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County Services: A Tale of Eight Counties

By Jennifer Swenson

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C A L I F O R N I A R E S E A R C H B U R E A U

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I. INTRODUCTION

In 1992, in the midst of a major recession, the Legislature balanced California's books, in part, by transferring property tax revenue from cities, counties, and local districts to schools. In 1993, the Legislature transferred additional funds. In those two years the State shifted about \$4 billion in property taxes to schools, which in turn decreased the state's use of the general fund for schools. More than two-thirds of the shift came from counties. In each county, these property taxes were deposited into a newly created countywide fund for schools, the "Educational Revenue Augmentation Fund" (ERAF). These on-going shifts are commonly referred to as the ERAF shifts.

In 1993, in partial recognition of the ERAF shift impacts on local budgets, the legislature extended a temporary ½ cent sales tax allocated to counties and cities for financing local public safety. In November 1993, the voters passed Proposition 172, a constitutional amendment, permanently extending the program. The proceeds were allocated so they offset an average of 50% of each county's 1993 ERAF shift statewide. However, in reality, the impacts were highly uneven with offsets ranging from only 29% in Calaveras County to over 80% in Butte and Orange Counties.

The ERAF shifts made local officials profoundly unhappy, and they continue to complain. There is no question that the ERAF transfers impacted local budgets, but did these transfers have consequences for California citizens? In response to legislative interest in better understanding the service impacts of the ERAF shifts, addressing local officials' concerns, and the more general interest in reshaping California's state-local relationship, the Senate Local Government Committee asked the California Research Bureau (CRB) to gather new information on local government services.

To determine the consequences of the ERAF transfers for California citizens, we conducted a survey of selected California counties. We talked with county officials, department heads, and budget officers. During our visits we focused on visible services easily identified by the general population and that most citizens care about. Recognizing the dual role counties play in providing services, we asked about countywide services such as jails, courts, general assistance and the county assessor, as well as municipal-type services that counties provide primarily to their unincorporated areas such as sheriff protection, roads, libraries and parks. We specifically asked how budget cuts affected these services and how the public was impacted (if at all) by the changes.

The conclusions are mixed. Counties are not all the same. Some had to make major adjustments. Revenues in other counties bounced back rather quickly.

In the hardest hit counties, public employees were certainly affected. Pay cuts (of 5% to 10%) were common. County employees were compelled to take furlough days (that is, to take what would ordinarily be workdays off without pay). Layoffs occurred, in more than trivial numbers. Full time employees with full benefits were sometimes replaced with temporary workers without benefits, although in some counties union agreements prevented this approach. Overall, there was a lot of local employee unhappiness.

But these effects are not of especially grave consequence to the nongovernment public. Did the cuts affect them? Again, the answer is yes, in some counties. In other counties there were not grave consequences. In the hardest hit counties, effects included:

- Accused felons awaiting trial spent less time in jail, and more time out on the streets.
- People who were convicted of misdemeanors did no jail time at all.
- People on probation often received no meaningful supervision.
- County offices were open fewer hours to the public.
- Libraries were open fewer hours and bought fewer books. Bookmobiles were sold off.
- County recreation programs disappeared, perhaps putting more young people on the streets with time on their hands.
- Parks were less well maintained.
- Roads were under maintained, with potential long-term costs.
- Sheriffs no longer responded to some kinds of calls.
- District Attorneys' and Public Defenders' offices were stretched thin.

The changes resulting from the ERAF cuts were mostly marginal, of course, often continuing declines that started long before. But they appear to be more than trivial. They probably matter to many citizens. Here, we try to provide some practical detail.

II. COMMON THEMES

Most counties experienced budget declines in the early 1990s due to the recession, the ERAF property tax shifts, and other state-local funding rearrangements. While each county's situation is unique, we did find some common outcomes from the fiscal stress. In our study most counties experienced the following:

1. All-Felony Criminal Justice System

- Sheriffs no longer respond to some types of calls and crimes.
- Both adult and juvenile detention facilities are overcrowded. This results in:
 - Early releases of inmates,
 - “All-felony” jails as only the more serious offenders are housed.
- Courts are backlogged. District Attorneys and Public Defenders have inadequate resources to pursue all potential felony cases. As a result, some felonies are being charged as misdemeanors.
- Counties commonly “bank” some adult probation cases meaning these cases receive little or no supervision and rehabilitation services.

2. Disinvestment in Infrastructure

- Deferred maintenance on existing county buildings and grounds is common.
- No or few new structures are being built to accommodate growth.
- Deferred maintenance on roads is also common and results in maintenance cycles exceeding recommended schedules.

3. Linkages or Secondary Effects

- Cutbacks or enhancements in certain programs result in increased demands for other services.
 - For example, cutbacks in . . .
 - Recreation programs,
 - Mental health programs, and
 - Drug and alcohol programs
- . . . impact local law enforcement and county jails. On the other hand, increases in funding for local law enforcement impacts the jails, district attorney, public defender, and the courts.

4. Libraries Fall and Rise

- Cutbacks in county library service hours and books and materials budgets were widespread after ERAF, but many libraries have regained substantial ground.

5. Improved Efficiency

- Cutbacks and consolidations have generally improved the internal use of resources.

6. Cutbacks in County Staffing

- Cutbacks in staffing are widespread. Some counties laid off workers, others held positions vacant, gave pay cuts, and mandated furlough days.

7. Increased Privatization

- An increasing number of services are being contracted out to the private sector, for example, billing, data entry, jail food service, and even libraries.

8. Increased Use of Part-time Help and Paraprofessionals

- Increased use of part-time or extra help and paraprofessionals is widespread, but limited by union agreements in some counties.

9. Proposition 218

- This proposition has increased uncertainty and reluctance regarding the use of local revenue options. However, several assessments and taxes have succeeded with the voters, especially for libraries and fire protection.

10. Increased Use of Grant Funding

- As county general funds decline, departments turn to federal and state grants to sustain their budgets.

11. Lack of a Common Theme

- Although there are similarities, county revenue bases vary due to local characteristics and choices and their spending patterns vary accordingly.

III. COUNTY PROFILES

Our on-site meetings proved to be a very useful means of better understanding each county's story. We visited eight counties including Alameda, Lake, Los Angeles, Merced, Placer, Riverside, Santa Clara, and Solano. Not surprisingly, we got eight unique stories. There were some similarities of course, yet each county's financial situation has evolved independently. Any particular county's current situation as well as any impacts it sustained from the recession, ERAF shifts, or other fiscal events depend greatly on local program priorities and spending choices, county demographic characteristics, and pre-existing economic conditions. In addition, when counties face budget shortfalls, any spending disparities that result between programs within a county depend heavily on the availability of non-general fund revenues.

This section provides a county-by-county description of the budget and service delivery impacts for the countywide and municipal-type services we investigated in the eight counties we visited.¹ For each County we briefly describe the State Controller's financial data, but focus primarily on the information gathered from our interviews and discussions with county officials. We emphasize service changes occurring since the early 1990s.

County budget categories and program responsibilities do not perfectly match the State Controller's financial categories. Thus, we discuss some services under headings that do not match the Controller's designations used in the charts.

This discussion does not, nor is it intended to, present a complete picture of the entire budget and service delivery impacts experienced by each county. In addition, although we updated the interview information just prior to the release of this report, each county's situation continues to evolve. This discussion provides only a snapshot of the conditions that existed at the time.

¹ We chose service categories based on designations used in the State Controller's Annual Financial Transactions Reports so we could match service level changes to expenditure trends. We looked at eight countywide service categories. They included district attorney, all other judicial (courts, public defender, etc.), probation, detention (jails), general relief, general government finance (auditor, treasurer-tax collector, assessor, etc.), public health, and mental health or drug and alcohol or both. In addition, we chose five municipal services that counties provide primarily to their unincorporated populations. They included police protection (sheriff), fire protection, roads, libraries, and recreation and parks.

ALAMEDA COUNTY

Alameda County is an urban county located on the east side of the San Francisco Bay. It is California's seventh largest county with a population of 1.4 million. The County has 14 incorporated cities, including Oakland with a population of approximately 388,100. Other cities include Fremont, Hayward, and Berkeley all with populations over 100,000. About nine percent of the population live in the unincorporated area.

Alameda County possesses a diverse economic base and has become one of the leading biotechnology research centers in the country. The fastest growing sector in the County is services. The County is home to the Port of Oakland, the third largest container ship port on the West Coast. The port also operates Oakland Metropolitan International Airport. The County's major employers are the University of California at Berkeley, Alameda County, and Kaiser.

The County's unemployment rate is among the lowest in the State. Its median household income is over 10% higher than the state average. The county has lost about 5,000 civilian jobs due to military base closures, but has continued to experience a relatively stable employment base. Local projections are for strong job growth through the year 2000.

As Table 1 shows, County revenues took a slight dip in 1992-93, the first year of the ERAF shifts, and then increased until 1995-96 when they again declined. In 1996-97, however, they rebounded substantially, surpassing their pre-ERAF level. Total real expenditures grew slightly from \$1,135.8 million to \$1,177.9 million during this same time period, an average increase of less than one percent per year. In inflation adjusted terms, 1996-97 expenditures were still below their 1991-92, pre-ERAF level.

Table 1
Alameda County
(\$millions)

| | Total Revenues | | Total Expenditures | |
|---------|-----------------------|-------------|---------------------------|-------------|
| | Nominal | Real (\$96) | Nominal | Real (\$96) |
| 1990-91 | \$ 942.9 | \$1,097.3 | \$ 976.0 | \$1,135.8 |
| 1991-92 | 1,106.0 | 1,235.8 | 1,100.2 | 1,229.4 |
| 1992-93 | 1,090.3 | 1,176.4 | 1,104.7 | 1,191.9 |
| 1993-94 | 1,121.9 | 1,179.7 | 1,080.5 | 1,136.2 |
| 1994-95 | 1,149.5 | 1,192.0 | 1,148.3 | 1,190.7 |
| 1995-96 | 1,136.5 | 1,159.4 | 1,141.5 | 1,164.5 |
| 1996-97 | 1,490.6 | 1,490.6 | 1,177.9 | 1,177.9 |

Source: State Controller and CRB calculations.

Over \$291 million in property taxes was shifted to schools in Alameda County. In 1997-98, the ERAF shift from the general fund was approximately \$81 million. In Alameda

County, Proposition 172 money backfilled 49.5% of the 1993/94-1995/96 property tax loss, near the statewide average of 50 percent.²

In the last six years, the county has taken several internal measures to address the budget shortfalls created by the ERAF shifts and the statewide recession. The County reports that it was a board priority not to cut services so they first engaged in other cost-saving measures. For example, they:

- Depleted their reserve funds including their liability and insurance funds by paying out claims but not replenishing the funds. Now, however, they are trying to replenish those funds.
- Held positions vacant, and for one year, instituted voluntary time-off.
- Deferred maintenance on County buildings.
- Undertook no capital projects.

They also report increased contracting out, primarily because of the ERAF cuts. Although County officials say negotiations can be difficult because of the labor issues involved, they now contract out for:

- laundry at the health centers,
- food service at the jails,
- several programs in Health and Human Services, and
- various consultants.

In addition, officials made other changes and cutbacks within individual departments and programs. Not surprisingly departments whose budgets rely most heavily on general fund money and where alternative revenue sources are most limited were most severely impacted by the early 1990s budget cuts. Despite the County Board priority not to cut services, some cuts were made. We describe these impacts next.

COUNTYWIDE SERVICES

Chart 1 shows the inflation adjusted, per capita operating expenditures for the services in our sample. The range of expenditure varies substantially. In 1996-97, for example, spending ranged from a low of \$13 for drug and alcohol programs to a high of over \$80 for judicial services. Since 1990, per capita spending for about half of these services has been fairly flat while general relief spending has declined. For the remainder, notably all higher spending services, spending has fluctuated both up and down.

- ***County Finance Departments.*** Between 1992 and 1994 some county finance offices were impacted by ERAF budget cuts. For example, the personnel office decreased its staff resulting in decreased services to other county departments. They also started charging fees for services performed. The County Assessor's office cut their staff in

² There is an active debate about how much of the ERAF shift has been given back to counties. Proposition 172 funds are but one part of that discussion.

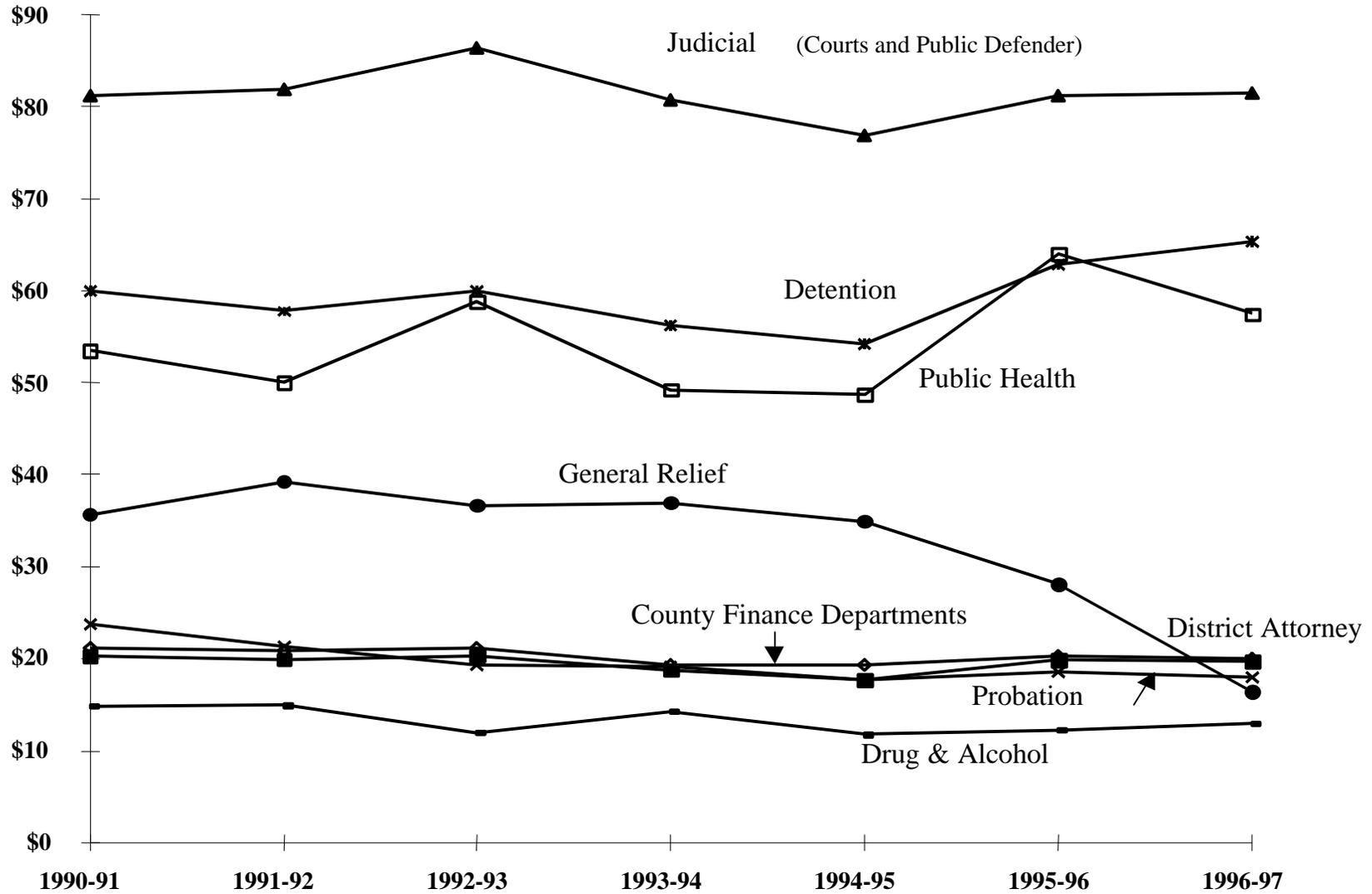
Chart 1

Alameda County

Per Capita Operating Expenditures on Countywide Services (Adjusted for Inflation \$1996)

California Research Bureau, California State Library

11



Source: State Controller, California Research Bureau

1993 but has since recovered with AB 818 funding. This legislation allowed County Assessors to charge administration fees from other local governments for collecting property tax. In addition, their number of appeals decreased this year to 7,000 from 15,000 in the previous year, further relieving their workload. Other departments, such as the treasurer, auditor-controller, collections, and recorder were not impacted.

- ***Criminal Justice***

- ***Probation.*** General Fund revenue support declined from \$36.5 million prior to ERAF to \$28 million in 1993-94. It recovered to \$29.5 million in 1995-96. The Department reports losing 55 probation officers in the last five years as a result. In general, this has reduced the time offenders spend with caseworkers and has decreased the number of referrals caseworkers make to addiction treatment and mental health programs.

From 1990 to 1993, the adult supervised caseload actually decreased nearly 23% due to primarily arrest trends in the County. However, due to staff reductions resulting from budget cuts, average workloads actually increased by 17%. As a result, in 1993, the Department reports placing 5,000 adult cases in an unsupervised casebank. Today that number has climbed to 6,000. These cases receive no supervision, rehabilitative services, or monitoring including tracking for compliance with court-ordered fines.

Average workload for juvenile services has increased. Officials report the number of juveniles they detain has increased from 300 to over 425, and that they tend to stay longer. Officials believe that the increasing amount of legislation allowing juveniles to be tried as adults has resulted in lengthy court trials and thus, is partly responsible for the increased stays in the facility. They find this troublesome because the facility was not designed with the proper security to house the more serious offenders being tried as adults. The number of escapes has climbed to the current 10 per month.

Officials report that the increase in the number of cases, along with staffing reductions, has resulted in the juvenile hall exceeding its rated and/or budgeted capacity on more than 300 days in 1995, compared to zero days in 1991 and 11 days in 1992. The Department reports that during these times, to meet state staffing mandates, they spend millions of dollars on overtime pay. Group counselors often work double shifts, and officials feel this compromises the quality of care and supervision. Although not a direct result of budget cuts, County officials also report that the juvenile hall facility is 45 years old and needs repairs.

In response to their declining County budget support, the Department has sought to enhance revenues by aggressively pursuing additional grants. Officials report they now receive over \$10 million in grant funding compared to under \$3 million in 1991-92. They report their bright spot was receiving a \$5.4 million grant that

has allowed them to partner with law enforcement and take a team approach with families and schools when handling cases.

The Department has also taken numerous administrative measures in an effort to control expenditures. For example, in 1992, they streamlined the juvenile custody intake process. In 1995, they moved the Placement and Family Preservation Units to the Juvenile Hall site to improve access and streamline the processing of cases. They are also developing a computer program for case management and automated court report generation to reduce repetitive paperwork. For adult services, they are participating in the development of an additional drug court for their Superior Court. County officials report that drug courts are more efficient as they establish procedures for treating the underlying substance abuse.

- ***District Attorney (DA).*** Due to budget cuts, the DA's office decreased its staff from 152 attorneys in 1989-90 to 143 in 1997-98 in an effort to reduce costs. Ten of the 143 positions are now grant funded positions, however, meaning their duties are dedicated exclusively to certain types of cases including family support, welfare fraud, and insurance fraud, and are unavailable for other duties. They report having 108 violent crime cases for each prosecutor in the office, the only County in triple digits, officials claim.

Also due to budget cuts the DA's office reports making a deliberate department effort to decrease caseloads. This effort resulted in a drop to 3,000 adult felony cases last year, down from 8,000-10,000 cases in the previous several years. They also have 3,500-4,000 juvenile, mostly felony cases.

Officials report that the ERAF budget cuts in combination with the three-strikes legislation, resulted in other changes as well. Officials report that all the Superior Court cases currently being tried are now third strike cases. They currently have a backlog of nearly 150 cases because of the increased number of trials. Sixty of these are third strike and 80 are second strike cases and half of these are homicides. They admit this backlog has made them more cautious as to what they charge as third strike cases. Officials also note that while there are no general categories of offenses they do not prosecute, there are some cases that they now charge as misdemeanors rather than felonies.

Since ERAF, in an effort to enhance revenues, the Department reports being more aggressive in seeking state, local, and private foundation grant funding. They have a number of specialized units including gang violence, career criminal, insurance fraud, welfare fraud, child abuses, and domestic violence, mostly grant funded. While grants have helped their department and these special units, officials note that grants are earmarked and tie money to special programs that may or may not be local priorities. They prefer discretionary funds like Proposition 172 revenue.

- ***Detention and Corrections (Jails).*** The County reports having fairly modern jails. They do report, however, having some staffing and funding issues due to ERAF. They eliminated some job training programs. Staffing levels at their largest jail shrunk from 504 FTEs in 1991 to 430 FTEs in 1995 while inmates increased by 300. One 1,800 housing unit is only funded for 1,600 inmates because of inadequate funding for staff. At another facility they implemented triple bunking (three-tier bunkbeds) which, officials report, better utilizes space and available staff. Also because of staffing shortages, they implemented alternative staffing at some facilities providing flexible schedules and allowing for additional coverage.

To enhance their revenues, officials report that during the last five years they have actively pursued contracts for leasing bed space in the county jails. They now have contracts for jail space with federal, state and local agencies. They report that these leases earn profits and decrease the net county cost of running the jails. Officials say this has allowed some of their training programs to continue.

Beginning in 1993, because of staffing cutbacks, they eliminated the custody work furlough program which means employed inmates are no longer able to work while serving their sentences. Officials report that this, along with longer average days in custody per inmate, has increased the inmate population in the jails. They also observe more assaults by inmates due to overcrowding and staff reductions. To help address the overcrowding, they increased their use of electronic surveillance. They also report an inability to maintain compliance with minimum jail standards in many areas resulting in class action suits, imposed court release orders, and penalties.

Officials report that so far, they have been able to provide adequate capacity for accommodating the results of the three-strikes legislation. When the facilities get too full, they say they will cut back on their contracts to create space, but recognize they will lose money from ending those contracts, which may have other consequences. However, because of facility limitations, they are forced to mix inmates resulting in more behavioral problems, including assaults and escape attempts.

- ***Judicial (Public Defender and Courts).*** The Public Defender's Office stressed the need for an integrated approach to the criminal justice process, noting that if the DA prosecutes, they must defend. For this reason, their caseload is closely linked to the DA's, and their budget needs highly dependent on the activities of other branches of the system. However, they point out there are not as many grants available for them as there are for the DA. The only State funding they receive is for their career criminal unit. However, this grant was reduced from \$150,000 to \$80,000, and the department decreased the unit's number of attorneys from three to one. The lack of available outside funding means the County must dip further into the general fund just so they can keep up with the DA generated caseload.

The Public Defender's Office reports their budget declined as a result of the ERAF shifts. For example, in 1989 they had 123 full time attorneys. Since then, the County has added a courtroom in Pleasanton, but their current number of full time attorneys is only 107. Clerical staff also declined but total staff has now leveled off at 189 due to Proposition 172 funds. They have also recently been able to increase COLAs and benefits. As a result of the staffing decreases they have increased their use of legal assistants and attorney assistants. They report these workers are often hourly employees and cost less.

The Department observes that three-strikes cases continue to add to their workload. They agree with the DA that some cases that should be charged as third-strike cases are not because of the lack of resources.

Due to cutbacks in the Sheriff's budget, there is a reduced bailiff and marshal service to the courts. This means there are fewer security personnel available in courtrooms. Incidents of violence have been increasing in the domestic court, but they have no staff available to assign to these courts. A reduction in staff for transporting inmates has resulted in delays in delivering inmates for court appearances, disrupting the criminal courts.

- **Health Care Services.** County officials report having restructured their whole system. They say the system has changed sufficiently such that it is not appropriate to compare current caseloads and spending levels with those of the past. Their new approach has emphasized an integrated community approach to providing services. They observe that their new team approach to service provision is a more useful one to their more needy clients with multiple services needs. County officials believe that the 1991 State-Local Realignment Program helped this process because it brought them more flexibility and discretion.

County officials also feel they currently have too many categorical grants, many of which serve the same populations and fund staff for only certain programs. They would rather that grant money not be tied to programs but to outcomes. They feel that the total dollars are not as important as having flexibility with the dollars they do get.

- **Mental Health.** As part of the overall revamping of health care services, the county merged the mental and public health departments. Officials report that realignment was helpful for their mental health services. Prior to realignment, they budgeted by category (hospital, halfway house, etc.) and did not coordinate services between the categories. Now they have eliminated funding by categories and have more flexibility. As a result, they have drastically altered their mental health system. For example, they decreased their number of beds they use at the state mental hospital from 164 to 30. They also created new programs including:

- A state hospital alternative. They now have a local resource program for 80 clients that gets them out of the state hospital and tries to reconnect them with the community,
- A local acute hospital. This new facility increased the number of available beds in the community and allowed the County to move clients into programs that more appropriately meet their needs, and
- An inpatient unit in the jail.

In addition, prior to ERAF, the County exceeded the state required funding match. With the ERAF budget cuts, they decreased this amount and the department cut 160 beds from the system. Accommodating those displaced clients fueled the department's decision to revamp their system and move to a team based approach.

As part of the restructuring process the Department started tracking their costs and discovered that of their 16,000 mental health caseload, 500 clients required the use of most of their funds. By putting these clients with a team of caseworkers with program flexibility, they were able to reduce the general fund cost from \$76,000 to \$17,000.

- ***Drug and Alcohol.*** Officials report their programs are largely grant funded and they have 23 categorical sources of funding. Since the ERAF shifts they have had less discretionary money and report they spend much more time chasing categorical grants. They have also made some structural program changes. In 1993-94 they reduced residential, prevention, and outpatient programs. This reduction was partially offset to accommodate the expansion of the methadone program.
- ***General Relief.*** After ERAF general fund support decreased. In 1993-94 they started cutting the general assistance cash grant from \$340 down to the current \$221. They report their caseload peaked in early 1995 at 12,938, but has declined 57% to 5,600 since then. The County reports this decrease is due not only to the cash grant reduction, but also to a targeted caseload reduction effort. This effort included:
 - helping clients pursue federal money, such as SSI,
 - increasing sanctions for noncompliance with employment and reporting requirements,
 - including targeted housing vouchers as part of the assistance package,
 - fingerprinting to eliminate fraudulent duplicate requests, and
 - implementing time limits for assistance.

They also report increasing their social worker staff from one to eleven to assist caseworkers with paperwork and in doing outreach to other treatment providers who may also serve their clients. As a result, they report forming partnerships with drug and alcohol treatment providers and increasing their SSI outreach.

To accommodate their many homeless clients, the County also implemented Community Housing and Shelter Services (CHASS). Officials report this program reduced homeless claims from 3,000 to 300 in three years.

MUNICIPAL SERVICES

Chart 2 shows the inflation adjusted per capita operating expenditures for the county municipal services in our sample. In general, these services were harder hit by the early 1990s budget constraints than the countywide services because their budgets rely more on general fund revenues. Spending for libraries was fairly flat. Spending for sheriff protection declined, but has started to recover while road spending has fluctuated.

As with the countywide services, there is a substantial range of spending between services. Per capita spending on libraries is less than five dollars while per capita spending on sheriff protection is over \$239. The service levels for most of these departments have been declining.

- ***Sheriff.*** The Sheriff's Department provides service to about 445 square miles or 60% of the County's landmass. This area contains about nine percent of the County's population. While population increases have remained fairly steady, crime rates in some areas have increased disproportionately, especially violent assaults, domestic violence, and auto theft cases. The Sheriff's Department also provides contract law enforcement services to the City of Dublin and the A/C Transit District.

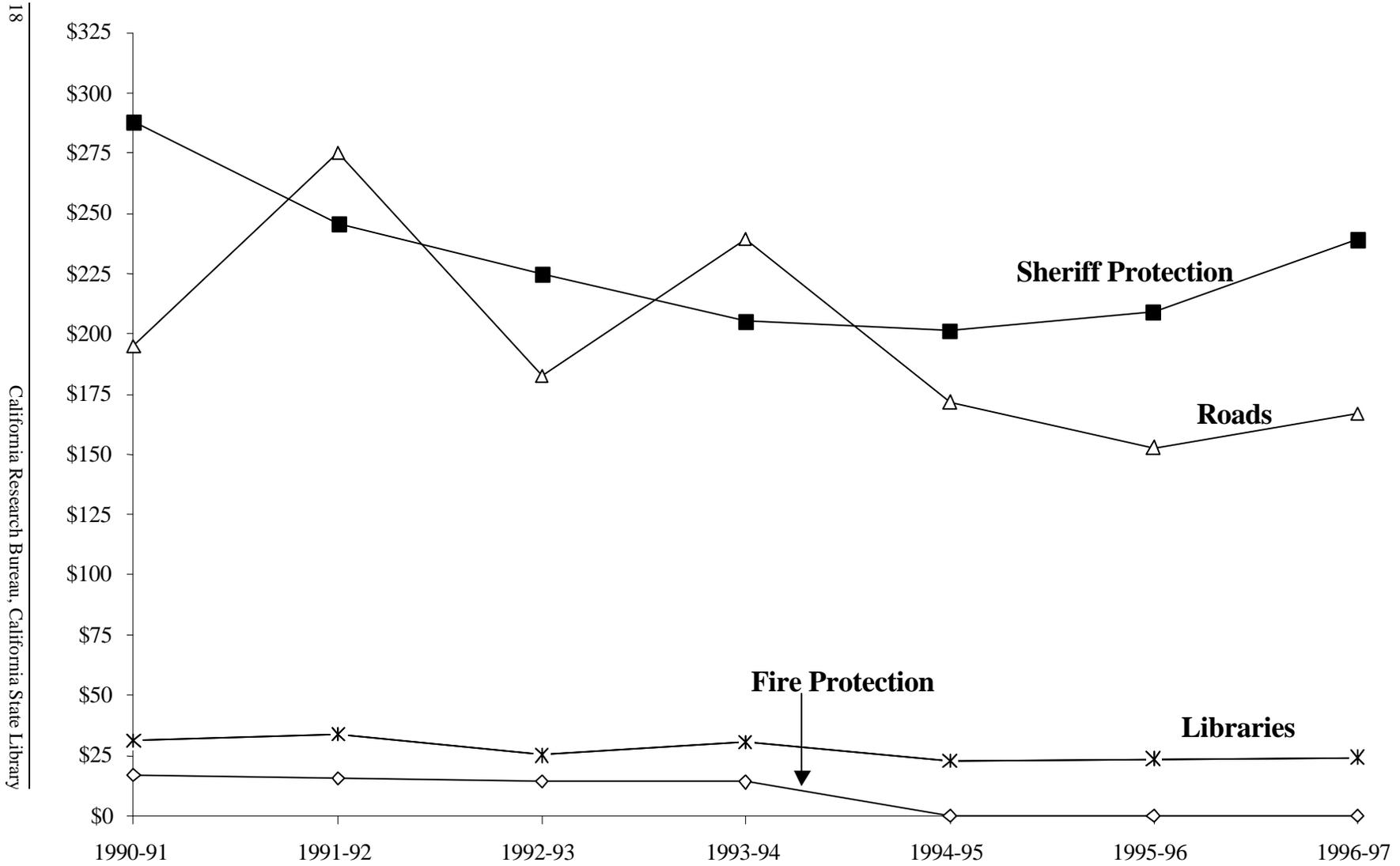
After ERAF, the County's general fund contribution to the department budget fell over 32% from \$83.7 million to \$63.2 million. In recent years it has increased some but is still well below the pre-ERAF level. The Department has made several efforts to reduce their expenditures and enhance revenues. For example, they cut their staff to 1,300 from 1,600 in 1987. They now require prior authorization from supervisors for all overtime. They centralized and automated their accounting system. In addition, they have introduced numerous new fees, which they can increase annually to maximize fund recovery. The new services with fees include:

- towing,
- processing repossessed vehicles,
- use of the Regional Training Center, and
- crime laboratory services.

They also established a parking citation bureau to process parking fees in 1993.

