



OFFICE OF THE SHERIFF

COUNTY OF LOS ANGELES

HALL OF JUSTICE

ALEX VILLANUEVA, SHERIFF



May 15, 2020

Brian K. Williams, Executive Director
Patti Giggans, Commission Chair
County of Los Angeles
Civilian Oversight Commission
350 South Figueroa Street, Suite 288
Los Angeles, California 90071

Dear Mr. Williams and Ms. Giggans:

BUDGET CURTAILMENTS 2020-2021 FISCAL YEAR

I have reviewed your questions regarding the Los Angeles Sheriff's Department's (Department) budget and the answers provided by Chief Executive Officer (CEO) Sachi Hamai. I noticed many misconceptions and errors in her responses. In the spirit of transparency, I felt compelled to provide accurate information. Division Director Conrad Meredith of Administrative Services Division, evaluated the attached questions and responses and provided responses on behalf of the Department. Director Meredith has worked in the Administration Services Division for 20 years and served under four Sheriffs. As CEO Hamai correctly stated in her letter to you dated May 7, 2020, "It is particularly important for the public to have accurate information about the budget process as we navigate unprecedented upheaval due to COVID-19."

I encourage you to keep in mind that the Department has been operating under a structural deficit in the amount of \$400 million per year. The Board exacerbated that deficit in October 2019 when they sequestered \$143.7 million of the Department's services and supplies budget. Additionally, the 712 sworn vacancies (which the Department has been successfully mitigating through increased recruitment and academies), and the numerous mandated positions to satisfy federal consent decrees and others has kept overtime expenditures at its current level. The sequestering of the Department's services and supplies budget is unprecedented, despite sizable deficits in previous administrations. This Department cannot continue to function in this fiscal state. The Board has not provided measures to fund the many expenditures that overwhelm the Department's yearly budget. To be clear, this is an environment the Board has

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created, failing to compensate the Department for such things as the trial court security deficit of \$76.9 million per year, worker's compensation of \$105.3 million per year, retirement payouts of 22.7 million per year, federal lawsuit compliance of \$34.9 million per year, custody mandates of \$41.4 million per year, and unfunded positions at \$78.6 million per year. While not an exhaustive list of the unfunded expenditures by any means, this is a significant example of costs that exceed the Department's yearly budget.

Consequently, the Department has been challenged to cover these deficits within its own means. Several curtailments have been identified to achieve this. CEO Hamai stated several times in her responses to your questions that these curtailments were premature, as the County was anticipating federal and state reimbursements or stimulus assistance. While we are open to the prospect of a sustainable budget, the Department cannot resume operating without appropriate funding, and the Department cannot wait for stimulus or reimbursement funds that may or may not make it to the County coffers, and from there, may or may not be extended to offer the Department fiscal relief by a Board that does not seem to prioritize public safety. In fact, the Department recently discovered that CEO Hamai's proposed 2020/2021 fiscal year budget maintained the sequestering of the Department's \$143.7 million service and supply fund. This is a counterintuitive measure to resolving a Board-derived deficit.

The proposed curtailments are wide-ranging and include a consolidation of unfunded positions and reductions in the following bureaus: Parks Bureau line staff, Special Victims Bureau, Operation Safe Streets, Community Partnerships Bureau, Fraud and Cyber Crimes Bureau, Major Crimes Bureau, a reduction in jail services, and consolidation of two unfunded patrol stations. These curtailments will reduce the Department's expenditures by more than \$200 million.

Should you have any questions, please contact Captain John Burcher of my staff,

Sincerely,



ALEX VILLANUEVA
SHERIFF

Responses from Chief Executive Officer Sachi A. Hamai to Questions from the
Los Angeles County Civilian Oversight Commission
May 7, 2020

The Sheriff's comments are in "Red"

1. Has there been a request from the CEO's office for all County departments to submit potential budget cuts as part of a curtailment exercise?

CEO: Yes. All department heads have been asked to submit potential budget cuts of 10%, 15%, and 20%.

