



Statement on Neighborhood Council Budget Advocates' NC funds

We are providing information and clarification on the Department of Neighborhood Empowerment's request to the City Council as described in Council File [11-1020-S3](#). The action specifically states that "the City Council request the Office of the City Attorney, in consultation with the Department of Neighborhood Empowerment and the Office of the City Clerk, to prepare and present an Ordinance amending Subsection (b) of Section 5.517 of the Los Angeles Administrative Code to substitute the term "Budget Advocates" for "budget advocacy."

Background information: In 2017, an ordinance was created to transfer the Neighborhood Council Funding Division from the Department of Neighborhood Empowerment to the Office of the City Clerk, [Ordinance 184835](#). This ordinance amended the Los Angeles Administrative Code to create Sec. 5.517. *Creation and Administration of the Department of Neighborhood Empowerment Fund*. However, a mistake was made in section (b), and it currently reads, "...funds appropriated for the Budget Advocates and the Congress of Neighborhoods shall remain in the Department Fund..."

To be consistent with the originating language creating the special fund years earlier, the language should have stated, "...funds appropriated for budget advocacy and the Congress of Neighborhoods shall remain in the Department of Neighborhood Empowerment..." CF 11-1020-S3 returns the ordinance to its original language.

The Department of Neighborhood Empowerment, along with the Office of the City Clerk, became aware of this language inconsistency approximately one year ago. We met with the co-chairs of the Budget Advocates and described the problem. We shared that we were further advised by the Controller's Office that returning the code to its original language was needed. We provided recommendations to the Neighborhood Council Budget Advocates on options they could pursue to better position themselves to receive

neighborhood council funds consistent with City funding rules. To our knowledge, they have chosen not to pursue those options.

At this time, our understanding is that the [Article II, Section 260 \(Controller\); Section 262 \(approval of demands on Treasury\)](#) of the Los Angeles City Charter states "...**(b) Notwithstanding subsection (a), the Controller shall delegate to the various offices and departments the duties of inspection of goods and services and approval of demands, in accordance with methods for inspection and approval established by the Controller...**"

EmpowerLA has been advised that Article II prohibits the delegation of City funds by departments to a non-city entity. ***This situation provided further reason for the need to amend Ordinance 184835, since the Neighborhood Council Budget Advocates (Budget Advocates) are a non-city entity - they were not created by Charter Section 909 as is commonly stated.***

Frequently Asked Questions

Are neighborhood councils able to contribute funds to alliances?

The Office of the City Clerk administers the management of City funds. As such, the funding guidelines discuss financial accountability relative to Neighborhood Councils (NCs) and the requirements for proper spending of public funds. Alliances do not qualify for NC funds under the current guidelines, as we understand it.

Under the Neighborhood Purpose Grant (NPG) program:

“Los Angeles Administrative Code 22.817: NCs are authorized to make monetary grants to nonprofit corporations (excluding religious institutions and private schools) organized under 26 United States Code Section 501(c)3 and to public schools pursuant to the criteria set forth in Article XI of the Plan for a Citywide System of Neighborhood Councils.” Additionally, “NPGs are primarily for prospective community-benefit projects.”

Contributions by NCs over the past few years had not provided information about the ‘public benefit’ intent when taking action to contribute to the budget advocacy fund. In other words, giving to the Neighborhood Council Budget Advocates for what specific purpose? Over the past years, the process had not properly asked NCs to specifically state the “public benefit” activity to the community for which funding support was approved by the NC. *Further discussion with the Office of the City Clerk would be necessary to pursue the question of funding to alliances further.*

Who recognizes the alliances and gives them official status?

The City does 'recognize' alliances and as such they have no official or formal status. Alliances have made clear they are independent and as such the City has no oversight or authority over their governance or programming decisions. This is true and has been respected.

Further, there are over 13 Alliances in the Neighborhood Council System. Alliances adopt independent governance structures and are non-city entities. Some alliances are open to the public and have transparent decision-making structures, while others function differently.

The Department recognizes that alliances are important to neighborhood councils. They create important spaces for NCs to share thoughts and interests collectively around common themes. As such, in the past, EmpowerLA was able to provide a basic level of support to alliances, but as resources have diminished, we have focused our attention on our core responsibilities, direct neighborhood council support.

Are the funds in the current budget advocacy special fund account available to the Budget Advocates? Does the Department recognize the will of the NCs where this is concerned?

Absolutely! The Department works *with* the Neighborhood Council elected leadership with respect to the administration of funds. Less than a third of the neighborhood councils contribute funds to the account. We have communicated to the neighborhood councils who have committed funds and the Budget Advocate leadership that we have every intention of honoring the NC's intent for the funds to be used to support the work of the Budget Advocates. However, the work must be consistent with Section 909 of the City Charter - neighborhood council budget advocacy.

What are the rules related to giving money to alliances?

According to the Office of the City Clerk's Funding Guidelines, "Los Angeles Administrative Code Section 22.810.1(g) Subsection (1) & (2) Money appropriated in the budget of each year for certified NCs for the costs related to the functions, operations and duties of a certified NC shall be placed in the NC Fund. The functions, operations and duties of a certified NC include, but are not limited to, meeting and office space, office equipment, computers, supplies and communications, such as the costs associated with newsletters, postage or printing written materials. At the discretion of each NC, and as approved by the Office of the City Clerk, all or part of the money so appropriated may be used for neighborhood improvement projects." Giving to alliances are not specifically listed as eligible expenses. Further discussion with the Office of the City Clerk would be necessary to pursue this question further.

Is it true that the General Manager intends to disburse funds to the Budget Tribunes or other alliances?

No. The Department has advised the Budget Tribunes that no special fund account will be created to support their neighborhood council budget advocacy efforts. Similarly, no other special fund accounts will be created to support other alliances.

We have been told the Department tried to take money from the Budget Advocates in 2020. Is this true? What happened?

As part of the COVID-19 fiscal constraint instructions to all City departments, EmpowerLA followed the requirement that all funds with no specific programming be considered for inclusion for reduction, including special fund accounts. The budget advocacy special fund had an accumulation of \$70k with no specific programming defined. A five-year analysis of the cost of the Budget Day events reported average expenditure at \$8k, which was funded primarily by the Department, not the budget advocacy special fund - meaning not the Budget Advocates.

The Department proposed the Chief Administrative Office (CAO) apply approximately \$30k of the \$70k toward the fiscal constraint exercise. Doing so would leave over 3-years of funding for future Budget Day events, which the Department determined was the proper use of the funds consistent with Section 909 of the Los Angeles City Charter. At the end of the process, the CAO did not use this recommendation and instead instructed us to make further cuts to our direct neighborhood council support. **As a reminder, this was at a time when the City was facing the possibility of laying off hundreds of people and making deep cuts to services. EmpowerLA was already operating at 60% capacity and we were, like all departments, supporting COVID-19 disaster service work.**

If NCs can contribute funds to the Congress of Neighborhoods, why can't they give to the alliances?

The Congress of Neighborhoods is not an alliance. It is a planning committee carrying out an activity described in the Charter.