

This measure would make major changes to the way in which the state sets aside money in one of its "rainy day" reserve accounts and how this money is spent. As a result, Proposition 1A could have significant impacts on the state's budgeting practices in the future. The measure would increase the amount of money set aside in the state's rainy day account by increasing how much money is put into this account and restricting the withdrawal of these funds. If this measure is approved, several tax increases passed as part of the February 2009 budget package would be extended by one to two years. State tax revenues would increase by about \$16 billion from 2010-11 through 2012-13. The following entities are on record supporting or opposing 1A:

Support

California Fire Chiefs Association
 California Police Chiefs Association
 California Taxpayers' Association
 California State Sheriffs' Association
 California Peace Officers' Association
 California Business for Education Excellence
 Budget Reform Now
 California Alliance for Jobs
 California Business Roundtable
 California Chamber of Commerce
 California Black Chamber of Commerce
 Central California Hispanic Chamber of Commerce
 California Senior Advocates League
 California Alliance for Jobs
 American Federation of State, County and Municipal Employees
 California Retailers Association
 Small Business Action Committee
 California State Council of Laborers

Oppose

Health Access California
 Howard Jarvis Taxpayers Association
 United Nurses Association of California/
 Union of Health Care Professionals
 Older Women's League of California
 Congress of California Seniors
 California Faculty Association
 Consumer Federation of California

PROPOSITION 1B - Education Funding. Payment Plan.

This measure amends the State Constitution as it relates to Proposition 98 by providing "supplemental education" payments in place of recent "maintenance factor" payments. It also provides greater discretion to the Legislature and Governor regarding how the payments would be distributed. The following entities are on record supporting or opposing 1B:

Support

California Fire Chiefs Association
 California Police Chiefs Association

Oppose

Howard Jarvis Taxpayers Association
 Older Women's League

California Teachers Association
California Federation of Teachers
California State PTA
California Alliance for Jobs
American Federation of State,
County and Municipal Employees
California Chamber of Commerce
California Black Chamber of
Commerce
Central California Hispanic Chamber
of Commerce
California Retailers Association
Small Business Action Committee
California State Council of Laborers

of California
Congress of California Seniors
California Faculty Association
Consumer Federation of California
United Nurses Association of
California/
Union of Health Care Professionals

PROPOSITION 1C - Lottery Modernization Act.

This measure is one of the major components of the plan approved by the Legislature and the Governor in February 2009 to balance the state budget. The measure makes major changes to the 1984 voter initiative that created the California Lottery. These changes increase lottery ticket sales and allow the state to borrow \$5 billion in fiscal year 2009-10 from future lottery profits. In addition to borrowing this \$5 billion, the state also could borrow more from lottery profits in future years. Under the measure, lottery profits now dedicated to schools and colleges would be used to pay back the borrowing. The measure would increase state payments to education from the state General Fund to make up for the loss of these lottery payments. The following entities are on record supporting or opposing 1C:

Support

California State Sheriffs' Association
California Fire Chiefs Association
California Police Chiefs Association
California Peace Officers'
Association American Federation of
State, County and Municipal
Employees
California State PTA
California Chamber of Commerce
California Black Chamber of
Commerce
Central California Hispanic Chamber
of Commerce
California Business Roundtable
California Alliance for Jobs
California Secretary of Education

Oppose

Howard Jarvis Taxpayers
Association United Nurses
Association of California/
Union of Health Care Professionals
Older Women's League of California
Congress of California Seniors
California Faculty Association
Consumer Federation of California

California Business for Education
Excellence
California Retailers Association
California State Council of Laborers

PROPOSITION 1D - Protects Children's Services Funding. Helps Balance State Budget.

This measure would temporarily redirect a significant portion of Proposition 10 (First 5 program) funds to achieve budgetary savings and would make permanent changes to state and local First 5 commission operations. The following entities are on record supporting or opposing 1D:

Support

Association of Regional Center
Agencies American Federation of
State, County and Municipal
Employees
California Alliance for Jobs
California Fire Chiefs Association
California Police Chiefs Association
California Peace Officers'
Association California State Sheriffs'
Association
California Chamber of Commerce
California Black Chamber of
Commerce Central California
Hispanic Chamber of Commerce
Association of Regional Center
Agencies
California Retailers Association
Small Business Action Committee
California State Council of Laborers

Oppose

Health Access California
Howard Jarvis Taxpayers
Association United Nurses
Association of California/
Union of Health Care Professionals
Older Women's League of California
Congress of California Seniors
California Faculty Association
Consumer Federation of California

PROPOSITION 1E - Ensures Funding for Children's Mental Health Services. Helps Balance State Budget.

