

Return to the “Thrilling” Days of Budget Delays



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Remember more than a decade ago when the state budget was finalized often in August or September, well past the end of the June deadline? Well, as the announcer on the old radio and television show, The Lone Ranger, proclaimed, “Return with us now to those thrilling days of yesteryear.” While the legislature passed a form of a budget yesterday, the final spending plan probably won’t be settled until August or September this year.

The two-thirds vote requirement was the reason budget negotiations dragged on in the past. That obstacle was brushed aside by voters who passed Proposition 25 in 2010 requiring a simple majority vote to pass the budget. The problem this year is the coronavirus.

Because of the pandemic and the economic lockdown that followed to battle the virus spread, tax filings were delayed, and the legislature and the governor do not know what revenue they can spend until after the new tax filing date of July 15. All the officials know is that whatever the total is it won’t be enough to meet all the demands and desires of the budget writers.

Because legislators would be docked pay if no budget is passed by June 15, the majority Democrats created and passed a budget that was at odds with Gov. Gavin Newsom’s May revision. The two sides have until June 30 to work out differences when the governor signs the budget. But whatever they agree to will have to be adjusted to the realities of the tax collections still a month away.

There is one more critical piece that would affect the budget that points to an August or September final that is completely out of the hands of the governor and state legislators. Will the federal government come riding to the rescue like the Lone Ranger?

Debate over federal relief for state and local governments is stalled in Washington but it is not dead. House Democrats passed a bill that includes nearly a trillion dollars of budget relief for state and local governments. The Republican controlled senate is thinking about it—will they act, and if so, to what level?

Both the Newsom and legislative proposals are counting on federal help. The governor proposed cutting \$14 billion from the budget if Washington did not deliver relief funds by July 1. The legislature’s plan figures on federal funds coming by October 1 before cuts have to be made. If the later date is accepted in negotiations, then a late final budget is a certainty.

Stories coming from Washington indicate movement on the Republican side about sending money to state and local governments. Ironically, the funding is suggested as a counter to the cry of “defund the police.” Republicans believe that local governments will need more revenue during these difficult times to make sure that first responders are adequately funded.

While waiting on Washington, along with incomplete tax information, and the majority party’s ability to plug budget items with trailer bills following the completion of the formal budget exercise, the lyrics of old song about a delayed California budget keep echoing in the mind.

In truth, waiting for a budget was not thrilling. It was agonizing. For those who have only witnessed the plentiful budget years over the last decade, you too are about to get a taste of those “thrilling” and agonizing days.

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