



PRESS RELEASE

COUNTY OF LOS ANGELES

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COUNTY BUDGET: MOUNTING CUTS IN SERVICE

Further cuts in services and use of reserves will be required to balance Los Angeles County's 2003-04 budget, Chief Administrative Officer David Janssen said today.

Janssen, in releasing the \$16.5 billion proposed budget, said cuts necessitated by a \$804 million shortfall will be felt by the public in many areas, including law enforcement, health, recreation, and library services.

Under the proposal, jails, hospitals, libraries, and a probation camp are threatened with closure. Beach lifeguards would be reduced; pools shut down earlier; job-training reduced; construction and maintenance of local streets cut back.

Several recreation areas would be transferred to the state; prosecution of hate crimes, high technology crimes and family violence curtailed; and the Fire Department's swift water rescue team eliminated.

Janssen said all departments will be impacted, but among the most heavily hit will be Sheriff, Probation, Public Social Services and Library.

This is the second year that the County has had to make cuts to balance its budget, but Janssen said this year's reductions are more severe.

Los Angeles County's problems largely are due to its primary revenue sources slowing down or declining, partially as a result of the ongoing economic instability on the national and state levels. Additionally, there are substantial increases this year in the cost of employee benefits, including a \$57 million jump in workers compensation and a \$36.1 million increase in retiree health insurance. Workers compensation costs have risen 124.8 percent over the past five years primarily due to enhancements approved by the state Legislature.

"The County faces the challenge of maintaining acceptable levels of service to its citizenry while financial resources are failing to keep pace with inflationary increases, caseload growth in mandated programs, and the emergence of other critical needs," said Janssen.

He warned that the proposed budget does not reflect threatened loss of state revenue – notably the elimination of \$472 million in vehicle license fee funds and transfer of some services now provided by the state. Even more drastic cuts would have to be made to the county budget should those measures be enacted, Janssen said.

The proposed budget, which will be presented officially to the Board of Supervisors on Tuesday, is \$329.1 million less than the current budget and reflects 2,158 fewer positions. With 90,555 employees, the County will have decreased its workforce from its 95,696 high two years ago. While the Health Services Department situation remains uncertain, Janssen said vacancies and attrition are expected to avoid layoffs in other departments.

To close the budget shortfall, Janssen recommends making \$467.2 million in reductions and using \$307.2 million of reserves. General Fund reserves totaling \$109.7 million would be used for one-time costs, including food stamp error rate sanctions, prior year overhead for lifeguards, Internet infrastructure, unreimbursed claims for state mandates, and a system to replace the County's antiquated financial operations computer system. The remaining \$197.5 million in Health Department reserves would be used to balance that department's budget.

An expected \$20 million increase in property taxes – up 6.2 percent -- is credited for staving off even more reductions.

Departments facing the loss of the most employees are Health (642), Sheriff (523), Children and Family Services (301), Public Social Services (232), Probation (143), and Parks and Recreation (128).

Some of the impacts of the budget include:

- *Arts Commission*: Reduction in internship program and grants for arts organizations.
- *Children and Family Services*: Reduced emergency assistance to needy families.
- *Community and Senior Services*: Reduced job training.
- *District Attorney*: Curtailed investigation and prosecution of hate crimes, high technology crimes, family violence, and hardcore gang/Asian gangs.
- *Fire Department*: Reduced summer beach lifeguard staffing, elimination of lifeguard training academy and swift water rescue team.
- *Health Services*: Closure of Rancho Los Amigos National Rehabilitation Center in Downey and closure of High Desert Hospital in Lancaster to inpatients.
- *Library*: Curtailed library hours and possible closures and consolidations.
- *Mental Health*: Reduced services to some mental health patients.
- *Office of Public Safety*: Reduced patrols at various County facilities.
- *Parks and Recreation*: Return of Castaic Lake and Placerita Canyon Natural Area (Newhall) to the state, reduced trail and ground maintenance, shortened pool operations by two weeks.

- *Probation*: Closure of Camp Rockey in San Dimas, elimination of school-based supervision and community detention programs.
- *Public Social Services*: Reduced funding for welfare programs.
- *Public Works*: Reduced street construction and maintenance.
- *Sheriff*: Partial closure of jails and release of 2,600 inmates, reduction in court services, community outreach services, training, traffic investigations, reserve/volunteer coordination, and community-oriented policing services.
- *Treasurer and Tax Collector*: Delays in taxpayer audits and responding to taxpayer inquiries.

Janssen said the budget does include \$558.5 million to meet high priority health, public safety, recreation and infrastructure needs, including construction of sheriff stations in Palmdale and San Dimas, programming and design of a sheriff station in Athens, a county data center; conversion of High Desert Hospital to an ambulatory care center/skilled nursing facility; and increased funding for the LAC+USC Medical Center replacement project.

Also, replacement of four courtrooms in Long Beach, improvements to the Santa Monica and Clara Shortridge Foltz criminal courts facilities and fire stations in high-growth areas, new housing units at Central (Los Angeles) and Los Padrinos (Downey) Juvenile Halls, expansion of the Coroner's autopsy and laboratory facilities, redevelopment of El Pueblo de Los Angeles in downtown Los Angeles, replacement of the Hollywood Bowl shell, redevelopment of the East Los Angeles Civic Center, and construction of child-care centers.

Janssen said \$750,000 has been included in the budget to begin updating the assessor's valuation system, which will help ensure accurate and timely assessments of properties and allow other departments to access non-confidential information. The closure of MacLaren Children's Center in El Monte freed \$17.8 million that the County may now use to place foster children in more suitable quarters and provide other services.

Since two supervisors will be absent from Tuesday's Board of Supervisors meeting, discussion of the budget will be delayed until April 29. Public hearings will begin May 14 and final deliberations on June 23. The new fiscal year begins July 1.

Detailed budget information is available on the County's website at <http://lacounty.info/budget.htm>