

GOVERNOR'S REMARKS

Friday, 02/27/2009 1:56 pm

Governor Joins Senator Cogdill, Assemblyman Mike Villines, and Public Safety Officials to Discuss State Budget

SHERIFF MIMS: Good morning. Welcome, everyone. I'm Fresno County Sheriff Margaret Mims and I want to welcome everyone to this press conference today.

I would like to make some introductions of some of those joining us today and who will be speaking. First, Honorable Governor Arnold Schwarzenegger; Senator Dave Cogdill; Assemblymember Mike Villines; Supervisor Henry Perea, Fresno County Board of Supervisors, District 3; Jose Plascencia, president of the Central California Hispanic Chamber; Jim Earp, executive director of the California Alliance for Jobs. Also joining us are numerous other sheriffs, police chiefs, district attorneys, fire chiefs, chief probation officers, chamber of commerce representatives and some of our very hardworking construction workers.

We're all here today as a show of support. During an unprecedented budget crisis the Governor and our legislative leaders did their part to ensure that their number one priority, public safety, was met. The recently signed budget provides stable funding for law enforcement programs at sustainable levels for this year and increases of these vital dollars next year. Law enforcement's message to the public is we will turn the necessary evil of taxes and fees into public safety and crime prevention in our communities. We are here today to support these efforts.

Now I'd like to introduce to you our Governor, Arnold Schwarzenegger. (Applause)

GOVERNOR SCHWARZENEGGER: Good morning, everybody, it's wonderful to be back in Fresno. And I just want to say also thank you very much to Sheriff Mims for having us here and hosting this. And then Senator Cogdill, who has been our great partner in this whole budget reform process, and Assemblyman Villines and Supervisor Perea and Jose Plascencia and Jim Earp and Danny Curtin. Where is Danny Curtin? I've not seen Danny. Oh, back there, OK. Danny Curtin is also here with the California Conference of Carpenters. And then Al Smith from the Fresno Chamber of Commerce and then Chief Dyer, my buddy who claims that he does more bench press than I do, so I like having him also here. And of course Mayor Swarengin -- is the Mayor here, Mayor Swarengin? I will maybe meet her later on. Well, anyway, we're going to meet her later on, she's not here yet. But it's great to be back here again.

First of all, let me just say that for decades now in Sacramento we have had these fights, these budget fights. They start at the beginning of the budget year and they go all year-round and there are fights and fights, because the budget system is a disaster and it is dysfunctional.

And this is why we have been going on this roller-coaster ride year after year, that one year, when we have a lot of money and the economy is doing well, we have all the money in the world and we can go and increase funding for education and for higher education and for law enforcement and for health care and all of those different programs, only to find ourselves taking billions of dollars away from those very important programs when the economy goes down.

It's a dysfunctional system, because we spend all the money when the economy is good and when there are extra revenues, rather than putting some of that money into a rainy day fund. And then, when we have a downturn like we have right now, we don't have enough money. We run out of money and then all of a sudden everyone talks about increasing taxes.

So this is a disastrous kind of a budget system, not any state in the Union has a terrible system like this, and this is why it was important that we reform and we change that system. I have tried now for five years, since I've come to Sacramento, to change our broken budget system. And I have tried and I've tried, and I failed. But as I always said in lifting weights, when you fail lifting a weight you don't go and quit. You try it again and you lift again and you try it again and you try it again, until you can lift the weight. That's what I have learned in my sport and the same thing is in politics. You don't give up.

So now, after the fifth year, we finally have been successful, where we brought Democrats and Republicans together and agreed that we need to change the system and to create a budget system that is workable, where we can create a rainy day fund of \$12.5 billion and that we don't increase spending by more than 4 to 5 percent a year based on inflation and population increase. And that we keep that money until the economy goes down and we need the revenues, and then we can draw down money from that rainy day fund.

So I'm so excited that we finally have done that and, I tell you, that the only way we were able to do that is because we had the Democrats and Republicans work together and we have two great warriors here, Mike Villines and David Cogdill. Let's give them a big hand for the great work that they have done on behalf of the people. (Applause)

They were tough negotiators, let me tell you, tough negotiators.

And not only did we get the budget reform as part of these budget negotiations, but we also got design-build when it comes to building more roads and infrastructure.

We got public-private partnerships, which we have been fighting for, for years and years and years.

We also cut down the amount of time it takes to get the environmental approvals and also the permitting process, so we can put people to work immediately.

