



Written by [Bruce Walker](#) on July 30, 2010

## California Faces Total Meltdown

Governor Schwarzenegger of California on Wednesday ordered furloughs for 156,000 of the state's 237,000 employees. The estimated savings from these furloughs is \$150,000,000 per month — only \$80,000,000 of which comes from savings in general revenue — a drop in the bucket compared to the overall state deficit which stands at \$19,000,000,000.

If the furloughs were permanent, the annual savings to the State of California would be \$1,200,000,000, which means that it would take over 15 years of furloughs to close the state budget deficit. The furloughs will begin in August, but an earlier state furlough just ended in June. Schwarzenegger has offered, during the budget impasse, to pay state employees the federal minimum wage, but that offer has been rejected by Democrats in the State Assembly and state employee union leaders.



The Governor has also hinted that he will not sign a state budget at all unless the legislature enacts pension, spending, and tax reforms. John Chiang, the State Controller of California, has indicated that in the next couple of months his office will start issuing IOUs if the budget crisis continues, and Chiang also notes that the state will run out of cash in October. Democrats in the State Assembly have blamed Schwarzenegger for the crisis, and have vowed to protect education and welfare programs. Shannon Murphy, a spokesperson for State Assembly Speaker John Perez, states: "It's shocking that every single one of the governor's budget moves deliberately hurt people."

Patty Velez, president of the California Association of Professional Scientists, blames the Governor for taking "another punitive measure" against state employees. The sentiment of Californians, however, seems to be against the tax increases that are virtually the only way to pay California state employees in the current fiscal crisis. Last year, every state ballot initiative offered by the politicians in Sacramento was emphatically rejected, in some cases with the ballot initiative losing in every single county of the state.

Some commonsense math may help explain the reason for the impasse. The population of California is about 36 million. The state deficit, therefore, is over \$500 for every man, woman, and child in the state: over \$2,000 for the average family of four. That is not what California state government is spending per person; it is just what California state government is spending over state revenue. The state budget itself (or what it will probably be, once a budget has been enacted) will probably be around \$90,000,000,000 or about \$2,500 per person in California. The average Californian is already paying about \$2,000 per year in state taxes and revenue measures, or about \$10,000 for a family of four. That



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is in addition to county and municipal taxes, which also are very high in California.

It is almost impossible to see what the politicians in California are going to do to keep the state from falling into the category of deadbeat governments we have seen recently, such as in Greece and other European nations. California, like Greece, is a beautiful land blessed with long coastlines, wonderful climate, nearby mountains, and many natural delights. The narcotic of government spending, however, has made California a junkie — and no one can know how it will get its next fix.

Photo of Arnold Schwarzenegger: AP Images



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