Dan Walters: A three-way stalemate over California's budget

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Budget, budget, who's got a budget?

The governor has a state budget that his fellow Republicans more or less support. Assembly Democrats have a budget whose centerpiece is a complex scheme to borrow billions of dollars. And Democratic senators have a budget that's based on raising taxes and shifting some programs from the state to counties.

Democrats control the 10-member, two-house conference committee that’s supposed to be reconciling all three budgets into one version that would be placed before the entire Legislature. They have the votes to do it.

However, the committee has been going through the budget page by page for more than two weeks without settling any big issues and only some little ones. It's now in hiatus after repeatedly hitting a political wall, unable to proceed because it doesn't know how much money it has to spend.

That's because the two Democratic versions of the budget are very much at odds, even if they both agree on rejecting Gov. Arnold Schwarzenegger's slash-and-burn approach to closing a $19.1 billion deficit.

It's a three-way stalemate, with the new fiscal year due to begin next week and with state Controller John Chiang warning that the state will run out of cash this summer if a new budget is not in place.

Nothing will happen until Democrats in both houses are in sync on whether to borrow or tax their way out of this year's version of the chronic deficit.

But even if they do – and they appear to be very far apart – it would be merely a step, and not a particularly big one, on the budget road. They could put a budget up for floor votes, but they would still need to get some votes from Republicans, who have said anything that depends on higher taxes, or even extending some temporary taxes due to expire next year, is dead on arrival.
The Assembly's Democratic plan would, at least in theory, allow imposition of an oil severance tax by a simple majority vote through some parliamentary sleight of hand, but Schwarzenegger would still have to agree, and he has repeatedly chanted a no-new-taxes mantra.

Moreover, Attorney General Jerry Brown, the Democratic candidate for governor, has declared that the massive borrowing envisioned in the Assembly plan probably would violate a 2004 balanced-budget ballot measure.

Ordinarily by this stage of the annual budget melodrama, the governor would be ensconced with the Democratic and Republican leaders of the legislative houses. The "Big Five," as they've been dubbed, would be beginning the horse trading – often unseemly horse trading – that produces some kind of budget that finally wins enough votes to take effect.

In theory, Capitol politicians are eschewing the Big Five process this year because of backlash from voters and even some legislators about unseemly deals. But the Big Five may be the only way to do it – if, indeed, it can be done.

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