Arnold Schwarzenegger achieved fame and fortune by starring in celluloid fantasies, so it may be fitting that his final state budget proposal would be so disconnected from economic and political reality.

With the state still facing huge deficits, the governor bases his 2010-11 budget on such fanciful elements as persuading the federal government to cough up an extra $7 billion, asking voters to reverse themselves and shift money from protected pots for mental health and children's programs, overhauling transportation financing, and persuading state employee unions to accept pay cuts and increases in workers' pension and health care costs.

Even Schwarzenegger's pal, Sen. Dianne Feinstein, throws cold water on California getting a big injection of federal cash to bail out the state.

"California's budget crisis was created in Sacramento, not Washington," Feinstein said last week.

As Schwarzenegger describes it, if the federal money doesn't materialize, the severe cuts he's proposing in health and welfare programs will become wholesale slaughter. But he's largely shielding K-12 and higher education from deeper cuts -- which has the effect, whether intended or not, of driving wedges among Democratic legislators and their allies.

The California Teachers Association and other elements of the "education coalition" may, under the circumstances, align themselves with Schwarzenegger while health and welfare advocates and other unions hammer on Democratic allies to cut schools to save their money.

The pressure would be lessened, of course, were the feds to cough up billions more for California, or were Schwarzenegger and at least a few Republicans to agree, as they did last year, to higher taxes. But the governor has now reverted to the no-new-taxes mode he adopted earlier in his governorship (except for a fee on insurance policies to offset firefighting costs), and Republican lawmakers are not likely to go there either.

The temporary taxes enacted a year ago were short-circuited by voters in May. That may have torpedoed any prospect for another round of increases this year, especially since the state remains mired in recession.
Democratic leaders, of course, would prefer to raise revenue somehow, such as imposing tax withholding on contractors. But they'd need at least some Republicans to go along, and they'd have to overcome reluctance among their own members in an election year.

Significantly, the lone Democratic candidate for governor, Jerry Brown, says he'd raise taxes only with voter approval.

So what will happen? It won't be the Schwarzenegger plan. Most likely, he and lawmakers will, to use his own phrase, "kick the can down the road" with some more accounting tricks and other gimmicks, and dump the mess on whoever is ill-fated to become governor a year hence.