



Question and Answer

Why did you introduce the Budget Accountability Act?

- Californian's see late budgets every year. They are frustrated by the current budget stalemate and are ready to reform a broken budget process. Business as usual is simply not acceptable.
- After 17 years of late state budgets, papered-over deficits and a sinking bond rating, the time for systemic reform of California's budget process is long overdue.
- The Budget Accountability Act is a comprehensive reform package designed to end the budget gridlock and political games that the state faces every year. Our goal is for the Legislature and the Governor to complete their work on a responsible budget by the constitutional deadline.

Who are the Californians for Budget Accountability?

- Over 100 groups have already endorsed the initiative. This broad coalition includes the League of Women Voters of California, California State PTA, Health Access, the AARP, California Church IMPACT, firefighters, teachers, school employees and health care workers.

Is this initiative designed and backed by Democrats so they can exert more power in the budget process?

- In the last 25 years we have had 17 budgets signed by Republican and Democratic Governors after the constitutional deadline.

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Californians for Budget Accountability. A coalition of the League of Women Voters of California, Firefighters, Educators, Parents, Healthcare Workers, Seniors, Faculty Members and Public and School Employees. Major funding provided by California State Council of Service Employees Political Issues Committee and California Teachers Association Issue PAC.

- It doesn't really matter what party is in control of the Legislature or the Governor's office if the system is broken, and no one can get anything done or be held accountable for a responsible budget. For example...
- In 1992, under a Republican Governor, California's deficit equaled one-third of the budget, the State couldn't pay its bills because legislators and the Governor couldn't agree on a budget until August 29th.
- Last year, the Governor and Legislature couldn't reach agreement and dragged the budget debate into August. When the Governor finally signed the budget it was the latest budget in California's history (67 days late). They also passed on \$8 billion worth of debt into the next budget year, proof positive that budget gridlock results in irresponsible budgets.

Who is paying for the Initiative?

- The funding for this initiative has come from a variety of sources - including health care workers, teachers, and school employees, to name a few.

Isn't this just an attempt by the unions to protecting their jobs?

- This committee is a broad coalition of public interest groups who are trying to enact real reform. Under the current budget system – real people suffer when the budget is late and the Legislature is not held accountable.

What about the opposition?

- Instead of working with other groups to reform a budget process that everyone has acknowledged is broken, the opposition has chosen to defend the status quo. We think most people want to see real change in our budget process and will support the Budget Accountability Act in March.

Our opposition is largely funded by:

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| • Chevron | \$55,000.00 |
| • BP Corp | \$15,000.00 |
| • Philip Morris | \$10,000.00 |
| • State Farm Automobile Co. | \$10,000.00 |
| • Anheuser Busch | \$10,000.00 |

How does this initiative impact Prop. 13?

- The Budget Accountability Act will not change Proposition 13's property tax limitations in any way. The Budget Accountability Act changes the legislative vote requirement for taxes to 55 percent only for the purpose of increasing or decreasing taxes as part of the process of adopting the budget.

Isn't this just an excuse for the Democrats to raise taxes?

- Our initiative was written to reform the process of passing the budget, not mandate what is in the budget.
- We are changing the process – because clearly the status quo isn't working.

Will this initiative raise taxes?

- There is no evidence in the 47 other states that do not have a two-thirds requirement that taxes are any higher.
- This initiative is about reforming the broken budget process that produces late budgets year after year – it is not about raising taxes.
- This initiative gives voters the information they need on how their legislators voted on budget issues through an easy-to-use web site and a voter pamphlet.
- If voters want to hold individual legislators or parties accountable for their budget votes on Election Day, the Budget Accountability Act gives them the tools to do that and strips away political cover for legislators.

Did some legislators indicate that if BAA passes they would immediately implement tax increases?

- I can't comment on what proposals may or may not surface as a result of passage. What I can discuss is the reality of our initiative. When you have a deficit like California did this year, the debate centered on issues of cutting vital services or raising revenues including fees and taxes. None of the choices were good ones.

Have any proposals been discussed in the past?

- The California Constitution Revision Commission, chaired by William Hauck, President of the California Business Roundtable, was created in 1994 and issued its final report in 1996 including several recommendations related to the budget process. The commission's recommendations were never put to a vote of the electorate.
- The Commission recommended a majority vote for the budget. The Commission also recommended that the Governor and legislators forfeit their pay when the budget is late and require a budget reserve (3%) for emergencies.

To quote the Constitution Revision Commission:

"In theory a two-thirds vote should force a compromise between the majority and minority parties. For a number of years, the system worked in this manner. Recently, however, it has permitted those who have specific interests, which may or may not be related to the budget, to delay passage of the budget by leveraging their issue into the budget debate." (Page 44 – Improving the State Budget and Fiscal Process, California Constitution Revision Commission 1996)

- Also, in a 1998 report, *A 21st Century Budget Process for California: Recommendations of the California Citizens Budget Commission*. Los Angeles: Center for Governmental Studies, this Commission makes similar recommendations about reducing the vote threshold for the budget.

To quote the California Citizens Budget Commission

"Rather than holding down spending, the two-thirds vote requirement places the power to control or block the budget into the hands of a small minority in either house of the Legislature--thereby promoting gridlock and enhancing special interest group influence [p. 3]."