And we were negotiating to get \$10,000 for homeowners, tax credits so those homeowners that want to buy a new home now get a \$10,000 tax credit, not including the \$8,000 from the federal government, so now \$18,000 is available.

And also we reformed the education system in such a way that \$6 billion-plus of categorical programs has been loosened up and now freed up, so that the locals can make their own decisions. Because I've said already, when I ran for governor in 2003, that we must go and stop, have Sacramento stop being the schoolyard bully and telling the local school districts what to do. And now we have done that, we have freed up \$6 billion of categoricals, so this is a huge break for education. So we did everything we can to save education and to protect education as much as possible in those budget negotiations.

So I think this is a huge victory for the people of California, but the job is only half done.

...

Thank you very much. And now I would like to turn the microphone over to a great leader, a local leader, and I'm talking about Senator Cogdill. (Applause)

SENATOR COGDILL:

Thank you, Governor, very much. Thank you for your leadership. It's a pleasure to be here this morning. As Mike and I were joking earlier, it's good to be anywhere right now other than

Sacramento.

But I don't think there's any doubt in anyone's mind how difficult the last year to 18 months have been in Sacramento, trying to forge the budget that we were finally able to put in place, and look forward now to hopefully at least 18 months of stability in our budget.

We know that it will be a difficult time. Our economy is certainly suffering now; we all understand that. We certainly were very concerned about the prospect of raising taxes at this crucial time but it was very, very important that we get a budget. It was obvious that the stagnation that had developed as a result of not having a budget, and what that meant to the people of the state of California and our ability to operate, to pay our bills, to keep our economy going as best we could, was definitely in jeopardy. We were starting to send IOUs throughout the state. We were stopping projects, or threatening to, and all of that would have very, very bad. So again, nobody is excited about the prospect of having to raise taxes, but it became obvious that it was really the only alternative that we had and that we did it, I think, in a responsible way. These are temporary tax increases.

And the budget that we negotiated and the reforms that we've negotiated, that will go before the people on the 19th of May, are crucial to seeing to it that we don't end up here again. We're very fortunate in this state to have historically had some very strong times in our economy when the coffers of the state have enjoyed a considerable influx of cash. And unfortunately, we haven't had the discipline that we needed at that point in time to put some of that money back for the rainy day that we knew would come. Instead, we programmed that money into long-term growth in government that resulted in the situation that we have today.

So our goal was to first deal with the immediate problem that we had, get this state back on track, people back to work as best we could, and also do whatever we needed to see to it that we didn't end up here again. And we think the reforms that we've negotiated, that are represented in the ballot initiatives that are going forward, will do that. And we're certainly here today to encourage each and every one of you to take a good hard look at those initiatives, and to encourage your friends and family to get out and vote for them so that, again, we don't end up here again. Nobody wants to go through this process and put this state through what we've been through the last 18 months again if we can solve it, and we believe that the reforms will definitely do that.

Law enforcement spending, public safety, has always been important to the Governor and certainly to Republican legislators. We fight every year to maintain adequate levels of public safety funding. And one of the big victories in this budget negotiation was the ability to do that, to actually stabilize that spending at least over the next four years and not have to fight over it each and every year, but to provide our public safety personnel with the resources they need to make sure our communities continue to be safe.

So again, those were big victories, we believe, in this process, and I again just want to encourage everybody to get out and vote on the 19th of May and help us finish this very long and arduous process.

At this point I'd like to introduce someone that is a very, very good friend of mine and a great friend of Fresno, an amazing public servant that has been in the trenches alongside of me and the Governor and our Democrat colleagues in trying to forge this budget, has done a phenomenal job. And to his credit, he was able to keep his job, unlike some people. (Laughter) But again, it's my honor now to introduce Mike Villines, who will come and speak to you for a little bit. Mike, you've done an amazing job and I hope everybody in this community realizes it. Mike Villines. (Applause)

ASSEMBLYMAN MIKE VILLINES:

Well, thank you, Governor, for being here very much. And Dave Cogdill, you have kept your job with honor and integrity and you have been a great partner in this. I cannot say enough good things about you. (Applause)

We have another great friend and leader from Fresno; I see Bill Jones is over here, another great leader, our statewide Secretary of State. Bill, good to see you, and thanks for your advice in this long journey.

I want to be brief. I want to say that during this negotiation process the Governor brought everybody together. And that is his strength. He brought the state of California together, he brought the legislators together, and we all sat down and decided that we would put California first. There's enough in this budget for everybody to be disappointed about, but there's enough in this budget for everybody to be encouraged about.

