

# The FISCAL REPORT an informational update

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## Legislative Republicans Release Special Session Budget Plan

Senate and Assembly Republicans on December 15, 2008, released their plan to address the State Budget crisis. The \$22 billion package covering 2008-09 and 2009-10 includes \$6.5 billion in revenues and \$15.6 billion in reductions. The Republican plan also includes an economic stimulus proposal to promote job creation, as well as Budget reforms to force spending into existing revenues. According to Senate Republican leader Dave Cogdill (R-Fresno), "Ensuring the state spends no more than it takes in is the most responsible way to climb out of this massive shortfall."

The \$6.5 billion in revenue comes from redirection of existing funds, including two programs that would require voter approval-\$2.1 billion from Proposition 10 funds for children's health programs and \$3.9 billion from Proposition 63 funds for mental health programs. Lesser amounts would come from other existing funds.

Of the \$15.6 billion in reductions, \$10.63 billion is from Proposition 98, which brings funding down to the minimum guarantee. Reductions are as follows:

	2008-09	2009-10	Total
Proposition 98 (K-14)-Minimum guarantee( with flexibility package)	\$2,500	\$6,150	\$8,650
Proposition 98 (K-14)-Deferred Maintenance Payments	\$280	\$0	\$280
Proposition 98 (K-14)-reduce Proposition 49	\$0	\$550	\$550
Proposition 98 (K-14)-settle up to reduce base	\$0	\$1,000	\$1,000
Proposition 98 (K-14)-no settle-up payment needed	\$0	\$150	\$150

Republicans also propose the following education flexibility provisions:

- Restore the ability for schools and community colleges to contract out for services such as student transportation, cafeteria services, landscaping, and payroll
- Allow certificated employees to be laid-off after a 45-day notification
- Enhance local control by cutting strings to categorical programs and allowing schools to redirect funding to their highest priorities
- Give the Legislature more flexibility to allocate after-school program funding (with voter approval)
- Amend the cost-of-living adjustment (COLA) index to better reflect schools' actual costs, as recommended by the Legislative Analyst's Office

The package includes Budget reform measures, including asking voters to approve a strict spending limit, creating a new Special Reserve Account, requiring the state auditor to conduct a performance audit of state programs, requiring the Legislature to adopt a two-year Budget, and eliminating hurdles to selling state surplus properties.

The plan also targets programs serving the most vulnerable Californians by proposing reductions to Medi-Cal and services for the needy, blind, aged, and disabled. The plan also includes changes to environmental and labor laws to improve California's business climate.

The Assembly will meet to discuss the Republican proposal on Tuesday, December 16, 2008

***-Terry Anderson***

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