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2011-12
Governor's Budget Summary

Edmund G. Brown Jr., Governor, State of California

To the California Legislature
Regular Session 2011-12

GOVERNOR

Edmund G. Brown Jr.

January 10, 2011

To the Senate and the Assembly of the California Legislature:

I hereby submit to you my proposed Budget for 2011-12.

This Budget proposes a far-reaching realignment of government functions by restoring to local government authority to make decisions that are best made closer to the people, not in Sacramento. My plan also envisions reorganizing state government to make it more efficient and save scarce tax dollars by consolidating or eliminating functions. Since it will take some time to fully implement these changes, I propose to ask the voters for a five-year extension of several current taxes so that we can restructure in an orderly manner with minimal disruption.

If we make the tough decisions now and put our accounts in order, we will again make California the national leader in job creation as our nation slowly recovers from the current recession.

We begin 2011, after the longest budget stalemate in the history of California, with a budget gap of more than $25 billion. Short-term measures and gimmicks adopted in recent years did not solve our problem and in fact made it worse. This Budget closes our short-term budget gap and also eliminates projected future deficits.

The Budget focuses on the core functions of government and maintains essential services. Nowhere is this more important than in our public schools, which have taken big cuts in recent years.

Along with responsibilities returned to local government through the proposed realignment, the Budget provides dedicated and ongoing revenues.

As California's economy begins to recover — and recover it will — our restructuring plan will make California government more transparent, efficient and responsive to the people.

This is a tough budget for tough times. I look forward to working with you and taking decisive action without delay.

Sincerely,

/s/ Edmund G. Brown Jr.

Edmund G. Brown Jr.

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2011-12 Budget Summary

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Introduction

The Governor's Budget proposes to close California's structural budget deficit and provide a strong and stable foundation to meet future needs. This year's spending plan relies on real solutions, most of them ongoing, and proposes a vast and historic realignment of government services.

The state is slowly emerging from the Great Recession, the longest and deepest recession since World War II. More than 1 million jobs were lost in California and the unemployment rate rose to 12.6 percent—the third highest in the nation. Personal income dropped by 2.4 percent, the first decline since 1938. General Fund revenues fell much more, dropping 24 percent from the height of revenues in 2007-08 to the bottom in 2009-10.

Although California has begun to recover, the Budget projects that it will be years before the more than 1 million lost jobs will be recovered. See Figure INT-01. Baseline revenues will not return to the 2007-08 level until 2013-14 and, even then, projected revenues will be insufficient to pay for program services that the state has committed to provide.

In recent years, California has made some difficult choices to close the budget gaps. Taxes were raised temporarily, the Proposition 98 Guarantee was reduced from a high of $56.6 billion to $49.1 billion, resulting in a $7.5 billion decline, programs were eliminated, and spending cuts were adopted. In total, $103.6 billion in budgetary actions were adopted between 2008 and 2010. But most budgetary actions, about 85 percent of them in 2010-11, were temporary or failed because of court challenges or faulty assumptions.

Figure INT-01

Full Recovery of Jobs Lost During Recession, Not Until 2016

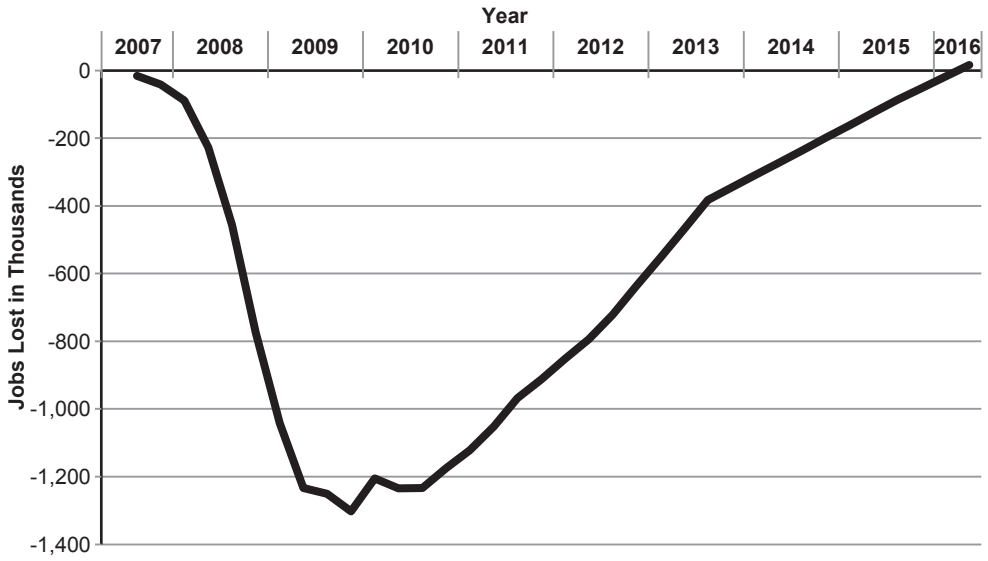


Figure INT-02

California Relied Mostly on Short-Term Solutions

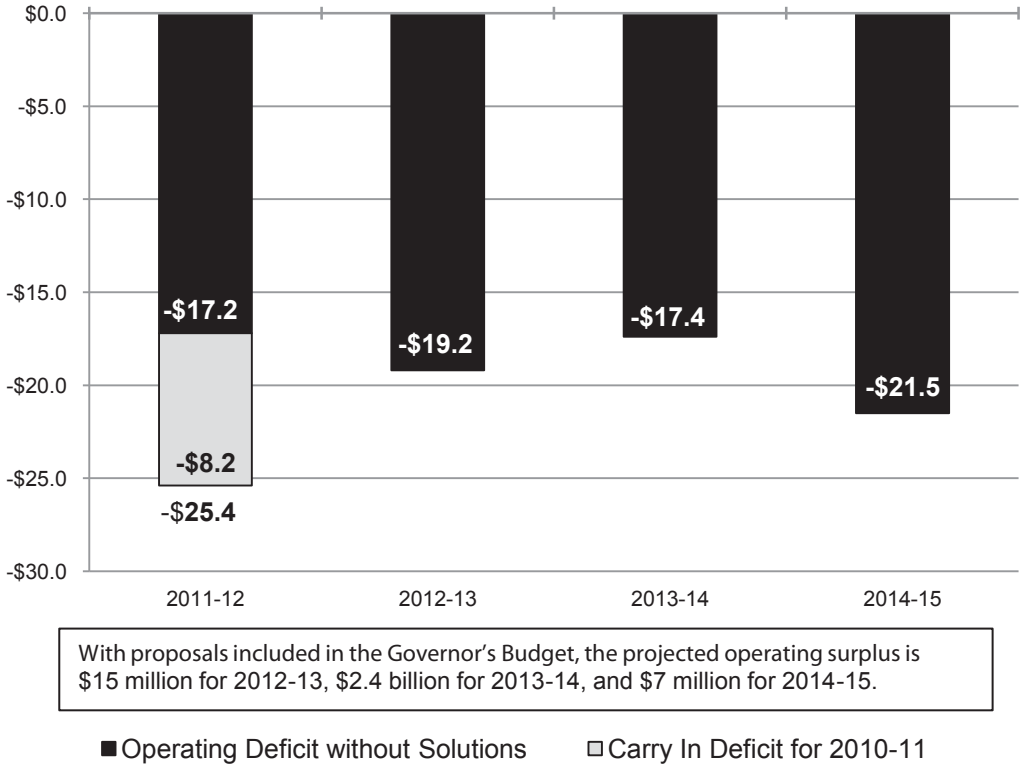
	Solutions (In Billions)	Short-Term / Did Not Materialize as a Percent of Total
2008-09	$24.3	75%
2009-10	60.0	84%
2010-11	19.3	85%

See Figure INT-02 for a summary of recent budget actions.

Although the economic downturn has been the chief contributor to today's budget gap, California entered the recession with an existing structural budget deficit, meaning that revenues did not cover costs. This structural deficit continued, in part, because of an overreliance on temporary remedies and savings proposals that did not materialize. Some actions adopted over the last decade, such as the Economic Recovery Bonds, have made the problem worse, adding $2.9 billion to the projected budget gap in 2011-12.

Without corrective action, as illustrated in Figure INT-03, the structural deficit will persist and grow to between $17.2 billion and $21.5 billion per year through 2014-15. The Governor's Budget proposes to close this structural gap in a manner that is both balanced and sustainable. Specifically, it proposes significant reforms to state and local programs, substantial reductions to state operations, and spending cuts across

Figure INT-03
Operating Deficits without Corrective Actions
Dollars in Billions



all service areas. The Budget also maintains existing tax rates in effect for another five years, subject to voter approval.

The Governor's proposal reflects the difficult choices that will be necessary to balance California's budget this year and into the future. Without decisive action, the state's severe budget problems will persist, threatening economic recovery, job growth, public education and the quality of life in California. But the adoption of this budget will position the state to lead the country as it slowly recovers from the Great Recession.

Defining the Budget Gap

California is projected to face a budget gap of $25.4 billion in 2011-12. This gap is made up of a current-year shortfall of $8.2 billion and a budget-year shortfall of $17.2 billion. With a reasonable reserve of $1 billion, $26.4 billion in cuts, taxes and other budget solutions are needed to close the budget gap.

As Figure INT-04 illustrates, various factors contribute to the projected deficit in 2011-12. First, the budget plan adopted in 2010-11 relied in part on unrealistic assumptions, including the receipt of billions of dollars in federal funds, and on spending cuts that were not achieved. These factors contributed $5.3 billion to the budget problem ($3.6 billion federal funds and $1.7 billion reductions).

Figure INT-04
Shortfall in 2011-12 Governor's Budget
(Dollars in Billions)

June 30, 2011, Reserve Projected as of 2010 Budget Act		$1.3
Workload Adjustments:		-26.7
Additional Federal Funds Assumed in 2010-11 Did Not Materialize	-3.6	
Erosions of Other Enacted Solutions in 2010-11	-1.7	
Revenue Decline in 2010-11	-3.1	
Proposition 22 impact in 2010-11 and 2011-12	-1.6	
Other Workload Adjustments	-2.1	
Sunset of Temporary Increases in Tax Rates and Other Revenue Changes in 2011-12	-7.2	
Federal Stimulus Funds Previously Approved by the Federal Government are Expiring	-4.0	
Other One-Time Value of Enacted Solutions in 2010-11	-3.4	
Rebuild Reserve		-1.0
Total Solutions Proposed		-$26.4

This year's revenues are $3.1 billion lower than were projected at the time of the 2010 Budget Act, in part due to the recently enacted federal Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010. The passage in November of Proposition 22, which prohibits the use of certain transportation funds to pay for debt service or to be loaned to the General Fund, created an additional budget shortfall of $1.6 billion. All other workload adjustments including population and caseload changes added $2.1 billion.

The sunset of temporary increases in tax rates amounts to a projected drop in revenues of over $7 billion from 2010-11 to 2011-12. Federal stimulus funds that temporarily reduced state spending will end in 2010-11, increasing General Fund costs by $4.0 billion. Finally, another $3.4 billion of solutions adopted in 2010-11 will expire at the end of the fiscal year.

Closing the Budget Gap

To restore local-government authority to make decisions that are best made closer to the people, make government more efficient, and protect core services, the Governor proposes a balanced approach to close the budget gap. As illustrated in Figure INT-05, the Budget includes $26.4 billion in spending cuts, revenues and other solutions to balance the budget this year and into the future, and to provide for a reserve.

Figure INT-05
Proposed Budget Solutions
(Dollars in Millions)

	2010-11	2011-12	Total	
Expenditure Reductions	$422	$12,075	$12,497	47%
Revenues	3,163	8,864	12,027	46%
Other	506	1,379	1,885	7%
Total	$4,091	$22,318	$26,409	100%

The Budget reduces spending by $12.5 billion. It includes substantial cuts to most major programs, such as $1.7 billion to Medi-Cal, $1.5 billion to California's welfare-to-work program, $1 billion to the University of California and California State University, $750 million to the Department of Developmental Services, and $580 million to state operations and employee compensation.

Recognizing that school funding has been disproportionately reduced since 2007-08, the Budget maintains Proposition 98 funding (state General Fund and local property tax) for K-12 programs at the same level in 2011-12 as is in effect in 2010-11. To maintain funding for schools, fund public safety services at the local level, and to balance the budget, this proposal maintains current tax rates for another five years. The Budget also proposes to uniformly apply the single sales factor income allocation rules to certain corporate taxpayers and to eliminate an ineffective tax expenditure program. These proposals will generate $12 billion.

While most of the budget solutions are ongoing, the Budget includes some one-time savings and borrowing. These include $1.8 billion in borrowing from special funds, $1.7 billion in property tax shifts, $1.0 billion from Proposition 10 reserve to fund children's programs, and $0.9 billion from Proposition 63 moneys to fund community mental health services. $8.2 billion of the budget gap is one-time in nature. Closing a portion of the gap with some one-time solutions is appropriate because a portion of the budget gap is one-time in nature.

Adopting the Budget's long-term solutions is critical to eliminating the structural imbalance in the future. Based on the proposed budget, current law, and the latest forecast of the economy, revenue, and program costs, the operating surplus over the forecast period ranges from a low of $7 million to a high of $2.4 billion—a structurally balanced budget each year.

Recognizing the urgency of the state's fiscal problems, the Budget calls for an accelerated timeline to restore balance to the state's finances. It assumes that all necessary statutory changes to implement budget solutions will be adopted by the Legislature and signed by the Governor by March. This will allow the necessary ballot measures to be placed before the voters at a statewide special election to be called for June 2011. In addition, early enactment of budget proposals will lead to implementation sooner allowing greater savings to be achieved by the end of 2011-12. Likewise, the Administration expects that the legislative process will be inclusive and that a two-thirds vote will be obtained to quickly implement the statutory changes.

Transforming the State and Local Relationship

The budget proposes a major shift in the state-local relationship by reversing the trend of consolidating control and budget authority in Sacramento. When fully implemented, this proposal will restructure how and where more than $10 billion in a wide range of services are delivered.

This realignment will allow government at all levels to focus on their core functions and become more efficient, more effective and less expensive, by clarifying lines of program responsibility and reducing the duplication of services and administrative costs.

The first phase of this proposal will be a $5.9 billion transfer of programs from the state to the counties funded by maintaining the 1-percent sales tax and the 0.50-percent Vehicle License Fee that are currently set to expire in 2011.

Reducing Spending and Promoting Efficiency

The state must reexamine all aspects of its operations to be more efficient and effective. Reducing waste and redundancies will generate substantial savings, improve operations, and restore public confidence in government.

The Governor's Budget begins what will be an ongoing effort to make state government more effective and efficient. The Administration will increase efficiency and accountability by reducing costs, improving timeliness, and reducing overlapping responsibilities. The Governor has already taken steps to accomplish these goals. They include:

- Eliminating the Office of the Secretary of Education.
- Eliminating the Inspector General for the American Recovery and Reinvestment Act. The federal stimulus funds are nearing their completion, and the state already has a number of well-established oversight entities.
- Reducing the Governor's Office budget. The operations of the Governor's Office have been reduced by 25 percent. Additional current-year savings will be achieved by spending only $120,000 of the $770,000 appropriated for transition costs during 2010-11.

In addition, the Governor has directed agency secretaries and department directors, in consultation with the Department of Finance, to immediately review their operational costs and identify options to generate savings. As part of this effort, specific reorganization proposals will be developed to consolidate or eliminate departments, programs and functions. In addition, over time the realignment proposal will achieve major administrative savings when duplication is reduced and unnecessary administrative costs at the state level are eliminated.

Two areas of particular scrutiny will be the use of cell phones by state employees and the number of state vehicles. The state currently pays for about 96,000 cell phones, one for over 40 percent of all state employees. The Governor has set a statewide goal of reducing the number of cell phones by at least 50 percent. In addition, the Administration will reduce the number of vehicles the state maintains. There are approximately 13,600 light duty vehicles (cars, pickups, vans) in the state fleet, not including some 12,000 that are used for public safety. To reduce the number of vehicles in the state's fleet, the Administration will require each vehicle's purpose and necessity to be rejustified. Only vehicles necessary for critical state functions will be retained, and only when retaining such vehicles is cost effective.

Cash

The Governor's Budget projects the state will have sufficient cash to repay the entire $10 billion of Revenue Anticipation Notes (RANs) as scheduled in May and June 2011. Absent corrective action, the state will once again face substantial challenges in meeting all General Fund cash needs beginning in July 2011. Proposals to close the budget gap will reduce this cash problem. However, in addition to budget solutions, the state will need to obtain external financing early in the fiscal year. Further, it is highly likely that most, if not all, allowable payment deferrals in effect during the 2010-11 fiscal year will need to be continued in 2011-12 to align receipts and disbursements and to reduce the need for external borrowing.

Summary Charts

This section provides various statewide budget charts and tables.

Figure SUM-01

2011-12 Governor's Budget
General Fund Budget Summary
Budget Before Solutions

(Dollars in Millions)

	2010-11	2011-12
Prior Year Balance	-$5,342	-$7,448
Revenues and Transfers	$90,687	$83,513
Total Resources Available	**$85,345**	**$76,065**
Non-Proposition 98 Expenditures	$56,584	$66,718
Proposition 98 Expenditures	$36,209	$34,031
Total Expenditures	**$92,793**	**$100,749**
Fund Balance	**-7,448**	**-24,684**
Reserve for Liquidation of Encumbrances	$770	$770
Special Fund for Economic Uncertainties	-$8,218	-$25,454
Budget Stabilization Account	**-**	**-**
Total Available Reserve	**-$8,218**	**-$25,454**

Figure SUM-02

2011-12 Governor's Budget
General Fund Budget Summary
With All Proposed Budget Solutions

(Dollars in Millions)

	2010-11	2011-12
Prior Year Balance	-$5,342	-$3,357
Revenues and Transfers	$94,194	$89,696
Total Resources Available	**$88,852**	**$86,339**
Non-Proposition 98 Expenditures	$56,000	$48,593
Proposition 98 Expenditures	$36,209	$36,021
Total Expenditures	**$92,209**	**$84,614**
Fund Balance	**-3,357**	**1,725**
Reserve for Liquidation of Encumbrances	$770	$770
Special Fund for Economic Uncertainties	-$4,127	$955
Budget Stabilization Account	**-**	**-**
Total Available Reserve	**-$4,127**	**$955**

Figure SUM-03

General Fund Revenue Sources

(Dollars in Millions)

	2010-11 at Budget Act	Revised 2010-11	Proposed 2011-12	Change from Revised 2010-11 Dollar Change	Change from Revised 2010-11 Percent Change
Personal Income Tax	$47,127	$47,784	$49,741	$1,957	4.1%
Sales Tax	27,044	26,709	24,050	-2,659	-10.0%
Corporation Tax	10,897	11,509	10,966	-543	-4.7%
Motor Vehicle Fees	1,490	1,506	185	-1,321	-87.7%
Insurance Tax	2,072	1,838	1,974	136	7.4%
Estate Taxes	782	-	-	-	-
Liquor Tax	331	318	326	8	2.5%
Tobacco Taxes	94	93	90	-3	-3.2%
Other	4,393	4,437	2,364	-2,073	-46.7%
Total	**$94,230**	**$94,194**	**$89,696**	**-$4,498**	**-4.8%**

Note: Numbers may not add due to rounding.

Figure SUM-04

General Fund Expenditures by Agency

(Dollars in Millions)

	2010-11 at Budget Act	Revised 2010-11	Proposed 2011-12	Change from Revised 2010-11 Dollar Change	Change from Revised 2010-11 Percent Change
Legislative, Judicial, Executive	$3,149	$3,167	$2,507	-$660	-20.8%
State and Consumer Services	598	586	597	11	1.9%
Business, Transportation & Housing	905	507	691	184	36.3%
Natural Resources	2,108	2,032	2,066	34	1.7%
Environmental Protection	77	75	63	-12	-16.0%
Health and Human Services	26,346	26,961	21,175	-5,786	-21.5%
Corrections and Rehabilitation	8,931	9,257	9,165	-92	-1.0%
K-12 Education	36,079	36,353	36,211	-142	-0.4%
Higher Education	11,490	11,651	9,814	-1,837	-15.8%
Labor and Workforce Development	58	42	414	372	885.7%
General Government:					
Non-Agency Departments	586	547	541	-6	-1.1%
Tax Relief/Local Government	534	977	1,003	26	2.7%
Statewide Expenditures	-4,309	54	367	313	579.6%
Total	**$86,552**	**$92,209**	**$84,614**	**-$7,595**	**-8.2%**

Note: Numbers may not add due to rounding.

Figure SUM-05
2011-12
Total Revenues and Transfers
(Dollars in Millions)

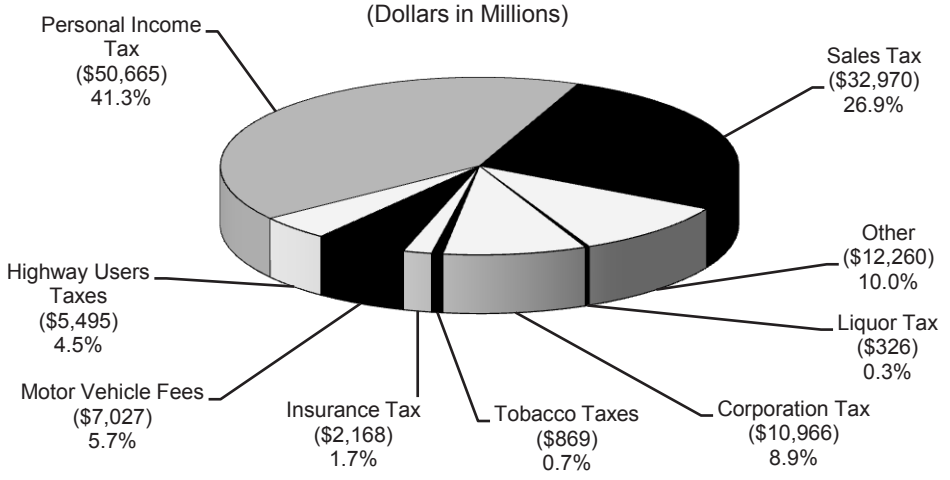


Figure SUM-06
2011-12
Total Expenditures
(Including Selected Bond Funds)
(Dollars in Millions)

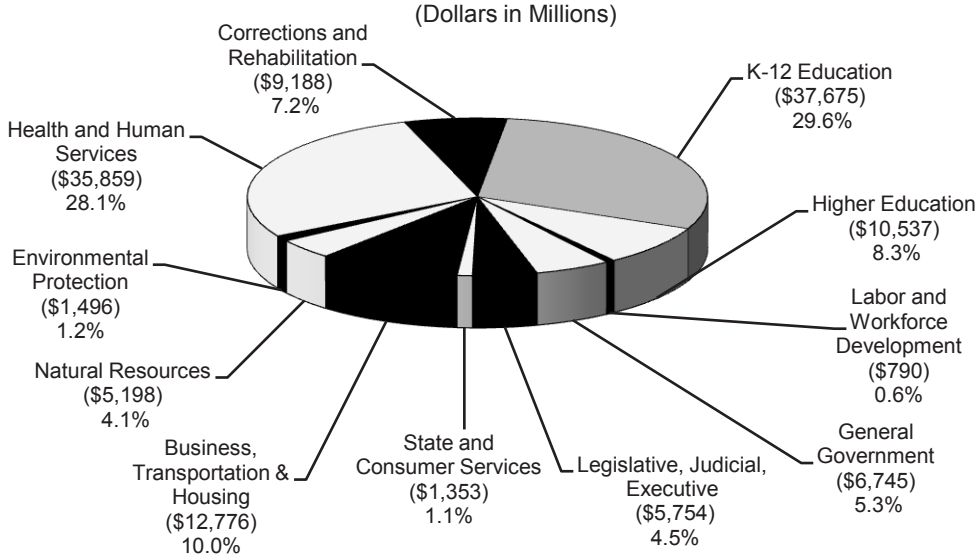


Figure SUM-07
2011-12
General Fund Revenues and Transfers
(Dollars in Millions)

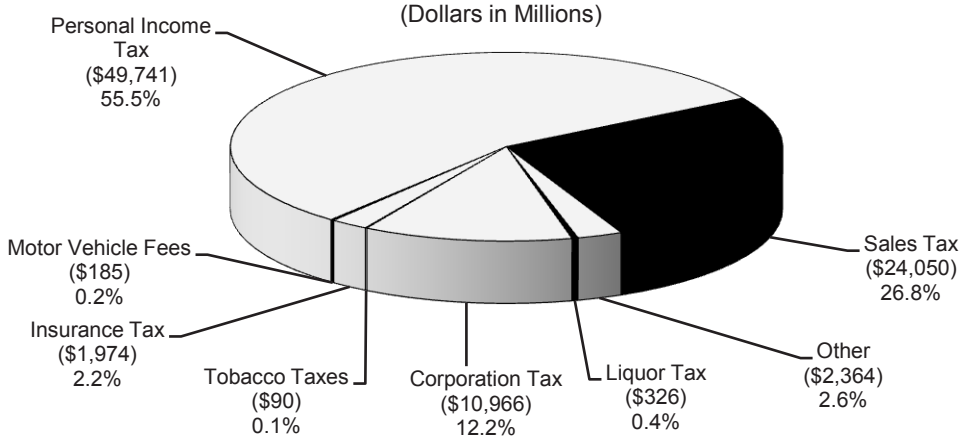


Figure SUM-08
2011-12 Revenue Sources
(Dollars in Millions)

	General Fund	Special Funds	Total	Change From 2010-11
Personal Income Tax	$49,741	$924	$50,665	$1,990
Sales Tax	24,050	8,920	32,970	2,321
Corporation Tax	10,966	-	10,966	-543
Highway Users Taxes	-	5,495	5,495	-240
Motor Vehicle Fees	185	6,842	7,027	171
Insurance Tax	1,974	194	2,168	138
Liquor Tax	326	-	326	8
Tobacco Taxes	90	779	869	-27
Other	2,364	9,896	12,260	-3,887
Total	**$89,696**	**$33,050**	**$122,746**	**-$69**

Note: Numbers may not add due to rounding.

Figure SUM-09
2011-12
General Fund Expenditures
(Dollars in Millions)

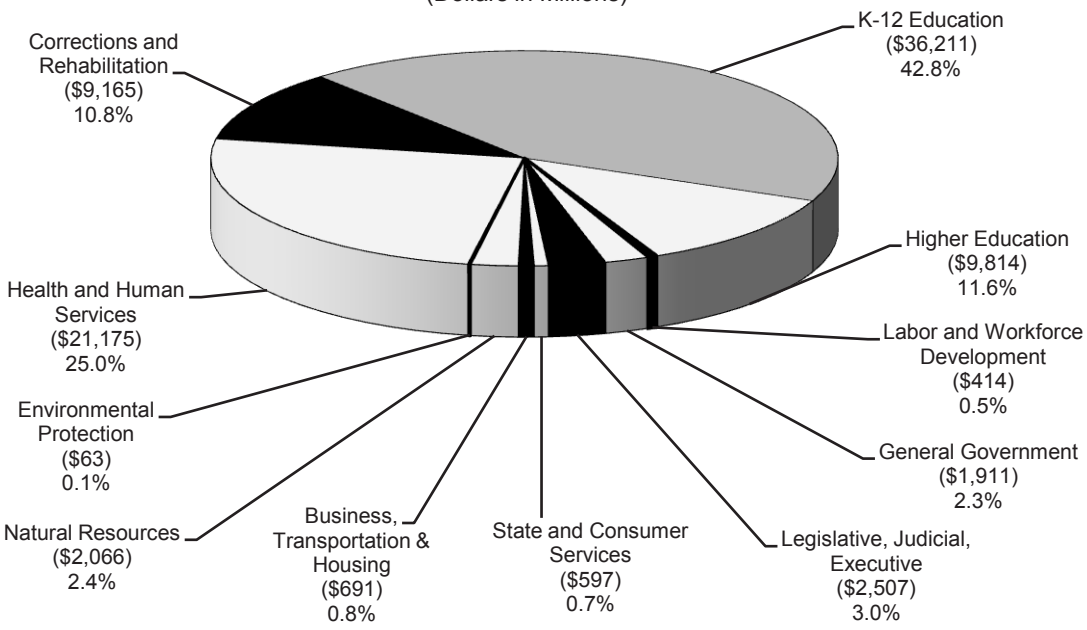


Figure SUM-10
2011-12 Total Expenditures by Agency
(Dollars in Millions)

	General Fund	Special Funds	Bond Funds	Totals
Legislative, Judicial, Executive	$2,507	$2,908	$339	$5,754
State and Consumer Services	597	741	15	1,353
Business, Transportation & Housing	691	7,967	4,118	12,776
Natural Resources	2,066	2,323	809	5,198
Environmental Protection	63	1,064	369	1,496
Health and Human Services	21,175	14,526	158	35,859
Corrections and Rehabilitation	9,165	23	-	9,188
K-12 Education	36,211	84	1,380	37,675
Higher Education	9,814	41	682	10,537
Labor and Workforce Development	414	376	-	790
General Government				
Non-Agency Departments	541	1,610	2	2,153
Tax Relief/Local Government	1,003	1,911	37	2,951
Statewide Expenditures	367	1,274	-	1,641
Total	**$84,614**	**$34,848**	**$7,909**	**$127,371**

Realignment

The Budget calls for a vast and historic realignment of government services in California, reversing a 30-year trend that has seen decision-making and budget authority move from local government to the State Capitol. To the extent feasible, this trend will now be reversed and power returned to cities, counties, special districts, and school boards, allowing decisions to be made by those who have the direct knowledge and interest to ensure that local needs are met in the most sensible way.

Although current economic signs are somewhat encouraging, California's unemployment rate remains high, consumer spending is only modestly improved, and because of the mortgage crisis, property tax revenue is not projected to increase in 2011. Accordingly, state and local governments do not have sufficient resources to fund all program demands. Absent long-term change, government will eventually be forced to shift funds from other important programs, including public safety, to pay for rising pension and health care costs.

Realignment of government in California will allow governments at all levels to focus on becoming more efficient and effective, facilitating services to be delivered to the public for less money. A critical component of this effort is to recognize that many of the programs the state oversees are already administered at the local level, primarily by counties. The roles of the state and local governments in the delivery of these services will be more clearly defined to avoid program duplication and limit overhead costs. Further, programmatic and fiscal responsibility will reside at the same level of government. Generally, local elected officials, acting with direct citizen input,

can better determine program structure and local priorities while maintaining statewide goals and objectives. Where necessary, the state will retain oversight and provide technical assistance, but duplication of services will be eliminated along with staffing at the state level.

The goal is to find the level of government where a service can best and most cost-effectively be delivered and then provide a permanent funding source.

A government realignment of this magnitude raises significant issues, and the Administration is committed to working with affected parties to address as many of these concerns as possible. However, absent this kind of change many essential programs, including education and public safety, will suffer extensive reductions.

Historical Context

Two major events began the shift of government responsibility in California from local governments to the state level. And then, in subsequent years, some state functions were transferred to local governments, primarily counties. First, the California Supreme Court in 1971 ruled that K-12 education is a fundamental constitutional right. The *Serrano* decision found that wealth-related disparities in per-pupil spending generated by the state's education finance system violated the equal protection clause of the state Constitution. This decision had significant fiscal ramifications, as state government assumed responsibility for equalizing school funding.

An even more dramatic transfer of power to the state government occurred in 1978 when voters adopted Proposition 13 which cut local property taxes. Historically, local entities set the property tax rate for their jurisdiction, based on policy and funding decisions made primarily at the local level. Locally elected assessors determined the assessed value of property. Local voters had a fairly clear understanding of the property tax rate being levied for the various local jurisdictions and how their tax dollars were being spent. The statewide average rate for property taxes was approximately 2.5 percent.

Proposition 13 limited the property tax rate to 1 percent of assessed value, except for pre-existing debt. The assessed value of property was set at the 1975-76 base year, changing only when property is sold or new construction is completed. The property is then reassessed based on "fair market value", which is generally the purchase price of a property. A property's base year value may be increased by inflation, not to exceed

2 percent per year. Because of Proposition 13, local governments realized a loss of about 57 percent of the property tax revenue, or almost $7 billion in 1978-79.

In order to prevent mass layoffs of teachers, police, and firefighters and enormous cuts in other essential services, the state used its budget surplus to essentially "bail out" local governments for the 1978-79 fiscal year. The bail-out consisted of allocations to local jurisdictions to make up for a significant portion of their property tax loss. As part of the bail-out to counties, the state either assumed responsibility for programs or took on new funding obligations. For instance, the state assumed the county share of Medi-Cal and SSI/SSP and increased its share of funding for foster care.

In 1979, a long-term financing mechanism was put in place that essentially mirrored the one-year bail-out. Property tax was reallocated from K-14 schools to cities, counties, and special districts to make up a significant portion of the loss of property tax, and the state assumed a greater share of funding for schools and some health and human services programs.

In subsequent years, there were numerous shifts back and forth between the state and local government. The most salient are:

In the 1982-83 fiscal year, the state transferred the Medically Indigent Adult (MIA) program from Medi-Cal to the counties.

In 1988, the Brown-Presley Trial Court Funding Act provided state block grant funding to counties to pay a portion of the costs for operation of the trial courts.

Another major change (estimated at $2.2 billion) of programs occurred in 1991 when the state transferred Community Mental Health and indigent health to counties and altered a number of sharing ratios in health and human services programs. An increased half-cent sales tax and a change in the Vehicle License Fee depreciation schedule were used to pay for the costs of this realignment.

In 1992-93 and 1993-94, state budgets shifted property taxes from cities, counties, and special districts (ERAF) to reduce state General Fund costs for schools. As part of the 1993-94 Budget, Proposition 172, which extended a half-cent sales tax for local public safety, was passed by the voters.

In 1997-98, the state assumed funding growth above a county maintenance-of-effort level for support of the state's trial courts.

Also in 1997-98, the state and counties partnered in the creation of the CalWORKs program, which gave flexibility and performance incentive funding to counties that were successful in transitioning recipients from cash assistance to work.

The voters in 2004 passed Proposition 1A, which restricts the state's ability to reallocate property tax from cities, counties, and special districts to schools and strengthened mandate reimbursement law.

In 2007, the state transferred the responsibility for serving lower-level juvenile offenders to counties and created a funding stream to support local costs for housing and supervising these youth. Legislation has also been enacted authorizing $300 million in lease revenue bonds for the construction of local facilities for youth.

Beginning in January 2011, the state will transfer responsibility for supervision of all new juvenile parolees to counties and provide the funding to support these costs.

2011-12 Realignment Proposal

The Governor's realignment proposal recognizes that many of the transfers to and from state and local governments over the past three decades have created confusion, duplication of services, and inefficiencies. Since Proposition 13, there has been a steady back-and-forth of revenue allocations and program responsibilities between the state and counties, blurring responsibility and driving up program costs. The Governor's transformation proposal begins to untangle this knot and reduce duplication by providing services at one level of government, to the extent possible. The long-term goal is not to reduce services, but rather to provide services more efficiently and at less cost.

In addition to providing services at the most appropriate level of government, it is critical that these services be funded with a dedicated statewide source of funding.

When fully implemented, this proposal will restructure how and where more than $10 billion in a wide range of services are delivered. A reform effort of this magnitude will have to be phased in over a number of years, but the work will begin immediately.

The goals of this realignment are to:

- Protect California's essential public services.
- Create a government structure that meets public needs in the most effective and efficient manner.

- Have government focus its resources on core functions.
- Assign program and fiscal responsibility to the level of government that can best provide the service.
- Have interconnected services provided at a single level of government.
- Provide dedicated revenues to fund these programs.
- Free up existing local funds not currently used for core services so they can be used as an enhancement for the realigned programs or for other core local priorities.
- Provide as much flexibility as possible to the level of government providing the service.
- Reduce duplication and minimize overhead costs.
- Focus the state's role on appropriate oversight, technical assistance, and monitoring of outcomes.

Phase One

Figure REA-01 displays Phase One Realignment programs and funding for fiscal year 2011-12 and upon full implementation in fiscal year 2014-15. As the figure shows, programs to be realigned in Phase One fall broadly into the category of public safety.

Public safety is a core function of local government. Section 35 (a)(2) of Article XIIIA of the California Constitution states: "The protection of the public safety is the first responsibility of local government and local officials have an obligation to give priority to the provision of adequate public safety services." This section was added as part of Proposition 172, which extended a half-cent sales tax increase for local law enforcement activities. Public safety in the community is more than public safety officials on patrol, management of the local jail, or fire prevention and response. Public safety is a community effort which involves the safety of children who are in the county child welfare system, the safety of adults through the Adult Protective Services program, as well as such supportive services as mental health and substance abuse treatment services, which people need to successfully change their lives.

When the state assumed the costs of operating the trial courts, it became the source of funds for the two highest levels of programs within the criminal justice system—courts and prisons. State efforts should focus on courts and the most serious and violent

Figure REA-01
Phase One Realignment Funding
(Dollars in Millions)

Program	2011-12	2014-15
Fire and Emergency Response Activities	$250.0	$250.0
Court Security	530.0	530.0
Vehicle License Fee Public Safety Programs	506.4	506.4
Local Jurisdiction for Lower-level Offenders and Parole Violators		
Local Costs	298.4	908.1 [1/]
Reimbursement of State Costs	1,503.6 [2/]	-
Realign Adult Parole to the Counties		
Local Costs	113.4	409.9 [1/]
Reimbursement of State Costs	627.7 [2/]	-
Realign Remaining Juvenile Justice Programs		
Local Costs	78.0	242.0 [1/]
Reimbursement of State Costs	179.6 [2/]	-
Mental Health Services		
The Early and Periodic Screening, Diagnosis and Treatment Program	-	579.0
Mental Health Managed Care	-	183.6
AB 3632 Services	-	104.0
Existing Community Mental Health Services	-	1,077.0
Substance Abuse Treatment	184.0	184.0
Foster Care and Child Welfare Services	1,604.9	1,604.9
Adult Protective Services	55.0	55.0
Unallocated Revenue Growth	-	621.1
Total	**$5,931.0**	**$7,255.0**
1% Sales Tax	4,549.0	5,567.0
0.5% VLF	1,382.0	1,688.0
Total Revenues	**$5,931.0**	**$7,255.0**

[1/]The allocation in 2014-15 is different than the amount allocated in 2011-12 due to a phased-in implementation.

[2/]During the transition, estimated state costs will be reimbursed from realignment revenues.

felony offenders. Low-level offenders and parolees are better served in the community where they are known to local law enforcement and where community support systems exist. With early intervention, local governments can better address the service needs that can stop the revolving door of the corrections systems. Local government is in a better position to determine who needs incarceration, who needs monitoring, and who would benefit from treatment or job training.

The following programs are recommended for realignment, broadening the perception of what constitutes public safety and giving local government dedicated revenue and program responsibility to make communities safer.

Fire and Emergency Response Activities

The Department of Forestry and Fire Protection (CAL FIRE) provides wildland fire protection services in over 31 million acres of state responsibility areas (SRAs). Although the number of acres in SRAs has been relatively constant since the 1950's, the composition of SRAs has greatly changed.

Population and urban development in SRAs has grown significantly in recent decades, increasing fire risks and state costs.

Furthermore, CAL FIRE, as a first responder in the mutual aid system, responds to over 60,000 medical emergency response incidents in SRAs each year. These activities are not part of CAL FIRE's core wildland fire protection mission. These services are more appropriately provided by local jurisdictions which have approved development in these areas.

Under this proposal, responsibility for fire protection and medical emergency response in these populated wildland areas will be assumed by local government. As a result, this proposal will ensure that local jurisdictions making land use decisions which result in housing development encroaching in wildland areas are also responsible for providing the necessary emergency response services associated with more highly populated land use patterns.

This proposal would require a change in statute to revise the criteria and definitions of SRAs to ensure that local governments assume these responsibilities. The Board of Forestry will be required to conduct an extensive field review of existing state responsibilities based on the revised criteria.

It is estimated that this proposal will result in the realignment of up to $250 million of CAL FIRE's fire protection program to local governments. CAL FIRE will continue to provide fire protection services in SRAs until the Board of Forestry's reclassification process is completed. The actual amount of redefined SRA acreage, and the associated level of realignment funding transferred to local governments will depend on the Board of Forestry's final determination of the SRA classification based on the revised criteria.

Court Security

Security for the trial courts is currently provided by county sheriffs with the exception of two small counties.

In recent years, there have been several attempts to change the way court security has been provided and to contain costs. While the state has assumed the costs of operation of the trial courts, and there have been some modifications in the employment status of court employees, the function of court security largely remains a county sheriff responsibility. The state has a role in court security standards, but has no control over what level (and cost) of deputy is assigned to the court.

This proposal would transfer the funding of court security to the counties. This arrangement should allow courts and counties to come to reasonable local agreements regarding the costs of court security.

Vehicle License Fee Public Safety Programs

Over the past decade, the state has recognized the importance of local public safety by investing in local law enforcement programs. While this funding is not a large share of total funding for local law enforcement, it does provide funding for core public safety activities for police, sheriffs, and probation departments. It has also allowed some innovative models of integrated service to be developed, particularly in the juvenile justice area. Most recently, these programs have been funded through the 0.15-percent Vehicle License Fee surcharge set to expire on June 30, 2011. These programs include: $107.1 million for the Citizens Option for Public Safety (COPS) program; $107.1 million for the Juvenile Justice Crime Prevention program; $35 million for Jail Booking Fee Subventions; $181.3 million to support juvenile probation efforts at the county level; and $18.5 million for the Small/Rural Sheriffs program. Funding of $57.4 million would also be provided for a variety of program grants currently funded within the California Emergency Management Agency.

Continued funding for these programs will also assist local law enforcement in managing reforms outlined below relative to adult and juvenile offenders.

Local Jurisdiction for Lower-Level Offenders and Parole Violators

The large number of short-term, lower-level offenders, and parole violators in prison has resulted in strained reception centers, inefficient prison operations, and difficulties with rehabilitation efforts.

The number of short-term, lower-level offenders has increased dramatically since California changed to a determinate sentencing model. Currently, low-level offenders represent almost half of the prison population on any given day.

While parole violators encompass all types of offenders, they only return to prison for a short two-to four-month stay, and in some cases serve half of that time in a local jail.

The state's prisons were not built to house inmates in gyms and day rooms as the prisons are currently forced to do. Additionally, when designed it was not envisioned that the prison's reception centers would have to deal with 250,000 to 300,000 individual offenders in any given year.

Many of these short-term offenders have failed rehabilitation efforts at the county level due to limited resources for probation at the local level, especially the 18 to 25 year-old male population.

Under this proposal, offenders without any current or prior serious or violent or sex convictions would become the responsibility of local jurisdictions. With more resources at the local level, these short-term, lower-level offenders can be better managed and can become more successful through a combination of probation services and jail time.

Realign Adult Parole to the Counties

When the state shifted to a determinate sentencing model in the late 1970s, parole of varying lengths was required for all offenders, despite the offenders having completed their sentences as prescribed by law. The parole system requires a lesser burden of proof than a criminal court and often returns 65,000 to 80,000 offenders to the prison system during a year, taking up 15,000 prison beds on any given day.

Various steps have been taken in the last decade to enhance parole supervision, improve parole success through evidence-based programs and provide options of revocation in lieu of additional prison time. However, these various measures have only marginally improved the success of parolees or improved public safety through increased supervision of parolees.

This proposal would shift the responsibility for adult parole to the counties. Since these offenders typically live in the community from which they left, county law enforcement and probation are usually more knowledgeable about the offender, suggesting local supervision of parolees is a better policy and public safety option.

In addition, with other programs recommended for realignment, county probation will have the opportunity to provide parolees more services, such as mental health and substance abuse, which increases the opportunity for parolee success in rehabilitation.

Realign Remaining Juvenile Justice Programs

The vast majority of youthful offenders are now directed to county programs, enabling direct access and closer proximity to their homes, families, social services, and other support systems. Offenders still directed to the DJJ have been convicted of the most serious and violent crimes and are most in need of specialized treatment services. These offenders represent less than 1 percent of the 195,000 youth arrests each year.

Over the past decade, the number of wards in state juvenile facilities has decreased from approximately 10,000 to less than 1,300. These wards cost the state in excess of $200,000 per ward per year.

This proposal would end the state's role in housing and treating youthful offenders who would now all serve their sentences locally.

Mental Health Services

Most community mental health services are administered by counties. These services are supported by 1991 realignment and Proposition 63 funding. Overall, the community mental health portion of the 1991 realignment has been widely considered a success. The state has retained three programs funded through the General Fund but also administered by counties:

The Early and Periodic Screening, Diagnosis, and Treatment (EPSDT) Program, which is a mandatory federal program under Medicaid designed to improve the health, including the mental health, of low-income children under the age of 21. The EPSDT program is funded by the General Fund and federal funds with the counties paying a 10-percent share of cost above a specified baseline.

Mental health managed care provides psychiatric inpatient hospital services and outpatient treatment services through county mental health plans. This program is funded with General Fund and federal funds.

State-mandated mental health services for special education students (AB 3632) are those services included in an Individual Education Plan (IEP) that county mental health

must provide to have a student succeed in school. This mandate has been suspended for 2010-11.

Beginning in 2011-12, these three programs would be funded with Mental Health Services Act (Proposition 63) funds rather than General Fund, resulting in savings of $861 million. This would be a one-time use of Proposition 63 funds; beginning in 2012-13, these programs, as well as community mental health services currently funded with 1991 realignment funds, will be funded through the proposed revenue source.

Substance Abuse Treatment

The Department of Alcohol and Drug Programs (DADP) is responsible for administering prevention, treatment, and recovery services for alcohol and drug abuse. The DADP contracts with 57 counties to provide inpatient and outpatient alcohol and drug treatment services.

Under this proposal, counties would receive funding and responsibility for these services. This should enable counties to better utilize and prioritize funding to meet community goals. With program responsibility at the local level, counties could implement creative models of integrated services for the new probation population and for those who suffer from the dual diagnosis of mental health and substance abuse problems, as well as for other low-income persons currently receiving treatment services.

Foster Care and Child Welfare Services

The federal Social Security Act provides the framework for the provision of services for children who are abused, neglected, or exploited through the establishment of a Child Welfare Services (CWS) system. The federal government's role is principally limited to establishing overall programmatic requirements and goals, providing funding and ensuring state compliance with federal requirements. In California, CWS provides a continuum of services to children and their families through the CWS, Foster Care, Adoptions, and Child Abuse Prevention programs. CWS is currently administered by the counties and non-federal funding is shared between the state and counties.

This proposal would transfer primary program responsibility for CWS to the counties. Counties would be given as much flexibility as possible to operate the program and best serve vulnerable children.

Adult Protective Services

The Adult Protective Services (APS) program provides services, without regard to income, to persons aged 65 and older who are functionally impaired, unable to meet their own needs, and who are victims of abuse, neglect, or exploitation. Currently this program is administered by the 58 local APS agencies with oversight provided by the Department of Social Services.

This proposal would transfer this entire program to the counties which would have complete flexibility in determining the appropriate level of service and priority for their community.

State Operations

Consistent with this reform, there will be commensurate reductions in program administration at the state level.

In the Health and Human Services area, the state will continue to act as the single state agency for federal purposes, maintain data collection for oversight, serve as the fiscal and program reporting entity to the federal government, retain licensing and certification responsibility, and maintain minimum federal audit requirements. These are important program components to retain. However, it is the Administration's goal to eventually reduce state operations for those affected programs by at least 25 percent, which will translate into hundreds of state positions being eliminated.

In the Corrections and Rehabilitation area, the elimination of DJJ and the transfer of programs to the local level will mean the eventual elimination of over 4,000 line positions. While Corrections headquarters will still have a corrections system to administer, it will be a smaller system and there must be substantial reductions in headquarters administrative staffing. Ultimately this will translate to hundreds of positions.

The amount of the reduction within CAL FIRE will depend on the final determination by the Board of Forestry of the SRA classification.

Funding

Phase One of realignment assumes two funding sources for implementation.

First, it relies on maintaining current tax rates for five years—$5.9 billion of revenue from the continuation of the 1.15-percent rate for the Vehicle License Fee (VLF), which

generates almost $1.4 billion, and the extension of the 1 percent in sales tax, which generates slightly over $4.5 billion. This revenue will be deposited in the Local Revenue Fund 2011 and dedicated to local government for the realignment of services, primarily in the public safety area, from the state to counties. Local government will also retain the growth in these revenues to augment the programs being transferred. When these taxes expire after five years, the state will provide counties an amount equal to what these two sources will generate.

The CAL FIRE, parole reform, and low-level offender proposals will be phased in over time. It will be necessary in the initial years for the state to be able to recapture its costs from the funds raised for this proposal. However, this funding should be considered a source of local revenue dedicated for realignment in the same way the 1991 realignment funding is structured.

The second portion of funding, for specified mental health programs, is the use of existing Mental Health Services Act (Proposition 63) funds, rather than General Fund, for three existing mental health programs resulting in General Fund savings of $861 million. This assumes that the current $558 million maintenance-of-effort and non-supplantation requirements of Proposition 63 would be amended through a vote of the Legislature, which can do so by a two-thirds vote as long as the amendments are consistent with and further the intent of the Initiative. The Administration believes that the continuation of these services at the local level with dedicated funding, along with the minimization of overhead at the state level, is consistent with the requirements of Proposition 63. The General Fund maintenance-of-effort requirement would be replaced with dedicated revenue generated by this proposal.

Timing

The timing for approval of this proposal is crucial and assumes a June special election. The Governor is proposing that the people determine whether current tax rates should be maintained for five years to fund critical, core services at the local level. It is anticipated that the Legislature will approve the programs to be realigned and the underlying funding structure by March. The taxpayers and voters must be clear about what these funds will be used for and understand they are dedicated for specific programs at the local —not state — level.

The necessary statutory changes must be final no later than June to ensure a smooth transition of programs to the local level.

Phase Two

Implementation of national health care reform is linked with Phase Two of this realignment proposal. With the increase of low-income individuals now served primarily in the county indigent health system becoming eligible for Medi-Cal, there will be a natural shift of costs from counties to the state. This will necessitate an examination of the Local Revenue Fund Indigent Health Care Account (1991 realignment) and which level of government is best suited to provide health-related programs. Phase Two assumes that the state will become responsible for costs associated with health care programs, including California Children's Services and In-Home Supportive Services, while the counties assume responsibility for CalWORKs, food stamp administration, and child support. The counties already operate these programs for the state. Responsibility for child care programs will also be transferred to the counties and public health programs will remain at the local level.

Local Economic Development Change

As part of the determination of which level of government is best equipped to provide what service, it became clear that the state's investment in local economic development and redevelopment agencies is less critical than other activities. (Please refer to the Tax Relief and Local Government Chapter for more information.)

The proposal outlines a new option for funding economic development at the local level by calling for a constitutional amendment to provide for 55-percent voter approval for limited tax increases and bonding against local revenues for development projects similar to those currently funded through redevelopment and for infrastructure.

The Budget proposes legislation to phase out existing redevelopment agencies beginning in 2011-12. Existing agencies will be required to cease creation of new obligations and successor agencies will be required to retire RDA debts in accordance with existing payment schedules. No existing obligations will be impaired.

In the 2011-12 fiscal year, the freed-up funds will be used for General Fund budget relief. In subsequent years, these funds will be allocated according to the existing property tax allocation, except for enterprise special districts, and will be available for cities, counties, and special districts to use for their high-priority core functions. By 2012-13, the Department of Finance estimates these local entities will receive close to $900 million in new resources to use for their priorities (with a similar amount going to education).

Economic Outlook

The nation and California recovered modestly in 2010 from the worst recession since the Great Depression. National economic output grew as did personal income in both the state and the nation, and job growth resumed. But these gains and many others like them paled in comparison to the losses incurred during the recession. The recession lasted 18 months and it officially ended in June 2009.

The principal cause of the recession was a financial crisis instigated by risky financial activity that led to the bursting of the housing bubble. Based on historical experience, economic recoveries following recessions caused by financial crises are slower and more drawn out than those stemming from other causes. This recovery follows that experience.

Although California is more than 18 months into the recovery, many Californians believe that conditions are not much improved. By many measures, the economy was on the mend in 2010; however, the slowdown wrought by the housing implosion and financial crisis was so severe that the pace of economic recovery continues to be discouraging. Unemployment remains high across the country and especially in California. Home building still lags below the pace of construction set before the housing bubble inflated. Similar trends continue in other areas such as industrial production and notably, home, and retail sales.

Both the nation and California started 2010 mired in an anemic recovery brought about by the nature of the recession that preceded it. The financial balance sheets of many

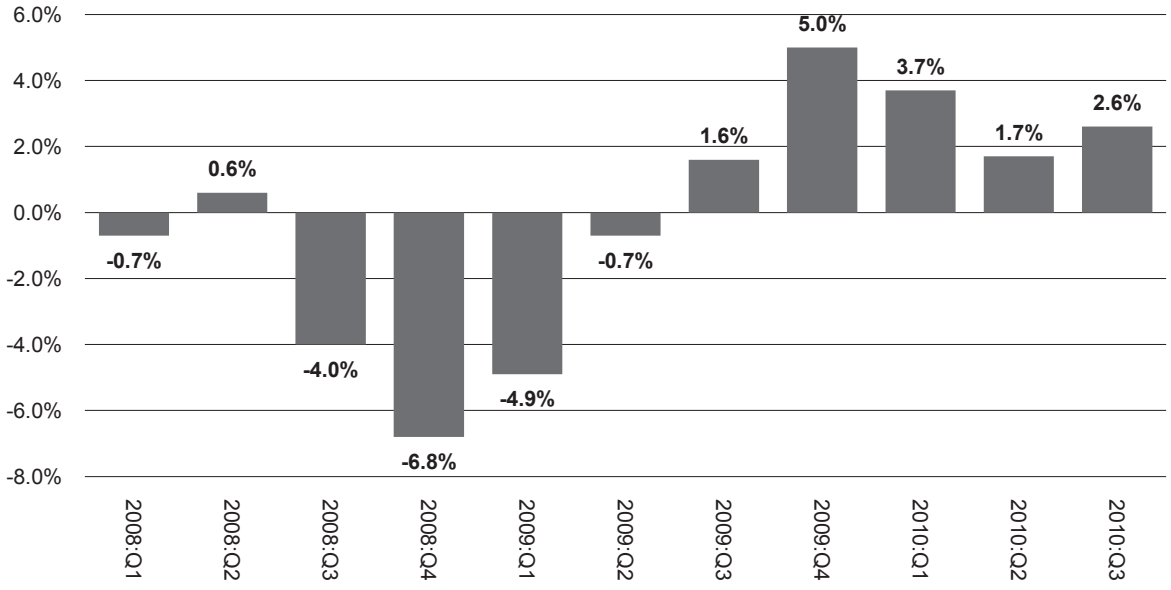
households were still reeling from the financial upheaval and the decline in home values. It is estimated that the financial crisis cost households and non-profit organizations $11 trillion in assets—nearly a year's worth of national economic output.

The loss of these assets led to financial retrenchment as consumers became thriftier, and households began saving more. While this will have positive effects in the long run, it means less consumer spending now. In turn, this lower level of consumer spending makes businesses cautious. Thus, despite surging profits, corporations have refrained from hiring and have instead opted to increase their cash reserves. Unfortunately, weak employment growth restrains consumption spending. This creates a "Catch-22" —without more spending, hiring will remain weak.

The Nation— Tentatively On The Mend

Fears of a "double dip" recession were being discussed during the early months of 2010. However, subsequent economic readings improved and this fear was replaced with an expectation that the nation is in for a long and slow recovery. As 2010 came to a close, the national economy was in the midst of a "wobbly" recovery. Federal stimulus measures stopped the economy's tailspin. By the end of 2010, the impact of these measures began to diminish and economic activity moderated. After accelerating to a 5.0-percent annualized growth rate in the fourth quarter of 2009, the pace slowed to 3.7 percent in the first quarter of 2010 and to only 1.7 and 2.6 percent in the second and third quarters, respectively. This is reflected in Figure ECO-01.

Figure ECO-01
U.S. Real Gross Domestic Product
Quarter-to-Quarter growth, annualized



Source: U.S. Commerce Department, Bureau of Economic Analysis

Throughout 2010, many economic indicators languished at disappointing levels —even though they did improve from 2009 levels. The following issues help demonstrate the mixed economic news.

Vehicle Sales—Vehicle sales stabilized and began a modest but irregular rebound. During the six months ending with November 2010, motor vehicle sales averaged nearly 12 million units—better than the 2009 average, but well below the 16-million-unit pace set during the late 1990s and early 2000s.

New Home Construction—After falling precipitously from 2006 through 2009, the national pace of housing starts during the first quarter of 2010 was up by more than 16 percent from the same time in 2009. However, this pace—about 600,000 units on an annualized basis—was still 60 percent behind the pace set before the housing bubble.

Home Prices—Home prices began to stabilize in 2010 and improved in many regions. According to the Case-Shiller Home Price Index, home prices in September 2010 were 0.6 percent above their year-ago level—the eighth straight month of year-over-year increases following 37 straight months of year-over-year declines. However, home prices were still 30 percent below their April 2006 peak—similar to what they were in November 2003. While the turnaround in 2010 was very welcome news, home prices are far from resembling pre-recession conditions.

Manufacturing—Manufacturing activity expanded for the 16th consecutive month in November 2010 following 18 months of declines. However, because of the deep declines that occurred during 2008 and 2009, the level of factory activity was still subdued, with ample unused capacity.

Consumer Sentiment—At the end of 2010, consumer sentiment was stuck at recessionary levels. Households were still worried about the economy, as their assessments of both current conditions and the future were subdued.

Unemployment—Even though 2010 began with a return to sustained job growth, it will take a long time to regain the eight million jobs lost during the recession. Job losses averaged 395,000 per month during 2009. The nation added about 86,000 jobs per month during the first eleven months of 2010. However, the unemployment rate is still high — 9.8 percent in November. At the end of November 2010, there were 7 million more unemployed Americans than there were at the beginning of the recession. More robust job growth will be needed to keep the recovery moving ahead.

Of the issues listed above, employment remains the biggest source of concern. The level of employment is still very low, and it could take a long time to recover all of the lost jobs. One reason for this is that the unemployment rate often remains high after employment begins to recover, because workers who had given up looking for work during the recession re-enter the labor force, driving up the unemployment rate.

Additionally, hiring usually lags behind output during the early stages of a recovery. This lag exists because firms tend to increase output first by boosting productivity and by raising the number of hours worked by existing employees. Hiring new employees tends to occur later. Thus, even though corporate profits have recovered from the depths of the recession, businesses have not expanded their payrolls—at mid-2010, non-financial corporations' cash balances were up 26 percent from a year earlier. However, one hopeful sign is that equipment spending increased in 2010 as firms focused on increasing productivity. It is forecasted that businesses will begin spending again and expanding payrolls. Given the uncertainty surrounding the timing of this expansion in hiring, most forecasts have been cautious. According to the current outlook, the unemployment rate will improve gradually and may not reach "full employment" for several years.

As discussed earlier, a full-bodied economic recovery appears to be waiting for the return of sustained job growth. As long as labor markets are soft, consumers will be wary and thrifty, but employers are reluctant to hire and invest in the face of restrained consumer spending.

California—Reflecting The Nation

The state roughly paralleled the nation through the recession and into the recovery. However, in addition to being one of the states hardest hit by the collapse of the housing market, California's state and local budget problems turned public sector employment into a source of weakness. Some of the California specific economic factors are detailed below.

Vehicle Sales—Vehicle sales declined severely in 2008 as the housing crisis unfolded. New automobile registrations at the end of 2008 were down over 40 percent from a year earlier. A tentative recovery began in the middle of 2009, spurred initially by the federal "Cash for Clunkers" incentive program. Registrations in the first nine months of 2010 were up 11 percent from a year earlier. However, the level of registrations during these months was still off 40 percent from the same months of 2006.

New Home Construction—The worst of the housing slump may be over. Home building permitting, which suffered a long steady three-year decline starting in 2006, stabilized at a very low level in 2009. Spurred by the on-again/off-again federal home buyers tax credit and, to a lesser extent, by California's first-time buyer tax credit, permitting improved fitfully throughout most of 2010. The issuance of housing permits rose nearly 18 percent during the first ten months of the year from the same months of 2009. However, the number of permits issued was still down 80 percent from the peak reached in mid-2005.

Home Prices—Residential real estate markets also stabilized in 2009 as home prices appreciated, inventories shrank, and the pace of sales stabilized at a sustainable rate. This, however, yielded to mixed results in 2010, leaving the resiliency of the housing recovery in question.

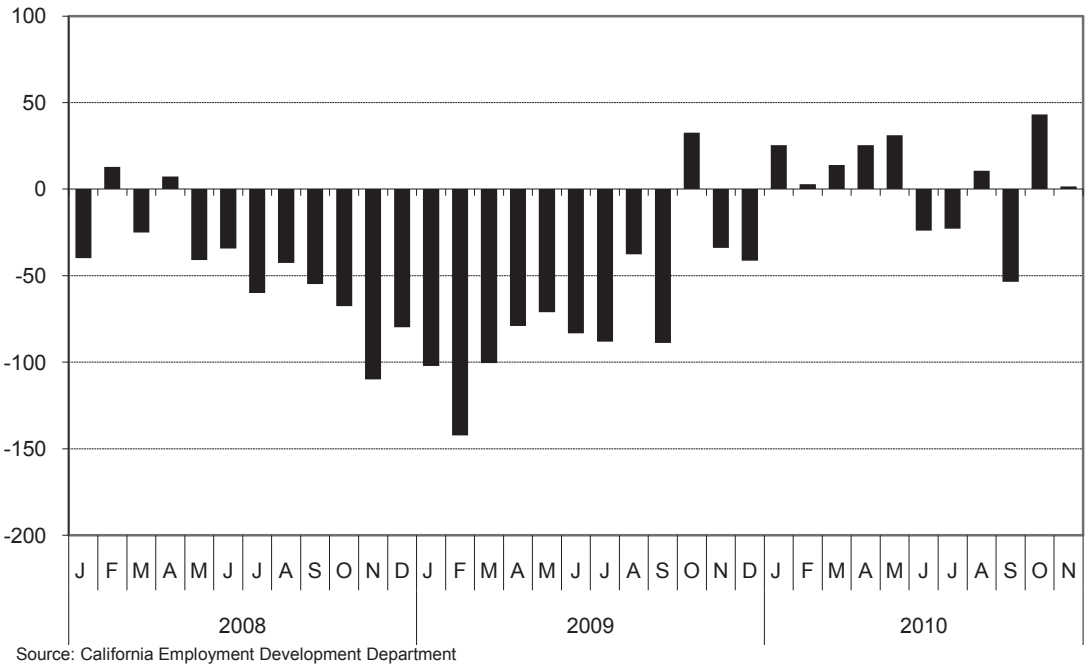
Made-in-California Exports—California exports plummeted during the final quarter of 2008 and the first quarter of 2009. California exports fell 17 percent in 2009 from 2008 levels. High-tech exports fell by nearly 16 percent. With global economic conditions easing up, California exports began recovering in the fourth quarter of 2009. Exports during the first half of 2010 were up by more than 21 percent compared to the first half of 2009.

Taxable Sales—Taxable sales deteriorated dramatically in 2008, bottomed out early in 2009, and recovered modestly during the rest of the year and into 2010. Sales during the first half of 2010 were up 4 percent from the first half of 2009, but were still down 17 percent from the peak reached in the first half of 2007.

Employment—California suffered its worst job losses on record during the latter half of 2008 and the first six months of 2009—losing nearly a million nonfarm jobs. These losses moderated during the second half of 2009 and switched to very modest gains in 2010. As with the nation, it will likely take a long time for employment to reach pre-recession levels. The national unemployment rate peaked at 10 percent in the last quarter of 2009 and declined sporadically through July 2010. The state's rate, in contrast, continued to trend up to 12.6 percent in March 2010, and then improved slightly thereafter (Figure ECO-02).

Personal Income—The huge toll of lost jobs depressed California personal income, which declined in 2009 on a year-over-year basis for the first time since 1938. Personal income fell in the first three quarters of 2009 before increasing moderately in the fourth quarter. For 2009 as a whole, personal income fell over $38 billion, or 2.4 percent,

Figure ECO-02
Month-to-Month Change in California Payroll Employment
1,000s of Nonfarm Jobs, Seasonally Adjusted



Source: California Employment Development Department

from 2008. Personal income during the first two quarters of 2010 was up 1 percent from the same period in 2009.

The Forecast

The California and national economies entered 2011 in the midst of a weak recovery from the worst recession of the post-World War II era. A sharp rebound does not appear likely. Rebuilding household balance sheets requires restrained consumer spending; and that restraint in turn will provide for only modest job growth for some time.

This forecast assumed that the Federal Reserve would apply quantitative easing through the purchase of $600 billion in long-term Treasury bonds and that Congress would extend both the existing federal income tax cuts and long-term unemployment benefits. This forecast did not, however, envision the addition of new payroll tax relief. While all of these measures should have positive economic impacts, their ultimate effect is uncertain.

On the other hand, European financial troubles present a potential major threat on the road to recovery. The specter of national defaults still haunts the European economies.

The loss of confidence in Greece, and most recently Ireland, presents the possibility of a spreading debt crisis whose fallout, although nearly impossible to anticipate at this point, could potentially rival the financial meltdown that struck the United States at the end of 2008. At the very least, the austerity measures proposed to deal with these crises will place a significant drag on European economic growth and put downward pressure on demand for U.S. exports.

The outlook for the national economy is for tepid growth in 2011, followed by moderate growth in 2012 and 2013. Real Gross Domestic Product is projected to grow by 2.2 percent in 2011, 2.9 percent in 2012, and 2.7 percent in 2013. After falling 0.5 percent in 2010, nonfarm payroll employment is forecast to grow 1.0 percent in 2011, 1.8 percent in 2012, and 1.9 percent in 2013.

For California, income and job growth will likely be modest for the foreseeable future. There will be moderate growth in 2011 followed by better—but sub-par—growth in 2012 and another step toward normal growth rates in 2013. Personal income is projected to grow 3.8 percent in 2011, 4.0 percent in 2012, and 5.1 percent in 2013. This is a definite improvement from the 2.4-percent decline suffered in 2009, but weak compared to the 5.1-percent average annual growth rate achieved from 1989 to 2009. After falling by 1.2 percent in 2010, nonfarm payroll employment is forecast to grow by a slim 1.2 percent in 2011—a rate that fails to keep pace with the growth of the working-age population. The job market fares better in 2012 with 1.8-percent growth that accelerates to 2.2 percent in 2013.

The state is forecast to recover the nonfarm jobs lost during the recession in the third quarter of 2016, or approximately 87 months after the end of the recession. During the previous six recessions, full job recovery was achieved between 4 and 56 months.

In California, weak real estate markets and constrained home building are significant impediments to a strong recovery. There is some uncertainty about the resilience of the stability achieved during 2010. It is still unclear how much of the improvement seen in 2010 was the result of the temporary boost provided by tax credits. Fears persist of a "shadow supply" of existing homes, including bank-owned properties being held out of the market by lenders and investors. A "shadow supply" could prevent further home price recovery. This, in turn, could lead to depressed home building into the future (Figure ECO-03).

Figure ECO-03

Selected Economic Data for 2010, 2011, and 2012

United States	2010 (Est.)	2011 (Projected)	2012 (Projected)
Real gross domestic product (2005 CW* $, percent change)	2.7	2.2	2.9
Personal consumption expenditures	1.6	2.3	2.1
Gross private domestic investment	17.4	2.9	12.6
Government purchases of goods and services	1.0	0.1	(1.4)
GDP deflator (2005=100, percent change)	1.0	1.3	1.4
GDP (current dollar, percent change)	3.7	3.5	4.4
Federal funds rate (percent)	0.2	0.1	1.2
Personal income (percent change)	2.7	3.1	3.9
Corporate profits before taxes (percent change)	28.5	3.7	5.3
Nonfarm wage and salary employment (millions)	130.2	131.5	133.9
(percent change)	(0.5)	1.0	1.8
Unemployment rate (percent)	9.7	9.6	9.1
Housing starts (millions)	0.60	0.77	1.21
(percent change)	9.0	27.1	57.8
New car sales (millions)	5.6	6.6	7.9
(percent change)	3.4	16.3	20.1
Consumer price index (1982-84=100)	218.0	221.0	224.8
(percent change)	1.6	1.4	1.7
California			
Civilian labor force (thousands)	18,247.0	18,456.3	18,756.0
(percent change)	(0.0)	1.1	1.6
Civilian employment (thousands)	15,976.6	16,222.9	16,634.2
(percent change)	(1.2)	1.5	2.5
Unemployment (thousands)	2,270.4	2,233.4	2,121.8
(percent change)	9.0	(1.6)	(5.0)
Unemployment rate (percent)	12.4	12.1	11.3
Nonfarm wage and salary employment (thousands)	13,942.1	14,106.7	14,365.9
(percent change)	(1.2)	1.2	1.8
Personal income (billions)	1,614.4	1,675.4	1,742.4
(percent change)	2.7	3.8	4.0
Housing units authorized (thousands)	42.6	73.6	122.0
(percent change)	16.6	72.7	65.9
Corporate profits before taxes (billions)	154.8	163.1	175.3
(percent change)	19.1	5.4	7.5
New auto registrations (thousands)	1,096.3	1,285.0	1,349.3
(percent change)	1.4	17.2	5.0
Total taxable sales (billions)	474.0	507.6	551.2
(percent change)	4.2	7.1	8.6
Consumer price index (1982-84=100)	227.0	230.4	234.2
(percent change)	1.3	1.5	1.7

* CW: Chain Weighted

Note: Percentage changes calculated from unrounded data.

Revenue Estimates

Projected slow but positive economic growth and recently enacted legislation significantly impact revenue estimates. California is starting to recover from the worst recession since World War II. Although this growth is projected to be slow, it does provide the grounds for a growing revenue base for the state. That growth is evident in the underlying revenue forecasts for most of California's major revenue sources.

Recently enacted legislation has changed the pattern of state General Fund revenues. This legislation has tended to increase revenue in earlier years (Fiscal Years 2007-08 through 2010-11) and reduce it in later years. For example, as part of the 2008 Budget Act, the use of business tax credits was limited to offset only 50% of the taxpayer's pre-credit tax liability for large businesses for the 2008 and 2009 years. The impact of this limitation was to increase revenue by $353 million in the 2008-09 fiscal year, by $275 million in 2009-10, and by just $8 million in 2010-11. But in 2011-12, it is expected to cause a revenue decrease of $72 million as the credits that had been limited in the previous years start to be used. Losses of a similar magnitude are expected to continue for several years. As another example, also as part of the 2008 Budget Act, corporations are allowed to share their credits with other members of their unitary group, starting in 2010. This provision had no impact until the 2009-10 fiscal year, when the expected revenue loss is $55 million. In 2010-11, this provision is expected to generate a revenue loss of $236 million, and is expected to generate a revenue loss of $341 million in

2011-12. Losses of this magnitude are also expected for subsequent years. The general pattern exhibited by these two examples—revenue gains or no impact in the early years, and revenue losses or minimal gains in the later years—is repeated for most of the tax provisions that have been enacted since 2008.

Without recently enacted policy changes, and without the impact of the Budget proposals, the underlying General Fund revenues would be expected to grow by about $8.1 billion from 2009-10 to 2010-11 and by another $2.3 billion from 2010-11 to 2011-12. However, when the impact of the recently enacted policy changes that affect the state budget are factored in, and before consideration of the impact of the Budget proposals, revenues are expected to grow by only $3.7 billion above from 2009-10 to 2010-11, and drop by $7.2 billion from 2010-11 to 2011-12.

General Fund revenues without proposed policy changes, for 2010-11 are now expected to total $90.7 billion, $3.5 billion less than the estimate at the time of the 2010 Budget Act, and 4.2 percent greater than actual 2009-10 revenues. Of the $3.5 billion decrease in the estimate relative to the 2010 Budget Act, over $1 billion can be attributed to the recently enacted federal Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010. For 2011-12, revenues without proposed policy changes are expected to decrease to $83.5 billion, a 7.9-percent decrease from 2010-11. After the proposed policy changes are included, revenues are expected to be $94.2 billion in the current year and $89.7 billion in the budget year.

Figure REV-01 displays the forecast changes between the 2010 Budget Act, the 2011 budget baseline (current law) forecast, and the Governor's 2011 Budget with proposed tax changes. The Governor's Budget forecast was prepared in early December, before individuals and corporations made final withholding and estimated payments for the 2010 tax year, and before consumers completed their December purchases. These critical December and January receipts can have a large impact on state revenues. This forecast will be revised in early May when these data and April income tax receipts are available.

Figure REV-01
2011-12 Governor's Budget
General Fund Revenue Forecast
Summary Table
Reconciliation with the 2010-11 Budget Act
(Dollars in Millions)

Source	Budget Act	Governor's Budget				
		Baseline	Change From Budget Act	Proposed	Change From Budget Act	
Fiscal 09-10						
Personal Income Tax	$44,820	$44,848	$28	$44,848	$28	0.1%
Sales & Use Tax	26,618	26,741	123	26,741	123	0.5%
Corporation Tax	9,275	9,115	-160	9,115	-160	-1.7%
Insurance Tax	2,029	2,002	-27	2,002	-27	-1.3%
Vehicle License Fees	1,338	1,380	42	1,380	42	3.1%
Estate Tax	0	0	0	0	0	---
Alcoholic Beverage	324	311	-13	311	-13	-4.0%
Cigarette	98	96	-2	96	-2	-2.0%
Other revenues	1,971	2,072	101	2,072	101	5.1%
Transfers	447	476	29	476	29	6.5%
Total	**$86,920**	**$87,041**	**121**	**$87,041**	**121**	**0.1%**
Fiscal 10-11						
Personal Income Tax	$47,127	$45,470	-$1,657	$47,784	$657	1.4%
Sales & Use Tax	27,044	26,709	-335	26,709	-335	-1.2%
Corporation Tax	10,897	10,820	-77	11,509	612	5.6%
Insurance Tax	2,072	1,838	-234	1,838	-234	-11.3%
Vehicle License Fees	1,459	1,473	14	1,473	14	1.0%
Estate Tax (a)	782	0	-782	0	-782	---
Alcoholic Beverage	331	318	-13	318	-13	-3.9%
Cigarette	94	93	-1	93	-1	-1.1%
Other revenues	3,025	3,051	26	3,050	25	0.8%
Transfers	1,399	956	-443	1,420	21	1.5%
Total	**$94,230**	**$90,728**	**-$3,502**	**$94,194**	**-$36**	**0.0%**
Change from Fiscal 09-10	$7,310	$3,687		$7,153		
% Change from Fiscal 09-10	8.4%	4.2%		8.2%		
Fiscal 11-12						
Personal Income Tax	$45,281	$46,154	$873	$49,741	$4,460	9.8%
Sales & Use Tax	25,026	24,050	-976	24,050	-976	-3.9%
Corporation Tax	10,239	9,725	-514	10,966	727	7.1%
Insurance Tax	1,871	1,974	103	1,974	103	5.5%
Vehicle License Fees	167	162	-5	162	-5	-3.0%
Estate Tax (a)	1,878	0	-1,878	0	-1,878	---
Alcoholic Beverage	365	326	-39	326	-39	-10.7%
Cigarette	93	90	-3	90	-3	-3.2%
Other revenues	1,851	1,832	-19	1,933	82	4.4%
Transfers	-1,067	-767	300	454	1,521	-142.5%
Total	**$85,704**	**$83,546**	**-$2,158**	**$89,696**	**$3,992**	**4.7%**
Change from Fiscal 10-11	-$8,526	-$7,182		-$4,498		
% Change from Fiscal 10-11	-9.0%	-7.9%		-4.8%		
Three-Year Total			**-$5,539**		**$4,077**	

(a) The federal Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010, which was signed by the President on December 17, 2010, did not revive the state tax credit for the estate tax. Thus, the revenue previously estimated to be received from the federal credit, "the state pick-up tax," is now $0 over the forecast horizon.

Major Revenue Proposals

To develop a budget plan that eliminates the current budget gap in a way that is both real and permanent, the Governor's Budget proposes a balanced approach: one that makes significant cuts in spending programs, and one that maintains critical revenue.

Major Revenue Proposals

General Fund

- Maintain Personal Income Tax 0.25-percent Surcharge
- Maintain Level of Dependent Exemption Credit
- Mandatory Single Sales Factor Apportionment
- Eliminate Enterprise Zones and Similar Tax Benefits
- Tax Shelter Amnesty
- Franchise Tax Board Financial Institution Record Match

Realignment – Local Revenue Fund

- Maintain Sales Tax Rate of 6 percent
- Maintain Vehicle License Fee Rate of 1.15 percent

The plan to maintain revenue consists of two parts. The first part would extend the current tax rates for five years. Tax revenue fell significantly further in the recession than did personal income. Although the economy is beginning to recover, baseline revenues are not expected to return to the 2007-08 level until 2013-14; whereas baseline expenditures have grown steadily over this time.

The second part is to eliminate two tax expenditures that are either inefficient or outside the scope of the central mission of state government, and provide the Franchise Tax Board (FTB) with two additional tools to collect taxes owed.

Extension of Current Tax Rates

There are a variety of ways in which revenue could be raised. The Governor's Budget proposes to maintain the level of current tax rates and the dependent exemption credit for five years, subject to voter approval.

- The Personal Income Tax (PIT) rate quarter-percent surcharge.
- The PIT dependent exemption credit at the same level as the personal exemption credit.

- The Vehicle License Fee (VLF) rate at 1.15 percent.
- The Sales and Use Tax (SUT) rate at 6 percent.

This package of tax extensions has several advantages.

First, because these tax rates are already in place, they are less likely to unduly interfere with the economic recovery. These policies have been in place since the spring of 2009, when the nation was still in recession. Since then, the national economy has begun a tepid recovery. Because of the relative severity of its housing crisis, California fell further than most other states during this recession. Nonetheless, California's growth out of the recession has largely mirrored that of the country. It is uncertain how other tax changes of similar magnitude would affect the economy. The prudent approach is to continue on the current path as opposed to adopting a different set of tax policies that could work their way through the economy in different—and potentially more disruptive — ways.

Second, because these tax rates are already in place, the compliance cost of the policies should be relatively low. The state agencies that administer the taxes, the employers and retailers that collect that taxes, and the households and businesses that ultimately pay the taxes have already absorbed most of these compliance costs.

The four following tax rates are proposed to be maintained for five years:

- **PIT Rate Surcharge:** Effective for tax years beginning on or after January 1, 2011 but before January 1, 2016, maintain the 0.25-percentage point surcharge for each PIT tax rate and the Alternative Minimum Tax (AMT) rate. This proposal is expected to generate revenues of $1,187 million in 2010-11 and $2,077 million in 2011-12.
- **PIT Dependent Exemption Credit:** Maintain the dependent exemption credit in effect in 2009 until 2015 while allowing for annual indexing. This aligns the dependent exemption credit to the amount of the personal exemption credit. Chapter 612, Statutes of 1997, and Chapter 322, Statutes of 1998, increased the dependent exemption credit to $253 for the 1998 tax year and $227 for the 1999 tax year, and indexed for inflation each year thereafter. For the 2010 tax year, the personal exemption credit is $99, as was the dependent exemption credit. This proposal is expected to generate revenues of $725 million in 2010-11 and $1,248 million in 2011-12.

- **SUT:** Effective July 1, 2011, the 6-percent State SUT rate would continue for five years. As revenues generated by 1 percent of the 6-percent tax rate are local purpose revenues (see Realignment Chapter), they are not reflected in the General Fund revenues as shown in Figure REV-01. This proposal is expected to generate revenues of $4,549 million in 2011-12.

- **VLF:** Effective July 1, 2011, the 1.15-percent VLF rate would continue for five years. Of the 1.15-percent rate, 0.5 percent would be used to fund local programs, including public safety. As these revenues are local purpose revenues (see Realignment Chapter), they are not reflected in the General Fund revenues in Figure REV-01. This proposal is expected to generate additional revenues of $1,382 million in 2011-12.

Other Revenue Proposals

Mandatory Single Sales Factor Apportionment (Corporate Income Tax — CIT):

Corporations with income derived from sources both within and outside California must use a formula that attempts to measure the amount of income that is attributable to California. In the past, for most taxpayers, California has used a four-factor apportionment formula consisting of a payroll factor, a property factor, and a sales factor that is counted twice (double-weighted). As part of the 2009 Budget Act, the Legislature adopted a single sales factor apportionment (SSF) method. The legislation provided for an election, effectively allowing corporations to choose the lower of two tax rates. This proposal would require that all corporations (except those corporations engaged in qualified agricultural, extractive, or banking activities) use SSF. This proposal is expected to generate additional revenues of $468 million in 2010-11 and $942 million in 2011-12, as well as providing several improvements to the way California taxes multi-state corporations.

The goal of moving to single sale factor was to eliminate any tax disincentives that can arise due to investment in new plant (property) and payroll in the state. There is a good argument to be made that in order for California to be competitive with other states, it should allow taxpayers to apportion income using SSF.

