

XX
STATES
RESERVE
From
5.47% TO
6.2%

STATE CAPITOL

Brown pitches \$122.5 billion budget, warns of deficit

By Jonathan J. Cooper
The Associated Press

SACRAMENTO » Gov. Jerry Brown proposed a \$122.5 billion state spending plan Tuesday and warned of a looming \$1.6 billion budget deficit because of slow growth in tax revenues.

1.3%

Locally the proposed budget could affect infrastructure, health care and education funding in Humboldt County.

Brown announced his proposed budget as the state faces uncertainty about changes to come from President-elect Donald Trump and the Republican-led U.S. Congress on a host of programs that affect California.

Trump has pledged to repeal President Barack Obama's health care law, which California has embraced by enrolling about 5 million people in private health insurance or publicly funded Medi-Cal coverage.

The proposed budget assumes policies remain the same, but Brown noted the federal uncertainty is another reason to maintain the fiscal prudence for which he consistently advocates.

"If they do go down that road, it will be extremely painful for California," Brown said about the

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Trump administration.

About 1.4 million people signed up for coverage last year through Covered California, the insurance exchange created under the Affordable Care Act.

Nearly 90 percent received federal subsidies that would go away under previous GOP proposals to repeal "Obamacare." Another 3.8 million people with low incomes joined the Medi-Cal program, with 95 percent of their costs paid by the federal government, amounting to about \$15 billion in subsidies during the current fiscal year.

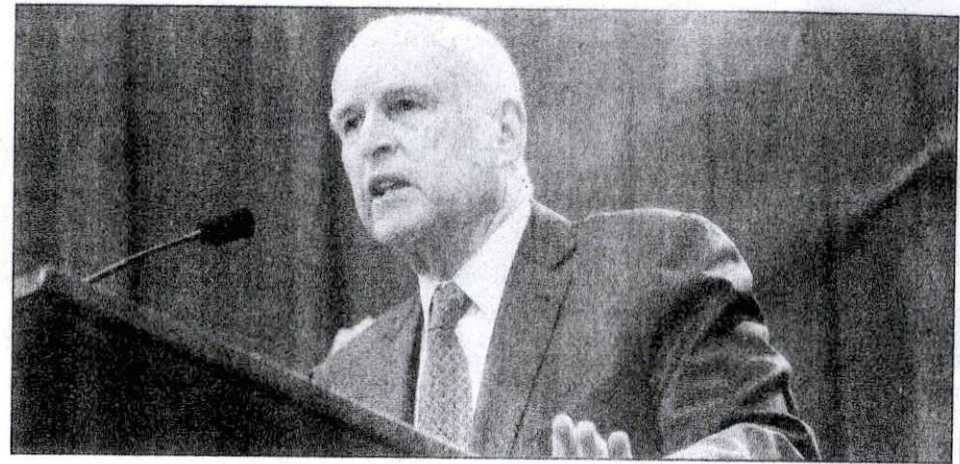
Brown's proposal is his opening salvo in six months of spending negotiations with lawmakers. He seeks to boost the state's reserve fund to \$7.9 billion — up from \$6.7 billion in the current budget year — to help soften what he warned is an inevitable recession after 10 years of economic recovery.

"You've got to save your money or you're going to lose the farm," Brown said.

State Republicans, who are more often aligned with Brown than legislative Democrats on spending, were cautiously optimistic about the governor's approach.

"Our California budget is perilously balanced," said Sen. Jim Nielsen, R-Gerber, the ranking Republican on the Senate budget committee. "The governor has, along with the Republicans, opted to hold the line on our spending. We cannot be getting loose with the purse in California."

Sen. Mike McGuire (D-Healdsburg) in a release Tuesday applauded the cau-



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California Gov. Jerry Brown discusses his 2017-18 state budget plan he released at a news conference Tuesday.

tious budget but noted some hurdles remained, especially under the upcoming administration.

"The threat to California's progress and the undercutting of our values is real and that is why the Legislature is going to do what it takes to continue our progress under a Trump administration," McGuire said in the release. "That said, I think there are going to be some challenging days ahead. The governor is smart to advance a cautious budget with strategic investments in K-12 education, continuing to expand health care coverage for our state's most vulnerable, extending our state's climate protection programs and bolstering our rainy day fund."

The release states McGuire is dedicated to, among other things, passing comprehensive transportation legislation.

"We have a transportation funding crisis in California — our roads, highways and bridges are in terrible shape because our state has failed to invest in our transportation infrastructure — and tens of millions of California commuters are paying

the price. It's frustrating that the budget didn't step up to tackle this crisis," McGuire said. "This is why we are going to fight for the Senate's transportation proposal harder than ever."

The budget proposal includes \$18.1 billion for all state transportation agency programs which is up from the \$16.2 billion budgeted for transportation last year.

"State funding has fallen dramatically below the levels needed to maintain the system, and a recent transportation study found that Californians spend on average \$762 annually on vehicle repair costs due to poorly maintained roads," the budget proposal summary states.

Some county roads near Petrolia have been described as having potholes the size of craters at past Humboldt County Board of Supervisors meetings. In addition, Humboldt County is in the process of seeking millions in aid to fix county roads affected by this winter's storms.

The proposal summary also budgets \$31.9 billion for higher education includ-

ing \$76.3 million more dollars for the California State University system compared with last year's budget.

"We are appreciative of the Governor's commitment to investing in public higher education and the additional funding proposed will help address some of the California State University's priorities," CSU Chancellor Timothy White said in a statement on Tuesday. "The university is committed to improving student achievement with a focus on Graduation Initiative 2025, which will eliminate the achievement gap and help address California's looming shortfall of one million baccalaureate degree-educated citizens over the next 10 years. While student completion has reached all-time highs and continues to increase, we will review all options to ensure that we are able to maintain that momentum."

The full budget is available at ebudget.ca.gov.

Times-Standard staff writer Hunter Cresswell contributed to this report.

HUMBOLDT CO.