County of Los Angeles

2005-06 Proposed Budget

"To Enrich Lives Through Effective and Caring Service"

2005-06 Proposed County Budget

Submitted to the

Board of Supervisors

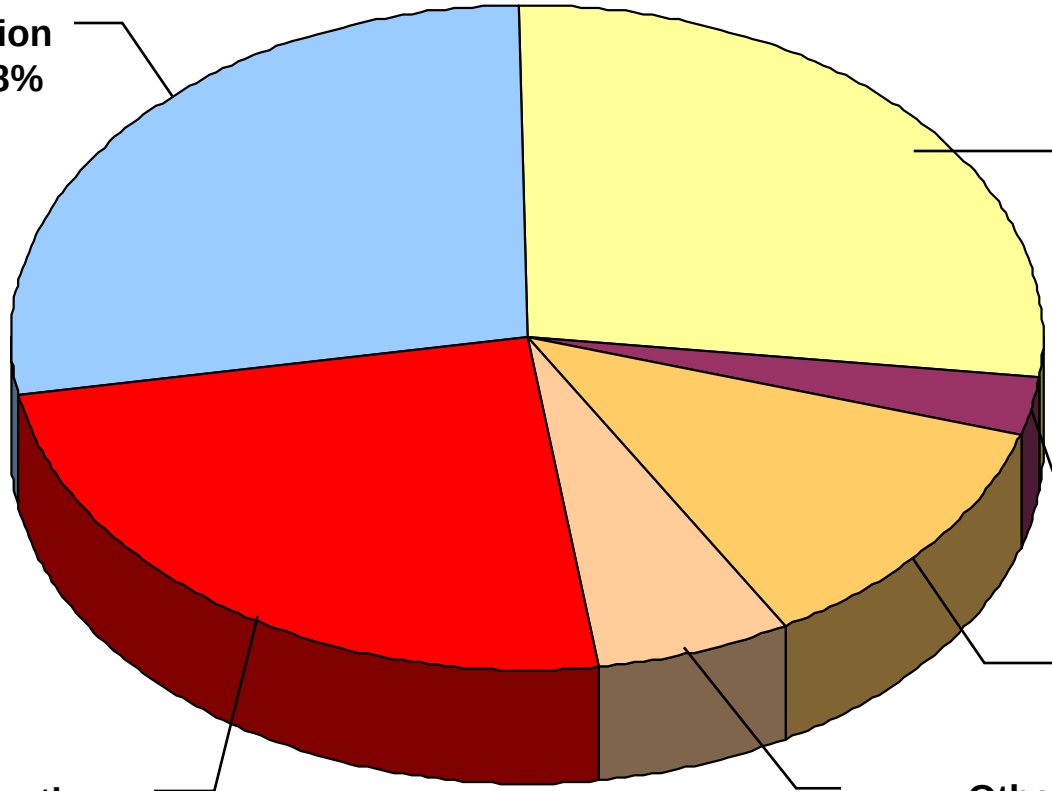
by

David E. Janssen, Chief Administrative Officer

and

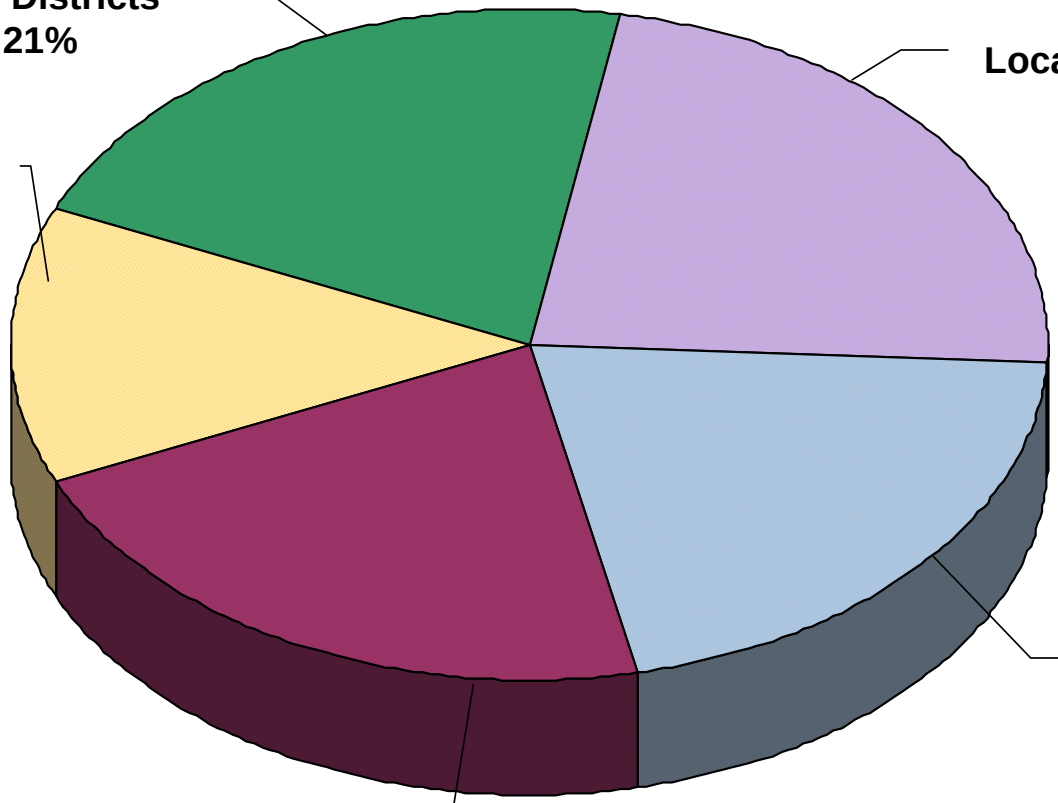
J. Tyler McCauley, Auditor-Controller

Total Cost By Function
$18.538 Billion ⬆3.14%

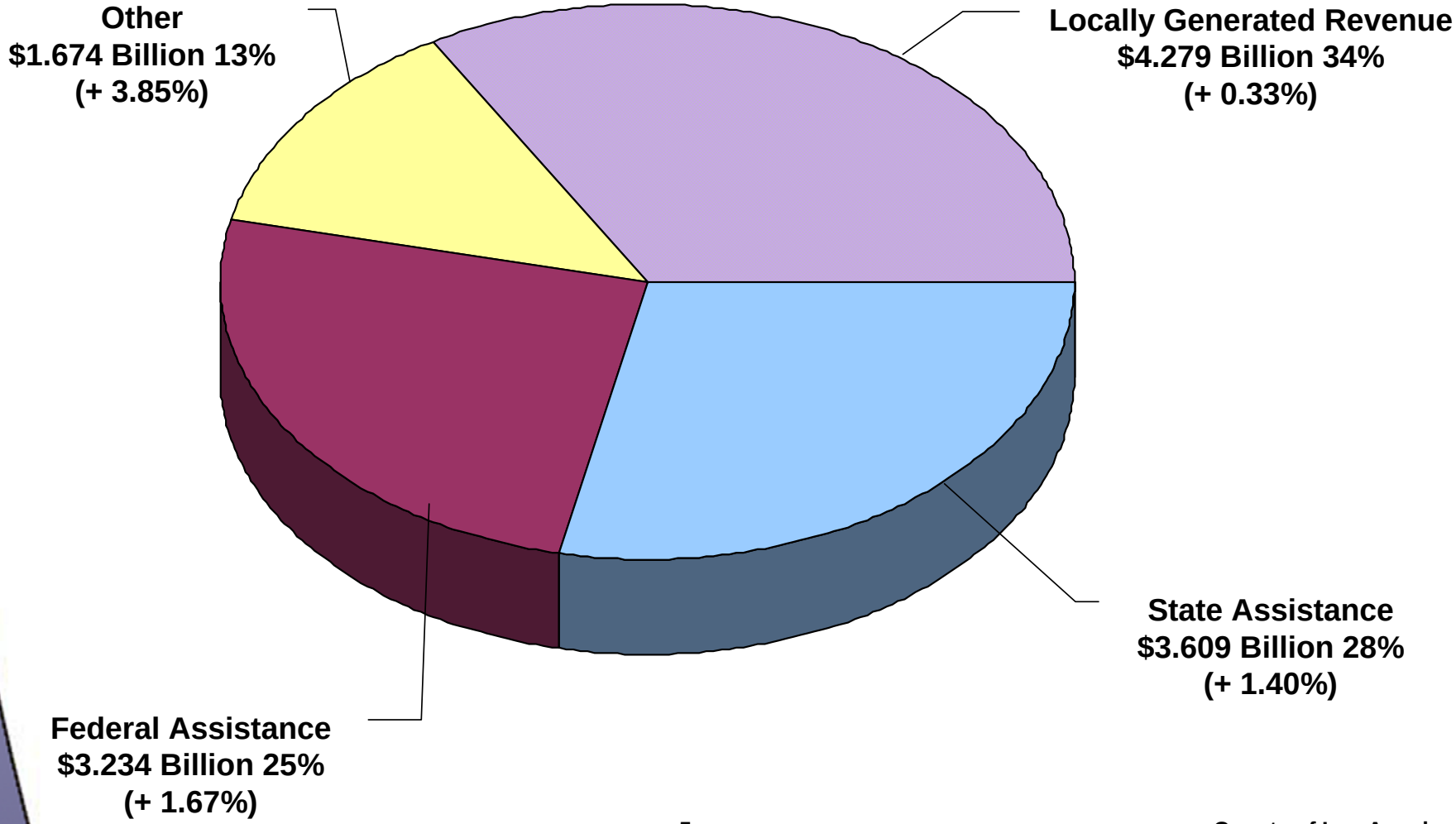


Budgeted Positions 94,555.7 ⬆1.8%

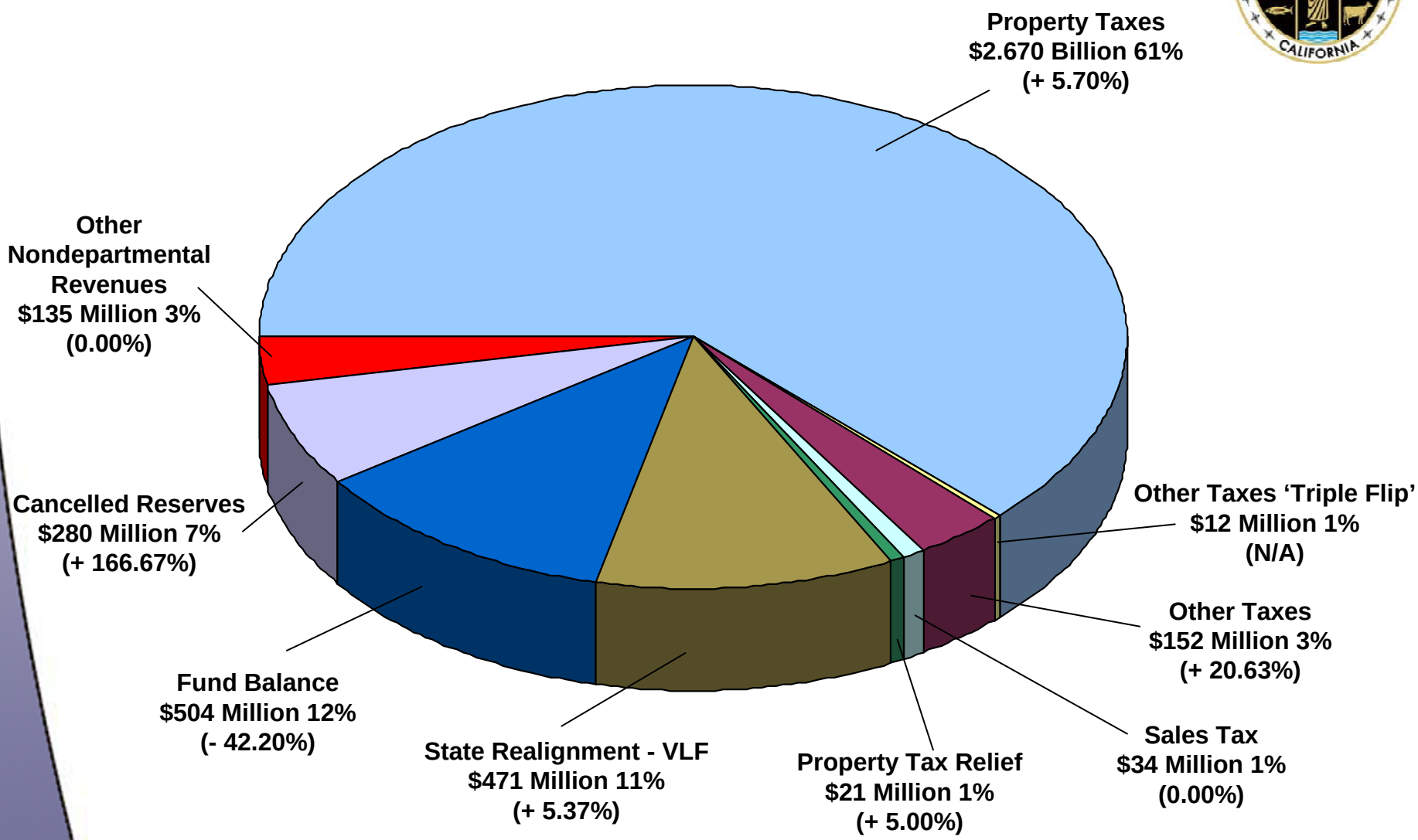
Total Revenue
$18.538 Billion ⬆ 3.14%



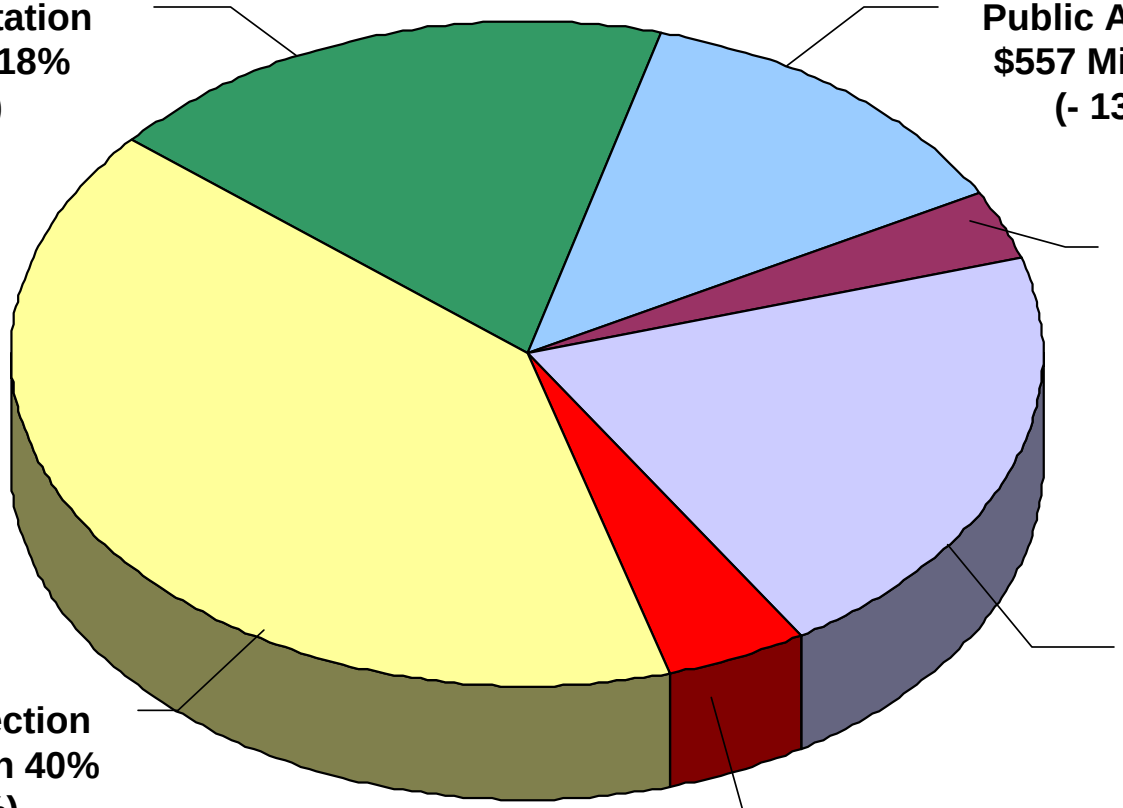
Total Revenue General Fund
