

# Another Billion, Another Budget Stalemate



## Coming up at the Chamber

[View all upcoming events on our web calendar.](#)

**WED | July 6**  
Health Care Committee Meeting  
[more info](#)

**FRI | July 8**  
Education & Workforce Development Committee Meeting  
[more info](#)

**TUE | July 12**  
Referral Network  
a Growing Companies program sponsored by Wells Fargo  
[more info](#)

**FRI | July 15**  
Accenture Pancakes & Politics  
with Assemblymember Keith Richman  
[more info](#)

**TUE | July 19**  
Transportation & Goods Movement Committee Meeting  
[more info](#)

**THU | July 21**  
Environmental Quality Committee Meeting  
[more info](#)

**THU | July 21**  
L.A.'s Largest Mixer VII  
[more info](#)

The Los Angeles Area Chamber of Commerce, with nearly 1,400 members, is the voice of business in L.A. County. Founded in 1888, the Chamber promotes a prosperous economy and quality of life in the Los Angeles region. For more information, visit [www.lachamber.org](http://www.lachamber.org)

350 S. Bixel St.  
Los Angeles, CA 90017  
213.580.7500 tel  
213.580.7511 fax  
[info@lachamber.org](mailto:info@lachamber.org)

Once again California does not have a state budget before the start of the new fiscal year. That is no surprise; we almost never have one on time--all because the governor and the legislature can't agree on some final budget cuts.

Those of you who have been reading this column for any length of time will probably recall my theme of "looking for lettuce." If you don't know what this refers to, here it is: several years ago, a cost accountant at a major airline discovered that eliminating the lettuce garnish from the salad plate on in-flight lunches would save the airline over \$1 million per year. That may not seem like a lot of money in the budget of an airline, but they did it anyway, because they needed to cut costs wherever possible.

I used this example to urge government to do the same thing and "look for the lettuce" to cut costs, no matter how insignificant it might seem to be.

Published reports indicate that Gov. Schwarzenegger and the Democratic leadership are about \$1 billion apart in coming to a budget agreement. It may not seem like much in a \$115 billion budget, but with a deficit of around \$4 billion that needs to be closed, that's a lot of money.

Last week, California State Senate President Pro Tem Don Perata said that the difference amounted to nothing but "budget dust."

That dust would create real estate more valuable than any piece of property you could find in Silicon Valley.

I don't care whether you are talking about dust or lettuce, \$1 billion is a lot of money--especially to a state that has no way to balance its budget without financial gimmicks and would be bankrupt, were it not for long-term borrowing that has deferred the problem for future years and tomorrow's taxpayers.

Now don't get me wrong. Additional spending on education and health care could well be a good thing. I have not personally reviewed each item the legislature wants to add--that is not the point. The point is that we don't have the money--and additional taxes, new borrowing, and higher deficits at this point send the wrong signals to Wall Street and Main Street. We just don't have the money. It's that plain and simple.

Facing such large deficits, or the desire to add spending for education and health care, the legislature needs to get serious about real changes in our spending priorities. Government spends more on salaries and benefits than on anything else, and those costs are set by collective bargaining agreements. There is, therefore, no way that we can dramatically reduce those costs in order to spend those same dollars in areas that may be higher priorities and would benefit more Californians.

Governor Schwarzenegger tried to do so by examining reforms to the public employee pension system, and both employee unions and leaders in the legislature torpedoed that. It is too bad that issues like these never get the public debate they deserve, especially when the public's money is at stake.

The fact of the matter is that we just can't afford to do tomorrow what we did in the past. And the sooner our government officials recognize that, the sooner we will be able to sort through our spending and make real shifts in priorities to find that money for education and health care that the public demands.

Until we do, all we will do is sweep dust from one place to another.

And that's *The Business Perspective*.



Russell J. Hammer  
President & CEO  
Los Angeles Area Chamber of Commerce

*The Business Perspective* is an award-winning weekly opinion column by Rusty Hammer, President & CEO, LA Area Chamber

**L.A. Business THIS WEEK**  
View the latest issue of the Chamber's [weekly email newsletter](#). [Contact us](#) to subscribe.

**The point is that we don't have the money. Additional taxes, new borrowing, & higher deficits at this point send the wrong signals to Wall Street and Main Street.**

