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## SUMMARY

The District's procedures for budget development, assessing workloads and productivity as it relates to manpower requirements, and monitoring financial and budget-related trends have been strengthened in recent years.

The general improvements in budgetary practice have enabled the District to manage its resources and services effectively, even while facing an environment in which more demands for service, on the one hand, and more documentation of service effectiveness and productivity on the other hand, are becoming increasingly common.

The District can improve its budgetary practices by formalizing and strengthening several of the management tools introduced during the Fiscal Year 1978 budget development process, by implementing a budget development policy and calendar, and by clarifying the connection between the budget and system goals.

## INTRODUCTION

The Fiscal Year 1978 budget preparation process incorporated several procedural and management improvements over earlier budget preparation efforts. These improvements resulted in relatively smooth budget compilations and negotiations despite the severe institutional difficulties of reversing a five-year growth pattern, and the problems of allocating a diminished resource to a community with rising expectations.

Perhaps the most important single improvement was the establishment, on an annual basis, of the Five-Year Plan. The Five-Year Plan, not required by any funding agency, served the internal function of identifying a potential budget problem sufficiently in advance. The District initiated Five-Year Plans for the Fiscal Year 1977 budget preparation process.

The budget preparation process has been undergoing a major shift for the past several years, which should result in a stronger process: increased departmental responsibility in compiling budget estimates and justifications. Until 1971 the responsibility for preparing budget estimates belonged solely to the Fiscal Department, a method that would have made the necessarily detailed department involvement of this past year very difficult to achieve.

Budget monitoring has also been improved through an expansion of the Controller's monthly financial reports, which formerly were limited to updated monthly financial statements. These monthly reports now include an assessment of the District's fiscal condition, a summary of personnel levels, an income statement, and charts and tables on fare paying passengers, ridership per mile, receipts, operating expenditures, summary of funds, revenue-related operational factors, and cost-related operational factors.

Budget descriptions and justifications were strengthened in the preparation for the Fiscal Year 1978 budget through the use of a new budget tool, the Functional Budget Analysis. The purpose of the Functional Budget Analysis is to relate District manpower levels and allocations to specific functions or programs.

In addition to the Functional Budget Analysis prepared by all departments, several developed more precise budget tools for relating manpower to general functions and to specific activities within functions. Among these departments would be Planning (4200), Personnel (6200), and Administration (9100).

Along with these already-implemented improvements, several are planned for implementation during Fiscal Year 1978, which will provide for increased visibility of major project expenses and which will, on an on-going basis, relate service productivity to expenses.

The Fiscal Department is in the process of developing and implementing two additional monthly reports. One report will record raw operating statistics and the other will present operating performance indicators developed by the State Auditor General's Office early this year, and will somewhat relate input (expense) to output (productivity).

## CURRENT BUDGET DEVELOPMENT PROCESS

Budget preparation for Fiscal Year 1977-78 began in mid-October, 1976, when work on the District's second Five-Year Plan was started by the Advance Planning Department.

The Five-Year Plan, which was first developed in the Fall of 1975, is intended to improve the District's internal management and budgetary decision-making processes, and provides the basis for the externally mandated Short-Range Transit Plan, and the Transportation Improvement Program. The Five-Year Plan also includes a capital projection and the required annual Capital Improvement Program.

Five-Year Plan preparation began with Executive Staff review and agreement to general assumptions and alternatives which would be considered by the departments responsible for developing the plan.

The Advance Planning section had the lead responsibility for the development of the plan and the Fiscal, Grants Administration, and Facilities Engineering Departments prepared the more detailed elements of the bus service level alternatives, capital improvement alternatives, and budget and other financial projections. The Operations Department was involved throughout this process.

The full Executive Staff reviewed the Five-Year Plan assumptions and alternative projections and approved the draft plan during the last week of November. The full draft Five-Year Plan was submitted to the Board of Directors on December 8, 1976, which later in the month approved the plan as submitted.

Based on this Five-Year Plan, the Advance Planning Department began preparation of the Short-Range Transit Plan and the Grants Administration section developed the Transportation Improvement Program (TIP).

The Short-Range Transit Plan is required by Federal and State regulations and was submitted to the Southern California Association of Governments (SCAG) and the County Transportation Commission on March 10, 1977.

It is the responsibility of the Transportation Commission and SCAG to review the District's short-range plan to insure its consistency with the regional Transportation Improvement Program and to incorporate the approved package into the region's Transportation Improvement Program.

The SB 325 legislation allows SCAG sixty days to review and approve applications for transportation development funds. The budget and financial plan contained in the District's Short-Range Transit Plan met this requirement for demonstrating needed financial assistance.

The SB 325 legislation further requires that applications be filed at least 90 days prior to the beginning of the following fiscal year. The District's March 10 transmission met the April 1 transportation development fund application deadline.

The Short-Range Transit Plan also met deadline requirements for filing for Federal capital and operating assistance requests, especially as the Federal fiscal year runs from October 1 to September 30.

Following the development of the Short-Range Transit Plan, the next step in the District's budget process was the preparation of budget instructions by the Controller. These instructions were issued on February 23 and 25, and included budget input forms, updated projections on operating miles, and recommended figures for union wage rates and increased costs of services and supplies. At this time, the Controller established a March 8 deadline for departmental budget input to the Controller.

On April 14, the Executive Staff reviewed the overall budget situation and set dates for a department-by-department review of budget requests. A deadline of April 22 was established for completing full preliminary departmental budgets.

The Executive Staff began a by-department budget review on April 26 at which the Controller updated Fiscal Year 1978 revenues projections and indicated that departmental budget requests exceeded the District's capabilities. The General Manager outlined assumptions to be used in modifying department budgets, service-level decisions on mileage, bus operator and maintenance personnel requirements were finalized, and several budget-related projects were agreed upon.

On April 29, the Executive Staff further reviewed the budget. Meetings between the General Manager and executives were scheduled for more detailed department analyses of staffing justifications and the impact of budget request reductions.

These meetings were held on April 29 and May 2nd. The final Executive Staff by-department budget discussion occurred on May 6, by which time budget requests and projected resources were satisfactorily consistent.

Final department budget requests to the Controller were due on May 8 for inclusion in the budget message to the Board, which was submitted on May 20th.

The Board of Directors held a public hearing on a projected fare increase on June 2, and reviewed the budget until June 23, when it approved a total budget package which was "unbalanced" until the County Board of Supervisors approved a \$5.2 million subsidy on June 29th.



Table 1

Fiscal Year 1978 Budget Preparation

Date	Action	Responsible
October to December	Preparation of Five-Year Plan	Planning, Fiscal Facilities, Grants
November	Start of monthly reports on budget variances	Fiscal
	Executive Staff approval of Five-Year Plan	Advance Planning
December 8	Five-Year Plan to Board of Directors	General Manager
January	Board of Directors adopted "No Growth" scenario	
January	Request subsidy from Los Angeles Co.	
February 23	Instruction on budget preparation to Executive Staff	Fiscal
February 24	Board of Directors approved Short- Range Transit Plan	
March 8	Deadline for preliminary budget requests to Controller	Executive Staff
March 10	Short Range Transit Plan to SCAG	
April 14	Executive Staff review of improving budget process	Executive Staff
April 22	Budget figures due to Controller	Executive Staff
April 26 April 29 May 6	Executive Staff Department, by-Depart- ment Budget Review	

Table 1 (continued)

Fiscal Year 1978 Budget Preparation

Date	Action	Responsible
April 26	Fiscal Year 1978 Mileage Estimate finalized	Planning, Schedules
April 29 May 3	General Manager - Executive Staff member meetings on budget	
May 3	Subsidiary budget assignments to Executive Staff	
May 9	Final Department Budget Data due to Controller	Executive Staff
May 13	Draft of Budget to Board of Directors	
May 20	Budget to Board of Directors	
June 2	Board of Directors: Budget Hearing on fare increase	
June 23	Board of Directors tentatively approve budget	
June 29	County Board of Supervisors approves subsidy	

## RECOMMENDATIONS

Based on a review of the District's budget process and upon the increasing complexity of the RTD's various funding mechanisms, the following recommendations have been developed to insure that the District meets its obligations to the public by maintaining sound financial and management policies and programs.

1. Formalize Budget Preparation Procedure - The District's procedure for developing the budget requires coordinating the activities of all RTD departments and also includes coordinating with several outside funding agencies, which may have their own deadlines to which the District must conform. At the present time, there is no written policy which assigns responsibility or sets deadlines for the preparation of various budget elements.

It is recommended that a policy be developed which assigns responsibilities and establishes a calendar for preparing and monitoring the budget.