SHERIFF: This recent curtailment *exercise* is in response to the onset of the unexpected novel coronavirus pandemic (COVID-19) and its ensuing economic impact on the County, which is separate and apart from the Department's May 4, 2020, presentation regarding its current funding shortfall of \$400 million. The Department has been operating with a budget deficit for the past few fiscal years, long preceding COVID-19, due primarily to rising uncontrollable and unfunded costs the Department can no longer afford to cover within its current Board of Supervisors (Board)-approved annual budget allocation of \$3.5 billion. The target of \$3.5 billion already represents a 10% reduction from the \$3.9 million necessary to maintain the current level of service.

2. Did the Sheriff's Department provide you with proposed budget cuts?

CEO: Yes

SHERIFF: The proposed budget cuts provided to the CEO were in response to the CEO's request to submit potential budget cuts as part of the COVID-19 10%, 15%, and 20% curtailment *exercise*. On the other hand, the Department's May 4, 2020, recent presentation was in regard to its current \$400 million funding shortfall, which requires massive curtailments in order to achieve such savings or expenditure reductions.

3. Can you describe what those cuts were?

CEO: The Department submitted a range of potential cuts, including reductions in unincorporated area patrol, Parks Bureau, Major Crimes Bureau, Fraud & Cyber Crimes and custody-related operations.

SHERIFF: These proposed cuts were provided to the CEO in response to the CEO's request to submit potential budget cuts as part of the COVID-19 10%, 15%, and 20% curtailment *exercise*.

4. Did those cuts include the closing of Sheriff stations?

CEO: No

SHERIFF: Again, Department cuts submitted in response to the COVID-19 *exercise* are separate and apart from the Department's May 4, 2020, presentation in response to the reality of its current \$400 million funding shortfall. They included a reduction in unincorporated patrol services.

5. For the current and previous 5-year budget cycles, has the Sheriff's Department received their entire budget request? Why or why not?

CEO: No. The Sheriff's Department, like all County departments, begins the budget process by submitting an extensive list of all programs and expansions it would like to have funded with the understanding that all of its proposals will be weighed against other priorities and available funding during a rigorous review process

SHERIFF: The Department has no expectation of receiving its entire budget request. However, the Department does expect the CEO/Board to give serious consideration to reassessing its outmoded policy of forcing the Department to absorb/eat certain rising costs beyond its control year after year after, which in essence amount to service delivery reductions or cuts every single year. In essence, the County needs to pay for the debts they incur.

The attached chart below depicts uncontrollable, unfunded rising costs from Fiscal Year (FY) 2014-15 through FY 2018-19.

6. How does this compare to other County Departments?

CEO: It would be very rare for a department to receive its entire budget request. In the six budgets that I have put together as the Chief Executive Officer, I have never known this to happen.

SHERIFF: While there may be a sound explanation, a recent review of the County's FY 2020-21 Recommended Budget shows that at least several County departments/budget units, including Grand Park, Homeless and Housing Program, and most notably, the Fire Department all seem to have had their entire requested gross total budget (budget request) approved at the requested level. However, given the Department's budget history, it has no expectation of receiving its entire budget request.

The Department's budget does not compare to most other County departments in that it is a 24/7 operation committed to providing service levels dictated to a large extent by law, emergencies, contracts, and mandates. While most other County

departments may not have to backfill vacancies/absences, the Department is mostly required to do so to maintain a required level of service. Thus, it is far more difficult for the Department to absorb/offset unfunded cost increases by allowing the number of personnel vacancies to continually grow.

7. Why is this year's budget \$400M less than what the Sheriff requested?

CEO: This is a budget *process* and every department head submits aspirational requests – basically, wish lists – that far exceed the County's resources. If all of those requests from every County department were combined, they would total more \$2 billion—and clearly that is money the County does not receive in revenues.

SHERIFF: The Department's "aspirational request" is that the County pays for the actual cost of services the Department is obligated to provide. Allocation of these most urgent funding needs would bring the Department's operating budget from its annual budget amount of \$3.5 billion to a more functional and balanced annual allocation of nearly \$3.9 billion.

