



Capitol Resource Family Impact

Recommendations on May 2009 Ballot Measures

California is holding a special election on Tuesday, May 19, 2009. On the ballot are six measures passed by the state legislature when it reached a budget agreement earlier this year, which await final approval from the voters. Capitol Resource Family Impact is opposing all six propositions. They include a \$16 billion tax increase, more than \$11 billion in spending authorizations, and at least \$5 billion in additional debt. They fail to address the fundamental problem: a desire to spend more money than the California government has, despite this year's unprecedented tax increases.

Proposition 1A: \$16 billion tax increase

Proposition 1A is a controversial tax raise dressed as a spending limit. It takes \$16 billion from state taxpayers, by extending tax increases up to two years. Despite offering a spending limit, it is not an effective cap on expenditures. It also allocates 12.5 percent of state general funds to the rainy day reserve, up from 5.5 percent, but money saved in previous years counts toward each new year's reserve. After the 2009 tax increases, California does not need more taxes. Proposition 1A makes budgeting problems worse, not better, for this state and its families.

Position: no on Proposition 1A

Proposition 1B: \$9.3 billion education funding supplement

This proposition supposedly rectifies a cut of \$12 billion in education funding, by giving educational institutions an additional \$9.3 billion in state funds. Yet here are the hard numbers: Education received \$47 billion from the general fund in 2008, followed by \$52 billion in the 2009 fiscal year. That is a \$5 billion increase, even without Proposition 1B. Education currently receives 54 percent of state general funds. This measure does not fix a budget cut. It gives more money to the best funded part of the California budget, when the state is already short on funds.

Position: no on Proposition 1B

Proposition 1C: "modernization" of the California Lottery

Proposition 1C authorizes the state to borrow \$5 billion from future lottery profits, in an effort to balance the 2009-2010 state budget, and permits the state to borrow more lottery funds later. It funds an Office of Problem and Pathological Gambling, while expanding lottery sales -- an

exercise in self-contradiction. Though the measure ends lottery payments for education, it increases education payments from the state general fund. California lottery sales dropped nearly 10 percent at the end of last year. As the economy weakens, the state should not depend on borrowing from anticipated ticket sales. It should work with its billions in available tax revenues, and seize this opportunity to roll back nanny government, by cutting unnecessary programs.

Position: no on Proposition 1C

Proposition 1D: \$1.6 billion for children's health and education

This measure funds services for children up to age five, normally funded by the state general fund, with a five year shift of \$1.3 billion in reserve funds from First Five children's programs. It also redirects up to \$340 million from state reserve funds. Expenditures include programs "to make sure children are ready to enter school," development of educational materials for children's caretakers, welfare, and much more. Though it temporarily reduces funding for some programs until 2013, this measure helps government to continue spending at higher levels than it can truly afford.

Position: no on Proposition 1D

Proposition 1E: \$460 million for mental health services

To provide mental health services, this measure allocates up to \$460 million over two fiscal years. Though the official ballot summary says it provides "more than \$225 million," that is only the figure for one year. Proposition 1F funds the Early and Periodic Screening, Diagnosis and Treatment Program for children and young adults. Yet screening and treating youth, for mental health or other health problems, is not part of government's responsibilities. This is a perfect example of programs the state should eliminate. It deserves a *no* vote from California citizens.

Position: no on Proposition 1E

Proposition 1F: salary limits for elected officials

This proposition prohibits pay raises during a deficit year for legislators, the governor, and other constitutional officials. The commission established in 1990 to oversee their salaries, however, has not awarded pay raises in deficit years. Further, the legislature is effectively guaranteed a minimum amount for its expenses. Lower salaries for legislators can mean higher salaries for legislative staff. Deficit or no deficit, Proposition 1F fails to lower the total bill for taxpayers.

Position: no on Proposition 1F