2. Initiate Budget Preparation Process Earlier - In the preparation of the Fiscal Year 1978 budget, the Five-Year Plan was submitted on December 8, the Short-Range Transit Plan was transmitted on March 10, and the staff budget recommendations were submitted to the Board of Directors on May 20. While this timetable met the requirements of outside funding agencies and allowed sufficient time for Executive Staff and Board budget deliberations, the complexity of District funding sources indicates that an earlier staging of the preparation processes would provide additional cushion in the event of an unanticipated funding shortfall.

It is recommended that the budget process as a whole be accelerated by approximately two weeks, as indicated in the proposed budget calendar. (See Appendix A1.)

3. Departmental Budget Explanation - During the process of compiling department budget requirements and developing explanations, each department has utilized a personnel plan and a line-item budget comparing the projected total expense for the current year with the proposed budget. In addition, each department utilized a Functional Budget Analysis which related manpower to department and unit activities. The use of this analytical format served to highlight major cost and activity areas and was an improved management and budget tool.

It is recommended that the Functional Budget Analysis be used in developing the budget in the future.

It is also recommended that the Functional Budget Analysis be accompanied with a department "mission statement". The mission statement should outline the general functions, responsibilities, and objectives of the department.

The Functional Budget Analysis should relate specific manpower allotments to specific units or assignments within the department. The descriptive material in this analysis should indicate the tasks and activities of each unit or assignment to the general department mission.

By breaking down department personnel assignments and relating them to functions, the District will approach the kind of "modified program budgeting" used by the City and County of Los Angeles. (See Appendices E & F.)

It is further recommended that the Functional Budget Analysis be further refined to reflect increases or decreases in department or unit personnel and workload. (See Appendix B.)

It is also recommended that, to increase the visibility of budget changes, a "Three-Year Budget Item Comparison" format be used in developing department budgets. (See Appendix C.)

It should be noted that these report formats should be used in addition to currently used tools, such as the Personnel Plan.

4. Productivity and Workload Indicators - The District has made use of department productivity factors and workload indicators during the past year as they relate to department performance and manpower requirements.

The use of these factors can serve to objectively substantiate department budget requirement estimates. The City and County of Los Angeles have used such indicators with successful results for several years. (See Appendices E & F.)

It is recommended that each department, during the remainder of the calendar year, develop productivity and work-load factors which can relate manpower levels to anticipated workloads.

Two types of indicators can be used: output unit per employee time unit, and the ratio of workload to employee.

While productivity factors or workload indicators should reflect the essential functions or goals of the department and unit for which they are used, the responsibility for developing these factors should remain with the concerned department. Nonetheless, the Controller should be available to assist departments in the development of productivity factors, and in using the productivity or workload indicator in projecting manpower requirements.

5. Department Goal Setting - The General Manager has, for several years, met with the members of the Executive Staff in order to agree upon departmental goals, and objectives. These General Manager - Executive Staff member meetings have been scheduled during the month of December and goals have been set for calendar year periods.

It is recommended that the General Manager meet with the members of the Executive Staff to set department goals and objectives in April, during the finalization of department budgets.

The department goals and objectives should be based upon the prioritized list of goals identified during the budget preparation process.

6. District Service Goals - Due to the budget restrictions which limit the District's resources which can be distributed to the public in the form of service, the increasing demands for various new types of service, and the need of policymakers to know how the RTD meets public transit needs, the District should develop, on an annual basis, system goals which can be reviewed by the public and which can be used in making basic policy determinations.

The District did develop a set of goals in the Fiscal Year 1978 budget preparation process and devised a schematic means of displaying the approximate commitment of resources to each goal. (See Appendix D.)

It is recommended that the District, on an annual basis, update the system service goals.

It is further recommended that a means be developed for categorizing District services so that specific service types can be related to system service goals and that data on resources which are committed to each service type can be collected.

One means of collecting data on resource consumption by service type would be to code operator work runs and bus runs by service type, so that on-going comparisons with service goals can be developed.

## CONCLUSION

The recommendations presented in this report will provide the District the capacity for approaching a "modified program budget", as a means for amplifying and justifying departmental line-item budget requirement estimates.

By strengthening the planning and budgeting processes, the District will meet a primary responsibility of seeking the best means of managing public resources and in opening its processes and decisions to public view.



# Executive Policy and Procedure

Policy #

Issued:

## D R A F T P O L I C Y

SUBJECT: Budget Development Process

### PURPOSE

This policy outlines the District's general procedure and schedule for the development of long and short-term financial and operating projections, the determination of annual operating and capital budgets, and the preparation of adequate program description and budget line-item justifications.

As the District receives a major portion of its revenues from outside agencies, several of the budget elements and deadlines contained in this procedure are rooted in external requirements and must be met to insure maximum opportunity for a smooth flow of funds.

### GENERAL POLICY

1. It is RTD policy that all District funds shall be allocated through a budget process which includes long and near term operational and financial planning, projections of service level and workload requirements to justify budget and personnel requests, and allocations of District resources to service goals.
2. It is District policy that a budget program be followed which relates manpower requirements to function, prioritized departmental goals, and workload or productivity indicators.
3. The major preparatory elements of the budget are the development of the Five-Year and Short-Range plans, which outline probable operating and financial conditions based on the best available data, and which are completed between August and January 31. The internal process of setting specific departmental goals and budget levels shall be completed between February 15 and April 30.



DRAFT

ADVANCE PREPRATION: FIVE-YEAR PLAN

1. A Five-Year Financial and Operating Plan shall be prepared which includes a system description, a level of service projection, a capital improvement program, and revenue and expense projections.
2. The Five-Year Plan is developed primarily to meet the District's internal budgetary and planning needs, but should also facilitate the preparation of other externally required documents.
3. The Advance Planning Department is responsible for the general preparation of the Five-Year Plan. The Fiscal Department is responsible for developing revenue and expense projections and Grants Administration will prepare the capital program.
4. Preparation for the Five-Year Plan shall begin in the first week of August with an Executive Staff review of such factors as ridership trends, pending legislation, revenue and cost indicators, and possible RTD system goals and objectives.
5. Following this Executive Staff review, each department is responsible for submitting capital requests to Grants Administration before September 15. Grants Administration shall submit a preliminary capital program to the Executive Staff for approval no later than September 30.
6. The Advance Planning Department shall report progress on the Five-Year Plan to the Executive Staff during the first week of October. This report shall identify major assumptions and projections for Executive Staff review and comment.
7. A draft of the Five-Year Plan shall be completed for Executive Staff review by the end of October and approved by the Executive Staff by the second week of November.
8. The final Five-Year Operating and Financial Plan shall be transmitted to the Board of Directors for discussion at the final meeting in November.

DRAFT

ADVANCE PREPARATION: SHORT RANGE PLAN

1. The Short Range Transit Plan shall be developed annually to meet Federal Transportation System Management (TSM) and Transportation Improvement Plan (TIP) requirements.
2. The Advance Planning Department is responsible for the preparation of the Short Range Plan. Grants Administration will prepare the Transportation Improvement Plan.
3. The Advance Planning Department shall report progress on the Short Range Plan to the Executive Staff by January 15, which shall review a draft plan for consistency with the assumptions and projections of the Five-Year Plan.
4. The Short Range Plan shall be transmitted to the Los Angeles County Transportation Commission and to the Southern California Association of Governments (SCAG) by February 1.

BUDGET PREPARATION

1. By February 14, the Executive Staff will review the assumption and projections of the Five-Year Plan, as updated in the Short-Range Transit Plan, and consider them for use in preparing the budget for the approaching fiscal year.
2. The Controller will issue instructions on budget preparation to the Executive Staff and department heads before February 20. These instructions should include a budget calendar for the year, projections on manpower, fringe benefit, administrative, materials, and other expense changes, the requested format for mandatory departmental budget reports, work-load indicators and productivity factors, and the projections on the District's financial outlook for the approaching fiscal year.
3. Each department is responsible for submitting its budget requirement estimates to the Controller by March 10.
4. As requested, the Controller will assist departments in the development of budget requirement estimates and productivity standards.

5. By approximately March 24, the Fiscal Department shall complete its review of the estimates of budget requirements submitted by the various departments. This review should insure consistency with Five-Year Plan assumptions, as agreed to on February 14, and should include recommendations on improving budget calculations and workload or productivity factors.

6. The General Manager shall begin a department-by-department review of department prioritized goals and budget requirement estimates during the first week of April and should be completed by the end of April.

7. The General Manager and each Executive Staff member shall agree upon departmental goals for the approaching fiscal year during April, based on the departmental list of prioritized goals and manpower levels.

8. The Executive Staff shall approve the budget before April 30.

9. The budget should go to the Board of Directors for its review during the first week of May.

#### BUDGET MONITORING

1. The Accounting/Fiscal Department issues a monthly statement of revenue and expense.

2. The Controller is responsible for preparing a monthly analysis of the Revenue and Expense statement which highlights variances between budgeted and actual expenditures. This report will be discussed at the Executive Staff meeting. Department heads should be prepared to explain significant variances and recommend solutions.

