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## **Economy & Efficiency Commission Meeting Minutes**

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### **MINUTES OF THE ECONOMY AND EFFICIENCY COMMISSION**

WEDNESDAY, JUNE 3, 1992  
KENNETH HAHN HALL OF ADMINISTRATION  
500 West Temple St., Los Angeles, CA 90012

*Editorial Note: Agenda sections may be taken out of order at the discretion of the chair. Any reordering of sections is reflected in the presentation of these minutes.*

#### **I. CALL TO ORDER**

Chairperson Gunther Buerk opened the meeting at 9:30 a.m..

#### **IV. INTRODUCTIONS AND ANNOUNCEMENTS**

It was noted that due to the existing caterers being replaced next week, there was no catering services for this meeting.

Mr. Staniforth noted that the Commission office is in the process of being remodeled. New paint, carpet, computer systems, and some new furniture will be added to the office. If any Commissioner has any ideas, please let staff know.

It was also noted that there is now a xerox machine and facsimile machine in the office. The facsimile number is 213-620-1437. This number is also listed on the telephone directory sheet in each Commissioner packet. Please inform the office of any changes to your office\home telephone numbers, address, or area code changes.

#### **II. ATTENDANCE**

##### **COMMISSIONERS PRESENT:**

Richards Barger  
Gunther W Buerk  
Marshal Chuang  
Jack Drown  
Louise Frankel  
Dr. Mike Gomez  
Jonathan Fuhrman  
Dr. Alfred Freitag  
Robert H. Philiposian  
Randy Stockwell

Betty Trotter  
Efrem Zimbalist, III

**COMMISSIONERS EXCUSED:**

Fred Balderrama  
George Bodle  
Marvin Hoffenberg  
Chun Lee  
Abraham Lurie  
Carole Ojeda-Kimbrough  
Daniel Shapiro

**GUESTS**

Ms. Lea Ann Mitchum, Division Chief, Finance Division (CAO) Mr. Bob Kuziara, Assistant Division Chief, Health Division (CAO)

**STAFF**

Mr. Bruce Staniforth, Executive Director Ms. Robin Kincaid, Executive Assistant

**VISITORS**

Dr. William C. Waddell, Productivity Commission

The absences of Commissioners Balderrama, Bodle, Hoffenberg, Lee, Lurie, Ojeda-Kimbrough, and Shapiro, were excused by vote of the Commissioners present.

**III. APPROVAL OF MINUTES**

Correction to the minutes of the May 6, 1992 full Commission meeting is as follows: Page 5, paragraph 4, should read "...for some of the people," etc. Minutes were approved with the aforementioned correction.

**V. OLD BUSINESS**

**CIVIL DISTURBANCE TASK FORCE UPDATE**

In Commissioner Lee's absence, Mr. Staniforth gave an update on the task force activities. He stated that on May 27, 1992 a letter was sent to the Board of Supervisors with recommendations that state, in part:

the board support the establishment of a broadly based organization to identify the causes for community unrest within Los Angeles County;

the board direct county departments to identify within two months of this action those areas within their operational scope and responsibility that could be improved, to address the concerns of fairness and efficiency of services provided;

the Economy & Efficiency Commission and all other commissions and organizations, be directed by the board to consider in future recommendations any potential impacts on the problems identified as a result of the unrest; and,

that the Economy & Efficiency Commission undertake a review of areas within its mandate relative to the problems that have been raised and make recommendations on the potential for positively impacting the community.

The letter to the board has been filed with the Executive Office who noted the response accordingly with the Supervisor's Offices.

**PENSION STUDY TASK FORCE UPDATE**

Commissioner Freitag, chair of the Pension Study Task Force, stated that task force met last week to determine which independent counsel to use to define the term "compensation". After considering a number of candidates, Mr. Frank H. Smith, Jr. was chosen. Mr. Smith is a partner with the firm of Morgan, Lewis & Bockius. He has substantial

experience in the area of employee benefits, including the implementation and administration of pension, executive compensation and deferred compensation. He has also served as President of the L.A. Chapter of the Western Pension and Benefit Conference, and as Chairman of the L.A. County Bar Employee Benefits Committee.

Mr. Smith does not have a problem with the hours or time frame for the study. He would be able to begin the study almost immediately. Mr. Smith's rate is \$285 per hour. The task force recommended hiring Mr. Smith on a sole source contract with the dollar amount for the study limited not to exceed \$30,000.