$12.796 Billion ⬆1.42%



Locally Generated Revenue
$4.279 Billion ⬆ 0.33%



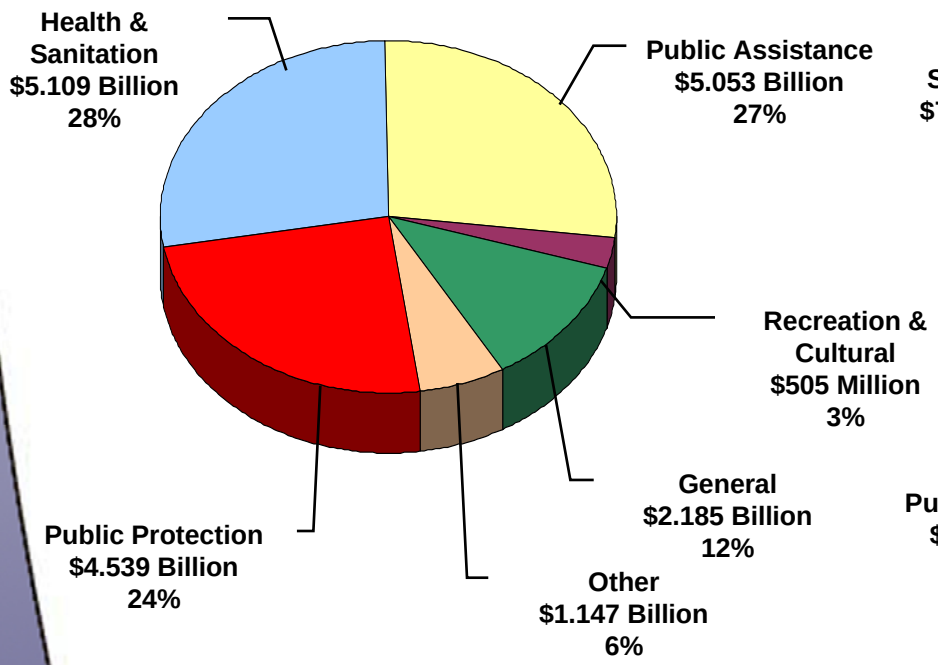
Net County Cost By Function
$4.279 Billion ⬆0.33%



Cost Comparison By Function

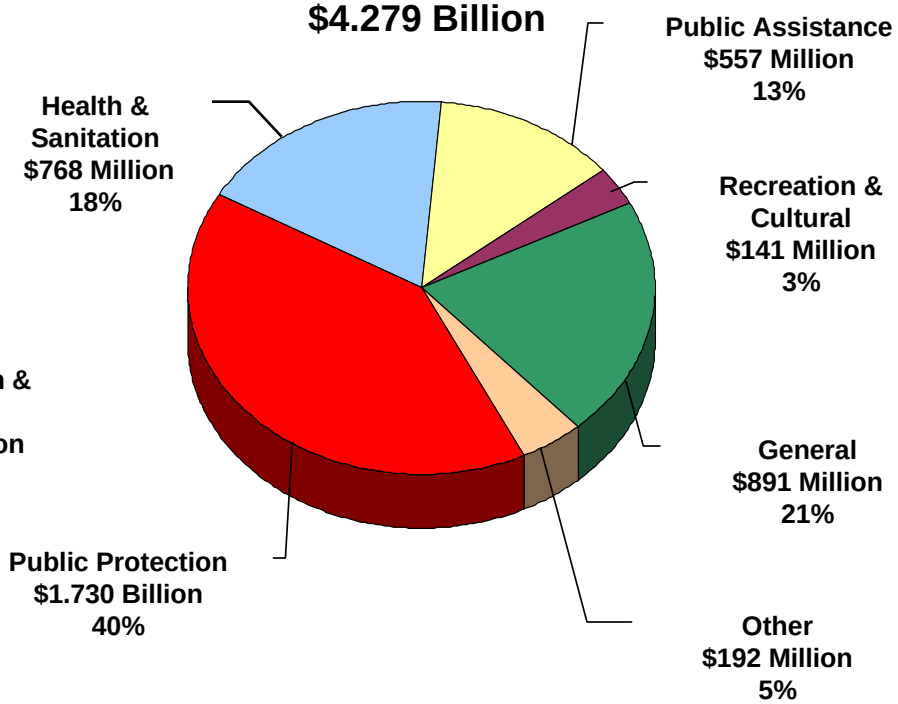
TOTAL COST

$18.538 Billion



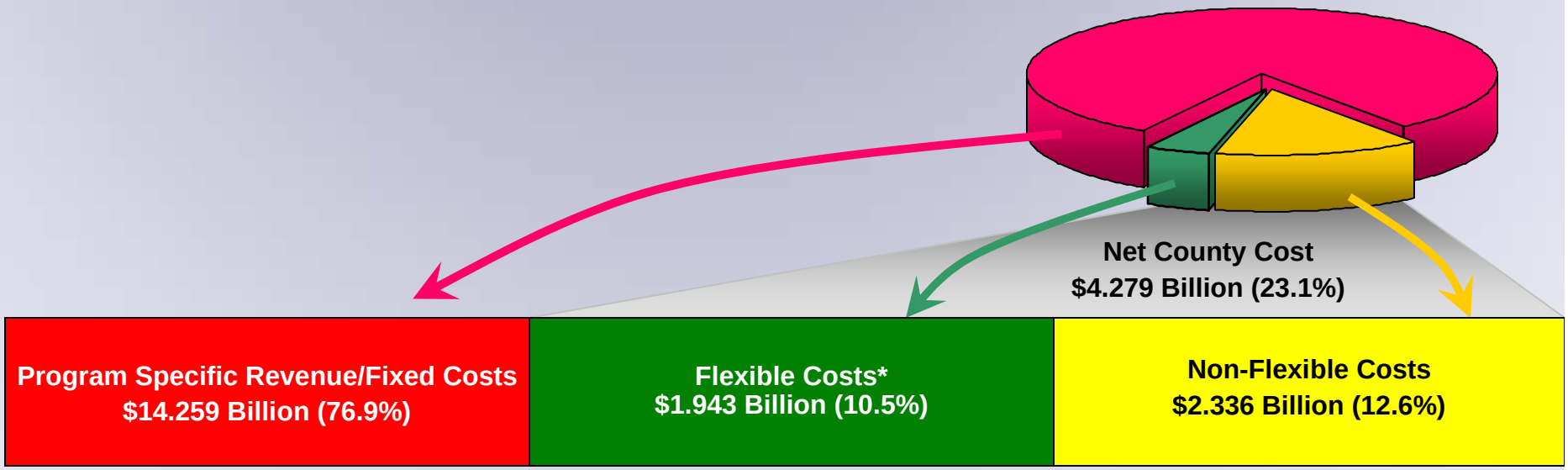
NET COUNTY COST

$4.279 Billion



Total Proposed Budget $18.538 Billion

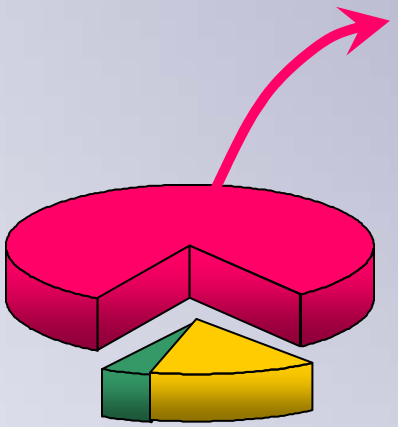
Increase of $565 Million or 3.14%



Mandated vs. Discretionary Cost

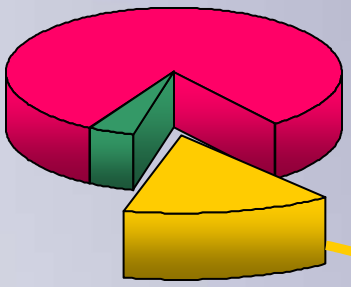
*Includes one-time only expenditures and mandatory functions with discretionary service levels.