However, there is no reason – from an economic development perspective – to allow businesses to choose how their income will be apportioned. Requiring mostly "in-state" firms to use SSF removes a disincentive that they face, under double-weighted

apportionment, from moving economic activity into California. Requiring "out-of-state" firms to use SSF accomplishes the exact same thing. It removes a disincentive that they face, under double-weighted sales apportionment, from moving economic activity into California.

Elective SSF allows the taxpayer to choose what its income is going to be and creates an inequity allowing taxpayers who operate in more than one state two different ways to calculate their income, one of which is likely to produce a much smaller tax than the other, while businesses that operate wholly inside California have no such option. This different treatment puts the wholly in-state businesses (which tend to be smaller businesses) at a competitive disadvantage to multi-state businesses (which tend to be larger businesses).

Changing to a mandatory SSF method will bring California in line with other states. Of the 23 states that have adopted SSF, only three, Missouri, Florida and Kentucky, allow an election. Of those three, only Missouri allows elective SSF for all industries.

This proposal is consistent with the Legislative Analyst's Office conclusion in their report on Single Sales Factor Apportionment which was published in May of 2010.

Along with adopting elective SSF in 2009, the state also modified some other provisions of the apportionment law. It clarified the definitions of nexus and gross receipts, broadened the definition of sales attributable to "unitary" groups of affiliated businesses, and changed the way sales of services and intangibles are assigned (cost-of-performance rule vs. market rule). These changes both protect against abuses under SSF and reduce the revenue loss from SSF.

In the 2010 Budget Act, the Legislature modified the market assignment rule for sales of services and intangibles to allow taxpayers who do not elect SSF to continue to use a cost-of-performance assignment rule. The Governor's Budget would require all taxpayers to source the sale of services and intangibles using a market approach, as opposed to a cost-of-performance approach.

Besides allowing for a consistent treatment of sales of tangibles versus intangibles and services, this provision will help to reduce the possibilities for taxpayers arranging their business transactions so as to minimize their tax. Of the three apportionment factors, taxpayers tend to have the greatest ability to manipulate their sales factor. Adopting a market approach to assigning the sales of intangibles and services will help to limit this manipulation.

The FTB estimates that adopting both of these proposals (mandatory SSF and market rule for everyone) would raise over $1 billion on an ongoing basis, relative to elective single sales factor apportionment. This increased tax liability will, generally, come from out-of-state taxpayers who will have higher tax liabilities under a mandatory single sales factor apportionment method due to their exploitation of the California market for their goods and services.

Repeal Enterprise Zone Tax Benefits (CIT and PIT):

Consistent with the new model for funding economic development (See Tax Relief and Local Government Chapter), the Budget proposes to eliminate all enterprise zone (EZ) tax incentives and similar tax incentives for specific areas for tax years beginning on or after January 1, 2011. These areas include EZs, Targeted Tax Areas, Manufacturing Enhancement Areas, and Local Agency Military Base Recovery Areas. The tax benefits provided for most of these areas include; a hiring credit, a credit for sales tax paid, a credit for employees who earn wages within the area, and a deduction for interest received from businesses in an area. This proposal would eliminate these tax benefits, both for newly earned credits and deductions and for credits that had been earned in prior years, but had not yet been used. Local agencies that want to keep any local incentives could continue to do so.

This proposal is expected to generate additional revenues of $343 million in 2010-11 and $581 million in 2011-12.

Within the context of a budget that proposes deep spending reductions across state government, all spending must be scrutinized. The EZ program is a tax expenditure —an expenditure program for local economic development run through the tax system. The Budget proposes to make significant changes in the way funding of local development efforts is handled. These changes are intended to move the responsibility and the authority for local development efforts to the local jurisdictions and their voters. Eliminating state tax benefits for EZs is a fundamental part of this change. Because the primary benefit of these zones is to shift economic activity from one geographic region within California to another geographic region within California, they are not of statewide interest.

The Legislative Analyst's Office "California's Enterprise Zone Programs" – 2005 found that EZs have little if any impact on the creation of new economic activity or employment. They also found that EZs appear to be somewhat effective in increasing economic activity within smaller geographic areas – such as within metropolitan regions. However, these

increases are not generally a result of new activity, but, instead, from the shift of activity into a zone that otherwise would have occurred elsewhere.

According to a report by the W.E. Upjohn Institute for Employment Research (State Enterprise Zones: Have they Worked – 2002), "most enterprise zone incentives are too small to materially affect the investment and location behavior of most firms." The jobs created in many zones are filled by people who are not economically disadvantaged or do not live in the targeted area. They also conclude that since many of the benefits will be jobs that would have been created anyway, state and local government will see a net loss of $60,000 for every job created in a zone.

The Public Policy Institute of California found "Do California Enterprise Zones Create Jobs?" – 2009 that there was "no statistically significant effect on either employment levels or employment growth rates" within enterprise zones as compared to neighboring areas.

There is some evidence that benefits from the EZ programs go to taxpayers whose behavior has not been affected at all by the EZ program. There are firms that specialize in finding businesses that could benefit from an EZ program and offering to prepare the taxpayer's return on a percent of benefit basis. This is done for both current year and back-year tax returns. Clearly taxpayer's behavior to relocate or expand is not being driven by the existence of the EZ program if they have to be told that the program exists after they have already relocated or expanded.

Tax Shelter Amnesty (CIT and PIT):

The Budget proposes to allow the FTB to provide an amnesty for taxpayers who utilized an abusive tax-avoidance transaction. Abusive Tax Avoidance Transactions (ATATs) serve no purpose other than reducing tax. The IRS, the FTB, and the courts generally deny claimed tax benefits of an ATAT if the transaction that gives rise to those benefits lacks economic substance independent of income tax considerations. This proposal would authorize the FTB to provide a narrow tax amnesty for taxpayers that utilized an ATAT. This proposal would also provide an amnesty for the underreporting of California income resulting from offshore financial arrangements. This proposal would improve FTB enforcement tools and deter taxpayers from engaging in these activities that have no economic substance other than tax avoidance. Additionally, this proposal would reduce case backlogs at FTB. This proposal is expected to generate additional revenues of $270 million in 2010-11 and to decrease revenues by $50 million in 2011-12.

Financial Institution Record Match (FIRM) (CIT and PIT):

The Budget proposes to require financial institutions to participate in a record match process between financial institution customer records and FTB debtor records. FTB would use the match information to collect delinquent state income tax debts using existing laws and collection methods. Currently, FTB receives Form 1099 data on interest income earned by taxpayers. This information can be used by FTB to find bank accounts owned by delinquent taxpayers. However, this information is deficient in two ways. First, FTB only has access to information on interest-bearing accounts. Second, the information FTB receives is for interest that was earned in the prior year. By the time FTB issues an order-to-withhold on the account, the taxpayer may have closed or moved the account.

FIRM would provide FTB with current information on all bank accounts – interest-bearing and otherwise – that delinquent taxpayers may have. This approach has been used successfully by the Department of Child Support Services to collect money from delinquent child support payers. This proposal would help close the tax gap and collect additional revenue from taxpayers who have not paid their legally required share of taxes. Additionally, the use of timely financial data will reduce current collection process inefficiencies due to levies being issued based on outdated account information. This proposal is expected to generate additional revenues of $10 million in 2010-11 and $30 million in 2011-12.

Figure REV-02 shows the total impact of the tax solutions and associated spending on the Governor's Budget.

Figure REV-02

Net Benefit Of Tax Solutions

(Benefit to General Fund - Dollars in Millions)

	2010-11	2011-12
Direct General Fund Impact		
Personal income tax surcharge: Maintain the 0.25-percent PIT surcharge for five years.	$1,187	$2,077
Personal income tax dependent exemption credit: Maintain the current dependent exemption credit, which is aligned to equal the personal exemption credit amount for five years.	725	1,248
Mandatory Single Sales Factor: Modify current law to make this multi-state/national corporate income apportionment method mandatory instead of elective. Under current law, the opportunity to elect begins with the 2011 tax year.	468	942
Repeal Enterprise Zones: Eliminate the income tax incentives currently available for certain types of expenditures made in the designated zones.	343	581
Amnesty: Allow tax shelter cases in audit and protest to settle without penalties.	270	-50
Financial Institutions Records Match (FIRM): Allow the Franchise Tax Board access to bank records of debtors, similarly to what is currently done to collect child support.	10	30
Franchise Tax Board Costs of Amnesty and FIRM		-2
Revenue Driven Increase in Propostion 98 Expenditures		-1,990
Realignment Revenues - Local Revenue Fund 2011		
Maintain 6-percent state sales tax, with 1 percent dedicated to realignment.	0	4,549
Maintain 1.15 percent (VLF) rate, with 0.5 percent dedicated to realignment.	0	1,382
Other Special Fund Revenues That Offset General Fund Costs		
Extend the Hospital Fee for Medi-Cal to June 30, 2011	160	
Continue Managed Care Organization Taxes for Medi-Cal and Healthy Families		97
Total Net Benefit Of Revenue Solutions	$3,163	$8,864

General Fund Revenue

General Fund 2011-12 revenues and transfers represent 73 percent of total revenues reported in the Governor's Budget. The remaining 27 percent consists of special fund revenues dedicated to specific programs. The revenue estimates noted in the following discussion include the impact of the various proposals noted above under "Major Revenue Proposals" as well an estimated $6.5 million in 2010-11 and $13 million in 2011-12 from a proposal that will allow for increased efforts to collect PIT and Corporation Taxes under existing law.

Percent of General Fund Revenues and Transfers

Personal income tax	55.5 percent
Sales and use taxes	26.8 percent
Corporation tax	12.2 percent
All other	5.5 percent

Personal Income Tax (PIT)

The PIT is the state's largest single revenue source, accounting for 55.5 percent of all General Fund revenues and transfers in 2011-12. After a 3.4-percent increase in the prior fiscal year, income tax revenues are expected to increase another 6.5 percent in 2010-11 followed by an increase of 4.1 percent in 2011-12. These revenue estimates include $2.31 billion in 2010-11 and $3.59 billion in 2011-12 from the proposed: (1) extension of the 0.25-percent surcharge and maintaining the dependent exemption credit amount, (2) elimination of the enterprise zone and similar tax benefit zones, (3) amnesty from penalty charges for the settlement of tax shelter cases in audit and protest, and (4) establishment of a financial institutions record match (FIRM) process between financial institution customer records and FTB debtor records.

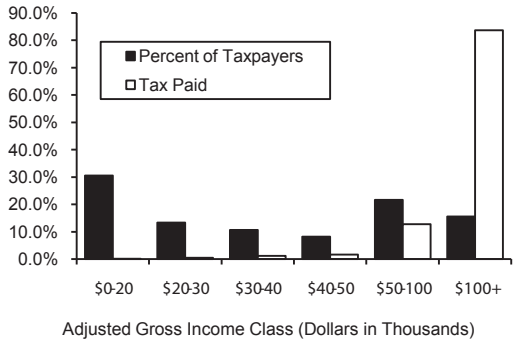
Personal Income Tax Revenue (In Billions)

2009-10	$44.848
2010-11 (Forecast)	$47.784
2011-12 (Forecast)	$49.741

Modeled closely on the federal income tax law, California's personal income tax is imposed on net taxable income—gross income less exclusions and deductions. The tax rate structure is steeply progressive over much of the income spectrum, with rates

ranging from 1 percent to 9.3 percent. Since the 2009 tax year, the marginal rates ranged from 1.25 percent to 9.55 percent. The Administration is proposing to maintain these tax rates for five years beginning in 2011. Figure REV-03, which shows the percent of total returns and tax paid by adjusted gross income class, illustrates the shares of the tax paid by various income classes. In 2008, the top 15.6 percent of state taxpayers, those with adjusted gross incomes (AGI) over $100,000, paid 83.6 percent of the personal income tax. The top 1 percent of state taxpayers paid 43 percent of the personal income tax. As a result of the tax bracket structure and distributions of tax liability, changes in the income of a relatively small group of taxpayers can have a significant impact on state revenues.

Figure REV-03
Percent of Taxpayers and Percent of Tax Paid by Adjusted Gross Income Class
2008 State Tax Data



Income ranges for all tax rates are adjusted annually by the change in the California Consumer Price Index. This prevents taxpayers from moving into higher tax brackets because of inflation without an increase in real income. For the 2010 tax year, this adjustment increased 0.9 percent, reflecting rising prices during 2010 after declines in 2009. For the 2011 tax year, the adjustment is projected to be an increase of 1.4 percent. The personal income tax rate applies to total taxable income from all sources, after which taxpayers can reduce their gross tax liability by claiming various credits.

An Alternative Minimum Tax (AMT), imposed at a rate of 7 percent, limits the amount of benefits that taxpayers realize from the use of deductions and exemptions, and thus ensures that all taxpayers pay a minimum level of tax. Since the 2009 tax year, the AMT rate is 7.25 percent. The Administration is proposing to maintain the 7.25-percent rate for another five years.

The largest income source for the personal income tax is wages and salaries. In 2008, taxes attributable to wages and salaries accounted for over 60 percent of personal income tax revenues. Based on the economic forecast, wages and salaries are expected to rise 0.8 percent in 2010, followed by 4.3 percent growth in 2011, and 4.7 percent in 2012. Capital gains are also a significant contributor to personal income tax revenues. In 2008, this component accounted for over 11 percent of the personal income tax.

Capital gains are highly volatile. Gains reported by taxpayers plunged 57.3 percent in 2008 and are estimated to have declined a further 38 percent in 2009. Capital gains are expected to bounce back with 34 percent growth in 2010, followed by 29 percent growth in 2011.

The Governor's Budget revenue estimates incorporate the potential behavioral impacts of federal tax law changes. The federal Economic Growth and Tax Relief Reconciliation Act of 2001 (EGTRRA) enacted tax reductions for dividend income, capital gains and other income. These tax reductions were set to expire after 2010 before recent steps were taken by the President and Congress to extend the reductions through 2012. The estimates assume that some taxpayers during 2010 had responded to the potential rate change by accelerating 2 percent of 2011 capital gains to 2010. Also, it is estimated that 2 percent of 2011 dividends and 1.1 percent of wages were accelerated to 2010. These changes are projected to increase 2010-11 revenues by $200 million and to reduce 2011-12 revenues by the same amount.

Figure REV-04 shows the portion of General Fund revenues from capital gains. In addition to wages and salaries and capital gains, other major components of AGI include net business and proprietor income, which together constitute about 11 percent of the total.

Figure REV-04

Capital Gains
As a Percent of General Fund Revenues

(Dollars in Billions)

	2001	2002	2003	2004	2005	2006	2007	2008	2009 [p]	2010 [e]	2011 [e]
Capital Gains Income	$49.1	$33.4	$45.6	$75.5	$112.4	$117.9	$132.0	$56.3	$34.9	$46.8	$60.4
Tax at 9%	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Capital Gains Tax	$4.4	$3.0	$4.1	$6.8	$10.1	$10.6	$11.9	$5.1	$3.1	$4.2	$5.4
	01-02	02-03	03-04	04-05	05-06	06-07	07-08	08-09	09-10	10-11	11-12
Total General Fund Revenues and Transfers	$72.3	$71.3	$74.9	$82.2	$93.5	$95.5	$99.2	$82.8	$87.0	$94.2	$89.7
	01-02	02-03	03-04	04-05	05-06	06-07	07-08	08-09	09-10	10-11	11-12
Capital Gains Tax as Percent of General Fund Revenues & Transfers	6.1%	4.2%	5.5%	8.3%	10.8%	11.1%	12.0%	6.2%	3.6%	4.5%	6.1%

[p] Preliminary

[e] Estimated

Beginning with the 2011-12 Governor's Budget forecast, the Capital Gains series = (Net Positive Capital Gains + Capital Gains Losses used against ordinary income.) The prior data series was only Net Positive Capital Gains.

Note: Totals may not add due to rounding
2002-03 revenues do not include $9.242 billion in economic recovery bonds.
2003-04 revenues do not include $2.012 billion in economic recovery bonds.
2007-08 revenues do not include $3.313 billion in economic recovery bonds.

Additional Information

The FTB, which administers the personal income tax and corporation tax, prepares an annual report which streamlines much of the information previously included in the Operations Report, Annual Report and Performance Report. Its website, www.ftb.ca.gov, includes these reports as well as detailed tables and statistics. Information on personal income tax and corporation tax exclusions, deductions, and credits is also available in the Department of Finance's Tax Expenditure Report, published annually on the Internet at www.dof.ca.gov in "Reports and Periodicals."

A portion of personal income tax revenue is for dedicated purposes and deposited into a special fund instead of the General Fund. Proposition 63, passed in November 2004, imposes a surcharge of 1 percent on taxable income over $1 million in addition to the 9.3-percent General Fund rate (9.55 percent for tax years 2009 and 2010, and proposed to be extended). Revenue from the surcharge is transferred to the Mental Health Services Fund and used to fund mental health service programs. Revenues of $739 million are estimated for the 2009-10 fiscal year. Annual revenues of $891 million for 2010-11, and $924 million for 2011-12 are projected, reflecting modest income increases of higher-income taxpayers. Substantial portions of these revenues are received in the Mental Health Services Fund as settle-up transfers the second year following the year for which they are paid. (See the Department of Mental Health Services budget for information on transfers to and expenditures from the Mental Health Services Fund.)

The General Fund and the Mental Health Services Fund shares of personal income tax revenues for 2009-10 through 2011-12 are shown in Figure REV-05.

Figure REV-05

Personal Income Tax Revenue

(Dollars in Thousands)

	2009-10 Preliminary	2010-11 Forecast	2011-12 Forecast
General Fund	$44,847,866	$47,784,000	$49,741,000
Mental Health Services Fund	798,570	891,000	924,000
Total	**$45,646,436**	**$48,675,000**	**$50,665,000**

Sales and Use Tax

Receipts from sales and use taxes, the state's second largest revenue source, are expected to contribute 26.8 percent of all General Fund revenues and transfers in 2011-12. Figure REV-06 displays sales and use tax revenues for the General Fund, as well as special funds, for 2009-10 through 2011-12. General Fund revenues in 2010-11 and 2011-12 do not include any sales taxes collected from the sale of gasoline because of the fuel tax swap implemented in July 1, 2010, which exempted fuel sales from the General Fund portion of the sales tax (see the section on the Motor Vehicles Fuel Tax). In 2010-11 and 2011-12, taxable gasoline sales are expected to be around 8 to 9 percent of the entire taxable sales base. The sales tax is expected to generate General Fund revenues of $26.709 billion in 2010-11 and $24.05 billion in 2011-12.

Figure REV-06

Sales Tax Revenue

(Dollars in Thousands)

	2009-10 Preliminary	2010-11 Forecast	2011-12 Forecast
General Fund	$26,740,781	$26,709,000	$24,050,000
Sales and Use Tax-Realignment	2,355,670	2,431,917	2,661,391
Sales and Use Tax- Administration's Proposed Realignment	0	0	4,549,010
Public Transportation Account	928,374	306,894	408,783
Economic Recovery Fund	1,172,329	1,201,000	1,301,000
Total	**$31,197,154**	**$30,648,811**	**$32,970,184**

The Budget proposes to maintain the 6-percent sales tax rate, of which 1 percent will fund state-local realignment (see Realignment Chapter). Receipts from this 1-percent sales tax will be local-purpose revenues deposited into a special fund.

The sales tax applies to sales of tangible personal property in California; the companion use tax applies to property purchased outside the state for use within California. Most retail sales and leases are subject to the tax. Exemptions from the tax for necessities such as food for home consumption, prescription drugs, and electricity make the tax less regressive than it otherwise would be. Other exemptions provide tax relief for purchasers of particular products — e.g., farm equipment, custom computer programs, or materials used in space flights. These exemptions are generally enacted to encourage certain types of economic activity.

Through the first three quarters of calendar year 2009, the largest contributors to the sales tax base were wholesale trade at 11.3 percent, food services and establishments serving alcoholic beverages at 11.2 percent, and motor vehicle and parts dealers at 10.1 percent. Other significant contributors to the sales tax base include sales by general merchandise stores at 9.1 percent and gasoline stations at 8.5 percent.

Taxable sales, including gas, decreased by 12.4 percent in 2008-09. Based on preliminary data, it is estimated that taxable sales will decrease by an additional 4.5 percent for 2009-10. Growth is expected to resume in 2010-11 at 5.2 percent, followed by a further pick-up in 2011-12 at 8.9 percent growth.

Sales and Use Tax Revenue – General Fund (In billions)

2009-10	$26.741
2010-11 (Forecast)	$26.709
2011-12 (Forecast)	$24.050

Approximately two-thirds of the sales tax is related to consumer spending and paid by households. Such purchases are strongly influenced by such macro-economic factors as employment trends and interest rates. Given that much of the sales tax base is comprised of non-essential purchases that can be postponed or cancelled, consumer confidence can have a significant impact on sales tax revenues. The remaining approximately one-third of the sales tax is paid on purchases by businesses. This component, too, is governed by businesses' perceptions of economic conditions and the need for additional equipment acquisitions and other capital purchases. Sales and use tax revenues are forecast by relating taxable sales to economic factors such as income, employment, housing starts, new vehicle sales, and inflation.

Additional Information

The Board of Equalization, which administers the sales and use tax, tobacco tax, alcoholic beverage taxes, and fuel taxes, provides additional information in its annual report, which is available on its website, www.boe.ca.gov. Information on sales tax exemptions is included in the Department of Finance's Tax Expenditure Report, published annually on the Internet at www.dof.ca.gov in "Reports and Periodicals."

Figure REV-07 displays the individual elements of the state and local sales tax rates. Figure REV-08 shows combined state and local tax rates for each county.

Figure REV-07

2010-11 State and Local Sales and Use Tax Rates

State Rates		
General Fund	5.00%	Pursuant to Sections 6051.3 and 6051.4 of the Revenue and Taxation Code, this rate is 5%, but may be temporarily reduced by 0.25% if General Fund reserves exceed specified levels. During 2001, the rate was 4.75%, and during 2002 and thereafter, this rate is 5.00%.
General Fund	1.00%	Pursuant to Sections 6051.7 and 6201.7 of the Revenue and Taxation Code, beginning on April 1, 2009, an additional temporary 1.00% General Fund sales tax was imposed. This tax is scheduled to expire on July 1, 2011. (See note below)
Local Revenue Fund	0.50%	Dedicated to local governments to fund health and social services programs transferred to counties as part of 1991 state-local realignment.
Economic Recovery Fund	0.25%	Beginning on July 1, 2004, a new temporary 0.25% state sales tax rate was imposed, with a corresponding decrease in the Bradley-Burns rate. These revenues are dedicated to repayment of Economic Recovery Bonds. Once these bonds are repaid, this tax will sunset and the Bradley-Burns rate will return to 1%.
Local Uniform Rates[1]		
Bradley-Burns	0.75%[2]	Imposed by city and county ordinance for general purpose use.[3]
Transportation Rate	0.25%	Dedicated for county transportation purposes.
Local Public Safety Fund	0.50%	Dedicated to cities and counties for public safety purposes. This rate was imposed temporarily by statute in 1993 and made permanent by the voters later that year through passage of Proposition 172.
Local Add-on Rates[4]		
Transactions and Use Taxes	up to 2.00%	May be levied in 0.125% or 0.25% increments[5] up to a combined maximum of 2.00% in any county.[6] Any ordinance authorizing a transactions and use tax requires approval by the local governing board and local voters.

[1] These locally-imposed taxes are collected by the State for each city and county and are not included in the State's revenue totals.

[2] The 1 percent rate was temporarily decreased by 0.25 percent on July 1, 2004, and a new temporary 0.25 percent tax imposed to repay Economic Recovery Bonds. Cities and counties will receive additional property tax revenues equal to the 0.25 percent local sales tax reduction.

[3] The city tax constitutes a credit against the county tax. The combined rate is never more than 1 percent in any area (or 0.75 percent during the period when Economic Recovery Bonds are being repaid).

[4] These taxes may be imposed by voters in cities, counties, or special districts. The revenues are collected by the State for each jurisdiction and are not included in the State's revenue totals.

[5] Increments imposed at 0.125 percent are only allowed when revenues are dedicated for library purposes.

[6] An exception to the 2 percent maximum is Los Angeles County, which may impose up to 2.5 percent.

Note: The Administration is proposing to maintain the current 6 percent rate of which 1 percent will be deposited in the Local Revenue Fund of 2011.

Figure REV-08

Combined State and Local Sales and Use Tax Rates by County

(Rates in Effect on October 1, 2010) [32/]

County	Tax Rate	County	Tax Rate	County	Tax Rate
Alameda	9.75%	Madera	8.75%	San Joaquin [21/]	8.75%
Alpine	8.25%	Marin [10/]	9.00%	San Luis Obispo [22/]	8.25%
Amador	8.75%	Mariposa	8.75%	San Mateo [23/]	9.25%
Butte	8.25%	Mendocino [11/]	8.25%	Santa Barbara	8.75%
Calaveras	8.25%	Merced [12/]	8.25%	Santa Clara [24/]	9.25%
Colusa [1/]	8.25%	Modoc	8.25%	Santa Cruz [25/]	9.00%
Contra Costa [2/]	9.25%	Mono [13/]	8.25%	Shasta	8.25%
Del Norte	8.25%	Monterey [14/]	8.25%	Sierra	8.25%
El Dorado [3/]	8.25%	Napa	8.75%	Siskiyou	8.25%
Fresno [4/]	8.975%	Nevada [15/]	8.375%	Solano	8.375%
Glenn	8.25%	Orange [16/]	8.75%	Sonoma [26/]	9.00%
Humboldt [5/]	8.25%	Placer	8.25%	Stanislaus [27/]	8.375%
Imperial [6/]	8.75%	Plumas	8.25%	Sutter	8.25%
Inyo	8.75%	Riverside	8.75%	Tehama	8.25%
Kern [7/]	8.25%	Sacramento [17/]	8.75%	Trinity	8.25%
Kings	8.25%	San Benito [18/]	8.25%	Tulare [28/]	8.75%
Lake [8/]	8.25%	San Bernardino [19/]	8.75%	Tuolumne [29/]	8.25%
Lassen	8.25%	San Diego [20/]	8.75%	Ventura [30/]	8.25%
Los Angeles [9/]	9.75%	San Francisco	9.50%	Yolo [31/]	8.25%
				Yuba	8.25%

[1/] 8.75% for sales in the City of Williams.
[2/] 9.75% for sales in the Cities of Richmond, Pinole, and El Cerrito.
[3/] 8.50% for sales in the City of Placerville and 8.75% for sales in the City of South Lake Tahoe.
[4/] 9.475% for sales in the Cities of Reedley and Selma and 9.725% for sales in the City of Sanger.
[5/] 8.50% for sales in the City of Eureka and 9.00% for sales in the Cities of Arcata and Trinidad.
[6/] 9.25% for sales in the City of Calexico.
[7/] 9.25% for sales in the Cities of Arvin and Delano.
[8/] 8.75% for sales in the City of Clearlake and the City of Lakeport.
[9/] 10.25% for sales in the Cities of Avalon, El Monte, and Inglewood and 10.75% for sales in Pico Rivera and South Gate.
[10/] 9.50% for sales in the City of San Rafael.
[11/] 8.75% for sales in the Cities of Fort Bragg, Point Arena, Ukiah, and Willits.
[12/] 8.75% for sales in the Cities of Merced, Los Banos, and Gustine.
[13/] 8.75% for sales in the City of Mammoth Lakes.
[14/] 8.75% for sales in the Cities of Salinas and Sand City and 9.25% in the Cities of Del Rey Oaks, Pacific Grove, and Seaside.
[15/] 8.875% for sales in the Cities of Truckee and Nevada City.
[16/] 9.25% for sales in the City of La Habra.
[17/] 9.25% for sales in the City of Galt.
[18/] 9.00% for sales in the City of San Juan Bautista and 9.25% for sales in the City of Hollister.
[19/] 9.00% for sales in the City of Montclair and the City of San Bernardino.
[20/] 9.25% for sales in the City of Vista, 9.5% for the City of La Mesa, and 9.75% for sales in the Cities of El Cajon and National City.
[21/] 9.00% for sales in the City of Stockton and 9.25% for sales in the City of Manteca.
[22/] 8.75% for sales in the Cities of Arroyo Grande, Morro Bay, Grover Beach, San Luis Obispo, and Pismo Beach.
[23/] 9.50% for sales in the Cities of Hillsdale and San Mateo.
[24/] 9.25% for sales in the City of Campbell.
[25/] 9.25% for sales in the Cities of Watsonville, Capitola, and Scotts Valley and 9.50% for sales in the City of Santa Cruz.
[26/] 9.25% for sales in the Cities of Sebastopol and Santa Rosa and 9.50% for Cotati and Rohnert Park.
[27/] 8.875% for sales in the City of Ceres.
[28/] 9.00% for sales in the City of Visalia. 9.25% for sales in the Cities of Farmersville, Porterville, and Tulare. 9.50% for sales in the City of Dinuba.
[29/] 8.75% for sales in the City of Sonora.
[30/] 8.75% for sales in the Cities of Oxnard and Port Huem
[31/] 8.75% for sales in the Cities of Woodland, West Sacramento, and Davis.
[32/] Reflects state sales tax rate of 6 percent. The Budget proposes to maintain this rate for another five years. Revenue from this extension will be deposited into the Local Revenue Fund of 2011.

Corporation Tax

Corporation tax revenues are expected to contribute 12.2 percent of all General Fund revenues and transfers in 2011-12. Corporation tax revenues are expected to increase by 26.3 percent from 2009-10 to 2010-11 but then decline by 4.7 percent by 2011-12. This is in part a function of recent policy changes discussed below. These revenue estimates include $689 million in 2010-11, and $1.24 billion in 2011-12, for the proposals to (1) require mandatory single sales factor allocation of income; (2) eliminate EZs and similar tax benefit areas; and (3) provide amnesty from penalty charges for the settlement of tax shelter cases in audit and protest.

Corporation Tax Revenue (In Billions)

2009-10	$ 9.115
2010-11 (Forecast)	$ 11.509
2011-12 (Forecast)	$ 10.966

Corporation tax revenues are driven by corporate profits, which generally track the overall business cycle. Corporation tax revenue over the next several years will be diminished by the recent legislative actions taken in prior budget acts. In particular, the following provisions will tend to weaken the growth of corporation tax revenue:

- The expiration of the temporary limitation of credits to offset no more than 50 percent of pre-credit tax liability, which were operative for tax years beginning after January 1, 2008, but before January 1, 2010.
- The ability of unitary taxpayers to share tax credits among members of the unitary group, which is operative for tax years beginning on or after January 1, 2010.
- The ability of taxpayers to elect single sales factor apportionment, which is operative for tax years beginning on or after January 1, 2011.
- The end of the temporary suspension of net operating losses, which is operative for tax years beginning on or after January 1, 2008, but before January 1, 2012.
- The ability for taxpayers to carry back net operating losses to prior years, which is operative for tax years beginning on or after January 1, 2012.

Corporation tax revenues are derived from the following sources:

- The franchise tax and the corporate income tax are levied at a rate of 8.84 percent on net profits. The former is imposed on corporations that conduct business

in California, while the latter is imposed on corporations that derive income from California sources without conducting business in the state. For example, a corporation that maintains a stock of goods in California to fill orders taken by independent dealers would be subject to the corporate income tax.

- Corporations that have a limited number of shareholders and meet other requirements to qualify for state Subchapter S status are taxed at a 1.5-percent rate rather than the 8.84 percent imposed on other corporations.
- Banks and other financial corporations pay the franchise tax plus an additional 2-percent tax on net income. This "bank tax" is in lieu of local personal property and business license taxes.
- The AMT is similar to that imposed under federal law. Levied at a rate of 6.65 percent, the AMT ensures that corporate taxpayers do not make excessive use of deductions and exemptions to avoid paying a minimum level of tax.
- A minimum franchise tax of $800 is imposed on corporations subject to the franchise tax, but not on those subject to the corporate income tax. An $800 minimum tax is also imposed on Limited Liability Companies (LLCs), Limited Partnerships and Limited Liability Partnerships.
- In addition to an annual tax of $800, a fee is imposed on LLCs based on total income. The fee ranges from $900 for LLCs with income between $250,000 and $499,000, to $11,790 for LLCs with income of $5 million or more. LLCs with total income of less than $250,000 do not pay this fee.
- The corporation tax forecast is based on an analysis of California taxable profits, employment rates, personal income, and actual cash receipts.

From 1943 through 1985, corporation tax liability as a percentage of profits closely tracked the corporation tax rate. Since 1986, tax liability as a percentage of profits has dropped below the statutory level of 8.84 percent. Increasing S-corporation activity and use of credits have been the primary factors contributing to a divergence between profit and tax liability growth. Businesses that elect to form as S-corporations pay a reduced corporate rate, with the income and tax liability on that income passed through to owners and thus shifted to the personal income tax.

Insurance Tax

Most insurance written in California is subject to a 2.35-percent gross premiums tax. This premium tax takes the place of all other state and local taxes except those on real property and motor vehicles. In general, the basis of the tax is the amount of "gross premiums" received, less return premiums.

Insurance Tax Revenue (General Fund)
(In Billions)

2009-10	$2.002
2010-11 (Forecast)	$1.838
2011-12 (Forecast)	$1.974

To provide interim funding for the Healthy Families and Medi-Cal programs, Chapter 157, Statutes of 2009 extended the 2.35-percent gross premiums tax to the Medi-Cal managed care plans in 2009 and 2010. The Governor's Budget proposes to extend the tax to provide continued funding for Healthy Families. Figure REV-09 displays the distribution of total insurance tax revenues from 2009-10 through 2011-12.

Figure REV-09

Insurance Tax Revenue

(Dollars in Millions)

	2009-10 Preliminary	2010-11 Forecast	2011-12 Forecast
General Fund	$2,002.0	$1,838.0	$1,974.0
Children's Health and Human Services Special Fund	178.7	192.3	194.5
Total	**$2,180.8**	**$2,030.3**	**$2,168.5**

Totals may not add due to rounding.

The Department of Finance conducts an annual survey to project insurance premium growth. Responses were received this year from a sample representing about 35 percent of the dollar value of premiums written in California.

In 2009, $114.5 billion in taxable premiums were reported, representing a decrease of 7.2 percent from 2008. The most recent survey indicates that total premiums will increase by 2.5 percent and 3.1 percent in 2010 and 2011, respectively. As reforms in workers' compensation insurance continue to take hold, taxable premiums from workers' compensation insurance continue to decrease. Survey respondents predicted declines

of 1.1 percent and 0.7 percent in 2010 and 2011, respectively, in this line of insurance. The primary reason for the decline in the Insurance Tax revenue estimate from 2009-10 to 2010-11, and the weak growth to 2011-12 is refunds that are expected to be paid pursuant to a Board of Equalization decision in the *California Automobile Insurance Company* case. The California Department of Insurance is expected to pay refunds related to this decision of $230 million in 2010-11 and $149 million in 2011-12.

Alcoholic Beverage Taxes

In addition to the sales tax paid by retail purchasers, California levies an excise tax on distributors of beer, wine, and distilled spirits.

Alcoholic Beverage Tax Rates Per Gallon (January 1, 2011)

$0.20 for beer, dry wine, and sweet wine

$0.30 for sparkling wine

$3.30 for distilled spirits

Alcoholic beverage revenue estimates are based on projections of total and per capita consumption for each type of beverage. Consumption of alcoholic beverages is expected to grow over the forecast period, increasing by 2.3 percent for both 2010-11 and 2011-12.

Collections in 2009-10 and forecasted revenues for 2010-11 and 2011-12 are shown in Figure REV-10.

Figure REV-10
Beer, Wine, and Distilled Spirits Revenue
(Dollars in Millions)

	2009-10 Preliminary	2010-11 Forecast	2011-12 Forecast
Beer and Wine	$150.2	$152.7	$155.3
Distilled Spirits	161.1	165.6	170.2
Total	**$311.2**	**$318.3**	**$325.5**

Totals may not add due to rounding.

Cigarette Tax

The state imposes an excise tax of 87 cents per pack of 20 cigarettes on distributors selling cigarettes in California. An excise tax is also imposed on the distribution of other tobacco products such as cigars, chewing tobacco, pipe tobacco, and snuff. The rate on other tobacco products is calculated annually by the Board of Equalization based on the wholesale price of cigarettes and the excise tax on cigarettes.

Revenues from the tax on cigarettes and other tobacco products are distributed as follows:

- Ten cents of the per-pack tax is allocated to the General Fund.
- Fifty cents of the per-pack tax, and an equivalent rate levied on non-cigarette tobacco products, goes to the California Children and Families First Trust Fund for distribution according to the provisions of Proposition 10 of 1998.
- Twenty-five cents of the per-pack tax, and an equivalent rate levied on non-cigarette tobacco products, is allocated to the Cigarette and Tobacco Products Surtax Fund for distribution as determined by Proposition 99 of 1988.
- Two cents of the per-pack tax is deposited into the Breast Cancer Fund.

Projections of cigarette tax revenues are based on total and per capita consumption of cigarettes while revenue estimates for other tobacco products rely on wholesale price data. The cumulative effect of product price increases, the increasingly restrictive environments for smokers, state anti-smoking campaigns funded by Proposition 99 Tobacco Tax and Health Protection Act revenues and revenues from the Master Tobacco Settlement, and the 2009 federal cigarette tax rate increase have considerably reduced cigarette consumption.

Annual per capita consumption (based on population ages 18-64) declined from 123 packs in 1989-90 to 84 packs in 1997-98 and 40 packs in 2009-10, the latest year of actual data available. The long-term downward trend in consumption should continue to reduce cigarette tax revenues and this forecast assumes an annual decline in total consumption of approximately 3 percent.

Figure REV-11 shows the distribution of tax revenues for the General Fund and various special funds for 2009-10 through 2011-12.

Figure REV-11

Tobacco Tax Revenue

(Dollars in Millions)

	2009-10 Preliminary	2010-11 Forecast	2011-12 Forecast
General Fund	$96.2	$93.0	$90.0
Cigarette and Tobacco Products Surtax Fund	293.7	285.0	277.0
Breast Cancer Fund	19.3	19.0	18.0
California Children and Families First Trust Fund	512.1	497.0	482.0
Cigarette and Tobacco Products Compliance Fund	1.8	1.7	1.7
Total	**$923.0**	**$895.7**	**$868.7**

Totals may not add due to rounding.

Property Taxes

Article XIIIA of the State Constitution (Proposition 13) provides that property is assessed at its 1975 fair market value until it changes ownership. When ownership changes, the assessed value is redetermined based on the property's current market value. New construction is assessed at fair market value when construction is completed. A property's base year value may be increased by an inflation factor, not to exceed 2 percent annually.

Although the property tax is a local revenue source, the amount of property tax generated each year has a substantial impact on the state budget because local property tax revenues allocated to K-14 schools offset General Fund expenditures. Assessed value growth is estimated based on twice-yearly surveys of county assessors and evaluation of real estate trends. Continued declines in sales volumes and prices, coupled with declines in property values and failures to remit property tax payments as a result of mortgage defaults and foreclosures, continue to negatively impact assessed values and property tax levies. Property tax collections are estimated to decrease 5 percent from 2009-10 to 2010-11. As the process of foreclosing on properties with delinquent mortgages accelerates in 2011-12, and those properties are resold, the decline in property tax revenues is expected to end. However, no positive growth in revenues is anticipated, leading to a forecast of zero percent growth for 2011-12.

Property taxes received by school districts and reflected in the Department of Education and Community Colleges budgets are significantly below projections used for the 2010-11 Governor's Budget.

Estate/Inheritance/Gift Taxes

Proposition 6, adopted in June 1982, repealed the inheritance and gift taxes and imposed a tax known as "the pick-up tax," because it was designed to pick up the maximum state credit allowed against the federal estate tax without increasing total taxes paid by the estate. The pick-up tax is computed based on the federal "taxable estate," with tax rates ranging from 0.8 percent to 16 percent.

The federal EGTRRA phased out the federal estate tax by 2010. This 2001 Act reduced the state pick-up tax by 25 percent in 2002, 50 percent in 2003, 75 percent in 2004, and eliminated it beginning in 2005. However, the recently-enacted Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010 made changes to the federal estate tax for 2011 and 2012. One of those changes was an extension of the elimination of the state estate tax credit, which had been in effect since 2005, for 2011 and 2012. This extension effectively eliminates the California estate tax through 2012. Accordingly, the amount of revenue estimated to be received from this source, under current federal law, is now $0 in both the current and budget years.

Some revenues from this tax continue to be collected from estates established prior to 2005. For instance, about $8 million in tax receipts were received in 2009-10 from this source.

Other Revenues

Vehicle License Fee (VLF)

Since 2009, the VLF rate has been 1.15 percent. Of this amount, 0.65 percent goes to local governments, 0.35 percent goes to the General Fund, and the remainder to local public safety programs (see below). Revenues from this source to the General Fund will be $1.473 billion in 2010-11 and $162 million in 2011-12.

Under the Administration's revenue proposal, the 1.15-percent VLF rate would be maintained for five years. 0.5 percent would be dedicated for local purposes, and will fund specified services, including the local public safety programs (see Realignment Chapter).

Indian Gaming

The Governor's Budget reflects General Fund Revenues from tribal gaming of $364 million in 2009-10, $364 million in 2010-11, and $364 million in 2011-12.

For 2009-10 and 2010-11, about $100 million in revenue was transferred from a special deposit fund to the General Fund, absent the sale of bonds to fund certain transportation programs to which this revenue had been allocated. Ongoing litigation has dimmed the prospects for a bond sale. Absent a bond sale, the Administration proposes to continue transferring this revenue to the General Fund for another five years starting in 2011-12. That proposal is reflected in the above revenue estimates.

Unclaimed Property

The Governor's Budget reflects receipts of $337 million in 2009-10, $220 million in 2010-11, and $221 million in 2011-12 from unclaimed property. The 2009-10 amount includes a one-time unclaimed property receipt increase of $90.5 million from FDIC-seized banks and an increase in overall holder reporting of about $13 million.

Sale Leaseback of 11 State Facilities

One of the budget solutions for the 2010 budget was the sale and leaseback of 11 state facilities. The sale of the 11 state facilities is expected to generate one-time General Fund revenues of $1.2 billion in the 2010-11 fiscal year. However, a lawsuit has been filed challenging the sale; at this time, the completion of the transaction is uncertain.

Loans and Transfers from Special Funds

The Governor's Budget proposes to transfer the following amounts of surplus balances in special funds to the General Fund:

- $12.0 million in 2010-11
- $83.6 million in 2011-12

New loans from special funds to the General Fund are also proposed as follows:

- $493.9 million in 2010-11
- $516.3 million in 2011-12

In addition, repayments for certain loans previously made from various special funds to the General Fund have been deferred to the 2012-13 fiscal year, resulting in temporary savings to the General in 2011-12 for $291 million.

These proposals will provide short-term relief to the General Fund as other long-term budget solutions are implemented, and will not harm the essential functions of those special funds' programs.

Special Fund Revenue

The California Constitution and state statutes specify into which funds certain revenues must be deposited and how they are to be spent. Special fund revenues consist of:

- Receipts from tax levies allocated to specified functions, such as motor vehicle taxes and fees.
- Charges such as business and professional license fees.
- Rental royalties and other receipts designated for particular purposes, such as oil and gas royalties.

Total special fund revenues are estimated to be $32.2 billion in 2011-12. Taxes and fees related to motor vehicles are expected to comprise about 37 percent of all special fund revenue in 2011-12. The principal sources are motor vehicle fees (registration, weight, and vehicle license fees) and motor vehicle fuel taxes. During 2011-12, it is expected that about $12 billion in revenues will be derived from the ownership or operation of motor vehicles. About 44 percent of all motor vehicle taxes and fees will be allocated to local governments, and the remaining portion will be used for state transportation programs.

Motor Vehicle Fees

Motor vehicle fees and taxes consist of vehicle license, registration, weight, driver's license, and other charges related to vehicle operation. Figure REV-12 displays revenue from these sources from 2009-10 through 2011-12.

Figure REV-12

Motor Vehicle Fees Special Fund Revenue

(Dollars in Thousands)

	2009-10 Preliminary	2010-11 Forecast	2011-12 Forecast
Vehicle License Fees	$481,581	$490,398	$514,923
Realignment	1,445,422	1,474,852	1,548,041
Administration's Proposed Realignment	0	0	1,382,000
Registration, Weight, and Other Fees	3,381,688	3,384,122	3,396,723
Total	**$5.308.691**	**$5.349.372**	**$6.841.687**

The VLF is imposed on vehicles that travel on public highways in California. This tax is imposed in lieu of a local personal property tax on automobiles and is administered by the Department of Motor Vehicles. Revenues from the 0.65-percent base VLF rate, other than administrative costs and fees on trailer coaches and mobile homes, are constitutionally dedicated to local governments.

The number of vehicles in the state, the ages of those vehicles, and their most recent sales price affect the amount of VLF collected. The total number of vehicles in California —autos, trucks, trailers, and motorcycles including vehicles registered in multiple states —is estimated to be 30,476,000 in 2010-11 and 30,686,000 in 2011-12. The forecast assumes that there will be 1,352,000 new vehicles registered in 2010-11, and 1,590,000 new vehicles in 2011-12.

The VLF is calculated on the vehicle's "market value," adjusted for depreciation. The motor vehicle schedule is based on an 11-year depreciation period; for trailer coaches, it is an 18-year period. A 0.65-percent rate is applied to the depreciated value to determine the fee.

Chapter 87, Statutes of 1991 revised the VLF depreciation schedule and required the Department of Motor Vehicles to reclassify used vehicles based on their actual purchase price each time ownership is transferred. Revenue from this base change is transferred to the Local Revenue Fund for state-local program realignment.

Chapter 322, Statutes of 1998 established a program to offset a portion of the VLF paid by vehicle owners at the 2-percent rate. The state paid or "offset" a portion of the amount due and taxpayers paid the balance. This General Fund offset gave taxpayers significant tax relief and compensated local governments. A permanent offset of 25 percent of the amount of the VLF owed became operative in 1999. Chapter 74, Statutes of 1999 increased the offset to 35 percent on a one-time basis for the 2000 calendar year. Chapters 106 and 107, Statutes of 2000, and Chapter 5, Statutes of 2001, extended the 35-percent offset through June 30, 2001, and provided an additional 32.5-percent VLF reduction, which was returned to taxpayers in the form of a rebate. Beginning July 1, 2001, the VLF was reduced by 67.5 percent. As the amount paid by taxpayers decreased, the amount backfilled by the General Fund increased.

The VLF reduction was suspended for a 141-day period beginning July 1, 2003. Executive Order S-1-03, issued November 17, 2003, rescinded the offset suspension and directed the Department of Motor Vehicles to reinstate the offset as soon as administratively feasible.

Chapter 211, Statutes of 2004 eliminated the VLF offset and reduced the VLF tax rate to 0.65 percent. Local governments now receive property tax revenues to compensate them for the loss of VLF revenue. In 2004-05 and 2005-06, that replacement revenue was reduced by $1.3 billion to assist the state. The estimated value of the VLF backfill to local governments is $5.7 billion in 2011-12. The value of the tax reduction from

2 percent to 0.65 percent is $4.3 billion. In February 2009, the VLF rate was increased to 1.15 percent for five years. Out of the 0.5-percent increase, 0.15 percent goes for funding local law enforcement and the remaining 0.35 percent goes to the General Fund. As a result of this increase, revenues from this source to local public safety programs will be $442 million in 2010-11 and $49 million in 2011-12. The Governor's Budget maintains the VLF at the 1.15-percent rate, with 0.5 percent becoming local purpose revenue. The value of the tax reduction that remains in effect is $2.7 billion.

The Department of Motor Vehicles administers the VLF for trailer coaches that are not installed on permanent foundations. Those that are installed on permanent foundations (mobile homes) are subject to either local property taxes or the VLF. Generally, mobile homes purchased new prior to July 1, 1980, are subject to the VLF. All trailer coach license fees are deposited in the General Fund.

In addition to the VLF, commercial truck owners pay a fee based on vehicle weight. Chapter 861, Statutes of 2000, and Chapter 719, Statutes of 2003, revised the fee schedules to conform to the federal International Registration Plan.

Motor Vehicle Fuel Taxes

The motor vehicle fuel tax, diesel fuel tax, and the use fuel tax are the major sources of funds for maintaining, replacing, and constructing state highway and transportation facilities. Just over one-third of these revenues is apportioned to local jurisdictions for street and highway use.

Gasoline consumption was flat in 2009-10 when compared to the prior fiscal year. Gasoline consumption is expected to decrease 0.2 percent in 2010-11 and then increase 1.4 percent in 2011-12.

Because most diesel fuel is consumed by the commercial trucking industry, consumption is affected most significantly by general economic conditions. Diesel fuel consumption fell 4.2 percent in 2009-10. However, a recovering economy is expected to contribute to growth of 3 percent in diesel consumption in 2010-11 followed by 4.4-percent growth in 2011-12.

Motor vehicle fuel tax collections are shown in Figure REV-13.

The motor vehicle fuel tax (gas tax) is collected from distributors when fuel is loaded into ground transportation for transport to retail stations. This fuel is taxed at a rate of

35.3 cents per gallon under current law. Fuels subject to the gas tax include gasoline, natural gas, and blends of gasoline and alcohol sold for use on public streets and highways.

Figure REV-13

Motor Vehicle Fuel Tax Revenue

(Dollars in Thousands)

	2009-10 Preliminary	2010-11 Forecast	2011-12 Forecast
Gasoline [1]	$2,665,421	$5,220,441	$5,089,447
Diesel	496,174	511,567	402,885
Total	**$3,161,595**	**$5,732,008**	**$5,492,332**

[1] Does not include jet fuel.

Distributors pay the diesel fuel tax, which applies to both pure diesel fuel and blends, at the fuel terminal. Diesel fuel for highway use is taxed at a rate of 18 cents per gallon. Dyed diesel fuel, which is destined for off-highway uses such as farm equipment, is not taxed.

Beginning in 2010-11, the fuel tax swap eliminated the General Fund portion of the sales tax on gasoline and replaced it with an excise tax of 17.3 cents per gallon, increasing the total excise tax to 35.3 cents per gallon. To maintain revenue neutrality, this excise tax will be adjusted each year. The 2011-12 Governor's Budget forecasts that the excise tax on gasoline will be 33.5 cents per gallon in 2011-12. The Budget proposes that the tax swap be reenacted by two-thirds vote, in accordance with the provisions of Proposition 26.

Beginning in 2011-12, the fuel tax swap increased the sales tax on diesel fuel by 1.75 percent, while decreasing the excise tax to maintain revenue neutrality. The Governor's Budget forecasts that the excise tax on diesel fuel will be reduced by 4.8 cents to 13.2 cents from the current level of 18 cents per gallon. The budget proposes that this element of the gas tax swap also be re-enacted by a two-thirds vote.

The use fuel tax is levied on sales of kerosene, liquefied petroleum gas (LPG), liquid natural gas (LNG), compressed natural gas (CNG), and alcohol fuel (ethanol and methanol containing 15 percent or less gasoline and diesel fuel). These fuels are taxed only when they are dispensed into motor vehicles used on the highways. Current use fuel tax rates are 18 cents per gallon for kerosene, 6 cents per gallon for LPG and LNG, 7 cents per 100 cubic feet for CNG, and 9 cents per gallon for alcohol fuel. Users of LPG, LNG, or CNG may elect to pay a flat rate of tax based on vehicle weight instead of the per-gallon tax.

An excise tax of 2 cents per gallon is levied on aircraft jet fuel sold at the retail level. This tax does not apply to commercial air carriers, aircraft manufacturers and repairers, and the U.S. armed forces.

Local transit systems, school and community college districts, and certain common carriers pay 1 cent per gallon on the fuel they use instead of the tax rates described above.

Summary of State Tax System

The state's tax system is outlined at the end of this section in Figure REV-14 and Figure REV-15. Tax collections per capita and per $100 of personal income are displayed in Schedule 2 in the Appendix. The revenue generated from each state tax from 1970-71 through 2011-12 is displayed in Schedule 3 in the Appendix.

Figure REV-14
Outline of State Tax System
as of January 1, 2011

Major Taxes and Fees	Base or Measure	Rate	Administering Agency	Fund
Alcoholic Beverage Excise Taxes:				
Beer	Gallon	$0.20	Equalization	General
Distilled Spirits	Gallon	$3.30	Equalization	General
Dry Wine/Sweet Wine	Gallon	$0.20	Equalization	General
Sparkling Wine	Gallon	$0.30	Equalization	General
Hard Cider	Gallon	$0.20	Equalization	General
Corporation:				
General Corporation	Net income	8.84% [1]	Franchise	General
Bank and Financial Corp.	Net income	10.84%	Franchise	General
Alternative Minimum Tax	Alt. Taxable Income	6.65% [1]	Franchise	General
Tobacco:				
Cigarette	Package	$0.87 [2]	Equalization	See below [2]
Other Tobacco Products	Wholesale cost	33.02% [3]	Equalization	See below [3]
Estate	Taxable Fed. Estate	0% [6]	Controller	General
Insurance				
Insurers	Gross Premiums	2.35% [7]	Insurance Dept.	General
Medi-Cal managed care plans	Operating Revenues	2.35%	Health Care Services	See below [5]
Liquor License Fees	Type of license	Various	Alc. Bev. Control	General
Motor Vehicle:				
Vehicle License Fees (VLF)	Market value	1.15% [8]	DMV	[9]
Fuel—Gasoline	Gallon	$0.353 [10]	Equalization	Motor Vehicle Fuel [11]
Fuel—Diesel	Gallon	$0.18 [12]	Equalization	Motor Vehicle Fuel
Registration Fees	Vehicle	$56.00	DMV	Motor Vehicle [13]
Weight Fees	Gross Vehicle Wt.	Various	DMV	State Highway [14]
Personal Income	Taxable income	1.0-9.3% [15]	Franchise	General
Proposition 63 Surcharge	million	1.0%	Franchise	Mental Health Services
Alternative Minimum Tax	Alt. Taxable Income	7.0% [15]	Franchise	General
Retail Sales and Use	taxable items	6.75% [17]	Equalization	See below [17]

Figure-REV-15
Notes to Figure REV-14

[1] Min. tax $800 per year for existing corporations. New corporations are exempt from the min. tax for the first two years.

[2] This tax is levied at the combined rate of 10 cents/pack of 20 cigarettes for the General Fund, 25 cents/pack for the Cigarette and Tobacco Products Surtax Fund, 2 cents/pack for the Breast Cancer Fund, and 50 cents/pack for the California Children and Families First Trust Fund.

[3] A tax equivalent to the tax on cigarettes. The rate reflects the 50 cents/pack established by the California Children and Families First Initiative, with funding for Cigarette and Tobacco Products Surtax Fund and California Children and Families First Trust Fund.

[4] The Fair and Exposition Fund supports county fairs and other activities, the Satellite Wagering Account funds construction of Satellite Wagering Facilities and health and safety repairs at fair sites. Wildlife Restoration Fund and General Fund also receive monies.

[5] Insurance tax on Medi-Cal managed care plans in 2009 and 2010, pursuant to Chapter 157, Statutes of 2009 (AB 1422), to provide interim funding for the Healthy Families and Medi-Cal programs. Tax receipts collected pursuant to Chapter 157 are available for a specific purpose and are required to be deposited into the Children's Health and Human Services Special Fund. The Administration s proposing to extend the tax to provide continued funding for Healthy Families.

[6] The Economic Growth and Tax Relief Reconciliation Act (EGTRRA) of 2001 phases out the federal estate tax by 2010. As part of this, EGTRRA eliminates the State pick-up tax beginning in 2005. The EGTRRA sunsets after 2010; at that time, the federal estate tax will be reinstated along with the State's estate tax. The Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010, however, made changes to the estate tax for 2011 and 2012. One of those changes was an extension of the elimination of the state estate tax credit, which had been in effect since 2005, for 2011 and 2012.

[7] Ocean marine insurance is taxed at the rate of 5 percent of underwriting profit attributable to California business. Special rates also apply to certain pension and profit sharing plans, surplus lines, and nonadmitted insurance.

[8] Department of Motor Vehicles. Beginning January 1, 1999, vehicle owners paid only 75 percent of the calculated tax, and the remaining 25 percent (offset percentage) was paid by the General Fund. Chapter 74, Statutes of 1999, increased the offset to 35 percent on a one-time basis for the 2000 calendar year. Chapters 106 and 107, Statutes of 2000, and Chapter 5, Statutes of 2001, extended the 35-percent offset through June 30, 2001, and provided for an additional 32.5-percent reduction, which was returned to taxpayers in the form of a rebate. Beginning July 1, 2001, the VLF offset was set at 67.5 percent. From June 30, 2003, through November 18, 2003, the VLF reduction was suspended. On November 17, 2003, Governor Schwarzenegger rescinded the suspension, thereby reinstating the offset. Effective January 1, 2005, the VLF rate is 0.65 percent. In February 2009 the VLF rate increased to 1.15 percent with 0.35 percent of the 0.5 percent increase going to the General Fund and the remaining 0.15 percent oing to local law enforcement. The Budget proposes to maintain the VLF rate of 1.15 percent for five years.

[9] For return to cities and counties. Trailer coach license fees are deposited in the General Fund.

[10] As part of the fuel tax swap implemented beginning July 1, 2010, this rate was increased from 18 cents and will be adjusted each year to maintain revenue neutrality with the elimination of the General Fund portion of the sales tax on gasoline.

[11] For administrative expenses and apportionment to State, counties and cities for highways, airports, and small craft harbors.

[12] As part of the fuel tax swap, this rate will be decreased by an estimated 4.8 cents on July 1, 2011, and will be adjusted each year thereafter to maintain revenue neutrality with the 1.75% increase in sales tax on diesel beginning July 1, 2011.

[13] For support of State Department of Motor Vehicles, California Highway Patrol, other agencies, and motor vehicle related programs.

[14] For state highways and State Department of Motor Vehicles administrative expense. Chapter 861,Statutes of 2000, replaced the fee schedule for trucks, based on the unladen weight of commercial trucks and trailers, with a new schedule based on the gross weight capacity of trucks alone, in order to comply with the International Registration Plan standards. Chapter 719, Statutes of 2003, increased weight fees to achieve revenue neutrality as specified in Chapter 861.

[15] Average property tax rate in the state during preceding year.

[16] Includes a 6 percent rate for the state General Fund, a 0.25 percent rate for the Economic Recovery Fund, and a 0.50 percent rate for the Local Revenue Fund. The Budget proposes to maintain the sales tax rate of 6 percent.

[17] Since 2009 the marginal rates ranged from 1.25 percent to 9.55 percent and the alternative minimum tax has been 7.25 percent. The Budget proposes to maintain these rates for five years.

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Demographic Information

Initial results of the 2010 Census were released on December 21, 2010, and showed California's population to be 37,253,956 people in April 2010. These data were not released in time to incorporate in the population analysis for the Governor's Budget. While this count is considerably lower than expected, insufficient information is currently available to determine to what extent it reflects an undercount and the degree to which Department of Finance's estimates should be adjusted. Therefore, the Department of Finance will adjust for 2010 census data for the May Revision population estimates.

Population Overview

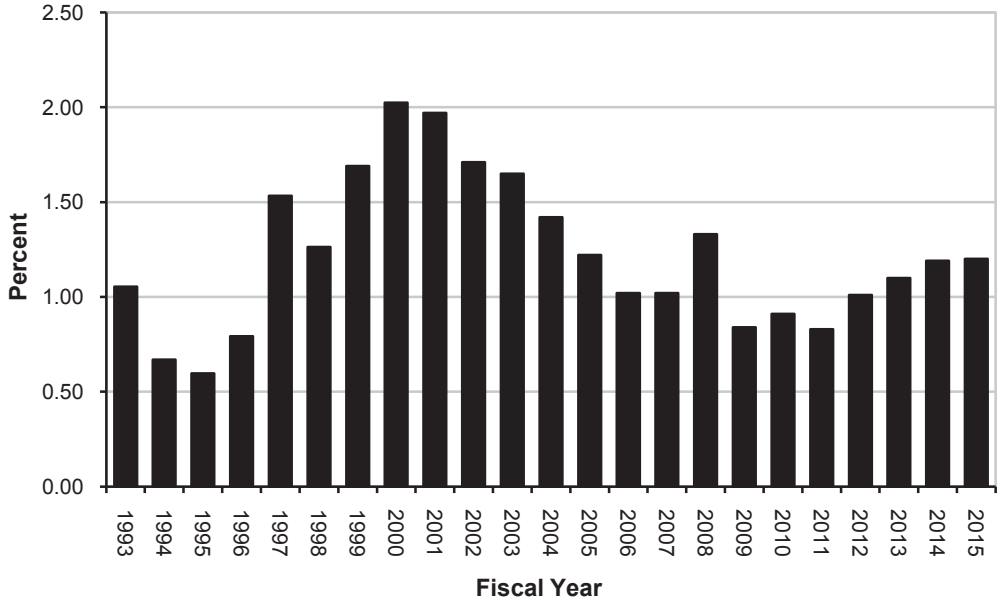
With nearly 39 million people as of mid-2010, the Governor's Budget estimates show that California's population continues to experience growth. Similar to the slowdown in the mid-1990's, the state's growth has been less than one percent for the last two years.

- The estimate of the population on July 1, 2010, is 38,827,000
- It is forecast to be 39,151,000 by mid-2011 and 39,548,000 by mid-2012. This reflects a short-term annual growth rate of 0.9 percent.

Figure DEM-01 displays the projected annual growth rates through 2015.

Through the next five years, the state will grow by an average of 423,000 people each year. Natural increase (more children being born then people dying) will account for nearly three times as much growth (71 percent vs. 29 percent) as net migration (people

Figure DEM-01
California's Annual Population Growth Rate

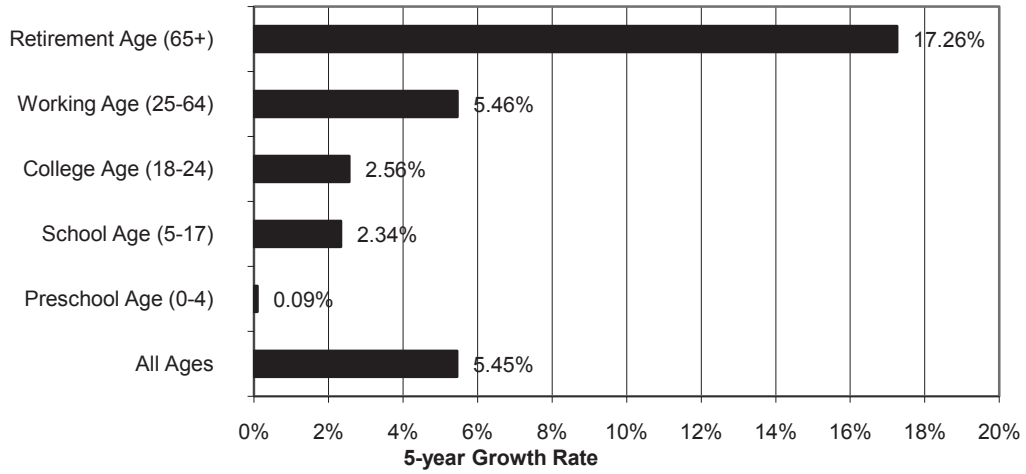


moving to California from other states and other countries, less those moving out). By July 2015, California will add more than 2.1 million people to reach nearly 41 million, a five-year growth rate of 5.5 percent. The Department of Finance's last long-term projection series, conducted prior to the recession, predicts that California will exceed 50 million by 2032. However, recent slower population growth if continued could delay that projected date by several years.

Population growth rates vary significantly by age group. The state's projected total five-year population growth of 5.5 percent is much higher than the 0.1-percent growth in the preschool age group, as births have fallen sharply for calendar years 2008 and 2009. This is by far the slowest growing age group over the next five years. Both the school-age group and the college-age group increase about half as fast as the total population with growth rates of 2.3 percent and 2.6 percent respectively. The working-age population will grow by 1.1 million or 5.5 percent. The retirement-age group, those over 65, will soar with a growth rate of more than 17 percent.

Figure DEM-02 shows the projected cumulative growth rates by age group through 2015.

Figure DEM-02
Projected California Population Growth Rate by Age Group (2010-2015)



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Legislative, Judicial and Executive

Governmental entities classified under the Legislative, Judicial, and Executive section of the Governor's Budget are either established as independent entities under the California Constitution or are departments that operate outside the agency structure. Constitutionally established bodies include the Legislature, Judicial Branch, Governor's Office, and Constitutional Officers.

Judicial Branch

The Judicial Branch is made up of approximately 22,000 employees (including 2,000 judges and judicial officers). The Judicial Branch consists of the state-level judiciary, which includes the Supreme Court and the Courts of Appeal, as well as the Administrative Office of the Courts. Prior to 1998, the trial courts consisted of county superior and municipal courts, but have since been unified into 58 state superior courts. The Judicial Branch serves the people of California by providing access to justice in both civil and criminal matters. The state-level judiciary receives the majority of its funding support from the General Fund. The trial courts receive funding support from the General Fund, from local governments pursuant to maintenance of effort agreements, and from a variety of fines, fees, and other charges collected by the court system and paid into the Trial Court Trust Fund.

Reductions to the trial courts have historically been proposed as unallocated reductions, which has enabled court administrators to work with the Administration and the

Legislature to implement the reductions in a manner that works best within the entire structure of the trial court system.

In recent years, reductions to the trial courts have been implemented through a variety of methods, including one-time transfers from other funding sources, the use of additional reserve balances in special funds, and increases in fees and fines. In 2009-10, the Judicial Council implemented a one-time $100 million unallocated reduction by closing the courts one day per month.

Similar to the overall problem with the state Budget, the Judicial Branch has used largely one-time solutions to address their past budget reductions and has not made significant efforts to reduce ongoing costs in the court system. As a result, the operational costs of the court system have not been reduced, and the judiciary has fewer options at its disposal to continue operating at existing funding levels.

The significant General Fund solutions are as follows:

- Reduction to the Courts – The Budget proposes a permanent decrease of $200 million beginning in 2011-12 for the courts. The Administration intends to work with stakeholders and the Judicial Branch to identify ways to implement this reduction in a manner that is least harmful to the courts and preserves service levels provided to the public. In doing so, all areas of the Judicial Branch budget will be evaluated. Some of these options include looking at potential duplication of some state operations functions, and evaluating the availability of fund reserve balances for short-term savings.
- Repeal Trial Courts Conservatorship Program – The Budget proposes a permanent decrease of $17.4 million beginning in 2011-12 to reflect the elimination of statutory requirements to implement the Omnibus Court Conservatorship and Guardianship Act of 2006. Funds that would allow the courts to fully implement the Act have been deferred for several fiscal years on a one-time basis and as a result the program has never been operational statewide. This proposed change would relieve the courts of the mandated responsibilities under the Act, but would still allow for individual courts who have been implementing parts of the Act to continue doing so.

In addition to the reductions mentioned above, there are two additional proposals affecting the trial courts. There is a proposal to use $860 million in funds that historically would have gone to redevelopment agencies to offset trial court General Fund costs. This proposal is discussed in more detail in the Tax Relief and Local Government chapter.

As part of the realignment proposal, a new revenue source will support court security services provided by county sheriffs. This issue is discussed in more detail in the Realignment chapter.

Governor's Office

The Office of the Governor provides for the overall direction and executive administration of all state agencies and departments under its purview. The Governor's Office is funded from the General Fund and a special fund that supports centralized state administrative costs. The state's fiscal crisis is extremely serious, and the Governor believes it is critical that all state agencies, including his own office, do more with less. Therefore, in order to streamline operations and eliminate unnecessary functions, the Budget proposes to reduce the Governor's Office by $4.5 million ($3.7 million General Fund)—a 25-percent reduction. These savings will be achieved by eliminating positions within the Governor's Office.

In addition to these savings, additional current-year savings will be achieved by spending only a portion of the funds that were budgeted for transition costs during 2010-11, and by eliminating the office of the American Reinvestment and Recovery Act Inspector General six months early.

Department of Justice

As chief law officer of the state, the Attorney General has the responsibility to see that the laws of California are uniformly and adequately enforced. This responsibility is fulfilled through the diverse programs of the Department of Justice (DOJ).

The DOJ represents the people in all matters before the Appellate and Supreme Courts of California and the United States; serves as legal counsel to state officers, boards, commissions, and departments; represents the people in actions to protect the environment and to enforce consumer, antitrust, and civil rights laws; and assists district attorneys in the administration of justice.

The DOJ also coordinates efforts to address the statewide narcotic enforcement problem; assists local law enforcement in the investigation and analysis of crimes; provides person and property identification and information services to criminal justice agencies; supports the telecommunications and data processing needs of the California criminal justice community; and pursues projects designed to protect the people of California

from fraudulent, unfair, and illegal activities. The DOJ receives funding support from the General Fund, as well as federal funds and a number of special-purpose funds related to the Department's regulatory and legal enforcement activities.

Currently, state departments receive legal services in an inconsistent manner. Unlike the Department of General Services (DGS), which bills all departmental clients for services provided, DOJ legal services are provided to departments both on a billable basis, as the DGS operates, and also on a "non-billable" basis, which means that DOJ has received a budget appropriation meant to cover the costs of various clients instead of billing them for their services. The clients who have not been receiving services on a billable basis have been experiencing service level reductions as a result of budget cuts taken by the DOJ. In addition, DOJ indicates that some of these clients have used DOJ for services that may not require the expertise of a DOJ Deputy Attorney General, and as a result these clients do not appear to be prioritizing the work they send to the DOJ. Given the success that DOJ's long-term billable clients have had with managing their own caseload on an attorney/client basis, the Budget proposes to convert the remaining "non-billable" clients to billable status.

The Budget includes a reduction of $50.2 million General Fund and an increase of $60.1 million Legal Services Revolving Fund to reflect this transition. The Budget provides General Fund allocations to the 11 largest non-billable clients based on past actual hourly usage. The remaining clients will receive legal services from an allocation that the DOJ will reconcile annually to ensure that appropriate funds are being used to pay for legal services. It is expected that converting these remaining "non-billable" clients to the same system that has been used by many state departments for years will result in better management of legal workload, and an attorney-client relationship that is more beneficial to both the departmental clients and the Department of Justice.

California Technology Agency (formerly the Office of the State Chief Information Officer)

The California Technology Agency (Agency) has a budget of $1.3 billion and over 1,200 employees to oversee information technology projects and public safety emergency communication systems for all state departments, as well as to establish and enforce statewide information technology policies, standards and strategic plans. Effective January 1, 2011, Chapter 404, Statutes of 2010 renamed the Office of the State Chief Information Officer to the California Technology Agency and codified the statewide

information technology consolidation originally implemented by the Governor's Reorganization Plan No.1 in 2009.

Within the Agency, the Office of Technology Services (OTech) serves as the state's data center to deliver computing, networking, and electronic messaging services to state, federal, and local government entities. The Public Safety Communications Division designs, engineers and installs the state's radio and microwave systems, as well as provides for maintenance and repair of equipment. The division also provides oversight of the emergency telephone (9-1-1) network and the 500 police, fire, and paramedic dispatch centers located throughout the state.

The significant Non-General Fund workload adjustment is:

- Data Center Workload Capacity—An increase of $19.7 million and 23 positions in 2011-12 as a result of data center workload growth, including $10.6 million to support the migration of state agencies to a shared e-mail system.

The significant Non-General Fund policy issue adjustment is:

- Independent Project Oversight—An increase of $966,000 and 9 positions in 2011-12 to transition independent oversight of state information technology projects from vendors to the agency.

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State and Consumer Services

The State and Consumer Services Agency's (SCSA) mission is to help educate consumers and make government more efficient, effective, and accountable for all California taxpayers. The SCSA entities are responsible for civil rights enforcement, consumer protection, and the licensing of 2.5 million Californians in more than 240 different professions. The SCSA entities provide oversight and guidance for the procurement of more than $8.9 billion worth of goods and services, the management and development of state real estate, operation and oversight of two state employee pension funds, collection of state taxes, hiring of state employees, adoption of state building standards, and the administration of two state museums.

The 2011-12 Governor's Budget includes total funding of $33.1 billion ($597.3 million General Fund) and 15,955.5 positions for all SCSA entities.

California Science Center

The California Science Center is a state-funded museum that provides free admission to their permanent exhibits, including the exhibits at the California African American Museum. Exhibits focus on science, math, and technology as well as the history, art, and culture of African Americans. While admission to the California Science Center is generally free, fees are charged periodically for various special exhibits. The Budget includes $31.8 million ($23.1 million General Fund, including $4.8 million for rental payments used to pay lease revenue bonds, $6.8 million Exposition Park

Improvement Fund, and $1.9 million reimbursements) to support the operation of the California Science Center.

The significant General Fund solutions are as follows:

- Unallocated Reduction—An ongoing decrease of $3.7 million beginning in 2011-12 for support of the California Science Center. The Budget will also authorize the California Science Center to establish a nominal admission fee to offset this reduction.

Franchise Tax Board

The Franchise Tax Board (FTB) is tasked with administration of the state's personal income tax and corporations tax. Activities include tax return processing, filing enforcement, audit, and collection of delinquent amounts owed.

The significant General Fund solutions are as follows:

- Audit Workload Growth—An increase of $3.2 million and 34 positions for discretionary workload in the Audit Program. This will result in General Fund revenues of $6.5 million in 2011-12, increasing to $13 million in subsequent years.
- Financial Institution Record Match—An increase of $1.3 million and 3 positions for the Financial Institution Record Match (FIRM). Under FIRM, financial institutions will establish a quarterly records match process between their customer records and the FTB's records of delinquent taxpayers. If the records match shows a delinquent taxpayer has funds deposited with the financial institution, the institution would remit to the FTB an amount sufficient to satisfy the outstanding debt. Only those taxpayers whose tax debt has been fully adjudicated would be subject to FIRM. FIRM would build off of the existing, federally mandated Financial Institutions Data Match (FIDM) Program. Because FIRM would use the FIDM infrastructure, and because financial institutions would be allowed to recover fees for their costs, the institutions' costs will be negligible. This initiative will result in General Fund revenues of $10 million accruable to 2010-11 and $30 million in 2011-12.
- Voluntary Compliance Initiative—An increase of $500,000 and 5 positions for a second Voluntary Compliance Initiative to reduce abusive tax shelters and other tax avoidance transactions. This initiative will result in General Fund revenues of $56 million accruable to 2010-11 and $40 million in 2011-12.

Business, Transportation, and Housing

The Business, Transportation and Housing Agency (BTH) includes programs that promote the state's business and economic climate, transportation infrastructure, affordable housing, and patients' rights. The Agency also includes public safety programs, including the Department of Motor Vehicles, the California Highway Patrol, and the Department of Alcoholic Beverage Control. Funding for all programs exceeds $18.9 billion, which is derived largely from special fund revenues, federal funds, and bond proceeds.

Department of Transportation

The Department of Transportation (Caltrans) has nearly 21,000 employees and an annual budget of approximately $12.8 billion. Caltrans designs, builds, operates, and maintains the state's highway system, operates three intercity passenger rail routes, and provides funding for local mass transit projects. Caltrans maintains over 15,200 miles of highways and over 12,000 state bridges, and inspects 809 public-use and special-use airports and heliports. The largest sources of funding for transportation projects are excise taxes paid on fuel consumption, federal funds also derived from fuel taxes, and weight fees. Bond funds currently provide over 20 percent of the total funding available for projects. Until 2010, sales tax on gasoline was also a major source of revenue for transportation, but the 2010 tax swap eliminated gasoline sales taxes in exchange for an equivalent increase in fuel excise taxes and made a one-time $762 million loan to the General Fund while continuing to fund highways and roads at the same level.

The 2010-11 Budget includes funding from fuel excise taxes to reimburse the General Fund for the cost of debt service on transportation-related state bonds. However, the Budget assumes that with the approval of Proposition 22 in November 2010, these General Fund benefits will be lost effective October 2010. Projects funded with bond money would otherwise have been funded from state, federal and local fuel-related taxes. Bond funds enable these projects to be funded and constructed earlier than they would have been. Therefore, it is reasonable public policy to reimburse the General Fund for the costs of debt service on transportation projects from revenues available for transportation purposes. Weight fees on trucks, which total between $900 million and $1 billion annually, are not subject to the same restrictions as excise fuel taxes and may be used to pay for the cost of debt service. The Budget proposes to use these and other unrestricted funds to restore the General Fund solutions in the 2010-11 budget, while using the new excise tax revenues from the tax swap to continue funding transportation programs at the same level as the 2010 Budget Act.

The significant Non-General Fund workload adjustments are as follows:

- Enterprise Resource Planning Financial Infrastructure (E-FIS)—A decrease of $3 million and 35 positions in 2011-12 as a result of the workload reduction and efficiencies from implementing the E-FIS fiscal management system.
- Load Rating of Local Bridges—A redirection of $1.4 million in 2011-12 from local federal subvention funds and 9 positions for a six-year limited term to complete federally mandated load ratings on local bridges.
- Planning Program Project Initiation Document (PID) Workload Justification —An increase of $2.4 million and 18 positions to complete PIDs for state and locally funded projects on the state highway system. This includes a decrease of $4.9 million in State Highway Account resources and an increase of $7.2 million in reimbursements from locals to complete PIDs on locally funded projects.
- Job Access and Reverse Commute (JARC) and New Freedom (NF) Federal Grant Programs—An increase of $274,000 and 3 positions in 2011-12 for a three-year limited term to administer the JARC and NF federal grant programs and process applications for new projects.
- Proposition 1B Bond Fund – An appropriation of $2.3 billion for capital funding of bond projects including $631.2 million for corridor mobility, $972.3 million for trade corridors, $117 million for public transit modernization, $200 million for state-local partnership projects, $22 million for local bridge seismic safety, and $391.9 million for State Route 99.

The significant General Fund solutions are as follows:

- Debt Service Offset—The use of $262.4 million in weight fee revenues in 2010-11 and $700 million in 2011-12 to reimburse the General Fund for debt service payments made on certain transit and highway general obligation bonds. The use of $77.5 million in revenues that are not restricted by the California Constitution, such as revenue from the rental of state property, in 2011-12 to reimburse the General Fund for debt service payments made on Proposition 116 transit bonds. These transfers will allow the state to continue funding transportation projects and programs at current budgeted levels while achieving the same level of General Fund relief provided for in the 2010 Budget Act.
- Special Fund Loans—A loan of $494 million in weight fee revenues to the General Fund in 2010-11 and $166.3 million in 2011-12.
- Reenactment of Gas Tax Proposal—In response to passage of Proposition 26 in November 2010, which requires a two-thirds vote threshold for any tax measures occurring after October of 2009, the Budget proposes trailer bill language to reenact the 2010 tax swap in order to protect the revenue sources for highways and transit, and continue the General Fund relief provided in the 2010 Budget Act.
- Maintenance of Local Transit Assistance Funding—In response to passage of Proposition 22 in November 2010, which provided for 50 percent of diesel sales tax revenues to go to local transit agencies in the State Transit Assistance program, the Budget proposes trailer bill language appropriating additional funds from the Public Transportation Account fund balance to ensure that local transit agencies continue to receive the equivalent of 75 percent of diesel sales tax revenues, as well as the $23 million in 2011-12 and $12 million in 2012-13 that local transit agencies were to have received from non-Article XIX revenues as part of the 2010 tax swap. This augmentation from the Public Transportation Account fund balance will offset the effect on local transit of shifting of $77.5 million in non-Article XIX revenues to fund debt service in 2011-12. Given lower diesel sales revenues, the total amount of state funding for local transit agencies from Public Transportation Account resources is estimated to be $329.6 million.

High-Speed Rail

The High-Speed Rail Authority, which is independent from the Business, Transportation, and Housing Agency, is responsible for the development and construction of a high-speed passenger train service between San Francisco and Anaheim (Phase 1), with extensions to San Diego and Sacramento. The trains must be capable of operating at speeds of 200 miles per hour. Proposition 1A, enacted in November 2008, authorizes $9 billion in bond proceeds for the rail lines and an additional $950 million for state and local feeder lines. The federal government also has awarded the Authority nearly $3.6 billion, most of which must be used to fund the Central Valley portion of the project. There have been no financial commitments made from the private sector. Total costs for Phase 1 are projected by the Authority to exceed $42.6 billion.

The total amount of funding available, including state bond funds and federal funds, for state operations and capital outlay in 2010-11 is $220.9 million and $192 million in 2011-12. These funds are for continued project management, environmental and engineering work. Proposition 1A limits the amount of bond proceeds that can be used for right-of-way acquisition and preservation, mitigation, relocation, preliminary engineering, planning, and environmental studies to 10 percent of bond funds. No bond funds can be provided for construction before a plan for completion of a segment of the system is submitted to and approved by the Department of Finance. The approved plan must show full funding committed by all contributing entities for construction of all track, stations, parking, and signals, as well the purchase of rolling stock and an agreement with an operator that will operate the proposed segment without an operating subsidy, which is not permitted under Proposition 1A. The bond act also requires that no more than half of the total cost of the construction of a corridor or usable segment be funded from bond funds.

The significant Non-General Fund workload adjustments are as follows:

- Program Management Oversight—An increase of $1 million in 2011-12 as a result of an increased need for oversight and review of the Program Management Team's work products and schedules.
- Interagency Agreements—An increase of $1.136 million in 2011-12 as a result of interagency agreements with the Department of Justice and the Department of General Services.
- Program Management Services—A decrease of $37 million in 2011-12 as a result of the contract with the Program Management Team being fully funded.

