Editorial: Both sides must avoid wishful budget thinking

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Gov. Jerry Brown has offered up a thoughtful blueprint for deliberating a new state budget for the coming fiscal year.

Sadly, legislative leaders in both parties haven't acted so responsibly in responding to the governor's plan.

Republicans are hammering his proposal to go to voters for a tax increase, hopeful that a reviving state economy will boost government revenues and make a tax hike unneeded.

Democrats, including Senate President Pro Tem Darrell Steinberg of Sacramento, are also betting on an economic rebound, resisting Brown's call for immediate spending cuts to prevent the deficit from growing wider.

"Why would we make cuts that are going to harm people and harm the economy in March when in fact in May there's a … probability that the deficit number is going to be less?" Steinberg said after the governor released his proposed budget Thursday.

There is a possibility that state tax revenues in the spring will come in strong, but we've had plenty of evidence in recent years that the recovery is unpredictable, arriving in fits and spurts. Both Democrats and Republicans need to resist the notion that dark clouds are parting, leaving nothing but blue skies. It was that kind of wishful thinking that created the deficits that Brown inherited.

Brown makes a strong case that California needs to close that structural deficit once and for all and start paying down debt that, if left unaddressed, will shackle the state for years. His call for $4.2 billion in spending cuts and $6.9 billion in tax increases would ensure those twin goals. Continuing the status quo would perpetuate the crisis.

To demonstrate what is at stake, Brown has laid out $5.4 billion in cuts that would occur if voters reject a tax increase. Public schools and higher education would feel the brunt of these cuts, possibly shortening the school year.

Some commentators have called this contingency plan "a ransom note," which is ludicrous. The governor needs to be honest with Californians about the consequences of not seeking additional revenues – especially given the deep cuts he and lawmakers approved for the current fiscal year.
Aside from its basic architecture, the governor's plan includes some other notable features:

• He is resisting the option of furloughing state workers, opting instead to consolidate agencies and reduce the state workforce, partly through attrition. Such a restructuring is long overdue, having eluded his predecessor, Gov. Arnold Schwarzenegger, who once promised to "blow up the boxes."

• He is proposing a "weighted pupil funding" formula that would simplify the overly complex system that now governs how school monies are directed. It also could end up providing extra money to help low-income students and English learners, who need extra attention if overall student performance is ever to make significant gains.

On the downside, Brown is proposing some spending cuts and fund shifts that could run afoul of the law, meaning the governor himself is engaged in some wishful thinking. Cuts to Medi-Cal could hurt patients with serious disabilities, resulting in legal action that the state could lose.

If taxpayers reject tax hikes, the governor proposes an accounting maneuver that would count school bond debt payments toward what the state owes education under past budget deals. Some education lobbyists say that maneuver could be successfully challenged in courts.

There may be other problems with Brown's budget that will emerge with further scrutiny, but overall, he is making a serious effort to rid California of a fiscal albatross. That should be taken seriously by everyone involved.

Read more here: http://www.sacbee.com/2012/01/07/4168936/both-sides-must-avoid-wishful.html#storylink=cpy