



CALIFORNIA BUDGET PROJECT

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Statement: Jean Ross on the State's Cash Flow Crisis

As State Controller John Chiang begins issuing IOUs to deal with the state's cash flow crisis, Jean Ross, executive director of the California Budget Project, a nonpartisan public policy research group, has released the following statement:

"California's current cash flow crisis is a symptom of its persistent budget shortfalls, a drop in revenues brought about by the current economic downturn, and the problems in the global credit market, which make it difficult for the state to borrow money. But there's a fourth culprit at work right now in California, one we can do something about: the state's two-thirds vote requirement to pass a budget and tax increases. Without the two-thirds vote requirement, it's likely that California's policymakers would have been able to come to an agreement that could have averted the issuing of IOUs.

California is the only state in the nation that requires a two-thirds vote to pass both a budget and tax increases. Today, more than ever, we see how necessary it is to change that supermajority vote requirement to a majority vote."

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The California Budget Project (CBP) engages in independent fiscal and policy analysis and public education with the goal of improving public policies affecting the economic and social well-being of low- and middle-income Californians. Support for the CBP comes from foundation grants, publications, and individual contributions. Please visit the CBP's website at www.cbp.org.

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