

Kicking the Can Down the Road

By County Supervisor Sue Frost

I would like to pose a hypothetical to the readers of this newsletter. If you have a yearly income of \$40,000, a bank account with \$600 in savings, and you find out you have \$1,000 owed to you after you finish your tax returns, what would you do? Personally, I would save the money. Then, I would review my monthly expenses, find places to make some cuts, and do everything reasonably possible to increase my savings to a much higher number. Neglecting to do this could ultimately lead me to damaged credit and even homelessness if I lost my job and couldn't quickly find one.

I pose this question to you because Sacramento County was faced with this dilemma in the budget negotiations this past month, as we have a shockingly small amount in our reserves. We only have about 1.5% of our money in reserves when it should be closer to 15-20%. Of the larger counties in California, we have by far the lowest reserves, with the next lowest being Riverside with 9.2%, and the average being 26%. In hard numbers, our reserves are about \$300 million shy of where we should be. We also have a \$1.2 billion unfunded pension liability (and yes, you read that number right) but that's a story for another article.

So when I entered into budget negotiations with the knowledge that we had an increase of \$47 million available funds this year to allocate, I thought it would be under the context of everyone making a deep commitment to increasing our reserves. But that is not what happened and instead, many of our discussions revolved around how to fund various new projects with the new money we had at our disposal. This was frustrating for me, because many of these new projects have great merit and I would gladly support most of them if we had the reserves to justify the expenditures.

But while I advocated for far more money to be put into reserves this year, I had to settle for the modest sum of \$4.7 million, which is 10% of the general fund increase from last year to this year. I supported some vital new projects, like the expansion of some of our services to reduce the growing problem of homelessness, but I could not support others, like doubling the Regional Parks budget.

Saving money is not fun and it doesn't catch headlines. But I believe you elected me to stand up for the taxpayers in Sacramento County, even if it's not particularly exciting. Reserves might not seem like a big deal if you are looking at it in the short-term, but over time when another recession hits us we need reserves if we want to avoid the massive layoffs and disruptions of county services that happened in the mid-2000s.

Unfortunately we are not going to solve the problem of our reserves in the near future - we need to make this a priority for the years to come in order to dig us out of this hole. I would like to see us save 20% or more next year, and will be advocating that in the months to come. You have my commitment of continuing this fight until our fiscal house is in order.

Thank you for reading – and as always, if you want to contact me, call me at 916-874-5491 or e-mail me at SupervisorFrost@saccounty.net.