

Opinion: California budget isn't really balanced

By Dan Walters, Sacramento Bee

Gov. Jerry Brown blunted the expansionist tendencies of his fellow Democrats in writing a new state budget, but that doesn't mean it's the "balanced" spending plan that he and other Capitol politicians are claiming.

They define "balanced" as the state's having enough revenue to pay for the 2013-14 budget's appropriations. However, their budget ignores some very real obligations that, if recognized, would put the state many billions of dollars in the red.

Moreover, many of the commitments the budget does make – such as a sharp increase in school spending – could bite back later in the decade because they are financed from the temporary sales and income tax increases that voters passed last year.



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It's important to remember both of those points because the politicians are already patting themselves on the back, such as Assembly Speaker John A. Pérez's self-appraisal, "a tremendous achievement," or Senate President Pro Tem Darrell Steinberg's claim: "Ho-hum, another on-time, balanced budget. This is the third year in a row."

The obligations being ignored include the California State

Teachers' Retirement System's declaration that it needs \$4.5 billion more per year to maintain solvency, and more than \$50 billion in unfunded liabilities for state retiree health care.

Both of those debts – that's what they truly are – are growing by millions of dollars each day, as is the \$10 billion that the state has borrowed from the federal government to prop up its insolvent Unemployment Insurance Fund.

A big chunk of the temporary tax increase is going to schools, as required by the state constitution. Some repays debts owed to the schools and some finances the governor's overhaul of how state aid is distributed, giving more to districts with large numbers of poor and/or English-learner students.

Indirectly, by shifting a portion of the sales tax to counties, the state is giving them more than \$5 billion a year to finance another Brown priority, a so-called realignment of low-level felons into county jails and supervision.

What happens when the temporary taxes run out in a few years? How will the big boost in school money and realignment be financed then? Implicitly, the budget assumes that either the extra taxes will be made permanent or the economy will be booming again.

Meanwhile, Brown's fellow Democrats have only temporarily abandoned plans for rolling back earlier reductions in health and welfare programs. If revenues spike upward later in the year, they said, they'll try again, arguing that welfare grants, home-aide assistance and other "safety net" services are life-and-death issues for the poor and infirm.

Within a few months, Brown may face this dilemma – whether to pay debts and build reserves or expand spending that others in his party seek.