And two things that are important, that we want to talk about today, is public safety and law enforcement. We know how hard that job is and we know how important it is to keep our streets safe. Republicans and Democrats agreed. Dave Cogdill and I specifically said we're going to make sure that we fund law enforcement, that we don't have to come back and every year. We're going to negotiate this for a stable, reliable stream of funding so that they can do their job and we can be safe. That means there's less meth manufacturing going on, that means there's less crime happening, that means people aren't leaving prison early, and that's a testament to the hard work of the people behind us.

The other thing we said is we're putting people back to work. We're at 13 percent unemployment in our home county here and it's going to increase. And we've now got a chance to put people back to work. We've got folks with hardhats here. We're going to use our bond dollars, because we fixed up all the regulations so we could get those dollars out to build 168, build 180, keep 99 moving safe and getting people back to work. That was the most critical thing we could do, was to let people know we understand this is a hard time and we're not going to play politics. We're going to put California first.

And I'll tell you, coming out of this, we were able to negotiate some permanent tax cuts. But more importantly, as the Governor and Mr. Cogdill talked about, the chance to have a spending cap in California can level -- level and have a reliable stream of funding now. No more peaks and valleys, so that we can finally have government maintain what it should, that local government isn't beholden to Sacramento to steal their money anymore and that we don't grow more than we should. That spending cap that will be on the ballot is good for California, it's good for children, it's good for seniors, and we just encourage everybody to go out and support that.

This is a chance at reform. This is a Governor who has been all about reform and this is an opportunity to take redistricting now and now move into the budget process. Let's change California, let's make it better and stronger. We can do it together.

Thanks for the opportunity today to be here, and it's my opportunity now to introduce Supervisor Perea in his home district here. Supervisor, come on up. (Applause)

SUPERVISOR PEREA:

Thank you. And on behalf of the Fresno County Board of Supervisors I welcome the Governor and our legislative leaders here today to have this very important discussion for California.

Local elected officials -- this is where the rubber hits the road when it comes to services to the

people, and we are proud to be standing here knowing that our Governor and our Legislature have reconfirmed their commitment to public safety. You know, we look across the street, we see a jail that houses over 2,000 prisoners on a day-to-day basis. The purpose of them being in that place is to keep our community safe, and law enforcement protects our doors. So thank you, Governor and Legislature, for making sure that our funding is stabilized.

Also, a lot of good things have happened for the county. Obviously, not everybody got what they wanted in the budget. However, you see construction workers behind us; these are the folks that work every day in building the infrastructure of our community. So thank you, all those of you, the men and women in the hardhats that are here standing with us today.

You know, Governor, you made a statement about you spent the last years trying to make some reforms and you failed. Governor, you did not fail. You know, I think what you've learned, the lesson that a lot of us have learned for many years, is governance can be incremental and, especially in tough times, we find that there are more special interests that want to lobby to protect things, to keep them just the way they are.

Well, we all know that can't be. So Governor, I thank you, and I know the county thanks you, for your leadership and your vision. You were just ahead of your time; you didn't fail, Governor. (Applause)

But now the time has come for Governor Schwarzenegger's vision for reform, and we're seeing these reforms in the initiatives that are going to be going before the voters in May.

But there's more reform that has yet to come. There is talk of a Constitutional Convention in this state. I know the Governor supports it. I know there are grassroots efforts that are now rising from communities to support major government restructuring in Sacramento. But from my perspective, that also belongs at the local level too.

So let's not lose this opportunity; let's go to the next level. Help the Governor get these initiatives passed, but then move to the next level of moving towards and supporting the Governor in the call for a Constitutional Convention in the state of California. Thank you, Governor.

I'd like to introduce Jose Plascencia from the Hispanic Chamber of Commerce. (Applause)

JOSE PLASCENCIA:

Well, good morning, everyone. We were facing a \$42 billion deficit. This was the most challenging fiscal crisis that California had ever faced, and difficult and courageous decisions were made through all-night sessions during a very grueling week at our State Capitol, to keep our Golden State from going off a financial cliff.

What resulted were responsible solutions that need to be implemented and deployed during these tough times. In the end, Republicans and Democrats came together to fulfill their fiduciary responsibility to the citizens of California, as some 10,000 state workers could have lost their jobs without the budget package being approved.

The Central California Hispanic Chamber of Commerce would like to acknowledge and recognize Assemblyman Villines and Senator Cogdill and the Governor, who were great heroes, who stood up and put the health, safety and the needs of the California citizens first.