3. The Controller shall issue a monthly report containing the following information: revenue, expenses, mileage, peak-period buses, and personnel.

4. The Controller shall issue a monthly Productivity and Efficiency Report containing the following operational and financial factors: operating cost per vehicle service hour, vehicle service hours per employee, passengers per vehicle service hour, passengers per vehicle service mile, operating cost per passenger, and others as needed.

5. The monthly Controller's Financial Report to the Board of Directors and the Executive Staff provides comparative data, over a one-year period, on income, revenue passengers, operating expenditures, available funds, numbers of employees, and so on.

#### DEPARTMENTAL BUDGET JUSTIFICATIONS

1. Each department is responsible for the compilation and justification of its estimates of departmental budget requirements.
2. Each department shall submit adequate justification and explanation of its budget requirements including as a minimum, the following: a department mission statement, a Budget Personnel Plan, a Functional Budget Analysis, a Manpower Resource Allocation Chart.
3. The department mission statement should describe functions and objectives by section or unit, the Budget Personnel Plan should project personnel levels by section or unit over the fiscal period; the Functional Budget Analysis should relate proposed manpower levels to objective/function, and the Manpower Resource Allocation Chart should breakdown functions into estimates of manpower requirements by general task or activity.
4. Each department should develop, as personnel requirement justification, work-load indicators and productivity factors. As used in this policy, a work-load indicator measures output, such as "passengers carried" while a productivity factor relates input to output. Examples of productivity factors would be "passengers per bus hour" or "telephone calls per operator per hour".
5. Each department shall compile a prioritized list of goals and activities and relate personnel levels to achievable results.
6. Each department budget proposal should include an explanation of all budget line items which are an increase or decrease of more than 15% over the previous annual budget or annualized expenses.
7. As part of its budget package, each department should compile a three-year budget table comparing, on a line-item basis, actual expenditures for the current and past fiscal years with the proposed budget for the approaching fiscal year.

## SERVICE GOALS

1. The allocation of District resources to various types of service can result in alternative emphases on achieving particular agency goals.
2. In order to better plan the District's emphasis in allocating service to alternative service types and agency goals the distribution of District mileage by service type will be calculated and related to the agency goals identified in the Short Range Transit Plan. This should be compiled annually for Executive Staff review by April 1.
3. This calculation of how District resources are used will approximate a system "program budget" for use, in conjunction with the basic "line-item" budget projections, in making determinations of agency goals and goal achievement in meeting public transit needs.

## BUDGET CALENDAR

1. The budget calendar contained in this policy outlines the general schedule of the District's overall budget preparation process.
2. Where advantageous, this calendar does not specify particular dates, allowing for some management flexibility in planning the process and making sound budgetary determinations.
3. In cases where a specific procedural deadline is necessary to insure a smooth budget process, a particular "due date" has been identified and the appropriate action should take place on or before that date.
4. At the beginning of the formal budget preparation process in February, the Fiscal Department will issue a detailed calendar which will provide more complete and specific information.

PROP  
BUDGET CALENDAR

DATE	ELEMENT	RESPONSIBLE
August 1 to Sept. 30	Preparation of Capital Improvement Program	Grants Administration
August 1 to October 31	Preparation of Five-Year Plan	Fiscal, Planning, Facilities, Grants Adm.
August, Last Week	Executive Staff review of July revenue & expense statement	Fiscal
September, Second Week	Progress Report to Executive Staff on Five-Year Plan	Advance Planning
September 15	Department Capital Requests to Grants Administration due	Executive Staff
September, Last Week	Executive Staff review of August revenue & expense statement	Fiscal
September 30	Executive Staff review preliminary capital improvement program	Grants Administration
October, Second Week	Draft of Five-Year Plan to Executive Staff	Advance Planning
October, Last Week	Executive Staff review of September expense & revenue statement	Fiscal
November 1 to November 31	File Section 3 Capital Grant Application	Grants Administration
November 1	Executive Staff approve final Five-Year Plan	Executive Staff, Advance Planning
November, Last Board Meeting	Five-Year Plan to Board of Directors	General Manager
November, Last Week	Executive Staff review of October revenue & expense statement	Fiscal

Appendix A1

PROPOSED  
BUDGET CALENDAR

DATE	ELEMENT	RESPONSIBLE
December 1 to January 31	Preparation of Short-Range Transit Plan and Transportation Improvement Plan (TIP)	Advance Planning
December, Last Week	Executive Staff review of November revenue & expense statement	Fiscal
January 15	Draft of Short-Range Transit Plan and TIP to Executive Staff	Advance Planning
January 15	Notify Los Angeles County of District funding request	Fiscal
January, Last Week	Executive Staff review of December revenue & expense statement	Executive Staff, Advance Planning
February 1	Transmittal of Short-Range Transit Plan to County Transportation Commission and SCAG	Advance Planning
February 14	Executive Staff review Five-Year Plan to update budget assumptions	Executive Staff
February 20	Issue Budget Instructions	Fiscal
February, Last Week	Executive Staff review of January revenue & expense statement	Fiscal
March 10	Department budget requirements submitted to Controller	Executive Staff
March 24	Fiscal Department completes review of department budget requirements	Fiscal
March, Last Week	Executive Staff review of February revenue & expense statement	Fiscal

PROPOSED  
BUDGET CALENDAR

DATE	ELEMENT	RESPONSIBLE
April 1	Service Allocation and Goals to Executive Staff	Planning Department
April, First Week	Executive Staff review budget requirements on a department-by-department basis	Executive Staff
April, Third Week	Executive Staff approves budget	Executive Staff
April, Last Week	Executive Staff review of March revenue & expense statement	Executive Staff
April 30	Transmit to Board of Directors	General Manager
April 30	File SB 325 application and Section 5 application	SCAG
June - - -	General Manager - Executive: set department goals	General Manager
June 30	Deadline for Board of Directors approval of budget	Board of Directors



FUNCTIONAL BUDGET ANALYSIS FORMAT

Department: \_\_\_\_\_

Unit Objectives/Functions	Current Personnel	Proposed Personnel	% of Total Proposed Personnel

THREE YEAR BUDGET ITEM COMPARISON FORMAT

Account	Previous F/Y Actual Expense	Current F/Y		Proposed Budget	Current to Proposed % Increase/Decrease
		Est.	Actual		

Appendix C

## DISTRICT SERVICE GOALS

### Distribution of District Mileage -- Fiscal Year 1977 by Service Type

Service Type	Mileage	% of Total Miles
Local	77,351,745	76.69
Expedited	22,012,652	21.66
Special	694,073	.68
Contracted	994,800	.96
 Total	 105,053,270	 100.00

### Allocation of Mileage to Service Goals

<u>Service Type</u>	<u>Goal 1: Transit Dependent</u>	<u>Goal 2: Reduce Autos</u>	<u>Goal 3: Local Transit</u>	<u>Goal 4: Reg'l Transit</u>
Local	76.69%	--	76.69%	--
Expedited	21.66%	21.66%	--	21.66%
Special	.68%	.68%	--	.68%
Contracted	--	.96%	.57%	.96%

(Source: Memo, from William L. Foster to  
Jack R. Gilstrap, "District Service Goals"  
dated May 24, 1977)

COMPARATIVE STATEMENT OF BUDGET APPROPRIATIONS

1976-77 BUDGET AND 1977-78 PROPOSED BUDGET

(Including Estimated Expenditures and Departmental Requests)

