



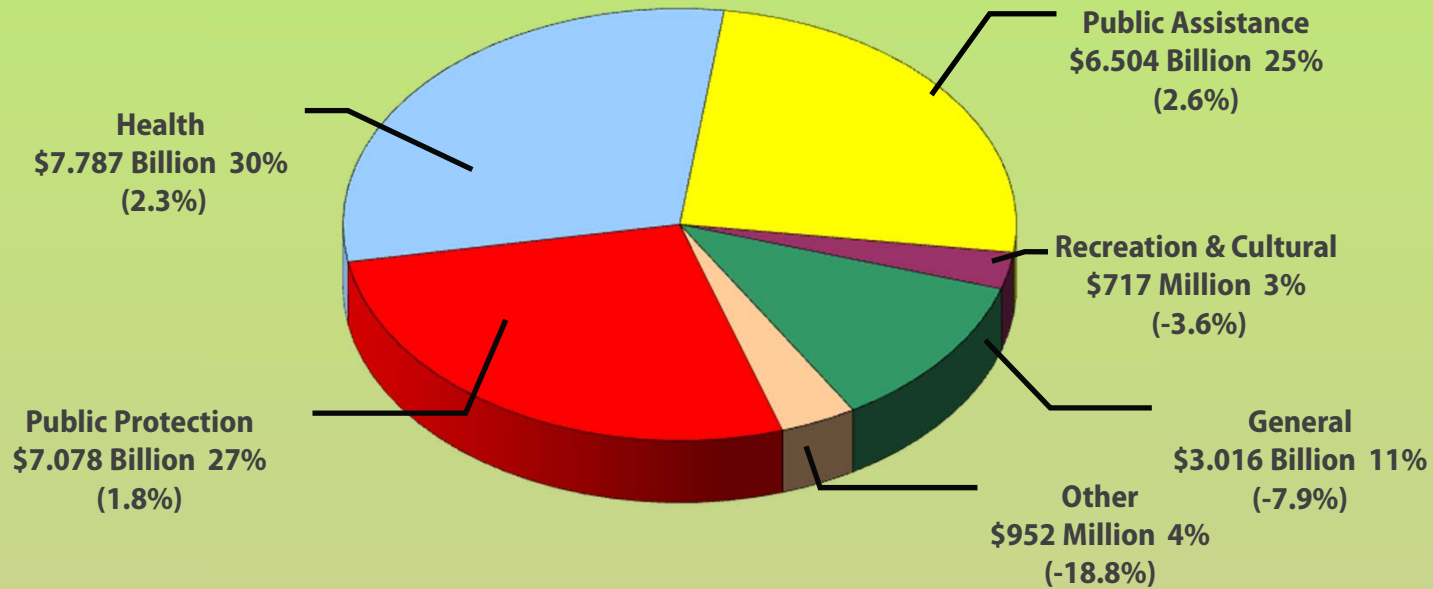
# County of Los Angeles



## Recommended Budget 2014-15

Submitted to the Board of Supervisors by  
William T Fujioka, Chief Executive Officer  
and  
John Naimo, Acting Auditor-Controller

# 2014-15 Recommended Budget \$26.054 Billion



Fund (in Billions)	FY 2013-14 Adopted Budget	FY 2014-15 Recommended Budget	Change From Prior Year	% Change From Prior Year
Total General County	\$20.009	\$20.271	\$0.262	1.3%
Special Funds/Districts	6.090	5.783	(0.307)	-5.0%
<b>Total Budget</b>	<b>\$26.099</b>	<b>\$26.054 *</b>	<b>(\$0.045)</b>	<b>-0.2%</b>
Budgeted Positions	103,678	105,023	1,345	1.3%

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

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

## **Focus of the 2014-15 Recommended Budget**

- ✓ **Stabilizing Programs and Services**
- ✓ **Maintaining Reserves**
- ✓ **Addressing Structural Deficits in Departments**
- ✓ **Providing a Strong Foundation as We Move Forward**

