Darrell Steinberg is a baseball fanatic, but when he said this week that "the season is beginning," he wasn't talking about sports, or at least not games played on grass.

Steinberg, the state Senate's leader, was talking about the state budget game, which will be particularly difficult this year.

Later this month, Gov. Jerry Brown will release what Capitol types call the "May revise," which will update and alter, perhaps sharply, the initial 2012-13 budget he proposed in January. That will touch off several weeks of intense, and mostly secret, negotiations among Brown, Steinberg, other legislative leaders and lobbyists for myriad budget stakeholders, culminating, assumedly, in passage of a budget on or before June 15.

It certainly won't happen before June 5, primary election day. With many legislators running in much-changed districts, sometimes against one another, and with a new top-two primary system in place, nobody – particularly no Democrat – wants to cast budget votes until after primary ballots are counted.

However, the bigger complication is the mathematical fact that the state's current and projected revenues are running many billions of dollars behind the state's supposed spending commitments.

Brown's January budget assumed that the current budget would close on June 30 with about a $4 billion deficit, plus another $5 billion gap in 2012-13. But since then, revenues have fallen behind, so the two-year deficit will be at least $12 billion and perhaps much higher because revenues are weak and spending is over budget.

When the projected deficit was about $9 billion, Brown wanted to close it with new taxes. Signatures will soon be submitted for a November ballot measure that would hike income and sales taxes by about that amount. But passage is uncertain, and even were taxes raised, they would not cover the larger deficit.

"We undoubtedly will have some more cuts," Steinberg conceded.
And since Brown, Steinberg, et al., will base the budget on an assumption the taxes will pass, they must also make some provision for adjusting spending should they fail. Without such triggers, banks would be unwilling to buy the revenue anticipation notes that the state markets for cash flow purposes.

Brown wants schools to take the big hit if the measure fails – hoping, of course, that looming classroom cuts will motivate voters to pass his plan since education is the most popular government expense.

Polls on the tax issue are somewhat ambivalent. Voters seem to be inclined to vote for income taxes on high-income Californians, as Brown proposes, but dislike paying more sales taxes, the other piece of the plan.

Whatever happens in June, therefore, is just a warmup for the real budget game, which will be played next fall.

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