

Budget Crunch Ethics

This presentation by California State Assembly Member Joe Simitian, was part of a panel on "Moral Choices and California's Huge Budget Deficit" at the Markkula Center for Applied Ethics at Santa Clara University, Feb. 7, 2003. Reprinted with permission of the author.

Someone recently asked me how I had found my first term in the California State Assembly, and I said, "Well, my timing could be better. I arrived just in time for the energy crisis to be immediately followed in my second year by the budget crisis." Without the slightest trace of a smile he said, "You know, you're right—we didn't have these problems until you went to Sacramento."

I find myself now, as I start my second term in the legislature, facing a \$35 billion budget shortfall. There is some debate about whether or not that is the right number. My own view is that arguing about whether or not it is \$27 billion or \$35 billion is not a particularly fruitful exercise. It's a whole lot of money and a very large problem, whatever you think the correct number might be. And that number will change over time.

Now, if you are like most folks, including most folks in the legislature, it's a little hard to get your arms around what \$35 billion is. To try and put it into some context, the state of California has in recent years had a total budget of about \$100 billion. And it has a general fund or day-to-day operating budget of about \$80 billion. That means that when you are talking about 20-plus, 30-plus billion dollars, even if it is over the course of a year and a half as opposed to a year, you could be talking about anywhere from a quarter to a third of our state budget being at risk at any given time. I hope that gives you some sense of the scope of the problem.

One of the reasons I was pleased to be asked to be here today is because when you have to stand up in front of a group of folks and talk about a complex subject, it forces you to collect your thoughts in a way that sometimes the pace of your daily work does not allow. I thought as I was going to go through a mid-year budget reduction process—which is still underway and which you may have been reading about in the papers lately, pulled back and forth between the governor and the legislature—and a coming budget year—which is going to be even more challenging—that it would be helpful for me to

take this opportunity to force myself to give some structure to the approach that I take along with my colleagues as we deal with a very difficult set of choices.

Being an elected official at any level is a wonderful thing at times of plenty because you get to say yes to everyone who comes to see you. Saying yes makes people happy. They tell you what a fine fellow you are. They tell you you've done good work. They tell you that obviously you are a good human being since you share their values, which is what follows from being able to say yes. Being an elected official at any level, particularly at the state level, in times of shortage, in times of scarcity, is a very different matter indeed.

(A fellow just sent me an e-mail saying that my name ought not to be "Simitian"; it should obviously be "Simian" given the group of monkeys I work with in the state legislature, given the choices we have already made. That's one of the ones I can repeat to you; some of the others are not something I can share in this particular context.)

What you realize is that while people think budgets are about dollars and cents—they're numbers, they're accounting documents—budgets are also really value statements. I serve on the Assembly Appropriations Committee and the Assembly Revenue and Taxation Committee . I also serve on the Budget Committee, where I chair the Budget Sub-Committee on Education Finance, which has responsibility for roughly \$50 billion out of that \$100 billion total that I mentioned earlier.

I was asked recently why I had chosen to go in that direction, given my committee choices and assignments. It was precisely because I believe that at the end of the day, the values we have and the priorities we maintain we have are reflected in the budget. That's where what we say we believe is either made real, or not. If it's not a place where we put resources, then whatever we say we care about doesn't really matter. The things we really care about are the places we choose to put our limited funds.

Now, as I said, in times of plenty, these choices are relatively easy to make, and only a few years ago—unfortunately four years before I arrived in the legislature—the capital gains and stock option income that people in this room are familiar with was rolling into the state of California. Legislators could say yes to almost every good idea that came along in the late 1990s. As people in this area will also know,

there's been a change of late, and those resources are no longer available—not only here locally but in Sacramento. And that's what puts us in this difficult place where we find ourselves today. Scarcity forces us to make choices, address tradeoffs.

One of the first questions I've had to ask myself in this context is, To whom do I owe my duty? That is to say, whom do I represent? I'm sitting in that chair every day in the legislature forced to make a choice, and the first question I have to ask is, Whose interests am I supposed to represent as I sit in his chair and I push the button as I cast my vote? There are some obvious questions. Do I owe a duty to my district or to the entire state? I am, after all, a California state legislator, but I am elected by 1/80 of the state in the 21st Assembly District.

Some would argue that I not only have a duty to my district and my state but also to the broader world community. When we took up issues of global warming and climate change last year, I was the principle co-author on a bill that directed our Air Resources Board to take certain steps that might burden Californians and might burden our state budget. There were folks who said, "Why would you take that direction? That's a world problem. We can't solve it alone." My response at the time was I thought we had a responsibility to do what we could, not only so that we contributed to that solution on a worldwide basis but also so that we might lead others to join us at the larger global level.

