



MINUTES OF THE BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES, STATE OF CALIFORNIA

Joanne Sturges, Executive Officer
Clerk of the Board of Supervisors
383 Kenneth Hahn Hall of Administration
Los Angeles, California 90012

All Department/District Heads
And Presiding Judges

At the Budget/Health Committee meeting held November 16, 1995, the Board took the following action:

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The following items were called up for consideration:

Agn. 3

Chief Administrative Officer's attached recommendation to approve corrective actions recommended by the Chief Administrative Officer, including the allocation of the Hiring Freeze and Services and Supplies savings to Departments; and instruct the Chief Administrative Officer to work with the Auditor-Controller to take the necessary actions for implementation.

Agn. 6-A

Supervisor Dana's attached recommendation to authorize hiring by the Director of Beaches and Harbors for the 10 positions identified in the Department's memo dated October 26, 1995, which are to be restored to the Department due to the fee title transfer of eight beaches from the State to the County effective September 15, 1995.

Agn. 6-D

Chief Administrative Officer's attached recommendation to approve Coroner's request for exemption from the August 1, 1995 hiring freeze to allow the Department to fill three physician positions and five investigator positions now; and to further allow the Department to fill an additional two physician positions subsequent to December, 1995 as expected attrition occurs; and instruct the Coroner to continue to work with the Department of Human Resources to recruit persons for employment from the County's reemployment list where feasible.

(Continued on Page 2)

Syn. 7 (Continued)

After discussion, the following statement was entered into the record for Supervisor Yaroslavsky:

"The Chief Administrative Officer (CAO) has published an updated expenditures and revenue estimate for FY 1995-96 that projects a year end deficit of \$56.1 million. This is attributable to overspending by certain County departments, most notably the County Probation Camps, Superior and Municipal Courts, and the Public Defender. In addition, the recent State Supreme Court ruling regarding Proposition 62 may further jeopardize an estimated \$50 million in County tax revenue.

"This projected deficit once again illustrates the uncontrollable components upon which our budget is structured: State and Federal mandates and funding that is outside the Board of Supervisors' direct discretion. Impending Federal Block Grants for Medicaid, AFDC and other entitlement programs, as well as changes to Medicare benefits and taxes pose additional threats to our County's fiscal stability.

"Two functions that do come under the Board's control are departmental purchasing and hiring. Previous Board budget actions have implemented restrictions on blanket purchase orders totaling \$11.3 million in net County cost, and a freeze on hiring totaling \$12.0 million in net County cost for all General Fund departments. Agenda Item No. 3 assumes that the savings this Board has budgeted from these two actions will not be achievable. In particular, the CAO believes the County will be unable to sustain a hard hiring freeze.

"The purpose of a hard hiring freeze is both to achieve dollar savings for the current fiscal year and to shrink the size of the work force to reduce future expenditures. The Federal Government, the City of Los Angeles, and private companies all over the nation have or are reducing their work forces in order to operate more efficiently. Given its precarious fiscal condition, the County can be no exception. Since the hiring freeze was implemented on August 1, staff levels in General Fund departments have been reduced by over 1,200 positions, including 538 permanent and 734 temporary positions. The 538 permanent positions alone would, if held vacant for a full year, reduce County costs almost \$24.2 million in salaries and employee benefits; assuming 38% of this is net County cost, the reduced costs to the County would be \$9.2 million. The hiring

(Continued on Page 3)

Syn. 7 (Continued)

freeze is working, and the savings are real. While some exemptions are and will be necessary, we need to downsize County government and the hiring freeze is a valuable tool to accomplish this goal. In order to control the County's fiscal condition and address the operating deficit in the General Fund, the savings attributable to the hiring freeze and purchase order cancellation actions must be allocated through direct appropriation reductions to individual departments. In addition, the hard hiring freeze must be sustained.

"I therefore recommend that the Board instruct the Chief Administrative Officer to take the following actions:

- a. Implement the revised spending reductions of \$11.3 million to specified departments' services and supplies appropriation and \$12 million in salaries and employee benefits budgets, totaling \$23.3 million, as detailed in Attachments V and VI to Agenda Item No. 3; and
- b. Maintain the hiring freeze on General Fund departments by continuing the existing policy that:
 1. Any request for a hiring freeze exemption is to be addressed by the department head to the CAO, who shall analyze the request and forward her recommendation to the Board of Supervisors; and
 2. No exemption shall be approved without the consent of the Board of Supervisors."

