Editorial: Budget deal is nothing to be proud of

Amid anguished cries, lawmakers make some tough choices while ducking others

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California's Legislature has done such a fine job of creating diminished expectations that the emergency budget cuts it approved Friday actually resembled responsible governance.

Lawmakers had to act. If they hadn't, the state was in danger of running out of money in this fiscal year. Thus the Assembly and Senate approved $1 billion in spending cuts and payment deferrals to ensure the state remained solvent through July.

There was great gnashing of teeth in the Senate Friday as lawmakers mulled the options. Some Republicans sounded like Democrats, decrying cuts to schools and Medi-Cal providers.

Sen. Sheila Kuehl won the contest for best retort of the day, pointing out it was ludicrous for GOP lawmakers to decry such cuts when refusing to discuss new revenues.

Still, there was good reason to emote. These cuts are severe and will hurt many Californians already struggling with the economic downturn. There will be fewer funds for disabled seniors. Some school districts will see less funding than they budgeted for. Ditto for transit districts and various local agencies. And starting in the next fiscal year, there will be 10 percent less money – $544 million – to reimburse doctors who treat Medi-Cal patients.

Despite such tough calls, the Legislature's overall approach was hardly a profile in courage.

Lawmakers put off a decision on Gov. Arnold Schwarzenegger's proposal to accelerate release of low-risk inmates from prisons, which would save nearly $379 million next year and $783 million the following year.

They deferred a lot of expenditures, prompting Sen. Tom McClintock to fume that his colleagues were simply repeating a pattern that led to the current fiscal crisis. And
they borrowed more money – the remaining $3.3 billion in bond funds voters approved to cover shortfalls in 2004.

We would have committed to different choices – including cutting a proposed raise for corrections employees and suspending the Proposition 42 earmark that dedicates a chunk of sales taxes for highways.

But the politics of the Legislature are what they are. (Prison guards and highway contractors hold great sway.) So with time running out, legislative leaders struck deals, and ended up with a package of cuts that were much more deliberative than the formulaic, across-the-board cuts the governor had advocated.

Unfortunately, this is just the prologue in the ongoing Tour de Deficits. The ugliest climbs are still ahead of lawmakers as they confront a 2008-09 budget shortfall that could top $15 billion. It would be nice to see the governor and the legislative peloton work together, regardless of party, to surmount this daunting peak and have the courage to do more than just cut, cut and cut.

The signs are not encouraging. On Friday, five Republicans in the Assembly voted to close the so-called "yacht tax" loophole, but others (including Assemblyman Roger Niello) were either on the fence or opposed. Thus the measure (which passed the Senate) was put off until Tuesday.

This is a small but symbolic effort to address the tax breaks that need to be tightened in a tough budget year. If the GOP can't give on this one, the tougher work ahead does not bode well for the state.