Officials report that their staffing reductions, in light of growing workloads, have compromised many of their services. Decreased court security services were discussed earlier. Coroner staff reductions have resulted in delays in responding to police agencies for coroner services, and delays in the identification and removal of bodies by four to five hours in some cases. It also has delayed the notification of families and issuance of death certificates.

Chart 2
Alameda County
Per Capita Operating Expenditures on Municipal-Type Services
 (Adjusted for Inflation \$1996)



Source: State Controller, California Research Bureau

They also report that patrol services and investigations have also been compromised due to budget cuts and increases in reported crime and calls for service. Between 1990 and 1994, major felonies increased 45%, calls for service increased 17.5%, and 911 calls increased 12percent. Officials report this has resulted in increased waiting times for calls. In 1990, the average wait time for priority A calls (e.g. injuries or crimes in progress) was 4 minutes and 49 seconds. By 1994 this had increased to 7 minutes and 14 seconds. Due to the increase in serious crimes, the Department now sends an average of 2.1 patrol cars to each call, up from 1.4. All this has, in turn, increased response times and reduced the time patrol officers have for active discretionary and preventative patrol.

The County reports other reductions in services as well. Due to budget cuts, burglary, and loss of property reports when there is no suspect on the premises are referred to a telephone response unit staffed by civilians. Many calls not requiring a sworn officer are also referred to a telephone response unit. In certain property and crimes against persons, they request citizens go directly to the patrol station to report them. Problem oriented policing and targeted patrols now require specific funding approval and have been reduced to one or two projects yearly. They no longer investigate other quality of life issues like noise complaints.

Further, the Department reports they do follow up investigations into crimes against persons only for homicide, forcible rape, child and elder abuse, violent assaults and robbery. Follow up investigations into property crimes are now limited only to major thefts where it is likely they can solve the crime or recover property. They no longer investigate property crimes reported for insurance purposes only or where solving the crime is unlikely. They have eliminated investigations of financial crimes, except for major cases. This means they no longer investigate non-sufficient fund check cases, credit card abuse or fraud, forgery, or counterfeiting.

In addition, a 50% staff reduction at the Criminalists Laboratory, combined with a 25% increase in workload has delayed their response to major case investigations. For example, officials report that the completion of serology, firearm or latent fingerprint investigations has increased from 23 to 58 days. Drug analysis has increased from one to seven days, and gunshot residue case analysis now takes over 90 days. Document comparisons are no longer done, and a backlog of over 700 cases currently exists at the lab. Moreover, although the technology exists, they do not have the staff to do DNA testing.

Officials report they would need an additional 55 patrol officers to bring the Department's Law Enforcement Services' level of staffing in line with other police agencies in the County.

- **Libraries.** The Alameda County system provides library services to the unincorporated areas, the county jail, and six participating cities including Dublin, Fremont, Newark, Union City, Pleasanton, and Albany. It is a special district library dependent on a dedicated share of the property tax.

The ERAF transfers shift over \$8 million of the Library property taxes annually to schools. Their total budget was \$17 million in 1992-93. After ERAF it fell to \$12 million and they estimate it at \$14 million for 1997-98. Property taxes comprised over 71% of their revenues in 1992-93 but only 52% in 1997-98.

As a result, officials report they engaged in several revenue enhancement measures as well as implemented several internal changes to control expenditures. Beginning in 1992-93 they aggressively sought grant funding. They also encouraged local fund raising efforts, assisted the City of Albany in developing a successful library tax measure, negotiated a pass-through agreement with the redevelopment agency in the City of Fremont, and increased contracts and fee services such as book rentals. New taxes, fee services, and contracts now comprise over 33% of their revenues compared to only four percent in 1992-93.

In 1993-94 the Library secured appropriation of utility users and business license tax moneys from the Board of Supervisors to help the unincorporated branches. In 1996, the voters approved these as general taxes for another four years. The library receives about one-fifth of the amount collected, but this amount is not guaranteed. In 1994, the library district took a parcel tax to the ballot that would have raised about \$4 million. It was supported by 55% of the voters, but fell short of the two-thirds needed for passage.

To reduce spending, they cut staff from 435 in 1992-93 to 320 in 1997-98. They restructured library administration resulting in the elimination of several management positions. In 1993-94, they relocated the Business Library to eliminate one physical site and implemented a new automated system for circulation and the public catalog. In 1994-95, they automated the Acquisitions and Serials modules of their system. Officials say these measures resulted in reductions in paperwork and significant improvements in efficiency and staff utilization.

However, these improvements were not enough to absorb the budget reductions, and services to the public were compromised as well. Due to the 1993-94 ERAF shifts they cut staffing nearly 36%, and reduced hours of service about 50 percent. In 1997-98 hours of service were still down about 33% from their 1992-93 levels. Most of the main branches are open one less day than pre-ERAF, and most smaller branches are open less than half of the hours they were. For example, since 1992-93 hours of service at the Fremont Main Library have fallen from 61 to 44. Hours at the Irvington branch in Fremont declined from 24 to six. Except in Albany, where the sales tax measure passed, all branches are closed on Fridays. Officials report receiving many complaints regarding limited hours. Some cities now contribute more money to help with the hours.

The library materials purchases budget also fell by nearly 50% after ERAF. Additions to the collection numbered 105,557 in 1991-92, but only 34,468 in 1993-94. The budget has since rebounded but additions are still 40% short of their pre-ERAF level. Officials report this reduction is compounded by inflation in book and periodical prices as well as the inclusion of database licensing and purchases in this budget. They report receiving increased patron complaints regarding the lack of availability of current materials and

information. In addition, they report a greater demand to provide more materials in electronic format. Demand for these materials competes for available funding with traditional printed materials. It also inhibits their ability to respond to the growing demand from immigrants for materials in their native languages.

Also since ERAF, officials have eliminated programs for seniors and teenagers and reduced programs for young children including preschool and toddler story times. As a result, the number of children and young adults attending library programs fell from over 64,000 in 1992-93 to about 30,000 in 1996-97.

In 1993-94, the average number of daily visits to libraries by the public declined 25%, check out of materials declined 23% and the number of reference and information questions asked went down 23 percent. However, usage of libraries on a per hour basis increased resulting in busier and more crowded libraries during open hours and heavier staff workloads. Officials report this usage pattern has continued.

- **Public Works (Roads).** Prior to 1991, officials report their budget and service levels were increasing. However, in 1991, this trend reversed when they lost \$1.2 million from the road fund due to declines in general fund support and trial court funding changes made by the state. Part of this loss, however, was offset by increases in their gas tax allocation. A year later, officials report, their budget was impacted by ERAF shifts primarily through the elimination of a \$1.4 million Special District Augmentation Fund.

In 1988, the County established a county service area (CSA) for estuary bridges to receive Special District Augmentation Funds. These funds provided the sole source of bridge funding from 1988 to 1993. However, in 1993 when the legislature eliminated the augmentation fund, the \$1.4 million funding of the bridges defaulted to the County Road Fund. In August 1993, the County proposed levying a CSA assessment to replace the lost funding but the cities vetoed it. The County also tried asking the state legislature to levy a motor vehicle/vessel fee and establishing a bridge toll franchise. Officials report both were unsuccessful.

As a result, from 1993-94 through 1995-96, the County used between \$1.4 and \$1.8 million of road fund monies each year (a total of \$4.9 million) to pay for bridge operations. This meant a reduction of unincorporated area road services including slurry seal, resurfacing, and reconstruction. For example, chip sealing fell from their optimum level of 75 miles per year to 50 in 1993/94, and further to 35 in 1994-95. This optimum level is generally accepted by the public works community to prevent deterioration of the road. Chip sealing was completely suspended in the rural areas. Instead, officials say they focus on high priority activities such as traffic signal maintenance, sidewalk improvements, and guardrail installation and repairs, as well as any activities for which they receive state or federal funding.

Officials are also concerned about the longer-term impacts of increased rural traffic. Most of the rural roads were not surfaced to be main roads but are taking more traffic as

the County grows. They are now seeing more potholes and faster deterioration in general.

In 1994-95 the County pursued a bridge operation cost sharing agreement based on annual vehicle license plate surveys (to indicate bridge use) with the Cities of Alameda and Oakland. Starting in 1995-96, the two cities agreed to each pay \$915,000 per year for two years. Officials report they continue to look for a longer term solution to the estuary bridge issue as their share of the cost still reduces their road fund.

- **Fire Protection.** In 1993-94, the County consolidated five special districts into one. Now all county fire protection is completely provided by one countywide special district fire department. Previously, the County provided minimal funding. The County reports that since the Oakland firestorm in 1991, regionalization of service provision has been emphasized and is now widely embraced throughout the county.

In response to the regionalization effort, several cities have recently joined the district including San Leandro in 1995 and Dublin in 1996. Others are talking of it. Officials report that this effort has resulted in increased efficiencies and increased services in the unincorporated areas because they can divert city revenue to the county when needed. In addition, some participating city stations are located close to unincorporated areas, which now can benefit from improved response times. Cities benefit too, through increased station staffing and response capabilities.

Officials report the fire district provides a full range of services including paramedic and hazardous materials services. They have also developed a paramedic training program and are trying to use fire stations as public health centers for immunizations and information.

There are no special assessments and no recent ballot measures for county fire protection.

- **Recreation and Parks.** The County provides no recreation programs. Instead they are provided through the cities and independent special districts.

LAKE COUNTY

Lake County is a small, rural county in northern California with a current population of about 55,000. It contains only two incorporated cities, Clearlake and Lakeport, and about 70% of the population live in the unincorporated area. Its unemployment rate is relatively high and its median household income is well below the state average. It is well known for its water recreation and is a popular retirement community.

As seen in Table 2, real County revenues declined in both 1991-92 and 1992-93, and have increased only slightly through 1996-97. Overall they did not keep up with inflation. In inflation adjusted terms, total expenditures also declined after 1990-91. They slowly recovered through 1995-96, but fell again in 1996-97. As Table 2 shows, when adjusted for inflation, both 1996-97 revenues and expenditures were lower than their 1990-91 level.

Table 2
Lake County
(\$millions)

| | Total Revenues | | Total Expenditures | |
|---------|-----------------------|-------------|---------------------------|-------------|
| | Nominal | Real (\$96) | Nominal | Real (\$96) |
| 1990-91 | \$57.0 | \$66.3 | \$56.0 | \$65.2 |
| 1991-92 | 54.7 | 61.1 | 56.0 | 62.5 |
| 1992-93 | 53.4 | 57.6 | 57.0 | 61.5 |
| 1993-94 | 56.4 | 59.3 | 58.6 | 61.6 |
| 1994-95 | 60.1 | 62.3 | 61.1 | 63.4 |
| 1995-96 | 61.8 | 63.0 | 64.4 | 65.7 |
| 1996-97 | 63.0 | 63.0 | 61.4 | 61.4 |

Source: State Controller and CRB calculations.

The annual ERAF shift from Lake County's general fund is over \$3.5 million and represents over six percent of their overall budget. This shift also represents 22-24 percent of local purpose or discretionary revenues.³ The County reports that the use of one-time revenues prevented their revenue and expenditures from declining even further after the initial ERAF shifts.

County Officials report that since the ERAF shifts their budget has little or no flexibility and no stable base. They find it difficult to predict revenues and costs and to plan for more than one year at a time. This includes planning for costs of implementing new legislation.

³ County discretionary revenues are general fund monies that are not earmarked for any particular purpose. Also called local or general purpose revenue, a county has complete control over how to spend these funds. For counties, these revenues are primarily from property taxes, sales taxes, and motor vehicle license fees, interest revenue, other local taxes, and a few other sources that vary by county.

Overall, the county has taken a number of actions to balance its budget since the early 1990s. They have imposed employee layoffs every year. In 1993-94, they eliminated 71 of 750 positions. To balance the 1996-97 budget, the County reduced most employee work hours by 10 percent and closed most County departments to the public every Friday. They have imposed hiring freezes frequently throughout the process. In addition, the County balanced several recent budgets using one-time revenue sources such as surplus in PERS retirement accounts, trust fund balances, and the sale of property.

During the last five years, as further cost saving measures, the County has also consolidated and reorganized many departments eliminating several department head positions. For example:

- The County Administrative Office is now responsible for what were eight separate county departments. Those department heads either retired or were laid off and their positions were eliminated. The services of those departments remain largely intact although a few other staff positions were also eliminated. The County reports that this was an effective cost saving move but that the management responsibility now faced by the County Administrative Officer is very broad.
- The elected position of County Clerk-Recorder was abolished eliminating a department head position. The duties of the office were split between the elected offices of the County Assessor and the Auditor-Controller. The County reports that this change along with a decrease in the Assessor's budget resulted in the elimination of several staff positions.
- The Planning Department and the Building and Safety Department were combined into the Community Development Department eliminating one department head position. As a result of consolidating the administrative functions several staff positions were eliminated as well. While this new department continues to provide the same services, the County reports that the quality of service has deteriorated. For example, building inspectors used to respond within one or two days of an inspection request. After ERAF this increased to a week. The County reports having received numerous complaints from builders about the time lag holding up the construction process. As a result, the County recently improved their response time.
- The Health and Mental Health Departments were consolidated, eliminating one department head position. The County reports that this was an efficient consolidation and has resulted in better coordination between the two departments.
- Flood Control was consolidated into Public Works, and the Lakebed Management Department was eliminated and its functions consolidated into Public Works, thereby eliminating two department head positions. No other staff positions were lost. The County reports that these moves saved money and resulted in a better and more efficient way to run these departments.

- Pearce Field Airport, one of the two County-owned and operated airports, was permanently closed in June 1994 and later sold. Located near the city of Clearlake, this was the only airport serving the South County area where most of the population resides. Some private businesses that relied on the use of the airport went out of business, but others were able to switch to using the other airport near the town of Lakeport. Some businesses that were airport related such as an aircraft repair shop, closed permanently when the airport closed.

Also in the last five years, the County has increasingly contracted out for services including printing and jail medical services. According to County representatives, this practice has saved them hundreds of thousands of dollars and provided them predictable service. County officials said they wish more services were eligible under state law. While they have not conducted studies, they have observed that the possibility of contracting out often causes departments to improve operations. However, they report it can also destroy employee morale.

In addition to these broad administrative changes, many changes and cutbacks were made within individual departments and programs as well. As would be expected, departments whose budgets rely most heavily on general fund money and where alternative revenue sources are most limited were most severely impacted by the early 1990s budget cuts. While the County's objective was to preserve service levels, this was not possible in many cases. We describe these changes next for the countywide and municipal services we investigated.

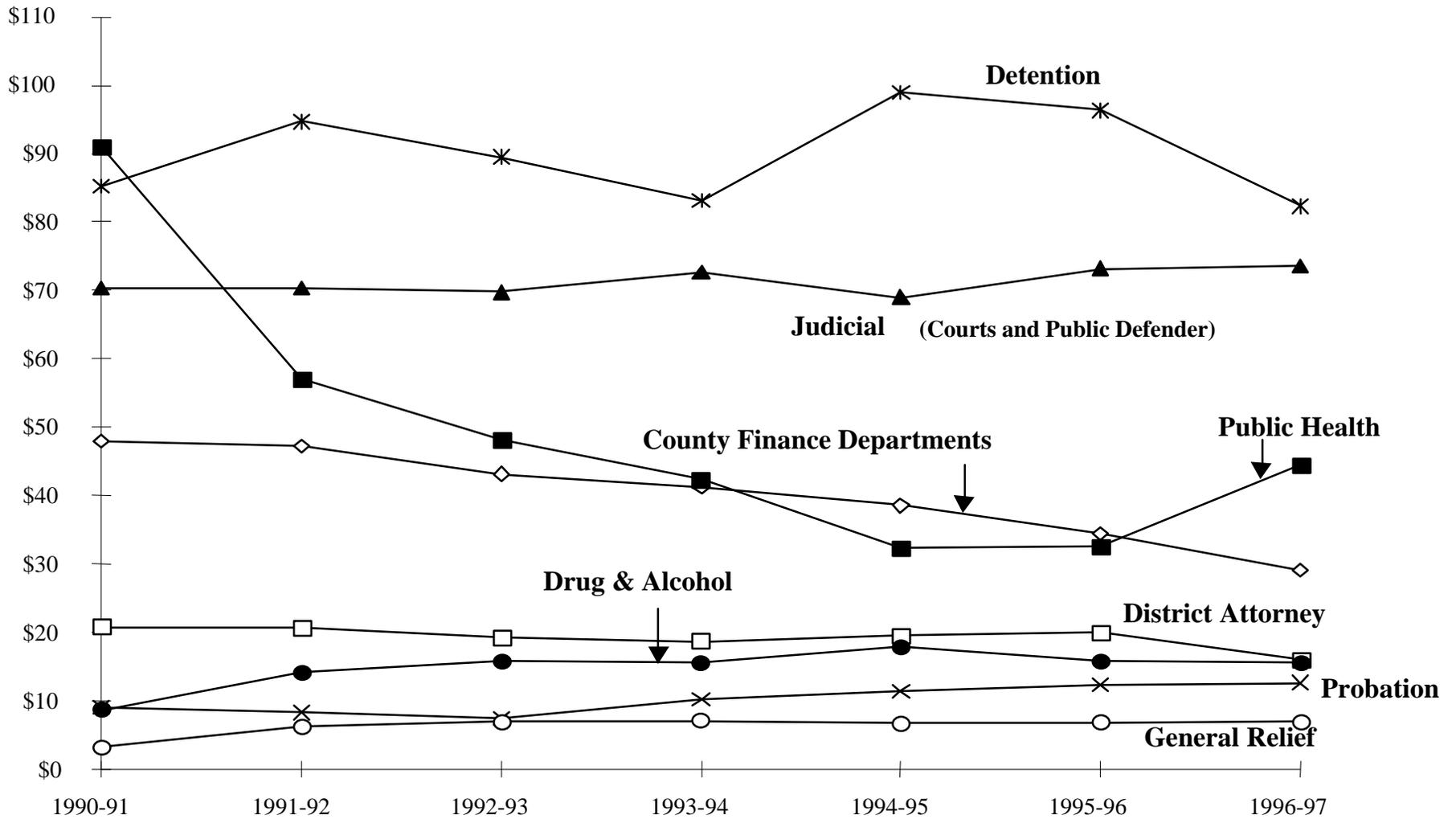
COUNTYWIDE SERVICES

Chart 3 shows the inflation adjusted, per capita operating expenditures for the services in our sample. Except for detention, since 1990 per capita spending on services in Lake County has been flat or declining. The range of expenditure varies substantially, however, from a low of seven dollars for general relief to a high of over \$82 for detention in 1996-97. While the flat spending trends for some services would appear to indicate a relatively constant level of service, our interviews reveal that this is, in fact, not the case.

The following discussion summarizes some of the County service and program impacts resulting from the early 1990's budget reductions.

- **County Finance Departments.** As Chart 3 shows, spending has been steadily declining since 1991-92. In addition to the changes already described, other changes occurred within specific offices. For example, since ERAF, the County Treasurer-Tax Collector's office has lost five of 14 positions and is responsible for an additional program. This has resulted in high turnover and in highly trained staff performing entry-level tasks. For example, the elected treasurer-tax collector spends some time processing tax bills, an accounting clerk function, instead of managing the department.

Chart 3
Lake County
Per Capita Operating Expenditures on Countywide Services
 (Adjusted for Inflation \$1996)



Source: State Controller, California Research Bureau

The County further reports that in the Auditor's office, staffing cutbacks have resulted in fewer staff to provide services and information to several of the County's independent special districts. These districts such as fire, cemetery, and water districts, rely on the County for their financial information and budgets because they are relatively small and have no administrative staff of their own. Officials report receiving complaints from some districts that they are no longer receiving needed information in a timely fashion making it difficult to plan and budget.

In addition, the County has started charging districts for using county legal services. Prior to ERAF, these services were free, but now there is an hourly fee. As a result, the County reports that while some districts continue to use the services, others do not.

- ***Criminal Justice.*** The branches of the criminal justice system are all interrelated making it difficult to discuss the parts in isolation. Often, revenue enhancements in one branch can impact caseloads in other areas. For example, the City of Clearlake passed a sales tax measure that enhanced their police services and led to more arrests. County officials report that the increased number of arrests in turn impacts the county jail, court system, etc. but the city sales tax does not provide revenues for those impacts. At least part of the story told here is due to these types of funding imbalances.
- ***Probation.*** As a result of the budget cuts associated with the ERAF shifts, the Juvenile Division has fewer staff and lost one of four probation officers. They were recently able to add four positions with Temporary Assistance for Needy Families (TANF) money. However, Officials report three of these positions remained unfilled for lengthy periods of time because the County's relatively low salaries (especially relative to neighboring counties) made it difficult to attract and retain employees. The County was recently able to increase probation officer salaries and fill the positions. In addition they report receiving two Department of Corrections grants, one to add beds to juvenile hall. However, the Department is facing further budget cuts this year.

The County reports they have also been sharply impacted by the recent California Youth Authority (CYA) fee changes that took effect January 1, 1997. The CYA increased the costs that counties pay when juveniles are committed to the CYA. The bulk of the fee increases was for the less serious offense categories (burglary and assault rather than murder). Most of Lake County's CYA commitments are in the less serious categories primarily for two reasons. First, they have very few juvenile murder cases, one or two every one or two years, and second, like most small counties, they have no ranches or camps and thus have limited local options for sentencing these categories of offenders.

Initially, officials report, their county costs to the CYA increased about 500%, but recently they have decreased their number of less serious commitments to the CYA because of lack of funding. Instead they are holding these juveniles in the local juvenile hall while they try to find group homes and outside ranches and camps for

them. This adds to their local detention costs but is less expensive than the up to \$33,500 the CYA now charges per ward.

Lake County Probation has also seen changes in its juvenile clientele. The County's population aged 13-24 is increasing and the Department reports seeing a general increase in crime among this age group and a steady increase in violence in the last five years. Ten years ago they had no juveniles in custody for homicide, now they do. Last year officials reported removing at least one gun from every high school campus. This year, for the first time, they housed juveniles in the County jail. Officials report doing this not only because juvenile hall is overcrowded and staffing is inadequate to handle these cases quickly enough, but also because their staff is not used to handling hardened cases and security was a concern.

Ten years ago, officials report, they had no gangs, but in the past several years they have started seeing visible gang activity, both homegrown and moving in from other counties. County officials believe their low-cost housing and rural recreational atmosphere sometimes results in kids moving with their families or being sent to live with their grandparents to get out of the city, often bringing big city problems with them. The Department says that the majority of their probation agreements now have gang clauses, prohibiting the juvenile from associating with gangs or gang activity.

Moreover, County officials report the elimination of the county recreation program in 1992-93 increased free time for juveniles resulting in more kids getting into trouble after school. They also report handling more cases involving unsupervised juveniles whose parents are at the local Indian casinos.

The Adult Division reports they lost one of their three probation officers due to budget cuts. That left two probation officers to write reports and presentations and supervise 365 felons. Recently that number has dropped to about 260 felons primarily due, Officials report, to the decreased number of probation-type prosecutions in the DA's office. However, this is still far above the recommended standard for minimal supervision of one officer for 80 felons.

The Department reports that they do almost no supervision in the adult division and are talking of banking cases for the first time. Banking cases refers to the practice of probation cases not being actively supervised. Currently many offenders go for most or all of their probation without being supervised. As a result, officers are seeing an increasing number of offenders coming back through the system. Officials speculate that if they could hire two additional probation officers, the County could save ten times those salaries in judicial costs. In addition, officials believe that word gets out on the street that they do minimal supervision and that, combined with law enforcement cutbacks, attracts more criminals on probation to the area.

Officials report that the majority of their caseload is drug related. They currently have a grant that, when they can fill the position, will allow them to do a minimal level of supervision with drug testing. Officials are hopeful they can use this grant

because in the past when they were able to supervise, positive tests for drug use fell from two-thirds to one-third of those tested in one year.

The difficulty with supervising is not just a staffing problem, but also one of distance. Officials report that unlike many urban areas where an officer's caseload, even if large, is often confined to a small geographic area, their caseloads are spread over hundreds of square miles and require more time for that reason alone.

- ***District Attorney (DA)***. County officials report that their number of serious and complex cases, which take substantial resources, e.g., murder, rape, and robbery, has been increasing, particularly in the last five years. Prior to 1986 the County had a murder case once every year or two. Last year they had 8 murder cases pending trial. Also, the 1993 three-strikes legislation has led to an increased number of cases going to trial. Because third strike cases carry a 25 to life penalty, a penalty similar to that of first-degree murder, these cases also take significant resources. Since 1993-94, Lake County has committed 8 third strike felons (all non-murder) to the Department of Corrections. In addition, they have committed 43 second strike cases to the Department of Corrections, many for crimes that never would have gone to trial in the past as the defendant would probably have entered into a plea bargain.

The County reports that the increase in the number of high penalty cases, coupled with the ERAF budget cuts and the fact that, according to County officials, available County money is often greater for defense than for prosecution, means they are no longer prosecuting a number of lesser crimes, particularly consumer fraud and protection and weights and measures cases. General lack of funds for the department also makes it more difficult to respond to public demands such as doing something about gangs and to provide training internally.

The DA reports that due to budget concerns, the office has been more active in seeking grants since ERAF. Grant funding has increased since 1994 from \$192,000 to \$641,000, primarily for child assault, statutory rape, domestic violence, and drug cases. Currently, nearly half of their attorneys are funded by grants. At the same time, however, County general fund support has fallen from \$1 million to \$870,000 in only the last two years.

While the Department is grateful for grant programs, officials report that grant funding allows some programs to be adequately funded while others are not and thus skews the caseloads among the prosecutors. Within their office the caseloads vary from about 50 to over 500 among prosecutors earning the same salary. For example, statutory rape caseloads are around 50, domestic violence caseloads are about average, and drunk driving caseloads can be as high as 700.

Essentially the DA's office finds that instead of being able to direct funds to what they have determined to be their highest need, they focus their efforts on whatever they can get money for. Also on the downside, grant funding generally terminates and therefore is a less reliable funding stream. They report this makes attraction and

retention of employees more difficult. It also increases administrative record keeping, which they find difficult to keep up with given their staffing cutbacks. Some department personnel are being overworked and losing motivation according to County officials.

Gambling-related crime is a relatively new issue that has emerged since the growth of Indian gaming. There are now three tribal casinos in Lake County. Since then, the DA believes they see more cases involving

- Gambling addicts committing crimes to support their habits, and
- Welfare recipients committing crimes because they have spent their checks at the casinos.

The County gets no extra revenues to address Indian gaming-related issues. These cases often take extra resources because of the mental health, child well being and delicate jurisdictional issues involved.

- ***Detention and Corrections (Jails).*** The County recently built a new jail. However, pre-trial jail time for the average felon has risen from 34 to 140 days, increasing the jail operating costs. County Officials observe that the three-strikes legislation has reduced plea-bargaining resulting in more defendants awaiting trial. County officials believe the increase in jail time is due to the resulting backlog in the DA's office and the courts.
- ***Judicial System (Courts and Public Defender).*** Due to budget cuts, the court offices were closed to the public every afternoon for over a year. Hours have since been restored. In addition, the courts are at a crisis stage for adequate space, a problem Officials report has gotten progressively worse over the last five years. County Officials report that the courts are so crowded they now routinely use the board chambers as a courtroom – something that ten years ago happened only occasionally.

In November 1997, the courts placed the Board of Supervisors on notice of an immediate need for an additional courtroom. With the increasing number of murder trials occurring in the County, courtroom security is now a major concern. In fact, the County currently has seven murder trials pending and reports the Judges are demanding that the County provide proper, secure courtrooms for these trials. If they cannot do this, officials report the defendants will be released.

However, the County reports that because they used the general building fund for the jail construction project a few years ago, they have no financing available to provide an additional courtroom. They could convert the old jail to office space for the courts but at a cost of hundreds of thousands of dollars. Officials report they need jury rooms as well. Currently, when summoned for jury duty, prospective jurors must wait in cramped hallways side by side with accused defendants and lawyers. The County recognizes such circumstances as not only inappropriate, but also potentially dangerous.

In addition, Public Defender costs are increasing. Because these costs are driven by caseloads, officials report they are difficult to control and hard to predict. In 1985-86, the County spent \$193,712 for public defender services. For 1997-98, they spent \$1.2 million, an increase of more than 330% in inflation-adjusted terms.

- **Public Health.** The public health program receives little general fund money and is primarily funded with State realignment money and grants. Consequently, they suffered no layoffs or other impacts as a result of ERAF. However, as Chart 3 shows, their budget has been declining since 1990-91 primarily due to changes in grant funding. Currently, the department has 18 targeted grants, which restrict the use of the money to individual programs and specific equipment. As a result, they report finding themselves overstocked in some areas yet unable to direct funds to areas of greater need.

Because Lake County is a relatively healthy place to live, especially in terms of air quality, many elderly and ailing people choose to live or retire there. The County has a large elderly population and has relatively high death rates for every disease except AIDS.

- **General Relief.** Historically, Lake County has had a high welfare caseload, but a low general assistance caseload. However, in 1996-97 their general assistance caseload increased by 50 percent. County officials attribute this to changes in the federal welfare system that resulted in declining welfare roles. Because they were already offering minimal general relief assistance, they have not decreased grant levels to offset increasing caseloads. Thus they are devoting more general fund money to this program resulting in a recent increase in spending relative to the constant trend depicted in Chart 3.

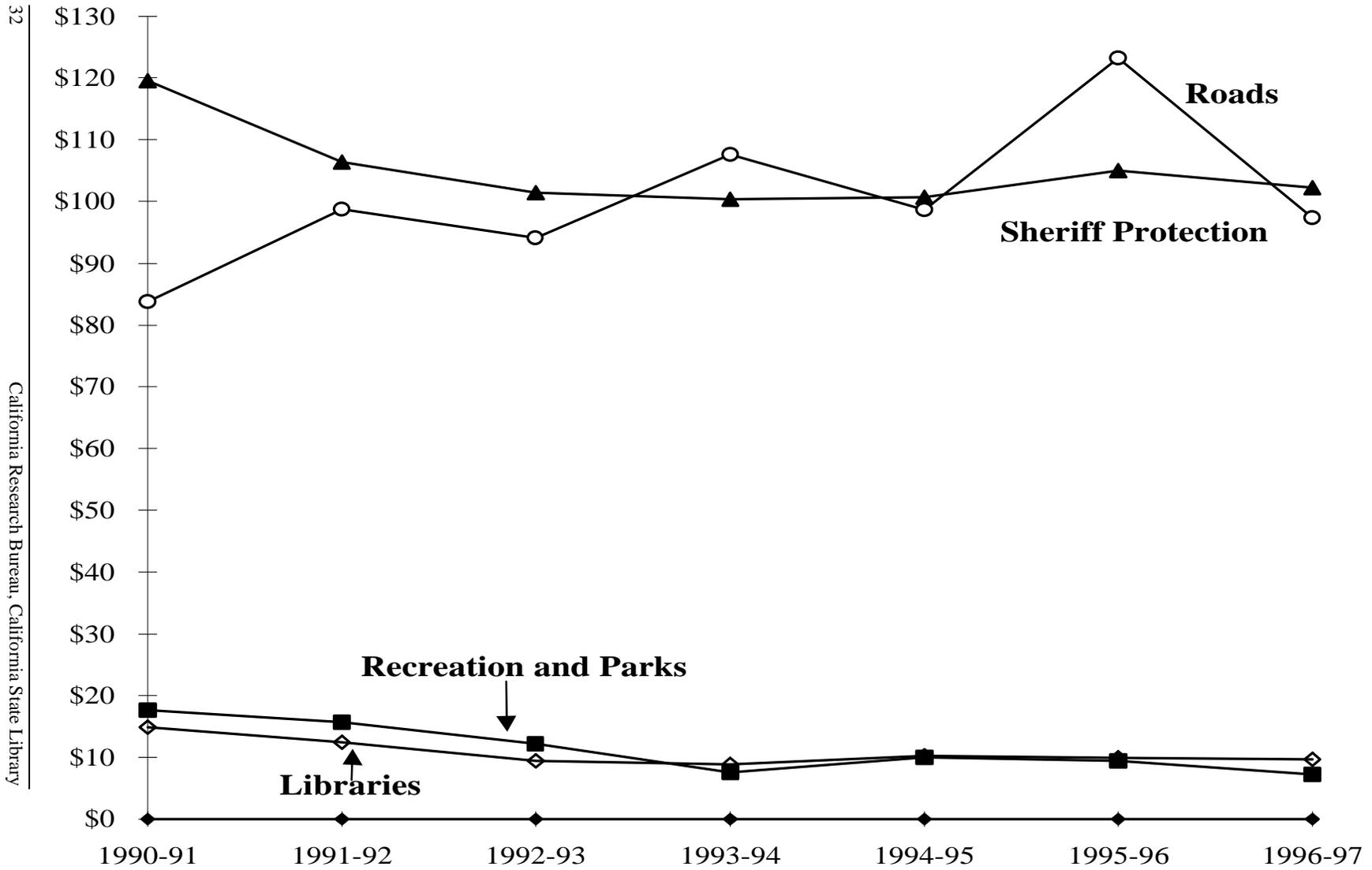
The County has ongoing concerns about the impacts Federal welfare reform may have on their general assistance caseloads and thus, their budget. In particular they are concerned about how quickly recipients must find jobs, given the relatively high unemployment rate in the County.

