

County of Los Angeles 2007-08 Proposed Budget



***“To Enrich Lives Through
Effective and Caring Service”***

2007-08 Proposed County Budget



Submitted to the
Board of Supervisors

by

David E. Janssen, Chief Administrative Officer

and

J. Tyler McCauley, Auditor-Controller

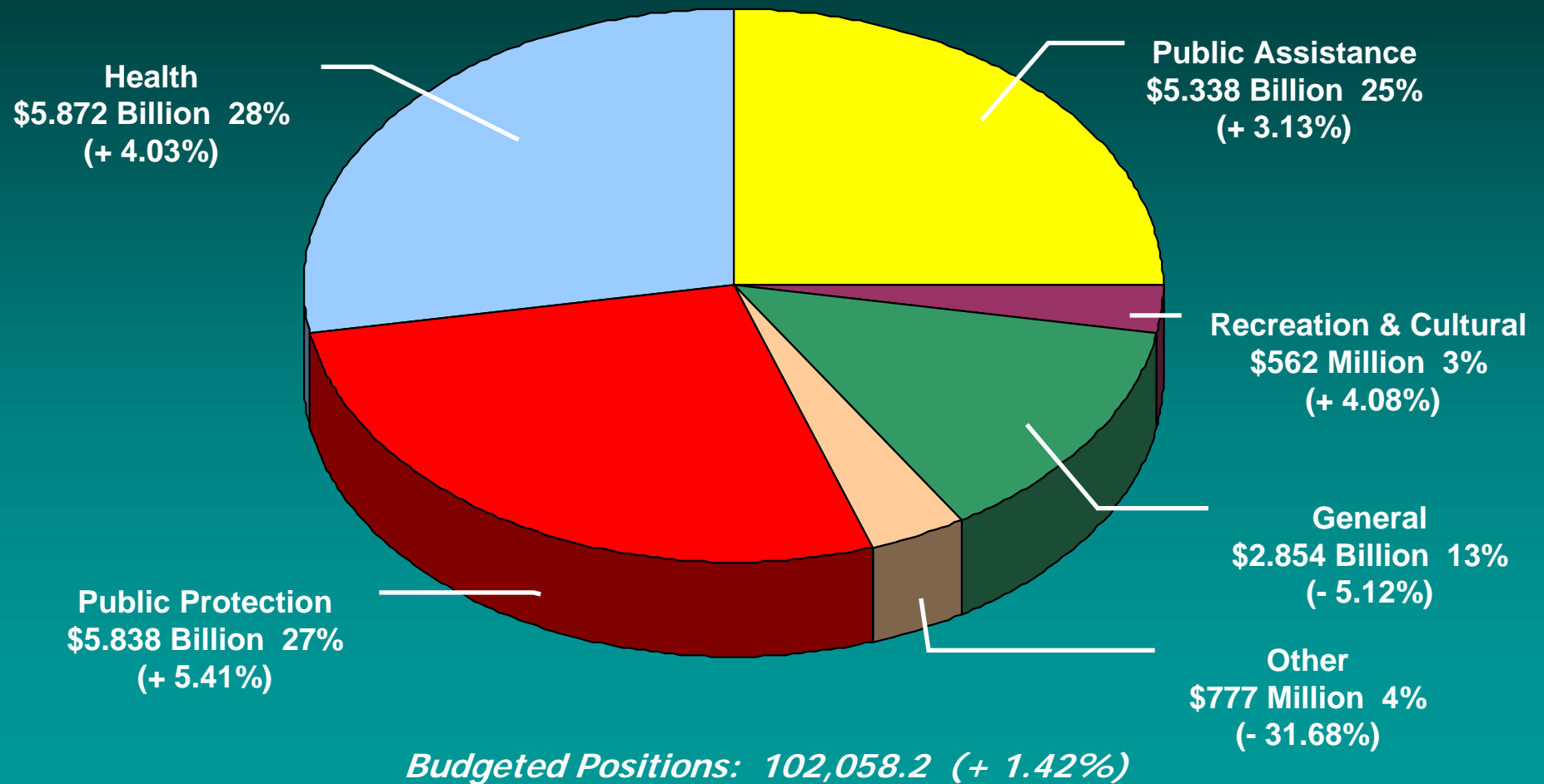
2007-08 Proposed Budget (in \$ Billions)



Fund	FY06-07 Adopted Budget	FY07-08 Proposed Budget	Change From Budget	% Change From Budget
Total General County	\$ 16.620	\$ 16.931	\$ +0.311	+1.87%
Special Funds/Districts	4.424	4.310	-0.114	-2.58%
Total Budget	\$ 21.044	\$ 21.241	\$ +0.197	+0.94%
Budgeted Positions	100,632.6	102,058.2	1,425.6	+1.42%

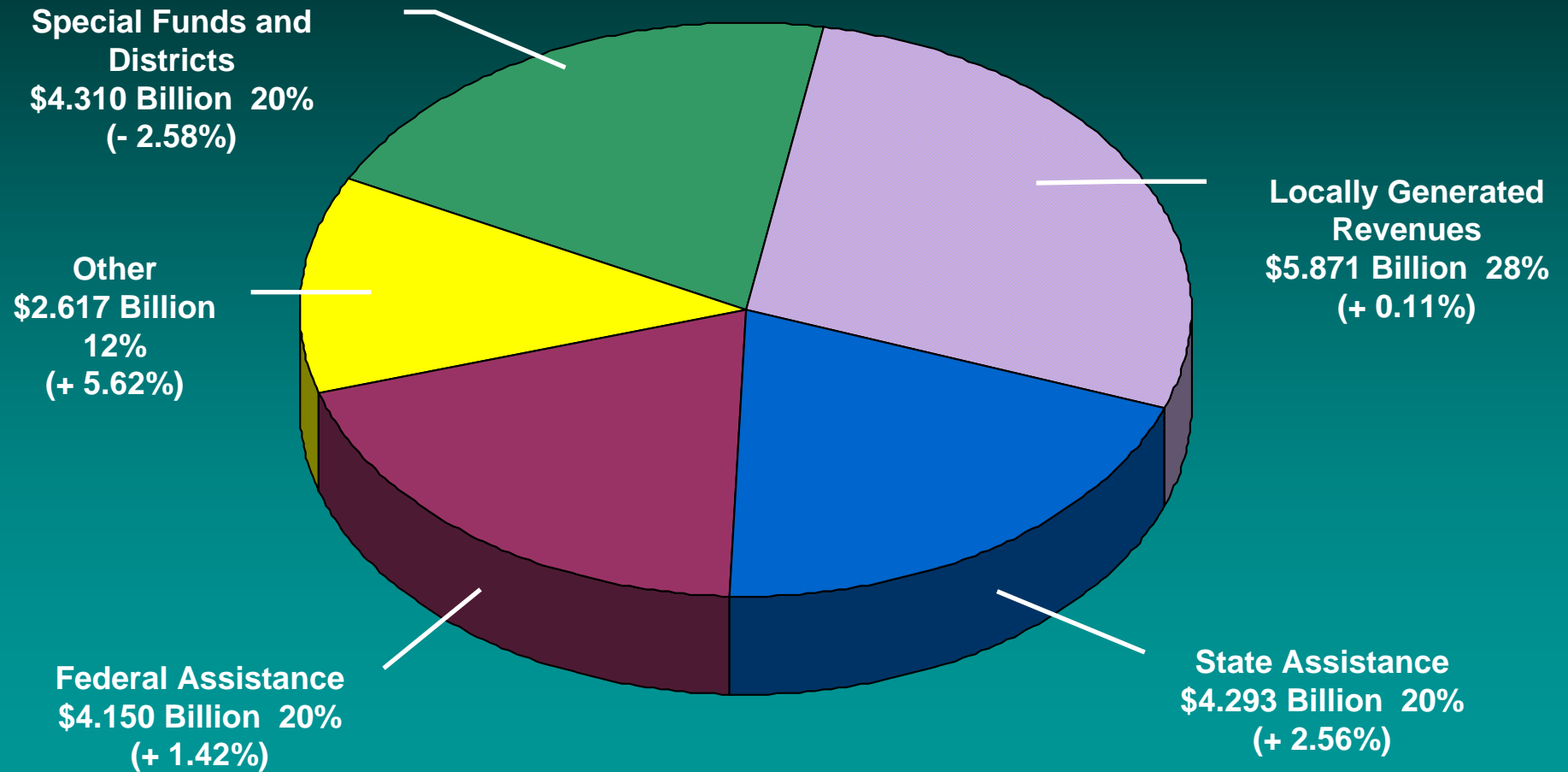
Total Cost By Function

\$21.241 Billion (+ 0.94%)

