



County of Los Angeles
CHIEF ADMINISTRATIVE OFFICE

713 KENNETH HAHN HALL OF ADMINISTRATION • LOS ANGELES, CALIFORNIA 90012
(213) 974-1101
<http://cao.co.la.ca.us>

DAVID E. JANSSEN
Chief Administrative Officer

Board of Supervisors
GLORIA MOLINA
First District

YVONNE B. BURKE
Second District

ZEV YAROSLAVSKY
Third District

DON KNABE
Fourth District

MICHAEL D. ANTONOVICH
Fifth District

February 10, 2005

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

From: David E. Janssen
Chief Administrative Officer

REPORT ON ANALYSIS OF THE SHERIFF'S 2004-05 ADOPTED BUDGET

On January 18, 2005, on Motion of Supervisor Yaroslavsky, your Board directed the Chief Administrative Officer (CAO) to analyze the Adopted 2004-05 Sheriff's Department Custody Budget and to report back on an adjustment to restore the Custody Budget to the level approved by the Board. On January 26, 2005, we met with the Sheriff's Department to review each budget transaction within the Custody Budget to ensure that every change was appropriate and in accordance with the Board's intent.

As you recall, the 2004-05 Proposed Budget reflected unavoidable cost increases in workers' compensation, long-term disability and retiree health insurance resulting in a \$34.8 million funding shortfall to the Sheriff's Department. At that time, the CAO recommended that services and supplies appropriation be reduced as a placeholder, none of which was taken in the Custody Budget, until the Final Changes phase to allow the Sheriff to develop an implementation plan for the reductions. However, during Final Changes and Budget Deliberations, your Board appropriated sufficient funding to restore all but \$6.0 million of the \$34.8 million shortfall to the Sheriff's budget.

The concern is that the Board provided \$13.2 million to the Sheriff's Department to fund Custody operations as follows:

Custody Budget

\$ 1,064,000	Local Law Enforcement Block Grant Revenue backfill
\$ 500,000	Juvenile transportation services
\$ 1,765,000	A portion of \$17.5 million restoration to services & supplies
\$ 5,000,000	Inmate safety (Title 15)
\$ 2,500,000	Inmate Welfare Fund contribution for inmate safety
\$ 2,278,000	Increased retirement buy-down
\$ 1,765,000	Carry-over grant revenue
<u>(\$ 1,708,000)</u>	Reduction in anticipated workers' compensation costs
\$13,164,000	Total

Outlined below are the **actual** Custody budget transactions implemented by the CAO which provided a net reduction of \$4.6 million:

\$ 1,064,000	Local Law Enforcement Block Grant revenue backfill
<u>(\$ 1,064,000)</u>	LASD offset with various other revenues; used towards \$34.8 cut
\$ 5,000,000	Inmate safety (Title 15)
\$ 2,500,000	Inmate Welfare Fund contribution for inmate safety
\$ 2,075,000	Increased retirement buy-down
<u>(\$ 1,887,000)</u>	Reduction in anticipated workers' compensation costs; used towards \$34.8 cut
<u>(\$10,000,000)</u>	Reallocation of salary savings based on experience
<u>(\$ 2,275,000)</u>	Adjustment to carry-over grant revenue based on more accurate projections
(\$ 4,587,000)	Total

The \$ -4.6 million overall reduction in the Custody budget was based on a number of transactions.- Added were the \$5.0 million and the \$2.5 million match from the Inmate Welfare Fund for jail security specifically directed by your Board, as well as \$2.1 million in additional funding for pension cost increases. Adjusted out of the Custody budget was the \$1.1 million in LLEBG backfill funding and the \$10 million in adjusted salary savings further described below, savings in Workers' Compensation of \$ -1.9 million to fully restore the \$34.8 million curtailment in services and supplies and \$ -2.3 million in grant funding which was eliminated by the State (MIOCR grant).

The Board allocated \$5.0 million for 75 Custody positions to conduct Title 15 inmate safety checks within the jails. The Department indicated that it could not recruit and train sufficient personnel to implement the program in a timely manner. As a result, the CAO increased overtime funding and did not add the new positions to the Custody budget. The Sheriff will be requesting in the FY 05-06 budget, the transfer of \$5.0 million from overtime to fund 64.0 additional positions.

Based on our review, there are two budget transactions which may be at issue. Specifically, \$1,064,000 LLEBG revenue backfill and the \$10.0 million adjustment to salary savings based on experience.

According to the Department, the anticipated \$1,064,000 LLEBG revenue shortfall in the Custody budget was offset with other miscellaneous revenue increases. As a result, the NCC backfill funded during Final Changes was reallocated to offset a remaining portion of the \$34.8 million Proposed Budget reduction in services and supplies in the General Support budget unit.