	1976-77		1977-78		Increase (Decrease)	
	Budget	Estimated Expenditures	Department Request	Proposed Budget	Amount	Percent
Animal Regulation .....	\$ 2,968,221	\$ 2,966,343	\$ 3,747,550	\$ 3,065,029	\$ 96,808	3.3%
Building and Safety .....	14,683,929	15,023,368	17,057,310	15,115,646	431,717	2.9
City Administrative Officer ....	3,646,602	3,454,770	3,835,718	3,768,141	121,539	3.3
City Attorney .....	11,460,232	16,173,786	12,001,649	11,865,159	404,927	3.5
City Clerk .....	5,223,173	5,385,135	5,346,184	5,166,618	(36,555)	(.7)
Election .....	2,252,180	2,540,448	19,605	11,385	(2,240,795)	(99.5)
City Demonstration .....	2,013,675	1,884,587	--*	--*	(2,013,675)*	(100.0)*
Commission on Status of Women ..	59,372	54,996	77,433	59,292	(80)	(.1)
Community Development .....	89,641	40,000	6,436,466**	6,525,762**	6,436,121**	NA**
Controller .....	1,813,587	1,734,404	1,888,463	1,818,791	5,204	.3
Council .....	5,277,967	5,240,550	5,277,967	5,277,967	--	--
Data Service.....	10,056,065	9,756,065	12,025,556	10,190,948	134,863	1.3
Employee Relations .....	74,601	74,601	80,522	80,247	5,646	7.6
Environmental Quality .....	263,788	238,654	263,788	--	(263,788)	(100.0)
Fire .....	91,691,787	90,255,707	93,508,065	91,214,859	(476,928)	(.5)
Mayor:						
Executive .....	1,641,363	3,535,745	1,686,231	1,681,456	40,093	2.4
Community Analysis .....	847,881	865,572	--*	--*	(847,881)*	(100.0)*
Training and Job Development .....	2,187,415	2,163,515	--*	--*	(2,187,415)*	(100.0)*
Urban Development .....	845,376	841,639	--*	--*	(845,376)*	(100.0)*
Municipal Arts .....	1,206,023	1,241,109	1,360,780	1,283,748	77,725	6.4
Municipal Auditorium .....	5,220,891	5,264,779	6,137,828	5,538,810	317,919	6.1
Off-street Parking .....	120,711	120,540	121,474	122,717	2,006	1.7
Personnel .....	44,505,741	45,365,655	46,590,641	43,605,952	(899,789)	(2.0)
Planning .....	4,122,092	4,141,881	4,668,861	4,349,742	227,650	5.5
Police .....	210,402,905	211,022,000	222,755,854	210,196,963	(205,942)	(.1)
Public Utilities and Transportation .....	12,562,953	12,480,787	19,103,189	12,293,009	(269,944)	(2.1)
Public Works:						
Board Office .....	1,050,021	1,291,405	1,137,834	1,053,098	3,077	.3
Accounting .....	754,783	754,783	820,547	798,235	43,452	5.8
Assessments .....	459,070	498,190	526,187	--	(459,070)	(100.0)
Contract Administration .....	3,931,045	3,779,329	3,984,183	3,450,473	(480,572)	(12.2)
Engineering .....	22,319,394	22,457,709	23,423,220	21,339,341	(980,053)	(4.4)
Personnel .....	692,583	664,613	691,544	596,102	(96,481)	(13.9)
Public Buildings .....	18,582,254	19,494,851	20,009,231	19,367,618	785,364	4.2
Right of Way and Land .....	6,762,017	6,750,008	7,059,289	6,631,678	(130,339)	(1.9)
Sanitation .....	30,763,956	30,850,250	32,267,378	31,153,749	389,793	1.3
Standards .....	1,194,696	1,191,425	1,262,938	1,217,912	23,216	1.9
Street Lighting .....	5,465,496	5,187,066	5,583,318	4,855,097	(610,399)	(11.2)
Street Maintenance .....	37,150,798	40,546,783	43,027,174	35,030,387	(2,120,411)	(5.7)
Transportation .....	22,934,928	22,360,813	29,256,211	24,573,766	1,638,838	7.1
Social Service .....	473,261	400,431	321,781	295,087	(178,174)	(37.6)
Supplies .....	5,411,172	5,246,296	9,534,447	5,916,565	503,393	9.3
Traffic .....	11,760,867	11,539,018	11,954,002	11,603,337	(157,480)	(1.3)
Treasurer .....	643,864	644,400	886,917	865,302	16,438	1.9
Subtotal--Departmental .....	\$605,793,376	\$615,724,031	\$ 655,737,335	\$ 602,000,038	\$ (3,793,338)	(.6)%
Community Redevelopment .....	10,000	10,000	15,000	12,500	2,500	25.0
General City Purposes .....	7,988,757	8,273,413	7,788,980	7,850,275	(128,482)	(1.6)
Water and Electricity .....	21,380,000	20,893,000	23,293,337	22,395,000	1,015,000	4.7
Library .....	15,409,775	15,966,484	17,688,874	15,555,176	145,401	.9
Recreation and Parks .....	26,607,591	27,099,800	33,336,992	25,321,000	(260,923)	(1.1)
Unappropriated Balance .....	14,925,063	50,000	37,016,000	37,016,000	22,090,937	148.0
Capital Improvement Expenditure Program .....	74,349,437	36,052,000	135,000,000	63,113,067	(6,236,370)	(8.4)
Community Development Trust .....	27,918,742	15,187,500	36,820,936	36,820,936	8,902,244	31.9
Service License .....	51,000	83,710	52,000	52,000	1,000	2.0
Public Facilities Trust .....	5,200,000	5,200,000	5,200,000	5,200,000	--	--
Engineering Training .....	0,000	3,559	0,000	6,000	--	--
Special Purpose Funds .....	--	260,144	--	--	--	--
Subtotal--Controllable .....	\$799,639,741	\$745,370,695	\$ 952,005,114	\$ 821,352,710	\$ 41,712,909	2.7%

\* Transferred to Community Development Department.

\*\* Includes functions (indicated with \*) transferred to this Department.

Appendix E

From: "Budget for City of Los Angeles... as proposed by Tom Bradley"

## FOREWORD

### General description of process

#### CITY OF LOS ANGELES BUDGET SYSTEM

The City's budget system provides for analysis, review, funding and control through the use of three major forms of budgeting. The historic approach to the budget process is the allocation and control of appropriated funds according to objects of expenditure. This is commonly called "Line Item Budgeting". The City's funds are still appropriated in this manner.

In 1952-53 the City added the concept of Performance Budgeting. This means that departments and offices present an anticipated work program as the basis of their budgetary needs. Thus, the departments indicate what they will accomplish with the appropriated funds rather than just indicating what things they need to buy in terms of objects to accomplish those ends. An inherent part of this work program is a work measurement system which sets forth the amount of work which is expected to be produced by employees whose work output is subject to measurement. After review and modification through the budget process, the final modified work program represents a commitment on the part of the department manager with the Mayor and Council that the resources provided will be utilized in accordance with the modified work program and produce the units of work indicated. Toward this end, departments in July prepare their Annual Work Program covering the 13 reporting periods for the year and their Annual Financial Plan, which sets forth how their funds should be allocated during each one of the 13 periods based on their seasonal needs.

Personnel Utilization Reports which tell how the personnel were utilized during the four-week period and the related work production are submitted by the departments. Further, related expenditures for the four-week period are furnished by the Controller. These reports form a major part of the budgetary control process.

In 1972-73, the Work Program was restructured from an Activity to a Program basis without any loss of the elements of Performance Budgeting. Departments began developing Measures of Effectiveness to permit the review of programs on the basis of the effectiveness of the program in meeting its objectives. Program Effectiveness Reports which summarize the effectiveness of programs where measures currently exist are submitted quarterly by Departments. Development of Measures of Effectiveness is continuing, in order to fully implement the Program Budget System.

The City's budget system provides for the control of expenditures of appropriated funds in a legal manner, the utilization of authorized personnel and funds in accordance with a mutually agreed upon work program, and ultimately the evaluation of the effectiveness of the City's programs in accomplishing the objectives for which the programs were established.

A review of the tabulation appearing in the following pages titled, "Distribution of Appropriations by Programs" will show how programs in various departments relate to each other within the same subfunction. This presentation makes it possible to view the City's operations on a broader basis than departmental programs; i.e., by subfunctions which often cross departmental lines. Operations therefore also may be evaluated without regard to the inhibition of organization structure.

The programs set forth in this document are based on the funds appropriated to departments expressed in terms of the department programs.

The Council Resolution which adopts the budget expressly provides that "department heads are instructed to expend funds only in conformance with the Detail of Department Programs, as approved in the adoption of the budget, or as modified thereafter".

The 1977-78 format for the "Detail of Department Programs" has been changed from the 1976-77 material. The new format takes advantage of subprograms and subelements developed during the year to allow the presentation of more detail in a brief form. The presentation of these sublevels has allowed deletion of the program description material used in past years.

CITY ADMINISTRATIVE OFFICER  
BASIS FOR THE PROPOSED BUDGET

The 1977-78 Proposed Budget for the Office of the City Administrative Officer is \$3,768,141 and reflects an increase of \$121,539, or 3.3 percent above the 1976-77 Budget, with five additional positions.

The Proposed Budget includes half year financing for five positions to be assigned to implementation of the Integrated Systems Project. This project is intended to provide improved data information services City-wide. Also included is the reallocation of two clerical positions at no additional cost to simplify classification requirements.

By direction of the Mayor and Council, selected funds for the use of other departments, excluding office machine rentals, are included in the Contractual Services Account of this Office. A total of \$18,700 has been included in the Office's budget to fund personal services contracts for other departments.