Now, in the midst of these difficult decisions there some great things for small business and prospective new homebuyers that came out of this budget, which these three gentlemen behind me

fought for so courageously.

One of those is a new higher tax credit. This temporary tax incentive will target small businesses that create new California jobs in the coming two years, when we need them the most. California employers that began the year with 20 or fewer employees will be able to claim up to \$3,000 income tax credit for each new full-time employee. This is a great benefit for many of our small business entrepreneurs that we have in the Central San Joaquin Valley and in Fresno County.

It's also estimated to save small businesses over \$330 million in 2009 and 2010 and help create thousands of jobs. In addition, it complements the existing job creation of tax credits for employers in geographically-targeted enterprise zones; truly a win for the state of California, a win for the Central Valley, a win for the small business entrepreneurs and citizens of Fresno.

Thank you very much. And now it's my pleasure to introduce a good citizen and leader of the community, Mr. Jim Earp. (Applause)

JIM EARP:

Good morning. I represent some of these folks back here, the ones in the hardhats, 80,000 construction workers and 2,000 contractors that build our state's infrastructure. This morning as I was traveling down to this event I passed a beautiful site. It was a bunch of heavy equipment moving dirt on Highway 99, widening the lanes in a project that will eventually widen the lanes and improve an interchange just up the road.

The thought that came to me was this; I'm going down to spend a few minutes with three gentlemen who have a huge role in making sure that that project is working today, because a week ago today, if it hadn't been for the budget getting signed, that project and hundreds more like it would have shut down.

This was a train wreck that had been in the process for months. We had all been warned about it. The cash flow of the state had run out of money, the bonds that the voters had approved two years ago to build these projects could not be sold. Much of the reason for this was because we didn't have a budget that would give us the credit rating we need to sell those bonds.

So we really needed that budget to get passed and keep people working. More than 70,000 jobs were at risk just in the construction sector without this budget, and then thousands more jobs in addition to that. Not only our industry, but all California owes a huge debt of gratitude to the Governor, to Senator Cogdill, to Assemblyman Villines, for the role that they played, which was huge.

The Governor talked briefly about something that's not getting nearly enough press. He talked about some of the other pieces of the budget. There are things in there that our industry and others in the transportation community have fought for years to get, to improve transportation in California, the ability to put more private money in the system so that we don't have to rely solely on tax dollars to get our projects built. We could never get that done.

But these gentlemen held out for those things, for some economic stimulus pieces that others criticized them for, for not being part of the budget. But they held fast because it was part of the budget, it was part of California's economy. And so they held out, and because of that now we can look forward for the next eight years to have a window of time to be able to show what it means to put private money into some of these public infrastructure projects.

We also will see some streamlining of environmental regulation. Not elimination, these projects

that were streamlined had already passed the hurdles. What they did was they said let's cut the red tape and put people to work. These projects are environmentally good. Let's just make sure that we get people to work right now.

So these are some of the things that are unheralded, that didn't really get included or talked about as part of the budget. I just want to give my tribute to these gentlemen for hanging in there and seeing the big picture and understanding what leadership is all about. They deserve our support. They've talked about the importance of carrying this forward into that special election. We need those budget measures, those budget reform measures to pass in order for all of this to pencil out. We'll be there every step of the way to support that, and I hope you will to. Thank you. (Applause)

QUESTION/ANSWER:

GOVERNOR: Thank you very much, everyone, for the wonderful talks and for participating in this press conference. And if you have any questions to any of us, please feel free to ask. Yes? We have a microphone, if you can use it -- yeah.

QUESTION: Unemployment is over 10 percent right now in this state. You thoughts on that and how this budget will help create jobs?

GOVERNOR: I think it is extremely important that we put people back to work. This is why we negotiated all the extra pieces in the budget; part of that was the economic stimulus package that we negotiated. It was very tough to negotiate, but for us to put people back to work and to push billions of dollars of already-approved money -- that was approved by the people through the 2006 election, that is infrastructure money, if it is Highway 99, or if it is other infrastructure transportation infrastructure, building schools and so on -- it is billions and billions of dollars that we can push out and get out there as quickly as possible and put people to work. That, to me, is the most important thing, because we have 9.3 percent unemployment. We've got to get people back to work and stimulate the economy as quickly as possible.

And there's one other thing I want to say, and that is that when it comes to law enforcement, I want to just say thank you to Mike Villines and to Senator Cogdill. Both of them fought very hard to secure this \$500 million annually for law enforcement so they can go out and fight the gangs, fight the drug war that is going on all over the state, and do their job rather than always having to worry about, every time there's a budget negotiation they have to worry about, I hope they're giving us our money that we need.

