



LEAGUE OF WOMEN VOTERS OF CALIFORNIA
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League Says Broken Budget Process Highlights Need for Reform

Sacramento, CA – Some may view last week’s final passage of a budget deal with relief as a hoped-for end to IOUs and the decline of California’s credit rating. But the League of Women Voters of California urges legislators and the Governor to make this moment only the beginning of a quest for reform of the state’s fiscal system.

“For days, we’ve heard again and again that this budget has plenty in it for everyone to hate,” said Janis R. Hirohama, LWVC President. “Californians deserve better than that. It’s time to mend our dysfunctional system so our budget priorities can make our state vibrant and productive once again.”

The League lays much of the blame for the failure of our finance system on the requirement of a two-thirds vote to pass a budget or raise revenues. It gives a minority the power to dictate draconian cuts to the majority by threatening to vote as a bloc against any additional revenues. In the face of an economy that has not yet bottomed out, deep cuts in services were unavoidable. However, this budget does not reflect the priorities of a majority of Californians. We believe that a permanent solution must include a balance of new, ongoing revenues as well as reductions in programs.

Instead, we have been handed a mix of cuts, borrowing, and accounting gimmicks that makes many problems worse and pushes others off to next year’s budget. Although this budget avoids the outright elimination of important safety-net programs, it will have severe, lasting impacts on vulnerable Californians, and our schools and colleges will not easily rebound from yet another round of cuts. Local governments, reeling from the impact of the recession on their own operations, will suffer from the burdens created by state budget decisions.

“If there is any hopeful aspect to this situation,” stated Hirohama, “it’s that momentum is building for change. A number of individuals and groups are looking at the prospects for reform, and the League believes that Californians should get informed and participate in the discussion.”

One basic reform the League supports is the elimination of two-thirds vote requirements for passing a state budget or raising taxes at the state and local levels. Allowing the majority to make these decisions will break the paralyzing grip that now makes effective government decision-making almost impossible.

Another needed reform is a more efficient tax structure that is fair and based on ability to pay, reflects the structure of California’s economy, and provides adequate revenues for the programs and services Californians want. Although revenue volatility should be addressed, there are ways

to do it that do not sacrifice tax fairness. Tax expenditures—credits, deductions, and the like—also need more scrutiny and should be required to be effective, efficient, and fair.

Hirohama concluded, “We’re at a turning point in California. We can’t maintain the status quo of unreasonable budget manipulations, unsustainable cuts in services, and failure to invest in public facilities and programs. Without reform, we will only continue the constant, draining budget battles that erode public confidence in government, leave problems unsolved, and shatter the California dream. All of us—individuals and leaders—must rise to the challenge.”

The League of Women Voters of California, a nonpartisan political organization, encourages informed and active participation in government, works to increase understanding of major public policy issues, and influences public policy through education and advocacy. Membership in the League is open to men and women of all ages. With more than 89 years of experience and 850 local and state affiliates, the League is one of America’s most trusted grassroots organizations.

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