

TWELVE OUT OF FIFTEEN LARGEST CALIFORNIA CITIES DON'T HAVE MONEY TO PAY THEIR BILLS ACCORDING TO ACCOUNTING STUDY

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Despite what some politicians in Sacramento might tell you, California is not known for its fiscal sustainability. Last year, the Golden State received an “F” for fiscal health from financial watchdog Truth in Accounting. The group calculated that California has a \$264 billion deficit, which translates to \$21,100 per taxpayer. The analysis turns the narrative that California is operating with a generous budget surplus on its head.

Truth in Accounting recently released their 2022 “Fiscal State of the Cities.” The report examines the balance sheets of the seventy-five largest U.S. cities, including fifteen California cities, which it analyzed using “Full Accrual Calculations and Techniques.”

Only three of California’s fifteen cities in the analysis had a “taxpayer surplus”: Irvine (ranked second in the nation overall), Fresno (ranked eighth overall), and Long Beach (ranked thirteenth overall).

Irvine was found to have \$435 million in assets available to pay its bills, which is more than enough to cover the \$155 million in unfunded pension benefits and

\$8 million in retiree healthcare benefits that the city will have to support. Irvine's fiscal surplus was \$4,700 for every taxpayer. Part of this surplus could be explained because Irvine does not have a fire department, which would make it a hidden unfunded liability. The Orange County Fire Authority has massive unfunded asset liabilities and Irvine would be on the hook for it. Truth in Accounting needs to consider that when updating the analysis next year.

But a dozen California cities are in the red. Sacramento, Santa Ana, Los Angeles, San Diego, and Anaheim have between \$4,300 and \$6,600 of tax burden per taxpayer.

Los Angeles notably has \$11 billion in unfunded pension benefits and \$2.4 billion in unfunded retiree healthcare benefits. Truth in Accounting found that L.A. officials would need to come up with at least \$8.3 billion in order to pay their liabilities.

But it gets even worse. Three California cities, all in the Bay Area, have at least \$10,000 or more in tax burden per taxpayer: San Jose, Oakland, and (the worst) San Francisco.

San Jose has \$3.5 billion in unfunded pension benefits along with \$863 million in unfunded retiree healthcare benefits, and would need \$3.4 billion to pay its bills. Oakland leaders need \$2.4 billion to pay off their unfunded pension and retiree healthcare bills and other liabilities.

But the grand champion of fiscal disaster in California is San Francisco. With \$5.6 billion in unfunded pension benefits and \$3.9 billion in unfunded retiree healthcare benefits, they are in the hole \$19,000 per taxpayer.

Too many city leaders are like teenagers who have a credit card with no limits. They promise city employees generous retirement benefits and then kick the can down the road, hoping the politicians who succeed them will foot the bill. But the day of reckoning is coming, and these cities need to get their fiscal house in order before a generation of city employees – police officers, fire fighters, and teachers – lose the retirement benefits they're counting on.

You can find the fully summarized list: [HERE](#)

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Update: Irvine had \$155 million in unfunded pension benefits, not \$155 billion. An additional detail on Irvine's fire department was also added.