



GOVERNOR
Edmund G. Brown Jr.

January 9, 2015

To the Members of the Senate and the Assembly of the California Legislature:

We have come far in the last four years. Then, the state was deeply in debt — \$26 billion and our unemployment rate was 12.1 percent. Now, the state budget, after a decade of fiscal turbulence, is finally balanced — more precariously than I would like — but balanced. California has seen more than 1.3 million new jobs created in just four years and the unemployment rate has dropped to 7.2 percent. Thanks goes to the Legislature for cutting spending, the economy for recovering and the people for voting for temporary taxes.

We also have the people to thank for Propositions 1 and 2, which save water and money and prepare us for an uncertain future. As a result, by the end of the year, we will be investing in long overdue water projects and saving \$2.8 billion in the state's new constitutionally protected Rainy Day Fund.

Soon we will make the last payment on the \$15 billion of borrowing made to cover budget deficits back to 2002. We will also repay a billion dollars borrowed from schools and community colleges and another \$533 million owed to local governments.

Over the next four years — and beyond — we must dedicate ourselves to making what we have done work, to seeing that the massive changes in education, health care, public safety and environment are actually implemented and endure. The financial promises we have already made — running into the hundreds of billions of dollars — must be honestly confronted so that they are properly accounted for and funded. The health of our state depends on it.

With respect,

Edmund G. Brown Jr.

This page intentionally blank to facilitate double-sided printing.