

BUDGET City County
R. Paparomian 6-27-92 P.1

County budget approved, state impact awaited

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Santa Cruz County supervisors approved a \$278 million "balanced" budget Friday but are now waiting to see what damage the state legislature and the governor do to the county's fiscal blueprint.

The budget includes \$166,741,177 in general fund spending, the elimination of about 100 positions in county government and the increase in some special fees and charges.

Legally, yesterday's session

should be the last look at the budget before Auditor-Controller Gary Knutsen compiles a final and official budget for adoption by the board sometime in August. But everyone from supervisors to County Administrative Officer Susan Mauriello, from a secretary in the county building to deputies in the Sheriff's Office, believe that more and possibly deeper cutbacks will have to be made this fall when the county is able to assess the full impact of the state's spending cutbacks.

The personnel cuts, except for those positions now vacant, won't take effect until September 1. She hopes that the number of county employees actually laid off this year can be reduced to only a handful as some are shifted into other, frequently lower-paying positions in county government, or perhaps voluntarily leave for positions in private sector.

Whipping through dozens of recommendations made by Mauriello and her staff on the last day of budget hearings, supervisors used

"contingency funds" to restore two jobs scheduled for the axe this fall. County Clerk-Recorder Richard Bedal got back \$22,000 for a special services clerk. The clerk is the one who issues marriage licenses and other things like passport applications and fictitious business statements, among other things.

The board also decided to fund the position for the senior receptionist on the first floor of the courthouse after Tax Collector-Treasurer Bill Murphy, Auditor-Controller Knutsen and Assessor

Bob Peterson said their offices would be unable to handle the increased workload of answering questions and giving directions to the public.

Chief Probation Officer Linda Erwood got a promise from the board. The supervisors said they would consider using "salary savings" generated by the delayed opening next spring of the new medium security jail to fund a domestic violence worker in the probation department. The position, highly rated by Watsonville Mu-

nicipal Court judge Heather Morse, is scheduled to be abolished in September. The salary savings will come if the county delays hiring new detention officers for the jail until later this fall or winter.

And the City-County Library System will get another \$10,000 for new books next year if the Santa Cruz City Council agrees to appropriate its share. The county and the city split the system's op-

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erating costs on a roughly $\frac{2}{3}$, $\frac{1}{3}$ share.

Knutsen said yesterday afternoon that the county will be borrowing \$50 million July 1 to cover its annual "dry period" cash short fall.

Knutsen also has the authority to do some "inter-fund borrowing" — for example from the county's Public Financing Authority — to ease any cash flow problems.

Knutsen said the property tax shift now under discussion in the state Senate to shift county prop-

erty taxes from the cities, county and special district to the schools will have a serious impact on local government. If the state Senate plan is finally adopted, Santa Cruz County will lose about \$3 million in property tax revenues next year. Special districts, including the fire districts, will lose another \$600,000, Knutsen estimated. That money will be transferred to the county's school districts.

Over the next three years, Knutsen said, local governments will see about \$11-12 million in property tax revenues transferred to local school districts. One major problem facing the county — if the state doesn't approve a budget by

July 1 is what happens to the thousands of welfare recipients who rely on the monthly checks issued through the county.

Fifty percent of the AFDC funds come from the federal government — passed on to the counties by the state, which adds another 35 percent to every dollar finally paid to the families.

Knutsen doesn't know what will happen if the state doesn't have a budget on July 1. State Controller Grey Davis could issue "registered warrants" — IOUs. Or Davis could just do nothing.

If Davis does nothing, legal aid groups could go to federal court and force the release of at least the federal funds.