

California has one week to pass a budget. Congress doesn't plan to help in time — if at all

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Washington has no plans to vote on more federal aid to the states before California's June 15 deadline to pass a state budget — a budget that Democratic lawmakers say badly needs help for schools, health care, police and just for keeping thousands of people working.

Instead, what Sacramento and other state capitals see on Capitol Hill is a stalemate without an obvious end. Or even a clear path forward.

That means big trouble, or at the least a lot of drawn-out tension, for California and its lawmakers.

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Without federal aid, a long list of state programs face reductions that will be felt everywhere. The state fiscal year begins July 1, and if Congress fails to act before that — and right now, that's not a good bet — the California cuts would be triggered.

Education funding would be cut. So would dental benefits for low-income people. State preschool programs would have fewer slots for children than planned and less funding per child.

Less money would go to child care programs. The University of California and California State University systems would lose about 10 percent of state funding.

A counter-proposal from the Legislature would make fewer cuts, but its plan still relies heavily on federal funding.

In Washington, the House, Senate and President Donald Trump need to agree on a package before anything can become law. Though there are some talks there's little evidence of progress towards an agreement.

The House, which last month approved a \$1 trillion state and local government aid package, has scheduled no votes until June 30.

In the Senate, Majority Leader Mitch McConnell [has urged a pause](#) in stimulus legislation, and last week outlined a June schedule that does not include any such package. The Senate plans to spend the month considering nominations and major defense as well as land and conservation bills.

Conservative, liberal and moderate economic and policy experts are largely unified in their plea for more help as most states face sudden, huge deficits that by law have to be addressed.

“State and local governments desperately need financial support,” said [Mark Zandi](#), chief economist at Moody's Analytics.

MORE SPENDING ON PROTESTS

Those governments are anxiously looking to Washington for help.

“This is something that is about as close to a no brainer to do as I can imagine,” said Glenn Hubbard, chairman of President George W. Bush’s Council of Economic Advisers, since such aid tends to ultimately help the economy grow.

The need for federal aid is even more important in the wake of protests that have roiled cities from coast to coast, driving up public expenses on law enforcement and cleanup, analysts said.

“Enforcement is going to take away from (COVID-19) response. It’s going to take away from education,” said [Olugbenga Ajiore](#), senior economist at the Center for American Progress, a liberal research group.

[The California Legislature on Wednesday unveiled a counter-proposal](#) to Newsom’s plan that would reduce the amount of trigger cuts to about \$7 billion and delay them until Oct. 1, giving more time for Congress to send money and putting off reductions to education and health care programs.

The difference between the timing of the trigger cuts in the two proposals is more political than practical, said Dan Schnur, a longtime political operative and political science professor who served as a top aide to former Gov. Pete Wilson.

“Newsom seems to be trying to put pressure on Congress to come through with enough money to avoid the worst of the cuts. The legislators simply are trying to position themselves on the side of the constituencies that would be most impacted by this,” Schnur said.

“Both Newsom and the Legislature are hoping that Congress comes through, but if that doesn’t end up happening, the Legislature can go back to the education and health care people and remind them how hard they tried,” he said.

MCCONNELL, PELOSI AT ODDS

Chances are that eventually, some sort of federal aid will be directed to state and local governments, though [less than the amount](#) in the House package.

The tieup involves three issues. McConnell and other Republicans want assurances that businesses and health care providers will be shielded from liability.

The Kentucky Republican [warned the Senate](#) about a “second job-killing epidemic of frivolous lawsuits,” adding “his would be just about the worst time in living memory to let trial lawyers line their pockets at the expense of the rest of our country.”

A second problem among Republicans is moving too quickly. The relief packages have been largely responsible for shattering all federal deficit records. McConnell has said he wants a pause.

That enrages House Speaker Nancy Pelosi. “While Leader McConnell thinks it’s a good time to ‘take a pause,’ our frontline heroes in California and across the country are risking their lives to save lives and keep our communities running safely, and now are in danger of losing their jobs,” said Taylor Griffin, spokeswoman for the California Democrat.

The third problem stalling any legislation is the feeling of many Republicans that the state and local aid will be used to correct what they call past mistakes, [notably pension shortfalls](#).

Democrats, some Republicans, and most experts counter those arguments by citing the economic benefits — and the need — for aid quickly.

“I do think some states have been less responsible than others if you count their increased pension liabilities. But that’s not really the point,” said Hubbard.

Without federal help, “the consequences are all bad,” said Jason Furman, President Barack Obama’s chairman of the Council of Economic Advisers.

States and cities got a total of \$150 billion in a March 27 bill. California’s state government [is slated to receive](#) \$9.5 billion, with its larger cities getting \$5.2 billion.

The National Governors Association estimates that states need about [\\$500 billion](#), a number largely in line with mainstream economic models. Sens. Bob Menendez, a New Jersey Democrat, and Bill Cassidy, a Louisiana Republican, [are sponsoring legislation](#) to provide that money.

Their plan, co-sponsored by two other Republican and two Democratic senators, would allow the money to be used for a variety of services, including expanding testing capacity and contact tracing, provide further assistance to residents, local hospitals, small businesses and schools, and “maintaining critical services.”