As part of the Supplemental Budget Resolution, the CAO recommended the realignment of the Department's salary savings. This action was based primarily on recommendations in the March 2003 interim report of the 2002-03 Sheriff's Department Budget Study conducted by the consulting firm Thompson, Cobb, Bazilio, and Associates (TCBA). TCBA's audit recommendation No. 1 stated: *The CAO should work collaboratively with the Sheriff's Department to ensure that their budget more accurately predicts actual expenses within the level two budgets units.* We worked with the Sheriff's Department to implement this recommendation as part of the final budget and included it as part of the \$23.0 million salary savings adjustment recommendation approved by your Board. While the realignment had no net County cost impact to the Department, it did result in a \$10.0 million reduction in salaries and employee benefits (S&EB) appropriation within the Custody budget but no change in positions. This was done to more accurately reflect actual hiring and expenditure trends. If we reversed the realignment of salary savings, the Department has indicated that this does not mean they would be able to hire an additional \$10.0 million worth of Custody positions and stay within their overall departmental budget.

In looking at prior year actuals for the past two fiscal years (FY 02-03 and FY 03-04) the allocation of salary savings was not indicative of the actual experience. The Custody budget generated savings in salaries and employee benefits of approximately \$11.0 million while other budget units, such as Patrol, showed as over-expenditure of \$22.4 million. Clearly, the budgeted allocation of salary savings at the time was not based on the staffing patterns of the Department.

Since reversing the salary savings adjustment will not result in the Sheriff filling more positions in Custody, we believe that the final adopted budget, as approved by your Board, is the appropriate funding level that provides the \$7.5 million enhancement to the Custody budget to address security issues while maintaining an overall current services budget for Custody.

In addition to the amounts approved as part of the normal budget process for FY 2004-05, your Board, on December 14, 2004, approved an additional \$9.1 million to be allocated to the Sheriff to begin the phased reopening of 1,778 jail beds with an additional \$9.1 million committed in FY 2005-06. The first of these facilities is expected to open in March 2005. As part of that report, the CAO committed to working with the Sheriff on a plan to re-open the Century Regional Detention Facility and consider additional funding for Title 15 compliance as part of the FY 2005-06 budget discussions. A subsequent Board motion also asked us to look at the feasibility of reopening Sybil Brand Institute.

The attached chart provides detailed explanations for each transaction taken to restore the Sheriff's \$34.8 million curtailment and to fund security enhancements within the jails. In the future, the CAO will ensure that the Board is provided with more detailed information by budget level for the deliberations and supplemental phases.

Please let me know if you have any questions, or your staff may contact Debbie Lizzari, at (213) 974-6872.

DEJ:SRH:DL
RG:BAM:yf

c: Sheriff Leroy D. Baca
Executive Officer, Board of Supervisor
County Counsel
Auditor-Controller

Attachment

Custody.budget.sheriff.bm

Sheriff's Department
2004-05 Restoration Summary

Budget Unit	2004-05 S&S Curtailment	Final Changes Amount	Final Changes Retirement Buydown	CIT Team No.1 Deliberations Amount	No. 2 Deliberations Amount	No. 2B Deliberations Amount	Supplemental Budget Workers' Comp Savings	Supplemental Budget Salary Savings Realignment	Supplemental Budget Carry-Over Grant Funding	Total Amount	Variance
Patrol	(2,437,000)	-	2,636,000	5,000,000	2,000,000	-	(1,952,000)	19,000,000	3,037,000	29,721,000	27,284,000
Detective	(696,000)	-	597,000	-	300,000	-	1,142,000	3,000,000	1,743,000	6,782,000	6,086,000
Administration	(2,019,000)	-	194,000	-	1,000,000	-	804,000	(1,000,000)	105,000	1,103,000	(916,000)
Custody	-	1,064,000 (1)	2,075,000	-	(1,064,000) (3)	7,500,000	(1,887,000)	(10,000,000)	(2,275,000)	(4,587,000)	(4,587,000)
Court Services	(1,602,000)	795,000 (2)	1,267,000	-	-	-	662,000	1,000,000	-	3,724,000	2,122,000
General Support	(28,081,000)	10,000,000	596,000	-	15,264,000 (3)	-	1,231,000	(12,000,000)	3,372,000	18,463,000	(9,598,000)
Total 2004-05 Impact	(34,815,000)	11,859,000	7,365,000	5,000,000	17,500,000	7,500,000	-	-	5,982,000	55,206,000	20,391,000

(1) - Reflects backfill from prior years loss of LLEBG funding for Twin Towers.

(2) - Reflects \$293,000 in funding for Transportation of uniffs and \$502,000 partial funding restoration.

(3) - Reflects a shift of funding from Custody to General Support as partial funding restoration the General Support Budget took instead of Custody.

\$1,064 m LLEBG revenue backfill originally added to Custody, although shifted to General Support as a partial Restoration.