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Governor's budget is another case for California overhaul

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Silicon Valley has succeeded for decades in leading the nation and the world in innovation and technology, even when the fiscal and taxation follies of state leaders get in the way.

The latest mess is based on Gov. Arnold Schwarzenegger's budget plan introduced this month. The region can expect more of the same in fiscal woes in 2010, and worse.

Faced with another \$20 billion-plus deficit, the governor is betting on the federal government to cover about 40 percent of the state's shortfall. But analysts say the chance of that happening is virtually nonexistent.

The rest of the deficit would be covered by the kind of creative accounting that has grown the state's problems to the current massive scale and resulted in such impacts in the valley as:

- Raids on local redevelopment funds that in the valley's worst case drained \$75 million from San Jose, putting on hold any RDA projects that hadn't already begun.
- A \$41.5 million cut in state funds for the University of California, Santa Cruz; a \$40 million cut for San Jose State University, resulting in 3,000 fewer students at SJSU this year; and millions more dollars in cuts at local community colleges.
- Cutbacks in support for social service programs, straining the ability of local hospitals and nonprofits to keep the region's social safety net from tearing.
- Rolling "furlough days" at state offices and schools that frustrate those who must live and work here.
- Continued fraying of the infrastructure of highways, bridges and safety systems that already are ranked among the worst in the country.
- Impeded lending due to declining bond ratings, lowered again this month by Standard & Poor's based on shortcomings in the proposed budget.

Given the lack of leadership demonstrated at the state level, it is time to reverse the trend toward state control that has gotten us into the current mess.

Instead of pushing more local dollars to the state capital, the decision-making needs to return to local officials who are in a position to better identify what needs to be done and how to accomplish the task. Cities like Fremont are demonstrating that a straight line to the federal government gets better results. The city will raise more than \$7.4 million in tax-exempt bonds through the federal stimulus program to aid businesses and public infrastructure improvements.

As we move into another round of budget jockeying, it's clear that cities can no longer rely on the state for financial help.

The governor's latest budget debacle and the state's dysfunctional government make that clear. In the end, efforts to turn things around may come down to the need for a constitutional convention to resolve the future of California.

But one thing is for certain — it's time to move on to a better way.

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