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## Introduction

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This special issue of the *California Journal of Politics and Policy* brings together a range of experts to assess what can be done to solve California's budget crisis. While there are, as one might expect, some fundamental differences in emphasis regarding where and how deep to cut spending and whether and how much to raise revenue, there is also a good deal of consensus.

There is general agreement, for example, that, as bad as California's fiscal problems have grown in recent years, the current situation has been sorely aggravated by the depth and severity of the national recession. Indeed, Steve Levy asserts, "The current budget challenge is 100% the

result of the deepening national recession." While not everyone may go that far, most would agree with Fred Silva that California has set itself up for its current woes by relying for far too long on a budget process characterized by volatile revenues, uncontrolled costs, short-term fixes, little oversight, and no performance standards.

The voters, of course, blame the politicians; the Democrats blame the Republicans: the Republicans blame the Democrats, and so it goes as the circle of finger-pointing grows. But there is clearly plenty of blame to go around. As Patrick Johnston notes, "Added to the severe economic malaise that afflicts California, there have been three decades of policy choices made by legislators, governors, judges, and voters that have driven the state into a fiscal box canyon."

Addressing the question of how to get out of that box canyon and ride into the sunlit uplands of fiscal reform, our contributors suggest a number of possibilities—most

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of them involve major long-term reforms in how the state handles its finances.

Dick Ackerman suggests dusting off the California Performance Review ordered up by Governor Schwarzenegger when he was first elected and quickly shelved with little regard for the far-reaching reforms it recommended.

Joel Fox, Tim Gage, and others urge a move to multiyear budgeting that focuses on long-term stability rather than short-term fixes. Bob Benedetti argues for a fundamental reevaluation of the rights and responsibilities of local government: “It is past time to provide cities, counties, and school districts greater freedom both to raise money and to spend as they see fit.” And Teresa Casazza would reconfigure the Department of Finance into the Office of Management and Budgets and have it focus on budget management, oversight, and accountability.

While they may differ about what the voters signaled in the May 19th election, our contributors agree that it will force the governor and the legislature to choose among a host of unpleasant options. In the short run, Jean Ross notes, “No combination of spending cuts or tax increases is sufficient on its own to remedy the current shortfall without inflicting significant harm to the poor and the state’s economy.” Arguing that California is too big and too important to the nation to fail, she says California needs—and deserves—more federal assistance.

What would seem to be the only realistic way out—a grand compromise between Democrats and Republicans—remains a bridge too far. The question, as one long-time Republican legislative leader suggests, is how to reach that compromise, if one is, in fact, reachable in the current political climate. “It is time for an honest conversation about what we can afford,” he says, adding ominously hinting that disaster has a way of focusing the mind of even the most recalcitrant legislator. “If the legislature and governor cannot get it done, Congress should add states to the Chapter 9 municipal bankruptcy law.”