

Contact: Mateo Reyes
Phone: 510-268-5376
Email: mateo.reyes@acgov.org

1221 Oak Street, Suite 536
Oakland, CA 94612
Main: 510-272-6695
Fax: 510-271-5151

Alameda County
Supervisor Keith Carson, Fifth District

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One hand rose tentatively when California State Controller John Chiang asked a packed conference room of local officials, government employees, and community leaders if there was anyone planning on purchasing a car in the near future. The response Chiang got to his question has been similar all over California. Revenue from car sales tax makes up approximately 9.5% of the State's budget and is just one of the many revenue areas where California is hurting.

Chiang was invited to speak about the current status of the State's ability to meet its payment obligations during the Alameda County Budget Workgroup on January 22, 2010. According to Chiang, if the Legislature and Governor don't address the current year's cash problem the State will not have enough to pay its bills.

"It is vital that community members and leaders in Alameda County understand the State's budget crisis in order to plan appropriately and effectively in our communities and organizations," said Supervisor Keith Carson, Chair of the Alameda County Budget Workgroup. "When the State delays payments that means our community based organizations will not receive the funding they need to keep services operating and their doors open."

On March 30th the State will fall below the \$2.5 billion cash cushion by \$1.3 billion. On April 1st the State will be in the red by \$197 million, and resources to pay bills are not expected to return to safe levels until late April. Chiang stated that \$2.7 billion in cash solutions are necessary to avoid a cash shortage in the current fiscal year.

Failure by the State Legislature and Governor to pass the budget on time for Fiscal Year 2010-11 will cause the State to be in the red over \$1 billion. By September the state will be \$5 billion in the red. The State Legislature needs to act immediately to solve cash problems before the State Treasury is depleted or the historic events of last year's issuance of registered warrants (IOUs) will be repeated.

Changing the two-thirds majority vote requirement, eliminating term limits to increase institutional memory among elected representatives, and making the State's collection agency more efficient were a few solutions Chiang identified that could help solve the enormous budget problems of California. Chiang stressed that one-year gimmicks should not be an option and there is no one solution, but that there needs to be a lot of small solutions pieced together to make a large impact. Short term fixes will not solve the deep budget problems of California.

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