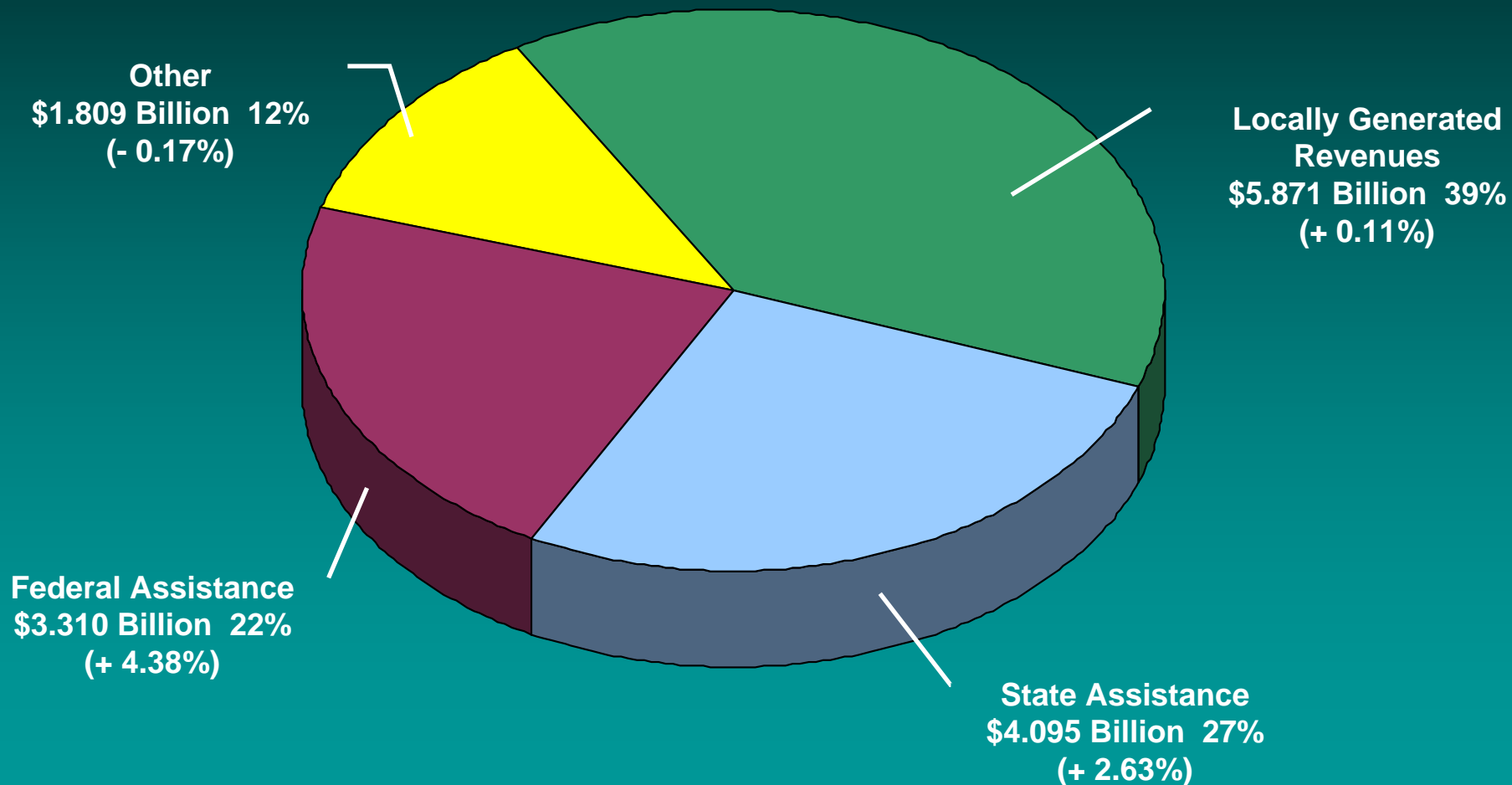


Total Revenue

\$21.241 Billion (+ 0.94%)

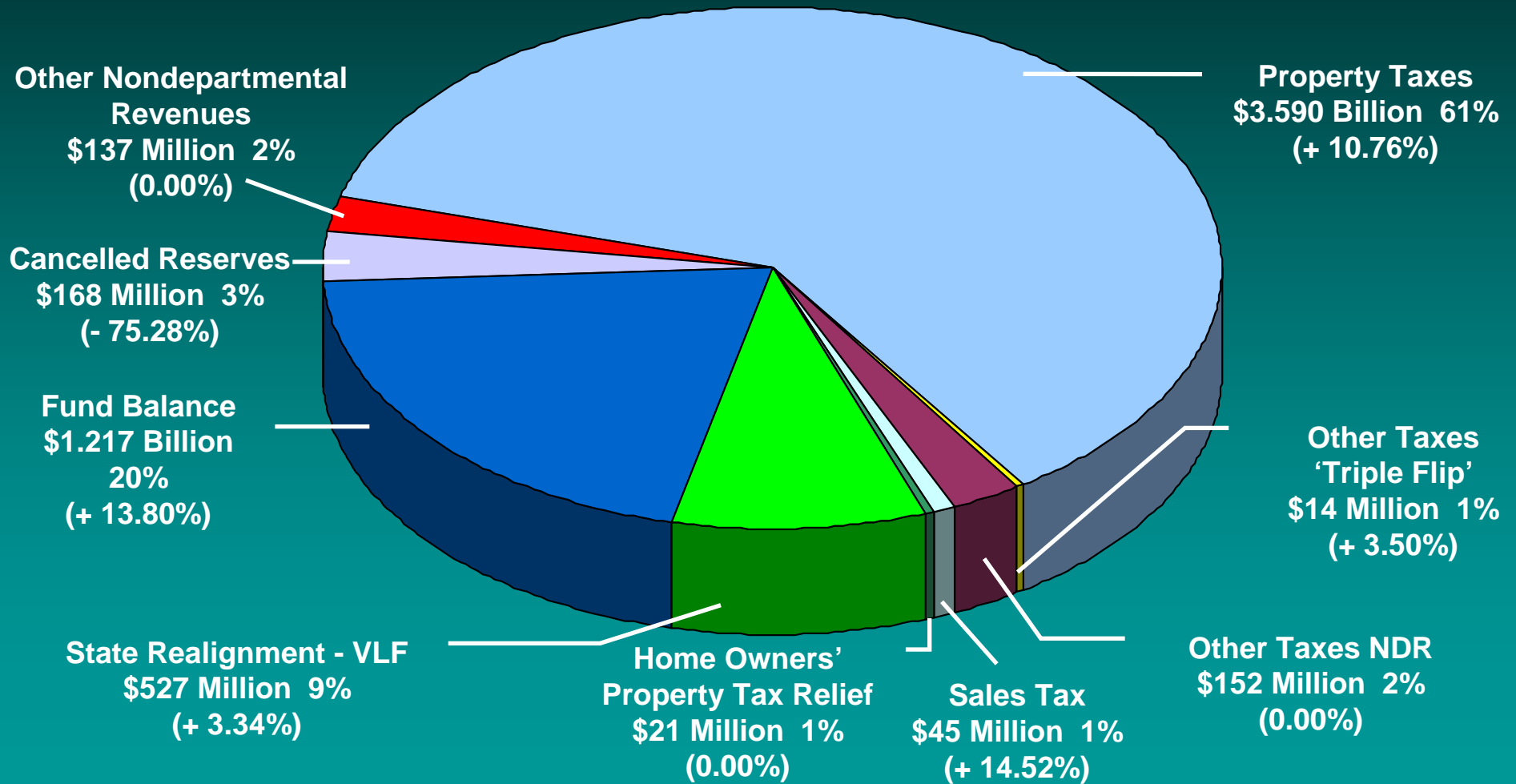


Total Revenue General Fund \$15.085 Billion (+ 1.67%)



