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GOVERNOR'S MAY BUDGET REVISION PROTECTS YOUTH CRIME AND VIOLENCE PREVENTION PROGRAMS

By David Steinhart

On May 14th, Governor Gray Davis released his May Budget Revision. With even further reported declines in state revenues since January, observers expected a new round of program cuts in the May Revision. Instead, the Governor surprised many by increasing funds for some programs, particularly education, and by proposing new taxes to pay for them.

This May Revision contained good news for youth crime and violence prevention program advocates. The Schiff Cardenas Crime Prevention Act, targeted earlier for elimination by Assembly Republicans, was fully protected by the Governor with a proposed funding level of \$ 116 million (no change from his January Budget). After-school funding was actually raised over the January Budget level, to \$ 121.6 million statewide (from \$ 107 million in January). School safety funding stays at \$ 72 million in the May Revision.

Highlighting the Governor's May 14th press conference was his proposal to raise taxes to erase the current year (2002-03) deficit and to reduce the projected \$ 38 billion budget year (2003-04) deficit. His proposed tax hikes include a half-cent increase in the sales tax, a new 10.3 percent bracket for high income earners, and restoration of the full VLF tax. Until new taxes can be collected, the Governor calls for state revenue bonds to be sold to cover immediate deficit and financing needs. Both the Governor, and his Department of Finance Chief Steve Peace, were somber in their insistence that lawmakers must produce an on-time budget this year, in order to preserve California's credit rating and to underwrite the bond package.

The Governor's May Budget Revision is only a proposal. Lawmakers must still agree on a Budget Act to send to the Governor—with or without the Governor's recommendations. Senate and Assembly Republicans have already reacted to the Governor's May Revision by condemning the proposed tax increases. This sets the stage for partisan and political bickering over the next several weeks. The pressure will be on lawmakers from both parties to act quickly (i.e., to agree on a budget by the constitutional deadline of June 15) to avoid further deterioration in the state's credit standing. So far, budget subcommittees in both houses have departed from tradition by holding "informational" hearings, without adopting specific program spending levels. This suggests that the final resolution, if there is one, could be made outside the normal committee process—as a sort of mega-deal crafted by leaders from both parties and the Governor. At this point, however, partisan politics rules the day and no outcome is in sight. Major youth violence prevention programs could still be cut or eliminated by lawmakers, even though the Governor has fully supported them in this May Revision.