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

In response to the Legislative Analyst's Office (LAO) long-term fiscal forecast released today, Jean Ross, executive director of the California Budget Project, released the following statement:

"The LAO's new forecast underscores the fiscal challenges that California continues to face. The outlook suggests that revenues will lag the optimistic forecasts used as the basis of the 2011-12 spending plan and that shortfalls will persist absent significant additional revenues. Unemployment remains stubbornly high, both nationally and here in California, and state and local government job losses are weakening overall job growth.

"The LAO's report provides a first look at the state's fiscal outlook for the remainder of this year and beyond. It is important to note, however, that due to the timing of certain personal income tax payments, policymakers lack critical information needed to develop an accurate picture of the state's fiscal situation. Still, the budget shortfalls forecast by the LAO highlight the need for policymakers to take a balanced approach to addressing the state's ongoing budget gaps. Without additional revenues, policymakers will be forced to make even deeper cuts to our public schools and universities and other public structures that underpin a strong economy and are essential to the lives of Californians.

"Policymakers should strive to address the state's fiscal challenges with a multi-year approach that fosters long-term stability. Deeper spending cuts, such as those that would be imposed by the so-called 'triggers' in the June budget agreement, will only serve to slow an already struggling economy."

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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, subscriptions, and individual contributions. Please visit the CBP's website at www.cbp.org.

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