

County sees little good coming from state budget, health programs threatened

[By Kurtis Alexander](#)

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SANTA CRUZ -- The county's top administrator said Tuesday that the newly drafted state budget only "exacerbates" money problems locally, and county health and human services, including the popular Healthy Kids insurance program, will likely continue to bear the brunt.

The county will also face problems coming up with the cash for road projects and other social programs until the state provides reimbursement for gas taxes and other funds frozen during the budget stalemate, Administrative Officer Susan Mauriello said at a hearing before the Board of Supervisors.

"The state's budget problems are continuing, and they're going to present challenges for us," Mauriello said.

Her report on the county's finances was the first since the state passed its long-awaited spending plan last month. The state plan provides an idea of how much funding local governments can expect, an amount Mauriello said would do nothing to improve, and likely worsen, the county's \$25 million deficit projected earlier this year.

County leaders call it the worst financial morass they've seen in decades.

Cost reductions are already under way, including a freeze on employee overtime and the elimination of a \$1.4 million reserve fund for road repairs. But much more will be needed to trim the \$382 million budget in the fiscal year beginning in July, county leaders say.

Mauriello said Tuesday the county has begun meeting with various employee unions to negotiate contract concessions, while as much as 20 percent is expected to be cut from several departments, including the Health Services Agency.

"You can imagine as we pull those kinds of dollars out of our budget how it's going to impact our contracts with providers," said Glenn Kulm, deputy director of Health Services.

Exactly how deep the cuts will go has yet to be determined as the county awaits uncertain federal stimulus funds as well as the fate of a slate of ballot measures state officials are putting before voters in May.

One of the measures, put on the ballot to control state spending, will mean cutting funds for mental health services and child welfare programs.

Susan True, executive director of First 5 Santa Cruz County, which manages how the child funding is spent, says everything from early literacy programs to Healthy Kids insurance, which covers 2,000 children, will have to be looked at.

"We can't fund everything we're funding now with less than half the budget," she said.