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City faces huge revenue loss in Wilson budget

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Fiscal planners struggle as state cuts spending

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Already trying to cope with budget cuts forced by the state's fiscal fiasco last year, Watsonville officials now anticipate having to continue providing government services with the loss of an additional \$1 million in revenue under Gov. Wilson's proposed 1993 budget.

Wilson's new fiscal plan would also affect community and four-year colleges, and health-care and welfare benefits.

While reductions could be in property taxes or redevelopment agency funds, the main target in Watsonville is \$1 million in unrestricted General Fund revenues, said Steve Salomon, Watsonville city manager.

Unlike such fees as gas taxes, which must be used for specific projects like road improvement, General Fund monies can be used in a variety of ways.

Between 70 and 80 percent of Watsonville's General Fund is currently spent on police and fire services, Salomon said. He foresees a loss of as much as \$900,000 from the General Fund if Wilson's bud-

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get is approved. "Those are very large numbers, on top of \$1.5 million" lost over the last two years," Salomon said. "On top of the impact from the state, the earthquake and the recession, it's going to be extremely difficult. It's pretty clear that there's going to be money lost, it's just a matter of how much."

Neither the police nor the fire department has as yet been affected by budget cuts, and Salomon said the city has been using an ongoing system, including attrition, to keep costs down. He said two positions that will be opening up through a retirement and a transfer in Parks Maintenance will remain vacant, bringing staffing in that division to its lowest level in 20 years.

Salomon said it was too early to say what steps will finally be required, but, he said, "I won't recommend to the (city) council things which will compromise our ability to operate."

Community and four-year college students will be taking the brunt of cuts to higher education, as reductions in state funding will probably be made up in increased tuition and fees. Right now, annual tuition for a full load in the university system is \$3,700, said Michael Lassiter, spokesman for the office of the president of the UC system.

A 7.3 percent cut, or \$138 million, is anticipated in the California university system's current \$1.88 billion budget, Lassiter said. He noted that if approved, Wilson's plan would result in the third straight cut in three years for

higher education - almost \$400 million, Lassiter said.

"That leaves us with the normal options to make up for the loss, Lassiter said: raising fees; work-force reductions, resulting in lower enrollment; and salary actions, like a freeze on raises or salary cuts.

Lassiter said meetings are scheduled between the administration and faculty before a March Regents meeting. At that meeting, a comprehensive plan will be compiled to submit to the state Board of Regents in the spring.

"The general feeling is that Wilson's budget is the best it's going to be," Lassiter said. "But there's a philosophical question that the state hasn't really dealt with. California education was once known for its low costs, low fees and higher access. What's their position on that now?"

Discussions are also already under way at Cabrillo College about how the proposed budget will impact the state's community college system. "But it is only a proposal, and we are well aware of the time and process involved in finalizing a budget," said Elizabeth Irwin, assistant dean of community education at Cabrillo College. "Still, it doesn't bode very well right now."

The last round of state cuts left current Cabrillo tuition at \$10 per unit, up from \$6 and added a differential \$50 per-unit charge for students already holding an undergraduate degree.

Noting that the school is already at a funding disadvantage from last year's losses, Irwin said she foresaw no revenue growth for next year. She said she also anticipates "another arduous process" at the state level before a final budget is approved.