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Dan Walters: Schwarzenegger's lottery plan lacks support

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Arnold Schwarzenegger often refers to himself as a master salesman, but so far, at least, he hasn't sold his convoluted approach to the deficit-ridden state budget – centered on borrowing heavily against future state lottery revenue.

Not a single state legislator of either party has endorsed his plan, albeit for different reasons, and a new poll finds that Californians don't care for it either, particularly the lottery scheme.

The Public Policy Institute of California poll confirmed anew that Californians are conflicted over whether to cut spending or raise taxes to close a budget deficit that the governor has pegged at \$15.2 billion, but they strongly oppose borrowing against the lottery and would grudgingly accept a temporary sales tax increase. The only truly bright note for Schwarzenegger in the poll is that Californians like his plea for a spending limit to curb future deficits.

"Californians are divided about whether they'd rather pay higher taxes and get more services or pay lower taxes and get less in the way of services. Even independents are divided," Mark Baldassare, PPIC's president, said, adding, "They're reluctant to make an investment themselves when they feel the Legislature and the governor haven't been good money managers."

Not surprisingly, given a faltering economy and the dark budget news, Californians are not only gloomy about California but more than a little peeved at politicians, including Schwarzenegger, who, the PPIC poll found, has dropped to just a 41 percent approval rating, down 16 points since December. And the Legislature fares even worse, with an abysmal 26 percent approval.

Among other findings in the PPIC poll were that rival measures on the June 4 ballot purporting to reform government seizure of private property, Propositions 98 and 99, are both trailing, and that Sen. Barack Obama, the likely Democratic candidate for president, has opened up a 17-point lead among likely California voters over Republican Sen. John McCain.

Despite the evident unpopularity of his revised budget, Schwarzenegger is continuing to peddle it in public appearances and media interviews as a compromise that avoids new taxes, with the evident hope that it will ultimately prevail.

"I think that first of all we have to go and sell the proposal, my budget proposal to the legislators," Schwarzenegger told reporters Wednesday after making his pitch to a gathering of business leaders in Sacramento. "I think they are looking at it very carefully and I think within the next week or two we are all going to start to get together and start negotiating. I think deep down inside the legislators know this is the way to go. ... I think we have to meet somewhere in the middle, and that is exactly what our budget does, using revenues and using cuts."

The governor wants to borrow \$18.4 billion that would be repaid, with interest, from presumed increases in lottery profits from "modernizing" the games, use \$15 billion to finance the 2008-09 budget and create a "rainy day fund" to cover future deficits, and cut other state spending, especially health and welfare programs.

Democrats oppose the latter while Republicans dislike the standby 1-cent increase in the sales tax that Schwarzenegger wants to impose should voters reject his lottery changes in November.

The new PPIC poll indicates that the plan will be a hard, and perhaps impossible, sell not only in the ideologically polarized Legislature but among voters as well, since just 35 percent of those surveyed by PPIC endorsed it.

The perpetually optimistic Schwarzenegger says those poor numbers don't bother him, citing instances in which he was able to turn around polls on ballot measures. But, characteristically, he doesn't mention the other times he lost badly in ballot battles.