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County facing devastating budget cuts

by Dave Roberts

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County officials using words like “crisis,” “devastation” and “depressing” painted a bleak picture at a town hall meeting Monday of thousands of needy people, from children to seniors, going without adequate food, medical care and other services due to ongoing multimillion dollar budget shortfalls.

A combination of generous county employee salary and benefit packages along with a recession that has decreased tax revenue has forced county officials to cut \$150 million from the budget last year, another \$41 million this year and an additional \$78 million in cuts next year. That has led to the layoffs so far of about 400 county employees and resulting cutbacks in services, including law enforcement, medical care, child welfare, in-home support for the elderly and disabled along with cash assistance to the poor.

“There’s no more rocks to be turned over. We are in total crisis mode at this point,” County Supervisor Federal Glover told three dozen people at the Commons at Dallas Ranch in Antioch.

The cutbacks in services are taking place at the same time that the need for those services is skyrocketing. The unemployment rate has more than doubled in the county in the last two years, resulting in a doubling of applications for food stamps.

“Many families who worked all their life are suddenly losing their jobs and housing and have got to depend on government assistance,” said Joseph Valentine, director of the County Employment and Human Services Department. “This is driving up caseloads and need for help at the time when the county and state revenues are down. The county has not been able to keep up with the rising need for services.” Valentine’s budget has been cut by \$9 million, leading to a reduction in staff, including cutting the number of social workers from 15 to a skeletal crew of six.

Also hard-hit by the budget cuts, losing \$20 million, is the County Health Department, which receives 90 percent of its funding from the federal and state governments. The state budget is facing \$20 billion annual deficits for the next five years, resulting in cutbacks in funding to counties. “When the state catches a cold we get pneumonia at the local level,” said County Health Director William Walker.

He described cancer patients in the middle of chemotherapy treatment who have lost their insurance coverage and are now seeking care at one of the eight county medical centers that care for the uninsured. “The centers in East County have

been impacted because of people who have lost their houses and jobs and are coming to us, many times for the first time,” said Walker. “We have overwhelming demand in Bay Point, Pittsburg, Antioch and Brentwood. We have been struggling to meet that demand.”

As if all of that wasn't bad enough, Glover warned of “the devastation that is still to come” due to further budget cuts at the federal and state levels. Gov. Arnold Schwarzenegger is asking the federal government to reimburse California \$6.9 billion he said its owed by virtue of how much state residents pay in taxes to the federal budget.

“If he's not successful with the federal government, there are additional cuts he will make. Two are quite Draconian,” said Valentine. “One is to totally cut the CalWORKs program for children, which would eliminate financial assistance to more than 18,000 children (in the county). The other is the total elimination of the in-home supportive services program. More than 7,000 (county) seniors and disabled adults would be without in-home support whatsoever.”

“So I just hope that as we go through this recession that the state does not continue to go down this path with deeper and deeper budget cuts and shifting more and more of the costs to counties. Because at some point as a society the costs we will pay in child abuse, child malnutrition, seniors being hospitalized – those costs will be quite enormous. In the long run we will realize that this was penny wise and pound foolish.”

County Administrator David Twa discussed the double-hit to the budget from the reduced tax revenue and escalating employee costs. The county gets half of its revenue from the federal and state government and has been helped this year by the one-time federal stimulus funding of \$37 million.

But another third of revenue comes from property and sales taxes, both of which are off dramatically. Three years ago the median price of a house in the county was \$655,000; today it's \$255,000 – a 56 percent drop in property value. As a result, the county lost \$20 million in property taxes last year and will lose another \$13 million in the coming year. Sales tax revenue is expected to gradually increase, however, as the recession fades and people start shopping again.

The other big drag on the budget is the county's benefit obligations in the form of pensions and health care for current and retired employees. “Our pension system for public employees is not sustainable,” said Twa. “We need to get smart about how we structure our pension benefits to serve the needs of our employees but also to make it sustainable going forward.”

County officials need to find an additional \$59 million each year to pay the pensions just for those who are already retired, an obligation that they are required by law to fulfill even if the county went bankrupt, he said. Through negotiations with the county employee unions, officials are hoping current employees will contribute more of their pay to their pensions and not demand that the county pick up half of the tab.

There has been progress in reducing the county's health insurance liability for retirees. It once stood at \$2.6 billion and is now down to \$1 billion, according to Twa. The amount the county budget needs to contribute annually to provide that insurance has been reduced from \$226 million to \$63 million. "The unfortunate part is we are only funding it at \$20 million a year right now," said Twa. "So we still have a ways to go to get there."

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