

PRESS RELEASE

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COUNTY BUDGET BALANCED -- BUT PRECARIOUS

Releasing the proposed 1997-98 Los Angeles County budget, Chief Administrative Officer David Janssen today called for state and federal reforms that would allow the County to get beyond its "precarious" financial situation.

"Although the Board of Supervisors has made significant reductions in budget expenditures and employee count, we continue to struggle with budget gaps and an inability to meet critical needs," Janssen said. "We are rapidly approaching the point where the only solution to the ongoing problem is in the hands of the state and federal government."

Janssen attributed the fiscal problems primarily to the state's diversion of about \$1 billion in property taxes annually from the County to schools, the recession, and negative court decisions.

The long-term solution, he said, is for state and federal governments to fully fund mandated programs, provide a stable revenue source, eliminate maintenance-of-effort requirements, and return the property tax transferred to the schools.

The proposed \$11.97 billion budget is about \$173 million less than the current budget.

Some of the highlights -- good and bad -- are:

1. The addition of 304 positions in the Department of Public Social Services to allow the number of participants in the welfare-work program GAIN to be increased from 37,500 to 50,000.
2. The addition of 718 positions to the Sheriff's Department to fully operate the Twin Towers jail in downtown Los Angeles -- adding 1,800 new local beds to the jail system to reduce overcrowding and the early release of prisoners.
3. The addition of 115 positions to the Mental Health Department to allow increased mental health services to jails inmates.
4. The addition of 331 positions in the Children and Family Services Department to handle increased caseloads.
5. The loss of an approximate 1,200 positions in the Health Services Department, due to downsizing, reengineering and efficiency improvements.

Janssen cautioned that there are risks in the proposed budget because of some financial assumptions being made, including receiving \$52.1 million in state funds for Probation Department camps and operations, being relieved of matching \$9.3 million in state welfare funds, receiving voter approval of special taxes for the Fire Department and Library, not having to repay \$50 million to the Metropolitan Transportation Authority, and experiencing no negative impact due to welfare reform. If any of these assumptions prove wrong, it would have a major impact.

The budget does not include any funds for pay raises. Most County employees have not had a raise for three years, and for many groups it has been four and five years. "Although salary increases continue to be a high priority, at this time there simply is no money to pay for them," said Janssen.

The schedule for budget hearings and deliberations is:

- May 7 Commence public hearings.
- June Commence final deliberations and adopt budget upon
23 conclusion.

The County's new fiscal year begins July 1.