



January 6, 2010

Governor Delivers State of the State Address

I am sure you will read many press accounts of Governor Schwarzenegger's [State of the State Address](#), given this morning to a joint session of the Senate and Assembly. I do, however, want to share with you a couple of points he made and some reactions from the Capitol.

First, the Governor announced his official estimate of the size of the state budget deficit. The Governor cited the deficit at \$19.9 billion for the combined 2009-10 and 2010-11 budget down from previous published estimates of \$20.7 billion. He is sticking with the \$6.3 billion problem for the current budget, but has reduced the budget year deficit to \$13.6 billion.

Highlights of the message include:

- A four-point jobs proposal that largely relies upon short-circuiting environmental review of projects to expedite expenditures and tax cuts for "green" purchases;
- A proposed constitutional amendment to raise higher education spending above spending for prisons and advocated significant reductions in prison expenditures through privatization;
- Advocacy for additional federal funds for California, noting that the state only receives 74 cents for each dollar sent to Washington;
- Advocacy for pension reform to change the retirement formulae for newly hired employees;
- Endorsement of the recommendations of the Commission on the 21st Century Economy and a call for approval of the tax reforms in the Sixth Extraordinary Session; and,
- Support for the [Best Practices Budget Accountability Act](#), drafted by [California Forward](#) and awaiting title and summary from the Attorney General.

CSAC has released a response to the State of the State message. We are encouraged by the Governor's emphasis on teamwork as a means to get through the issues at hand, but note that teamwork goes beyond political parties working together, or the Administration working with the Legislature; teamwork must include all levels of government working together. ([A complete copy of CSAC's response can be found here.](#))

The Governor's Office has released background papers on key issues and proposals addressed in the State of the State message. Those background papers are attached. A copy of the text of the speech may be found by [clicking here](#).

In response to the State of the State Address, Assembly Speaker Karen Bass stated that she appreciated the Governor's pledge not to hurt higher education. She also pledged "**not to hurt cities and counties any more**" and to "**invest in transportation.**" She further stated that they "were not going to shred the safety net" for our most vulnerable citizens. Senate President Pro Tem, Darrell Steinberg, speaking after Speaker Bass endorsed her pledges, as well.

Given these smatterings of detail, it will be interesting to see the Governor's Proposed 2010-11 Budget when it is released on Friday. That event is currently scheduled for 11:30a.m. As I indicated earlier, CSAC will prepare and distribute a *Budget Action Bulletin* as soon as possible following that release, detailing the potential impacts on California's counties.

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