Program Specific Revenue/Fixed Costs
$14.259 Billion (76.9%)



($ in millions)

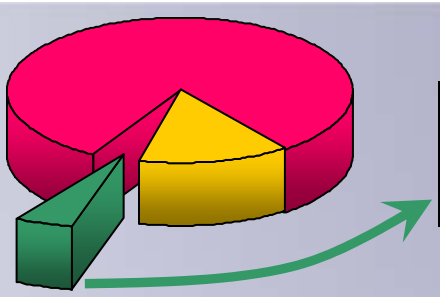
Debt Service Funds		$	44.0
Health/Social Services		$	7,772.3
Property Tax Administration		$	80.6
Proposition 172 - Public Safety Augmentation Fund		$	605.3
Sheriff	$ 512.7		
District Attorney	$ 92.6		
Special Funds/Districts		$	3,898.7
Subventions/Revenues That Offset Costs		$	1,675.6
Trial Court Funding		$	181.8



Non-Flexible Costs
$2.336 Billion (12.6%)

MOE & Mandatory Costs/Services $2.275 Billion (12.3%)		
Alternate Public Defender		$ 39.1
Assessor		$ 74.3
Other Court Related		$ 235.0
Indigent Defense	$39.2	
District Attorney - Criminal		$ 51.8
Health/Mental Health		$ 636.1
Probation - Other		$ 206.7
Public Defender		$ 142.2
Social Services		$ 485.3
Sheriff		$ 404.8

Other Non-Flexible Costs $60.8 Million (0.3%)	
Capital Projects- Seismic Retrofit	$ 3.6
Grand Jury	$ 1.3
Judgments & Damages/Insur.	$ 24.7
Museums Obligation	$ 31.2



Flexible Costs*
$1.943 Billion (10.5%)

Public Protection
$640.4 Million (3.5%)

Community-Based Contracts	$ 3.2
Coroner	$ 19.9
District Attorney- Criminal	$ 82.4
Emergency Preparedness	$ 4.2
Fire - Lifeguards	$ 21.8
Office of Public Safety	$ 13.7
Probation – Camps/Support Services	$ 126.0
Sheriff	$ 369.2

All Other Costs
$1,302.6 Million (7.0%)

Agr. Comm./Wts. & Measures	$ 6.5
Animal Care and Control	$ 7.9
Capital Projects	$ 283.0
Consumer Affairs	$ 2.9
Countywide Services	$ 24.4
Extraordinary Maintenance	$ 60.9
General Government	$ 392.0
Health-Drug Court	$ 1.8
Health-GF Contribution	$ 40.0
Health/Mental Health-Others	$ 1.4
Health-Tobacco	$ 101.8
Human Relations Commission	$ 2.6
Ombudsman	$ 0.9
Other Public Services	$ 64.8
Parks and Recreation	$ 83.1
Other Recreation and Cultural	$ 26.5
Regional Planning	$ 10.4
Reserves/Designations	$ 191.7

*Includes one-time only expenditures and mandatory functions with discretionary service levels.

Budget Overview

Significant funding increases in two critical areas:

- Public Safety and Justice Systems
- Enhanced Unincorporated Area Services

Restore and stabilize service level for all County functions

Public Safety & Justice

Sheriff

- Restore 1,778 inmate beds and add 219.0 positions
- Add 1,727 jail beds and 264.0 positions by the end of FY 2005-06
- Add 400 jail beds and 189.0 positions to reopen the Century Regional Detention Facility as a women's jail facility
- Reserve funding to open 569 additional jail beds in FY 2006-07

District Attorney

- Fund 45.0 attorney positions to fill vacancies in branch and area offices
- 10.0 Interagency Homeland Security Task Force positions

Public Safety & Justice

Fire

- 75.0 additional fire fighting and support positions to meet increased fire protection and emergency service demands due to growth in the existing service area

Interoperable Communication System

- Continued funding for the Los Angeles Regional Tactical Communications System (LARTCS) to enhance multi-agency communication capability for homeland security and emergency preparedness response, to be implemented within 30 months of contract award date

Public Safety & Justice

Indigent Defense

- 17.0 Alternate Public Defender positions to meet a 10 percent caseload increase
- 35.0 Public Defender positions to address newly mandated services and 19.0 positions to meet a 4.3 percent caseload increase

Probation

- 77.0 budgeted positions to enhance service level at the three juvenile halls, in accordance with Department of Justice requirements
- 30.0 positions for supervision of at-risk youth
- 30.0 positions for the Camp Community Transition Program
- $1.5 million for security enhancements at juvenile halls and camps

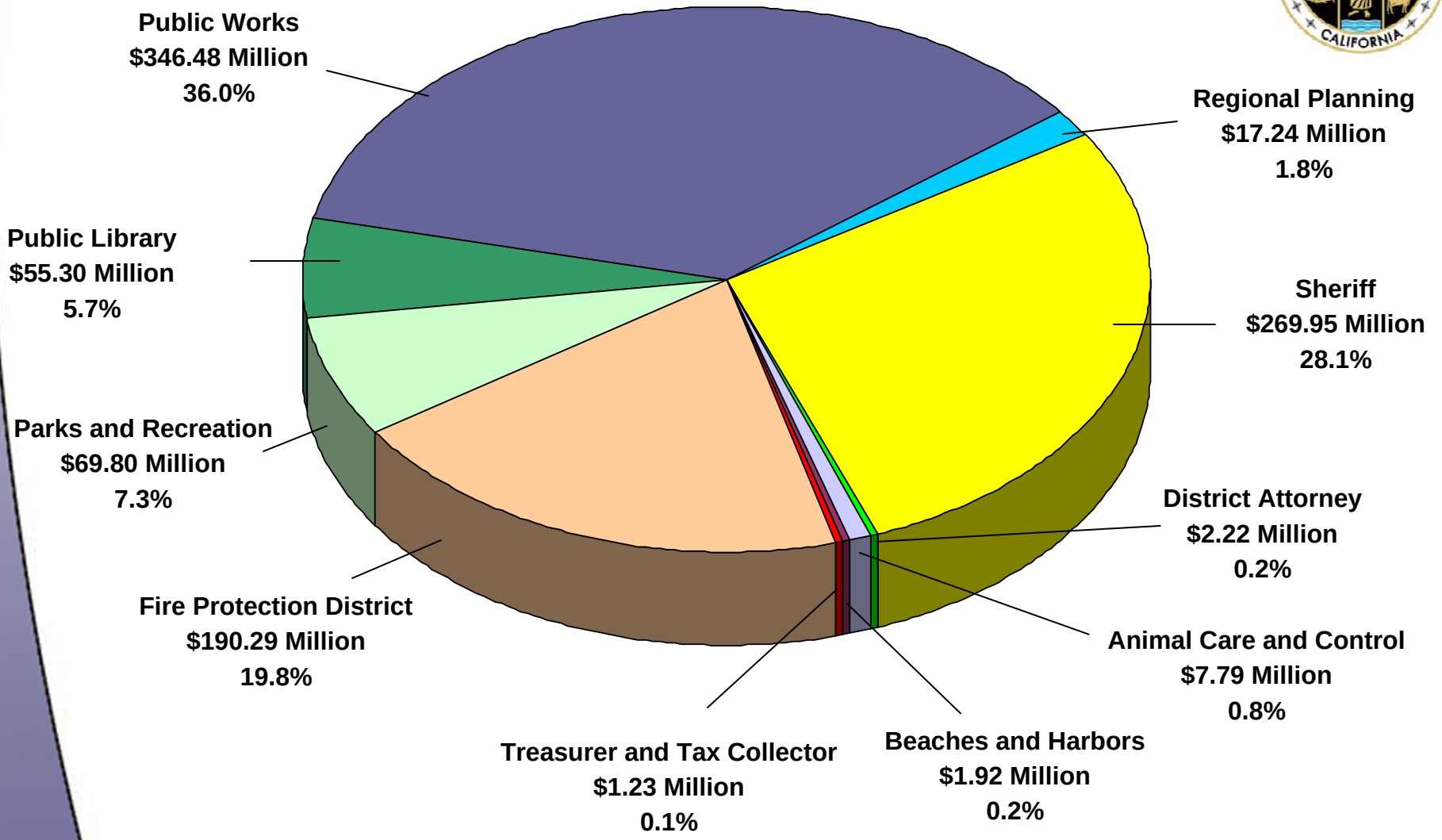
Enhanced Unincorporated Area Services

Strategic Plan Goal 6: Community Services

Improve the quality of life for residents of Los Angeles County's unincorporated communities

- Strategy One: Integrated Code Enforcement
- Strategy Two: Service Enhancement
- Strategy Three: Service Integration

Unincorporated Area Services
Gross Appropriation $962.22 Million



Enhanced Unincorporated Area Services

Parks and Recreation

- $37.1 million to increase recreational and maintenance programs

Office of Public Safety

- $2.3 million to enhance security at County parks

Public Library

- $31.4 million in funding for new libraries
- $12.9 million to provide staff for enhanced service hours, literacy and homework centers, and other specialized programs

Enhanced Unincorporated Area Services

District Attorney

- $1.5 million for the Code Enforcement Unit

Sheriff

- $9.0 million to restore the Community Oriented Policing Services (COPS) program

