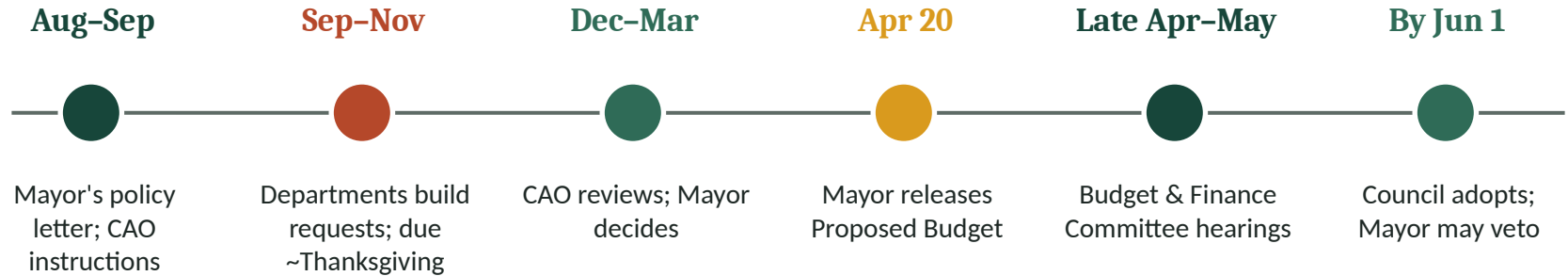
Sidewalks, streets, Civic Center, Convention Center, Clean Water Act needs are largely unfunded.

LA28 and World Cup

Little set aside in the City budget; the hope is full reimbursement for City services.

The budget year: who holds the pen

Fiscal year runs July 1 to June 30



WE ARE HERE

Departments are writing their 2027-28 requests right now. The Mayor's budget letter is expected before our Oct. 5 meeting.

When to push, and whom

Match your ask to whoever holds the budget at that moment

FALL

Departments

Meet GMs and budget managers before requests are final. Ask what they need and what they are asking for.

WINTER-SPRING

Mayor's Office and CAO

Present White Paper findings while the Mayor is still considering.

APRIL-MAY

Budget & Finance Committee

B&F makes most of the changes Council will make. By full Council, it is late.

A CAO observation: one ask, repeated by many voices, gets a champion more often than 300 asks from one group.

Budget & Finance in action

What we saw at the committee's Sept. 1, 2026 meeting

38

items on one agenda, 16 in closed session. Most passed on a single consent vote.

Public comment: 1 minute per item, 2 minutes total, plus 1 minute general.

A fee study

Street Services permit fees: full cost recovery under Prop 26. The adopted budget already assumed ~\$2.8M from them, but they were not yet adopted, so that money likely will not arrive this year.

A cost-recovery debate

Members asked why community parades now pay far more: staffing requirements set by LAPD and LADOT drive the bill, not the permit fee.

Money moved, not added

Lineage Fire recovery: up to \$940K redirected within an existing fund, "no impact to the General Fund."

Think like a CAO analyst

The same steps the CAO trains its own budget analysts to use

1

What problem is it solving?

Need, Mayor/Council priority, legal mandate, or finishing a project?

2

How does the department solve it?

What resources, at what cost, and are the estimates sound?

3

Should the City solve it?

Is it really a problem, and is it the City's to fix?

4

Best approach? Worth the cost?

Alternatives, metrics, track record, best practices elsewhere

5

How will it be paid for?

Eligible special funds, grants, fees? Ongoing cost? How was it absorbed before?

Questions to bring to your department

From Barbara's talking points and the White Book

The department

- Mission, staffing, and General Fund vs. fee share
- Successes and challenges this past year
- Key requests for 2027-28 and their funding source
- Efficiencies, duplications, what could be cut
- Follow-up on last year's White Paper recommendations
- How can Budget Advocates help?

From the White Book

- What did Council add or cut from your request?
- Which one-time items were deleted, and which continued?
- How many authorized positions are filled today?
- Which contracts would you bring in-house?
- What would one more million dollars buy?

Practice: ten minutes

Solo or with your team in a breakout

- 1 Open your department's chapter (page list: White Book guide, p. 3).
- 2 Pick one numbered change item on a program page.
- 3 Run it through the five analyst questions.
- 4 Post in chat: your department, the item, and the one question you would ask the GM.

No White Book handy? Use Fire Suppression (Vol. I, Fire, p. 283) with the group.

Your next moves

Get your department meeting on the calendar for October

This week

Read your chapter and your team's section of the 2026 White Paper.

Now

Call the department's executive assistant for a 90-minute meeting with the GM and budget manager.

After

Log the meeting date for your team; send talking points ahead.

Need help?

Office hours Tuesdays 1:30–3:00 p.m. Email LABudgetAdvocates@gmail.com for the link.

Dates

Sat 9/26

Congress of Neighborhoods

Mon 10/5, 7 p.m.

General meeting

Sat 10/17, 9:30 a.m.

General meeting

Oct 31

Community Budget Survey closes

Questions?

thebudgetadvocate.com

Starter guide, White Book guide, team roster, meeting dates

budgetadvocates.org/trainings

Tonight's recording, plus past CAO trainings

cao.lacity.gov/content/budget.cfm

White Book, Blue Book, Supporting Information, FSRs, budget memos

Thank you to Jacob Wexler and the CAO Finance Group, and to Barbara Ringuette, whose materials shaped tonight.