Following further discussion, the following statement was entered into the record for Supervisor Molina:

"When the Board of Supervisors adopted the Fiscal Year 1995-96 budget on August 1st, the Board included a \$12 million savings target to be achieved from a hard hiring freeze on all County departments except the Department of Health Services.

(Continued on Page 4)

Syn. 7 (Continued)

"From data produced by the Auditor-Controller, it appears that most County departments have met or exceeded their required savings through attrition. Based on a \$50,000 salary and employee benefits package, the Chief Administrative Officer (CAO) for example, needed to attrit two persons; she has lost four. The Assessor was required to attrit ten; he has lost 21. Probation needed 28 attritions, yet the Department has lost 60 people. The Department of Health Services has lost more than 600 persons above and beyond those targeted for layoffs.

"With a looming deficit for Fiscal Year 1996-97, as well as pending revenue gaps in this year's budget from Proposition 62 (\$6.7 million as identified by County Counsel) and prior year General Relief liabilities (\$30.5 million as identified by the CAO), I believe, however, that it would not be prudent for the Board to simply lift the hard hiring freeze as many departments are requesting and the CAO is recommending. Neither should the Board restrict departments from fulfilling their statutory and ethical obligation of providing critical services to the residents and visitors of Los Angeles County.

"Departments should and must be allowed to fill critical vacancies. Further, the designation "critical vacancy" must be defined by the person ultimately accountable and most knowledgeable of his or her critical needs, the department head.

"I therefore recommend that the Board take the following actions:

- a. Calendar Countywide mid-year budget adjustments, if necessary, for the January 18, 1996 Budget/Health Committee-of-the-Whole meeting;
- b. Instruct all County department heads to achieve hard hiring freeze savings, totalling \$12 million Countywide, as allocated by the Chief Administrative Officer in her recommendations set forth in Agenda No. 3;
- c. Instruct all County department heads to submit a report to the Board, Chief Administrative Officer, and Auditor-Controller, in two weeks showing savings from the hard hiring freeze thus far and, if the savings do not yet equal their allocated amounts, include a plan to get to goal;

(Continued on Page 5)

Syn. 7 (Continued)

- d. Once this report is submitted and full compliance is achieved, allow County department heads to fill vacancies under the following conditions:
1. Revenue-generating personnel;
 2. Revenue-offset (contract or grant) personnel, only in so far as County-paid staff are not available or trained for such activities; and
 3. Critical vacancies, as defined by the department head. Examples include post positions where vacancies would result in costly and unavoidable overtime; 125 percent of yardstick for children's social workers; where there is a legal liability from holding a position vacant; critical doctors and nurses in hospitals, clinics and jails, etc.;

This policy shall remain in effect until the January 18, 1996 Budget/Health Committee-of-the-whole meeting, at which time the policy will be reexamined for effectiveness and compliance;

- e. Instruct Department heads to submit a report to the Board, Chief Administrative Officer, and Auditor-Controller monthly indicating the number of personnel they have hired or intend to hire and the reason for the hiring;
- f. Instruct the Auditor-Controller to compare these reports to the actual data available through CWTAPPS and, on a monthly basis, reconcile to the Board for each department the number of positions lost during that quarter and the number rehired; and
- g. Instruct department heads to submit a report to the Board, Chief Administrative Officer, and Auditor-Controller in two weeks that estimates savings goal above and beyond the \$12 million that will be achieved from the hard hiring on non-critical positions. These goals shall be incorporated into the department heads' annual Goals and Objectives."

(Continued on Page 6)

Syn. 7 (Continued)

After discussion, Supervisor Burke made a suggestion that the first paragraph of subsection d. of Supervisor Molina's recommendation be amended as follows:

- d. Once this report is submitted and full compliance is achieved, allow County department heads to fill budgeted vacancies under the following conditions and upon review and approval by someone to be designated by the Board:

Robert Kalunian, representing the Public Defender, addressed the Board on Agenda Item No. 3. Anthony T. Hernandez, Director of Department of Coroner and Dr. Lakshmanan Sathyavagiswaran, Chief Medical Examiner-Coroner, addressed the Board on Agenda Item No. 6-D.