Other

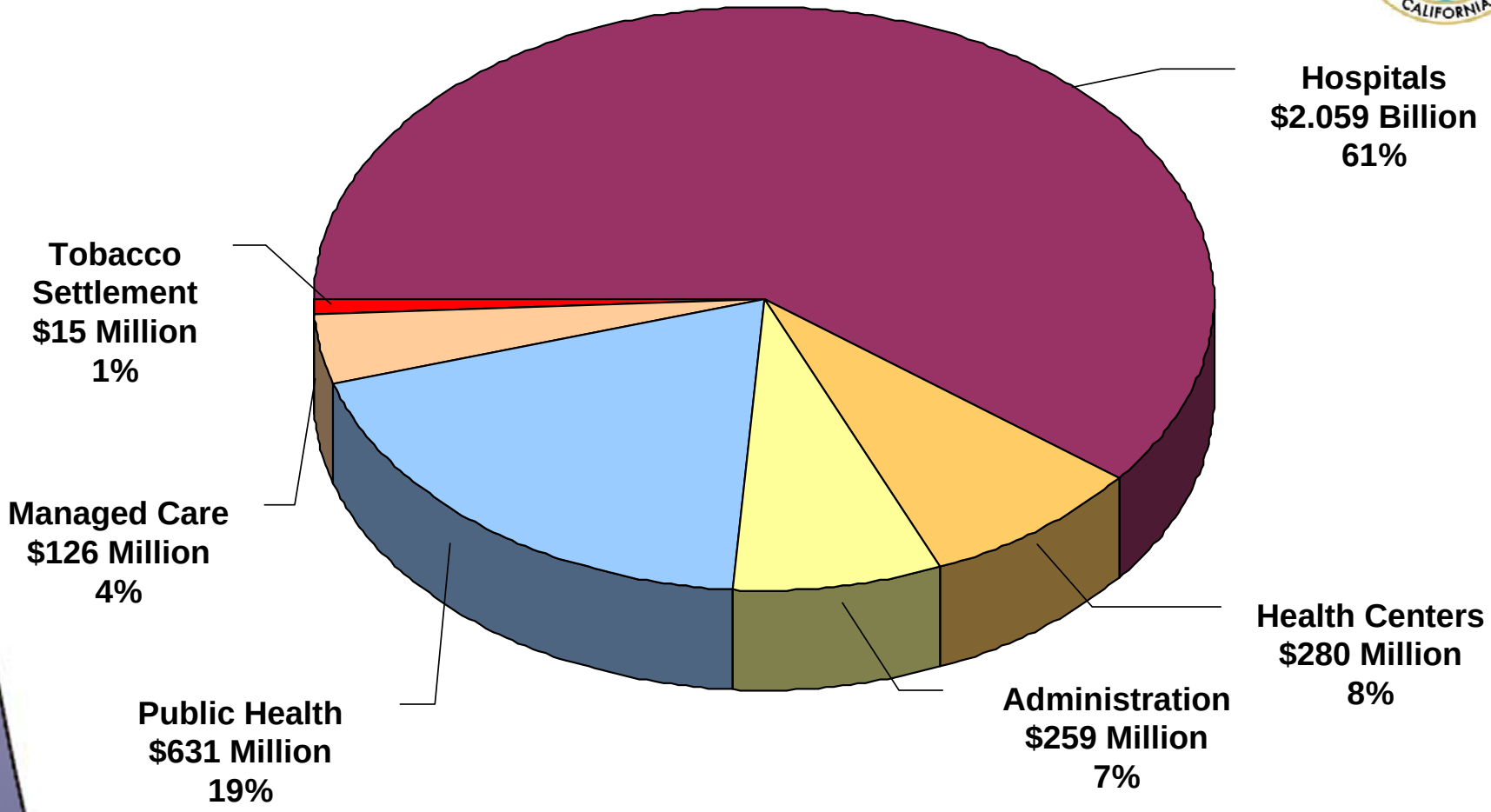
- $4.0 million in funding for strategic planning initiatives and economic development projects to improve the quality of life for the residents of the unincorporated communities

Health & Mental Health

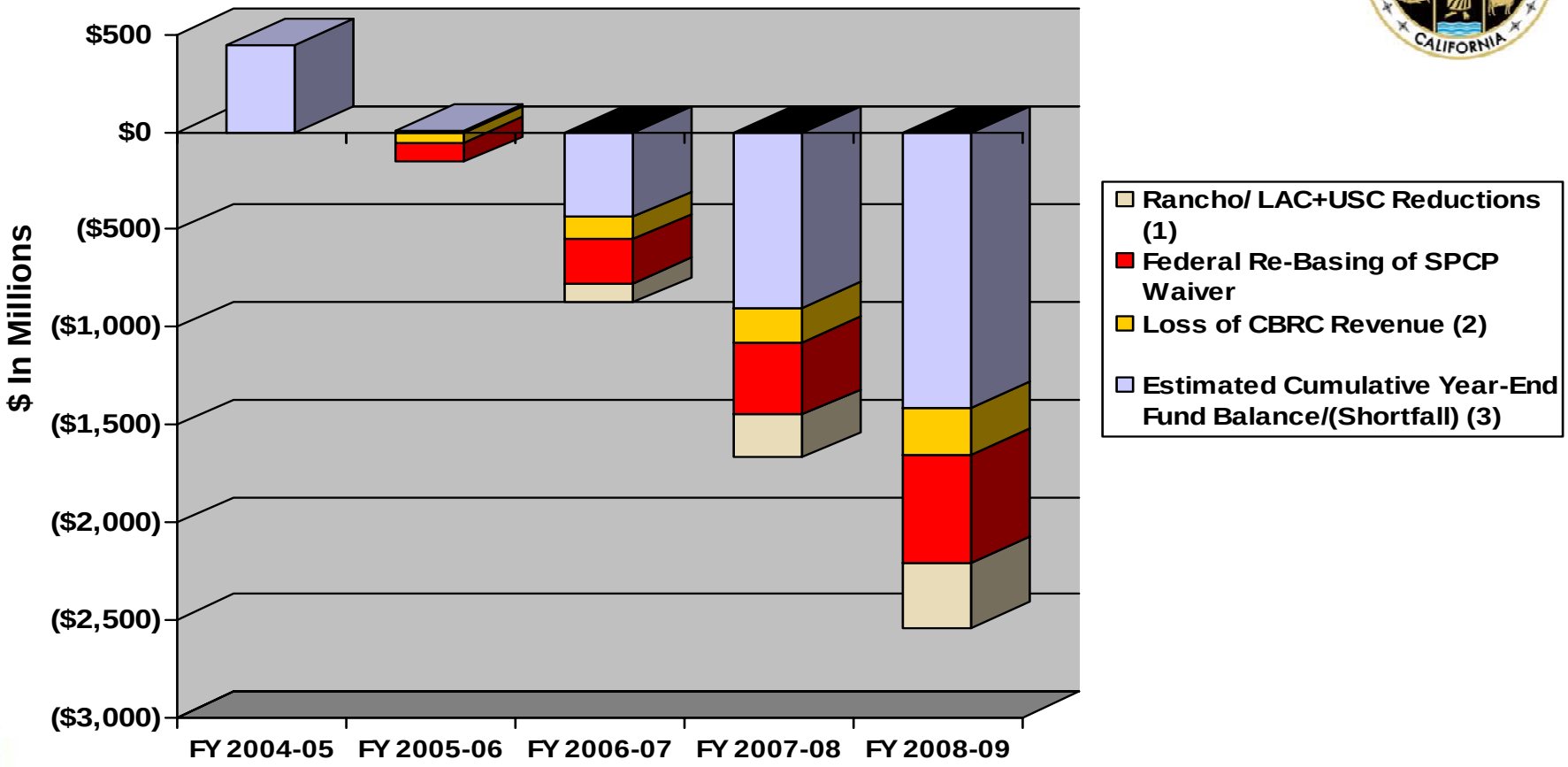
Health

- A net increase of 152.9 budgeted positions and increased services and supplies costs to meet operational needs at the County's hospitals and health facilities offset by use of one-time funds
- $40.0 million General Fund contribution designated for future funding requirements
- A System Redesign Plan will be developed to address future funding requirements and encourage the state and federal governments to continue investment in our health care system

Health Services
$3.370 Billion



Health Services Fiscal Outlook



(1) Inability to Close/Transfer Rancho and Reduce LAC+USC Beds by 100 on June 30, 2006 or thereafter.

(2) Inability to Extend CBRC Revenues (or obtain FQHC approval) Beyond Current 1115 Waiver Expiration.

(3) Estimated Cumulative Year-End Fund Balance/ (Shortfall) as of March 14, 2005.

Health & Mental Health

Mental Health

- Reflects $25.3 million in unspecified service reductions to address the projected structural deficit for 2005-06
- State Proposition 63 will provide $250.0 million additional funds that cannot be used to replace former County funding and will be distributed by the State at a future date

Major Funding Recommendations
Social Services

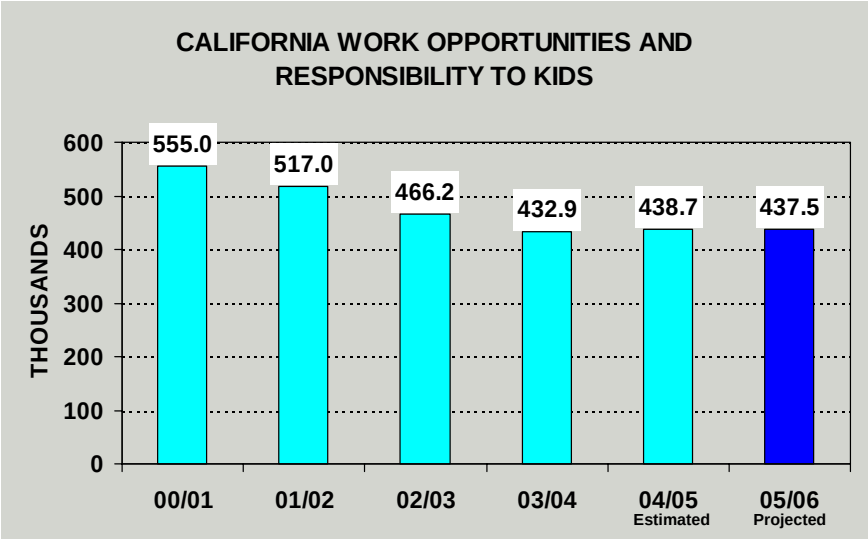
- A new Special Programs budget unit in **Children and Family Services** designed to improve permanency and safety, and reduce reliance on out-of-home care

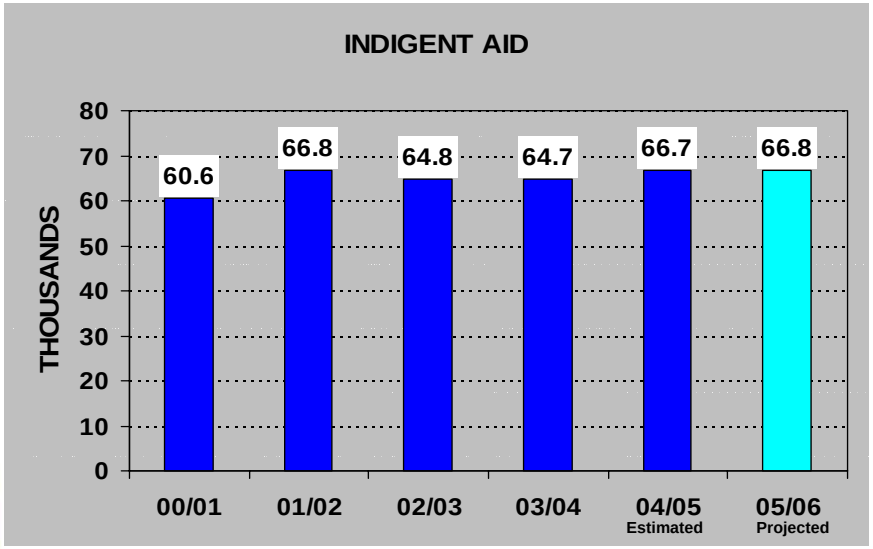
- Reflects credit to the **Department of Child Support Services** for $1.7 million in collection incentives, generated as a result of improved collection rate

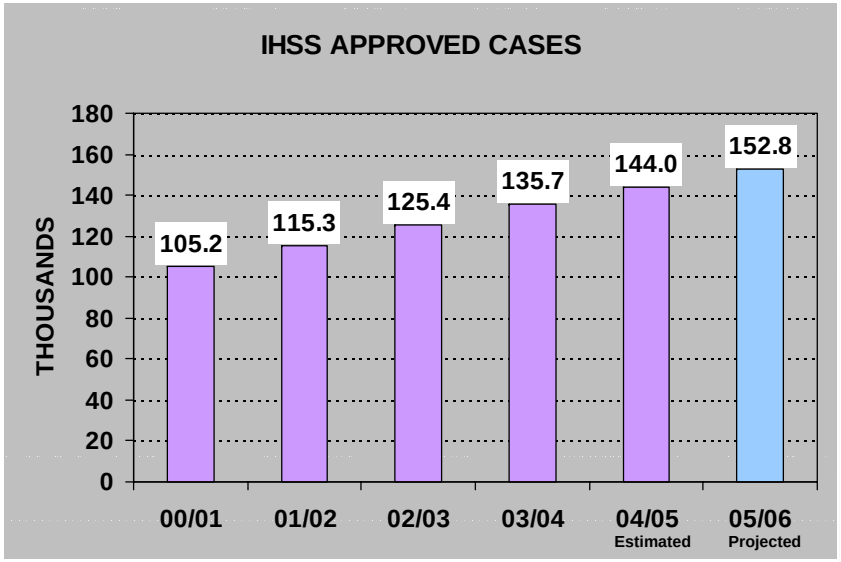
- **DPSS Food Stamp error rate improvement** from 22.9 percent in FY 2001 to 7.8 percent in FY 2004. $9.0 million has been placed in a designation in the event the State/County fails to maintain an error rate below the national average