Proposition 63 provides state funding for certain new or expanded mental health programs through a personal income tax surcharge of 1 percent on the portion of a taxpayer's taxable income in excess of \$1 million. This measure allows for the temporary redirection of some Proposition 63 funds, \$226.7 million in 2009-10, and between \$226.7 million and \$234 million in 2010-11. In effect, these Proposition 63 revenues would be used to offset state costs that would otherwise be borne by the General Fund, thereby achieving savings to help address the

state's current budgetary problem. The following entities are on record supporting or opposing 1E:

Support

California Fire Chiefs Association
California Police Chiefs Association
California Peace Officers'
Association California Taxpayers'
Association California State Sheriffs'
Association
California Latino Child Development
Association
National Tax Limitation Committee
American Federation of State,
County and Municipal Employees
California Chamber of Commerce
California Black Chamber of
Commerce
Central California Hispanic Chamber
of Commerce
California Retailers Association
Small Business Action Committee
California State Council of Laborers

Oppose

Howard Jarvis Taxpayers
Association California Family
Resource Association
United Nurses Association of
California/
Union of Health Care Professionals
California Mental Health Advocates
for Children and Youth
Older Women's League of California
Congress of California Seniors
California Faculty Association
Consumer Federation of California

PROPOSITION 1F - Elected Officials' Salaries. Prevents Pay Increases During Budget Deficit Years.

This proposition amends the Constitution to prevent the California Citizens Compensation Commission from approving increases in the annual salary of elected state officials in certain cases when the state General Fund is expected to end the year with a deficit. The following entities are on record supporting or opposing 1F:

Support

California Taxpayers' Association
California State Sheriffs' Association
California Fire Chiefs Association
California Police Chiefs Association
California Peace Officers'
Association California State Council
of Laborers American Federation of
State, County and Municipal
Employees
California Chamber of Commerce
California Black Chamber of
Commerce Central California

Oppose

Health Access California
Howard Jarvis Taxpayers
Association
United Nurses Association of
California/
Union of Health Care Professionals
Older Women's League of California
Congress of California Seniors
California Faculty Association
Consumer Federation of California

Hispanic Chamber of Commerce
California Retailers Association
Small Business Action Committee

On April 6, 2009, the Board of Directors for the League of California Cities took formal action to support all of the propositions. The Board's decision reflects the importance of protecting city revenues, furthering infrastructure investment, and rebuilding our state and local economies.

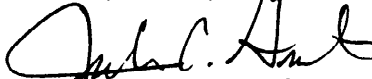
The six ballot measures combine will provide nearly \$6 billion into the state's 2009-10 spending plan. Even with that revenue, the plunging economy has already created a potential \$8-billion shortfall in next year's budget. If the propositions fail, the state could face a \$14-billion deficit that would grow by an additional \$16 billion if Proposition 1A doesn't pass, according to the nonpartisan legislative analyst's office.

There is also a strong possibility that a budgetary impasse will occur if the ballot measures fail. Last summer and again during the winter, negotiations dragged on for weeks as State representatives quarreled over how to fill the deficit. If more tax increases are necessary after May 19, another stalemate could develop. Tax hikes require a two-thirds vote of the Legislature, and some representatives have indicated they have given enough. Consequently, failure of the ballot measures could result in funds being taken from cities.

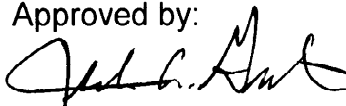
FISCAL IMPACT:

Collectively, propositions 1A-1F provide access to approximately \$16 billion in 2009-10 and billions of dollars in annual savings during the period from 2010 - 2014. If the voters reject these measures the Legislature and Governor will need to agree on additional spending cuts, tax increases and/or other financial solutions to balance the state budget.

Respectfully Submitted,


for MICHAEL J. BECK
City Manager

Approved by:


JULIE A. GUTIERREZ
Assistant City Manager