While the Authority has been awarded several billion dollars in federal funds for construction, details of the grants have not been finalized and appropriation of these funds may not be needed until 2012-13. Thus, only $89.7 million in federal funds for partial design and environmental work is reflected in the Budget, with the same amount in bond funds for the state match.

Department of Housing and Community Development

The Department of Housing and Community Development has a budget of approximately $256 million and 600 employees to promote preservation and expansion of safe and affordable housing and strong communities throughout California. The Department supports housing development and administers state and federal housing and community development financing programs. It also develops, administers and enforces building codes, manufactured housing standards and mobilehome park regulation. Approximately 37 percent of the support budget is derived from special funds, such as the Mobilehome Park Revolving Fund and the Mobilehome-Manufactured Home Revolving Fund. These funds are supported by fees from manufactured home owners for registration and titling services and building permits, as well as mobilehome park operators to support health and safety standards. Of the remainder, 33 percent is derived from nongovernmental cost funds and 17 percent is derived from federal funds. The local assistance program is almost 90 percent federal funds.

Generally, housing that is affordable to low-income families is developed using a package of financing that includes state loans funded from bonds, tax credits, financing and other incentives from local governments or redevelopment agencies, and market rate commercial loans. Housing needs vary considerably from community to community, as does the availability of financing and other incentives from local governments based on the availability of local funds and the other programs that need to be prioritized for available funding. The state's share of total funding is relatively small.

The significant Non-General Fund workload adjustments are as follows:

- Housing Bonds—A decrease of $99 million in 2011-12 to reflect a one-time pause in the issuance of state bonds for new loans and grants for housing projects. This does not affect projects that are already underway.
- One-Time Local Assistance—A decrease of $106.8 million in 2011-12 due to one-time funding for loans and grants, including a one-time $38.3 million federal grant for Community Development Block Grant Disaster Assistance.

- Community Development Block Grant Funding—A shift of $1.1 million from state operations to local assistance in the federal Community Development Block Grant program to reflect a finding by federal regulators that the department was not fully matching the federal funds to support the program. While the funds will be available for local assistance, the state will not be able to provide the same level of service to local government grantees, which may result in providing grants to fewer jurisdictions in order to align state costs to the federal funding available for state operations.

BTH Agency Secretary

The Secretary for the BTH Agency oversees and coordinates the activities of 13 departments and several economic development programs and commissions to improve California's place in the global marketplace. The Agency also directly administers several programs, including the Small Business Loan Guarantee Program, tourism promotion, the Infrastructure Bank, and film tax credits.

The Small Business Loan Guarantee Program provides guarantees on bank loans to small businesses that otherwise would not be made because of short credit history or lack of collateral. The guarantees are backed by a trust fund that can guarantee loans up to five times the amount of the trust fund. In 2007-08, 1,358 guarantees were able to leverage $169 million in loans. Chapter 731, Statutes of 2010 appropriated $32.4 million General Fund, of which $20 million was for this program, enabling it to guarantee an additional 700 loans over two years. The remaining $12.4 million was appropriated for three other related programs. In addition, the federal government has awarded California $168.6 million for programs that will help businesses access private capital from commercial lenders over the next two years. This large infusion of funding, however, cannot all be spent within this time period.

The significant Non-General Fund workload adjustment is:

- Federal Augmentation of Small Business Loan Guarantee Program—An increase of $84.4 million as a result of allocation of federal funds under the Small Business Jobs and Credit Act of 2010. The expansion of the program is expected to result in $840 million in new loans for California small businesses.

The significant General Fund solution is:

- Small Business Loan Guarantee Program—A decrease of $20 million in 2010-11. The Governor's Budget proposes to revert $20 million General Fund from this program given the large infusion of new federal funds and the need for General Fund savings.

Natural Resources

The Natural Resources Agency consists of 27 departments, boards, commissions, and conservancies responsible for administering programs to conserve, protect, restore, and enhance the natural and cultural resources of California, including:

- Department of Forestry and Fire Protection (CAL FIRE)
- Department of Parks and Recreation (Parks)
- Department of Water Resources
- Department of Fish and Game
- Energy Resources Conservation and Development Commission

The Governor's Budget proposes $10.2 billion ($2.1 billion General Fund) and 17,764.3 positions for the Natural Resources Agency. Significant General Fund expenditures include:

- $976.6 million for debt service costs on various natural resources general obligation bonds.
- $685.1 million for CAL FIRE to provide fire protection services in wildland areas of the state.
- $119.0 million for Parks to operate the state park system.

Department of Forestry and Fire Protection

CAL FIRE provides wildland fire protection services covering over 31 million acres of the state. CAL FIRE operates 228 fire stations, and on average responds to over 5,600 wildfires annually. CAL FIRE also performs the functions of a local fire department and first emergency responder through reimbursement agreements with local governments. Other responsibilities include the development and enforcement of fire safety standards through the State Fire Marshal, and the regulation and enforcement of timber harvesting operations.

The significant General Fund solutions are as follows:

- Eliminate Funding for CAL FIRE's Fourth Firefighter—A decrease of $3.6 million in 2010-11 and a decrease of $30.7 million in 2011-12 as a result of restoring CAL FIRE's staffing levels to three firefighters per engine. Beginning in 2003, CAL FIRE increased staffing levels from three to four firefighters per engine during peak fire season in the summer and early fall. However, these additional staffing levels have not measurablely changed CAL FIRE's initial attack effectiveness. Since 2003, CAL FIRE has contained 92.2 percent of wildfires to less than ten acres. This wildfire containment rate is similar to CAL FIRE's historic trends. The Budget will restore CAL FIRE firefighter staffing back to its pre-2003 levels.
- Realignment of Fire Protection Services—The Budget proposes to realign fire protection services in the most highly populated state responsibility areas to local governments. Please see the Realignment Chapter for additional information.

The significant General Fund workload adjustments are as follows:

- Fire Protection Program Permanent Funding—A continuation of $42.7 million and 69.6 positions in 2011-12 for CAL FIRE's aviation program, the Lake Tahoe fire station, and other fire protection activities. Chapter 718, Statutes of 2010, requires CAL FIRE to submit a zero-base budget for all activities previously funded from the Emergency Fund. The Budget will continue to fund CAL FIRE's existing fire protection programs, except to reinstate the three-firefighter-per engine staffing as mentioned above.
- Unemployment Insurance—An increase of $10.6 million in 2010-11 and 2011-12 to fund additional unemployment insurance claims for seasonal firefighters. Recent federal extensions have increased the amount of time seasonal firefighters are eligible for unemployment benefits.

The significant General Fund policy issue adjustment is:

- Civil Cost Recovery Program—An increase of $1.7 million and 9 positions in 2011-12 to investigate and pursue cost recoveries for wildfires caused by negligence or illegal activity. Over the past several years, the Budget Act has provided additional positions for CAL FIRE to pursue cost recoveries. As a result, CAL FIRE's cost recoveries have increased by over $10 million annually. CAL FIRE estimates an additional 9 positions would generate $6.8 million annually, resulting in a net General Fund savings of approximately $5.1 million.

Department of Parks and Recreation

The Department operates the state park system to preserve and protect the state's most valued natural, cultural and historical resources and to create opportunities for high-quality outdoor recreation.

The state park system consists of 278 parks encompassing over 1.3 million acres, 320 miles of coast-line, 13,863 campsites, and 4,225 miles of trails. The Department also administers several grant programs to provide funding for local and regional parks.

The significant General Fund solutions are as follows:

- Reduction to State Parks—A decrease of $11.0 million in 2011-12 which will result in partially or fully closing some state park units and reducing expenditures at the Department's headquarters. The plan, when completed, will minimize the impact on attendance by partially closing state parks during weekdays and off-peak seasons and closing other parks with the lowest attendance and revenue generation. The Department also will consider other factors including unit operating costs, the ability to physically close a unit, the ability to actually realize net savings from closing a unit, and the existence of major concessions. The Department will work with stakeholders and local communities to explore partnership opportunities. When fully implemented, the closures and transfers will produce $22.0 million in ongoing General Fund savings.

The significant General Fund workload adjustment is:

- Restoration of One-Time Reduction—An increase of $7.0 million to restore a one-time budget reduction included in the 2010 Budget Act.

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Environmental Protection

The California Environmental Protection Agency's (CalEPA) programs restore and protect environmental quality and protect public health. The agency coordinates state environmental regulatory programs and ensures fair and consistent enforcement of environmental law. The agency is comprised of the following five departments and boards:

- Air Resources Board
- Department of Pesticide Regulation
- State Water Resources Control Board
- Department of Toxic Substances Control
- Office of Environmental Health Hazard Assessment

The Budget proposes $1.76 billion ($56.7 million General Fund) and 4,701 positions for CalEPA for 2011-12. This represents a decrease of $71 million or 3.9 percent for all funds. General Fund expenditures decrease by $12.2 million or 17.8 percent.

Department of Pesticide Regulation

The Department of Pesticide Regulation protects public health and the environment by regulation all aspects of the sale and use of pesticides and by promoting reduced risk pest management strategies. The Department ensures compliance with pesticide laws

and regulations through its oversight of County Agricultural Commissioners, who enforce pesticide laws at the local level.

The significant Non-General Fund policy issue adjustment is:

- The Budget includes $2.6 million from the Department of Pesticide Regulation Fund for enhanced analytical chemistry analyses and equipment at the Department of Food and Agriculture.

State Water Resources Control Board

The State Water Resources Control Board (Water Board) and the nine Regional Water Quality Control Boards (Regional Boards) preserve and enhance the quality of California water resources and ensure proper allocation and effective use.

The significant General Fund solution is:

- Fund Shifts—The Budget proposes an ongoing General Fund reduction of $12.8 million and a corresponding increase in the Waste Discharge Permit Fund and Water Rights Fund, with proposed statutory changes to authorize the State Water Resources Control Board to assess a fee for basin planning activities. The federal Clean Water Act requires basin plans to facilitate the discharge permit development pursuant to state and federal law.

Office of Environmental Health Hazard Assessment

The Office of Environmental Health Hazard Assessment protects and enhances public health and the environment through objective scientific evaluation of risks posed by hazardous substances. The Office performs risk assessments for various regulatory programs under the California Environmental Protection Agency, as well as other state and local agencies and provides these programs with the scientific tools and information for making management decisions.

The significant General Fund policy issue adjustment is:

- Proposition 65—The Budget includes a fund shift reducing expenditures by $2.3 million from the Safe Drinking Water and Toxic Enforcement Funds and increasing General Fund support by $2.3 million to sustain the program pursuant to Proposition 65 as authorized by the voters.

Health and Human Services

The Health and Human Services Agency (HHSA) oversees 12 departments and other state entities, such as boards, commissions, councils, and offices that provide health and social services to California's most vulnerable and at-risk residents. Services provided through programs such as Medi-Cal, California Work Opportunity and Responsibility to Kids (CalWORKs), and the regional centers touch the lives of millions of Californians. The Governor's Budget includes $83.5 billion ($27.1 billion General Fund and $56.4 billion other funds) for these programs. Figure HHS-01 displays expenditures for each major program area and Figure HHS-02 displays program caseload.

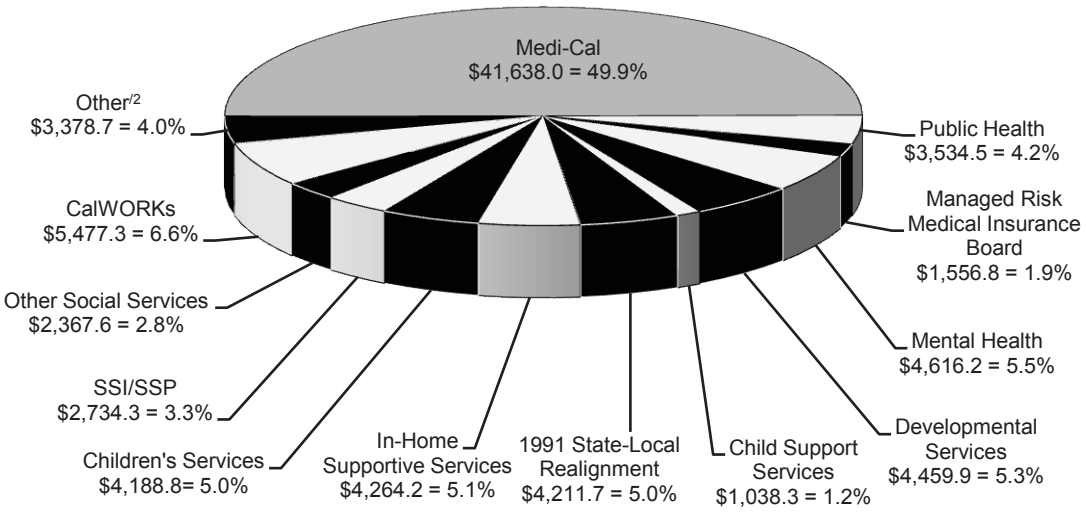
Department of Health Care Services

The Department of Health Care Services (DHCS) ensures that eligible persons and families receive comprehensive health services through public and private resources. By ensuring the appropriate and effective expenditure of public resources to serve those with the greatest health care needs, DHCS promotes an environment that enhances health and well-being.

Medi-Cal

Medi-Cal, California's Medicaid program, is administered by DHCS. Medi-Cal is a public health insurance program that provides comprehensive health care services at no or low cost for low-income individuals including families with children, seniors, persons with disabilities, foster care children, and pregnant women. The federal government dictates

Figure HHS-01
Health and Human Services Proposed 2011-12 Funding/1
All Funds
(Dollars in Millions)



/1 Totals $83,466.3 million for support, local assistance, and capital outlay. This figure includes reimbursements of $8,327.3 million and excludes enhanced federal funding and county funds that do not flow through the state budget.
/2 Includes the non-Medi-Cal portion of the Department of Health Care Services, Health and Human Services Agency, Department and Commission on Aging, Departments of Rehabilitation, Alcohol and Drug Programs, and Community Services and Development, Office of Statewide Health Planning and Development, State Independent Living Council, Emergency Medical Services Authority, California Children and Families Commission, State Council and Area Boards on Developmental Disabilities, California Medical Assistance Commission, Mental Health Services Oversight and Accountability Commission, and General Obligation bonds.

a mandatory set of basic services including, but not limited to, physician services, family nurse practitioner services, nursing facility services, hospital inpatient and outpatient services, laboratory and radiology services, family planning, and early and periodic screening, diagnosis, and treatment services for children. In addition to these mandatory services, the state provides optional benefits at additional state cost, such as outpatient drugs, adult day health care, and medical equipment.

Medi-Cal has an annual budget of $41.6 billion total funds ($13.0 billion General Fund, $24.1 billion federal funds, and $4.5 billion other funds) and Medi-Cal provides healthcare coverage to 7.7 million beneficiaries. Medi-Cal covers 19.7 percent of Californians and 23.9 percent of insured Californians. Medi-Cal funds about 46 percent of all births in California (see Figure HHS-03). California covers a relatively greater share of its population than other large states (13.2 percent in Texas and 17.9 percent in Ohio) or the national average of 15.7 percent.

Figure HHS-02
Major Health and Human Services Program Caseloads

	2010-11 Revised	2011-12 Estimate	Change
California Children's Services (CCS) [a]	47,050	48,520	1,470
(treatment of physical handicaps)			
Medi-Cal Enrollees	7,523,800	7,655,300	131,500
CalWORKs			
Average monthly individuals served	1,448,339	1,144,217	-304,122
Average monthly cases (families)	582,433	458,338	-124,095
Foster Care	53,586	47,628	-5,958
Adoption Assistance	85,281	88,431	3,150
SSI/SSP	1,266,078	1,276,413	10,335
(support for aged, blind, and disabled)			
In-Home Supportive Services	441,549	414,422	-27,127
Child Welfare Services [b]	119,188	115,304	-3,884
Non-Assistance CalFresh households	1,260,262	1,688,093	427,831
State Hospitals			
Mental health clients [c]	6,352	6,324	-28
Developmentally disabled clients [d]	1,979	1,783	-196
Community Developmentally Disabled Services			
Regional Centers	244,108	251,702	7,594
Vocational Rehabilitation	75,597	75,597	0
Alcohol and Drug Programs [e]	288,070	322,437	34,367
Healthy Families Program [f]			
Children	894,207	916,029	21,822

[a] Represents unduplicated quarterly caseload in the CCS Program. Does not include Medi-Cal CCS clients.

[b] Represents Emergency Response, Family Maintenance, Family Reunification, and Permanent Placement service areas on a monthly basis. Due to transfers between each service area, cases may be reflected in more than one services area.

[c] Represents the year-end population. Includes population at Vacaville and Salinas Valley Psychiatric Programs.

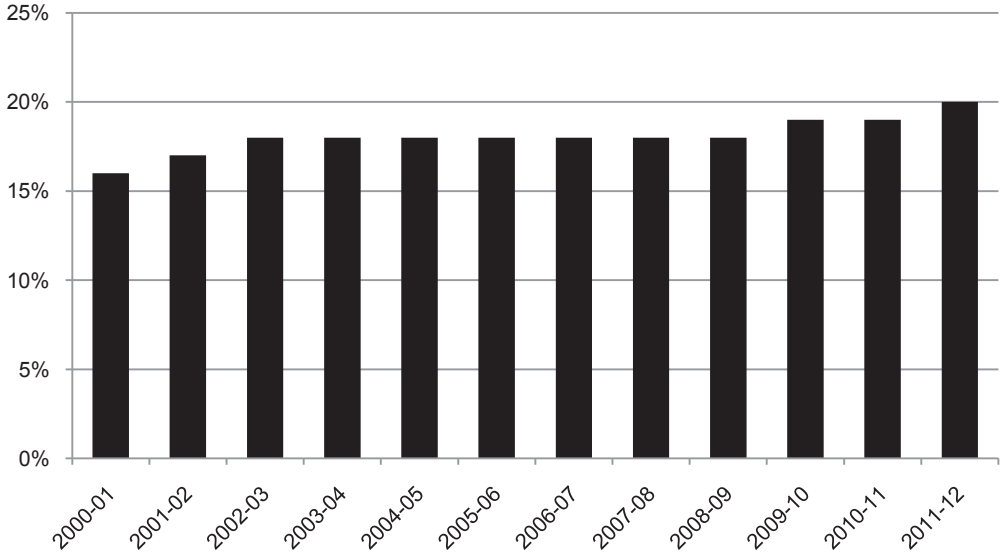
[d] Represents average in-center population. Reflects the impact of Agnews Developmental Center closure.

[e] Represents Drug Medi-Cal Clients.

[f] Represents the year-end population.

The state share of the program is funded primarily by the General Fund. The state and federal governments fund Medi-Cal in equal shares (50 percent each). Nationally, the federal government funds 57 percent of state Medicaid programs, and other large states such as Ohio (64 percent) and Texas (61 percent) receive a significantly greater share of federal funding while providing services to a lower percentage of state residents. The American Recovery and Reinvestment Act (federal stimulus) temporarily increased the federal government's share of funding from October 2008 through June 2011 to provide fiscal relief to states. These increased federal funds will provide an estimated $2.9 billion in General Fund relief in 2010-11. Absent program changes, Medi-Cal costs are expected to grow to $17.3 billion General Fund in 2011-12 (see Figure HHS-04).

Figure HHS-03
Average Monthly Medi-Cal Enrollees as a Percentage of California Population

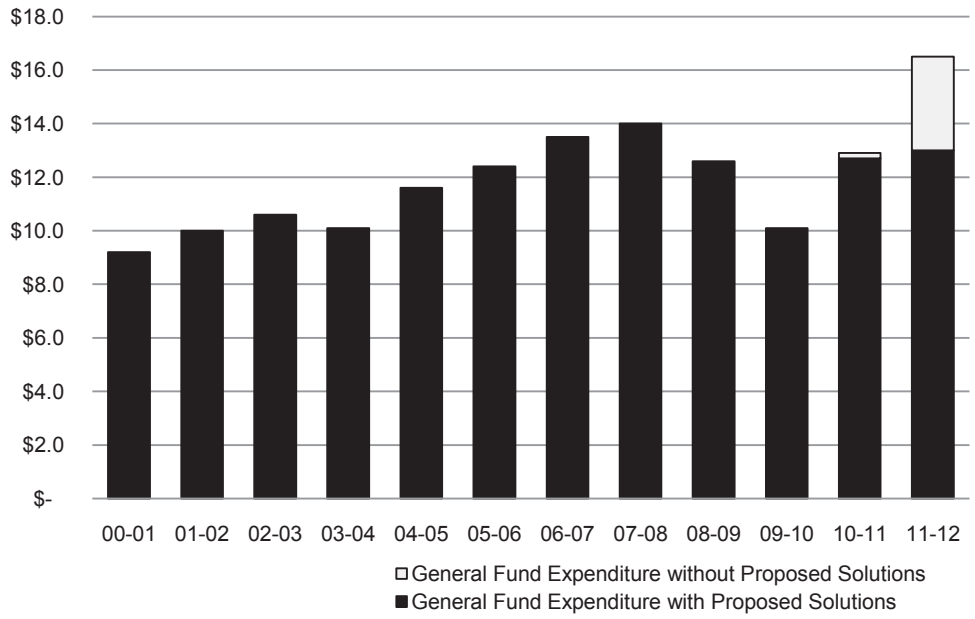


Medi-Cal is the second largest General Fund program, and represents approximately 15.4 percent of General Fund expenditures.

Medi-Cal costs generally grow between six and eight percent annually due to a combination of health care inflation and caseload growth. Over the last year, program expenditures grew by 5.9 percent after adjusting for the end of federal stimulus funding and other program factors that provide one-time General Fund relief in 2010-11. DHCS estimates that caseload will increase by 1.75 percent from 2010-11 to 2011-12 (from 7.52 million to 7.66 million – see Figure HHS-05). This is roughly double the 0.93-percent growth rate of the total California population over the same period (as estimated by the Department of Finance).

Medi-Cal costs are generally a function of the number of enrolled individuals, the level of benefits provided, and the rates paid to providers. Consequently, efforts to control program costs are typically focused in these areas. Federal health care reform prohibits reductions in eligibility standards. Adverse court rulings have prevented the state from implementing various provider payment reductions or from providing services only to beneficiaries with the greatest need. The Governor's Budget proposes significant reductions to this growing program while maintaining core services for

Figure HHS-04
Medi-Cal General Fund Expenditures
(dollars in billions)

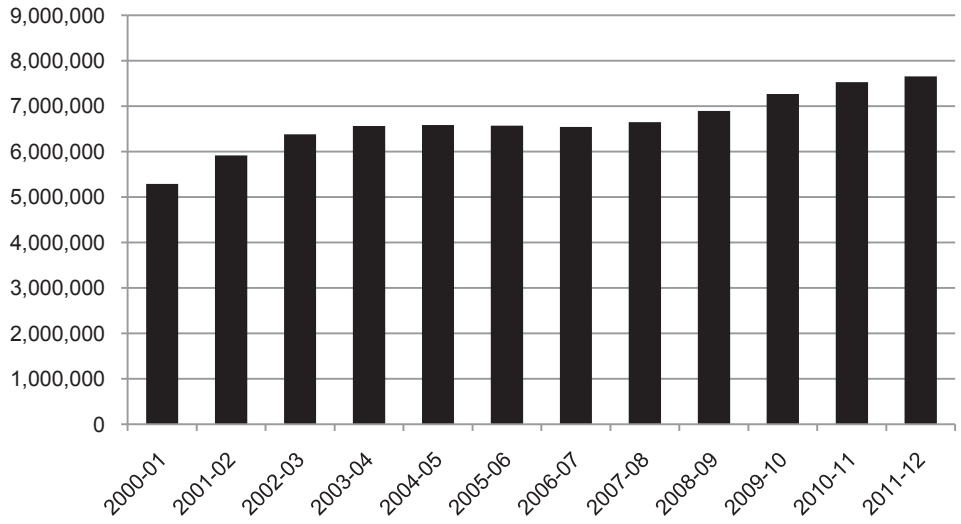


7.7 million beneficiaries. Each proposal assumes enacting state legislation by March 1, and some proposals may require federal approval prior to implementation. Further detail of proposed program reductions is provided below.

Limit Utilization of Services. California does not currently place strict limits on utilization of physician, clinic, outpatient, pharmacy, and other Medi-Cal services. Prior approval is required to obtain more than six prescriptions per month, but there is no benefit limit. Approval is also required for inpatient services, but most approvals for inpatient services are granted after the service is provided (the program does not pay for disallowed inpatient services). In contrast, Texas and Illinois have a hard limit of three prescriptions per month. Other states also limit access to inpatient and outpatient services.

This proposal establishes utilization controls at a level that ensures that 90 percent of beneficiaries who utilize a particular service remain unaffected, which is consistent with federal Medicaid law. Specifically, it sets a maximum annual benefit dollar cap

Figure HHS-05
Average Monthly Medi-Cal Caseload



on hearing aids ($1,510), durable medical equipment ($1,604), incontinence supplies ($1,659), urological supplies ($6,435), and wound care ($391), limits prescriptions (except life-saving drugs) to six per month, and limits the number of doctor visits to ten per year. The limits on medical supplies and equipment save an estimated $9.8 million in 2011-12 and affect approximately 20,000 beneficiaries. The limit on prescription drugs saves an estimated $11.1 million in 2011-12. The limit on physician visits saves an estimated $196.5 million in 2011-12 and reduces the number of physician visits funded by Medi-Cal from approximately 3.3 million to 2.0 million annually. These changes would take effect no later than October 1, 2011 based on the time needed to obtain federal approvals and provide necessary beneficiary and provider notification.

Require Beneficiaries to Share in the Cost of Services. Currently, co-payments in Medi-Cal are voluntary. State law permits co-payments of $1 for most doctor, clinic, and pharmacy services and $5 for emergency room visits. Providers collect little if any, co-payments and are not required to remit the payments to the state. Other states also have voluntary co-payments, which are higher than those established in California. For example, New Mexico charges $5 for most visits and Montana charges $4. Tennessee, Virginia, Montana, and Alaska charge $100 per day with a $200 maximum for hospital admissions. South Dakota charges five percent of costs up to $50 for emergency room visits. Through a state law change and a federal waiver, co-payments would become mandatory.

The federal government currently limits cost sharing for non-exempt populations to relatively nominal amounts and aggregate caps on co-payments not exceeding 5 percent of family income. Federal law (Deficit Reduction Act) allows providers to deny service if the beneficiary does not provide required co-payments, as long as they give a referral to a county indigent health program. Mandatory co-payments will achieve savings by reducing the amount the state pays for services (the current rate less the co-payment amount) and decreasing utilization. Specifically, this proposal includes a $5 co-payment on physician, clinic, dental, and pharmacy services ($3 on lower-cost preferred drugs) for savings of $294.4 million in 2011-12. There would also be a $50 co-payment on emergency room services (saving $111.5 million in 2011-12) and a $100/day and $200 maximum co-payment for hospital stays (saving $151.2 million in 2011-12). All beneficiaries who utilize these services would be subject to the co-payments. Except for the dental co-payment (May 1, 2011), these changes would take effect October 1, 2011, based on the time needed to obtain federal approvals and provide necessary beneficiary and provider notification.

Eliminate Adult Day Health Care and Other Benefits. Federal Medicaid rules require states to provide certain benefits as part of its Medicaid program. States also have the discretion to provide additional benefits that are eligible for federal matching dollars. The 2009-10 Budget included the elimination of some optional benefits including dental, podiatry, chiropractic, and other services. Prior to the elimination of these benefits, California was among the most generous states when considering the number of optional benefits offered. According to DHCS, the benefits now offered are similar to what other states typically offer. California is one of few states that currently operates an Adult Day Health Care program.

Recently, the courts have ruled against efforts to scale back optional benefits, such as Adult Day Health Care, yet have upheld elimination of these benefits, such as dental services. Consistent with prior court rulings, this proposal would eliminate over-the-counter cough and cold medications and nutritional supplements as Medi-Cal benefits (saving $556,000 in 2010-11 and $16.6 million in 2011-12). This proposal would also eliminate the optional Adult Day Health Care program for savings of $1.5 million in 2010-11 and $176.6 million in 2011-12. Approximately 27,000 beneficiaries use Adult Day Health Care services each month in about 330 centers statewide.

Reduce Medi-Cal Provider Payments by 10-Percent. The Budget proposes to reduce provider payments by 10 percent for physicians, pharmacy, clinics, medical transportation, home health, Adult Day Health Care, certain hospitals, and nursing facilities. Consistent with the 10-percent reductions proposed for other providers, this proposal would also reduce rates for long-term care facilities, including nursing home by 10 percent. This proposal will require federal approval of a state plan amendment. This proposal would save an estimated $9.5 million in 2010-11 and $709.4 million in 2011-12.

State and federal court rulings have recently prevented the state from implementing statutorily mandated rate freezes and reductions. Courts have enjoined provider payment reductions or rate for a wide variety of provider types including physicians, pharmacy, dental, Adult Day Health Care, clinics, and certain long-term care providers. Judicial concerns have primarily been that reductions could restrict access to care, and that rate studies have not been performed before enacting and implementing rate reductions.

The state has appealed to the U.S. Supreme Court to overturn adverse appellate court rulings that have blocked provider payment reductions of up to 10 percent. It is anticipated that the U.S. Supreme Court will decide whether to hear the cases by mid-January 2011 and would rule by July 1, 2011. This proposal assumes the state prevails in pending rate litigation.

Use Proposition 10 Reserves to Fund Health Services for Young Children. The California Children and Families Program (known as the First 5 program) was created in 1998 upon voter approval of Proposition 10, the California Children and Families First Act. There are 58 county First 5 commissions as well as the state Children and Families Commission (Commission), which provide early development programs for children through age five. Funding is provided by a cigarette tax (50 cents per pack), of which, after accounting for specified adjustments, 80 percent is allocated to the county commissions and 20 percent is allocated to the Commission. Unspent funds are carried over for use in subsequent fiscal years. Over time, both the state and local fund balances have grown. As of June 30, 2009, county commissions held more than $2 billion in reserves. The Governor's Budget proposes to use $1 billion in Proposition 10 funds to fund Medi-Cal services for children through age five. This will allow for the continued funding of core programs providing early childhood health services. Subject to voter approval, this proposal would take effect July 1, 2011.

Extend the Existing Hospital Fee. Existing law provides for a hospital fee through December 31, 2010. The Governor's Budget proposes to extend the fee through June 31, 2011, which will save $160 million in Medi-Cal. Fee revenue is used to leverage federal funding to provide supplemental payments to hospitals for the provision of Medi-Cal services and to offset General Fund costs to a lesser degree.

The significant General Fund workload adjustments are as follows:

- Expiration of Federal Stimulus Funds—An increase of $2.9 billion due to the end of federal stimulus funding. The federal government assumed a greater share of program costs during the stimulus period of October 2008 through June 2011.
- Expiration of Hospital Fee Offsets—An increase of $1.1 billion General Fund in 2011-12 and a decrease of $4.0 billion special funds resulting from the sunset of the hospital fee program June 2011, after the six-month extension discussed above. The $1.1 billion includes: (1) $560 million from all seven quarters of hospital fee payments being made during 2010-11 (the fee provides $80 million per quarter to offset Medi-Cal costs for children's services), (2) $420 million in funds originally intended for public hospitals that have instead been redirected to the state (public hospitals are held harmless by receiving additional Medi-Cal waiver funds), and (3) $160 million for the two-quarter extension. Hospital fee revenues will be used to leverage federal dollars to provide substantial supplemental payments to hospitals for Medi-Cal services. Including the extension period, up to $1.1 billion of hospital fee revenues are also available to offset General Fund costs in Medi-Cal.
- Medi-Cal Base Benefit Costs—An increase of $306.3 million (including a $137.7 million increase in Fee-For-Service costs, an $87.0 million increase for managed care, and an $81.5 million increase for Medicare payments and other base adjustments).

The significant General Fund policy issue adjustments are as follows:

- Managed Care Rate Increase—An increase of $160 million in 2011-12. This request will be adjusted in the spring when actuarially approved managed care rate assessments will be completed. Federal law requires DHCS to set managed care rates at a level that is actuarially sound. The estimated increase is 3.9-percent, which is consistent with the increase provided in the current year.

- Health Care Reform Implementation—An increase of $2.1 million ($949,000 General Fund) and 17 two-year limited-term positions to implement provisions of federal health care reform.

A summary of the significant General Fund budget solutions follows:

- Limit Utilization of Services—A decrease of $217.4 million in 2011-12.
- Require Beneficiaries to Share in the Cost of Services—A decrease of $180,000 in 2010-11 and $557.1 million in 2011-12.
- Eliminate Adult Day Health Care and Other Benefits—A decrease of $2.1 million in 2010-11 and $193.2 million in 2011-12.
- Reduce Medi-Cal Rates by 10 Percent—A decrease of $9.5 million in 2010-11 and $709.4 million in 2011-12.
- Redirect Proposition 10 Reserves—A decrease of $1 billion in 2011-12.
- Extend the Existing Hospital Fee—A decrease of $160 million in 2010-11.

Managed Risk Medical Insurance Board

The Managed Risk Medical Insurance Board (the Board) administers five programs that provide health coverage through commercial health plans, local initiatives and county organized health systems to certain persons who do not have health insurance. The five programs include:

- The Access for Infants and Mothers Program, which provides comprehensive health care to pregnant women and educates women about the dangers of tobacco use.
- The Healthy Families Program, which provides comprehensive health, dental, and vision benefits through participating health plans for children who are not eligible for Medi-Cal.
- The County Health Initiative Matching Fund Program, which provides comprehensive benefits similar to the Healthy Families Program, but through county-sponsored insurance programs.
- The Major Risk Medical Insurance Program, a state-funded program which provides health coverage to residents of the state who are unable to secure adequate

coverage for themselves and their dependents because insurers consider them to be ''medically uninsurable''—at high risk of needing costly care.

- The Pre-Existing Conditions Insurance Plan Program (PCIP), a federally funded health coverage program which provides health coverage to medically uninsurable individuals who live in California.

The Governor's Budget includes $1.6 billion ($267.5 million General Fund) for the Board, an increase of $136.7 million General Fund from the revised 2010-11 budget and $128.3 million General Fund from the Budget Act of 2010.

Healthy Families Program

The Healthy Families Program, the state's federal State Children's Health Insurance Program (SCHIP), provides insurance for approximately 900,000 children up to age 19 in families with incomes up to 250 percent of the federal poverty level that are not eligible for Medi-Cal coverage. Coverage includes comprehensive health, dental, and vision benefits through participating health plans. Families pay a monthly premium and the program subsidizes the remaining cost of coverage. Premiums account for 16 percent of total program costs. Costs are funded through a combination of state and federal SCHIP funds. State funds are matched two to one.

State law requires the Managed Risk Medical Insurance Board to operate Healthy Families within its appropriation. Healthy Families is not an entitlement, and the program has previously used a waiting list, cost sharing, alternative fund sources (such as the Managed Care Organization Tax, which provided $114.5 million in 2010-11), or service reductions to remain within its appropriation. Federal health care reform recently instituted a new maintenance-of-effort (MOE) requirement on Healthy Families that prohibits reductions in eligibility standards. Failing to comply places all federal SCHIP funds (approximately $750 million) and Medicaid funds ($26 billion) at risk. States still have some flexibility to increase cost sharing, limit benefits, or use alternative funding for the state match. The following proposed solutions include all of these cost-containment strategies.

Eliminate the Vision Benefit. Healthy Families provides vision services through its health plan (testing, eye refractions to determine the need for corrective lenses, and care for injuries) and also through separate vision coverage (including eyeglasses and other specialized services).

This proposal would eliminate the separate vision coverage for all children participating in Healthy Families resulting in General Fund savings of approximately $11 million. Vision services through health plans would remain (vision testing, eye refractions to determine need for corrective lenses, and care for eye injuries, etc.). This proposal would take effect June 1, 2011, after appropriate provider and beneficiary notification.

Increase Premiums. Monthly premiums for Healthy Families range from $7 to $72, depending on income and family size. Premiums were increased once in 2005 and twice in 2009. Fourteen other states also increased premiums in 2009, including Florida, New York, Pennsylvania, Wisconsin, Washington, and Arizona (which doubled premiums from $17.50 to $35 per child in families at 200 percent of poverty). States currently with the highest premiums at 200 percent of poverty are Arizona at $35 per child, Rhode Island at $30, Minnesota at $28, and Georgia at $20. Healthy Families eligibility levels in California are more generous than many other states as 18 other states do not cover the population from 200 to 250 percent of poverty.

The Budget proposes to increase premiums for families with incomes at or above 150 percent of poverty (approximately 565,000 children) for General Fund savings of approximately $22 million. Premiums would increase for the income group from 150 to 200 percent of poverty by $14 per child (from $16 to $30) and increase the maximum limit for a family with three or more children by $42 for a family maximum of $90. For families with incomes from 200 to 250 percent of poverty, premiums would increase by $18 per child (from $24 to $42) and the maximum limit for a family with three or more children would increase by $54 to $126. No increase is proposed for families with incomes under 150 percent of poverty. The proposed premium levels are consistent with premium levels in effect in other states and proposed changes would take effect June 1, 2011, after appropriate provider and beneficiary notification.

Increase Co-payments. Healthy Families has co-payments that cover doctors' visits ($10), prescriptions ($15 for brand-name drugs, and $10 for generic drugs), and emergency room visits ($15). Beneficiaries are not denied service for inability to pay. An annual co-payment maximum of $250 per family also exists. In November 2009, co-payments were increased by $5 for doctor visits and generic drugs, and by $10 for brand-name drugs and emergency room visits. There is no current co-payment for inpatient hospital stays.

This proposal would increase co-payments for emergency room visits from $15 to $50 and inpatient stays from $0 to $100 day/$200 maximum, to conform to a similar Medi-Cal

cost-containment proposal. This proposal would take effect October 1, 2011, after appropriate provider and beneficiary notification. This proposal will result in savings of $5.5 million.

Continue Collecting Revenues from Taxes Assessed on Managed Care Plans. California currently taxes managed care organizations, and uses these revenues to draw down federal funds, to fund rate increases in Medi-Cal, and to provide health coverage in Healthy Families. Health plans benefit by receiving higher rates than would otherwise result. This tax expires on June 30, 2011.

The budget proposes to make this tax permanent and to use the revenues for rate increases in Medi-Cal and to fund health coverage in Healthy Families, for savings of $97.2 million.

The significant General Fund workload adjustment is:

- A decrease of $24.5 million in 2011-12 resulting from a decrease in enrollment.

The significant Non-General Fund workload adjustment is:

- Alternative Funds—An increase of $258.2 million in 2011-12 as a result of the expiration of managed care organization (MCO) tax funds and Proposition 10 funds that were previously available to offset General Fund expenditures in the program. The statutory authority for the MCO tax sunsets June 30, 2011.

A summary of the significant General Fund solutions follows:

- Eliminate the Vision Benefit—A decrease of $0.9 million in 2010-11 and $11.3 million in 2011-12.
- Increase Premiums—A decrease of $1.9 million in 2010-11 and $22.2 million in 2011-12.
- Increase Copayments—A decrease of $5.5 million in 2011-12.
- Continue Collecting Revenues from Taxes Assessed on Managed Care Plans —A decrease of $97.2 million in 2011-12.

Department of Public Health

The Department of Public Health (DPH) is charged with protecting and promoting the health status of Californians through programs and policies that use population-wide interventions. The DPH programs work to prevent chronic diseases, such as cancer and cardiovascular disease, environmental and occupational diseases and communicable diseases, such as Human Immunodeficiency Virus/Acquired Immune Deficiency Syndrome (HIV/AIDS). The DPH licenses and certifies health care facilities; protects the public from consuming unsafe drinking water; manages and regulates the safety of food, drugs, medical devices and radiation sources; and, operates public health laboratories. The DPH also operates family health programs, such as the Women, Infants and Children program, maternal, child and adolescent health and genetic disease testing and related services. The DPH is responsible for managing the state's public health information, including vital statistics and public health emergency preparedness.

The DPH is funded with a combination of General Fund, federal funds, and various special funds. Funding for 2010-11 is $3.4 billion ($204.8 million General Fund), and proposed funding for 2011-12 is currently $3.5 billion ($314.9 million General Fund).

Increasing Client Share of Costs for the AIDS Drug Assistance Program (ADAP)

ADAP was established in 1987 to help ensure that HIV-positive uninsured and underinsured individuals have access to medication. Currently, over 180 drugs are available through ADAP, and there are over 4,000 pharmacies statewide where clients can access these drugs. Additionally, there are more than 200 enrollment sites throughout California. ADAP is funded with a combination of General Fund, federal funds, and drug manufacturer rebate funds. The revised 2010-11 budget is $478.5 million ($71.4 million General Fund), and proposed funding for 2011-12 is $518.5 million ($163.8 million General Fund). State and federal law requires that ADAP funds be used as the payer of last resort.

Approximately 38,000 individuals received ADAP services in 2009-10, and it is estimated that 39,500 individuals will receive services in 2010-11. To qualify for ADAP, individuals must be California residents 18 years of age or older, have a Federal Adjusted Gross Income that does not exceed $50,000, and lack private insurance that covers the medications or do not qualify for no-cost Medi-Cal. Individuals with an annual Federal Adjusted Gross Income below 400 percent of the federal poverty level receive ADAP drugs at no cost. An average annual client share of cost of $561 is required for anyone

whose annual adjusted gross income is between 400 percent of the federal poverty level (currently $43,320) and $50,000.

The Governor's Budget would increase client share of cost in ADAP to the maximum percentages allowable under federal law for specified ADAP clients. It would limit cost-sharing for ADAP clients with private insurance or Medicare Part D to a lower cost-sharing percentage. This would result in net General Fund savings of $16.8 million.

A summary of the significant General Fund workload adjustments follows:

- Safety Net Care Pool Funding for ADAP—A one-time decrease of $76.3 million General Fund in 2010-11 as a result of additional federal resources available through the Safety Net Care Pool.
- Every Woman Counts Program—A decrease of $10.6 million in 2010-11, and a reappropriation of these funds in 2011-12, as a result of a five-month delay in implementing the program reforms adopted in the 2010 Budget Act. An increase of $11.7 million ($7.7 million General Fund) in 2011-12 as a result of increased caseload projections for the program.
- ADAP Program—An increase of $52.1 million ($22.1 million General Fund) in 2010-11 and $108.9 million ($55.1 million General Fund) in 2011-12 as a result of a projected increase in prescription drug costs and caseload for the program.

Emergency Medical Services Authority

The Emergency Medical Services Authority (EMSA) is responsible for providing statewide coordination of emergency medical services (EMS); regulating the education, training and certification of EMS personnel; developing guidelines for local emergency medical services; and coordinating the state's medical response to any disaster. The EMSA provides overall coordination for the 7 multi-county regions and 25 single-county EMS agencies that provide emergency medical services in California's 58 counties.

The EMSA is funded with a combination of General Fund, federal funds, and reimbursements. Funding for 2010-11 is $28.6 million ($8.4 million General Fund), and proposed funding for 2011-12 is currently $27.4 million ($6.8 million General Fund).

Re-thinking Health Care Surge Capacity

In 2006-07, EMSA and DPH received a total of $166 million to purchase mobile field hospitals and a stockpile of medical supplies, antivirals, and respirators to be used in the event of a disaster. The $5.8 million California spends annually to maintain these supplies is not included in this Budget. The supplies have been used minimally since their purchase. The mobile field hospitals have never been deployed. Given minimal use of these assets, ongoing costs, and California's fiscal situation, the state needs to re-think how it supports health care surge capacity.

Department of Aging

The California Department of Aging (CDA) contracts with the network of Area Agencies on Aging, that directly manage an array of federal and state-funded services that help older adults find employment; support older and disabled individuals to live as independently as possible; promote healthy aging and community involvement; and assist family members in their care giving role. CDA also contracts directly with agencies that operate the Multipurpose Senior Services Program through the Medi-Cal home and community-based waiver for the elderly, and certifies Adult Day Health Care centers for the Medi-Cal program.

The Governor's Budget includes $182.2 million ($15.1 million General Fund) for the CDA, a decrease of $17.7 million General Fund from the revised 2010-11 budget and $18.0 million General Fund from the Budget Act of 2010.

Eliminate the MSSP optional benefit. The local Multipurpose Senior Service Program (MSSP) sites provide case management services for elderly clients who qualify for placement in a nursing facility but who wish to remain in the community. The program has 41 sites statewide and serves approximately 11,789 clients per month. Clients must be 65 years of age or older, currently eligible for Medi-Cal, be appropriate for case management services, and certified or certifiable for placement in a nursing facility. In addition to case management services, MSSP funds are also used to provide adult day care, housing assistance, chore and personal care assistance, protective supervision, respite, transportation, meal services, social services, and communications services. The MSSP program assists seniors in obtaining access to these services elsewhere in the community or through state programs first, and uses MSSP funds as a last resort for any potential gaps in needed care.

This proposal would eliminate these services for a savings of $19.9 million General Fund in 2011-12.

Department of Developmental Services

The Department of Developmental Services (DDS) serves approximately 244,000 individuals with developmental disabilities in the community and 1,979 individuals in state-operated facilities. Proposed funding for 2011-12 is $4.5 billion ($2.4 billion General Fund). Services are provided through the developmental centers and community care facilities and the regional center system. Prior to 1969, services for individuals with developmental disabilities were primarily limited to those provided in state-operated institutions. The Lanterman Developmental Disabilities Services Act established a statewide network of regional centers and related services to allow consumers to live independent and productive lives in the community.

During the development of the 2009-10 and 2010-11 Governor's Budgets, the DDS, with input from a workgroup comprised of regional centers, service provider representatives, advocacy groups, consumers and family members, and legislative staff, developed proposals to reduce or restrict General Fund growth in the department's budget. In 2009-10, the DDS developed proposals that resulted in approximately $334 million in General Fund savings and an additional $200 million in 2010-11. Savings proposals impacted both the developmental center and regional center budgets, and included a variety of strategies such as restructuring, reducing or eliminating various services, restricting eligibility for certain services, and maximizing other available funding sources, primarily federal funds. In addition to these proposals, payments for community services were reduced by 3 percent in 2009-10 and 4.25 percent in 2010-11.

The DDS budget would have grown in 2011-12 by $289.9 million because of increased caseload, utilization and the expiration of the 4.25-percent payment reduction. In addition, the General Fund need increases by $195.6 million due to the end of the federal stimulus funding and program growth. Given the continued pressure on the General Fund, the Governor's Budget proposes to reduce an additional $750 million in General Fund system-wide through additional federal revenues, increased accountability, expenditure reductions and cost-containment measures, with the intent of maintaining the Lanterman entitlement to community-based services for individuals to avoid more costly institutionalization.

Developmental Centers

Developmental centers are licensed and certified 24-hour, direct-care facilities that provide services to persons with developmental disabilities. The DDS currently operates

four developmental centers, and one community facility. The Governor's Budget includes $618.1 million ($324 million General Fund) for developmental centers.

Savings Proposals. As part of the $750 million savings proposal, the DDS will pursue additional federal funds for treatment services provided to individuals residing in the secure facility at Porterville Developmental Center. It is anticipated this will result in General Fund savings of $10 million in 2011-12. The DDS will also consider other proposals to achieve General Fund savings.

Additionally, in April 2010, the Legislature was notified of the DDS' intent to initiate the closure of the Lanterman Developmental Center. Lanterman, located in Pomona, currently serves just under 350 consumers and employs approximately 1,150 staff. It is anticipated the closure process will take at least two years. Closure will only occur when necessary services and supports are in place and each resident has transitioned to alternative living arrangements.

The significant General Fund workload adjustments are as follows:

- Workforce Cap Adjustment—A decrease of $6.7 million in 2010-11 and a decrease of $13.3 million in 2011-12.
- Personnel Costs—A decrease of $11.2 million in 2010-11 as a result of negotiated contract savings and the continuation of furloughs for employees without contracts.
- Expiration of Federal Stimulus Funds—An increase of $27 million due to the end of federal stimulus funding. The federal government assumed a greater share of program costs during the stimulus period of October 2008 through June 2011.

Regional Centers

The 21 regional centers, located throughout California, are non-profit corporations contracted by DDS to purchase and coordinate services mandated under the Lanterman Act for persons with developmental disabilities. Services include outreach, intake, diagnosis and assessment of needs, coordination of services, resource development, residential placement and monitoring, case management, quality assurance and individual program planning assistance. The Governor's Budget includes $3.8 billion ($2 billion General Fund) for regional center operations and services.

Savings Proposals. As part of the $750 million savings proposal, the DDS will:

Continue Temporary Regional Center and Service Provider Payment Reductions. The 2010 Budget Act contains a 4.25-percent reduction to regional center and service provider payments. These payment reductions are scheduled to sunset on June 30, 2011. The Governor's Budget proposes to extend both payment reductions for another year resulting in General Fund savings of $91.5 million in 2011-12.

Continue Proposition 10 Funding. The regional center budget includes $50 million in reimbursement funding in 2010-11 from the California Children and Families Commission (Proposition 10). These funds are used to provide services to consumers from birth to age five. The Governor's Budget proposes to continue this funding in 2011-12, resulting in a General Fund savings of $50 million.

Increase Accountability and Transparency. This proposal would set parameters on the use of state funds for administrative expenditures of regional centers and service providers, increase auditing requirements, increase disclosure requirements, and maximize recoveries from other responsible parties.

Increase Federal Funds. The DDS has been successful in maximizing available federal funds associated with the Medicaid Home and Community-Based Services Waiver, and recouping federal funding for certain services provided through Intermediate Care Facilities for persons with developmental disabilities. This proposal would focus on increasing federal funding by: (1) expanding the pending federal 1915(i) State Plan Amendment to include additional consumers and related expenditures consistent with federal health care reform; (2) maximizing use of federal "Money Follows the Person" funding for individuals placed out of institutions; and, (3) pursuing other enhanced federal funding opportunities. This proposal would, at a minimum, save $65 million General Fund in 2011-12.

Implement Statewide Service Standards. This proposal would establish statewide service standards that set parameters and promote consistency in the array of services available through the regional centers. The DDS, with input from stakeholders, will issue Purchase of Service (POS) Standards for services in all budget categories. In developing these standards, DDS will consider eligibility for the service, duration, frequency and efficacy of the service, qualification of service providers, service rates, and parental and consumer responsibilities. The DDS will also consider the impact of the standards, coupled with prior reductions in the service area, on consumers, families and providers. Standards will vary by service category. Service standards will be developed to allow

for limited exceptions to ensure the health and safety of consumers and avoid the risk of out-of-home placement or institutionalization. It is anticipated the implementation of additional service standards will result in significant General Fund savings necessary to achieve the overall required savings of $750 million.

The significant General Fund workload adjustments are as follows:

- Caseload Adjustment—A decrease of $69.4 million in 2010-11 and an increase of $61.5 million in 2011-12 as a result of revised population estimates.
- Expiration of Federal Stimulus Funds—An increase of $134.1 million due to the end of federal stimulus funding. The federal government assumed a greater share of program costs during the stimulus period of October 2008 through June 2011.

The significant General Fund policy issue adjustment is:

- Impacts from Other Departments—An increase of $1.5 million in 2010-11, and an increase of $54 million in 2011-12, as a result of establishing mandatory co-payments for all health-related visits, limiting physician and clinic visits, eliminating the optional Adult Day Health Care benefit, and reducing the Supplemental Security Income/State Supplementary Payment grants for individuals to the federal minimum.

Department of Mental Health

The Department of Mental Health (DMH) ensures that a continuum of care exists throughout the state for children and adults who are mentally ill by providing oversight of community mental health programs and direct services through state mental hospitals. The Governor's Budget includes $4.5 billion ($1.3 billion General Fund) for 2011-12.

Community Services

To provide additional resources for county mental health services, voters passed the Mental Health Services Act (Proposition 63) in 2004. The intent of Proposition 63 was to reduce the long-term adverse impact of untreated mental illness by developing services or expanding existing services at the local level. To fund these resources, Proposition 63 imposed a one-percent surcharge on personal income over $1 million. Proposition 63 estimated that revenue generated by the increased tax over the first four years would be $2.4 billion. Actual revenue for that four-year period was $4.7 billion. Currently, Proposition 63 has a $2 billion balance.

Use Proposition 63 Fund Balances to Fund Community Services. Most direct mental health services in California are provided through county mental health systems. The DMH allocates funds and provides oversight for a number of programs including the Early and Periodic Screening, Diagnosis and Treatment (EPSDT) program, the mental health managed care program, and mandated mental health services for special education students.

The EPSDT program is an entitlement for children and adults under age 21. The program provides services to approximately 230,000 Medi-Cal-eligible children and young adults to test for and correct or ameliorate mental illnesses. In recent years, caseload, services provided, and total expenditures for the mental health portion of the EPSDT benefit have grown significantly due to a combination of changes in demographics, demand for services, market prices for services, policy, and litigation. The program is currently funded through a combination of state funds and federal reimbursements, as well as county funding for the costs above a previously established baseline. The Governor's Budget includes $1.4 billion ($579 million General Fund) for EPSDT.

Mental health managed care (MHMC) is a locally based managed care system for Medi-Cal mental health services. MHMC provides psychiatric inpatient hospital services and outpatient treatment services through county mental health plans. County mental health plans authorize payment for Medi-Cal specialty mental health services and ensure Medicaid matching funds for these services. MHMC is funded with a combination of state funds and federal reimbursements. The Budget includes $367.1 million ($183.6 million General Fund) for MHMC.

The mandated mental health services for special education students, including students placed in out-of-state residential facilities, are commonly referred to as AB 3632 services. These services have been funded with a combination of state funds, including funding from the Medi-Cal program, federal special education funds, General Fund, and county realignment funding. These services are required by federal special education law. State law shifts responsibility for providing these services from schools to counties. Claims for costs incurred are submitted to the state for reimbursement. The Budget includes $98.6 million General Fund for prior year costs incurred by counties.

Under this proposal, the EPSDT, mental health managed care, and AB 3632 services would be funded with Proposition 63 funds in 2011-12, resulting in a General Fund savings of $861.2 million. Commencing in 2012-13, the Proposition 63 funds would be replaced

with dedicated revenue. These revenues would be used to fund the cost of community mental health programs as these programs are realigned to counties.

The significant General Fund workload adjustments are as follows:

- Expiration of Federal Stimulus Funds—An increase of $67.1 million due to the end of federal stimulus funding. The federal government assumed a greater share of program costs during the stimulus period of October 2008 through June 2011.
- EPSDT Program Adjustment—An increase of $95.9 million in 2011-12 as a result of an increase in the number of eligible Medi-Cal clients.
- MHMC Program Adjustment—An increase of $33.2 million in 2011-12 as a result of an increase in the number of eligible Medi-Cal clients.

Long-Term Care Services

State hospitals operated by DMH provide long-term care and services to the mentally ill. The General Fund supports judicially committed, Penal Code, and Sexually Violent Predator patients, while counties fund civil commitments. The Governor's Budget includes $1.2 billion General Fund and 11,716.3 positions for 2011-12. The patient population is projected to reach a total of 6,324 in 2011-12.

The significant General Fund workload adjustments are as follows:

- Workforce Cap Adjustment—A decrease of $55.3 million in 2010-11 and 2011-12.
- Personnel Costs—A decrease of $56.8 million in 2010-11 as a result of negotiated contracts and the continuation of furloughs for employees without contracts and a decrease of $20.8 million in 2011-12 as a result of negotiated contracts.
- State Hospital Population Adjustment—An increase of $7.5 million in 2011-12 as a result of the accelerated admissions plan for the Coleman court-ordered 64-bed expansion at Vacaville Psychiatric Program.

The significant General Fund policy issue adjustment is:

- Billable Legal Services Conversion—An increase of $3.4 million in 2011-12 as a result of the transfer of responsibility for legal services funding to the DMH from the Department of Justice (DOJ). Of this amount, an increase of $2.5 million is a result of the additional legal services workload related to minor hearings and tort work historically performed by the DOJ on behalf of DMH.

Department of Social Services

The Department of Social Services (DSS) provides aid, service, and protection to children and adults in need of assistance. DSS programs are aimed at promoting the well-being of children, strengthening families, and helping adults and parents achieve their potential for economic self-sufficiency.

The Governor's Budget includes $19 billion ($8.7 billion General Fund) for the DSS, a decrease of $110.7 million General Fund from the revised 2010-11 budget, but an increase of $445.8 million General Fund over the Budget Act of 2010.

California Work Opportunity and Responsibility to Kids

The CalWORKs program is California's version of the federal Temporary Assistance for Needy Families (TANF) program. CalWORKs is California's largest cash aid program for children and families and is designed to provide temporary assistance to meet basic needs such as shelter, food, and clothing, in times of crisis. While providing time-limited assistance, the program promotes self-sufficiency through work requirements and encouraging personal accountability. The program recognizes the different needs of each county and affords them program design and funding flexibility to ensure successful implementation for families at the local level.

Total CalWORKs expenditures of $6.5 billion (state, local, and federal funds) are proposed for 2011-12, including TANF Block Grant and maintenance-of-effort (MOE) countable expenditures. The amount budgeted includes $4.5 billion for CalWORKs program expenditures within the DSS budget, $69.4 million in county expenditures, and $1.9 billion in other programs. Other programs include expenditures for Cal Grants ($946.8 million), State Department of Education child care ($413.9 million), Child Welfare Services ($235.4 million), DDS programs ($77.2 million), Foster Care ($72.9 million), the Statewide Automated Welfare System ($55.9 million), Title IV-E Waiver ($45.6 million), California Community Colleges child care and education services ($26.7 million), Department of Child Support Services disregard payments ($15.1 million), California Food Assistance Program ($10.3 million), and State Supplementary Payment ($1.9 million).

After many consecutive years of decline, the CalWORKs program has experienced significant caseload growth in recent years—a result of the economic downturn. Absent the program changes described below, the average monthly caseload in this program is estimated to be 580,000 families in 2011-12, a 0.5-percent decrease from

the 2010-11 projection. The proposed changes to CalWORKs are estimated to reduce the 2011-12 caseload projection to 458,000 families, a 21.3-percent decrease from the 2010-11 estimate.

CalWORKs differs from welfare programs in other states in three significant areas: (1) California is one of eight states that provides a safety net program for children after the adult(s) reach(es) the 60-month time limit; (2) California's grant level is fourth highest in the nation, and ranks second highest of the ten largest states; and, (3) California has one of the most generous income disregards (the amount of income that is not counted for purposes of determining a family's grant amount) in the nation.

Establish Time Limit of 48 Months. California currently provides monthly cash benefits to eligible families for up to 60 months and provides benefits to children until the age of 18 years. This proposal would eliminate monthly benefits for families that have received CalWORKs aid for 48 months or more, with certain exceptions. Child-only benefits would continue beyond the 48-month time limit for families fully meeting work participation requirements. Additionally, child-only benefits would continue beyond the 48-month time limit for families with unaided adult recipients of SSI/SSP and non-needy caretaker relatives as, absent CalWORKs aid, many of the children in these families would receive other benefits at a higher cost to the state. Establishing a firm 48-month time limit in California would save $698.1 million in 2011-12.

Many states have established shorter time limits. As of 2009, nine states (including three of the ten largest states) have policies that terminate benefits for families prior to the maximum 60 months allowed by the federal government. California would still provide child-only benefits to cases that have reached the 48-month time limit to the extent these families meet federal work participation requirements, thus providing a strong incentive for these families to continue working with the goal of attaining self-sufficiency. This proposal assumes enacting state legislation by March 1 and implementation on July 1, 2011.

Reduce CalWORKs Grants. CalWORKs grant levels are currently fourth highest in the nation and second highest among the ten most populous states. This proposal would reduce the maximum monthly grant for a family of three from $694 to $604 (a 13-percent reduction), effective June 1, 2011, for savings of $13.9 million in 2010-11 and $405 million in 2011-12. Even with this reduction, California's grant levels would be the ninth highest of all 50 states and remain second highest of the ten most populous states. While a grant reduction would reduce the monthly income families receive from

CalWORKs, their CalFresh (formerly Food Stamp) benefit levels would increase, thereby partially offsetting the reduction to families' total resources. This proposal assumes enacting state legislation by March 1 and implementation on June 1, 2011.

Maintain the 2010-11 County Single Allocation Reduction. The single allocation to counties provides funding for CalWORKs employment services, child care, and county administration. The single allocation methodology provides counties with the flexibility to prioritize these funds to ensure desired programmatic outcomes at the local level. This proposal would maintain the reduction to the CalWORKs single allocation funding levels included in the 2009 and 2010 Budget Acts for savings of $376.9 million in 2011-12. Because this reduction is being continued as an unallocated reduction, counties will need to re-prioritize the use of single allocation funds to serve clients in the most efficient and effective manner. This proposal assumes implementation on July 1, 2011.

The CalWORKs program changes described above will generate total savings of nearly $1.5 billion (TANF and General Fund) in 2011-12. Of this amount, $533.1 million General Fund savings is achieved within the DSS budget. The remaining amount, $946.8 million, reflects TANF savings that will be transferred to the California Student Aid Commission to offset a like amount of General Fund costs for Cal Grants.

An additional $34 million General Fund savings in CalWORKs will be achieved in 2011-12 from a proposal to reduce the age eligibility for subsidized child care services. (See K-12 Education section for additional detail.)

Supplemental Security Income/State Supplementary Payment

The federal Supplemental Security Income (SSI) program provides a monthly cash benefit to eligible aged, blind, and disabled persons who meet the program's income and resource requirements. In California, the SSI payment is augmented with a State Supplementary Payment (SSP) grant. These cash grants assist recipients with basic needs and living expenses. The federal Social Security Administration administers the SSI/SSP program, making eligibility determinations and grant computations and issuing combined monthly checks to recipients. California's SSI/SSP caseload consists of 28 percent aged, 2 percent blind, and 70 percent disabled persons.

The Governor's Budget proposes $2.7 billion General Fund for the SSI/SSP program in 2011-12. This represents a 3.8-percent decrease from the revised 2010-11 budget. The caseload in this program is estimated to be 1.3 million recipients in 2011-12, a 0.8-percent increase over the 2010-11 projected level.

Reduce SSI/SSP Grants for Individuals to the Federal Minimum. This proposal would reduce monthly SSP grants for individuals to the federally required minimum payment standard. Under this proposal, the maximum monthly SSI/SSP cash grant for individuals would be reduced by $15 per month (from $845 to $830), beginning June 1, 2011. SSP grants for couples were previously reduced to the federal minimum in November 2009. Even with the proposed reduction, California's SSI/SSP payments would remain the second highest in the nation.

The proposal will generate estimated General Fund savings of $14.7 million in 2010-11 and $177.3 million in 2011-12. These savings are net of increased General Fund costs assumed in the DDS budget. This proposal assumes enacting state legislation by March 1 and implementation on June 1, 2011.

In-Home Supportive Services

The In-Home Supportive Services (IHSS) program provides support services, such as house cleaning, transportation, personal care services, and respite care to eligible low-income aged, blind, and disabled persons. These services are provided in an effort to allow individuals to remain safely in their homes and prevent institutionalization.

The Governor's Budget proposes $1.1 billion General Fund for the IHSS program in 2011-12. Absent the program changes described below, the average monthly caseload in this program is estimated to be 456,400 recipients in 2011-12, a 3.4-percent increase over the 2010-11 projected level.

IHSS services in general exceed similar services provided in other states and serve a much wider population. Major cost drivers for IHSS include caseload, cost per hour, and hours per case. Over the last ten years, caseload has increased from 249,000 in 2000-01 to 429,000 recipients in 2009-10. This accounts for more than 50 percent of the increase in total costs over this period. Also over this period, state law triggered a series of increases in the hourly amount up to which the state participates in IHSS worker wages and health benefits. This accounts for more than 35 percent of the increase in total costs. Hours per case account for approximately 10 percent of the increase in costs from 2000-01 to 2009-10.

To contain costs, several reductions are proposed for 2011-12. Each IHSS reduction proposal assumes enacting state legislation by March 1 and implementation of each proposal July 1, 2011. Each reduction is described in detail below.

Across-the-Board Reduction to Service Hours. This proposal would implement an 8.4-percent reduction to assessed hours for all IHSS recipients for General Fund savings of $127.5 million in 2011-12. This proposal, combined with the 3.6-percent reduction enacted in 2010-11, would bring the total across-the-board reduction in assessed hours for IHSS recipients to 12 percent. Under this proposal, qualified recipients at risk of out-of-home care placement because of the reduction could apply for supplemental hours. As such, it is estimated that approximately 21,000 recipients will ultimately receive full restoration of their assessed hours, and this impact is reflected in the savings assumed in the budget.

Eliminate Domestic and Related Services for Certain Recipients. This proposal would eliminate domestic and related services (which include housework, shopping for food, meal preparation and cleanup, and laundry) for consumers living with their provider. Approximately 48 percent of IHSS providers live with the consumers for whom they care. In addition, this proposal would eliminate domestic and related service hours for recipients under eighteen years of age who live with a parent who is able and available to provide the domestic and related services.

Currently, when an IHSS applicant/recipient resides in a shared living arrangement and his/her need for any domestic or related service is met in common with other household members, the authorized hours are pro-rated by county social workers based on the number of household members. Under this proposal, IHSS applicants/recipients living in any type of shared living arrangement would not be eligible for domestic and related services that can be met in common with other household members. IHSS applicants/recipients who have a need for domestic and/or related services that cannot be met in common due to a medically verified condition of other members of the shared living arrangement could be authorized hours for any of these services that meet the need assessment metrics. Similarly, when minor recipients are living with their parent(s), the need is being met in common; hence, the need for domestic and related service hours would no longer be allowed. Since minors would not be expected to be able to perform these services independently, the parent would be presumed available to perform these tasks unless the parent could provide medical verification of his/her inability to do so.

Eliminating domestic and related services for recipients in shared living arrangements and minor recipients living with an able and available parent is estimated to impact more than 300,000 recipients. The proposal will provide General Fund savings of $236.6 million in 2011-12.

Eliminate IHSS Services for Recipients Without Physician Certification. This proposal would require the provision of IHSS services to be conditioned upon a physician's written certification that personal care services are necessary to prevent out-of-home care. Under current law, upon Medicaid eligibility determination, IHSS applicants are required to be assessed by an authorized county social worker to determine the types of services needed and the number of hours required for each service category. Current IHSS recipients must also be reassessed by county social workers every 12 months (18 months if certain exemption criteria are met). Lacking in the current assessment/reassessment process is a medical evaluation, which would provide an increased level of certainty that IHSS services are being provided to those most at-risk of institutionalization. This proposal would require a medical level of review for all IHSS applicants/recipients to ensure services are needed to avert out-of-home placement.

Eliminating IHSS services for recipients without physician certification would result in the loss of services for approximately 43,000 recipients, providing General Fund savings of $120.5 million in 2011-12.

Eliminate State Funding for IHSS Advisory Committees. This proposal would eliminate the mandate for counties to establish advisory committees, for General Fund savings of $1.6 million in 2011-12. Chapter 90, Statutes of 1999 mandated that counties act as or establish an employer-of-record for IHSS providers and establish advisory committees for IHSS purposes. Advisory committees submit recommendations to their respective county boards of supervisors on the preferred mode of IHSS service to be utilized in their counties. Although this proposal would eliminate state funding for advisory committees, counties would have the option to continue advisory committees at their own expense. Those counties that choose to do so would be eligible for matching federal funds.

Child Welfare Services

The child welfare system in California provides a continuum of services to children who are either at risk of or have suffered abuse and neglect. Children's programs include: Child Welfare Services, Child Abuse Prevention, Foster Care, Adoption Assistance, and Kinship Guardianship placements. Program success is measured in terms of improving the safety, permanence, and well-being of children and families served. The Governor's Budget includes $4.2 billion ($1.7 billion General Fund) to provide assistance payments and services to children and families under these programs, an increase of $23.2 million General Fund, or 1.4 percent, over the revised 2010-11 budget. The Budget proposes

to realign these county-administered programs (see the realignment chapter for additional details).

Reduce Transitional Housing Program–Plus. The Governor's Budget includes a reduction of $19 million General Fund beginning in 2011-12. This reduction reflects the cost of Transitional Housing Program-Plus (THP-Plus) services for 18- and 19-year olds. This reduction is proposed in light of the passage of Chapter 559, Statutes of 2010 (AB 12), which expands foster care to age 19 in 2011-12 and allows for the placement of non-minor foster youth in a transitional housing program similar to the THP-Plus model. This proposal intends to save General Fund, while allowing those 18- and 19-year old youth wishing to participate in a foster youth transitional housing program to move to the AB 12-funded program, where the state is able to draw down federal Title IV-E reimbursement for the cost of providing services. This proposal assumes implementation on July 1, 2011.

The significant General Fund workload adjustments are as follows:

- Unachievable Federal Stimulus Funds—An increase of $395.4 million General Fund in 2010-11 due to the federal government not extending federal stimulus funding for CalWORKs beyond September 30, 2010, as was assumed in the 2010 Budget Act.
- Expiration of Federal Stimulus Funds—An increase of $842.6 million in 2011-12 due to the end of federal stimulus funding for the CalWORKs, IHSS, Foster Care, and Adoption Assistance programs.
- One-Time Savings—An increase of $435.9 million in 2011-12 reflecting restoration of the one-time savings included in the 2010 Budget Act from removing state funding for the Seriously Emotionally Disturbed Foster Care population ($70 million) and receiving an advance of funding from the federal government for CalWORKs ($365.9 million).
- Statutory-Driven Caseload and Payments—An increase of $417 million General Fund in 2011-12 primarily due to increased caseload and payment projections in the CalWORKs, IHSS, and CalFresh programs, partially offset by a decreased cost projection for the SSI/SSP program.

A summary of the significant General Fund solutions are as follows:

- CalWORKs Cost Containment—A decrease of $13.9 million General Fund in 2010-11 and $533.1 million General Fund in 2011-12 as a result of the following

CalWORKs proposals: (1) establishing a 48-month time limit; (2) reducing CalWORKs grants; and, (3) maintaining the 2010-11 reduction in the single allocation provided to counties. Additional savings of $946.8 million General Fund are achieved in the California Student Aid Commission budget as a result of these proposals.

- Reduce SSI/SSP Grants—A decrease of $14.7 million General Fund in 2010-11 and $177.3 million General Fund in 2011-12 by reducing monthly SSI/SSP grants for individuals to the federal minimum.
- IHSS Cost Containment—A decrease of $486.1 million General Fund in 2011-12 as a result of the following IHSS proposals: (1) applying an across-the-board reduction to service hours; (2) eliminating domestic and related services for certain recipients; (3) eliminating services for recipients without physician certification; and, (4) eliminating state funding for IHSS advisory committees.
- Reduce Funding for the Transitional Housing Program—A decrease of $19 million General Fund in 2011-12 by reducing funding for Transitional Housing Program-Plus services. As indicated above, the intent of the proposal is to save General Fund, while allowing those 18- and 19-year old youth wishing to participate in a transitional housing program to move to the AB12-funded program for which the state is able to draw down federal funds.

Department of Child Support Services

The Department of Child Support Services (DCSS) is designated as the single state agency responsible for administering the statewide child support system. The primary purpose of the DCSS is to secure, collect, and distribute child, spousal, and medical support on behalf of custodial parents and children.

The Governor's Budget includes $1 billion ($328.3 million General Fund) for the DCSS, a decrease of $6.9 million General Fund from the revised 2010-11 budget and an increase of $18.1 million General Fund from the 2010 Budget Act.

Child Support Collections

The child support program establishes and enforces court orders for child, spousal, and medical support from absent parents on behalf of dependent children and their caretakers. For display purposes, the Governor's Budget reflects the total collections received, including payments to families and collections made in California on behalf of other states. The General Fund share of assistance collections is included in statewide

revenue projections. The General Fund portion of child support collections is estimated to be $212.2 million in 2010-11 and $246.7 million in 2011-12. The increased General Fund collections in 2011-12 primarily reflect the following proposal:

Suspend County Share of Collections. The Governor's Budget proposes to suspend the county share of child support collections in 2011-12. The county share of collections is estimated to be $24.4 million in 2011-12. Under this proposal, the entire non-federal portion of child support collections would benefit the General Fund. This would not reduce the revenue stabilization funding of $18.7 million ($6.4 million General Fund) counties receive to maintain caseworker staffing levels in order to stabilize child support collections.

The significant General Fund workload adjustments are as follows:

- Unachievable Federal Stimulus—An increase of $18.9 million General Fund in 2010-11 as a result of the federal government not allowing child support incentive funds to be used to match federal funds beyond September 30, 2010, as was assumed in the 2010 Budget Act.
- Expiration of Federal Stimulus—An increase of $25.2 million General Fund in 2011-12. The federal stimulus enabled the DCSS to use incentive funds in lieu of General Fund to match federal funds.
- Automation System—A decrease of $6.6 million General Fund in 2011-12 to reflect reduced costs for the California Child Support Automation System as well as a transfer of support activities from contracted vendor services to state staff.

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Corrections and Rehabilitation

The California Department of Corrections and Rehabilitation (CDCR) is responsible for the incarceration of convicted felons, the supervision of these felons after their release on parole, and the provision of rehabilitative strategies designed to successfully reintegrate offenders into communities. The CDCR is responsible for providing safe and secure detention facilities and necessary support services to inmates, including food, clothing, academic and vocational training. The Governor's Budget proposes $9.1 billion General Fund and 61,927 positions for state operations and local assistance programs in 2011-12.

The Governor's Budget proposes reforms to institute policy-based changes to prison and parole operations that also provide necessary savings to address the ongoing budget crisis. In addition, the Budget proposes to address longstanding underfunding in several areas of CDCR's budget and unrealistic savings estimates.

Fiscal Accountability

For the last several years, CDCR has struggled to meet its fiscal responsibilities as a result of a structural budgetary shortfall in various programs. The Department has continuously absorbed these unfunded costs by redirecting resources away from other programs and priorities. These redirections have resulted in reductions in inmate education and work programs, freezes placed on purchasing and training, increased equipment and physical plant failures as necessary maintenance is deferred, and non-custody positions being held vacant to use salary savings to cover unfunded expenditures.

More importantly, these redirections have likely prevented the CDCR from implementing evidence-based programs that could have a positive effect on recidivism rates.

The Governor's Budget includes a new program structure within the Department that allows for better tracking of funding by operational area. In addition, a reevaluation of the Department's methodology for initiating allotments was undertaken to measure the appropriate level of funding needed for the institutions based upon current operational standards.

As a result of these efforts, the Administration is including an ongoing augmentation of $395.2 million within the CDCR's budget to correct previous budget shortfalls and more accurately reflect the operational costs within the adult institutions' budgets. This augmentation will allow the Department to fully fund the salary and wages of authorized Correctional Officers, Sergeants, and Lieutenants, which is critical to ensuring that the adult institutions have the resources to pay security staff. The augmentation also provides funding to correct for a decline in the number of overtime hours available to CDCR to use within its adult institutions. Due to salary and wage increases for correctional officers over the last eight years, and no increase in departmental overtime funding, the overtime base does not go as far as it originally did. The use of overtime is critical to ensuring that all necessary staffing levels are maintained at CDCR's institutions, and the decline in funded overtime hours has been a primary cause for redirections of funding from other activities.

This budget adjustment will also allow the adult institutions to operate a minimal level of "swing space beds"—empty beds necessary to allow for the continuous population movements that take place between CDCR institutions and between the counties and local jails. Funding swing space throughout the adult institutions is essential, and prior expectations that the Department would fill every funded bed on every day of the year were unreasonable. It is not possible to hire, lay off, and/or transfer staff continuously and rapidly enough to match population movements, and in the past the Department has retained staff in place and paid for their salaries through redirections, since funds for this purpose were not budgeted. This augmentation will provide funding for an adequate level of staff to maintain a reasonable number of empty swing space beds.

Finally, this augmentation will address the medical guarding and transportation deficits that have occurred consistently from the increased usage of outside medical care, and fully fund the Office of Legal Affairs for the costs they incur related to settlements, judgments and other court ordered costs associated with the Department's various class

action lawsuits. Appropriately funding these two areas will prevent CDCR from operating unfunded correctional officer positions for medical guarding and transportation, and will stop the redirection of funds to the Office of Legal Affairs.

The Administration is also including additional reporting requirements to increase the fiscal accountability of CDCR's adult institutions. The Department will be required to report at intervals on how expenditures compare to allotments at every institution. In each case where an institution is projected to overspend its allotments, CDCR will be required to detail how it will reduce expenditures to avoid overspending. By giving the Department adequate resources to carry out its mission, and simultaneously requiring institution-by-institution accountability, the Administration intends to restore fiscal order and discipline in the state correctional system and improve CDCR's ability to provide the programming from which it has redirected in the past.

A necessary component of ensuring sufficient funding for CDCR is the biennial population funding request. The Governor's Budget includes an increase of $98.6 million General Fund in 2010-11 for various costs directly related to changes in the budgeted populations of adult inmates, juvenile wards, and adult and juvenile parolees, including increased funding resulting from smaller population reduction projections compared to previous savings estimates. In 2011-12 there is an increase of $161.3 million General Fund for the same purpose. This reflects an increase of 118 adult inmates in the current year, compared to previous projections, and a decrease of 529 in the budget year, for a total of 163,799 in 2010-11 and 163,152 in 2011-12. The projection also reflects decreases in the estimated parolee population of 5,510 in 2010-11 and 12,198 in 2011-12, declining to a total of 113,690 in the current year and 107,002 in 2011-12. For juveniles, the population funding request projects a decrease of 95 wards and an increase of 34 parolees in the current year and a decrease of 130 wards and 56 juvenile parolees in the budget year, resulting in totals of 1,304 wards and 1,554 parolees in 2010-11 and 1,269 wards and 1,464 parolees in the budget year.

Elimination of Unrealistic Savings Estimates

As the state has struggled to resolve its ongoing budget problems, it has also struggled with the appropriate ways to make meaningful reductions within its costly, sensitive, and vital corrections function. This struggle has been exacerbated by the reality that large-scale reductions within CDCR's budget must involve population decreases. The difficulty of deciding on an appropriate course of action, while minimizing any effects on public safety, have resulted in several unallocated reductions to CDCR's budget in

recent years, without corresponding legislation that would make it possible to achieve those reductions. Similarly with the unfunded budget shortfalls discussed above, the consequence has been redirections from various important areas to ensure the most vital prison activities remain.

The Budget restores $200 million in 2010-11 and 2011-12 to reverse a population savings adjustment included in the 2010 Budget Act. Population decreases that would have been necessary to achieve this reduction have not materialized and are not expected.

The Budget also proposes a net increase of $643.4 million in 2010-11 and $562.8 million in 2011-12 to restore a large portion of the savings included in the 2010 Budget Act associated with the delivery of medical care to inmates. The Budget included a reduction to the Medical Services Program of $820 million. However, the Receiver indicates that the Program will only be able to achieve $94 million of the target, and has requested a restoration of $726 million. While the Budget will recognize much of the unrealized savings, the Administration believes the Medical Services Program can achieve a greater level of savings than proposed by the Receiver. As such, the Budget also proposes a decrease of $82.6 million in 2010-11 and $163.2 million in 2011-12 to the Receiver's Medical Services Program, which represents five-percent and ten-percent reductions, respectively. Through administrative actions and statutory changes, the Receiver has implemented a utilization management program to reduce the reliance on costly outside medical care, centralized its pharmacy operations to provide a more efficient and effective dispensing process, and reduced costs of outside hospital and specialty care by capping reimbursement rates and contracting with a provider network. These measures have led to some savings, but the Medical Services Program continues to be costly at approximately $11,000 per inmate annually. The proposed reductions could be achieved through other cost-saving measures.

The restoration of funding related to unrealistic savings targets is another aspect of the Administration's determination to ensure CDCR has sufficient funding and is then held accountable to restrain spending within that level.

Criminal Justice Reforms

Lower-Level Adult Offenders

The large number of short-term, lower-level offenders and parole violators in prison has resulted in overloaded reception centers, inefficient prison operations, and difficulties with rehabilitation efforts. The number of short-term, lower-level offenders has increased

dramatically since California changed to a determinate sentencing model. Lower-level offenders currently represent almost half of the prison population on any given day. While parole violators encompass all types of offenders, they only return to prison for a short two- to four-month stay, and in some cases serve half of that time in a local jail. The constant cycling of parole violators and short-term offenders creates a situation in which many inmates are housed in gyms and day rooms. The reception centers must process 250,000 to 300,000 individual offenders in any given year. Due to limited resources for county probation departments, many of these short-term offenders have previously failed to turn their lives around after being convicted of crimes at the county level. With more resources, short-term offenders can be better managed and can become more successful through a combination of probation services and jail time.

The Governor's Budget proposes that offenders convicted of non-violent, non-serious, non-sex offenses, and without any previous convictions for such offenses, would fall under local jurisdiction, while the state would be responsible for inmates convicted of the most serious offenses. The state incarcerates a substantial number of inmates who have been convicted of drug or property crimes, as opposed to crimes against persons. In 2008, 52.5 percent of new admissions were due to property or drug offenses, 33 percent were convicted of crimes against persons, and 14.5 percent were for other crimes, such as weapons possession and driving under the influence. The state also devotes a large share of its prison resources to short-term incarcerations of parole violators. In 2008, 55 percent of prison admissions were the result of parole violations, while only 27 percent were new admissions, persons being incarcerated for the first time for their offense. The remaining admissions were primarily inmates returned from temporary release for reasons such as attending criminal trials or hospitalization. Incarceration has become the primary method of dealing with parole violations in California, driving up prison costs and inmate crowding. Further, parole revocation sentences are served in reception centers at state prisons or local jail beds, where there have not traditionally been any programs to address the reasons for the parole failure or better prepare inmates for release into the community. The result has been a costly system that has struggled to deliver necessary programs and health care and to effectively prepare inmates for a return to society.

