Dan Walters: Schwarzenegger's blue-sky budget rebuked

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One dictionary defines "blue sky" as "idealistic or visionary and without practical application" or, alternatively, as "not worth very much money."

There's also a verb form of the phrase, meaning to peddle a worthless concept. It's most often applied to con artists.

When Gov. Arnold Schwarzenegger unveiled his last budget proposal last week, one that supposedly dealt with the state's chronic deficits, it was evident that he was blue-skying it with fanciful and politically unrealistic notions that once again sidestepped the chronic imbalance between income and outgo.

The budget is riddled with them, the most fantastic being inclusion of $6.9 billion in new federal aid that has absolutely no basis in reality, thus continuing California politicians' time-dishonored practice of conjuring up pain-free "revenues" out of thin air when they need them to balance a budget on paper.

On Tuesday, the Legislature's budget analyst, Mac Taylor, issued a preliminary analysis of the governor's budget and politely – albeit firmly – exposed its omissions, its blue-sky assumptions and its risks.

"The Legislature must make very difficult choices affecting both state revenues and spending," Taylor told his bosses – implying that the governor's blue-sky budget avoids many of those choices. He suggested, for example, that lawmakers begin "reprioritizing state finances" now, rather than waiting for the inevitable news that California won't be getting a big new infusion of federal bucks.

Legislators, of course, are just as prone as the governor to blue-skyism, if that's a word, as the last several gimmick-ridden budgets demonstrate. So they're just as reluctant to make tough decisions on such politically distasteful issues as releasing prison inmates, slashing health and welfare services, raising college fees, or increasing revenues through closing tax loopholes that no longer have utility.

Years of reality-evasion, however, are beginning to catch up with the Capitol's denizens.
California will emerge slowly, if at all, from the worst recession since the Great Depression and, as Taylor has pointed out, economic stagnation and the expiration of temporary taxes will mean annual deficits in the range of $20 billion well into the next governor's first term.

The bookkeeping gimmicks and short-term borrowing and taxes that have marked recent budgets are becoming ever-more difficult to conjure up and sell to a disaffected public. They have the corrosive effect of magnifying the state's long-term fiscal dilemma as they expire and as the fundamental income-outgo conflicts go unresolved.

Taylor's report calls for the Legislature to rise to the occasion and "facilitate steady progress toward a new, sustainable budget framework (that would) restore the state's fiscal health and enhance public trust in state government."

Good advice. We'll see if those we elect have the institutional fortitude to follow it.