



**LEAGUE OF WOMEN VOTERS<sup>®</sup>  
OF CALIFORNIA**

## **First Steps Toward a More Realistic State Budget**

California has been hit hard by the economic recession. Because of signs of improvement in some sectors of its economy, there was some hope that balancing the state budget might be somewhat easier this year. Now, however, the news is that revenues have fallen below estimates, and instead of the expected \$9 billion shortfall, we are now facing one of nearly \$16 billion.

Recent budgets have relied on strategies such as underestimating costs and overestimating expected revenues, along with significant reliance on borrowing to create the appearance of a balanced budget. This has only led to larger problems in each subsequent year. In his budget proposals this year, Governor Brown has attempted a more reality-based, but therefore painful, process, pressing a reluctant Legislature to accept severe cuts in some programs. Thus far, the cuts that have been accepted have not done enough to narrow the gap.

The Governor is proposing further cuts that will continue to affect the most vulnerable Californians, as well as impact a number of other areas that will have significant consequences throughout California. Moreover, cuts in state spending often mean a loss of federal matching funds, further impacting the most vulnerable, especially the poor and elderly. However, until we are willing to vote for increased revenue, we need to accept the reality of these extremely painful cuts that will move the state closer to a genuinely balanced budget.

The Governor has joined the California Federation of Teachers to propose a November ballot measure that would add 1/4 cent to the sales tax and increase income taxes on those earning more than \$250,000 per year for the next few years, to get us through the current crisis and on a firmer footing. The League of Women Voters of California supports this measure as a first step towards regaining economic stability in California. It is broadly focused and offers some flexibility to the Legislature, allowing our representatives to do the job for which we elect them.

We hope that California voters are finally becoming aware that we can't have the government services we want without paying for them.

May 2012