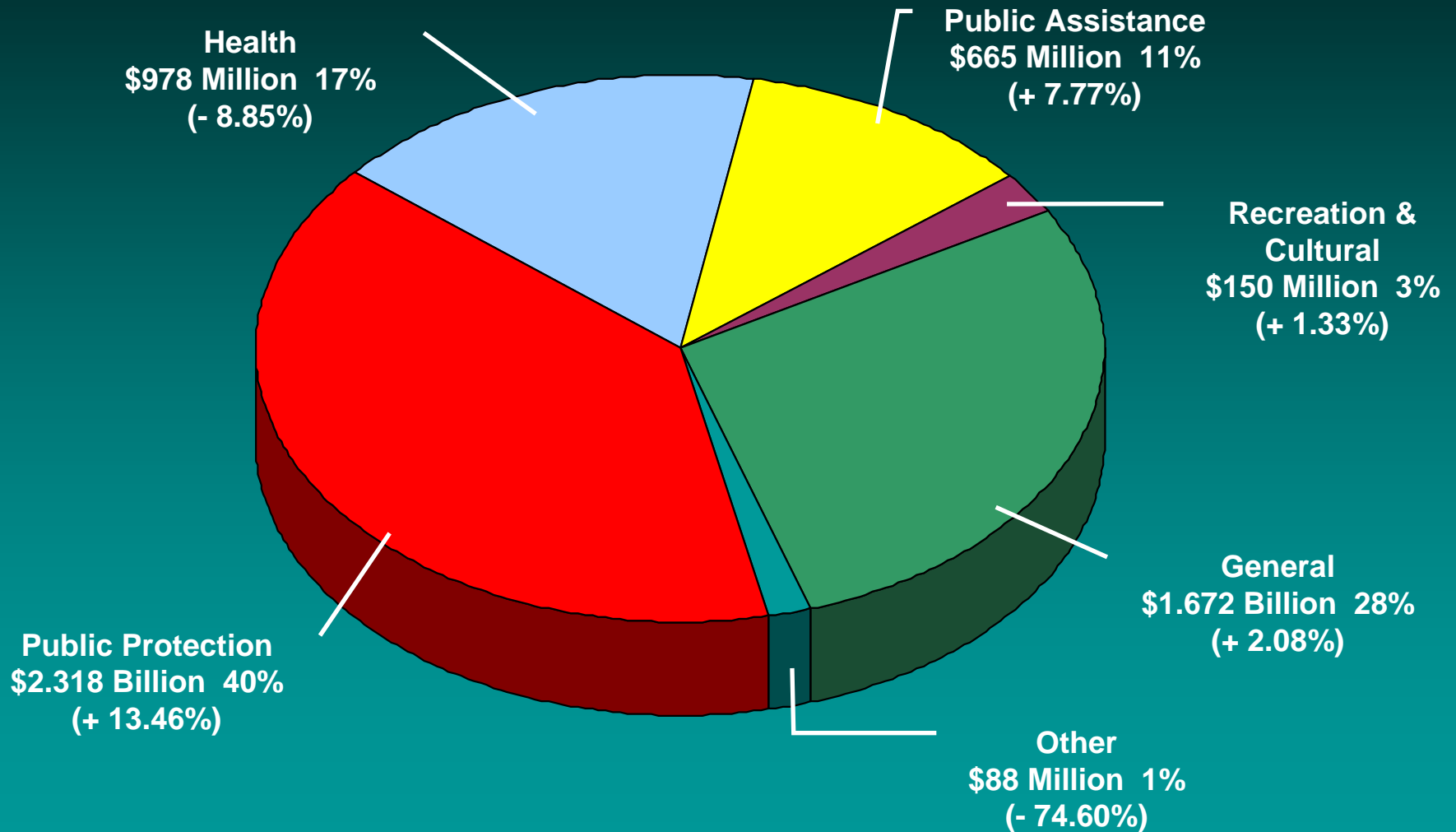
Locally Generated Revenues

\$5.871 Billion (+ 0.11%)



Net County Cost By Function

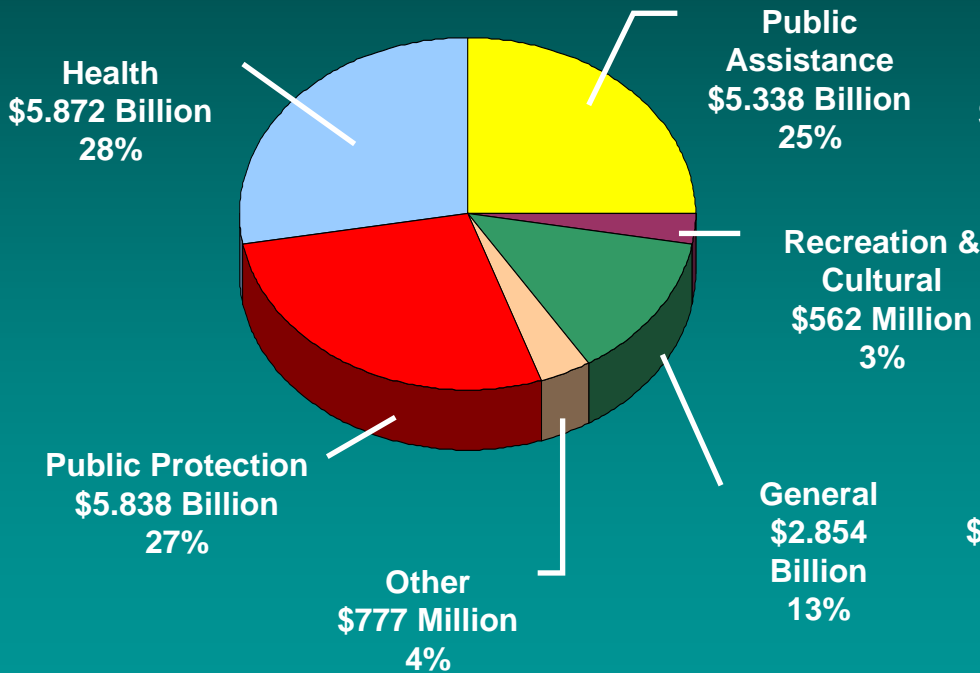
\$5.871 Billion (+ 0.11%)



