

# Mayor Libby Schaaf: Stop Using Phony Numbers!

Mayor Libby Schaff is intentionally not using honest numbers when she uses the City's budget to defend her unwillingness to negotiate a fair settlement to the Oakland City Employees Strike.

She isn't sharing the whole story, she is cherry-picking numbers to support her position. It's dishonest, and it reminds us of the kind of misrepresentation of budget and financial figures from a certain party who is trying to convince the nation that tax cuts for the rich will trickle down to the working class. Somehow there is money for developers and big business in Oakland, but the workers and residents are told it's not fiscally prudent to fund city services.

Libby Schaaf is claiming that she respects city employees at the same time she is forcing them into a strike during the holiday season. Mayor Schaff is trying to convince Oakland residents that their employees are asking for money that isn't in the Oakland budget. But that's just not honest.

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Local 21's Research Department has compiled the following true story about Oakland's Budget and Economic condition:

- ✓ The City of Oakland has consistently under-projected revenue and over-projected expenditures. The City ended the past two fiscal years with \$58.5 million (FY2015-16) and \$44.3 million (FY2014-15) more revenue than projected; and \$61.9 million (FY2015-16) and \$45.1 million (FY2014-15) less expenditures than budgeted.<sup>1</sup>
- ✓ Beacon Economics, LLC conducted an econometric forecast which found that the Oakland economy has a very optimistic outlook through FY2021-22, averaging 5.66 percent growth in each of the next five-years.<sup>2</sup>
- ✓ The City only seems concerned with budgeting constraints when talking about cost-of-living increases. At the same time, instead of hiring appropriate numbers of workers, the City is content with huge overspending on overtime. This year's General Purpose Fund's total overtime overspend is almost the same cost as the entire IFPTE Local 21 Wage and Salary spend, \$33.4 million versus \$34.3 million.<sup>3</sup>
- ✓ The City has been employing another dishonest trick for years – it budgets for employee positions but then holds those positions vacant and diverts the savings for

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<sup>1</sup> City of Oakland 2016 CAFR, p.119; and City of Oakland 2015 CAFR, p.119.

<sup>2</sup> Beacon Economics, City of Oakland Revenue Forecast, April 2017.

<sup>3</sup> Fiscal Year 2016-17 Unaudited Fourth Quarter Revenues & Expenditures; and May 18, 2017 RFI Response #1, Attachment R.

other purposes than originally intended. In FY17-18 The City of Oakland is budgeting for 69 vacant positions covered under the Local 21 contract, at a “cost savings” of \$10.7 million.<sup>4</sup> And guess what? When costing out union proposals at the bargaining table, the City uses the inflated number of positions to argue it’s too expensive.

- ✓ The Mayor is claiming that she is offering “up to 6% in raises,” but is in truth offering 4% over two years, much less than the increases in the Bay Area cost of living. The formula she claims could generate up to another 2% is rigged so that it will likely generate nothing for workers, and even if it did, it doesn’t trigger a raise until the third year of a 2-year contract.

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During the Great Recession, city employees willingly agreed to millions of dollars in concessions. They still haven’t recovered. Now that the Oakland economy is booming, the Mayor wants to pay less than the increase in the cost of living and take even more away from the same workers who supported the City during the Great Recession.

Libby can save all the meaningless platitudes about how she respects unions in exchange for honesty about the City’s budget. Working people deserve honest numbers and a fair contract!



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<sup>4</sup> Sept. 8 RFI Response #7, Q18; and May 18, 2017 RFI Response #1, Attachment R.