



## **Budget "Cuts" – The Sacramento View and the Taxpayer Perspective**

What is a state budget cut? Remarkably, depending on whom you ask, there can be a vast difference in answers.

Inside the Sacramento beltway, lobbyists and institutional advocates who push for ever-increasing state spending would say a budget cut is any amount that is less than a current services budget or what they think a program deserves based on prior spending. Even if the budget amount is larger than the previous year and the program is not achieving measurable goals, these advocates say allocating less than their projected increase is a "cut."

Under conventional Sacramento budgeting, last year's spending with incremental annual adjustments is considered the base spending obligation. Current services budgeting is essentially carrying forward the dollar amount you spent last year, even if that spending isn't working. Current services budgeting, as practiced in California, is one of the key factors protecting mismanaged, low-performing and sometimes fraud-ridden programs.

While this budget perspective is the dominant view in Sacramento for spending advocates and many legislators, I don't believe this view is held by a majority of voters and taxpayers. This flawed form of budgeting puts basic financial management of state spending at a real disadvantage – and the public continues to struggle to understand why there is not more accountability for how public funds are spent.

Public opinion polling and the ballot-box failures of the June and November 2006 statewide tax initiatives demonstrate that a strong majority of taxpaying voters have a different view of budget cuts. When asked about satisfaction with the performance of state programs funded with their hard-earned tax dollars, strong disappointment is registered. It is no mystery why the public is disappointed. Major newspapers frequently report about recklessly mismanaged programs that cost taxpayers billions of dollars, year after year.

Here is a second budget "cut" question: Is it a cut to reduce spending for a program that is terribly mismanaged or full of fraud? The Sacramento lobbyists who have been protecting the indefensible will mobilize forces over a reduction in funding even if the spending seems to have little justification.

The mantra repeated over and over by lobbyists, policy-makers and some in the media is that in the face of deficits, the California Legislature must cut vital programs or raise taxes. There rarely, if ever, is consideration of better management and more effective allocation of resources to meet priority needs in California. This financial management strategy is a huge opportunity. The amount of out-of-control spending and waste in the state budget vastly exceeds deficits that California faces now and in the future.

Taxpayers deserve a better return on their investment of more than \$140 billion spent each year by Sacramento policy-makers. Stronger financial management, focusing on low-priority programs and programs full of waste and fraud, would be a good place to start.

Bringing each program up to current services levels of spending, so that well-documented waste and fraud can continue, makes no sense to taxpayers, and actually rewards those who would look the other way and keep making withdrawals from the public purse.