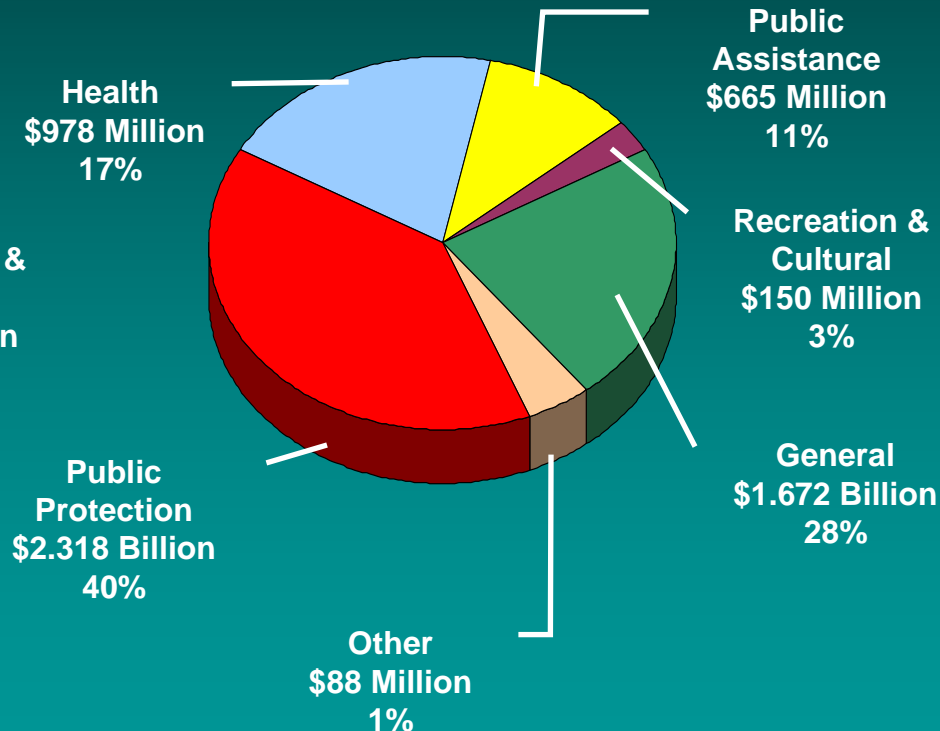
Cost Comparison By Function



Total Cost \$21.241 Billion

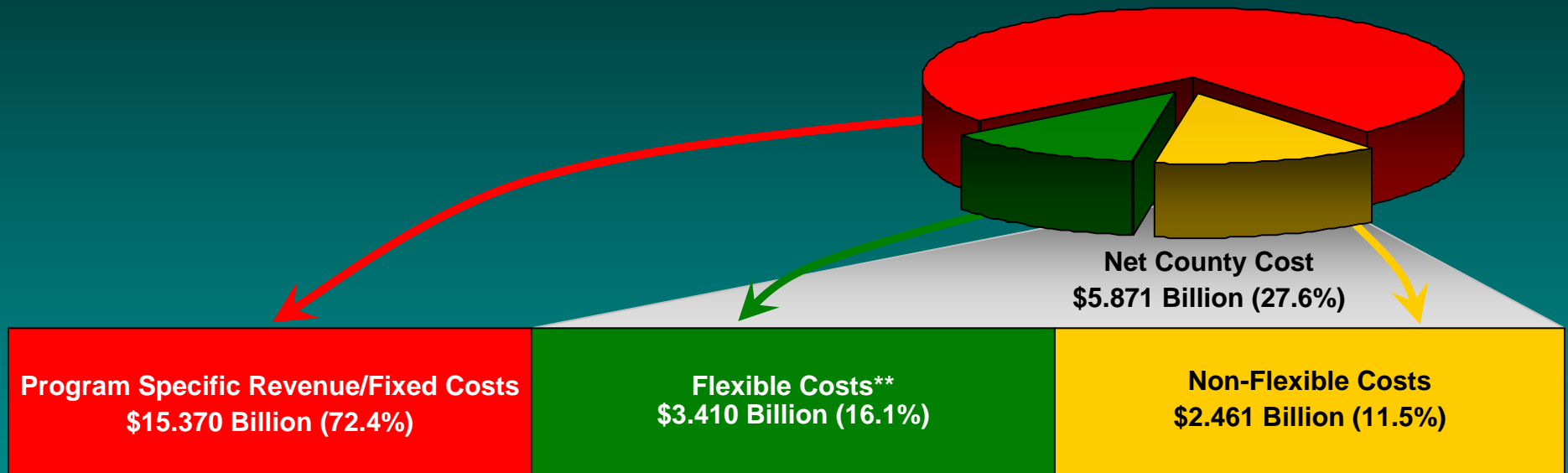


Net County Cost \$5.871 Billion



Total Proposed Budget \$21.241 Billion*

Increase of \$197 Million or 0.94%



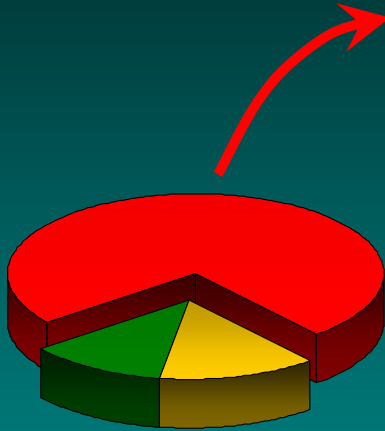
Mandated vs. Discretionary Cost

*Excludes major interfund transfers of revenue that would artificially inflate the size of the total County budget

**Flexible Costs include one-time only expenditures and mandatory functions with discretionary service levels

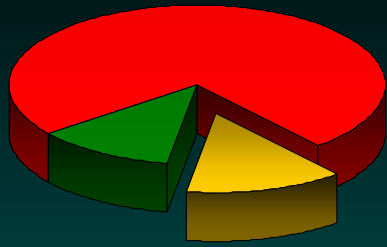
Program Specific Revenue/Fixed Costs

\$15.370 Billion (72.4%)



(\$ in millions)

Health/Social Services	\$	8,346.3
Property Tax Administration	\$	77.7
Proposition 172 - Public		
Safety Augmentation Fund	\$	682.2
Sheriff	\$	579.0
District Attorney	\$	103.2
Special Funds/Districts	\$	4,310.0
Revenues That Offset Costs	\$	1,801.9
Trial Court Funding	\$	151.9



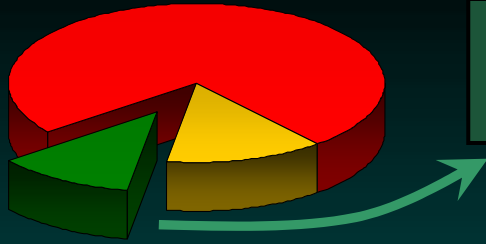
Non-Flexible Costs
\$2.461 Billion (11.5%)

MOE & Mandatory Costs/Services
\$2.404 Billion (11.3%)

Alternate Public Defender	\$ 47.9
District Attorney - Criminal	\$ 51.7
Health/Mental Health	\$ 687.7
Other Court Related	\$ 242.7
(Includes Indigent Defense of \$44.9)	
Probation - Other	\$ 283.2
Public Defender	\$ 161.4
Social Services	\$ 496.3
Sheriff	\$ 432.6

Other Non-Flexible Costs
\$57.2 Million (0.2%)

Grand Jury	\$ 1.8
Judgments & Damages/Insur.	\$ 21.7
Museums Obligation	\$ 33.7



Flexible Costs**
\$3.410 Billion (16.1%)

Public Protection
\$1.080 Billion (5.1%)

Community-Based Contracts	\$ 3.3
Coroner	\$ 24.3
District Attorney- Criminal	\$ 114.2
Emergency Preparedness	\$ 4.8
Fire - Lifeguards	\$ 27.6
Information Systems	
Advisory Body	\$ 0.2
Office of Public Safety	\$ 17.2
Probation – Camps/Support Services	\$ 207.1
Sheriff	\$ 681.7

All Other Costs
\$2.330 Billion (11.0%)

Agr. Comm./Wts. & Measures	\$ 9.4
Animal Care and Control	\$ 14.7
Capital Projects	\$ 904.3
Consumer Affairs	\$ 4.4
Countywide Services	\$ 19.7
Extraordinary Maintenance	\$ 60.8
General Government	\$ 502.0
Health-Drug Court	\$ 1.8
Health-GF Contribution	\$ 203.5
Health-Tobacco	\$ 89.2
Health/Mental Health-Others	\$ 93.4
Homeless Services	\$ 80.9
Human Relations Commission	\$ 3.2
Ombudsman	\$ 1.2
Other Public Services	\$ 76.3
Parks and Recreation	\$ 99.7
Project & Facility Developm.	\$ 117.8
Other Recreation and Cultural	\$ 17.1
Regional Planning	\$ 13.9
Reserves/Designations	\$ 16.7

**Flexible Costs include one-time only expenditures and mandatory functions with discretionary service levels

Proposed Budget Overview



The Proposed Budget builds on last year's budget that focused on funding public protection and health services needs. This year's budget focuses on the following main areas:

- Public Protection
 - Custody System Improvements
 - Juvenile Halls and Camps
 - Unincorporated Patrol Augmentation
 - Gang Reduction Strategies

- Health and Mental Health



Sheriff

- Continues funding of \$19.3 million and adds 165.5 positions to fund Rutherford Panel requirements, Title 15 compliance officer program costs, and Central Housing unit staff to improve conditions and safety throughout the Sheriff's custody system.
- Refurbishment of the Sybil Brand Institute and new barracks at the Pitchess Detention Center, supported by the capital funding of \$245.0 million.
- Enhances patrols in the unincorporated areas through increases of \$17.3 million for the Sheriff's Department for 105.0 Deputy Sheriffs and 8.0 support positions, along with one-time operation costs.

Public Protection



Sheriff (cont.)

- Provides \$10.0 million in funding for custody medical services as the Sheriff assumes responsibility for inmate outpatient medical services currently provided at LAC+USC Medical Center.
- Provides \$2.6 million to fully fund staff and operational costs associated with opening the new crime lab.
- Offset the loss of revenue from the cancellation of the State prisoner housing contract with \$9.1 million.



Crime Lab



Probation

- Increases of \$20.9 million and 336.0 budgeted positions, to comply with the Department of Justice settlement agreement, redesign camps, restructure camp management and increase administration and support staff throughout the Probation department.
- \$47.0 million set aside in the Provisional Financing Uses budget to address both one-time (\$24.0 million) and ongoing (\$23.0 million) critical needs in the Probation Department, with \$75.1 million in new ongoing funding committed to the department's comprehensive improvement strategy since 2005-06.

Public Protection



Gang Reduction

- Combats gang violence in the County by adding \$6.4 million and 47.0 budgeted positions to the Sheriff, District Attorney and Probation Department's budgets.

Alternate Public Defender & Public Defender

- Increases funding by \$1.4 million and 8.0 budgeted positions for Alternate Public Defender, and by \$1.4 million and 11.0 budgeted positions for Public Defender for workload.
- Increases of 20 positions and \$2.1 million for the Public Defender for the Sexually Violent Predator cases (17.0), Developmentally Disabled Attorney Services (1.0), and the Streets or Services program (2.0).



