



NEWS RELEASE

COUNTY OF LOS ANGELES

Contact: Judy Hammond, Director of Public Affairs, (213) 974-1363
Brian Lew, Assistant Director, (213) 974-1652

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County Budget: Preserves Critical Services

Los Angeles County Chief Executive Officer William T Fujioka today released the 2009-10 Proposed County Budget, recommending reductions in programs and hiring, but preserving critical services.

Fujioka said though the fiscal situation is one of the most challenging since the early 1990s, the County is in much better financial shape than many local governments, largely due to its conservative fiscal practices.

The proposed \$22.799 billion budget is \$415 million less than the current budget and calls for 1,684 fewer budgeted positions than the current 102,458, but preserves core services and avoids layoffs by cutting vacant positions.

Fujioka estimates there will be a \$300.4 million budget gap in local revenues, which he proposes to close with \$107.2 million in ongoing department budget curtailments, \$115.5 million in bridge funding, and \$77.7 million in federal stimulus funding.

The County's unemployment rate, which has gone up 24 consecutive months and registered at 10.9 percent in February, has fueled increased demands for County services, expected to hike the public assistance costs 5.5 percent to a total of 26 percent of the budget. The situation is compounded by the steep drop in home prices, resulting in lower property taxes. For the first time since the mid-1990s, property tax assessments are down.

The proposed budget reflects a 1 percent drop in property tax assessments, but a recent estimate further reduces that figure to 3.3 percent. Fujioka said if the new estimate is correct, the Board of Supervisors would need to make an additional \$88.3 million in cuts when budget adjustments are made in September.

The County continues to see an erosion in several other key revenue sources, including the deed transfer tax (-31.3 percent), Proposition 172 sales tax (-5.8 percent), local sales tax (-5.9 percent), and interest earnings (-56.8 percent).

Fujioka said he had asked all departments other than Health Services to include a 5 percent reduction in their funding requests to him, but he ended up recommending that some departments take no cuts while others take more than the 5 percent. The larger

cuts were taken by departments that consistently generated savings year-after-year from vacant positions or unspent funds.

Net position loss for larger departments include: Public Social Services, 899; Health Services, 165; Public Health, 141; Parks and Recreation, 119; Child Support Services, 104; Registrar-Recorder/County Clerk, 80; District Attorney, 70; Internal Services, 52; Public Library, 51; Office of Public Safety, 50; and Sheriff, 9.

Some departments will see increases. An addition of 82 positions is proposed for the Department of Children Services and 105 for the Department of Mental Health. Of these, 111 positions are to further implement the Katie A. Settlement Agreement Strategic Plan involving better care for foster children. The Museum of Art will see a \$2 million increase and the road fund for unincorporated areas will increase \$41.1 million. The Arts Commission is receiving eight more positions, funded through grants, to further implement its *Arts for All* initiative.

Fujioka is proposing to consolidate some departments, merging the Ombudsman and Human Relations Commission with the Department of Community and Senior Services, and placing the Commission on Aging under the Area Agency on Aging Advisory Council, saving \$700,000 and reducing six positions.

Use of a portion of the funds from the County's reserves, saved over the past several years during the strong real estate market and healthy local economy, is recommended to offset cost increases or revenue losses directly related to the economic situation that can be considered one-time or short-term. Included in this one-time bridge funding is General Relief assistance, deed recording, and \$26.8 million to retain jail beds.

The Department of Health Services will save \$13.2 million and require 165 fewer positions to operate facilities related to the implementation of various efficiencies; however, the department still has a \$257.3 million deficit that must be addressed.

Fujioka says uncertainty surrounding the state budget remains a concern. If the County loses additional funding beyond the estimated \$253.1 million reduction from the 2008-09 and 2009-10 adopted state budgets, it will further impact the County's ability to provide needed services.

Federal stimulus funding, enacted on Feb. 17, could provide the County with as much as an additional \$441.7 million through December 2010 for Medicaid, foster care and adoption payments, with \$204.5 million of that in 2009-10. Another \$89.1 million is expected for hospitals, highways, jobs, nutrition, community services and justice grants.

Fujioka says the County does not yet know about every funding opportunity for which it may qualify under the stimulus bill, as all regulations and funding have not yet been released.

The federal stimulus package is expected to temporarily decrease the County's contribution to the In-Home Supportive Services program by \$77.7 million, increase \$105.8 million in funding through the CalWORKS program for transitional subsidized

employment programs, and provide \$30.8 million through the Workforce Investment Act program to create employment for adults, youth and dislocated workers.

Funding for capital projects significantly decreased in the new budget, down \$289.9 million, but there is \$1.4 billion allocated for high-priority projects, including:

- \$493.1 million for public protection facilities, including a jail master plan, new construction at Biscailuz Center Training Academy, new fire stations in the Santa Clarita Valley, refurbishment and expansion of the Coroner's facility, security improvements at juvenile halls and camps, a new animal shelter in the east Antelope Valley, and four new spay/neuter clinics.
- \$214.6 million for recreational facilities, including new community rooms, refurbishment of swimming pools, and facility refurbishments at beaches.
- \$161.4 million for general government facilities, most notably the new countywide data center in Downey.
- \$155.3 million for health facilities, including a mental health urgent care center, expansion of emergency room and construction of tuberculosis unit at Olive View Medical Center; and replacement surgery and emergency suites at Harbor-UCLA Medical Center.
- \$98.2 million for new or replacement libraries in the San Gabriel Valley, Topanga Canyon and East Rancho Dominguez, and refurbishment of Patriotic Hall.
- \$106.4 million for infrastructure improvements in flood control and aviation facilities, soil and groundwater investigation and radiation activities, and watershed testing efforts.

Fujioka said the expected additional reductions from the state, the decline in home values, a projected deficit for 2010-11, the temporary nature of federal funding and the use of one-time bridge funding require the County to continue to find ways to ensure it is not spending beyond its means.

Public hearings on the proposed budget will begin May 13, with adoption expected June 22.