

The San Diego Union-Tribune.

Assembly OKs slimmer state budget

GOP senators want more cuts

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July 20, 2007

SACRAMENTO – Moving to break a three-week deadlock, the Assembly approved a slimmed-down state budget shortly before midnight yesterday that faces an uncertain future in the Senate.

Senate Republicans have been holding out for deeper spending cuts than those approved by the Assembly. The Senate Democratic leader complained that the Assembly also is considering about \$500 million in tax breaks for special interests.

The budget that passed 60-11 on a bipartisan vote cuts \$1.3 billion from the \$104.4 billion general fund in the original Democratic budget, which is \$700 million short of a \$2 billion cut sought by Senate Republicans.

“In the two areas that the Republicans were most concerned about, we are vastly better than the governor’s May budget,” Senate President Pro Tempore Don Perata, D-Oakland, said in an interview.

Perata said the new Democratic plan spends almost \$900 million less than the Republican governor proposed in May, which was \$1.5 billion above the amount of spending sought by Republicans.

He said the new Democratic plan has a general fund reserve of \$3.4 billion, “the biggest in history,” providing a cushion for forest fires and an economic slowdown that might reduce projected tax revenue growth.

“We have made cuts we don’t think are prudent,” said Perata, including a six-month delay in a cost-of-living adjustment for those receiving aid to the aged, blind and disabled.

He said drug-treatment programs were cut and public transit, light rail and buses would not get an additional \$1.1 billion from increased gasoline sales tax revenue.

The Democratic plan does not, as school groups feared, contain a \$400 million cut to schools that was on a Republican list of potential cuts totaling \$2 billion.

“We had a deal with Republicans and when we got to a certain level, all of a sudden they started moving the goal posts,” Perata said.

He said Senate Minority Leader Dick Ackerman, R-Tustin, started talking about an across-the-board cut of 1 to 2 percent in all programs, and Republicans, at the request of builders, wanted environmental exemptions.

Perata said Republicans made a last-minute request for targeted tax cuts, which is at odds with their demand to erase a budget deficit.

“The governor has to get involved,” he said.

Schwarzenegger, following a policy adopted last year, has urged the four top legislative party leaders to negotiate without the governor in “Big Five” meetings used by some previous governors.

Senate Republican legislators say a \$2 billion cut in the original Democratic plan is needed to have a budget that is balanced with revenue projected in the new fiscal year, without using reserves from last year.

The Republicans argue that the budget, after years of deficits, must finally be balanced this year to avoid a ballooning shortfall that could force much deeper cuts next year.

While Democrats hold majorities in both houses, the two-thirds vote requirement for a budget means Republicans must put up at least six votes in the Assembly and two in the Senate.

The 15 Senate Republicans are said to have agreed that a majority of the caucus, eight members, must support the budget before any Senate Republican votes for it.