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Assembly California Legislature



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May 12, 2011

The Honorable John A. Pérez
Speaker of the California State Assembly
State Capitol
Sacramento, CA 95814

Dear Mr. Speaker:

Thank you very much for your recent letter seeking our ideas for solving the state's fiscal crisis. As Assembly Republicans have done throughout the process – and will continue to do going forward – we are happy to put forward our specific proposals to help California close our remaining \$15.4 billion budget deficit.

The budget approach that we outline today represents the common-sense solutions that we believe can be embraced by Democrats and Republicans alike in enacting a reasonable no-tax increase, budget compromise.

Our budget approach does not ask Californians to pay a \$55 billion tax increase to fuel unsustainable government programs and a 31 percent increase in state spending over 3 years. As a matter of principle, we believe that raising taxes on struggling families and employers is the worst thing we could do right now, for our economic and budget recovery and for our efforts to jumpstart the economy and bring back private-sector jobs.

The Assembly Republican proposals that we put forward today represent our roadmap to a no tax increase budget. These are specific and detailed proposals to balance the budget with no new taxes.

Budgets are a reflection of our priorities as a state. Facing a \$15.4 billion deficit, we are under no illusion that crafting a balanced budget is an easy task by any stretch of the imagination. But the news that California has taken in \$2.5 billion in unanticipated tax revenue in the past four months shows that we can balance the budget and protect the priorities of working families like education and public safety – without raising taxes on overburdened Californians.

Keep in mind that the nearly all of the components of our Republican budget roadmap have been proposed by the non-partisan sources we all trust, such as the Legislative Analyst's Office or the Bureau of State Audits, and key budget stakeholders like the University of California, or even by Governor Brown himself.

Specifically, the Assembly Republican roadmap to a no tax increase budget would:

- **Protect Education** – Like every California parent, Assembly Republicans are concerned about the impact the budget will have on classroom dollars. Our roadmap dedicates the \$2.5 billion in unanticipated tax revenue, which is “real money in the bank,” to fully fund the Proposition 98 constitutional minimum funding guarantee for schools. It also rejects the additional \$4.1 billion in

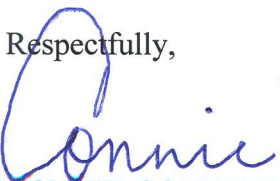
unanticipated tax revenue, which is “real money in the bank,” to fully fund the Proposition 98 constitutional minimum funding guarantee for schools. It also rejects the additional \$4.1 billion in cuts to K-12 and \$847 million in cuts to higher education as outlined in the LAO letter to Senator Leno. Assembly Republicans will fight any attempt to suspend Proposition 98.

- **Protect Law Enforcement, Reject Dangerous Realignment Scheme** – Instead of increasing the Vehicle License Fee, the Assembly Republican roadmap would provide \$500 million from the General Fund to support law enforcement programs that would have been funded through the VLF. This is the same mechanism through which these programs were funded as recently as two years ago. We also reject the dangerous public safety realignment plan in Assembly Bill 109, which would result in the early release of thousands of dangerous criminals into our communities. By providing zero funding, our plan would stop this dangerous realignment scheme.
- **Eliminate Waste and Abuse** – Our roadmap embraces specific proposals outlined by the Bureau of State Audits and the University of California to end waste and abuse in areas like Medi-Cal eligibility and inmate health care. These are areas where actual waste and abuse have already been found and mechanisms to eradicate them have already been identified. These proposals would save nearly \$1 billion.
- **Reduce the Cost of Program Delivery** – With real programs on the budget chopping block, taxpayers are demanding that lawmakers spend tax dollars as efficiently and effectively as possible. By enacting reforms to introduce competition in the delivery of services, such as allowing agencies to contract out with private firms for non-essential services like food service and transportation, along with other reforms to cut operating costs, we can save \$1.2 billion.
- **Adopt Remaining Solutions Proposed by Governor Brown** – There are up to \$3.2 billion in cuts and other savings proposed by Governor Brown that have not yet been enacted by the Legislature. Our budget roadmap includes many of these pending solutions, including a modified version of the Governor’s redevelopment plan.
- **State Must Do Its Fair Share** – Local governments, school districts and the private sector have had to reduce their workforce. State government workers must also do their part. Our roadmap rejects your caucus’ proposal to grow our state workforce by 1,000 new government workers, and instead makes \$1.1 billion in additional savings in the state workforce. Taxpayers shouldn’t have to pay higher taxes to shield government workers from contributing their fair share.

We trust that you will see the Assembly Republican roadmap to a no tax increase budget as a detailed and thoughtful proposal to help the state close its remaining \$15.4 billion budget deficit, protect our core priorities like education and public safety and get California on the road to economic recovery.

On behalf of Assembly Republicans, I wish to extend my hand of bipartisan cooperation as we work to balance the budget without raising taxes. In addition, we look forward to working with you and your caucus and Governor Brown on long term reforms to end this constant cycle of budget deficits such as enacting a real spending cap and reining in the costs of gold-plated public pensions.

Respectfully,



CONNIE CONWAY
Assembly Republican Leader