- **DPSS In-Home Supportive Services** (IHSS) reflects $5.4 million or 2.3 percent increase

Public Assistance







Major Funding Recommendations
General Government

Quality of Life

- Reflects a **County Civic Art Program** and increased funding for grant distributions and arts education
- Funding for **Consumer Affairs** for Self-Help Legal Access Centers in the Antelope Valley and Long Beach

Risk Management

- Transfer of the **Warrant Investigations Unit** from the Auditor-Controller to CAO-Risk Management operations
- Addition of a Chief Information Office **Information Security Officer** position

Major Funding Recommendations
General Government

Fiscal Responsibility

- The **Shared Services** Initiative will begin to centralize accounting and procurement services for small and mid-size departments in the Auditor-Controller's office
- Additional phases of the **eCAPS** system development
- Addition of 9.0 property tax collection positions in the **Treasurer and Tax Collector's** budget

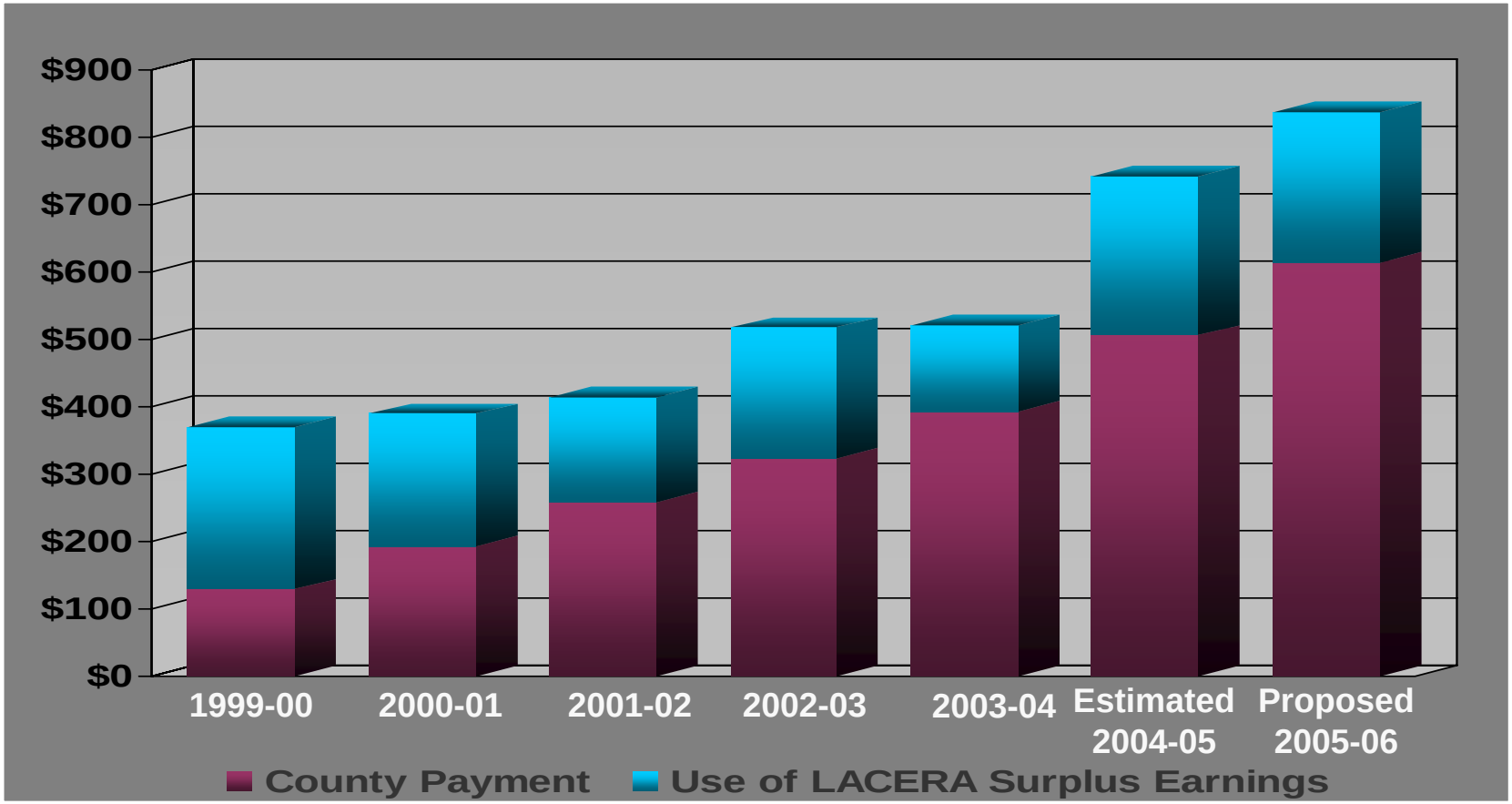
Emergency Road Repair

- $10.0 million provided in 2004-05 to fund storm damage repair to County roads

Major Funding Recommendations
Other

Continuation of the multi-year effort to reduce reliance on Los Angeles County Employees Retirement Association (LACERA) excess earnings

Use of LACERA Surplus Earnings
$ in Millions



- **2004-05 Reflects the adoption of new County retirement benefit increases**
- **2005-06 Reflects an unfunded actuarial accrued liability increase**

Performance Counts!

A performance measurement framework implemented in 2004-05 to report:

- Program Results – do they meet the intent of the County's efforts?
- Indicators – data available to measure results
- Operational measures – analysis of program quality

Performance Counts!

The performance measurement report helps us answer two fundamental questions:

- ***Are County programs achieving the intended results?***

  Example: Are youth employed or in secondary education six months after exiting job training programs?

- ***Are County programs provided in the right way?***

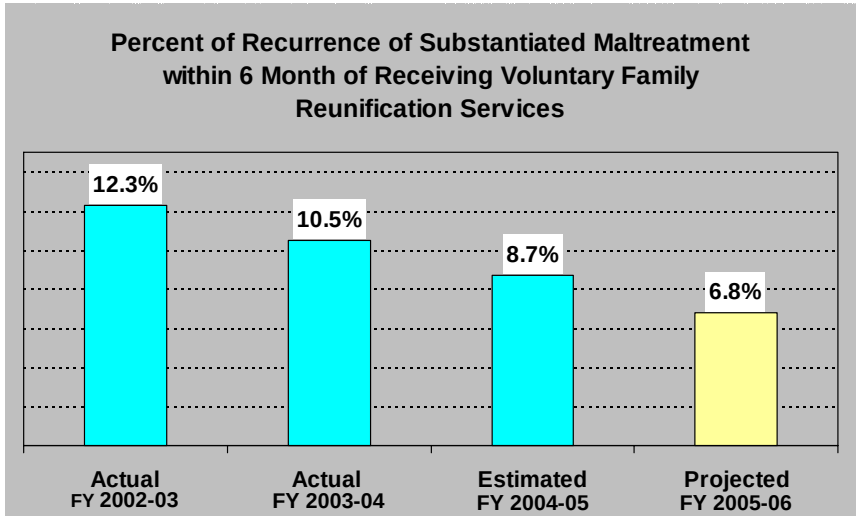
  Was the cost of providing service reasonable?
  Was the most effective provider selected?
  Were clients satisfied with the service provided?

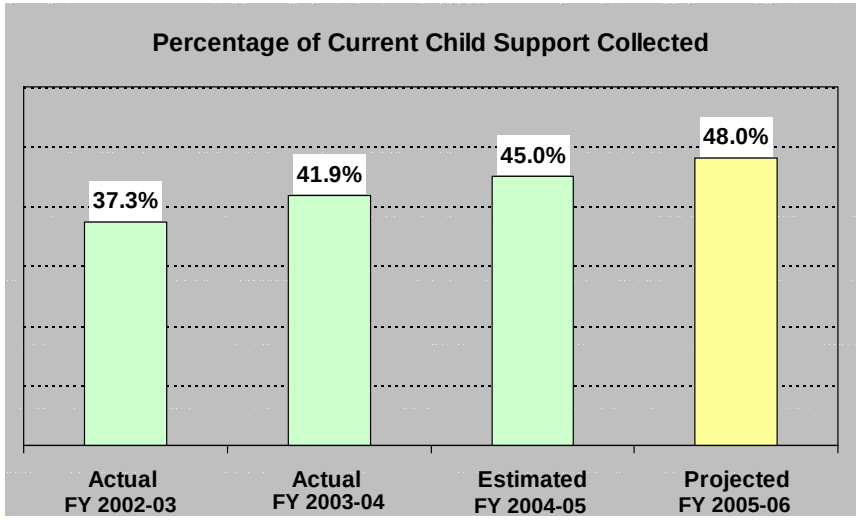
Performance Counts!

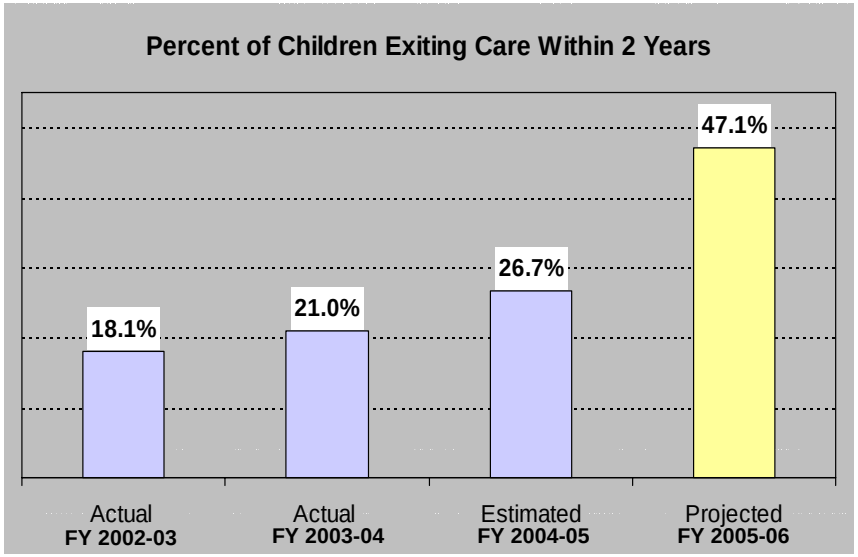
The 2005-06 Proposed Budget includes a pilot project involving six departments, to align budget with *Performance Counts!* Programs.

At least ten more County Departments will align budget with *Performance Counts!* Programs in the 2006-07 budget, and the program will be expanded to all departments over the next three years.

Performance Counts!