Animal Care & Control

- Enhances service to the public by alleviating long wait times and reducing dropped calls, by adding \$0.8 million and 16.0 budgeted positions to staff the Centralized Call Center.

Trial Courts

- Adds \$1.2 million in funding for criminal and juvenile indigent defense costs.

Health & Mental Health



Health

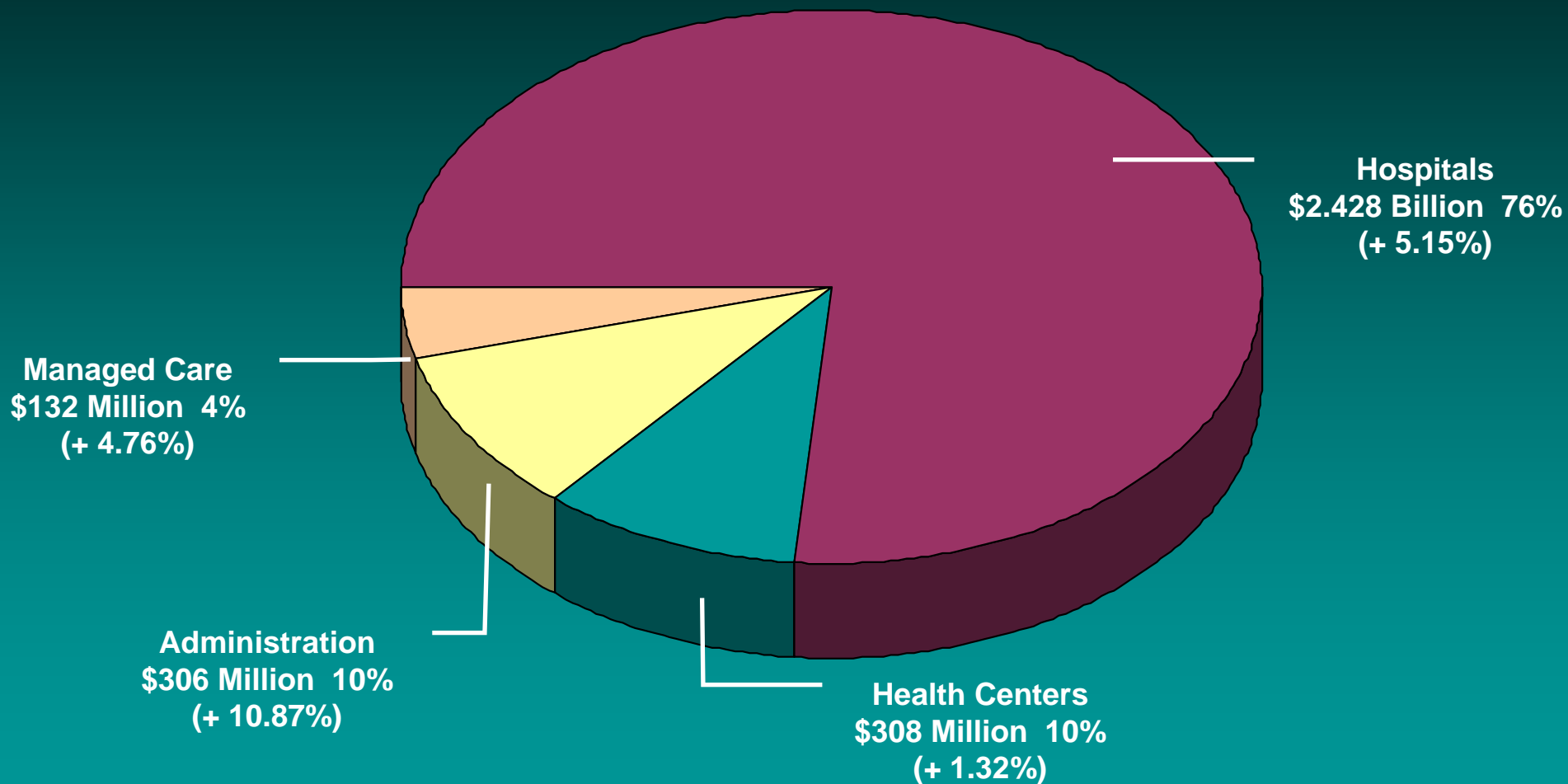


LAC-USC Replacement Project

- Provides net decrease of 269.0 budgeted positions, and increased salary & employee benefits and services & supplies costs to meet operational needs, primarily at the County's hospitals and health facilities.
- Provides \$50.0 million in General Fund contribution designated as an intergovernmental transfer (IGT) to generate \$100.0 million in additional revenues.
- Provides an additional \$30 million in General Fund contribution to partially offset various cost increases in Health Services.

Health Services*

\$3.174 Billion (- 13.87%)



* Reflects the removal of the Department of Public Health from the budget figures.



Mental Health

- **Mental Health Services Act Community Services and Supports (MHSA CSS) Plan** – Integral to the Department of Mental Health’s transformation from clinical services to a recovery model of community-based, client and family driven recovery oriented services and support, adjustments add 220.9 budgeted positions and over \$68.1 million in appropriations.
- Reduction of structural deficit by \$9.5 million and 147.3 budgeted positions for DMH, as part of the ongoing implementation of the Board approved multi-year Budget Mitigation Plan.
- **Institution for Medical Disease (IMD) Transitional Residential Pilot Project (\$4.5 million)** – Full implementation to be achieved by adding 50 IMD beds and 30 transitional residential beds for intensive mental health services.



Public Health

- Reflects an appropriation increase of \$3.5 million and adds five (5.0) budgeted positions for the Children's Health Outreach Initiative. This increase in appropriation is fully offset with State revenue.
- Recommends \$21.7 million in appropriation increases for a variety of alcohol and drug treatment programs. This increase is fully funded with federal, State and other local funding.

Social Services



Children and Family Services (DCFS)

- **Services Outcome Improvement Project (SOIP)** - \$22.8 million and 329.0 budgeted positions are added, fully offset by revenue, along with services and supplies, which among other things, attempts to reduce social worker caseloads and workloads.
- Funding is increased by \$9.4 million in the Assistance Budget, primarily related to the Foster Care program, due to increasing costs linked to higher level of care provided to dependent children.

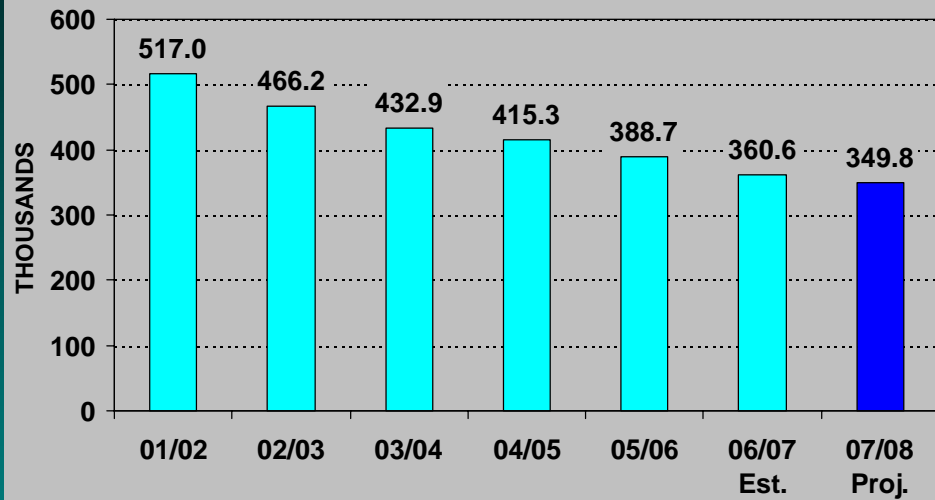
Public Social Services (DPSS)

- **In-Home Supportive Services (IHSS)** - Reflects a net County cost increase of \$39.0 million related to provider wage increases to \$9.00 per hour (\$16.4 million), caseload increases (\$14.5 million), increased enrollment in the IHSS Health Care Plan (\$2.1 million), and various other charges (\$6.0 million).
- **General Relief (GR)** – Reflects a net County cost decrease of \$11.9 million, primarily related to a 4.5 percent decrease in caseload along with anticipated lower than budgeted average cost per case.