8. Do you see it as a necessity to close the Parks Bureau and the two patrol stations?

CEO: No. It is premature to cite those specific curtailment scenarios because we are still putting together a curtailment package for the County as a whole for fiscal year 2020-21. We will have a better picture of the budget by the end of June when we return to the Board of Supervisors for approval. The County is facing severe budgetary impacts due to COVID-19, but we also have the potential of stimulus assistance or reimbursements from the federal and state government. Given the high levels of uncertainty. It's important to consider the big picture and the needs of the County as a whole rather than calling out individual programs or services for cutbacks that ultimately may be minimized or avoided altogether.

SHERIFF: If the Department were funded at an adequate level and not forced to operate in the red, it would not be a necessity to consolidate the Parks Bureau and the two patrol stations. Due to the aforementioned uncontrollable ever-rising costs not funded by the CEO/Board, the Department has been operating with a growing deficit for the past few fiscal years. The current budget is no longer enough to sustain the Department's current operations.

9. What about the disbanding or curtailment of units which handle sexual abuse, child abuse and sexual trafficking crimes?

CEO: Those scenarios are also premature because of the rigorous review process now underway, which is based on the big picture of all potential program cuts, curtailments and efficiencies.

SHERIFF: Given the CEO/Board's reluctance to consider allocating funds to the Department to cover uncontrollable net County cost (County funding) increases, all net County cost programs are being considered for potential reduction, consolidation, or elimination. The County's historical underfunding of the Department's budget has had real significant impacts to the residents of Los Angeles County, such as the purchase of safety equipment and upgrades to training which have to be deferred due to funding shortfalls.

10. In the past where the Sheriff's budget has not been fully funded has the Sheriff made up for the shortfall? How?

CEO: The Department absorbed any shortfall within its existing budget.

SHERIFF: The Department's "existing" budget ceases to exist in the same form from year to year as the Department continues to take on cost increases without additional funding. As the Department has noted for several years, funding has been woefully short in the CEO-identified "unfunded employee benefits" categories of Retiree Health Insurance, and Workers' Compensation medical treatment as well as retirement payouts (Separation Pay and Miscellaneous Earnings Pay).

In the past, the Department had the flexibility to cover rising unfunded costs by deferring needed services, supplies, and equipment. However, these unfunded costs (overtime COLA increases, workers' compensation medical treatment, retiree health insurance, retirement payouts) have continued to rise year over year to the point of now having pushed the Department into a deficit. The long-held CEO policy of dumping these unfunded costs on the lap of the Department should be brought into question.

11. Do you see any true savings by shutting the various patrol stations and bureaus? Do you believe that there will be a diminution in service as a result of these proposed closures?

CEO: It is the Sheriff's responsibility to maintain appropriate service levels to ensure public safety, including in unincorporated areas. With appropriate budgetary discipline and a willingness to accept guidance on best fiscal practices, the Department should be able to achieve necessary savings without jeopardizing service to our communities. Especially in these times of unprecedented economic challenges, we need a collaborative partnership on the budget that puts the interests of our residents first.

SHERIFF: By consolidating the various patrol stations and bureaus not only will overtime be reduced as a portion of the impacted personnel will be assigned/re-deployed to fill some existing vacancies/overtime spots elsewhere throughout the Department, but the Department will also be able to consolidate a certain number of overhead and administrative/professional staff positions which will lead to long-term cost savings for the Department.

Absent an appropriate level of funding from the CEO/Board, there will be an impact to service levels. The Department has gone on record stating that the level of patrol staffing in the unincorporated areas are low and unacceptable. The Board acknowledged these low staffing levels after a review of the "LASD Unincorporated Patrol Assessment" in 2016. To date, the BOS has not provided the resources necessary to allow the Department to increase sworn staffing in the unincorporated areas as recommended in the assessment.

12. Has the Sheriff's Department been singled out for any special budget cuts or requests?

CEO: No, all departments have been asked to prepare the same range of curtailment scenarios

SHERIFF: The Department has absolutely been singled out with special budget cuts or requests - via the unnecessary and unprecedented reduction of \$143.7 million in the budget categories of Services and Supplies (S&S) and Capital Assets appropriation that was enacted by the Board's action on October 1, 2019. The CEO/Board contends this was in direct response to the prior year-end deficits; however, the year-end deficits that were experienced were not the result of over-expenditures in S&S or capital assets – the deficits were primarily attributable to over-expenditures in S&EB and under-realized revenue. The reduction/removal of S&S/Capital Asset funds to cover S&EB shortfalls can be interpreted as a misappropriation of public funds.

