



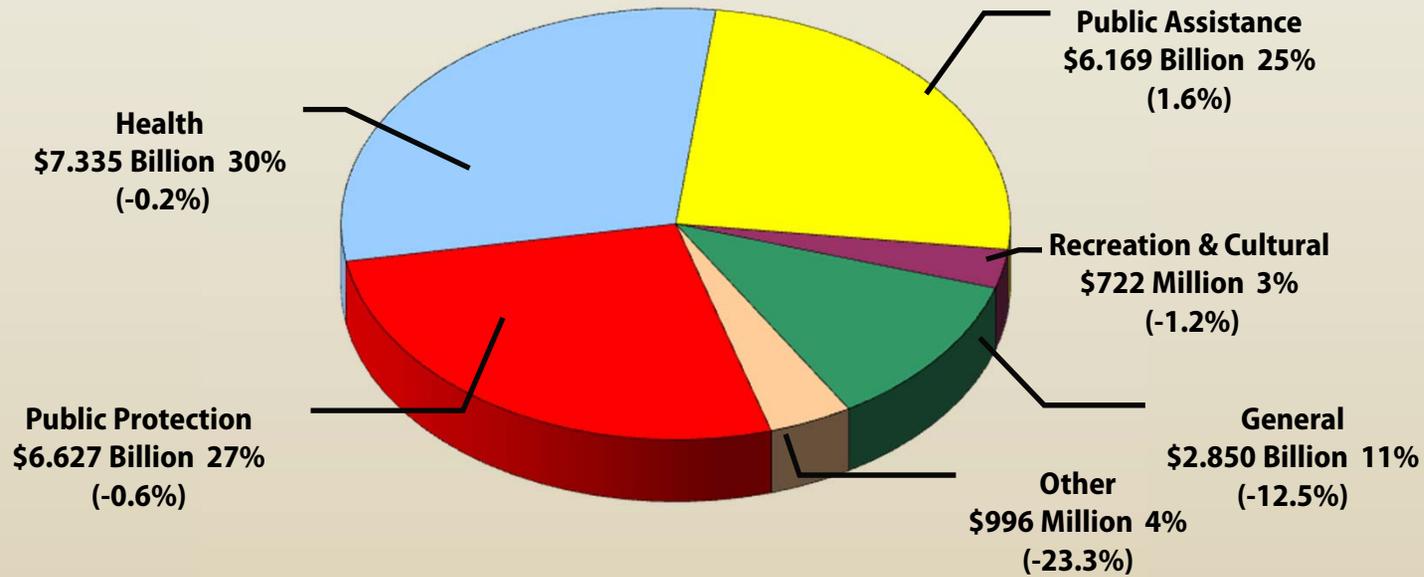
County of Los Angeles



Recommended Budget 2013-14

Submitted to the Board of Supervisors by
William T Fujioka, Chief Executive Officer
and
Wendy L. Watanabe, Auditor-Controller

2013-14 Recommended Budget \$24.699 Billion



Fund (in Billions)	FY 2012-13 Adopted Budget	FY 2013-14 Recommended Budget	Change From Prior Year	% Change From Prior Year
Total General County	\$19.343	\$19.217	(\$0.126)	-0.7%
Special Funds/Districts	6.035	5.482	(0.553)	-9.2%
Total Budget	\$25.378	\$24.699 *	(\$0.679)	-2.7%
Budgeted Positions	103,054	103,148	94	0.1%

*** Does not include all year-end fund balances.**

Figures in parentheses on the pie chart denote percentage change from previous year.

Focus of the 2013-14 Recommended Budget

- ✓ Stabilizing the Budget**
- ✓ Maintaining Reserves**
- ✓ Addressing Structural Deficits in Departments**
- ✓ Providing Strong Foundations as We Move Forward**

