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Santa Clara County approves painful budget cuts to close \$273 million deficit

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The Santa Clara County Board of Supervisors on Friday reluctantly took an ax to the health programs at the heart of the county's budget, unanimously approving a spending plan for the next fiscal year that closes a \$273 million deficit.

Among the most dramatic cuts, almost a quarter of the health department's regional nursing staff — nearly two dozen nurses — will be lost. That reduction comes even as the swine flu pandemic highlights the vital role played by the county's health department.

In addition, mental health treatment for uninsured children and adults has been pared back, and substance abuse treatment programs have been sharply curtailed.

The board, however, made no cuts to the county's public safety budget, which funds the jails and the district attorney's and sheriff's offices. And it restored \$1.3 million in proposed cuts for social service nonprofits that rely on county assistance to care for low-income residents, seniors and others.

"We're cutting into our direct services to the public," Board President Liz Kniss said.

The vote on the county's \$2.2 billion operating budget for the fiscal year beginning July 1 ends weeks of intense deliberations. Members of the public pleaded with the board to spare a passel of programs targeted for reductions.

But as supervisors weighed those concerns — especially with another round of state cuts looming — they said they had little choice.

"This is really bad for the community," said Brian O'Neill, political director for Service Employees International Union, the county's largest employee union. O'Neill, who works in the county assessor's office, noted that the tanking economy leaves many local residents more dependent than ever on the very services the county must cut.

This is the eighth consecutive year the county, like others across the state, has been forced to slash services and tap reserves to solve ballooning deficits. The tanking economy has sent revenue — chiefly, funding from the state and federal governments — plunging.

But this year's process was made even more difficult, supervisors and county officials said, by the ongoing recession, the state's budget gridlock and a significant drop in property and sales tax revenues.

As a result, supervisors warned, another round of agonizing discussions is due later this summer. That's when officials expect to know how bad the state cutbacks will be, with worst-case scenarios projecting as much as \$280 million more in cuts to the newly passed budget.

To help blunt that expected bad news, the supervisors created a new reserve of \$63 million, in addition to the county's usual 5 percent contingency fund that amounts to \$93 million more. But if the

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state grab comes anywhere close to being as large as expected, far deeper reductions to county services would have to follow.

Already, the county had to rely on some \$158 million in one-time revenue sources, including the sale of surplus property and \$41 million in federal stimulus money, to close its most recent budget gap.

The county might have to backtrack on an 11th-hour plan this week to keep its civil rights arm, the Office of Human Relations, on life support. More reductions could come from trimming salaries and benefits, including more layoffs.

The county saved \$33 million by eliminating 211 positions in this budget, with some of those positions already vacant. Only as many as 71 employees could actually lose their jobs, thanks to transfers and so-called "bumping rights" that allow more senior employees to claim jobs held by their less senior peers. The county would still have more than 9,000 jobs on the payroll.

An additional 69 workers would remain on the county payroll, but in lesser-paying jobs.

"We really have to hope that recovery happens and that we get better ongoing revenues," said Leslie Crowell, the county's budget director. "We're just hoping we can slowly dig our way out."

After Friday's vote, Supervisor George Shirakawa Jr. said the state cuts could be a "huge boulder" headed for the county, or maybe just a good-size rock.

Either way, he said, putting his hands in front of his face to demonstrate, "you flinch when you think about Sacramento."

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