

Fiscal analyst offers early take on ‘prudent’ Jerry Brown budget

David Siders and Jim Miller, Sacramento Bee, 1-14-15

The Legislature’s nonpartisan fiscal analyst on Tuesday called Gov. Jerry Brown’s new budget a “prudent” spending plan, while noting that the proposal might underestimate state revenue by up to billions of dollars through June.

The review follows Friday’s release of a [\\$113.3 billion state general fund proposal](#) that includes paying down long-term debt and increasing budget reserves, while restoring few recession-era spending cuts to social services.

“The governor’s budgeting philosophy continues to be a prudent one for the most part,” the Legislative Analyst’s Office said [in its overview](#) of the governor’s budget for the fiscal year that begins July 1.

The LAO said as much as \$2 billion more than Brown estimated is likely to be available through June. “Even bigger gains of a few billion dollars more are possible,” the analyst’s office said Tuesday.

Yet the analyst notes that, under the state’s constitutional school-funding formula, all of the additional money would go to schools and community colleges.

Brown has been criticized by some Democratic lawmakers and social service advocates in recent years for relatively pessimistic revenue estimates, and his proposal last week was more bullish than before.

If revenue falls, though, that could pose problems for maintaining the budget’s proposed large, formula-driven spending increases for schools through June 2016.

The LAO’s report questions the administration’s lack of specifics on paying off unfunded retiree health care obligations. Brown’s plan mentions bargaining with employee groups, but little else.

“To meet the governor’s goal, additional payments from all funding sources may approach \$2 billion per year in current dollars (growing over time),” the report said. “The administration does not recognize the costs of the ambitious retiree health proposal in its multiyear budget projection (which ends in 2018-19).”

Similarly, the plan does not mention the administration’s priorities on spending Proposition 2 money set aside to retire debts. The Legislature should come up with its own plan, the analyst’s office recommends.