Daniel Weintraub: Public might not believe budget threats are real

By Daniel Weintraub -
Published 12:00 am PST Tuesday, January 15, 2008

After years of portraying a growing state budget as pinched because it wasn't growing as fast as they would have liked, the Democrats who control the Legislature now have a problem. They need to find a way to persuade Californians that this time, services they value really are threatened by Gov. Arnold Schwarzenegger's proposed spending plan.

The roots of this challenge were well illustrated at a press conference near the Capitol shortly after the governor unveiled his proposal. There, Assembly Speaker Fabian Núñez asserted that the state had cut $12 billion from its budget over the past four years.

Núñez no doubt derived this number by playing the expectations game. If supporters of a program get a smaller increase than they expected from one year to the next, they consider it a cut. Find enough of those and add them up and you get a pretty impressive number.

But here is another one: Since 2002, the year before Schwarzenegger took office, state spending has grown from $77 billion to $103 billion, an increase of 34 percent. So even if some programs did not grow as fast as some people would have liked, it is difficult to argue that the public sector has been starved.

Now, however, the state truly is in a bind. With the economy slowing, revenues are expected to be flat during the budget year that begins July 1.

In response, Schwarzenegger has proposed reducing spending by about 2 percent. That doesn't sound like much, but consider this historical perspective: During the past half-century, state spending has declined from one year to the next only three times.

The reason even a small reduction in spending is difficult to achieve is that California's population continues to grow, regardless of the condition of the economy. During the next year, the population is expected to climb by about 500,000. More people mean more demands for state-supported services, from schools and colleges to health programs, assistance to disabled people and the poor, parks, roads and prisons.

According to Schwarzenegger, spending in the coming year would climb from $103 billion to about $110 billion if he and the Legislature did nothing and simply allowed
all programs to grow at the rate required by current law. That's why you will hear the governor and Democratic lawmakers talking about a 10 percent cut, rather than a 2 percent cut, in spending.

Schwarzenegger's proposal is only his first take on how he would balance the budget without raising taxes. It is not likely to be approved without major changes. But it will trigger a debate about the level of services Californians expect from their government, and the taxes they are willing to pay for those services.

The most controversial item is likely to be the governor's suggestion that legislators suspend Proposition 98, the voter-approved provision in the state constitution that sets a minimum level of school funding.

Schwarzenegger proposes to give the schools $39.6 billion from the state's general fund, down from $42.1 billion this year and $4 billion less than the constitution would require next year.

Those cuts would mean a reduction in total, per-pupil spending from $11,935 to $11,696, with the support that comes from state and local taxes dropping $100 per student to $8,458. The cuts would come even as most school districts face increasing costs because their contracts with employees call for pay raises in the year ahead. Schwarzenegger would cut special education programs for disabled students, child nutrition programs and allotments for textbooks, busing and counseling, among others.

The governor also is proposing cuts in welfare programs for the poor.

His budget would deny a planned cost-of-living increase for poor seniors, knock 70,000 families off public assistance and reduce services for the homebound – including meal preparation, laundry and food-shopping – by 18 percent.


The result, Núñez says, would be "tremendous permanent pain to the people of California."

Although Republicans in the Legislature have traditionally opposed raising taxes, and Schwarzenegger says a tax increase is unnecessary, Núñez believes that "everything" should be on the table – including a general tax increase. He suggests looking first at closing what he calls tax loopholes, including one that allows taxpayers to deduct the interest they pay on mortgages for second homes.

Polls show that about half of Californians say they would rather pay higher taxes and receive more services than pay lower taxes and receive fewer services. But about 40 percent would prefer a lower-cost, slimmed down state government. And there is a big leap from getting people to say they prefer higher taxes to getting them to actually support a tax increase.
Unfortunately for Núñez and his allies, the public has been hearing for years from Democrats that the state is "slashing" spending when it wasn't true. Now that the threat is imminent, however, voters might conclude that the dire warnings they are hearing are just more of the same overheated rhetoric.