

May 21, 2002

To: Supervisor Zev Yaroslavsky, Chairman
Supervisor Gloria Molina
Supervisor Yvonne Brathwaite Burke
Supervisor Don Knabe
Supervisor Michael D. Antonovich

From: David E. Janssen
Chief Administrative Officer

SHERIFF'S DEPARTMENT 2001-02 BUDGET STATUS REPORT AND 2002-03 BUDGET ISSUES

This memorandum provides the Board with a status report on the current year Sheriff's Department budget and a summary report regarding the Department's 2002-03 budget. Based upon preliminary information, the Sheriff's Department is expected to exceed the 2001-02 budget by an estimated \$37 million, which is anticipated to be fully offset by over realized Federal revenue. The 2002-03 budget reflects the reallocation of \$49.6 million in existing appropriation to fully fund employee benefits and other charges which the Sheriff proposes to finance with program curtailments.

2001-02 Budget

Preliminary estimates indicate the Sheriff's Department will over expend salaries and employee benefits (S&EB) by \$44 million. This over expenditure will be partially offset as follows:

S&EB Amount (Millions)	
\$44.2	Estimated S&EB Over Expenditure
(2.1)	Revenue Offset Overtime
(1.5)	Correctional Treatment Center Staffing
(4.0)	Military Reservists Backfill Cost
(10.0)	Workers' Compensation Contingency
\$26.6	Total

In addition, the Sheriff's Department is projecting an estimated revenue shortfall from budget of \$10 million bringing their total estimated shortfall to \$37 million for the 2001-02 fiscal year. This does not include the \$26-\$30 million projected Prop. 172 shortfall. The entire \$37 million shortfall is expected to be fully offset by over realized State Criminal Alien Assistance Program (SCAAP) revenue.

2001-02 Estimated Shortfall (Millions)	
\$26.6	S&EB Over Expenditure
10.0	Revenue Shortfall
36.6	Subtotal
(36.6)	SCAAP Revenue Offset
\$ 0	

This preliminary estimate also assumes that \$12.65 million in savings will be realized in order to meet the Department's 2000-01 over expenditure repayment obligation. In addition, any additional savings that may be realized will be applied to mitigate expenditure plan requirements for the 2002-03 fiscal year.

2002-03 Budget

The 2002-03 Proposed Budget reflects the reallocation of \$49.6 million in existing services and supplies (S&S) appropriation to fully fund employee benefits and other charges.

2002-03 Budget S&S (Millions)	Reallocation To Fund:
(\$32.5)	Employee Benefits
(17.1)	Other Charges
(\$49.6)	Subtotal

In addition to the \$49.6 million, identified below are other changes made to the S&S budget which we believe will not have a significant negative impact on the Sheriff's fiscal year 2002-03 budget. Reallocation of S&S appropriation is consistent with the Sheriff's Department practice of historically over expending in S&EB, and managing savings in S&S to offset the over expenditure. However, the Sheriff's Department has characterized the 2002-03 reallocation as a \$97.4 million S&S reduction from the current fiscal year as follows:

2002-02 Other S&S Changes (Millions)	Explanation
\$ (19.8)	Utilities rate reduction
(31.0)	Sheriff's reallocation to fund overtime
.4	Correctional Treatment Center
2.6	Mentally Ill Offender Grant
\$ (47.8)	Subtotal
\$ (97.4)	Total 2002-03 S&S Change

The \$19.8 million utilities rate reduction is consistent with our recommendation to recapture natural gas savings and is used to help balance the County's fiscal year 2003-03 Proposed Budget. There should not be an impact as a result of this recommendation. In addition, the \$31 million shift from S&S to S&EB to cover overtime was at the Sheriff's request and is consistent with past budget actions where S&S savings has been used to cover S&EB increases. The Sheriff's Department has identified curtailments totaling \$92.7 million in response to the \$49.6 million reallocation.

Conclusion

While the Sheriff's Department will exceed budgeted appropriation for S&EB, over realized SCAAP revenue will be used to offset the overage as well as any potential revenue shortfalls for the 2001-02 fiscal year. In addition, the Department projects meeting the 2001-02 expenditure plan repayment obligation of \$12.65 million.

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We will continue working with the Sheriff's Department to refine estimates for the current year and will provide updated information in the 11-month Budget Status Report to the Board. In addition, we will be providing additional information to the Board regarding proposed curtailments for the 2002-03 fiscal year.

DEJ:DL
RG:ljp

c: Sheriff
Executive Officer, Board of Supervisors
County Counsel

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