But, these questions are very difficult, particularly if you represent a relatively prosperous area as I do. There are a lot of folks around the state who don't come from prosperous districts like mine, who have their own views about where revenues in the state ought to come from and how they ought to be spent. My district contributes more than its 1/80 of revenues to the state coffers. It probably does not draw down anywhere near 1/80 of the state resources that get spent on a host of programs, public education included.

On the one hand, I have folks saying, "If we have limited resources, shouldn't we put them into the low-performing schools?" On the other hand, some of those same people want to take what are known as basic-aid property tax revenues away from local school districts. And I turn to them and I say, "Apart from the politics of asking for support for those low-performing schools and asking at the same time that you take funds away from these basic-aid school districts, what do you

think the right and the wrong of that is? What do you think the priorities ought to be? Should we be telling the folks over here that we're going to take their resources and devote them to students in these low-performing schools? And by the way, what about the fact that we have low-performing students in high-performing schools?" Even if we think that that's the morally right approach to take or the ethically correct choice to make, sending the money over here doesn't deal with the very group of students whom we think we care about enough to spend on the program. So whom do I represent?

Then there's also the question of today's voters versus the next generation. The people who elected me are the people who are here today. They are not the next generation. They are not the 5-year-olds who are starting school. They are not even the 18-year-olds who are about to finish high school, but I have to ask myself, what is the impact of the decisions I make today on that next generation—at least I think I do. They didn't vote for me. They can't vote for me. They can't vote at all. And I will tell you there are an awful lot of pressures to make people happy today, because everyone wants what they want right now.

The political pressures are always about making people happy today, particularly in a term-limited world. Someone will say, "Well, that's really not a very thoughtful long-term policy choice or judgement to make." There isn't a long term in a term-limited world in a state assembly with the kind of term limits that we have. Since we're at Santa Clara and it's a Jesuit institution, I ought to raise this issue. Think about your definition of eternity for a moment. Let me just ask you to pause right there. Okay, now let me tell you what mine is: six years because that's what three two-year terms in the state assembly permit. There is no life in the state assembly after six years. It's a black void out there after those three two-year terms are up. Trying to get people to think about the long-term consequences of the decisions they make—how they will affect people who are not at the table today but who deserve a place at the table and will have it five, 10, or 15 years hence—is a very difficult challenge in a term-limited world.

I also, of course, have to ask myself to whom is my duty owed? I mentioned those folks who voted for me. Well, regrettably, not everyone did. There were some folks who went to the polls and supported my opponent—not only this last time but the time before that. There's an old axiom in politics: You dance with the fella that brought you to the party. Well, there are some folks who helped me

get to the party. Then there are some others who didn't. In fact they worked very hard to make sure I didn't get to the party if they could possibly make that happen. The obvious question is, To whom is my duty owed? What do I do when I am sitting across that table and somebody says, "You know we worked very hard for your election the last time. Why are you putting yourself out for those other folks? All they did was work hard to keep you from getting there."

And so you have to ask yourself, To whom is the duty owed? Is it my district, my state, or a larger community still? Is it today's voters? Or do I have to think about the next generation? Is it the folks who supported me or is it the folks who didn't? The way I look at this is, at the end of the day for better or worse, there are 423,000 people who don't have any other voice on the floor of the California State Assembly. For better or for worse, I am what they've got. And just like they're stuck with me, I'm stuck with them. All 423,000 of them are mine, and that's the view that I take when I go on the floor of the state legislature. To be really good at my job and to make these choices in a way that is, in my judgement thoughtful and appropriate, I have to acknowledge the fact that the high tech CEO, the union machinist, the welfare mother, and the classroom teacher are each and everyone of them mine. And it's my job to sit down with and understand the concerns of each one of those individuals and every one of the other 423,000 people.

Now I mentioned earlier that values are what drive the budget in my judgement. The budget document is itself a value statement, but that raises a rather obvious question: Whose values do I use? Do I use my own values? Or do I use those of my constituents? This is not a question that is limited to the budget process. It is a question that you have to ask yourself every time you make a judgment for your community.

The definitive observation on this is a wonderful quote that has survived for 300 years. Edmond Burke, the British parliamentarian, said "Your representative owes you not his industry only but his judgment, and he betrays instead of serving you if he sacrifices it to your opinion." Taken to the extreme, that is a very eloquent way of saying, "I know better than my constituents do," which is something that you have to be careful about, particularly in a representative form of government. That being said, I think the point is well made. Each one of us has to exercise his or her own judgement, which means inevitably each one of us brings his or her own values to the debate.

