



Children's Advocacy Institute

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The Sacramento Bee published this commentary on May 10, 2004

State's budget comes at a cost - our children's future

By Robert C. Fellmeth

The 2004-05 budget just enacted perpetuates a \$14 billion deficit that is not merely overspending.

Consider the following:

The governor's budget spends \$14 billion less on children - as a percentage of adult income - than in 1978-79.

* The Davis administration overspent, but most of the deficit came from undercollection - especially over the last 30 years in what adds up to \$30 billion in tax credits for special interests - which appear to be untouchable.

* One major cause of the deficit is the governor's cancellation of the vehicle license fee. Advertised as "stopping a tax hike," the 2 percent annual fee on autos was long a part of the general fund tax base. While prior Republican Govs. Ronald Reagan and Pete Wilson raised revenues to soften budget shortages, this one took \$4 billion from the state.

The new budget accomplishes cuts, but is waste the target? Less spending on higher education means fewer kids will attend college. Impediments are added for child medical coverage leaving hundreds of millions in matching federal funds on the table. In K-12 education, the state has moved from 44th in child investment to 48th in the union.

The new budget adds a bond issue burdening taxpayers for 20 years to give us three years of revenue. It purports to extract \$1 billion from Indian gaming tribes - financed by the next 18 years of revenue from that source. That leaves our children, already facing our Social Security and Medicare bills and record federal deficit, owing billions.

The media have missed the impact here: No new legislation can be enacted because the legislative appropriations committees will move any bill with even small cost into a "suspense file," where it will die without a vote. Only symbolic legislation will be enacted - even where long-term savings may occur.

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The "California Children's Budget 2004-05" identifies 20 sources of revenue that are untapped, including a share of the \$37 billion in annual federal tax savings received by California adults annually from the 2001 and 2003 congressional tax cuts - most of it going to the wealthiest 2 percent. Perhaps we could agree to a surcharge to share one-quarter of those funds with our children. How about reforming Proposition 13 so businesses do not avoid reassessment upon stock sale; limit exemptions from sales taxation; sunset tax loopholes, among many choices.

The budget represents a simple prescription - no pain. Do not face down the bullies in your party, do not lead, do not present people with the hard but necessary choices. No pain, only deferral of obligation. And the Legislature, sitting in a state that requires a two-thirds vote to approve a budget, largely acquiesces. Interesting that this budget represents the first from someone who lifted weights for much of his life where the motto is, "No pain, no gain."

About the Writer

Robert C. Fellmeth is director of the Children's Advocacy Institute, which recently published "The California Children's Budget 2004-05," available at cpil@sandiego.edu. He is a professor of public interest law at the University of San Diego law school. Reach him at cpil@sandiego.edu.