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February 10, 2009

The Honorable Darrell Steinberg
President pro Tempore
California State Senate
P.O. Box 942848
Sacramento, CA 94248-0001

*Similar letters were sent to all
members of the "Big Five"*

Re: Spending Limit Proposals—OPPOSE

Dear Senator Steinberg:

As you seek a solution to California's budget crisis, the League of Women Voters of California strongly urges you not to propose a "hard spending cap" to the voters. Imposing such a limit on future state budgets would do nothing to solve the current situation, but it would mean that future budgets could not repair the damage now being done to needed state services, let alone meet future needs.

An overly tough spending limit—one that ties increases beyond a recent base year's expenditures to population growth and a conservative measure of inflation—would make it impossible for state services to recover as the economy recovers. In the first place, a base year that reflects the current horrific fiscal situation would lock in spending at dangerously low levels. In addition, the need for state programs does not grow at the inflation rate of consumer goods (the Consumer Price Index). Future spending decisions must be allowed to take into account the state's changing demographics and growth in the actual cost of important services such as health care. As revenues become available, future legislatures and Governors must not be prevented from making new investments in services Californians desire.

The interaction of a hard budget cap with the complex formulas of Proposition 98 would also greatly complicate budget making. Since Proposition 98 spending would rise at a rate faster than that of capped state spending as a whole, other programs could be crowded out of existence.

California has suffered from a proliferation of ballot measures that impose formulas for allocating funding, raise revenues solely for funding specific programs, or direct expenditures without even adding additional revenues. That is no small part of the difficulty we now face in prioritizing hard choices in an economic crisis. Those elected to represent California voters' priorities in the years ahead must be able to listen to their constituents' wishes and try to produce

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budgets that respond to them. That cannot be done in the confines of a budget process ruled by a rigid formula with little legislative control.

The League has long supported measures that ensure revenues both sufficient and flexible enough to meet changing needs for state and local government services. Although we face difficult times now, we can recover and thrive if we have the resources to provide for a healthier, better-educated population and a sound infrastructure in the future. We urge you not to saddle Californians with a spending cap that would severely limit the ability of our state government to meet the challenges of the coming years.

Sincerely,

/s/ Janis R. Hirohama
President

cc: Senator Denise Ducheny, Chair, Committee on Budget and Fiscal Review