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El Dorado officials ready to make cuts in county budget

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El Dorado County officials say they are prepared to make substantial cuts in this year's general fund budget to avoid a projected \$15 million shortfall in the 2009-10 fiscal year.

The board is scheduled to adopt its 2008-09 budget in September.

During a special Board of Supervisors meeting last week, Gayle Erbe-Hamlin, county chief administrative officer, outlined a phased approach to balancing general fund revenues and expenditures.

Since 2006-07, budget appropriations have exceeded revenues by increasing amounts, forcing the county to dip into fund balances.

Erbe-Hamlin said her goal is to get the county on a sustainable financial footing, but doing so will require cutting back activities in many departments to what she described as core functions.

Board members said they were prepared to cut programs, eliminate positions and lay off employees as necessary.

"It is not my intent to spend more money than we take in," Supervisor Jack Sweeney said.

The county saw significant increases in its fund balances in 2004-05 and 2005-06, Erbe-Hamlin said. But that has changed.

In 2006-07, appropriations exceeded revenues by about \$3.2 million.

That increased to about \$7.4 million for 2007-08. For 2008-09, the county currently projects \$202 million in revenue and \$213.8 million in appropriations, a difference of about \$11.8 million.

"Clearly, that is not a sustainable pattern," Erbe-Hamlin said.

Salary increases that followed a salary and compensation study contributed significantly to the increase in expenditures in 2005-06, Erbe-Hamlin said. During the past five years, the county also has added 76 employee positions to the general fund budget, though many have remained vacant at least part of the time.

Erbe-Hamlin said she will meet with department directors in the coming weeks to "determine what are their core needs and how should they best be supported in terms of positions."

The goal, she said, is to make \$5 million to \$7.5 million in long-term cuts during the current fiscal year. A draft plan for achieving that is to be presented to the board Aug. 25.

Joe Harn, county auditor-controller, said he supported Erbe-Hamlin's proposal, but he argued that the county needs to look at larger reductions.

"I hope we can cut about \$8 million from the general fund in September," he said.

Supervisors also called for an analysis of the effect that cuts in revenue for non-general-fund programs such as mental health services would have on the county budget.

They cited actions the state might take to balance its budget, such as withholding revenue or delaying payments for certain state-funded programs.

Sweeney said, "We need a plan that says as the state makes cuts in those programs, we make cuts in those programs. ... If they don't fund it, we don't do it."

He asked the county counsel to determine what programs the county could cut if the state ceased to fund them.

Board members said the needs of various departments should be carefully considered in determining how to reduce the budget.

"I'm a little nervous about anything that's across the board," board Chairman Rusty Dupray said.

But, he said, "We need to come up with a bottom line as close to zero as possible."

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