Children and Families Budget

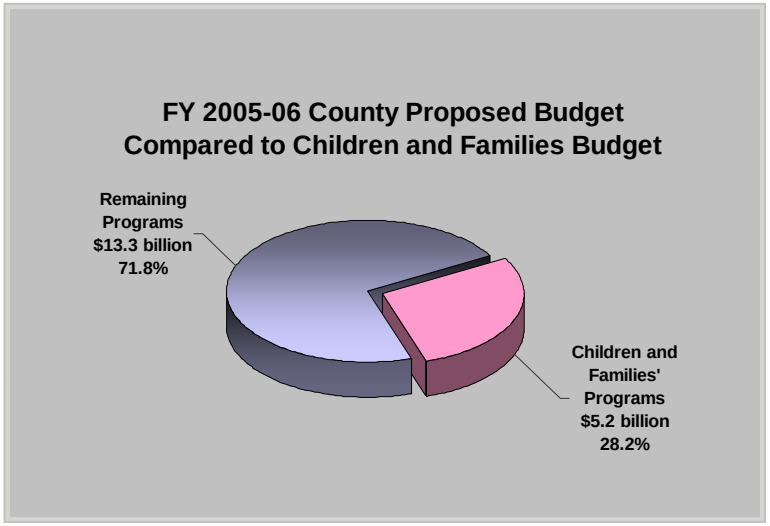
The Fiscal Year (FY) 2005-06 Children and Families Budget (Budget) continues the implementation process of linking program performance measures with budget allocations, actual expenditures, and funding sources. This Budget represents year four of a five-year implementation plan.

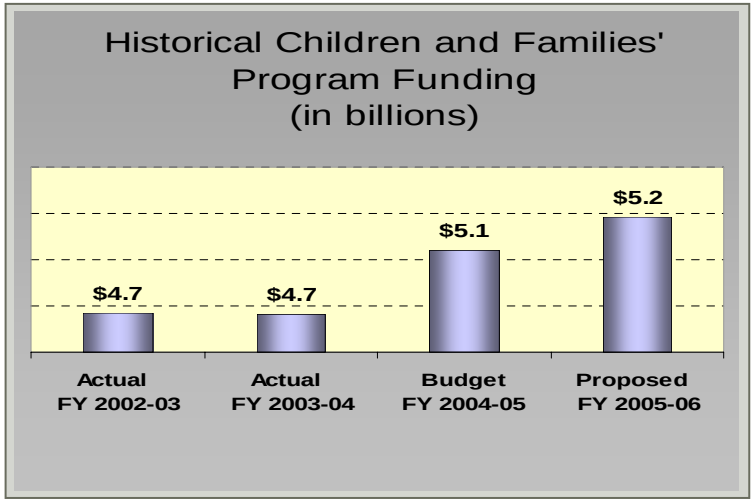
The Budget supports County Strategic Plan Goal 5: Children and Families' Well-Being by measuring the contribution the County and its partners are making towards improving the five outcomes adopted by the Board:

- **Good Health**
- **Safety and Survival**
- **Economic Well-Being**
- **Social and Emotional Well-Being**
- **Education and Workforce Readiness**

Children and Families Budget

The FY 2005-06 Children and Families Budget is $5.2 billion which reflects a 3.6 percent increase of approximately $182.3 million as compared to FY 2004-05.





Proposed spending for children and families accounts for 28.2 percent of the County's total Proposed Budget of $18.5 billion.

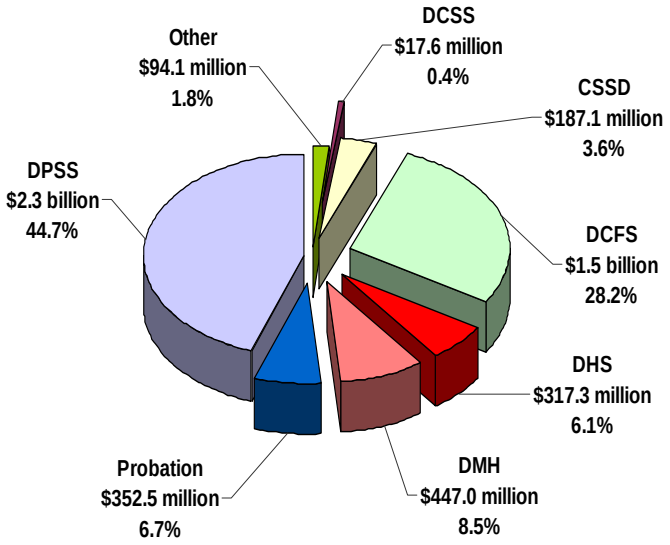
Children and Families Budget

The proposed budgets for the following seven departments

- **Public Social Services (DPSS)**
- **Children and Family Services (DCFS)**
- **Mental Health (DMH)**
- **Health Services (DHS)**
- **Probation**
- **Community and Senior Services (DCSS)**
- **Child Support Services (CSSD)**

account for 98.2 percent of the total Children and Families Budget. The remaining 14 participating departments with programs serving children and families account for 1.8 percent of the total Budget.

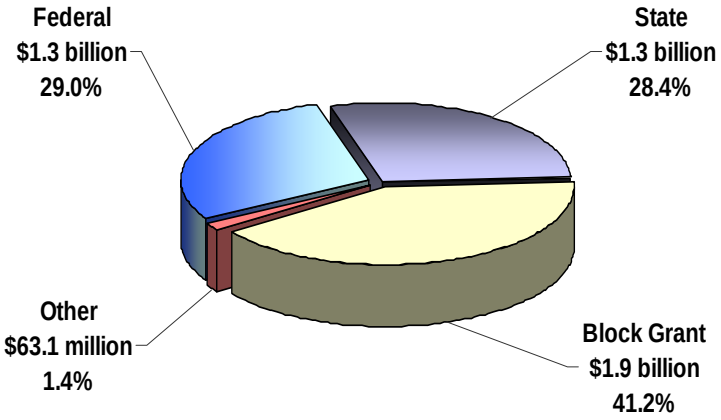
Comparison of County Departments' Budgets for Programs Serving Children and Families



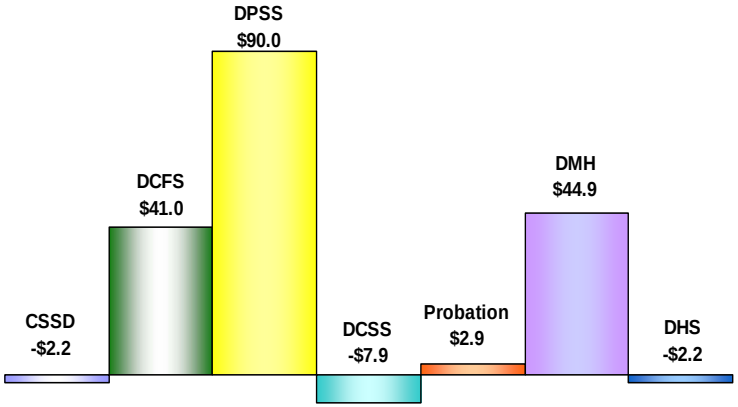
Children and Families Budget

Federal, State, Block Grant, and other revenue sources offset 87.8 percent of total program costs. The remaining funding is provided by the County General Fund (12.2 percent).

Proposed Revenue by Type
for FY 2005-06

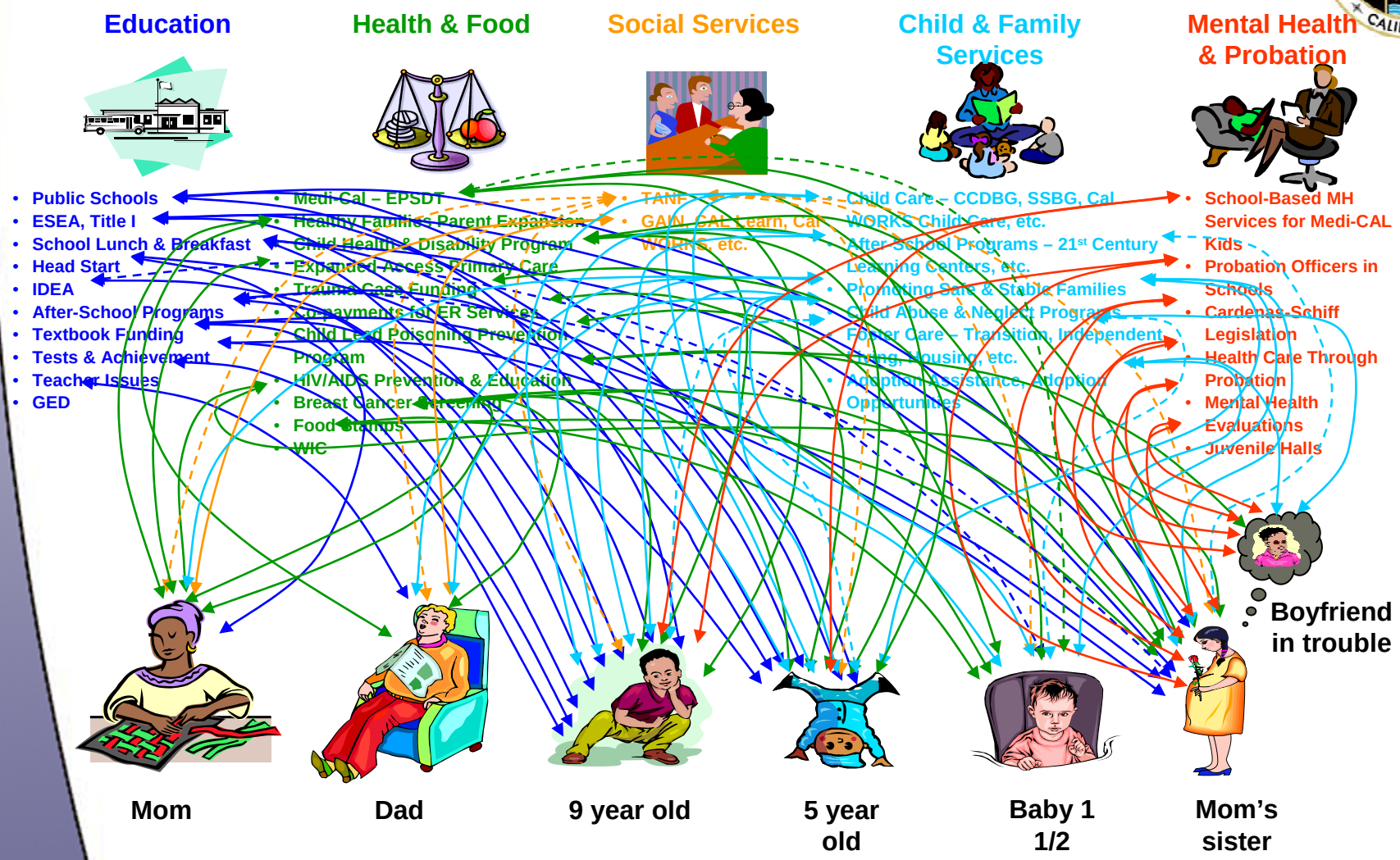


Increases and Decreases in Revenue for
Major Health and Human Services Departments
(in millions)

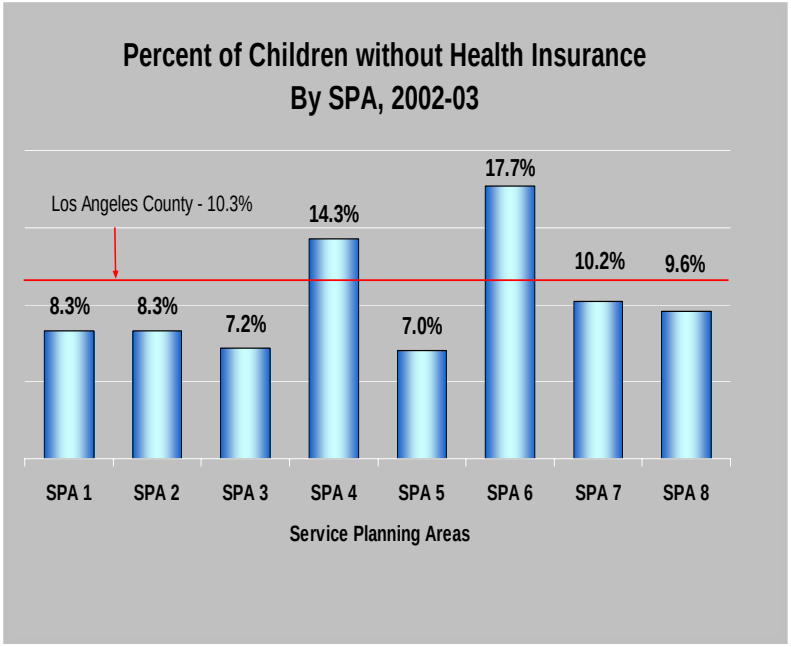


County departments identified 93 unique revenue sources. DPSS is experiencing the greatest growth in revenue and DCSS is experiencing the greatest decline in revenue.