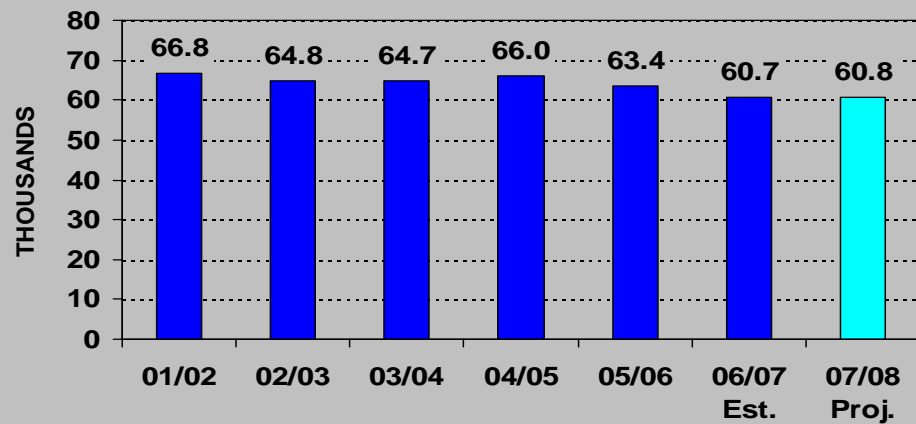


Public Assistance

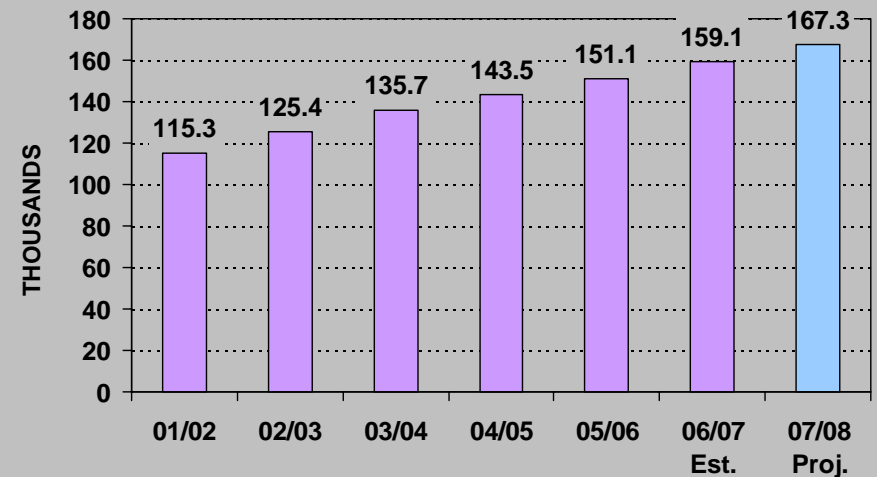
CALIFORNIA WORK OPPORTUNITIES AND RESPONSIBILITY TO KIDS



INDIGENT AID



IHSS APPROVED CASES



Homeless and Housing Program



- The Proposed Budget includes \$56.3 million in one-time carryover funding of the \$80.0 million added in the 2006-07 Budget for County departments and contract agencies providing services such as transitional shelter, eviction protection, in-reach case management, and hospital patient recuperative care services for the homeless.



Internal Services

- Adds \$8.0 million one-time augmentation to support a variety of information technology infrastructure initiatives throughout the County.
- Continues \$5.0 million in one-time funding for energy efficiency initiatives.

Regional Planning

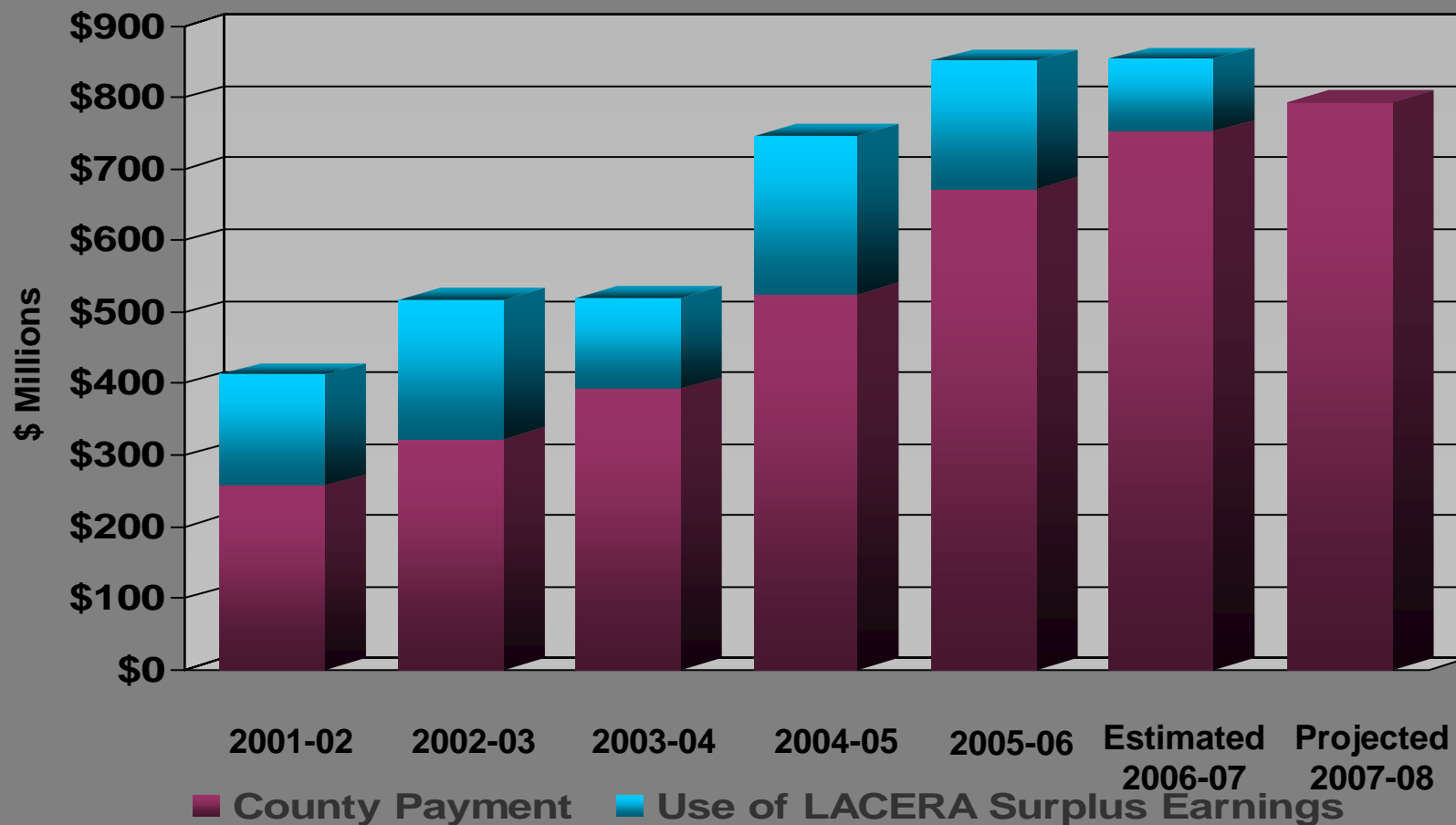
- Provides \$0.4 million and 10.0 additional budgeted positions for zoning enforcement, land use application processing, and updating the General Plan and zoning ordinances.

Other Changes



- Beginning in 2007-08, retirement costs will no longer be subsidized with excess earnings from Los Angeles County Employees Retirement Association (LACERA), marking the end of the multi-year effort to discontinue reliance on excess pension earnings.