Commissioner Freitag motioned the above, amended to reflect the Board of Supervisors acting as contract agent (the E & E Commission is not authorized to sign contracts), and the commission as the monitoring agent. Commissioner Barger seconded the motion, which was unanimously carried by the Commissioners present.

#### **PUBLIC ACCESS STUDY UPDATE**

Commissioner Trotter noted that a draft copy of the report was included in each commissioner's packet. Copies have also been sent to appropriate personnel in the Executive Office, and to the public relations officer for the county. The report addresses the current structure of the board meetings, the problems and the recommendations.

Chairperson Buerk felt that the Executive Office should consider taking on more responsibility for maintaining the decorum and the process of the proceedings.

Commissioner Trotter noted that she will not be at the July commission meeting, and would appreciate the commissioners providing her comments by the following Monday so that a final draft report can be prepared.

Chairperson Buerk requested that each commissioner read and respond to Commissioner Trotter as soon as possible, so that she may incorporate suitable comments.

#### **PRODUCTIVITY COMMISSION UPDATE**

Mr. Waddell noted that his Commission is also concerned with its role in wake of the last month's unrest. This will be a topic of discussion at the next Productivity meeting. The last meeting was held at Public Works Headquarters. It was noted that PW is on the 4/40 work (10 hours a day, four days a week), being closed on Fridays. The commission is also gearing up to work on the pension study in conjunction with the E & E Commission.

#### **LIABILITY & RISK MANAGEMENT UPDATE**

There has yet to be a meeting of the task force. Commissioners, Barger, Gomez, Ojeda-Kimbrough, and Philibosian and Commissioner Lee, who serves as chair, are members of the task force. Chairperson Buerk instructed staff to arrange a meeting of the task force as soon as possible to begin work on this study.

#### **DHS MANAGEMENT AUDIT UPDATE**

Commissioner Zimbalist, chair of the task force stated that the task force members, Commissioners Barger, Drown, Fuhrman, and Gomez, has not had a full meeting yet. Commissioner Zimbalist and Mr. Staniforth has met with a representative from the CAO and the Auditor-Controller staff regarding a contract for the study. It was decided that a brief project outline would be written (copies are included in each commissioner packet) to identify the organizational scope of the audit.

Commissioner Zimbalist noted that it is unclear what the scope of the project will include (i.e., the entire DHS and its programs, or a limited area within DHS). The Auditor- Controller will informally survey 3 or 4 contractors to give their opinion of what will be included in the project, and the cost. Commissioner Zimbalist believes that the cost of doing the management audit could run as high as half a million to a million dollars.

The Auditor-Controller will have the results of their survey in a few weeks. Once those results are in, a full task force meeting will be called to discuss next steps.

It was also noted that out of the upcoming budget, DHS will suffer an \$11 million dollar cut from the administrative budget. DHS' current budget is over \$2 billion dollars, including a staff of over 26,000 people.

Dr. Waddell noted that some DHS departments have won several productivity awards for various kinds of things, and the task force may want to look at productivity records.

Commissioner Philibosian suggested that the executive director begin keeping a continuous budget projection for the next fiscal year, as the commission will be spending thousands of dollars for each task force study.

Chairperson Buerk noted that each specific project will have to stand alone. He noted that the commission should go back to the board to be sure that what the board requested is really what they want to do and if they want to spend vast amounts of money. He doesn't believe that the commission will be spending its money for the studies, but that the funding would come from the board.

Chairperson Buerk suggested the commissioners present should authorize the Executive Committee to keep a running tab, and budget projections, and to keep the full commission and supervisors abreast of its progress.

## **VI. PRESENTATION**

Ms. Lea Ann Mitchum, Division Chief, Finance Division CAO's Office  
Mr. Bob Kuziara, Assistant Division Chief, Health Division, CAO's Office

Subject: The impact of the year's proposed budget on County Operations

Before Ms. Mitchum started her presentation, packets were handed out to the Commissioners present. Ms. Mitchum has been with the county for 26 years. The finance division is responsible for pulling together information and printing the budget. In addition, to estimating all discretionary revenue (\$3 billion dollars). The Finance Division also monitors the budget on an on-going basis to ensure that the county comes out all right.

There is a finance division staff of 15 people. There are also approximately 70 people who work in different branches of the CAO's office, who have individual budget units, that provide information to the finance division.

The proposed budget for 1992-93 is \$13.4 billion dollars. This represents an increase of \$286.1 million over the 1991-92 adjusted allowance. It should be noted that the proposed budget is subject to public hearings and to adoption by the Board of Supervisors.

