

Arnold vs. spenders, again

Unions' resistance works against spending restraints

By Tony Quinn
January 13, 2008

SACRAMENTO – Facing the excruciating pain of a \$14 billion budget deficit, Gov. Arnold Schwarzenegger has prescribed spending-cap medicine that would allow him to unilaterally cut state spending. Schwarzenegger argues that autopilot spending formulas written into law cause a chronic budget deficit, and that without changing those formulas, neither he nor the Legislature can ever balance the budget.

“The problem is that, while revenues are flat, automatic formulas are increasing spending by 7.3 percent,” Schwarzenegger said in his State of the State address last week. “Even a booming economy can't meet that kind of increase. So the system itself is the problem.”

Many budget analysts agree but note that Schwarzenegger himself is part of the problem. He supported a recent measure to earmark gasoline tax money for transportation, and his reduction of the car tax in 2003 meant other dollars had to backfill the loss of local government revenues.

But lost in all the green-eyeshade talk is the fact that the budget problem is not just fiscal, it is very political. The automatic formulas did not get there by accident. For more than 30 years, interest groups have staked out their claim to a hunk of the budget by writing their formulas into law, so even in hard times the governor and the Legislature have to keep the money flowing.



BRIAN BAER / Associated Press
Gov. Arnold Schwarzenegger enters the Capitol in Sacramento to deliver his State of the State address on Jan. 8.

Schwarzenegger could solve the fiscal problem, but he faces nearly impossible odds in overcoming the political problem. The spending formulas are fervently defended by what the late Larry McCarthy, longtime president of the California Taxpayers Association, called the “spending lobby.”

At the core of the spending lobby are the two most powerful political forces in Sacramento, the public employee unions and the teachers groups. The California Teachers Association was the driving force behind Proposition 98, passed in 1988, that dedicates half the state budget to education.

Beyond the spending lobby's ability to enact favorable laws such as Proposition 98 is the lobby's nearly complete control of both houses of the Legislature.

That is a direct result of then-Gov. Jerry Brown signing into law collective bargaining for public employees more than three decades ago. Public employees formed unions, and over time those unions

became political powerhouses.

Over these same decades the Republican Party has faded as a political force in California and with the rise of near complete Democratic control of California government came near complete public employee union control of the Democratic Party.

The spending lobby has taken advantage of this favorable political climate, in two cases, at least, brought about by conservatives. Term limits did away with the fiefdoms of once powerful legislators such as former Assembly Speaker Willie Brown. Legislators now come and go through the term limits revolving door while the interest groups are permanent. The public employee unions have become far more powerful since term limits were enacted in 1990.

A U.S. Supreme Court decision authored by conservative Justice Antonin Scalia threw out California's open primary law. That meant that legislative primaries are limited to partisans. Thanks to gerrymandered districts, the primary determines who is elected and only partisans can vote in primaries. It is almost unheard of for the state AFL-CIO – now largely controlled by its public employee unions – to suffer defeat in a closed Democratic primary. The unions pretty much decide who will win Democratic legislative primaries.

All this adds up to a simple political reality: The spending lobby controls Sacramento. It will not allow cuts in the state budget detrimental to its constituencies, \$14 billion deficit or not. Legislators in the dominant Democratic Party cannot and will not cross the lobby. They will not curb autopilot spending.

Schwarzenegger has been more or less carried along by this reality. He has been able to make some deals with the spending lobby and Democratic legislators around the edges, but budget growth under Schwarzenegger has not slowed from prior governors. His attempt to go to the people with Proposition 76, a spending-cap proposal in his 2005 special election, went down in flames.

The governor has come back this year with a complicated spending-cap plan he outlined in his State of the State speech. His plan would force the state to place more money in reserve when revenues are strong in order to avoid deep cuts in lean years. Unfortunately for him, the lean year is already here, and the spending-cap plan does not confront his immediate problem: this year's \$14 billion deficit.

Democrats would raise taxes on the rich, extend the sales tax to services and raise some consumption taxes in a political second if they could get away with it. But they can't, because the state constitution requires Republican votes to pass a budget, and GOP legislators, also elected in closed primaries and from safe districts, are dead-set against new taxes. The only thing for sure in 2008 is a long hot summer fighting over the budget.

In the end, some smoke and mirrors spending plan for 2008 will probably pass, but Schwarzenegger will never get his spending-cap long-term fix through the Legislature, and once again will be forced to go to the voters as he did in 2005.

In 1992, Gov. Pete Wilson, facing a very similar budget deficit and resulting political deadlock, proposed his own unilateral spending cap, Proposition 165. It would have concentrated additional budget authority in the governor's hands, but Wilson was unpopular in 1992, and in that Democratic year, California voters turned down the measure with a 53 percent No vote.

Thirteen years later, Schwarzenegger went back to the voters with Proposition 76, a measure he said would “stop the autopilot spending binge and hold the politicians accountable.” But Proposition 76 was

highly complex and opponents argued it placed too much power in the hands of the governor. Schwarzenegger's political team ran one of the most inept campaigns in recent memory, and voters rejected the proposition by 62 to 38 percent.

So how would a spending-cap proposal fare differently in 2008? Schwarzenegger's best bet would be to convince the voters the political process is the problem. He's got to face the reality that the spending lobby's power makes legislative enactment of permanent budget cuts virtually impossible.

Schwarzenegger tends to compartmentalize issues and has shown little understanding of how political issues interact with one another. He certainly cannot sell the public that California faces a spending crisis if he is also asking it to raise tobacco taxes and employer fees to spend more on health care.

So if he is to succeed with a permanent budget solution he should drop the health care plan he has been negotiating with Democrats and focus exclusively on the fiscal crisis, and even more importantly, on how political gridlock makes it nearly intractable. That is the point he has to get across to the public. Only if the political problem is solved can the autopilot spending problem ever be solved. That will mean defeating the spending lobby, something to this point no governor has succeeded in doing.

-
- Quinn is co-editor of the California Target Book, a nonpartisan analysis of legislative and congressional elections.

»Next Story»

Find this article at:

http://www.signonsandiego.com/uniontrib/20080113/news_lz1e13quinn.html

Check the box to include the list of links referenced in the article.

© Copyright 2007 Union-Tribune Publishing Co. ? A Copley Newspaper Site