

# Opinion

Sentinel editorial

## Budget ✓ 11-18-82 Santa Cruz County's budget crisis

**S**ANTA CRUZ COUNTY government's budget has reached the crisis stage. While it might be argued with some legitimacy the Board of Supervisors waited too long to meet today's monetary dilemma head on, it also should be recognized that reasons for much of the problem have been beyond the control of the county board.

It's an example of an extremely negative "trickle down theory" under which lower levels of government are feeling the effects in waterfall-like proportions.

The federal government had nearly a \$111 billion shortfall in the 1982 fiscal year ended Sept. 30, and is talking of a \$150 billion deficit this fiscal year.

The California state budget may come up \$1 billion short in 1982-83, and legislators have been trying to solve their problems by placing more underfinanced mandates on counties. For the first time in a decade, the state in November will have to borrow money from banks to pay its monthly bills.

The county's financial problems are varied and severe. The impact of 1978's Proposition 13 is taking hold, from the standpoint of the county losing discretion in creating new revenue sources as well as becoming more dependent than ever on the monetary whims of the state.

An extremely high delinquency rate of more than 10 percent (4-5 percent is normal) on property taxes is taking place here, meaning the county is getting 90 cents on the dollar. Every percentage point means about \$135,000 to the county. Officials are hopeful that increased penalties (18 percent per annum) on delinquent payments that go into effect next year will help solve this problem.

Fees relating to the building trades are down considerably. One might be tempted to place the blame for that on the county's controlled-growth philosophy of recent

years, but in reality high interest rates and skyrocketing prices have done more to hold down real estate transactions.

The dropping of interest rates is a welcome sign to the general public, but it means less money for government in its short-term financial operations. Santa Cruz County made \$11.8 million on such investments last fiscal year; in 1982-83, it probably will be less than \$8 million. What that means is county government will have about \$1.5 million to \$2 million less in income for the general fund from that source this fiscal year.

Another bad sign is that the county, acting on requests of schools and other special districts, this year had to borrow \$24 million to allow those districts to carry on business until anticipated tax revenues arrive. Last year, that figure was only \$15 million, signifying the budget problem is widespread and that districts don't have the carryover funds they did in the past.

The county now is trying to balance its ledgers by reducing positions, and the task is getting more difficult. Last summer, the Board of Supervisors eliminated 135 positions and less than one-third of those were filled. Tuesday, 32½ positions were wiped out and half of them were filled. When deeper cuts are made on Jan. 4, an even higher percentage of county workers are expected to lose their jobs.

It's not a very pretty picture, but one which needs some real artistry in long-range budgetary planning in order to be brightened.

We sympathize with the county's complaints about uncertainties in state financing, but the time has come to recognize the realities of 1978's Proposition 13 and a current slow economy. They then should be applied to conservative budgeting practices that are necessary today — for tomorrow.