



Tease Them Apart, Think Long-Term

by Jean Ross

Proponents argue that voters must consider Propositions 1A through 1F as a single package, as if voting for “all of the above” is the only option on May 19. The California Budget Project (CBP) argues for a different approach: voters should consider the six measures separately. Consider the long-term consequences of each carefully. Look most closely at those measures that would permanently change the rules for budget and policymaking.

Of all six ballot measures, Proposition 1A stands out for its potential to have a serious, lasting impact on the budget. The CBP has taken few positions on ballot measures in its 15-year history. But we’re making an exception and opposing this measure this year. Here’s why:

Proposition 1A doesn’t address the fundamental cause of the state’s budget deficit – and will only make the budget gap worse. Though touted as “reform,” Proposition 1A does nothing to address the fact that the revenues raised by our state’s tax system are insufficient to fund our current programs and services, much less the level that Californians want and expect. Even if Proposition 1A passes, the Legislative Analyst’s Office estimates budget shortfalls approaching \$25 billion in the next few years. By adding more formulas on top of the state’s already hamstrung budget, Proposition 1A will make it even more difficult to balance future budgets. Falsely sold as reform, Proposition 1A is a recipe for more voter cynicism. Proposition 1A will have no impact on the budget shortfall this year or next, but will impose permanent new obligations and limits on future years’ budgets.

It will jeopardize public services and limit the state’s ability to respond to future challenges. The CBP strongly believes that states, like families, should save for a rainy day. California has a reasonable reserve requirement, added to the Constitution in 2004. Why hasn’t it worked? We’ve faced a veritable downpour of bad budget news ever since. Just like retirement accounts, budget reserves take time and patience to accumulate. Proposition 1A would require contributions to this reserve even in bad budget years when every dollar is needed just to balance the budget or to respond to unforeseen challenges. This is like asking a family to save more for retirement even though their home is in foreclosure.

Proposition 1A’s spending limits are based on a formula that fails to respond to a population that is growing, aging, and becoming more diverse. Proposition 1A limits budget growth by a formula based on inflation and population growth. Yet the costs of things that government buys, like health care, grow faster than inflation. This could limit the state’s ability to provide health and other services to an aging population or to provide young adults with the higher education and skills they will need to compete in an increasingly competitive and globalizing economy.

Californians instead deserve serious budget reform – an end to the two-thirds vote requirement for budgets and tax increases, and a modernized tax system that responds to an ever-changing economy.

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