Primary Drivers of Budget Changes

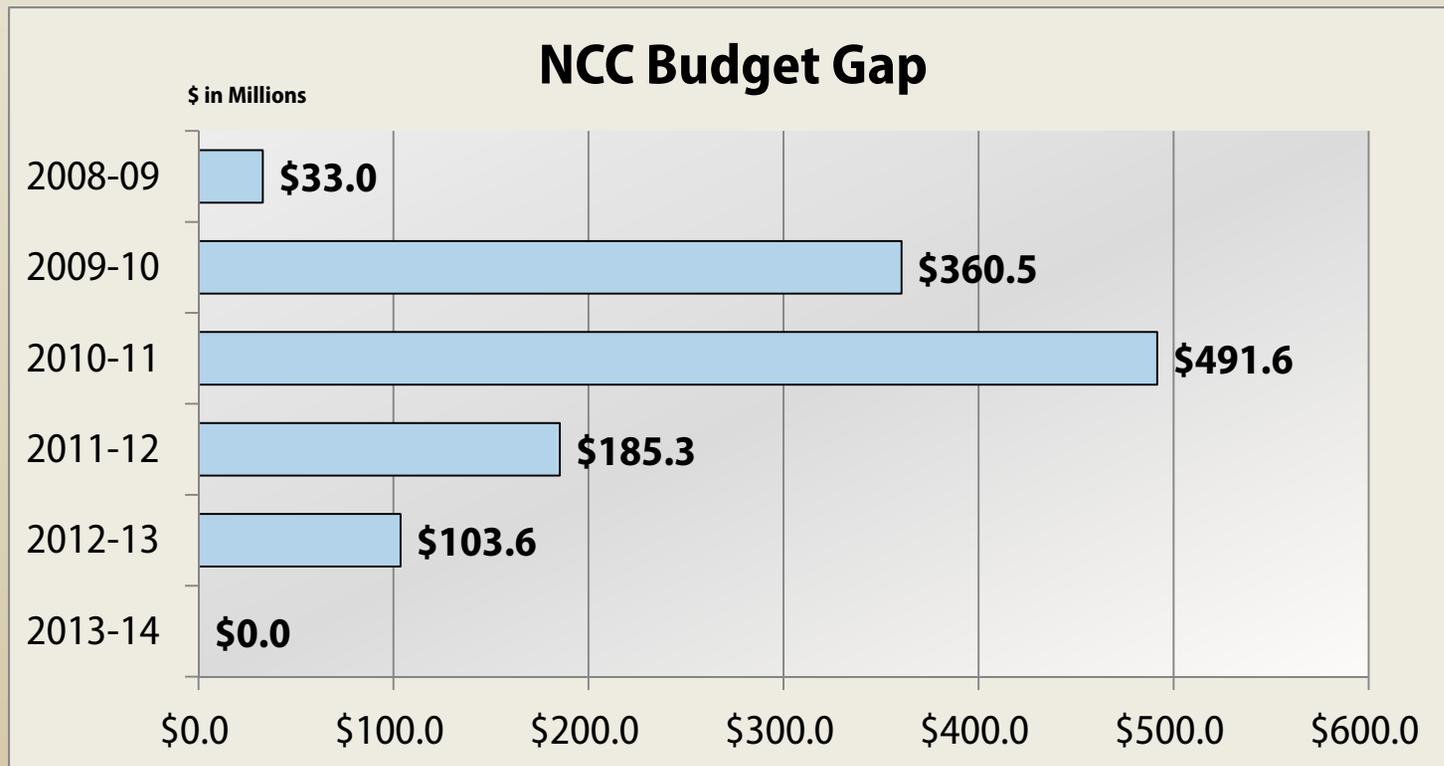
No NCC* Budget Gap

- ✓ Solved 2012-13 One-Time Budget Gap – (\$103.6) million
- ✓ Unavoidable Cost Increases – (\$92.4) million
- ✓ Program Changes – (\$56.5) million
- ✓ Revenue Increases – \$218.1 million
- ✓ Use of Ongoing Funding for One-Time Needs in 2012-13 – \$34.4 million

*Net County Cost (NCC) is the portion of the County budget that is financed with locally generated revenues.

NCC Budget Gap History

The County has made substantial progress in reducing our Budget Gap during this challenging economic period