Well, now you've got that money and I think that was very important. And both of those guys fought for that, so let's give them again a big hand for the great work that they have done. (Applause)

Yes?

QUESTION: When it comes to the budget, they say that that was one of California's biggest problems, and now that water is the second biggest problem on the docket. How does the budget now transfer into getting water into the Valley and to the rest of the state?

GOVERNOR: Well, I think as you can see, systematically we're going to go and strip away and fix the things that are broken in California. The sad story is that the budget has been a problem for decades. That's why Ronald Reagan had to increase taxes and Deukmejian had to increase taxes, Pete Wilson had to increase taxes, now we are forced to increase taxes. So it's because of a broken system. So now we have fixed it, now we want to put it in front of the voters so they can vote on it and approve it so we can move forward and never have this problem again.

The same is with water. Water is a self-inflicted wound. It's not because of Mother Nature creating that, no. We know that there are droughts coming up periodically, so therefore we have to prepare ourselves for those droughts and make sure that when we have years where there's a lot of rain, a lot of snowfall, that we collect that water and keep that for the bad years. We haven't done that. We have a water system that is for 18 million people. Now we are 38 million people. We've got to go and redo our water system, bring it up to date.

And so we have been fighting for that for the last two years. Two years ago we didn't get it in our infrastructure package, but we're going to keep fighting, just as I said earlier. And it doesn't matter how long we have to fight until we get it. I think that right now there's a good time, where Democrats and Republicans can get together. All the stakeholders, the environmentalists and everyone get together to fix the Delta and create more above-the-ground water storage and below-the-ground water storage, and do all of the things, conserve water, do all of those things that we need to do.

But I think that within the next month you will see some great action on water. And, of course, the more pressure that the people here and around California can put on the legislators and let them know that water is the next most important thing, let's fix the system, let's build a new water system here in California. We can do it.

OK, yes?

QUESTION: As you just mentioned, the budget has been going on as a problem in this state for a number of years. So when you say budget, a lot of people just go numb, they just sort of glaze over. How are you really going to engage people here in this county and throughout the state to take these ballot measures seriously and really take a close look at them and go to the ballot?

GOVERNOR: I have an incredible amount of faith in the people of California. The people of California are really smart and they're in touch with what California needs. Because when the press was out there questioning if the people will really understand the redistricting reform, they were concerned that no one would pay any attention to it because it's not a sexy thing to campaign for, how will the people understand what that means to draw the district lines and so on? And look at that. The people approved it and it won.

So the people are very smart. They read up on it, they do their research on it and they get on the internet and they get all the information. So I think that they know. And the people have been very upset about our budget system. They have been very upset that we have been taking billions of dollars from education because we are running out of money. They have been very upset that we have been taking money from law enforcement. They have been very upset that we didn't have enough money for prisons sometimes. All of those kinds of things, they are very angry about and they want to fix the system.

So here is their chance. The legislators, for the first time Democrats and Republicans have gotten together and have done something courageous and have passed this budget reform.

...

Thank you very much.

QUESTION: No, we're not done yet. Hold on just a second. I've got to ask you -- you've been going up there -- whether it's you, Senator Cogdill, or Assemblyman Villines -- have been saying you're not beholden to Sacramento, you're beholden to the voters. And yet the opinion polls

are coming back with a 33 percent approval rating for you, 21 percent approval rating for the Legislature. What do you have to say about that?

GOVERNOR: Well, I think we all love to have high approval ratings. I think we would love to be in the 60s or 70s, right? Wouldn't those be good numbers? Yeah, we all love to have high approval ratings.

But you know something? That's not reality. Because when there are battles in the Capitol, when Democrats and Republicans get together and they all have different opinions about this -- they come from different sides, one from the right, one from the left -- and then we have to sit down and try to iron out and come up with something that really fixes a big problem, like for instance the budget. The fights drag on for months and months and months. People get very frustrated, they get angry, and it shows in those approval ratings.

But you can't go and operate and govern and legislate based on approval ratings, because there's an easy way out, which has been done by the legislators also many times, which is the 'get out of town budget', where you say let's all go and declare victory, go out in front of the people, sign the budget. And the people feel like wow, something great was done, when in fact nothing great was done.

This time I can tell you -- and I'm not from the political arena, I'm an outsider coming in -- I tell you, this time was really the first time we have seen true action when it comes to the budget reform. This is true action and this will change everything.

...

Thank you very much, everyone, and have a good day. (Applause)