A decrease of $485.8 million is proposed in 2011-12 to implement a change in mission for the state's prison system. The savings amount includes a one-time reduction of $150 million for rehabilitative programs. Funding for rehabilitative programs would be restored in 2012-13, after CDCR has reconfigured its program delivery model in accord with its changed population mix. Upon full implementation, the proposal will save approximately $1.4 billion.

Given the crowded condition of many local jails and budget pressures at the city and county level, the Budget also proposes to provide additional revenue to support local governments and the provision of public safety services at the local level. The prison mission changes discussed here are addressed in more detail in the Realignment chapter. Other significant policy changes in the area of paroles, parole violators, and additional revenues to enable local governments to successfully implement these activities are also discussed in the Realignment chapter.

Juvenile Offenders

The vast majority of youthful offenders are now directed to county programs, enabling direct access and closer proximity to their homes, families, social programs and services, and other support systems. Offenders directed to the Division of Juvenile Justice have been convicted of the most serious and violent crimes and are most in need of specialized treatment services. These offenders represent less than one percent of the 195,000 youth arrests made each year. Over the past decade, the number of wards in state juvenile facilities has decreased from approximately 10,000 to fewer than 1,300. In 2007, the state transferred the responsibility for lower-level offenders to the counties. The state is providing $117,000 per ward per year to county probation to address the costs of managing the additional population. In January 2011, the state will transfer the responsibility for supervising new juvenile parolees to counties. The state is providing $15,000 per parolee per year to county probation for the additional supervision responsibilities. The state is now left with a very small and expensive system of providing services to the most violent juvenile wards at a cost exceeding $200,000 per ward per year.

The Governor's Budget proposes the elimination of the Division of Juvenile Justice by June 30, 2014, and the transfer of jurisdiction for these offenders to local governments. This proposal builds upon the efforts by local jurisdictions to retain offenders at the local level, as well as the statutory changes from 2007 that prohibit counties from committing non-serious, non-violent, and non-sex offenders to the state. This will result in 2011-12 savings of $78 million in 2011-12, and upon full implementation the proposal will save approximately $250 million.

Given the budget pressures at the local level, the Budget also proposes to provide additional revenue to support local governments in making this mission change. The juvenile mission changes and additional revenues discussed here are addressed in more detail in the Realignment chapter.

Incarceration of Undocumented Felons

Exacerbating the difficulty of funding California's correctional system is the lack of full federal reimbursement of the State's costs for offenders who are not legal residents. An estimated 11.2 percent of inmates in the state prison system in 2010-11 will be undocumented persons, and CDCR will spend approximately $938.6 million to incarcerate some 18,300 offenders. However, the state is expected to receive only $88.1 million in federal State Criminal Alien Assistance Program (SCAAP) funding for 2010-11 and 2011-12. At this level of funding, the state will be reimbursed for only 9.4 percent of the costs associated with the incarceration and related debt service associated with the undocumented felon population, with $850.5 million in costs in excess of the level of federal reimbursements.

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K thru 12 Education

Protecting Core Education Programs

The Budget recognizes that the education of California's children is a core function of government. It also recognizes that education has borne a disproportionate share of budget reductions in recent years. After reaching a high of $56.6 billion in 2007-08, General Fund support and property tax revenues for schools and community colleges decreased to $49.7 billion in 2010-11.

The Budget maintains Proposition 98 programmatic funding for schools at the same level in 2011-12 as the level in effect in 2010-11. The Budget also extends flexibility reforms adopted in 2009 that are helping school districts maintain core services in the face of limited funding.

These resources will be important to California's school districts, charter schools and county offices of education that provide instruction and a variety of programs and support services for students in Kindergarten through grade twelve (K-12). These programs are designed to prepare students with the skills necessary to pursue higher education, obtain employment, achieve career goals, and develop into productive citizens. California schools provide programs and services to more than six million students annually. Services include standards-based instruction, special education, English learner support, career preparatory programs, child care and development, remedial instruction, and adult education.

Total funding for K-12 education is projected to be $63.8 billion in 2011-12. Of this amount, $59.5 billion is state, federal and local property tax funding accounted for in the Budget. Absent policy changes, the Proposition 98 guarantee would have declined by $2.3 billion to $47.3 billion. The Budget seeks to stabilize funding for schools by maintaining Proposition 98 funding for K-12 education programs at last year's level. To accommodate this adjustment, the Budget proposes to defer $2.1 billion in K-12 and community college costs to 2012-13. Funding K-12 education consistent with the levels provided in the current year is predicated upon about $2 billion in additional revenues for Proposition 98 that are subject to approval by a vote of the people.

K-12 School Spending and Attendance

Per-Pupil Spending

Total per-pupil expenditures from all sources are projected to be $11,154 in 2010-11 and $10,703 in 2011-12, including funds provided for prior year settle-up obligations. K-12 Proposition 98 per-pupil expenditures in the Budget are $7,344 in 2011-12, down slightly from $7,358 per-pupil provided in 2010-11. (see Figure K12-01). Figure K12-02 displays the revenue sources for schools.

Figure K12-01
K-12 Education Spending Per Pupil

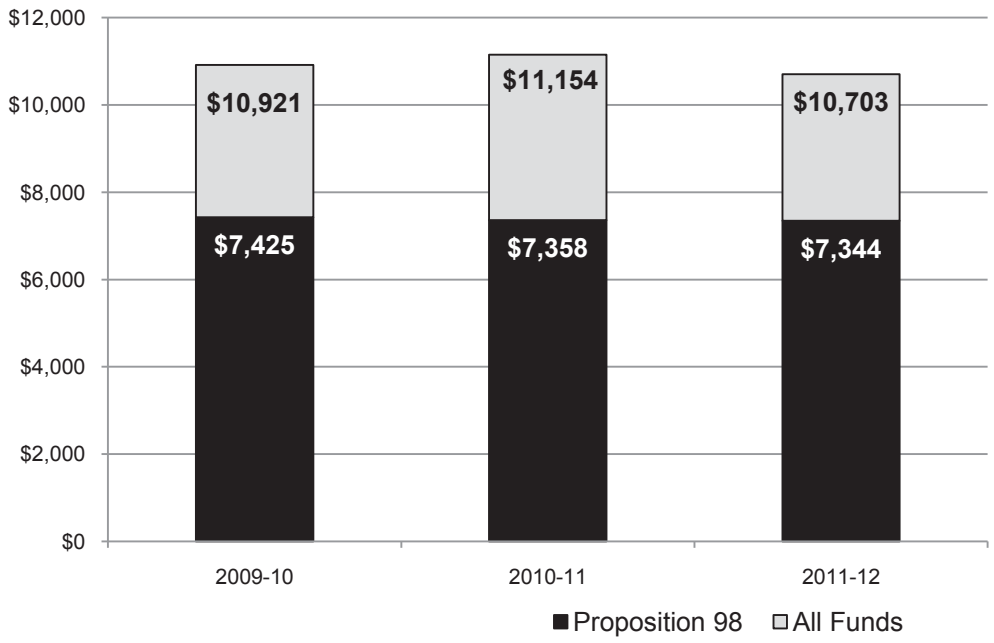


Figure K12-02
Sources of Revenue for California's K-12 Schools
(As a Percent of Total)

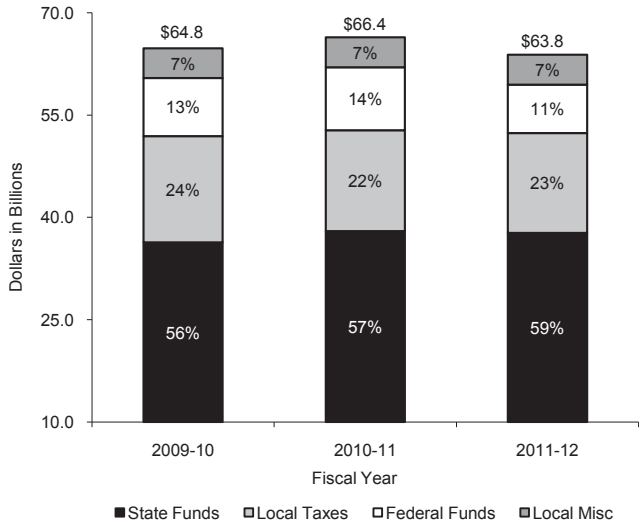
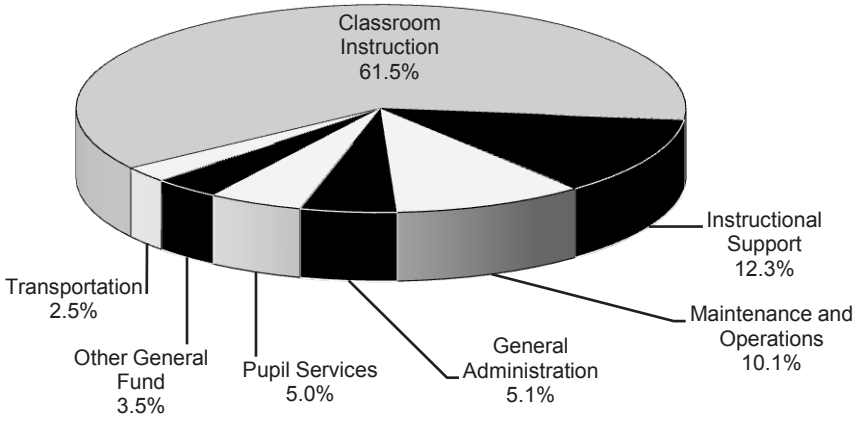


Figure K12-03
Where Schools Spend Their Money[1]



Classroom Instruction includes general education, special education, teacher compensation, and special projects.
General Administration includes superintendent and board, district and other administration and centralized electronic data processing.
Instructional Support includes instructional, school site, and special projects administration.
Maintenance and Operations includes utilities, janitorial and groundskeeping staff, and routine repair and maintenance.
Pupil Services includes counselors, school psychologists, nurses, child welfare, and attendance staff.
Other General Fund includes spending for ancillary services, contracts with other agencies, and transfers to and from other district funds.

[1] Based on 2008-09 expenditure data reported by schools for their general purpose funding.

How Schools Spend Their Money

Figure K12-03 displays FY 2008-09 expenditures reported by schools from their general funds, the various categories of expenditure and the share of total funding for each category.

Attendance

After declining for four out of five years during the period of 2005-06 to 2009-10, attendance growth in public schools is projected to increase for the 2010-11 and 2011-12 fiscal years. For 2010-11, K-12 average daily attendance (ADA) is estimated to be 5,951,826, an increase of 18,065 from the 2009-10 fiscal year. For 2011-12, the Administration estimates K-12 ADA will increase by an additional 12,974, to 5,964,800.

Proposition 98 Guarantee

A voter-approved constitutional amendment, Proposition 98 guarantees minimum funding levels for K-12 schools and community colleges. The guarantee, which went into effect in the 1988-89 fiscal year, determines funding levels according to multiple factors including the level of funding in 1986-87, General Fund revenues, per capita personal income and school attendance growth or decline.

Proposition 98 originally mandated funding at the greater of two calculations or Tests (Test 1 or Test 2). In 1990, Proposition 111 (SCA 1) was adopted to allow for a third funding test in low revenue years. As a result, three calculations or tests determine funding for school districts and community colleges (K-14). The calculation or test that is used depends on how the economy and General Fund revenues grow from year to year.

In fiscal year 2011-12, it is estimated that the state will be in a Test 1 year. For fiscal year 2010-11, Proposition 98 funding is suspended to a level of $49.7 billion, of which the General Fund share is $36.2 billion, with local property taxes covering the balance. Proposition 98 funding in 2011-12 is proposed to be $49.3 billion. The General Fund share in 2011-12 is $36.0 billion, slightly lower than the $36.2 billion in Proposition 98 General Fund appropriations included in the Budget Act of 2010.

The totals above include funding for K-12, community colleges and other state agencies that serve students.

Proposition 98 Test Calculations

Test 1 — Percent of General Fund Revenues: Test 1 is based on a percentage or share of General Fund tax revenues. Historically, school districts and community colleges (K-14) received approximately 40 percent in the 1986-87 fiscal year. As a result of the recent shifts in property taxes from K-14 schools to cities, counties, and special districts, the current rate is approximately 41.22 percent.

Test 2—Adjustments Based on Statewide Income: Test 2 is operative in years with normal to strong General Fund revenue growth. This calculation requires that school districts and community colleges receive at least the same amount of combined state aid and local tax dollars as they received in the prior year, adjusted for enrollment growth and growth in per capita personal income.

Test 3—Adjustment Based on Available Revenues: Test 3 is used in low revenue years when General Fund revenues decline or grow slowly. During such years, the funding guarantee is adjusted according to available resources. A "low revenue year" is defined as one in which General Fund revenue growth per capita lags behind per capita personal income growth more than one-half percentage point. Test 3 was designed so that education is treated no worse in low revenue years than other segments of the state budget.

In years following a Test 3 funding level, the state is required to provide funding to restore what was not allocated the previous year. This is often referred to as a maintenance factor.

K-12 Budget Adjustments

Major workload adjustments for 2011-12 include the following:

- Cost-of-Living Adjustment Increases—The Budget does not provide a cost-of-living-adjustment (COLA) for any K-14 program in 2011-12. The projected COLA for 2011-12 is 1.67 percent, which would have provided an increase of $964.5 million overall, to the extent Proposition 98 resources were sufficient to provide that adjustment. Although no COLA is provided, a deficit factor will be established in 2011-12 for school district and county office of education revenue limit apportionments to reflect the lack of a COLA, ensuring that funding in future years is used to restore this adjustment.

- Property Tax—A decrease of $47.9 million for school district and county office of education revenue limits in 2010-11 as a result of higher offsetting property tax revenues. An increase of $155.7 million for school district and county office of education revenue limits in 2011-12 as a result of reduced offsetting local property tax revenues.

- Average Daily Attendance—An increase of $81.4 million in 2010-11 for school district and county office of education revenue limits as a result of an increase in projected ADA. An increase of $357.5 million in 2011-12 for school district and county office of education revenue limits as a result of continued projected growth in ADA for 2011-12.

- Unemployment Insurance—An increase of $351.8 million in 2011-12 to fully fund the additional costs of unemployment insurance for local school districts and county offices of education.

- Charter Schools—An increase of $16.1 million Proposition 98 General Fund for Charter School categoricals due to ADA growth.

- Special Education—An increase of $7.4 million Proposition 98 General Fund for Special Education growth.

- K-14 Mandates Funding—Ongoing funding of $89.9 million is provided for K-14 mandates to provide level funding, relative to 2010-11, for reimbursement of state-mandated local costs. Current law suspends for three years those programs that were suspended during the 2010-11 fiscal year. The Administration intends to continue to participate in the working group on mandate reform established pursuant to Chapter 724, Statutes of 2010.

The significant Non-General Fund workload adjustments are as follows:

- School Facilities Program Funding Adjustments—The workload budget includes a $316 million decrease in 2009-10 actual expenditures, a $2.07 billion increase in 2010-11 estimated expenditures and a $1.97 billion decrease in 2011-12 estimated expenditures for school facilities. These amounts are largely attributable to the anticipated allocation of remaining funds from the 1998, 2002, and 2004 bonds.
- Child Nutrition Program—An increase of $36.1 million in 2011-12 to the State Department of Education (SDE) local assistance from federal funds to reflect growth of nutrition programs at schools and other participating agencies.
- Fresh Fruit and Vegetable Program—An increase of $12.0 million in 2011-12 to the SDE local assistance from federal funds for the Fresh Fruit and Vegetable Program, which provides an additional free fresh fruit or vegetable snack to students during the school day.
- CALPADS/CALTIDES Comprehensive Review—Future funding decisions for the California Longitudinal Pupil Achievement Data System (CALPADS) and the California Longitudinal Teacher Integrated Data Education System (CALTIDES) are pending a review of the program's objectives, usefulness, longer term implications and compatibility with growing federal requirements. An interagency working group convened by the Governor's Office will conduct this review prior to any further funding of either CALPADS or CALTIDES.

The significant other General Fund policy issues are as follows:

- Extension of Flexibility for K-12 School Districts—The Budget proposes legislation to extend various flexibility options for school districts for two additional years. Specifically, the Budget extends the authority in the following areas:
    - Categorical flexibility—For the 2008-09 through 2012-13 fiscal years, local educational agencies were provided with broad flexibility to spend funds for approximately 40 K-12 categorical programs for any educational purpose. Under categorical flexibility, a district's allocation for each program is based on its share of total program funding either in 2007-08 or 2008-09, with the earlier year being used for certain participation-driven programs. Community College categorical program flexibility will also be extended as part of this proposal.
    - Routine Maintenance Contributions—Local educational agencies were authorized to reduce the amount that districts must deposit into a restricted

routine maintenance account for the 2008-09 through 2012-13 fiscal years, from 3 percent of General Fund expenditures to 1 percent.

- Deferred Maintenance Program Matching Requirement—The requirement that districts set aside one-half of 1 percent of their revenue limit funding for deferred maintenance was suspended for the 2008-09 to 2012-13 fiscal years.
- Instructional Materials—Continues the use of standards-aligned instructional materials adopted prior to July 1, 2008, providing fiscal relief from purchasing new instructional materials.
- Class Size Reduction—Continues the existing reduction in penalties for not meeting the requirements of the Class Size Reduction program.
- School District Budget Reserves—Continues the authorization for districts to reduce their minimum budget reserve for economic uncertainty from 0.5 percent to 0.33 percent.

School Revenue Limit Apportionments

K-12 revenue limits provide the primary form of general purpose funding assistance to our public schools. These funds are discretionary and typically cover the cost of teacher and administrator salaries. Funding is distributed to schools based on ADA.

The average revenue limit per pupil in the current year is estimated to be $5,997 per ADA. A school district's revenue limit is funded from two sources, local property taxes and State General Fund. Local property taxes are allocated first and, if insufficient to fully fund a school's revenue limit apportionment, state General Funds pay the difference.

When State General Fund is insufficient to fully fund revenue limits statewide, a deficit factor is created to reduce funding to all schools by the same percentage. The deficit factor keeps track of reductions to school revenue limits which will be restored when sufficient funding is available in the future.

- Elimination of the Office of the Secretary of Education (OSE)—A decrease of $1.9 million to OSE state operations and a shift of $274,000 to the State Board of Education state operations as part of streamlining government operations. These adjustments result in an overall decrease of $1.6 million General Fund in 2011-12, and $400,000 in the current year.

Child Care

Subsidized Child Care includes a variety of programs that are designed to support low-income families so they may remain gainfully employed. These programs are primarily administered by the SDE through Proposition 98 funding and the annual federal Child Care and Development Fund (CCDF) grant. Additionally, State Preschool programs meet a child care need, but are also designed as an educational program to help ensure children develop the skills needed for success in school. All programs are means-tested and require that families receiving subsidies have a need for child care, which means all adults must be working or seeking employment, or in training that leads to employment. The part-day State Preschool program is an exception to the need-based requirement because it is primarily an education program. Most programs are capped, drawing eligible families from wait lists, while those specifically limited to CalWORKs families or former CalWORKs families are caseload-driven.

The major capped programs include General Child Care, State Preschool, Alternative Payment Program, and Migrant Child Care. CalWORKs caseload driven programs include: Stage 1, administered by the Department of Social Services (DSS) and funded by the General Fund and federal Temporary Assistance for Needy Families (TANF) grant funds through counties, is for families on cash assistance whose work activities have not stabilized; Stage 2, administered by the SDE, is for those CalWORKs families with stable work activities and for families who are transitioning off of aid, for up to two years; and Stage 3, also administered by the SDE, has been reserved for families who have successfully transitioned off of aid for more than 2 years and still have a child care need.

The state also supports before- and after-school programs that are not specifically means-tested; but rather are designed to provide safe, constructive alternatives for school-age children, including homework assistance and enrichment activities, while helping to meet a family's child care need.

Total funding for SDE child care programs in 2010-11, excluding after-school programs, is $2.3 billion, consisting of $1.5 billion from Proposition 98 sources and $722.3 million from federal funds. Stage 1 child care totals $485.8 million General Fund/TANF and is included in the Department of Social Services budget. Collectively, the SDE programs are estimated to serve 364,500 average monthly enrolled children while Stage 1 child care serves 51,200 children in the current year.

Total funding proposed for SDE child care programs in 2011-12, excluding after-school programs, is $1.6 billion, consisting of $1.1 billion from Proposition 98 sources and

$535.6 million from federal funds. This reflects a $716 million reduction to child care programs funded within Proposition 98. Stage 1 child care totals $603.1 million General Fund/TANF and is included in the DSS budget. Collectively, the SDE programs are estimated to serve 327,000 average monthly enrolled children while Stage 1 child care serves 60,800 children in the budget year.

The significant General Fund workload adjustments for Child Care programs are as follows:

- Stage 2—An increase of $241.5 million in 2011-12 that reflects a $4.2 million caseload increase and restoration of one-time funds used to support services in 2010-11 [$201 million of Proposition 98 one-time savings and $36.3 million American Recovery and Reinvestment Act (ARRA)]. Total base workload cost for Stage 2 is $435.2 million.
- Stage 3—A net increase of $256.2 million for Stage 3 funding in 2011-12 that reflects a caseload reduction of $42.4 million, restoration of one-time funds used in 2010-11 totaling $42.6 million ($23.7 million of prior year federal funds and $18.9 million ARRA), and restoration of the $256 million partial-year veto. Total base workload cost for Stage 3 is $342.4 million.
- Use of One-Time Reserves—An increase of $83.1 million in 2011-12 to restore General Child Care, State Preschool, Migrant Child Care, and Allowance for Handicapped programs that were required to utilize excess contract reserves to meet costs in 2010-11.

The significant Non-General Fund workload adjustments for Child Care and related programs are as follows:

- Child Care and Development Funds (CCDF)—A net decrease of $18.5 million in 2011-12 reflecting removal of one-time carryover funds available in 2010-11 ($24.4 million), an increase of $3.2 million in carryover funds reserved for expenditures that promote quality improvement, and $2.7 million in available base grant funds.
- One-time ARRA Funds—A decrease of $110.1 million in 2010-11 reflecting the one-time nature of this fund source that was used to augment various child care programs for two years.

- Stage 3 Court Order—An increase of $58 million in 2010-11 from unanticipated prior year federal CCDF carryover funding in 2010-11 to reflect additional costs driven by a court order to extend the date for Stage 3 funding termination from November 1 to December 31, 2010.
- Federal 21st Century Community Learning Centers—A net decrease of $23.1 million in 2011-12 to primarily reflect a change in prior year federal carryover funds utilized for this federally funded afterschool program in 2010-11.
- Early Learning Advisory Council—An increase of $948,000 for state operations in 2011-12 from federal funds for the second year of the three-year federal grant recently authorized for the support of state early learning advisory councils.

The significant General Fund policy adjustments for Child Care programs are as follows:

- Stage 3 Funding in 2010-11—$52.6 million is set aside in 2010-11 from one-time Proposition 98 settle-up funding to continue services for Stage 3 families effective April 2011, at a service level consistent with the policy solutions proposed for 2011-12, as described below. These policy solutions affect age and income eligibility and reduce subsidy levels across the board for all direct service child care programs.
- Stage 2 Reduction for CalWORKS Reforms—A decrease of $34.2 million in 2011-12 reflecting lower Stage 2 caseload projections to conform with the 48-month time limit that replaces long-term reforms as discussed in the Health and Human Services section.

The significant General Fund solutions are as follows:

- Child Care Reductions—A decrease of $716 million in 2011-12 is proposed for all SDE direct service child care programs, except Preschool, by eliminating services for 11- and 12-year-olds, reducing eligibility to 60 percent of the State Median Income from 75 percent of the State Median Income, and reducing the level of subsidies across the board. A corresponding $34 million General Fund decrease is made to Stage 1 in the DSS budget related to eliminating eligibility for 11 and 12-year old children for a total savings in child care programs of $750 million.
- California's current subsidy policies are, collectively, the most generous of all large states. Most large states restrict eligibility to families at much lower incomes. These states also reimburse provider costs at amounts no higher than the 75th percentile of the private pay market (and often times less) and require families to contribute to the overall cost of care at much higher rates than California does.

The budget crisis requires California to make policy changes in child care programs to contain costs and to more closely align California policies to the policies in effect in other states.

- To implement the across-the-board subsidy reductions discussed above in a way that incorporates local priorities and administrative efficiency, the Budget provides greater flexibility at the local level to administer the remaining child care funding. In this regard, subsidized families would pay the difference between the subsidy and regular day care provider charges as a co-payment directly to the provider in lieu of the state's administrative agents (Alternative Payment agencies and Title 5 contractors) assessing and collecting current family fees. The administrative agents will have flexibility to determine which families that are waiting for services may access care in the capped direct services programs and to structure subsidy reductions and co-payments in ways that recognize family income differences, to the extent that child days of service and families served are not reduced.

California State Library

- The Governor's Budget proposes to decrease General Fund assistance for local libraries by $30.4 million in FY 2011-12, resulting in the elimination of General Fund for the following programs: Public Library Foundation, California Library Literacy and English Acquisition Services, and the California Library Services Act.
- With the exception of some limited local assistance for library development and civil liberties programs, the ability of the state to provide General Fund local assistance to the California State Library is hampered by the economic conditions of the state. Despite these reductions, the California State Library will continue to preserve California's history and cultural heritage, and will continue to share its collection of historic documents with the citizens of California.

Higher Education

California's system of higher education performs an important role in equipping Californians with the knowledge and skills necessary to meet the challenges of the future. Major entities comprising higher education in California include the University of California, the California State University, the California Community Colleges, and the California Student Aid Commission. The California Postsecondary Education Commission is also included in the budget totals described below.

The Governor's Budget proposes revised total funding of $22.7 billion in 2010-11, including $13.6 billion General Fund and Proposition 98 sources for all major segments of Higher Education, reflecting an increase of $269.4 million ($136.1 million increase in General Fund and Proposition 98 sources) above the 2010-11 Budget Act. These amounts represent a 1.2-percent increase, including a 1-percent increase in General Fund and Proposition 98-related sources above the 2010-11 Budget Act.

For 2011-12, the Budget proposes total funding of $22 billion, including $11.7 billion General Fund and Proposition 98 sources for all major segments of Higher Education, reflecting a decrease of $433.5 million ($1.7 billion decrease in General Fund and Proposition 98 sources) below the 2010-11 Budget Act. These amounts represent a 1.9-percent reduction, including a 12.8-percent reduction in General Fund and Proposition 98-related sources below the 2010-11 Budget Act.

See Figure HED-01 for a summary comparison of individual segment funding totals reflecting the Governor's Budget proposal and prior year appropriations.

Figure HED-01

Higher Education Expenditures
General Fund, Lottery Funds, State School Fund,
Local Revenues and Student Fees
(Dollars in Millions)

	2007-08	2008-09	2009-10	2010-11 Budget Act	2010-11 Revised	2011-12 Proposed	Change from 2010-11 Budget Act Dollar	Change from 2010-11 Budget Act Percent
University of California [1/]								
Total Funds	$5,453.3	$5,453.4	$5,298.1	$6,260.2	$6,305.3	$5,988.6	-$271.6	-4.3%
General Fund	3,257.4	2,418.3	2,591.2	2,912.6	$2,911.6	$2,524.1	-$388.5	-13.3%
ARRA Reimbursement [4/]		716.5	-	106.6	106.6	-	-$106.6	
California State University [1/]								
Total Funds	4,487.1	4,616.9	4,279.9	4,813.6	$4,873.7	$4,597.3	-$216.3	-4.5%
General Fund	2,970.6	2,155.3	2,345.7	2,617.4	$2,682.7	$2,291.3	-$326.1	-12.5%
ARRA Reimbursement [4/]		716.5	-	106.6	106.6	-	-$106.6	
Community Colleges								
Total Funds	9,081.6	9,558.8	9,464.7	9,516.0	$9,575.3	$9,272.0	-$244.0	-2.6%
General Fund & P98 [2/]	6,425.6	6,314.4	6,124.7	6,261.8	$6,231.0	$5,829.3	-$432.5	-6.9%
ARRA Reimbursement [4/]		35.0	-	4.0	4.0	-	-$4.0	
Student Aid Commission (GF)								
Total Funds	896.1	924.7	1,111.9	1,226.7	$1,373.7	$1,597.8	$371.1	30.2%
General Fund	866.7	888.3	1,043.5	1,078.6	$1,224.3	$577.6	-$501.0	-46.5%
Other Higher Education [3/]								
Total Funds	384.3	452.9	586.7	635.2	$593.1	$562.6	-$72.6	-11.4%
General Fund	354.7	419.3	547.4	586.4	$543.2	$513.6	-$72.8	-12.4%
Total Funds	**$20,302.3**	**$21,006.7**	**$20,741.3**	**$22,451.7**	**$22,721.1**	**$22,018.2**	**-$433.5**	**-1.9%**
General Fund	**$13,875.0**	**$12,195.6**	**$12,652.6**	**$13,456.8**	**$13,592.9**	**$11,735.8**	**-$1,721.0**	**-12.8%**

[1/] For purposes of this table, expenditures for the UC and CSU have been adjusted to include the offsetting general purpose income, but exclude self-supporting functions such as auxiliary enterprises and extramural programs among others. This provides consistency in comparing magnitudes and growth among the various segments of education.

[2/] For purposes of comparing with UC and CSU General Fund, CCC includes property tax revenue as a component of the state's obligation under Proposition 98.

[3/] The Other Higher Education amount includes Hastings College of the Law (HCL), the California Postsecondary Education Commission (CPEC), and General Obligation Bond Interest and Redemptions for UC, CSU and HCL.

[4/] All second round allocations of American Recovery and Reinvestment Act (ARRA) funding from the State Fiscal Stabilization Fund are shown in 2008-09 to more accurately reflect segmental expenditures between the two fiscal years and intent of federal law to backfill 2008-09 reductions.

UNIVERSITY OF CALIFORNIA

Drawing from the top 12.5 percent of the state's high school graduates, the University of California (UC) educates approximately 234,000 undergraduate and graduate students at its ten campuses and is the primary segment authorized to independently award doctoral degrees and professional degrees in law, medicine, dentistry, and veterinary medicine. Through University Extension, with approximately 300,000 enrollments annually, UC provides continuing education for Californians to improve their job skills and enhance the quality of their lives. UC manages one U.S. Department of Energy national laboratory, partners with private industry to manage two others, and operates five medical centers that support the clinical teaching programs of the UC's medical and health sciences schools that handle more than 3.7 million patient visits each year.

The significant General Fund workload adjustments are as follows:

- Restore One-Time Reduction for Federal Fund Offsets—An increase of $106 million in 2011-12 to backfill a like amount of one-time Federal American Recovery and Reinvestment Act (ARRA) funding received in 2010-11.
- Retired Annuitant Benefits—An increase of $7.1 million in 2011-12 to fund additional costs for health and dental benefits to retired annuitants.
- Lease Revenue Debt Service—A decrease of $1 million in 2010-11 and an increase of $726,000 in 2011-12 for required lease payments used to pay lease-revenue bonds issued for capital projects.
- Deferred Maintenance Loan Repayments—A decrease of $2.4 million in 2011-12 to remove funding for deferred maintenance loan repayments, which are now fully paid.

The significant Non-General Fund workload adjustments are as follows:

- Student Fee Revenue—An increase $183.1 million in 2011-12 to reflect fee actions authorized by the Regents in November 2010, including an 8-percent increase for undergraduates and graduates (from $10,302 to $11,124) and increases in professional school fees that average 8 percent on a weighted basis (individual professional fees increase from zero to 31 percent).
- Remove One-Time Federal Fund Reimbursements—A decrease of $107 million in 2011-12 to reflect the one-time nature of federal ARRA funding utilized to offset General Fund support costs in 2010-11.
- Breast Cancer Research—A decrease of $1.3 million in 2011-12 to reflect a decline in tobacco tax revenue, which funds research on the cause, cure, treatment, early detection, and prevention of breast cancer.
- Lottery Revenue—Increases of $2.8 million in 2010-11 and 2011-12 as a result of revised estimates of this fund source for the UC.

The significant Non-General Fund policy issue adjustment is:

- Umbilical Cord Blood Collection Program—An increase of $4.6 million in 2011-12 from special funds for grants and contracts with licensed and accredited umbilical cord blood banks for the purpose of collecting and storing genetically diverse umbilical cord blood for public transplantation purposes. Chapter 529, Statutes of

2010, transferred administration of the program to the UC from the Department of Public Health and increased birth certificate fees to fund its provisions.

The significant General Fund solution is:

- Targeted Reductions—A decrease of $500 million in 2011-12 to reflect necessary funding reductions to help resolve the budget deficit. These reductions are intended to minimize fee and enrollment impacts on students by targeting actions that lower the costs of instruction and administration. The Administration will work with the Office of the President and the Regents, as well as stakeholders (including representatives of students and employees), to determine the specific mix of measures that can best accomplish these objectives.

California State University

Drawing students from the top one-third of the state's high school graduates, as well as transfer students who have successfully completed specified college work, the California State University (CSU) provides undergraduate and graduate instruction through the master's degree and independently awards doctoral degrees in education or jointly with UC or private institutions in other fields of study. With its 23 campuses and approximately 440,000 students, the CSU is the largest, most diverse, and one of the most affordable university systems in the country. The CSU plays a critical role in preparing the workforce of California; it grants more than half the state's bachelor's degrees and one-third of the state's new master's degrees. The CSU prepares more graduates in business, engineering, agriculture, communications, health, and public administration than any other California institution of higher education. It also produces nearly 60 percent of California's teachers.

The significant General Fund workload adjustments are as follows:

- Restore One-Time Reduction for Federal Fund Offsets—Similar to UC, an increase of $106 million in 2011-12 to backfill a like amount of one-time ARRA funding received in 2010-11.
- CalPERS Retirement Costs—Increases of $75.2 million in 2010-11 and 2011-12 to reflect higher employer share payments pursuant to Section 3.60 of the 2010 Budget Act.

- Retired Annuitant Benefits—An increase of $1 million in 2011-12 to fund additional costs for dental benefits to retired annuitants.
- Lease Revenue Debt Service—Decreases of $10 million in 2010-11 and $9.8 million in 2011-12 to reflect revised costs of required lease payments used to pay lease-revenue bonds issued for capital projects.
- Deferred Maintenance Loan Repayments—A decrease of $2.3 million in 2011-12 to remove funding for deferred maintenance loan repayments, which are now fully paid.

The significant Non-General Fund workload adjustments are as follows:

- Student Fee Revenue—An increase of $221.6 million in student fee revenue in 2011-12 to reflect actions of the CSU Trustees in November of 2010, including annualization of the 5-percent mid-year fee increase for all students and a 10-percent fee increase for the budget year. Undergraduate fees thereby increase from $4,230 to $4,335 in the current year and up to $4,884 in the budget year.
- Student Fee Revenue—A net decrease of $6.5 million in student fee revenue in 2010-11 based on revised estimates and enrollment patterns that offset the increased revenue generated by the 5-percent mid-year fee increase noted above.
- Remove One-Time Federal Fund Reimbursements—A decrease of $107 million in 2011-12 to reflect the one-time nature of federal ARRA funding utilized to offset General Fund support costs in 2010-11.
- Lottery Revenue—Increases of $1.3 million in 2010-11 and 2011-12 as a result of revised estimates of this source for the CSU.

The significant General Fund solution is:

- Targeted Reductions—A decrease of $500 million in 2011-12 to reflect necessary funding reductions to help resolve the budget deficit. These reductions are intended to minimize fee and enrollment impacts on students by targeting actions that lower the costs of instruction and administration. The Administration will work with the Office of the Chancellor and the Trustees, as well as stakeholders (including representatives of students and employees), to determine the specific mix of measures that can best accomplish these objectives.

California Community Colleges

The California Community Colleges (CCC) are publicly supported local education agencies that provide educational, vocational and transfer programs to approximately 2.8 million students. Constituting the largest system of higher education in the world, the California Community College system is comprised of 72 districts, 112 campuses, and 68 educational centers. The CCC advance California's economic growth and global competitiveness through education, training, and services that contribute to continuous workforce improvement. The CCC also provides remedial instruction for hundreds of thousands of adults across the state through basic skills courses and adult non-credit instruction.

In recent years, the K-12 system has borne a larger share of Proposition 98 reductions than the CCC has and cannot be expected to sustain a disproportionate share of reductions going forward. Although the Governor's Budget makes necessary reductions (reflected in the solution adjustments below) to the CCC in order to achieve a balanced budget, the statutory expectation of an 11-percent split of the Proposition 98 Guarantee has been met.

The significant Proposition 98 General Fund workload adjustments are as follows:

- Deferral Payments—An increase of $129 million in 2011-12 is reflected as a result of actions taken in the 2010 Budget Act to defer a like amount of apportionment payments to July of 2011. These funds were appropriated already in Chapter 724, Statutes of 2010.
- Property Tax Adjustment—An increase of $33.4 million in 2011-12 to reflect reduced property tax estimates. Current law intends that property taxes should offset Proposition 98 General Fund costs for community college apportionments. Because property taxes are estimated to decline, General Fund costs are increased by a like amount. Although revised estimates of property taxes in 2010-11 are estimated to decline by $14.7 million, there is no requirement to backfill shortfalls in law. Because of the state's large budget shortfall, no backfill is proposed.
- Student Fee Adjustment—An increase of $18.7 million in 2011-12 to reflect revised estimates of student fee revenue, primarily resulting from higher-than-anticipated Board of Governors' fee waivers. Similar to property taxes, student fees are intended to offset the costs of apportionments.

- Financial Aid Administration Adjustments—An increase of $1.7 million in 2011-12 as a result of a higher estimate for fee waivers. Current law requires specified amounts be budgeted in a categorical program, based on the value of fee waivers, to help the colleges with the administrative costs of processing fee waivers.
- Lease Revenue Debt Service—A decrease of $5.1 million in 2011-12 to reflect revised costs of required rental payments used to pay lease-revenue bonds issued for capital projects.
- Oil and Mineral Revenue Adjustment—A decrease of $1.1 million in 2011-12 as a result of a higher estimate of revenue from this source which offsets General Fund for apportionments similar to property taxes.

The significant Proposition 98 General Fund policy adjustment is:

- Growth—An increase of $110 million in 2011-12 for 1.9-percent apportionment growth to help preserve and expand course sections to meet the demand of students seeking transfer, career technical certificates, and retraining. This funding is sufficient to fund approximately 22,700 Full-Time Equivalent Students (FTES).

The significant Non-General Fund workload adjustments are as follows:

- Career Technical Education (CTE)—An increase of $20 million in 2010-11 to reflect Proposition 98 Reversion Account funding appropriated to the Department of Education that was allocated to the Chancellor's Office to augment the CTE Initiative pursuant to the Budget Act of 2010.
- Lottery Revenue—Increases of $12.4 million in 2010-11 and 2011-12 as a result of revised estimates of this source for local assistance.
- Oil and Mineral Revenue—An increase of $1.1 million in 2010-11 and 2011-12 for local assistance apportionments as a result of revised estimates of this revenue source.
- Bond Accountability—An increase of $136,000 in 2011-12 for state operations to fund ongoing accountability for the use of general obligation bonds by the colleges.
- Property Tax Revenue—Decreases of $14.7 million in 2010-11 and $33.4 million in 2011-12 as a result of revised estimates of local property taxes that support local assistance apportionments.

- Student Fee Revenue—Decreases of $15.2 million in 2010-11 and $18.7 million 2011-12 as a result of revised base estimates primarily resulting from higher-than-anticipated fee waivers.
- One-Time Federal Fund Reimbursements—A decrease of $5 million in 2011-12 to reflect the one-time nature of federal ARRA funding utilized for a variety of categorical programs in 2010-11.

The significant Non-General Fund policy adjustment is:

- Federal Personal Care Certification Project—An increase of $750,000 in 2010-11 and $748,000 in 2011-12 as a result of the receipt of a new federal grant for training students to become personal care and home care aids. Of these amounts, $53,000 and $75,000 is available for state operations in 2010-11 and 2011-12, respectively, with the remainder for local assistance.

The significant Proposition 98 General Fund solutions are as follows:

- Fee Increase—A decrease of $110 million to apportionments in 2011-12 as a result of increased local revenue from a $10 proposed fee increase from $26 per credit unit to $36 per credit unit. Although this increase is significant, a full-time student would pay $1,080 per year for a full load—about one-third of the average fees charged by comparable community colleges in the nation—and would still rank California as the lowest in the nation based on 2009 data. Low-income students will continue to receive Board of Governors' fee waivers, which provide fee exemptions for approximately half of the students attending CCC. Given the extraordinary depth of the budget shortfall, this change is necessary to minimize reductions to other community college programs and to fund growth in enrollments for 2011-12.
- Fee Waiver Administration—Additionally, the Budget proposes to decouple the formula in current law for categorical fee waiver administration funding that is linked to the dollar value of fee waivers because it would require an increase in state expenditures that does not relate to a change in administrative workload. This change would eliminate $2.9 million in additional costs for the fee waiver administration program associated with the fee increase noted above.
- Apportionment Reductions and Reforms—A decrease of $400 million in 2011-12 to apportionments is proposed along with reforms to census accounting practices to provide better incentives for maximizing academic course sections available for students seeking vocational certificates and transfer to four-year colleges within the

diminished level of funding. Currently, community college attendance accounting allows colleges to receive credit apportionment funding for student attendance after only 20 percent of a course is completed. However, 16 percent of students on average do not finish credit courses they have enrolled in. This policy provides an incentive for colleges to take advantage of the system to maximize funding which also distorts the overall FTES workload completed by the colleges. In effect, colleges are being funded for a higher level of students than actually attend courses.

- The Administration proposes to work with the Chancellor and the Board of Governors, as well as stakeholders (including representatives of students and employees), to develop specific census date reforms and other changes to apportionment funding that result in equitably spreading reductions while rewarding colleges for ensuring necessary prerequisites to enrollment are met, assisting students in completing courses they enroll in, and prioritizing course offerings needed for transfer and vocational skills. This can be accomplished in a variety of ways, including adjusting funding rates for the priority courses, developing base apportionment adjustment factors related to course completion rates, and other strategies. Under this policy, colleges will have a greater incentive to offer the courses necessary for transfer, vocational certificates, and other priority academic programs necessary for students to acquire the skills needed for the 21st century economy.
- Defer Additional Apportionments—A decrease of $129 million in 2011-12 as a result of deferring another $129 million of community college apportionment payments to the 2012-13 fiscal year. This brings total year-to-year deferrals to $961 million. While this may result in additional short-term cash borrowing at the local level, it provides a one-time savings in Proposition 98 funding to help resolve the 2011-12 state budget deficit.

California Student Aid Commission

The California Student Aid Commission (CSAC) administers state financial aid to students attending all segments of public and private postsecondary education through a variety of programs including the Cal Grant High School and Community College Transfer Entitlement programs, the Competitive Cal Grant program, the Assumption Program of Loans for Education (APLE), and others. Over 82,000 students received new Cal Grant awards in 2009-10 while 136,000 students received renewal awards.

The significant General Fund workload adjustments are as follows:

- Current Year Revised Cal Grant Costs—An increase of $147.2 million is recognized in 2010-11 primarily to reflect revised estimates by the CSAC for Cal Grants. These adjustments include a significantly higher number of new Cal Grant entitlement awards than originally anticipated ($141.4 million) and implementation of a 5-percent mid-year fee increase by the CSU Trustees that increases the award amount for students attending that segment ($5.8 million).

- Budget Year Estimated Cal Grant Costs—An increase of $369.5 million in 2011-12 to reflect increased estimates of Cal Grant costs resulting from higher participation levels in the entitlement programs recognized in the current year that are projected to continue ($279 million), annualization of the 5-percent mid-year CSU fee increase noted above ($17.6 million), and higher award amounts conforming to the fee increases approved for 2011-12 by the CSU Trustees ($25 million) and UC Regents ($48 million).

- Backfill Use of One-Time Student Loan Operating Fund Revenues (SLOF) —An increase of $100 million in 2011-12 to backfill one-time surplus SLOF revenues that were used for Cal Grant costs.

- Loan Assumption Programs Costs—Net increases of $1 million in 2010-11 and $2.3 million in 2011-12 for anticipated costs in the APLE and other loan assumption programs.

- Replacement of Shared Services—An increase of $842,000 in 2011-12 for state operations for the ongoing cost of staff and operating expense costs approved in the Budget Act of 2010 for replacing the shared services formerly provided by EdFund, the auxiliary organization that formerly carried out the federal student loan guaranty activities for the CSAC.

The significant General Fund policy issue adjustment is:

- Replacement of Shared Services—Decreases of $1.2 million in 2010-11 and $842,000 in 2011-12 are reflected. Based on a new agreement with the successor guarantor agency for California, Educational Credit Management Corporation (ECMC), the shared services formerly provided by EdFund will continue to be provided to the CSAC by the entity assigned by the U.S. Department of Education to take over the federal student loan guaranty functions. Therefore, the one-time and ongoing costs provided for this purpose in the Budget Act of 2010 are unnecessary.

The significant Non-General Fund workload adjustments are as follows:

- John R. Justice Grant Program—Increases of $52,000 for state operations and $889,000 for local assistance from reimbursements in both 2010-11 and 2011-12 resulting from an interagency agreement with CalEMA that received a federal grant to administer and make awards for a new program designed to attract and retain qualified individuals to serve as public defenders and prosecutors.
- Federal Leveraging Educational Assistance Partnerships—A federal fund increase of $389,000 in 2010-11 and a decrease of $5.6 million in 2011-12 as a result of federal reallocations and policy decisions, respectively, for these sources that offset the state's Cal Grant costs.

The significant General Fund solutions are as follows:

- Offset Cal Grants with Student Loan Operating Fund—A decrease of $30 million in 2011-12 based on the expected receipt of a like amount from ECMC for Cal Grant costs. The U.S. Department of Education has indicated they expect to approve payments back to the state for this purpose from the revenue derived from the California federal student loan guaranty portfolio.
- Offset Cal Grants with Federal Temporary Assistance to Needy Families (TANF) Reimbursements—A decrease of $946.8 million in 2011-12 to reflect TANF funds available through an interagency agreement with the Department of Social Services pursuant to CalWORKs reduction proposals discussed in the Health and Human Services section.

Hastings College of Law

Affiliated with the University of California, the Hastings College of the Law is the oldest and one of the largest public law schools in the West, providing instruction to approximately 1,300 students annually.

The significant General Fund workload adjustment is:

- Retired Annuitant Benefits—An increase of $71,000 in 2011-12 to fund additional costs for health and dental benefits to retired annuitants.

The significant Non-General Fund workload adjustment is:

- Student Fee Revenue—Decreases of $1.6 million in student fee revenue in 2010-11 and $638,000 in 2011-12 reflecting decreased enrollments and increased fee waivers. The change in 2011-12 also reflects actions by the Hastings Board of Directors to increase fees by 3 percent in the budget year that will raise annual professional fees from $36,000 to $37,080.

The significant General Fund solution is:

- Targeted Reductions—A decrease of $1.5 million in 2011-12 to reflect necessary funding reductions to help resolve the budget deficit. These reductions are intended to minimize fee and enrollment impacts on students by targeting actions that lower the costs of instruction and administration. The Administration will work with the college President and Dean, the Hastings Board of Directors, and stakeholders to determine the specific mix of measures that can best accomplish these objectives.

Labor and Workforce Development

The Labor and Workforce Development Agency was established to address issues relating to California workers and their employers. A leading Agency goal is to better serve workers and employers by coordinating services and programs in an efficient, effective manner that is relevant to current and future economic conditions. The Agency is primarily responsible for three functions: labor law enforcement; workforce development; and, benefit payment and adjudication. The Agency plays a central role in the Economic and Employment Enforcement Coalition, the purpose of which is to help legitimate businesses and California workers combat the underground economy, through a combination of enforcement and education activities.

Departments within the Agency include the Employment Development Department (EDD), the Department of Industrial Relations, the California Workforce Investment Board, and the Agricultural Labor Relations Board. With the exception of the Employment Development Department, none of these entities had significant adjustments included in the Governor's Budget. The Budget includes total funding of $26.4 billion ($413.5 million General Fund, $26 billion various other funds) for these entities.

Employment Development Department

The EDD administers the Unemployment Insurance (UI), Disability Insurance (DI) and Paid Family Leave programs and collects payroll taxes from employers, including the Personal Income Tax. The EDD connects job seekers with employers through a variety of job services programs and at one-stop service centers, and provides employment training

programs through the Employment Training Panel and the Workforce Investment Act of 1998. The Budget includes $26 billion ($385.2 million General Fund) and 10,208 positions to support the EDD programs.

Unemployment Insurance Program

The UI program is a federal-state program that provides weekly UI payments to eligible workers who lose their jobs through no fault of their own. Benefits range from $40 to $450 per week depending on the earnings during a 12-month base period, with a current average of $313 per week during 2010. To be eligible, an applicant must have received enough wages during the base period to establish a claim; be totally or partially unemployed; be unemployed through no fault of his or her own; be physically able to work; be seeking work; be immediately available to accept work; and, meet eligibility requirements for each week of benefits claimed. The Budget includes $18.4 billion for unemployment benefit payments.

The UI program benefits are financed by employers who pay state unemployment taxes, ranging between 1.5 and 6.2 percent, on the first $7,000 in wages paid to each employee in a calendar year. Employers responsible for a high number of unemployment claims pay the highest tax rate. The maximum UI tax an employer can pay per employee is $434 per year, whereas an unemployed individual could collect up to $11,700 in benefits that same year. Estimated receipts in calendar year 2011 are $5.2 billion, including contributions from employers to support unemployment benefits.

Beginning in January 2009, the state's UI Fund was exhausted due to an imbalance between the benefit payments and annual employer contributions. To make UI benefit payments without interruption, the EDD began borrowing funds from the Federal Unemployment Account to pay benefits to an increasing number of unemployed claimants. At the end of 2009, the UI Fund had a projected deficit of $6.2 billion. Based on EDD's October 2010 UI benefit estimates, this deficit is expected to increase to $10.3 billion at the end of 2010 and, $13.4 billion at the end of 2011.

While annual interest payments were waived under the American Recovery and Reinvestment Act for 2010, interest totaling $362.3 million is due and payable in September 2011. According to federal law, this interest payment must come from state funds. Interest will continue to accrue and be payable annually until the principal on the UI loan is repaid.

The significant General Fund workload adjustments are as follows:

- Unemployment Insurance Interest Payment—An increase of $362.3 million in 2011-12 to make an interest payment on funds borrowed from the federal government to pay California's UI benefits.
- Automated Collection Enhancement System—The Budget includes $19.5 million General Fund for continuation of the EDD's Automated Collection Enhancement System (ACES). The ACES will improve EDD's ability to track, collect, and audit the payment of employer payroll taxes, including unemployment and personal income taxes. The ACES solution is anticipated to increase General fund revenue by $27 million in 2011-12 by improving collection capabilities for delinquent accounts.

The significant General Fund solution is:

- Offset Unemployment Interest Payment—The Budget authorizes a loan from the Unemployment Compensation Disability Fund to the General Fund to pay for the UI interest expense. The loan will be repaid by the General fund over the next four fiscal years. This achieves a General Fund savings of $362.3 million in 2011-12.

Disability Insurance Program

The DI program provides partial wage replacement to eligible workers who are unable to work because of a disability. Disability is defined as any mental or physical illness or injury that prevents an employee from performing their regular or customary work. Benefits range from $50 to $987 per week depending on an individual's earnings in the base period calendar quarter. An individual's weekly benefit amount is approximately 55 percent of his or her earnings up to the maximum weekly benefit amount. The Governor's Budget includes $5.3 billion for disability benefit payments.

The DI program is financed by employees who pay a sliding rate that is calculated annually depending upon the balance in the DI fund. The 2010 rate is 1.1 percent of the wages, up to a maximum $93,316, earned by each employee. The maximum amount an employee can pay into the DI fund is $1,026 per year. The Budget estimates $5.7 billion in revenue from employees to support disability benefits.

The significant Non-General Fund workload adjustment is:

- October Revise—Estimates for the payment of UI and DI benefits are updated two times each year in October and April. The Budget reflects a decrease of $171.2 million in 2011-12 for DI benefit payments and does not change the estimate for UI benefit payments.

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General Government

The General Government Section includes multiple departments, commissions, and offices responsible for oversight and specific activities. The Budget includes total funding of $4.5 billion ($2.2 billion General Fund and $2.3 billion various funds) for these entities.

California Department of Food and Agriculture

The California Department of Food and Agriculture (CDFA) protects and promotes California's agriculture industry and ensures that only safe and quality food reaches the consumer. The CDFA's existing budget includes $95.8 million in General Fund for a number of programs, such as agricultural plant and animal health, pest prevention, weights and measures, and others. The CDFA also receives $32 million for support of the network of California fairs (78 fairs that also generate support revenues). Beginning in 2009-10, legislation removed funding from horse racing revenue that had previously helped to support the fairs and required $32 million General Fund annually for support of the fairs.

The significant General Fund solutions are as follows:

- Given the state's fiscal challenges and the benefits derived by local and private entities, the Secretary of Food and Agriculture will convene key agricultural and industry individuals to look at the long-term viability of state programs and to determine solutions to limit the need for General Fund resources. The consortium

will need to complete its work by February 1, 2011, resulting in General Fund savings of $15 million in 2011-12, and $30 million ongoing.

- Eliminate General Fund support for the Network of California Fairs—A permanent decrease of $32 million as a result of removing state funding for support of the fairs.

California Public Utilities Commission

The California Public Utilities Commission (PUC) regulates services such as privately owned telecommunications, electric, natural gas, and water companies, in addition to overseeing railroad/rail transit and moving and transportation companies. The PUC is the only agency in the state charged with protecting private utility consumers. As such, the PUC is responsible for ensuring that customers have safe, reliable utility service at reasonable rates, protecting against fraud, and promoting the health of California's economy, which depends on the infrastructure the utilities and the PUC provide. The PUC oversees the safety of gas transmission and distribution systems in California. New regulations require pipeline operators to establish programs for Public Awareness, Distribution Integrity Management, and Control Room Management. The PUC will be responsible for auditing these new programs. In addition, the PUC plans to enhance its Pipeline Safety Program.

The significant Non-General Fund policy issue adjustment is:

- Gas Safety Program—The Budget includes an increase of 4.0 Engineers and $498,000 in Public Utilities Reimbursement Account and Federal Trust Fund for natural gas distribution systems safety oversight.

Commission on State Mandates

The Commission on State Mandates (Commission) is a quasi-judicial agency that hears test claims to determine whether local agencies and school districts are entitled to reimbursement for increased costs mandated by the state. It also hears and decides claims that the Controller incorrectly reduced payments for reimbursement claims, and determines the existence of significant financial distress for applicant counties. The Constitution requires the Legislature to either fund or suspend specified mandates in the annual Budget Act. Previously, most mandates not related to law enforcement, property taxes, or elections were suspended. With few exceptions, state reimbursable mandate claims are a General Fund expense.

The significant General Fund solutions are as follows:

- Suspend/Repeal State Mandates—A decrease of $227.8 million in 2011-12 as a result of suspending most mandates not related to law enforcement or property taxes. In preparation for the 2012-13 Budget, the Administration is proposing to develop a process with the Legislature whereby all reimbursable mandates are reviewed. This review shall determine which statutes should be maintained, modified to reduce costs, repealed to eliminate the mandate entirely, or amended to make the activity permissive using best practices or guidelines.
- The mandated mental health services for special education students (including students placed in out-of-state residential facilities) are commonly referred to as AB 3632 services. In 2011-12, the AB 3632 mandate will be funded with Proposition 63 funds (for savings of $98.6 million General Fund) within the Department of Mental Health budget.
- Deferral of Pre-2004 Mandate Obligations—A one-time reduction of $94 million in 2011-12 as a result of deferring the 2011-12 payment for costs incurred prior to 2004-05. These costs are required to be completely paid by 2020-21.

California Department of Veterans Affairs

The California Department of Veterans Affairs provides residential and medical care services to honorably discharged California veterans who served on active duty and are over the age of 62 or disabled, assists veterans and their families in presenting their claims for federal benefits, and offers honorably discharged veterans who served on active duty and active duty military personnel direct low-cost loans to acquire farms and homes.

County Veterans Service Offices assist veterans in receiving the federal benefits for which they are eligible and act as the California Department of Veterans Affairs' network for claim initiation and development. Operation Welcome Home was implemented to connect returning veterans to the services that can help them transition successfully to civilian life. Operation Welcome Home has helped veterans receive coordinated assistance including job placement, unemployment benefits, housing, healthcare, and federal, state, and local veterans' benefits and services.

The significant General Fund solution is:

- Eliminate General Fund Support for County Veterans Service Offices—A decrease of $9.9 million ($7.6 million local assistance and $2.3 million state operations) in 2011-12 as a result of eliminating General Fund support for County Veterans Services Offices and Operation Welcome Home.

Tax Relief and Local Government

The primary focus of state and local government is to provide basic services, such as public safety, education, a safety net of health care and human services, transportation, safe water and other public infrastructure. These services provide the foundation that enables private businesses and families to flourish.

State Support for Local Economic Development

For states, economic development activities have two primary motivations. One is to help provide the platform for sustained statewide economic growth. The second is to assist local communities, particularly those that may have been disadvantaged in some way, to overcome blight conditions and provide enhanced growth of business opportunities in designated areas. Both types of efforts can help provide private income as well as enhance tax collections under existing rates.

States are more constrained than nations in what they can do to stimulate economic development. California's Constitution forbids the state from adopting budgets that plan for deficits. Thus, the state cannot provide stimulus by borrowing as the federal government does. States must balance assistance to private business against all of the other priorities, including provision of basic services.

States can provide certain incentives to business activities that are intended to provide more statewide growth, either through direct expenditures (e.g. stem cell research) or through the structure of the tax system, (e.g. "tax expenditures" such as the

research and development tax credit). Providing a differential in treatment for these types of activities may provide both public and private dividends in future years because these activities have more potential to provide rapid economic growth than other business investment.

At the local level, land use regulation is key to the long-term economic growth of communities. While the state sets a legal framework, local government entities are responsible for implementing it. California is a vast state with many variations in conditions. Inherently, some geographical areas have advantages for certain land uses that others do not, and existing land uses often will help make related uses successful.

Given the state's significant ongoing budget problem, it is necessary to examine state funding for all programs. The Budget proposes a different method for local government to engage in local economic development activities, eliminates state tax benefits for Enterprise Zones, and proposes major changes in the way local redevelopment is funded and operated. See the Revenue Estimates chapter for a more detailed discussion of the Budget's Enterprise Zone proposal.

Redevelopment

Proposition 13 reduced local property tax revenues by 57 percent. After the passage of Proposition 13, the state shifted costs to itself and later provided new revenues to local government to partially replace this revenue loss. About 37 percent of property tax revenues currently funds K-14 school obligations under Proposition 98, offsetting what would otherwise be state General Fund costs. The balance of property taxes are distributed as follows: cities receive 18 percent, counties almost 25 percent, special districts 8 percent, and redevelopment agencies 12 percent. The receipts of individual local entities may vary greatly from these statewide percentages depending on what their shares of property tax were when property tax was reallocated following the adoption of Proposition 13.

The expansion of redevelopment agencies has gradually shifted property tax away from schools, counties, special districts, and city general purposes. Redevelopment agencies receive most of the growth in property tax revenue from within their boundaries, including the growth that would otherwise be allocated to agencies providing services in the redevelopment area—such as schools—that do not have a role in creating or governing them. Some of the growth revenue is "passed through" to the jurisdictions

that provide services through locally negotiated agreements and under state law in certain circumstances.

Redevelopment is designed to eliminate blight. The California Community Redevelopment Law (CRL), which was first enacted in 1945 and substantially expanded in 1951, allows cities and counties to establish redevelopment agencies (RDAs) to address blight. Originally, the main tool of redevelopment was the use of eminent domain to acquire private properties, demolish dilapidated and unusable structures, clean up the land, and consolidate small parcels and then make the larger property available for development. The CRL prescribes a complex process for RDA establishment consisting of findings of blight pursuant to statutory definitions, public notifications, and public hearings. RDAs are established by a vote of the governing body of the sponsor agency. These ordinances are potentially subject to referendum votes of sponsor agency voters but are not subject to any approval by governing bodies or voters of jurisdictions that share the same territory. RDAs have statutory limits on the number of years they can create debt and for the total lifetime of the project. Relieving blight is intended to be accomplished in a limited time. RDAs were not intended to become a permanent source of business subsidies.

In 1952, voters approved a constitutional amendment to allow tax increment to fund redevelopment projects and to be pledged for repayment of bonds. The ballot analysis and arguments implied that the expense of redevelopment would otherwise come from the general funds of the sponsor agency and that "this constitutional amendment makes it possible for the entire amount advanced out of public funds to be reimbursed out of taxes on the increased valuation of the property after improvement. In other words, the property will carry itself, and the expenses will be paid out over a term of years." This implied the tax increment was solely the amount of increase in value caused by the redevelopment of specific properties.

Over time, most of the increase in value of all of the properties in the redevelopment area has been generally the result of inflation in the economy and of property values. This increase in value is tax increment that goes to the redevelopment agency. There is no growth in assessed value for the county, school districts, community college districts, or special districts that also serve the redevelopment territory. Over the 40 or more years of life for a typical RDA, this shift of revenue can dwarf base property tax revenue.

In 1998, the Public Policy Institute of California (PPIC) published "Subsidizing Redevelopment in California", one of the few independent studies to examine the

fiscal impact of redevelopment. The PPIC found that "…fewer than one-quarter of the (redevelopment) projects came close to being responsible for the property taxes they received. These projects were also the ones with the most vacant land."

Redevelopment agencies are supposed to help build affordable housing. RDAs are required to devote 20 percent of their income to building low-income housing. Many RDAs have large balances in their housing funds and have not developed housing. Despite efforts to provide for the expenditure of these funds for housing, large balances persist.

Most development in RDAs is shifted from elsewhere in the state. The private development that occurs in redevelopment project areas often would have occurred even if the RDAs were never established. There is little evidence that redevelopment projects attract business to the state. Studies indicate most of the business development is simply shifted from elsewhere in the state. While this may help relieve localized blight and equalize economic activity relative to nearby communities, there are better alternatives for local entities to fund these efforts without shifting resources from schools, counties, special districts, and core city services.

This revenue could be funding basic public safety services and augment school funding. Cities, counties, special districts, and K-14 schools are losing billions of dollars in property tax revenues each year to subsidize redevelopment. The Department of Finance estimates that under current law, RDAs will divert $5 billion in property tax revenue from other taxing agencies in 2011-12. Of this amount, $1.1 billion is passed through to the agencies providing services in the area. This reduces funding needed for law enforcement, fire protection, road maintenance, parks, libraries, and other local services. Furthermore, the state General Fund must backfill the property tax revenues diverted from K-14 schools, at a cost of approximately $1.8 billion dollars per year.

Economic growth is not likely to rescue basic local services. Law enforcement, fire protection, emergency response, and other services funded from local general revenues have been reduced substantially and face the potential of deeper reductions in the near future. While property tax revenues are expected to stabilize and stop declining by next year, sales tax revenues and property tax revenues will not recover to pre-recession levels for many years. Inflation is likely to be low for some time. However, cost pressures will remain. Economically driven growth in sales tax and property tax is

unlikely to provide much real spending power improvement for local government in the foreseeable future.

The Budget proposes a new approach to fund economic development activities at the local level and phases out the current funding mechanism for redevelopment agencies. This proposal will return billions in property tax revenues to schools, cities, and counties. These funds will help sustain core functions including law enforcement, fire protection, and education. Below is a summary of the proposal:

- **Change redevelopment funding: Provide improved options to fund local economic development with voter approval.** The Budget proposes a new financing mechanism for economic development. Specifically, the Budget proposes that the Constitution be amended to provide for 55-percent voter approval for limited tax increases and bonding against local revenues for development projects such as are currently done by RDAs. Voters in each affected jurisdiction must approve use of their tax revenues for these purposes.
- **Shift existing redevelopment taxes to core local services**. The Budget prohibits existing agencies from creating new contracts or obligations effective upon enactment of urgency legislation. By July 1, existing agencies would be disestablished and successor local agencies would be required to use the property tax that RDAs would otherwise have received to retire RDA debts and contractual obligations in accordance with existing payment schedules. This is estimated to cost $2.2 billion in 2011-12. Finance estimates $3 billion will remain after these debt service and contractual payments. From this remaining amount, one-time payments estimated at $1.1 billion will be provided equal to the pass-through payments that otherwise would be received. Of the remaining $1.9 billion the Governor's Budget directs $1.7 billion on a one-time basis to offset state General Fund costs for Medi-Cal ($840 million) and trial courts ($860 million). The final $210 million will be distributed on a one-time basis to cities, counties, and special districts proportionate to their current share of the countywide property tax.
- **Provide revenues for core local services.** Beginning in 2012-13, the amounts remaining after payment of pre-existing RDA debts and contractual obligations will be distributed to cities, counties, non-enterprise special districts, and K-14 schools in amounts proportionate to their share of the base countywide property tax. The only exception is that roughly $50 million that would otherwise be distributed to enterprise special districts (mainly water and waste disposal districts) will instead be provided to counties. Enterprise special districts are mainly fee-supported.

In 2012-13, this is expected to result in an increase in annual local revenues (over the amounts they would have received in pass-throughs) of approximately $1.0 billion for schools, $290 million for counties, $490 million for cities, and $100 million for non-enterprise special districts. Funds received by K-14 schools would not count toward the Proposition 98 guarantee. These monies would augment existing funding, and could be used at the discretion of school and community college districts. The sums received by schools would be distributed to both school districts and community college districts throughout the county, primarily based on numbers of students.

- **Use housing balances for housing.** Amounts in the RDA's balances reserved for low-moderate income housing would be shifted to local housing authorities for low and moderate income housing.
- **Funding for core local services increases as debts are paid off.** After 2011-12, the money available after payment of RDA debt would be distributed to schools, counties, cities, and non-enterprise special districts for general uses. These distributions will generally reflect the distribution of property tax in each county under existing law. This will help counties to absorb costs and provide enhanced services associated with realigned programs, if they choose to use the money in that way. Successor entities would continue the process of retiring RDA debt, which is expected to take at least 20 years. As the RDA debt is retired, the monies formerly used for debt service payments will flow to local governments.

Tax Relief

The funding that the state expends for tax relief has been reduced significantly in the past several budgets. Funding for property tax relief loans and grants for seniors and persons with disabilities has been eliminated. The only remaining tax relief programs with funding in the 2010-11 Budget are the exemption from property tax for the first $7,000 value of principal residences, which is required by the California Constitution, and the Williamson Act property tax reduction for agriculture and open space.

Williamson Act Open Space Subventions

Under the Williamson Act, property owners enter into voluntary contractual agreements with counties to reserve their land for agricultural or open-space purposes, in exchange for which the county assesses their land at a lower value for property tax purposes.

Williamson Act contracts are generally for a 10-year period, although some can also be for 20 years. After the first year, the contracts annually renew for an additional year, unless notice of non-renewal is given by the county or by the property owner. If such notice is given, the assessed value of the property under a 10-year contract increases by specified percentages over a nine-year period. In the tenth year the land is again assessed at full value. The same principle applies to 20-year contracts.

Until 2009-10, the Budget Act annually appropriated approximately $35 million to partially offset the property tax revenues lost by local governments due to these lower assessments. Each participating county received a payment of $2 per acre of non-prime agricultural land, and $5 per acre of prime agricultural land.

Funding for these subvention payments was suspended in the 2009 Budget Act due to fiscal constraints. However, Chapter 722, Statutes of 2010 appropriated $10 million for an alternative form of Williamson Act subvention payments for 2010-11. The bill also made several technical changes to the Williamson Act.

- The Budget eliminates the current-year appropriation for Williamson Act subventions and does not provide ongoing state funding. The program will thus be a local program. Funding provided from the redevelopment agencies tax shift could help counties continue this program on their own.

Local Government Expenditures

State funding for local government and shared programs is mostly included in specific program budgets and is not described in this chapter. For example, state funding for locally delivered mental health programs, social services programs, and health programs is reflected in the budgets for the Departments of Mental Health, Social Services, Public Health, and Health Care Services.

Local Law Enforcement Grants

The General Government portion of the Budget proposes $420 million General Fund for various local law enforcement programs, which will be backfilled on a dollar-for-dollar basis with realignment funding. In addition to these funds, the Budget also provides $57 million General Fund for local grant programs administered through the California Emergency Management Agency and $29 million General Fund for local grant programs

administered by the Department of Corrections and Rehabilitation. These funds also will be fully backfilled with realignment funding.

The $420 million in funding in the General Government portion of the Budget will be distributed as follows:

- $107 million for the Citizens' Option for Public Safety Program – These funds are distributed on a population basis to police and sheriffs' departments, with each department receiving a minimum $100,000 grant. Funds may be used for discretionary front-line law enforcement purposes such as peace officer salaries and equipment.
- $107 million for the Juvenile Justice Crime Prevention Act – These funds are distributed to counties on a population basis, and are used for countywide, multi-jurisdictional efforts to both prevent and address the causes of juvenile delinquency.
- $35 million for Jail Booking Fee Subventions – These funds are provided primarily to sheriffs' departments to offset the cost of booking city arrestees into county jails. This eliminates the need for sheriffs to charge police departments for this activity.
- $152 million to support juvenile probation efforts at the county level.
- $19 million for the Small/Rural Sheriffs Program – These funds are provided to 37 sheriffs' departments based on statutory formulas and may be used for discretionary purposes.

Statewide Expenditures

The Statewide Expenditures Section of the Budget Summary includes issues that affect multiple departments in various major program areas. This chapter describes items in the Governor's Budget which fall into these categories.

Debt Service

General Fund debt service expenditures will increase by $59.3 million, or 1.0 percent, for a total of $5.612 billion, consisting of an increase of $36.7 million for General Obligation debt service ($4.927 billion total) and an increase of $22.6 million for lease revenue bonds ($685 million total). The modest increase in General Obligation debt service reflects the proposed use of fees from weight fees imposed on trucks and certain other revenues to pay a portion of transportation debt service costs (see Transportation section) as well as a one-time pause in the issuance of new bonds in the current year. This pause will give time for the Administration to prioritize funds for the most effective activities.

Efficiencies in State Operations

While there have been a number of reductions in state operations costs in recent years, there continue to be opportunities for additional savings. The Governor's Budget includes $200 million in savings associated with identification of efficiencies in state operations. For example, identification of agencies, departments, and programs that can be reorganized to eliminate duplication and unnecessary functions; review of state peace officer and safety classifications; and reductions in other areas like contracting; fleet operations; and, cell phone use.

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Employee Compensation and Retirement

In 2011-12, state employee salaries are projected to cost $7 billion General Fund and benefits including health care and retirement contributions are projected to cost $3.4 billion General Fund. As such, reducing the cost for salaries and benefits continues to be a necessary part of closing the budget deficit.

The labor agreements reached in 2010, covering 15 of the state's 21 collective bargaining units, contained compensation concessions ranging in a reduction to take-home pay between 8 and 10 percent for most of the state workforce. The Governor's Budget reflects the carryover savings obtained from the collectively bargained 12-month personal leave program (PLP) and the additional savings associated with the PLP program for non-represented employees. The 6 bargaining units without contracts, representing 36 percent of the state's General Fund payroll, remain on 3-day-per-month furlough through June 30, 2011. The Governor's Budget includes a reduction of 10 percent in take-home pay from the employees in these 6 bargaining units. Further, to address the increasing costs of state employee and retiree health care, the Budget includes savings associated with the creation of a core health care plan option to augment existing plans.

The significant General Fund budget solutions are as follows:

- Personal Leave Program—The Governor's Budget reflects savings of $71.6 million resulting from the personal leave program carrying over into 2011-12. The 13 bargaining units that signed contracts in 2010, as well as the compensation package

in place for most excluded employees, included a 12-month, one-day-per-month, unpaid personal leave program.

- Reduced Employee Compensation Costs—A reduction of $308.4 million achieved through a 10-percent reduction in take-home pay for the 6 bargaining units without contracts. These savings will be achieved through collective bargaining or other administrative actions.
- Core Health Care Option—Health care benefit costs in 2010-11 for active employees and retirees are approximately $2.4 billion. To reduce the escalating cost of state employee and retiree health care, the Governor's Budget includes the addition of a core health plan to the current benefit plan options for a savings of $72 million from the projected increase in the 2012 calendar year health rates. The core health plan would provide fundamental coverage at a lower premium. Through legislation, the California Public Employees' Retirement System (CalPERS) would be directed to: (1) negotiate and add a core health plan option to the existing portfolio of health plans and (2) include a state representative in the health contract negotiations both for the purpose of shaping the core health plan option and identifying and advocating for more economical options within the existing plans.

The significant General Fund workload adjustment is:

- CalPERS Contributions—An increase of $235.6 million over 2010-11 contributions for a total of $2.4 billion in 2011-12. The net changes in 2011-12 are a result of various factors that include anticipated changes in CalPERS' actuarial assumptions and past investment performance which are partially offset by increased employee contributions.

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Appendices and Schedules

Budget Process Overview

The Governor's Budget is the result of a process that begins more than one year before the Budget becomes law. When presented to the Legislature on January 10 of each year, the Governor's Budget incorporates revenue and expenditure estimates based upon the most current information available through mid December. In the event that the Governor wants to change the Budget presented to the Legislature, including adjustments resulting from changes in population, caseload, or enrollment estimates, the Department of Finance (Finance) proposes adjustments to the Legislature during budget hearings through Finance Letters. During late spring, usually in May, Finance submits revised revenue and expenditure estimates for both the current and budget years to the Legislature. This update process is referred to as the May Revision. Finance also prepares monthly economic and cash revenue updates during the fiscal year. Listed below are the key documents used in the budget process.

Title	Purpose	Prepared/Issued by	When
Budget Letters and Management Memos	Convey the Administration's guidelines for budget preparation to agencies and departments.	Governor/Finance	January through December
Budget Change Proposals	Documents that propose to modify or change the existing level of service, propose new programs, or delete existing programs.	Agencies and departments submit to Finance analysts	July through September
Governor's Budget	Governor's proposed budget for the upcoming fiscal year.	Governor/Finance	January 10
Governor's Budget Summary	A summary of the Governor's Budget.	Governor/Finance	January 10
Budget Bill	Requests spending authorization to carry out the Governor's expenditure plan (legislative budget decision document).	Finance/Legislature	January 10
Analysis of the Budget	Analysis of the Budget, including recommendations for changes to the Governor's Budget.	Legislative Analyst	February
May Revision	Update of General Fund revenues, expenditures, and reserve estimates based on the latest economic forecast and changes in population, caseload, or enrollment estimates.	Finance	Mid-May
Budget Act	The primary annual expenditure authorization as approved by the Governor and Legislature, including a listing of the Governor's vetoes.	Legislature/Governor	Late June or enactment of the Budget
Final Budget Summary	Update of the individual Budget Act items with changes by the Governor's vetoes, including certain budget summary schedules.	Finance	Late July - August or 1-2 months after Budget enactment
Final Change Book	Update of changes to the detailed fiscal information in the Governor's Budget.	Finance	Late July - August or 1-2 months after Budget enactment

Statewide Financial Information

Provides various statewide displays of financial information included in the Budget that may be the most useful to the public, private sector, or other levels of government. Each statewide display includes a description of the information included.

Schedule 1 ***General Budget Summary -*** Total statewide revenues and expenditures for the General Fund and special funds and expenditure totals for selected bond funds.

Schedule 2 ***Summary of State Tax Collections -*** *S*tate Tax Collections per capita and per $100 of personal income.

Schedule 3 ***Comparative Yield of State Taxes -*** Revenues for Major State Taxes from 1970-71 through 2011-12.

Schedule 4 ***Personnel Years and Salary Cost Estimates -*** Personnel year data and corresponding dollar amounts by functional breakdown and position classifications. This schedule reflects net data after salary savings.

Schedule 5A ***Statement of Estimated Accounts Payable and Accounts Receivable -*** Actual payable and receivable amounts as of June 30, 2010, and estimated amounts for June 30, 2011, and June 30, 2012.

Schedule 5B ***Actual 2009-10 Fiscal Year Cashflow -*** Actual receipts, disbursements, borrowable resources, and cashflow loan balances for the 2009-10 fiscal year.

Schedule 5C ***Estimated 2010-11 Fiscal Year Cashflow -*** Projected receipts, disbursements, borrowable resources, and cashflow loan balances for the 2010-11 fiscal year.

Schedule 5D ***Estimated 2011-12 Fiscal Year Cashflow -*** Projected receipts, disbursements, borrowable resources, and cashflow loan balances for the 2011-12 fiscal year.

Schedule 6 ***Summary of State Population, Employees, and Expenditures -*** Historical data of state population, employees, personal income, revenues, and expenditures.

Schedule 7 ***General Fund Statement of Fund Balance -*** Available upon request. Contact the Department of Finance, Budget Operations Support Unit at (916) 445-5332.

Schedule 8 ***Comparative Statement of Revenues -*** Detail of General and special fund revenues by source for the past, current, and budget years within the following categories: (1) major taxes and licenses, (2) minor revenues, and (3) transfers and loans.

Schedule 9 ***Comparative Statement of Expenditures -*** Detail of General Fund, special fund, selected bond fund, and federal fund expenditures included in the Governor's Budget by the following categories: (1) State Operations, (2) Local Assistance, (3) Capital Outlay, and (4) Unclassified.

Schedule 10 ***Summary of Fund Condition Statements -*** A listing in alphabetical order of the beginning reserve, revenues, expenditures, and ending reserve for the General Fund and each special fund for the past, current, and budget years.

Schedule 11 ***Statement of General Obligation Bond and Commercial Paper Debt of the State of California -*** List of all general obligation bonds including: maturity dates, authorized amount of bond issues, amounts of unissued bonds, redemptions, and outstanding issues, as well as authorized and outstanding commercial paper issued in-lieu of general obligation bonds.

Schedule 12A ***State Appropriations Limit Summary -*** Summary of Schedules 12B through 12E: Provides a calculation of the appropriations subject to the State Appropriations Limit and the Limit Room or Surplus.

Schedule 12B ***Revenues to Excluded Funds -*** List of revenues to special funds NOT included in the calculation of total appropriations subject to the State Appropriations Limit.

Schedule 12C *Non-Tax Revenues in Funds Subject to Limit -* Total of non-tax General and special fund revenues deposited in funds that are otherwise included in the calculation of total appropriations subject to the State Appropriations Limit.

Schedule 12D *State Appropriations Limit Transfer from Excluded Funds to Included Funds -* Detail of transfers between funds that are used in calculating the appropriations subject to the State Appropriations Limit.

Schedule 12E *State Appropriations Limit Excluded Appropriations -* Exclusions from appropriations subject to the State Appropriations Limit.

SCHEDULE 1
GENERAL BUDGET SUMMARY[1]
(In Thousands)

	Reference to Schedule	General Fund	Special Funds	Selected Bond Fund Expenditures	Expenditure Totals
2009-10					
Prior year resources available	10	-$5,146,914	$10,334,384		
Revenues and transfers	8	87,041,127	22,948,254		
Expenditures	9	87,236,718	23,513,991	$6,250,233	$117,000,942
Fund Balance [2]	10	-$5,342,505	$9,768,647		
Reserve for Liquidation of Encumbrances [3]		*770,081*	--		
Reserves for Economic Uncertainties [4]		--	*9,768,647*		
Special Fund for Economic Uncertainties [4]		*-6,112,586*	--		
2010-11					
Prior year resources available	10	-$5,342,505	$9,768,647		
Revenues and transfers	8	94,193,855	28,621,232		
Expenditures	9	92,208,454	30,516,112	$13,297,961	$136,022,527
Fund Balance [2]	10	-$3,357,104	$7,873,767		
Reserve for Liquidation of Encumbrances [3]		*770,081*	--		
Reserves for Economic Uncertainties [4]		--	*7,873,767*		
Special Fund for Economic Uncertainties [4]		*-4,127,185*	--		
2011-12					
Prior year resources available	10	-$3,357,104	$7,873,767		
Revenues and transfers	8	89,695,706	33,050,009		
Expenditures	9	84,613,727	34,847,874	$7,909,351	$127,370,952
Fund Balance [2]	10	$1,724,875	$6,075,902		
Reserve for Liquidation of Encumbrances [3]		*770,081*	--		
Reserves for Economic Uncertainties [4]		--	*6,075,902*		
Special Fund for Economic Uncertainties [4]		*954,794*	--		

[1] The General Budget Summary includes the revenues and expenditures of all state funds that reflect the cost of state government and selected bond fund expenditures. The transactions involving other nongovernmental cost funds are excluded. The amounts included in this schedule for expenditures and revenues may not agree with those shown in Schedules 8, 9 and 10 due to rounding.

