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Schwarzenegger seeks big changes

Sacramento -- Gov. Arnold Schwarzenegger on Wednesday embraced the challenge that he has avoided up to now, pledging to use his populist appeal to recast California government while taking on some of the state's most entrenched traditional powers.

By vowing to take power away from lawmakers, insisting on strict spending limits and pledging to overhaul the state's pension system, the governor is tackling politically risky issues that previous governors failed to make headway on or sidestepped entirely.

"He was talking about real issues with potential for a real political fight," said Jack Pitney, a political science professor at Claremont McKenna College. "This will be the big political test of the Schwarzenegger administration, taking on political forces that would frighten any other politician."

He will have an uphill battle in the Legislature, where majority Democrats will try to paint his priorities as a Republican power grab that spares big corporations that have become the governor's chief ally.

The governor wants to take away legislators' authority to draw political boundaries, and he faces certain opposition from the teachers' union with his plan to base pay on performance and make it easier for schools to get rid of ineffective teachers.

But Schwarzenegger expressed no hesitation in his State of the State address to go directly to voters with his agenda, all the while fighting against what he calls the special interests that dominate Sacramento.

With a decision looming about whether he will seek re-election in 2006, many believe Wednesday's speech was Schwarzenegger's opportunity to commit himself to making the difficult fixes he promised when elected.

"He has decided that now is the time to use that popularity and try to make his mark on California history," said Mark Baldassare, a pollster for the Public Policy Institute of California.

Schwarzenegger was accused throughout his first year in office of missing opportunities to create serious change. He used borrowing to balance his budget and lacked a clear legislative agenda on many issues. He also agreed to a compromise balanced budget requirement that his fellow Republicans said had no real teeth.

On Wednesday, Schwarzenegger came across as someone who has learned what the state's big problems are and seemed to be tackling them despite the gamble involved. Far

from the movie-line laced speech of last year, the governor spent most of his 30-minute speech emphasizing the state's continuing problems, to lackluster applause.

"Last year he was a celebrity governor; this year he was a governing governor," Pitney said.

With a near 70 percent approval rating, Schwarzenegger has a high degree of confidence in taking his proposals directly to the voters. He continues to threaten lawmakers with that stick.

"If we here in this chamber don't work together to reform the government, the people will rise up and reform it themselves," he said. "And I will join them. And I will fight by their side."

Baldassare said the governor is able to take complex issues and make them important to people, a skill he will need in spades to convince voters to look at redrawing legislative boundaries and buck powerful public employee unions that will fight his proposal to end defined-benefit retirement plans and replace them with individual 401(k) plans.

Democrats, while embracing Schwarzenegger's call for action, said they were struck that the governor's tentacles seemed aimed only at their core constituencies, such as labor unions.

"I'm getting a little tired of hearing that anyone who disagrees with me is a special interest, when he takes more money from special interests than anyone in California history," said Attorney General Bill Lockyer, who is expected to run for governor in 2006.

Lockyer, who has in the past touted his friendship with Schwarzenegger --

and said he voted for him in the recall election -- called the governor's tone "unnecessarily combative" and said, "You don't convince (legislators) to accept your ideas by publicly attacking them."

State Treasurer Phil Angelides, another probable gubernatorial candidate, was particularly incensed about the governor's failure to target corporate interests for more revenues.

"The governor seems to forget that the reason our pension obligations are up is because we endured the worst wave of corporate scandals since 1929," he said. "I don't hear the governor talking at all about how his corporate friends ripped off shareholders, ripped off pension funds. ... I don't hear a peep out of the governor on corporate reform."

Democrats promised their own measures to help Californians pay for health care, afford homes and fix the ongoing budget crisis and said they were not intimidated by his threat to go to the people.

"We're not going to shy away from that fight," said state Sen. Kevin Murray, D-Los Angeles. "We would love to work with the guy. On issues like environment and transportation, I personally have had a good experience with him. But we're not going to run from a fight. ... We're the grassroots party."

And while Schwarzenegger praised the work he accomplished with lawmakers, many Democrats immediately -- and angrily -- dismissed Schwarzenegger's address as combative and unduly partisan.

Democratic consultant Gale Kauffman noted that Schwarzenegger "never once used the word bipartisan" in his address. "This is not about the people," she said. "This is about Arnold Schwarzenegger and the Republicans and the elections they lost last fall. And they want to stick it to the Democrats and the unions."

But Republicans, especially in Congress, have not been any more anxious to redraw their districts, something the governor is making a priority. Still, Schwarzenegger steadfastly maintained his very Republican anti-tax and pro-business stances.

And Republican lawmakers said they stand ready to work with the governor, even though they are largely more conservative than he is and can rarely agree with their Democratic colleagues.

"I could see in the governor that he's been here for a year, and we're back to the same thing, and he's frustrated," said state Sen. Abel Maldonado, R-Santa Maria. "He proposes things, and Republicans and Democrats continue to fight, and the people continue to lose. He sees a better tomorrow if we work together. If we don't, the frustration will continue to be there."

Pitney said that no matter what the outcome, Schwarzenegger has laid down the gauntlet.

"Now comes the battle," he said.

Big agenda

Highlights of the key proposals made by Gov. Arnold Schwarzenegger:

Spending cap: A constitutional amendment would override formulas that drive up state spending even when revenues do not keep pace. The spending cap would impose across-the-board cuts to match the revenue coming into state coffers.

Pensions: Citing skyrocketing pension obligation costs, the governor proposed switching public employees from their defined-benefit system, which guarantees retirement payments, to a system similar to 401(k) plans.

Education: Teacher pay would be tied to performance rather than tenure, and it would be easier for schools to get rid of ineffective teachers. Charter schools and vocational programs would be expanded.

Government reorganization: Nearly 100 state boards and commissions would be eliminated. State agencies, beginning with the adult and youth corrections departments, would be reorganized.

Redistricting: The responsibility of drawing legislative and congressional districts would be taken out of the hands of lawmakers and given to a panel of retired judges in the hope of making elections more competitive.

Prescription drugs: A prescription drug discount card would make medications more affordable for nearly 5 million low-income residents.