

County of Los Angeles

Contact Judy Hammond, Director, Public Affairs, (213) 974-1363
Victoria Pipkin, Assistant Director, (213) 974-1652

April 23, 2001

County Budget Stable, But Under Pressure From Soaring Utilities

Chief Administrative Officer David Janssen unveiled a \$16.011 billion proposed budget today that reflects continued stability for Los Angeles County government, but warns that soaring energy and health costs could compromise the County's ability to maintain its current service levels.

The proposed 2001-02 budget includes an additional \$44.6 million for natural gas and electricity costs, but since the document was prepared, the estimate has risen to \$65.6 million, Janssen said. This represents almost an 100 percent increase over the adopted 2000-01 budget.

Natural gas and electricity were budgeted at \$75.3 million in 2000-01. The proposed budget calls for \$119.9 million, but recent estimates put the cost at a minimum of \$140.9 million.

"We are continuing to closely monitor both the health budget and the energy crisis. Any further unanticipated cost increases in these areas may compromise the County's ability to maintain current service levels," Janssen said.

With more than 5,000 county buildings throughout its 4,081-square-mile boundary, Los Angeles County is one of Southern California Edison's top five customers. Conservation efforts begun in March are aimed at decreasing usage by at least 7 to 10 percent. Janssen said departments are continuing to explore ways to cut costs, including turning off power on weekends.

He said discussion of a "casual summer" in which employees would be allowed to dress less formally to remain cool has already begun as projections call for possibly more than 30 days of blackouts from June to September.

The health budget continues to be a major challenge as the County struggles to provide for a large uninsured population while federal funding diminishes. The proposed \$2.8 billion health budget reflects a continuation of its current programs, but targets \$84.9 million in reengineering savings and elimination of 438 positions.

Facing a significant budget deficit in three years when a federal "waiver" program ends, the Health Services Department is continuing to identify how to make necessary

reductions. Janssen said the department must move aggressively to cut costs or there would be catastrophic consequences in 2004.

Janssen's budget proposal calls for 95,065 employees, an increase of 2,462. Los Angeles County is the largest employer in the five-county region. The increase, Janssen said, is primarily in programs financed by state and federal funding.

Janssen, noting that the economic outlook appears more uncertain than in the recent past, continues to advocate a cautious approach to spending locally-generated tax dollars – the \$3.246 billion portion of the budget that the Board of Supervisors has discretion in allocating, only \$1.106 billion of which is truly flexible.

Janssen proposes allocating most of the additional \$124 million revenue in local funding above that required for salary and employee benefits to one-time projects and reducing reliance on pension fund earnings. These projects include infrastructure improvements, staff training, and information technology.

He recommends a number of programs to improve services to the general public, including: enhancing Internet services for information and transactions, training employees to provide better customer service, improving property tax systems to provide better public service and accuracy of property tax distribution, improving municipal service to the one million residents of unincorporated areas, and providing additional funding for parks throughout the County.

The majority of the \$428 million increase in the overall County budget (the current budget is \$15.583 billion) is due to state and federally-funded programs.

Among these are:

- \$90.2 million and 1,071 positions in the Department of Public Social Services administration budget to boost Medi-Cal enrollment to 997,500, assist immigrants and better deliver services to the public.
- \$74.6 million and 482 positions in the Department of Children and Family Services administration and MacLaren Children Center budgets to better serve and protect children.
- \$28.4 million and 129 positions in the Mental Health Department to expand services for the homeless, elderly, indigent and children.
- \$11.5 million in the Health Services Department for the Healthy Families Program to enroll another 8,000 children for a total of 28,000 and possibly enroll 10,000 of their parents. It would be the first time that adults were included in the program.

The budget appropriates \$534.8 million for high priority capital improvements, including:

- \$203.6 million for the design and construction of three sheriff stations and fire stations, programming of the state-funded regional forensics laboratory,

relocation of the sheriff's Special Enforcement Bureau, and expansion of the coroner's autopsy and laboratory facility.

- \$140.8 million for the construction or refurbishment of community centers, gymnasiums, athletic fields, trails, and landscaping of parks and beaches.
- \$66.6 million for the seismic retrofit of hospital facilities, continuing design and site preparation of the County+USC Medical Center replacement project, and other projects required to meet state licensing requirements.
- \$35.3 million for improvements to general government facilities, including \$22.2 million for the East Los Angeles Civic Center.
- \$32.7 million for improvements to County airports and construction of transit and infrastructure maintenance facilities.
- \$18.3 million for the reconfiguration of the MacLaren Children's Center in El Monte, the development of new libraries, and the development and construction of child-care centers.

Rampart-related costs included in the budget total \$13.3 million.

Janssen will present the budget to the Board of Supervisors on Tuesday, April 24. Public hearings begin May 10 and deliberations June 25. The budget becomes effective at the start of the new fiscal year, July 1.