

Dan Walters: Real budget numbers way higher than politicians let on

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When Capitol politicians and others talk or write about "the budget," they are referring to the "general fund," which Gov. Jerry Brown proposes to be a bit over \$97 billion in the next fiscal year.

However, that's never been the entire budget.

Whenever it's passed by the Legislature, it also includes "special funds," as well as "[bond funds](#)" and federal funds. And there's been so much recent jockeying on how the state keeps its books that referring merely to the general fund as the budget is not only incomplete, but downright misleading to the voting and taxpaying public.

The tendency has been to shift expenditures from the general fund to new special funds and that has the effect – intended or coincidental – of flattening out general fund numbers and thus making the growth of [state spending](#) look smaller than it has been.

One big shift illustrates the point.

Brown and legislators adopted what they called "realignment," shifting responsibility for parole, low-level felons and some social and health services from the state to counties, along with a chunk of the [state sales tax](#), amounting to more than \$5 billion a year, to pay for them.

The tax shift was ratified by voters last year as part of Proposition 30, Brown's sales and income tax measure. The shifted revenue was removed from the general fund and routed through a new special fund.

Prison spending dropped a bit in the general fund to \$8.8 billion, according to Brown's new budget, but through the tax shift, the state is spending another \$2.3 billion on felons, so total spending on "corrections and rehabilitation" has risen sharply to \$11.1 billion.

Likewise, while the new general fund budget would spend \$2.5 billion on what it calls "legislative, judicial, executive," special funds account for another \$2.6 billion, mostly for the courts, and the total for the category, including bonds for new courthouses, reaches \$5.4 billion.

And so it goes.

We used to think of special funds as primarily highways and fish and game, but they total more than \$40 billion in the new budget. And with \$7.2 billion in bond spending, the total reaches \$145.8 billion.

But wait, as the TV pitchman says, there's more.

The [budget package](#) now before the Legislature would also spend about \$80 billion in federal funds, mostly for health and welfare services and education, so the real budget is more like \$225 billion, which is the equivalent of 10 percent-plus of the state's economic output.

Moreover, a truly complete budget would also include tens of billions of dollars in "tax expenditures," or what most of us would call loopholes.

It's misleading to talk about a budget that's just a fraction of the real total, and it's high time that the governor, legislators and others frame it more fully and accurately.

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