Dan Walters: California budget crisis could be chance for big fix

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A $19 billion state budget deficit. A lame-duck Republican governor proposing major reductions, especially in health and welfare services. Democratic legislative leaders declaring his budget dead on arrival. Capitol demonstrations demanding funds for particular programs – or opposing new taxes.

A recipe for another gimmicky, unworkable budget that drives the state's credit rating even lower and subjects it to more international derision? It would seem so, and based on recent history, the most logical outcome.

But it doesn't have to be that way.

As Gov. Arnold Schwarzenegger unveiled his revised 2010-11 budget and he and legislative leaders took verbal shots at each other Friday, there was also a tone of weariness with merely performing another version of what the governor called "the budget Kabuki." That could – emphasis "could," not "will" – create the atmosphere for real change.

"I won't sign a budget until we fix a broken system," Schwarzenegger said, ticking off tax reform, pension reform and spending limits as his goals."

"There is no more triage," Senate President Pro Tem Darrell Steinberg said minutes later. "The status quo is not sustainable."

Steinberg said he wants "realignment" that would send more responsibility for services from the state to local governments and empower them to raise revenue, adding, "The real answer here is we must restructure and realign this outdated structure."

Both make valid points. Schwarzenegger will be in office just seven more months and is not planning to face voters again. The Legislature has dozens of termed-out members. They could join together to go out in a blaze of reformist glory.

They could overhaul a public pension system whose costs are increasing exponentially, a much-too-expensive prison system, a boom-and-bust tax system, and a welfare system in a state with just 12 percent of the nation's population but a third of its welfare recipients.

They could realign state and local responsibilities as Steinberg suggests; in fact, one of Schwarzenegger's proposals, keeping some non-dangerous felons in local custody and probation rather than clapping them away in state prisons, is in line with that notion.
It would depend, however, on their refusing to just play the same erosive game that they've played for so many years, heeding Albert Einstein's aphorism that doing the same thing repeatedly and expecting a different result is insanity.

It would depend on their acting like adults, rather than children in a sandbox – spending only what we can afford and paying for what we want, rather than running up debts and engaging in accounting tricks that would put an Enron executive to shame.

Steinberg is correct in saying, "We must use this crisis now." They should use it because, as Schwarzenegger says, "We can't go on like this any longer."

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