A significant portion of the under-realized revenue can be explained by the: 1) CEO's decision to increase the Department's revenue budget related to employee benefit appropriation increases – which was unachievable as these costs were already factored into the Department's cost model and the rates charged to our contract entities; 2) County-established methodology for how the Department was to claim a portion of their AB109 revenue – which the CEO acknowledges and has since revised the methodology for how the Department claims this revenue; and 3) the Department's unwillingness to accept federal funds for the State Criminal Alien Assistance Program (SCAAP) which requires the release of sensitive personal data to the United States Immigration and Customs Enforcement (ICE), which the Department strongly believes should never have accepted by the County in the first place.

13. To your knowledge, are there other budgetary cuts that can be curtailed/eliminated instead of closing sheriff stations?

CEO: The closure of patrol stations was not part of the plan that the Sheriff's Department submitted and there are other ways to achieve the needed cost savings without shortchanging public safety, such as reducing the number of academy classes to the

budgeted level of four, as recommended by the Chief Executive Office.

SHERIFF: Four academy classes will not allow for enough new hires to replace/offset annual attrition; thus overtime will increase incrementally/annually as a result of escalating vacancies. The potential consolidation of Sheriffs stations is one option among many the Department has to consider in downsizing its operations to comply with a recommended budget of \$3.5 billion, which includes major structural funding deficits and is short of the \$3.9 million that is necessary to deliver an appropriate level of service to the residents of Los Angeles County.

14. Do we know for a fact that the savings claimed by the Sheriff are accurate? For example: curtailment of Special Victims Bureau \$23.5M, closing the Altadena station \$6.3M, closing the Marina del Rey station \$5.9M.

CEO: No information has been shared with the CEO's office that would enable us to validate those claims.

SHERIFF: The estimated cost savings of \$6.3 million for Altadena and \$5.9 million for Marina Del Rey were based on the Department's initial look at the cost savings of full station consolidations and curtailing all sworn and non-sworn personnel to vacancies throughout the Department. This estimate excluded field personnel left to patrol Altadena and Marina del Rey with bare minimum field supervision. No additional support was allocated to South LA (SLA) or Crescenta Valley (CVS) stations as this was looked as worst case scenario.

A second/revised cost estimate projects an estimated savings of \$3.1 million for Altadena and \$4.5 million for Marina del Rey. This scenario would allow for sworn and non-sworn personnel to be added from Altadena and Marina del Rey to both CVS and SLA stations to make CVS a fully supported station and added staffing to SLA to support Marina del Rey, while leaving field personnel and field supervision for Altadena and Marina del Rey.

The Special Victim's Bureau curtailment was a program curtailment included in the Department's net County cost (NCC) curtailment *exercise*, which the CEO previously acknowledged in a prior response (Question #2) was submitted to her office. Since the Department's submission of this curtailment *exercise*, we have been in constant communication with CEO staff regarding the submission and have provided supporting documentation/information and responses to follow-up questions.

15. Could the \$6.3M savings claimed by the Sheriff for closing the Altadena station be curtailed in overtime or elsewhere? Same for the \$5.9M saving for the Marina del Rey station.

CEO: It seems likely that these savings could be achieved, especially if the Sheriff's Department would undertake an in-depth analysis of its overtime, as requested by my

office. This analysis would enable the Department to make sound operational decisions about where it could eliminate or reduce overtime.

SHERIFF: There are no “sound operational decisions” to be made when all the bureaucratic fat has been removed from the budget. Any reduction in budget is a reduction in service somewhere across the Department, period. The Department has already done an in depth analysis of overtime expenditures, and so has the County. They both came to the same conclusion: hire more deputies. Now the CEO wants to backtrack on that, claiming the opposite.