MUNICIPAL SERVICES

Chart 4 shows the per capita operating expenditures for the county municipal services in our sample adjusted for inflation. Fire protection is not represented because it is funded and operated through a special district and not the county.

In general, these services were harder hit by the early 1990s budget constraints than the countywide services because their budgets are more reliant on general fund revenues. Except for spending on roads, spending is lower than it was five years ago. As with the countywide services, there is a substantial range of spending between services. Per capita spending on libraries and recreation and parks is under \$10 while per capita spending on roads and sheriff protection is near \$100. Our interviews revealed that the service level changes in these departments are more pronounced than the spending trends might suggest.

Chart 4
Lake County
Per Capita Operating Expenditures on Municipal-Type Services
 (Adjusted for Inflation \$1996)



Source: State Controller, California Research Bureau

- **Sheriff.** Since ERAF, the Sheriff's Department has lost personnel, cut services, and seen an increase in turnover. They also have decreased salaries and given no COLAs. Proposition 172 money helped, but it replaced only 37% of the 1993/94-1995/96 ERAF shift compared to 50% statewide. At the same time, neighboring county and state law enforcement agents' salaries increased making it difficult for Lake County to attract and retain workers. Although the Board recently reinstated a few deputy positions, the Department continues to see high turnover and observes an increasing number of vacancies, which they observe has increased response times.

They currently have only one deputy for every 265 square miles on patrol. This figure is down from the 318 square miles of the last several years, but they still need an additional 18 deputies to reach the level generally accepted by the law enforcement community. Although the County is very rural, low staffing levels and covering such a great distance makes it difficult to ensure they can respond to calls in a timely manner. For example, officials report some of the more remote areas of the county are 90 minutes away from the population centers and hard to patrol, and some of the smaller populated areas are 25 minutes away. Even in the more frequently patrolled larger populated areas the nearest backup is 35 to 50 minutes away. For many violent crimes (which are increasing) and all domestic violence cases, officers must wait for backup to arrive before intervening. When deputies respond as backups, they leave their primary patrol areas unattended.

Officials report that five or six years ago they responded right away to most calls and 90% were solo deputy calls. Now, with only five deputies on patrol at any given time, not only does the distance affect response time but also the priority (seriousness) of the call. It now can take several hours to respond to some lower priority calls like property offenses with no suspects. Often when responding to lower priority cases deputies will be called away for emergency backup or to respond to higher priority situations. In some cases, they are not able to respond at all.

Officials believe that the high turnover and lengthy response times for the "quality of life" crimes decreases the public's trust in them and give the perception of a lack of safety. They believe that more crimes are going unreported as result, especially vandalism because they see it. They also believe that as result of these conditions, they lose some deputies because the deputies feel less safe, increasing turnover even more.

Other changes since ERAF include:

- Major cutbacks in obtaining new and replacement equipment. For example, they no longer buy new radios, and have increased miles per car from 80,000 to 120,000 before retiring the vehicle. In addition, two patrol cars have been wrecked and not repaired resulting in fewer cars on patrol. These cutbacks decrease both officer and public safety. In addition they are currently using body armor (bulletproof vests) that has exceed the manufacturer's recommended service life.

- Cutbacks in training to almost zero. Officials believe that this, coupled with the average decreased experience of their deputies from seven years to less than three, is responsible for the greater number of complaints received from the public regarding deputy behavior and skill when handling calls.
- Temporary use of mail-in forms for burglaries. They engaged in this practice for a year but brought back the full service, reducing other services instead.

At the same time they are experiencing cutbacks, their caseloads and service demands continue to rise, County Officials report. For example, violent crimes in the County have been increasing, Officials report, primarily because of increased juvenile gang activity. In addition, caseloads for child sexual abuse have increased 500% since 1985.

- **Libraries.** The Lake County system serves the entire county including the two incorporated cities. It is a property tax funded library, and the ERAF shifts strongly impacted their system. Although the operating budget has improved in recent years, in 1996-97 it was \$561,000, still below the \$615,000 level of 1990-91. Since 1978, when they had 10 permanent employees, the county population has doubled. The number of employees eventually grew to 15, but since ERAF has declined to the current 11. They have filled some of the other with part time or extra help. Officials report increased stress and low morale for staff. There is also little time for staff training.

Budget reductions have led to numerous cut backs in library services. They have tried to scale back rather than eliminate programs but have not been entirely successful. Among the cutbacks:

- Library hours were reduced by 35 percent countywide. In Lakeport, for example, weekly hours were reduced from 56 to 36. The libraries are no longer open on Mondays and are open only one evening a week.
- In 1992-93, the children's librarian position was eliminated along with most of the children's programs. There are no children's programs at the smaller libraries.
- The bookmobile was eliminated. It was slated to be replaced, but with the ERAF-related budget cuts it was never funded and eventually sold.
- Additions to the collection have been reduced. This means they keep old books longer and have trouble purchasing new material. In addition, their interlibrary loan system was scaled back so patrons can not borrow as widely.

Their catalog and checkout systems are completely manual with no on-line services. Patrons have Internet access at only one library. As users are becoming more sophisticated, these issues contribute to a loss of public satisfaction according to County officials.

The Library has received some grant funds including recent funding to build a new branch in Redbud. This facility is now three years old and is supported mainly by volunteers and community groups. Although the County Board of Supervisors frequently gets complaints about the hours, there have been no local ballot measures supporting libraries.

- **Public Works (Roads).** County budget cuts resulting from the ERAF shifts decreased their budget share of the property tax. In addition, their department lost revenue when the 1991 State trial court funding changes reallocated court fine money to the State that the County had previously dedicated to its road fund and the County did not replace it. To help maintain their budget they now spend more time pursuing state grants and federal programs and have privatized some operations. Most grants, however, tend to be for specific projects and improvements, for example bike lanes, and provide less flexibility in their budget spending decisions. Officials report that the decrease in general fund revenues has meant no salary increases resulting in lost employees.

Being a recreational destination county, approximately 15% of single family homes are second residences, and the county attracts many weekend vacationers, tourists, and other visitors whose primary residence is elsewhere. As a result, County officials observe that their roads are heavily traveled, especially in the summer months, by non-residents. The current gas tax allocation formula, which is based primarily on registered vehicles, does not augment their budget for the added wear and tear. The Department prioritizes projects by urgency and traffic flow. They currently have 35 employees and maintain 20.3 miles per employee. This allows them to do only minimum maintenance and as a result some roads are reverting to gravel.

The Indian casinos have also brought increased traffic on several county roads. The County reports this adds to the wear and tear of the roads and there is one major intersection near a casino that is becoming a safety concern. The County receives no additional money from any source to address casino issues.

The County ceased taking roads into the county maintenance system in the mid 1980s and continues this practice today. While this saves money it deters economic development. It is also important to the County to maintain their roads in order to derive the economic benefits from the tourism attracted by their County's amenities.

The County is also an agriculture center with the pears being transported in from neighboring counties for processing. Additional revenue is not provided to the County to offset this additional use of County Roads by heavily laden trucks.

- **Recreation and Parks.** This division was hurting prior to ERAF with only three maintenance workers for 17 county parks consisting of 225 acres. Since ERAF, when their general fund money diminished, they only have two full time maintenance workers. These workers are responsible for maintaining 10 parking lots, five boat ramps, six courtesy docks, 19 restrooms, three clubhouses, four softball fields, one t-ball field, one basketball court, two tennis courts, two swimming pools, eight playground areas, nine

picnic areas, four miles of underground sprinkler systems, trees, two maintenance buildings, two piers, and four breakwaters. They have tried to use help from the county jail, but find the program lacks continuity.

With the ERAF budget cuts, the County eliminated the countywide recreation program. This meant the elimination of six free summer day camps, a basketball league, youth events, an after school daycare program, children's gymnastics, art classes, etc. Since the cities have no programs this eliminated the entire program in Lake County. Officials report many children suddenly had nothing to do after school or during the summer months. At first, they offered camp for \$100 per child per week at two camps, but enrollment dropped to zero so they eliminated it. They continue to operate and maintain a county swimming pool within the city limits and offer one class under a contract arrangement.

For the last five years, they no longer budget for maintenance or replacement of ball fields, playgrounds, or parking lots and fear these facilities will deteriorate to the point of needing reconstruction. Officials report they still mow the lawns but less often. They no longer fix or replace playground equipment (when it is vandalized or stolen). If the damage presents a safety hazard they remove the equipment. In addition, the restrooms were previously cleaned every day, now they are checked about twice a week.

OTHER ISSUES

In the course of our interviews, the County raised several other issues in addition to the services about which we specifically asked. Some of their other concerns include:

- Building maintenance at County facilities has been deferred or eliminated (e.g., parking lot resurfacing, roof repairs, etc.). The County is concerned that the long-term costs of these deferrals will be significantly greater than the cost of preventative and routine maintenance.
- Welfare reform impacts are broad. They are already seeing links to Child Protective Services demands because of additional stress in homes. They also report being faced with increasing workloads for their eligibility staff.
- Animal control services have been substantially reduced. In 1992-93, animal shelter hours were cut in half when staffing was cut back. Dog bite and rabies investigations response times have doubled from 24 to 48 hours, and overall response times for other animal control calls have more than tripled. Stand-by officers for emergency call-outs were eliminated leaving CHP, Sheriff's deputies, and city police to address these problems. In addition, public education programs were eliminated and vaccination and licensing clinics have been reduced from six to three per year.
- The Agriculture division stopped its annual production of the county crop report in 1992-93 and reduced its crop statistics data gathering by 80 percent. In addition, livestock data has not been updated and herd and flock sizes are not known. The

County reports this impacts area farmers because banks look at these reports to make loans to farmers and outdated figures hinder the process. In addition, regular inspections of fruit, vegetable and honey quality at markets and fruit stands have been discontinued and are done on a complaint basis only. Wholesale inspections at packing sheds have been reduced by 95%.

- Consumer protection programs have been reduced or eliminated. Specifically, field testing of electric meters has been eliminated. Total expenditures in quantity control programs, which verify stated contents of pre-packaged products have been reduced by 90% since 1991-92. Test purchases are done on a complaint basis only. Price verification inspections of checkout stand scanners are done only minimally. Officials report that these issues are important because there is a history of violations in the County, and that the large senior population is particularly at risk.
- County officials' report that both the number and dollar amount of employee stress and harassment claims is increasing. Officials believe there is not sufficient staffing to keep up with training and service and caseload demands, and that the workload assigned to most County employees is beyond reasonable capacity.

The County reports that if they could restore or enhance their budget they would not undo the internal reorganizations because they have lead to improved operations and efficiencies. They would instead concentrate on restoring direct services with visible public benefits like law enforcement, roads, parks, and animal control. They would also invest in salaries, equipment, and infrastructure.

LOS ANGELES COUNTY

Los Angeles County is an urban county located in southern California. It is California's most populated county with 9.5 million residents. Approximately 29% of California's residents live in Los Angeles County. The County has 88 incorporated cities, including Los Angeles, the largest city in the state with a population of 3.7 million, and Vernon, the smallest city in the state with a population of 85. The largest cities include Long Beach, Glendale, Torrance, Pomona, Pasadena, and Santa Clarita, all with populations over 130,000. Other cities include Beverly Hills, Burbank, Malibu, Santa Monica, and West Hollywood. Nearly one million residents, about 10.5% of the County's population, live in the unincorporated areas.

Geographically, Los Angeles is a medium sized county covering 4,083 square miles. It includes the islands of San Clemente and Santa Catalina and contains 76 miles of coastline. Approximately 65% of the County's area is unincorporated.

Similar to the State as a whole, the County's economy has been improving recently. Its unemployment rate remains below the state average while its median household income is very near the state average. The largest employer in the five-county region is Los Angeles County with 84,000 employees.

As Table 3 shows, both real County revenues and expenditures declined in 1992-93, the first year of the ERAF shifts, but increased for the next two years. However, since 1995-96 both revenues and expenditures have declined each year, falling to more than 8% below their pre-ERAF levels in inflation adjusted terms.

Table 3
Los Angeles County
(\$millions)

| | Total Revenues | | Total Expenditures | |
|----------------------|-----------------------|-------------|---------------------------|-------------|
| | Nominal | Real (\$96) | Nominal | Real (\$96) |
| 1990-91 | \$7,111.9 | \$8,276.1 | \$ 7,074.5 | \$ 8,232.7 |
| 1991-92 | 8,618.8 | 9,630.2 | 8,682.4 | 9,701.3 |
| 1992-93 | 8,681.1 | 9,366.7 | 8,531.7 | 9,205.6 |
| 1993-94 | 9,042.2 | 9,508.2 | 9,022.6 | 9,487.6 |
| 1994-95 ⁴ | 10,621.3 | 11,013.9 | 10,795.2 | 11,194.2 |
| 1995-96 | 8,960.6 | 9,141.0 | 9,112.1 | 9,295.5 |
| 1996-97 | 8,864.9 | 8,864.9 | 8,705.7 | 8,705.7 |

Source: State Controller and CRB calculations.

Los Angeles County has shifted over \$5 billion in property taxes to schools since 1992-93, an average of over \$800 million annually. This represents about seven % of their \$12 billion total annual budget and about 35% of their \$2.3 billion discretionary revenue. In

⁴ The increase is due to a one-time bond issue to fund the County's retirement systems unfunded liability. The County received a share of surplus retirement system earnings through June 1998.

Los Angeles County, Proposition 172 money offset 39.2% of the 1993/94-1995/96 average property tax loss, one of the lowest percentages in the state and well below the statewide average of 50 percent.

As a result of the property tax shifts, the County reports taking several mitigating actions. These include reliance on fund balances, reductions in general relief grants consistent with the findings of the Commission on State Mandates, and an agreement with the County retirement system (LACERA) whereby excess earnings are credited against the County's pension liability. Officials also report that using reserves has become an on-going financing tool.

In addition, the County reports strictly enforcing their hiring and wage freeze. Staffing dropped from 90,000 in the late 1980s to 82,000 in the late 1990s. Officials report this reduction occurred primarily through attrition and holding vacancies. Most of the layoffs that did occur were in the Health Department. While they have recently given salary increases some staff such as court clerks and reporters had gone as long as six years without a raise.

The County reports they have many unmet needs, and like several other counties in our study, have been designated a distressed county by the Commission on State Mandates. Officials explain they have an on-going budget problem that needs a long-term solution. They note that in June 1997, ballot measures imposing special taxes for libraries and fire protection were successful. However, countywide infrastructure continues to deteriorate as they continue to accumulate a long list for deferred maintenance.

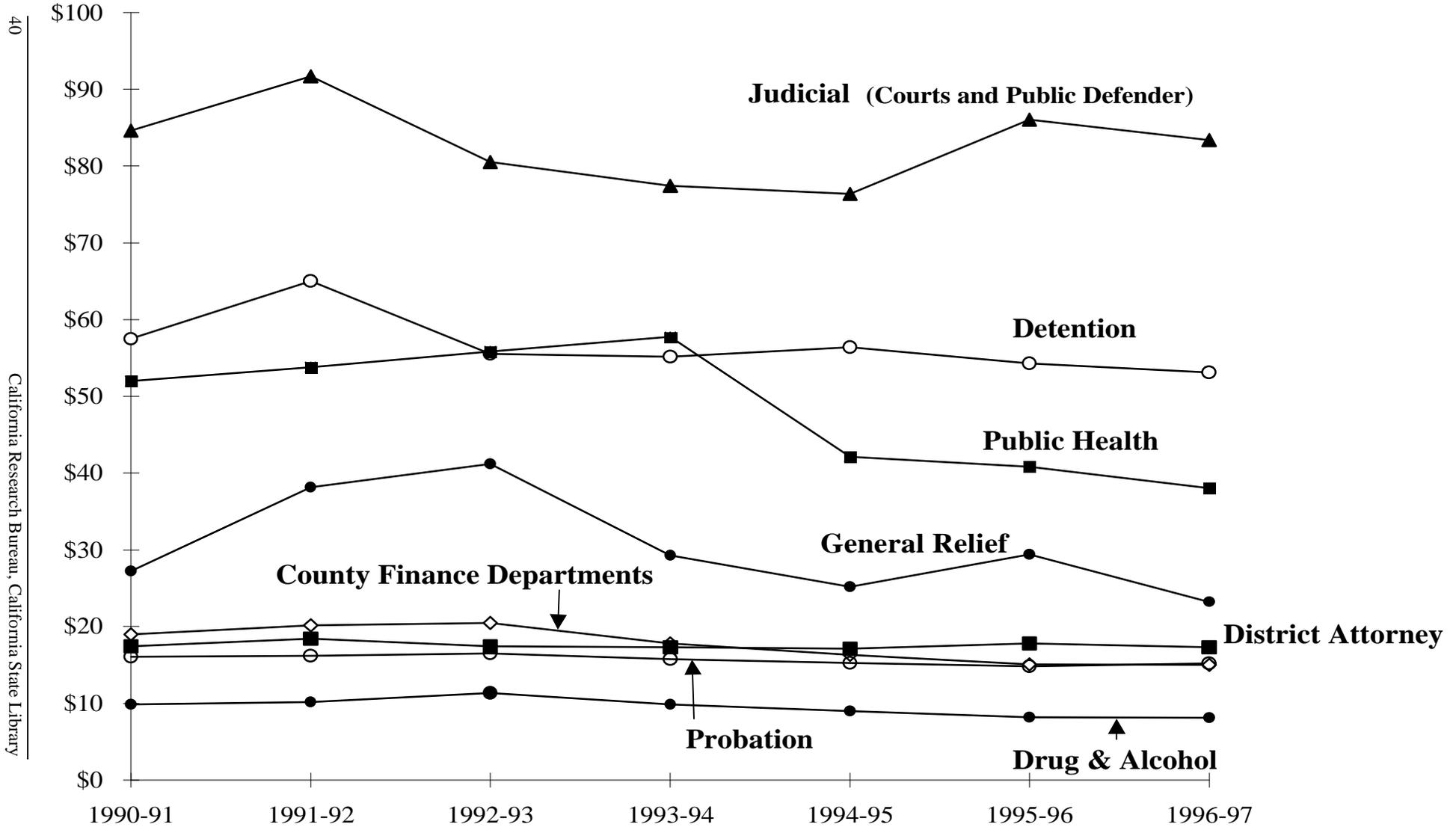
County Officials report they have imposed over \$170 million in continuing departmental budget curtailments. Officials believe many departments now operate more efficiently as a result of cutbacks, but increasing caseloads and demands for service have often times affected a Department's ability to provide services. We describe these impacts next.

COUNTYWIDE SERVICES

Chart 5 shows the inflation adjusted, per capita operating expenditures for the countywide services we investigated. The range of expenditure varies substantially. In 1996-97 for example, spending ranged from a low of less than nine dollars for drug and alcohol programs to a high of over \$83 for judicial services. Since 1990, per capita spending for most of these services has been fairly flat or decreasing slightly. For others, notably the courts, general relief, and public health, spending has fluctuated.

The following discussion summarizes the service level impacts occurring over the last several years.

Chart 5
Los Angeles County
Per Capita Operating Expenditures on Countywide Services
 (Adjusted for Inflation \$1996)



Source: State Controller, California Research Bureau

- ***County Finance Departments.*** Several County finance departments, which are generally dependent on General Fund money, such as the Auditor-Controller, Treasurer, and Assessor, faced budget cutbacks after ERAF. The Auditor-Controller reports their priority was to maintain property tax collections since property tax revenues are a main source of County revenue. As a result, they reduced services in all other discretionary areas. For example, the Department reports they reduced staff by 60% in the audit area and cut back in the disbursements and accounting sections as well. Officials note that because performing department audits usually helps the County save money, reductions in their budget may result in less savings in other departments. Officials report they have increased property tax administration fees that they charge other local governments once since the ERAF shifts, to help balance their budget. They note, however, that their fees are still low compared to some counties.

Officials in the Treasurer's Office explain that the property tax administration program is the only area of service not covered by fees so it was the only area to cut when their budget was decreased after the ERAF shifts. Their staffing fell from 370 allocated positions in 1989-90 to 265 in 1997-98. Officials blame the decreased time for supervisors and managers to give attention to security and checks and balances for an employee being arrested for embezzlement in 1997.

Officials report having cut back on extended services (Saturdays) and outreach to the public. In addition, fewer staff has resulted in longer waits for the public both in their offices and for correspondence.

The Assessor's Office reports although their budget was also cut, AB 818 provided them with crucial funding which offset cuts. However, they still experienced some cutbacks. For example, in 1992 they laid off or demoted 122 workers. They eliminated the internal audit staff and nearly eliminated their staff for handbooks and cost manuals. In 1994, they reduced their student workers from 40-50 down to one or two. In addition, their regional offices are closed to the public on Fridays, except in downtown.

Officials report they are more efficient and have improved services in other ways however. For example, they have developed a one-stop service center with the tax collector and the auditor, improved automation for transferring documents with the registrar/recorder, have increased their contracts with outside vendors for data entry, are partnering with the private sector to build a GIS system, and are more actively selling data to raise revenue.

Officials report their assessment appeals increased in the early to mid 1990s but have since partially declined as the real estate market has improved. In response to the increase, they increased their number of assessment appeals board from three part time boards in the 1980s, to six full time boards and authorized up to ten. Because of the two-year deadline to hear appeals the County increased the Assessment Appeals Board's budget even though the County budget was falling. As a result staffing grew

to 73 (many of them temporary) with 29 hearing officers in 1995. Since then the number of appeals has declined and the staff has decreased to 66. They currently schedule 7,500 - 8,000 appeals per month compared to 5,100 a year in 1984.

- ***Criminal Justice.*** The County reports Proposition 172 sales tax funds helped to offset their property tax losses. About 85% of these funds go to the Sheriff's Department and 15% to the District Attorney. These departments made fewer cuts as a result although some reductions still occurred.
- ***District Attorney (DA).*** Officials report they have over 3,000 employees including 900 prosecuting attorneys. They operate 10 branches, 14 area offices, nine juvenile offices, and 18 special prosecution units such as gangs, family violence, and fraud. Since the late 1980s, staffing in the Criminal Bureau has declined from 2,250 to 1,872.⁵ The Office reports most of the decline occurred in the early 1990s after the property tax shifts. Between 1991-92 and 1993-94 the net County contribution to the DA's budget fell from \$125 million to \$68.6 million, a loss of nearly \$57 million. Although \$51 million was eventually replaced with Proposition 172 funds, the DA's budget and staff still declined. Officials note that in order to maintain current staff levels, the office has doubled the amount of grant funding they receive.

The DA's office reports that while their caseloads have been stable, starting in 1994 they have seen a 25% increase from the previous highest years in jury trials due to the three-strikes legislation. In addition, they report they have not been able to take advantage of the increased number of criminal courts due to a lack of staffing.

Officials report that they created special units in response to local need. Between 1993 and 1995, special units without grant funding such as juvenile and narcotics, lost staff due to budget cuts. In addition, to avoid layoffs, the Office shifted staff from traditional programs to grant funded special units such as statutory rape. As a result they lost 12 attorneys in their traditional criminal operations and staff fell below 1991 levels.

Officials report that they emphasize certain areas of prosecution because of available grant money. These areas are not necessarily the areas of greatest local need such as gangs, family violence, stalking, and hate crimes or where the money will have the biggest impact. Since grant money cannot be channeled into other programs and County budget contributions have shrunk, Officials report that funding priority programs has become more difficult.

The DA's office also reports that although crime rate numbers are down they do not see a decrease in the number or the severity of their cases. They report the trends are toward more violent activities and their office now focuses almost exclusively on felonies.

⁵ The Family Support Bureau is fully federally funded and was not impacted by the property tax shifts.

- ***Detention and Corrections (Jails).*** The Sheriff's Department operates the County jails. There are seven facilities with an average daily inmate population of 21,000 inmates. Officials report that approximately 70% of the inmates are pre-sentenced, up about six to eight percent since the three-strikes law took effect, and from about 30% ten to 15 years ago.

In addition, the County contracts with INS to house and secure 500 federal detainees at the Mira Loma Facility near Lancaster. They also have an agreement with the State Board of Corrections to house 1,400 State prisoners at the Pitchess Detention Center.

The County reports their jails are currently overcrowded and they are under Federal court order to reduce overcrowding. They report they need housing, both space and funds, for 40,000 inmates. The Department reports they have been releasing prisoners early for six or seven years, due to overcrowding. These inmates are either on electronic monitoring, work furlough, or in work release programs.

Officials report that due to Sheriff's Department budget cuts in the early 1990s of nearly \$208 million, they closed three facilities, which housed a total of 5,229 inmates, and delayed the opening of Twin Tower Correctional Facility. The Department reports they were subsequently able to open this facility, which has much needed high security beds. They were able to do this by diverting operating funds from the closed Sybil Brand Institute,⁶ by entering into agreements with both State and Federal Governments to house their inmates, and with State COPS funds. They currently have no minimum-security facilities.

Officials also explained that there are about 2,200 inmates sentenced to state prison being held in local facilities awaiting transport to state prisons. The wait is anywhere from a few weeks to a few months. The County reports they are housing an increasing number of such inmates and for longer periods of time as the state inmate population continues to increase, state prisons are getting more crowded and inmates must be transported further away. The County reports since they had not been reimbursed by the State for the costs associated with housing these prisoners while they are awaiting transport, they were diverting more of their local budget to this function. However, AB 1655 passed last year and requires that counties now be reimbursed for the costs associated with this activity.

In addition to the increasing number of state-sentenced prisoners, Officials report a general change in demographics in the jails towards accused felons, including 800 to 1,000 accused murderers. Officials explain that some of their facilities are old and house inmates in dorm-like settings. Thus, these facilities are not suitable for all types of inmates, for example gang members and 'three-strikers' who have increased incentives for attempted escapes. Officials report they have had racial

⁶ One of the three closed facilities mentioned earlier.

and gang mini-riots in these facilities as rivals have attacked each other. All of these events have increased the need for a higher level of security, although lack of available funds has prevented this from occurring.

Finally, the Department reports a growing number of mentally ill inmates in their system. Officials believe this is partially due to the lack of adequate funding of County mental health programs resulting in increasing numbers of this population showing up in the jails. Officials fear they are becoming the mental health hospital of last resort. Addressing this issue is putting additional demands on the Department's budget due to new Federal mandates regarding the care of these inmates.

The Department reports that should funding be available in the future they would give priority consideration to reopening Sybil Brand Institute to house more inmates, and to purchase new systems to provide for more efficient tracking of inmates.

- **Judicial (Public Defender).** Officials report the Public Defender has 40 offices, 630 attorneys and takes on about 700,000 new criminal cases each year. The percentage of felony cases, currently 68% has been increasing since three-strikes.

Officials report 97-99 percent of the Public Defender's budget comes from the County General Fund since few outside funding sources such as grants are available for this office. Thus, when the County's budget declined after ERAF the Public Defender's budget also declined.

Officials report that between 1989-90 and 1993-94, their caseload increased 15% per attorney while their staff only increased three percent. In 1994-95, caseloads flattened but workloads increased because of the greater investigation needed with three strikes cases. However, their largest budget cuts came in 1995-96 when they lost 44 staff including 21 attorneys. Caseloads jumped to 1,000 cases per attorney. Since they could not deliver comparable service in all cases they started to refuse to accept cases. As a result, 28,000 cases had to go to private attorneys which, according to County Officials, eventually tripled the cost of defending the cases. In 1996-97, the Office received a budget increase and restored part of their staff. However, they report they still turn back cases because of too few staff.

Officials stressed the importance of an integrated approach to criminal justice. They explained their caseloads are often increased, with no additional funding, by changes that occur in other areas of the system. For example, new laws such as three-strikes and 10/20/life increase caseloads and the number of jury trials, grants to the District Attorneys Office and to cities for law enforcement increase the number of trials, and increases in the number of judges (Los Angeles received 16 a few years ago) increases the number of cases heard in a given time frame.

The County reports they also have an Alternative Public Defender. This office is independent of the Public Defender and handles cases when the Public Defender has a conflict and cannot represent the accused. These include cases where the public defender has represented clients in the past or when there are multiple defendants. The Office opened in December 1993 with 25 attorneys. The County reports they created and funded the office to decrease the County's cost of using private attorneys for defense in conflict of interest cases. Officials report the Office initially expanded into just a few courts but within three years they expanded into all other courts except Pomona Superior Court, six municipal courts and juvenile court. They have plans to expand into these courts as well. An audit report indicates they saved the Public Defender's Office \$34.9 million in four years.

- **Public Health.** County officials report that in 1995 during their overall health care budget crisis, they consolidated their Public Health Clinics (where disease testing and immunizations occur) from 30 to 11 sites. This initially decreased access and the number of visits as well as reported disease cases declined. However, as the County has been restructuring their health care system and moving toward more integrated services other multi-use facilities with contracts for primary care have opened. In addition, public/private partnerships have also increased access to primary care.

The County reports concerns with disease trends and immunizations particularly because of their large immigrant population. For example, TB cases peaked in 1992 but are falling. They report that over half of their TB patients are now in directly observed therapy, the most effective treatment. In addition, most school age children are now immunized, but only about 56-60% of two-year-olds are adequately immunized.

Officials report that categorical grant funding now drives their priorities. They report some growth in these grants but note they are tied to particular issues. Some funds are for studies and documentation only, not the provision of services.

- **Drug and Alcohol.** The County reports that their programs are funded largely with federal and state grant funds. Their programs are provided primarily through contracts with over 300 community-based organizations and one county-run facility in Antelope Valley. Officials note their increasing cooperation with other departments, such as mental health, public social services, and criminal justice, in order to successfully serve a clientele with increasingly complex problems.

As Chart 5 shows, per capita spending has been steadily declining since 1992-93. In 1993, due to budget cuts associated with the ERAF shifts, the department lost quarter of their staff. In 1995, when the whole health care system was in crisis, they again faced budget cuts and lost staff. Because they contract out most of their services, staff is primarily involved with planning and contract management and workloads increased as staff numbers diminished. Currently they are no longer cutting back.

Officials report that the demand for services continues to increase and they have developed several new programs. For example, the County Drug Court Program is comprised of seven local courts and more are planned, including a Juvenile Drug Court. Clients are diverted into treatment programs and if they finish the program charges are typically dismissed. The County reports that since May 1994, over 230 persons have successfully completed a program requiring one-year participation.

In addition, many drug and alcohol treatment providers are integrating primary health care and HIV services. Officials note, too, the general relief program now requires client screening and participation in treatment programs as a requirement of aid. Officials report this provided an influx of new clients with little funding to accommodate them. They will also be providing a similar service to TANF clients.