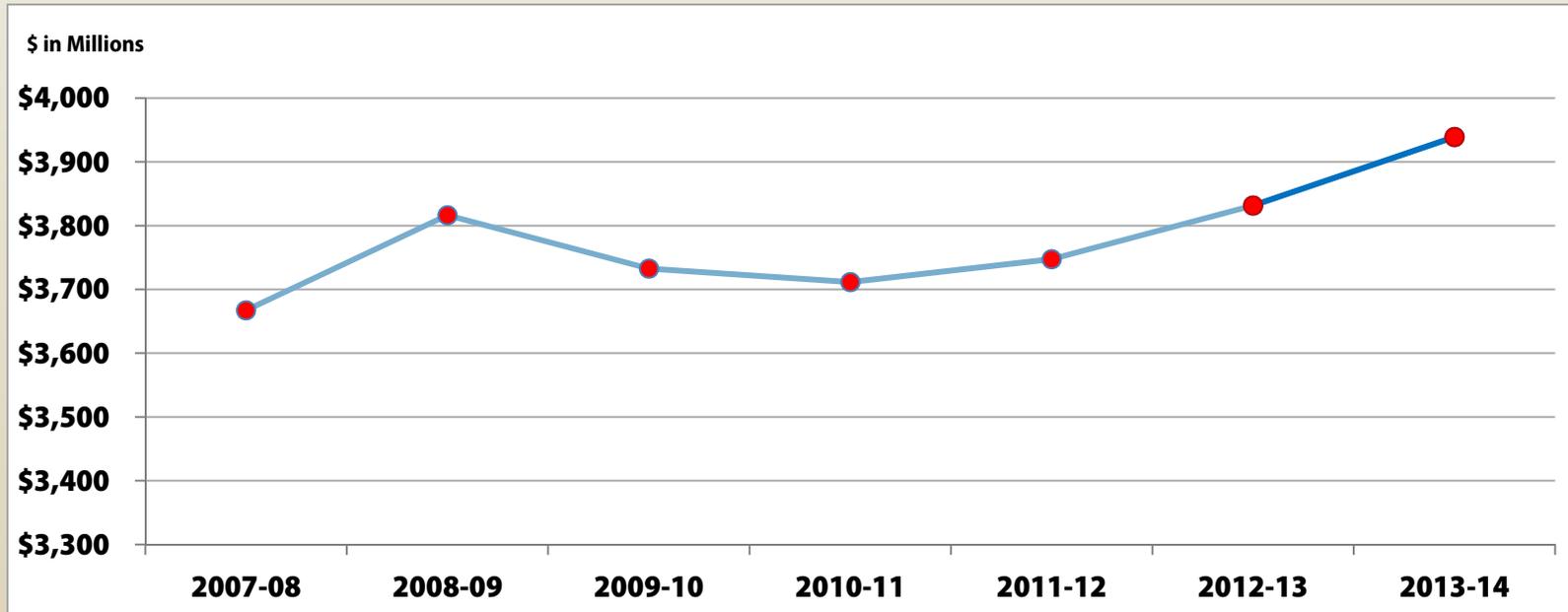


2013-14 Recommended Budget

Over the last five years through the leadership of the Board of Supervisors, department heads and managers, along with the hard work of our employees and our partnership with County labor unions, we have achieved:

- ✓ No Major Service Reductions (*Maintained All Critical Services*)
- ✓ No Layoffs
- ✓ No Furloughs
- ✓ County Employees Accepted \$0 Cost of Living Adjustments
- ✓ Preserved the County's Primary Reserves