## Primary Drivers of Budget Changes

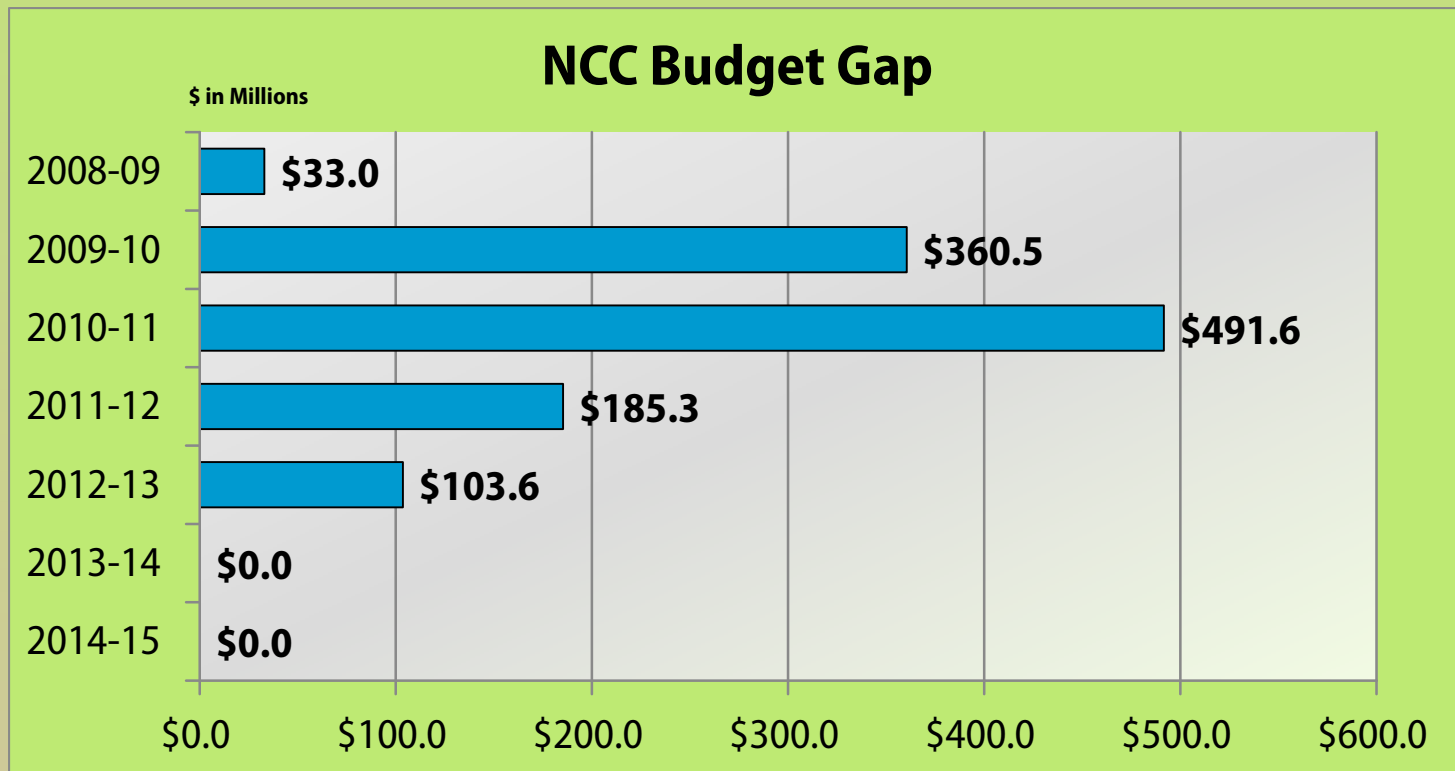
No NCC* Budget Gap	
Unavoidable Cost Increases	\$217.3 million
Program Changes	\$92.6 million
<b>Total Cost Increases</b>	<b>\$309.9 million</b>

**Revenue and Fund Balance Increases**      **\$309.9 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 emerged from a challenging economic period and has eliminated the Budget Gap



## How We Got Here and Moving Forward

### Looking Back

Managed deficits through a strategic multi-year approach using:

- ✓ Structural Changes/Curtailments
- ✓ Freezes
- ✓ Efficiency Initiatives

### Moving Forward

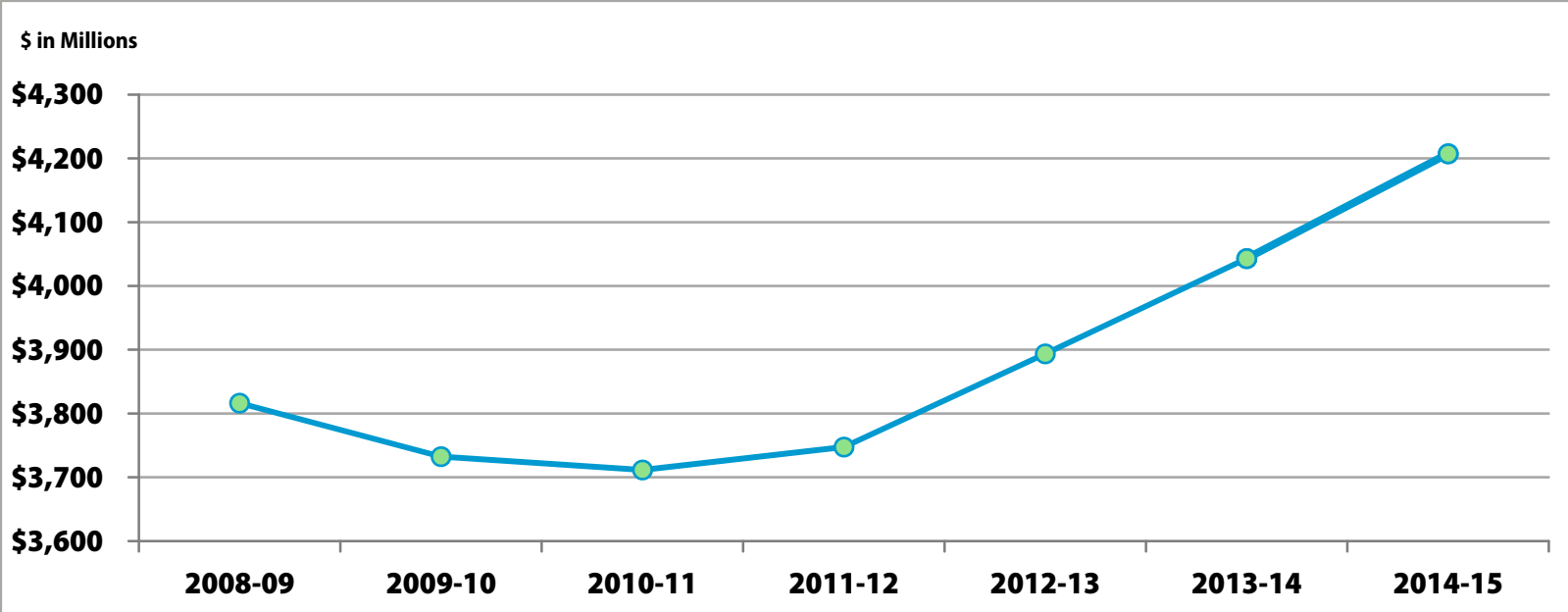
Stabilizing and building a strong foundation through:

- ✓ Strategic/Smart Measured Growth
- ✓ Selective Restoration
- ✓ Structural Changes
- ✓ Focus on IT Enhancements/Efficiencies

# Economic Outlook

- ✓ **Economic indicators point toward positive growth**
- ✓ **Los Angeles County unemployment down by 2.8% from January 2013, and continues downward trend**
- ✓ **County sales tax has exceeded pre-recessionary levels**
- ✓ **Housing market is now in recovery as home values continue to increase**

# Property Taxes Projection



	Actual 2008-09	Actual 2009-10	Actual 2010-11	Actual 2011-12	Actual 2012-13	Estimate 2013-14	Recommended Budget 2014-15
<b>Base Property Taxes</b>							
Property Taxes (Millions)	\$ 3,816.3	\$ 3,732.5	\$ 3,711.4	\$ 3,747.5	\$ 3,893.6	\$ 4,043.0	\$ 4,207.3
Change from previous year	\$ 149.2	\$ (83.8)	\$ (21.1)	\$ 36.1	\$ 146.1	\$ 149.4	\$ 164.3
% Change from previous year	4.07%	-2.20%	-0.57%	0.97%	3.90%	3.84%	4.06%



# Sales Tax Projection

\$ in Millions



Sales Tax (Millions)	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Estimate	Recommended
	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	Budget
Local Sales Tax	\$ 44.8	\$ 43.0	\$ 38.9	\$ 33.3	\$ 34.2	\$ 38.8	\$ 46.7	\$ 46.5	\$ 45.0	
Realignment Sales Tax (Social Services Only) *	471.3	469.9	417.5	392.9	442.9	512.4	577.0	601.4	626.9	
Prop 172 Sales Tax	634.2	620.5	548.7	531.7	554.1	607.0	644.7	672.8	699.7	
<b>Total</b>	<b>\$ 1,150.3</b>	<b>\$ 1,133.4</b>	<b>\$ 1,005.1</b>	<b>\$ 957.9</b>	<b>\$ 1,031.2</b>	<b>\$ 1,158.2</b>	<b>\$ 1,268.4</b>	<b>\$ 1,320.7</b>	<b>\$ 1,371.6</b>	
Change from previous year		\$ (16.9)	\$ (128.3)	\$ (47.2)	\$ 73.3	\$ 127.0	\$ 110.2	\$ 52.3	\$ 50.9	
% Change from previous year		-1.5%	-11.3%	-4.7%	7.7%	12.3%	9.5%	4.1%	3.9%	

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

## Recognized Financial Stability

- ✓ **Standard & Poor's upgraded the County's long-term credit rating twice in the last 18 months from AA- to AA in October 2012 and then to AA+ in December 2013**
- ✓ **All three rating agencies assigned their highest short-term rating to the County for the 17<sup>th</sup> consecutive year in 2013-14**
- ✓ **Standard and Poor's calculation of the County's debt ratio as a percentage of expenditures is low at 1.8% compared to Standard & Poor's median county ratio of 6%**
- ✓ **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

- ✓ The Governor's proposed budget contains no significant impact to County administered programs. State budget changes will be addressed in subsequent budget phases
- ✓ Advocating for additional resources for Public Safety Realignment and unfunded mandates continues to be a County priority

## Federal Budget

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

# Budget Calendar

<b>Event</b>	<b>Date</b>
<b>Recommended Budget</b>	<b>April 15, 2014</b>
<b>Public Hearings</b>	<b>May 14, 2014</b>
<b>Budget Deliberations</b>	<b>June 23, 2014 until conclusion</b>