Understanding LA Systems That Affect Families:
A Diagram of How 40+ Programs Might Touch One Los Angeles Family



LA County Programs Successfully Contributing to Outcomes: GOOD HEALTH

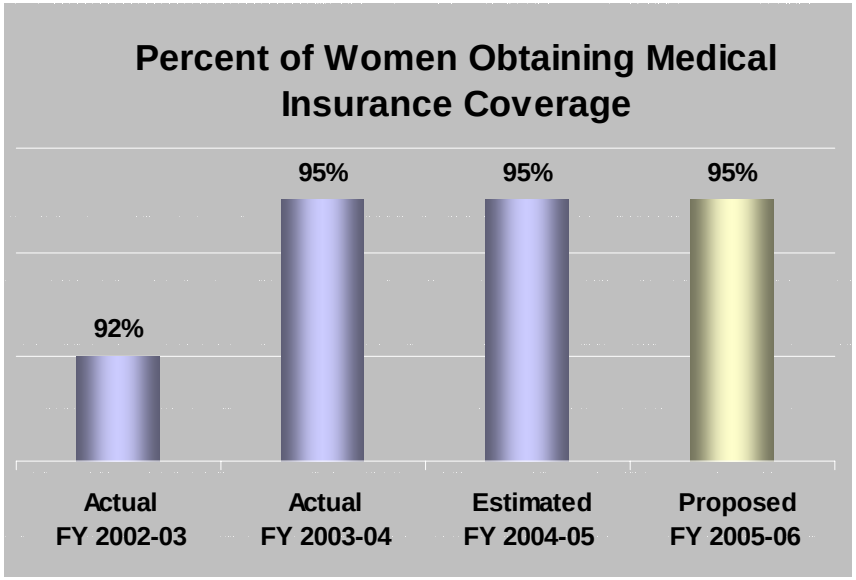


Through collaborative efforts the number of uninsured children countywide decreased to 10.3 percent in 2002-03. The graph above depicts the proportion of uninsured children within each Service Planning Area (SPA).

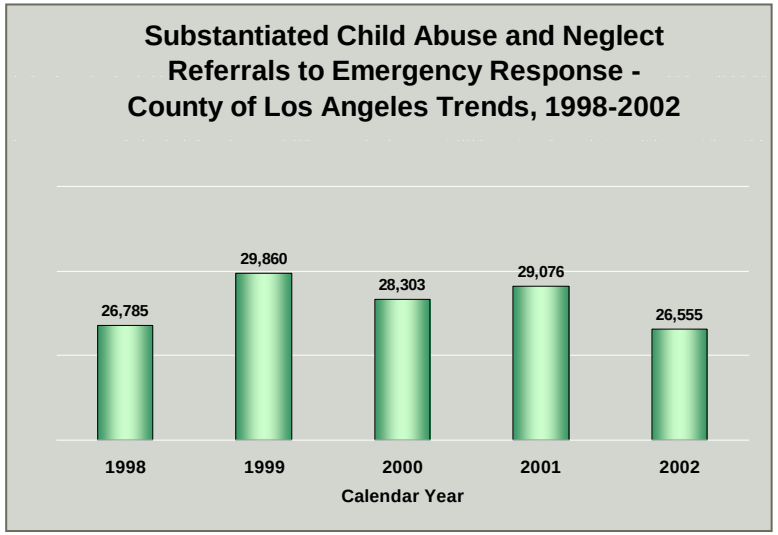
Department of Health Services (DHS):

Prenatal Care Guidance Program

In FY 2004-05, the program ensured that 95 percent of pregnant women participants were enrolled in Medi-Cal and other health coverage programs.



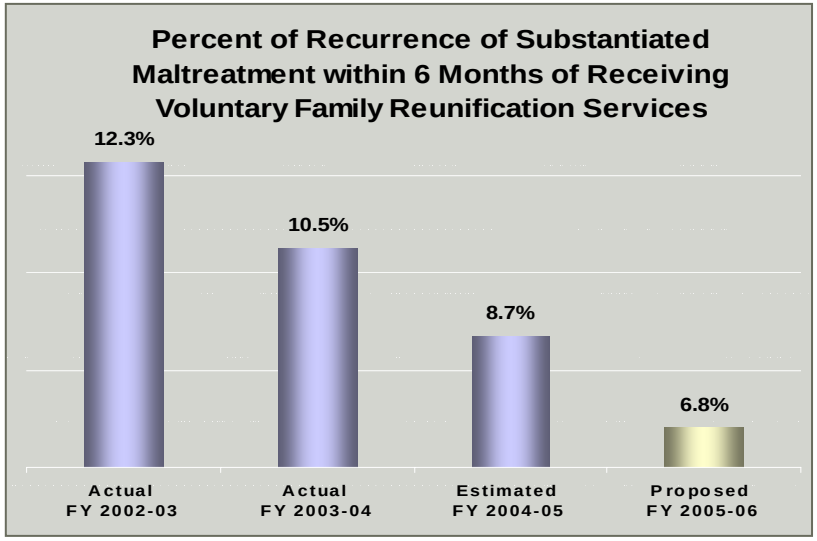
LA County Programs Successfully Contributing to Outcomes: SAFETY AND SURVIVAL



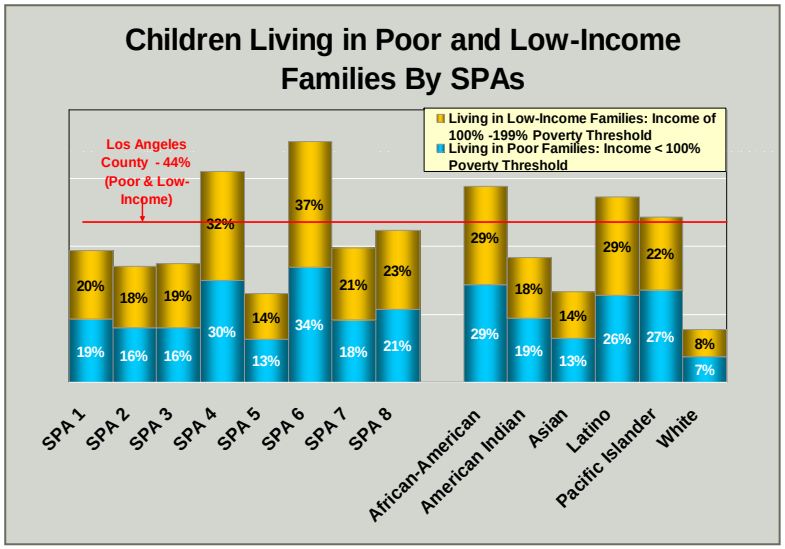
Referrals to Emergency Response have fluctuated between 26,000 and 29,000 since 1998, highlighting the continued need to address conditions that adversely impact the safety of children.

Department of Children and Family Services (DCFS): Voluntary Family Reunification Services

Since FY 2002-03, recurrence of abuse within six months for children participating in DCFS' Voluntary Family Reunification Program has decreased.



LA County Programs Successfully Contributing to Outcomes: ECONOMIC WELL-BEING

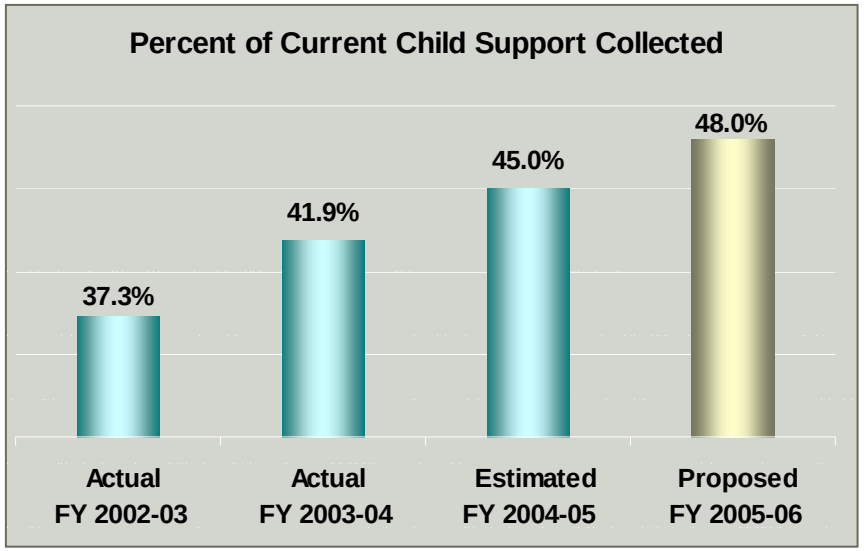


Children Living in Poor and Low-Income Families

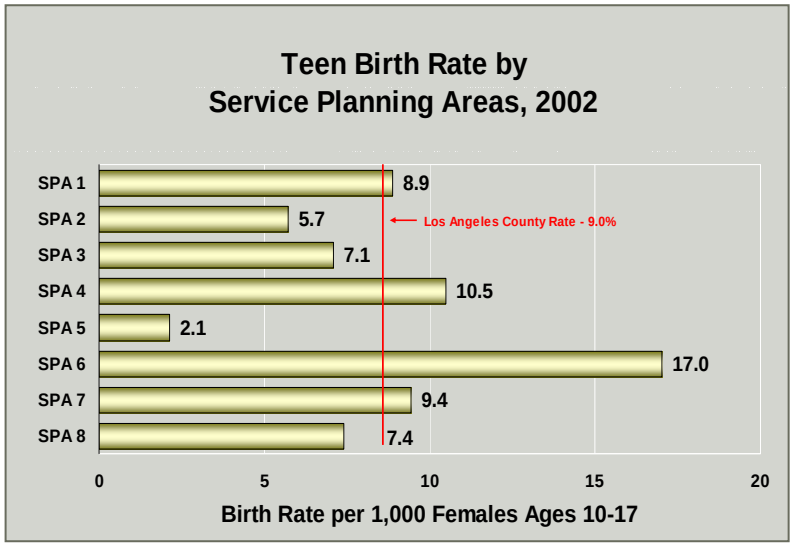
In 2002, 44 percent of the County's children lived in poor and low-income families. A family of four was "poor" if they had an annual income of less than $18,244. Families with earnings between $18,244 and $36,488 were considered "low-income."

Child Support Services Department (CSSD)

Child support helps to lift families out of poverty. CSSD has surpassed the federal minimum collection rate of 40 percent by increasing the County's collection rate to 41.9 percent in FY 2003-04.



