

# NEWS RELEASE

## County of Los Angeles

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### **COUNTY BUDGET: THIRD YEAR OF FISCAL RECOVERY**

The proposed \$15 billion budget released today by Chief Administrative Officer David Janssen marks the third year of fiscal recovery for Los Angeles County - providing modest increases in locally-funded programs while reducing reliance on one-time funds, borrowing and excess pension earnings.

The spending plan for the 2000-01 fiscal year is actually \$200 million less than the current budget, yet it provides for a number of capital projects that will be readily visible to residents: new fire stations, courthouses, sheriff stations, health facilities and child care centers; expansion of animal control shelters, juvenile detention and coroner facilities; and improvements to parks, beaches and museums.

And thanks to state and federal funding, there will be substantial new services for the homeless, substance abusers, uninsured children, welfare recipients, persons with AIDS, and those with mental health problems.

Another 1,736 staff members are recommended to provide those extra services, bringing the total number of employees to 91,207. The largest number, 562, would be slotted for the Department of Public Social Services to assist welfare recipients become self-sufficient and to handle the projected 9.9 percent caseload increase in the In-Home Supportive Services program.

Other departments receiving the largest share of the new employees would be Health Services (217), Sheriff (176), District Attorney (170), Probation (86), Registrar-Recorder/County Clerk (70), Mental Health (64), Fire Department (60), Community and Senior Services (45), and Parks and Recreation (44).

Janssen credited the slowed increase in the budget to a flattening caseload growth in several areas: child protective services, welfare programs (CalWorks, GAIN and general relief) and the jails. Only In-Home Supportive Services and adoptions assistance programs continue to reflect strong growth.

While upbeat about the County's general financial condition, Janssen cautioned that funding health services continues to be a serious challenge.

"The Health Services Department has taken significant steps to restructure its system to reduce costs, but the federal and state revenue structure and the pressures of unmet demand continue to strain the County's health care system," he said.

Balancing the department's budget required heavy reliance on one-time funds and assumption that significant federal funding would be secured, including \$255.4 million requested through the proposed extension of the 1115 federal Waiver and \$117 million in SB1255 funding.

Janssen cited strong evidence of the County's overall recovery and stabilization as the improvement in its bond ratings and a marked decrease in reliance on issuance of tax and revenue anticipation notes to finance operations. He noted that in fiscal year 1995-96 the County borrowed \$1.3 billion to meet its expenses until taxes and revenues were received, while in 2000-01 it anticipates borrowing \$600 million. Moody's raised the County's rating for general and pension obligation bonds from A to A1 and Baa1 to A2 during that same time period.

The budget for the third straight year calls for reducing reliance on excess pension earnings to fund operations, allocating another \$30 million to bring the total annual commitment to \$90 million.

Janssen said the County continues to work with the state to address longstanding funding inequities and inefficiencies to improve its financial situation, including capping, reducing and/or returning property taxes that were transferred to the state in the early 1990s.

The proposed budget reflects the Board of Supervisors' conservative approach in committing most of any new local money to one-time investments in infrastructure and technology and enhancing the skills of its employees instead of program expansions.

It earmarks \$13 million of a projected \$48 million general fund surplus to be used for new technology, replacing vehicles, and making safety improvements at the Natural History Museum and community and senior service centers; \$1 million for staff training; \$32 million to stabilize operations in Children and Family Services, Public Social Services and Parks and Recreation departments; and \$2 million primarily for program expansions in Animal Care and Control, Auditor-Controller and Regional Planning departments.

Significant enhancements in the budget are for programs primarily paid for with state and federal funds. Among these are:

- \$76 million and 562 positions to handle increased caseloads in welfare programs.

- \$39.3 million and 65 positions for mental health programs for children, homeless and substance abusers.

- \$15.4 million in Children and Family Services programs (\$9.7 million for long-term family self-sufficiency programs).

- \$3.1 million to improve child support collection.

- \$10.1 million for expanded enrollment in the Healthy Families program for children who do not qualify for Medi-Cal.

- \$12 million and 64 positions for alcohol, drug, AIDS, environmental health, violence intervention, and various other health programs.

The proposed budget will be presented to the Board of Supervisors on Tuesday, April 18. The Board will hold public hearings on the proposal beginning May 10 and start its deliberations June 26. The new fiscal year begins July 1.