- **General Relief.** The County reports that spending has declined from \$350 million in 1992-93 to \$205 million in 1997-98, and caseloads have fallen from 107,000 at their peak to about 60,000. To achieve this reduction, the County reduced the value of their grant from \$341 to \$221 and instituted three major changes in their service focus. First, in 1992 they introduced a SSI advocacy program to assist clients with qualifying for the program and moving them from general assistance. The program provides outreach and assistance with obtaining documents and applications. Officials report that application for SSI is a cumbersome process for general relief recipients, who have had limited success in becoming federally eligible. The County's SSI Advocacy program has been effective in advocating for federal benefits, thus saving county costs.

Second, in 1997 they developed a mandatory substance abuse recovery program with the Department of Health Services. The program provides prescreening, evaluations and referrals. If clients fail to complete the program they face assistance penalties. They have found through prescreening that approximately 20% of their clients have drug and/or alcohol abuse issues. The County reports annual savings of \$8 million. They expect this figure to increase and their caseloads to decline as clients successfully complete the program and can readily find employment.

Third, the County has maintained its grant level at \$221 and established a mandatory employment services program to transition the employable participants to work, based on the welfare-to-work model, which includes supportive services. The County has also established time limits of six months out of 12 months with a three-month extension to promote a successful transition to work.

The County reports that the general relief program is always understaffed, currently at about 50% of their need. They say innovation and technology has helped them, particularly with their food stamp system, but clients still wait a long time. They are concerned that this will worsen in the future as time limits run out and applications for food stamps increase.

MUNICIPAL SERVICES

Chart 6 shows the inflation adjusted per capita operating expenditures for the county municipal services we studied. Los Angeles County provides many municipal services to incorporated areas. Information as to which services in which cities was incomplete when the report was prepared, hence Chart 6 does not contain all the services we investigated.

- ***Sheriff.*** The Los Angeles County Sheriff's Department has a budgeted staff of over 8,400 sworn and 5,400 civilian positions. They provide law enforcement, investigative, custody,⁷ and court services within an area of 3,200 square miles (75% of the County's landmass). They provide all services to the unincorporated areas and provide direct traffic and general law enforcement services, through contract, to 40 incorporated cities as well as the Southern California Regional Rail Authority (Metrolink) and the Metropolitan Transit Authority (MTA). They also regularly provide a wide range of specialized and technical law enforcement services to every city in the County upon request.

Officials report that Federal COPS funding has recently enhanced patrol services (although some of this funding is scheduled to be eliminated in 1998-99). Proposition 172 funds, also intended to enhance services, instead helped maintain services after the Department's \$200 million budget cuts following ERAF.

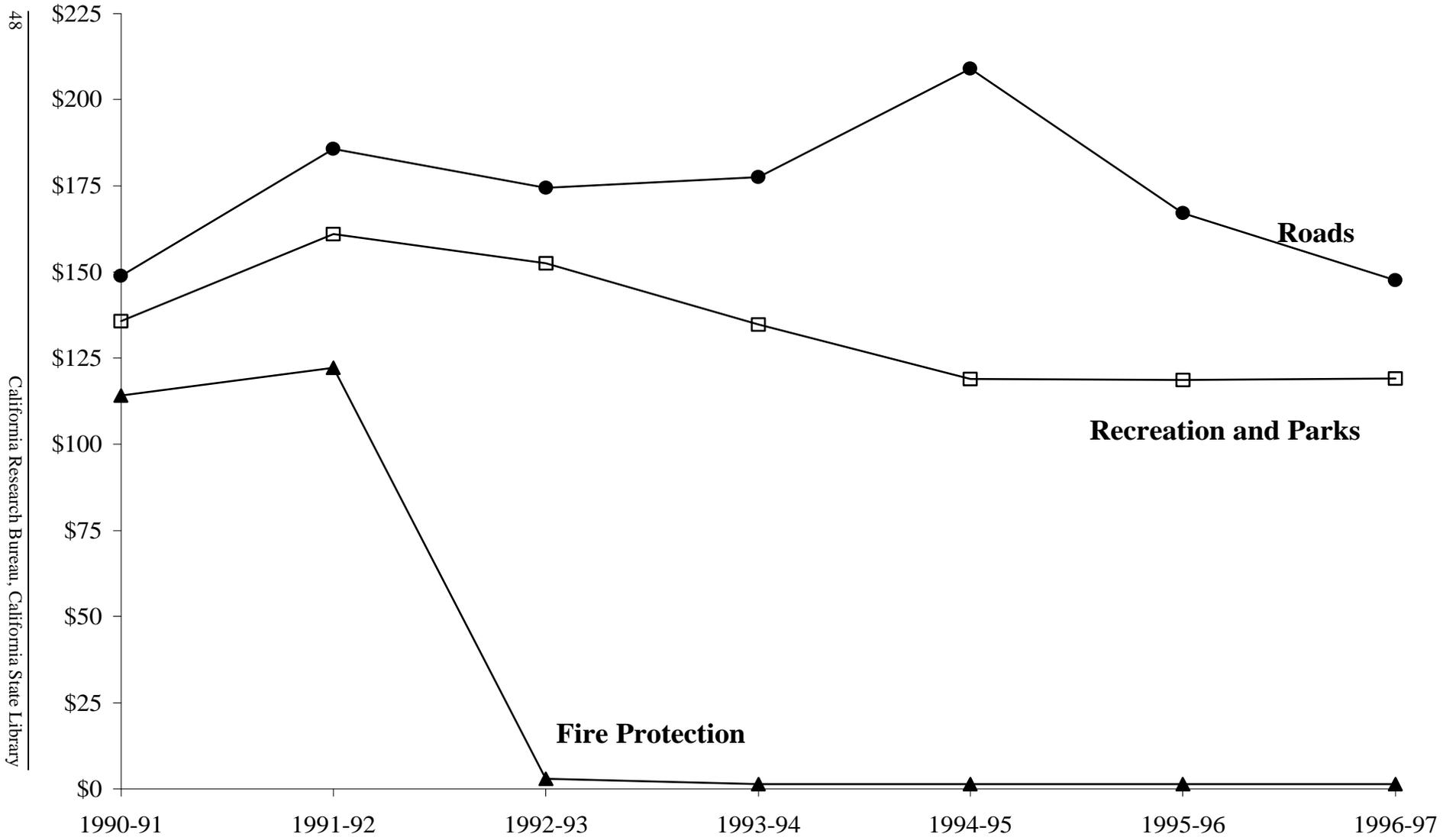
The Department reports that the ERAF property tax shifts and on going County budget problems which have reduced their budget, have resulted in staffing cuts, hiring freezes and increased use of overtime. In 1997 they had 379 vacancies, down from 600 in 1994. Officials report several reductions in services as well. For example, they initially closed or partially closed five patrol stations, but have since been able to restore one to a full service station. They note however, that patrol response times have remained good, as they have tried to avoid cuts in this area. They have, however, increased their civilian workforce to cut costs. For example, they report using up to 900 Custody Assistants compared to 250-300 in 1984. This number is now capped at 835 however, due to labor union issues. The Department is also taking more reports over the phone and sending civilians to calls such as burglaries, when they used to send deputies.

In addition, cutbacks in civilian support personnel, community relations and crime prevention activities, along with the consolidation of stations has impaired Department efforts to reach out and deal with the local community and has impacted local resident's ability to interact with station personnel.

Officials report the demand for court security services is increasing. Department Officials explain that as a result of the three-strikes law which imposes more severe sentences, many defendants who would have plea-bargained in the past are now pleading not guilty and demanding jury trials. This in turn has increased the demand for transportation of in-custody defendants to court, bailiffs, and overall courthouse security.

⁷ See the Detention and Corrections section above for a discussion of the County's jails.

Chart 6
Los Angeles County
Per Capita Operating Expenditures on Municipal-Type Services
 (Adjusted for Inflation \$1996)



Source: State Controller, California Research Bureau

Officials further report that air support, emergency, and SWAT staffing have been reduced, which Officials explain, are essential for citizen and officer safety. In addition they report that due to budget cuts, they have cut investigative services, multi-jurisdictional task forces, and surveillance. These cuts have meant for example, that they no longer investigate forgery and fraud cases below \$25,000 unless an immediate arrest is imminent. These cuts have also impaired the Department's ability to perform countywide and specialized investigations such as elder abuse and enhanced narcotics enforcement, two areas of increasing need. Furthermore, with cutbacks in the detective units, the Department reports it has instituted "case screening" in order to determine which cases are the most viable to investigate.

The Department reports that Los Angeles County has the largest concentration of gangs in the nation. Recent estimates have identified over 150,000 known gang members. They explain that on-going Department efforts have significantly impacted gang activities, but public concern about gang violence remains high. They report as Federal grants are expiring they need additional resources to address this issue.

Finally, the Department reports that lack of county funding is contributing to the continuing deterioration of Department infrastructure. Officials report that although they were beginning to outgrow their crime lab personnel building prior to the budget cutbacks in the 1990s, they are currently unable to address this issue due to lack of funds. They have also delayed replacement of outdated equipment in the Crime Lab, facilities modifications for ADA compliance, seismic upgrades, asbestos abatement/removal, and soil remediation. In addition, Officials report they have delayed implementing much needed technological advances that would provide for more efficiency and effectiveness.

- **Libraries.** The Los Angeles County system provides library services to all the unincorporated areas as well as 51 incorporated cities.⁸ It currently serves about 3.3 million people. The County library system operates as a special district and receives a dedicated portion of the property tax, and since the ERAF shifts, about \$14 million annually in County General Fund support as well.

Due to the ERAF shifts and the elimination of the Special District Augmentation Fund the library lost nearly \$30 million in property tax revenues, over 46% of their budget. As a result they laid off 68 permanent employees and 300 hourly employees. They also closed 10 branches and reduced service hours by 61 percent. All branches were open only two to four days a week, down from five to seven, and all were closed on Sundays. In addition they reduced their materials budget over 80% from \$8.3 million to \$1.4 million. In 1994-95, with an additional allocation of general fund money, they were able

⁸ These cities include Agoura Hills, Artesia, Avalon, Baldwin Park, Bell, Bellflower, Bell Gardens, Bradbury, Carson, Claremont, Compton, Cudahy, Culver City, Diamond Bar, Duarte, El Monte, Gardena, Hawaiian Gardens, Hawthorne, Hermosa Beach, Hidden Hills, Huntington Park, La Canada-Flintridge, La Habra Heights, Lakewood, La Mirada, Lancaster, La Puente, La Verne, Lawndale, Lomita, Lynwood, Malibu, Manhattan Beach, Maywood, Montebello, Norwalk, Paramount, Pico Rivera, Rosemead, San Dimas, San Fernando, San Gabriel, Santa Clarita, South El Monte, South Gate, Temple City, Walnut, West Covina, West Covina, West Hollywood, and Westlake Village.

to partially restore service hours, including some Sundays, and fully restore their materials budget. In addition, they replaced leaky roofs and purchased public service computers.

In 1995-96, they secured a benefit assessment in the unincorporated areas and 11 cities.⁹ Due to Proposition 218, the benefit assessment was ultimately replaced by a special tax. The tax of \$22 per residential unit was placed on the ballot in June 1997 and approved by 69% of the voters. It raises about \$9.5 million a year and benefits about 47% of the population served by the library. As a result, service hours were again adjusted. Hours in the libraries in the participating areas including the 11 cities increased 19% from their 1994-95 levels while hours in the remaining libraries were reduced by 16 percent.

Officials report that the staffing cuts following ERAF led to an increase in the use of volunteers, part-time workers and private donations. This has helped them to retain their programs and restore service hours to full-time operations. To achieve this, the materials budget was again reduced from \$8.5 million to \$4 million slowing their acquisition of books.

Officials report that the library is also in need of new facilities. Since Proposition 13 they have added no appreciable square footage in library facilities but serve about one million more people. They indicate that 90% of their infrastructure is 20 to 30 years old and more roofs, air conditioners and heaters need attention. To address the need for new facilities, the Library reports they sought and secured as of October 1998, a developer fee of \$570 per new residential unit in the unincorporated area for new library facilities.

- **Public Works (Roads).** Officials report they maintain 3,100 miles of road in the unincorporated County area, 1,600 miles of road in cities, inspect and maintain 419 unincorporated area bridges and inspect 1,153 city bridges. Officials report their revenues are flat (particularly the gas tax) and that today, in the County, 40% of their highways are in fair/poor condition compared to 20% in 1983.
- **Recreation and Parks.** The County Parks and Recreation Department oversees 80 local and community regional parks, eight regional parks (3,000+ acres), four arboreta and botanic gardens and 18 natural areas. In addition, they maintain 19 golf courses, 31 swimming pools and 334 miles of equestrian/hiking trails. They report having over 20 million visitors per year.

Officials report that in 1997 they did not have a budget cut for the first time in 18 years. Prior to Proposition 13, the Department had 2,200 FTE workers, today they have 817. Since 1992-93 they have experienced a 26% reduction in County funds. Officials report they “came close” but did not close any parks as a result of these reductions. They have deferred park and facility maintenance, however.

⁹ These cities include Cudahy, Culver City, Duarte, El Monte, La Canada-Flintridge, Lakewood, Lomita, Lynwood, Maywood, Santa Clarita, and West Hollywood.

Officials stressed they try to be innovative with park financing. For example, they report receiving \$14 million for maintenance and operations from public works for parks in flood control areas. To address other facility issues, the County passed two local assessments, one in 1992 and one in 1996. These assessments primarily provided money (\$240 million) for capital improvements for park facilities including some routine maintenance. The Department reports these funds were used in part to refurbish all their playgrounds. However, they still currently have \$36 million worth of deferred maintenance not addressed by these assessments.

Officials emphasized the importance of parks and recreation programs for youth and the role these amenities play in the prevention and reduction in crime. However, Officials report they reduced their recreation programs as a result of budget cuts and now charge fees for most uses. This included cutting some programs such as Community and Recreation Safety (CARS) for at-risk youth in 1993-94. For example, after ERAF, officials report they instituted swimming pool fees, after having no fees for 25 years. They also started charging for swimming lessons. However, in the disadvantaged areas they lost 80% of the kids and had problems with gangs taking the kid's money. Consequently, the Department negotiated with the Board and as of 1997, swimming is free again. Other fees still exist and have helped some programs survive.

In addition, to augment their youth programs the Department receives local contributions from businesses for equipment for youth baseball and last year they received a grant for uniforms and after school programs. They also report having one of the largest municipal golf operations anywhere, earning \$14 million in net profits from their golf course operations. They recently increased golf fees from \$15 to \$20 to further assist their youth programs.

Officials also discussed a greater need for security at the parks. They report having park police, 85 full-time officers, funded in part by federal grant money. They have some gang problems in the parks but report that gangs often let parks be neutral territory. The Department used to work with the probation department to supervise crews of young people for park cleanup. But, due to the increasing violent nature of the youth offenders and an attack on a supervisor, they stopped this program a few years ago. They now take adult work-release inmates instead.

Finally, officials reported that reduced funding has meant they struggle to keep up with technology in computers, equipment and maintenance. This decreases their efficiency and ability to provide services particularly with fewer staff.

- **Fire Protection.** An independent special district that receives a dedicated share of the property tax currently provides county fire protection. Prior to 1992-93, both the County and the district provided fire services. In 1992-93, the County annexed the unincorporated area into the Consolidated Fire Protection District, and transferred a portion of the area's property tax to the district. Officials report this was done to consolidate bookkeeping and budgetary operations within the fire department as well as to provide a stable, reliable, on-going funding stream for fire protection.

A small amount of the County fire protection budget was used to fund beach lifeguards and remains in the County fire protection account.

MERCED COUNTY

Merced County is a medium-sized, agricultural county in California's Central Valley. Its population is 202,000. The County has six incorporated cities, including Merced with a population of approximately 62,000. About 40% of the population live in the unincorporated area. The County's primary industry is agriculture. The County, Foster Farms, and Pacific Telesis are the largest employers.

Merced County's unemployment rate is among the highest in the state, approximately 15% in December 1998. Its median household income is over 30% below the state average (among the worst in the state) and nearly 39% of the population are on some form of public assistance. Castle Air Force Base closed in 1995 resulting in the loss of 7,200 jobs. The County is making strides to reuse the Base and several new employers have located there. In addition, the University of California has selected a Merced County site for the next U.C. campus. It is not clear, however, how fast the U.C. process will proceed.

As Table 4 shows, County revenues took a slight dip in 1992-93, the first year of the ERAF shifts, increased steadily through 1995-96 and declined again in 1996-97. In inflation adjusted terms, total expenditures grew from \$202.7 million to \$220.7 million between 1990-91 and 1995-96, but declined to \$208.9 in 1996-97. While 1995-96 revenues and expenditures were slightly above their 1991-92, pre-ERAF levels, 1996-97 figures were again below.

Table 4
Merced County
(\$millions)

| | Total Revenues | | Total Expenditures | |
|---------|-----------------------|-------------|---------------------------|-------------|
| | Nominal | Real (\$96) | Nominal | Real (\$96) |
| 1990-91 | \$172.3 | \$200.6 | \$174.2 | \$202.7 |
| 1991-92 | 197.2 | 220.3 | 197.3 | 220.5 |
| 1992-93 | 195.5 | 211.0 | 195.2 | 210.7 |
| 1993-94 | 201.6 | 212.0 | 201.0 | 211.4 |
| 1994-95 | 209.0 | 216.7 | 210.0 | 217.8 |
| 1995-96 | 217.3 | 221.7 | 216.3 | 220.7 |
| 1996-97 | 217.1 | 217.1 | 208.9 | 208.9 |

Source: State Controller and CRB calculations

Since 1992-93, \$68 million in property taxes to schools was shifted in Merced County. In 1997-98 the ERAF shift from the general fund was approximately \$14.3 million. The County reports that this translates to a 28% reduction in discretionary general purpose revenue that would have been available to support local services. In Merced County, Proposition 172 money back filled only 41% of the 1993/94-1995/96 property tax loss compared to over 50% statewide.

In an effort to restore at least some funding, the County placed “Measure A,” a one-half cent general sales tax, on the November 1993 ballot. It failed by 66 votes. It then placed “Measure E,” another one-half cent general sales tax, on the June 1994 ballot. It too failed. The County reports that both measures failed due to community concern that the State might take new revenues. In addition, in 1994-95 the County addressed their budget shortfall through a Memorandum of Understanding (MOU) between the State Department of Finance, which recognized that the County did not have the fiscal capacity to finance existing services. The main components of the MOU involved deferred payment to the California Department of Forestry for fire services and an agreement with the State Department of Social Services.

Overall, the county has taken numerous measures, including both internal adjustments and service cutbacks, to address the budget shortfalls resulting from the recession and the ERAF shifts. Most changes were initiated in 1993. Each year throughout this process the County’s objective has been to meet current levels of service while still balancing their budget. As a result, internal changes and cutbacks have dominated their cost-saving measures, but in some departments service level cutbacks have been necessary as well.

Examples of countywide internal adjustments since ERAF are plentiful. In those years up to 1997, to balance their budget, they spent their contingency funds every year and currently have no reserves. They negotiated five percent salary reductions. The County closed offices an additional six days during the calendar year. They furloughed employees 56 hours without pay during the year. They also have maintained high vacancy levels due to hiring freezes except in program areas with special funding or maintenance of effort (MOE) requirements. Between 1991 and 1993, there was a net reduction in staffing of 191 positions; 160 of these were general fund supported. Most of these positions were left vacant and placed on the Unfunded Position Allocation Listing although about 10% were eliminated. The County continues to maintain staffing at minimal levels. Since 1995 over 100 additional positions have been vacated and 27 deleted.

In addition, the County reduced health plan costs by transferring the employee health plan to an HMO. They also implemented an alternate retirement system with reduced benefits and capped the County’s contribution for retiree health insurance.

In addition to these on-going measures, the County has also engaged in several one-time budget reduction actions. A partial list includes:

- Reducing or eliminating funding of the retirement COLA,
- Transferring revenue from trust funds dedicated for specific purposes such as the Trial Court’s Building Trust Fund,
- Reducing funding of the Fleet Service Replacement rate,
- Suspending the 20% match requirement for mental health programs, and
- For many programs, reducing their fund of State match, mandates and MOE requirements to the minimum allowed by law.

Other cost saving actions included implementing operational consolidations and reorganizations that resulted in additional staff reductions. Reorganizations occurred in the Planning, Public Works, Auditor/Controller, Health, Data Processing, and Mental Health departments. Consolidations included:

- Sheriff -- Coroner,
- County Clerk -- Auditor/Controller,
- Home Health -- Merced Community Medical Center, and
- Area Agency on Aging -- Human Services Agency.

Finally, since ERAF, the County has deferred maintenance related to the upkeep of facilities and eliminated fixed assets unless the maintenance was related to health, safety or revenue. They have also refinanced many debt obligations and enhanced revenue collection efforts (especially court fines).

On a positive note, in the last few years the County has achieved automation technology development through public-private partnerships with several area businesses. Through these automation efforts they have successfully re-engineered welfare administration. For their efforts, the County has received numerous awards and national recognition for the development of creative programs and achievements.

Department specific adjustments as well as service level impacts are discussed next.

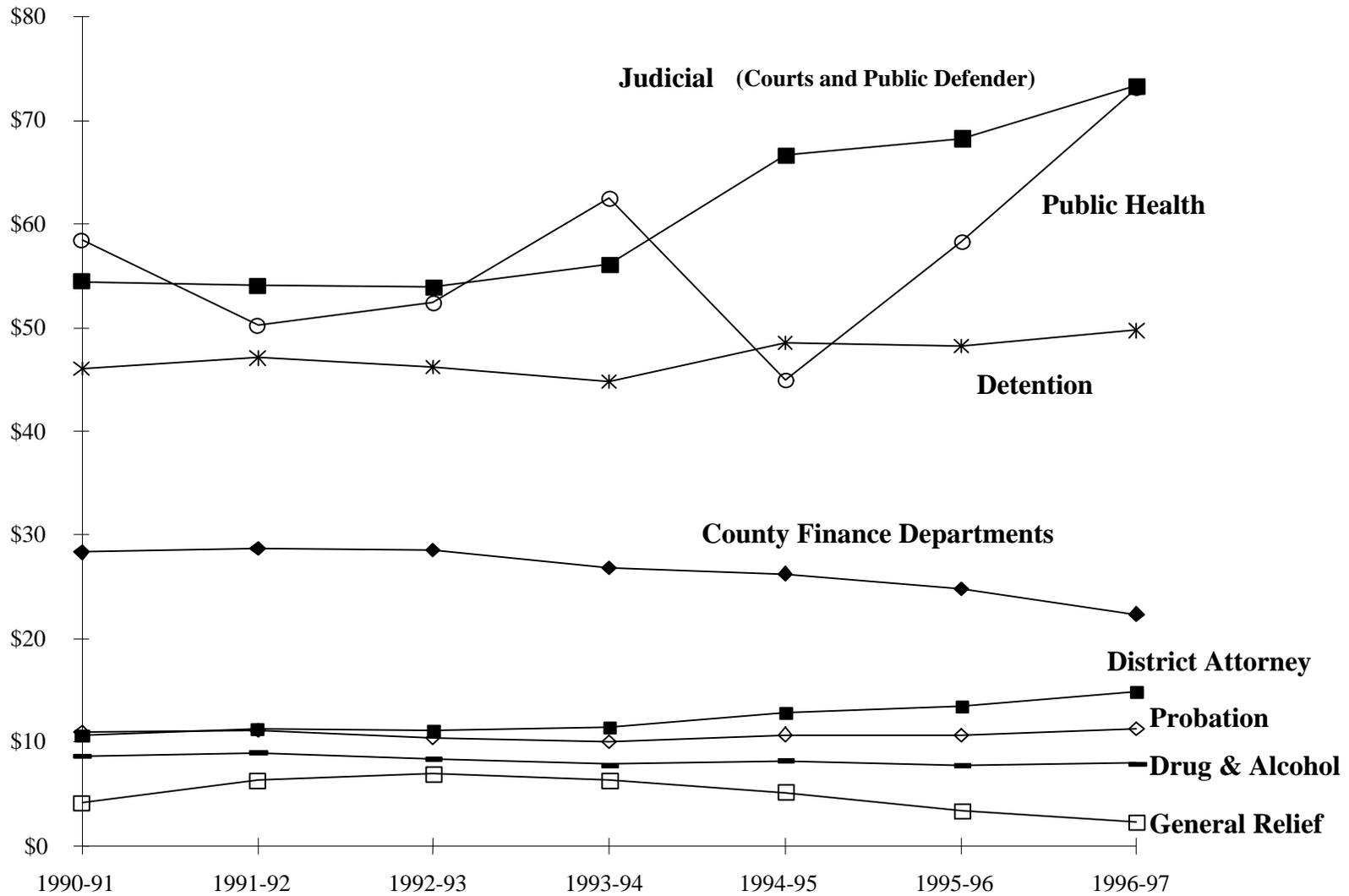
COUNTYWIDE SERVICES

Chart 7 shows the inflation adjusted, per capita operating expenditures for the services in our sample. Since 1990, except for public health and the judicial system, per capita spending on services in Merced County has been fairly flat. The range of expenditure, however, varies substantially from a low of just over two dollars for general relief to a high of nearly \$73 for judicial services and public health. Public health programs are primarily supported by government grants. While the overall spending trends would appear to indicate a relatively constant or increasing level of service, our interviews reveal that this is not necessarily the case.

The following discussion summarizes the service level impacts occurring over the last several years.

- ***County Finance Departments.*** Many of the changes and cutbacks discussed above such as furloughs and the five percent pay decrease occurred in the various County finance departments. Officials report increased turnover as a result, leading to the loss of institutional memory and knowledge of day to day operations. They have tried to fill in with extra help (limited hour, unbenefitted workers) but their union agreements limit their options. This situation has left them with fewer support staff in core service areas. County officials report that this has meant that some senior employees work as much as 250 hours a month with no overtime pay.

Chart 7
Merced County
Per Capita Operating Expenditures on Countywide Services
 (Adjusted for Inflation \$1996)



Source: State Controller, California Research Bureau

They report the demand for services has increased in the last several years. For example, the Assessor's office received 100 assessment appeals in 1995. In 1997 that number was between 300 and 400.

- ***Criminal Justice.*** The branches of the criminal justice system are all interrelated making it difficult to discuss the parts in isolation. Caseloads, staffing, and statute changes in one area can result in bottlenecks in other areas without comparable changes. Many of the issues described here are the result of such imbalances.
- ***Probation.*** In the last five years, the Probation Department has seen steadily increasing caseloads, which they attribute primarily to increased funding for local police and sheriff departments. Adult caseloads increased from 100-150 to 250-400 last year. Juvenile caseloads grew from 90-125 to 200. The Department reports the juvenile increase is primarily due to:
 - an increase in the school age population,
 - an increase in gang activity, and
 - a general increase in violence.

There has been no corresponding increase in staffing, however, since 1976 except with special grant money such as the Federal Title IV-A Emergency Assistance program. For both adults and juveniles, officers report they used to write in-depth reports but now only have time for short reports. The Courts use these reports to determine appropriate treatments and sentencing. Shorter reports are less valuable for this purpose.

The juvenile division started cutting programs in the 1980s. More recently ERAF hurt them even further. Officials report that this division has had no full-time staff since 1984 and is the second-poorest staffed probation department in the state. They use extra help and part time workers.

To ease the backlog due to increasing caseloads, the Department introduced electronically monitored home supervision and home confinement programs in 1992-93. As a result, many juvenile offenders spend only one-third of their time at Juvenile Hall and two-thirds of their sentence at home. Still, the juvenile hall is at or exceeds the rated capacity on a daily basis. In 1996, the rated capacity was exceeded on 219 days or 60% of the year. There are currently 117 juveniles on an 80-day waiting list to serve court-ordered commitment time.

County officials report that the overcrowding and backlog in the juvenile hall facility are due in part to the facility itself. The facility was built in 1948 and officials say it is too old, small, and not well suited for today's violent youth offenders. In 1995, 20 juveniles were arrested and admitted to the juvenile hall for a crime involving a homicide compared to one such juvenile in 1990. In November 1995 alone, there were nine being held for murder and there is almost always one or two at any given time. In addition, reduced funding at Juvenile Hall has resulted in the inability to

maintain sufficient staffing to meet the legal staffing/juvenile ratio requirements and health services not being funded at a level recommended by the Health Department.

The County currently has no facility fund to build a new juvenile facility. However, in June 1997, the Board approved a contract for a needs assessment study to develop the necessary information on types and sizes of facilities and programs necessary to address the needs and demographics of the County, including staffing, operational, and ancillary costs for various types of facilities.

As a result of increasing caseloads and level funding, the Department now handles only violent juvenile cases. They no longer handle property offenses and do little with gangs. Over ten years ago they stopped providing prevention and diversion programs. They also have reduced their handling of truancy cases. Up until 1992 they saw almost all truancy cases, but last year they saw less than half of these referrals. They send letters instead.

Finally, Merced County has been sharply impacted by the recent California Youth Authority (CYA) fee changes. Essentially, effective January 1, 1997, the CYA increased its monthly charge per ward for commitment. As a result, Merced County's CYA budgeted costs grew from \$25,000 in 1995/96 to \$250,000 in 1996-97. They are budgeted at nearly \$1 million for 1997-98. Accompanying state legislation was adopted to mitigate the increased CYA costs by restoring funds to counties with ranches or camps to expand those facilities. Merced County, like most small counties, does not have a camp or ranch and thus did not benefit from this legislation.

- ***District Attorney (DA)***. County officials report increasing caseloads and unchanging general fund contributions. In 1992 there were 3,618 hearings with a DA present. In 1996, that number had increased 50% to 5,396. Their cases have also increased in complexity, i.e., involve more serious offenses like shootings.

As a result, for the last three or four years, the office has been more active in seeking government grants and their grant funding and programs have increased. Three years ago they had only one Deputy DA three days a week, now they have two full-time Deputy District Attorneys. They report they now have an effective family child support program and more money for child and adult abuse cases.

While grants have helped their department, officials report that grants tie money to specific programs and the programs may not match local priorities. In addition, grant funding is unpredictable and generally terminates and, therefore, is a less reliable funding stream. This makes it more difficult to recruit and retain employees.

- ***Detention and Corrections (Jails)***. There are two Merced County jail facilities. The main jail has a capacity of 192 and the adult correctional facility has a capacity of 427. They have both been full since 1992 when the County was put under Federal Court order to reduce overcrowding. Even so, due to 1993 budget cuts the County suspended funding of one dormitory at the adult center, reducing capacity by 108

inmates. To address the overcrowding, the County reports that currently every Thursday and Friday they create bed space for the weekend by discharging inmates early and then referring them to a work program. They also have approximately 150 inmates daily who are on work furlough or using electronic monitoring. In addition, since 1992 they no longer jail anyone with bail set for less than \$25,000. The County believes this hurts the credibility of their system since the community perceives no consequences for small crimes.

The adult detention center opened in 1990 and was built as a dorm for offenders charged with misdemeanors. County officials report that in retrospect they would have built it for felons because they usually have about 250 felons in the facility at any time. Because it was not built to be a high security facility, they report having escape problems with inmates breaking windows and prying bars. They had 13 escapes in the County last year and 11 were from this facility. The County has no plans to build a new facility.

Low staffing levels also contribute to the security issues at the jails. The County reports minimal staffing levels at both facilities. The downtown facility has three or four staff for 200 inmates and the adult detention facility has five or six for 400 inmates.

The County reports that the three-strikes legislation reduced plea-bargaining resulting in more defendants awaiting trial. As a result, officials report a modest increase in pre-trial jail time for the average felon from 19 to 23 days. Prior to three-strikes, about half of the inmates were awaiting trial, now it's approximately 60 percent.

- **Judicial (Courts).** Since ERAF, the County reports cutting six to eight staffing positions. They also have had furloughed days off and have cut pay back to 1993 levels. In the last ten years, they have added no new judges.