[2] The General Fund unencumbered balances of continuing appropriations at the end of the 2009-10, 2010-11, and 2011-12 fiscal years are $286,486; $254,381; and $77,951 (in thousands), respectively. The special funds unencumbered balances of continuing appropriations at the end of the 2009-10, 2010-11, and 2011-12 fiscal years are $14,926,914; $10,611,715; and $10,241,669 (in thousands), respectively. Unencumbered balances of continuing appropriations reflect remaining expenditure authorizations from these appropriations.

[3] The Reserve for Liquidation of Encumbrances represents an amount which will be expended in the future for state obligations for which goods and services have not been received at the end of the fiscal year. This Reserve treatment is consistent with accounting methodology prescribed by Generally Accepted Accounting Principles (GAAP) and Government Code Sections 13306 and 13307.

[4] The Special Fund for Economic Uncertainties and the Reserves for Economic Uncertainties are reserve accounts for the General and special funds as provided by Section 5 of Article XIIIB of the California Constitution.

SCHEDULE 2
SUMMARY OF STATE TAX COLLECTIONS

(Excludes Departmental, Interest, and Miscellaneous Revenue)

Fiscal Year Beginning	Per Capita Personal Income [1, 2]	State Tax Collections (Dollars in Millions)		Taxes per Capita [1]		Taxes per $100 of Personal Income [3]	
		General Fund	Total	General Fund	Total	General Fund	Total
1967	$3,878	$3,558	$4,676	$185.55	$243.86	$4.78	$6.29
1968	4,199	3,963	5,173	203.94	266.21	4.86	6.34
1969	4,525	4,126	5,409	208.96	273.94	4.62	6.05
1970	4,797	4,290	5,598	214.08	279.36	4.46	5.82
1971	5,027	5,213	6,597	256.22	324.24	5.10	6.45
1972	5,451	5,758	7,231	279.72	351.28	5.13	6.44
1973	5,943	6,377	7,877	305.57	377.45	5.14	6.35
1974	6,557	8,043	9,572	379.85	452.06	5.79	6.89
1975	7,136	9,050	10,680	420.19	495.87	5.89	6.95
1976	7,835	10,781	12,525	491.48	570.98	6.27	7.29
1977	8,571	12,951	14,825	579.41	663.25	6.76	7.74
1978	9,573	14,188	16,201	621.30	709.45	6.49	7.41
1979	10,718	16,904	19,057	726.83	819.41	6.78	7.64
1980	11,938	17,808	20,000	748.80	840.97	6.27	7.04
1981	13,148	19,053	21,501	784.78	885.62	5.97	6.74
1982	13,750	19,567	22,359	788.83	901.39	5.74	6.56
1983	14,531	22,300	25,674	880.14	1,013.30	6.06	6.97
1984	15,931	25,515	29,039	988.34	1,124.85	6.20	7.06
1985	16,801	26,974	30,898	1,021.63	1,170.25	6.08	6.97
1986	17,559	31,331	35,368	1,158.18	1,307.41	6.60	7.45
1987	18,487	31,228	35,611	1,126.67	1,284.81	6.09	6.95
1988	19,564	35,647	40,613	1,255.49	1,430.39	6.42	7.31
1989	20,502	37,248	43,052	1,278.16	1,477.32	6.23	7.21
1990	21,474	36,828	43,556	1,234.66	1,460.21	5.75	6.80
1991	21,743	40,072	48,856	1,315.62	1,604.01	6.05	7.38
1992	22,429	39,197	48,230	1,264.93	1,556.44	5.64	6.94
1993	22,716	38,351	48,941	1,224.72	1,562.90	5.39	6.88
1994	23,419	41,099	50,648	1,303.75	1,606.67	5.57	6.86
1995	24,486	44,825	54,805	1,413.51	1,728.20	5.77	7.06
1996	25,833	47,955	58,400	1,500.33	1,827.10	5.81	7.07
1997	27,090	53,859	64,826	1,659.61	1,997.56	6.13	7.37
1998	29,306	58,199	69,724	1,770.96	2,121.65	6.04	7.24
1999	30,753	70,027	81,773	2,095.45	2,446.93	6.81	7.96
2000	33,299	75,668	88,147	2,219.31	2,585.32	6.66	7.76
2001	33,616	62,654	73,237	1,802.13	2,106.53	5.36	6.27
2002	33,578	64,879	75,498	1,834.75	2,135.05	5.46	6.36
2003	34,303	70,229	81,629	1,953.83	2,270.99	5.70	6.62
2004	35,996	80,070	93,716	2,196.44	2,570.77	6.10	7.14
2005	37,607	90,468	105,811	2,451.75	2,867.55	6.52	7.63
2006	40,122	93,237	109,374	2,501.35	2,934.28	6.23	7.31
2007	41,648	95,291	111,725	2,530.62	2,967.05	6.08	7.12
2008	42,220	79,398	95,055	2,080.90	2,491.25	4.93	5.90
2009 [p]	40,873	84,532	99,280	2,196.96	2,580.26	5.38	6.31
2010 [e]	41,579	89,759	106,683	2,311.77	2,747.66	5.56	6.61
2011 [e]	42,793	87,333	110,501	2,230.67	2,822.44	5.21	6.60

[1] Per capita computations are based on July 1 populations estimates, benchmarked to the 2000 Census.

[2] Personal income data are on a calendar year basis (e.g., 2009 for 2009-10).

[3] Taxes per $100 personal income computed using calendar year personal income (e.g. 2009 income related to 2009-10 tax collections).

[p] Preliminary.

[e] Estimated.

SCHEDULE 3

COMPARATIVE YIELD OF STATE TAXES, 1970-71 THROUGH 2011-12

Includes both General and Special Funds

(Dollars in Thousands)

Fiscal Year Beginning	Sales and Use (a)	Personal Income (b)	Corporation (c)	Tobacco (d)	Estate Inheritance and Gift (e)	Insurance (f)	Alcoholic Beverage (g)	Motor Vehicle Fuel (h)	Vehicle Fees (i)
1970	$1,808,052	$1,264,383	$532,091	$239,721	$185,699	$158,423	$106,556	$674,635	$513,202
1971	2,015,993	1,785,618	662,522	247,424	220,192	170,179	112,091	712,426	547,845
1972	2,198,523	1,884,058	866,117	253,602	260,119	179,674	114,884	746,196	596,922
1973	2,675,738	1,829,385	1,057,191	258,921	231,934	201,697	119,312	742,702	644,448
1974	3,376,078	2,579,676	1,253,673	261,975	242,627	202,991	120,749	752,234	664,453
1975	3,742,524	3,086,611	1,286,515	268,610	316,648	241,224	125,313	766,555	749,936
1976	4,314,201	3,761,356	1,641,500	269,384	367,964	322,476	127,485	810,321	807,782
1977	5,030,438	4,667,887	2,082,208	273,658	365,092	387,560	132,060	850,181	924,410
1978	5,780,919	4,761,571	2,381,223	268,816	416,955	420,184	140,059	896,591	1,021,856
1979	6,623,521	6,506,015	2,510,039	290,043	465,611	446,228	138,940	852,752	1,096,640
1980	7,131,429	6,628,694	2,730,624	278,161	530,185	460,926	142,860	839,994	1,127,293
1981	7,689,023	7,483,007	2,648,735	276,824	482,300	454,984	139,523	833,446	1,373,354
1982	7,795,488	7,701,099	2,536,011	271,621	517,875	736,929	136,209	928,633	1,614,993
1983	8,797,865	9,290,279	3,231,281	263,231	236,452	457,490	137,433	1,213,167	1,906,290
1984	9,797,564	10,807,706	3,664,593	262,868	296,805	643,139	135,786	1,159,637	2,137,326
1985	10,317,930	11,413,040	3,843,024	258,141	252,810	839,939	132,262	1,194,172	2,515,295
1986	10,904,022	13,924,527	4,800,843	255,076	273,089	1,008,804	131,288	1,245,881	2,692,835
1987	11,650,531	12,950,346	4,776,388	250,572	304,148	1,158,321	128,734	1,293,254	2,966,334
1988	12,650,893	15,889,179	5,138,009	559,617	335,091	1,317,630	128,264	1,320,512	3,142,484
1989	13,917,771	16,906,568	4,965,389	787,076	388,527	1,167,684	128,524	1,349,146	3,305,711
1990	13,839,573	16,852,079	4,544,783	745,074	498,774	1,287,152	129,640	1,999,771	3,513,159
1991	17,458,521	17,242,816	4,538,451	726,064	446,696	1,167,307	321,352	2,457,229	4,369,862
1992	16,598,863	17,358,751	4,659,950	677,846	458,433	1,188,181	292,107	2,412,574	4,470,321
1993	16,857,369	17,402,976	4,809,273	664,322	552,139	1,196,921	275,797	2,547,633	4,518,795
1994	16,273,800	18,608,181	5,685,618	674,727	595,238	998,868	268,957	2,685,731	4,749,594
1995	17,466,584	20,877,687	5,862,420	666,779	659,338	1,131,737	269,227	2,757,289	5,009,319
1996	18,424,355	23,275,990	5,788,414	665,415	599,255	1,199,554	271,065	2,824,589	5,260,355
1997	19,548,574	27,927,940	5,836,881	644,297	780,197	1,221,285	270,947	2,853,846	5,660,574
1998	21,013,674	30,894,865	5,724,237	976,513	890,489	1,253,972	273,112	3,025,226	5,610,374
1999	23,451,570	39,578,237	6,638,898	1,216,651	928,146	1,299,777	282,166	3,069,694	5,263,245
2000	24,287,928	44,618,532	6,899,322	1,150,869	934,709	1,496,556	288,450	3,142,142	5,286,542
2001	23,795,936	33,051,107	5,333,030	1,102,806	890,627	1,595,846	292,627	3,295,903	3,836,795
2002	24,898,676	32,713,830	6,803,583	1,055,505	647,372	1,879,784	290,564	3,202,512	3,965,410
2003	26,506,911	36,398,983	6,925,916	1,081,588	397,848	2,114,980	312,826	3,324,883	4,415,126
2004	29,967,136	42,992,009	8,670,065	1,096,224	213,036	2,232,955	314,252	3,366,141	4,873,705
2005	32,201,082	51,219,805	10,316,467	1,088,703	3,786	2,202,327	318,276	3,393,381	5,078,529
2006	32,652,011	53,348,526	11,157,897	1,078,553	6,347	2,178,336	333,789	3,399,694	5,176,620
2007	31,977,504	55,745,882	11,849,096	1,037,279	6,303	2,172,935	327,260	3,351,268	5,218,205
2008	28,951,124	44,355,441	9,535,679	1,000,434	245	2,053,850	323,934	3,162,299	5,636,427
2009 [p]	31,197,154	45,646,436	9,114,589	922,986	0	2,180,786	311,242	3,163,694	6,727,081
2010 *	30,648,811	48,675,000	11,509,000	895,687	0	2,030,314	318,300	5,734,941	6,855,683
2011 *	32,970,184	50,665,000	10,966,000	868,687	0	2,168,452	325,500	5,495,264	7,026,845

(a) Includes the 0.5 percent Local Revenue Fund, the 0.25 percent sales tax, effective July 1, 2004, for repayment of economic recovery bonds, **and the state sales tax rate rate of 6 percent, which the Budget proposes to maintain for another five years. Revenue from this extension** will be deposited into the Local Revenue Fund of 2011.

(b) Includes the revenue for a 1-percent surcharge on taxable incomes over $1 million, with proceeds funding mental health programs. Also includes the 0.25 percent surcharge and reduced dependent exemption credit, which the Budget porposes to maintain for another five years.

(c) Includes the corporation income tax and, from 1989 through 1997, the unitary election fee.

(d) Proposition 99 (November 1988) increased the cigarette tax to $0.35 per pack and added an equivalent tax to other tobacco products. The Breast Cancer Act added $0.02 per pack effective 1/1/94. Proposition 10 (November 1998) increased the cigarette tax to $0.87 per pack and added the equivalent of $1.00 tax to other tobacco products.

(e) Proposition 6, an initiative measure adopted by the voters in June 1982, repealed the inheritance and gift taxes and imposed instead an estate tax known as "the pick-up tax," because it is designed to pick up the maximum credit allowed against the federal estate tax. The Economic Growth and Tax Relief Reconciliation Act of 2001 phases out the federal estate tax by 2010. The Act reduced the state pick-up tax by 25 percent in 2002, 50 percent in 2003, 75 percent in 2004, and eliminated it beginning in 2005. The EGTRRA sunsets after 2010; at that time the federal estate tax will be reinstated along with the state's estate tax. The Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010, however, made changes to the estate tax for 2011 and 2012. One of those changes was an extension of the elimination of the state estate tax credit, which had been in effect since 2005, for 2011 and 2012.

(f) The conclusion of litigation resulted in additional revenue of $51 million in 1987-88, $178 million in 1988-89, $7 million in 1990-91, and $5 million in 1991-92. It also resulted in refunds of $46 million in 1993-94, $127 million in 1994-95, $39 million in 1995-96, $15 million in 1996-97, and $30 million in 1997-98. Includes insurance tax on Medi-Cal managed care plans in 2009 and 2010, pursaunt to Chapter 157, Statutes of 2009 (AB 1422), to provide interim funding for the Healthy Families and Medi-Cal programs. The Administration is proposing to extend the tax to provide continued funding for Healthy Families. A Board of Equalization decision regarding the taxation of premuims on a cash versus accrued basis has resulted in refunds of $11 million in 2009-10 and estimated refunds of $230 million and $149 million in 2010-11 and 2011-12, respectively.

(g) Alcoholic beverage excise taxes were increased effective July 15, 1991.

(h) Motor vehicle fuel tax (gasoline), use fuel tax (diesel and other fuels), and jet fuel. As part of he fuel tax swap implemented beginning July 1, 2010, this rate was increased from 18 cents and will be adjusted each year to maintain revenue neutrality with the elimination of the General Fund portion of the sales tax on gasoline. Also as part of the fuel tax swap, this rate will be decreased by an estimated 4.8 cents on July 1, 2011, and will be adjusted each year thereafter to maintain revenue neutrality with the 1.75-percent increase in sales tax on diesel beginning July 1, 2011.

(i) Registration and weight fees, motor vehicle license fees, and other fees. Beginning January 1, 1999, vehicle owners paid 75 percent of the calculated tax, and the remaining 25 percent (offset) was paid by the General Fund. Chapter 74, Statutes of 1999, increased the offset to 35 percent on a one-time basis for the 2000 calendar year. Chapters 106 and 107, Statutes of 2000, and Chapter 5, Statutes of 2001, extended the 35-percent offset through June 30, 2001, and provided for an additional 32.5-percent VLF reduction, which was returned to taxpayers in the form of a rebate. Beginning July 1, 2001, the VLF offset was set at 67.5 percent. From June 30, 2003, through November 18, 2003, the VLF reduction was suspended. On November 17, 2003, the suspension was rescinded, thereby reinstating the offset. Effective January 1, 2005, the VLF rate is 0.65 percent. In February 2009 the VLF rate increased to 1.15 percent. The Budget proposes to maintain the 1.15 percent rate for an additional five years with 0.5 percent being deposited in the Local Revenue Fund of 2011.

[p] Preliminary.

* Estimated.

SCHEDULE 4
PERSONNEL YEARS AND SALARY COST ESTIMATES
(Excludes Staff Benefits[1/])
(Dollars in Thousands)

	Personnel Years			Dollars		
	Actuals[2/] 2009-10	Estimated 2010-11	Proposed 2011-12	Actuals[2/] 2009-10	Estimated 2010-11	Proposed 2011-12
Executive						
Executive	13,984.3	15,642.2	15,710.2	$924,092	$973,590	$1,058,200
State and Consumer Services	15,868.3	16,084.1	15,940.2	826,020	902,159	968,092
Business, Transportation and Housing						
Business and Housing	2,476.9	2,602.7	2,614.8	138,863	157,094	170,903
Transportation	38,113.0	40,392.8	40,100.7	2,775,058	2,856,820	2,974,076
Natural Resources	17,671.6	17,543.1	17,724.6	1,118,991	1,085,612	1,176,862
California Environmental Protection	4,551.0	4,270.2	4,270.2	307,005	302,057	336,694
Health and Human Services	29,829.5	31,332.9	31,741.0	1,854,004	1,920,609	2,104,138
Corrections and Rehabilitation	59,400.9	65,657.5	61,915.4	4,535,313	4,356,908	5,037,372
Education						
K thru 12 Education	2,690.9	2,778.5	2,764.0	165,221	162,751	174,688
Community Colleges/Other	326.6	330.7	314.3	23,078	24,259	24,884
Labor and Workforce Development	13,833.5	13,733.7	12,987.6	647,574	813,720	828,413
General Government	13,782.5	12,668.6	12,506.6	802,854	803,280	143,767
SUBTOTAL, EXECUTIVE	**212,529.0**	**223,037.0**	**218,589.6**	**$14,118,073**	**$14,358,859**	**$14,998,089**
Higher Education						
University of California	86,620.4	85,882.2	85,882.2	$6,191,950	$6,286,109	$6,320,831
Hastings College of Law	251.0	257.0	259.0	23,744	24,778	25,755
California State University	43,753.7	45,533.4	45,533.4	2,518,963	2,712,939	2,712,939
SUBTOTAL, HIGHER EDUCATION	**130,625.1**	**131,672.6**	**131,674.6**	**$8,734,657**	**$9,023,826**	**$9,059,525**
Legislative [1/]	700.0	750.0	750.0	$57,904	$57,031	$58,785
Judicial	1,923.3	2,066.3	2,066.3	194,129	209,642	213,174
GRAND TOTALS	**345,777.4**	**357,525.9**	**353,080.5**	**$23,104,763**	**$23,649,358**	**$24,329,573**

	Personnel Years	Dollars
	Proposed 2011-12	Proposed 2011-12
Position Classification		
Civil Service	216,613.0	$14,805,853
Constitutional	565.2	59,048
Statutory	209.0	26,795
Exempt		
Various Departments	4,018.7	378,352
Higher Education		
University of California	85,882.2	6,320,831
Hastings College of Law	259.0	25,755
California State University	45,533.4	2,712,939
TOTALS	**353,080.5**	**$24,329,573**

[1/] Personnel years (PYs) numbers include 120 legislators and staff at the Legislative Counsel Bureau. Does not include the Legislature's staff and Legislative Analyst's Office. Legislative members staff benefits are included in the dollars.

[2/] Actual PYs are generally lower than proposed or mid-year estimated PYs for a variety of reasons, such as late budgets, hiring freezes, hard-to-fill positions, or unallocated reductions. These factors must be taken into consideration in comparing actuals vs. proposed or estimated PYs.

SCHEDULE 5A
STATEMENT OF ESTIMATED ACCOUNTS PAYABLE AND ACCOUNTS RECEIVABLE
GENERAL FUND
(Dollars In Thousands)

	Actual 2009-10 Fiscal Year Accruals [1/]			Estimated 2010-11 Fiscal Year Accruals			Estimated 2011-12 Fiscal Year Accruals		
	Accounts payable June 30, 2010	*Accounts receivable June 30, 2010*	*Net accruals June 30, 2010*	*Accounts payable June 30, 2011*	*Accounts receivable June 30, 2011*	*Net accruals June 30, 2011*	*Accounts payable June 30, 2012*	*Accounts receivable June 30, 2012*	*Net accruals June 30, 2012*
STATE OPERATIONS									
Legislative/Judicial/Executive	$409,085	$384,314	$24,771	$421,358	$395,843	$25,515	$433,999	$407,718	$26,281
State and Consumer Services	93,416	81,320	12,096	96,218	83,760	12,458	99,105	86,273	12,832
Business, Transportation and Housing	14,141	246,397	-232,256	14,565	253,789	-239,224	15,002	261,403	-246,401
Natural Resources	715,689	1,051,150	-335,461	737,160	1,082,685	-345,525	759,275	1,115,166	-355,891
California Environmental Protection	21,445	1,962	19,483	22,088	2,021	20,067	22,751	2,082	20,669
Health and Human Services:									
Health Care Services	5,750	71,797	-66,047	5,923	73,951	-68,028	6,101	76,170	-70,069
Developmental Services	185,961	236,625	-50,664	191,540	243,724	-52,184	197,286	251,036	-53,750
Mental Health	163,083	324,226	-161,143	167,975	333,953	-165,978	173,014	343,972	-170,958
Other Health and Human Services	208,603	540,194	-331,591	214,861	556,400	-341,539	221,307	573,092	-351,785
Corrections and Rehabilitation	1,134,147	723,884	410,263	1,168,171	745,601	422,570	1,203,216	767,969	435,247
Education:									
Department of Education	171,358	70,987	100,371	176,499	73,117	103,382	181,794	75,311	106,483
University of California	20,735	0	20,735	21,357	0	21,357	21,998	0	21,998
California State University	1,471	1,199	272	1,515	1,235	280	1,560	1,272	288
Other Education	35,363	9,538	25,825	36,424	9,824	26,600	37,517	10,119	27,398
General Government/Labor	253,885	966,761	-712,876	261,502	995,764	-734,262	269,347	1,025,637	-756,290
Totals, State Operations	**$3,434,132**	**$4,710,354**	**-$1,276,222**	**$3,537,156**	**$4,851,667**	**-$1,314,511**	**$3,643,272**	**$4,997,220**	**-$1,353,948**
LOCAL ASSISTANCE									
Public Schools K-12	$971,028	$402,261	$568,767	$1,000,159	$414,329	$585,830	$1,030,164	$426,759	$603,405
California Community Colleges	70,474	65,995	4,479	72,588	67,975	4,613	74,766	70,014	4,752
Other Education	36,410	2,859	33,551	37,502	2,945	34,557	38,627	3,033	35,594
Alcohol and Drug Abuse	25,833	33,855	-8,022	26,608	34,871	-8,263	27,406	35,917	-8,511
Health Care Services (Non-Medi-Cal)	109,243	47,865	61,378	112,520	49,301	63,219	115,896	50,780	65,116
Developmental Services	798,206	1,032,515	-234,309	822,152	1,063,490	-241,338	846,817	1,095,395	-248,578
Mental Health	41,363	559,279	-517,916	42,604	576,057	-533,453	43,882	593,339	-549,457
Social Services	213,141	539,383	-326,242	219,535	555,564	-336,029	226,121	572,231	-346,110
Other Health and Human Services	267,251	151,580	115,671	275,269	156,127	119,142	283,527	160,811	122,716
Tax Relief	0	0	0	0	0	0	0	0	0
Other Local Assistance	69,465	65,186	4,279	71,549	67,142	4,407	73,695	69,156	4,539
Totals, Local Assistance	**$2,602,414**	**$2,900,778**	**-$298,364**	**$2,680,486**	**$2,987,801**	**-$307,315**	**$2,760,901**	**$3,077,435**	**-$316,534**
TOTALS, ALL CHARACTERS	**$6,036,546**	**$7,611,132**	**-$1,574,586**	**$6,217,642**	**$7,839,468**	**-$1,621,826**	**$6,404,173**	**$8,074,655**	**-$1,670,482**

[1/] Information per the State Controller's Office.

Note: Numbers may not add due to rounding.

SCHEDULE 5B
ACTUAL 2009-10 FISCAL YEAR CASH FLOW
GENERAL FUND
(Dollars in Millions)

2009-10 FISCAL CASH FLOW	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	TOTAL
BEGINNING CASH BALANCE	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
RECEIPTS: [1/]													
Alcoholic Beverage Excise Tax	$30	$26	$28	$27	$28	$28	$32	$20	$22	$27	$29	$27	$324
Corporation Tax	228	148	1,565	412	-155	1,370	446	252	1,542	1,386	308	1,944	9,446
Cigarette Tax	15	8	1	9	9	7	15	1	6	8	15	1	95
Inheritance, Gift and Estate Taxes	0	1	0	0	1	0	1	1	1	0	0	2	7
Insurance Tax	13	110	398	18	110	410	12	13	87	404	73	368	2,016
Personal Income Tax	2,580	2,534	4,459	2,602	1,845	4,725	6,343	1,865	2,339	7,150	2,382	5,806	44,630
Retail Sales and Use Tax	1,073	3,192	2,130	1,044	3,421	2,107	1,057	3,585	2,101	887	3,547	2,516	26,660
Vehicle License Fees (.5%)	95	135	126	117	96	117	102	110	125	127	109	111	1,370
Income from Pooled Money Investments	0	0	0	0	0	-26	5	30	2	3	2	10	26
Transfer from Special Fund for Economic Uncertainties	50	0	4	0	4	0	0	1,036	-38	5	0	43	1,104
Other	310	263	201	168	261	188	140	252	156	103	263	671	2,976
TOTAL, Receipts	**$4,394**	**$6,417**	**$8,912**	**$4,397**	**$5,620**	**$8,926**	**$8,153**	**$7,165**	**$6,343**	**$10,100**	**$6,728**	**$11,499**	**$88,655**
DISBURSEMENTS: [1/]													
State Operations:													
University of California	$28	-$375	-$160	$408	$388	$343	$315	$92	$91	$252	$281	$139	$1,802
Debt Service (GO, Net GF Costs)	9	516	416	847	298	254	4	821	326	888	144	181	4,704
Other State Operations	1,157	1,221	1,632	1,978	1,490	1,701	1,090	1,103	1,121	1,636	1,728	1,179	17,036
Social Services	552	89	1,856	1,043	812	552	739	662	501	745	467	19	8,037
Medi-Cal Assistance for DHCS	1,223	858	1,012	1,096	919	1,278	774	961	929	965	556	-335	10,236
Other Health and Human Services	103	434	635	277	434	346	175	473	56	96	55	-29	3,055
Schools	6,697	375	3,491	5,461	2,052	4,350	4,145	1,038	3,266	2,011	1,823	1,551	36,260
Teachers' Retirement	198	0	0	140	314	0	141	0	0	455	0	0	1,248
Transfer to Special Fund for Economic Uncertainties	0	0	0	0	0	0	0	0	0	0	0	0	0
Transfer to Budget Stabilization Account	0	0	0	0	0	0	0	0	0	0	0	0	0
Other	538	213	1,269	-34	366	424	102	244	321	650	73	125	4,291
TOTAL, Disbursements	**$10,505**	**$3,331**	**$10,151**	**$11,216**	**$7,073**	**$9,248**	**$7,485**	**$5,394**	**$6,611**	**$7,698**	**$5,127**	**$2,830**	**$86,669**
EXCESS RECEIPTS/(DEFICIT)	**-$6,111**	**$3,086**	**-$1,239**	**-$6,818**	**-$1,453**	**-$322**	**$668**	**$1,771**	**-$268**	**$2,402**	**$1,602**	**$8,669**	**$1,986**
NET TEMPORARY LOANS:													
Special Fund for Economic Uncertainties	-$50	$0	-$4	$0	-$4	$0	$0	-$1,036	$38	-$5	$0	-$43	-$1,104
Budget Stabilization Account	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Internal Sources	6,161	-4,586	-6,057	6,818	1,458	322	-668	-735	230	-2,397	1,223	-2,652	-882
External Borrowing	0	1,500	7,300	0	0	0	0	0	0	0	-2,825	-5,975	0
TOTAL, Net Temporary Loans	**$6,111**	**-$3,086**	**$1,239**	**$6,818**	**$1,454**	**$322**	**-$668**	**-$1,771**	**$268**	**-$2,402**	**-$1,602**	**-$8,670**	**-$1,986**
ENDING CASH BALANCE	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
AVAILABLE/BORROWABLE RESOURCES:													
Special Fund for Economic Uncertainties	$1,490	$1,490	$1,486	$1,486	$1,482	$1,482	$1,482	$445	$484	$479	$479	$436	$436
Budget Stabilization Account	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Internal Sources	17,306	18,035	18,053	18,175	18,578	18,107	18,417	18,980	19,143	19,335	19,886	18,245	18,245
External Borrowing	0	1,500	8,800	8,800	8,800	8,800	8,800	8,800	8,800	8,800	5,975	0	0
TOTAL, Available/Borrowable Resources	**$18,796**	**$21,024**	**$28,339**	**$28,461**	**$28,860**	**$28,388**	**$28,699**	**$28,226**	**$28,427**	**$28,614**	**$26,339**	**$18,681**	**$18,681**
CUMULATIVE LOAN BALANCES: [1/]													
Special Fund for Economic Uncertainties	$1,490	$1,490	$1,486	$1,486	$1,482	$1,482	$1,482	$445	$484	$479	$479	$436	$436
Budget Stabilization Account	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Internal Sources	16,530	11,943	5,886	12,705	14,162	14,485	13,816	13,081	13,311	10,914	12,138	9,486	9,486
External Borrowing	0	1,500	8,800	8,800	8,800	8,800	8,800	8,800	8,800	8,800	5,975	0	0
TOTAL, Cumulative Loan Balances	**$18,019**	**$14,933**	**$16,172**	**$22,991**	**$24,444**	**$24,766**	**$24,098**	**$22,327**	**$22,595**	**$20,193**	**$18,591**	**$9,922**	**$9,922**
UNUSED BORROWABLE RESOURCES	**$776**	**$6,091**	**$12,167**	**$5,470**	**$4,416**	**$3,622**	**$4,600**	**$5,899**	**$5,832**	**$8,421**	**$7,748**	**$8,758**	**$8,758**
Cash and Unused Borrowable Resources	**$776**	**$6,091**	**$12,167**	**$5,470**	**$4,416**	**$3,622**	**$4,600**	**$5,899**	**$5,832**	**$8,421**	**$7,748**	**$8,758**	**$8,758**
Outstanding IOUs [2/]	**$1,493**	**$2,355**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
CUSHION (with outstanding IOUs)	**$2,269**	**$8,446**	**$12,167**	**$5,470**	**$4,416**	**$3,622**	**$4,600**	**$5,899**	**$5,832**	**$8,421**	**$7,748**	**$8,758**	**$8,758**

Note: Numbers may not add due to rounding.

[1/] Includes registered warrants in order to reflect true program receipts and disbursements.

[2/] Provided by the State Controller's Office in September 2009.

SCHEDULE 5C
ESTIMATED 2010-11 FISCAL YEAR CASHFLOW
GENERAL FUND
(Dollars in Millions)

2010-11 FISCAL CASH FLOW	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	TOTAL
BEGINNING CASH BALANCE	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
RECEIPTS:													
Alcoholic Beverage Excise Tax	$34	$25	$27	$29	$30	$23	$31	$20	$22	$25	$25	$25	$316
Corporation Tax	315	-22	1,201	330	202	1,658	421	270	1,963	1,532	302	2,284	10,456
Cigarette Tax	15	8	3	13	1	15	8	7	7	8	7	8	100
Inheritance, Gift and Estate Taxes	0	1	0	1	3	0	0	0	0	0	0	0	5
Insurance Tax	4	138	369	7	134	354	12	17	64	372	37	329	1,837
Personal Income Tax	2,968	3,065	4,057	3,707	2,507	5,120	7,123	1,737	849	6,841	1,944	5,810	45,728
Retail Sales and Use Tax	1,116	3,376	2,136	936	3,597	2,064	1,004	3,486	2,064	909	3,390	2,759	26,837
Vehicle License Fee (.5%)	102	163	121	107	105	119	118	122	126	128	127	134	1,472
Income from Pooled Money Investments	0	2	4	2	7	3	4	2	4	3	1	7	39
Transfer from Special Fund for Economic Uncertainties	0	0	0	0	0	0	0	0	0	0	0	0	0
Other	271	291	155	1,023	325	112	169	273	1,300	155	300	947	5,321
TOTAL, Receipts	**$4,825**	**$7,047**	**$8,073**	**$6,155**	**$6,911**	**$9,468**	**$8,890**	**$5,934**	**$6,399**	**$9,973**	**$6,133**	**$12,302**	**$92,111**
DISBURSEMENTS:													
State Operations:													
University of California	$63	$17	$23	$35	$663	$219	$218	$234	$241	$242	$244	$717	$2,916
Debt Service	2	402	612	845	351	260	7	921	539	793	313	69	5,114
Other State Operations	1,854	1,470	1,406	1,793	1,681	1,337	1,872	1,301	1,332	1,883	1,605	1,650	19,184
Social Services	452	1,035	1,037	1,093	833	523	799	729	496	609	374	346	8,326
Medi-Cal Assistance for DHCS	741	601	741	2,030	992	1,331	685	1,017	1,419	643	943	1,387	12,530
Other Health and Human Services	10	156	7	1,441	145	300	417	336	218	281	176	144	3,631
Schools	3,931	3,301	2,701	4,712	4,823	6,032	3,457	1,771	946	4,866	1,756	442	38,738
Teachers' Retirement	199	0	0	142	316	142	0	0	316	142	0	2	1,259
Transfer to Special Fund for Economic Uncertainties	0	0	0	0	0	0	902	0	0	0	0	0	902
Transfer to Budget Stabilization Account	0	0	0	0	0	0	0	0	0	0	0	0	0
Other	1,350	214	295	-1,083	361	629	115	240	342	292	154	227	3,136
TOTAL, Disbursements	**$8,602**	**$7,196**	**$6,822**	**$11,008**	**$10,165**	**$10,773**	**$8,472**	**$6,549**	**$5,849**	**$9,751**	**$5,565**	**$4,984**	**$95,736**
EXCESS RECEIPTS/(DEFICIT)	**-$3,777**	**-$149**	**$1,251**	**-$4,853**	**-$3,253**	**-$1,304**	**$418**	**-$615**	**$550**	**$222**	**$568**	**$7,318**	**-$3,625**
NET TEMPORARY LOANS:													
Special Fund for Economic Uncertainties	$0	$0	$0	$0	$0	$0	$902	$0	$0	$0	$0	$0	$902
Budget Stabilization Account	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Internal Sources	3,777	149	-1,251	-1,847	-47	1,304	-1,319	615	-550	-222	1,682	432	2,723
External Borrowing	0	0	0	6,700	3,300	0	0	0	0	0	-2,250	-7,750	0
TOTAL, Net Temporary Loans	**$3,777**	**$149**	**-$1,251**	**$4,853**	**$3,253**	**$1,304**	**-$417**	**$615**	**-$550**	**-$222**	**-$568**	**-$7,318**	**$3,625**
ENDING CASH BALANCE	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
AVAILABLE/BORROWABLE RESOURCES:													
Special Fund for Economic Uncertainties	$436	$436	$436	$436	$436	$436	$1,338	$1,338	$1,338	$1,338	$1,338	$1,338	$1,338
Budget Stabilization Account	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Internal Sources	19,296	20,091	19,929	18,763	18,494	17,359	17,083	17,910	17,415	17,402	17,459	16,793	16,793
External Borrowing	0	0	0	6,700	10,000	10,000	10,000	10,000	10,000	10,000	7,750	0	0
TOTAL, Available/Borrowable Resources	**$19,732**	**$20,526**	**$20,365**	**$25,899**	**$28,930**	**$27,795**	**$28,421**	**$29,248**	**$28,753**	**$28,740**	**$26,547**	**$18,131**	**$18,131**
CUMULATIVE LOAN BALANCES:													
Special Fund for Economic Uncertainties	$436	$436	$436	$436	$436	$436	$1,338	$1,338	$1,338	$1,338	$1,338	$1,338	$1,338
Budget Stabilization Account	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Internal Sources	13,263	13,412	12,161	10,314	10,268	11,572	10,253	10,867	10,317	10,095	11,777	12,210	12,210
External Borrowing	0	0	0	6,700	10,000	10,000	10,000	10,000	10,000	10,000	7,750	0	0
TOTAL, Cumulative Loan Balances	**$13,699**	**$13,848**	**$12,597**	**$17,450**	**$20,703**	**$22,008**	**$21,590**	**$22,205**	**$21,655**	**$21,433**	**$20,865**	**$13,547**	**$13,547**
UNUSED BORROWABLE RESOURCES	**$6,033**	**$6,679**	**$7,768**	**$8,449**	**$8,227**	**$5,787**	**$6,830**	**$7,043**	**$7,098**	**$7,307**	**$5,682**	**$4,583**	**$4,583**
Cash and Unused Borrowable Resources	**$6,033**	**$6,679**	**$7,768**	**$8,449**	**$8,227**	**$5,787**	**$6,830**	**$7,043**	**$7,098**	**$7,307**	**$5,682**	**$4,583**	**$4,583**

Note: Numbers may not add due to rounding.

SCHEDULE 5D
ESTIMATED 2011-12 FISCAL YEAR CASHFLOW
GENERAL FUND
(Dollars in Millions)

2011-12 FISCAL CASH FLOW	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	TOTAL
BEGINNING CASH BALANCE	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
RECEIPTS:													
Alcoholic Beverage Excise Tax	$32	$26	$28	$28	$28	$28	$32	$21	$23	$27	$27	$27	$327
Corporation Tax	342	204	1,339	406	14	2,602	345	250	1,563	1,665	324	2,589	11,643
Cigarette Tax	8	8	8	8	8	8	8	7	7	8	7	8	93
Inheritance, Gift and Estate Taxes	0	0	0	0	0	0	0	0	0	0	0	0	0
Insurance Tax	19	95	392	16	87	407	14	20	74	428	43	379	1,974
Personal Income Tax	2,794	3,124	3,754	3,261	2,750	5,530	8,552	2,501	1,393	8,805	2,296	7,050	51,810
Retail Sales and Use Tax	1,196	2,499	1,884	1,841	2,072	1,824	1,772	2,463	1,721	1,992	2,114	2,549	23,927
Vehicle License Fee (.5%)	64	42	32	16	8	0	0	0	0	0	0	0	162
Income from Pooled Money Investments	4	4	3	3	3	3	4	2	4	3	1	7	41
Transfer from Special Fund for Economic Uncertainties	0	0	0	0	0	0	383	0	0	0	0	0	383
Other	188	473	532	240	326	136	171	394	108	153	309	600	3,630
TOTAL, Receipts	**$4,647**	**$6,475**	**$7,972**	**$5,819**	**$5,296**	**$10,538**	**$11,281**	**$5,658**	**$4,893**	**$13,081**	**$5,121**	**$13,209**	**$93,990**
DISBURSEMENTS:													
State Operations:													
University of California	$59	$19	$88	$219	$220	$191	$191	$207	$214	$214	$419	$503	$2,544
Debt Service	14	416	546	687	457	231	14	595	624	849	266	228	4,927
Other State Operations	1,926	1,374	1,504	2,025	1,458	1,227	1,744	1,205	1,247	1,805	1,475	1,632	18,622
Social Services	1,151	872	882	345	701	599	953	885	456	601	618	204	8,267
Medi-Cal Assistance for DHCS	548	1,131	1,461	1,077	1,078	1,468	538	1,146	1,445	1,069	714	1,327	13,002
Other Health and Human Services	210	276	348	209	236	232	218	253	229	192	208	192	2,803
Schools	4,586	4,330	6,144	1,232	3,424	3,143	5,882	1,672	1,026	4,595	1,661	737	38,432
Teachers' Retirement	229	0	0	475	0	172	0	0	0	475	0	1	1,352
Transfer to Special Fund for Economic Uncertainties	0	0	0	0	0	0	0	0	0	0	0	0	0
Transfer to Budget Stabilization Account	0	0	0	0	0	0	0	0	0	0	0	0	0
Other	-619	-113	-71	-236	9	37	-704	-160	-189	-137	-670	394	-2,460
TOTAL, Disbursements	**$8,104**	**$8,305**	**$10,902**	**$6,033**	**$7,583**	**$7,300**	**$8,836**	**$5,803**	**$5,052**	**$9,663**	**$4,691**	**$5,218**	**$87,489**
EXCESS RECEIPTS/(DEFICIT)	**-$3,456**	**-$1,830**	**-$2,930**	**-$213**	**-$2,286**	**$3,238**	**$2,445**	**-$145**	**-$159**	**$3,418**	**$430**	**$7,990**	**$6,501**
NET TEMPORARY LOANS:													
Special Fund for Economic Uncertainties	$0	$0	$0	$0	$0	$0	-$383	$0	$0	$0	$0	$0	-$383
Budget Stabilization Account	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Internal Sources	3,456	-8,170	2,930	213	2,286	-3,238	-2,062	145	159	-3,418	-430	2,010	-6,118
External Borrowing	0	10,000	0	0	0	0	0	0	0	0	0	-10,000	0
TOTAL, Net Temporary Loans	**$3,456**	**$1,830**	**$2,930**	**$213**	**$2,286**	**-$3,238**	**-$2,445**	**$145**	**$159**	**-$3,418**	**-$430**	**-$7,990**	**-$6,501**
ENDING CASH BALANCE	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
AVAILABLE/BORROWABLE RESOURCES:													
Special Fund for Economic Uncertainties	$1,338	$1,338	$1,338	$1,338	$1,338	$1,338	$955	$955	$955	$955	$955	$955	$955
Budget Stabilization Account	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Internal Sources	17,709	18,612	17,873	16,677	17,308	16,562	16,114	16,750	16,308	16,367	16,433	15,575	15,575
External Borrowing	0	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	0	0
TOTAL, Available/Borrowable Resources	**$19,047**	**$29,950**	**$29,211**	**$28,015**	**$28,646**	**$27,900**	**$27,069**	**$27,705**	**$27,263**	**$27,322**	**$27,388**	**$16,530**	**$16,530**
CUMULATIVE LOAN BALANCES:													
Special Fund for Economic Uncertainties	$1,338	$1,338	$1,338	$1,338	$1,338	$1,338	$955	$955	$955	$955	$955	$955	$955
Budget Stabilization Account	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Internal Sources	15,666	7,496	10,425	10,639	12,925	9,687	7,625	7,770	7,929	4,511	4,082	6,091	6,091
External Borrowing	0	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	0	0
TOTAL, Cumulative Loan Balances	**$17,003**	**$18,833**	**$21,763**	**$21,976**	**$24,263**	**$21,025**	**$18,580**	**$18,725**	**$18,884**	**$15,466**	**$15,036**	**$7,046**	**$7,046**
UNUSED BORROWABLE RESOURCES	**$2,043**	**$11,116**	**$7,448**	**$6,038**	**$4,383**	**$6,875**	**$8,489**	**$8,980**	**$8,379**	**$11,856**	**$12,351**	**$9,484**	**$9,484**
Cash and Unused Borrowable Resources	**$2,043**	**$11,116**	**$7,448**	**$6,038**	**$4,383**	**$6,875**	**$8,489**	**$8,980**	**$8,379**	**$11,856**	**$12,351**	**$9,484**	**$9,484**
Cash Solutions to be Proposed and/or Interim RANs	**$1,777**												
Cushion (with Cash Solutions to be Proposed and/or Interim RANs)	**$3,820**	**$11,116**	**$7,448**	**$6,038**	**$4,383**	**$6,875**	**$8,489**	**$8,980**	**$8,379**	**$11,856**	**$12,351**	**$9,484**	**$9,484**

Note: Numbers may not add due to rounding.

SCHEDULE 6
SUMMARY OF STATE POPULATION, EMPLOYEES, AND EXPENDITURES

Year	Population [1] (Thousands)	Employees	Employees per 1,000 Population	Personal Income (Billions)	Revenue General Fund (Millions)	Revenue Total (Millions)	Expenditures General Fund [2] (Millions)	Expenditures Total [3] (Millions)	Expenditures per Capita General Fund [2]	Expenditures per Capita Total [3]	Expenditures per $100 of Personal Income General Fund [2]	Expenditures per $100 of Personal Income Total [3]
1950-51	10,643	61,000	5.7	$20.0	$672	$994	$587	$1,006	$55.15	$94.52	$2.94	$5.03
1951-52	11,130	63,860	5.7	23.2	734	1,086	635	1,068	57.05	95.96	2.74	4.60
1952-53	11,638	65,720	5.6	25.7	774	1,151	714	1,177	61.35	101.13	2.78	4.58
1953-54	12,101	69,928	5.8	27.6	798	1,271	809	1,381	66.85	114.12	2.93	5.00
1954-55	12,517	74,099	5.9	28.4	879	1,434	852	1,422	68.07	113.61	3.00	5.01
1955-56	13,004	77,676	6.0	31.3	1,005	1,578	923	1,533	70.98	117.89	2.95	4.90
1956-57	13,581	88,299	6.5	34.3	1,079	1,834	1,030	1,732	75.84	127.53	3.00	5.05
1957-58	14,177	98,015	6.9	36.8	1,111	1,751	1,147	1,891	80.91	133.39	3.12	5.14
1958-59	14,741	101,982	6.9	38.7	1,210	1,925	1,246	1,932	84.53	131.06	3.22	4.99
1959-60	15,288	108,423	7.1	42.4	1,491	2,198	1,435	2,086	93.86	136.45	3.38	4.92
1960-61	15,863	115,737	7.3	44.8	1,598	2,338	1,678	2,525	105.78	159.18	3.75	5.64
1961-62	16,412	122,339	7.5	47.5	1,728	2,451	1,697	2,406	103.40	146.60	3.57	5.07
1962-63	16,951	128,981	7.6	51.3	1,866	2,668	1,881	2,703	110.97	159.46	3.67	5.27
1963-64	17,530	134,721	7.7	54.8	2,137	3,057	2,064	3,182	117.74	181.52	3.77	5.81
1964-65	18,026	143,896	8.0	59.5	2,245	3,295	2,345	3,652	130.09	202.60	3.94	6.14
1965-66	18,464	151,199	8.2	63.4	2,509	3,581	2,580	4,059	139.73	219.83	4.07	6.40
1966-67	18,831	158,404	8.4	68.9	2,895	4,073	3,017	4,659	160.21	247.41	4.38	6.76
1967-68	19,175	162,677	8.5	74.3	3,682	4,927	3,273	5,014	170.69	261.49	4.41	6.75
1968-69	19,432	171,655	8.8	81.5	4,136	5,450	3,909	5,673	201.16	291.94	4.80	6.96
1969-70	19,745	179,583	9.1	89.3	4,330	5,743	4,456	6,302	225.68	319.17	4.99	7.06
1970-71	20,039	181,581	9.1	96.1	4,534	5,919	4,854	6,556	242.23	327.16	5.05	6.82
1971-72	20,346	181,912	8.9	102.3	5,395	6,897	5,027	6,684	247.08	328.52	4.91	6.53
1972-73	20,585	188,460	9.2	112.2	5,780	7,366	5,616	7,422	272.82	360.55	5.01	6.61
1973-74	20,869	192,918	9.2	124.0	6,978	8,715	7,299	9,311	349.75	446.16	5.89	7.51
1974-75	21,174	203,548	9.6	138.8	8,630	10,405	8,349	10,276	394.30	485.31	6.02	7.40
1975-76	21,538	206,361	9.6	153.7	9,639	11,567	9,518	11,452	441.92	531.71	6.19	7.45
1976-77	21,936	213,795	9.7	171.9	11,381	13,463	10,467	12,632	477.16	575.86	6.09	7.35
1977-78	22,352	221,251	9.9	191.6	13,695	15,962	11,686	14,003	522.82	626.48	6.10	7.31
1978-79	22,836	218,530	9.6	218.6	15,219	17,711	16,251	18,745	711.64	820.85	7.43	8.58
1979-80	23,257	220,193	9.5	249.3	17,985	20,919	18,534	21,488	796.92	923.94	7.43	8.62
1980-81	23,782	225,567	9.5	283.9	19,023	22,104	21,105	24,511	887.44	1,030.65	7.43	8.63
1981-82	24,278	228,813	9.4	319.2	20,960	23,601	21,693	25,022	893.53	1,030.65	6.80	7.84
1982-83	24,805	228,489	9.2	341.1	21,233	24,291	21,751	25,330	876.88	1,021.17	6.38	7.43
1983-84	25,337	226,695	8.9	368.2	23,809	27,626	22,869	26,797	902.59	1,057.62	6.21	7.28
1984-85	25,816	229,845	8.9	411.3	26,536	31,570	25,722	30,961	996.36	1,199.30	6.25	7.53
1985-86	26,403	229,641	8.7	443.6	28,072	33,558	28,841	34,977	1,092.34	1,324.74	6.50	7.88
1986-87	27,052	232,927	8.6	475.0	32,519	37,767	31,469	38,079	1,163.28	1,407.62	6.63	8.02
1987-88	27,717	237,761	8.6	512.4	32,534	38,773	33,021	40,452	1,191.36	1,459.47	6.44	7.89
1988-89	28,393	248,173	8.7	555.5	36,953	43,322	35,897	44,634	1,264.29	1,572.01	6.46	8.03
1989-90	29,142	254,589	8.7	597.5	38,750	46,453	39,456	48,594	1,353.92	1,667.49	6.60	8.13
1990-91	29,828	260,622	8.7	640.5	38,214	47,024	40,264	51,446	1,349.87	1,724.76	6.29	8.03
1991-92	30,459	261,713	8.6	662.3	42,026	53,117	43,327	56,280	1,422.47	1,847.73	6.54	8.50
1992-93	30,987	260,939	8.4	695.0	40,946	52,526	40,948	56,480	1,321.46	1,822.70	5.89	8.13
1993-94	31,314	265,035	8.5	711.3	40,095	52,384	38,958	53,083	1,244.11	1,695.18	5.48	7.46
1994-95	31,524	269,004	8.5	738.3	42,710	54,942	41,961	54,613	1,331.08	1,732.43	5.68	7.40
1995-96	31,712	271,076	8.5	776.5	46,296	59,266	45,393	59,870	1,431.41	1,887.93	5.85	7.71
1996-97	31,963	271,966	8.5	825.7	49,220	62,831	49,088	64,523	1,535.78	2,018.68	5.95	7.81
1997-98	32,453	271,254	8.4	879.2	54,973	69,424	52,874	68,528	1,629.25	2,111.61	6.01	7.79
1998-99	32,863	282,860	8.6	963.1	58,615	74,281	57,827	75,260	1,759.64	2,290.11	6.00	7.81
1999-00	33,419	296,076	8.9	1,027.7	71,931	87,536	66,494	84,864	1,989.71	2,539.39	6.47	8.26
2000-01	34,095	311,239	9.1	1,135.3	71,428	88,419	78,053	96,382	2,289.28	2,826.87	6.88	8.49
2001-02	34,767	323,603	9.3	1,168.7	72,239	89,780	76,752	99,220	2,207.61	2,853.86	6.57	8.49
2002-03	35,361	321,394	9.1	1,187.3	80,564	95,794	77,482	106,779	2,191.17	3,019.68	6.53	8.99
2003-04	35,944	316,860	8.8	1,233.0	76,774	96,365	78,345	104,223	2,179.64	2,899.59	6.35	8.45
2004-05	36,454	313,684	8.6	1,312.2	82,209	104,462	79,804	107,591	2,189.17	2,951.42	6.08	8.20
2005-06	36,899	317,593	8.6	1,387.7	93,451	118,347	91,592	119,612	2,482.24	3,241.61	6.60	8.62
2006-07	37,275	335,384	9.0	1,495.5	95,469	120,713	101,413	129,968	2,720.67	3,486.73	6.78	8.69
2007-08	37,655	343,118	9.1	1,568.3	102,574	127,194	102,986	138,065	2,734.99	3,666.58	6.57	8.80
2008-09	38,156	350,609	9.2	1,610.9	82,772	106,319	90,940	122,386	2,383.37	3,207.52	5.65	7.60
2008-09 [4]	—	—	—	—	—	—	94,777	126,223	2,483.93	3,308.08	5.88	7.84
2009-10	38,477	345,777	9.0	1,572.7	87,041	109,989	87,237	117,001	2,267.25	3,040.80	5.55	7.44
2009-10 [4]	—	—	—	—	—	—	96,389	126,153	2,505.11	3,278.66	6.13	8.02
2010-11	38,827	357,526	9.2	1,614.4	94,194	122,815	92,209	136,023	2,374.87	3,503.31	5.71	8.43
2010-11 [4]	—	—	—	—	—	—	97,028	140,842	2,498.98	3,627.42	6.01	8.72
2011-12	39,151	353,081	9.0	1,675.4	89,696	122,746	84,614	127,371	2,161.22	3,253.33	5.05	7.60
2011-12 [4]	—	—	—	—	—	—	86,814	129,571	2,217.41	3,309.52	5.18	7.73

[1] Population as of July 1, the beginning of the fiscal year.

[2] Includes Special Accounts in General Fund from 1973-74 to 1976-77.

[3] Expenditures include payments from General Fund, Special Funds and Selected Bond Funds beginning in 1963-64.

[4] Excludes expenditure offsets from the receipt of Federal Funds, Proposition 1A securitization, and property tax shifts.

SCHEDULE 8
COMPARATIVE STATEMENT OF REVENUES
(Dollars In Thousands)

Sources	Actual 2009-10			Estimated 2010-11			Proposed 2011-12		
	General Fund	Special Funds	Total	General Fund	Special Funds	Total	General Fund	Special Funds	Total
MAJOR TAXES AND LICENSES									
Alcoholic Beverage Taxes and Fees	$311,242	-	$311,242	$318,300	-	$318,300	$325,500	-	$325,500
Corporation Tax	9,114,589	-	9,114,589	11,509,000	-	11,509,000	10,966,000	-	10,966,000
Cigarette Tax	96,180	826,806	922,986	93,000	802,687	895,687	90,000	778,687	868,687
Horse Racing (Parimutuel) License Fees	1,205	14,336	15,541	1,221	14,344	15,565	1,221	14,344	15,565
Insurance Gross Premiums Tax	2,002,046	178,740	2,180,786	1,838,000	192,314	2,030,314	1,974,000	194,452	2,168,452
Trailer Coach License (In-Lieu) Fees	38,832	2,388	41,220	33,311	2,388	35,699	23,158	2,388	25,546
Motor Vehicle License (In-Lieu) Fees	1,379,558	1,927,003	3,306,561	1,473,000	1,965,250	3,438,250	162,000	3,444,964	3,606,964
Motor Vehicle Fuel Tax (Gasoline)	-	2,667,520	2,667,520	-	5,223,374	5,223,374	-	5,092,379	5,092,379
Motor Vehicle Fuel Tax (Diesel)	-	496,174	496,174	-	511,567	511,567	-	402,885	402,885
Motor Vehicle Registration	-	3,379,300	3,379,300	-	3,381,734	3,381,734	-	3,394,335	3,394,335
Personal Income Tax	44,847,866	798,570	45,646,436	47,784,000	891,000	48,675,000	49,741,000	924,000	50,665,000
Retail Sales and Use Tax-Realignment	-	2,355,670	2,355,670	-	2,431,917	2,431,917	-	7,210,401	7,210,401
Retail Sales and Use Taxes	26,740,781	928,374	27,669,155	26,709,000	306,894	27,015,894	24,050,000	408,783	24,458,783
Retail Sales and Use Tax-Fiscal Recovery	-	1,172,329	1,172,329	-	1,201,000	1,201,000	-	1,301,000	1,301,000
TOTALS, MAJOR TAXES AND LICENSES	**$84,532,299**	**$14,747,210**	**$99,279,509**	**$89,758,832**	**$16,924,469**	**$106,683,301**	**$87,332,879**	**$23,168,618**	**$110,501,497**
MINOR REVENUES									
REGULATORY TAXES AND LICENSES									
General Fish and Game Taxes	-	893	893	-	893	893	-	893	893
Energy Resource Surcharge	-	616,793	616,793	-	786,168	786,168	-	726,258	726,258
Quarterly Public Utility Commission Fees	-	128,674	128,674	-	129,057	129,057	-	129,057	129,057
Hwy Carrier Uniform Business License Tax	153	-	153	153	-	153	153	-	153
Off-Highway Vehicle Fees	-	24,174	24,174	-	23,000	23,000	-	23,500	23,500
Liquor License Fees	-	51,423	51,423	-	53,091	53,091	-	54,144	54,144
Genetic Disease Testing Fees	-	118,589	118,589	-	121,581	121,581	-	123,283	123,283
Other Regulatory Taxes	-	62,815	62,815	-	81,449	81,449	-	82,130	82,130
New Motor Vehicle Dealer License Fee	-	1,076	1,076	-	1,220	1,220	-	1,281	1,281
General Fish and Game Lic Tags Permits	-	90,507	90,507	-	93,003	93,003	-	95,730	95,730
Duck Stamps	-	40	40	-	5	5	-	5	5
Elevator and Boiler Inspection Fees	-	17,137	17,137	-	24,838	24,838	-	28,900	28,900
Employment Agency License Fees	570	4,460	5,030	570	4,421	4,991	570	4,421	4,991
Employment Agency Filing Fees	79	-	79	79	-	79	79	-	79
Teacher Credential Fees	-	12,844	12,844	-	12,769	12,769	-	12,727	12,727
Teacher Examination Fees	-	4,637	4,637	-	4,241	4,241	-	4,241	4,241
Insurance Co License Fees & Penalties	-	37,055	37,055	-	35,965	35,965	-	37,642	37,642
Insurance Company Examination Fees	-	22,208	22,208	-	19,519	19,519	-	22,491	22,491
Real Estate Examination Fees	-	3,194	3,194	-	3,264	3,264	-	3,305	3,305
Real Estate License Fees	-	36,996	36,996	-	41,876	41,876	-	42,850	42,850
Subdivision Filing Fees	-	4,381	4,381	-	4,575	4,575	-	4,575	4,575
Building Construction Filing Fees	-	4,480	4,480	-	4,994	4,994	-	4,994	4,994
Domestic Corporation Fees	-	7,330	7,330	-	7,640	7,640	-	7,640	7,640
Foreign Corporation Fees	-	797	797	-	832	832	-	832	832
Notary Public License Fees	-	852	852	-	852	852	-	852	852
Filing Financing Statements	-	2,188	2,188	-	2,189	2,189	-	2,189	2,189
Candidate Filing Fee	1,145	-	1,145	245	-	245	400	-	400

SCHEDULE 8 -- Continued
COMPARATIVE STATEMENT OF REVENUES
(Dollars In Thousands)

	Actual 2009-10			Estimated 2010-11			Proposed 2011-12		
Sources	**General Fund**	**Special Funds**	**Total**	**General Fund**	**Special Funds**	**Total**	**General Fund**	**Special Funds**	**Total**
Beverage Container Redemption Fees	-	1,143,393	1,143,393	-	1,101,006	1,101,006	-	1,064,930	1,064,930
Explosive Permit Fees	-	2	2	-	-	-	-	-	-
Processing Fees	-	463	463	-	358	358	-	311	311
Environmental and Hazardous Waste Fees	-	73,957	73,957	-	74,324	74,324	-	77,303	77,303
Other Regulatory Fees	459,888	1,929,957	2,389,845	454,857	5,855,065	6,309,922	507,061	1,953,808	2,460,869
Other Regulatory Licenses and Permits	4,235	461,744	465,979	5,058	478,975	484,033	4,961	502,645	507,606
Renewal Fees	-	205,311	205,311	-	216,103	216,103	-	224,067	224,067
Delinquent Fees	1	5,616	5,617	1	5,547	5,548	1	5,758	5,759
Private Rail Car Tax	5,816	-	5,816	5,816	-	5,816	5,816	-	5,816
Insurance Department Fees, Prop 103	-	23,827	23,827	-	23,800	23,800	-	27,243	27,243
Insurance Department Fees, General	-	20,962	20,962	-	23,462	23,462	-	26,104	26,104
Insurance Fraud Assessment, Workers Comp	-	52,399	52,399	-	48,061	48,061	-	47,733	47,733
Insurance Fraud Assessment, Auto	-	46,233	46,233	-	46,931	46,931	-	49,287	49,287
Insurance Fraud Assessment, General	-	6,326	6,326	-	6,399	6,399	-	6,587	6,587
Totals, REGULATORY TAXES AND LICENSES	**$471,887**	**$5,223,733**	**$5,695,620**	**$466,779**	**$9,337,473**	**$9,804,252**	**$519,041**	**$5,399,716**	**$5,918,757**
REVENUE FROM LOCAL AGENCIES									
Architecture Public Building Fees	-	38,229	38,229	-	37,149	37,149	-	37,149	37,149
Penalties on Traffic Violations	-	90,544	90,544	-	88,631	88,631	-	86,831	86,831
Penalties on Felony Convictions	-	56,854	56,854	-	57,000	57,000	-	57,000	57,000
Fines-Crimes of Public Offense	43	6,481	6,524	43	5,000	5,043	43	5,000	5,043
Fish and Game Violation Fines	-	854	854	-	1,515	1,515	-	1,272	1,272
Penalty Assessments on Fish & Game Fines	-	475	475	-	535	535	-	525	525
Interest on Loans to Local Agencies	213	1,309	1,522	60	1,313	1,373	60	1,339	1,399
Addt'l Assmnts on Fish & Game Fines	-	67	67	-	80	80	-	72	72
Narcotic Fines	2,046	-	2,046	1,000	-	1,000	1,000	-	1,000
Fingerprint ID Card Fees	-	69,663	69,663	-	71,954	71,954	-	70,424	70,424
Misc Revenue From Local Agencies	218,750	611,669	830,419	212,396	689,956	902,352	246,927	1,413,203	1,660,130
Open Space Cancelation Fee Deferrd Taxes	-	1,553	1,553	-	1,500	1,500	453	2,547	3,000
Rev Local Govt Agencies-Cost Recoveries	16,163	8,850	25,013	11,644	8,939	20,583	11,277	9,028	20,305
Totals, REVENUE FROM LOCAL AGENCIES	**$237,215**	**$886,548**	**$1,123,763**	**$225,143**	**$963,572**	**$1,188,715**	**$259,760**	**$1,684,390**	**$1,944,150**
SERVICES TO THE PUBLIC									
Pay Patients Board Charges	17,498	-	17,498	14,216	-	14,216	12,863	-	12,863
State Beach and Park Service Fees	-	83,384	83,384	-	83,000	83,000	-	83,000	83,000
Parking Lot Revenues	-	7,770	7,770	-	8,389	8,389	-	8,494	8,494
Emergency Telephone Users Surcharge	-	90,000	90,000	-	100,444	100,444	-	100,444	100,444
Sales of Documents	118	4,724	4,842	113	4,908	5,021	112	4,934	5,046
General Fees--Secretary of State	89	23,419	23,508	115	23,591	23,706	89	23,594	23,683
Parental Fees	-	2,191	2,191	-	3,292	3,292	-	3,296	3,296
Miscellaneous Services to the Public	2,331	148,808	151,139	2,398	148,972	151,370	2,098	147,549	149,647
Receipts From Health Care Deposit Fund	3,661	-	3,661	3,641	-	3,641	3,641	-	3,641
Medicare Receipts Frm Federal Government	16,585	-	16,585	13,817	-	13,817	12,976	-	12,976
Personalized License Plates	-	53,324	53,324	-	57,524	57,524	-	57,288	57,288
Totals, SERVICES TO THE PUBLIC	**$40,282**	**$413,620**	**$453,902**	**$34,300**	**$430,120**	**$464,420**	**$31,779**	**$428,599**	**$460,378**
USE OF PROPERTY AND MONEY									
Income From Pooled Money Investments	38,433	640	39,073	40,000	674	40,674	40,000	489	40,489

SCHEDULE 8 -- Continued
COMPARATIVE STATEMENT OF REVENUES
(Dollars In Thousands)

	Actual 2009-10			Estimated 2010-11			Proposed 2011-12		
Sources	**General Fund**	**Special Funds**	**Total**	**General Fund**	**Special Funds**	**Total**	**General Fund**	**Special Funds**	**Total**
Income From Surplus Money Investments	2,109	60,913	63,022	4,600	59,510	64,110	4,600	49,736	54,336
Interest Income From Loans	5,807	661	6,468	3,802	1,053	4,855	3,688	1,055	4,743
Interest Income From Interfund Loans	473	1,672	2,145	93	448	541	53	23,708	23,761
Income From Other Investments	-	894	894	-	2,075	2,075	-	1,343	1,343
Income From Condemnation Deposits Fund	-	507	507	-	1,947	1,947	-	1,862	1,862
Federal Lands Royalties	-	52,701	52,701	-	54,943	54,943	-	54,943	54,943
Oil & Gas Lease-1% Revenue City/County	512	-	512	400	-	400	400	-	400
Rentals of State Property	14,074	54,548	68,622	14,209	50,737	64,946	14,443	51,223	65,666
Misc Revenue Frm Use of Property & Money	8,555	28,201	36,756	3,971	49,345	53,316	3,971	43,661	47,632
School Lands Royalties	-	40	40	-	72	72	-	72	72
State Lands Royalties	292,862	-	292,862	241,995	-	241,995	240,709	-	240,709
Totals, USE OF PROPERTY AND MONEY	**$362,825**	**$200,777**	**$563,602**	**$309,070**	**$220,804**	**$529,874**	**$307,864**	**$228,092**	**$535,956**
MISCELLANEOUS									
Attorney General Proceeds of Anti-Trust	-	1,351	1,351	-	2,220	2,220	-	2,000	2,000
Penalties & Interest on UI & DI Contrib	-	77,483	77,483	-	72,905	72,905	-	83,664	83,664
Sale of Fixed Assets	-	3,134	3,134	1,200,014	46,482	1,246,496	-	106,004	106,004
Sale of Confiscated Property	5,913	-	5,913	6,406	-	6,406	6,406	-	6,406
Sale of State's Public Lands	-	-	-	-	8,004	8,004	-	-	-
Proceeds From Estates of Deceased Person	238	-	238	1,609	-	1,609	1,609	-	1,609
Revenue-Abandoned Property	336,932	-	336,932	219,774	-	219,774	221,045	-	221,045
Escheat of Unclaimed Checks & Warrants	32,549	7,136	39,685	31,886	7,433	39,319	31,861	7,505	39,366
Miscellaneous Revenue	79,080	272,385	351,465	76,343	351,178	427,521	178,822	385,537	564,359
Penalties & Intrst on Personal Income Tx	-	9,208	9,208	-	14,670	14,670	-	17,700	17,700
Other Revenue - Cost Recoveries	39,766	92,801	132,567	36,745	97,163	133,908	45,360	93,834	139,194
Tribal Gaming Revenues	363,975	37,670	401,645	363,975	41,057	405,032	263,175	41,057	304,232
Settlements/Judgments(not Anti-trust)	4,229	26,358	30,587	604	5,747	6,351	18	5,750	5,768
Uninsured Motorist Fees	1,723	445	2,168	2,213	449	2,662	2,213	454	2,667
Traffic Violations	-	47,026	47,026	-	47,411	47,411	-	47,513	47,513
Parking Violations	12,813	16,733	29,546	13,000	1,130	14,130	13,000	1,120	14,120
Penalty Assessments	39,549	137,446	176,995	23,543	186,861	210,404	23,393	197,982	221,375
Civil & Criminal Violation Assessment	1,133	154,263	155,396	493	174,454	174,947	512	156,225	156,737
Fines and Forfeitures	2,960	226,880	229,840	2,938	220,692	223,630	2,938	217,692	220,630
Court Filing Fees and Surcharges	-	560,771	560,771	-	620,637	620,637	-	647,089	647,089
Penalty Assessments on Criminal Fines	-	286,943	286,943	-	291,341	291,341	-	291,341	291,341
Donations	1	572	573	-	200	200	-	600	600
Totals, MISCELLANEOUS	**$920,861**	**$1,958,605**	**$2,879,466**	**$1,979,543**	**$2,190,034**	**$4,169,577**	**$790,352**	**$2,303,067**	**$3,093,419**
TOTALS, MINOR REVENUES	**$2,033,070**	**$8,683,283**	**$10,716,353**	**$3,014,835**	**$13,142,003**	**$16,156,838**	**$1,908,796**	**$10,043,864**	**$11,952,660**
TOTALS, REVENUES	**$86,565,369**	**$23,430,493**	**$109,995,862**	**$92,773,667**	**$30,066,472**	**$122,840,139**	**$89,241,675**	**$33,212,482**	**$122,454,157**
TRANSFERS AND LOANS									
General Fund	-79,930	79,630	-300	-143,631	140,680	-2,951	-567,116	557,416	-9,700
Property Acquisition Law Money Account	1,202	-1,202	-	5,048	-5,048	-	1,211	-1,211	-
Motor Vehicle Parking Facil Moneys Acct	-	-397	-397	-	-397	-397	-	-184	-184
Aeronautics Account STF	-	-	-	4,000	-4,000	-	-	-	-
Highway Account, State, STF	135,000	-135,000	-	573,969	-573,969	-	166,302	-166,302	-
Motor Vehicle Account, STF	70,737	-70,738	-1	252,260	-252,270	-10	71,660	-71,670	-10

SCHEDULE 8 -- Continued
COMPARATIVE STATEMENT OF REVENUES
(Dollars In Thousands)

Sources	Actual 2009-10			Estimated 2010-11			Proposed 2011-12		
	General Fund	Special Funds	Total	General Fund	Special Funds	Total	General Fund	Special Funds	Total
Public Transportation Account, STF	-	-	-	29,081	-29,081	-	-	-	-
Motor Vehicle Fuel Account, TTF	-	-19,822	-19,822	-	-17,891	-17,891	-	-20,424	-20,424
Highway Users Tax Account, TTF	-	-	-	328,307	-328,307	-	-	-	-
Corporations Fund, State	-	-	-	20,000	-20,000	-	-	-	-
Department of Agriculture Account, Ag Fd	-	-	-	15,000	-15,000	-	-	-	-
Beverage Container Recycling Fund, CA	104,400	-104,400	-	-	-	-	-	-	-
Driver Training Penalty Assessment Fund	11,754	-11,754	-	9,696	-9,696	-	8,851	-8,851	-
Employment Developmnt Dept Benefit Audit	6,422	-6,422	-	5,241	-5,241	-	4,920	-4,920	-
Employment Development Contingent Fund	12,005	-12,005	-	26,340	-26,340	-	40,614	-40,614	-
Fair and Exposition Fund	246	-246	-	246	-246	-	246	-246	-
Genetic Disease Testing Fund	4,240	-4,240	-	-	-	-	-	-	-
Business Fees Fund, Secty of State's	2,770	-2,770	-	1,130	-1,130	-	432	-432	-
DNA Testing Fund, Department of Justice	-	-	-	296	-296	-	-	-	-
Off-Highway Vehicle Trust Fund	22,000	-22,000	-	-	-	-	-	-	-
Exposition Park Improvement Fund	2,771	-2,771	-	-	-	-	-	-	-
Indian Gaming Special Distribution Fund	-	-33,700	-33,700	-	-31,200	-31,200	-	-50,000	-50,000
False Claims Act Fund	11,137	-11,137	-	15,700	-15,700	-	-	-	-
Renewable Resource Trust Fund	35,000	-35,000	-	25,000	-26,398	-1,398	-	-1,011	-1,011
Teacher Credentials Fund	540	-540	-	-	-	-	-	-	-
Test Development and Admin Acct, Tc Fd	2,160	-2,160	-	-	-	-	-	-	-
Underground Storage Tank Cleanup Fund	-	-3,500	-3,500	-	-3,500	-3,500	-	-3,500	-3,500
Olympic Training Account,California	-	-	-	79	-79	-	94	-94	-
Occupancy Compliance Monitoring Account	-	-	-	25,000	-25,000	-	-	-	-
Tax Credit Allocation Fee Account	-	-	-	25,000	-25,000	-	-	-	-
Financial Responsibility Penalty Account	1,079	-1,079	-	1,000	-1,000	-	1,000	-1,000	-
Other - Unallocated Special Funds	3,002	-3,002	-	171	-171	-	-	-	-
Harbors and Watercraft Revolving Fund	5,000	8,500	13,500	-	7,150	7,150	-	1,740	1,740
Unemployment Compensation Disability Fd	-	-	-	-	-	-	362,300	-	362,300
Cancer Research Fund	-	-	-	1,617	-1,617	-	-	-	-
Public Buildings Construction Fund	12,456	-	12,456	-	-	-	-	-	-
Service Revolving Fund	1,186	-	1,186	1,186	-	1,186	1,186	-	1,186
Accountancy Fund	-	-	-	10,000	-10,000	-	-	-	-
School Building Aid Fund, State	4,096	-	4,096	23,398	-	23,398	12,000	-	12,000
Small Business Expansion Fund	9,354	-	9,354	-	-	-	-	-	-
Joe Serna, Jr. Farmworker Housing Grant	-	-	-	965	-	965	-	-	-
Special Deposit Fund	-	-	-	-	-	-	161	-	161
Other - Unallocated NGC Funds	1,688	-	1,688	96	-	96	-	-	-
Occupational Therapy Fund	2,000	-2,000	-	-	-	-	-	-	-
Apprenticeship Training Contribution Fd	-	-	-	5,000	-5,000	-	-	-	-
State Court Facilities Construction Fund	40,000	-40,000	-	-	-	-	350,000	-350,000	-
Victims of Corporate Fraud Compensation	-	-	-	10,000	-10,000	-	-	-	-
Water Rights Fund	-	-	-	926	-926	-	-	-	-
Electronic Waste Recovery & Recycling	-	-	-	80,000	-80,000	-	-	-	-
Labor and Workforce Development Fund	11,707	-11,707	-	-	-	-	-	-	-
Alternative & Renewable & Vehicle Tech	24,550	-24,550	-	-	-	-	-	-	-

SCHEDULE 8 -- Continued
COMPARATIVE STATEMENT OF REVENUES
(Dollars In Thousands)

Sources	Actual 2009-10			Estimated 2010-11			Proposed 2011-12		
	General Fund	Special Funds	Total	General Fund	Special Funds	Total	General Fund	Special Funds	Total
Occupational Safety and Health Fund	6,939	-6,939	-	7,567	-7,567	-	-	-	-
Enhanced Fleet Mod Subacct,HiPollRmvlRpr	-	-	-	60,000	-60,000	-	-	-	-
Managed Care Admin Fines & Penalties Fnd	-	-1,000	-1,000	-	-1,000	-1,000	-	-1,000	-1,000
Horse Racing Fund	300	-300	-	-	-	-	-	-	-
Enterprise Zone Fund	-	-	-	-	-	-	170	-170	-
Economic Recovery Fund	-	12	12	-	-	-	-	-	-
Children's Hospital Bond Act Fund	51	-	51	-	-	-	-	-	-
Distressed Hospital Fund	6,191	-	6,191	-	-	-	-	-	-
Fed Temp High Risk Health Insurance Fund	-	-	-	500	-	500	-	-	-
Chrome Plating Pollution Prevention Fund	3,705	-	3,705	-	-	-	-	-	-
TOTALS, TRANSFERS AND LOANS	**$475,758**	**$-482,239**	**$-6,481**	**$1,420,188**	**$-1,445,240**	**$-25,052**	**$454,031**	**$-162,473**	**$291,558**
TOTALS, REVENUES AND TRANSFERS	**$87,041,127**	**$22,948,254**	**$109,989,381**	**$94,193,855**	**$28,621,232**	**$122,815,087**	**$89,695,706**	**$33,050,009**	**$122,745,715**

SCHEDULE 9
COMPARATIVE STATEMENT OF EXPENDITURES
(Dollars In Thousands)

	Actual 2009-10					Estimated 2010-11					Proposed 2011-12				
	General Fund	Special Fund	Selected Bond Funds	Budget Total	Federal Funds	General Fund	Special Fund	Selected Bond Funds	Budget Total	Federal Funds	General Fund	Special Fund	Selected Bond Funds	Budget Total	Federal Funds
LEGISLATIVE, JUDICIAL, AND EXECUTIVE															
Legislative															
Legislature															
Senate															
State Operations	$111,320	-	-	$111,320	-	$109,350	-	-	$109,350	-	$109,350	-	-	$109,350	-
Assembly															
State Operations	149,360	-	-	149,360	-	146,716	-	-	146,716	-	146,716	-	-	146,716	-
Totals, Legislature	**$260,680**	**-**	**-**	**$260,680**	**-**	**$256,066**	**-**	**-**	**$256,066**	**-**	**$256,066**	**-**	**-**	**$256,066**	**-**
Legislative Counsel Bureau															
State Operations	67,961	-	-	67,961	-	66,042	-	-	66,042	-	74,855	-	-	74,855	-
Totals, Legislative	**$328,641**	**-**	**-**	**$328,641**	**-**	**$322,108**	**-**	**-**	**$322,108**	**-**	**$330,921**	**-**	**-**	**$330,921**	**-**
Judicial															
Judicial Branch															
State Operations	364,644	190,421	-	555,065	3,177	373,399	219,135	-	592,534	4,557	375,835	224,559	-	600,394	4,501
Local Assistance	249,698	1,436,990	-	1,686,688	1,026	1,311,148	1,571,205	-	2,882,353	2,275	640,885	1,448,723	-	2,089,608	2,275
Capital Outlay	-	187,936	-	187,936	-	-	223,403	-	223,403	-	-	420,547	-	420,547	-
Totals, Judicial Branch	**$614,342**	**$1,815,347**	**-**	**$2,429,689**	**$4,203**	**$1,684,547**	**$2,013,743**	**-**	**$3,698,290**	**$6,832**	**$1,016,720**	**$2,093,829**	**-**	**$3,110,549**	**$6,776**
Commission on Judicial Performance															
State Operations	3,781	-	-	3,781	-	4,175	-	-	4,175	-	4,182	-	-	4,182	-
Judges' Retirement System Contributions															
State Operations	3,247	-	-	3,247	-	3,297	-	-	3,297	-	3,261	-	-	3,261	-
Local Assistance	211,813	-	-	211,813	-	211,709	-	-	211,709	-	244,307	-	-	244,307	-
Totals, Judges' Retirement System Contribution	**$215,060**	**-**	**-**	**$215,060**	**-**	**$215,006**	**-**	**-**	**$215,006**	**-**	**$247,568**	**-**	**-**	**$247,568**	**-**
Totals, Judicial	**$833,183**	**$1,815,347**	**-**	**$2,648,530**	**$4,203**	**$1,903,728**	**$2,013,743**	**-**	**$3,917,471**	**$6,832**	**$1,268,470**	**$2,093,829**	**-**	**$3,362,299**	**$6,776**
Executive/Governor															
Governor's Office															
State Operations	12,661	-	-	12,661	-	16,281	-	-	16,281	-	11,137	-	-	11,137	-
California Technology Agency															
State Operations	3,991	1,227	-	5,218	-	3,833	2,253	-	6,086	-	3,694	2,322	-	6,016	-
Local Assistance	-	104,453	-	104,453	-	-	122,604	-	122,604	1,932	-	122,604	-	122,604	1,931
Capital Outlay	-	-	-	-	-	-	2,087	1,028	3,115	-	-	-	-	-	-
Totals, California Technology Agency	**$3,991**	**$105,680**	**-**	**$109,671**	**-**	**$3,833**	**$126,944**	**$1,028**	**$131,805**	**$1,932**	**$3,694**	**$124,926**	**-**	**$128,620**	**$1,931**
Office of the Inspector General															
State Operations	16,691	-	-	16,691	-	24,426	-	-	24,426	-	25,169	-	-	25,169	-
Office of Planning & Research															
State Operations	4,066	-	-	4,066	1,290,332	2,346	-	-	2,346	1,417,496	2,295	-	-	2,295	2,140
Local Assistance	-	-	-	-	376,777	-	-	-	-	300,830	-	-	-	-	28,000
Totals, Office of Planning & Research	**$4,066**	**-**	**-**	**$4,066**	**$1,667,109**	**$2,346**	**-**	**-**	**$2,346**	**$1,718,326**	**$2,295**	**-**	**-**	**$2,295**	**$30,140**
California Emergency Management Agency															
State Operations	47,745	3,303	1,409	52,457	71,646	49,999	7,380	3,288	60,667	85,779	51,321	3,946	2,573	57,840	86,420
Local Assistance	88,019	69,944	100,000	257,963	1,080,892	91,597	78,530	100,000	270,127	997,708	149,035	35,140	100,000	284,175	997,708
Totals, California Emergency Management Agency	**$135,764**	**$73,247**	**$101,409**	**$310,420**	**$1,152,538**	**$141,596**	**$85,910**	**$103,288**	**$330,794**	**$1,083,487**	**$200,356**	**$39,086**	**$102,573**	**$342,015**	**$1,084,128**
Governor Elect and Outgoing Governor															
State Operations	-	-	-	-	-	240	-	-	240	-	-	-	-	-	-
Totals, Executive/Governor	**$173,173**	**$178,927**	**$101,409**	**$453,509**	**$2,819,647**	**$188,722**	**$212,854**	**$104,316**	**$505,892**	**$2,803,745**	**$242,651**	**$164,012**	**$102,573**	**$509,236**	**$1,116,199**

SCHEDULE 9 -- Continued
COMPARATIVE STATEMENT OF EXPENDITURES
(Dollars In Thousands)

