

Dan Walters: California budget deal is a faint hope

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Published Sunday, Jun. 14, 2009

So what are the chances that the men and women we elected will close a huge – and ever-increasing – budget deficit in time to prevent a complete shutdown that would make the state an international laughingstock?

Somewhere between slim and none, if last week's contorted political machinations are any guide. Gov. Arnold Schwarzenegger and the Legislature's ideological, partisan and personal factions demonstrated that they are all over the map.

The February deal that supposedly closed a huge 2009-10 deficit with new taxes, some spending cuts, borrowing and some accounting gimmicks has collapsed. Voters rejected much of it last month and a continuing economic decline undercuts its revenue projections.

The current semi-official deficit estimate for the fiscal year that begins July 1 is \$24 billion, although new and lower revenue figures have pushed it closer to \$25 billion.

While Schwarzenegger has proposed a slash-and-burn approach to close roughly half of the projected shortfall (along with some more gimmicks), Democrats decry the spending cuts, which include eliminating all welfare grants, and float ever-changing notions for new taxes and borrowing that the Republican governor denounces as "hallucinatory."

Meanwhile, it's likely that the state will run completely out of cash, unable to pay all its bills, next month unless a new budget can be enacted that will satisfy bankers from whom the state will seek short-term loans.

While it would seem that the differences are clearly delineated – Schwarzenegger and GOP legislators pushing big cuts in education, health and social welfare spending and Democrats wanting to enact new taxes to soften the blow – the dynamics are actually more complicated.

Many Republican legislators, for instance, are opposing spending cuts that would affect law enforcement and prisons, including reducing the inmate population, while there are distinct differences – and a great deal of apparent confusion – among Democrats. And no one really knows whether Schwarzenegger is serious about dismantling the state's social service safety net, or is playing political chess.

The political pain among Democrats was on public display last week during meetings of a two-house conference committee that's supposedly writing a new budget. The budget committee sessions were called to counter complaints that the February budget deal rejected by voters was negotiated in secret by Schwarzenegger and a handful of lawmakers, without public input.

Hundreds, perhaps thousands, of witnesses lined up before the committee to denounce specific spending cuts. But at week's end, with a deadline for action just days away, there were no indications that the committee, by itself, could do the job.

If there is to be a deal in time to secure the loans and keep the state check-writing machines operating, it probably will have to be done behind closed doors. But that's a very big "if."