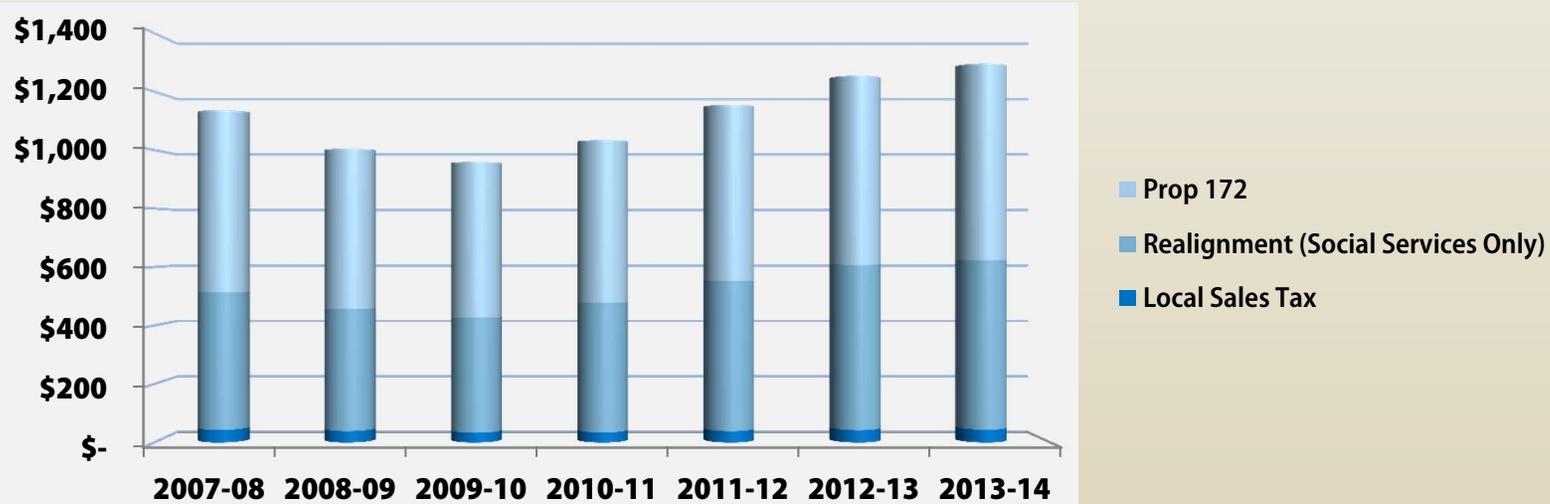
Property Taxes Projection



	Actual 2007-08	Actual 2008-09	Actual 2009-10	Actual 2010-11	Actual 2011-12	Estimate 2012-13	Recommended Budget 2013-14
Property Taxes	\$ 3,667.1	\$ 3,816.3	\$ 3,732.5	\$ 3,711.4	\$ 3,747.5	\$ 3,828.7	\$ 3,939.1
Change from previous year		\$ 149.2	\$ (83.8)	\$ (21.1)	\$ 36.1	\$ 81.2	\$ 110.4
% Change from previous year		4.07%	-2.20%	-0.57%	0.97%	2.17%	2.88%