	Actual 2009-10					Estimated 2010-11					Proposed 2011-12				
	General Fund	Special Fund	Selected Bond Funds	Budget Total	Federal Funds	General Fund	Special Fund	Selected Bond Funds	Budget Total	Federal Funds	General Fund	Special Fund	Selected Bond Funds	Budget Total	Federal Funds
Executive/Constitutional Offices															
Office of the Lieutenant Governor															
State Operations	916	-	-	916	-	887	-	-	887	-	1,033	-	-	1,033	-
Department of Justice															
State Operations	316,963	160,316	-	477,279	34,796	291,824	237,192	-	529,016	30,285	254,971	248,468	-	503,439	34,034
Local Assistance	-	4,883	-	4,883	-	-	4,883	-	4,883	-	-	4,883	-	4,883	-
Capital Outlay	-	-	-	-	-	179	-	-	179	-	-	-	-	-	-
Totals, Department of Justice	**$316,963**	**$165,199**	**-**	**$482,162**	**$34,796**	**$292,003**	**$242,075**	**-**	**$534,078**	**$30,285**	**$254,971**	**$253,351**	**-**	**$508,322**	**$34,034**
State Controller															
State Operations	57,052	17,090	1,370	75,512	937	71,955	33,768	1,568	107,291	1,087	76,714	28,513	1,623	106,850	1,085
Local Assistance	-343	-	-	-343	-	-206	-	-	-206	-	-194	-	-	-194	-
Totals, State Controller	**$56,709**	**$17,090**	**$1,370**	**$75,169**	**$937**	**$71,749**	**$33,768**	**$1,568**	**$107,085**	**$1,087**	**$76,520**	**$28,513**	**$1,623**	**$106,656**	**$1,085**
Department of Insurance															
State Operations	-	149,810	-	149,810	-	-	152,435	-	152,435	-	-	169,240	-	169,240	-
Local Assistance	-	58,192	-	58,192	-	-	55,391	-	55,391	-	-	55,391	-	55,391	-
Totals, Department of Insurance	**-**	**$208,002**	**-**	**$208,002**	**-**	**-**	**$207,826**	**-**	**$207,826**	**-**	**-**	**$224,631**	**-**	**$224,631**	**-**
Gambling Control Commission															
State Operations	-	8,562	-	8,562	-	-	11,683	-	11,683	-	-	11,915	-	11,915	-
Local Assistance	-	-	-	-	-	-	30,098	-	30,098	-	-	-	-	-	-
Totals, Gambling Control Commission	**-**	**$8,562**	**-**	**$8,562**	**-**	**-**	**$41,781**	**-**	**$41,781**	**-**	**-**	**$11,915**	**-**	**$11,915**	**-**
State Board of Equalization															
State Operations	229,587	51,522	-	281,109	127	271,672	63,809	-	335,481	442	283,348	65,297	-	348,645	453
Secretary of State															
Secretary of State															
State Operations	20,372	36,211	-	56,583	5,272	31,201	38,869	-	70,070	24,317	31,120	41,555	-	72,675	14,681
Local Assistance	-	-	-	-	1,512	68,228	-	-	68,228	2,860	-	-	-	-	66,992
Totals, Secretary of State	**$20,372**	**$36,211**	**-**	**$56,583**	**$6,784**	**$99,429**	**$38,869**	**-**	**$138,298**	**$27,177**	**$31,120**	**$41,555**	**-**	**$72,675**	**$81,673**
Citizens Redistricting Initiative															
State Operations	-	-	-	-	-	2,500	-	-	2,500	-	-	-	-	-	-
State Treasurer															
State Operations	1,820	-	-	1,820	-	4,678	-	-	4,678	-	4,721	-	-	4,721	-
Debt & Investment Advisory Commission															
State Operations	-	2,041	-	2,041	-	-	2,733	-	2,733	-	-	2,754	-	2,754	-
Debt Limit Allocation Committee															
State Operations	-	1,169	-	1,169	-	-	1,222	-	1,222	-	-	1,276	-	1,276	-
Industrial Dvlmt Financing Advisory Comm															
State Operations	-	122	-	122	-	-	277	-	277	-	-	258	-	258	-
Tax Credit Allocation Committee															
State Operations	-	4,958	-	4,958	-	-	4,586	-	4,586	-	-	4,998	-	4,998	-
Local Assistance	-	324	-	324	804,809	-	136	-	136	-	-	136	-	136	-
Totals, Tax Credit Allocation Committee	**-**	**$5,282**	**-**	**$5,282**	**$804,809**	**-**	**$4,722**	**-**	**$4,722**	**-**	**-**	**$5,134**	**-**	**$5,134**	**-**
Alt Energy & Advanced Trans Fin Auth															
State Operations	-	-	-	-	-	-	50	-	50	-	-	220	-	220	-
Local Assistance	-	-	-	-	-	-	-	-	-	-	-	15,000	-	15,000	-
Totals, Alt Energy & Advanced Trans Fin Auth	**-**	**-**	**-**	**-**	**-**	**-**	**$50**	**-**	**$50**	**-**	**-**	**$15,220**	**-**	**$15,220**	**-**

SCHEDULE 9 -- Continued
COMPARATIVE STATEMENT OF EXPENDITURES
(Dollars In Thousands)

	Actual 2009-10					Estimated 2010-11					Proposed 2011-12				
	General Fund	Special Fund	Selected Bond Funds	Budget Total	Federal Funds	General Fund	Special Fund	Selected Bond Funds	Budget Total	Federal Funds	General Fund	Special Fund	Selected Bond Funds	Budget Total	Federal Funds
Pollution Control Financing Authority															
Local Assistance	-	-	-	-	-	6,000	-	-	6,000	-	-	-	-	-	-
Health Facilities Financing Authority															
State Operations	-	-	398	398	-	-	-	475	475	-	-	-	477	477	-
Local Assistance	-	-	263,421	263,421	-	-	-	187,000	187,000	-	-	-	235,000	235,000	-
Totals, Health Facilities Financing Authority	**-**	**-**	**$263,819**	**$263,819**	**-**	**-**	**-**	**$187,475**	**$187,475**	**-**	**-**	**-**	**$235,477**	**$235,477**	**-**
School Finance Authority															
State Operations	-	-	-	-	110	-	-	-	-	125	-	-	-	-	125
Local Assistance	-	-	-	-	10,561	-	-	-	-	20,000	-	-	-	-	20,000
Totals, School Finance Authority	**-**	**-**	**-**	**-**	**$10,671**	**-**	**-**	**-**	**-**	**$20,125**	**-**	**-**	**-**	**-**	**$20,125**
Totals, Executive/Constitutional Offices	**$626,367**	**$495,200**	**$265,189**	**$1,386,756**	**$858,124**	**$748,918**	**$637,132**	**$189,043**	**$1,575,093**	**$79,116**	**$651,713**	**$649,904**	**$237,100**	**$1,538,717**	**$137,370**
Statewide Distributed Costs															
General Obligation Bonds-LJE															
State Operations	13,041	-	-	13,041	-	3,271	-	-	3,271	-	13,272	-	-	13,272	-
Totals, Statewide Distributed Costs	**$13,041**	**-**	**-**	**$13,041**	**-**	**$3,271**	**-**	**-**	**$3,271**	**-**	**$13,272**	**-**	**-**	**$13,272**	**-**
TOTALS, LEGISLATIVE, JUDICIAL, AND EXECUTIVE	**$1,974,405**	**$2,489,474**	**$366,598**	**$4,830,477**	**$3,681,974**	**$3,166,747**	**$2,863,729**	**$293,359**	**$6,323,835**	**$2,889,693**	**$2,507,027**	**$2,907,745**	**$339,673**	**$5,754,445**	**$1,260,345**
State Operations	1,425,218	626,752	3,177	2,055,147	1,406,397	1,478,092	775,392	5,331	2,258,815	1,564,088	1,472,994	805,321	4,673	2,282,988	143,439
Local Assistance	549,187	1,674,786	363,421	2,587,394	2,275,577	1,688,476	1,862,847	287,000	3,838,323	1,325,605	1,034,033	1,681,877	335,000	3,050,910	1,116,906
Capital Outlay	-	187,936	-	187,936	-	179	225,490	1,028	226,697	-	-	420,547	-	420,547	-
STATE AND CONSUMER SERVICES															
State and Consumer Services, Secy															
State Operations	751	-	-	751	-	1,071	-	-	1,071	-	1,038	-	-	1,038	-
Science Center															
State Operations	22,366	4,826	-	27,192	-	22,602	6,657	-	29,259	-	19,423	6,842	-	26,265	-
Department of Consumer Affairs, Boards															
State Operations	-	215,937	-	215,937	-	-	257,436	-	257,436	-	-	267,803	-	267,803	-
Department of Consumer Affairs, Bureaus															
State Operations	-	173,003	-	173,003	-	-	213,545	-	213,545	-	-	227,741	-	227,741	-
Seismic Safety Commission, A. E. Alquist															
State Operations	-	954	-	954	-	-	1,062	-	1,062	-	-	1,166	-	1,166	-
Department of Fair Employment & Housing															
State Operations	14,038	-	-	14,038	4,437	15,172	-	-	15,172	5,026	16,200	-	-	16,200	5,501
Fair Employment & Housing Commission															
State Operations	827	-	-	827	-	1,034	-	-	1,034	-	1,028	-	-	1,028	-
Franchise Tax Board															
State Operations	451,284	15,363	-	466,647	-	542,202	19,701	-	561,903	-	551,099	20,235	-	571,334	-
Department of General Services															
State Operations	177	73,095	12,395	85,667	-	285	97,114	13,834	111,233	6,917	5,472	97,943	14,754	118,169	-
Capital Outlay	-	-	-	-	-	-	-	9,192	9,192	-	-	-	-	-	-
Totals, Department of General Services	**$177**	**$73,095**	**$12,395**	**$85,667**	**-**	**$285**	**$97,114**	**$23,026**	**$120,425**	**$6,917**	**$5,472**	**$97,943**	**$14,754**	**$118,169**	**-**
Victim Compensation/Government Claims Bd															
State Operations	-	31,668	-	31,668	966	-	30,275	-	30,275	1,900	-	32,668	-	32,668	1,840
Local Assistance	-	76,522	-	76,522	38,355	-	86,027	-	86,027	31,812	-	86,683	-	86,683	32,595

SCHEDULE 9 -- Continued
COMPARATIVE STATEMENT OF EXPENDITURES
(Dollars In Thousands)

	Actual 2009-10					Estimated 2010-11					Proposed 2011-12				
	General Fund	Special Fund	Selected Bond Funds	Budget Total	Federal Funds	General Fund	Special Fund	Selected Bond Funds	Budget Total	Federal Funds	General Fund	Special Fund	Selected Bond Funds	Budget Total	Federal Funds
Totals, Victim Compensation/Government Claims	**-**	**$108,190**	**-**	**$108,190**	**$39,321**	**-**	**$116,302**	**-**	**$116,302**	**$33,712**	**-**	**$119,351**	**-**	**$119,351**	**$34,435**
State Personnel Board															
State Operations	1,835	-	-	1,835	-	3,041	-	-	3,041	-	2,997	-	-	2,997	-
TOTALS, STATE AND CONSUMER SERVICES	**$491,278**	**$591,368**	**$12,395**	**$1,095,041**	**$43,758**	**$585,407**	**$711,817**	**$23,026**	**$1,320,250**	**$45,655**	**$597,257**	**$741,081**	**$14,754**	**$1,353,092**	**$39,936**
State Operations	491,278	514,846	12,395	1,018,519	5,403	585,407	625,790	13,834	1,225,031	13,843	597,257	654,398	14,754	1,266,409	7,341
Local Assistance	-	76,522	-	76,522	38,355	-	86,027	-	86,027	31,812	-	86,683	-	86,683	32,595
Capital Outlay	-	-	-	-	-	-	-	9,192	9,192	-	-	-	-	-	-
BUSINESS, TRANSPORTATION & HOUSING															
Business and Housing															
Business,Transportation & Housing, Secy															
State Operations	3,957	1,507	-	5,464	-	10,525	1,546	-	12,071	-	4,205	1,688	-	5,893	84,400
Department of Alcoholic Beverage Control															
State Operations	-	42,647	-	42,647	529	-	49,158	-	49,158	1,404	-	51,762	-	51,762	1,362
Local Assistance	-	1,999	-	1,999	-	-	3,000	-	3,000	-	-	3,000	-	3,000	-
Totals, Department of Alcoholic Beverage Contr	**-**	**$44,646**	**-**	**$44,646**	**$529**	**-**	**$52,158**	**-**	**$52,158**	**$1,404**	**-**	**$54,762**	**-**	**$54,762**	**$1,362**
Alcoholic Beverage Control Appeals Board															
State Operations	-	749	-	749	-	-	968	-	968	-	-	1,029	-	1,029	-
Department of Financial Institutions															
State Operations	-	27,867	-	27,867	-	-	31,776	-	31,776	-	-	33,832	-	33,832	-
Department of Corporations															
State Operations	-	31,364	-	31,364	-	-	41,272	-	41,272	-	-	47,247	-	47,247	-
Dept of Housing & Community Development															
State Operations	2,795	20,159	3,180	26,134	9,084	2,971	23,252	5,564	31,787	12,193	3,160	25,459	5,523	34,142	11,605
Local Assistance	5,629	-	218,542	224,171	294,648	5,629	-	145,600	151,229	203,889	5,629	-	325	5,954	166,657
Totals, Dept of Housing & Community Developmen	**$8,424**	**$20,159**	**$221,722**	**$250,305**	**$303,732**	**$8,600**	**$23,252**	**$151,164**	**$183,016**	**$216,082**	**$8,789**	**$25,459**	**$5,848**	**$40,096**	**$178,262**
Office of Real Estate Appraisers															
State Operations	-	3,695	-	3,695	-	-	4,827	-	4,827	-	-	4,951	-	4,951	-
Department of Real Estate															
State Operations	-	40,015	-	40,015	-	-	44,060	-	44,060	-	-	45,570	-	45,570	-
Department of Managed Health Care															
State Operations	-	37,720	-	37,720	-	-	46,419	-	46,419	1,000	-	51,202	-	51,202	-
Totals, Business and Housing	**$12,381**	**$207,722**	**$221,722**	**$441,825**	**$304,261**	**$19,125**	**$246,278**	**$151,164**	**$416,567**	**$218,486**	**$12,994**	**$265,740**	**$5,848**	**$284,582**	**$264,024**
Transportation															
California Transportation Commission															
State Operations	-	2,025	355	2,380	-	-	2,389	835	3,224	-	-	2,546	861	3,407	-
Local Assistance	-	-	2,351	2,351	-	-	-	25,000	25,000	-	-	-	25,000	25,000	-
Totals, California Transportation Commission	**-**	**$2,025**	**$2,706**	**$4,731**	**-**	**-**	**$2,389**	**$25,835**	**$28,224**	**-**	**-**	**$2,546**	**$25,861**	**$28,407**	**-**
State Transit Assistance															
Local Assistance	-	400,000	63,923	463,923	-	-	-	100,000	100,000	-	-	329,587	500,000	829,587	-
Department of Transportation															
State Operations	-	2,704,210	110,345	2,814,555	554,407	-	2,722,774	139,910	2,862,684	700,393	-	2,960,466	146,984	3,107,450	678,694
Local Assistance															
Aeronautics Program	-	-992	-	-992	-	-	3,050	-	3,050	-	-	2,949	-	2,949	-

SCHEDULE 9 -- Continued
COMPARATIVE STATEMENT OF EXPENDITURES
(Dollars In Thousands)

	Actual 2009-10					Estimated 2010-11					Proposed 2011-12				
	General Fund	Special Fund	Selected Bond Funds	Budget Total	Federal Funds	General Fund	Special Fund	Selected Bond Funds	Budget Total	Federal Funds	General Fund	Special Fund	Selected Bond Funds	Budget Total	Federal Funds
Highway Transportation Program	-	230,823	193,851	424,674	1,985,984	-	284,158	705,951	990,109	1,315,473	-	207,318	584,111	791,429	1,270,177
Mass Transportation Program	-	48,025	-	48,025	81,424	-	224,501	83,957	308,458	53,043	-	70,930	96,457	167,387	49,487
Transportation Planning Program	-	11,662	-	11,662	62,594	-	12,000	-	12,000	64,000	-	12,000	-	12,000	63,000
Totals, Local Assistance	-	289,518	193,851	483,369	2,130,002	-	523,709	789,908	1,313,617	1,432,516	-	293,197	680,568	973,765	1,382,664
Capital Outlay	-	918,329	1,255,625	2,173,954	1,730,119	-	588,384	2,357,112	2,945,496	2,546,488	-	662,113	2,656,140	3,318,253	2,217,703
Unclassified	1,520,037	-1,520,037	-	-	-	83,416	-83,416	-	-	5,000	83,416	-83,416	-	-	5,000
Totals, Department of Transportation	**$1,520,037**	**$2,392,020**	**$1,559,821**	**$5,471,878**	**$4,414,528**	**$83,416**	**$3,751,451**	**$3,286,930**	**$7,121,797**	**$4,684,397**	**$83,416**	**$3,832,360**	**$3,483,692**	**$7,399,468**	**$4,284,061**
High-Speed Rail Authority															
State Operations	-	-	138,705	138,705	-	-	-	56,624	56,624	-	-	-	12,681	12,681	-
Capital Outlay	-	-	-	-	-	-	-	86,750	86,750	77,500	-	-	89,672	89,672	89,672
Totals, High-Speed Rail Authority	**-**	**-**	**$138,705**	**$138,705**	**-**	**-**	**-**	**$143,374**	**$143,374**	**$77,500**	**-**	**-**	**$102,353**	**$102,353**	**$89,672**
Board of Pilot Commissioners															
State Operations	-	2,447	-	2,447	-	-	2,601	-	2,601	-	-	2,190	-	2,190	-
Office of Traffic Safety															
State Operations	-	366	-	366	58,560	-	407	-	407	121,568	-	428	-	428	59,524
Local Assistance	-	-	-	-	38,035	-	-	-	-	67,562	-	-	-	-	36,993
Totals, Office of Traffic Safety	**-**	**$366**	**-**	**$366**	**$96,595**	**-**	**$407**	**-**	**$407**	**$189,130**	**-**	**$428**	**-**	**$428**	**$96,517**
Dept of the California Highway Patrol															
State Operations	-	1,724,587	-	1,724,587	14,126	-	1,841,046	-	1,841,046	17,990	-	1,761,417	-	1,761,417	18,296
Capital Outlay	-	4,088	-	4,088	-	-	28,141	-	28,141	-	-	71,550	-	71,550	-
Totals, Dept of the California Highway Patrol	**-**	**$1,728,675**	**-**	**$1,728,675**	**$14,126**	**-**	**$1,869,187**	**-**	**$1,869,187**	**$17,990**	**-**	**$1,832,967**	**-**	**$1,832,967**	**$18,296**
Department of Motor Vehicles															
State Operations	-	824,968	-	824,968	801	-	888,709	-	888,709	8,173	-	899,590	-	899,590	3,832
Capital Outlay	-	58,963	-	58,963	-	-	11,837	-	11,837	-	-	24,357	-	24,357	-
Totals, Department of Motor Vehicles	**-**	**$883,931**	**-**	**$883,931**	**$801**	**-**	**$900,546**	**-**	**$900,546**	**$8,173**	**-**	**$923,947**	**-**	**$923,947**	**$3,832**
Totals, Transportation	**$1,520,037**	**$5,409,464**	**$1,765,155**	**$8,694,656**	**$4,526,050**	**$83,416**	**$6,526,581**	**$3,556,139**	**$10,166,136**	**$4,977,190**	**$83,416**	**$6,924,025**	**$4,111,906**	**$11,119,347**	**$4,492,378**
Statewide Distributed Costs															
General Obligation Bonds-BT&H															
State Operations	560,034	220,962	-	780,996	-	404,791	624,647	-	1,029,438	-	594,852	777,509	-	1,372,361	-
Totals, Statewide Distributed Costs	**$560,034**	**$220,962**	**-**	**$780,996**	**-**	**$404,791**	**$624,647**	**-**	**$1,029,438**	**-**	**$594,852**	**$777,509**	**-**	**$1,372,361**	**-**
TOTALS, BUSINESS, TRANSPORTATION & HOUSING	**$2,092,452**	**$5,838,148**	**$1,986,877**	**$9,917,477**	**$4,830,311**	**$507,332**	**$7,397,506**	**$3,707,303**	**$11,612,141**	**$5,195,676**	**$691,262**	**$7,967,274**	**$4,117,754**	**$12,776,290**	**$4,756,402**
State Operations	566,786	5,685,288	252,585	6,504,659	637,507	418,287	6,325,851	202,933	6,947,071	862,721	602,217	6,666,886	166,049	7,435,152	857,713
Local Assistance	5,629	691,517	478,667	1,175,813	2,462,685	5,629	526,709	1,060,508	1,592,846	1,703,967	5,629	625,784	1,205,893	1,837,306	1,586,314
Capital Outlay	-	981,380	1,255,625	2,237,005	1,730,119	-	628,362	2,443,862	3,072,224	2,623,988	-	758,020	2,745,812	3,503,832	2,307,375
Unclassified	1,520,037	-1,520,037	-	-	-	83,416	-83,416	-	-	5,000	83,416	-83,416	-	-	5,000
NATURAL RESOURCES															
Secretary of the Natural Resources															
State Operations	1,746	2,450	40,111	44,307	3,442	-	3,405	25,805	29,210	5,552	-	3,410	31,554	34,964	5,552
Local Assistance	-	-	12,827	12,827	-	-	-	79,565	79,565	-	-	-	21,000	21,000	-
Totals, Secretary of the Natural Resources	**$1,746**	**$2,450**	**$52,938**	**$57,134**	**$3,442**	**-**	**$3,405**	**$105,370**	**$108,775**	**$5,552**	**-**	**$3,410**	**$52,554**	**$55,964**	**$5,552**
Special Resources Programs															
State Operations	-	199	-	199	-	-	203	-	203	-	-	200	-	200	-
Local Assistance	-	4,839	-	4,839	-	-	4,839	-	4,839	-	-	4,839	-	4,839	-
Totals, Special Resources Programs	**-**	**$5,038**	**-**	**$5,038**	**-**	**-**	**$5,042**	**-**	**$5,042**	**-**	**-**	**$5,039**	**-**	**$5,039**	**-**

SCHEDULE 9 -- Continued
COMPARATIVE STATEMENT OF EXPENDITURES
(Dollars In Thousands)

	Actual 2009-10					Estimated 2010-11					Proposed 2011-12				
	General Fund	Special Fund	Selected Bond Funds	Budget Total	Federal Funds	General Fund	Special Fund	Selected Bond Funds	Budget Total	Federal Funds	General Fund	Special Fund	Selected Bond Funds	Budget Total	Federal Funds
Tahoe Conservancy															
State Operations	178	4,005	688	4,871	227	186	4,188	712	5,086	215	193	4,361	312	4,866	215
Local Assistance	-	-	2,344	2,344	-	-	-	11,071	11,071	-	-	-	-	-	-
Capital Outlay	-	922	4,583	5,505	1,548	-	1,842	11,848	13,690	9,626	-	987	1,329	2,316	10,000
Totals, Tahoe Conservancy	**$178**	**$4,927**	**$7,615**	**$12,720**	**$1,775**	**$186**	**$6,030**	**$23,631**	**$29,847**	**$9,841**	**$193**	**$5,348**	**$1,641**	**$7,182**	**$10,215**
California Conservation Corps															
State Operations	32,053	28,641	472	61,166	-	32,507	36,594	11,370	80,471	-	35,080	28,995	460	64,535	-
Local Assistance	-	8,250	6,870	15,120	-	-	-	10,901	10,901	-	-	-	-	-	-
Capital Outlay	130	-	-	130	-	-	250	-	250	-	-	-	-	-	-
Totals, California Conservation Corps	**$32,183**	**$36,891**	**$7,342**	**$76,416**	**-**	**$32,507**	**$36,844**	**$22,271**	**$91,622**	**-**	**$35,080**	**$28,995**	**$460**	**$64,535**	**-**
Energy Resource Conservation/Dvlmt Comm															
State Operations	-	323,846	-	323,846	279,278	-	483,604	-	483,604	85,837	-	321,551	-	321,551	57,594
Local Assistance	-	-	-	-	-	-	7,277	-	7,277	-	-	1,250	-	1,250	-
Totals, Energy Resource Conservation/Dvlmt Com	**-**	**$323,846**	**-**	**$323,846**	**$279,278**	**-**	**$490,881**	**-**	**$490,881**	**$85,837**	**-**	**$322,801**	**-**	**$322,801**	**$57,594**
Renewable Resources Investment Program															
State Operations	-	818	-	818	-	-	2,000	-	2,000	-	-	1,500	-	1,500	-
Department of Conservation															
State Operations	4,366	485,568	616	490,550	1,650	4,267	43,739	4,527	52,533	2,355	4,599	46,467	4,815	55,881	2,503
Local Assistance	-	-	3,029	3,029	-	-	-	70,152	70,152	-	-	-	29,286	29,286	-
Totals, Department of Conservation	**$4,366**	**$485,568**	**$3,645**	**$493,579**	**$1,650**	**$4,267**	**$43,739**	**$74,679**	**$122,685**	**$2,355**	**$4,599**	**$46,467**	**$34,101**	**$85,167**	**$2,503**
Resources Recycling and Recovery															
State Operations	-	779,337	-	779,337	-	-	1,351,405	-	1,351,405	60	-	1,357,446	-	1,357,446	63
Local Assistance	-	39,353	-	39,353	-	-	30,161	-	30,161	-	-	29,571	-	29,571	-
Totals, Resources Recycling and Recovery	**-**	**$818,690**	**-**	**$818,690**	**-**	**-**	**$1,381,566**	**-**	**$1,381,566**	**$60**	**-**	**$1,387,017**	**-**	**$1,387,017**	**$63**
Department of Forestry & Fire Protection															
State Operations	750,619	10,546	1,767	762,932	16,157	762,745	15,662	1,499	779,906	23,023	719,380	15,373	980	735,733	23,558
Local Assistance	-	-	5,522	5,522	-	-	-	3,200	3,200	-	-	-	2,399	2,399	-
Capital Outlay	10,165	-	-	10,165	-	7,130	-	-	7,130	-	-	-	-	-	-
Totals, Department of Forestry & Fire Protecti	**$760,784**	**$10,546**	**$7,289**	**$778,619**	**$16,157**	**$769,875**	**$15,662**	**$4,699**	**$790,236**	**$23,023**	**$719,380**	**$15,373**	**$3,379**	**$738,132**	**$23,558**
State Lands Commission															
State Operations	7,296	12,395	-	19,691	-	8,704	14,533	-	23,237	-	9,902	15,065	-	24,967	-
Department of Fish & Game															
State Operations	36,628	159,266	36,586	232,480	57,198	60,673	166,572	111,078	338,323	70,029	63,613	179,601	26,084	269,298	71,346
Local Assistance	576	1,173	22,362	24,111	-	576	1,377	23,595	25,548	-	576	1,341	-	1,917	-
Capital Outlay	-	1,753	-	1,753	-	-	2,600	-	2,600	-	-	2,370	-	2,370	-
Totals, Department of Fish & Game	**$37,204**	**$162,192**	**$58,948**	**$258,344**	**$57,198**	**$61,249**	**$170,549**	**$134,673**	**$366,471**	**$70,029**	**$64,189**	**$183,312**	**$26,084**	**$273,585**	**$71,346**
Wildlife Conservation Board															
State Operations	-	1,293	997	2,290	-	-	2,046	2,248	4,294	-	-	2,140	2,316	4,456	-
Local Assistance	-	724	700	1,424	-	-	-	-	-	-	-	-	-	-	-
Capital Outlay	-	1,427	59,821	61,248	10,820	-	3,696	829,014	832,710	35,000	-	2,356	19,307	21,663	35,000
Totals, Wildlife Conservation Board	**-**	**$3,444**	**$61,518**	**$64,962**	**$10,820**	**-**	**$5,742**	**$831,262**	**$837,004**	**$35,000**	**-**	**$4,496**	**$21,623**	**$26,119**	**$35,000**
Department of Boating & Waterways															
State Operations	-	-	-	-	7,007	-	-	-	-	7,993	-	-	-	-	9,768
Local Assistance	-	12,696	-	12,696	3,633	-	7,150	-	7,150	4,443	-	1,740	-	1,740	4,443

SCHEDULE 9 -- Continued
COMPARATIVE STATEMENT OF EXPENDITURES
(Dollars In Thousands)

	Actual 2009-10					Estimated 2010-11					Proposed 2011-12				
	General Fund	Special Fund	Selected Bond Funds	Budget Total	Federal Funds	General Fund	Special Fund	Selected Bond Funds	Budget Total	Federal Funds	General Fund	Special Fund	Selected Bond Funds	Budget Total	Federal Funds
Totals, Department of Boating & Waterways	**-**	**$12,696**	**-**	**$12,696**	**$10,640**	**-**	**$7,150**	**-**	**$7,150**	**$12,436**	**-**	**$1,740**	**-**	**$1,740**	**$14,211**
Coastal Commission															
State Operations	9,985	861	-	10,846	2,158	10,397	1,297	-	11,694	2,518	10,798	1,228	-	12,026	2,559
Local Assistance	-	704	-	704	-	-	587	-	587	-	-	541	-	541	-
Totals, Coastal Commission	**$9,985**	**$1,565**	**-**	**$11,550**	**$2,158**	**$10,397**	**$1,884**	**-**	**$12,281**	**$2,518**	**$10,798**	**$1,769**	**-**	**$12,567**	**$2,559**
State Coastal Conservancy															
State Operations	-	1,244	5,351	6,595	78	-	1,831	5,439	7,270	136	-	1,503	5,658	7,161	137
Capital Outlay	-	2,640	55,233	57,873	18,963	-	6,143	247,166	253,309	5,855	-	870	4,000	4,870	6,000
Totals, State Coastal Conservancy	**-**	**$3,884**	**$60,584**	**$64,468**	**$19,041**	**-**	**$7,974**	**$252,605**	**$260,579**	**$5,991**	**-**	**$2,373**	**$9,658**	**$12,031**	**$6,137**
Native American Heritage Commission															
State Operations	584	-	-	584	-	653	-	-	653	-	697	-	-	697	-
Department of Parks & Recreation															
State Operations	120,720	179,346	28,066	328,132	6,083	121,169	194,145	110,031	425,345	8,100	118,966	216,069	37,850	372,885	7,372
Local Assistance	-	29,661	12,475	42,136	9,893	-	62,763	302,731	365,494	37,696	-	31,389	217,409	248,798	18,026
Capital Outlay	-	10,120	4,357	14,477	211	-	52,201	89,103	141,304	18,900	-	28,216	41,599	69,815	1,318
Totals, Department of Parks & Recreation	**$120,720**	**$219,127**	**$44,898**	**$384,745**	**$16,187**	**$121,169**	**$309,109**	**$501,865**	**$932,143**	**$64,696**	**$118,966**	**$275,674**	**$296,858**	**$691,498**	**$26,716**
Santa Monica Mountains Conservancy															
State Operations	-	256	813	1,069	-	-	271	947	1,218	-	-	269	690	959	-
Capital Outlay	-	-	3,009	3,009	-	-	-	26,990	26,990	-	-	-	1,575	1,575	-
Totals, Santa Monica Mountains Conservancy	**-**	**$256**	**$3,822**	**$4,078**	**-**	**-**	**$271**	**$27,937**	**$28,208**	**-**	**-**	**$269**	**$2,265**	**$2,534**	**-**
SF Bay Conservation & Development Comm															
State Operations	3,697	-	-	3,697	-	3,859	-	-	3,859	-	4,007	-	-	4,007	-
San Gabriel/Lower LA River/Mtns Consvcy															
State Operations	-	336	687	1,023	-	-	377	743	1,120	-	-	337	696	1,033	-
Capital Outlay	-	-	15,084	15,084	-	-	-	17,629	17,629	-	-	-	6,700	6,700	-
Totals, San Gabriel/Lower LA River/Mtns Consvc	**-**	**$336**	**$15,771**	**$16,107**	**-**	**-**	**$377**	**$18,372**	**$18,749**	**-**	**-**	**$337**	**$7,396**	**$7,733**	**-**
San Joaquin River Conservancy															
State Operations	-	351	66	417	-	-	389	234	623	-	-	399	237	636	-
Baldwin Hills Conservancy															
State Operations	-	296	179	475	-	-	332	216	548	-	-	348	220	568	-
Capital Outlay	-	-	167	167	-	-	-	24,369	24,369	-	-	-	-	-	-
Totals, Baldwin Hills Conservancy	**-**	**$296**	**$346**	**$642**	**-**	**-**	**$332**	**$24,585**	**$24,917**	**-**	**-**	**$348**	**$220**	**$568**	**-**
Delta Protection Commission															
State Operations	-	147	-	147	-	-	3,533	-	3,533	-	-	940	-	940	-
San Diego River Conservancy															
State Operations	-	316	-	316	-	-	307	-	307	-	-	320	-	320	-
Coachella Valley Mountains Conservancy															
State Operations	-	256	38	294	-	-	300	60	360	-	-	301	60	361	-
Capital Outlay	-	-	-	-	-	-	-	23,811	23,811	-	-	-	82	82	-
Totals, Coachella Valley Mountains Conservancy	**-**	**$256**	**$38**	**$294**	**-**	**-**	**$300**	**$23,871**	**$24,171**	**-**	**-**	**$301**	**$142**	**$443**	**-**
Sierra Nevada Conservancy															
State Operations	-	3,818	246	4,064	-	-	4,081	500	4,581	-	-	4,149	515	4,664	-
Local Assistance	-	-	7,070	7,070	-	-	-	25,328	25,328	-	-	-	-	-	-

SCHEDULE 9 -- Continued
COMPARATIVE STATEMENT OF EXPENDITURES
(Dollars In Thousands)

	Actual 2009-10					Estimated 2010-11					Proposed 2011-12				
	General Fund	Special Fund	Selected Bond Funds	Budget Total	Federal Funds	General Fund	Special Fund	Selected Bond Funds	Budget Total	Federal Funds	General Fund	Special Fund	Selected Bond Funds	Budget Total	Federal Funds
Totals, Sierra Nevada Conservancy	**-**	**$3,818**	**$7,316**	**$11,134**	**-**	**-**	**$4,081**	**$25,828**	**$29,909**	**-**	**-**	**$4,149**	**$515**	**$4,664**	**-**
Department of Water Resources															
State Operations	99,514	12,268	146,644	258,426	8,634	108,616	13,655	501,267	623,538	18,348	115,341	14,424	107,205	236,970	18,405
Local Assistance	-	-	242,161	242,161	-	-	-	1,376,786	1,376,786	-	-	-	137,768	137,768	-
Capital Outlay	-	-	139,266	139,266	-	4,397	-	527,678	532,075	-	-	-	99,985	99,985	-
Totals, Department of Water Resources	**$99,514**	**$12,268**	**$528,071**	**$639,853**	**$8,634**	**$113,013**	**$13,655**	**$2,405,731**	**$2,532,399**	**$18,348**	**$115,341**	**$14,424**	**$344,958**	**$474,723**	**$18,405**
Sacramento-San Joaquin Delta Conservancy															
State Operations	-	-	-	-	-	775	-	-	775	-	798	-	-	798	-
General Obligation Bonds-Natural Res															
State Operations	717,692	-	-	717,692	-	899,748	-	-	899,748	-	976,622	-	-	976,622	-
Delta Stewardship Council															
State Operations	4,290	-	6,743	11,033	434	5,747	690	2,607	9,044	2,919	5,714	699	7,094	13,507	2,919
TOTALS, NATURAL RESOURCES	**$1,800,239**	**$2,122,121**	**$866,950**	**$4,789,310**	**$427,414**	**$2,032,149**	**$2,526,045**	**$4,480,220**	**$9,038,414**	**$338,605**	**$2,066,286**	**$2,322,565**	**$809,185**	**$5,198,036**	**$276,778**
State Operations	1,789,368	2,007,859	270,070	4,067,297	382,346	2,020,046	2,345,159	779,283	5,144,488	227,085	2,065,710	2,217,095	226,746	4,509,551	201,991
Local Assistance	576	97,400	315,360	413,336	13,526	576	114,154	1,903,329	2,018,059	42,139	576	70,671	407,862	479,109	22,469
Capital Outlay	10,295	16,862	281,520	308,677	31,542	11,527	66,732	1,797,608	1,875,867	69,381	-	34,799	174,577	209,376	52,318
ENVIRONMENTAL PROTECTION															
Secretary for Environmental Protection															
State Operations	1,685	8,267	-	9,952	-	1,806	11,223	-	13,029	1,500	1,860	11,571	-	13,431	1,500
Air Resources Board															
State Operations	193	270,728	206,518	477,439	14,565	-	318,130	240,825	558,955	14,951	-	338,346	282,381	620,727	16,050
Local Assistance	-	12,111	-	12,111	-	-	10,111	-	10,111	-	-	10,111	-	10,111	-
Totals, Air Resources Board	**$193**	**$282,839**	**$206,518**	**$489,550**	**$14,565**	**-**	**$328,241**	**$240,825**	**$569,066**	**$14,951**	**-**	**$348,457**	**$282,381**	**$630,838**	**$16,050**
Integrated Waste Management Board															
State Operations	-	25,002	-	25,002	-	-	-	-	-	-	-	-	-	-	-
Local Assistance	-	2,315	-	2,315	-	-	-	-	-	-	-	-	-	-	-
Totals, Integrated Waste Management Board	**-**	**$27,317**	**-**	**$27,317**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Department of Pesticide Regulation															
State Operations	-	44,832	-	44,832	1,971	-	52,601	-	52,601	2,269	-	58,228	-	58,228	2,282
Local Assistance	-	19,443	-	19,443	-	-	20,329	-	20,329	-	-	21,316	-	21,316	-
Totals, Department of Pesticide Regulation	**-**	**$64,275**	**-**	**$64,275**	**$1,971**	**-**	**$72,930**	**-**	**$72,930**	**$2,269**	**-**	**$79,544**	**-**	**$79,544**	**$2,282**
State Water Resources Control Board															
State Operations	32,301	322,007	1,583	355,891	39,684	40,807	486,394	8,146	535,347	57,934	29,600	470,858	8,280	508,738	57,929
Local Assistance	-	11,015	7,192	18,207	148,132	-	21,000	172,566	193,566	90,000	-	11,000	78,391	89,391	90,000
Totals, State Water Resources Control Board	**$32,301**	**$333,022**	**$8,775**	**$374,098**	**$187,816**	**$40,807**	**$507,394**	**$180,712**	**$728,913**	**$147,934**	**$29,600**	**$481,858**	**$86,671**	**$598,129**	**$147,929**
Department of Toxic Substances Control															
State Operations	18,905	102,623	-	121,528	22,731	24,231	140,284	-	164,515	27,023	21,858	130,013	-	151,871	27,844
Local Assistance	-	-3	-	-3	2,483	-	-4	-	-4	4,000	-	-175	-	-175	4,000
Capital Outlay	-	-	-	-	-	200	-	-	200	-	1,635	-	-	1,635	-
Totals, Department of Toxic Substances Control	**$18,905**	**$102,620**	**-**	**$121,525**	**$25,214**	**$24,431**	**$140,280**	**-**	**$164,711**	**$31,023**	**$23,493**	**$129,838**	**-**	**$153,331**	**$31,844**
Environmental Health Hazard Assessment															
State Operations	1,952	10,014	-	11,966	75	2,145	12,405	-	14,550	414	3,417	12,581	-	15,998	414
General Obligation Bonds-Environmental															

SCHEDULE 9 -- Continued
COMPARATIVE STATEMENT OF EXPENDITURES
(Dollars In Thousands)

	Actual 2009-10					Estimated 2010-11					Proposed 2011-12				
	General Fund	Special Fund	Selected Bond Funds	Budget Total	Federal Funds	General Fund	Special Fund	Selected Bond Funds	Budget Total	Federal Funds	General Fund	Special Fund	Selected Bond Funds	Budget Total	Federal Funds
State Operations	5,948	-	-	5,948	-	6,053	-	-	6,053	-	4,895	-	-	4,895	-
TOTALS, ENVIRONMENTAL PROTECTION	**$60,984**	**$828,354**	**$215,293**	**$1,104,631**	**$229,641**	**$75,242**	**$1,072,473**	**$421,537**	**$1,569,252**	**$198,091**	**$63,265**	**$1,063,849**	**$369,052**	**$1,496,166**	**$200,019**
State Operations	60,984	783,473	208,101	1,052,558	79,026	75,042	1,021,037	248,971	1,345,050	104,091	61,630	1,021,597	290,661	1,373,888	106,019
Local Assistance	-	44,881	7,192	52,073	150,615	-	51,436	172,566	224,002	94,000	-	42,252	78,391	120,643	94,000
Capital Outlay	-	-	-	-	-	200	-	-	200	-	1,635	-	-	1,635	-
HEALTH AND HUMAN SERVICES															
Health & Human Services Agency, Secy															
State Operations	3,134	-	-	3,134	2,548	3,748	17,254	-	21,002	1,417	3,644	17,737	-	21,381	1,604
State Council-Developmental Disabilities															
State Operations	-	-	-	-	6,205	-	-	-	-	7,016	-	-	-	-	7,317
Emergency Medical Services Authority															
State Operations	2,863	1,797	-	4,660	1,883	2,848	2,929	-	5,777	1,745	1,202	3,126	-	4,328	1,814
Local Assistance	5,558	-	-	5,558	-	5,558	300	-	5,858	704	5,558	300	-	5,858	704
Totals, Emergency Medical Services Authority	**$8,421**	**$1,797**	**-**	**$10,218**	**$1,883**	**$8,406**	**$3,229**	**-**	**$11,635**	**$2,449**	**$6,760**	**$3,426**	**-**	**$10,186**	**$2,518**
Statewide Health Planning & Development															
State Operations	30	71,050	-	71,080	376	67	81,607	-	81,674	859	406	86,136	-	86,542	418
Local Assistance	32	7,025	-	7,057	1,286	19	7,541	-	7,560	4,714	4,690	2,466	-	7,156	1,000
Totals, Statewide Health Planning & Developmen	**$62**	**$78,075**	**-**	**$78,137**	**$1,662**	**$86**	**$89,148**	**-**	**$89,234**	**$5,573**	**$5,096**	**$88,602**	**-**	**$93,698**	**$1,418**
Department of Aging															
State Operations	2,990	295	-	3,285	5,718	3,895	458	-	4,353	8,076	4,007	487	-	4,494	7,912
Local Assistance	29,227	2,246	-	31,473	158,519	28,923	4,146	-	33,069	150,753	11,125	4,146	-	15,271	144,571
Totals, Department of Aging	**$32,217**	**$2,541**	**-**	**$34,758**	**$164,237**	**$32,818**	**$4,604**	**-**	**$37,422**	**$158,829**	**$15,132**	**$4,633**	**-**	**$19,765**	**$152,483**
Commission on Aging															
State Operations	-	-	-	-	331	-	-	-	-	390	-	-	-	-	356
Department of Alcohol & Drug Programs															
State Operations	4,533	8,353	-	12,886	20,799	4,772	9,999	-	14,771	22,093	4,960	10,421	-	15,381	21,629
Local Assistance	183,275	4,000	-	187,275	244,089	185,624	4,000	-	189,624	250,773	217,122	4,000	-	221,122	240,434
Totals, Department of Alcohol & Drug Programs	**$187,808**	**$12,353**	**-**	**$200,161**	**$264,888**	**$190,396**	**$13,999**	**-**	**$204,395**	**$272,866**	**$222,082**	**$14,421**	**-**	**$236,503**	**$262,063**
Children & Families Commission															
State Operations	-	5,465	-	5,465	-	-	4,813	-	4,813	-	-	4,593	-	4,593	-
Local Assistance	-	609,935	-	609,935	-	-	463,980	-	463,980	-	-	542,604	-	542,604	-
Totals, Children & Families Commission	**-**	**$615,400**	**-**	**$615,400**	**-**	**-**	**$468,793**	**-**	**$468,793**	**-**	**-**	**$547,197**	**-**	**$547,197**	**-**
Department of Health Care Services															
State Operations	111,251	1,320	-	112,571	192,469	136,170	3,320	-	139,490	260,614	140,789	3,011	-	143,800	274,579
Local Assistance															
Children's Med Svs & Primary Rural Hlth	92,029	14,000	-	106,029	107,451	113,998	188,724	-	302,722	260,364	230,726	138,455	-	369,181	162,302
Medical Assistance Program	10,218,040	88,835	-	10,306,875	27,775,546	12,759,123	4,012,222	-	16,771,345	37,449,713	13,002,492	1,079,507	-	14,081,999	25,974,529
Totals, Local Assistance	10,310,069	102,835	-	10,412,904	27,882,997	12,873,121	4,200,946	-	17,074,067	37,710,077	13,233,218	1,217,962	-	14,451,180	26,136,831
Totals, Department of Health Care Services	**$10,421,320**	**$104,155**	**-**	**$10,525,475**	**$28,075,466**	**$13,009,291**	**$4,204,266**	**-**	**$17,213,557**	**$37,970,691**	**$13,374,007**	**$1,220,973**	**-**	**$14,594,980**	**$26,411,410**
Department of Public Health															
State Operations	81,699	205,740	3,103	290,542	267,711	90,765	243,624	5,527	339,916	266,501	94,330	259,351	6,297	359,978	259,800

SCHEDULE 9 -- Continued
COMPARATIVE STATEMENT OF EXPENDITURES
(Dollars In Thousands)

	Actual 2009-10					Estimated 2010-11					Proposed 2011-12				
	General Fund	Special Fund	Selected Bond Funds	Budget Total	Federal Funds	General Fund	Special Fund	Selected Bond Funds	Budget Total	Federal Funds	General Fund	Special Fund	Selected Bond Funds	Budget Total	Federal Funds
Local Assistance	102,716	451,965	16,715	571,396	1,639,582	114,013	409,324	84,724	608,061	1,652,440	220,576	438,947	151,662	811,185	1,690,010
Totals, Department of Public Health	**$184,415**	**$657,705**	**$19,818**	**$861,938**	**$1,907,293**	**$204,778**	**$652,948**	**$90,251**	**$947,977**	**$1,918,941**	**$314,906**	**$698,298**	**$157,959**	**$1,171,163**	**$1,949,810**
California Medical Assistance Commission															
State Operations	1,138	-	-	1,138	-	1,114	-	-	1,114	-	1,175	-	-	1,175	-
Managed Risk Medical Insurance Board															
State Operations	2,141	1,582	-	3,723	4,682	2,603	1,817	-	4,420	10,130	2,715	1,858	-	4,573	11,394
Local Assistance	216,586	124,825	-	341,411	735,537	128,197	282,051	-	410,248	1,003,979	264,754	187,612	-	452,366	1,079,545
Totals, Managed Risk Medical Insurance Board	**$218,727**	**$126,407**	**-**	**$345,134**	**$740,219**	**$130,800**	**$283,868**	**-**	**$414,668**	**$1,014,109**	**$267,469**	**$189,470**	**-**	**$456,939**	**$1,090,939**
Department of Developmental Services															
State Operations	278,719	600	-	279,319	2,522	305,590	680	-	306,270	2,895	348,626	673	-	349,299	2,884
Local Assistance	2,132,989	2,832	-	2,135,821	87,014	2,200,022	4,182	-	2,204,204	51,898	2,046,895	4,186	-	2,051,081	51,898
Capital Outlay	7,396	-	-	7,396	-	-	-	-	-	-	13,166	-	-	13,166	-
Totals, Department of Developmental Services	**$2,419,104**	**$3,432**	**-**	**$2,422,536**	**$89,536**	**$2,505,612**	**$4,862**	**-**	**$2,510,474**	**$54,793**	**$2,408,687**	**$4,859**	**-**	**$2,413,546**	**$54,782**
Department of Mental Health															
State Operations	1,162,943	34,035	-	1,196,978	2,414	1,212,453	33,352	-	1,245,805	3,340	1,285,357	35,007	-	1,320,364	3,517
Local Assistance	548,146	1,870,360	-	2,418,506	59,393	591,211	1,151,850	-	1,743,061	60,691	20,698	1,521,507	-	1,542,205	60,691
Capital Outlay	10	-	-	10	-	-	-	-	-	-	4,302	-	-	4,302	-
Totals, Department of Mental Health	**$1,711,099**	**$1,904,395**	**-**	**$3,615,494**	**$61,807**	**$1,803,664**	**$1,185,202**	**-**	**$2,988,866**	**$64,031**	**$1,310,357**	**$1,556,514**	**-**	**$2,866,871**	**$64,208**
Mental Hlth Svcs Ovrst and Acntblty Comm															
State Operations	-	-	-	-	-	-	5,408	-	5,408	-	-	4,529	-	4,529	-
Dept of Community Services & Development															
State Operations	-	-	-	-	12,885	-	-	-	-	24,308	-	-	-	-	25,010
Local Assistance	-	-	-	-	447,908	-	-	-	-	382,613	-	-	-	-	234,742
Totals, Dept of Community Services & Developme	**-**	**-**	**-**	**-**	**$460,793**	**-**	**-**	**-**	**-**	**$406,921**	**-**	**-**	**-**	**-**	**$259,752**
Department of Rehabilitation															
State Operations	52,736	103	-	52,839	307,899	54,068	1,419	-	55,487	326,501	55,083	1,392	-	56,475	332,672
Local Assistance	-	-	-	-	19,012	-	-	-	-	15,736	-	-	-	-	15,736
Totals, Department of Rehabilitation	**$52,736**	**$103**	**-**	**$52,839**	**$326,911**	**$54,068**	**$1,419**	**-**	**$55,487**	**$342,237**	**$55,083**	**$1,392**	**-**	**$56,475**	**$348,408**
State Independent Living Council															
State Operations	-	-	-	-	-	-	-	-	-	226	-	-	-	-	210
Department of Child Support Services															
State Operations	45,225	-	-	45,225	98,307	53,835	-	-	53,835	123,271	51,397	-	-	51,397	116,202
Local Assistance	242,608	-	-	242,608	421,379	281,345	-	-	281,345	493,252	276,901	-	-	276,901	386,777
Totals, Department of Child Support Services	**$287,833**	**-**	**-**	**$287,833**	**$519,686**	**$335,180**	**-**	**-**	**$335,180**	**$616,523**	**$328,298**	**-**	**-**	**$328,298**	**$502,979**
Department of Social Services															
State Operations	72,120	29,155	-	101,275	328,809	89,486	29,088	-	118,574	347,371	104,782	29,925	-	134,707	380,801
Local Assistance															
CalWorks	2,031,160	-	-	2,031,160	3,893,198	2,075,212	-	-	2,075,212	4,031,397	2,303,138	-	-	2,303,138	3,138,277
Other Assistance Payments	632,036	613	-	632,649	655,437	623,566	451	-	624,017	715,146	765,445	522	-	765,967	701,326
SSI/SSP	2,861,876	-	-	2,861,876	-	2,840,156	-	-	2,840,156	-	2,733,622	-	-	2,733,622	-
County Admin and Automation Projects	598,299	-	-	598,299	723,370	626,466	-	-	626,466	875,767	679,547	-	-	679,547	916,628
IHSS	1,484,002	-	-	1,484,002	-	1,333,726	-	-	1,333,726	-	1,135,488	-	-	1,135,488	-

SCHEDULE 9 -- Continued
COMPARATIVE STATEMENT OF EXPENDITURES
(Dollars In Thousands)

	Actual 2009-10					Estimated 2010-11					Proposed 2011-12				
	General Fund	Special Fund	Selected Bond Funds	Budget Total	Federal Funds	General Fund	Special Fund	Selected Bond Funds	Budget Total	Federal Funds	General Fund	Special Fund	Selected Bond Funds	Budget Total	Federal Funds
Children & Adult Services and Licensing	681,745	1,264	-	683,009	1,117,214	676,149	1,260	-	677,409	1,237,540	654,757	917	-	655,674	1,181,228
Other Programs	314,363	-	-	314,363	539,148	338,601	-	-	338,601	560,600	337,303	-	-	337,303	539,386
Totals, Local Assistance	8,603,481	1,877	-	8,605,358	6,928,367	8,513,876	1,711	-	8,515,587	7,420,450	8,609,300	1,439	-	8,610,739	6,476,845
Totals, Department of Social Services	**$8,675,601**	**$31,032**	**-**	**$8,706,633**	**$7,257,176**	**$8,603,362**	**$30,799**	**-**	**$8,634,161**	**$7,767,821**	**$8,714,082**	**$31,364**	**-**	**$8,745,446**	**$6,857,646**
State-Local Realignment															
Local Assistance	-	3,803,522	-	3,803,522	-	-	3,909,072	-	3,909,072	-	-	4,211,716	-	4,211,716	-
State-Local Realignment, 2011															
Local Assistance	-	-	-	-	-	-	-	-	-	-	-5,931,010	5,931,010	-	-	-
General Obligation Bonds-H&HS															
State Operations	26,633	-	-	26,633	-	77,663	-	-	77,663	-	79,578	-	-	79,578	-
TOTALS, HEALTH AND HUMAN SERVICES	**$24,230,248**	**$7,340,917**	**$19,818**	**$31,590,983**	**$39,880,641**	**$26,960,986**	**$10,874,871**	**$90,251**	**$37,926,108**	**$50,604,833**	**$21,175,346**	**$14,526,141**	**$157,959**	**$35,859,446**	**$37,967,903**
State Operations	1,848,155	359,495	3,103	2,210,753	1,255,558	2,039,077	435,768	5,527	2,480,372	1,406,753	2,178,051	458,246	6,297	2,642,594	1,448,119
Local Assistance	22,374,687	6,981,422	16,715	29,372,824	38,625,083	24,921,909	10,439,103	84,724	35,445,736	49,198,080	18,979,827	14,067,895	151,662	33,199,384	36,519,784
Capital Outlay	7,406	-	-	7,406	-	-	-	-	-	-	17,468	-	-	17,468	-
CORRECTIONS AND REHABILITATION															
Corrections and Rehabilitation															
State Operations	7,759,779	2,302	-	7,762,081	7,697	8,873,594	2,871	-	8,876,465	7,846	8,826,790	2,697	-	8,829,487	7,198
Local Assistance															
Corrections Standards Authority	835	-	-	835	-	835	-	-	835	-	835	-	-	835	-
Juvenile Operations & Offender Programs	78	-	-	78	-	78	-	-	78	-	78	-	-	78	-
Juvenile Parole Operations	3,803	-	-	3,803	-	1,403	-	-	1,403	-	1,403	-	-	1,403	-
Transportation of Prisoners	278	-	-	278	-	278	-	-	278	-	278	-	-	278	-
Returning of Fugitives from Justice	2,593	-	-	2,593	-	2,593	-	-	2,593	-	2,593	-	-	2,593	-
County Charges	20,819	-	-	20,819	-	21,753	-	-	21,753	-	19,651	-	-	19,651	-
Parolee Detention	48,883	-	-	48,883	-	80,536	-	-	80,536	-	49,346	-	-	49,346	-
Local Safety and Protection Account	-	24,323	-	24,323	-	-	25,859	-	25,859	-	29,430	2,844	-	32,274	-
Juvenile Justice Grant	-	-	-	-	22,224	-	-	-	-	22,224	-	-	-	-	22,224
Corrections Training Fund	-	19,465	-	19,465	-	-	19,465	-	19,465	-	-	19,465	-	19,465	-
Youthful Offender Block Grant	93,323	-	-	93,323	-	93,447	-	-	93,447	-	93,447	-	-	93,447	-
New Commitment Detention	-	-	-	-	-	5,500	-	-	5,500	-	-	-	-	-	-
Juvenile Reentry Grant	-	-	-	-	-	-	-	-	-	-	3,743	-	-	3,743	-
Community Corrections Performance	-	-	-	-	-	-	-	-	-	-	59,184	-1,776	-	57,408	-
Totals, Local Assistance	170,612	43,788	-	214,400	22,224	206,423	45,324	-	251,747	22,224	259,988	20,533	-	280,521	22,224
Capital Outlay	21,628	-	750	22,378	-	71,547	-	1,001	72,548	-	89,928	-	-	89,928	-
Totals, Corrections and Rehabilitation	**$7,952,019**	**$46,090**	**$750**	**$7,998,859**	**$29,921**	**$9,151,564**	**$48,195**	**$1,001**	**$9,200,760**	**$30,070**	**$9,176,706**	**$23,230**	**-**	**$9,199,936**	**$29,422**
Federal Immigration Funding-Incarceratn															
State Operations	-94,205	-	-	-94,205	94,205	-88,107	-	-	-88,107	88,107	-88,107	-	-	-88,107	88,107
General Obligation Bonds-DCR															
State Operations	200,527	-	-	200,527	-	193,170	-	-	193,170	-	76,163	-	-	76,163	-
TOTALS, CORRECTIONS AND REHABILITATION	**$8,058,341**	**$46,090**	**$750**	**$8,105,181**	**$124,126**	**$9,256,627**	**$48,195**	**$1,001**	**$9,305,823**	**$118,177**	**$9,164,762**	**$23,230**	**-**	**$9,187,992**	**$117,529**
State Operations	7,866,101	2,302	-	7,868,403	101,902	8,978,657	2,871	-	8,981,528	95,953	8,814,846	2,697	-	8,817,543	95,305
Local Assistance	170,612	43,788	-	214,400	22,224	206,423	45,324	-	251,747	22,224	259,988	20,533	-	280,521	22,224
Capital Outlay	21,628	-	750	22,378	-	71,547	-	1,001	72,548	-	89,928	-	-	89,928	-

SCHEDULE 9 -- Continued
COMPARATIVE STATEMENT OF EXPENDITURES
(Dollars In Thousands)

	Actual 2009-10					Estimated 2010-11					Proposed 2011-12				
	General Fund	Special Fund	Selected Bond Funds	Budget Total	Federal Funds	General Fund	Special Fund	Selected Bond Funds	Budget Total	Federal Funds	General Fund	Special Fund	Selected Bond Funds	Budget Total	Federal Funds
EDUCATION															
K thru 12 Education															
Education, Secy															
State Operations	1,676	-	-	1,676	-	1,361	-	-	1,361	-	-	-	-	-	-
Scholarshare Investment Board															
State Operations	531	-	-	531	-	487	-	-	487	-	440	-	-	440	-
Department of Education															
Department of Education															
State Operations	120,182	2,770	2,310	125,262	124,065	125,269	3,323	2,352	130,944	145,009	130,758	3,181	2,634	136,573	137,496
Local Assistance															
Adult Education	634,753	-	-	634,753	79,010	634,996	-	-	634,996	89,764	635,330	-	-	635,330	87,566
Apportionments - District and County	17,216,682	-	-	17,216,682	-	19,690,649	-	-	19,690,649	-	19,971,614	-	-	19,971,614	-
Child Development	1,860,276	-	-	1,860,276	657,743	1,453,868	-	-	1,453,868	722,310	1,077,664	-	-	1,077,664	535,638
Child Nutrition	153,871	-	-	153,871	1,925,323	162,971	-	-	162,971	2,160,081	162,971	-	-	162,971	2,200,181
Categorical Programs	9,079,956	64,272	-	9,144,228	3,424,366	7,071,677	68,527	-	7,140,204	3,297,165	7,390,038	59,973	-	7,450,011	2,811,551
Pupil Assessment	68,893	-	-	68,893	23,689	71,135	-	-	71,135	27,967	92,927	-	-	92,927	26,719
Special Education	2,729,918	-	-	2,729,918	1,857,557	3,446,637	-	-	3,446,637	1,232,218	2,983,546	-	-	2,983,546	1,252,391
State-Mandated Local Programs	210,138	-	-	210,138	-	-	-	-	-	-	80,355	-	-	80,355	-
Totals, Local Assistance	31,954,487	64,272	-	32,018,759	7,967,688	32,531,933	68,527	-	32,600,460	7,529,505	32,394,445	59,973	-	32,454,418	6,914,046
Totals, Department of Education	**$32,074,669**	**$67,042**	**$2,310**	**$32,144,021**	**$8,091,753**	**$32,657,202**	**$71,850**	**$2,352**	**$32,731,404**	**$7,674,514**	**$32,525,203**	**$63,154**	**$2,634**	**$32,590,991**	**$7,051,542**
State Library															
State Operations	10,034	576	1,322	11,932	5,504	12,641	747	1,685	15,073	7,005	13,267	778	1,925	15,970	7,257
Local Assistance	31,056	552	-	31,608	10,253	31,056	552	500	32,108	12,518	666	552	-	1,218	12,518
Totals, State Library	**$41,090**	**$1,128**	**$1,322**	**$43,540**	**$15,757**	**$43,697**	**$1,299**	**$2,185**	**$47,181**	**$19,523**	**$13,933**	**$1,330**	**$1,925**	**$17,188**	**$19,775**
Education Audit Appeals Panel															
State Operations	654	-	-	654	-	1,097	-	-	1,097	-	1,131	-	-	1,131	-
Summer School for the Arts															
State Operations	1,337	-	-	1,337	-	1,352	-	-	1,352	-	1,367	-	-	1,367	-
Teachers Retirement System Contributions															
Local Assistance	1,248,056	-	-	1,248,056	-	1,257,340	-	-	1,257,340	-	1,350,212	-	-	1,350,212	-
Retirement Costs for Community Colleges															
Local Assistance	-95,524	-	-	-95,524	-	-97,519	-	-	-97,519	-	-105,730	-	-	-105,730	-
School Facilities Aid Program															
Local Assistance	-	-	1,274,522	1,274,522	-	-	-	3,342,506	3,342,506	-	-	-	1,375,367	1,375,367	-
Commission on Teacher Credentialing															
State Operations	-	18,159	-	18,159	193	-	19,317	-	19,317	193	-	19,925	-	19,925	-
Local Assistance	26,898	-	-	26,898	-	26,199	-	-	26,199	-	26,212	-	-	26,212	-
Totals, Commission on Teacher Credentialing	**$26,898**	**$18,159**	**-**	**$45,057**	**$193**	**$26,199**	**$19,317**	**-**	**$45,516**	**$193**	**$26,212**	**$19,925**	**-**	**$46,137**	**-**
General Obligation Bonds-K-12															
State Operations	2,319,645	-	-	2,319,645	-	2,462,059	-	-	2,462,059	-	2,397,714	-	-	2,397,714	-
Totals, K thru 12 Education	**$35,619,032**	**$86,329**	**$1,278,154**	**$36,983,515**	**$8,107,703**	**$36,353,275**	**$92,466**	**$3,347,043**	**$39,792,784**	**$7,694,230**	**$36,210,482**	**$84,409**	**$1,379,926**	**$37,674,817**	**$7,071,317**
Higher Education-Community Colleges															
Board of Governors of Community Colleges															
State Operations	8,471	158	1,754	10,383	125	9,486	212	1,788	11,486	138	9,848	216	1,991	12,055	83
Local Assistance															

SCHEDULE 9 -- Continued
COMPARATIVE STATEMENT OF EXPENDITURES
(Dollars In Thousands)

	Actual 2009-10					Estimated 2010-11					Proposed 2011-12				
	General Fund	Special Fund	Selected Bond Funds	Budget Total	Federal Funds	General Fund	Special Fund	Selected Bond Funds	Budget Total	Federal Funds	General Fund	Special Fund	Selected Bond Funds	Budget Total	Federal Funds
Apportionments for Community Colleges	3,286,194	7,202	-	3,293,396	-	3,495,681	7,202	-	3,502,883	-	3,141,620	7,202	-	3,148,822	-
Student Success for Basic Skills Student	20,037	-	-	20,037	-	20,037	-	-	20,037	-	20,037	-	-	20,037	-
Student Financial Aid Administration	52,884	-	-	52,884	-	54,995	-	-	54,995	-	56,741	-	-	56,741	-
Extended Opportunity Program + CARE	73,605	-	-	73,605	-	73,605	-	-	73,605	-	73,605	-	-	73,605	-
Disabled Students	69,223	-	-	69,223	-	69,223	-	-	69,223	-	69,223	-	-	69,223	-
Welfare Reform	26,695	-	-	26,695	-	26,695	-	-	26,695	-	26,695	-	-	26,695	-
Foster Parent Training Programs	5,254	-	-	5,254	-	5,254	-	-	5,254	-	5,254	-	-	5,254	-
Matriculation	49,183	-	-	49,183	-	49,183	-	-	49,183	-	49,183	-	-	49,183	-
Support for Academic Senate	317	-	-	317	-	318	-	-	318	-	318	-	-	318	-
Faculty and Staff Diversity/EEO	767	-	-	767	-	767	-	-	767	-	767	-	-	767	-
Part-Time Faculty Health Insurance	490	-	-	490	-	490	-	-	490	-	490	-	-	490	-
Part-Time Faculty Compensation	24,907	-	-	24,907	-	24,907	-	-	24,907	-	24,907	-	-	24,907	-
Part-Time Faculty Office Hours Program	3,514	-	-	3,514	-	3,514	-	-	3,514	-	3,514	-	-	3,514	-
Telecommunications & Technology Services	15,290	-	-	15,290	-	15,290	-	-	15,290	-	15,290	-	-	15,290	-
Fund for Student Success	3,792	-	-	3,792	-	3,792	-	-	3,792	-	3,792	-	-	3,792	-
Economic Development	22,929	-	-	22,929	-	22,929	-	-	22,929	-	22,929	-	-	22,929	-
Transfer Education and Articulation	698	-	-	698	-	698	-	-	698	-	698	-	-	698	-
Solar Training Program	-	-	-	-	220	-	-	-	-	660	-	-	-	-	-
Career Technical Education	48,000	-	-	48,000	-	-	-	-	-	-	-	-	-	-	-
Campus Childcare Tax Bailout	3,350	-	-	3,350	-	3,350	-	-	3,350	-	3,350	-	-	3,350	-
Math and Science	-	-	-	-	-	-	-	-	-	58	-	-	-	-	-
Nursing Program Support	13,378	-	-	13,378	-	13,378	-	-	13,378	-	13,378	-	-	13,378	-
Local District Fiscal Oversight	570	-	-	570	-	570	-	-	570	-	570	-	-	570	-
Compton CCD Loan Payback	-797	-	-	-797	-	-707	-	-	-707	-	-707	-	-	-707	-
Personal/Home Care Certification Program	-	-	-	-	-	-	-	-	-	697	-	-	-	-	673
State Mandated Local Costs	2	-	-	2	-	-	-	-	-	-	9,545	-	-	9,545	-
One-time P-Tax Backfill	3,722	-	-	3,722	-	-	-	-	-	-	-	-	-	-	-
Mandate Costs	9,545	-	-	9,545	-	-	-	-	-	-	-	-	-	-	-
Career Technical Education	-	-	-	-	-	20,000	-	-	20,000	-	-	-	-	-	-
Prior Year Mandate Costs	22,307	-	-	22,307	-	-	-	-	-	-	-	-	-	-	-
Totals, Local Assistance	3,755,856	7,202	-	3,763,058	220	3,903,969	7,202	-	3,911,171	1,415	3,541,199	7,202	-	3,548,401	673
Capital Outlay	-	-	382,383	382,383	-	-	-	254,091	254,091	-	-	-	329,487	329,487	-
Totals, Board of Governors of Community Colleg	**$3,764,327**	**$7,360**	**$384,137**	**$4,155,824**	**$345**	**$3,913,455**	**$7,414**	**$255,879**	**$4,176,748**	**$1,553**	**$3,551,047**	**$7,418**	**$331,478**	**$3,889,943**	**$756**
General Obligation Bonds-Hi Ed-CC															
State Operations	224,626	-	-	224,626	-	278,056	-	-	278,056	-	251,042	-	-	251,042	-
Retirement Costs-Hi Ed-CC															
Local Assistance	95,524	-	-	95,524	-	97,519	-	-	97,519	-	105,730	-	-	105,730	-
Totals, Higher Education-Community Colleges	**$4,084,477**	**$7,360**	**$384,137**	**$4,475,974**	**$345**	**$4,289,030**	**$7,414**	**$255,879**	**$4,552,323**	**$1,553**	**$3,907,819**	**$7,418**	**$331,478**	**$4,246,715**	**$756**
Higher Education-UC, CSU and Other															
Postsecondary Education Commission															

SCHEDULE 9 -- Continued
COMPARATIVE STATEMENT OF EXPENDITURES
(Dollars In Thousands)

	Actual 2009-10					Estimated 2010-11					Proposed 2011-12				
	General Fund	Special Fund	Selected Bond Funds	Budget Total	Federal Funds	General Fund	Special Fund	Selected Bond Funds	Budget Total	Federal Funds	General Fund	Special Fund	Selected Bond Funds	Budget Total	Federal Funds
State Operations	1,777	-	-	1,777	314	1,853	-	-	1,853	425	1,927	-	-	1,927	447
Local Assistance	-	-	-	-	8,096	-	-	-	-	8,579	-	-	-	-	8,195
Totals, Postsecondary Education Commission	**$1,777**	**-**	**-**	**$1,777**	**$8,410**	**$1,853**	**-**	**-**	**$1,853**	**$9,004**	**$1,927**	**-**	**-**	**$1,927**	**$8,642**
University of California															
State Operations	2,591,158	31,447	128	2,622,733	3,504,345	2,911,638	29,561	-	2,941,199	3,317,613	2,524,059	33,001	-	2,557,060	3,526,421
Capital Outlay	-	-	260,777	260,777	-	-	-	92,719	92,719	-	-	-	9,312	9,312	-
Totals, University of California	**$2,591,158**	**$31,447**	**$260,905**	**$2,883,510**	**$3,504,345**	**$2,911,638**	**$29,561**	**$92,719**	**$3,033,918**	**$3,317,613**	**$2,524,059**	**$33,001**	**$9,312**	**$2,566,372**	**$3,526,421**
Institute for Regenerative Medicine															
State Operations	-	-	10,253	10,253	-	-	-	13,875	13,875	-	-	-	14,320	14,320	-
Local Assistance	-	-	164,721	164,721	-	-	-	288,169	288,169	-	-	-	306,853	306,853	-
Totals, Institute for Regenerative Medicine	**-**	**-**	**$174,974**	**$174,974**	**-**	**-**	**-**	**$302,044**	**$302,044**	**-**	**-**	**-**	**$321,173**	**$321,173**	**-**
Hastings College of the Law															
State Operations	8,270	-	-	8,270	-	8,364	-	-	8,364	-	6,935	-	-	6,935	-
California State University															
State Operations	2,345,743	-	4,724	2,350,467	940,078	2,682,709	-	14,032	2,696,741	1,001,109	2,291,273	-	-	2,291,273	1,001,109
Capital Outlay	-	-	189,230	189,230	-	-	-	35,245	35,245	-	-	-	20,150	20,150	-
Totals, California State University	**$2,345,743**	**-**	**$193,954**	**$2,539,697**	**$940,078**	**$2,682,709**	**-**	**$49,277**	**$2,731,986**	**$1,001,109**	**$2,291,273**	**-**	**$20,150**	**$2,311,423**	**$1,001,109**
Student Aid Commission															
State Operations	9,071	-	-	9,071	1,765,765	9,696	-	-	9,696	1,765,898	10,112	-	-	10,112	263
Local Assistance	1,034,468	-	-	1,034,468	18,120	1,214,617	-	-	1,214,617	25,787	567,441	-	-	567,441	19,787
Totals, Student Aid Commission	**$1,043,539**	**-**	**-**	**$1,043,539**	**$1,783,885**	**$1,224,313**	**-**	**-**	**$1,224,313**	**$1,791,685**	**$577,553**	**-**	**-**	**$577,553**	**$20,050**
General Obligation Bonds-Hi Ed															
State Operations	537,392	-	-	537,392	-	533,016	-	-	533,016	-	504,724	-	-	504,724	-
Totals, Higher Education-UC, CSU and Other	**$6,527,879**	**$31,447**	**$629,833**	**$7,189,159**	**$6,236,718**	**$7,361,893**	**$29,561**	**$444,040**	**$7,835,494**	**$6,119,411**	**$5,906,471**	**$33,001**	**$350,635**	**$6,290,107**	**$4,556,222**
TOTALS, EDUCATION	**$46,231,388**	**$125,136**	**$2,292,124**	**$48,648,648**	**$14,344,766**	**$48,004,198**	**$129,441**	**$4,046,962**	**$52,180,601**	**$13,815,194**	**$46,024,772**	**$124,828**	**$2,062,039**	**$48,211,639**	**$11,628,295**
State Operations	8,180,567	53,110	20,491	8,254,168	6,340,389	9,039,084	53,160	33,732	9,125,976	6,237,390	8,144,597	57,101	20,870	8,222,568	4,673,076
Local Assistance	38,050,821	72,026	1,439,243	39,562,090	8,004,377	38,965,114	76,281	3,631,175	42,672,570	7,577,804	37,880,175	67,727	1,682,220	39,630,122	6,955,219
Capital Outlay	-	-	832,390	832,390	-	-	-	382,055	382,055	-	-	-	358,949	358,949	-
LABOR AND WORKFORCE DEVELOPMENT															
Labor & Workforce Development, Secy															
State Operations	-	282	-	282	-	-	413	-	413	-	-	364	-	364	-
Employment Development Department															
State Operations	24,983	76,913	-	101,896	993,358	33,107	63,226	-	96,333	964,378	403,826	62,725	-	466,551	881,566
Local Assistance	-	-	-	-	24,259,244	-	-	-	-	16,694,854	-	-	-	-	18,773,116
Totals, Employment Development Department	**$24,983**	**$76,913**	**-**	**$101,896**	**$25,252,602**	**$33,107**	**$63,226**	**-**	**$96,333**	**$17,659,232**	**$403,826**	**$62,725**	**-**	**$466,551**	**$19,654,682**
Workforce Investment Board															
State Operations	-	-	-	-	2,701	-	-	-	-	3,924	-	-	-	-	3,004
Agricultural Labor Relations Board															
State Operations	4,315	-	-	4,315	-	4,604	-	-	4,604	-	4,895	-	-	4,895	-
Department of Industrial Relations															
State Operations	24,077	243,430	-	267,507	30,176	4,664	290,785	-	295,449	34,217	4,811	313,265	-	318,076	35,795
TOTALS, LABOR AND WORKFORCE DEVELOPMENT	**$53,375**	**$320,625**	**-**	**$374,000**	**$25,285,479**	**$42,375**	**$354,424**	**-**	**$396,799**	**$17,697,373**	**$413,532**	**$376,354**	**-**	**$789,886**	**$19,693,481**
State Operations	53,375	320,625	-	374,000	1,026,235	42,375	354,424	-	396,799	1,002,519	413,532	376,354	-	789,886	920,365

SCHEDULE 9 -- Continued
COMPARATIVE STATEMENT OF EXPENDITURES
(Dollars In Thousands)

	Actual 2009-10					Estimated 2010-11					Proposed 2011-12				
	General Fund	Special Fund	Selected Bond Funds	Budget Total	Federal Funds	General Fund	Special Fund	Selected Bond Funds	Budget Total	Federal Funds	General Fund	Special Fund	Selected Bond Funds	Budget Total	Federal Funds
Local Assistance	-	-	-	-	24,259,244	-	-	-	-	16,694,854	-	-	-	-	18,773,116
GENERAL GOVERNMENT															
General Administration															
Peace Officer Standards & Training Comm															
State Operations	-	44,646	-	44,646	-	-	37,594	-	37,594	-	-	38,327	-	38,327	-
Local Assistance	-	13,951	-	13,951	-	-	20,766	-	20,766	-	-	20,826	-	20,826	-
Totals, Peace Officer Standards & Training Com	**-**	**$58,597**	**-**	**$58,597**	**-**	**-**	**$58,360**	**-**	**$58,360**	**-**	**-**	**$59,153**	**-**	**$59,153**	**-**
State Public Defender															
State Operations	9,678	-	-	9,678	-	9,925	-	-	9,925	-	10,647	-	-	10,647	-
Arts Council															
State Operations	998	766	-	1,764	1,119	1,008	834	-	1,842	1,175	1,062	756	-	1,818	1,176
Local Assistance	-	2,310	-	2,310	578	-	2,310	-	2,310	100	-	2,075	-	2,075	100
Totals, Arts Council	**$998**	**$3,076**	**-**	**$4,074**	**$1,697**	**$1,008**	**$3,144**	**-**	**$4,152**	**$1,275**	**$1,062**	**$2,831**	**-**	**$3,893**	**$1,276**
Public Employment Relations Board															
State Operations	5,577	-	-	5,577	-	5,959	-	-	5,959	-	6,223	-	-	6,223	-
Department of Personnel Administration															
State Operations	3,751	628	100	4,479	-	9,730	-	-	9,730	-	9,331	-	-	9,331	-
Citizens' Compensation Commission															
State Operations	10	-	-	10	-	14	-	-	14	-	14	-	-	14	-
Board of Chiropractic Examiners															
State Operations	-	3,498	-	3,498	-	-	3,483	-	3,483	-	-	3,659	-	3,659	-
Horse Racing Board															
State Operations	-	11,253	-	11,253	-	-	11,323	-	11,323	-	-	11,716	-	11,716	-
Department of Food & Agriculture															
State Operations	79,820	85,129	-	164,949	78,540	81,151	112,287	1,178	194,616	99,005	88,208	113,080	1,178	202,466	107,187
Local Assistance	42,928	33,222	-	76,150	-	42,938	30,365	-	73,303	-	10,938	30,365	-	41,303	-
Totals, Department of Food & Agriculture	**$122,748**	**$118,351**	**-**	**$241,099**	**$78,540**	**$124,089**	**$142,652**	**$1,178**	**$267,919**	**$99,005**	**$99,146**	**$143,445**	**$1,178**	**$243,769**	**$107,187**
Fair Political Practices Commission															
State Operations	7,035	-	-	7,035	-	7,482	-	-	7,482	-	7,975	-	-	7,975	-
Political Reform Act of 1974															
State Operations	-	-	-	-	-	-	-	-	-	-	2,491	-	-	2,491	-
Public Utilities Commission															
State Operations	-	1,077,095	-	1,077,095	2,266	-	1,190,337	-	1,190,337	3,029	-	1,361,305	-	1,361,305	3,947
Milton Marks Little Hoover Commission															
State Operations	806	-	-	806	-	868	-	-	868	-	904	-	-	904	-
CA Commission on Disability Access															
State Operations	-	-	-	-	-	494	-	-	494	-	454	-	-	454	-
Commission on the Status of Women															
State Operations	403	-	-	403	-	449	-	-	449	-	465	-	-	465	-
Law Revision Commission															
State Operations	588	-	-	588	-	-	-	-	-	-	650	-	-	650	-
Commission on Uniform State Laws															
State Operations	148	-	-	148	-	-	-	-	-	-	148	-	-	148	-
Bureau of State Audits															
State Operations	10,172	243	-	10,415	-	9,293	264	-	9,557	-	14,039	-	-	14,039	-

SCHEDULE 9 -- Continued
COMPARATIVE STATEMENT OF EXPENDITURES
(Dollars In Thousands)

	Actual 2009-10					Estimated 2010-11					Proposed 2011-12				
	General Fund	Special Fund	Selected Bond Funds	Budget Total	Federal Funds	General Fund	Special Fund	Selected Bond Funds	Budget Total	Federal Funds	General Fund	Special Fund	Selected Bond Funds	Budget Total	Federal Funds
Department of Finance															
State Operations	16,707	526	200	17,433	-	17,463	538	147	18,148	-	18,599	569	154	19,322	-
Financial Information System for CA															
State Operations	2,107	-	-	2,107	-	15,761	6,363	-	22,124	-	20,915	22,674	-	43,589	-
Commission on State Mandates															
State Operations	1,362	-	-	1,362	-	1,449	-	-	1,449	-	1,452	-	-	1,452	-
Local Assistance	73,287	2,172	-	75,459	-	80,400	2,716	-	83,116	-	52,200	3,023	-	55,223	-
Totals, Commission on State Mandates	**$74,649**	**$2,172**	**-**	**$76,821**	**-**	**$81,849**	**$2,716**	**-**	**$84,565**	**-**	**$53,652**	**$3,023**	**-**	**$56,675**	**-**
Office of Administrative Law															
State Operations	1,422	-	-	1,422	-	1,642	-	-	1,642	-	1,550	-	-	1,550	-
Military Department															
State Operations	42,086	276	-	42,362	74,746	44,732	620	-	45,352	75,051	45,832	723	-	46,555	77,396
Local Assistance	60	-	-	60	-	60	-	-	60	-	60	-	-	60	-
Capital Outlay	100	-	-	100	-	-	-	-	-	-	-	-	-	-	-
Totals, Military Department	**$42,246**	**$276**	**-**	**$42,522**	**$74,746**	**$44,792**	**$620**	**-**	**$45,412**	**$75,051**	**$45,892**	**$723**	**-**	**$46,615**	**$77,396**
Department of Veterans Affairs															
Department of Veterans Affairs															
State Operations	151,309	262	90	151,661	1,339	206,404	424	165	206,993	1,816	253,385	435	170	253,990	4,271
Local Assistance	2,600	824	-	3,424	-	8,400	1,906	-	10,306	-	-	924	-	924	-
Capital Outlay	910	-	29,491	30,401	-	247	-	979	1,226	143,265	688	-	433	1,121	1,547
Totals, Department of Veterans Affairs	**$154,819**	**$1,086**	**$29,581**	**$185,486**	**$1,339**	**$215,051**	**$2,330**	**$1,144**	**$218,525**	**$145,081**	**$254,073**	**$1,359**	**$603**	**$256,035**	**$5,818**
Federal Per Diem for Veterans Housing															
State Operations	-27,342	-	-	-27,342	27,342	-31,558	-	-	-31,558	31,558	-35,123	-	-	-35,123	35,123
Vietnam Veterans Memorial Commission															
State Operations	-	3	-	3	-	-	-	-	-	-	-	-	-	-	-
General Obligation Bonds-Gen Govt															
State Operations	33,334	-	-	33,334	-	32,275	-	-	32,275	-	27,898	-	-	27,898	-
Totals, General Administration	**$459,856**	**$1,276,804**	**$29,881**	**$1,766,541**	**$185,930**	**$546,586**	**$1,422,130**	**$2,469**	**$1,971,185**	**$354,999**	**$541,005**	**$1,610,457**	**$1,935**	**$2,153,397**	**$230,747**
Tax Relief															
Tax Relief															
Local Assistance															
Homeowners' Property Tax Relief	438,724	-	-	438,724	-	442,184	-	-	442,184	-	442,184	-	-	442,184	-
Subventions for Open Space	-	-	-	-	-	1	-	-	1	-	1	-	-	1	-
Totals, Local Assistance	438,724	-	-	438,724	-	442,185	-	-	442,185	-	442,185	-	-	442,185	-
Totals, Tax Relief	**$438,724**	**-**	**-**	**$438,724**	**-**	**$442,185**	**-**	**-**	**$442,185**	**-**	**$442,185**	**-**	**-**	**$442,185**	**-**
Local Government Subventions															
Local Government Financing															
Local Assistance	433,489	-74,671	-	358,818	-	534,063	-76,339	-	457,724	-	559,465	-8,397	-	551,068	-
Payment to Counties for Homicide Trials															
Local Assistance	-	-	-	-	-	1	-	-	1	-	1	-	-	1	-
Shared Revenues															
Local Assistance	-	-	459,549	459,549	-	-	-	231,837	231,837	-	-	-	37,000	37,000	-
Apportionment of Off-Hwy License Fees															
Local Assistance	-	2,218	-	2,218	-	-	2,400	-	2,400	-	-	2,400	-	2,400	-
Apportionment of Fed Rcpts Fld Cntl Lnds															