Employer Contributions to Pensions

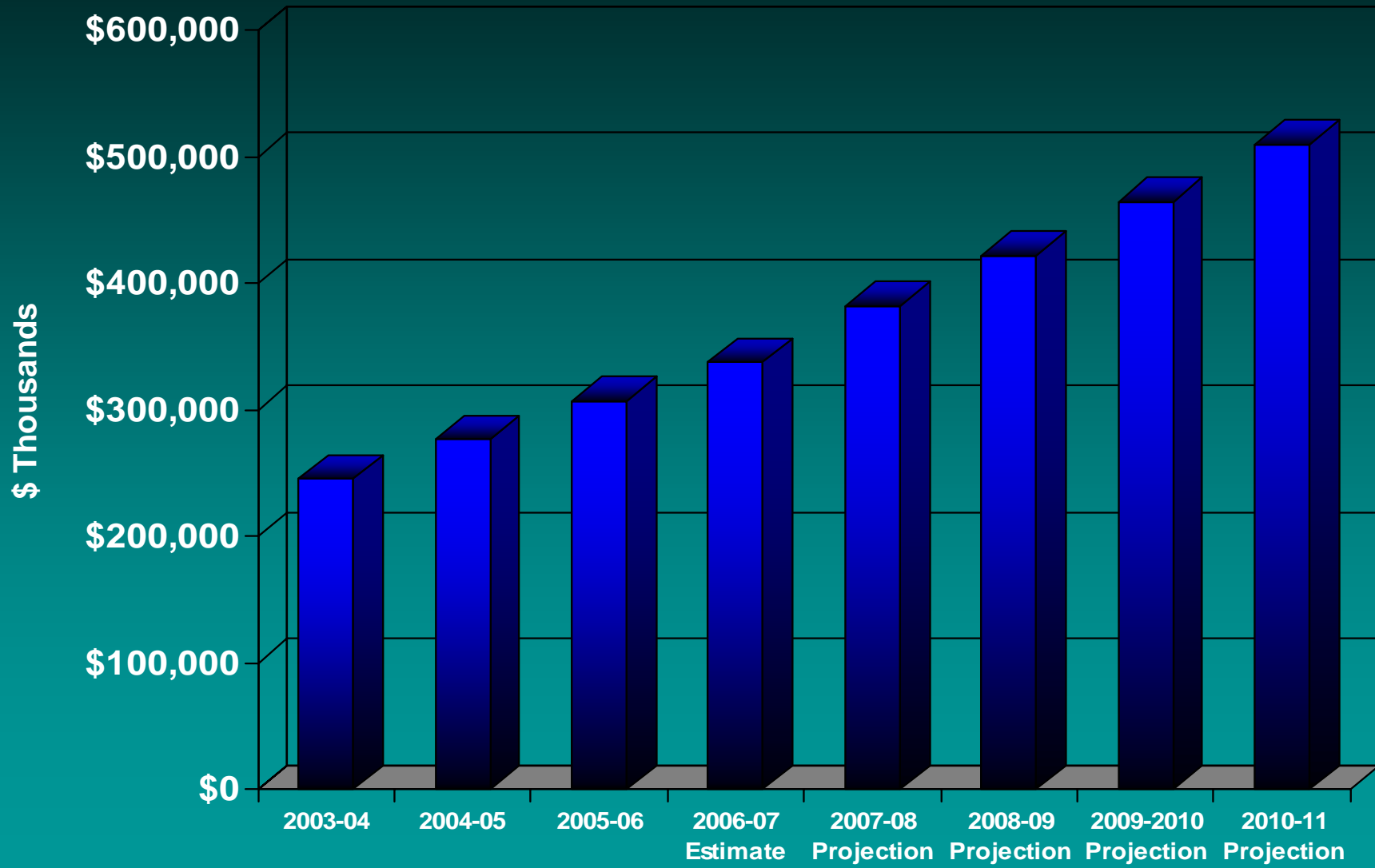


Retiree Health Insurance

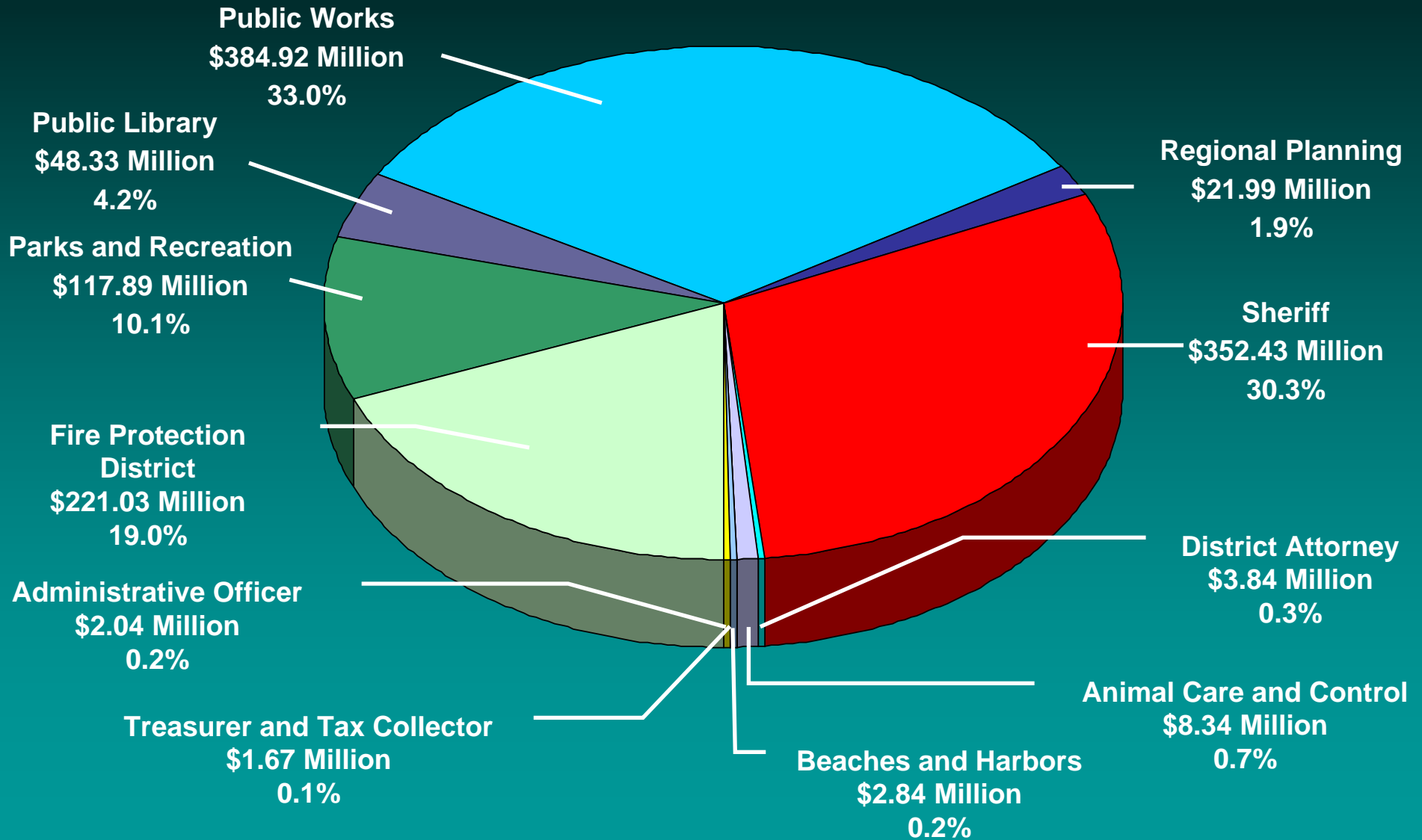


- Retiree health benefits funded on a pay-as-you-go basis – Not pre-funded like retirement costs.
- New governmental accounting rules require disclosure of this type of liability beginning in the FY 2007-08 financial statements – No requirement to fund the liability.
- Working with LACERA to determine the amount of the liability – Expected to be substantial.
- Working with labor unions to develop financial strategies to address long-term funding options.
- Set aside \$17.0 million (one-time funding) in FY 2006-07 – Projected \$400.0 million from pension fund surplus earnings will be available in FY 2007-08.

Retiree Health Insurance Costs



Unincorporated Area Services Gross Appropriation \$1.165 Billion



Performance Counts!



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

- Program Results – Identify the intended outcome of a County program or service.
- Indicators – Quantify achievement of the Program Result.
- Operational measures – Measure the efficiency or effectiveness of the program or service.

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 2007-08 Proposed Budget reflects the completion of a multi-year effort to integrate nearly all departments' budget details with *Performance Counts!* measures, enhancing our ability to determine what results are achieved with what resources.

Upcoming *Performance Counts!* efforts will be focused on further strengthening and institutionalizing performance measurement to promote use of data as a management decision-making tool.



Performance Counts!

A key component of this effort is the County's "Stats" initiative. Stats projects involve regularly scheduled meetings where accurate and timely performance data is presented and analyzed by all key managers and decision makers responsible for the success of a program or service. Within this forum, data trends are monitored and addressed, targets are established, progress is gauged and managers make on-the-spot commitments to solve issues that have resulted in a missed target.

The Department of Public Social Services has implemented the successful DPSSStats program, and additional pilots employing the Stats approach in both a small department and a multi-departmental setting are being pursued.

