

Dan Walters: New budget's new spending sets stage for future political infighting

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The political infighting over the next state budget began Sunday night, just minutes after the Legislature passed one that would spend \$156.4 billion – \$200 billion-plus when federal funds are included – in the fiscal year that begins July 1.

Raising California Together, a coalition of organizations pushing for universal care and pre-kindergarten services, issued a statement thanking the Legislature for a quarter-billion-dollar increase in “early learning” but quickly added, “it is only a first baby step...”

The budget that was passed Sunday is a compromise between Gov. Jerry Brown's oft-expressed desire to use windfall revenue for debt repayment and reserves and a broad push for expansion of educational and social services by his fellow Democrats in the Legislature.

Billions of extra dollars have been flowing into the state treasury, thanks to a temporary tax hike passed by voters two years ago and a recovering economy. While some is flowing at Brown's behest into debt repayment and a “rainy-day fund,” most of the new money is being spent on, as Democrats always call it these days, “invested.”

Pressed by advocates for a vast array of services, particularly those cut during the recession that struck the state when the housing bubble burst, legislators loaded up their budget versions with new spending.

Some died during private negotiations between Brown and legislative leaders on a final budget, but much – including that limited expansion of early learning – survived. And in several areas, Brown agreed to automatically raise spending later should revenue surpass his projections.

The new budget, therefore, poses several questions for the remaining four-plus years of Brown's second governorship.

After presumably winning another term this year, will Brown be more willing to create the expansive, almost European-style welfare state that liberal legislators openly covet?

Anyone who monitored legislative budget hearings might conclude from the pleadings and the legislative responses that California is a state of 38 million distressed souls in dire need of aid. And the compromises merely whetted appetites for more, as the Raising California Together statement indicated.

Therefore, does the new budget set California on another collision course with near-insolvency?

Much of the new “entitlement” spending is virtually irrevocable, and while the economy is generating a lot of government cash at the moment, the state usually suffers a sharp recession once each decade.

Moreover, the tax increases approved by voters two years ago are temporary and will expire just as Brown is winding up his final gubernatorial term.

Tellingly, the same groups agitating for more “investment” also are beginning to agitate for making the tax increases permanent.