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## State budget puts county programs at risk

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California's annual wrestling match over the state budget is more severe this year, and that's bad news for the state's 58 counties.

State officials are grappling with a \$15.2 billion deficit and a stalemate between Democrats' desire to raise taxes and Republicans wanting to slash services.

Stuck in the middle is county government. County officials know that the solution to the state's red ink will be painful on the county level because a lot of county programs depend on state funding.

But beyond a handful of proposals and hints, no one outside of the budget negotiation process knows where the pain will strike and how badly it will hurt.

With that caveat, Stanislaus County CEO Rick Robinson recently outlined some of the areas at risk. The damage could run into tens of millions of dollars in a county government already reeling from steep declines in property and sales taxes.

"First, we are not at this point contemplating shutting down or reducing access to services," Robinson said. "We are OK from a cash position through the end of the month and into September."

The county's health care clinics will continue to run all of their programs and serve the same customers they have in the past, Robinson said. Across-the-board cuts in Medi-Cal would have long-range implications, however, he said.

Another problem area, according to Robinson, includes the tobacco tax that funds the Stanislaus Children & Families Commission. The 50-cent tax on tobacco products was created with an initiative, Proposition 10. The money is earmarked to fund programs for low-income children from infants to age 5 and their families.

The Stanislaus commission gets about \$8.5 million a year from the tax, and spends \$11 million, using reserves built up during the first few years of the tax. The money funds a variety of programs that improve childhood health, education and development and family functioning.

The programs served more than 47,000 clients in 2006-07, said John C. Sims Jr., executive director of the commission.

A bill introduced by State Sen. Dave Cox, R-Fair Oaks, would take the county commissions apart. It would reallocate future tobacco tax money to the state general fund for existing children's health programs. Reserves held by Proposition 10 commissions would be split between school districts, and cities and counties.

Any change in the Proposition 10 funding would have to be voted on by the public, and the Legislature might take a less drastic approach than the Cox bill, Sims said.

Robinson estimated that a state raid on Proposition 10 money could cost Stanislaus County \$6.5 million.

### Property taxes

Proposition 1A allows the state to "borrow" property taxes from the counties for two years in a 10-year period. "We are certainly at risk of that," Robinson said.

Stanislaus could be required to loan the state an estimated \$4.2 million as a result of Proposition 1A, Robinson said. The county has set aside a reserve anticipating a state demand, but officials are looking for ways to protect the county from a second year of state borrowing. The state is required to pay back the money before it can borrow again, Robinson said.

### Roads

Proposition 42 is a gas sales tax initiative that could be pulled back as part of the state budget solution, Robinson said. The county could lose \$5.2 million in the coming year if the state withholds Proposition 42 funds, Robinson said, threatening road projects already under way, including the Kiernan Avenue widening from Highway 99 to McHenry Avenue in Modesto and Whitmore interchange improvements in Ceres.

Potential cuts to the Community Services Agency, which is the county welfare department, and to Child Support Services could hurt people who can least afford it, county officials said.

### Social services

The budget for the county's human services has been stagnant for seven years, said Christine Applegate, director of the Stanislaus County Community Services Agency.

"We are already cut pretty much to the bone. The fat was gone years ago," she said. "There are no more easy cuts."

Caseloads continue to rise as people lose their homes and try to cope with increasing food and gasoline costs, Applegate said. The department is mandated by the state to serve them, she added.

The CSA accounts for 25 percent of the county's \$1 billion budget, and gets most of its revenue from state and federal sources. It employs 900 people and serves 130,000 clients a year -- one in every four county residents.

The governor has proposed cutting In Home Supportive Services workers to minimum wage, from the current \$9.11 an hour. That could create a shortage of people available to take care of disabled or elderly people in their homes, forcing them into board and care homes or nursing homes, Applegate said.

The county's Child Support Services department is in a similar situation, said Tamara Thomas, assistant director. Child Support Services collects delinquent family support payments for single parents.

The department gets its money from the state and federal governments. "We've been held flat the last seven years," Thomas said. The department has shrunk from 242 employees to 208, and is looking at a \$650,000 reduction in state funding. That will require laying off 20 to 32 people, she said.

"That's huge for us," Thomas said. "In a collection agency, the amount collected is dependent on the number of people working to collect."

Case workers will have to go from a caseload of 600 or 700 to 1,000 or 1,100, Thomas said, with less time to spend on each case.

An irony in the cuts under discussion is that they could wind up costing the state and the county more money in the long run, county officials say.

Programs run by the Children & Families Commission that help keep families together save the county \$1 million annually in foster care costs, Sims said. School readiness programs save school districts money for remedial education programs, he said.

"The cuts may save a dime and cost a dollar down the line," Sims said.

Applegate and Thomas agreed.

"Cuts in the safety net have a ripple effect," Applegate said. "If the elderly can't get In Home Supportive Services, they have to go to board and care or nursing homes. They become Medi-Cal eligible at higher cost."

Nothing is certain at this point, other than that the state has a huge deficit to plug.

"We think quite a bit of this has to happen," Robinson said. "The difficulty is the (legislative leadership and the governor) haven't spoken publicly yet on what deals have been cut."

The county has to produce its own budget anyway, and it has to be balanced, Robinson said. "I think we are still in for several weeks of uncertainty."

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