After further discussion, Supervisor Burke made a suggestion that the first paragraph of subsection d. of Supervisor Molina's recommendation be further amended as follows:

- d. Once this report is submitted and full compliance is achieved, allow County department heads to fill budgeted vacancies, after approval by the Chief Administrative Officer, with the approval process to be completed within five working days of the submission of the request, and under the following conditions:

Supervisor Molina accepted Supervisor Burke's suggested amendments to her suggested recommendation. After final discussion, on motion of Supervisor Molina, seconded by Supervisor Antonovich, unanimously carried, the Board took the following actions:

- a. Calendared Countywide mid-year budget adjustments, if necessary, for the January 18, 1996 Budget/Health Committee-of-the-Whole meeting;
- b. Instructed all County department heads to achieve hard hiring freeze savings, totalling \$12 million Countywide, as allocated by the Chief Administrative Officer in her recommendations set forth in Agenda No. 3;
- c. Instructed all County department heads to submit a report to the Board, Chief Administrative Officer, and Auditor-Controller, in two weeks showing savings from the hard hiring freeze thus far and, if the savings do not yet equal their allocated amounts, include a plan to get to goal;

(Continued on Page 7)

Syn. 7 (Continued)

- d. Once this report is submitted and full compliance is achieved, allow County department heads to fill budgeted vacancies, after approval by the Chief Administrative Officer, with the approval process to be completed within five working days of the submission of the request, and under the following conditions:
1. Revenue-generating personnel;
 2. Revenue-offset (contract or grant) personnel, only in so far as County-paid staff are not available or trained for such activities; and
 3. Critical vacancies, as defined by the department head. Examples include post positions where vacancies would result in costly and unavoidable overtime; 125 percent of yardstick for children's social workers; where there is a legal liability from holding a position vacant; critical doctors and nurses in hospitals, clinics and jails, etc.;
- This policy shall remain in effect until the January 18, 1996 Budget/Health Committee-of-the-Whole meeting, at which time the policy will be reexamined for effectiveness and compliance;
- e. Instructed Department heads to submit a report to the Board, Chief Administrative Officer, and Auditor-Controller monthly indicating the number of personnel they have hired or intend to hire and the reason for the hiring;
- f. Instructed the Auditor-Controller to compare these reports to the actual data available through CWTAPPS and, on a monthly basis, reconcile to the Board for each department the number of positions lost during that quarter and the number rehired;
- g. Instructed department heads to submit a report to the Board, Chief Administrative Officer, and Auditor-Controller in two weeks that estimates savings goal above and beyond the \$12 million that will be achieved from the hard hiring on non-critical positions. These goals shall be incorporated into the department heads' annual Goals and Objectives;

(Continued on Page 8)

Syn. 7 (Continued)

- h. Clarified that this action does not affect the earlier action of the Board today, as set forth in Board Order No. 4, relating to an exemption from the freeze for the Sheriff's Department; however, ordered that any hiring or promotions beyond what was approved by the Board this morning shall be subject to the procedure set forth in this motion.
- i. Received and filed the recommendations set forth in Agenda Item Nos. 6-A and 6-D; and

On motion of Supervisor Yaroslavsky, seconded by Supervisor Burke, unanimously carried (Supervisor Molina being absent), the Board took the following actions, as recommended in Agenda Item No. 3:

- a. Instructed the Chief Administrative Officer to take the necessary actions to remove the hiring freeze and services and supplies appropriations (cancellation of blanket purchase orders) from departmental budgets, as set forth in Attachments V and VI of the Chief Administrative Officer's recommendations. Additionally, instructed the Chief Administrative Officer to work with departments to generate 100 percent of these savings;
- b. Determined to rely on any improvement in the motor vehicle in-lieu revenues and the Designation for Budgetary Uncertainties to partially cover the Proposition 62 problem of \$(50.0) million. This will afford the Board time to develop a strategy to mitigate the entire problem should it become necessary;
- c. Determined that, should further reductions be required, the Sheriff and District Attorney shall be given priority across-the-board curtailments. An example, if departments are taking a 10 percent cut, the Sheriff and District Attorney would participate at 50 percent of the other departments' percentage cut (translates to a 5 percent cut for the Sheriff and District Attorney);

(Continued on Page 9)

Syn. 7 (Continued)

- d. Determined to use release from the freeze on hiring, in so far as set forth in Supervisor Molina's foregoing motion, and on services and supplies, as an incentive to encourage departments/courts to manage within their Board-approved budgets; those departments/courts currently reflecting overages must be required to mitigate their problems.

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Attachments

Copies distributed:
Each Supervisor