



Dan Walters: Another budget that's rooted in gimmickry

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By Dan Walters

As the Legislature's Democratic leaders unveiled their new – and, they say, improved – version of the deficit-ridden state budget last week, Gov. Arnold Schwarzenegger sharply criticized its reliance on new taxes and “one-time solutions” that don't solve the fundamental imbalance.

“And the key thing,” Schwarzenegger said, “is now to just really make sure they don't come up with one-time solutions, because even if you go and withhold your taxes, it's a one-time solution. Or if you go and move the date of paying your paychecks from June 30th to July 1st, to kick it over to the next fiscal year, that's a one-time solution. It doesn't help you in the out years.”

A smart-aleck journalist – this one, in fact – quickly reminded the governor that his budget also contains “one-time solutions,” such as forcing taxpayers to speed up payments to the state.

“Absolutely correct,” the governor conceded. “And what we don't want to do is add to those.”

“So it's all right if you do it but not all right if they do it?” yours truly persisted.

“No, not to add onto it. ... I mean, we don't want to add onto the problem,” he replied.

In fact, much of the governor's plan to close the estimated \$19.5 billion deficit in next year's budget and create a \$4.5 billion reserve against future shortfalls consists of “one-time solutions,” ranging from accelerated tax payments to a \$2 billion “loan” from local governments and selling state assets.

Democrats axed the local government loan but added other gimmicks, such as changing the date on June 2010 state payroll checks to July 1, pushing off about a billion dollars of spending into the 2010-11 fiscal year. “We just followed his (Schwarzenegger's) lead,” Senate President Pro Tem Darrell Steinberg said Tuesday.

It's all political double talk. Accounting gimmicks and short-term loans are not “solutions” to the deficit. They are just the opposite, merely delaying the inevitable confrontation between entrenched spending commitments and a revenue system that cannot meet those commitments even when the economy is doing well, much less during this very severe recession.

As the state's perpetual budget crisis has worsened over the last couple of years, the men and women employed by politicians to find expedient, pain-free "solutions" have been working overtime. Just when we thought they had to have run out of Enron-like tactics to cook the state's books, they come up with something new, such as that payroll check-kiting gimmick.

Schwarzenegger and legislators are running out of time. If they don't come up with a budget that's satisfactory to lenders in the next week or so, they will be unable to float short-term notes and the state will run out of cash in July.

They also are, or should be, exhausting our patience. As they continue, in the jargon of the Capitol, "to kick the can down the road," they are eroding civic cohesion and inviting some kind of retaliatory ballot measure from a disgusted public.