The general county budget is \$11,350 billion dollars. This represents an increase of \$209.5 million dollars. The five areas that represent this increase are health services (up \$62 million dollars), Mental health (up \$50 million in appropriations), public social services (up \$46 million due to an increase in welfare assistance), children's services (up \$38 million dollars), and sheriff (up \$26 million dollars).

The total county requirements for the proposed budget of \$13.4 billion dollars breakdowns as health receiving 34%, social services-25%; justice-18%; special districts funds-15%; and other (e.g., recreational & cultural) -8%. Total county resources breakdowns to state assistance- 34%; other (e.g., fees for services) -29%; federal assistance-19%; and property taxes-18%.

Approximately 76% (\$10 billion dollars) of the revenue is earmarked for mandated and/or special purposes such as welfare grants, health and mental health, and other specific purposes. Discretionary revenue makes up the remaining 24% (\$3 billion dollars). However, 14 percent of that must be utilized to match federal and state allocations for mandated programs, such as welfare grants.

As a result, only 10% is actually considered discretionary. More than half (7%) of these revenues support law enforcement, criminal prosecution, and fire protection. Resulting in 3% of all county revenues for providing recreational/cultural, community planning, general government, and upgrading/maintenance of the county's network of services and facilities.

Ms. Mitchum noted that the budget is not final until the board approves it. Before the board makes a final decision public budget hearings are held. This year there will be approximately 13 community input meetings held in various communities and locations. Some will also be held in the evenings and on weekends. These meetings will give the public a chance to offer their input and address their concerns about county government.

Attending these meeting from the county will be department heads or their representatives, and representatives from the CAO's and supervisor's offices. Supervisor Molina has indicated that she will attend meetings in her district and may attend other meetings as well.

Commissioner Stockwell inquired if there is any mechanism (e.g., state laws) whereby the county would receive resources to provide health and public assistance services as the demand and population increases. Ms. Mitchum stated no way. The county is the provider of last resort. The county gets significant revenues from the State and Federal for Medi-Cal services. However, the county also contributes \$500 million dollars for health care.

Chairperson Buerk inquired about the county's dual role as a county and as the municipal government for the unincorporated areas, and if there is a separate budget for the municipal government role. Ms. Mitchum stated that there is no separate budget. She noted that it is extremely difficult to access what the serves are in the municipal areas, as someone may be serviced in a corporate area, but may actually reside in an unincorporated area.

Commissioner Frankel inquired if California's welfare payments are larger than in most states. Ms. Mitchum stated yes that is true.

Chairperson Buerk inquired if the new rental charge to departments has been instituted in the budget. Ms. Mitchum stated that it has been added to the current and the proposed budget. She noted as a result of the board action, \$56 million dollars was distributed in a budget adjustment for this fiscal year. Departments to be held directly accountable for their rental space. The current market-based rental fee for departments in county-owned space is current being worked on.

Commissioner Fuhrman inquired if there is a breakdown of the amount allocated to departments for training, travel, professional development, etc, and the amount budgeted for employee raises. Ms. Mitchum stated that there is no specific breakdown, but there is a section in the summary schedule listing travel & training. She noted that the amount is not substantial. On the subject of employee raises, Ms. Mitchum stated that each department is required to absorb employee increases, both salary and benefits.

Chairperson Buerk thanked Ms. Mitchum for taking the time to address the Commission.

Before Mr. Kuziara started his presentation, a copy of the Department of Health Services proposed budget was handed out.

The proposed 1992-93 budget is approximately \$4.1 billion dollars. There is an \$11.00 dollar curtailment for the administration of the department.

In order for the CAO's health division to come up with a proposed budget for DHS, they request from department managers a list outlining what is necessary for the fiscal year. Their request is then discussed internally, and decides what will be acceptable and what isn't. The request is then sent to the CAO's health division. Once the health division receives the request, they work with the internal personnel at DHS going through the entire request. Through discussions and negotiations the two sides come to an agreed upon expenditure level.

The proposed budget is not based on the demand for services, if budgeting was done by demand it would be huge. The demand is much higher than the county can fund. When a serious problem arises that needs to be addressed, the effort is made to try to find resources to correct the problem.

Commissioner Drown noting that with the lack of funds, how did the current proposed budget get stretch. Mr. Kuziara stated that the budget arises from the existing base, and adjusted by those kinds of needs that are obvious and where funding is available to meet those needs. Functions that no longer need to be done by the department are discontinued, freeing up additional funds for more vital needs.