While the County's total caseloads have not been increasing, the mix of cases has been changing. Specifically, they see relatively fewer misdemeanor and more felony cases. Felony cases generally take more time and resources to handle. The courts are also handling more three strikes, juvenile, and gang-related cases. Because of the stringent penalties of third-strike cases and multiple defendant nature of many gang-related cases, they too often take more time. Because the courts are often not available in a timely fashion, officials believe there is more pressure on the DA to workout plea bargains and reach settlements.

In addition, the Courts lack adequate space. The County reports that:

- Half of the courtrooms and staff are housed in three trailers.
- The Courthouse has erratic heat, a faulty electrical system and no heat in the restrooms.

- There are no jury rooms, which creates a security problem because they cannot separate jurors, attorneys, and prisoners outside the courtroom.

The County began the process of building a new courthouse three years ago. They report obtaining a lot and parking, but have been unable to proceed due to financial constraints. While they are looking forward to trial court funding, they note that it can not be used for facilities, which is what they most need. If they complete the project, the County will provide the trailers to the probation department for additional space.

- **Public Health.** The public health program receives its main funding from the 1991 State-Local Realignment Program and grants. In 1992, in order to help balance its budget, the County reduced its funding to legal match requirements. Officials say they work hard for grants but that many are capped and the funding levels do not grow even though costs increase. Health officials also say there are no grants available for core public health services and the decrease in general fund money after ERAF hurt some of their programs.
- **Medical Care Services.** This agency provides indigent health care, runs the jail health-nursing program, and has oversight of the lease agreement of the 176 bed County hospital. They have a staff of 150 mostly full-time, and contract physicians. Grant funding has allowed them to increase the number of positions, although county-funded positions have decreased. They have a \$12 million budget of which \$650,000 is general fund money.

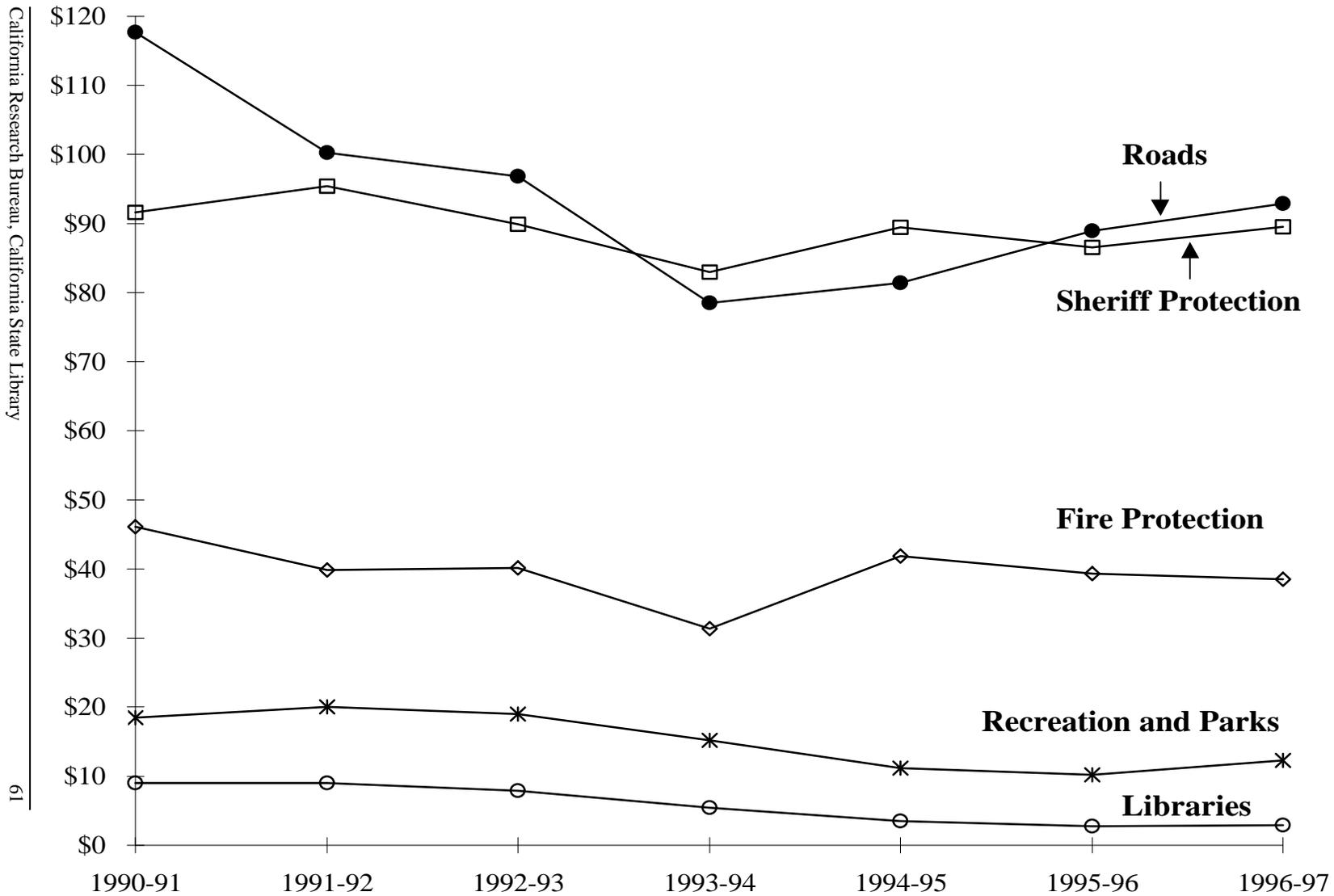
Since ERAF, the County general fund contribution has decreased. As a result, in 1993 they discontinued the senior citizens preventive health care program that required a 50% county fund match. In 1994, they discontinued the county-funded prenatal clinic in Los Banos.

- **Drug and Alcohol.** Their program is largely grant funded and was impacted in 1995 when state and federal grants declined. Officials note that the loss of some programs has in turn, increased referrals to child protective services.
- **General Relief.** Their general assistance caseload peaked in 1993-94 at 400 but is now down to 80. The County reports that the decrease is primarily due to policy decisions that reduced funding, increased eligibility requirements, and imposed a 30-day waiting period. Recipients now receive \$260 cash per month, must fulfill a job search requirement, and be fingerprinted.

MUNICIPAL SERVICES

Chart 8 shows the inflation adjusted per capita operating expenditures for the county municipal services in our sample. In general, these services were harder hit by the early 1990s budget constraints than the countywide services because their budgets rely more on general fund revenues. As the chart shows, per capita spending levels for all of the services declined during the ERAF shifts. Since then, spending has recovered somewhat

Chart 8
Merced County
Per Capita Operating Expenditures on Municipal-Type Services
 (Adjusted for Inflation \$1996)



Source: State Controller, California Research Bureau

for roads, sheriff, and fire protection. However, real spending levels in all categories were still lower in 1996-97 than in 1990-91.

As with the countywide services, there is a substantial range of spending between services. Per capita spending on libraries is less than three dollars while per capita spending on sheriff protection and roads is near \$90.

- ***Sheriff.*** After ERAF, the County consolidated the Sheriff's Department with the Coroner's office as a cost saving measure to help balance the County budget. The merger saves the County about \$500,000 a year. They also eliminated two positions but have since added one back. The department still responds to all calls but a deputy will take a phone report if feasible. In keeping with a countywide policy change, they increased the replacement mileage on all patrol vehicles to 125,000 compared to the state standard of 75,000.

Officials report that the department is relatively healthy, but County general fund money has not grown since ERAF. Gradually increasing booking fees charged to cities from \$57 to \$86, Proposition 172 money, and state and federal COPS grants, have allowed them to remodel the downtown jail and maintain or increase their services.

For example, the Department reports they have seven storefront offices with one deputy assigned to each and many volunteers. Grant funding has allowed them to increase their presence in the unincorporated areas, and they spend more time working with youth groups. They have also opened one more remote office resulting in six extra hours of patrol time.

- ***Libraries.*** The Merced County system consists of 16 libraries and serves the entire county including the six incorporated cities. It is a general fund library. Prior to the ERAF shifts their budget was \$1.4 million. After the 1993/94 ERAF shifts it was cut over \$1 million. As Chart 8 shows, County per capita spending is down to about three dollars.

As a result, in early 1994 the County closed three branches, and reduced hours at the main branch from 60 hours a week to 20, but since has restored them to 30. They eliminated the reference librarian position and reduced hours in the larger city libraries as well. Several other branches were threatened with closure as well, but volunteer groups came forward and agreed to raise the funds needed to keep the doors open at most branches. Four branches are now entirely run by volunteers with support and direction from staff at the Central Library in Merced. Still, the County reduced hours at some of the smaller branches from 30 to 20 per week where they still remain. In addition, the library book budget was eliminated and all materials purchases now come from grants only.

Officials report that the library system continues to operate at minimal levels. They rely on volunteer efforts to assist staff in providing services and to raise funds for those services and materials. Volunteer staff now runs most of the library programs and the use

of extra help and volunteers in general has increased. In 1994-95 the County budgeted a baseline level of general fund support to allow the libraries to remain open 20 hours a week with volunteer help. Any hours above this baseline amount are funded solely through fund raising efforts. However, after four years, the County reports that communities are experiencing volunteer burnout and difficulty in sustaining fund raising efforts.

There are no countywide assessments specifically for library support. Two sales tax measures that would have provided some support to libraries were on the ballot in 1993 and 1994, but both were defeated. However, through a provision in the revenue sharing agreement between the County and the City of Merced, the City of Merced Redevelopment Agency allocates \$100,000 per year for library services provided to residents of the City of Merced.

Officials expressed optimism, however, about continuing to try to improve service. For example, their catalog system is not automated but they are working on an automation program with Merced college and some trust funds. They are also building a new branch with \$200,000 in school match funding.

- **Public Works (Roads).** Department officials report that between 1990-91 and 1993-94 their overall budget fell by over 50 percent. Prior to 1991 they received County general fund money generated from court fine revenues and other discretionary revenues. Their budget was reduced by \$1.8 million (15%) after the 1991 state changes to trial court funding which allocated 75% of the court fine money to the state. It was again reduced after ERAF in 1993-94 when the County moved \$1.3 million of discretionary sales tax and vehicle code fines from the road fund to the general fund to help offset its budget shortfalls. Since then, the road fund has received no general fund money and operates primarily from federal and state grants. As Chart 8 shows, their budget has improved some in the last few years, due to increased grant funding, but is still far short of its 1990-91 level. Officials report their overall budget is at the same level it was 10 years ago.

As a result of the budget reductions, the department has laid off six to eight workers in the last five years. Overall, officials describe their staffing as minimal, down to 60 from 110 in the early 1980s. They have also increased their use of contracting out. For example, in the last five years they have contracted out for one inch overlay (asphalt resurfacing), herb spraying, bridge maintenance, and signal maintenance.

The County maintains 1,760 miles of road and 366 bridges. Two years ago they officially took 20 miles of road out of the maintenance system. The County receives federal money to replace bridges but they no longer fund new roads; new development must pay for its own.

The department reports doing about 25-35 miles of overlay last year. Maintenance standards suggest 10 year cycles for overlay, but they are on a 50-year cycle. In addition, they are on a 20-year seal coat (tar coating) cycle compared to the recommended three to five years. Officials expressed concern over the long-term costs of their inability to meet

recommended maintenance cycles. As is the case with most infrastructures, the costs of rebuilding are greater than the costs of regular maintenance. They also report having hundreds of miles of narrow roads with weeds that are expensive because they need to be rebuilt.

- **Recreation and Parks.** Prior to ERAF this department received approximately \$1 million from the County general fund. After ERAF, this amount was reduced to \$400,000. Chart 8 shows the spending drop-off beginning in 1993-94. As a result, the department imposed a five percent pay decrease and eliminated nine positions, about one-half of their staff. They also eliminated the recreation program and the special recreation fund, although some of the cities still have recreation programs of their own.

The County contains three regional parks and many smaller community parks. Over the last couple of years, Parks equipment has been made available to volunteer groups providing service to the community parks. However, officials report that maintenance activity for over five acres of parks have been too large an undertaking for volunteer groups. Aging equipment in the Parks Division has led to increasing breakdowns and has impacted the volunteers' ability to provide lawncare. The increased maintenance and repair of the equipment have resulted in the diversion of critical staff time from other necessary activities.

Currently the Department mows the outlying parks only once every two weeks, and they closed the restrooms in all but the regional parks. The County reports that during 1996-97 the Board approved a new mower and restored a maintenance worker to provide limited mowing of several of the larger community parks. However, after three to four years of little or no maintenance, the County reports that the facilities, restrooms, irrigation systems, picnic tables, etc., are in critical need of improvement at the four major parks and community parks. Current staffing levels can not keep up with and properly maintain the parks.

There are currently no special assessments for parks. The County had passed one, but it later failed when subjected to Proposition 218 voting requirements.

- **Fire Protection.** The County contracts with CDF for their fire services. In 1993, as a result of the ERAF shifts, the County transferred all remaining discretionary dollars from the fire fund to the general fund to help balance the County budget. Since that time, the County has provided no discretionary support for this service.

OTHER ISSUES

In the course of our interviews, the County raised several other issues in addition to the services we specifically asked about. Some of their other concerns include:

- County officials report there is a \$1.5-\$2 million County building deferred maintenance list. They currently have no means of funding roofing, heating and air conditioning, or new carpeting. As a result, they try to patch problems rather than replace items. The

County is currently working on a program to fund regular maintenance by reallocating some existing resources.

- The Human Services Agency sustained a series of annual budget cuts and freezes due to County budget balancing actions as a result of ERAF losses. The Agency reports they closed two satellite offices in 1992 when general fund support decreased. The County further reports their staff reductions have resulted in County caseworkers carrying the highest caseloads in the state. Child protective services has stopped responding to some calls including reports of children being home alone or in homes where there is a lot of coming and going by strangers. The adult protective service staff was reduced from four to one and they provide very few services compared to five years ago. Further, most grant programs require county matching funds and officials report they have difficulty providing the money. As a result it is difficult to increase or even sustain some programs. The Agency reports returning over \$350,000 in grant money because the County could not match the funding. The Agency has been finding new ways, such as forming partnerships with schools, to fund mandated services.
- Reduced Planning staff has impacted the County's ability to process development applications, complete map updates, or update the General Plan.

County officials report that their most pressing priorities, particularly if they could restore or enhance their budget, include:

- A juvenile hall facility,
- County building maintenance,
- Park maintenance and service, and
- Restored or improved library services.

PLACER COUNTY

Placer County is a suburban county 80 miles northeast of San Francisco just beyond Sacramento. It lies along Interstate 80 spanning the Central Valley to the Sierra Nevadas and the Nevada State border. Placer County encompasses over 1,500 square miles including approximately one-third of Lake Tahoe. It is a medium-sized county with a population of 217,900. The County has six incorporated cities, including Auburn, Colfax, Lincoln, Loomis, Rocklin, and Roseville, ranging in size from the largest, Roseville, with a population of 62,700, to Colfax, the smallest, with a population of 1,450. Over 43% of the population live in the unincorporated area.

Placer County is one of California's fastest growing counties. The County population increased over 21% between 1990 and 1997. It is expected to grow another 36% by 2005, outpacing both the Greater Sacramento Area and the state. The County has experienced positive assessed valuation growth throughout the decade, even during the early 1990's recession. This has been primarily fueled by continuous development in the southwestern part of the County near Sacramento.

The regions of Placer County exhibit considerable diversity. The mountainous region includes the North Shore of Lake Tahoe, an area famous for its year-round recreation, and is home to several world class ski resorts including Squaw Valley. Most of the population, however, lives in South Placer County, (near Sacramento) which includes four of the six incorporated cities.

The County is characterized by high incomes and a technology-based economy. Its median household income is well over the state average. Its unemployment rate has been consistently below the state level for over ten years. Recent job growth has been strong in nearly all sectors and projections are for continued, but slower, job growth through the year 2000. The County's major employers are Hewlett Packard, Placer County, PRIDE Industries, and NEC Electronics, Inc.

As Table 5 shows, real total County revenues declined in 1992-93, the first year of the ERAF shifts, but have grown every year since. Total expenditures followed a similar pattern. In inflation adjusted terms, 1996-97 revenues were 22.5% above 1991-92, pre-ERAF levels.

Table 5
Placer County
(\$millions)

| | Total Revenues | | Total Expenditures | |
|---------|-----------------------|-------------|---------------------------|-------------|
| | Nominal | Real (\$96) | Nominal | Real (\$96) |
| 1990-91 | \$138.7 | \$161.4 | \$136.7 | \$159.0 |
| 1991-92 | 151.5 | 169.2 | 155.0 | 173.2 |
| 1992-93 | 153.4 | 165.6 | 148.9 | 160.7 |
| 1993-94 | 162.4 | 170.8 | 157.0 | 165.1 |
| 1994-95 | 169.5 | 175.8 | 167.7 | 173.9 |
| 1995-96 | 174.8 | 178.3 | 176.1 | 179.6 |
| 1996-97 | 207.2 | 207.2 | 192.5 | 192.5 |

Source: State Controller and CRB calculations.

Placer County has shifted nearly \$65 million in property taxes to schools since 1992-93, an average of nearly \$13 million annually. This represents about 6.5 percent of their \$200 million total budget, about 11% of their general fund resources, and about 23% of their discretionary revenues. Proposition 172 money backfilled 61.1% of their 1993/94-1995-96 average property tax loss, one of the highest percentages in the state and well above the statewide average of 50 percent. This high rate of backfill meant their County budget sustained less severe impacts from the ERAF shifts than it might otherwise have. However, this has been partially offset by the increased service demands accompanying the County's high rate of population growth during the last decade.

County officials point out that despite Placer's growth in assessed valuation and taxable sales, their total expenditures have exceeded their incoming revenues during the last several fiscal years. They report that fortunately, they have had reserves to fund portions of capital project costs along with having to incur significant new debt service obligations. Going into debt represents a big policy change for the County. Officials find this trend disturbing because they are facing pressures both from growth in service demands and very significant capital construction needs (replacement and growth-related).

In addition, projected growth of discretionary revenue from the sales tax, has slowed due to competition from the growth of retail establishments in the incorporated areas. Officials note that base county income growth currently barely keeps up with inflation.

The County reports that it has been a board priority to maintain services, especially public protection, despite increasing demands for services and reductions in discretionary revenues. Therefore, they have tried not to lay off permanent staff or cut their hours and have continued to grant COLAs. To do this they have increased their pursuit of grant funding and modestly increased charges for services. They also have not added new positions without new revenue and have not backfilled vacancies with permanent employees. Some of the vacancies have been backfilled with extra-help (non-permanent, unbenefitted employees) working full-time. Additionally, they contract for about 25 FTEs in clerical staff from Kelly Services, a practice they started in 1991-92.

County officials report that hiring extra-help essentially became a staffing strategy after ERAF and the recession as general funds were declining. They report using large numbers of extra-help particularly in areas with high service demands such as public health, mental health, libraries, and parks and maintenance. Officials estimate extra-help now represents 15% of their work force countywide, even higher in some departments.

Officials report the use of extra-help is now surfacing as a labor relations issue, however, and can be problematic in other ways, too. For example, officials note more mistakes, higher turnover, and increased training needs. This is of particular concern in Child Protective Services (CPS) and law enforcement where lack of proper training, certification, and policy knowledge raises liability issues and may result in compromised services. However, in 1998-99, CPS funding was significantly increased, including additional positions (30+) and conversion of extra-help.

Officials also report a correlation between the number of workers' compensation and grievance claims filed and departments with high percentages of extra help. Officials explain that while using extra-help saves money initially, addressing claims increases their overall payroll budget over time.

The County reports that as discretionary revenues have declined they have also deferred maintenance and replacement of County buildings. They explain that capital financing for new facilities is their most serious long-term issue because:

- some of their County buildings are 50 years old (many are old military buildings) and a large number need to be replaced,
- essential public safety services are housed in buildings that do not meet seismic codes, and
- they need to add new facilities to accommodate their increased population.

They estimate their capital needs at over \$200 million through the year 2011, half for replacement and half for growth. To help accommodate this need they have added a facilities fee on new development in the unincorporated area. They note, however, that funds for replacing buildings can not come from these fees so they must use their reserves as well. However, as discretionary revenues decline, there is less or no money available to build capital funds. Officials note, too, that most of the County's population growth is occurring in the cities, but cities are not required to help fund new county facilities needed to meet the resulting increase in demands for county services. As a result, officials say they are carrying debt service on large bond issues for capital replacement, further affecting their budget.

Despite the Countywide goal of not reducing services, officials made expenditure reducing changes and cutbacks within some individual departments and programs. We describe these impacts next.

COUNTYWIDE SERVICES

Chart 9 shows the inflation adjusted, per capita operating expenditures for the countywide services we addressed. The range of expenditure varies substantially. In 1996-97, for example, spending ranged from a low of less than five dollars for general relief to a high of over \$91 for judicial services. Since 1990, per capita spending for most of these services has been flat or decreasing. Officials explain the increase in judicial spending was due primarily to intend cost allocation reorganizations.

The following discussion summarizes the service level impacts occurring over the last several years.

- **County Finance Departments.** Budget cut impacts to these departments have meant no new staff for several years with minor exceptions. Yet, the demand for services has been increasing, due mainly to the high population growth in the County, leading to increased workloads for most County workers. For example, new development has meant an increasing number of parcels to process for tax and other purposes. In addition, the recession resulted in an increased number of assessment appeals in the Assessor's office. Specifically, the number of assessment appeals increased from about 700 to 1,881 between 1993 and 1996.

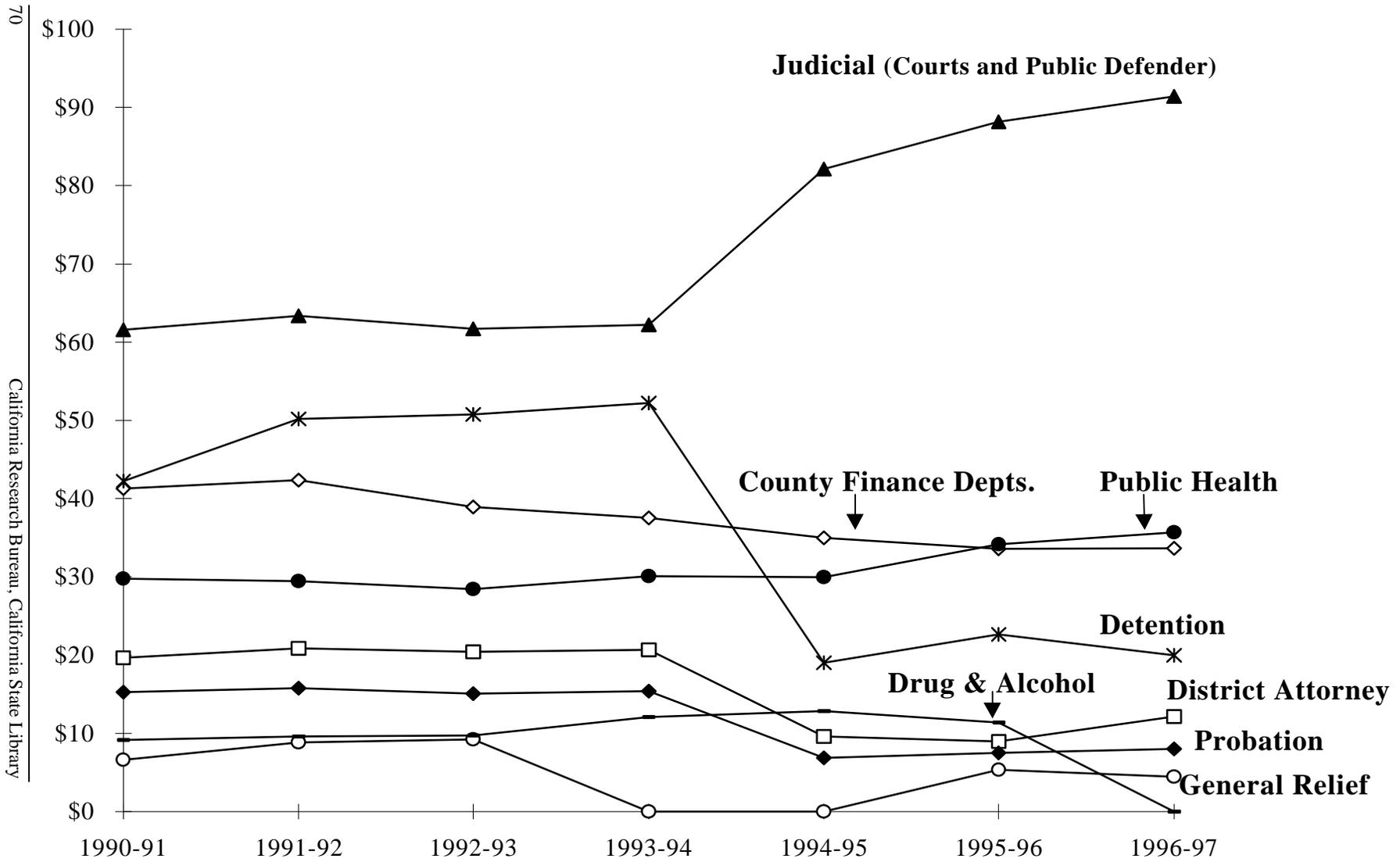
However, the County reports that through technology improvements, fee increases, and efficient staff they have been able to maintain optimum levels of public service in these departments. For example, the average days to assessment appeal resolution actually decreased since its peak in 1994 from 316 to 234 days, due to assistance provided by the AB 818 program and increased computerization efforts. In the Recorder's office, virtually all the County's recorded documents maintained by the County Clerk, continue to be available almost immediately to the public.

- **Criminal Justice.** The County reports they have a higher level of service now in most categories than ten years ago despite declining general fund revenue. They explain that this is a function of local priorities, improved automation and, since ERAF, increased government grant revenues and some fees for service.

Because of the area's rapid growth, officials report, Proposition 172 sales tax funds have been fortuitous for their law enforcement departments. These revenues largely shielded them from service cuts, but the benefits have been dampened by the increased demands for services resulting from the County's rapid population growth. Officials note, too, that this funding stream, as well as grant funding, is a more volatile revenue source and they currently have no general fund money to backfill future revenue losses. They report they budget with greater uncertainty because discretionary general fund money has been replaced by non-discretionary funds.

- **Detention and Corrections (Jails).** Officials report that the county jail system is their greatest concern. The Department now has an agreement with the County that general fund revenue allocations will be capped at the 1996-97 level through 1999-2000. Any additional revenues must come from other sources. Officials report,

Chart 9
Placer County
Per Capita Operating Expenditures on Countywide Services
 (Adjusted for Inflation \$1996)



Source: State Controller, California Research Bureau

however, that growth in correction expenditures may result in pressures to eliminate the cap, resulting in additional costs to the General Fund.

Officials report that since 1984, the daily average inmate population has increased 600% from 75 to 452. This led to a federal lawsuit, and in 1992, a federally-mandated inmate population cap. As a result the jail now operates a maximum capacity nearly every day. Officials report that this situation, in conjunction with DUI mandatory sentencing and three-strikes effects, has led to an almost all-felony jail. As a result, misdemeanants now rarely serve jail time. Officials report the County has appropriated planning funds for a 64-cell maximum-security addition in 1998-99. There continues to be no current funding source for such expansion but the County is applying for grant funds of \$2 million for construction of the facility.

Officials report their inmate population is increasing monthly and they are placing more and more inmates in community corrections programs. They have also increased their use of electronic monitoring. They currently have more inmates in out-of-custody programs (482) than in-custody programs (452). Officials believe they are inappropriately putting some inmates in these programs, as some in the programs need more meaningful punishment and rehabilitation. Also, due to declines in funding, they have deferred an aggressive inmate rehabilitation program within the jail, providing instead almost no services. Officials report in 1999-2000 they will apply for grant funds to construct a Mental Health facility at the jail.

Officials also report that they charge full-cost booking fees to cities, amounting to approximately \$200,000 a year in revenues.

- ***District Attorney (DA).*** The DA reports they have maintained or increased most levels of service, primarily through federal grants (such as for spousal and elder abuse) and Proposition 172 funding. However, since ERAF, they report it is much harder to fund local priorities because grant programs may not match local needs. They believe they have developed a culture of dependency on grants because they use them to cover overhead.
- ***Probation.*** Officials report their juvenile hall is old and outdated. The current capacity is 36 beds (one of the lowest in the state) and they report they need 45. Building a new facility had been postponed since 1986 because of financing constraints until recently. In June 1998, the County issued Certificates of Participation (COPs) for financing a new 75-bed Juvenile Hall. The debt service will be paid from a variety of sources, including facility impact fees, criminal justice and courthouse construction trust funds, State funding and General Funds. Officials note that the old property will become a minor revenue generator for the County when they tear down the old facility.
- ***Mental Health.*** Officials report that their mental health program is funded mainly with realignment money. The County also provides a supplemental overmatch for mental health programs. Even so, expenditures have exceeded revenues for the last three fiscal

years, requiring use of virtually all accumulated fund reserves. As a result, they cannot expand services, and caseloads, especially adult, have been rising. The Department believes they are not adequately meeting service needs and are trying to get new federal and state funding. However, officials note that adult mental health is not currently a target area of state and federal funds making it difficult to fund.

- **Public Health.** The County reports they have a low poverty rate relative to the statewide average, but there are pockets of poverty throughout the County. However, sheer growth in population has increased the need for services. The County reports that until recently, the only health staff added have been with grant funding. However, the County was able to add one additional General Fund supported public health nurse in 1996-97 and three in 1997-98.
- **Drug and Alcohol.** Officials report they contract out for all drug and alcohol services. Also, 80% of child protective services cases are drug related. Officials note that additional treatment and prevention funds are needed.
- **General Relief.** The County reports they have a \$1 million program, and it does not have a major impact on the County budget. They explain they have a high transient population because of the railroads, but they do not serve much of this population because they are not county residents. Their typical client is a single adult male with significant psychological problems, but not on SSI. About half of their cases are pending SSI or disability and about half of the those become eligible. Thus, the County frequently is reimbursed for part of their cost.