SIGNIFICANT CHANGES

Obligatory Changes (over which staff has no control)

1. Salary step plan and turnover effect .....	\$	75,321
2. Price increases .....		4,788

Other Significant Changes (staff can vary)

1. Decrease in contractual services .....	(46,520)
2. Six month financing for Integrated Systems Project (5 positions) .....	85,397

## City Administrative Officer

### Mission Statement

The City Administrative Officer advises the Mayor and the Council of the condition, finances and future needs of the City, and makes recommendations thereon to these officials. The City Administrative Officer assists the Mayor and the Council in the preparation of the annual budget; plans and directs budgetary administration; and directs the development of work programs and standards. The City Administrative Officer directs research in administrative management, organization, methods, procedures and forms to promote efficiency and economy. The City Administrative Officer administers the petroleum administration and the employee relations programs; coordinates civil defense activities and programs; and performs such other duties as may be required by the Mayor or the Council, consistent with the Charter.

### LINE ITEM OR TRADITIONAL BUDGET

#### EXPENDITURES AND APPROPRIATIONS

Expenditures 1975-76	Estimated Expenditures 1976-77		Budget Appropriation 1977-78
<b>SALARIES</b>			
\$ 2,834,002	\$ 3,180,397	General .....	\$ 3,483
65,554	38,500	Overtime .....	39
\$ 2,899,556	\$ 3,218,897	Total Salaries .....	\$ 3,523,536
<b>EXPENSE</b>			
\$ 41,927	\$ 53,865	Printing and Binding .....	\$ 71,828
5,702	6,250	Traveling Expense .....	6,342
368,772	106,200	Contractual Services .....	89,680
569	990	Transportation Expense .....	1,100
922	900	Governmental Meetings .....	1,400
20,437	43,650	Office and Administrative Expense .....	51,500
--	518	Operating Supplies and Expense .....	575
\$ 438,329	\$ 212,373	Total Expense .....	\$ 222,425
<b>EQUIPMENT</b>			
\$ 12,903	\$ 23,500	Furniture, Office and Technical Equipment ....	\$ 22,180
\$ 12,903	\$ 23,500	Total Equipment .....	\$ 22,180
\$ 3,350,788	\$ 3,454,770	Total City Administrative Officer .....	\$ 3,768,141

#### SOURCE OF FUNDS

Actual 1975-76	Estimated 1976-77		
\$ 3,329,779	\$ 3,425,288	General Fund .....	\$ 3,768,141
21,009	29,482	Community Development Trust Fund (Schedule 8) .....	--
\$ 3,350,788	\$ 3,454,770	Total Funds .....	\$ 3,768,141



CITY ADMINISTRATIVE OFFICER

SUPPORTING DATA

DISTRIBUTION OF 1977-78 APPROPRIATIONS BY PROGRAM

Code	Program	Salaries	Expense	Equipment	Special	Budget
FC0301	Budget formulation and control .....	\$ 1,406,510	\$ 41,234	\$ 3,870	\$ --	\$ 1,451,614
FC0302	Management services ...	1,005,569	62,905	10,631	--	1,079,105
FC0303	Employee relations, compensation and benefits .....	465,258	12,691	2,150	--	480,099
FC0350	General administration and support .....	646,199	105,595	5,529	--	757,323
		<u>\$ 3,523,536</u>	<u>\$ 222,425</u>	<u>\$ 22,180</u>	<u>\$ --</u>	<u>\$ 3,768,141</u>

DISTRIBUTION OF 1977-78 TOTAL COST OF PROGRAMS

Code	Program	Authorized Regular Positions	Budget	Support Program Allocation	Related Costs	Cost Allocated to Other Budgets	Total Cost of Program
FC0301	Budget formulation and control .....	50.5	\$ 1,451,614	\$ 365,618	\$ 734,491	\$ --	\$ 2,551,723
J302	Management services .....	36	1,079,105	260,734	523,790	--	1,863,629
FC0303	Employee relations, compensation and benefits .....	15.5	480,099	112,271	225,542	--	817,912
FC0350	General administration and support .....	40.5	757,323	(738,623)	--	(18,700)	--
		<u>142.5</u>	<u>\$ 3,768,141</u>	<u>\$ --</u>	<u>\$ 1,483,823</u>	<u>\$ (18,700)</u>	<u>\$ 5,233,264</u>

Programs relate to organizational units

From: "Budget for City of Los Angeles... as proposed by Tom Bradley"

DEPARTMENT SUMMARY

Total All City Administrative Officer Programs      Budget Formulation and Control      Management Services      City Administrative Officer -2 Employee Relations and Benefits      General Administration and Support

DIRECT PROGRAM COST

1976-77 Budget	\$ 3,646,602	\$ 1,418,983a	\$ 984,985a	\$ 472,366a	\$ 770,268a
1976-77 Estimated Expenditures	3,454,770	1,241,567	978,274	469,798	765,131
1977-78 Amount Requested	3,835,718	1,451,614	1,125,382	480,099	778,623
1977-78 Proposed Budget	\$ 3,768,141	\$ 1,451,614	\$ 1,079,105	\$ 480,099	\$ 757,323

a-Adjusted to reflect personnel utilization among programs more accurately. No change in programs, operations or total budget is involved.

RELATED COSTS

Support Program Distribution	\$ --	\$ 365,618	\$ 260,734	\$ 112,271	\$ (738,623)
1977-78 Total Related Cost(s)	1,465,123	734,491	523,790	225,542	(18,700)
1977-78 Total Cost of Program(s)	\$ 5,233,264	\$ 2,551,723	\$ 1,863,629	\$ 817,912	\$ --

Change from 1976-77 Direct

Program Cost

Amount

Percentage

\$ 121,539	\$ 32,631	\$ 94,120	\$ 7,733	\$ (12,945)
3.3	2.3	9.5	1.6	(1.7)

POSITIONS

1976-77 Budget Regular Positions	137.5	50.5a	31.0a	15.5a	40.5a
1977-78 Proposed Regular Positions	142.5	50.5	36.0	15.5	40.5
<u>Change from 1976-77 Budget Positions</u>	5.0	--	5.0	--	--

BASIS FOR CHANGES

Obligatory Workload	\$ 80,109	\$ 27,241	\$ 15,632	\$ 7,655	\$ 29,581
Other Service Level	--	--	--	--	--
	41,430	5,390	78,488	78	(42,526)
	--	--	--	--	--

ESTIMATED RELATED COSTS

Pension & Retirement	\$ 690,683	Communication	\$ 237,475	Bldg. Maint./Lease	\$ 136,708
Health & Dental Ins.	102,145	Transportation	29,971	Costs allocated to other	
Workers' Compensation	348	Data Processing	251,886	Budgets	(18,700)
Water & Electricity	31,831	Office Equip. Maint.	2,776		

Similar to "Functional Budget Analysis" and "Budget Item Comparison" chart  
 From: "Detail of Department Programs w/ Financial Summaries", supplement to the 1977-78 Proposed Budget, April, 1977

PROGRAM STRUCTURE AND CHANGES

Positions only are included for subprograms and subelements as no records were kept at this level of detail in past fiscal years. Changes are attributed to the applicable subprogram or subelement whenever possible.

PROGRAM Subprogram or Element Subelement	1976-77 Budget Positions-a	1977-78 Proposed Budget Positions	1977-78 Proposed Change	
			Pos.	Amount
<u>BUDGET FORMULATION AND CONTROL - FC0301</u>				
Budget Formulation and Adoption	19.25	19.25	--	12,405
Element Subtotal - Positions	19.25	19.25	--	
- Amount	\$ 545,749	\$ 558,154		\$ 12,405
Budget and Financial Control				
Budget Liaison	14.75	14.75		
Financial Control	6.0	6.0		
Changes applicable to various subelements	--	--	--	14,562
Element Subtotal - Positions	20.75	20.75	--	
- Amount	\$ 585,603	\$ 600,165		\$ 14,562

City Administrative Officer - 4

PROGRAM Subprogram or Element Subelement	1976-77 Budget Positions-a	1977-78 Proposed Budget Positions	1977-78 Proposed Change	
			Pos.	Amount
Capital Programming				
Physical Plant	5.0	5.0		
Municipal Facilities	5.5	5.5		
Changes applicable to various subelements	--	--	--	5,664
Element Subtotal - Positions	10.5	10.5	--	
- Amount	\$ 287,631	\$ 293,295		\$ 5,664
PROGRAM TOTAL - Positions	50.5	50.5	--	
- Amount	\$ 1,418,983	\$ 1,451,614		\$ 32,631
<u>MANAGEMENT SERVICES - FC0302</u>				
Administrative Studies and Forms				
Control	10.25	15.25	5	85,397
Management Audit	10.50	10.50		
work Measurement and Simplification	2.25	2.25		
DWP Analysis	8.00	8.00		
Changes applicable to various elements	--	--	--	8,723
PROGRAM TOTAL - Positions	31.0	36.0	5	
- Amount	\$ 984,985	\$ 1,079,105		\$ 94,120

