

NEWS RELEASE

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FOR IMMEDIATE RELEASE

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COUNTY BUDGET - - NO DEFICIT TO CLOSE

Saying he is optimistic about Los Angeles County's future, Chief Administrative Officer David Janssen today presented a proposed 1998-99 budget that for the first time in many years does not require the county officials to struggle to close a deficit as it begins its new fiscal year.

The \$13.2 billion spending plan, in fact, proposes some modest restoration of critical services, provides funds for infrastructure and automation, and begins a five-year effort to eliminate the county's reliance on excess pensions funds to finance its ongoing programs.

The budget, to be presented formally to the Board of Supervisors on Tuesday, is 5.3 percent higher than 1997-98's \$12.6 billion, the largest factor being increased federal funding for the CalWorks welfare reform program.

Although the number of budgeted positions drops from 84,425 to 81,932, it actually represents an increase of 2,500 employees as 5,000 positions have been transferred to the state payroll due to the restructuring of court financing.

"The budget proposed this year is quite different than the one proposed at this time last year," said Janssen, recalling that document was based on many precarious assumptions -- such as voter approval of special taxes for fire and libraries, additional state funding for welfare and probation, and not having to pay \$186 million in contested legal judgments.

"I noted then that we would, with the strong leadership of the Board of Supervisors, manage our problems one at a time, and we have done so," he said.

Janssen said the improved economy has helped enormously and growth in local funding is expected to continue for several years.

However, he cautioned that despite the positive fiscal condition, there are two structural problems that must be addressed to prevent potential dire cuts in the future -- discontinuing the use of excess pension funds to finance operations and restructuring health care.

Janssen proposes to begin weaning off use of the pension funds -- which are projected to be depleted in four years if the County continues to use \$348 million annually.

"It is not easy, with all the pressing program needs, to deal with a problem four years down the road, but it is the fiscally prudent thing to do," Janssen said.

Under Janssen's plan, the General Fund this year would finance \$30 million of its approximate \$175 million portion of the annual retirement payment. Next year that amount would increase to \$60 million. The remainder of the \$348 million is the responsibility of departments not financed through the General Fund, like Fire and Public Works. They would be required to participate in the five-year plan as well.

This structural problem is the result of the state's transfer of county property taxes to the schools, which began in 1992-93. The County continues to argue for the return of those local dollars, but has yet to be successful.

In addition to the \$30 million buy-down of the pension obligation, Janssen's budget calls for the remainder of \$49 million in new General Fund dollars to be spent on infrastructure and automation (\$ 10 million); restoring services, primarily to unincorporated areas (\$6 million); and purchasing vehicles (\$3 million).

Janssen said the County has neglected its infrastructure due to its budget problems. "This is not something that can be done indefinitely, and although \$10 million is only a drop in the bucket for an expense that is worth several hundred million, it is a start. Similarly, our fleets are wearing out and becoming dangerous, and we must restart a replacement program for our vehicles."

The program restorations proposed include: 14 positions for park recreational programs for children; nine positions for animal control; five positions for enforcement of zoning codes; \$400,000 for library books; 82 deputy sheriff positions for community policing (to avoid their layoff with the discontinuation of federal funding for the program); 32 probation officers to ease caseload; and nine coroner positions to improve service.

Janssen said the Health Department has made great strides in restructuring but must do even more to overcome a projected \$318 million deficit when a federal waiver expires in two years. The 1998-99 budget proposes no significant program changes, but projects a \$120 million savings through reengineering. More than 1,700 employees are involved in redesigning work processes to cut costs.

Janssen said most of the significant increases in the budget are largely offset by state and federal revenues or grants, and most have been approved by the Board in recent months. They include:

-- \$424.9 million in the Department of Public Social Services for the CalWorks welfare reform program.

--\$58.9 million in Mental Health for managed care consolidation, funding related to CalWorks and expanded services at MacLaren Children's Center

--\$30 million in Department of Public Social Services to begin repayment of benefits to welfare recipients, as ordered by the courts..

--\$24 million in Sheriff for improved mental health services in the jails.

--\$15.4 million in Probation for early intervention programs, a case-tracking system, and residential case management.

--\$2.5 million in District Attorney for 42 positions to counter welfare fraud, sexually violent predators, violence against women and child abduction.

Public hearings on the proposed budget begin May 13. Deliberations are scheduled to begin June 22, with adoption by the start of the new fiscal year, July 1.