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NEWS RELEASE

COUNTY OF LOS ANGELES

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COUNTY BUDGET: PRESERVES CRITICAL SERVICES, AVOIDS FURLOUGHS AND LAYOFFS

In the face of a continued sluggish economy, Los Angeles County Chief Executive Officer William T Fujioka today unveiled a 2011-12 balanced budget proposal totaling \$23.303 billion, which preserves critical services and avoids furloughs and layoffs.

The County's budget proposal addresses a current shortfall of \$220.9 million, which was closed through a number of solutions, including using \$185.2 million in one-time funding, \$35.7 million in ongoing operational spending reductions, help from our labor partners, and the elimination of 257 vacant, budgeted positions. The budget shortfall was also closed without the need to draw down from the County's Rainy Day Fund or Economic Reserve Fund.

Fujioka said the economic situation "continues to force us to make difficult and extraordinary decisions concerning our budget, but the County is in much better financial shape than many other municipalities because of the fiscal practices and long-term budgeting discipline by the Board of Supervisors, which includes maintaining a conservative retirement benefits program for County employees."

Over the past four years, the County has implemented a number of budget structural changes, which have led to \$406 million in spending reductions, including identifying and implementing over \$200 million in efficiency savings, and the elimination of over 2,700 vacant, budgeted positions; these actions have resulted, on average, in a 17 percent reduction from department budgets, Countywide.

Los Angeles County, like other governmental agencies, is still coping with the lingering effects of the recession. However, for the first time since 2006-07, the County is starting to see a year-over-year increase in sales tax revenues and property taxes are projected to grow by 0.7 percent in 2011-12. While revenues have rebounded slightly, the demand for services continues to dramatically increase, most notably General Relief assistance welfare payments. The County's monthly average General Relief caseload has grown from 58,599 in 2006-07 to an estimated 106,894 this year – an increase of almost 100 percent.

“The County of Los Angeles remains better positioned than most other state and local governments to manage these extraordinary events. Continuing to maintain service levels, avoid significant layoffs and produce a balanced budget will only be possible to the extent recent economic indicators showing signs of improvement are sustained,” Fujioka said.

Threatened cuts in funding by the state – currently estimated at as much as \$366.4 million – are of concern, but the proposed budget does not reflect potential impacts since the situation remains fluid. The Governor’s proposed restructuring of government operations through the realignment of programs is not reflected in this budget proposal.

“Beyond the rapidly changing situation in Sacramento, we also are closely monitoring budget developments at the Federal level in key programs like Medicaid. We remain concerned about the potential negative impact on County services that could come during the ongoing budget debate in Washington, D.C.,” Fujioka said.

Complete details of the budget outlook are also available on the County’s homepage at <http://www.lacounty.gov>, or by following the County on Twitter [@lacountyceo](https://twitter.com/lacountyceo).

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