I try to make a distinction in my work between areas where there is a preference and areas where there is a question of what I would call right or wrong. There may be a preference that if we're going to spend a limited amount of state money on ice cream, some would prefer chocolate, some would prefer strawberry. I myself am prepared to say, "You know what, let's let the preference determine the matter." When we get to questions about our corrections budget however, and whether or not people who have substance abuse issues ought to be incarcerated or whether or not they ought to be in treatment program, there are not only cost implications, but there are values choices that have to be made. At some point, I think I do have not only the right but also the obligation to bring my own values to bear on the issue.

That is particularly true if you believe you are better informed, more knowledgeable about a particular issue. I will tell you in my district that's a risky view to take. I have an abundance of bright, well-educated, thoughtful, and informed folks who communicate with me on a regular basis. In my judgement, it is unwise to tell someone who is a former member of the president's Council of Economic Advisors that he really doesn't understand the budget, or to tell a Nobel laureate that his or her opinion is really not relevant on a particular values issue, or to tell someone who has simply lived in the community for 40 years and who knows what's been important in terms of making their neighborhood a livable one that they don't bring important insights to bear. They do.

But at the end of the day, when you have a scarce budget, you have to make values choices and you have to, I think, blend pretty artfully not only your own values but also those that are articulated by your community. For me, as I say, the choice is easier when I believe it is a fundamental question of right or wrong as distinct from a simple question of preference.

With scarcity, as I have mentioned, you have to say yes sometimes and no sometimes. That raises a particularly challenging question, which came up on the floor of the legislature just within the last week or two, and that is, How can you justify anything that is nonessential when you're making life and death decisions in terms of budget cuts? Let me ask for a show of hands on this. How many of you in this room consider yourselves supporters of the arts? Show of hands? All right. Hands down. Any of you who want to acknowledge being Philistines

and have no interest whatsoever in supporting the arts? Show of hands? Maybe there's one in the back. All right.

Well let me tell you about the argument that took place on the floor of the legislature just last week. The California Arts Council has already been reduced from close to a \$50 million annual budget for a state of 35,000,000 people to a budget of about \$20 million. We are maintaining that \$20 million for the California Arts Council. That being said, the governor's proposed budget—not just the mid-year budget reductions but the budget for the coming year—proposes deep cuts in Medi-Cal, which is the system of public health funding and support that we have in California for people of very modest means. The governor is proposing that we reduce the number of people who are eligible, provide them with fewer services, and reduce reimbursement rates to physicians and other medical practitioners who serve those folks, which is important because when you reduce the reimbursement, fewer doctors want to participate. Up pops one of my colleagues and says, "How can we even think about funding the California Arts Council with \$20 million a year when the governor's proposal eliminates so-called optional medical services and supplies, which include dentures, hearing aids, insulin, catheters, colostomy bags?"

These are hard choices. If you take it to its extreme, none of us would ever go out to dinner at a nice restaurant because we'd always be asking ourselves, Isn't there someone needier somewhere else in the world? And the answer is, of course there is. On the other hand, the argument is legitimate. We have to ask ourselves, At what point do we balance the things we think of as nonessential (in spite of the fact that I come from a district where "Arts are Basic" bumper stickers are fairly common)? Then I think we have to take the next step, which is to ask ourselves, Is the issue or the tradeoff quite as simple as it is characterized by those who make these debates on the floor? I would say to you on the arts issue that it's not as simple. I have argued for arts education over the years not simply because there may be a talented artist among the kids in our schools or because there may be a job opportunity available for someone who has graphic arts skills, but because there are precious few opportunities in our public schools for kids to exercise and develop innovation and creativity and, I believe that arts programs are actually an important learning tool in developing those kinds of intellectual skills. But that begins to be a more finely grained argument than we usually hear on the floor of the California State Assembly.

Next challenge: Do I advocate for causes, or do I render balanced judgments? Am I there as an advocate, or am I there like Solomon to weigh the best interests of the entire community? I have been a school board member and therefore have worked with the California School Board Association. I have been a city council member and have therefore worked with the League of California Cities. I have been a county supervisor and have therefore worked with the County Supervisors Association of California. I now hear from all three of those organizations and their membership on a regular basis. I hear from the School Board Association that such and such a measure is not in the best interest of our schools. I hear from the cities that such and such a measure is not in the best interest of our cities. I hear from the supervisors, and I know this will surprise you, that such and such a measure is not in the best interest of our (all together, class) counties. What I rarely hear is anyone who sends me a letter saying, "This is not in the best interest of our community," taking a broad look at what the community requires, needs, or deserves—that there are legitimate tradeoffs to be made between and among these groups.

