

Deficit Should Be No Surprise

10/2/2009

By Liam Dillon

Mayor Jerry Sanders blamed the current recession and last year's market crash for the \$179 million budget deficit he unveiled Thursday.

"The magnitude of our budget problem for fiscal year 2011 is a direct fallout from plummeting tax revenue brought on by the recession and rising pension costs due to investment losses on Wall Street," Sanders said.

Yet, three years ago — before the recession and before rising pension costs due to investment losses — Sanders projected a budget deficit for the 2011 fiscal year. His first five-year financial forecast issued in 2006 listed deficits down the line.

The projected deficit for 2011 in that document: \$179 million. Or the exact same number Sanders unveiled Thursday.

When Murtaza Baxamusa, a research director at left-leaning think tank Center on Policy Initiatives, recognized that the two figures were the same, he saw the city's problems as endemic: It has not made long-term budget fixes.

"This is moving a mountain," Baxamusa said. "Structural change takes time to achieve. It takes the education of the public to get support for things and for their understanding. It takes leadership on the part of the City Council and the mayor. This is not this budget that's the problem."

For example, Baxamusa said, there haven't been serious attempts to address increasing city revenues.

"In even private discussions, it is always a taboo topic," he said.

Chief Operating Officer Jay Goldstone said the numbers being the same is "a mere coincidence."

Goldstone insisted the city has made structural changes to its budget in the last three years. He cited the elimination of more than 800 positions in the past three years and the cutting of community service centers.

"To look at it another way, had we not taken these corrective actions our budget deficit would have been closer to \$300 million," he said.

On increasing revenues, Goldstone said, "the will has not been there."

City residents have twice voted down increases to tourist taxes. Also, they have had a general disgust toward city government after previous administrations' pension shenanigans made the city's finances a national embarrassment, he added. Any polling the mayor's office has done on raising taxes showed no citizen support.

Goldstone reiterated that this year's budget problems could not have been foreseen three years ago, despite deficit projections being right on the money.

"It masks essentially the kinds of strides and improvements we've made," he said.

Whether or not the city should have known this deficit was coming, no one denies now it has hard choices to make. But that wasn't what Sanders wanted to address Thursday.

"That's one of the things we're not going to talk about today is solutions," he said.

Those discussions, he said, will come over the next few months.