

NEWS RELEASE

County of Los Angeles

FOR IMMEDIATE RELEASE

Contact: Judy Hammond, Public Affairs, 213 974-1363

April 19, 1999

COUNTY BUDGET – SECOND YEAR OF STABILIZATION

Marking the second year of the County's long-term fiscal stabilization effort, Chief Administrative Officer David Janssen today unveiled a proposed budget for 1999-2000 that provides major improvements in welfare, mental health and children services, but continues to hold the line on locally financed programs.

"The atmosphere of crisis and impending doom that characterized the County budget picture to various degrees over the past several years has certainly lifted and our finances appear, at least guardedly, more secure, but this is not the time to embark on major new locally funded programs," said Janssen

The proposed \$14.383 billion budget is about \$700 million more than the 1998-99 budget and reflects a 4.9 percent increase in staffing, bringing the total employee count to 88,599 from 84,456.

However, the majority of the 5.1 percent spending growth is due to state and federally funded programs, significantly in welfare (\$168.5 million and 1,618 positions), mental health (\$121.3 million and 695 positions), and children services (\$84.7 million and 535 positions).

These funds will be used to enroll 100,000 children in the Medi-Cal program, add new and expanded mental health services for children and adults, and reduce the caseload of children services workers by 10 percent.

Other major proposals in the budget include redirecting \$31.3 million from General Relief assistance payments to training programs; adding 187 positions in the District Attorney's Office for criminal and family support operations, and expansion of investigations of welfare fraud, hate crimes and gang activities; and allocating \$57.9 million of local dollars to continue existing programs in the Sheriff's Department.

Janssen said the greatest financial challenge for the County continues to be reducing the reliance on excess retirement earnings to balance the budget. During the fiscal

crisis, the County began using more than \$300 million annually of these funds for ongoing expenses.

Last year the Board, told these funds would be depleted by 2003 if their use was not curtailed, began a five-year program to reduce reliance on the retirement earnings. The Board allocated \$30 million from the General Fund to help finance its nearly \$200 million portion of the annual retirement payment and this year that amount is proposed to increase to \$60 million. Additionally, departments not financed by the General Fund, such as Fire and Public Works, are contributing a like amount to reduce their reliance on the excess earnings.

Janssen said the second most difficult challenge in preparing the County spending plan was balancing the precarious health budget, where demand for services continues to exceed available state and federal revenue. To achieve that goal, Janssen uses one-time funds, assumes approval of \$34.5 million in requested federal funding for hospital outpatient care, and proposes to save \$5 million by limiting the number of transfers from private hospitals to county hospitals.

For the second year, the budget calls for the majority of surplus General Fund dollars to be used on long-deferred physical maintenance and technology. Of approximately \$30 million available, Janssen proposes that \$20 million be spent on infrastructure and equipment.

The budget includes more than \$600 million for municipal services in unincorporated areas, in which 1 million of the county residents live and the Board of Supervisors acts as the "city council." Five zoning code enforcement officers are being added; land is being purchased and plans developed for four new libraries; nine more animal enforcement officers are being hired to respond to problems involving dangerous dogs, dog packs and strays; and increased funding is being provided for graffiti removal.

Janssen will formally present the proposed budget to the Board of Supervisors on Tuesday, April 20. Public hearings on the proposal will begin May 12, with deliberations starting June 21. The new fiscal year begins July 1.