This was a source of frustration to me as a newly elected official 20 years ago. I always thought, Why don't the people who come to the microphone acknowledge the legitimacy of the other point of view? Now, I have that same experience with cities, counties, and school districts that take what some would argue is a narrow point of view rather than a communitywide or statewide point of view. I have ultimately come to the conclusion that in some respects, that's not their job. That's my job. And while I am an advocate, I'm also someone who has to balance these legitimate competing interests, It's entirely appropriate for the school boards, the city councils, and the county supervisors to make their case. But it is also appropriate, and I hope they will understand, if I have to balance the legitimate competing interests in the interests of a larger community and a larger set of interests.

This comes up in the budget process for me given my role as chair of the Budget Subcommittee on Education Finance. I sought and won that position because I am an education advocate, because I believe in the value and importance of public education. That's another conversation for another time. But to what extent is it appropriate for me in my role to say, "You know what? We ought to sacrifice that program because we really do need to fund those Medi-Cal services." If I do that, there are a whole host of people who will think I haven't

fulfilled my role as an advocate and supporter of education. On the other hand, if I don't do that, have I met my responsibility to the larger community and the broader interests of my district and my state?

Next, and I know this will surprise you, there is the issue of politics in this process—questions of ambition, issues of consequences that follow decisions. There are interest groups, and, as I mentioned earlier, there is the question of long-haul vs. short-term decision making. How do we deal with the issue of politics, political consequences—which can be very push-and-shove, very rough-and-tumble—when one group or another says, "If you aren't there on this issue, there will be consequences"?

Some of you may have noticed in the last round of elections a flurry of mailers at the end of the campaign cycle, sometimes for but often against the people you supported. Those last-minute hit pieces were often the function of independent expenditures. People who are mad at somebody for some reason have the ability, given our First Amendment prerogatives, to take it out on them in a big way. Every member of the state legislature who walks into the assembly chamber knows that if they push the wrong button and upset the wrong interest group, \$200,000 in negative mail could be dropped into the campaign against them in the final three days. That's the kind of political judgment people are obliged to make. You ask that each one of them does the right thing.

The way I deal with this issue in my office and what I've talked to my staff about is first, determine what is the right policy choice. Then, worry the politics second. I wouldn't for a moment suggest that you can't or shouldn't worry the politics, but what I tell my staff is, when you do the blue memo, as we call it in my office, laying out a point of view on an issue and making a recommendation, don't worry the politics; worry the policy. Make the right call, make it on its merits, and then as a matter of necessity given the line of work I've chosen, I am obliged to ask myself, How do I minimize the downside and quite frankly maximize the upside, if there is one, on an issue? Inevitably politics come in play in this process, with some members more, with some members less. But the two, policy and politics, are inexorably interwoven.

Finally, I will just close with this: symbols, statements, and leading by example. Sometimes I hear people say, "Well, that's just a symbolic

gesture." It's true there are lots of symbols that nonetheless have great importance. The flag right now is an important symbol. The cross that I saw as I drove up to the University today is an important symbol for this institution. There are different symbols, and there are different statements that we make.

I have heard quite a bit from people in the last couple of months about the automobile choices that some members of the state legislature have made, which have been the subject of news coverage. Never in my life have I been so happy that I drive a \$24,000 Chevy Impala sedan. It's hard for me to go out and make the statements I make about the importance of education funding and preserving that funding when the reporter thrusts the microphone back in my face and says, "What about the \$50,000 Cadillac sedan that new members have just purchased at state expense?" I can rationalize that some members do, but there is a \$350-a-month lease cap, and it doesn't make any difference whether they drive the Cadillac or a less expensive vehicle. But there is a statement they make when we are talking about cutting Medi-Cal services to the least fortunate in the state by that judgment and that expenditure. Those statements are important, not only for what they say but for the confidence that they either create or diminish in democratic institutions, in difficult choices during hard budget times.

At the end of the day, I think each one of us in elected office—whether it's a school board member or city council member, county supervisor or state legislator—is going to be and should be judged by the example that we make of our own conduct. That is entirely appropriate particularly in a time of budget shortfall. I think there is no escaping the fact that symbols, statements, and leading by example are an important part of the ethics of a budget shortfall, and I think it's reasonable for each and every one of you and for the public generally to expect that of your elected officials.