From: "De i of Department Programs w/ Financial Summ s" supplement to the 1977-78 Proposed Budget April, 1977

Similar to Personnel Resource Allocation Chart used by Admi

GENERAL SERVICES GROUP

NET COUNTY COST SUMMARY

DEPARTMENT	1976-77		1977-78		CHANGE FROM 1976-77 ALLOWANCE
	ALLOWANCE	EST. ACTUAL	REQUEST	RECOMMEND	
BUILDING SERVICES	\$ 14,208,943	\$ 14,608,943	\$ 17,267,487	\$ 14,821,345	\$ 612,402
COMMUNICATIONS	29,728,271	28,895,530	31,291,494	30,467,689	739,418
DATA PROCESSING	2,167,045	1,993,730	2,050,004	2,298,475	131,430
FACILITIES	2,051,100	2,336,170	3,049,352	2,962,058	910,958
MECHANICAL	24,628,792	24,389,332	28,182,758	27,400,198	2,771,406
UTILITIES	19,493,010	23,199,776	29,756,666	26,993,010	7,500,000
MOTOR VEHICLES	4,100,000	4,100,000	6,611,525	4,000,000	(-100,000)
PURCHASING AND STORES	3,124,259	3,124,259	3,672,550	3,152,230	27,971
TOTAL	\$ 99,501,420	\$ 102,647,740	\$ 121,881,836	\$ 112,095,005	\$ 12,593,585

Appendix F

## GENERAL SERVICES GROUP

The General Services departments and related appropriations provide support to enable other County departments to carry out their program responsibilities. Activities include facility and equipment construction, acquisition, maintenance and repair; cleaning; security; electronic data processing; communications; and procurement.

Recommended cost increases for Data Processing and Communications result from increased workload demands from user departments, and the first full-year costs of a major upgrade for the Welfare/General Government computer center. Substantial savings in operating costs of other departments are anticipated from these improvements. Public Utilities Commission rate increases have been more than offset by significant reductions in County telephone equipment.

Recommended changes for Mechanical and Building Services result from an increase in maintenance responsibility partially offset by a shift of resources from alterations to maintenance work, an increase in the average cleaning area per custodian, a reduction in the County vehicle fleet, and the inflationary impact of increases in mandatory supplies.

Increases in the Utilities budget result from rate increases and from an expanded need for standby fuels to support power plant operations during periods when natural gas is unavailable. This requirement for standby fuel will be up considerably in 1977-78.

Net increases for Purchasing and Stores and Facilities are more than offset by deletions in other budget units and reflect the transfer of the property Valuation and Title functions from the County Engineer, of warehousing functions from Probation and Building Services, and of printing functions from 10 different departments.

Recommendations for the General Services Group for 1977-78 include:

- Completion of the Civic Center Print Shop consolidation of 32 independent printing operations located in the Civic Center area.
- Implementation of the automated inventory control system to improve warehouse and procurement procedures in the new warehouse facility.
- Continuation of programs designed to reduce the size of the County vehicle fleet, with special emphasis on the departmental truck fleets.
- Installation of the automated building environmental control system at a central control site and in five major buildings to achieve energy conservation and reductions in utility bills.

General Services Group (Continued)

- Phase I implementation of a high-frequency, 10-channel Fire Command and Control System to replace the present antiquated and overloaded 3-channel system.
- Major increase in the Utilities budget to cover costs of necessary alternate fuels that must be used as large County buildings are denied less expensive natural gas.
- Transfer of the Valuation function from the County Engineer to Facilities to improve productivity and to consolidate similar functions.
- Increased funding for maintenance of present facilities and those coming on line in 1977-78.
- Implementation of Phase II of the Welfare Case Management Information System (WCNIS), scheduled to allow significant staff reductions in DPSS.

PROGRAM CHANGES IN RECOMMENDED BUDGET

BUILDING SERVICES

Major Curtailments

A. Custodial Services Program

1. Program Change-59.8 positions, \$579,426

The Department through the efforts of its new Planning Unit will continue to implement the 15,000 square foot cleaning requirement per man initiated in 1976-77. This increase in the average workload requirement formula will offset the need for additional staff for new facilities, and will allow the deletion of these funded, vacant positions.

B. Administrative Support

1. Warehouse Positions-5.0 positions, \$58,108

Two positions were eliminated and 3.0 transferred to Purchasing and Stores Department as a result of their partial absorption of Building Services' warehouse function.

Major Increases

A. Custodial Services Program

1. Program Change - \$1,006,580

This increase reflects an adjustment to fully fund the currently filled custodian positions. Attrition has been slower than projected and custodians are now at the top step.

General Services Group (Continued)

WORKLOAD

<u>Activity</u>	<u>1974-75</u>	<u>1975-76</u>	<u>1976-77 Estimated</u>	<u>1977-78 Estimated</u>
Facility Square Footage Maintained (Thousands)	18,400	19,900	26,600	27,500
Vehicle Fleet Mileage (Thousands)	58,900	60,900	59,000	57,000
Office Machines Maintained	38,503	40,000	44,000	41,200
Purchase Orders Processed	189,437	165,143	155,100	160,000
Impressions Printed CDB (Thousands)	182,901	200,000	275,008	300,000
Telephone Accounts Billed	3,189	3,500	3,556	3,769
Telephone Bills Processed	32,592	33,768	35,939	38,095
Communications Units Maintained	29,064	30,223	31,992	35,066



## BUILDING SERVICES

	1976-77		1977-78		CHANGE FROM 1976-77 ALLOWANCE
	ALLOWANCE	EST. ACTUAL	REQUEST	RECOMMEND	
SALARIES	\$ 14,148,308	\$ 14,523,308	\$ 17,011,643	\$ 14,590,843	\$ 442,535
SER. & SUP.	1,250,923	1,250,923	1,429,180	1,360,923	110,000
EQUIPMENT	39,000	64,000	87,717	74,000	35,000
GROSS	\$ 15,438,231	\$ 15,838,231	\$ 18,528,540	\$ 16,025,766	\$ 587,535
LESS COSTS APPLIED	1,093,786	1,093,786	1,108,581	1,097,724	3,938
NET APPROP.	\$ 14,344,445	\$ 14,744,445	\$ 17,419,959	\$ 14,928,042	\$ 583,597
LESS REVENUE	135,502	135,502	152,472	106,697	(-28,805)
NET COUNTY COST	\$ 14,208,943	\$ 14,608,943	\$ 17,267,487	\$ 14,821,345	\$ 612,402
BUDG. POS.	1,524.7		1,704.7	1,482.5	(-42.2)
CETA POS.	126.0		--	200.0	74.0

### COMMUNICATIONS

SALARIES	\$ 11,021,758	\$ 10,871,758	\$ 13,152,952	\$ 11,585,864	\$ 564,106
SER. & SUP.	22,709,681	22,172,890	27,757,234	24,173,601	1,463,920
EQUIPMENT	58,327	153,027	292,463	108,327	50,000
GROSS	\$ 33,789,766	\$ 33,197,675	\$ 41,202,649	\$ 35,867,792	\$ 2,078,026
LESS COSTS APPLIED	3,172,987	3,463,987	8,967,230	4,446,128	1,273,141
NET APPROP.	\$ 30,616,779	\$ 29,733,688	\$ 32,235,419	\$ 31,421,664	\$ 804,885
LESS REVENUE	888,508	838,158	943,925	953,975	65,467
NET COUNTY COST	\$ 29,728,271	\$ 28,895,530	\$ 31,291,494	\$ 30,467,689	\$ 739,418
BUDG. POS.	893.0		987.9	904.1	11.1
CETA POS.	5.0		--	9.0	4.0

CHIEF ADMINISTRATIVE OFFICE

DEPARTMENTAL PROGRAM SUMMARY

Program I            Departmental Management Audits  
 Program II         Program Planning/Evaluation and Financial Management  
 Program III        Capital Projects and Facilities Management  
 Program IV         Intergovernmental Relations  
     Sub-Programs:     IV-A    Legislation  
                           IV-B    Grant and Service Contract Coordination  
                           IV-C    County-City Coordination  
 Program V         Public Affairs  
 Program VI         Disaster Services  
 Program VII        Departmental Management Systems  
     Sub-Programs:     VII-A   Systems and Work Measurement Studies  
                           VII-B   Data Processing Systems Development, Multi-Discipline Technological Projects, and Records and Forms Management  
 Program VIII      Insurance  
 Program IX         Administrative Investigations

DEPARTMENTAL BUDGET SUMMARY

	<u>1975-76*</u>		<u>1976-77**</u>		Change From 1975-76 Allowance***
	<u>Allowance</u>	<u>Est. Actual</u>	<u>Request</u>	<u>Recommend</u>	
Gross Approp.	\$ 4,402,820	\$ 5,088,931	\$ 3,791,661	\$ 3,997,830	\$(-404,990)
Costs Applied	782,311	829,996	238,431	506,600	(-275,711)
Net Approp.	3,620,509	4,258,935	3,553,230	3,491,230	(-129,279)
Revenue	75,000	531,420	150,000	110,000	35,000
Net Co. Cost	\$ 3,545,509	\$ 3,727,515	\$ 3,403,230	\$ 3,381,230	\$(-164,279)
Budg. Pos.	218.3	-	200.3	188.3	(-30.0)

\*Includes County Archives and Alcohol Safety Action Project (ASAP).

