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Steve Wiegand: Budget is heavy on chutzpah

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Published 12:21 am PDT Thursday, May 15, 2008

People who regularly buy state lottery tickets fall generally into three categories: the desperate, the foolish and the easily entertained.

Gov. Arnold Schwarzenegger is betting we have a surfeit of all three.

On Wednesday, the gov formally presented his revision of the proposed state budget he originally spit up last January.

Gone were the most controversial provisions: letting out 22,000 inmates from state prisons, closing a bunch of state parks and beaches, cutting money for education.

In their place was a plan that is astounding for its chutzpah and really lame for its reliance on gimmickry.

The gov's new budget proposal relies heavily – once again – on sticking it to those Californians who rely most heavily on government help.

What it can't suck out of the poor, it draws from funds that aren't there yet, in a rainy day reserve that doesn't exist. Oh yeah, there's a little voter extortion in there, too.

Most of the budget gap would be closed by spending cuts, and most of the cuts would come in social and medical services.

The governor wept no tears over this, saying that when he went up and down the state holding "town hall" meetings, people told him the state had to live within its means.

"Everyone has to tighten their belt," he said.

The portion of the deficit not covered by cuts would be covered by borrowing. The state would get someone to lend it \$15 billion over the next three years (\$5 billion in the coming fiscal year) by promising to pay the money back, with interest, from state lottery revenues.

This would seem to be a nifty trick, since the lottery only grosses about \$3.3 billion a year, with a third of that going to schools and half going to prizes.

Not to worry, the governor told reporters. The lottery would be upgraded, polished and painted until it proves so irresistible that more Californians will gamble, or the same Californians who already gamble, will gamble more.

"The lottery proposal is a great idea," Schwarzenegger said. "It's an asset, the people have voted for it, (but) it's an asset that is underperforming ... we're making \$3 billion on our lottery, we could make \$6 billion or \$7 billion."

The aforementioned voter extortion works this way: The electorate would be asked in November to approve both the creation of a rainy day reserve fund and the lottery loans. If voters rejected the lottery deal, a temporary sales tax increase would be triggered.

Schwarzenegger, who has once again demonstrated that he couldn't lead a one-float parade, let alone solve the budget mess, got a bit testy when a reporter suggested that the state's current budget dilemma wasn't much different from the one that led to his predecessor, Gray Davis, being recalled from office in 2003.

"As you know, we're not a dictatorship, so one man doesn't run the state," he said, pointing out that legislators and the public had not embraced his earlier proposals to reform the budget process.

So, the best the administration could come up with since January is a budget that takes a bigger slice out of services to the poorest and most needy and hopes Californians can be induced to gamble more.

There may be some consolation in the thought that Schwarzenegger's proposal is probably deader than that filly in this year's Kentucky Derby.

Democratic legislators won't like the social service cuts; Republican legislators won't like the sales tax trigger; Indian casino tribes won't like the lottery expansion.

And ain't no one going to like spending all summer trying to revise this revision.