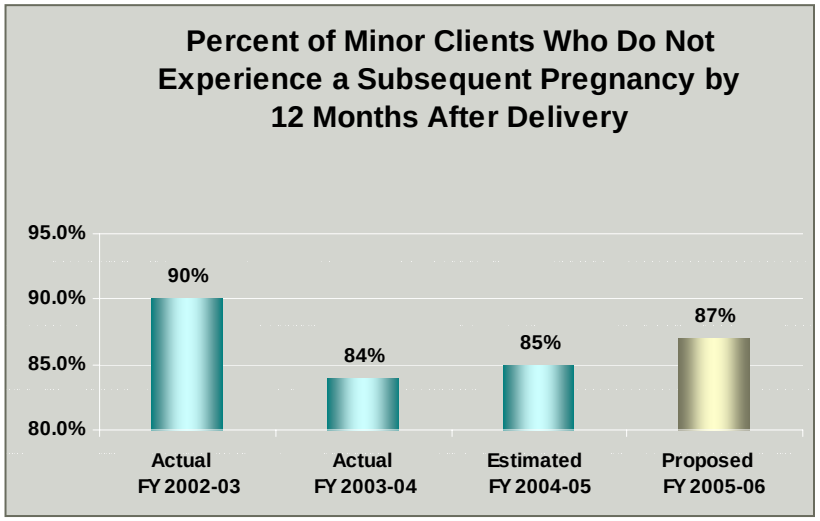
LA County Programs Successfully Contributing to Outcomes: SOCIAL AND EMOTIONAL WELL-BEING



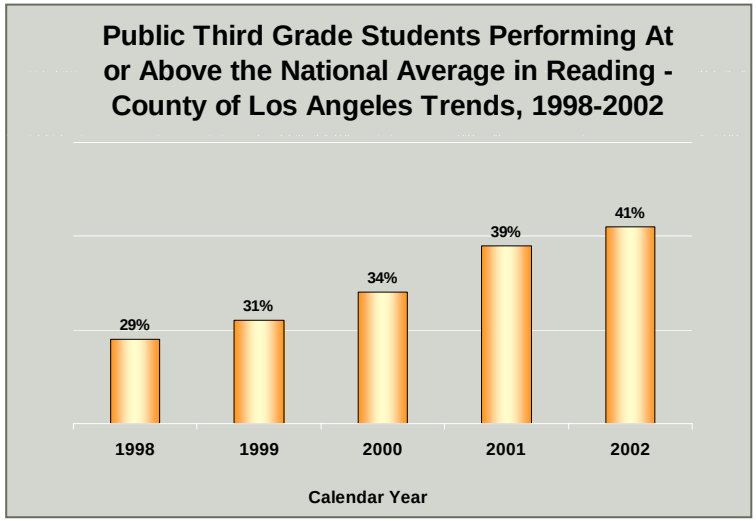
Between 1996 and 2002, the rate of births to teen mothers (per 1,000 females, ages 10-17) dropped significantly in the County to 9.0 percent. This graph depicts the teen birth rate for each SPA.

DHS: Nurse-Family Partnership Program

The percent of Nurse-Family Partnership Program participants not experiencing a subsequent pregnancy by 12 months after delivery continues to increase.



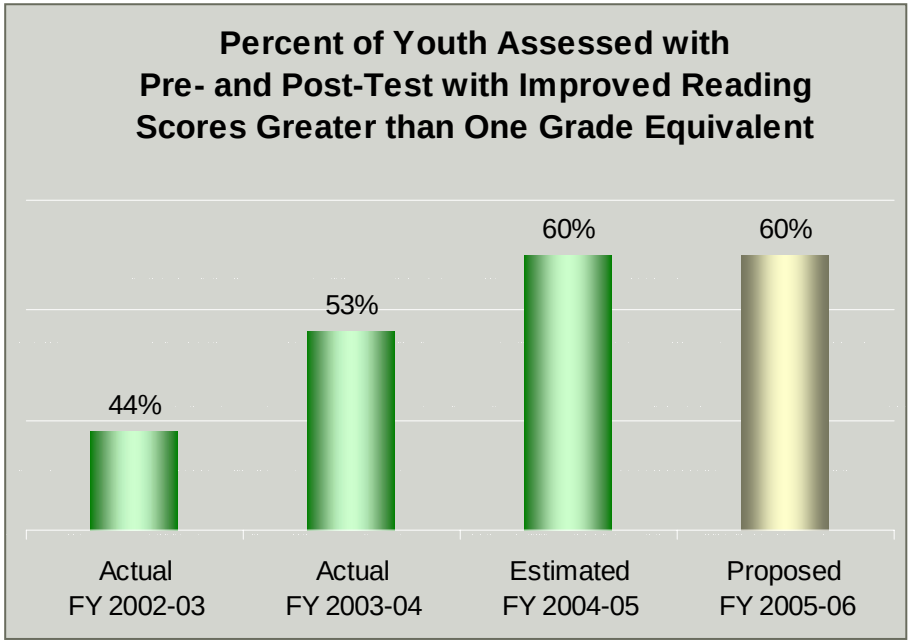
LA County Programs Successfully Contributing to Outcomes: EDUCATION/WORKFORCE READINESS



The proportion of the County's third graders in public schools reading at or above the national average has continued to climb, from 29 percent in 1998 to 41 percent in 2002.

Probation Department: Operation Read

The Operation Read program, which teaches reading and phonics skills to Probation and DCFS foster youth, continues to see improvement in participating youths' reading scores.



Capital Projects Summary

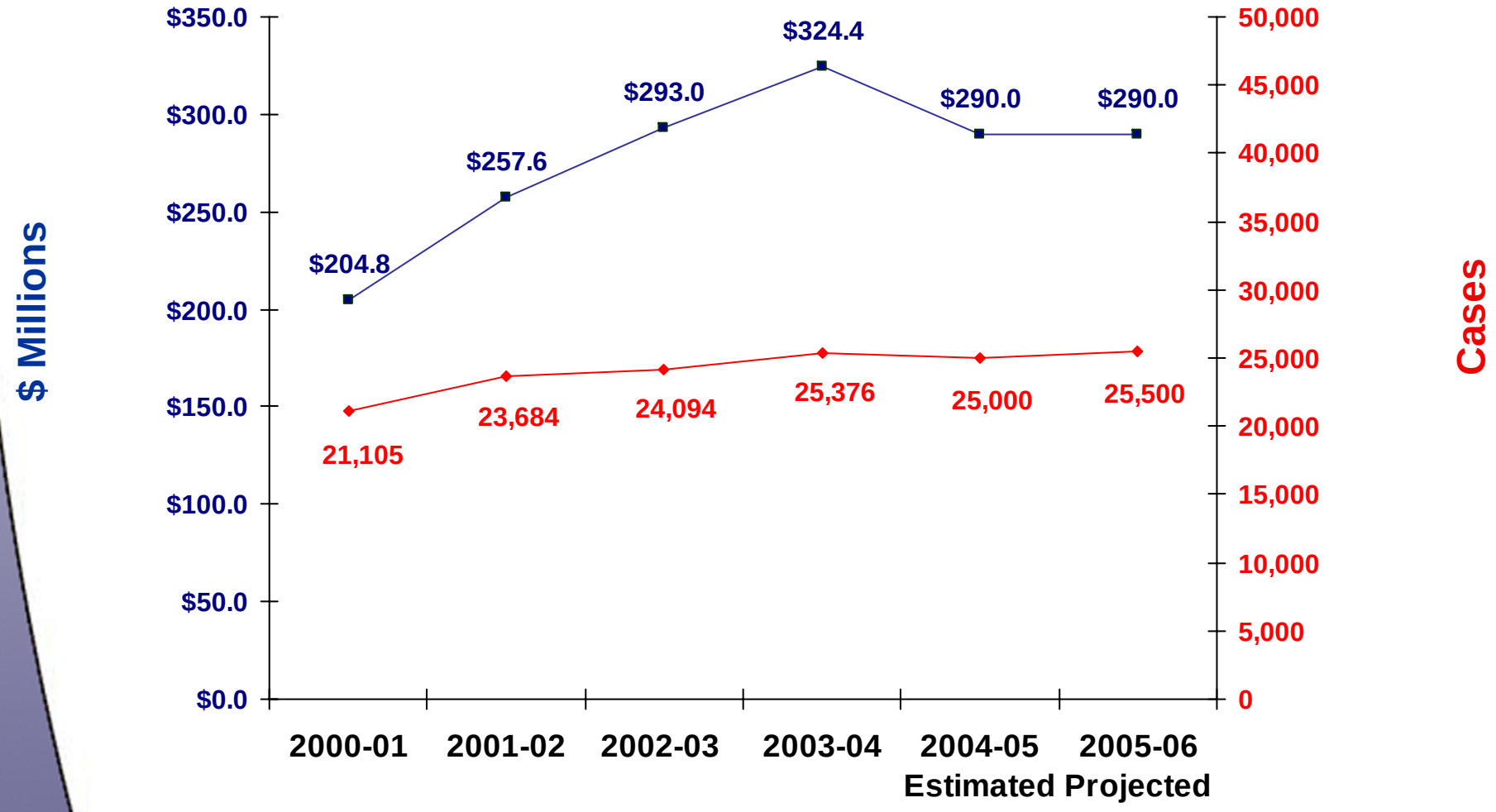
- The Proposed 2005-06 Capital Projects/ Refurbishments Budget appropriates $710.2 million for 406 high priority projects, of which $420.7 million is revenue-offset.
- Total value of the projects under development, design, or construction is estimated at $2.4 billion.
- Recommended appropriations for such high priority projects include:
  - $211.0 million for Health projects, including the conversion of High Desert Hospital to a Multi-Service Ambulatory Care Center/Skilled Nursing Facility, seismic retrofit of various health centers, and construction of the LAC+USC Medical Center Replacement Project.

Capital Projects Summary

Recommended appropriations for high priority projects (cont'd):

- $158.4 million for Recreation and Cultural projects, including construction or refurbishment of community centers, athletic fields, gymnasiums, trails, and landscaping at County parks and beaches.
- $103.2 million for Public Protection projects, including the seismic retrofit of the Long Beach Courthouse, renovation and construction of fire stations in high-growth areas, relocation of the Sheriff's Special Enforcement Bureau, and expansion of the Coroner's autopsy and laboratory facilities.
- $93.7 million for improvements to general government facilities, including the continuing redevelopment of the East Los Angeles Civic Center, and construction of the Countywide Data Center.
- $69.2 million for improvements to Public Works' facilities and the County's infrastructure, the development and construction of new libraries, and the renovation of Patriotic Hall.

Financing Assumptions
Workers' Compensation History



Financing Assumptions

Major Revenue Source	Estimated Growth 2004-05 Final Budget to 2005-06 Proposed Budget
Property Tax	**6.2%**
Local Sales Tax	**2.0%**
Sales Tax – Realignment	**7.8%**
Public Safety Augmentation	**11.8%**
Vehicle License Fees (VLF) – Realignment	**5.3%**

Growth estimates based on UCLA Anderson Forecast, State Legislative Analyst Office, Department of Finance and State Controller's Office assumptions, applied to actual collection experience.

State Budget Impact

Proposition 1A

- Provides financial protection from State reallocation of property tax revenues during times of State fiscal crisis, and guarantees more predictable funding and relief from unfunded mandates

Local Government Agreement

- General Fund contribution of $103.2 million during 2004-05 and 2005-06
- Special District contribution of $10.6 million during 2004-05 and 2005-06

Governor's Proposed Budget
Potential Impacts

Potential net loss of $171.9 million are not addressed in the Proposed Budget. Reductions may include:

- $74.4 million In-Home Supportive Services (IHSS) program
- $33.3 million suspension of State mandate reimbursement
- $27.9 million Juvenile Justice grants
- $24.7 million Proposition 42 Transportation Funds
- $9.8 million transfer of Undesignated Court Fees

Federal Proposed Budget
Potential Impacts

Los Angeles Air Force Base (LAAFB)

- If placed on the Department of Defense Base Realignment and Closure (BRAC) list, would result in significant job loss and reduced County sales tax revenue

President's Proposed Federal FY 2006 Budget

- Significantly reduces Medicaid and Community Development Block Grant funding, and eliminates the State Criminal Alien Assistance Program (SCAAP)

County of Los Angeles

2005-06 Proposed Budget

"To Enrich Lives Through Effective and Caring Service"