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Economy & Efficiency Commission Presentation

Editorial Note: Although every effort has been made to insure the accuracy of the material in this presentation, the scope of the material covered and the discussions undertaken lends itself to the possibility of minor transcription misinterpretations.

**PRESENTATION BY
Mr. John Redmond
Interim Executive Director, Proposition 10 Commission
Topic: The Status of Proposition 10 Implementation in Los Angeles County.
December 2, 1999**

Mr. Redmond began his presentation by distributing background information on Proposition 10, the membership of the Proposition 10 Commission, a fact sheet that gives the background on Proposition 10 as it relates to Los Angeles County, a questionnaire that was used during Commission Public hearings, and a timetable for the strategic planning process. He then went on to discuss each of the documents.

Mr. Redmond said that Proposition 10 was a voter-approved initiative on the November 1998 election ballot, that narrowly passed with less than a 1% margin. Proposition 10 raised the cigarette tax 50 cents a package, together with an equivalent amount on other tobacco products. In the first year it will raise approximately \$800M at the State level. Mr. Redmond went on to say that the State Proposition 10 Commission retains 20% of the money, with the remaining 80% of the money set aside for counties.

Mr. Redmond remarked that his involvement with Proposition 10 began when he was asked to analyze the initiative, with the purpose of making recommendations to the Los Angeles County Board of Supervisors. The Board of Supervisors acting on these recommendations adopted an ordinance in December 1998 which created a local Proposition 10 Commission. The Board of Supervisors established the structure of the Commission and set up a trust fund to receive money from the State. He added that a key condition that had to be met was to appoint a majority of the members. Although this qualified the Commission to receive money from the State, it did not authorize its expenditure.

Mr. Redmond, explaining the membership of the Proposition 10 Commission, pointed out that there was a member from the Board of Supervisors, Supervisor Knabe, on the Commission. He said that while having a Board member on the Commission is required by law, it is not a requirement that the Supervisor be the Chairman of the Commission. He said that the Board of Supervisors also appointed two department heads to be on the Commission, the Departments of Health and Mental Health. The Los Angeles County Superintendent of Education nominated one member, as an expert in early childhood education. And last, there are five public members, one from each Supervisorial District, appointed by the Supervisor of that District.

Commissioner Padilla wanted to know if the selection of appointees was mandated by the legislation. Mr. Redmond replied that in the legislation the County had the option of appointing from five to nine members.

There had to be a member of the Board of Supervisors and there had to be at least two managers, or department heads. The balance could have been public members or additional County managers.

The Proposition 10 Commission was officially appointed in January 1999. Mr. Redmond told the Commission that the ordinance initially adopted was a framework ordinance. He said that its purpose was to quickly qualify for funds, adding that there was a concern at the time that if the County did not qualify for funding by December 1998, there was the possibility of losing a year of funding. He commented that the framework ordinance left many questions unanswered, especially the relationship between the Commission and the Board of Supervisors. He went on to say that this issue was discussed intently for a number of months by his office, County Counsel, and Board Deputies.

He remarked that initially it seemed as if Proposition 10 sought to set up something like a semi-autonomous foundation within County government. However, County Counsel was quick to point out that the authority given to County Commissions was not the same as that given to the State Commission. Mr. Redmond shared that the result was that, on the advice of Counsel and agreement of the Board, amendments to the ordinance were made in April. The amendments stated that, for the purpose of drafting the strategic plan, the Commission is autonomous of the Board.

Mr. Redmond went on to explain that before any monies can be spent on programs and services the Commission had to have a strategic plan in place. Once a plan is adopted, assuming it met procedural requirements, the Commission can then begin spending money on programs and services.

Commissioner Stoke asked who was the Chairman of the Proposition 10 Commission. Mr. Redmond replied that it was Supervisor Knabe. Commissioner Stoke then wanted to know if there should be some organization, such as the Economy & Efficiency Commission, to review any work product prior to it going before the Board. Mr. Redmond agreed that there has been much confusion and differences of opinion on the status of the Commission. However, in light of discussions with the Board, County Counsel, and the State Commission, the Proposition 10 Commission is likely to become autonomous soon.

Commissioner Petak asked if there was to be paid staff. Mr. Redmond said that there would be some paid staff and contract workers. Commissioner Petak then asked if the paid staff would be County employees. Mr. Redmond said that they could be, if the Commission requests that they should be and funds them.

Vice Chairman Lucente asked about the oversight of the Commission. Mr. Redmond said that the oversight lies in the Boards' appointments to the Commission. He also added that there is a requirement in Proposition 10 that the Commission do a performance audit of the programs it funds. Results are then published for the State, County, and public. He said that the assumption in the law was that this would create a public accountability rather than just a strict financial accountability.

Commissioner Philibosian interjected that he had two questions. Have the overhead expenses been determined? Since the revenue is a flexible stream, and will diminish, how will that impact overhead expenses which may be fixed? Commissioner Philibosian continued by saying that his concern was the building of a bureaucracy that will use up undetermined amounts of money, thus reducing the amount available to fund those programs for children that this legislation was designed to develop. Mr. Redmond replied that he wished to assure Commissioner Philibosian that the bureaucracy, so far, was two contract employees and himself. He continued saying that, depending on the model the Commission develops in the future, it could be a minimal core staff with reliance on contractors or it could involve building a substantial core staff.

Commissioner Thompson said, referring to the earlier handouts, that the way these questions are written the money can be used for anything. Mr. Redmond said the money can be used for anything that promotes and enhances the development of children, under the age of five.

Vice Chairman Lucente thanked Mr. Redmond for his informative presentation, and asked that he remain available for questions after the adjournment.

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