

# Editorial: Mixed messages

## More revenue is good, right? Not necessarily

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Good news for California's fiscal troubles: A \$2.2 billion infusion of unexpected revenue is helping to narrow a budget gap that ranges between \$8.6 billion and \$9.1 billion.

Bad news for California's fiscal troubles: The new revenue could lull the governor and lawmakers into thinking they can sleepwalk through remaining budget deliberations.

Right now, all we hear is "zzzzzzz."

Despite months of retreats, news conferences and hearings, Democrats in the Legislature have yet to present their own budget alternative.

That leaves us with Gov. Arnold Schwarzenegger's plan, which involves serious cuts to programs for the poor and no consideration of new taxes. He is also pushing for automatic, across-the-board budget cuts following future budget stalemates - a ham-handed idea we dubbed the Robosaw.

Fortunately, Legislative Analyst Elizabeth Hill provided some political cover for everyone Tuesday. She announced that business growth and a boost in stock prices are expected to bring in an extra \$2.2 billion in revenue, but she quickly counseled caution.

That extra revenue should be considered a one-time windfall, she said, and won't necessarily be there in future years. If lawmakers spend it, instead of putting it in reserve or using it to reduce borrowing, the deficit could reach \$10 billion by mid-2006.

Hill also took a shot at the governor's so-called budget reform plan, calling the Robosaw "a very blunt instrument" that axes the Legislature's ability to set priorities. Such proposals "would make the problem worse rather than better."

The legislative analyst is a respected, seasoned observer of California's budget problems. Contrast that with Schwarzenegger, who held a cheesy made-for-TV press conference Wednesday that featured a giant faucet spewing red ink. The governor may make a bigger splash, but Hill's message resonates: Make the needed cuts this year, stop the runaway borrowing and negotiate a modest tax increase to match revenues with spending.