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GOVERNOR WOULD GAIN GREATER POWER UNDER "LIVE WITHIN OUR MEANS ACT"

[SACRAMENTO] – A recent report by the California Budget Project finds that the Live Within Our Means Act, an initiative proposed for the November 8 ballot, would dramatically alter the state's budget process, shift budget authority to the governor, reduce school funding, and cap spending from the proceeds of voter-approved taxes.

The report, *Limiting the Future?: What Would the "Live Within Our Means Act" Mean for California?* is available online at www.cbp.org.

"This initiative radically rewrites California budget rules," said Jean Ross, Executive Director of the California Budget Project. "It would significantly shift the balance of power from the legislature to the governor, giving the governor the authority to cut funding for schools and other services single-handedly."

The report concludes the initiative would:

- Give the governor sweeping power to cut funding, including the ability to override state laws and voter-approved initiatives.
- Allow the state to spend more than it brings in when the state heads into an economic downturn, but less than it brings in during a recovery.
- Reduce the long-term minimum Proposition 98 funding level by \$4 billion, a reduction of approximately \$600 per student per year in K-12 schools.
- Cap spending from the proceeds of voter-approved taxes, including gas tax money that supports transportation programs and tobacco tax funding for early childhood programs.
- Prohibit the spending of California State University and other fees in years when state revenues exceed the new spending cap.

- Put more, not less, spending on “autopilot” by eliminating the legislature’s ability to defer some transportation spending in bad budget years.

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The California Budget Project (CBP) was founded in 1994 to provide Californians with a source of timely, objective, and accessible expertise on state fiscal and economic policy issues. The CBP engages in independent fiscal and policy analysis and public education with the goal of improving public policies affecting the economic and social well-being of low- and middle-income Californians. Support for the CBP comes from foundation grants, publications, and individual contributions.