

OFFICE OF THE GOVERNOR

March 25, 2011

The Honorable Bob Dutton Republican Leader California State Senate State Capitol, Room 305 Sacramento, CA 95814

Dear Senate Republican Leader Dutton:

As you know, our state faces a severe budget crisis that has been years in the making. We started the year with a projected \$26.6 billion deficit. So, there is no bigger issue for California. As elected officials, it is our duty to meet this challenge head on.

When I ran for Governor, I told the people how I would approach this crisis if elected. I promised that I would start working on our fiscal problems right after the election, that I would no longer tolerate a "smoke and mirrors" approach to our budget, and that I would not allow any new taxes without a vote of the people.

I started meeting with staff and legislators right after the election and studied numerous budget solutions throughout November and December. In January, I presented a comprehensive budget proposal that will keep our state in the black this year and eliminate future deficits. It is a real budget that takes a balanced approach of severe cuts in spending and temporarily extending certain 2009 taxes. No one loves all aspects of my plan—both the cuts and the tax extensions are painful to many. But it's time for some hard medicine.

Since January, I have been talking to both Democrats and Republicans to build consensus on this plan so we could put it to a vote of the people in June. The Democrats have swallowed hard and done their part—they have approved \$12.4 billion in painful cuts. I have also been talking to a group of Republicans who have expressed a willingness to vote for this package if certain reforms are included. I have been willing—and remain so—to include certain reforms as part of my program—if this will enable enough Republican votes to put the matter before the people in a June election.

For weeks, my discussions with you have focused on three main issues: pension reform, regulatory reform and a spending cap. After numerous meetings, calls and discussions between us and members of our staffs, I thought we were making progress on these three topics. When you asked to meet today, I assumed you realized that time is very short and at this stage of discussions, we should be nearing agreement on a narrowed set of objectives—not expanding the list to include dozens of demands across a broad range of issues.

So I was very surprised (and frankly, disappointed) that you came today with a very long list of demands (53 separate proposals), many of which are new and have no relationship whatsoever to the budget. From my count, your list today added almost two dozen new topics, including obscure aspects of labor law and shifting the Presidential primary to March. In addition, your list of demands—if met—would undermine my entire budget proposal by undoing major elements and extending the taxes for only 18 months.

I truly appreciate the time and effort you and your Senate colleagues have put into developing proposals and for the willingness to be part of the solution. Unfortunately, our discussions have not been as productive as we need.

Job number one for every elected official in Sacramento today should be solving our state's budget crisis. It is my hope that we can develop a sincere and enduring partnership to guide our state in the years to come.

Much is at stake. Denying the people of California the right to vote on these matters of such profound importance would be nothing less than tragic.

We need to outline concrete steps we can take in the next hours and days to keep these discussions on track and prevent what could be disastrous consequences.

I still stand ready to work with you on the three main issues we have been discussing for weeks: pensions, regulatory reform and a spending cap in the context of the balanced budget I have proposed.

Lets get moving.

Please let me know if you are prepared to refocus our discussion back to those topics.

Sincerely,

Edmydd G. Brown Jr.