

EDITORIAL: Brown must hold his ground against freely spending Dems

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By The Bee Editorial Board

Gov. Jerry Brown holds up poster boards with information about his budget revision, released Tuesday, May 13, 2014, that projects an increase in spending on health care and teacher pensions. Tax revenue is running \$2.4 billion higher than earlier forecasts and Brown faces pressure from Democrats to boost state programs.

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Gov. Jerry Brown is again playing his necessary role as a strict parent, putting forward a frugal, revised spending plan. He is right to continue chipping away at the state's mountain of debt, including money it owes local governments for complying with state laws.

He is wise to start paying down the \$74.4 billion unfunded liability in the California State Teachers' Retirement System, an obligation that only grows more daunting the longer it goes ignored. His 30-year plan — which calls for the state, school districts and teachers to all increase their annual contributions — will get a thorough examination, as it should, but at least it's on the agenda.

The governor and legislative leaders have already taken an important step toward fiscal discipline by agreeing on a rainy day fund plan, which if approved by voters in November, would set aside 1.5% of general fund revenue each year, plus a portion of any capital gains windfall.

Brown's \$156 billion budget for 2014-15 reflects a \$2.4 billion revenue bump since his January plan, while accounting for \$1.2 billion in higher-than-projected Medi-Cal costs because more people are enrolling under health reform, plus \$184 million to cover raises triggered in contracts with state employees. Beyond that, the governor proposes only modest increases in social services and limited spending for urgent priorities, including \$142 million more for drought relief and \$68 million to handle unemployment claims.

As Brown well knows, however, the blueprint he unveiled Tuesday is not the end of budget negotiations.

Egged on by advocacy groups, fellow Democrats who control the Legislature will push to increase funding. Assembly Speaker Toni Atkins wants more for affordable housing, higher education and transportation.

Senate President Pro Tem Darrell Steinberg argues that Brown's plan virtually ignores the damage done by deep cuts during the recession. He also wants to expand pre-kindergarten: Making it available to every 4-year-old in the state would cost nearly \$1.5 billion at full implementation in 2019-20.

With the revenue surge, there is wiggle room for additional spending to help the neediest Californians, but only within reason. To their later regret, legislators have gone down this road before — launching expensive new programs and entitlements in good times that the state can't afford when tax revenues invariably dip.

As the governor says, there are many worthy ideas, but there is only so much money. It took a major sales tax increase — approved by voters in 2012 — to help right the state's financial ship. It would be irresponsible for the Legislature to plunge California into another round of boom-and-bust budgets.

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