



David E. Janssen

Chief Administrative Officer, County of Los Angeles



(David E. Janssen, chief administrative officer for the past 10 years, will retire Jan. 16, 2007 after more than 34 years in government service. He leaves after accomplishing the two primary goals the Board of Supervisors gave him when they hired him in 1996: Restore the County's fiscal credibility and build collaboration within the organization.)

The County was in financial crisis when I became chief administrator officer in 1996. The State of California was taking \$1 billion annually in County property taxes to meet its own obligations. There was a \$90 million budget deficit due to overestimated fund balance. The Health Services Department had a \$123 million gap in finances. The Sheriff's Department didn't have enough money to open its new jail and had closed some of its stations. Libraries were closed and hours curtailed in those that remained open. Parks programs were reduced, swimming pools closed, and some parks were offered for free to cities and the State. Employees hadn't received a raise in five years. The County's bond rating had deteriorated.

To keep from making even harsher cuts, previous administrations mortgaged Marina del Rey, sold \$2.5 billion in pension bonds, froze hiring and salaries, laid off employees, and gave early retirements. Maintenance of the infrastructure and technology were neglected. Capital projects were put on the backburner. One CAO had even advocated closing LAC+USC Medical Center.

To get through the crisis, I proposed the first of many budgets that held the line on expenditures, requiring departments to absorb operational cost increases. It was not easy for them to do so, but it was necessary. This created reserves, which could then be used on one-time projects. This approach allowed improvements in the infrastructure, in technology, and new capital projects. Disney Concert Hall became a reality. Only several years earlier proposed for closure, LAC+USC Medical Center received the go-ahead to be rebuilt under a \$854.8 million plan that is the largest capital project in County history. The bond ratings were restored.

We also devised a plan to stop relying on the surplus pension earnings to pay our bills and to pay off the money borrowed against Marina del Rey. Each year the County added an additional \$30-50 million of general funds in the budget to wean its dependence on the pension revenues, and beginning in the 2007-08 fiscal year, we will rely no more on those funds. In June 2005 Marina del Rey became free of its debt.

The passage of Proposition 1A in November 2004 brought positive change for the County. The State could no longer raid the County property tax coffers, giving the County a stable source of funding and allowing it to begin restoring services. In 2006 the Board of Supervisors was able to give 15.5 percent raises to employees over three years, commit \$100 million to combat homelessness, and increase funding to public safety.

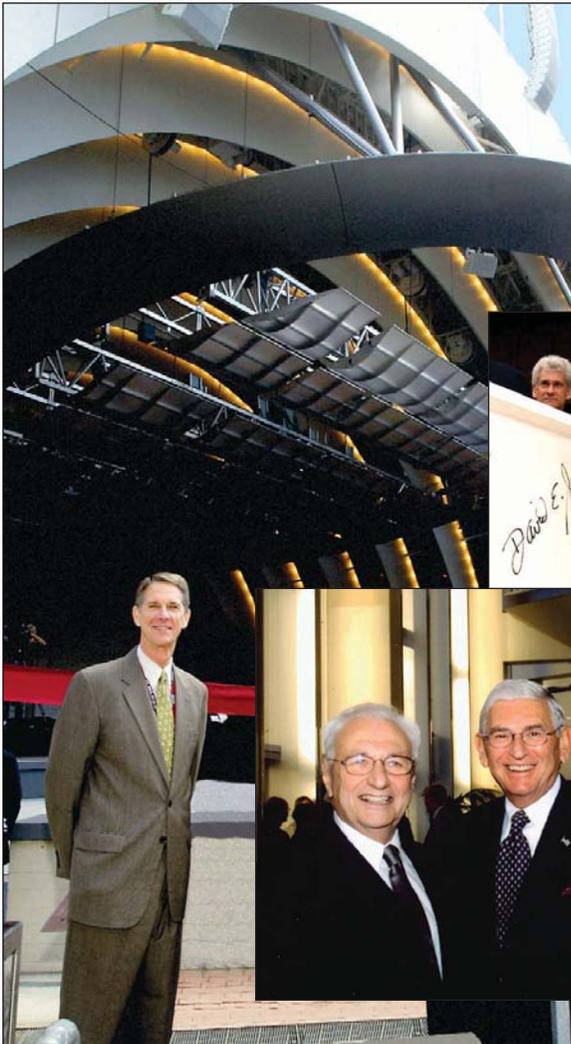
Things have not been easy the past 10 years. The financial crisis caused jails to close and early release of prisoners. The freeze on employee salaries led to a large employee strike in 2000. The Health Services Department struggled, and continues to struggle, to get adequate revenue. King-Drew Medical Center lost its battle to keep its accreditation. The Probation Department came under federal review for lapses in its treatment of its juvenile wards. MacLaren Children's Center was closed after the County was sued over the treatment of the foster children housed there. Welfare recipients lost their checks with the national restructuring of the program. There was instability in the leadership of departments, with high turnover in the troubled departments – there were three health

directors during my tenure, three directors of children and family services, four chief probation officers, and three directors of the Public Social Services Department -- as well as an above normal loss of department heads due to retirements.

A look at the headlines from the budget press releases for the past 10 years illustrate the rollercoaster ride that the County has been on:

- 1997: County Budget Balanced – But Precarious
- 1998: County Budget – No Deficit to Close
- 1999: County Budget – Second Year of Stabilization
- 2000: County Budget – Third Year of Fiscal Recovery
- 2001: County Budget Stable, But Under Pressure From Soaring Utilities
- 2002: County Feeling Sting of Recession
- 2003: County Budget: Mounting Cuts in Service
- 2004: County Budget: Third Year of Service Cuts
- 2005: County Budget: Restoration Begins
- 2006: County Budget: Restoration Continues

Strong leadership by the Board of Supervisors got us through each crisis and the financial situation is 180 degrees better than what it was 10 years ago. It is a little early to project the headline for 2007, but it should be a very positive one. Perhaps: County Budget: Strong and Healthy.



Highlights

Beam signing—new LAC+USC Medical Center.

Dedication of Disney Concert Hall.

Dedication of new Hollywood Bowl shell.