Commissioner Gomez inquired if the Health and Safety Code (1442.5-Subsection C), which mandates DHS to provide the same access and quality of care for indigent as those who pay for health care, applies to illegal and legal persons as well. Mr. Kuziara stated that the DHS doesn't ask immigration status in emergency situations. However, for the process of collecting payment for services, then the status would come into question to see if the person is working and can afford to pay for some of the services provided.

Commissioner Trotter inquired as to close Medi-Cal comes to covering expenses. Mr. Kuziara stated that Medi-Cal has two components for the county. One is the direct cost for patient care. The other is the disproportionate shares which is a tag on for those people who don't qualify for Medi-Cal and can't pay. If someone is qualified for Medi-Cal DHS does well with that person. The disproportionate share covers those who don't qualify. Its not enough money to meet the demand, but it helps.

Commissioner Zimbalist inquired about the qualifications for Medi-Cal. Mr. Kuziara stated that a person would have to fall under certain criteria, such as lack of parents, and lack of employment.

Commissioner Gomez inquired if Medi-Cal encourages preventative medicine. Mr. Kuziara stated that Medi-Cal does not encourage preventative medicine. DHS has a plan to move to managed care over the next three years. There are basically two components to managed care: Gate- keeper physician that would not allow someone into the system unless he approves it for specialized services, and capitation, which is like an HMO plan, where there is a monthly rate and a physician would take care of his patient at that monthly rate. However, the pitfalls would be in the financial area, as Medi-Cal pays more for a patient in a bed, and pays very little for preventive medicine.

Mr. Kuziara noted that California's medical assistance expenditures per capita is less than other major states. California's medical assistance expenditures per those eligible is also less than other comparison states.

Commissioner Drown inquired if there are any jurisdiction problems with cities or private hospitals. Mr. Kuziara noted that two cities, Long Beach and Pasadena have health care facilities on their own. Some private hospitals are contracted with the county to take an overflow of county patients. They also provide trauma services.

Commissioner Stockwell inquired who makes the decision of how much health care is provided in Los Angeles County with variable demand. Mr. Kuziara noted that ultimately the Board of Supervisors makes the decision. There is a state law mandating counties provide health care, but it doesn't specify the level of health care.

Commissioner Frankel inquired if women who are pregnant, and are not residents or legal citizens, are provided with health services. Mr. Kuziara stated that they would be given care and Medi-Cal would pay the cost. He also noted that it would be cost effective to provide services as early as possible, due to the fact that if services aren't provided and complications arise, it would cost the county more money in the long run.

Chairperson Buerk thanked Mr. Kuziara for taking the time to address the Commission.

## **VII. NEW BUSINESS**

### **BUDGET**

Chairperson Buerk noted that a running forecast of the Economy & Efficiency Commission's budget will be done by Mr. Staniforth, and will be sent to each supervisor.

### **BALLOT INITIATIVE**

Commissioner Zimbalist stated that a possible ballot initiative, which would amend the County Charter by creating an elective office of County Executive. The proposition is scheduled to go on the ballot in November, 1992. Commissioner Zimbalist also noted that this subject was addressed previously by the commission in 1990, when a task force was organized to examine executive structure in Los Angeles County. At that time the commission recommended a County Executive.

The board voted 3 to 2 in favor of placing the proposition on the November, 1992 ballot. A "yes" vote on this proposition would separate the legislative and executive powers under the Board of Supervisors. Commissioner Zimbatist believes taking a stand on this issue would give the commission the chance to voice its opinion, and become more active in affairs of the county. The commission needs to decide if it wants to take a "support" or "against" stance on this proposition, if the commission decides to support the proposition, a strong majority (two-thirds) of the commissioners would have to concur.

Copies of the commission's 1990 report, the ballot initiative analysis, and other relevant materials will be sent to each commissioner for their review, the matter can be discussed at the July meeting.

Chairperson Buerk stated that the issue will be placed on the commission's July agenda, and that copies of the section pertaining to the commission's endorsement practices will also be available at the July meeting.

Mr. Staniforth noted the packets that each commissioner has received which contains all information relevant to today's meeting. He inquired if the commissioners preferred this type of packaging. The consensus was that for letter size file folders, with the exception of Commissioner Stockwell who prefers the legal size file folders.

## **VIII. COMMENTS AND SUGGESTIONS FROM VISITORS**

## **IX. ADJOURNMENT**

The meeting was adjourned by vote of the Commissioners present.

Respectfully Submitted,



Bruce J. Staniforth  
Executive Director

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