

Governor warns of deep fiscal crisis as he unveils California budget plan

Schwarzenegger's bid to address a \$19.9-billion gap seeks steep cuts in education, healthcare, social services and transit. Republicans applaud the lack of tax cuts; Democrats see a fiscal retreat.

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Vivian Flaine of Berkeley, center, stands in the Sacramento rain to protest... (Rich Pedroncelli / Associated Press)

Gov. Arnold Schwarzenegger warned Friday that the state remained deep in fiscal crisis and proposed steep reductions in almost every major government program, but many lawmakers quickly dismissed his ideas as stale and vowed to push for alternatives such as tax hikes.

His proposal, aimed at closing a \$19.9-billion gap, and the response to it foreshadow another year of paralysis in Sacramento as the governor and lawmakers struggle with the latest crippling shortfall.