SCHEDULE 9 -- Continued
COMPARATIVE STATEMENT OF EXPENDITURES
(Dollars In Thousands)

	Actual 2009-10					Estimated 2010-11					Proposed 2011-12				
	General Fund	Special Fund	Selected Bond Funds	Budget Total	Federal Funds	General Fund	Special Fund	Selected Bond Funds	Budget Total	Federal Funds	General Fund	Special Fund	Selected Bond Funds	Budget Total	Federal Funds
Local Assistance	-	-	-	-	97	-	-	-	-	380	-	-	-	-	380
Apportionment of Fed Rcpts Forest Rsrvs															
Local Assistance	-	-	-	-	52,804	-	-	-	-	66,141	-	-	-	-	66,141
Apportionment of Fed Rcpts Grazing Land															
Local Assistance	-	-	-	-	62	-	-	-	-	107	-	-	-	-	107
Apportionment of Fed Potash Lease Rntls															
Local Assistance	-	-	-	-	1,158	-	-	-	-	2,173	-	-	-	-	2,173
Apportionment of MV License Fees															
Local Assistance	11,862	151,484	-	163,346	-	-	178,897	-	178,897	-	-	173,199	-	173,199	-
Apportionment of Tideland Revenues															
Local Assistance	467	-	-	467	-	740	-	-	740	-	740	-	-	740	-
Apportionment of MV Fuel Tx County Rds															
Local Assistance	-	326,842	-	326,842	-	-	524,370	-	524,370	-	-	538,980	-	538,980	-
Apportionment of MV Fuel Tx City Streets															
Local Assistance	-	234,313	-	234,313	-	-	379,744	-	379,744	-	-	390,324	-	390,324	-
Apportionment of MV Fuel Tx Co Rd/Cty St															
Local Assistance	-	136,983	-	136,983	-	-	218,688	-	218,688	-	-	224,782	-	224,782	-
Apportionment of MV Fuel Co&Cty/St&Hwy															
Local Assistance	-	342,285	-	342,285	-	-	571,554	-	571,554	-	-	587,480	-	587,480	-
Apportionment of Geothermal Rsrcs Dvlp															
Local Assistance	-	1,907	-	1,907	-	-	2,041	-	2,041	-	-	2,041	-	2,041	-
Apportionment of Local Transportation Fd															
Local Assistance	-	574,648	-	574,648	-	-	-	-	-	-	-	-	-	-	-
Totals, Shared Revenues	**$12,329**	**$1,770,680**	**$459,549**	**$2,242,558**	**$54,121**	**$740**	**$1,877,694**	**$231,837**	**$2,110,271**	**$68,801**	**$740**	**$1,919,206**	**$37,000**	**$1,956,946**	**$68,801**
Totals, Local Government Subventions	**$445,818**	**$1,696,009**	**$459,549**	**$2,601,376**	**$54,121**	**$534,804**	**$1,801,355**	**$231,837**	**$2,567,996**	**$68,801**	**$560,206**	**$1,910,809**	**$37,000**	**$2,508,015**	**$68,801**
Debt Service															
Payment of Interest on PMIA Loans															
State Operations	29	-	-	29	-	-	-	-	-	-	-	-	-	-	-
Enhanced Tobacco Asset-Backed Bonds															
State Operations	-	-	-	-	-	-	-	-	-	-	1	-	-	1	-
Economic Recovery Financing Committee															
State Operations	-	11,853	-	11,853	-	-	13,400	-	13,400	-	-	13,014	-	13,014	-
Unclassified	-	1,152,908	-	1,152,908	-	-	1,247,430	-	1,247,430	-	-	1,394,359	-	1,394,359	-
Totals, Economic Recovery Financing Committee	**-**	**$1,164,761**	**-**	**$1,164,761**	**-**	**-**	**$1,260,830**	**-**	**$1,260,830**	**-**	**-**	**$1,407,373**	**-**	**$1,407,373**	**-**
Cash Management and Budgetary Loans															
State Operations	262,921	-	-	262,921	-	230,000	-	-	230,000	-	362,000	-	-	362,000	-
Interest Payments to the Federal Govt															
State Operations	2,964	60	-	3,024	-	3,000	1,001	-	4,001	-	10,000	1,001	-	11,001	-
Totals, Debt Service	**$265,914**	**$1,164,821**	**-**	**$1,430,735**	**-**	**$233,000**	**$1,261,831**	**-**	**$1,494,831**	**-**	**$372,001**	**$1,408,374**	**-**	**$1,780,375**	**-**
Statewide Expenditures															
Health & Dental Benefits for Annuitants															
State Operations	1,145,935	-	-	1,145,935	-	1,357,718	-	-	1,357,718	-	1,515,187	-	-	1,515,187	-
Prefunding Hlth & Dental Bens Annuitants															
State Operations	-	3,215	-	3,215	-	-	2,802	-	2,802	-	-	-	-	-	-
Statewide Accounts Receivable Management															

SCHEDULE 9 -- Continued
COMPARATIVE STATEMENT OF EXPENDITURES
(Dollars In Thousands)

	Actual 2009-10					Estimated 2010-11					Proposed 2011-12				
	General Fund	Special Fund	Selected Bond Funds	Budget Total	Federal Funds	General Fund	Special Fund	Selected Bond Funds	Budget Total	Federal Funds	General Fund	Special Fund	Selected Bond Funds	Budget Total	Federal Funds
State Operations	-	-	-	-	-	546	1,563	-	2,109	-	1,175	3,125	-	4,300	-
Victim Compensation/Government Claims Bd															
State Operations	12,664	20	-	12,684	3	24,133	416	-	24,549	-	-	-	-	-	-
Contingencies/Emergencies Augmentations															
State Operations	-	-	-	-	-	20,000	13,160	-	33,160	-	20,000	15,000	-	35,000	-
Capital Outlay Planning & Studies															
Capital Outlay	500	-	-	500	-	500	-	-	500	-	500	-	-	500	-
Reserve for Liquidation of Encumbrances															
Unclassified	766,644	-	-	766,644	-	-	-	-	-	-	-	-	-	-	-
Statewide Proposition 98 Reconciliation															
State Operations	360	-	-	360	-	-	-	-	-	-	-	-	-	-	-
Local Assistance	11,020	-	-	11,020	-	-335,934	-	-	-335,934	-	-10,777	-	-	-10,777	-
Totals, Statewide Proposition 98 Reconciliatio	**$11,380**	**-**	**-**	**$11,380**	**-**	**$-335,934**	**-**	**-**	**$-335,934**	**-**	**$-10,777**	**-**	**-**	**$-10,777**	**-**
Section 3.60 Rate Adjustments															
State Operations	-	-	-	-	-	-	-	-	-	-	235,578	90,879	-	326,457	-
PERS General Fund Payment															
State Operations	415,962	-	-	415,962	-	447,210	-	-	447,210	-	537,083	-	-	537,083	-
Statewide General Admin Exp (Pro Rata)															
State Operations	-356,761	1,295	-	-355,466	-	-410,103	1,798	-	-408,305	-	-468,708	874	-	-467,834	-
Various Departments															
State Operations	-21,259	-16,844	-	-38,103	-	20,000	-	-	20,000	-	-175,000	-109,210	-	-284,210	-
Local Assistance	-	59,213	-	59,213	-	-581,723	58,650	-	-523,073	581,723	-500,000	58,650	-	-441,350	500,000
Totals, Various Departments	**$-21,259**	**$42,369**	**-**	**$21,110**	**-**	**$-561,723**	**$58,650**	**-**	**$-503,073**	**$581,723**	**$-675,000**	**$-50,560**	**-**	**$-725,560**	**$500,000**
Totals, Statewide Expenditures	**$1,975,065**	**$46,899**	**-**	**$2,021,964**	**$3**	**$542,347**	**$78,389**	**-**	**$620,736**	**$581,723**	**$1,155,038**	**$59,318**	**-**	**$1,214,356**	**$500,000**
Augmentation for Employee Compensation															
Augmentation for Employee Compensation															
State Operations	-	-	-	-	-	-	-	-	-	-	56,454	50,019	-	106,473	-
Reduction for Employee Compensation															
State Operations	-	-	-	-	-	-30,000	-	-	-30,000	-	-451,953	-218,670	-	-670,623	-
June to July Payroll Deferral															
State Operations	-799,660	-372,788	-	-1,172,448	-	-	-	-	-	-	-	-	-	-	-
Totals, Augmentation for Employee Compensation	**$-799,660**	**$-372,788**	**-**	**$-1,172,448**	**-**	**$-30,000**	**-**	**-**	**$-30,000**	**-**	**$-395,499**	**$-168,651**	**-**	**$-564,150**	**-**
Statewide Savings															
General Fund Credits from Federal Funds															
State Operations	-94,492	-	-	-94,492	-	-106,598	-	-	-106,598	-	-121,991	-	-	-121,991	-
PERS Deferral															
State Operations	-447,210	-	-	-447,210	-	-537,083	-	-	-537,083	-	-595,977	-	-	-595,977	-
Alternate Retirement Program															
State Operations	-	-	-	-	-	-47,850	-26,100	-	-73,950	-	-46,750	-25,500	-	-72,250	-
Totals, Statewide Savings	**$-541,702**	**-**	**-**	**$-541,702**	**-**	**$-691,531**	**$-26,100**	**-**	**$-717,631**	**-**	**$-764,718**	**$-25,500**	**-**	**$-790,218**	**-**
TOTALS, GENERAL GOVERNMENT	**$2,244,015**	**$3,811,745**	**$489,430**	**$6,545,190**	**$240,054**	**$1,577,391**	**$4,537,605**	**$234,306**	**$6,349,302**	**$1,005,523**	**$1,910,218**	**$4,794,807**	**$38,935**	**$6,743,960**	**$799,548**
State Operations	461,424	851,136	390	1,312,950	185,355	1,385,514	1,372,107	1,490	2,759,111	211,634	1,354,218	1,373,776	1,502	2,729,496	229,100
Local Assistance	1,014,437	1,807,701	459,549	3,281,687	54,699	191,130	1,918,068	231,837	2,341,035	650,624	554,812	2,026,672	37,000	2,618,484	568,901
Capital Outlay	1,510	-	29,491	31,001	-	747	-	979	1,726	143,265	1,188	-	433	1,621	1,547
Unclassified	766,644	1,152,908	-	1,919,552	-	-	1,247,430	-	1,247,430	-	-	1,394,359	-	1,394,359	-

SCHEDULE 9 -- Continued
COMPARATIVE STATEMENT OF EXPENDITURES
(Dollars In Thousands)

	Actual 2009-10					Estimated 2010-11					Proposed 2011-12				
	General Fund	Special Fund	Selected Bond Funds	Budget Total	Federal Funds	General Fund	Special Fund	Selected Bond Funds	Budget Total	Federal Funds	General Fund	Special Fund	Selected Bond Funds	Budget Total	Federal Funds
GRAND TOTAL	**$87,236,725**	**$23,513,978**	**$6,250,235**	**$117,000,938**	**$89,088,164**	**$92,208,454**	**$30,516,106**	**$13,297,965**	**$136,022,525**	**$91,908,820**	**$84,613,727**	**$34,847,874**	**$7,909,351**	**$127,370,952**	**$76,740,236**
State Operations	$22,743,256	$11,204,886	$770,312	$34,718,454	$11,420,118	$26,061,581	$13,311,559	$1,291,101	$40,664,241	$11,726,077	$25,705,052	$13,633,471	$731,552	$40,070,075	$8,682,468
Local Assistance	$62,165,949	$11,490,043	$3,080,147	$76,736,139	$75,906,385	$65,979,257	$15,119,949	$7,371,139	$88,470,345	$77,341,109	$58,715,040	$18,690,094	$3,898,028	$81,303,162	$65,691,528
Capital Outlay	$40,839	$1,186,178	$2,399,776	$3,626,793	$1,761,661	$84,200	$920,584	$4,635,725	$5,640,509	$2,836,634	$110,219	$1,213,366	$3,279,771	$4,603,356	$2,361,240
Unclassified	$2,286,681	$-367,129	-	$1,919,552	-	$83,416	$1,164,014	-	$1,247,430	$5,000	$83,416	$1,310,943	-	$1,394,359	$5,000
BUDGET ACT TOTALS	**$58,024,939**	**$11,277,589**	**$1,505,204**	**$70,807,732**	**$77,582,812**	**$63,496,293**	**$13,427,972**	**$2,436,364**	**$79,360,629**	**$78,288,937**	**$58,569,599**	**$15,659,224**	**$2,606,215**	**$76,835,038**	**$68,602,927**
State Operations	18,467,042	8,972,174	443,315	27,882,531	4,869,126	21,707,163	10,522,658	528,160	32,757,981	3,871,508	21,340,361	10,822,855	467,303	32,630,519	3,928,498
Local Assistance	39,538,884	2,053,302	879,367	42,471,553	72,583,241	41,768,679	2,540,026	905,705	45,214,410	73,240,885	37,210,165	4,013,689	761,357	41,985,211	62,601,484
Capital Outlay	19,013	252,113	182,522	453,648	130,445	20,451	365,288	1,002,499	1,388,238	1,171,544	19,073	822,680	1,377,555	2,219,308	2,067,945
Unclassified	-	-	-	-	-	-	-	-	-	5,000	-	-	-	-	5,000
STATUTORY APPROPRIATIONS	**$19,020,864**	**$8,748,970**	**$469,563**	**$28,239,397**	**$3,269,381**	**$21,161,537**	**$7,702,496**	**$551,090**	**$29,415,123**	**$4,353,931**	**$21,666,867**	**$8,603,129**	**$578,410**	**$30,848,406**	**$2,314,649**
State Operations	-245,930	1,878,614	14,825	1,647,509	1,779,138	-379,255	1,994,528	21,011	1,636,284	1,787,380	-383,042	2,023,610	22,822	1,663,390	22,375
Local Assistance	19,266,794	5,075,823	453,327	24,795,944	1,479,423	21,540,792	4,380,239	526,079	26,447,110	2,389,410	22,049,909	4,987,236	554,588	27,591,733	2,257,274
Capital Outlay	-	644,587	1,411	645,998	10,820	-	126,729	4,000	130,729	177,141	-	303,876	1,000	304,876	35,000
Unclassified	-	1,149,946	-	1,149,946	-	-	1,201,000	-	1,201,000	-	-	1,288,407	-	1,288,407	-
CONSTITUTIONAL APPROPRIATIONS	**$6,379,871**	**$2,407,695**	**-**	**$8,787,566**	**-**	**$5,598,165**	**$3,933,420**	**-**	**$9,531,585**	**-**	**$5,787,685**	**$3,640,608**	**-**	**$9,428,293**	**-**
State Operations	4,859,834	71,409	-	4,931,243	-	5,514,749	-	-	5,514,749	-	5,704,269	-	-	5,704,269	-
Local Assistance	-	3,853,361	-	3,853,361	-	-	3,970,406	-	3,970,406	-	-	3,618,072	-	3,618,072	-
Unclassified	1,520,037	-1,517,075	-	2,962	-	83,416	-36,986	-	46,430	-	83,416	22,536	-	105,952	-
OTHER APPROPRIATIONS	**$3,811,051**	**$1,079,724**	**$4,275,468**	**$9,166,243**	**$8,235,971**	**$1,952,459**	**$5,452,218**	**$10,310,511**	**$17,715,188**	**$9,265,952**	**$-1,410,424**	**$6,944,913**	**$4,724,726**	**$10,259,215**	**$5,822,660**
State Operations	-337,690	282,689	312,172	257,171	4,771,854	-781,076	794,373	741,930	755,227	6,067,189	-956,536	787,006	241,427	71,897	4,731,595
Local Assistance	3,360,271	507,557	1,747,453	5,615,281	1,843,721	2,669,786	4,229,278	5,939,355	12,838,419	1,710,814	-545,034	6,071,097	2,582,083	8,108,146	832,770
Capital Outlay	21,826	289,478	2,215,843	2,527,147	1,620,396	63,749	428,567	3,629,226	4,121,542	1,487,949	91,146	86,810	1,901,216	2,079,172	258,295
Unclassified	766,644	-	-	766,644	-	-	-	-	-	-	-	-	-	-	-

SCHEDULE 10
SUMMARY OF FUND CONDITION STATEMENTS
(Dollars In Thousands)

Fund	Reserves June 30, 2009	Actual Revenues 2009-10	Actual Expenditures 2009-10	Reserves June 30, 2010	Estimated Revenue 2010-11	Estimated Expenditures 2010-11	Reserves June 30, 2011	Estimated Revenues 2011-12	Estimated Expenditures 2011-12	Reserves June 30, 2012
GENERAL FUND	**-5,146,914**	**87,041,127**	**87,236,718**	**-5,342,505**	**94,193,855**	**92,208,453**	**-3,357,103**	**89,695,706**	**84,613,727**	**1,724,876**
SPECIAL FUNDS										
Abandoned Mine Reclamation & Minerals Fd	221	585	187	619	706	526	799	807	533	1,073
Abandoned Watercraft Abatement Fund	129	500	496	133	650	650	133	600	600	133
Accountancy Fund	16,075	12,703	8,643	20,135	2,855	11,940	11,050	19,598	11,222	19,426
Acupuncture Fund	4,785	2,367	1,866	5,286	2,694	2,532	5,448	2,605	2,594	5,459
Acute Orphan Well Account, Oil, Gas, Geo	856	7	27	836	7	30	813	5	805	13
Administration Acct, Child & Families	25,065	4,890	5,470	24,485	4,813	4,825	24,473	-19,872	4,601	-
Advanced Services Fund, California	79,333	36,943	503	115,773	4,130	25,088	94,815	17,128	24,941	87,002
Aeronautics Account STF	7,050	5,128	4,250	7,928	1,420	7,383	1,965	5,750	7,600	115
Agricultural Export Promotion Acct, CA	53	7	4	56	11	10	57	11	10	58
Air Pollution Control Fund	44,908	145,343	138,386	51,865	155,023	169,243	37,645	155,367	174,391	18,621
Air Quality Improvement Fund	1,093	34,105	31,033	4,165	40,500	36,064	8,601	40,500	44,344	4,757
Air Toxics Inventory and Assessment Acct	468	523	-	991	600	975	616	600	981	235
Alcohol Beverages Control Fund	13,087	51,180	44,711	19,556	52,819	52,346	20,029	53,868	55,094	18,803
Alcoholic Beverage Control Appeals Fund	994	1,015	749	1,260	1,043	971	1,332	1,053	1,034	1,351
Alternative & Renewable & Vehicle Tech	102,599	69,878	106,443	66,034	102,679	160,779	7,934	102,609	107,762	2,781
Analytical Laboratory Account, Food & Ag	1,800	381	530	1,651	539	500	1,690	539	500	1,729
Antiterrorism Fund	2,754	1,438	2,068	2,124	1,400	2,869	655	1,400	754	1,301
Appellate Court Trust Fund	824	4,133	2,067	2,890	3,980	4,344	2,526	3,978	4,344	2,160
Apprenticeship Training Contribution Fd	21,543	9,029	6,556	24,016	3,640	10,658	16,998	8,140	10,892	14,246
Architects Board Fund, California	2,410	2,870	2,834	2,446	2,981	3,589	1,838	4,148	3,654	2,332
Armory Discretionary Improvement Account	280	67	61	286	75	169	192	75	171	96
Asbestos Consultant Certification Acct	906	400	331	975	468	359	1,084	468	384	1,168
Asbestos Training Approval Account	338	205	121	422	225	127	520	225	137	608
Assistance for Fire Equipment Acct,State	600	46	34	612	50	100	562	50	105	507
Athletic Commission Fund	945	1,755	1,812	888	2,385	2,325	948	2,610	2,401	1,157
Athltc Comm Neurlgcl Exmntn Acct, St	512	158	54	616	102	117	601	102	121	582
Attorney General Antitrust Account	287	1,351	995	643	2,220	2,117	746	2,000	2,276	470
Audit Fund, State	2,434	-	-7	2,441	-	264	2,177	-	-	2,177
AIDS Drug Assistance Program Rebate Fund	91,098	171,400	251,189	11,309	226,099	229,056	8,352	259,321	258,042	9,631
Barbering/Cosmetology Fd, St Bd of	6,245	19,248	15,389	10,104	18,438	17,284	11,258	19,685	18,331	12,612
Beach and Coastal Enhancement Acct,Calif	808	1,711	1,367	1,152	1,604	2,147	609	1,518	1,498	629
Behavioral Science Examiners Fund	4,600	6,211	5,926	4,885	8,293	7,932	5,246	7,811	7,773	5,284
Beverage Container Recycling Fund, CA	98,770	928,294	1,020,470	6,594	1,107,654	1,065,813	48,435	1,061,297	1,071,784	37,948
Bicycle Transportation Account, STF	1,525	7,324	7,220	1,629	7,351	7,210	1,770	14,113	7,210	8,673
Bimetal Processing Fee Acct, Bev Cont Re	9,640	2,170	302	11,508	2,169	379	13,298	2,169	379	15,088
Bingo Fund, California	338	471	76	733	788	769	752	104	105	751
Birth Defects Monitoring Fund	3,722	4,076	2,130	5,668	4,215	3,703	6,180	4,274	3,814	6,640
Bldng Stnds Admin Special Revolving Fund	176	1,188	460	904	1,260	1,226	938	1,290	1,368	860
Breast Cancer Control Account	19,922	11,925	26,379	5,468	11,455	11,683	5,240	10,955	15,845	350
Breast Cancer Fund	4,388	589	550	4,427	768	761	4,434	767	776	4,425
Breast Cancer Research Account	3,774	11,988	14,333	1,429	11,523	12,385	567	11,023	11,108	482
Business Fees Fund, Secty of State's	205	35,990	36,195	-	38,403	37,403	1,000	39,104	39,104	1,000
Cal- OSHA Targeted Inspection & Consult	10,374	8,851	8,793	10,432	12,193	8,188	14,437	12,193	8,696	17,934

SCHEDULE 10 -- Continued
SUMMARY OF FUND CONDITION STATEMENTS
(Dollars In Thousands)

Fund	Reserves June 30, 2009	Actual Revenues 2009-10	Actual Expenditures 2009-10	Reserves June 30, 2010	Estimated Revenue 2010-11	Estimated Expenditures 2010-11	Reserves June 30, 2011	Estimated Revenues 2011-12	Estimated Expenditures 2011-12	Reserves June 30, 2012
California Memorial Scholarship Fund	39	-	-	39	-	-	39	-	-	39
Cancer Research Fund	1,617	-	-	1,617	-1,617	-	-	-	-	-
Cannery Inspection Fund	1,454	1,740	1,682	1,512	2,170	2,225	1,457	2,170	2,367	1,260
Car Wash Worker Fund	1,315	1,395	183	2,527	1,215	202	3,540	1,215	213	4,542
Car Wash Worker Restitution Fund	743	1,288	-	2,031	1,108	80	3,059	1,108	80	4,087
Caseload Subacct, Sales Tax Growth Acct	-	-	-	-	76,151	76,151	-	229,460	229,460	-
Cemetery Fund	2,842	891	1,819	1,914	1,513	2,253	1,174	1,581	2,336	419
Certification Acct, Consumer Affairs Fd	856	1,053	954	955	1,163	1,101	1,017	1,164	1,113	1,068
Certification Fund	4,064	1,345	1,336	4,073	1,384	1,803	3,654	1,384	1,725	3,313
Certified Access Specialist Fund	112	530	113	529	409	256	682	362	295	749
Certified Unified Program Account, State	1,807	1,496	1,057	2,246	1,519	2,273	1,492	1,545	2,259	778
Charity Bingo Mitigation Fund	3,467	-	-	3,467	-3,467	-	-	-	-	-
Child Abuse Fund, DOJ	1,273	452	322	1,403	442	372	1,473	442	380	1,535
Child Care Acct, Child & Families Trust	52,864	14,540	33,035	34,369	14,330	14,330	34,369	-20,677	13,692	-
Child Health and Safety Fund	4,117	4,526	6,104	2,539	4,671	5,878	1,332	4,671	5,964	39
Childhood Lead Poisoning Prevention Fund	51,698	28,074	18,966	60,806	21,222	22,789	59,239	21,222	23,767	56,694
Children & Families First Trust Fd, Cal	395	17,275	11,738	5,932	10,672	16,604	-	16,944	16,944	-
Children's Health & Human Services Sp Fd	8,451	178,740	81,775	105,416	192,314	254,330	43,400	194,452	194,452	43,400
Children's Medical Services Rebate Fund	12,626	7,685	4,000	16,311	4,116	4,000	16,427	4,116	4,000	16,543
Chiropractic Examiners Fund	4,246	2,377	3,498	3,125	2,364	3,487	2,002	3,731	3,677	2,056
Cigarette & Tobacco Products Compliance	2,560	1,778	649	3,689	1,687	772	4,604	1,687	795	5,496
Cigarette & Tobacco Products Surtax Fund	454	7,005	6,888	571	9,557	9,456	672	9,755	9,650	777
Clandestine Drug Lab Clean-Up Account	8	1	-	9	-	-	9	-	-	9
Clinical Laboratory Improvement Fund	2,815	8,293	5,345	5,763	8,888	8,965	5,686	9,639	9,676	5,649
Clnup Loans Envimmntl Asst Neighood Act	3,902	-2	1	3,899	-414	1	3,484	-412	-175	3,247
Coachella Valley Mountains Conservancy	20	5	-	25	33	27	31	33	29	35
Coastal Access Account, SCCF	1,684	500	171	2,013	500	1,190	1,323	500	500	1,323
Coastal Act Services Fund	514	1,209	341	1,382	925	767	1,540	925	654	1,811
Collins-Dugan Calif Conserv Corps Reimb	11,858	30,443	28,438	13,863	33,237	36,741	10,359	30,934	28,834	12,459
Community Revitalization Fee Fund	3	-	-	3	-	-	3	-	-	3
Construction Management Education Acct	488	68	151	405	67	165	307	67	178	196
Contingent Fd of the Medical Board of CA	24,412	50,615	47,124	27,903	50,497	51,778	26,622	51,951	55,406	23,167
Continuing Care Provider Fee Fund	2,771	1,072	1,298	2,545	995	1,716	1,824	995	1,778	1,041
Contractors' License Fund	24,460	47,913	51,415	20,958	48,236	57,121	12,073	57,655	59,769	9,959
Corporations Fund, State	49,388	53,525	31,394	71,519	12,862	41,367	43,014	32,232	47,290	27,956
Corrections Training Fund	3,688	20,000	21,492	2,196	21,796	22,061	1,931	21,550	22,162	1,319
Counties Children & Families Acct	104,432	378,678	383,426	99,684	373,167	373,167	99,684	356,149	455,833	-
Court Collection Account	178	70,307	68,185	2,300	69,901	69,972	2,229	69,901	70,299	1,831
Court Facilities Trust Fund	6,532	91,429	94,799	3,162	100,569	100,642	3,089	101,683	101,756	3,016
Court Interpreters' Fund	93	187	145	135	140	160	115	140	164	91
Court Reporters Fund	1,516	485	800	1,201	647	769	1,079	647	786	940
Credit Union Fund	2,380	6,143	5,677	2,846	6,156	7,004	1,998	6,156	7,505	649
Dam Safety Fund	931	9,805	9,679	1,057	10,600	10,678	979	10,675	11,291	363
Deaf & Disabled Telecomm Prg Admin Comm	42,133	43,179	60,103	25,209	41,827	60,605	6,431	74,312	69,882	10,861
Dealers' Record of Sale Special Account	10,507	12,844	9,129	14,222	11,021	10,735	14,508	10,130	11,346	13,292

SCHEDULE 10 -- Continued
SUMMARY OF FUND CONDITION STATEMENTS
(Dollars In Thousands)

Fund	Reserves June 30, 2009	Actual Revenues 2009-10	Actual Expenditures 2009-10	Reserves June 30, 2010	Estimated Revenue 2010-11	Estimated Expenditures 2010-11	Reserves June 30, 2011	Estimated Revenues 2011-12	Estimated Expenditures 2011-12	Reserves June 30, 2012
Debt & Investment Advisory Comm Fund,Cal	6,172	1,585	2,041	5,716	1,522	2,735	4,503	1,522	2,770	3,255
Debt Limit Allocation Committee Fund,Cal	3,780	747	1,171	3,356	777	1,225	2,908	774	1,282	2,400
Deficit Recovery Bond Retirement Sinking	-	2,962	2,962	-	46,430	46,430	-	105,952	105,952	-
Dental Assistant Fund, State	-	3,183	1,252	1,931	1,591	1,665	1,857	1,473	1,690	1,640
Dental Auxiliary Fund, State	2,036	-2,031	-	5	-	-	5	-	-	5
Dental Hygiene Fund, State	85	1,350	1,009	426	1,207	1,238	395	1,366	1,353	408
Dentally Underserved Account	2,221	14	263	1,972	19	127	1,864	18	126	1,756
Dentistry Fund, State	7,498	7,920	7,553	7,865	7,693	10,617	4,941	10,737	11,443	4,235
Department of Agriculture Account, Ag Fd	34,820	98,753	93,945	39,628	105,155	122,629	22,154	120,155	124,023	18,286
Developmental Disabilities Prog Dev Fund	2,207	2,195	2,376	2,026	3,298	3,594	1,730	3,302	4,036	996
Developmental Disabilities Services Acct	131	-	-	131	150	150	131	150	150	131
Diesel Emission Reduction Fund	1,633	1,086	-	2,719	314	-	3,033	314	-	3,347
Disability Access Account	5,114	4,480	5,975	3,619	4,994	6,353	2,260	4,994	7,101	153
Disaster Relief Fund	11	-	-	11	-	-	11	-	-	11
Dispensing Opticians Fund	339	183	148	374	180	308	246	178	316	108
Domestic Violence Trng & Education Fund	985	872	936	921	872	1,133	660	872	1,153	379
Drinking Water Operator Cert Special Act	1,987	1,483	1,231	2,239	1,715	1,658	2,296	1,766	1,736	2,326
Drinking Water Treatment & Research Fund	5,518	-	3,990	1,528	-	2	1,526	-	-	1,526
Driver Training Penalty Assessment Fund	635	1,478	1,493	620	1,509	1,546	583	1,550	1,592	541
Driving Under-the-Influence Prog Lic Trs	2,046	1,581	1,399	2,228	1,610	1,637	2,201	1,610	1,706	2,105
Drug and Device Safety Fund	8,444	4,242	4,559	8,127	4,500	5,285	7,342	4,500	6,104	5,738
DNA Identification Fund	37,281	28,601	21,168	44,714	60,043	74,241	30,516	69,449	79,367	20,598
DNA Testing Fund, Department of Justice	294	2	-	296	-296	-	-	-	-	-
Earthquake Emergency Invest Acct-NDA Fd	56	-	-	56	-	-	56	-	-	56
Earthquake Risk Reduction Fund of 1996	-	1,000	1,000	-	1,000	1,000	-	1,000	1,000	-
Education Acct, Child & Families TrustFd	92,170	28,826	63,864	57,132	23,966	23,966	57,132	-34,229	22,903	-
Educational Telecommunication Fund	3,406	-	2,214	1,192	-	1,185	7	-	-	7
Electrician Certification Fund	4,572	2,689	2,305	4,956	2,040	2,623	4,373	2,040	2,758	3,655
Electronic and Appliance Repair Fund	2,095	2,106	1,920	2,281	2,066	2,487	1,860	2,088	3,041	907
Electronic Waste Recovery & Recycling	39,454	176,218	62,401	153,271	111	91,764	61,618	87,741	92,655	56,704
Elevator Safety Account	890	15,109	15,477	522	22,493	19,740	3,275	26,734	21,079	8,930
Emerg Medical Srvcs Trng Prog Approvl Fd	211	235	396	50	371	363	58	371	382	47
Emergency Food Assistance Program Fund	601	481	619	463	533	457	539	561	528	572
Emergency Medical Services Personnel Fnd	391	1,333	1,404	320	1,647	1,485	482	1,647	1,606	523
Emergency Medical Technician Cert Fund	-	-	-	-	1,513	1,390	123	1,513	1,448	188
Emergency Telephone Number Acct, State	140,830	90,000	110,311	120,519	100,444	129,306	91,657	100,444	129,652	62,449
Employment Development Contingent Fund	1	64,390	63,656	735	48,360	49,095	-	48,196	48,196	-
Employment Developmnt Dept Benefit Audit	-	13,488	13,481	7	14,884	14,686	205	14,884	15,080	9
Energy Conservation Assistance Ac, State	19,236	981	15,727	4,490	2,155	6,643	2	1,423	1,423	2
Energy Facility License and Compliance	8,515	1,594	2,510	7,599	2,387	8,699	1,287	6,212	7,003	496
Energy Resources Programs Account	25,186	53,313	56,054	22,445	61,781	70,285	13,941	70,262	73,883	10,320
Energy Tech Research, Dev, & Demo Acct	2,878	1	-1	2,880	1	2,411	470	1	447	24
Enhanced Fleet Mod Subacct,HiPollRmvlRpr	29,262	29,171	-	58,433	-30,103	16,716	11,614	50,070	41,457	20,227
Enterprise Zone Fund	-	-	-	-	1,630	1,080	550	950	1,161	339
Environmental Enhancement and Mitigation	3,491	10,162	10,137	3,516	10,070	10,123	3,463	14,923	10,128	8,258

SCHEDULE 10 -- Continued
SUMMARY OF FUND CONDITION STATEMENTS
(Dollars In Thousands)

Fund	Reserves June 30, 2009	Actual Revenues 2009-10	Actual Expenditures 2009-10	Reserves June 30, 2010	Estimated Revenue 2010-11	Estimated Expenditures 2010-11	Reserves June 30, 2011	Estimated Revenues 2011-12	Estimated Expenditures 2011-12	Reserves June 30, 2012
Environmental Enhancement Fund	1,836	93	7	1,922	100	353	1,669	98	359	1,408
Environmental Laboratory Improvement Fnd	828	2,625	2,471	982	2,809	3,156	635	2,909	3,423	121
Environmental License Plate Fund, Calif	444	37,258	35,238	2,464	41,326	41,518	2,272	41,273	39,761	3,784
Environmental Protection Trust Fund	1,725	17	-	1,742	10	577	1,175	-	-	1,175
Environmental Quality Assessment Fund	175	296	215	256	280	272	264	271	301	234
Environmental Water Fund	78	1	-	79	1	-	80	1	-	81
Equality in Prv & Svcs Domestic Abuse Fd	161	81	5	237	68	108	197	68	105	160
Expedited Site Remediation Trust Fund	2,971	-	-	2,971	1	-	2,972	1	-	2,973
Export Document Program Fund	1,581	301	185	1,697	300	225	1,772	300	240	1,832
Exposition Park Improvement Fund	7,068	2,523	4,829	4,762	5,800	6,669	3,893	5,790	6,890	2,793
Fair and Exposition Fund	1,660	3,644	4,226	1,078	6,959	4,793	3,244	1,649	4,893	-
False Claims Act Fund	14,660	-3,681	7,956	3,023	10,719	10,314	3,428	8,043	10,953	518
Family Law Trust Fund	1,925	1,919	1,973	1,871	1,911	2,722	1,060	1,908	2,791	177
Farm & Ranch Solid Waste Cleanup & Abate	961	1,000	870	1,091	320	1,147	264	1,020	1,144	140
Farmworker Remedial Account	664	190	-	854	189	102	941	189	102	1,028
Film Promotion and Marketing Fund	5	5	2	8	10	10	8	10	10	8
Financial Institutions Fund	9,105	24,367	21,918	11,554	22,239	24,474	9,319	22,239	26,111	5,447
Financial Responsibility Penalty Account	1,093	-189	-	904	-	-	904	-	-	904
Fingerprint Fees Account	12,600	69,625	60,423	21,802	71,916	65,726	27,992	70,386	68,416	29,962
Fire and Arson Training Fund, Calif	2,074	2,402	2,243	2,233	2,946	3,071	2,108	2,409	3,245	1,272
Fire Marshal Fireworks Enf & Disp Fd, St	1,000	-	479	521	30	206	345	30	335	40
Fire Marshal Licensing & Cert Fund, St	1,417	1,945	2,030	1,332	2,150	2,722	760	2,160	2,860	60
Firearm Safety Account	862	484	311	1,035	502	335	1,202	528	341	1,389
Firearms Safety and Enforcement Specl Fd	2,882	3,955	3,080	3,757	3,939	3,210	4,486	4,073	3,373	5,186
Fiscal Recovery Fund	313,478	1,176,322	1,161,799	328,001	1,205,000	1,214,400	318,601	1,303,000	1,301,421	320,180
Fish and Game Preservation Fund	98,357	87,580	98,370	87,567	88,734	106,958	69,343	88,878	114,204	44,017
Fish and Wildlife Pollution Account	3,818	1,020	2,725	2,113	1,809	2,679	1,243	1,649	2,804	88
Food Safety Acct, Pesticide Reg Fd, Dept	25	-25	-	-	-	-	-	-	-	-
Food Safety Fund	4,176	7,367	5,825	5,718	7,283	6,652	6,349	7,283	7,444	6,188
Foreclosure Consultant Regulation Fund	-	7	-	7	-	-	7	-	-	7
Foster and Small Family Insurance Fund	4,485	-	-906	5,391	-	-	5,391	-	-	5,391
Funeral Directors and Embalmers Fund, St	2,414	1,214	1,323	2,305	1,147	1,631	1,821	1,148	1,704	1,265
Gambling Addiction Program Fund	423	190	150	463	179	166	476	179	166	489
Gambling Control Fines & Penalties Acct	312	11	37	286	12	47	251	12	48	215
Gambling Control Fund	7,753	15,418	8,660	14,511	13,003	10,291	17,223	13,687	10,983	19,927
Garment Industry Regulations Fund	2,751	2,923	2,092	3,582	2,920	2,744	3,758	2,920	2,999	3,679
Garment Manufacturers Special Account	2,416	331	-	2,747	325	500	2,572	325	500	2,397
Gas Consumption Surcharge Fund	130,579	397,348	510,764	17,163	558,502	547,928	27,737	560,911	587,837	811
Genetic Disease Testing Fund	3,967	110,324	112,878	1,413	117,439	115,054	3,798	119,082	116,588	6,292
Geology and Geophysics Fund	841	966	1,070	737	1,026	1,331	432	988	1,348	72
Geothermal Resources Development Account	1,492	1,908	2,725	675	3,500	4,041	134	3,500	3,541	93
Glass Processing Fee Account	272	57,232	52,226	5,278	54,305	53,873	5,710	54,305	53,738	6,277
Gold Star License Plate Account, SLPF	-	-	-	-	-	115	-115	-	185	-300
Graphic Design License Plate Account	4,080	2,444	3,077	3,447	2,376	3,147	2,676	2,346	2,847	2,175
Guide Dogs for the Blind Fund	241	142	148	235	138	180	193	137	188	142

SCHEDULE 10 -- Continued
SUMMARY OF FUND CONDITION STATEMENTS
(Dollars In Thousands)

Fund	Reserves June 30, 2009	Actual Revenues 2009-10	Actual Expenditures 2009-10	Reserves June 30, 2010	Estimated Revenue 2010-11	Estimated Expenditures 2010-11	Reserves June 30, 2011	Estimated Revenues 2011-12	Estimated Expenditures 2011-12	Reserves June 30, 2012
Habitat Conservation Fund	17,297	7,180	7,543	16,934	6,898	16,591	7,241	6,693	7,482	6,452
Hatchery and Inland Fisheries Fund	12,061	19,613	18,957	12,717	20,513	17,734	15,496	21,303	25,902	10,897
Hazardous & Idle-Deserted Well Abate Fnd	211	194	109	296	133	100	329	133	100	362
Hazardous Liquid Pipeline Safety Calif	2,276	3,288	1,174	4,390	3,275	3,233	4,432	3,275	3,323	4,384
Hazardous Waste Control Account	27,088	46,264	45,591	27,761	47,668	47,291	28,138	48,146	50,280	26,004
Health Care Benefits Fund	-	1,601	1,601	-	1,828	1,828	-	1,900	1,900	-
Health Data & Planning Fund, CA	6,661	26,772	24,758	8,675	27,797	28,081	8,391	28,563	24,294	12,660
Health Ed Acct, Cig & Tob Pr Surtax	20,936	71,298	72,454	19,780	68,015	80,845	6,950	66,375	69,851	3,474
Health Information Technology & Exchange	-	-	-	-	17,229	17,229	-	17,704	17,704	-
Health Statistics Special Fund	14,314	17,109	21,939	9,484	19,966	22,666	6,784	20,895	23,983	3,696
Health Subaccount, Sales Tax Account	-	325,583	325,583	-	325,583	325,583	-	325,583	325,583	-
Hearing Aid Dispensers Acct of the SLPAF	1,287	555	790	1,052	538	1,101	489	608	807	290
High Polluter Repair or Removal Account	22,616	38,855	55,515	5,956	59,122	60,014	5,064	39,512	43,833	743
High-Cost Fund-A Admin Committee Fd, Cal	72,630	28,645	39,974	61,301	34,433	57,616	38,118	21,246	56,590	2,774
High-Cost Fund-B Admin Committee Fd, Cal	-13,163	73,058	39,644	20,251	96,831	49,985	67,097	99,031	47,929	118,199
Highway Account, State, STF	334,106	2,705,240	2,958,808	80,538	3,393,969	3,472,133	2,374	3,838,126	3,695,436	145,064
Highway Users Tax Account, TTF	36,284	1,009,038	1,041,726	3,596	1,694,535	1,695,838	2,293	1,741,550	1,743,090	753
Historic Property Maintenance Fund	576	1,376	1,621	331	1,425	1,647	109	4,708	1,644	3,173
Home Furnish & Thermal Insulat Fd, Burea	4,029	4,066	3,764	4,331	3,872	4,622	3,581	4,119	4,763	2,937
Horse Racing Fund	-	12,309	11,252	1,057	11,734	11,715	1,076	11,734	11,775	1,035
Hospital Building Fund	92,788	78,708	47,607	123,889	58,600	52,194	130,295	58,600	55,557	133,338
Hospital Quality Assurance Revenue Fund	513,920	-	-	513,920	3,959,518	3,958,903	514,535	-	615	513,920
Hospital Svc Acct, Cig & Tob Pr Surtax	12,322	97,659	92,078	17,903	64,174	69,074	13,003	61,305	70,593	3,715
HICAP Fund, State	2,984	2,493	2,430	3,047	2,487	2,478	3,056	2,490	2,483	3,063
Illegal Drug Lab Cleanup Account	5,794	-	64	5,730	1	2,026	3,705	1	2,051	1,655
Immediate and Critical Needs Acct, SCFCF	197,118	303,978	154,367	346,729	245,772	225,679	366,822	319,172	446,383	239,611
Indian Gaming Special Distribution Fund	135,743	5,435	27,760	113,418	14,916	60,431	67,903	-7,351	31,576	28,976
Industrial Development Fund	117	29	122	24	259	277	6	269	259	16
Industrial Rel Construction Enforce Fd	1,060	1,487	58	2,489	305	66	2,728	355	65	3,018
Infant Botulism Treatment & Prevention	5,337	3,803	3,351	5,789	3,930	6,464	3,255	3,930	6,371	814
Inland Wetlands Cons Fd, Wildlife Rest	1,471	10	352	1,129	10	500	639	10	-	649
Insurance Fund	57,654	214,181	209,101	62,734	203,281	209,340	56,675	216,231	226,658	46,248
Int Hlth Info Intgrty Qual Imprvmnt Acct	-	-	-	-	25	25	-	40	40	-
Integrated Waste Management Account	13,449	46,608	40,748	19,309	38,668	43,930	14,047	36,148	43,972	6,223
Internatl Student Exch Visitor Plcmt Org	74	4	-	78	-	-	78	-	-	78
Jobs-Housing Balance Improvement Account	2,280	-	345	1,935	-	200	1,735	-	-	1,735
Judicial Admin Efficiency & Modernztion	29,735	334	-864	30,933	-31,328	-681	286	243	-	529
Labor and Workforce Development Fund	7,097	-6,697	282	118	4,500	413	4,205	4,000	366	7,839
Labor Enforcement and Compliance Fund	-11	31,713	13,970	17,732	37,160	35,256	19,636	37,160	38,933	17,863
Lake Tahoe Conservancy Account	1,511	1,133	1,461	1,183	1,133	1,657	659	1,133	1,612	180
Landscape Architects Fd, CA Bd/Arch Exam	1,747	754	568	1,933	756	1,102	1,587	753	1,127	1,213
Law Library Special Account,Calif_State	550	403	411	542	403	580	365	403	611	157
Lead-Related Construction Fund	-	-	-	-	500	-	500	500	443	557
Leaking Undrgrnd Stor Tank Cost Recovery	103	-	-	103	-	-	103	-	-	103
Licensed Midwifery Fund	94	28	-	122	30	-	152	30	-	182

SCHEDULE 10 -- Continued
SUMMARY OF FUND CONDITION STATEMENTS
(Dollars In Thousands)

Fund	Reserves June 30, 2009	Actual Revenues 2009-10	Actual Expenditures 2009-10	Reserves June 30, 2010	Estimated Revenue 2010-11	Estimated Expenditures 2010-11	Reserves June 30, 2011	Estimated Revenues 2011-12	Estimated Expenditures 2011-12	Reserves June 30, 2012
Licensing & Certification Fd, Mental Hth	80	402	367	115	369	363	121	383	390	114
Licensing and Certification Prog Fd, PH	37,686	75,632	64,864	48,454	71,339	81,390	38,403	83,628	86,214	35,817
Lifetime License Trust Acct, Fish & Game	7,455	247	-	7,702	261	-	7,963	263	-	8,226
Loc Pub Prosecutors & Pub Defenders Trng	966	842	812	996	855	873	978	855	875	958
Local Agency Deposit Security Fund	446	340	294	492	340	374	458	340	403	395
Local Airport Loan Account	4,269	1,349	-2,507	8,125	1,355	-950	10,430	9,623	-1,051	21,104
Local Govt Geothermal Resource Subacct	4,774	818	202	5,390	1,501	6,008	883	1,501	1,558	826
Local Jurisdiction Energy Assistance	1,575	1	-	1,576	1	1,577	-	1	-	1
Local Revenue Fund	-	570	570	-	697	697	-	716	716	-
Local Revenue Fund 2011	-	-	-	-	-	-	-	5,931,010	5,931,010	-
Local Safety and Protection Account, TTF	10,369	-	-9,093	19,462	-	275	19,187	-	-1	19,188
Local Transportation Loan Acct, SHA, STF	3,938	27	-	3,965	17	-	3,982	12	-	3,994
Low-Level Radioactive Waste Disposal Fnd	121	1	-	122	2	-	124	-	-	124
Main Street Program Fund, California	-	-	-	-	175	175	-	175	175	-
Major Risk Medical Insurance Fund	3,325	34,428	16,049	21,704	34,185	51,540	4,349	35,900	37,097	3,152
Managed Care Admin Fines & Penalties Fnd	2,846	575	-	3,421	1,779	-	5,200	-2,946	-	2,254
Managed Care Fund	10,303	37,682	37,750	10,235	41,553	46,517	5,271	48,538	51,458	2,351
Marine Invasive Species Control Fund	1,313	4,304	4,027	1,590	4,505	4,791	1,304	4,505	4,716	1,093
Mass Media Comm Acct, Child & Fam Trust	94,429	28,991	89,569	33,851	28,575	28,575	33,851	-6,553	27,298	-
Medical Marijuana Program Fund	435	804	272	967	304	406	865	-196	464	205
Medical Waste Management Fund	1,195	2,040	1,350	1,885	2,412	2,059	2,238	2,212	2,201	2,249
Mental Health Practitioner Education Fd	930	323	469	784	335	517	602	335	554	383
Mental Health Services Fund	2,152,795	813,455	1,912,965	1,053,285	894,900	1,204,928	743,257	924,494	1,576,659	91,092
Mental Health Subaccount, Sales Tax Acct	-	701,586	701,586	-	701,586	701,586	-	701,586	701,586	-
Mexican Amer Vet's Memrl Beautif/Enhance	182	22	58	146	201	51	296	601	56	841
Mine Reclamation Account	2,086	3,785	3,339	2,532	3,726	4,303	1,955	3,748	4,311	1,392
Missing Persons DNA Data Base Fund	4,283	3,323	3,294	4,312	3,352	3,343	4,321	3,352	3,374	4,299
Mobilehome Manufactured Home Revolv Fd	36	16,668	14,344	2,360	17,946	15,487	4,819	17,946	17,125	5,640
Mobilehome Park Revolving Fund	811	6,271	5,273	1,809	6,611	6,051	2,369	6,611	6,680	2,300
Motor Carriers Safety Improvement Fund	3,655	1,593	1,871	3,377	1,369	2,603	2,143	1,369	2,071	1,441
Motor Vehicle Account, STF	282,830	2,415,810	2,329,573	369,067	2,252,728	2,510,949	110,846	2,481,001	2,481,204	110,643
Motor Vehicle Fuel Account, TTF	37,083	26,159	24,005	39,237	11,402	27,860	22,779	6,455	28,592	642
Motor Vehicle Insurance Account, State	25,513	16,261	15,247	26,527	22,069	33,185	15,411	22,700	27,438	10,673
Motor Vehicle License Fee Account, TTF	8,499	481,908	484,288	6,119	490,798	496,916	1	515,323	515,323	1
Motor Vehicle Parking Facil Moneys Acct	856	2,933	3,201	588	3,003	3,371	220	3,316	3,497	39
Narcotic Treatment Program Licensing Trt	452	1,273	1,232	493	1,301	1,354	440	1,301	1,388	353
Native Species Conserv & Enhancement Acc	152	211	-	363	46	-	409	46	-	455
Natural Gas Subaccount, PIRD&D Fund	20,132	24,287	23,632	20,787	23,562	42,250	2,099	24,262	24,109	2,252
Naturopathic Doctor's Fund	139	160	113	186	212	127	271	214	142	343
New Motor Vehicle Board Account	2,091	1,083	1,670	1,504	1,228	1,972	760	1,289	2,036	13
Nondesignated Public Hospital Supplemntl	594	8	-306	908	7	908	7	4	4	7
Nontoxic Dry Cleaning Incentive Trst Fd	977	372	346	1,003	500	652	851	500	661	690
Nuclear Planning Assessment Special Acct	808	4,844	4,997	655	5,454	5,467	642	5,571	5,636	577
Nursing Home Admin St Lic Exam Fund	287	368	326	329	387	381	335	387	369	353
Occupancy Compliance Monitoring Account	54,822	5,755	2,313	58,264	-18,399	2,563	37,302	7,010	2,842	41,470

SCHEDULE 10 -- Continued
SUMMARY OF FUND CONDITION STATEMENTS
(Dollars In Thousands)

Fund	Reserves June 30, 2009	Actual Revenues 2009-10	Actual Expenditures 2009-10	Reserves June 30, 2010	Estimated Revenue 2010-11	Estimated Expenditures 2010-11	Reserves June 30, 2011	Estimated Revenues 2011-12	Estimated Expenditures 2011-12	Reserves June 30, 2012
Occupational Lead Poisoning Prev Account	3,683	3,642	3,451	3,874	3,600	3,768	3,706	3,600	4,144	3,162
Occupational Safety and Health Fund	4,640	57,976	35,005	27,611	33,397	39,115	21,893	40,964	42,809	20,048
Occupational Therapy Fund	3,135	-1,116	990	1,029	859	1,395	493	1,495	1,451	537
Off Highway License Fee Fund	1,437	2,225	2,218	1,444	2,436	2,400	1,480	2,405	2,400	1,485
Off-Highway Vehicle Trust Fund	159,316	65,892	84,755	140,453	85,519	163,600	62,372	85,519	122,084	25,807
Oil Spill Prevention & Administration Fd	11,358	31,107	32,636	9,829	31,284	37,309	3,804	31,961	34,466	1,299
Oil Spill Response Trust Fund	55,760	794	3,519	53,035	1,168	2,000	52,203	1,166	2,000	51,369
Oil, Gas and Geothermal Administrative	3,882	21,571	21,436	4,017	25,355	26,691	2,681	26,036	27,083	1,634
Olympic Training Account,California	37	80	92	25	15	40	-	-	-	-
Optometry Fund, State	815	1,573	1,168	1,220	1,574	1,651	1,143	1,580	1,577	1,146
Osteopathic Medical Bd of Calif Contn Fd	4,135	1,289	1,216	4,208	1,265	1,869	3,604	1,249	2,002	2,851
Other - Unallocated Special Funds	-	-3,002	-388,558	385,556	5,567	-10,698	401,821	11,475	-193,692	606,988
Outpatient Setting Fd of Medical Board	190	70	-	260	2	26	236	2	28	210
Parks and Recreation Fund, State	7,650	126,894	118,138	16,406	125,649	122,189	19,866	125,549	136,948	8,467
Payphone Service Providers Committee Fd	222	1	-	223	-	73	150	-	72	78
Peace Officers' Training Fund	25,878	52,855	57,217	21,516	51,557	58,361	14,712	50,807	59,153	6,366
Pedestrian Safety Account, STF	10	-	-	10	-	-	10	1,858	-	1,868
Penalty Acct, Ca Bev Container Recyc Fd	3,270	1,147	-	4,417	261	-	4,678	261	-	4,939
Perinatal Insurance Fund	4,506	31,241	28,479	7,268	50,466	55,298	2,436	52,559	54,953	42
Pesticide Regulation Fund, Dept of	11,461	68,660	66,017	14,104	70,627	70,526	14,205	73,156	77,359	10,002
Pharmacy Board Contingent Fund	10,900	10,783	9,272	12,411	9,436	12,793	9,054	9,419	14,268	4,205
Physical Therapy Fund	989	3,082	2,075	1,996	3,133	2,814	2,315	3,123	3,207	2,231
Physician Assistant Fund	1,952	1,241	1,095	2,098	1,279	1,365	2,012	1,332	1,375	1,969
Physician Svc Acct, Cig & Tob Pr Surtax	2,116	686	-	2,802	-936	-	1,866	-1,755	105	6
Pierce's Disease Management Account	6,888	9,020	13,297	2,611	4,568	5,943	1,236	4,568	5,654	150
Pilot Commissioners' Special Fd, Board	904	3,052	2,698	1,258	2,319	2,602	975	2,319	2,190	1,104
Podiatric Medicine Fund, Board of	1,030	905	924	1,011	909	1,361	559	917	1,384	92
Pressure Vessel Account	-163	3,731	3,414	154	4,205	4,338	21	5,460	4,953	528
Private Hospital Supplemental Fund	33,275	14,104	-2,937	50,316	84,113	71,316	63,113	40,094	20,047	83,160
Private Investigator Fund	1,787	770	770	1,787	733	893	1,627	739	663	1,703
Private Postsecondary Education Admin Fd	1,028	393	18	1,403	9,527	8,160	2,770	9,273	7,378	4,665
Private Security Services Fund	6,927	9,945	8,403	8,469	9,827	9,958	8,338	9,747	10,749	7,336
Professional Engineer & Land Surveyor Fd	4,266	10,223	8,851	5,638	9,431	9,074	5,995	10,474	9,465	7,004
Professional Fiduciary Fund	85	298	237	146	184	282	48	398	310	136
Professional Forester Registration Fund	661	133	159	635	133	215	553	113	227	439
Prop 10 Health & Human Service Fund	-	-	-	-	-	-	-	1,000,000	1,000,000	-
Propane Safety Insp/Enforcmt Prog Trust	2	31	-	33	-26	-	7	-	-	7
Property Acquisition Law Money Account	1,173	8,361	7,642	1,892	3,883	3,109	2,666	3,236	3,492	2,410
Psychiatric Technicians Account	892	2,690	1,647	1,935	1,871	2,760	1,046	1,879	2,582	343
Psychology Fund	2,661	3,448	2,795	3,314	3,293	3,835	2,772	3,312	4,305	1,779
Pub Sch Plng Desgn & Constr Rev Revlv Fd	8,896	48,948	39,330	18,514	37,844	48,688	7,670	47,844	54,066	1,448
Publ Utilities Comm Utilities Reimb Acct	12,215	93,898	81,625	24,488	93,704	84,615	33,577	93,678	84,138	43,117
Public Beach Restoration Fund	4,355	8,000	12,200	155	6,500	6,500	155	1,140	1,140	155
Public Int Res, Dev & Demonstratn Progrm	108,008	61,596	77,382	92,222	61,400	126,408	27,214	25,700	43,642	9,272
Public Res Acct, Cig & Tob Pr Surtax	1,958	14,358	12,327	3,989	13,798	16,114	1,673	13,388	14,323	738

SCHEDULE 10 -- Continued
SUMMARY OF FUND CONDITION STATEMENTS
(Dollars In Thousands)

Fund	Reserves June 30, 2009	Actual Revenues 2009-10	Actual Expenditures 2009-10	Reserves June 30, 2010	Estimated Revenue 2010-11	Estimated Expenditures 2010-11	Reserves June 30, 2011	Estimated Revenues 2011-12	Estimated Expenditures 2011-12	Reserves June 30, 2012
Public Rights Law Enforcement Special Fd	3,685	1,995	1,285	4,395	4,021	5,426	2,990	4,021	5,892	1,119
Public Transportation Account, STF	268,202	1,172,226	634,063	806,365	154,914	380,960	580,319	435,415	546,733	469,001
Public Util Comm Transport Reimb Acct	2,538	10,842	11,295	2,085	10,746	10,981	1,850	10,746	11,155	1,441
Public Works Enforcement Fund, State	-	1,287	1,115	172	-	63	109	8,636	8,636	109
PET Processing Fee Acct, Bev Cont Rec Fd	188	55,712	48,438	7,462	60,357	60,270	7,549	60,357	60,317	7,589
PUC Ratepayer Advocate Account	1,840	23,667	23,332	2,175	23,909	23,001	3,083	23,909	23,352	3,640
Radiation Control Fund	7,220	19,181	20,785	5,616	20,042	21,064	4,594	22,242	22,701	4,135
Real Estate Appraisers Regulation Fund	1,925	8,428	3,695	6,658	3,040	4,827	4,871	2,581	4,951	2,501
Real Estate Fund	23,442	43,590	40,054	26,978	48,838	44,178	31,638	50,256	45,832	36,062
Recreational Health Fund	-	36	-	36	400	237	199	400	237	362
Recycling Market Development Rev Loan	10,811	632	2,572	8,871	1,122	4,520	5,473	2,975	4,180	4,268
Reg Environmental Health Specialist Fd	612	358	342	628	402	415	615	402	410	607
Registered Nurse Education Fund	3,139	1,780	1,990	2,929	1,814	2,115	2,628	1,814	2,231	2,211
Registered Nursing Fund, Board of	17,769	19,052	21,540	15,281	27,546	27,286	15,541	32,954	28,382	20,113
Registry of Charitable Trusts Fund	2,384	3,482	2,780	3,086	2,875	2,889	3,072	2,875	2,950	2,997
Removal & Remedial Action Acct	5,650	3,753	3,383	6,020	2,100	3,221	4,899	4,100	3,185	5,814
Renewable Energy Resources Dev Trust Fnd	-	10,006	-	10,006	80	-	10,086	81	-	10,167
Renewable Resource Trust Fund	157,908	29,077	48,101	138,884	47,538	72,395	114,027	35,989	85,054	64,962
Research & Devel Acct, Child & Fam Trust	73,800	14,653	36,527	51,926	14,440	14,440	51,926	-38,124	13,802	-
Research Acct, Cig & Tob Pr Surtax	2,765	17,937	18,097	2,605	17,068	17,590	2,083	16,658	17,734	1,007
Residential & Outpatient Prog Lic Fund	3,375	3,804	3,349	3,830	2,971	4,152	2,649	3,336	4,496	1,489
Respiratory Care Fund	1,840	2,472	2,295	2,017	2,531	2,976	1,572	2,616	3,088	1,100
Responsibility Area Fire Protection Fund	41	-	-	41	-	-	41	-	-	41
Restitution Fund	51,772	117,348	123,360	45,760	113,294	131,677	27,377	112,268	134,781	4,864
Retail Food Safety and Defense Fund	20	-	-	20	20	22	18	20	23	15
Rigid Container Account	262	-	51	211	162	162	211	162	168	205
Rural CUPA Reimbursement Account	1,309	-	-	1,309	-	-	1,309	-	1	1,308
Safe Drinking Water and Toxic Enforcment	9,174	1,022	3,348	6,848	1,149	3,901	4,096	1,149	3,363	1,882
Safe Drinking Water Account	4,787	12,594	11,267	6,114	13,156	11,909	7,361	13,680	13,575	7,466
Sale of Tobacco to Minors Control Acct	1,539	389	102	1,826	400	220	2,006	400	511	1,895
Salmon & Steelhead Trout Restoration Acc	109	-	-	109	-	-	109	-	-	109
San Fran Bay Area Conservancy Prog Acct	476	10	-	486	10	434	62	10	-	72
San Joaquin River Conservancy Fund	373	299	94	578	300	119	759	300	122	937
Satellite Wagering Account	1,864	266	473	1,657	2,074	1,978	1,753	240	1,993	-
Schl Dist Acct, Vdrgrd Strg Tnk Clnp Fnd	-	10,007	6,775	3,232	10,000	10,000	3,232	10,000	10,000	3,232
School Facilities Fee Assistance Fund	884	6	-	890	10	-	900	10	-	910
School Fund, State	4,170	48,015	51,728	457	48,015	48,014	458	48,015	48,014	459
School Land Bank Fund	1,928	13	102	1,839	8,014	282	9,571	10	294	9,287
Self-Insurance Plans Fund	5,035	2,439	2,978	4,496	2,462	3,671	3,287	2,462	3,766	1,983
Senate Operating Fund	308	-	-	308	-	-	308	-	-	308
Sexual Habitual Offender, DOJ	2,366	1,773	1,831	2,308	1,773	2,133	1,948	1,700	2,258	1,390
Sexual Predator Public Information Acct	386	100	113	373	93	171	295	92	171	216
Site Operation and Maintenance Account	1,219	47	329	937	-9	422	506	1	416	91
Site Remediation Account	12,064	9,180	1,145	20,099	9,043	27,507	1,635	9,124	9,531	1,228
Skilled Nursing Facility Quality & Accnt	-	-	-	-	-	-1,100	1,100	5,741	4,377	2,464

SCHEDULE 10 -- Continued
SUMMARY OF FUND CONDITION STATEMENTS
(Dollars In Thousands)

Fund	Reserves June 30, 2009	Actual Revenues 2009-10	Actual Expenditures 2009-10	Reserves June 30, 2010	Estimated Revenue 2010-11	Estimated Expenditures 2010-11	Reserves June 30, 2011	Estimated Revenues 2011-12	Estimated Expenditures 2011-12	Reserves June 30, 2012
Social Services Subaccount, Sales Tx Acc	-	1,328,074	1,328,074	-	1,328,074	1,328,074	-	1,404,225	1,404,225	-
Soil Conservation Fund	1,539	1,561	1,864	1,236	1,510	2,453	293	2,557	2,625	225
Solid Waste Disposal Site Cleanup Tr Fd	17,700	67	15,687	2,080	5,219	5,684	1,615	5,219	5,664	1,170
Speech-Language Pathology & Audiology	1,027	844	654	1,217	863	716	1,364	888	785	1,467
State Court Facilities Construction Fund	386,542	100,699	130,210	357,031	115,977	91,244	381,764	-208,859	70,569	102,336
Strong-Motion Instrumnt & Seismic Mappng	11,286	3,557	5,532	9,311	4,080	7,577	5,814	4,080	8,992	902
Structural Pest Cntrl Educ&Enforcemnt Fd	612	315	253	674	305	382	597	305	393	509
Structural Pest Control Fund	1,631	2,501	3,405	727	3,983	4,065	645	3,983	4,199	429
Structural Pest Control Research Fund	262	126	142	246	120	180	186	120	138	168
Substance Abuse Treatment Trust Fund	4	-	4	-	-	-	-	-	-	-
Surface Impoundment Assessment Account	3	-	-	3	-	-	3	-	-	3
Surface Mining and Reclamation Account	1,123	2,000	1,917	1,206	2,001	2,072	1,135	2,001	2,247	889
Tax Credit Allocation Fee Account	38,199	4,472	2,971	39,700	-20,281	2,165	17,254	4,593	2,316	19,531
Teacher Credentials Fund	6,243	12,392	13,683	4,952	12,848	14,500	3,300	12,800	15,232	868
Technical Assistance Fund	1,185	22,256	23,441	-	22,362	22,091	271	22,362	22,091	542
Teleconnect Fd Admin Comm Fd, Cal	74,601	24,004	73,152	25,453	36,603	42,032	20,024	57,573	75,101	2,496
Telephone Medical Advice Services Fund	472	161	62	571	206	145	632	142	149	625
Test Development and Admin Acct, Tc Fd	5,175	2,511	4,497	3,189	4,263	4,880	2,572	4,255	4,806	2,021
Tire Recycling Management Fund, Calif	55,919	26,117	40,869	41,167	28,953	42,703	27,417	56,230	42,591	41,056
Tissue Bank License Fund	1,292	565	322	1,535	590	478	1,647	643	513	1,777
Toxic Substances Control Account	50,779	41,651	49,472	42,958	43,667	55,994	30,631	40,858	60,253	11,236
Traffic Congestion Relief Fund	488,443	83,416	162,043	409,816	143,178	93,393	459,601	83,178	107,198	435,581
Transcript Reimbursement Fund	418	303	255	466	304	310	460	304	314	450
Transportation Debt Service Fund	-	149,553	149,553	-	624,647	624,647	-	777,509	777,509	-
Transportation Deferred Investment Fund	159,743	-83,416	-74,027	150,354	-83,178	-83,416	150,592	-83,178	-83,416	150,830
Transportation Investment Fund	555,154	-287,324	-147,134	414,964	-	728	414,236	-	-	414,236
Transportation Rate Fund	1,122	1,929	2,314	737	2,430	2,667	500	2,430	2,708	222
Traumatic Brain Injury Fund	279	854	680	453	987	1,199	241	987	1,181	47
Travel Seller Fund	2,920	720	1,329	2,311	819	1,387	1,743	819	1,409	1,153
Trial Court Improvement Fund	35,723	58,783	73,831	20,675	54,830	66,154	9,351	45,731	51,472	3,610
Trial Court Trust Fund	178,021	1,284,929	1,359,110	103,840	1,473,955	1,524,108	53,687	1,376,488	1,414,967	15,208
Umbilical Cord Blood Collection Program	-	-	-	-	1,930	-	1,930	2,688	4,618	-
Unallocated Acct, Cig & Tob Pr Surtax	6,391	38,956	35,835	9,512	46,676	48,373	7,815	43,216	48,547	2,484
Unallocated Acct,Child & Families Trust	26,050	9,641	3,514	32,177	9,502	9,502	32,177	-23,101	9,076	-
Underground Storage Tank Cleanup Fund	111,271	245,414	236,539	120,146	347,447	397,646	69,947	307,447	361,005	16,389
Underground Storage Tank Fund	116	-	-	116	1	-	117	1	-	118
Underground Storage Tank Tester Account	125	29	21	133	30	60	103	30	62	71
Undrgrnd Strg Tnk Ptrlm Cnt Orphn St Cln	10,017	20,117	4,240	25,894	10,017	10,000	25,911	-	-	25,911
Unfair Competition Law Fund	2,918	3,236	2,624	3,530	8,023	9,433	2,120	8,023	9,983	160
Unified Program Account	6,861	8,208	3,969	11,100	7,500	6,833	11,767	7,500	7,314	11,953
Universal Lifeline Telpne Svc Trst Admin	92,682	249,990	227,967	114,705	246,762	280,301	81,166	299,050	376,839	3,377
Unlawful Sales Reduction Fund	99	3	-	102	3	-	105	3	-	108
Upper Newport Bay Ecological Maint&Presv	194	-	126	68	-	-	68	-	-	68
Used Oil Recycling Fund, California	25,209	16,399	35,425	6,183	27,670	25,064	8,789	27,484	25,267	11,006
Vectorborne Disease Account	251	59	70	240	121	99	262	121	101	282

SCHEDULE 10 -- Continued
SUMMARY OF FUND CONDITION STATEMENTS
(Dollars In Thousands)

Fund	Reserves June 30, 2009	Actual Revenues 2009-10	Actual Expenditures 2009-10	Reserves June 30, 2010	Estimated Revenue 2010-11	Estimated Expenditures 2010-11	Reserves June 30, 2011	Estimated Revenues 2011-12	Estimated Expenditures 2011-12	Reserves June 30, 2012
Vehicle Inspection and Repair Fund	41,934	111,189	110,020	43,103	112,727	119,933	35,897	113,935	126,452	23,380
Vehicle License Collection Acct, LRF	-	14,000	14,000	-	14,000	14,000	-	14,000	14,000	-
Vehicle License Fee Account	-	1,434,279	1,434,279	-	1,434,279	1,434,279	-	1,463,678	1,463,678	-
Vehicle License Fee Growth Account	-	-	-	-	29,399	29,399	-	73,184	73,184	-
Veterans Cemetery Master Devl Fund, NoCA	-	-	14	-14	-	-	-14	-	-	-14
Veterans Cemetery Perpetual Maint Fd	-	-	35	-35	-	83	-118	-	84	-202
Veterans Service Office Fund	860	616	555	921	776	1,693	4	708	712	-
Veterinary Medical Board Contingent Fund	1,474	2,519	2,342	1,651	2,277	2,619	1,309	2,272	2,746	835
Victim - Witness Assistance Fund	15,372	15,404	16,630	14,146	17,351	16,791	14,706	17,080	16,848	14,938
Victims of Corporate Fraud Compensation	11,618	1,522	46	13,094	-8,557	1,561	2,976	1,443	2,499	1,920
Vietnam Veterans Memorial Account	6	-	3	3	-	-	3	-	-	3
Vocational Nurse Education Fund	612	181	139	654	185	222	617	185	233	569
Vocational Nursing & Psychiatric Tech Fd	4,308	9,129	6,888	6,549	9,101	11,631	4,019	9,500	11,362	2,157
Waste Discharge Permit Fund	5,194	75,802	74,392	6,604	75,718	73,838	8,484	85,702	89,840	4,346
Wastewater Operator Certification Fund	-	-	-	-	668	600	68	680	651	97
Water Device Certification Special Acct	667	230	154	743	230	244	729	235	273	691
Water Fund, California	40	-	-	40	-	-	40	-	-	40
Water Rights Fund	5,597	7,650	7,546	5,701	10,912	11,969	4,644	15,408	16,829	3,223
Waterfowl Habitat Preservation Acct, Cal	2,765	18	138	2,645	18	241	2,422	16	246	2,192
Welcome Center Fund	49	76	72	53	85	103	35	85	107	13
Wildlife Restoration Fund	12,582	63	2,220	10,425	2,311	2,450	10,286	3,010	2,541	10,755
Wine Safety Fund	180	-	-	180	-	59	121	-	60	61
Winter Recreation Fund	489	291	297	483	250	371	362	250	369	243
Workers' Comp Administration Revolv Fund	52,209	222,718	150,014	124,913	120,143	162,222	82,834	174,677	166,470	91,041
Workers' Compensation Managed Care Fund	539	134	10	663	25	91	597	25	79	543
Workers' Compensation Return-to-Work Fd	470	-	4	466	-466	-	-	-	-	-
Workers' Occupational Sfty & Health Ed	659	802	1,153	308	765	1,042	31	1,234	1,238	27
Wtr Pltn Cntrl Rvl Fnd Smll Cmty Cmt Fd	60	2,696	-	2,756	2,000	1,000	3,756	2,000	1,000	4,756
Yosemite Foundation Acct, ELPF	262	874	840	296	920	840	376	920	840	456
Totals, Special Funds	$10,334,384	$22,948,254	$23,514,004	$9,768,634	$28,621,232	$30,516,104	$7,873,762	$33,050,009	$34,847,874	$6,075,897
GRAND TOTALS	**$5,187,470**	**$109,989,381**	**$110,750,722**	**$4,426,129**	**$122,815,087**	**$122,724,557**	**$4,516,659**	**$122,745,715**	**$119,461,601**	**$7,800,773**

SCHEDULE 11
STATEMENT OF GENERAL OBLIGATION BOND & COMMERCIAL PAPER DEBT OF THE STATE OF CALIFORNIA
(Dollars in Thousands)

(This statement does not include bonds issued under authority of state instrumentalities that are not general obligations of the State of California

			General Obligation Bonds						Commercial Paper	
			As of December 31, 2010				Proposed Sales		As of December 31, 2010	
Fund	Bond Act	Final Maturity	Authorized	Unissued	Outstanding	Redeemed	Jan-Jun 2010	Jul-Dec 2010	Finance Cmte. Authorization	Total Outstanding
	LEGISLATIVE, JUDICIAL, EXECUTIVE									
6032	Voting Modernization (2002)	2018	$200,000	$64,495	$72,705	$62,800	$0	$0	$64,495	$0
	Total, Legislative, Judicial, Executive		$200,000	$64,495	$72,705	$62,800	$0	$0	$64,495	$0
	BUSINESS, TRANSPORTATION & HOUSING									
0703	Clean Air & Transp Improv (1990)	2040	$1,990,000	$99,580	$1,026,685	$863,735	$0	$0	$63,665	$0
0714	Housing & Homeless (1990)	2023	150,000	-	3,365	146,635	-	-	-	-
6037	Housing and Emergency Shelter (2002)	2040	2,100,000	171,340	1,690,200	238,460	-	70,349	171,340	-
6066	Housing and Emergency Shelter (2006)	2040	2,850,000	1,258,990	1,591,010	-	-	199,829	1,258,990	-
6053	Highway Safe, Traffic Red, Air Qual, Port Sec (2006)	2040	19,925,000	12,387,615	7,517,110	20,275	-	2,626,693	984,170	3,014
0756	Passenger Rail & Clean Air (1990)	2022	1,000,000	-	246,785	753,215	-	-	-	-
6043	Safe, Reliable High-Speed Passenger Train Bond Act (2008)	2040	9,950,000	9,640,940	309,060	-	-	28,516	70,750	-
0653	Seismic Retrofit (1996)	2039	2,000,000	-	1,500,020	499,980	-	-	-	-
	Total, Business, Transportation & Housing		$39,965,000	$23,558,465	$13,884,235	$2,522,300	-	$2,925,387	$2,548,915	$3,014
	NATURAL RESOURCES									
0722	Ca Park & Recreational Facil (1984)	2027	$370,000	$1,100	$23,690	$345,210	$0	$0	$0	$0
0721	Ca Parklands (1980)	2024	285,000	-	4,515	280,485	-	-	-	-
0707	Ca Safe Drinking Water (1976)	2027	175,000	2,500	8,505	163,995	-	-	-	-
0707	Ca Safe Drinking Water (1984)	2027	75,000	-	4,060	70,940	-	-	-	-
0707	Ca Safe Drinking Water (1986)	2030	100,000	-	32,830	67,170	-	-	-	-
0793	Ca Safe Drinking Water (1988)	2040	75,000	580	37,940	36,480	-	3,229	-	-
6001	Ca Safe Drinking Water (2000)	2040	1,970,000	165,020	1,605,975	199,005	-	56,037	137,740	1,896
6051	Ca Safe Drinking Water (2006)	2040	5,388,000	3,091,875	2,290,455	5,670	-	450,981	40,430	40,429
0786	Ca Wildlife, Coast, & Park Land Cons (1988)	2032	776,000	7,330	179,155	589,515	-	-	-	-
0734	Clean Water (1970)	2011	250,000	-	500	249,500	-	-	-	-
0734	Clean Water (1974)	2011	250,000	-	955	249,045	-	-	-	-
0740	Clean Water (1984)	2024	325,000	-	18,765	306,235	-	-	-	-
6029	Clean Water, Clean Air, and Parks (2002)	2040	2,600,000	350,340	2,200,700	48,960	-	22,799	327,348	86,925
0716	Community Parklands (1986)	2022	100,000	-	6,950	93,050	-	-	-	-
6052	Disaster Prep and Flood Prevent (2006)	2040	4,090,000	2,142,030	1,936,665	11,305	-	617,129	151,215	113,988
0748	Fish & Wildlife Habitat Enhance (1984)	2033	85,000	-	7,425	77,575	-	-	-	-
0720	Lake Tahoe Acquisitions (1982)	2017	85,000	-	2,605	82,395	-	-	-	-
0402	Safe, Clean, Reliable Water Supply (1996)	2040	995,000	99,100	727,710	168,190	-	12,453	89,070	-
0005	Safe Neighborhood Parks (2000)	2040	2,100,000	158,310	1,682,280	259,410	-	4,436	112,580	70,518
0742	State, Urban & Coastal Park (1976)	2029	280,000	-	5,705	274,295	-	-	-	-
0744	Water Conserv & Water Quality (1986)	2031	150,000	13,730	49,375	86,895	-	-	13,730	-
0790	Water Conserv (1988)	2036	60,000	5,235	30,300	24,465	-	-	5,235	-
	Total, Natural Resources		$20,584,000	$6,037,150	$10,857,060	$3,689,790	$0	$1,167,064	$877,348	$313,756
	ENVIRONMENTAL PROTECTION									
0737	Clean Water & Water Conserv (1978)	2028	$375,000	$0	$6,825	$368,175	$0	$0	$0	$0
0764	Clean Water & Water Reclam (1988)	2029	65,000	-	30,875	34,125	-	-	-	-
6031	Water Security, Coastal & Beach Protection (2002)	2040	3,440,000	743,245	2,612,305	84,450	0	164,539	389,720	89,716
	Total, Environmental Protection		$3,880,000	$743,245	$2,650,005	$486,750	$0	$164,539	$389,720	$89,716
	HEALTH AND HUMAN SERVICES									
6046	Children's Hospital Projects (2004)	2040	$750,000	$85,715	$641,590	$22,695	$0	$14,000	$85,715	$38,060
6079	Children's Hospital Projects (2008)	2040	980,000	449,240	530,760	-	-	298,162	113,890	
	Total, Health and Human Services		$1,730,000	$534,955	$1,172,350	$22,695	$0	$312,162	$199,605	$38,060

SCHEDULE 11
STATEMENT OF GENERAL OBLIGATION BOND & COMMERCIAL PAPER DEBT OF THE STATE OF CALIFORNIA
(Dollars in Thousands)

(This statement does not include bonds issued under authority of state instrumentalities that are not general obligations of the State of California

			General Obligation Bonds						Commercial Paper	
			As of December 31, 2010				Proposed Sales		As of December 31, 2010	
Fund	Bond Act	Final Maturity	Authorized	Unissued	Outstanding	Redeemed	Jan-Jun 2010	Jul-Dec 2010	Finance Cmte. Authorization	Total Outstanding
	YOUTH AND ADULT CORRECTIONAL									
0711	Co Corr Facil Cap Expend (1986)	2022	$495,000	$0	$44,180	$450,820	$0	$0	$0	$0
0796	Co Corr Facil Cap Expend & Youth Facil (1988)	2030	500,000	-	136,010	363,990	-	-	-	-
0725	Co Jail Cap Expend (1981)	2011	280,000	-	800	279,200	-	-	-	-
0746	New Prison Construction (1986)	2034	500,000	-	20,765	479,235	-	-	-	-
0747	New Prison Construction (1988)	2030	817,000	2,165	95,205	719,630	-	-	2,165	-
0751	New Prison Construction (1990)	2029	450,000	605	82,680	366,715	-	-	307	-
	Total, Youth and Adult Correctional		$3,042,000	$2,770	$379,640	$2,659,590	$0	$0	$2,472	$0
	EDUCATION--K-12									
0794	Ca Library Constr & Renov (1988)	2031	$75,000	$2,595	$24,490	$47,915	$0	$0	$0	$0
6000	Ca Library Constr & Renov (2000)	2040	350,000	30,450	269,715	49,835	-	4,745	30,450	12,864
0119	Class Size Reduction K-U Pub. Ed. Facil (1998) K-12	2034	6,700,000	11,860	4,967,875	1,720,265	-	-	11,860	-
0657	Public Education Facil (1996) K-12	2035	2,025,000	12,965	1,233,775	778,260	-	-	12,965	-
6036	Public Education Facil (2002) K-12	2040	11,400,000	250,940	10,268,820	880,240	0	62,027	250,940	178,965
6044	Public Education Facil (2004) K-12	2040	10,000,000	1,411,040	8,321,110	267,850	0	284,235	1,410,090	252,565
6057	Public Education Facil (2006) K-12	2040	7,329,000	2,956,325	4,365,790	6,885	0	424,370	2,936,325	290,220
0739	School Bldg & Earthquake (1974)	2026	40,000	-	21,310	18,690	-	-	-	-
0789	School Facilities (1988)	2011	800,000	-	31,690	768,310	-	-	-	-
0708	School Facilities (1990)	2033	800,000	-	254,530	545,470	-	-	-	-
0745	School Facilities (1992)	2036	1,900,000	10,280	813,725	1,075,995	-	-	10,280	-
0743	State Sch Bldg Lease-Purch (1984)	2011	450,000	-	1,850	448,150	-	-	-	-
0743	State Sch Bldg Lease-Purch (1986)	2011	800,000	-	6,900	793,100	-	-	-	-
0776	1988 School Facil Bond Act (Nov)	2033	800,000	2,255	106,110	691,635	-	-	2,255	-
0774	1990 School Facil Bond Act (Jun)	2033	800,000	2,125	176,865	621,010	-	-	2,125	-
0765	1992 School Facil Bond Act (Nov)	2035	900,000	1,789	394,969	503,242	-	-	1,789	-
	Total, Education--K-12		$45,169,000	$4,692,624	$31,259,524	$9,216,852	$0	$775,377	$4,669,079	$734,614
	HIGHER EDUCATION									
0574	Class Size Reduction K-U Pub. Ed. Facil (1998) Hi-Ed	2039	$2,500,000	$0	$2,100,485	$399,515	$0	$759	$0	$0
0782	Higher Education Facil (1986)	2011	400,000	-	2,550	397,450	-	-	-	-
0785	Higher Education Facil (1988)	2033	600,000	-	79,880	520,120	-	-	-	-
0791	Higher Education Facil (Jun 1990)	2040	450,000	550	97,210	352,240	-	10	-	-
0705	Higher Education Facil (Jun 1992)	2040	900,000	1,305	455,240	443,455	-	-	1,305	-
0658	Public Education Facil (1996) Hi-Ed	2033	975,000	37,465	646,915	290,620	-	27,574	-	-
6028	Public Education Facil (2002) Hi-Ed	2039	1,650,000	8,820	1,552,535	88,645	-	-	8,820	8,820
6041	Public Education Facil (2004) Hi-Ed	2040	2,300,000	152,775	2,090,925	56,300	0	6,872	79,950	77,716
6048	Public Education Facil (2006) Hi-Ed	2040	3,087,000	530,745	2,554,815	1,440	0	41,157	530,745	26,474
6047	Stem Cell Research and Cures (2004)	2039	3,000,000	1,924,300	1,075,700	-	-	343,211	4	-
	Total, Higher Education		$15,862,000	$2,655,960	$10,656,255	$2,549,785	$0	$419,583	$620,824	$113,010
	GENERAL GOVERNMENT									
0768	Earthquake Safety & Public Bldg. Rehab (1990)	2029	$300,000	$12,410	$171,045	$116,545	$0	$0	$12,410	$0
0701	Veterans' Homes (2000)	2039	50,000	975	40,345	8,680	-	-	975	-
	Total, General Government		$350,000	$13,385	$211,390	$125,225	$0	$0	$13,385	$0
	Total, All Agencies		**$130,782,000**	**$38,303,049**	**$71,143,164**	**$21,335,787**	**$0**	**$5,764,112**	**$9,385,843**	**$1,292,170**
	SELF-LIQUIDATING BONDS[1]									
	Ca Water Resources Dev (1959)	2024	$1,750,000	$167,600	$442,880	$1,139,520	$0	$0	$0	$0
	The Economic Recovery Bond Act	2023	15,000,000	-	7,392,220	7,607,780	-	-	-	-
	Veterans Bonds	2042	3,560,000	1,138,610	854,055	1,567,335	-	-	238,610	-
	Total, Self-Liquidating Bonds		$20,310,000	$1,306,210	$8,689,155	$10,314,635	$0	$0	$238,610	$0
	Total		**$151,092,000**	**$39,609,259**	**$79,832,319**	**$31,650,422**	**$0**	**$5,764,112**	**$9,624,453**	**$1,292,170**

[1] The California Water Resource Development Bond Act, The Economic Recovery Bond Act, and the Veterans Bond Acts are public service enterprises that have their own revenues to finance their respective debt service expenditures.

