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## **Economy & Efficiency Commission Presentation**

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*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  
Dr. Mark Baldassare & Dr. Christopher Hoene , Public Policy Institute of California  
Topic: The Future of Los Angeles County Finance  
May 4, 2000**

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Mr. Staniforth in introducing Dr. Baldassare reminded the Commission of how the report "Risky Business: Providing Local Public Services in Los Angeles County" came to be published. He added that in the Commissioner's packet there was a summary, as well as a copy of the report and a memo from Mr. David Janssen, Chief Administrative Officer, in response to the report. He said the Dr. Baldassare was here to discuss the report and address some of the response issues in Mr. Janssen's memo.

Dr. Baldassare stated that it was a pleasure to provide the Commission with this pre-publication issue of the report. He commented that most of the findings and conclusions of the Public Policy Institute of California (PPIC) have not changed since the progress report that was given to this Commission several months ago. He said that he and his associate Dr. Hoene would answer any questions regarding the report as well as responses to the report thus far.

Commissioner Hill said that she would be most interested in Dr. Baldassare's response to Mr. Janssen's statement that he did not concur with the findings concerning how governments are financed. Dr. Baldassare answered that he had just recently read Mr. Janssen's memo and that there were many points on which they agree. There is still a lot of work that needs to be done at the State and local level in an effort to change some of the basic dynamics of State and local fiscal relationships. He felt that the differences between he and Mr. Janssen were largely semantic. He stated that the two may differ as to whether bankruptcy might be one of the possible outcomes, but they do agree that if more is not done internally, and externally in State and local government, that the County would have to make hard and devastating choices in the future to remain fiscally solvent.

Dr. Baldassare stated that the population of Los Angeles will expand by 2 million over the next twenty years. The dynamics of the population is changing in a direction that will place more pressures on County government to do more in the future, not less.

Commissioner Hill stated that, to Dr. Baldassare's credit, she felt that he had raised the awareness level on this problem. She added that the Supervisors are going to be more concerned to insure that there is a stable economic base in the event of a downturn of the economy.

Chairman Philibosian said that he saw a lot of reallocation of revenues in the report. He asked what

consideration had been given to increasing revenues, by stimulating business and decreasing regulation on business so that they would be able to grow and prosper. Dr. Baldassare replied that toward the end of the report these issues were addressed. He felt that it was not appropriate for the PPIC to make specific recommendations, but rather, to attempted to lay out a set of strategic goals and to suggest a number of alternatives to achieve those goals. Among the goals proposed was the necessity for the County to take a greater role in economic development of the region. One of the opportunities for the County, is to expand the ability of the various local governments, businesses, and non-profit entities to come together to develop a positive vision for future economic development. The County should be playing a leadership role.

Chairman Philibosian asked if PPIC had any suggestions to assist the County to assume a leadership role. Dr. Baldassare stated that PPIC feels that the County should be playing a leadership role in bringing the parties to the table to work together in striving for economic development. Chairman Philibosian asked that in the review, has there been more specific suggestions. He said that he was aware of an Economic Development Commission, but should there be a specific role, within for instance the Chief Administrative Office or a county department, that is specifically charged by the Board of Supervisors to seek out economic development opportunities. Dr. Baldassare stated that he was not sure what organization within the county should be doing this, but the effort needs to enlist the cooperation of the cities, major businesses and the non-profit sector.

Commissioner Padilla stated that there is not sufficient political imperative without an emergency. He wanted to know, barring an emergency, what this Commission could do to help. Dr. Baldassare recognizes that this Commission has done a lot of work on this issue. He felt that there has to be long term commitment to continued involvement.

Commission. Andes, liaison from the Local Government Services Commission, wanted to know if Dr. Baldassare had any recommendations he could take back to his commission. Dr. Baldassare suggested that Mr. Andes read the section on alternatives in the report. He felt that it is most important to create a dialogue on how to achieve the goals that have been identified.

Commissioner Kennedy asked Dr. Baldassare if he would discuss the health care situation. Dr. Baldassare said that it was very difficult to obtain the necessary data for this part of the study. With all of his experience, and that of the rest of the team, it was difficult for them to understand the health care budget.

Dr. Baldassare went on to say that without the help of the Federal government the whole structure of health care within Los Angeles County could not be provided. There has been discussion at the State level as to whether the level of health care provided in Los Angeles County is more generous than other counties in the State. He said that the State does not provide what is needed, thus the Federal government has stepped in to help bridge that gap. He added that the demography of the county is changing. The population is growing, together with the expectation that the needs will also grow.

Commissioner Hill stated that the County's position in health care has traditionally been generous. How can the gap between need and available monies be managed. Dr. Baldassare replied that the responsibilities have to be spread across more entities which requires more partnering.

Commissioner Jimenez remarked that one of the suggestions to deal with these problems was to reduce some hospital services and to rely more on local clinics. He wanted to know if the findings show that people were not going to clinics or if the services were not available. Mr. Baldassara answered that an extensive evaluation of the change in health care services was not available, but it was suggested that the County did not do as good a job as it could have in communicating what is available.

Chairman Philibosian said that in the report there is talk about communicating with constituents. One issue that has been discussed by this Commission is communication among elected officials. He wanted to know if a town hall type of meeting sponsored by the Board of Supervisors could be of any benefit. Dr. Baldassare answered that this was discussed at length. He said that this is the type of dialogue that needs to occur between our elected officials. Chairman Philibosian asked if there was resistance on the part of the legislators. Why has it not happened? Dr. Baldassare replied that everyone is focused on their own area of

government service. He added that there was a lot of interdependence. He again stated that county government has to take the lead to make this happen.

Chairman Philibosian thanked Dr. Baldassare and Dr. Hoene for their presentation, commenting on the importance of the issues that have been raised. The Commission will remain interested in pursuing solutions to these problems.

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