16. Can the LASD operate without compromising public safety with the \$3.5 billion recommended budget?

CEO: Yes. The Board of Supervisors and Chief Executive Office are strongly supportive of the Sheriff's Department and intend to ensure, through the budget process, that the resources are there to support its vital public safety mission. The Sheriff's Department receives by far the largest share of locally generated revenues in the County budget. This means the Board is providing the Sheriff the largest portion of the discretionary money that is available to be allocated to departments.

SHERIFF: The simple answer is no. There is no way to reduce spending by \$400 million without compromising public safety. The \$3.5B recommended budget requires the Department to curtail programs in order to make up for the glaring funding shortfalls in multiple areas as referenced in Question #10 above. The CEO/Board is required to allocate locally generated revenues to the Department particularly in the case of Prop 172 sales tax revenues, as approved by the voters. See the following link for more information from the State's Legislative Analyst's Office.

https://lao.ca.gov/1994/Proposition_172.pdf

17. Is the amount of overtime claimed by the Sheriff necessary to maintain public safety?

CEO: No. Our analysis shows that a significant portion of the Department's overtime costs are caused by running more training academy classes than its budgeted level of four annually. These additional training academy classes require the Department to shift sworn staff from their regular duties and redirect them to support the training academy classes. The work of the redeployed staff is addressed by other sworn staff working overtime-hence the increase in the overtime budget relating to the training classes. Just by returning to its budgeted number of training classes, the Department would realize an annual savings of approximately \$49 million.

SHERIFF: The CEO knowingly ignores the fact each graduating class reduces overtime expenditures, and her much vaunted figure of \$49 million doesn't even acknowledge this, or the simple fact overtime is over \$280 million for the current fiscal year. The Department currently has 712 sworn vacancies, and numerous mandated positions that have to be filled, federal and otherwise. The Department has no other option.

The notion that reallocating academy staff and closing down academies will have a greater affect in reducing overtime than the 12 academy classes the Department hosted each year is completely illogical.

A significant portion of Department overtime costs are fully funded by its contract entities. New deputy hires save the Department overtime expenditures as new hires cost less than tenured deputies who would be required to fill vacancies on an overtime basis. Again, four academy classes a year would not allow for the Department to replace the annul number of deputies lost to attrition.

18. The Sheriff claims that reducing the number of academy classes increases the amount of overtime. Is this statement accurate?

CEO: No, as previously stated, conducting more training classes than the budgeted number contributes to more overtime, not less. What's more, the Department's overtime continues to rise even as its vacancy rate declines. There has been a 38% decline in the number of deputy vacancies since December 2018. Yet the Department is currently projected to exceed its overtime budget by \$144 million this fiscal year, spending a projected total of \$287 million in overtime in fiscal year 2019-20.

SHERIFF: The CEO cannot be trusted to tell the truth on this matter as she made the exact opposite argument with the previous administration. By reducing the number of annual academy classes to a level unable to keep pace with annual attrition, this will result in incremental annual growth to Departmental sworn vacancies – a portion of which will need to be filled by existing personnel working overtime. In other words, overtime will increase as vacancies increase. Please refer to the answer to question #17. The 38% figure she cites fails to include all sworn vacancies, including critical supervisory positions like sergeants and lieutenants, which currently stands at 712 and rising.

19. How is it that closing the Altadena station saves \$6.3M if the deputies will still be on patrol and the station personnel will be placed in other LASO vacancies?

CEO: That is a good question and should be addressed by the Sheriff. It does not make sense from a budgetary perspective.

SHERIFF: By consolidating the various patrol stations and bureaus not only will overtime be reduced as a portion of the impacted personnel will be assigned/re-deployed to fill some existing vacancies/overtime spots elsewhere throughout the Department, but the Department will also be able to consolidate a certain number of overhead and administrative/professional staff positions which will lead to long-term cost savings for the Department.

AV:JB:ac

(Office of the Sheriff)

cc: Supervisor Hilda L. Solis, First District, Board of Supervisors
Supervisor Mark Ridley-Thomas, Second District, Board of Supervisors
Supervisor Sheila Kuehl, Third District, Board of Supervisors
Supervisor Janice Hahn, Fourth District, Board of Supervisors
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Mary Wickham, County Counsel, Office of the County Counsel