\*\*Does not include Archives (function transferred to County Clerk) and ASAP (program completed in 1975-76).

\*\*\*The transfer of the Archives function to the County Clerk accounts for \$(-142,279) of the Net County Cost decrease. The budgeted position decrease is attributable to the conclusion of the Alcohol Safety Action Project (-15) and the transfer of the Archives function (-15) to the County Clerk.

Chief Administrative Office

PROGRAM I

DEPARTMENTAL MANAGEMENT AUDITS

Objective: To identify areas where departmental and County-wide operations can be modified and improved.

- Elements:
1. County Warehousing Operations Management Audit
  2. Department of Health Services Management Audit
  3. County Airport Operations Audit
  4. Mechanical Department Management Audit
  5. Building Services Department Management Audit

Program Budget Summary

	1975-76		1976-77		Change From 1975-76 Allowance
	Allowance	Est. Actual	Request	Recommend	
Gross Approp. \$	374,240	\$ 442,737	\$ 382,958	\$ 432,696*	\$ 58,456
Costs Applied	-	-	-	-	-
Net Approp.	374,240	442,737	382,958	432,696	58,456
Revenue	-	-	-	-	-
Net Co. Cost \$	374,240	\$ 442,737	\$ 382,958	\$ 432,696	\$ 58,456
Budg. Pos.	21.4	-	20.4	20.4	(-1.0)

\*Includes \$31,377 for administrative support costs.

Basis for Program

This program is established pursuant to Article VI of the County Administrative Code.

Program Narrative

During 1974-75, the Board initiated an expanded management audit program within the Chief Administrative Office. Since that time, major management audit studies have been completed in the Sheriff, the Public Defender, the Human Relations Commission, the Department of Urban Affairs, Department of Animal Control, the Plan Check Functions of the County Engineer, the Regional Planning Department, GLACAA, and the Department of Beaches. Audits have commenced in the District Attorney and the Business License Commission. In addition, major study efforts have resulted in formation of the Departments of Community Development and Collections, and a study is underway on the feasibility of establishing a Department for licensing and inspection of out-of-home care facilities. In some cases, actual reductions in costs have been implemented as a result of audits either completed or still in progress.

The cost avoidance concept of improving services without the need for additional budgetary resources is as important as cost reductions. The management audit program instills this concept and provides a means for meeting public service requirements through better management techniques and implementation of efficient and cost-effective improvements to County operations.

Chief Administrative Officer

Program I (Cont'd)

Management audit plans for 1976-77 include continuation of work in the Department of Health Services, District Attorney, and Departments of Community Development and Collections. An audit will be conducted of County Airport operations and the Aviation Fund. Audit efforts will be initiated in Mechanical and Building Services Departments and County-wide warehousing facilities and operations.

Budget Justification

The increase in Net County Cost is the net effect of: a) departmental reallocation of staff, and b) a decrease of 1.0 budgeted position as the result of a reallocation of administrative support.

Chief Administrative Office

Program IV

Intergovernmental Relations

Objective: Provide timely and effective coordination of State and Federal legislation, grants, and County-City services.

Sub-Program IV-A Legislation

Objective: Assist the Board in obtaining Federal and State legislation which has a favorable impact on the County.

- Elements:
1. County-Sponsored Legislation
  2. Legislative Analyses and Recommendations
  3. County Legislative Representatives

Sub-Program Budget Summary

	<u>1975-76</u>		<u>1976-77</u>		<u>Change From 1975-76 Allowance</u>
	<u>Allowance</u>	<u>Est. Actual</u>	<u>Request</u>	<u>Recommend</u>	
Gross Approp.	\$ 210,014	\$ 264,215	\$ 296,064	\$ 331,445*	\$ 121,431
Costs Applied	-	-	-	-	-
Net Approp.	210,014	264,215	296,064	331,445	121,431
Revenue	-	-	-	-	-
Net Co. Cost	\$ 210,014	\$ 264,215	\$ 296,064	\$ 331,445	\$ 121,431
Budg. POs.	10.2	-	15.4	15.2	5.0

\*Includes \$24,626 for administrative support costs.

Basis for Sub-Program

This sub-program is established pursuant to Article VI of the County Administrative Code.

Sub-Program Narrative

The Chief Administrative Officer has been directed by the Board to seek introduction of legislation favorable to the County and requested by the Board, to analyze important pending legislation and recommend a County position on bills affecting the County. Bills are assigned to departments and CAO staff for analysis. Recommended County positions are then reported to the Board and, if adopted, become policy for the County's Legislative Representatives to present before the State Legislature and U.S. Congress.

Budget Justification

The increase in Net County Cost and budgeted positions reflects the inclusion of legislative representatives in this sub-program in lieu of previous distribution throughout all departmental programs.

Chief Administrative Office

Sub-Program IV-B Grant and Service Contract Coordination

Objective: Obtain maximum Federal and State financial assistance commensurate with County policy through grant coordination.

- Elements:
1. Federal, State, Regional and County Intra-Departmental Coordination.
  2. Grant Procedures analysis, Preparation and Maintenance.
  3. Indirect Cost Reimbursement.
  4. Information Distribution.
  5. Grant Inventory.
  6. Health and Social Service Contract Inventory.

Sub-Program Budget Summary

	<u>1975-76</u>		<u>1976-77</u>		<u>Change From 1975-76 Allowance</u>
	<u>Allowance</u>	<u>Est. Actual</u>	<u>Request</u>	<u>Recommend</u>	
Gross Approp.	\$ 60,759	\$ 72,100	\$ 30,421	\$ 34,287*	\$ (-26,472)
Costs Applied	-	-	-	-	-
Net Approp.	60,759	72,100	30,421	34,287	(-26,472)
Revenue	-	-	-	-	-
Net Co. Cost	\$ 60,759	\$ 72,100	\$ 30,421	\$ 34,287	\$ (-26,472)
Budg. Pos.	3.2	-	1.6	1.6	(-1.6)

\*Includes \$2,547 for administrative support costs.

Basis for Sub-Program

This sub-program is established pursuant to Article VI of the County Administrative Code.

Sub-Program Narrative

Federal, State and regional grant coordination is mandated by the Federal government and is a prerequisite for receipt of grant funds. The Chief Administrative Officer was appointed by the Board as its agent and coordinator in securing State and Federal grant funds. Through such coordination the County obtains approximately \$95 million in grants annually.

Budget Justification

The decrease in Net County Cost and in budgeted positions is the net effect of:  
a) transferring Music Center Operations Coordination to sub-program IV-C, and  
b) reallocation of administrative support costs.

## GUIDELINES FOR EVALUATING THE EFFECTIVENESS OF AND SETTING PRIORITIES FOR NON-MANDATORY SERVICES

### PREFACE

On September 21, the Board directed this office with the assistance of Department Heads to develop and submit with the 1977-78 budget recommendations an analysis of non-mandatory County services to include an evaluation of the effectiveness of such services and recommendations on the priority for retaining each non-mandatory service.

In conformance with this Board directive, each department/district is being asked to prepare a list and to analyze the non-mandatory services they provide.

As the analysis is specifically to include an evaluation of each non-mandatory service's effectiveness and priority, the following guidelines have been prepared to assist departments/districts in completing these tasks.

Adherence to these guidelines is not required; they are presented merely for information and consideration.

### EVALUATING EFFECTIVENESS

Evaluating the effectiveness of a program consists of three steps: a) identifying a measure of effectiveness (MOE), b) applying the MOE to current operations to obtain a quantitative measurement, and c) comparing the quantitative measurement to some standard. The most important of these three steps is the first.

#### Identifying a Measure of Effectiveness (MOE)

A MOE is a quantitative measure of the impact (i.e., output in terms of benefit, outcome, or product) of a program. For example, "number of fires per 1,000 population" might be one measure of effectiveness for a fire prevention program. Effectiveness should not be confused with efficiency. An efficiency measurement relates input (resources needed) to work performed.

The impact of work performed by County departments differs considerably between direct public service programs and support programs.

