

## **New Year, New Budget Solutions?**

1/6/2010

***By Liam Dillon***

Twenty-ten, if certain city leaders are to be believed, is the year that San Diego takes on its long-term budget problems. You know, the things like pension and retiree health care liabilities, deteriorating city infrastructure and, gasp, new taxes or fees.

Two reports, one new and one not as new, talk about addressing those issues.

First, the new one. The Office of the Independent Budget Analyst released a report this week with suggestions for planning to eliminate long term imbalances. What's key, the report notes, is to set certain ideas in motion as soon as possible. For different reasons, both outsourcing and tax increases will take a long time from now before the city could see some improvement to its bottom line.

The report suggests 11 guiding principles for long-term budget discussions. In the abstract, most of the suggestions aren't controversial, i.e. "one-time resources should be matched to one-time expenditures." But they touch on all the major ideas presented over the last six years, including pension reform and tax increases, that for numerous reasons no one has been able to accomplish.

The IBA also notes that the city of San Jose's attempts at long-term budget solutions could serve as a model. Here's what San Jose has been doing.

City Council's budget and finance committee will hear the IBA report at 10 a.m. on Wednesday. Also at that meeting, the Mayor's Fiscal Task Force, a group of local business confidants of Mayor Jerry Sanders' Office, will present its findings.

The not-as-new report comes from the left-leaning Center on Policy Initiatives. The center's research analyst presented a report to City Council last month during mid-year budget discussions. (I was neglectful in not posting it before now.)

The report maintains that the fastest growing part of the city's budget is not wages or fringe benefits, but expenditures classified as "supplies and services." The largest part of that, the report says, are contracting services and other contracting accounts.

The report dovetails with a frequent contention of Councilwoman Donna Frye: The city needs to take a closer look at outside contracts within its budget for possible savings.