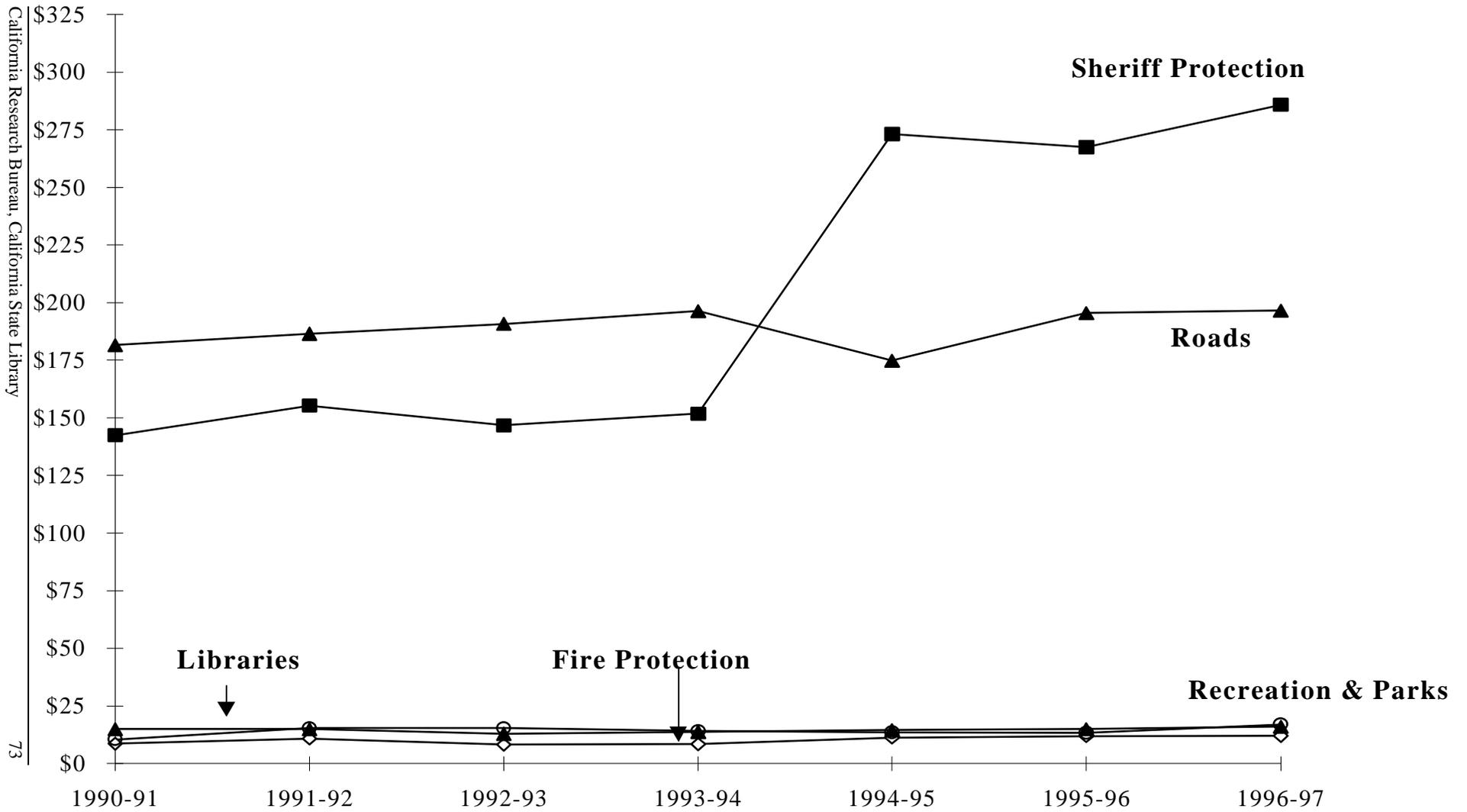
They have kept their grant levels constant at around \$250 due to an agreement with legal services. However, they experienced a 150% caseload increase during the recession so they tightened program access to flatten this trend and reduce spending. Officials believe that adding required home visits of applicants did contribute significantly to reducing/controlling the number of cases.

MUNICIPAL SERVICES

Chart 10 shows the inflation adjusted per capita operating expenditures for the county municipal services in our sample. Although in many counties these services were harder hit by the early 1990s budget constraints than the countywide services, this was not the case here. Due to dedicated funding streams, relatively large county reserves, and local funding priorities these services did not encounter or sustain the funding reductions experienced in many counties.

As with the countywide services, there is a substantial range of spending between services. Per capita spending on libraries is less than \$16 while per capita spending on sheriff protection is over \$285. The spending levels for all but the Sheriff's departments have generally flat.

Chart 10
Placer County
Per Capita Operating Expenditures on Municipal-Type Services
 (Adjusted for Inflation \$1996)



Source: State Controller, California Research Bureau

- ***Sheriff.*** Officials report they provide services to the unincorporated area as well as the cities of Colfax and Loomis. Chart 10 shows a rapid increase in expenditures after ERAF. Officials explain that this is due primarily to County internal reorganization of cost allocations. Prior to ERAF, the County did not charge them for health services and facilities maintenance. After ERAF, they started charging full costs for these services.

Although law enforcement has been a county priority, the ERAF funding shifts resulted in virtually level general fund support for their budget, although a one-time increase of \$4.6 million in 1996-97 contributed to the Department's computer system. Currently, to help control County costs, general fund contributions to their budget are frozen at their 1996-97 levels through 1999-2000. Since ERAF, the Department reports, they have had to rely primarily on federal grants and Proposition 172 funds to maintain their efforts and increase staffing. Officials note, too, that their increased reliance on grant funding can result in over investment in areas of lessor local priority.

However, due to the County's rapid population growth, they have not been able to keep pace with calls for service. Between 1984 and 1997, the number of deputy sheriffs increased 30% from 128 to 167. The number of calls for service, however, increased 212% from 24,018 to 75,036. The Department reports that this seriously compromised their ability to respond to many calls in a timely manner.

In addition, the Department has seen an increase in crimes against persons, especially domestic violence and child molestation cases. This increase, considering nearly static staffing levels, has increased work demands in the Investigations Division. They report they have difficulty handling the investigations case load in these areas while concurrently investigating other types of crimes. Investigations are being compromised as a result. Moreover, they are seeing increases in gang and drug activity and juvenile crime, which also draws on their resources.

- ***Libraries.*** The Placer County system serves the unincorporated areas as well as the cities of Auburn, Rocklin, Loomis, and Colfax. The system consists of the main library in Auburn, nine branches, and a bookmobile. They receive a dedicated portion of the property tax.

Officials report they reduced Library services for one year in 1992-93. The Main Branch was closed on Mondays and hours were cut. However, they have since restored all library services and have chosen to buffer them from further budget impacts. Additional law library hours are funded from trust fund money.

- ***Public Works (Roads).*** The County road system consists of 1,015 miles of roadway--563 miles of asphalt pavement, 366 of chip seal, and 86 miles of dirt or gravel surface. The Department reports that before the recession and ERAF they received a \$4.5 million general fund allocation. Since then, that amount has declined to just over \$3 million and comes primarily from motor vehicle license fees (the car tax). Officials report their road fund money goes primarily for maintenance and for discretionary repairs based on need.

Officials explain their primary concerns stem from the County's rapidly growing population. They observe that rural roads are becoming heavily traveled leading to faster deterioration of road surfaces. Many of these rural roads are two lane roads with no shoulders and are, officials believe, inadequate for suburban traffic from a safety and maintenance point of view. The County has not been letting roads revert to gravel. In fact, over the last three years, they have converted between 16 to 20 miles of road from dirt to pavement.

The Department reports that they have maintained and improved their average response time for trouble calls and/or service requests over the last 10 years. This is especially true for emergency requests, where response times are down to hours. This is due primarily to enhanced communications, additional and improved equipment, better trained personnel and an in-place purchasing program which allows them to acquire whatever they need to do what is at hand. Response times for non-emergency requests are usually handled during the same work week they are received.

The Department reports that the average maintenance cycle on their roads varies depending on the class of road and geographical location (elevation). Overall, the County has been able to perform surface treatments within recommended time lines. For example, chip sealing is done every five to seven years by County maintenance crews. Other surface treatments are done by contract.

The Department reports that meeting the snow removal needs is also an important issue and a primary function of their department. The County has approximately 235 snow removal miles and spends an average of \$1.3 million on overall snow removal costs. Because of the revenues generated by tourism at the ski resorts, and public safety access in remote areas, it is a County priority to keep the roads open in the winter.

Officials report that state reimbursement for snow removal lags and is a flat amount, not related to the amount of snow or related conditions. Since snow removal is paid for from the road fund (and is a large cost item), decreases in County funding and shortfalls during high snowfall years affect the funding remaining for other road maintenance work.

- ***Recreation and Parks.*** The County provides parks but does not provide any recreation programs. These are provided through the cities or special districts. The County maintains park and beach (at Tahoe) facilities for recreational use. Officials report that general fund support for park funding declined after ERAF, but was returned to pre-ERAF levels in 1996-97. Spending levels have been largely maintained or increased, as Chart 10 shows, through increased fees (including increases in CSA fees) and an increase in the hotel tax in the Tahoe area.

The Department reports that the fee increases have enabled them to maintain park service levels, but that all new developments must have CSA fees or some other form of funding, separate from the County General Fund, for park fees. Since Lake Tahoe beach maintenance is funded from the hotel tax, its increase has allowed them to maintain services in the Tahoe area.

- **Fire Protection.** Utilizing a contract with the California Department of Forestry and Fire Protection (CDF), the County provides services year-round in those unincorporated areas (non-US Forest Service land) not served by independent fire protection special districts.

The County reports that for years the service was financed by its own fund. However, because of the lack of growth in the unincorporated areas and ERAF, revenue is not growing as fast as the costs of providing services, resulting in budget shortfalls. In 1994, and again in 1998, the County placed several special fire protection tax measures before the voters to augment the revenue shortfalls. However, these measures failed and the budget shortfall continues.

OTHER ISSUES

The County also mentioned impacts to other services since ERAF:

- Animal control is funded by the general fund and saw their budget cut after ERAF. Recently they had a rabies problem with skunks and it was affecting livestock. Officials note that because nearly half of the county's population lives in the unincorporated area, being able to respond to this and other public health issues is a high priority to residents. Maintaining an adequate level of service requires diverting resources from other services.
- Officials report their computer system needs upgrades. They currently have a mainframe which they use for payroll and 911 calls, etc. It will cost nearly \$14 million for conversions and upgrades. They report they have made some conversions, but had to borrow money internally (e.g. insurance reserves, trust funds) to do so. Prior to ERAF, they explain they were able to finance these types of general fund expenditures.

The County reports that voter priorities in the unincorporated areas are for quality of life type services such as public protection, libraries and parks. However, officials feel voters are not always willing to pay for them. Recent ballot measures for fire protection failed and an advisory election regarding park services indicates it too, will fail. Officials report, however, that a mosquito abatement parcel tax was approved in November 1998. Officials explain that as former urban residents move to suburban or rural areas such as theirs, they expect urban services, not the rural services, like bookmobiles, that they typically get.

The County reports that although many County expenditure and service levels appear flat over time, they do not properly address growth. If the County could augment its budget, officials report they would focus primarily on increasing funding to general government and health service areas, particularly public health clinics and mental health programs. Although a new Juvenile Hall is under construction, they would also build additional criminal justice and other government facilities to replace antiquated buildings and to meet population growth demands.

RIVERSIDE COUNTY

Riverside County is a suburban county located in southern California, southeast of Los Angeles. Geographically, it is the fourth largest county stretching nearly 200 miles across the width of the State. Between 1980 and 1990, the number of residents grew by 76% making Riverside the fastest growing county in California. Today, Riverside is California's sixth largest county with a population of 1.4 million. Still, it has fewer residents than the densely populated counties surrounding it. The County has 24 incorporated cities, 20 of which have populations under 50,000. The largest city is Riverside, the 11th largest city in the state with a population of approximately 242,000. Other cities include Moreno Valley and Corona, both with populations over 100,000, as well as Palm Springs and, the smallest, Indian Wells, with a population of 3,100. About 378,000, or 27% of the population live in the unincorporated area.

The County's economy has been improving recently, but its unemployment rate is still above the State average and its median household income is below the state average. Riverside County is home to the University of California, Riverside, and numerous community and private colleges.

As Table 6 shows, in inflation-adjusted terms, both County revenues and expenditures declined in 1992-93, the first year of the ERAF shifts, but rebounded in 1993-94. However, revenues have declined every year since and expenditures have fallen for the last two years. In inflation-adjusted terms, both 1996-97 revenues and expenditures, although declining, were above their pre-ERAF levels.

Table 6
Riverside County
(\$millions)

| | Total Revenues | | Total Expenditures | |
|---------|----------------|-------------|--------------------|-------------|
| | Nominal | Real (\$96) | Nominal | Real (\$96) |
| 1990-91 | \$ 857.1 | \$ 997.4 | \$ 877.7 | \$1,021.4 |
| 1991-92 | 987.2 | 1,103.1 | 972.5 | 1,086.6 |
| 1992-93 | 989.0 | 1,067.2 | 998.1 | 1,077.0 |
| 1993-94 | 1,167.7 | 1,227.9 | 1,120.1 | 1,177.8 |
| 1994-95 | 1,145.3 | 1,187.6 | 1,177.9 | 1,221.4 |
| 1995-96 | 1,148.7 | 1,171.8 | 1,174.9 | 1,198.6 |
| 1996-97 | 1,149.0 | 1,149.0 | 1,141.2 | 1,141.2 |

Source: State Controller and CRB calculations.

Riverside County has shifted over \$350 million in property taxes to schools since 1992-93, an average of over \$76 million annually. This represents about five percent of their \$1.5 billion total annual budget, and about one-third of their \$236 million in discretionary revenues. In Riverside County, Proposition 172 money back filled 59.8% of the 1993-94-1995-96 average property tax loss, in the top one-third of the highest percentages in the state and well above the statewide average of 50 percent. However, legislation passed in 1997 (AB 1589) increases the County's ERAF shift by \$8.6 million by eliminating an

exemption afforded to County fire districts to exclude appropriations received from the County for fire protections services.

Since ERAF, the County reports it has reduced county government to cope with budget cuts. Public protection and health services have been the board's highest priorities. Thus, general government departments have taken the brunt of the cutbacks with 10 - 20% cuts in any given year. Proposition 172 money also helped maintain public protection services. Officials report that future budgets are looking a little brighter as their economy has emerged from the recession and some growth is indicated.

Officials made changes and cutbacks within many individual departments and programs. Even in Departments where the County maintained general fund contributions, increasing caseloads and demands for service often times affected a Department's ability to provide services. We describe these impacts next.

COUNTYWIDE SERVICES

Chart 11 shows the inflation adjusted, per capita operating expenditures for the countywide services in our sample. The range of expenditure varies substantially. In 1996-97, for example, spending ranged from a low of less than \$2 for general relief to a high of nearly \$70 for judicial services. Since 1990, per capita spending for most of these services has been fairly flat or decreasing slightly.

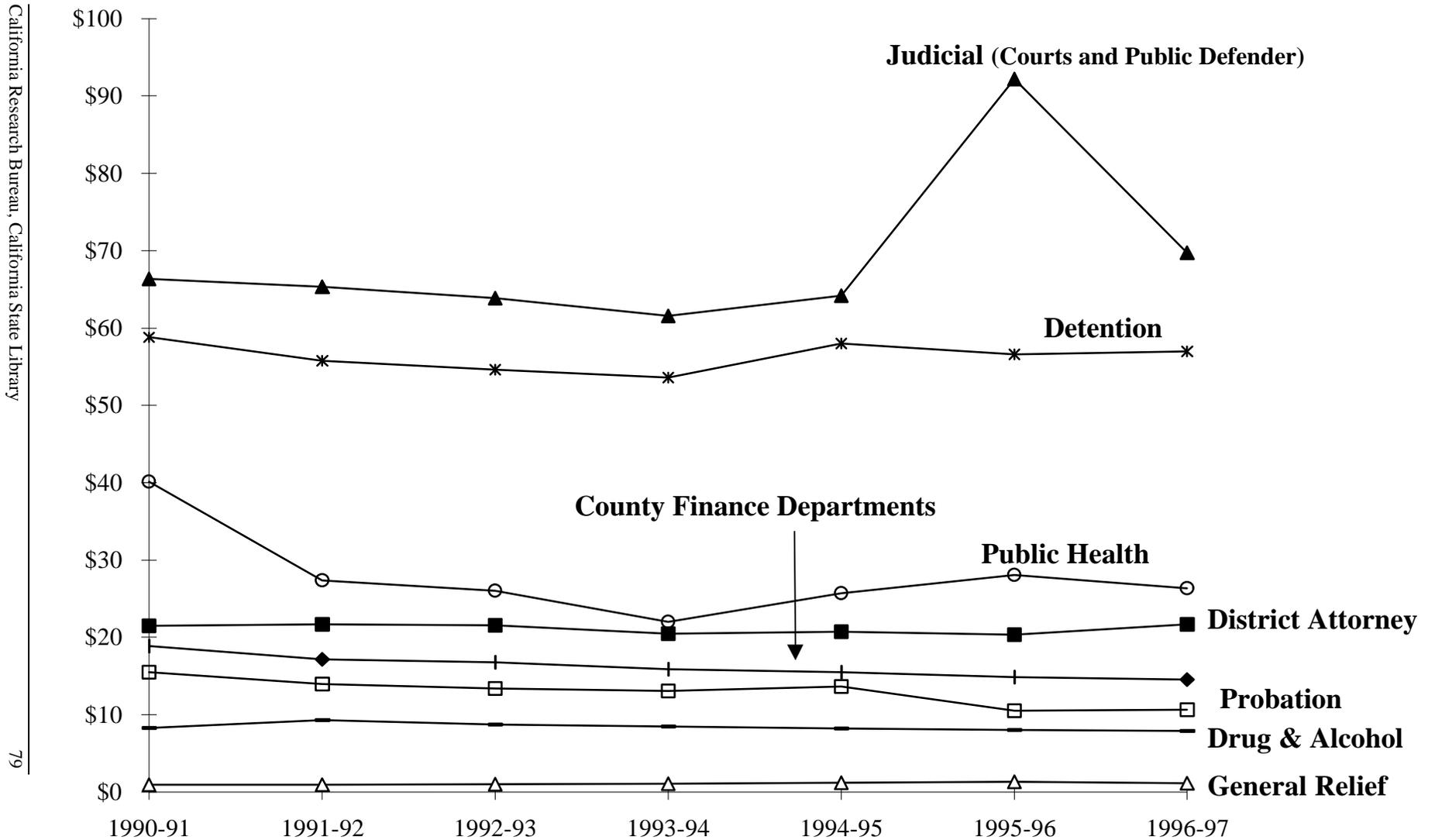
The following discussion summarizes the service level impacts occurring over the last several years.

- ***County Finance Departments.*** As mentioned above, general government departments, including county finance departments, took the bulk of the cutbacks after ERAF. For example, in the Assessor-County Recorder's office they cut staffing 37% from 220 to 150 at the same time assessment appeals increased from 1,600 to 26,000. In 1995, AB818 funding allowed them to restore 40 of the 72 lost positions but they are not expecting to be able to hire more. They also report using more contracted help in their data processing section, but because of County-Union relations they have abandoned using temporary help. Officials note that their budget is much more dependent on state funding than in the past and that they now actually need the state funding to maintain services.

The Treasurer-Tax Collector's Office also reports declining general fund support. Five years ago they received about \$1 million, now it's around \$73,000. Officials report it has been a priority not to cut staff because they feel they need to maintain service levels to avoid lawsuits. Thus, to avoid cutting one-third to half of their staff they raised the treasurer's administrative charge to increase revenue.

Today they have 54 positions, two greater than in 1972. However, due to the tremendous population growth in the County, their workload has tripled and they find it difficult to maintain service levels. For several years they had to forego selling properties (where tax delinquency is greater than five years) because they had no money to do it. Currently,

Chart 11
Riverside County
Per Capita Operating Expenditures on Countywide Services
 (Adjusted for Inflation \$1996)



Source: State Controller, California Research Bureau

however, they are selling 4,000 parcels, which will help their budget. They have also reduced public hours at their offices. While all offices used to be open full time, in 1994 they reduced hours at six offices in Riverside to 4 days a week. Offices in Palm Springs and Hemet are now open only 2 days a week and other offices are not open to the public at all.

In the Auditor's office, officials report they lost 25% of the staff to budget cuts, but services have actually increased because of automation and increased efficiency.

- ***Criminal Justice.*** The County reports Proposition 172 sales tax funds substantially helped to offset their property tax losses. Since maintaining public protection services was a Board priority, the availability of these funds meant the Department made fewer cuts and the County had to divert less general fund money from other services. However, some reductions still occurred.
- ***District Attorney (DA).*** Officials report that their funding sources have changed. They now receive proportionally less money than 10 years ago but have increased their grant funding. The DA has nine offices in the County. Officials note that because the offices are spread over such a wide area (the most remote office is over 170 miles from downtown Riverside), it takes substantial resources to staff them.

The DA reports that their overall budget has increased over time but that much of it (56%) is now from federal and state sources, such as Proposition 172 funding, and has often replaced discretionary general fund money. Officials note that grant money is dedicated to particular programs and cannot be used for other, perhaps more locally relevant problems like methamphetamine labs and gangs. For example, they have a \$1 million grant for insurance fraud and another grant for specialized homicide. However, they report that methamphetamines and meth lab cases have increased 400-500% in the last 10 years. They now have the second highest number of cases in the state (behind San Bernardino). While they have some funding for a specialized task force to address this, they would use more of their budget if they could.

Officials also report they have seen a tremendous increase in gangs and gang activity in the last 10 years. They have now identified over 500 gangs in the County, and believe they are moving in from Los Angeles, Orange, and San Diego Counties. They would also use more of their budget to address gang issues if they could.

Also, as a result of County funding cuts, the DAs Office cut back its consumer fraud unit by two-thirds and eliminated the environmental prosecution unit. In addition, all criminal subpoenas are now served by civilian employees of the DA's office rather than sworn peace officers. Officials report that additional money for street officers has led to an increased number of arrests which in turn, has meant increased caseloads for the DA's office with no comparable increase in funding.

Officials also report changes in the nature of their juvenile cases in the last 10 years. Essentially they have gone from bike thefts to drive-by shootings and other gun-

related crimes. This, too, has increased the demand for their resources. The DA's office reports they would like to be more involved with prevention programs in the schools but they do not currently have the funding to make it a priority.

- ***Detention and Corrections (Jails).*** The County currently has five jails including a new one that opened in 1993. They have 2,600 total available beds. Only 85% of their staffing positions are currently funded because of general fund shortfalls. Officials report that they actually finished the new jail in 1992 but that it sat empty until August 1993 because of lack of funding to staff it. In 1993, however, they opened it under a Federal court order to reduce overcrowding at the existing jails. Because of funding constraints it took until October 1995 to bring it up to full staffing. Between December 1993 and October 1995, the inmate population grew from 250 to 520 and staffing went from 60 temporaries to their own staff.

Officials report they are again under Federal Court order to reduce overcrowding and currently release several hundred inmates a year. They do so based on a formula, releasing the least harmful and predatory first. They also will release inmates on their own recognizance if they are pre-sentence. This has led to an increase in arrest warrants though because some of the pre-sentence inmates they release do not come back. Officials believe they are 350-500 beds short. Plans are currently underway to build three additional units at one of their existing facilities which will reduce overcrowding.

Unlike many other counties, officials report they have seen no real change in the type of inmates since the three-strikes legislation.

- ***Judicial (Courts and Public Defender).*** Officials report their revenue has been static for about 10 years and that Trial Court Funding has been an important contribution. Chart 11 shows a slight decline with ERAF and a large jump in 1995-96. Officials report, however, that the sharp increase in 1995-96 was due to accounting changes. These changes brought new items such as court security into their budget as well as transferred several functions from other departments, such as the detention release program, into their budget.

The County reports that the Court system currently has 17 locations. In the early 1990s, they consolidated their courts and expanded their services so that currently all services are available at all courts. They were able to achieve this through increasing cross assignments and training which allowed them to keep the courts open longer and to speed up trials. They also expanded their use of technology which decreased their labor costs. For example, they no longer have to physically send files to court rooms but can print them from the computer instead.

Throughout this time, caseloads were changing with an increased emphasis on serious crimes and three-strikes cases. Officials report this has led to not only an increased number of trials and hearings, but also a disproportionate increase in costs. Officials explain that these types of trials are typically more expensive and do not result in the

payment of fines. Officials also report an increase in the number of juvenile cases from 22% to 40% since 1990-91, depending on the type of case. They also note that juvenile cases are significantly more violent than they were 10 years ago.

The County reports that their facilities are in good shape. In the early 1990s they opened a new Hall of Justice in Riverside and are soon opening a new justice center and new courts in Blythe.

Officials report that the Public Defender's budget consists primarily of general fund money. They explain this is because they do not receive Proposition 172 money and generally do not have access to other sources of revenue (such as grants). They have more than doubled their budget and increased their staff in the last 10 years because they have had to expand their services to cover the increasing number of cases. Between 1990-91 and 1996-97 the number of cases rose 41% from 34,000 to 43,000, while staff rose only eight percent from 128 to 138 resulting in an increased caseload per attorney. Since ERAF, they have been losing ground relative to the DA's office (which largely drives their caseload) in terms of staffing. Ten years ago they had 53% of the staff of the DA. In 1996 it was 41 percent.

Officials report that, due to too many cases and not enough resources, last year this staffing imbalance resulted in the Public Defender being unavailable on about two dozen cases, including some death penalty cases. As a result, the Court assigned these cases to other counsel, meaning the County general fund budget paid for outside, independent attorneys. While the County has used private attorneys for some time for certain situations (conflict of interest, multiple defendants, etc.), this was the first time a lack of resources was the reason. This was particularly disturbing to officials since the relative cost of using private attorneys has been increasing, especially for Superior Court cases. In many cases it actually ended up costing the County more money than if the Public Defender's office had been adequately staffed. For example, in 1990, the Public Defender's office spent an average of \$862 per Superior Court case while the County paid private attorneys an average of \$854. In 1995, the Public Defender's office spent an average of \$1,011 per case while the County paid private attorneys an average of \$2,267.

- **Probation.** The Department reports that general fund allocations to their budget peaked in 1992-93 at \$27 million and have steadily declined due to ERAF budget cuts. In 1997-98, the general fund contributed \$15 million, approximately 30% of the \$51 million budget. Later that year, approximately \$14 million in Foster Care reimbursement revenue was reclassified thereby reducing both non-County revenue and total expenditures by that amount. The total budget then reflected \$37 million, of which the general fund allocation represented 40 percent. The remaining 60% come primarily from Proposition 172 and federal funding. This shift in their budget composition concerns officials because federal funding means special grants, which dedicate staff and money to specific functions. These programs, while they enhance their budgets, are not necessarily directed at local priorities.

Officials report one of their biggest ERAF impacts has been on adult supervision. The Department faced its first layoffs in 1995 when it lost 45 positions (about eight percent of its total staffing). Most of these positions were in the Adult Services section since supervision of adults is not mandatory. Officials report this led to an increase in caseloads per officer and a decrease in adult supervision. Caseloads now range from 500-600 to 1,000 per officer for minimum supervision and banked cases. The high priority cases are assigned to a smaller group of officers in an intensive supervision unit with caseloads of 50-60. Officials point out they are careful to prioritize their cases so that high risk offenders receive more supervision. Officials believe that their overall supervision is now inadequate and results in a loss of credibility with offenders. This, in turn, means their program is less of a deterrent to crime.

Officials report that they have higher caseloads in the juvenile division as well but they are better funded. Caseloads per officer range from 50-60 during the early monitoring of an offender, up to 1,000 for less complex cases. The Department reports they work closely with police officers and prosecutors and collaborate with schools, social services and mental health on early intervention programs.

Funding and staffing of juvenile hall, however, has been more of an issue, particularly since ERAF. Officials report their juvenile halls have been overcrowded for several years now. Due to budget constraints about 50% of their staff were part-time and they paid over \$30,000 in overtime every two weeks. Officials report this situation led to staff fatigue and liability issues. This staffing trend increased every year for about five years until recently. In 1998-99 the Board of Supervisors allocated additional general funds to increase staffing in the County's two juvenile halls. Specifically, they approved the addition of 13 full-time child supervision positions and additional 24 full-time child supervision positions to be hired by the beginning of 1999-2000.

The Riverside Juvenile Hall was overcrowded every day last year. Capacity is 197 and they are often holding about 230 juveniles. When the number exceeds 240 the juvenile court judge requires them to release some inmates. The County reports this has happened three or four times this year. As a result they have tightened their intake requirements and only take hard core cases. For example, they no longer accept car thieves, burglars, or drug offenders. Essentially they only accept felony cases involving weapons and crimes against people. Officials report they are trying to find funding for additional detention and treatment beds but explain that funding is difficult to find.

- ***Healthcare Services.*** County officials report that they have maintained local revenue contributions at MOE levels (about \$7.3 million of a \$200 million budget) since the ERAF shifts of 1992. Additional general fund contributions to all health programs except animal control have been decreasing ever. All other programs such as mental health, environmental health and the County hospital are now entirely dependent on fees and state and federal grants. Some programs have grown such as prescription drug programs

and HIV/AIDS funding because of increased grant support driven by federal or state priorities.

The County reports the County Hospital has a long history as a full service hospital and is a major, active medical center. It recently relocated to a new facility. Officials report it is still very much a full-service hospital, however the volume of services has significantly increased, as has the staffing. The Hospital is in the unique situation of having significant sources of non-county revenues to help offset debt service including \$17 million in realignment funds. Officials report they are moving away from a fee-for-service approach to a managed care approach. In response to that change, the Health Services Agency has established several ambulatory and clinic programs throughout the County.

- ***Drug and Alcohol.*** As Chart 11 shows, spending has been steady since 1990/91. Officials report they are currently designing a system to transition clients from welfare to work.
- ***General Relief.*** The County reports they have had a non-cash system in place for about 20 years, and, as Chart 11 shows, per capita real spending has been fairly steady for a long time. Officials note that caseloads have leveled off in the last three years at around 325. They explain that they designed their system to provide vouchers, not cash. While they spend about \$267 per case, they provide only \$12 in cash and the rest in vouchers. Their program operates out of their twelve TANF offices and serves mostly single males.

MUNICIPAL SERVICES

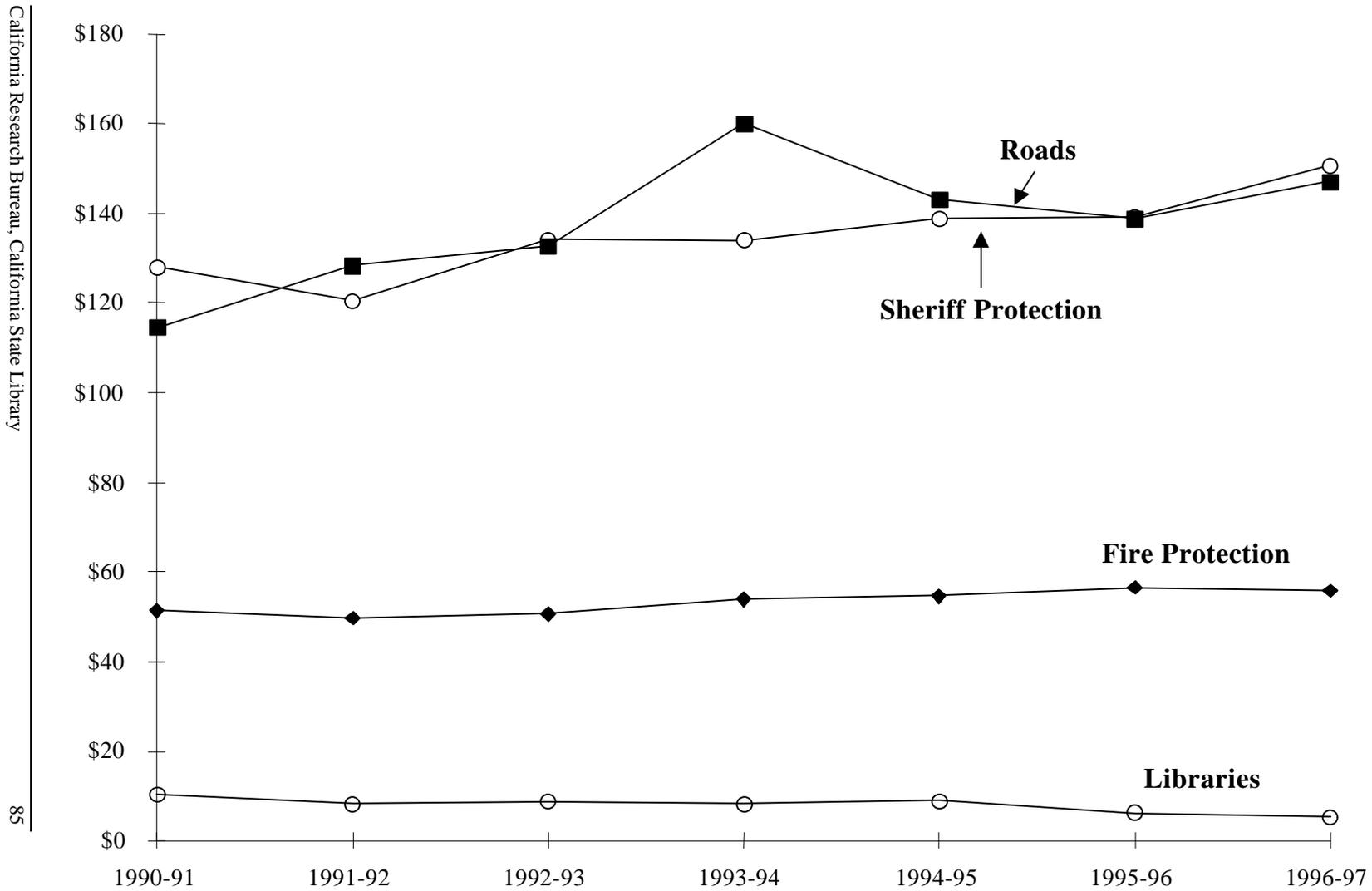
Chart 12 shows the inflation-adjusted per capita operating expenditures for the county municipal services we studied. As with the countywide services, there is a substantial range of spending between services. Per capita spending on libraries is less than six dollars while per capita spending on roads and sheriff protection is near \$150.

