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Economy & Efficiency Commission Presentation

**PRESENTATION OF
David Janssen,
Chief Administrative Officer
September 10, 1997**

Topic: Budget and Follow-up on the Commission Report

Chairman Abel introduced David Janssen, Los Angeles County's CAO, and welcomed him back to the Commission for his second visit.

Mr. Janssen stated that, in relation to real asset management, the County is driven by departments who feel their buildings, properties, etc., are their property. Mr. Janssen views these assets as the property of the Board of Supervisors. It is because of this dramatic difference and change in thinking, that process has been slow. Individual departments have no need or desire to look at the big picture. The change in policy on capital projects has been to add more central control. He commented that there has been good participation from the departments.

Mr. Janssen stated that at his last visit to the Commission he discussed the precariousness of the budget. Although, the County is still in a delicate situation, many of the concerns he spoke of in the spring have been resolved.

Welfare Reform is done. The Federal government did reinstate benefits for legal immigrants. Camp money has been resolved. Health Department is in fair shape for now, but still needs to be restructured. Their fund balance came in higher than anticipated, additional revenue is expected from the Federal government for two years. The State came through with additional DISH money. The calendar year ended with an additional \$7.5 million fund balance.

The following budget difficulties exist:

- District Attorney
- Jail/Mental Health
- LACERA
- Salary increases - Currently the Board is negotiating with employee groups and is in a position to offer some increases.

The financial situation for the year was promising until the Governor paid a \$1.3 billion debt to PERS, and the ERAF money the County had hoped to receive, did not happen. The projection for next year is positive.

Chairman Abel asked Mr. Janssen to comment on the Governmental Structure Task Force (GSTF). Mr. Janssen stated that the relationship between the State and the County is dysfunctional. This problem started with Proposition 13 and has continued with State mandates and Maintenance of Efforts that tie the Board's

hands in spending matters. Accountability and responsibility are confused. Demands are consistently made when there are no revenues to pay for them. The California Constitution Revision Commission (CCRC) made an effort to change the current situation, but due to the economy improving, nothing happened. This is the grass-roots effort that the EEC picked up. The State has forced local governments to get revenue in non-traditional ways. In order for things to improve, people must keep working towards change. This biggest problem is the solution is not clear.

Vice-Chair Farrar asked if the attitudes in the Assembly had changed to become more sensitive to county governments due to term limits. Mr. Janssen said yes, there is strong support in the legislature for returning property tax revenues to local government. There is a good understanding of the problems and issues faced by local government. A problem the legislature has had this year is lack of experience in doing a budget.

Commissioner Philibosian asked if the \$7 million fund balance that the County has will be placed in a reserve fund to use in the event of a crisis or for salary increases. Mr. Janssen said it would not be put in a reserve fund because of pressing issues that still need to be resolved, and he was unable to comment on its use for salary increases.

Commissioner Frankel asked about the status of many temporary employees who have worked for the County for years with out benefits. Mr. Janssen said that turning many temporary positions into permanent positions was included in the budget.

Commissioner Sylva asked if Mr. Janssen had an opportunity to review the EEC's Unincorporated Areas report. Mr. Janssen replied that his executive staff had a discussion about the report and the issues it covers and he needs to see if it is a priority for the Board.

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