

2010-2011 Budget: 100 Days Late and Few Problems Solved

At 6:30 a.m. on the 100th day into the 2010-2011 fiscal year, the Legislature finally approved a spending plan that attempts to close an \$18 billion budget shortfall. The new budget plan includes a combination of \$7.8 B in expenditure reductions including ongoing and temporary cost or service reductions, presumed federal aid in the amount of \$5.4B (both Sen. Feinstein and Pres. Obama have told California not to count on aid beyond \$2-3B), additional revenues of \$3.3B and \$2.7B in fund shifts and loans. Shortly after the marathon all-night session ending in passage of the plan, Governor Schwarzenegger cut an additional \$1 billion from the deal sent to his office using his line-item veto power. Senate President Darrell Steinberg and Assembly Speaker John Perez went on the press offensive less than a week after the signing vowing to restore the cuts when the next legislative session begins again December 6th. On the bright side, there is no expansion of the state sales tax included in the final deal. Although, the concept is far from dead so the industry must stay vigilant as attempts to fix the structural problem of too much money out and not enough money in is addressed by the next Administration and a host of freshman legislators.

Signed on October 8th, the budget is the product of a continuing structural imbalance between state revenues and expenditures and a slow recovery that began in 2007 and, according to the federal government, ended in 2009. The budget package does include long term budget and pension changes, decreasing pension benefits for state employees hired in the future. The package also places a measure on a future state ballot that is intended to stabilize state finances in the future by increasing the amounts deposited into the states rainy-day fund in certain years. While this is helpful in the long term, it does little in the shorter term. For a detailed breakdown of the budget fixes, please see the policy brief from the non-partisan [Legislative Analyst's Office](#).

And, since there is still time to vote, let's review a few key CH&LA positions on this year's Ballot Measures:

Prop 19: Legalization of Marijuana for Personal Use-No Position

Prop 20: Redistricting of Congressional Districts-No Position

Prop 21: \$18 Vehicle License Fee to fund State Parks and Wildlife Programs-No Position

Prop 22: Prohibits State Borrowing of Local Redevelopment/Transit Funds-No Position

Prop 23: Repeals Climate Change Bill AB32 until Unemployment falls Below 5%-No Position

Prop 24: Repeals legislation that would Allow Businesses to Lower their Tax Liability-**OPPOSE**

Prop 25: Changes Legislative Vote Requirement from 2/3 to Simple Majority for Taxes-**OPPOSE**

Prop 26: Requires that state and local fees be subject to 2/3 vote-**SUPPORT**

For more information on these propositions, you can visit the California Chamber of Commerce website at www.calchamber.com and www.no25yest26.com.