Children and Families Budget



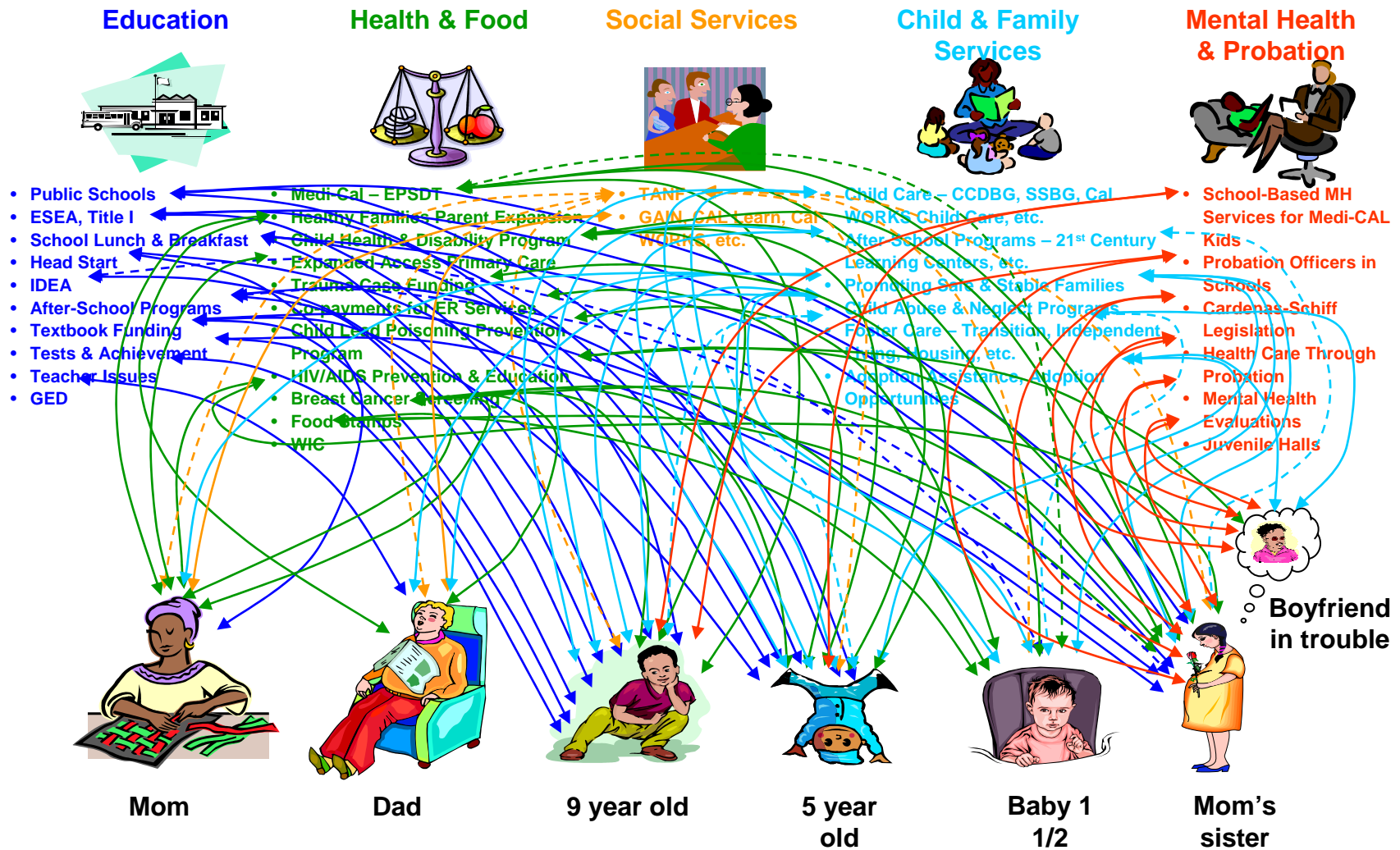
The Children and Families Budget is being redesigned for FY 2007-08.

FY 2006-07 marked the fifth year of a five – year implementation plan to comprehensively inventory departmental programs serving children and families.

The Children and Families Budget is now transitioning from a departmental program inventory to a more analytical, integrated performance-based budget report aligned around the Goal 5 outcome areas:

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

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



Children and Families Budget



In 2007, two editions of the Children and Families Budget will be issued:

- An abbreviated, modified version will be issued as an addendum to the FY 2007-08 Proposed Budget and will include performance measurement data only.
- A second version will be released after final changes toward the end of 2007, which will include budgetary data.
- On a permanent basis following 2007, the Children and Families Budget production schedule will be moved to the latter part of each calendar year when final budget numbers are available.

These revisions should help the Board of Supervisors and departments use the Children and Families Budget as a tool to focus their policy and budgetary discussions more effectively around children and families' programming, as well as provide a summary of prior year's investments and results.

Capital Projects Summary



- The Proposed 2007-08 Capital Projects/Refurbishments Budget appropriates \$1.4 billion for continued development, design, and construction of 406 projects, with a total project value of \$3.6 billion, that address high priority health, public safety, recreation, library, and infrastructure needs.
- The proposed appropriation level reflects a decrease of \$123.6 million from the 2006-07 Final Adopt Budget, due to the completion of 93 projects in 2006-07.

Capital Projects Summary



- The Sustainable Design Program, approved by the Board as a component of the Energy and Environmental Policy, has been incorporated into the 2007-08 Capital Program with 20 projects to be commissioned for certification at a Silver level, or higher, under the U.S. Green Building Council's LEED Program and 33 projects that will incorporate sustainable, "green" elements with a potential for LEED certification.
- The 2007-08 Capital Program includes 17 projects that incorporate civic art, as planned under the Civic Art Policy.

Capital Projects Summary



- The appropriations are highlighted by the following projects:
 - \$429.4 million for public protection facilities such as construction of the new female barracks at the Pitchess Detention Center, refurbishment of the Sybil Brand, design activities for the refurbishment of Men's Central Jail, construction of a new Sheriff station and Probation field office in the unincorporated community of Athens, security improvements at Probation juvenile halls and camps, refurbishment and expansion of the Coroner's facility, and the construction of new fire stations in the Antelope and Santa Clarita valleys.
 - \$228.1 million for 192 land acquisition and improvement projects at County beaches and parks, including the carryover of State Proposition 12 and 40 Bond Act funds.

Capital Projects Summary



- Other key projects:
 - \$194.0 million for general government facilities, highlighted by the construction of a new animal shelter in the east Antelope Valley and a funding contribution toward the replacement of the Hall of Administration.
 - \$189.7 million for health and mental health facilities, including the final year of construction on the LAC+USC Replacement Project, construction of the Harbor/UCLA Surgery/Emergency Room and Olive View Emergency Room/Tuberculosis Isolation Unit projects, and construction of a Mental Health Urgent Care Center on the Olive View Medical Center site.

Capital Projects Summary



- \$119.1 million for construction of new or replacement libraries in the unincorporated areas of Acton/Agua Dulce, La Crescenta, Topanga Canyon, Lawndale, and East San Gabriel Valley and the refurbishment of the historic Patriotic Hall.
- \$100.0 million for high priority infrastructure improvements at the County's fire, flood control, and aviation facilities, soil and groundwater investigation and remediation activities, and watershed testing efforts.

Financing Assumptions



Major Revenue Source	Estimated Growth
Property Tax Base	6.0%
Local Sales Tax	3.5%
Public Safety Augmentation	3.5%
State Realignment - VLF	3.3%

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

State Budget Impact



- Overall impact of Governor's Proposed Budget is substantially less than in prior years due in part to the passage of Proposition 1A.
- Proposition 1A prevents the State from reallocating local property taxes to meet their obligation to fund schools.

Governor's Proposed Budget Potential Impacts



Potential State budget reductions not addressed in the Proposed Budget (with the exception of Health Care Workforce Development) include:

Negative Impact: \$44.0 million

- Integrated Services for Homeless Adults with Serious Mental Illness Program – \$17.0 million
- Substance Abuse Crime Prevention Act Program - \$7.0 million
- February 2008 Presidential Primary Election (Unfunded Costs) - \$20.0 million

Positive Impact: \$20.3 million

- Health Care Workforce Development - \$5.7 million
- Adult Probation Program - \$14.6 million

Total Estimated Impact: (\$23.7 million)

- Does not include the impact of Governor's Health Care and Corrections Reform proposals.

Potential Federal Budget Impact



- The President's FY 2008 Budget proposes major reductions to health, community development, justice, homeland security and social programs. We are actively working to ensure that Congress does not enact legislation to eliminate County priority programs, such as State Criminal Alien Assistance Program, the Community Services Block Grants, or to make deep cuts in other priority programs, such as the Community Development Block Grant and the Medicare and Medicaid Programs.

County of Los Angeles 2007-08 Proposed Budget



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Effective and Caring Service”*