Sales Tax Projection

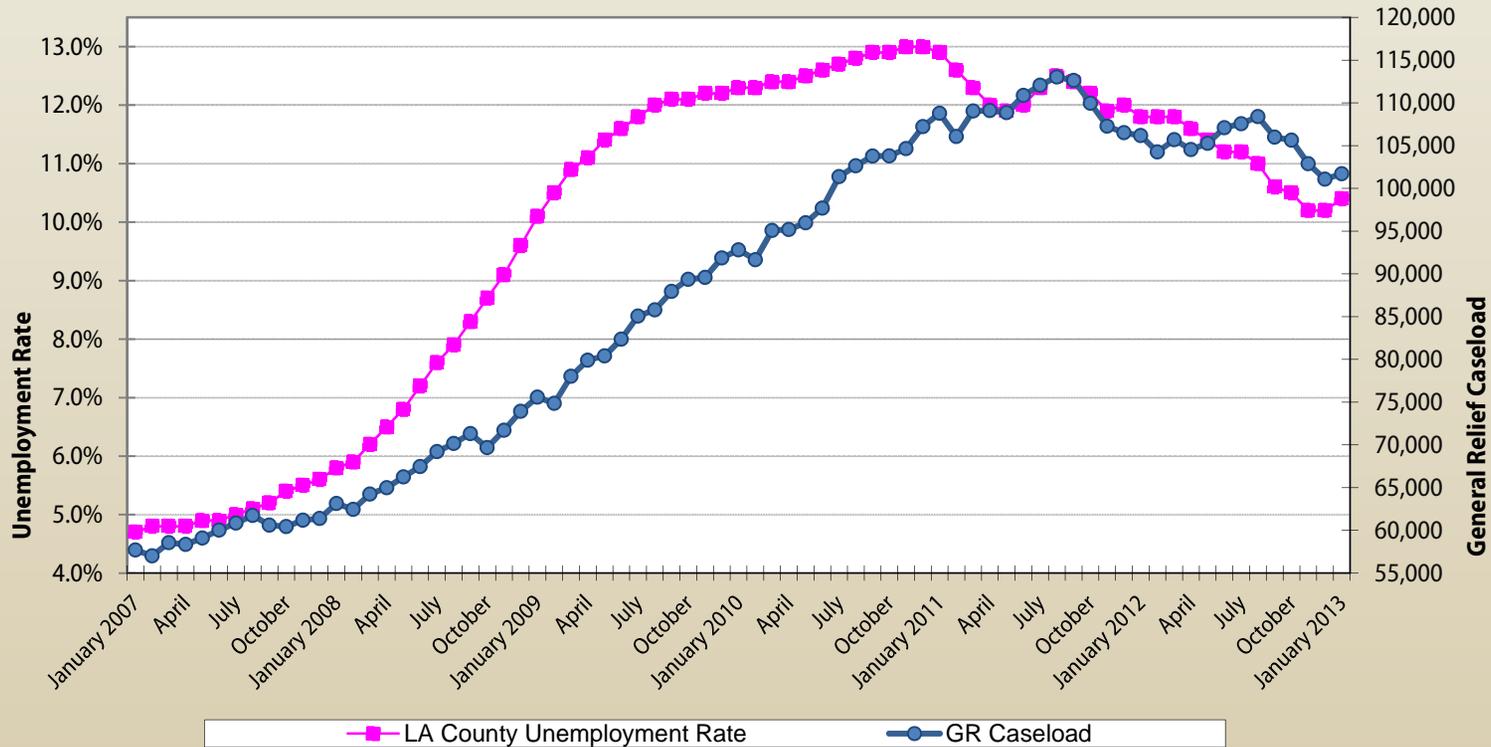
\$ in Millions



Sales Tax	Actual	Actual	Actual	Actual	Actual	Estimate	Recommended
	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	Budget 2013-14
Local Sales Tax	\$ 43.0	\$ 38.9	\$ 33.3	\$ 34.2	\$ 38.8	\$ 42.0	\$ 43.7
Realignment Sales Tax (Social Services Only) *	469.9	417.5	392.9	442.9	512.4	555.3	578.8
Prop 172 Sales Tax	620.5	548.7	531.7	554.1	607.0	646.9	672.8
Total	\$ 1,133.4	\$ 1,005.1	\$ 957.9	\$ 1,031.2	\$ 1,158.2	\$ 1,244.2	\$ 1,295.3
Change from previous year		\$ (128.3)	\$ (47.2)	\$ 73.3	\$ 127.0	\$ 86.0	\$ 51.1
% Change from previous year		-11.3%	-4.7%	7.7%	12.3%	7.4%	4.1%

* All growth goes to Social Services first until caseload needs are satisfied.

COMPARISON: Los Angeles County Unemployment Rate and General Relief (GR) Caseload (Jan 2007 – Jan 2013)



Fiscal Year	2008-09 Actual	2009-10 Actual	2010-11 Actual	2011-12 Actual	2012-13 Estimate	2013-14 Projection	% Change from 2012-13
GR Caseload (monthly)	74,763	91,499	106,348	107,877	102,117	102,117	0%

GR Benefits = \$221/month (\$2,652/year)

Recognized Financial Stability

- ✓ **Standard & Poor's upgraded the County's long-term credit rating**
- ✓ **All three rating agencies assigned their highest short-term rating to the County for the 16th consecutive year in 2012-13**
- ✓ **The County carries a minimal debt burden**
- ✓ **County's revenue to debt service ratio is low at 0.9% for 2013-14**
- ✓ **Prop 13 provides a significant amount of stored value that will be realized on future tax rolls when parcels are sold**

State and Federal Budget Actions

State Budget

- ✓ Governor's proposed budget contains no significant impact to County-administered programs
- ✓ Public Safety Realignment allocations for 2013-14 expected in the Governor's May Revision Budget
- ✓ Pursue aggressive legislative strategy to address negative impacts to the State's implementation of the Affordable Care Act
- ✓ State budget changes not included in the Recommended Budget

Federal Budget

- ✓ Federal budget remains uncertain. Our primary concern is the impact of the Affordable Care Act

Economic Outlook

- ✓ **Economic indicators point toward moderate growth**
- ✓ **Los Angeles County unemployment down by 1.2% from January 2012, but still remains high at 10.4%**
- ✓ **County sales tax has returned to pre-recessionary levels**
- ✓ **Housing market has stabilized and is now in recovery**

Efficiency Initiatives

Since 2009, through diligent efforts and innovative reengineering of existing processes, the County has achieved annual savings of over \$250 million. The County's ability to avoid serious cutbacks and layoffs is in part due to these cost-saving efforts.

Notable projects include:

✓ **Health Services (\$114.4 million)**

- Pharmaceutical Drug Savings - \$100.3 million
- Health Services' Improved Medi-Cal Claims Process - \$8.0 million
- Increased Clinic Participation and Expanded Industry Sponsored Assistance to Reduce Indigent Client Medication Costs - \$6.1 million

✓ **Public Social Services (\$18.6 million)** - One-time General Relief to Supplemental Security Income Transition

✓ **Internal Services (\$5.5 million)** - Systematic Monitoring and Termination of Unused Phone/Data Lines

✓ **Chief Information Office (\$10.8 million)** - Enterprise Software Licensing

Efficiency Initiatives

Other Notable Projects:

✓ Energy Efficiency Projects - \$4.1 million

✓ Health Services Supply Chain Management

- Establishment of additional enterprise-wide formularies and other purchasing items
- Identify/adjust appropriate inventory levels, improve data access to eliminate hoarding and overstocking

✓ Information Technology Initiatives

- Managed print services
- Server consolidation
- Email consolidation

✓ Refinancing of Bonds

- Refinancing of bonds issued by former Redevelopment Agencies, saving \$100 million in ongoing funding over 20 years for the County, schools and local cities

Budget Calendar

Event	Date
Recommended Budget	April 16, 2013
Public Hearings	May 15, 2013
Budget Deliberations	June 24, 2013 until conclusion