



CALIFORNIA BUDGET PROJECT

For Immediate Release
November 18, 2009

Contact: (916) 444-0500

Statement: Jean Ross on the Legislative Analyst's Office Forecast

In response to the forecast on the state's long-term budget situation today by the Legislative Analyst's Office, Jean Ross, executive director of the California Budget Project, a nonpartisan public policy research group, released this statement:

"Today's forecast issued by the Legislative Analyst's Office shows that California is not out of the woods and won't be for some time. Although the recovery appears to be under way, the weak economy will continue to take a toll on the state's General Fund in the near future. Funds from the American Recovery and Reinvestment Act (ARRA) have provided an economic boost and helped prevent even deeper cuts. But California's budget shortfalls are certain to continue beyond the expiration of ARRA funds in 2010 and 2011. California, like many states, needs a second round of federal aid as we face record unemployment and continuing economic weakness.

Today's forecast also increases the urgency for true prison reform. Earlier this year, the Legislature failed to enact sufficient policy changes to enable California to significantly reduce growth in corrections and meet a \$1.2 billion savings target specified in the July budget agreement. California must significantly rein in its out-of-control prison spending.

It's also clear that California cannot afford to subsidize the state's largest and most profitable corporations through the tax cuts enacted in September 2008 and February of this year. The Legislature should repeal corporate tax cuts that were included in these budget agreements that could cost the state as much as \$2.5 billion per year when fully implemented.

Policymakers should strive to do all they can to avoid yet another round of cuts to state services that would further weaken the economy and undermine the effectiveness of programs and services that Californians depend on."

###

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.

1107 9th Street, Suite 310
Sacramento, California 95814
P: (916) 444-0500
F: (916) 444-0172
cbp@cbp.org
www.cbp.org