Gov. Arnold Schwarzenegger said Thursday he will call legislators into a special session to attempt to close the current-year budget deficit in his final month in office.

"I know this will be difficult, but as we know from experience, putting off the hard decisions to bring spending in line with our revenues only makes solving the problem more difficult," Schwarzenegger said in a statement.

The announcement came one day after the nonpartisan Legislative Analyst's Office projected that the deficit will climb to $25.4 billion by June 30, 2012. The estimate included a $6.1 billion shortfall in the current fiscal year, attributed in part to overly optimistic assumptions for spending reductions and federal aid included in the record-late spending plan passed last month.

Voters' approval of Proposition 22 also blew an $800 million hole in this year's budget, the LAO said.

Schwarzenegger plans to introduce his own proposal to close the current-year deficit, which will be based on the Department of Finance's estimate of the shortfall, spokesman Aaron McLear said. The plan, which will not include tax increases, will likely rely on steeper spending cuts proposed by Schwarzenegger earlier this year.

"The governor said he's going to sprint to the finish line, and that's exactly what he's doing here," McLear said. "He's not at all surprised that we have a deficit in the current year because the Legislature refused deeper cuts in the (current year) budget."

The governor also hinted at more cuts in his statement, saying, "Legislators will have to face the ugly truth that we can only spend the revenues we have."

The session will begin Dec. 6, the day that lawmakers elected Nov. 2 will be sworn in and a month before Schwarzenegger hands the budget reins to Gov.-elect Jerry Brown. McLear said Schwarzenegger had informed Brown, who is vacationing in Arizona, of his plan Thursday afternoon.

Brown spokesman Evan Westrup wrote in an e-mail: "The governor-elect and his transition team will continue to engage all parties on California's budget, while respecting the governor's right to call a special session to address the current year deficit."

But some Democrats would prefer to wait and work with Brown.
Assembly Speaker John A. Pérez said in a statement that Assembly Democrats don't believe working with Schwarzenegger "offers the best path" for reducing the deficit and creating jobs.

The special-session news was applauded by Republicans, including GOP Senate leader Bob Dutton of Rancho Cucamonga, who had publicly urged Schwarzenegger to call a special session. Assembly Republican leader-elect Connie Conway echoed his sentiments.

"We should all be working together toward a common goal of bringing the budget into balance," the Tulare Republican said in a statement.

Incoming lawmakers include 29 who have never served in the state Legislature. One new member agreed the deficit requires immediate attention but was skeptical about how much could be done in the lame-duck governor's final month.

"I certainly hope there is something substantive and meaningful in what he puts out," said Assemblyman-elect Richard Pan, D-Sacramento. "In some sense, one can say, how does this make sense when Gov. Brown is going to be putting out a budget in January?"

Legislators will enter the special session with new rules for approving spending bills. Proposition 25, which lowers the vote threshold for passing a state budget from two-thirds to a majority, will take effect once the election results are certified in early December. Fees, like taxes, will require a two-thirds vote as a result of Proposition 26.

Pérez said he doesn't think a majority-vote budget will change the overall challenge of crafting a budget fix. "Just because the threshold is lower shouldn't be seen as anybody abdicating their responsibility to be part of finding those solutions," he said. "Republicans have to be engaged in the process with us."

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