



GOVERNOR
Edmund G. Brown Jr.

January 10, 2017

To the members of the Senate and the Assembly of the California Legislature:

This year's budget will be the most difficult that we have faced since 2012. The surging tide of revenue increases that we enjoyed the past few years appears to have turned. Instead, we now face a budget deficit of \$2 billion. While this amount pales in comparison to the \$27 billion deficit we faced in 2011, it demands our attention. Small deficits can quickly mushroom into large ones if not promptly eliminated.

While rolling back some planned spending increases, my proposed budget protects our most important achievements—more money for education, an earned income tax credit for working families, the rising minimum wage, the extension of health care to millions, and the pay down of our long-term liabilities.

In all likelihood, the coming years will bring even worse financial news—either from the start of the next inevitable recession or from changes at the federal level. This uncertainty about the future makes acting responsibly now even more important.

I look forward to working with you as we solve these challenges together.

With respect,

Edmund G. Brown Jr.