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N E W S R E L E A S E

150-Page "Citizens' Budget" Released Today for California

Application of Proven Government Management Strategies Yields $6.5 Billion Surplus

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SACRAMENTO, Calif. and ARLINGTON, Va. – In an effort to add substance and practical options to the ongoing political debate in California over the state's $34 billion budget deficit, The Performance Institute and Reason Foundation this afternoon released a "Citizens' Budget" that neither raises taxes, nor cuts vital citizen services. A news conference was held in the State Capitol Building at 10 a.m. PST (1 p.m. EST).

The plan calls for the permanent adoption of a two year state budget (currently used by 23 other states) and offers specific line-by-line budget analysis revealing more than $18 billion in potential cost savings in state programs. By balancing over two years, the plan requires only $11.7 billion in spending reductions be made.

"The Citizens' Budget rejects the false choice that the only way to balance the budget is through massive tax increases or draconian cuts in education and state services to those who need them the most," said Carl DeMaio, President of the Performance Institute, a senior fellow at the Reason Foundation, and the *Citizens' Budget* project director. "The real challenge is how to provide the same or better services at a lower cost to the state."

"Our analysis of state agencies and their spending habits demonstrates that Californians pay more in taxes, but get less service than taxpayers in other states. What is needed is a complete overhaul of our state government with substantial reforms of each state program to provide better service at a lower overall cost." In preparing the budget plan, DeMaio and his team used cost and savings benchmarks from other states and the federal government. Instead of implementing random, across the board budget cuts, the budget plan proposes evaluating the importance and effectiveness of each state program and consolidating and streamlining state agencies.

Calling state lawmakers to act immediately, DeMaio noted, "The *Citizens' Budget* offers a menu of reforms that state lawmakers can pick and choose from to balance the current budget. Most importantly, our plan calls for substantial Constitutional and statutory reform in state government to prevent a crisis like this one from happening again." The plan outlines several Constitutional reforms that would be approved by the voter under a referendum, including a Taxpayer Bill of Rights revenue limit, a modified version of the Gann Spending Limit, and an automatic balanced budget adjustment trigger when revenues fall short of expectations. The plan also calls for the launch of substantial dialogue on reforming California's "broken" and volatile tax system.

The report, *Citizens' Budget 2003-2005: A 10-Point Plan to Balance the California Budget*, is available online at http://www.performanceweb.org/pi/research/california/. The Performance Institute is an Arlington, Virginia-based private think tank that studies government performance and management reform. Reason Foundation is a nonprofit think tank based in Los Angeles.

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