

California budget deficit projected to top \$25 bil.

By Kevin Yamamura, Sacramento Bee

In what has become a somber November tradition, the nonpartisan Legislative Analyst's Office projected Wednesday that California must close a \$25.4 billion shortfall next year, twice as large as legislative leaders predicted.

California faces another major budget problem because tax rates are slated to drop, the federal government will provide less relief and state leaders enacted a flimsy fiscal plan last month, the analyst's office found. The economy is recovering, but not fast enough to overcome the state's budgetary obstacles.

The latest projections suggest a difficult road ahead for Gov.-elect Jerry Brown, who will likely spend much of the next four years wrestling with budget problems. The LAO report forecasts annual budget deficits of about \$20 billion through 2015-16 without permanent changes.

The new deficit is larger than last year's \$19 billion gap, which took legislators and Gov. Arnold Schwarzenegger until Oct. 8 to resolve, the latest budget enactment date in state history.

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