A direct public service program is a group of related work efforts performed within a single department in response to all or part of a recognized public need.

A support program is a group of related work efforts which has either: a) an impact on a direct public service program(s) in another County department(s), or b) an impact on two or more direct public service programs within the same department.

The impact of direct public service programs is on the public and is ultimately reflected in some degree of satisfaction perceived by residents of the County.

The impact of support programs, on the other hand, is on the direct public service programs they are intended to support, rather than directly on the environment and citizens. MOE's for a support program are measures of the degree to which the work efforts are successful in maintaining or improving the effectiveness of a direct public service program.

There are four important questions which should be addressed in identifying possible MOE's.

- a) What recognized public needs are being addressed by the program?
- b) What are the long-range purposes or objectives for the program?
- c) What are the limitations and conditions on government's role in executing the program?
- d) What units-of-measurement are available to determine the impact of the program?

#### A. Public Needs

Recognition of public needs usually leads to the establishment of direct public service programs. It is advisable, therefore, to give careful consideration to the underlying public need(s) which provide the basis of an existing direct public service program.

The effectiveness of many direct public service programs can be measured in terms of the program's performance in meeting these recognized needs. For example, assuming the public need is valid, one measure of a program's effectiveness is a continuing public demand for services. Where alternate choices for the public do not exist, however, demand is not adequate as a single measure of effectiveness. Other measures of program quality are also necessary. Thus, overcrowded beaches or hospital waiting rooms are not necessarily an indication of highly effective programs.



In many cases, program impact on meeting specific public needs can best be determined by public reaction to the program. This is especially true of many recreational, cultural, aesthetic, educational, and environmental control programs. If the needs for a program are to make some aspect of living in the County more enjoyable or satisfying, then the most valid measure of their effectiveness is public satisfaction. Surveys or in-depth interviews may be required to measure the effectiveness of many of these types of programs.

B. Objectives

The ultimate objectives for programs are not always immediately apparent. For example, it is often necessary to look not only at the law itself, but to also look behind the law to find the legislative intent. In analyzing effectiveness, the concern is not only with evaluating the quality of administration, but also the quality of original plans and enabling legislation.

Execution of a program in exact conformance with applicable laws is not a satisfactory objective for use in developing measures of effectiveness. In other words, administration of Aid to Families with Dependent Children in accordance with State mandated standards and guidelines, does not address the question of whether or not aid is achieving desired results. A program may be managed superbly without necessarily being effective. It is essential, therefore, that program objectives not be limited to descriptions of functions such as code enforcement, animal regulation, and the like.

C. Limitations

One of the serious pitfalls in examining the needs and objectives of programs is to assume social and economic goals which are broader than can be handled within the existing authority of local government. A real temptation exists to overstate government's role in determining employment, housing, and environmental conditions or social behavior in the community.

Community parks, for example, are maintained principally for the enjoyment of nearby residents. They are effective if they are attractive and used. It is not necessary to attach physical fitness or delinquency prevention objectives to the community parks program. Although they may be valuable by-products, their measurement would not be a fair measure of the effectiveness of the parks program.

D. Unit-of-Measurement

To measure the effectiveness of programs, a unit-of-measurement must be identified for application to observed results. A unit-of-measurement becomes a MOE when quantitative statements

are applied to program objectives. For example, in the MOE "number of fires per 1,000 population", the unit-of-measurement is "number of fires", and the relation of it to "per 1,000 population" reflects the program objective to reduce the incidence of fires through a fire prevention program.

Another example would be the potential MOE's for a typical Traffic Control Operations Program as shown below. The sample illustrates a useful format for presenting MOE data.

### Traffic Control Operations Program

Effectiveness Criteria - Public impact is in point-to-point travel times, at normal and peak hours. In operating the system, major interest is that it works as designed.

### Potential MOE's

<u>Unit - of-Measurement Applied to Actual Observations</u>	<u>Program Objectives</u>
1. Measured Point-to-Point Travel Times	Design Times
2. Accidents Due to Inopera- tive Controls	0
3. Number of Incidents of Failure (by type of equip- ment)	Incidence Rate, Based on Failure Analysis Techniques

### Data Sources

1. Sample travel times measured periodically on streets and throughways.
2. Accident reports.
3. Departmental records of equipment failures. Does not include accidents such as knocked-down poles.

Often, it is not possible to find a completely satisfactory MOE. In many cases, however, measures of the level of service provided and the quality of the service give excellent approximations of impact. For example, a program dealing with crime investigation could have MOE's such as: percent of cases investigated (service level), percent cleared (quality), and percent of dollar loss recovered (quality).

For some programs, proxy or surrogate MOE's may be substituted for measures of direct impact. Response time, for example, is a valuable MOE for certain Sheriff and fire programs. It does not measure the true impact, because the actual impact

is the appropriate handling of the situation by a trained and equipped emergency unit. However, a careful analysis of the costs to provide a given response time versus the benefits to be obtained can convert this proxy MOE to a suitable measure.

### Measuring Current Operations

Once MOE's have been identified for each of the non-mandatory programs conducted by your department/district, they should be applied to current operations to derive some actual measurement for a specified time period. For example, if an MOE is defined as "number of fires per 1,000 population", it will be necessary to:

- a) determine the population of a service area during a specified time period divided by 1,000;
- b) determine the number of fires reported within a service area over the same specified time period;
- c) divide b) by a)--the result being a quantitative value for the MOE for the specified time period.

### Comparing MOE Measurements to Standards

To evaluate the actual MOE measurement, it is necessary to compare it to some standard. In many fields, professional or national standards already exist. In these cases, comparing the actual MOE measurement to the standard will provide a basis for evaluating the effectiveness of current operations.

However, where standards have not been defined, efforts should be made to make relative effectiveness comparisons. This can be done in two ways:

- a) Comparing an actual MOE measurement for one time period with an actual MOE measurement for a previous time period(s). For example, in 1975-76, there were 30 fires reported per 1,000 population in Service Area A, whereas in 1974-75, there were 38 fires reported per 1,000 population in Service Area A.
- b) Comparing the Los Angeles County actual MOE measurement with a similar measurement derived in some other community where approximately similar conditions exist. For example, in 1975-76 there were 30 fires reported per 1,000 population in Service Area A, whereas for the same time period in County X there were 40 fires reported per 1,000 population in a similarly constituted service area.

## DETERMINING PRIORITIES

Priority setting by its nature is a both subjective and objective process involving the analysis and evaluation of programs from several perspectives, and the weighting of the analysis and evaluation findings from each perspective in accordance with some value framework. As a result of analyzing, evaluating and weighting, programs are listed in a rank order reflecting their relative merit and importance.

Most often this process is informal in the sense that the value and factual bases of the various findings and judgments resulting from the process are not recorded. Further, the process is usually informal in that the process does not follow a predetermined step-by-step sequence of events.

This year, each department/district is being asked to structure and document how it sets priorities between non-mandatory programs: the highest priority non-mandatory program being the one that should continue as is or with the least reduction in the amount of resources devoted to it; the lowest priority non-mandatory program being the one which could be eliminated or could suffer the greatest reduction in the amount of resources devoted to it if a situation of reduced resources necessitated such actions.

To assist departments/districts in this endeavor, it is suggested that non-mandatory programs be analyzed and evaluated from the following perspectives. This listing should not be considered exhaustive but merely as a starting point for each department/district to define its own list of perspectives.

### a) Importance of Public Needs

Public programs are designed to meet some public need(s). The department/district should attempt to rank the importance of the public needs served by its non-mandatory programs. The basis for the ranking should be specified, e.g., number of persons who need to be served (i.e., prevalence of the need) is greater in one program than in another program, etc.

### b) Effectiveness in Meeting Public Needs

See the detailed discussion above under the heading "EVALUATING EFFECTIVENESS".

### c) Relationship to Mandatory Programs

Do non-mandatory programs augment mandatory programs (if so, to what degree), or do they operate independent of mandatory programs? Departments/districts should also specify the nature of such a relationship.

d) Degree of Financial Self-Sufficiency

To what degree is each non-mandatory program's total cost offset by revenue and what is the source of the revenue (e.g., time limited grant, user fees, etc.).

e) Impact of Reduction/Elimination of a Non-Mandatory Program

This means determining the specific impact of reducing or eliminating a non-mandatory program. For example:

- Average waiting time will be increased from 1 to 2 hours.
- Former clients will have to seek service in the private sector, probably at increased cost.
- The average number of actions processed per employee will increase 20% per workday, increasing error rates and jeopardizing Federal/State subventions.

\* \* \* \* \*

Questions concerning development of actual MOE's and the structuring and recording of your priority setting efforts for non-mandatory services should be directed to your departments'/districts' CAO budget analyst .