- ***Sheriff.*** The Department provides patrol services to the unincorporated areas as well as 11 contract cities¹⁰. Officials report that their County funding declined with ERAF but that Proposition 172 helped to offset this loss. They also have added several grants in the last five years that have enabled them to add 122 positions and to budget above MOE levels. Thus, even though their patrol staffing ratio fell after ERAF to 0.73 per 1,000 population, in 1995 it had increased to 1.0 per 1,000, a level, officials claim, the Board is committed to maintaining.

While officials report no decline in patrol services, they are concerned about needing County money to maintain their patrol staff as several of their grants come to an end. They are also concerned about accommodating population growth in the County. They currently have no funding to staff planned new facilities or to provide additional bailiffs

¹⁰ These cities include Calimesa, Canyon Lake, Desert Hot Springs, Indian Wells, Lake Elsinore, La Quinta, Moreno Valley, Norco, Palm Desert, Rancho Mirage, and Temecula.

Chart 12
Riverside County
Per Capita Operating Expenditures on Municipal-Type Services
 (Adjusted for Inflation \$1996)



Source: State Controller, California Research Bureau

to the expanding courts. They also observe increasing service demands in their dispatch unit primarily from implementing the new 311 non-emergency number.

- **Libraries.** The Riverside County system is a special district library that receives a dedicated portion of the property tax. The District provides library services to all the unincorporated areas as well as residents in 15 incorporated cities. As of July 1997, in a situation unique to the State, in all 25 branches direct library operations are out-sourced to a private company. The County Librarian is the only employee remaining on the County payroll.

Officials report the Library lost 35% of its \$10 million budget with the ERAF shifts. Service levels dropped as a result mainly due to staffing cuts. Reductions in county branches located in cities created feelings of discontent with several of the member cities. In particular, officials report that after 85 years of a good relationship with the City of Riverside, the City choose not to contract with the county to operate the county library system.

The County reports that after ERAF most branches were closed more days than they were open. Some branches were open only ten hours a week while the larger branches were open only 32 hours a week. Several branches relied on volunteer staffing in order to remain open. In addition, the book budget was reduced to \$10,000 for the entire County.

As a result of all these issues, the County decided to see a new library operator and opened a bidding process. Their selection process was not simply to choose the lowest bid, but to find a way to restore staffing and service hours. They selected LSSI, a company out of Maryland. The County reports that for the short time the system has been in place they are pleased with the arrangement. They observe that LSSI has improved efficiency and reduced overhead because they are able to perform many services such as cataloging and delivery services that the County used to pay for directly. As a result, service has increased, while revenues available have stayed about the same.

Officials report that between July and December 1997 the library experienced a 30% restoration of all services lost with ERAF. Specifically, LSSI hired the existing staff at their existing wages and kept seniority. In addition, they have increased staffing by 100% throughout the county. This has allowed expanded hours at every branch and has increased circulation and available services. The County's goal is to restore all services to their pre-ERAF levels and beyond.

- **Public Works (Roads).** The County is geographically large (over 7,000 square miles) and contains 2,600 miles of county roads. Officials observe that the County is transitioning from a rural agricultural county to an urban county with a corresponding increase in traffic on the County roads. However, they note that agriculture is still crucial to the County and that maintaining the roads is important for that reason alone.

Officials report their budget has been impacted in several ways during the 1990s. First, in 1991, fine and forfeiture money was reallocated to the courts as part of the state trial

court funding changes. The County had previously given a large portion of this money to the road fund and did not backfill it when the changes occurred. The road budget declined by \$2.4 million as a result. The ERAF shifts followed and reduced their budget further. In addition, with the recession, the real estate market declined until only recently. This meant a decline fees for new roads from \$7 million to \$700,000. Subsequently, since 1994-95, they have reduced their staff by 20% from 431 to the current 346.

The County reports they have 10 maintenance districts currently with six to seven workers each. They primarily fill potholes, pick up litter, and do grading. The County observes that with staffs this small, having even one worker gone (e.g., sick) can render a crew too small to perform some functions and delays work. The major work such as resurfacing, interchanges, bridges, and widening has been contracted out for a long time. Officials report they contract out from \$20 to \$50 million a year depending on the revenue they receive from the local sales tax and land development fees. However, they report their maintenance cycles have been inadequate for the last ten to fifteen years and the recent budget cuts have perpetuated the problem. Officials report their county road resurfacing cycle is once every 150 years (compared to the 20 year ideal) and their chip sealing cycle is once every 20 years (compared to the 7 year ideal).

The County reports they have let a few roads go by withdrawing them from maintenance, but they try to avoid this because it is not a popular thing to do.

- **Recreation and Parks.** Beginning in 1992-93, a special district took over all County park and recreation services. The district covers about 50,000 acres and includes County, State, and Federal parks. The district's budget relies on a dedicated portion of the property tax and fees and charges and receives no general fund money from the County. Chart 12 reflects this change.

Although this change occurred subsequent to the ERAF shifts, the shifts impacted the new district's budget and residents experienced a decline in services as a result. District officials report that the ERAF shifts reduced their budget by \$400,000 a year. Subsequently, they laid off workers, including six of nine managers. Total staff declined to 35 from 100 but is currently back up to 50. They also closed parks, deferred regular maintenance such as the care of trails, reduced the number of special events, and instituted fees for some services. They also have increased their use of volunteers and prisoner programs.

- **Fire Protection.** The Riverside County Fire Department is one of the largest regional fire services organizations in California. It provides fire protection to the unincorporated areas as well as 15 incorporated cities¹¹ and one community services district. The Department serves approximately 800,000 residents in an area of over 7,000 square miles. They are staffed with 708 career employees and over 1,200 volunteers. They are

¹¹ These cities include Beaumont, Calimesa, Canyon Lake, Coachella, Desert Hot Springs, Indian Wells, Indio, Lake Elsinore, La Quinta, Moreno Valley, Palm Desert, Perris, Rancho Mirage, San Jacinto, and Temecula.

an all-service department, providing fire suppression and prevention services, medical aid, disaster assistance, and other public services. Officials report they responded to over 69,000 emergency incidents this year of which 70-80% were for medical aid.

The County reports their primary source of funding is a structural fire tax which is part of the property tax. They also receive redevelopment pass-through, general fund money, and Proposition 172 funds.

The ERAF shifts reduced the Department's budget and they report being impacted in several ways. In an effort to maintain direct service levels, they cut administrative staff rather than fire station staff and are using trust and reserve accounts to maintain funding levels. However, their funding levels are still insufficient to professionally staff two existing and one new fire station. In addition, officials report that their administrative staff reductions have left them with insufficient staffing to properly service some of their contracts. They are approaching the Board for more stable funding.

Also due to budget cuts, officials report:

- reducing inspections and public education and information services,
- staffing new stations with volunteers only, and
- increasing engine replacement cycles from 17 to 20 years resulting in increased costs and downtimes for maintenance.

However, officials report response times have remained steady over time at about five minutes for urban areas and 10-20 minutes for the rural and outlying areas.

OTHER ISSUES

In the course of our interviews, the County raised concerns regarding services we did not specifically ask about. Some of these additional concerns included:

- Since ERAF, Animal Control has experienced a 40% staffing cut and a reduction in service levels. Currently 35% of all calls go unanswered compared to about 15% prior to ERAF. The Department still receives \$400,000 to \$500,000 in County general funds, primarily because of the County's large geographic size. However, in part because of the Department's current inability to adequately respond to vicious animal calls and other public safety issues, the Board of Supervisors recently allocated additional funding for Animal Control and is considering other options to improve services.
- Officials report that Child Protective Services serves about 7,700 children. In response to concerns regarding high caseloads, the County sought input from the Child Welfare League of America (CWLA) to evaluate the entire system and provide recommendations. Based on their findings, the County established a first priority of reducing caseload for social workers assigned to the Emergency Response function of CPS. To achieve this, in the last several years the County has substantially increased

the County's share of funding to the extent that they now provide and overmatch. This funding has been matched with Federal funding, enabling CPS to hire many new social workers and reduce the caseload to the level recommended by CWLA.

SANTA CLARA COUNTY

Santa Clara County is an urban county located at the southern end of the San Francisco Bay. It is California's fourth largest county with a population of 1.65 million, and is the largest of the nine Bay Area counties. The County has 15 incorporated cities, including San Jose, the third largest city in the state with a population of approximately 873,000. Other cities include Sunnyvale, Santa Clara, and Mountain View, with populations between 73,000 and 130,000. Monte Sereno is the smallest incorporated city with a population of 3,360. About seven percent of the population live in the unincorporated area.

Santa Clara County is known to most people as the "Silicon Valley," a world-renowned high-tech community and the birthplace of many now famous high-tech computer companies such as Hewlett Packard and Intel. In contrast to the thriving business economy found in its urban cities, its agricultural roots are evident in the ranches, orchards, and vineyards found on the outer edges of the Santa Clara Valley running the entire length of the County. Although agriculture is no longer a dominant industry in the county, farms still comprise over 40% of the County's land area. The County is home to Stanford University, San Jose State University, and numerous community and private colleges. The County's major employers are Hewlett Packard, Santa Clara County, and Lockheed-Martin Missiles & Space.

The County's economy provides 27% of all the Bay Area's jobs and its unemployment rate is among the lowest in the State. Its median household income is over 34% higher than the state average. The local real estate market is booming, and local projections are for strong job growth through the year 2000.

As Table 7 shows, total County revenues declined in 1992-93, the first year of the ERAF shifts, and continued to decline until 1995-96. Total expenditures followed a similar pattern although they increased beginning in 1994-95. In 1996-97, however, both revenues and expenditures fell again. In inflation adjusted terms, 1996-97 revenues and expenditures are still below their 1991-92, pre-ERAF levels, but due to the strong local economy and booming real estate market, the County is currently experiencing strong general fund revenue growth.

Table 7
Santa Clara County
(\$millions)

| | Total Revenues | | Total Expenditures | |
|---------|----------------|-------------|--------------------|-------------|
| | Nominal | Real (\$96) | Nominal | Real (\$96) |
| 1990-91 | \$1,059.6 | \$1,233.0 | \$1,109.1 | \$1,290.7 |
| 1991-92 | 1,224.4 | 1,368.1 | 1,167.0 | 1,303.9 |
| 1992-93 | 1,190.7 | 1,284.8 | 1,185.1 | 1,278.7 |
| 1993-94 | 1,161.9 | 1,221.8 | 1,148.9 | 1,208.0 |
| 1994-95 | 1,135.5 | 1,177.4 | 1,185.0 | 1,228.8 |
| 1995-96 | 1,227.5 | 1,252.2 | 1,217.4 | 1,241.9 |
| 1996-97 | 1,203.8 | 1,203.8 | 1,240.8 | 1,240.8 |

Source: State Controller and CRB calculations.

Santa Clara County has shifted over \$700 million in property taxes to schools since 1992-93, an average of over \$126 million annually. This represents about six percent of their \$2 billion total budget, about 10 percent of their general fund resources, and about one-third of their discretionary revenues. Proposition 172 money back filled 69.1% of their 1993/94-1995/96 average property tax loss, one of the highest percentages in the state and well above the statewide average of 50 percent. This, coupled with their booming local economy, meant their County budget sustained less severe impacts from the ERAF shifts and enjoys a self-proclaimed “strong financial position” compared to most other counties in the state.

None-the-less, since 1992-93, the County has faced a general fund deficit every year and has engaged in over \$290 million in budget balancing actions, most of which have been expenditure reductions. The largest deficits occurred in fiscal year 1992 (\$65.6 million) and FY 1993 (\$81.5 million) when the County cut over \$50 million in expenditures each year.

The County reports that it was a board priority not to cut services or close offices so they engaged in cuts which were less directly visible to the public. For example, they now have 40% less general government staff in the budget. As a result, they report they have less oversight of County daily operations and workers have increased workloads. There are other internal consequences as well. For example, since ERAF the county employs fewer janitors and thus, there is less frequent garbage pickup in County offices. They also report little or no preventive maintenance on County buildings and cutbacks in staff training.

County officials report that contracting out for services is not a cost saving trend in their County because of the strong union presence that opposes it. In fact, the County reports that “no contracting out” is a top union issue, and they just finished negotiating “Contracting Principles” as a result. The County reports that they have, however, increased their use of paraprofessionals, especially in the health areas, but that this trend may be slowing or ending due to increasing union opposition.

In addition to countywide approaches, officials made expenditure reducing changes and cutbacks within individual departments and programs. We describe these impacts next.

COUNTYWIDE SERVICES

Overall, officials report being able to focus a large portion of their discretionary resources on countywide services. They explain this is because the unincorporated population is relatively small and generally supportive of fees, taxes and benefit assessments for local municipal-type services, thus freeing up money for countywide services.

Chart 13 shows the inflation adjusted, per capita operating expenditures for the countywide services in our sample. The range of expenditure varies substantially. In 1996-97, for example, spending ranged from a low of less than five dollars for general relief to a high of over \$86 for judicial services. Since 1990, per capita spending for half of these services has been fairly flat or decreasing slightly. For the remainder, notably all the higher spending services, spending has fluctuated both up and down.

The following discussion summarizes the service level impacts occurring over the last several years.

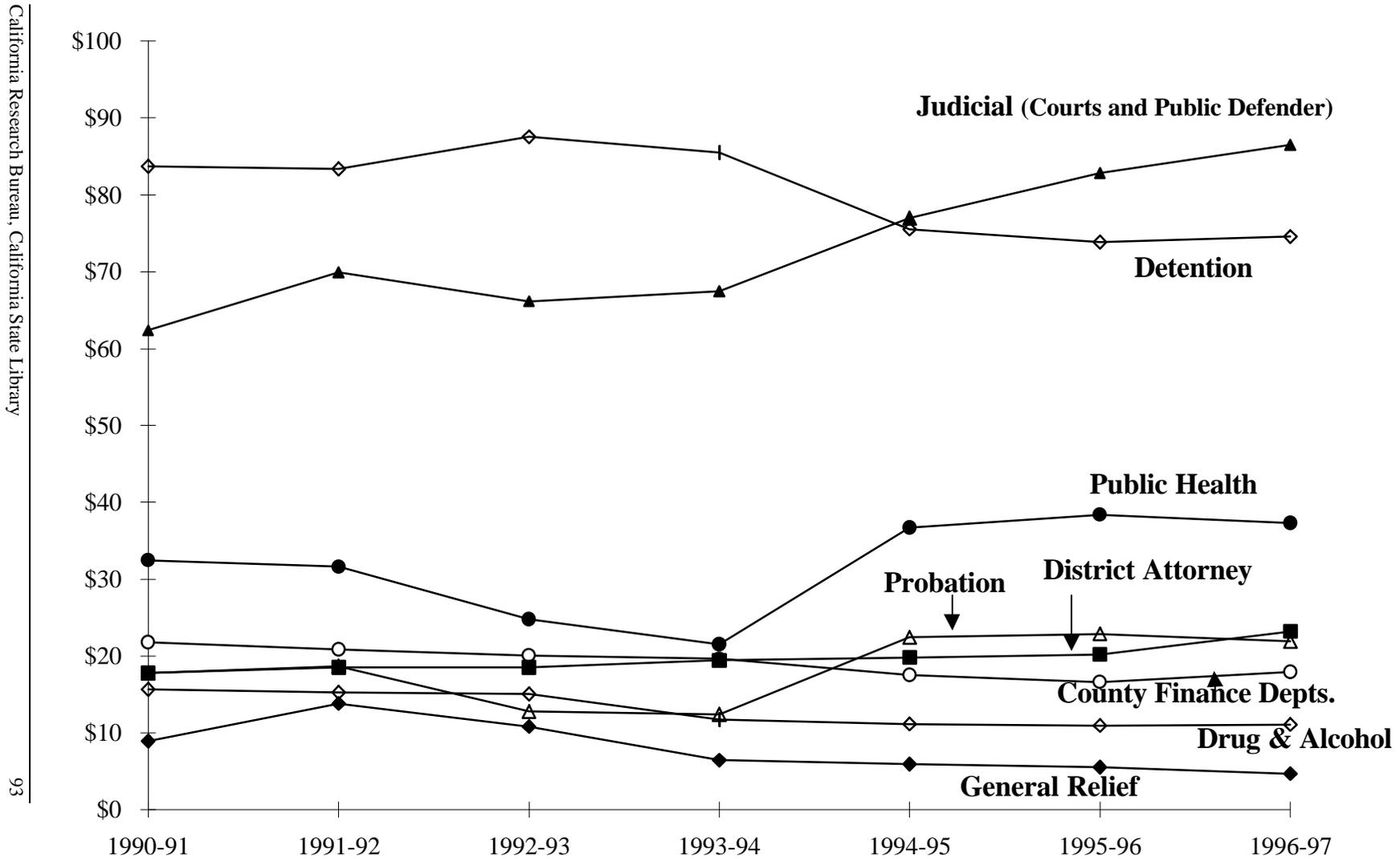
- ***County Finance Departments.*** Budget cut impacts to these departments were primarily staffing cuts with little impact on public services. For example, the number of assessment appeals increased from 3,747 to 8,343 between 1992 and 1995, but the County has been able to divert resources to this area such that the average days to resolution actually decreased from 551 to 356.

Increased workloads and less oversight did result in internal errors, however. For example, a 1996 internal audit of Santa Clara's property tax apportionment discovered non-ERAF errors in allocations to the Central Fire District totaling \$6.4 million. In addition, a 1997 internal audit further revealed that the County Auditor's office inaccurately computed property tax allocations for 1992-93 through 1994-95 from four fire protection districts to ERAF. These errors resulted in overpayments of nearly \$11 million in property tax revenues to these fire districts, most of it to the Santa Clara County Central Fire District.

As is common with such errors, rather than require the districts to pay back the money, the County supported two bills asking the Legislature to deem the allocations correct and thus, forgive the past errors. This allowed the County to correct the allocation factors beginning in 1997-98. Officials report that the Central Fire District will have to cut its budget by millions of dollars when the auditor corrects the error. Officials believe that if the District were also required to repay the extra money, service levels and firefighter safety would be compromised.

- ***Criminal Justice.*** The County reports they have benefited greatly not only from the Proposition 172 sales tax funds in general, but also from the recent growth in these funds. Last year the County's revenues for criminal justice departments grew by \$35.8 million

Chart 13
Santa Clara County
Per Capita Operating Expenditures on Countywide Services
 (Adjusted for Inflation \$1996)



Source: State Controller, California Research Bureau

and over two-thirds of that increase came from Proposition 172 revenues. These revenues and their increases have largely offset revenue declines due to ERAF and have enabled them to maintain or even increase their programs and levels of service in many areas. However, there remain a few areas of County concern.

- ***Detention and Corrections (Jails).*** In 1987, the County Board of Supervisors adopted a resolution to establish a Department of Correction in Santa Clara County. Officials explain that this action to remove the jail responsibilities from the Sheriff's Department occurred because the jail was over budget and under court order. The voters supported this action in 1988 and transfer of County jails from the Sheriff's Department to the Department of Correction occurred in January 1989. The Department primarily oversees four adult correctional institutions and manages several alternative-sentencing programs allowing individuals to serve their sentences at home. The County jail system is the fourth largest in the State with an average daily inmate population of over 4,500.

Officials report a pretrial overcrowding problem. The average daily inmate population has exceeded the rated capacity every year since 1990 and has been at more than full capacity every day since 1995. Officials believe that the increase in the number of inmates is due primarily to a decline in mental health and drug and alcohol programs (due to ERAF budget cuts) and the three strikes law. The County reports that prior to these changes their jail was about 40% pretrial, now it's about 65 percent. Officials explain that three strikes eliminated much plea bargaining and thus, more defendants are awaiting trial. The decline in mental health and drug and alcohol programs means that fewer clients are receiving treatment and are showing up in the jails as a result. The County reports forming a task force to work on solutions to the overcrowding problem.

As a cost saving measure, the County reports they increased their use of correctional officers. These are non-sworn officers who earn about 15% less and require about one-quarter the training of sworn peace officers. Officials report saving about \$45 million as a result of this change, but fear it may be unraveling because the correctional officers perform many of the same duties as sworn officers and are suing for equal pay.

Officials also report that although they charge booking fees to cities, the fees do not recover the full cost of booking. The County reports they are reluctant to increase the fees, which generate \$3.5 million, because doing so encourages the city police to arrest fewer people.

- ***Judicial (Courts).*** As Chart 13 shows, judicial expenditures fell slightly during ERAF, but have since increased beyond their pre-ERAF levels. Officials report this increasing trend in expenditures has continued due to increasing revenues and their recent opening of a drug court. They are one of only three counties in California to have one. After arraignment, offenders can be referred to the drug court which can hold their convictions in abeyance while they are diverted to treatment. While

officials report this court adds to their costs, it provides an important service for clients and helps relieve the caseload in the other courts. Based on this success, the County also began operating a juvenile drug court in 1998.

- **Healthcare Services.** County officials report the primary ERAF effects in their county occurred in their healthcare departments since all are supported to some extent by the general fund. In 1993, the Board of Supervisors consolidated the county's Health Department including Drug and Alcohol, Mental Health, and Public Health programs, with the County's hospital, Santa Clara Valley Medical Center. Officials report the consolidation resulted in \$1.7 million in savings, increased interdepartmental cooperation, improved patient access to care, enhanced client services, and increased patient revenues. The Department is also moving in the managed care direction in a further effort to decrease costs and improve services.

The hospital, although it operates as an enterprise fund, is an important component of healthcare in the county, and its open-door policy remains a Board priority. Officials report they provide about a \$40 million subsidy to the hospital (15% of the hospital budget), the largest in the state outside of Los Angeles. While the hospital did experience some budget reductions after ERAF, officials report they could not cut too much and still maintain their open-door policy. They did, however, reengineer their skill mix of caregivers using more paraprofessionals, licensed rather than registered nurses, and part-time workers. The County reports this saved about \$25 million dollars, but raised issues with union employees.

- **Mental Health.** Officials report that in 1990, they more than matched state mental health funds. Their program was sophisticated and well known. Within three years, due to ERAF budget cuts, the County reduced their match to the minimum. As a result of the cutbacks, they closed an acute mental health facility, reduced the number of available beds and began contracting out. The County reports that these changes eliminated services to about 3,000 mental health clients. Officials observe that this population is now showing up in the jails, on the streets and in the homeless shelters.
- **Public Health.** This department is primarily grant funded and their spending reflects the expiration, renewal and addition of categorical funding. However, the County does contribute general fund money and, since ERAF, the public health nursing staff has been reduced by 10-12 percent.

Although the Department has received several million dollars in new grant funding in the past several years and overall staffing has grown, they are not able to direct these funds to certain core areas of need. For example, the County ranks third in the State in the identified number of active Tuberculoses cases and exposures. Since communicable disease prevention is a core activity of the Department, they are adding more staff fully dedicated to this area. However, to offset the general fund costs of doing this, they are deleting several public health nurse positions which will decrease services in other areas.

- ***Drug and Alcohol.*** As Chart 13 shows, funding has been slowly declining since ERAF and, the Department reports, services have been declining as well. However, in 1997, the Department received an additional \$1.7 million in state and federal funding, adding about 10% to their total revenue. They expect to receive other additional funding in 1998. These increases enabled them to expand several services for the first time since ERAF, including adolescent treatment and adult outpatient services.
- ***General Relief.*** After the ERAF budget cuts, the Board changed its grant policies in an effort to reduce caseloads and thus, costs. As a result, they decreased the cash grant to \$200 and added a \$100 shared housing voucher. Although the overall value of the grant increased and many of their clients were homeless, the number of clients declined. As a result the County's spending fell from \$30 million to the current \$10 million. Chart 13 reflects this decrease.

MUNICIPAL SERVICES

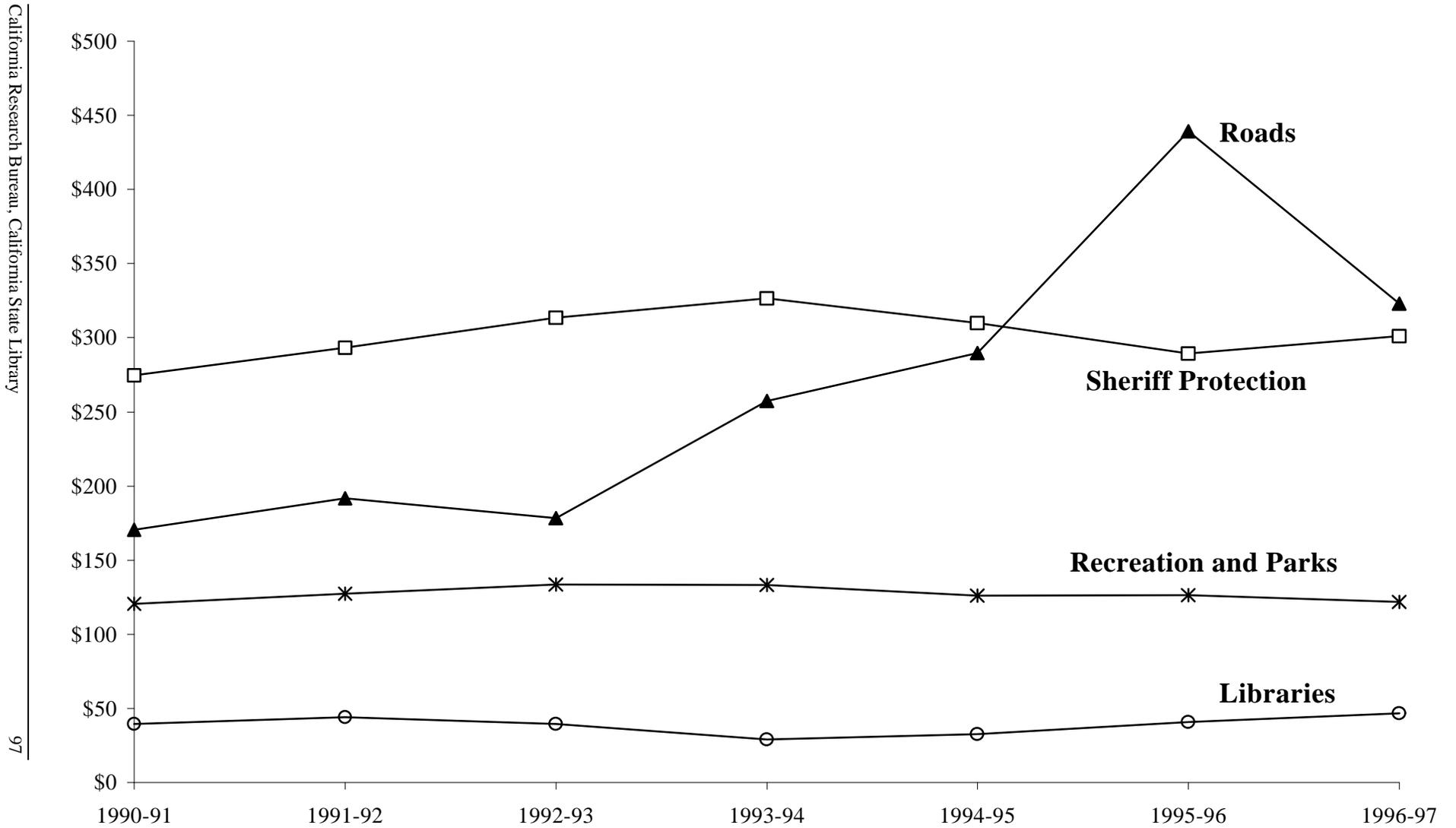
Chart 14 shows the inflation-adjusted per capita operating expenditures for the county municipal services in our sample. Although in most counties these services were harder hit by the early 1990s budget constraints than the countywide services, this was not the case in Santa Clara County. As discussed above, the County enjoys a strong tax base and voters have been very supportive of local taxes and assessments for funding these services. Officials report that although some budget cuts were made after ERAF, other revenues quickly filled the gap. As Chart 14 shows, libraries sustained the most noticeable declines after ERAF but spending increased again within a year.

As with the countywide services, there is a substantial range of spending between services. 1996-97, per capita spending on libraries is less than \$47 while per capita spending on roads and sheriff protection is over \$300. The service levels for these departments have generally been maintained or improved.

- ***Sheriff.*** Officials report that although the County area is large, the unincorporated population is relatively small and spread out because most development has occurred in the cities. In addition to the unincorporated area, the Department provides services to three contract cities, Cupertino, Saratoga, and Los Altos Hills, as well as transit and park patrol services.

In the early 1990s, the number of personnel declined due to ERAF budget cuts, while the cost of providing service increased. However, the influx of Proposition 172 money helped to offset these losses as have increased efforts to improve cost recovery from the contract cities. In fact, officials report, funding from the contract cities has been more stable compared to funding for the unincorporated areas resulting in relatively more service impacts in the unincorporated areas.

Chart 14
Santa Clara County
Per Capita Operating Expenditures on Municipal-Type Services
 (Adjusted for Inflation \$1996)



Source: State Controller, California Research Bureau

Although services have improved in some areas due to targeted funding, the Department has reduced or eliminated other services as a result of budget cuts. For example, the Department has:

- stopped bicycle licensing in the unincorporated areas,
- stopped responding to vehicle lockouts,
- stopped vacation patrol checks for residents, and
- reduced their general patrol of unincorporated areas.

In addition, the Department has stopped almost all response to street narcotics and vice enforcement. They have also removed all but a very small portion of crimes from the investigation process, thus limiting the activities they will investigate beyond the original response. Officials report too, that increased response to domestic violence issues (as required by law) is absorbing a tremendous amount of their available time, limiting their ability to respond to other types of calls. While they support attempts to limit domestic violence, they believe the issue needs to be addressed at other levels as well because their continued arrest of the same individuals is not breaking the cycle and is taking an inordinate amount of their resources.

Response times in the contract cities have remained fairly constant and acceptable, while they have generally improved, in some cases dramatically in the unincorporated areas. For example, in the East County, the Department reports response times to priority one calls (the most serious) have declined from 9.0 minutes in 1994 to 6.76 minutes in 1997 although the number of calls increased. Response times to priority two and three calls dropped as well.

However, there has been a change in the types of calls they respond to (as discussed above) and the manner of response in both the contract cities and the unincorporated areas. For example, some relatively minor calls are now handled by lessor trained, non-law enforcement personnel. While the Department acknowledges the cost savings of this approach, they observe that removing patrol officers from these minor calls removes them from dealing with neighborhoods in a closer manner where they can typically interact with the public in a more positive way. Officials believe this not only reduces the perception of a positive patrol presence, but also increases the stress on both the officers and the public as an increasing number of their dealings become more and more negative.

Officials believe that maintaining a positive relationship with the public is an important aspect of public service. Over the past several years through attending community meetings and public forums, officials report that the expectations of the public have become more cynical and limited regarding response to their needs. Increased response times for some calls, lack of follow up investigations, and lack of resources to interact with children and parents in a time of increasing youth violence and crime, all contribute to the growing public perception that it does no good to call for assistance because either the department does not respond, does not care, or takes too long.

- **Libraries.** The Santa Clara County system is a special district library that receives a dedicated portion of the property tax. The District provides library services to all the unincorporated areas and residents in the County's nine smallest incorporated cities including Campbell, Cupertino, Gilroy, Los Altos, Los Altos Hills, Milpitas, Monte Sereno, Morgan Hill, and Saratoga. The system has eight community libraries, one branch and two bookmobiles. The bookmobiles serve the rural South County, the mountains, nursing homes, locked facilities and migrant camps.

Officials report the Library lost nearly half of its revenues with the ERAF shifts. However, in 1994, the voters of the County Library district approved an advisory measure to levy a benefit assessment throughout the district to replace the property tax lost and to augment existing library resources. Subsequently, the Board of Supervisors created a County Service Area (CSA) and levied a \$33 residential parcel assessment effective in 1995. Officials report the assessment contains an inflationary clause option, but they have decided not to use it because of Proposition 218.

Officials report the Library has essentially recovered the lost ERAF funding and continues to expand and improve services. These improvements are marked by increased circulation and continued implementation of technological improvements.

- **Public Works (Roads).** The County road system includes over 643 miles of roadway and approximately 70 miles of County expressway. Officials report the Expressway System is unique in the State in that County roads transgress other jurisdictions' boundaries. The County also maintains over 200 County-owned bridges.

Officials report the road fund is a special revenue fund whose main source of funds (70%) is the State gasoline tax. As Chart 14 shows, their budget has increased substantially in the past several years. However, since 1984, officials report the County Road Fund has continued to feel the strain of attempting to cope with increasing costs, an aging infrastructure and an increased demand for services. Service demands have grown with the rapid growth in industrial/commercial development and the increase in population, which has accelerated the vehicle miles of travel within the County.

In 1992, a half cent sales tax ballot measure passed by majority vote but was challenged in court and the court ruled that the two-thirds rule applied. This funding would have completed improvements on several state routes and funded a number of transit projects. In 1996, voters voted in favor (over 50%) for Measures A and B. Measure B provided for a half cent sales tax to be collected as a general tax for a nine-year period. Measure A was a listing of road and transit projects that would be completed if funds were available. The TaxPayers Association claiming that a two-thirds vote is required challenged Measure B in court. However, the Court recently validated the majority vote outcome of Measure B.

The County reports that services have been compromised as a result of funding shortages and increased population and traffic in two primary ways - increased service call response times and lengthened road maintenance cycles. The County reports that

response time for trouble calls and/or service requests varies depending on the nature of the call. Safety sensitive items such as red traffic lights being out or stop signs being down continue to receive the highest priority and response is typically within a few hours. Other requests such as traffic parking complaints, street lights being out, requests for stop signs, or other traffic control devices go on a list and are handled as quickly as possible. Typically this means eight to 10 weeks and sometimes considerably longer. Officials report that in 1984 it was considerably less.

The County reports it is desirable to resurface County expressways at least every 10 years and other County roads at least every 15 years and to chip seal non-expressways every seven to ten years. In the past several years the County used the road resurfacing money for storm damage repair instead. This means that the current County road cycle is over 100 years. Most County roads are not receiving any chip sealing and no cycle has been developed. Officials recognize that maintenance dollars are most effective when they can perform preventive maintenance programs such as resurfacing and chip sealing on a regular basis. Measure B, which held up under appeal, provides resurfacing funding for County Expressway projects.

- **Recreation and Parks.** Spending has been relatively constant since 1990 as Chart 14 indicates. The Department receives its primary funding through a voter approved County Park Charter Fund that requires a portion of the County's general fund be dedicated to parks. This fund began in 1978 and periodically gets carried forward. Most recently, in March 1996, the voters approved Measure A, extending the funding at approximately 1.5 cents per \$100 assessed value through 2008/09.

This fund is dedicated exclusively to the acquisition, development, maintenance and operation of parks. Officials report they mainly acquire new park land and open space and then give money to the cities to finish the parks. Unlike most cities, the County spends very little on the development and operations of the parks. In addition, the County offers few recreation programs. Instead, recreation programs are offered through the cities and special districts.

- **Fire Protection.** The County does not directly provide fire protection. Instead it is provided through one major and three minor independent special districts.

The County recognizes that while their economy is currently in good times and their budget is in relatively good shape, they have little or no margin left. Much of their recent revenue increase is tied to specific services and there is little room for discretionary uses. Officials believe that transportation, libraries, and parks are primary issues with voters and they continue to see voter support for these services amidst dwindling general fund support. They also note that the booming private sector is concerned with the stability of infrastructure, housing, transportation, and the general quality of life further motivating the County to continue to seek support for these types of services.

If the County could augment its budget for countywide services, officials report they would focus primarily on the health and well being areas that took the biggest cuts with

ERAF. Specifically they would address at-risk children, school programs, childcare, mental health, public health, and drug and alcohol programs as well as juvenile crime and restoring employee salaries.

SOLANO COUNTY

Solano County is a suburban county located in northern California, midway between San Francisco and Sacramento. Geographically, it is a relatively small county covering 834 square miles but includes both flat agricultural land and rolling hills and valleys. It borders the San Francisco Bay, the Carquinez Straits, Suisun Bay and the Sacramento River.

In terms of residents, Solano is a medium sized county with a population of nearly 380,000. The County has seven incorporated cities, Benicia, Dixon, Fairfield, Rio Vista, Suisun City, Vacaville, and Vallejo. The largest city is Vallejo, with a population of approximately 110,500, followed by Fairfield and Vacaville. The smallest is Rio Vista, with a population of 3,710. About 20,200 residents, only five percent of the population, live in the unincorporated area.

During the 1990s, Solano has been one of the fastest growing counties in the State due mainly to its location, extensive transportation network and comparatively large supply of affordable land for housing and commercial development. By the year 2010, the population is projected to grow to 513,400. The total number of jobs is expected to grow by over 75,000, especially in the manufacturing, wholesale trade, and service sectors. Major employers include Travis Air Force Base and Kaiser Permanente Medical Center.

Similar to the State as a whole, the County's economy has been improving recently. Its unemployment rate remains below the state average while its median household income is above the state average.

As Table 8 shows, inflation-adjusted County revenues declined in 1992-93, the first year of the ERAF shifts, but rebounded in 1993-94. Although expenditures grew very little in 1993-94, the second year of the ERAF shifts both revenues and expenditures have increased every year since until 1996-97 when they again declined. In inflation-adjusted terms, both 1996-97 revenues and expenditures were still above their pre-ERAF levels.

Table 8
Solano County
(\$millions)

| | Total Revenues | | Total Expenditures | |
|---------|-----------------------|-------------|---------------------------|-------------|
| | Nominal | Real (\$96) | Nominal | Real (\$96) |
| 1990-91 | \$202.6 | \$235.8 | \$205.6 | \$239.2 |
| 1991-92 | 233.6 | 261.1 | 236.7 | 264.5 |
| 1992-93 | 228.5 | 246.6 | 255.2 | 275.4 |
| 1993-94 | 255.6 | 268.8 | 262.6 | 276.1 |
| 1994-95 | 295.0 | 305.9 | 307.4 | 318.8 |
| 1995-96 | 314.2 | 320.5 | 336.9 | 343.7 |
| 1996-97 | 303.6 | 303.6 | 303.0 | 303.0 |

Source: State Controller and CRB calculations.

As of 1998-99 Solano County has shifted over \$147.9 million in property tax revenue to schools since 1992-93, an average of over \$20 million annually. This represents about five percent of their \$430 million total annual budget, and about one-third of their \$75 million in discretionary revenues. In Solano County, Proposition 172 receipts back filled 42.2% of the 1993/94-1995/96 average property tax loss, one of the lower percentages in the state and below the statewide average of 50 percent. County officials stressed, however, that they do not consider Proposition 172 money as a backfill for shifted property taxes since it is a sales tax dedicated to public safety, not a backfill of lost general fund revenues.

With the ERAF shifts, the County reports implementing a two-year reduction plan where it consolidated programs and generally downsized. The general government departments were hardest hit with nearly all departments taking staffing cuts. This occurred primarily in 1995-96 and 1996-97 when the County eliminated over 35 positions. A few departments, such as the Assessor's office, recovered relatively quickly because other funding sources emerged. However, other departments, such as General Services, laid off staff and provide fewer services as a result. Specifically, they deferred capital projects and maintenance and cut back on janitorial services. Officials report that many County employees now take out their own trash. In addition, Human Resources cut staffing. As a result they can not process paperwork as fast, which has slowed the process of hiring new employees and filling vacant positions countywide.

Officials made changes and cutbacks within many individual departments and programs. Even in Departments where the County maintained general fund contributions, increasing caseloads and demands for service often times affected a Department's ability to provide services. We describe these impacts next.

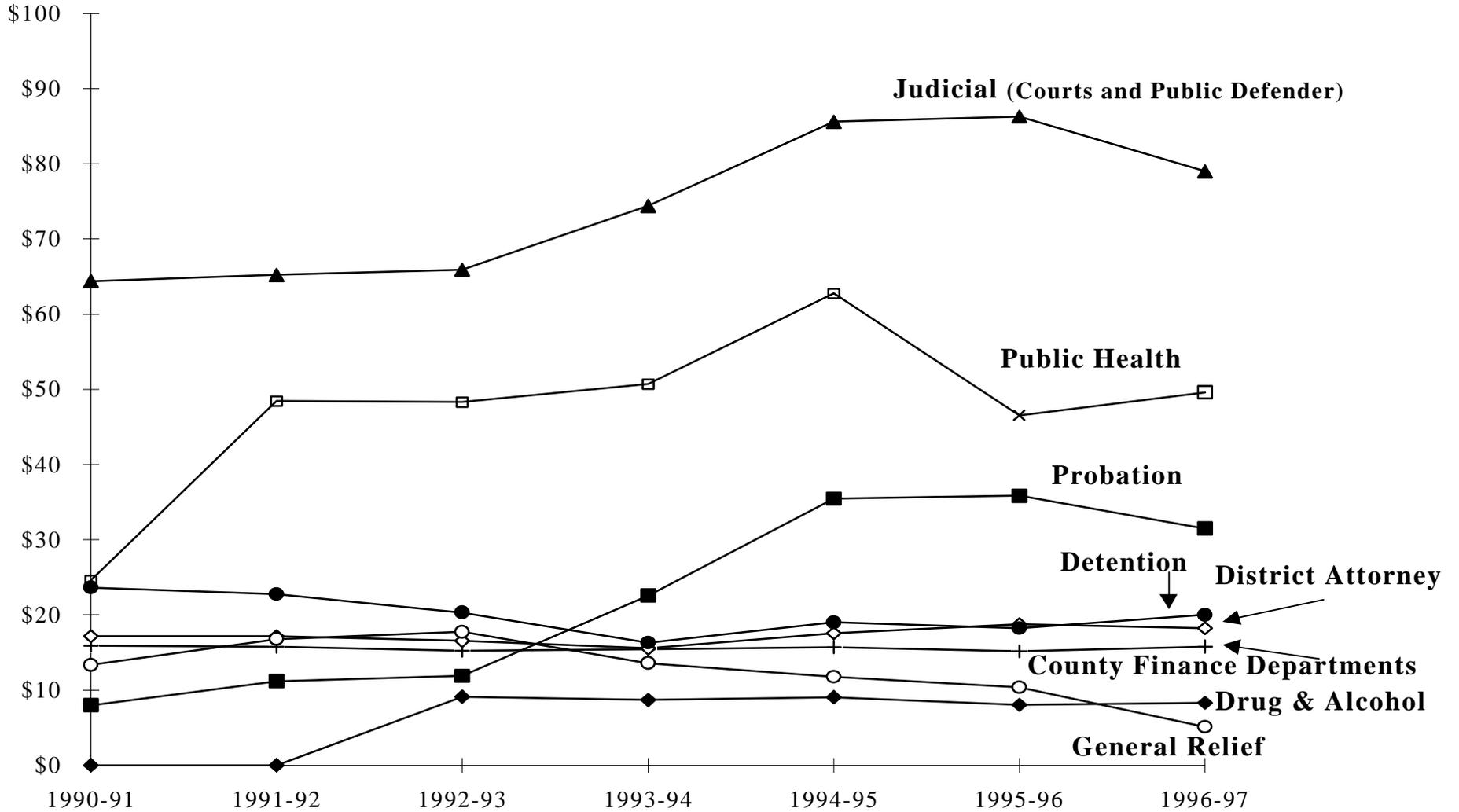
COUNTYWIDE SERVICES

Chart 15 shows the inflation adjusted, per capita operating expenditures for the countywide services we investigated. The range of expenditure varies substantially. In 1996-97, for example, spending ranged from a low of less than six dollars for general relief to a high of nearly \$80 for judicial services. Since 1990, per capita spending for some of these services has been fairly flat or decreasing slightly. For others, notably the courts, probation, and public health, spending has increased since the ERAF declines.

The following discussion summarizes the service level impacts occurring over the last several years.

- **County Finance Departments.** As mentioned above, general government departments, including county finance departments, faced the bulk of the cutbacks after ERAF, primarily because they are highly dependent on general fund money. Although in 1995, AB 818 provided funding for the Assessor's Office, which the County used to reduce its backlog for assessment appeals, grant-type money is typically not available for general government functions. As a result, officials report that while many other departments were able to secure outside funding for space,

Chart 15
Solano County
Per Capita Operating Expenditures on Countywide Services
 (Adjusted for Inflation \$1996)



Source: State Controller, California Research Bureau

equipment, and positions, finance departments were not. This resulted in skewed working conditions and affected morale and productivity in the underfunded general government finance departments.

- ***Criminal Justice.*** The County reports Proposition 172 sales tax funds helped to offset their property tax losses. The availability of some of these funds to the District Attorney and Probation has meant these departments made fewer cuts, although some reductions still occurred.
- ***District Attorney (DA).*** Officials report that their 1993 budget was \$3 million, but they subsequently took a \$700,000 cut with ERAF. As a result they decreased their staff from 42 to 35. However, between Proposition 172 funds and increased grant funding they have been able to restore their staffing. Overall, the Department reports that their situation is as good as or better than it has been in 20 years.

Officials report that although their general fund contribution has declined \$1 million since 1993, their current staffing is higher due to the addition of grant funded attorneys. However, they note that grant funding is not as reliable a source of funding as the general fund money it is replacing. Further, while the restrictions of grant funding has not changed what cases they try, they believe they do not prosecute them as well. Grant funding has also reduced employee morale because it has resulted in uneven caseloads ranging from 50 to 200 among similarly paid attorneys.

The DA's office reports seeing no caseload impacts from the three-strikes legislation as they continue to have about 3,500 felony filings every year. Officials report that the number of total trials has declined over time but the number of superior court cases has remained steady at around 120 per year. They do note, however, that the mix of cases has changed such that now the cases are all serious ones.

The DA reports some changes as a result of County funding cuts. For example, they have cut back their consumer fraud unit by two-thirds and have eliminated the environmental prosecution unit. In addition, civilian employees of the DA's office, rather than sworn peace officers, now serve all criminal subpoenas. Officials report that additional money for street officers has led to an increased number of arrests. This, in turn, has meant increased caseloads for the DA's office with no comparable increase in funding.

The DA reports a reduction in the number of juvenile filings from 3,800 in 1993 to 1,800 in 1996, although now most are for serious offenses. Officials explain this decline is due to proactive probation and law enforcement departments, which keep the recidivism rate low. But, they have seen changes in the nature of their juvenile cases in the last several years. Essentially they have gone from bike thefts to drive-by shootings and other gun-related crimes. This, too, has increased

the demand for their resources. The DA's office reports they would like to be more involved with prevention programs in the schools but they do not currently have the funding to make it a priority.

- ***Detention and Corrections (Jails).*** The County's jail capacity is approximately 800 and last increased in 1989. Officials report their jails are currently overcrowded. For the past six months 60-70 inmates have been sleeping on the floors, and officials report they are seeking a grant to double bunk the beds. Officials also report they release prisoners early every day, especially on the weekends. As a result, they are in the process of setting up electronic and home monitoring systems. The County reports they currently have no capacity to build or staff a new jail.

Officials believe that, although they have largely been insulated from direct ERAF impacts, their current overcrowding issue is a result of other parts of the system breaking down due to ERAF budget cuts. They believe this is particularly true regarding mental health and substance abuse programs and explain they can trace their overcrowding issues to declines in state funding for mental health programs. Officials report they are developing a plan with Human Services to engage in a study to show the connections and to address this issue.

Unlike many other counties, officials report they have seen only a small impact on the nature of their inmate population from the three-strikes legislation. This is primarily because their inmate population has always largely been a hardened presentence population. They do, however, note a small shift toward an all felony jail due to overcrowding. As a result, residential burglary is now the minimum offense necessary to be held in jail. Officials observe that this situation creates problems because citizens and offenders know that anyone not committing a serious offense will be back on the streets very soon.

- ***Judicial (Courts).*** Officials report their budget declined with the ERAF shifts resulting in a 14% reduction in staff between 1992 and 1994 and court offices being closed for half a day on Fridays. However, these cuts have since been restored due to trial court funding and other revenues such as trust funds. Nonetheless, the Courts eliminated 15-20 positions through consolidation in 1995 in order to meet their budget. This reportedly saved them \$1 million. They also have been under a hiring freeze since July 1996. Officials report being allocated two new judgeships by the state recently for the first time in 10 years. They filled those positions in 1997.

The County does have two on-going concerns that simple maintenance of funding has not allowed them to address. The first is their records management system. They report their system is inadequate for them to keep up with the current caseloads, especially the DA child and family support cases that have expanded greatly in recent years. Increased filings have meant up to a two week delay in

getting necessary paperwork, which has slowed the overall court process. In addition they have not microfilmed or updated record storage for seven years. The second is inadequate facilities. Officials report they built and opened a new \$40 million court facility about eight years ago and have good facilities for their judges. However, two courts are temporarily housed in a remodeled high school. While the building itself is in good shape, it is not functionally adequate. Officials explain that because criminal defendants would have to walk past jurors, which presents a security issue, they can only use half of the building for courtrooms. The County reports they have no capital for additional court facilities.

Officials report that court security, both perimeter and courtroom, has been an increasing concern for them. In February 1997, a bomb went off in the Vallejo courthouse. It was set off by an offender trying to destroy evidence for a third-strike conviction. As a result, the County has funded additional security including perimeter patrol and weapons screening. They report that Trial Court Funding provided only \$1.7 million of the \$2.4 million they spent last year and they are concerned about funding the cost on an on-going basis. The County also had to divert resources to fix the courthouse.

Throughout this time, the Courts report an increase in caseloads, especially in family law and child custody cases. They report that the time waiting for resolution is increasing, especially in child custody cases where it can take months. Officials also report an increased emphasis on serious crimes and three-strikes cases. They report that because of three-strikes there is less plea bargaining, and thus, it is hard to settle three-strikes cases short of trial. They have recently had seven death penalty cases which are mandated two attorneys each from the public defender's office. These issues are all drawing on court resources including the public defender.

Officials report they are also seeing more cases involving juveniles such as dependency and child neglect cases. Officials observe, however, that the effect is not a caseload issue but a complexity issue since these cases take more time. The County saw their costs to outside attorneys increase to over \$1 million, but they report they have since capped that amount. They are now paying \$300,000 a year to a private firm to represent dependency cases.

In March 1997, the County opened a Drug Court, one of only a few in the State. Officials report about 1,400 drug offenders have gone through the system. Typically an offender will start treatment within 72 hours of their court appearance. Officials are optimistic about the impacts because studies suggest that 81% of those who go through the program do not commit another crime for at least two years.

- **Probation.** The Department reports that 10 years ago their total staff was 150. Now it is 180. They decided to try to keep staff caseloads constant by banking

cases, and they now bank over 1,600 adult cases. Officials report this means that approximately 35% of their adult caseload receive no supervision. This group primarily includes those who committed misdemeanors, property crimes (except residential burglary) or who were convicted of driving under the influence. However, despite this effort, adult caseloads increased 50% last year primarily because they lost federal funding and subsequently vacated three positions. Adult caseloads now average 215 per officer.

Part of their increasing caseload comes from an increase in domestic violence cases. The County's relatively new zero tolerance policy has led to an increased number of arrests. As a result, in the last four years, probation caseloads have increased from 400 to 928. Officials observe these cases have increased in complexity as well, more often involving mental illness than previously. The Board of Supervisors has funded a study to determine if the County should set up a domestic violence office.

The Department reports a 15% increase in their juvenile caseload over last year, which averages about 100 per officer. This is growing faster than the adult caseload especially for misdemeanors. They report they handle about 50% of the 5,500 juvenile arrests made each year. Approximately 1,200 are convicted in court and about 95% of the serious offenders get probation. About 40 go to the CYA. They note that there has been general fund support for diversion programs for a long time.

While their staff are reasonably able to handle their caseloads, officials report that their Juvenile Hall facility is highly inadequate--among the worst in the State based on a 1990 study. They currently have 60 beds, the same number as in 1967. For the last five years they have been at 120% of capacity with a 72 average daily population. In 1996, they added a 30-bed stand-alone unit, but when they lost federal funds, they converted the unit to a treatment program. Officials report they have emergency release (to alleviate overcrowding) almost every day, sending some juveniles to other programs.

- **Public Health.** County officials report that Public Health programs were overmatched millions of dollars four or five years ago. Since the ERAF cuts, however, total County contributions including matching funds have declined every year. As a result, the Department engaged in personnel cutbacks and reorganizations which lead to the following program and service level changes:
 - Elimination of the Family Planning Clinic,
 - Elimination of the Perinatal Clinic,
 - Reduction in Preventative Health Care for the Aging and shifting of program to community providers,
 - Elimination of County contributions to clinics, Area Agency on Aging and the Homeless Coalition,
 - Shifting of the school dental program to the schools, and

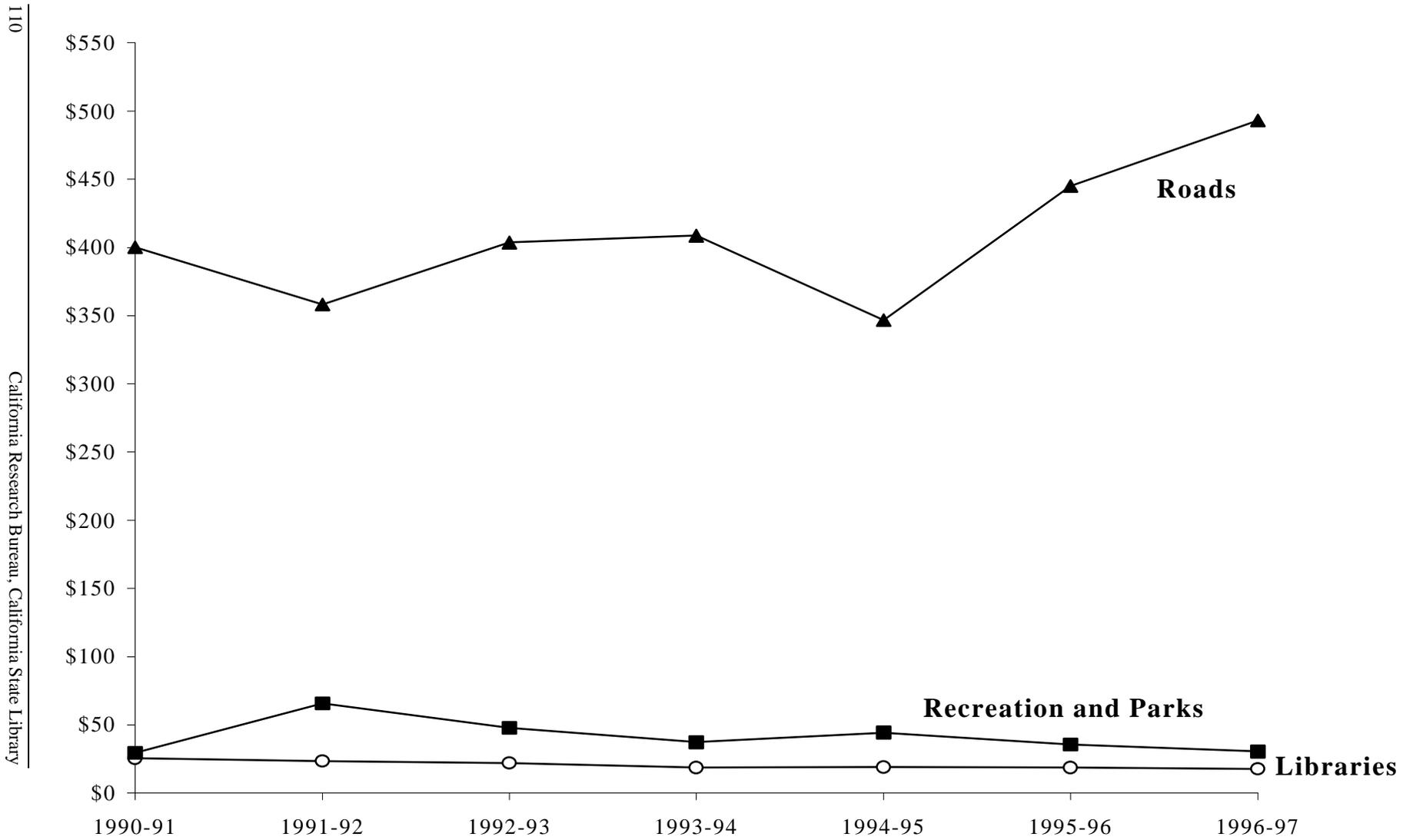
- Staff reductions in the Public Health Lab, Communicable Disease, Family Planning, AIDS Community Education, Lead Poisoning Prevention, Immunization, WIC, Maternal and Child Health, the Black Infant Health Program, Tobacco Prevention and Education, and the Community Health Outreach System.
- **Mental Health.** Mental Health programs were too receiving large county funding overmatches before ERAF. However, with the ERAF cuts the County reduced its contributions to the minimum MOE requirements. Officials report that reductions and reorganizations followed. For example, the County reduced their number of state hospital and other institutional facility beds, but preserved services by developing alternative community based services and treatment programs instead.
- **Drug and Alcohol.** As Chart 15 shows, spending has been steady since the County implemented the program in 1992-93. The program, however, is entirely grant funded and receives no general fund money. Officials note that over 50% of their clients are in the criminal justice system and often the general public must wait to enter treatment programs.
- **General Relief.** After ERAF, the County reports they filed an appeal to the Committee on State Mandates and were granted relief due to budget constraints. As a result their spending has declined from \$4 million in 1994-95 to under \$2 million, and caseloads have declined from 1,400 to just over 300. To achieve this reduction, the County reduced the value of their grant from \$291 to \$221. This new award included a \$181 cash grant and a \$40 medical offset. In addition, they instituted stiffer eligibility requirements including a three month limitation. Officials observe, however, that this population is showing up homeless on the streets.

MUNICIPAL SERVICES

Chart 16 shows the inflation adjusted per capita operating expenditures for the county municipal services we studied. As with the countywide services, there is a substantial range of spending between services. Per capita spending on libraries is less than \$18 while per capita spending on roads is nearly \$500. Per capita spending for sheriff protection is not shown in Chart 16 because the figure was unusually high. Depending on what services the sheriffs provide, including services to incorporated areas, per capita figures vary significantly between counties.

- **Sheriff.** The Department provides patrol services to the unincorporated areas, which contain only about five percent of the County's population. Officials report that Proposition 172 funds (of which they receive the greatest share) helped to augment their patrols. However, to maintain their budget in light of the ERAF budget cuts, they have kept their staffing at 1993 levels. Although this means keeping 40-50 of their 500 positions vacant, because of the court security issues discussed earlier, when they do add staff, they staff bailiff positions first. They also report implementing the

Chart 16
Solano County
Per Capita Operating Expenditures on Municipal-Type Services
 (Adjusted for Inflation \$1996)



Source: State Controller, California Research Bureau

use of correctional officers in the jails, but are concerned about it becoming a union issue.

- **Libraries.** The Solano County system provides library services to all the unincorporated areas as well as residents in the cities of Fairfield, Rio Vista, Suisun City, Vacaville and Vallejo. They also oversee the law library and the jail library.

The County library system receives a dedicated portion of the property tax. After the ERAF shifts they lost about 25% of their on-going revenues and have been spending down their reserves. As a result they laid off 25 of 101 employees and reduced their hours of service by 30 percent. All branches closed on Fridays, three closed on Mondays and there were no Sunday hours during the summer. The book and materials budget was reduced by nearly 57% from \$1 million in 1992 to \$432,000 in 1997-98. Officials report the net result was a loss of 2,300 service days and 96,000 books not bought. The use of volunteers helped retain and even expand some programs but their duties did not include those of previously paid positions as a result of union concerns.

Library officials report they worked at building partnerships and diversifying their funding stream. The County entered into a consortium with other libraries in Solano and Napa Counties. They now share automation services with three public and two community college libraries. This has allowed them to provide more services and purchase online databases.

Second, the Solano County Library Foundation was established in 1994 to build community ties and support library programs. Officials report they have raised over \$200,000. They also have added an adult literacy program with a grant from the California State Library. Officials believe this is an important contribution to their services and that it is having positive effects for the criminal justice system.

In June 1998, voters passed a ballot measure to increase the sales tax by one-eighth of a cent to benefit the county's public libraries. Officials report the increase went into effect on October 1, 1998 with libraries seeing the first monthly installment in December 1998.

Officials report the funding is to be used to restore hours of service from 203 hours to 342 hours per week; increase the book and materials budget from \$432,000 to \$800,000 resulting in 28,000 new books being purchased in 1998-99; underwrite the cost of the Literacy Programs which loses grant funding this year; and increase resources for children and teen to encourage reading skills, assist with homework assignments, and provide college and job information.

In January 1999, the hours of service were expanded at all six County Library branches. The County reports that early figures indicate a use increase of 10% over the same month last year.

Library officials anticipate the sales tax revenues will restore the revenues lost from the ERAF shift and allow the Library to return to a pre-cutback basic service level. However, they report it does not address the need for new services or a major expansion

of current ones. Issues that revolve around renovating deteriorating facilities or increasing the number of branches to address population growth in the county will require new revenues.

- **Public Works (Roads).** Officials report their budget has been impacted in several ways during the 1990s. First, in 1991, fine and forfeiture money was reallocated to the courts as part of the state trial court funding changes. The County had previously given about 50% of this money to the road fund and did not backfill it when the changes occurred. The ERAF shifts followed and reduced their budget further. In addition a countywide tax on roads expired and was not renewed. Officials report their budget is about the same as it was in 1989. At the same time, average daily traffic volume has increased almost 100 per cent from 10 years ago.

To reduce costs resulting from these budget reductions, the Department has purchased no new equipment in the last three years and has reduced its pavement overlay program. The Department also continues to rent office space while their plans to build a county facility have been put on hold.

The Department reports that their overlay budget declined from \$1 million in 1993 to the current \$350,000. While in 1993 they were close to providing maintenance according to the recommended schedules, they now have nearly doubled the cycle due to an annual maintenance shortfall of \$1-1.5 million per year. In addition, they report that close to 18% of their roads need major improvements or complete reconstruction. They are currently rebuilding two to three miles a year but need \$23 million to deal with reconstruction. Officials also report withdrawing approximately 26 miles of roads from their maintenance system over the last several years.

- **Recreation and Parks.** The County provides no recreation programs. These are provided through the cities and special districts. However, the County provides park services, which are funded with a dedicated portion of the property tax. After the ERAF shifts, the district closed one of three major parks. The remaining two are now closed in the winter. They also decreased staff, hours of operation, and maintenance and increased park fees. Officials report there have been no local ballot measures for park support, but they did receive bond money, which they used to build RV space in order to generate revenue.
- **Fire Protection.** An independent special district provides county fire protection.

When asked how they would use a hypothetical 10% discretionary budget augmentation, the County indicated they would focus more resources on:

- child abuse and domestic violence reduction, and
- improving county facilities, particularly in ways that would improve livable standards for the homeless.

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