Source: State Treasurer's Office

SCHEDULE 12A
STATE APPROPRIATIONS LIMIT SUMMARY
(Dollars in Millions)

	2009-10			2010-11			2011-12		
	General Fund	Special Funds	Total	General Fund	Special Funds	Total	General Fund	Special Funds	Total
Schedule 8									
Revenues and Transfers	$87,041	$22,948	$109,989	$94,194	$28,621	$122,815	$89,696	$33,050	$122,746
Less/Add: Transfers	-476	482	6	-1,420	1,445	25	-454	162	-292
Schedule 12B									
Less: Revenues to Excluded Funds	-	-9,563	-9,563	-	-14,000	-14,000	-	-10,861	-10,861
Schedule 12C									
Less: Non-Tax Revenues to Included Funds	-1,980	-518	-2,498	-2,961	-531	-3,492	-1,854	-492	-2,346
Schedule 12D									
Add: Transfers from Excluded to Included Funds	9	4	13	26	4	30	1	4	5
TOTAL, SAL REVENUES AND TRANSFERS	**$84,594**	**$13,353**	**$97,947**	**$89,839**	**$15,539**	**$105,378**	**$87,389**	**$21,863**	**$109,252**
Schedule 12E									
Less: Exclusions	-36,978	-5,006	-41,984	-39,199	-5,338	-44,537	-38,942	-5,556	-44,498
TOTAL, SAL APPROPRIATIONS			**$55,963**			**$60,841**			**$64,754**
CALCULATION OF LIMIT ROOM									
Appropriations Limit (Sec. 12.00)			$80,984			$79,118			$81,782
Less: Total SAL Appropriations			-55,963			-60,841			-64,754
Appropriation Limit Room/(Surplus)			**$25,021**			**$18,277**			**$17,028**

SCHEDULE 12B
REVENUES TO EXCLUDED FUNDS
(Dollars In Thousands)

Source Code	Source	Actual 2009-10	Estimated 2010-11	Proposed 2011-12
	MAJOR REVENUES:			
110500	Cigarette Tax	$807,535	$783,687	$760,687
110900	Horse Racing Fees-Licenses	12,747	12,674	12,674
111200	Horse Racing Fees-Unclaimed P-M Tickets	776	-	-
111300	Horse Racing Miscellaneous	813	920	920
113300	Insurance Gross Premiums Tax	178,740	192,314	194,452
114300	Other Motor Vehicle Fees	123,031	123,789	124,379
114400	Identification Card Fees	804	804	804
115400	Mobilehome In-Lieu Tax	2,388	2,388	2,388
	TOTAL, MAJOR TAXES AND LICENSES	**$1,126,834**	**$1,116,576**	**$1,096,304**
	MINOR REVENUES:			
	REGULATORY TAXES AND LICENSES:			
120200	General Fish and Game Taxes	893	893	893
120300	Energy Resource Surcharge	616,793	786,168	726,258
120600	Quarterly Public Utility Commission Fees	128,674	129,057	129,057
120900	Off-Highway Vehicle Fees	18,046	17,000	17,000
121000	Liquor License Fees	51,059	52,724	53,773
121100	Genetic Disease Testing Fees	118,589	121,581	123,283
121200	Other Regulatory Taxes	62,815	81,449	82,130
121300	New Motor Vehicle Dealer License Fee	1,076	1,220	1,281
121500	General Fish and Game Lic Tags Permits	90,507	93,003	95,730
121600	Duck Stamps	40	5	5
122400	Elevator and Boiler Inspection Fees	17,137	24,838	28,900
122700	Employment Agency License Fees	4,460	4,421	4,421
122900	Teacher Credential Fees	12,844	12,769	12,727
123000	Teacher Examination Fees	4,637	4,241	4,241
123100	Insurance Co License Fees & Penalties	37,055	35,965	37,642
123200	Insurance Company Examination Fees	22,208	19,519	22,491
123400	Real Estate Examination Fees	3,194	3,264	3,305
123500	Real Estate License Fees	36,996	41,876	42,850
123600	Subdivision Filing Fees	4,381	4,575	4,575
123800	Building Construction Filing Fees	4,480	4,994	4,994
124100	Domestic Corporation Fees	7,330	7,640	7,640
124200	Foreign Corporation Fees	797	832	832
124300	Notary Public License Fees	852	852	852
124400	Filing Financing Statements	2,188	2,189	2,189
125100	Beverage Container Redemption Fees	1,143,393	1,101,006	1,064,930
125200	Explosive Permit Fees	2	-	-
125300	Processing Fees	463	358	311
125400	Environmental and Hazardous Waste Fees	73,957	74,324	77,303
125600	Other Regulatory Fees	1,923,486	5,848,529	1,947,207
125700	Other Regulatory Licenses and Permits	432,120	449,267	472,502
125800	Renewal Fees	205,311	216,103	224,067
125900	Delinquent Fees	5,616	5,547	5,758
127100	Insurance Department Fees, Prop 103	23,827	23,800	27,243
127200	Insurance Department Fees, General	20,962	23,462	26,104
127300	Insurance Fraud Assessment, Workers Comp	52,399	48,061	47,733
127400	Insurance Fraud Assessment, Auto	46,233	46,931	49,287
127500	Insurance Fraud Assessment, General	6,326	6,399	6,587
	TOTAL, REGULATORY TAXES AND LICENSES	**$5,181,146**	**$9,294,862**	**$5,356,101**
	REVENUE FROM LOCAL AGENCIES:			
130600	Architecture Public Building Fees	38,229	37,149	37,149
130700	Penalties on Traffic Violations	90,544	88,631	86,831
130800	Penalties on Felony Convictions	56,854	57,000	57,000
130900	Fines-Crimes of Public Offense	6,481	5,000	5,000
131000	Fish and Game Violation Fines	854	1,515	1,272
131100	Penalty Assessments on Fish & Game Fines	475	535	525
131200	Interest on Loans to Local Agencies	5	-	-
131300	Addt'l Assmnts on Fish & Game Fines	67	80	72
131600	Fingerprint ID Card Fees	69,663	71,954	70,424
131700	Misc Revenue From Local Agencies	611,235	689,522	1,412,769
	TOTAL, REVENUE FROM LOCAL AGENCIES	**$874,407**	**$951,386**	**$1,671,042**
	SERVICES TO THE PUBLIC:			
140600	State Beach and Park Service Fees	83,384	83,000	83,000

SCHEDULE 12B -- Continued
REVENUES TO EXCLUDED FUNDS
(Dollars In Thousands)

Source Code	Source	Actual 2009-10	Estimated 2010-11	Proposed 2011-12
140900	Parking Lot Revenues	7,286	7,900	8,000
141100	Emergency Telephone Users Surcharge	90,000	100,444	100,444
141200	Sales of Documents	1,032	983	981
142000	General Fees--Secretary of State	23,419	23,591	23,594
142200	Parental Fees	2,191	3,292	3,296
142500	Miscellaneous Services to the Public	81,853	81,472	79,049
143000	Personalized License Plates	53,319	57,519	57,283
	TOTAL, SERVICES TO THE PUBLIC	**$342,484**	**$358,201**	**$355,647**
	USE OF PROPERTY AND MONEY:			
150200	Income From Pooled Money Investments	640	674	489
150300	Income From Surplus Money Investments	29,496	34,842	31,579
150400	Interest Income From Loans	661	1,053	1,055
150500	Interest Income From Interfund Loans	1,672	448	1,318
150600	Income From Other Investments	894	2,075	1,343
151200	Income From Condemnation Deposits Fund	-	1	1
151800	Federal Lands Royalties	52,701	54,943	54,943
152200	Rentals of State Property	8,651	9,667	9,656
152300	Misc Revenue Frm Use of Property & Money	16,475	20,277	14,482
152400	School Lands Royalties	40	72	72
	TOTAL, USE OF PROPERTY AND MONEY	**$111,230**	**$124,052**	**$114,938**
	MISCELLANEOUS:			
160100	Attorney General Proceeds of Anti-Trust	1,351	2,220	2,000
160200	Penalties & Interest on UI & DI Contrib	77,483	72,905	83,664
160400	Sale of Fixed Assets	3,134	46,482	106,004
160600	Sale of State's Public Lands	-	8,004	-
161000	Escheat of Unclaimed Checks & Warrants	3,105	3,164	3,160
161400	Miscellaneous Revenue	267,242	343,312	376,864
161800	Penalties & Intrst on Personal Income Tx	9,208	14,670	17,700
161900	Other Revenue - Cost Recoveries	92,801	97,163	93,834
162000	Tribal Gaming Revenues	37,670	41,057	41,057
163000	Settlements/Judgments(not Anti-trust)	26,142	5,529	5,529
164100	Traffic Violations	36,918	37,202	37,202
164200	Parking Violations	16,733	1,130	1,120
164300	Penalty Assessments	137,446	186,861	197,982
164400	Civil & Criminal Violation Assessment	142,280	162,351	144,001
164600	Fines and Forfeitures	226,880	220,692	217,692
164700	Court Filing Fees and Surcharges	560,771	620,637	647,089
164800	Penalty Assessments on Criminal Fines	286,943	291,341	291,341
164900	Donations	572	200	600
	TOTAL, MISCELLANEOUS	**$1,926,679**	**$2,154,920**	**$2,266,839**
	TOTAL, MINOR REVENUES	**$8,435,946**	**$12,883,421**	**$9,764,567**
	TOTALS, Revenue to Excluded Funds (MAJOR and MINOR)	**$9,562,780**	**$13,999,997**	**$10,860,871**

SCHEDULE 12C
NON-TAX REVENUES IN FUNDS SUBJECT TO LIMIT
(Dollars In Thousands)

Source Code	Source	Actual 2009-10		Estimated 2010-11		Proposed 2011-12	
		General Fund	Special Fund	General Fund	Special Fund	General Fund	Special Fund
	MAJOR REVENUES:						
111100	Horse Racing Fines and Penalties	$174	-	$220	-	$220	-
111200	Horse Racing Fees-Unclaimed P-M Tickets	43	-	-	-	-	-
111300	Horse Racing Miscellaneous	6	-	5	-	5	-
114200	Driver's License Fees	-	241,782	-	237,000	-	194,500
114300	Other Motor Vehicle Fees	-	36,801	-	38,033	-	37,533
114400	Identification Card Fees	-	25,296	-	25,500	-	26,000
114500	Lien Sale Application Fees	-	1,097	-	1,108	-	1,119
	Total, MAJOR TAXES AND LICENSES	**$223**	**$304,976**	**$225**	**$301,641**	**$225**	**$259,152**
	MINOR REVENUES:						
	REGULATORY TAXES AND LICENSES:						
120800	Hwy Carrier Uniform Business License Tax	153	-	153	-	153	-
120900	Off-Highway Vehicle Fees	-	6,128	-	6,000	-	6,500
121000	Liquor License Fees	-	364	-	367	-	371
122700	Employment Agency License Fees	570	-	570	-	570	-
122800	Employment Agency Filing Fees	79	-	79	-	79	-
124500	Candidate Filing Fee	1,145	-	245	-	400	-
125600	Other Regulatory Fees	459,888	6,471	454,857	6,536	507,061	6,601
125700	Other Regulatory Licenses and Permits	4,235	29,624	5,058	29,708	4,961	30,143
125900	Delinquent Fees	1	-	1	-	1	-
	Total, REGULATORY TAXES AND LICENSES	**$466,071**	**$42,587**	**$460,963**	**$42,611**	**$513,225**	**$43,615**
	REVENUE FROM LOCAL AGENCIES:						
130900	Fines-Crimes of Public Offense	43	-	43	-	43	-
131500	Narcotic Fines	2,046	-	1,000	-	1,000	-
131700	Misc Revenue From Local Agencies	218,750	434	212,396	434	246,927	434
131900	Rev Local Govt Agencies-Cost Recoveries	16,163	8,850	11,644	8,939	11,277	9,028
	Total, REVENUE FROM LOCAL AGENCIES	**$237,002**	**$9,284**	**$225,083**	**$9,373**	**$259,247**	**$9,462**
	SERVICES TO THE PUBLIC:						
140100	Pay Patients Board Charges	17,498	-	14,216	-	12,863	-
140900	Parking Lot Revenues	-	484	-	489	-	494
141200	Sales of Documents	118	3,692	113	3,925	112	3,953
142000	General Fees--Secretary of State	89	-	115	-	89	-
142500	Miscellaneous Services to the Public	2,331	66,955	2,398	67,500	2,098	68,500
142600	Receipts From Health Care Deposit Fund	3,661	-	3,641	-	3,641	-
142700	Medicare Receipts Frm Federal Government	16,585	-	13,817	-	12,976	-
143000	Personalized License Plates	-	5	-	5	-	5
	Total, SERVICES TO THE PUBLIC	**$40,282**	**$71,136**	**$34,300**	**$71,919**	**$31,779**	**$72,952**
	USE OF PROPERTY AND MONEY:						
152000	Oil & Gas Lease-1% Revenue City/County	512	-	400	-	400	-
152200	Rentals of State Property	14,074	45,897	14,209	41,070	14,443	41,567
152300	Misc Revenue Frm Use of Property & Money	8,555	11,726	3,971	29,068	3,971	29,179
152500	State Lands Royalties	292,862	-	241,995	-	240,709	-
	Total, USE OF PROPERTY AND MONEY	**$316,003**	**$57,623**	**$260,575**	**$70,138**	**$259,523**	**$70,746**
	MISCELLANEOUS:						
160400	Sale of Fixed Assets	-	-	1,200,014	-	-	-
160500	Sale of Confiscated Property	5,913	-	6,406	-	6,406	-
160700	Proceeds From Estates of Deceased Person	238	-	1,609	-	1,609	-
160900	Revenue-Abandoned Property	336,932	-	219,774	-	221,045	-
161000	Escheat of Unclaimed Checks & Warrants	32,549	4,031	31,886	4,269	31,861	4,345
161400	Miscellaneous Revenue	79,080	5,143	76,343	7,866	178,822	8,673
161900	Other Revenue - Cost Recoveries	39,766	-	36,745	-	45,360	-
162000	Tribal Gaming Revenues	363,975	-	363,975	-	263,175	-
163000	Settlements/Judgments(not Anti-trust)	4,229	216	604	218	18	221
164000	Uninsured Motorist Fees	1,723	445	2,213	449	2,213	454
164100	Traffic Violations	-	10,108	-	10,209	-	10,311
164200	Parking Violations	12,813	-	13,000	-	13,000	-
164300	Penalty Assessments	39,549	-	23,543	-	23,393	-
164400	Civil & Criminal Violation Assessment	1,133	11,983	493	12,103	512	12,224
164600	Fines and Forfeitures	2,960	-	2,938	-	2,938	-

SCHEDULE 12C -- Continued
NON-TAX REVENUES IN FUNDS SUBJECT TO LIMIT
(Dollars In Thousands)

Source Code	Source	Actual 2009-10		Estimated 2010-11		Proposed 2011-12	
		General Fund	Special Fund	General Fund	Special Fund	General Fund	Special Fund
164900	Donations	1	-	-	-	-	-
	Total, MISCELLANEOUS	**$920,861**	**$31,926**	**$1,979,543**	**$35,114**	**$790,352**	**$36,228**
	TOTAL, MINOR REVENUES	**$1,980,219**	**$212,556**	**$2,960,464**	**$229,155**	**$1,854,126**	**$233,003**
	TOTALS, Non-Tax Revenue (MAJOR and MINOR)	**$1,980,442**	**$517,532**	**$2,960,689**	**$530,796**	**$1,854,351**	**$492,155**

SCHEDULE 12D
STATE APPROPRIATIONS LIMIT
TRANSFER FROM EXCLUDED FUNDS TO INCLUDED FUNDS
(Dollars In Thousands)

	Actual 2009-10		Estimated 2010-11		Proposed 2011-12	
	General Fund	Special Fund	General Fund	Special Fund	General Fund	Special Fund
From Corporations Fund, State (0067) to General Fund (0001) per Item 2180-011-0067, Budget Act of 2010)	-	-	$20,000	-	-	-
From Fair and Exposition Fund (0191) to General Fund (0001) (per Item 8570-011-0191, Budget Acts)	$246	-	$246	-	$246	-
From Business Fees Fund, Secty of State's (0228) to General Fund (0001) (per Government Code Section 12176)	$2,770	-	$1,130	-	$432	-
From Exposition Park Improvement Fund (0267) to General Fund (0001) (per Item 1100-011-0267, Budget Acts)	$2,771	-	-	-	-	-
From Teacher Credentials Fund (0407) to General Fund (0001) per Item 6360-011-0407, Budget Act of 2009)	$540	-	-	-	-	-
From Test Development and Admin Acct, Tc Fd (0408) to General Fund (0001) per Item 6360-011-0408, Budget Act of 2009)	$2,160	-	-	-	-	-
From Olympic Training Account,California (0442) to General Fund (0001) (Transfer per Govt Code 7592)	-	-	$79	-	$94	-
From Apprenticeship Training Contribution Fd (3022) to General Fund (0001) Transfer to the General Fund per Item 7350-012-3022, Budget Act of 2010)	-	-	$5,000	-	-	-
From Horse Racing Fund (3153) to General Fund (0001) (per Item 8550-011-3153, Budget Acts)	$300	-	-	-	-	-
From Environmental License Plate Fund, Calif (0140) to Motor Vehicle Account, STF (0044) (per Public Resources Code Section 21191)	-	$3,890	-	$3,890	-	$3,890
TOTALS	**$8,787**	**$3,890**	**$26,455**	**$3,890**	**$772**	**$3,890**

SCHEDULE 12E
STATE APPROPRIATIONS LIMIT
EXCLUDED APPROPRIATIONS
(Dollars in Millions)

Budget	Fund	Actual 2009-10	Estimated 2010-11	Proposed 2011-12
DEBT SERVICE:				
9600 Bond Interest and Redemption (9600-510-0001)	General	$4,638	$4,890	$4,927
9618 Economic Recovery Bond Debt Service	Special	1,153	1,247	1,394
TOTAL -- DEBT SERVICE		$5,791	$6,137	$6,321
QUALIFIED CAPITAL OUTLAY:				
Various (Ch. 3 Except DOT)	General	$41	$84	$110
Various (Ch. 3 Except DOT)	Special	67	43	106
Various Qualified Capital Outlay	General	714	206	198
Various Qualified Capital Outlay	Special	77	325	230
Lease-Revenue Bonds (Capital Outlay)	General	591	662	685
Lease-Revenue Bonds (Capital Outlay)	Special	26	31	31
TOTAL -- CAPITAL OUTLAY		$1,516	$1,351	$1,360
SUBVENTIONS:				
6110 K-12 Apportionments (6110-601-0001)	General	$16,972	$19,457	$19,722
6110 K-12 Supplemental Instruction (6110-104/664/657-0001)	General	336	336	337
6110 K-12 Class Size Reduction (6110-234/629/630-0001)	General	1,485	1,275	1,275
6110 K-12 ROCP (6110-105/618/659-0001)	General	385	385	385
6110 K-12 Apprenticeships (6110-103/635/613-0001)	General	16	16	16
6110 Charter Sch Block Grant (6110-211/621/616-0001)	General	199	142	156
State Subventions Not Counted in Schools' Limit	General	-36	-36	-36
6110 County Offices (6110-608-0001)	General	211	234	250
6870 Community Colleges (6870-101/103/295-0001)	General	3,180	3,186	2,710
SUBVENTIONS -- EDUCATION		$22,748	$24,995	$24,815
5195 State-Local Realignment				
Vehicle License Collection Account	Special	$14	$14	$14
Vehicle License Fees	Special	1,434	1,464	1,537
9100 Tax Relief (9100-101-0001, Programs 60, 90)	General	438	442	442
9210 Local Government Financing (9210-103-0001)	General	2	-	-
9350 Shared Revenues				
(9430-640-0064)	Special	83	118	118
(9430-601-0001) Trailer VLF GF backfill (Shared Rev.)	General	12	-	-
SUBVENTIONS -- OTHER		$1,983	$2,038	$2,111
COURT AND FEDERAL MANDATES:				
Various Court and Federal Mandates (HHS)	General	$3,762	$3,967	$4,013
Various Court and Federal Mandates	General	4,032	3,953	3,752
Various Court and Federal Mandates	Special	209	214	214
TOTAL -- MANDATES		$8,003	$8,134	$7,979
PROPOSITION 111:				
PTA Gasoline	Special	$63	-	-
Motor Vehicle Fuel Tax: Gasoline	Special	1,331	1,329	1,348
Motor Vehicle Fuel Tax: Diesel	Special	248	255	264
Weight Fee Revenue	Special	301	298	300
TOTAL -- PROPOSITION 111		$1,943	$1,882	$1,912
TOTAL EXCLUSIONS:		**$41,984**	**$44,537**	**$44,498**
General Fund		*$36,978*	*$39,199*	*$38,942*
Special Funds		*$5,006*	*$5,338*	*$5,556*

Finance Glossary of Accounting and Budgeting Terms

The following budgetary terms are used frequently throughout the Governor's Budget, the Governor's Budget Summary, and the annual Budget (Appropriations) Bill. Definitions are provided for terminology that is common to all publications. For definitions of terms unique to a specific program area, please refer to the individual budget presentation.

Abatement
A reduction to an expenditure that has already been made. In state accounting, only specific types of receipts are accounted for as abatements, including refund of overpayment of salaries, rebates from vendors or third parties for defective or returned merchandise, jury duty and witness fees, and property damage or loss recoveries. (See *SAM 10220* for more detail.)

Abolishment of Fund
The closure of a fund pursuant to the operation of law. When a special fund is abolished, all of its assets and liabilities are transferred by the State Controller's Office to a successor fund, or if no successor fund is specified, then to the General Fund.

Accrual basis of accounting
The basis of accounting in which revenue is recorded when earned and expenditures are recorded when obligated, regardless of when the cash is received or paid.

Administration
Refers to the Governor's Office and those individuals, departments, and offices reporting to it (e.g., the Department of Finance).

Administration Program Costs
The indirect cost of a program, typically a share of the costs of the administrative units serving the entire department (e.g., the Director's Office, Legal, Personnel, Accounting, and Business Services). "Distributed Administration" costs represent the distribution of the indirect costs to the various program activities of a department. In most departments, all administrative costs are distributed. (See also "Indirect Costs" and "SWCAP.")

Administratively Established Positions
Positions authorized by the Department of Finance during a fiscal year that were not included in the Budget and are necessary for workload or administrative reasons. Such positions terminate at the end of the fiscal year, or, in order to continue, must meet certain criteria under Control Section 31.00. *(SAM 6406, Control Section 31.00)*

Agency
A legal or official reference to a government organization at any level in the state organizational hierarchy. (See the *UCM* for the hierarchy of State Government Organizations.)

OR A government organization belonging to the highest level of the state organizational hierarchy as defined in the UCM. An organization whose head (Agency Secretary) is designated by Governor's order as a cabinet member. *(SAM 6610)*

Allocation
A distribution of funds or costs from one account or appropriation to one or more accounts or appropriations (e.g., the allocation of approved deficiency funding from the statewide 9840 Budget Act items to departmental Budget Act items).

Allotment

The approved division of an amount (usually of an appropriation) to be expended for a particular purpose during a specified time period. An allotment is generally authorized on a line item expenditure basis by program or organization. *(SAM 8300 et seq)*

Amendment
A proposed or accepted change to a bill in the Legislature, the California Constitution, statutes enacted by the Legislature, or ballot initiative.

A-pages
A common reference to the Governor's Budget Summary. Budget highlights now contained in the Governor's Budget Summary were once contained in front of the Governor's Budget on pages A-1, A-2, etc., and were, therefore, called the A-pages.

Appropriated Revenue
Revenue which, as it is earned, is reserved and appropriated for a specific purpose. An example is student fees received by state colleges that are by law appropriated for the support of the colleges. The revenue does not become available for expenditure until it is earned.

Appropriation
Authorization for a specific agency to make expenditures or incur liabilities from a specific fund for a specific purpose. It is usually limited in amount and period of time during which the expenditure is to be incurred. For example, appropriations made by the Budget Act are available for encumbrance for one year, unless otherwise specified. Appropriations made by other legislation are available for encumbrance for three years, unless otherwise specified, and appropriations stating "without regard to fiscal year" shall be available from year to year until expended. Legislation or the California Constitution can provide continuous appropriations, and the voters can also make appropriations. An appropriation shall be available for encumbrance during the period specified therein, or if not specified, for a period of three years after the date upon which it first became available for encumbrance. Except for federal funds, liquidation of encumbrances must be within two years of the expiration date of the period of availability for encumbrance, at which time the undisbursed (i.e., unliquidated) balance of the appropriation is reverted back into the fund. Federal funds have four years to liquidate.

Appropriation Without Regard To Fiscal Year (AWRTFY)
An appropriation for a specified amount that is available from year to year until expended.

Appropriations Limit, State (SAL)
The constitutional limit on the growth of certain appropriations from tax proceeds, generally set to the level of the prior year's appropriation limit as adjusted for changes in cost of living and population. Other adjustments may be made for such reasons as the transfer of services from one government entity to another. *(Article XIII B, § 8; GC Sec. 7900 et seq; CS 12.00)*

Appropriation Schedule
The detail of an appropriation (e.g., in the Budget Act), showing the distribution of the appropriation to each of the categories, programs, or projects thereof.

Assembly
California's lower house of the Legislature composed of 80 members who are elected for two-year terms and may serve a maximum of three terms. *(Article IV, § 2 (a))*

Audit
Typically a review of financial statements or performance activity (such as of an agency or program) to determine conformity or compliance with applicable laws, regulations, and/or standards. The state has three central organizations that perform audits of state agencies: the State Controller's Office, the Department of Finance, and the Bureau of State Audits. Many state departments also have internal audit units to review their internal functions and program activities. *(SAM 20000, etc.)*

Augmentation
An authorized increase to a previously authorized appropriation or allotment. This increase can be authorized by Budget Act provisional language, control sections, or other legislation. Usually a Budget Revision or an Executive Order is processed to implement the increase.

Authorized
Given the force of law (e.g., by statute). For some action or quantity to be authorized, it must be possible to identify the enabling source and date of authorization.

Authorized Positions
As reflected in the Governor's Budget, authorized positions represent a point-in-time number as of July 1 of the current year. For past year, authorized positions represents the number of actual personnel years for that year. For current year, authorized positions include all regular ongoing positions approved in the Budget Act for that year, less positions abolished because of continued vacancy. For budget year, the number of authorized positions is the same as current year except for adjustments for any positions that will expire by the end of the current year. The detail of authorized positions by department and classification is published in the annual "Salaries and Wages Supplement." Changes in authorized positions are listed at the end of each department's budget presentation in the Governor's Budget. *(GC 19818; SAM 6406)*

Availability Period
The time period during which an appropriation may be encumbered (i.e., committed for expenditure), usually specified by the law creating the appropriation. If no specific time is provided in financial legislation, the period of availability automatically becomes three years. Unless otherwise provided, Budget Act appropriations are available for one year. However based on project phase, capital outlay projects may have up to three years to encumber. An appropriation with the term "without regard to fiscal year" has an unlimited period of availability and may be encumbered at any time until the funding is exhausted. (See also "Encumbrances")

Balance Available
In regards to a fund, it is the excess of assets over liabilities and reserves that is available for appropriation. For appropriations, it is the unobligated balance still available.

Baseline Adjustment
Also referred as Workload Budget Adjustment. See Workload Budget Adjustment.

Baseline Budget
Also referred as Workload Budget. See Workload Budget.

Bill
A draft of a proposed law presented to the Legislature for enactment. (A bill has greater legal formality and standing than a resolution.)

OR An invoice, or itemized statement, of an amount owing for goods and services received.

Board of Control, State
Previous name for the California Victim Compensation and Government Claims Board.

Bond Funds
For legal basis budgeting purposes, funds used to account for the receipt and disbursement of non-self liquidating general obligation bond proceeds. These funds do not account for the debt retirement since the liability created by the sale of bonds is not a liability of bond funds. Depending on the provisions of the bond act, either the General Fund or a sinking fund pays the principal and interest on the general obligation bonds. The proceeds and debt of bonds related to self-liquidating bonds are included in nongovernmental cost funds. *(SAM 14400)*

Budget
A plan of operation expressed in terms of financial or other resource requirements for a specific period of time. (*GC 13320, 13335; SAM 6120)*

Budget Act (BA)
An annual statute authorizing state departments to expend appropriated funds for the purposes stated in the Governor's Budget and amended by the Legislature. *(SAM 6333)*

Budget Bill
Legislation presenting the Governor's proposal for spending authorization for the next fiscal year. This bill is prepared by the Department of Finance and submitted to each house of the Legislature in January (accompanying the Governor's Budget). The bills' authors are typically the budget committee chairpersons.

The California Constitution requires the Legislature to pass the Budget Bill and send it by June 15 each year to the Governor for signature. After signature by the Governor, the Budget Bill becomes the Budget Act. *(Art. IV. § 12(c); GC 13338; SAM 6325, 6333)*

Budget Change Proposal (BCP)
A proposal to change the level of service or funding sources for activities authorized by the Legislature, propose new program activities not currently authorized, or to delete existing programs. The Department of Finance annually issues a Budget Letter with specific instructions for preparing BCPs. *(SAM 6120)*

Budget Cycle
The period of time, usually one year, required to prepare a state financial plan and enact that portion of it applying to the budget year. Significant events in the cycle include:

- preparation of the Governor's proposed budget (mostly done between July 1st and January 10)
- submission of the Governor's Budget and Budget Bill to the Legislature (by January 10)
- submission to the Legislature of proposed adjustments to the Governor's Budget
    - April 1 - adjustments other than Capital Outlay and May Revision
    - May 1 - Capital Outlay appropriation adjustments
    - May 14 - May Revision adjustments for changes in General Fund revenues, necessary expenditure reductions to reflect updated revenue, and funding for Proposition 98, caseload, and population
- review and revision of the Governor's Budget by the Legislature
- return of the revised budget to the Governor for signature after any line-item vetoes (which the California Constitution requires be done by June 15)
- signing of the budget by the Governor (ideally by June 30). *(SAM 6150) (GC 13308)*

Budget, Program or Traditional
A program budget expresses the operating plan in terms of the costs of activities (programs) to be undertaken to achieve specific goals and objectives. A traditional (or object of expenditure) budget expresses the plan in terms of categories of costs of the goods or services to be used to perform specific functions.

The Governor's Budget is primarily a program budget but also includes detailed categorization of proposed expenditures for goods and services (Expenditures by Category) for State Operations for each department. *(GC 13336; SAM 6210, 6220)*

Budget Revision (BR)
A document, usually approved by the Department of Finance, that cites a legal authority to authorize a change in an appropriation. Typically, BRs either increase the appropriation or make adjustments to the categories or programs within the appropriation as scheduled. (*SAM 6533, 6542, 6545)*

Budget Year (BY)
The next state fiscal year, beginning July 1 and ending June 30, for which the Governor's Budget is submitted (i.e., the year following the current fiscal year).

CALSTARS
The acronym for the California State Accounting and Reporting System, the state's primary accounting system. Most departments now use CALSTARS. *(GC 13300)*

Capital Outlay (CO)
A character of expenditure of funds to acquire land, plan and construct new buildings, expand or modify existing buildings, and/or purchase equipment related to such construction. (*CS 3.00)*

Carryover
The unencumbered balance of an appropriation available for expenditure in years subsequent to the year of enactment. For example, if a three-year appropriation is not fully encumbered in the first year, the remaining amount is carried over to the next fiscal year.

Cash Basis
The basis of accounting that records receipts and disbursements when cash is received or paid.

Cash Flow Statement
A statement of cash receipts and disbursements for a specified period of time. Amounts recorded as accruals, which do not affect cash, are not reflected in this statement.

Category
A grouping of related types of expenditures, such as Personal Services, Operating Expenses and Equipment, Reimbursements, Special Items of Expense, Unclassified, Local Costs, Capital Costs, and Internal Cost Recovery. *(UCM)*

Category Transfer
An allowed transfer between categories or functions within the same schedule of an appropriation. Such transfers are presently authorized by Control Section 26.00 of the Budget Act (and prior to 1996-97, by Section 6.50 of the Budget Act). The control section specifies the amounts of the allowable transfers and reporting requirements.

Change Book System
The system the Department of Finance uses to record all the legislative changes made to the Governor's Budget and the final actions on the budget taken by the Legislature and Governor. A "Final Change Book" is published after enactment of the Budget Act. It includes detailed fiscal information on the changes made by the Legislature and by the Governor's vetoes. (*SAM 6355)*

Changes in Authorized Positions ("Schedule 2")
A schedule that reflects staffing changes made subsequent to the adoption of the current year budget. This schedule documents transfers, positions established, and selected reclassifications, as well as proposed new positions for the budget year. (SAM 6406)

Chapter
The reference assigned by the Secretary of State to an enacted bill, numbered sequentially in order of enactment each calendar year. The enacted bill is then referred to by this "chapter" number and the

year in which it became law. For example, *Chapter 1, Statutes of 1997,* would refer to the first bill enacted in 1997.

Character of Expenditure
A classification identifying the purpose of an expenditure, such as State Operations, Local Assistance, or Capital Outlay. *(UCM)*

Claim Schedule
A request from a state agency to the State Controller's Office to disburse payment from an appropriation or account for a lawful state obligation. The claim schedule identifies the appropriation or account to be charged, the payee, the amount to be paid, and an affidavit attesting to the validity of the request.

COBCP
Capital outlay budgets are zero-based each year, therefore, the department must submit a written capital outlay budget change proposal for each new project or subsequent phase of an existing project for which the department requests funding. *(SAM 6818)*

Codes, Uniform
See ”Uniform Codes Manual.”

Conference Committee
A committee of three members (two from the majority party, one from the minority party) from each house, appointed to meet and resolve differences between versions of a bill (e.g., when one house of the Legislature does not concur with bill amendments made by the other house). If resolution cannot be reached, another conference committee can be selected, but no more than three different conference committees can be appointed on any one bill. Budget staff commonly refer to the conference committee on the annual budget bill as the "Conference Committee.” *(SAM 6340)*

Continuing Appropriation
An appropriation for a set amount that is available for more than one year.

Continuous Appropriation
Constitutional or statutory expenditure authorization which is renewed each year without further legislative action. The amount available may be a specific, recurring sum each year; all or a specified portion of the proceeds of specified revenues which have been dedicated permanently to a certain purpose; or it may be whatever amount is designated for the purpose as determined by formula, e.g., school apportionments. Note: Government Code Section 13340 sunsets statutory continuous appropriations on June 30 with exceptions specified in the code and other statutes. Section 30.00 of the annual Budget Act traditionally extends the continuous appropriations for one additional fiscal year. *(GC 13340; SAM 8382)*

Continuously Vacant Positions
On July 1, positions which were continuously vacant for six consecutive monthly pay periods during the preceding fiscal year are abolished by the State Controller's Office. The six consecutive monthly pay periods may occur entirely within one fiscal year or between two consecutive fiscal years. The exceptions to this rule are positions exempt from civil service and instructional positions authorized for the California State University. The Department of Finance may authorize the reestablishment of positions in cases where the vacancies were (1) due to a hiring freeze, (2) the department has diligently attempted to fill the position but was unable to complete all steps to fill the position within six months, (3) the position is determined to be hard-to-fill, (4) the position has been designated as a management position for the purposes of collective bargaining and has been held vacant pending the appointment of the director or other chief executive officer of the department as part of the transition from one Governor to the suceeding Governor, or, (5) late enactment of the budget causes the department to delay filling the position, and the Department of Finance approves an agency’s written

appeal to continue the positions. In addition, departments may self-certify reestablishments by August 15 for positions that meet specified conditions during the vacancy period.

By October 15 of each year, the State Controller's Office is required to notify the Joint Legislative Budget Committee and the Department of Finance of the continously vacant positions identified for the preceding fiscal year.
(GC 12439)

Control Sections
Sections of the Budget Act (i.e., 3.00 to the end) providing specific controls on the appropriations itemized in Section 2.00 of the Budget Act. See more detail under "Sections."

Conversion Code Listing
See "Finance Conversion Code Listing."

Cost-of-Living Adjustments (COLA)
Increases provided in state-funded programs that include periodic adjustments predetermined in state law (statutory, such as K-12 education apportionments), or established at optional levels (discretionary) by the Administration and the Legislature each year through the budget process.

Current Year (CY)
A term used in budgeting and accounting to designate the operations of the present fiscal year in contrast to past or future periods. (See also "Fiscal Year.")

Debt Service
The amount of money required to pay interest on outstanding bonds and the principal of maturing bonds.

Deficiency
A lack or shortage of (1) money in a fund, (2) expenditure authority due to an insufficient appropriation, or (3) expenditure authority due to a cash problem (e.g., reimbursements not received on a timely basis). See Budget Act 9840 Items.

Department
A governmental organization, usually belonging to the third level of the state organizational hierarchy as defined in the Uniform Codes Manual. *(UCM)*

Department of Finance (Finance)
The department that is delegated the responsibility for preparation of the Governor's Budget. The Director of Finance functions as the Governor's chief fiscal advisor. Primary functions of the department include:

- Prepare and support the Governor's proposed budget for the state (the Governor's Budget).
- Administer the State Annual Financial Plan (the enacted state budget).
- Analyze proposed legislation that would have a fiscal impact.
- Set fiscal policies for all state departments.
- Develop and maintain the California State Accounting and Reporting System (CALSTARS), which is used by most departments to record their accounting transactions.
- Monitor and audit expenditures by state departments to ensure compliance with the law, approved standards and policies.

- Develop economic forecasts and revenue, population, and enrollment estimates.

- Analyze the fiscal impact of information technology projects.

- Support the Director or designee in their role as member of approximately 80 state boards and commissions.

(GC 13000 et seq.)

Detailed Budget Adjustments
Department Detailed Budget Adjustments are included in department budget displays to provide the reader a snapshot of proposed expenditure and position adjustments in the department, why those changes are being proposed, and their dollar and position impact.

The Detailed Budget Adjustments include two adjustment categories: workload and policy. Within the workload section, issues are further differentiated between budget change proposals and other workload budget adjustments. Below are the standard change table categories or headings including definitions:

- **Workload Budget Adjustments** - See "Workload Budget Adjustments."
- **Policy Adjustments** - See "Policy Adjustments."
- **Employee Compensation Adjustments** - See "Employee Compensation/Retirement."
- **Retirement Rate Adjustment** – See "Employee Compensation/Retirement."
- **Limited Term Positions/ Expiring Programs** - Reduction of the budget-year funding and positions for expiring programs or positions.
- **Abolished Vacant Positions** – Positions abolished that are vacant for six consecutive monthly pay periods, irrespective of fiscal years, per Government Code 12439.
- **One-Time Cost Reductions** - Reductions of the budget-year funding and positions to account for one-time costs budgeted in the current year.
- **Full-Year Cost of New Programs** - Increases to the budget year funding and positions to reflect the full-year costs of programs authorized to begin after July 1 of the current fiscal year (does not include the full year effect of employee compensation adjustments that are displayed separately).
- **Carryover/Reappropriation** – See "Carryover" and "Reappropriation."
- **Legislation With an Appropriation** – New legislation with funding to carry out its purpose.
- **Expenditure Transfers** – Transfers of expenditures between two departments but within the same fund.
- **Lease Revenue Debt Service Adjustment** – Expenditures related to changes in lease revenue costs.
- **Miscellaneous Adjustments** – This category includes all workload budget adjustments not included in one of the aforementioned categories. This category may include Pro Rata and Statewide Costs Allocation Plan (SWCAP) adjustments. See Pro Rata and Statewide Cost Allocation.

Detail of Appropriations and Adjustments
A budget display, for each organization, that reflects appropriations and adjustments by fund source for each character of expenditure, (i.e., State Operations, Local Assistance, and Capital Outlay). (*SAM 6478)*

Element
A subdivision of a budgetary program and the second level of the program structure in the Uniform Codes Manual.

Employee Compensation/Retirement
Salary, benefit, employer retirement rate contribution adjustments, and any other related statewide compensation adjustments for state employees. Various 9800 Items of the Budget Act appropriate funds for compensation increases for most state employees (excluding Higher Education and some others), that is, they appropriate the incremental adjustment proposed for the salary and benefit adjustments for the budget year. The base salary and benefit levels are included in individual agency/departmental budgets.

Encumbrance
The commitment of all or part of an appropriation for future expenditures. Encumbrances are accrued as expenditures by departments at year-end and included in expenditure totals in individual budget displays. On a state-wide basis, an adjustment is made for the General Fund to remove from the expenditure totals the amount of encumbrances where goods and services have not been received. The amount of encumbrances where goods and services have not been received is shown in the Reserve for Encumbrances. This adjustment and the use of the Reserve for Encumbrances are in accordance with Generally Accepted Accounting Principles and is required by Government Code Section 13306.

Enrolled Bill Report (EBR)
An analysis prepared on Legislative measures passed by both houses and referred to the Governor, to provide the Governor's Office with information concerning the measure with a recommendation for action by the Governor. While approved bill analyses become public information, EBRs do not. Note that EBRs are not prepared for Constitutional Amendments, or for Concurrent, Joint, or single house resolutions, since these are not acted upon by the Governor. *(SAM 6965)*

Enrollment, Caseload, & Population Adjustments
These adjustments are generally formula or population driven.

Excess Vacant Positions
Positions in excess of those necessary to meet budgeted salary savings. For example, a department which had 95 budgeted personnel years (100 authorized positions less 5 for salary savings) but actual expenditure of only 91 personnel years, would have had 4 "excess vacant positions" (plus or minus other adjustments pursuant to Department of Finance instructions and review).

Executive Branch
One of the three branches of state government, responsible for implementing and administering the state's laws and programs. The Governor's Office and those individuals, departments, and offices reporting to it (the Administration) are part of the Executive Branch.

Executive Order (EO)
A budget document, issued by the Department of Finance, requesting the State Controller's Office to make an adjustment in their accounts. The adjustments are typically authorized by appropriation language, Budget Act control sections, and other statutes. An EO is used when the adjustment makes increases or decreases on a state-wide basis, involves two or more appropriations, or makes certain transfers or loans between funds.

Exempts
State employees exempt from civil service pursuant to subdivision (e), (f), or (g) of Section 4 of Article VII of the California Constitution. Examples include department directors and other gubernatorial appointees. *(SAM 0400)*

Expenditure
Where accounts are kept on a cash basis, the term designates only actual cash disbursements. For individual departments, where accounts are kept on an accrual or a modified accrual basis, expenditures represent the amount of an appropriation used for goods and services ordered, whether paid or unpaid.

However for the General Fund, expenditures are adjusted on a statewide basis to reflect only amounts where goods and services have been received.

Expenditure Authority
The authorization to make an expenditure (usually by a budget act appropriation, provisional language or other legislation).

Expenditures by Category (formerly named Summary by Object)
A budget display, for each department, that reflects actual past year, estimated current year, and proposed budget year expenditures presented by character of expenditure (e.g., State Operations and/or Local Assistance) and category of expenditure (e.g., Personal Services, Operating Expenses and Equipment).

3-year Expenditures and Positions (formerly named Summary of Program Requirements)
A display at the start of each departmental budget that presents the various departmental programs by title, dollar totals, personnel years, and source of funds for the past, current, and budget years.

Feasibility Study Report (FSR)
A document proposing an information technology project that contains analyses of options, cost estimates, and other information. *(SAM 4920-4930)*

Federal Fiscal Year (FFY)
The 12-month accounting period of the federal government, beginning on October 1 and ending the following September 30. For example, a reference to FFY 2006 means the period beginning October 1, 2005 and ending September 30, 2006. (See also "Fiscal Year.")

Federal Funds
For legal basis budgeting purposes, classification of funds into which money received in trust from an agency of the federal government will be deposited and expended by a state department in accordance with state and/or federal rules and regulations. State departments must deposit federal grant funds in the Federal Trust Fund, or other appropriate federal fund in the State Treasury. *(GC 13326 (Finance approval), 13338 approp. of FF, CS 8.50)*

Feeder Funds
For legal basis accounting purposes, funds into which certain taxes or fees are deposited upon collection. In some cases administrative costs, collection expenses, and refunds are paid. The balance of these funds is transferable at any time by the State Controller's Office to the receiving fund.

Final Budget
Generally refers to the Governor's Budget as amended by actions taken on the Budget Bill (e.g. legislative changes, Governor's vetoes). Note: Subsequent legislation (law enacted after the Budget Bill is chaptered) may add, delete, or change appropriations or require other actions that affect a budget appropriation.

Final Budget Summary
A document produced by the Department of Finance after enactment of the Budget Act which reflects the Budget Act, any vetoes to language and/or appropriations, technical corrections to the Budget Act, and summary budget information. (See also "Budget Act," "Change Book.") (*SAM 6130, 6350)*

Finance Conversion Code (FCC) Listing
A listing distributed by the State Controller's Office to departments each spring, which based upon departmental coding updates, will dictate how the salaries and wages detail will be displayed in the Salaries and Wages publication. *(SAM 6430)*

Finance Letter (FL)
Proposals made, by the Director of Finance to the chairpersons of the budget committees in each house, to amend the Budget Bill and the Governor's Budget from that submitted on January 10 to reflect a revised plan of expenditure for the budget year and/or current year. Specifically, the Department of Finance is required to provide the Legislature with updated expenditure and revenue information for all policy adjustments by April 1, capital outlay technical changes by May 1, and changes for caseload, population, enrollment, updated revenues, and Proposition 98 by May 14. *(GC 13308)*

Fiscal Committees
Committees of members in each house of the Legislature that review the fiscal impact of proposed legislation, including the Budget Bill. Currently, the fiscal committees include the Senate Budget and Fiscal Review Committee, Senate Appropriations Committee, Assembly Appropriations Committee, and the Assembly Budget Committee. The Senate Budget and Fiscal Review Committee and the Assembly Budget Committee are broken into subcommittees responsible for specific state departments or subject areas. Both houses also have Revenue and Taxation Committees that are often considered fiscal committees.

Fiscal Impact Analysis
Typically refers to a section of an analysis (e.g., bill analysis) that identifies the costs and revenue impact of a proposal and, to the extent possible, a specific numeric estimate for applicable fiscal years.

Fiscal Year (FY)
A 12-month period during which income is earned and received, obligations are incurred, encumbrances are made, appropriations are expended, and for which other fiscal transactions are recorded. In California state government, the fiscal year begins July 1 and ends the following June 30. If reference is made to the state's FY 2008 , this is the time period beginning July 1, 2008 and ending June 30, 2009. (See also "Federal Fiscal Year.") *(GC 13290)*

Floor
The Assembly or Senate chambers or the term used to describe the location of a bill or the type of session. Matters may be referred to as "on the floor".

Form 9
A request by a department for space planning services (e.g., new or additional space lease extensions, or renewals in noninstututional) and also reviewed by the Department of Finance. *(SAM 6454)*

Form 22
A department's request to transfer money to the Architectural Revolving Fund (e.g., for building improvements), reviewed by the Department of Finance. *(GC 14957; SAM 1321.1)*

Fund
A legal budgeting and accounting entity that provides for the segregation of moneys or other resources in the State Treasury for obligations in accordance with specific restrictions or limitations. A separate set of accounts must be maintained for each fund to show its assets, liabilities, reserves, and balance, as well as its income and expenditures.

Fund Balance
Excess of a fund's assets over its liabilities and reserves.

Fund Condition Statement
A budget display, included in the Governor's Budget, summarizing the operations of a fund for the past, current, and budget years. The display includes the beginning balance, prior year adjustments, revenue, transfers, loans, expenditures, the ending balance, and any reserves. Fund Condition

Statements are required for all special funds. The Fund Condition Statement for the General Fund is Summary Schedule 1. Other funds are displayed at the discretion of the Department of Finance.

General Fund (GF)
For legal basis accounting and budgeting purposes, the predominant fund for financing state government programs, used to account for revenues which are not specifically designated to be accounted for by any other fund. The primary sources of revenue for the General Fund are the personal income tax, sales tax, and corporation taxes. The major uses of the General Fund are education (K-12 and higher education), health and human service programs, and correctional programs.

Governmental Cost Funds
Funds that derive revenue from taxes, licenses, and fees.

Governor's Budget
The publication the Governor presents to the Legislature, by January 10 each year. It contains recommendations and estimates for the state's financial operations for the budget year. It also displays the actual revenues and expenditures of the state for the prior fiscal year and updates estimates for the current year revenues and expenditures. This publication is also produced in a web format known as the Proposed Budget Detail on the Department of Finance website. *(Article IV, § 12; SAM 6120, et seq)*

Governor's Budget Summary (or A-Pages)
A companion publication to the Governor's Budget that outlines the Governor's policies, goals, and objectives for the budget year. It provides a perspective on significant fiscal and/or structural proposals. This publication is also produced in a web format known as the Proposed Budget Summary on the Department of Finance web site.

Grants
Typically used to describe amounts of money received by an organization for a specific purpose but with no obligation to repay (in contrast to a loan, although the award may stipulate repayment of funds under certain circumstances). For example, the state receives some federal grants for the implementation of health and community development programs, and the state also awards various grants to local governments, private organizations and individuals according to criteria applicable to the program.

Indirect Costs
Costs which by their nature cannot be readily associated with a specific organization unit or program. Like general administrative expenses, indirect costs are distributed to the organizational unit(s) or program(s) which benefit from their incurrence.

Initiative
The power of the electors to propose statutes or Constitutional amendments and to adopt or reject them. An initiative must be limited to a single subject and be filed with the Secretary of State with the appropriate number of voter signatures in order to be placed on the ballot. *(Article II, § 8)*

Item
Another word for appropriation.

Judgments
Usually refers to decisions made by courts against the state. Payment of judgments is subject to a variety of controls and procedures.

Language Sheets
Copies of the current Budget Act appropriation items provided to Finance and departmental staff each fall to update for the proposed Governor's Budget. These updated language sheets become the proposed Budget Bill. In the spring, language sheets for the Budget Bill are updated to reflect revisions to the proposed appropriation amounts, Item schedule(s), and provisions, and become the Budget Act.

Legislative Analyst's Office (LAO)
A non-partisan organization that provides advice to the Legislature on fiscal and policy matters. For example, the LAO annually publishes a detailed analysis of the Governor's Budget and this document becomes the initial basis for legislative hearings on the Budget Bill. *(SAM 7360)*

Legislative Counsel Bureau
A staff of attorneys who draft legislation (bills) and proposed amendments, and review, analyze and render opinions on legal matters for the legislative members.

Legislative Counsel Digest
A summary of what a legislative measure does contrasting existing law and the proposed change. This summary appears on the first page of a bill.

Legislative Information System (LIS)
An on-line system developed and used by the Department of Finance to maintain current information about all bills introduced in the Assembly and Senate for the current two-year session, and for other recently completed sessions. Finance analysts use this system to prepare bill analyses.

Legislature, California
A two-house body of elected representatives vested with the responsibility and power to make laws affecting the state (except as limited by the veto power of the Governor). See also "Assembly" and "Senate."

Limited-Term Position (LT)
Any position that has been authorized only for a specific length of time with a set termination date. Limited-term positions may be authorized during the budget process or in transactions approved by the Department of Finance. *(SAM 6515)*

Line Item
See "Objects of Expenditure."

Local Assistance (LA)
The character of expenditures made for the support of local government or other locally administered activities.

Mandates
See "State-Mandated Local Program." *(UCM)*

May Revision
An annual update to the Governor's Budget containing a revised estimate of General Fund revenues for the current and ensuing fiscal years, any proposals to adjust expenditures to reflect updated revenue estimates, and all proposed adjustments to Proposition 98, presented by the Department of Finance to the Legislature by May 14 of each year. (See also "Finance Letter.") (*SAM 6130 and GC 13308)*

Merit Salary Adjustment (MSA)
A cost factor resulting from the periodic increase in salaries paid to personnel occupying authorized positions. Personnel generally receive a salary increase of five percent per year up to the upper salary limit of the classification, contingent upon the employing agency certifying that the employee's

job performance meets the level of quality and quantity expected by the agency, considering the employee's experience in the position.

Merit salary adjustments for employees of the University of California and the California State University are determined in accordance with rules established by the regents and the trustees, respectively.

Funding typically is not provided for MSAs in the budget; any additional costs incurred by a department usually must be absorbed from within existing resources. (GC 19832)

Minor Capital Outlay
Construction projects, or equipment acquired to complete a construction project, estimated to cost less than $400,000, with specified exemptions in the Resources Agency.

Modified Accrual Basis
For legal/budgetary basis accounting purposes, revenues are accrued at the end of the fiscal year if the underlying transaction has occurred as the last day of the fiscal year, the amount is measurable, and the actual collection will occur either during the current period of after the end of the current period but in time to pay current year-end liabilities. Expenditures are accrued when incurred, except for amounts payable from future fiscal year appropriations. This basis is generally used for the General Fund.

Non-add
Refers to a numerical value that is displayed in parentheses for informational purposes but is not included in computing totals, usually because the amounts are already accounted for in the system or display.

Nongovernmental Cost Funds
For legal basis budgeting purposes, used to budget and account for revenues other than general and special taxes, licenses, and fees or certain other state revenues.

Object of Expenditure (Objects)
A classification of expenditures based on the type of goods or services received. For example, the budget category of Personal Services includes the objects of Salaries and Wages and Staff Benefits. The Governor's Budget includes a Expenditures by Category for each department at this level. These objects may be further subdivided into line items such as State Employees' Retirement and Workers' Compensation. *(UCM)*

Obligations
Amounts that a governmental unit may legally be required to pay out of its resources. These may include unliquidated accruals representing goods or services received but not yet paid for and liabilities not encumbered.

One-Time Cost
A proposed or actual expenditure that is non-recurring (usually only in one annual budget) and not permanently included in baseline expenditures. Departments make baseline adjustments to remove prior year one-time costs and appropriately reduce their expenditure authority in subsequent years' budgets.

Operating Expenses and Equipment (OE&E)
A category of a support appropriation which includes objects of expenditure such as general expenses, printing, communication, travel, data processing, equipment, and accessories for the equipment. (*SAM 6451)*

Organization Code
The four-digit code assigned to each state governmental entity (and sometimes to unique budgetary programs) for fiscal system purposes. The organization code is the first segment of the budget item/appropriation number. *(UCM)*

Out-of-State Travel (OST) blanket
A request by a state agency for Governor's Office approval of the proposed out-of-state trips to be taken by that agency's personnel during the fiscal year. *(SAM 0760-0765)*

Overhead
Those elements of cost necessary in the production of an article or the performance of a service that are of such a nature that the amount applicable to the product or service cannot be determined directly. Usually they relate to those costs that do not become an integral part of the finished product or service, such as rent, heat, light, supplies, management, or supervision. See also "Indirect Costs."

Overhead Unit
An organizational unit that benefits the production of an article or a service but that cannot be directly associated with an article or service to distribute all of its expenditures to elements and/or work authorizations. The cost of overhead units are distributed to operating units or programs within the department. (See "Administration Program Costs.")

Past Year
The most recently completed fiscal year. (See also "Fiscal Year.")

Performance Budget
A budget wherein proposed expenditures are organized and tracked primarily by measurable performance objectives for activities or work programs. A performance budget may also incorporate other bases of expenditure classification, such as character and object, but these are given a subordinate status to activity performance.

Personal Services
A category of expenditure which includes such objects of expenditures as the payment of salaries and wages of state employees and employee benefits, including the state's contribution to the Public Employees' Retirement Fund, insurance premiums for workers' compensation, and the state's share of employees' health insurance. See also "Objects of Expenditure." *(SAM 6403, 6506)*

Personnel Year (PY)
The actual or estimated portion of a position expended for the performance of work. For example, a full-time position that was filled by an employee for half of a year would result in an expenditure of 0.5 personnel year. This may also be referred to as a personnel year equivalent.

Plan of Financial Adjustment (PFA)
A plan proposed by a department, reviewed by the Department of Finance, and accepted by the State Controller's Office (SCO), to permit the SCO to transfer monies from one item to another within a department's appropriations. A PFA might be used, for example, to allow the department to pay all administrative costs out of its main fund and then to transfer into that fund appropriate amounts from its other funds for their shares of the costs paid. The SCO transfers the funds upon receipt of a letter from the department stating the amount to be transferred based on the criteria for cost distribution in the approved PFA. *(SAM 8715)*

Planning Estimate (PE)
A document used to record and monitor those current and budget year expenditure adjustments including budget change proposals approved for inclusion in the Governor's Budget. PEs are broken down by department, fund type, character, Budget Bill/Act appropriation number, and "lines"(i.e., expenditure groupings such as employee compensation, price increases, one-time costs). PEs are primarily used to record the incremental decisions made about changes to each base budget, are

updated at frequent intervals, and can be used for quick planning or "what if" analyses. PEs identify all proposed expenditure changes (baseline and policy) to the previous year's Budget Act, and once budget preparation is complete, PEs will tie to all other fiscal characterizations of the proposed Governor's Budget. (The term is sometimes used synonymously with Planning Estimate Line, which is one specific expenditure grouping.)

Planning Estimate Line
A separate planning estimate adjustment or entry for a particular expenditure or type. (See "Planning Estimate.")

Policy Adjustments
Changes to existing law or Administration policies. These adjustments require action by the Governor and/or Legislature and modify the workload budget.

Pooled Money Investment Account (PMIA)
A State Treasurer's Office accountability account maintained by the State Controller's Office to account for short-term investments purchased by the State Treasurer's Office as designated by the Pooled Money Investment Board on behalf of various funds.

Pooled Money Investment Board (PMIB)
A board comprised of the Director of Finance, State Treasurer, and the State Controller, the purpose of which is to design an effective cash management and investment program, using all monies flowing through the Treasurer's bank accounts and keeping all available monies invested consistent with the goals of safety, liquidity, and yield. *(SAM 7350)*

Positions
See "Authorized Positions."

Price Increase
A budget adjustment to reflect the inflation factors for specified operating expenses consistent with the budget instructions from the Department of Finance.

Pro Rata
The amount of state administrative, General Fund costs (e.g., amounts expended by central service departments such as the State Treasurer's Office, State Personnel Board, State Controller's Office, and Department Finance for the general administration of state government) chargeable to and recovered from special funds (other than the General Fund and federal funds) as determined by the Department of Finance. *(GC 11270-11277, 13332.03; 22828.5; SAM 8753, 8754)*

Program Budget
See "Budget, Program or Traditional."

Program Cost Accounting (PCA)
A level of accounting that identifies costs by activities performed in achievement of a purpose in contrast to the traditional line-item format. The purpose of accounting at this level is to produce cost data sufficiently accurate for allocating and managing its program resources. *(SAM 9220)*

Programs
Activities of an organization grouped on the basis of common objectives. Programs are comprised of elements, which can be further divided into components and tasks.

Proposed New Positions
A request for an authorization to expend funds to employ additional people to perform work. Proposed new positions may be for limited time periods (limited term) and for full or less than full time. Proposed

new positions may be for an authorization sufficient to employ one person, or for a sum of funds (blanket) from which several people may be employed. (See also “Changes in Authorized Positions.”)

Proposition 98
An initiative passed in November 1988, and amended in the June 1990 election, that provides a minimum funding guarantee for school districts, community college districts, and other state agencies that provide direct elementary and secondary instructional programs for kindergarten through grade 14 (K-14) beginning with fiscal year 1988-89. The term is also used to refer to any expenditures which fulfill the guarantee. *(Article XVI, § 8)*

Provision
Language in a bill or act that imposes requirements or constraints upon actions or expenditures of the state. Provisions are often used to constrain the expenditure of appropriations but may also be used to provide additional or exceptional authority. (Exceptional authority usually begins with the phrase "notwithstanding...".)

Public Service Enterprise Funds
For legal basis accounting purposes, the fund classification that identifies funds used to account for the transactions of self-supporting enterprises that render goods or services for a direct charge to the user (primarily the general public). Self-supporting enterprises, that render goods or services for a direct charge to other state departments or governmental entities, account for their transactions in a Working Capital and Revolving Fund. *(UCM, Fund Codes—Structure)*

Reappropriation
The extension of an appropriation’s availability for encumbrance and/or expenditure beyond its set termination date and/or for a new purpose. Reappropriations are typically authorized by statute for one year at a time but may be for some greater or lesser period.

Recall
The power of the electors to remove an elected officer. *(Article II, § 13)*

Redemption
The act of redeeming a bond or other security by the issuing agency.

Reference Code
A three-digit code identifying whether the item is from the Budget Act or some other source (e.g., legislation), and its character (e.g., state operations). This is the middle segment of the budget item/appropriation number.

Referendum
The power of the electors to approve or reject statutes or parts of statutes, with specified exceptions and meeting specified deadlines and number of voters' signatures. *(Article II, § 9)*

Refund to Reverted Appropriations
A receipt account to record abatements and reimbursements to appropriations that have reverted.

Regulations
A directive, rule, order, or standard of general application issued by a state agency to implement, interpret, or make specific the law enforced or administered by it. With state government, the process of adopting or changing most regulations is subject to the Administrative Procedures Act and oversight of the Office of Administrative Law (OAL). The Department of Finance must also review and approve any non-zero estimate of state or local fiscal impact included in a regulation package before it can be approved by OAL. *(GC 13075, 11342; SAM 6601-6680)*

Reimbursement Warrant (or Revenue Anticipation Warrant)
A warrant that has been sold by the State Controller's Office, as a result of a cash shortage in the General Fund, the proceeds of which will be used to reimburse the General Cash Revolving Fund. The Reimbursement Warrant may or may not be registered by the State Treasurer's Office. The registering does not affect the terms of repayment or other aspects of the Reimbursement Warrant.

Reimbursements
An amount received as a payment for the cost of services performed, or of other expenditures made for, or on behalf of, another entity (e.g., one department reimbursing another for administrative work performed on its behalf). Reimbursements represent the recovery of an expenditure. Reimbursements are available for expenditure up to the budgeted amount (scheduled in an appropriation), and a budget revision must be prepared and approved by the Department of Finance before any reimbursements in excess of the budgeted amount can be expended. *(SAM 6463)*

Reserve
An amount of a fund balance set aside to provide for expenditures from the unencumbered balance for continuing appropriations, economic uncertainties, future apportionments, pending salary or price increase appropriations, and appropriations for capital outlay projects.

Revenue
Any addition to cash or other current assets that does not increase any liability or reserve and does not represent the reduction or recovery of an expenditure (e.g., reimbursements/abatements). Revenues are a type of receipt generally derived from taxes, licenses, fees, or investment earnings. Revenues are deposited into a fund for future appropriation, and are not available for expenditure until appropriated. *(UCM)*

Revenue Anticipation Notes (RANs)
A cash management tool generally used to eliminate cash flow imbalances in the General Fund within a given fiscal year. RANs are not a budget deficit-financing tool.

Revenue Anticipation Warrant (RAW)
See Reimbursement Warrant.

Reversion
The return of the unused portion of an appropriation to the fund from which the appropriation was made, normally two years (four years for federal funds) after the last day of an appropriation's availability period. The Budget Act often provides for the reversion of unused portions of appropriations when such reversion is to be made prior to the statutory limit.

Reverted Appropriation
An appropriation that is reverted to its fund source after the date its liquidation period has expired.

Revolving Fund
Generally refers to a cash account known as an office revolving fund (ORF). It is not a fund but an advance from an appropriation. Agencies may use the cash advance to disburse ORF checks for immediate needs, as specified in SAM. The cash account is subsequently replenished by a State Controlloer's Office warrant. The size of departmental revolving funds is subject to Department of Finance approval within statutory limits. *(SAM 8100, et seq)*

SAL
See "Appropriations Limit, State".

Salaries and Wages Supplement
An annual publication issued shortly after the Governor's Budget, containing a summary of all positions by department, unit, and classification for the past, current, and budget years, as of July 1 of the current year. This publication is also displayed on the Department of Finance website.

Salary Savings
The estimated or actual personnel cost savings resulting from all authorized positions not being filled at the budgeted level for the entire year due to absences, turnovers (which results in vacancies and downward reclassifications), and processing time when hiring for new positions. The amount of savings is estimated on the basis of the past experience of departments. For new positions that will be authorized on July 1, five percent is a generally acceptable minimum for the salary savings estimate.

Schedule
The detail of an appropriation in the Budget Bill or Act, showing its distribution to each of the categories, programs, or projects thereof. *OR*

A supplemental schedule submitted by departments to detail certain expenditures. *OR*

A summary listing in the Governor's Budget.

Schedule 2
See "Changes in Authorized Positions."

Schedule 7A
A summary version of the State Controller's Office detailed Schedule 8 position listing for each department. The information reflected in this schedule is the basis for the "Salaries and Wages Supplement" displayed on the Department of Finance website. *(SAM 6415-6419)*

Schedule 8
A detailed listing generated from the State Controller's Office payroll records for a department of its past, current, and budget year positions as of June 30 and updated for July 1. This listing must be reconciled with each department's personnel records and becomes the basis for centralized payroll and position control. The reconciled data should coincide with the level of authorized positions for the department per the final Budget. *(SAM 6424-6429, 6448)*

Schedule 10 (Supplementary Schedule of Appropriations)
A Department of Finance control document listing all appropriations and allocations of funds available for expenditure during the past, current, and budget years. These documents are sorted by state operations, local assistance, and capital outlay. The Schedule 10s reconcile expenditures by appropriation (fund source) and the adjustments made to appropriations, including allocation of new funds. These documents also show savings and carryovers by item. The information provided in this document is summarized in the Detail of Appropriations and Adjustments in the Governor's Budget. (*SAM 6484)*

Schedule 10R (Supplementary Schedule of Revenues and Transfers)
A Department of Finance control document reflecting information for revenues, transfers, and inter-fund loans for the past, current, and budget years. Schedule 10Rs are required for the General Fund and all special funds. Schedule 10R information for special funds is displayed in the Fund Condition Statement for that fund in the Governor's Budget.

Schedule 11
Outdated term for "Supplementary Schedule of Operating Expenses and Equipment."

Schedule of Federal Funds and Reimbursements, Supplementary
A supplemental schedule submitted by departments during budget preparation which displays the federal receipts and reimbursements by source. *(SAM 6460)*

Schedule of Operating Expenses and Equipment, Supplementary
A supplemental schedule submitted by departments during budget preparation which details by object the expenses included in the Operating Expenses and Equipment category. *(SAM 6454, 6457)*

Section 1.50
Section of the Budget Act that 1) specifies a certain format and style for the codes used in the Budget Act, 2) authorizes the Department of Finance to revise codes used in the Budget Act in order to provide compatibility with the Governor's Budget and records of the State Controller's Office, and 3) authorizes the Department of Finance to revise the schedule of an appropriation in the Budget Act for technical changes that are consistent with legislative intent. Examples of such technical changes to the schedule of an appropriation include the elimination of amounts payable, the distribution of administration costs, the distribution of unscheduled amounts to programs or categories, and the augmentation of reimbursement amounts when the Legislature has approved the budget for the department providing the reimbursement.

Section 1.80
Section of the Budget Act that includes periods of availability for Budget Act appropriations.

Section 8.50
The Control Section of the Budget Act that provides the authority to increase federal funds expenditure authority.

Section 26.00
A Control Section of the Budget Act that provides the authority for the transfer of funds from one category, program or function within a schedule to another category, program or function within the same schedule, subject to specified limitations and reporting requirements. (Prior to 1996-97, this authority was contained in Section 6.50 of the Budget Act.) *(SAM 6548)*

Section 28.00
A Control Section of the Budget Act which authorizes the Director of Finance to approve the augmention or reduction of items of expenditure for the receipt of unanticipated federal funds or other non-state funds, and that specifies the related reporting requirements. Appropriation authority for unanticipated federal funds is contained in Section 8.50. *(SAM 6551-6557)*

Section 28.50
A Control Section of the Budget Act that authorizes the Department of Finance to augment or reduce the reimbursement line of an appropriation schedule for reimbursements received from other state agencies. It also contains specific reporting requirements. *(SAM 6555-6557)*

Section 30.00
A Control Section of the Budget Act that amends Government Code Section 13340 to sunset continuous appropriations.

Section 31.00
A Control Section of the Budget Act that specifies certain administrative procedures. For example, the section subjects the Budget Act appropriations to various sections of the Government Code, limits the new positions a department may establish to those authorized in the Budget, requires Finance approval and legislative notification of certain position transactions, requires all administratively established positions to terminate on June 30 and allows for such positions to continue if they were established after the Governor's Budget was submitted to the Legislature, and prohibits increases in salary ranges and other employee compensation which require funding not authorized by the budget unless the Legislature is informed.

Senate
The upper house of California's Legislature consisting of 40 members who serve a maximum of two four-year terms. Twenty members are elected every two years. (*Article IV, § 2 (a)*)

Service Revolving Fund
A fund used to account for and finance many of the client services rendered by the Department of General Services. Amounts expended by the fund are reimbursed by sales and services priced at rates sufficient to keep the fund solvent. *(SAM 8471.1)*

Settlements
Refers to any proposed or final settlement of a legal claim (usually a suit) against the state. Approval of settlements and payments for settlements are subject to numerous controls. See also "Judgments." *(GC 965)*

Shared Revenue
A state-imposed tax, such as the gasoline tax, which is shared with local governments in proportion, or substantially in proportion, to the amount of tax collected or produced in each local unit. The tax may be collected either by the state and shared with the localities, or collected locally and shared with the state.

Sinking Fund
A fund or account in which money is deposited at regular intervals to provide for the retirement of bonded debt.

Special Fund for Economic Uncertainties
A fund in the General Fund (a similar reserve is included in each special fund) authorized to be established by statutes and Budget Act Control Section 12.30 to provide for emergency situations. *(GC 16418 , 16418.5)*

Special Funds
For legal basis budgeting purposes, funds created by statute, or administratively per Government Code Section 13306, used to budget and account for taxes, licenses, and fees that are restricted by law for particular activities of the government.

Special Items of Expense
An expenditure category that covers nonrecurring large expenditures or special purpose expenditures that generally require a separate appropriation (or otherwise require separation for clarity). *(SAM 6469; UCM)*

Sponsor
An individual, group, or organization that initiates or brings to a Legislator's attention a proposed law change.

Spot Bill
An introduced bill that makes non-substantive changes in a law, usually with the intent to amend the bill at a later date to include substantive law changes. This procedure provides a means for circumventing the deadline for the introduction of bills.

Staff Benefits
An object of expenditure representing the state costs of contributions for employees' retirement, OASDI, health benefits, and nonindustrial disability leave benefits. *(SAM 6412; UCM)*

State Fiscal Year
The period beginning July 1 and continuing through the following June 30.

State-Mandated Local Program
State reimbursements to local governments for the cost of activities required by legislative and executive acts. This reimbursement requirement was established by Chapter 1406, Statutes of 1972

(SB 90) and further ratified by the adoption of Proposition 4 (a constitutional amendment) at the 1979 general election. *(Article XIII B, § 6; SAM 6601, 6620, 6621)*

State Operations (SO)
A character of expenditure representing expenditures for the support of state government, exclusive of capital investments and expenditures for local assistance activities.

Statewide Cost Allocation Plan (SWCAP)
The amount of state administrative, General Fund costs (e.g., amounts expended by central service departments such as the State Treasurer's Office, State Personnel Board, State Controller's Office, and the Department of Finance for the general administration of state government) chargeable to and recovered from federal funds, as determined by the Department of Finance. These statewide administrative costs are for administering federal programs, which the federal government allows reimbursement. *(GC 13332.01-13332.02; SAM 8753, 8755-8756 et seq.)*

Statute
A written law enacted by the Legislature and signed by the Governor (or a vetoed bill overridden by a two-thirds vote of both houses), usually referred to by its chapter number and the year in which it is enacted. Statutes that modify a state code are "codified" into the respective Code (e.g., Government Code, Health and Safety Code). See also "Bill" and "Chapter. *(Article IV, § 9)*

Subcommittee
The smaller groupings into which Senate or Assembly committees are often divided. For example, the fiscal committees that hear the Budget Bill are divided into subcommittees generally by departments/subject area (e.g., Education, Resources, General Government).

Subventions
Typically used to describe amounts of money expended as local assistance based on a formula, in contrast to grants that are provided selectively and often on a competitive basis.

Summary Schedules
Various schedules in the Governor's Budget Summary which summarize state revenues, expenditures and other fiscal and personnel data for the past, current, and budget years.

Sunset Clause
Language contained in a law that states the expiration date for that statute.

Surplus
An outdated term for a fund's excess of assets (or resources) over liabilities and reserves (or obligations). See "Fund Balance."

Tax Expenditures
Subsidies provided through the taxation systems by creating deductions, credits and exclusions of certain types of income or expenditures that would otherwise be taxable.

Technical
In the budget systems, refers to an amendment that clarifies, corrects, or otherwise does not materially affect the intent of a bill.

Tort
A civil wrong, other than a breach of contract, for which the court awards damages. Traditional torts include negligence, malpractice, assault and battery. Recently, torts have been broadly expanded such that interference with a contract and civil rights claims can be torts. Torts result in either settlements or judgments. *(GC 948, 965-965.9; SAM 6472, 8712; BA Item 9670)*

Traditional Budget
See “Budget, Program or Traditional.”

Transfers
As used in Schedule 10Rs and fund condition statements, transfers reflect the movement of resources from one fund to another based on statutory authorization or specific legislative transfer appropriation authority. See also “Category Transfer.”

Trigger
An event that causes an action or actions. Triggers can be active (such as pressing the update key to validate input to a database) or passive (such as a tickler file to remind of an activity). For example, budget "trigger" mechanisms have been enacted in statute under which various budgeted programs are automatically reduced if revenues fall below expenditures by a specific amount.

Unappropriated Surplus
An outdated term for that portion of the fund balance not reserved for specific purposes. See “Fund Balance” and “Reserve.”

Unencumbered Balance
The balance of an appropriation not yet committed for specific purposes. See “Encumbrance.”

Uniform Codes Manual (UCM)
A document maintained by the Department of Finance which sets standards for codes and various other information used in state fiscal reporting systems. These codes identify, for example, organizations, programs, funds, receipts, line items, and objects of expenditure.

Unscheduled Reimbursements
Reimbursements collected by an agency that were not budgeted and are accounted for by a separate reimbursement category of an appropriation. To expend unscheduled reimbursements, a budget revision must be approved by the Department of Finance, subject to any applicable legislative reporting requirements (e.g., Section 28.50).

Urgency Statute/Legislation
A measure that contains an “urgency clause” requiring it to take effect immediately upon the signing of the measure by the Governor and the filing of the signed bill with the Secretary of State. Urgency statutes are generally those considered necessary for immediate preservation of the public peace, health or safety, and such measures require approval by a two-thirds vote of the Legislature, rather than a majority. *(Article IV, § 8 (d))*

Veto
The Governor's Constitutional authority to reduce or eliminate one or more items of appropriation while approving other portions of a bill. *(Article IV, §10 (e); SAM 6345)*

Victim Compensation and Government Claims Board, California
An administrative body in state government exercising quasi-judicial powers (power to make rules and regulations) to establish an orderly procedure by which the Legislature will be advised of claims against the state when no provision has been made for payment. This board was known as the Board of Control prior to January 2001. The rules and regulations adopted by the former Board of Control are in the California Code of Regulations, Title 2, Division 2, Chapter 1.

Warrant
An order drawn by the State Controller directing the State Treasurer to pay a specified amount, from a specified fund, to the person or entity named. A warrant generally corresponds to a bank check but is not necessarily payable on demand and may not be negotiable. *(SAM 8041 et seq)*

Without Regard To Fiscal Year (WRTFY)
Where an appropriation has no period of limitation on its availability.

Working Capital and Revolving Fund
For legal basis accounting purposes, fund classification for funds used to account for the transactions of self-supporting enterprises that render goods or services for a direct charge to the user, which is usually another state department/entity. Self-supporting enterprises that render goods or services for a direct charge to the public account for their transactions in a Public Service Enterprise Fund.

Workload
The measurement of increases and decreases of inputs or demands for work, and a common basis for projecting related budget needs for both established and new programs. This approach to BCPs is often viewed as an alternative to outcome or performance based budgeting where resources are allocated based on pledges of measurable performance.

Workload Budget
Workload Budget means the budget year cost of currently authorized services, adjusted for changes in enrollment, caseload, population, statutory cost-of-living adjustments, chaptered legislation, one-time expenditures, full-year costs of partial-year programs, costs incurred pursuant to Constitutional requirements, federal mandates, court-ordered mandates, state employee merit salary adjustments, and state agency operating expense and equipment cost adjustments to reflect inflation. The compacts with Higher Education and the Courts are commitments by this Administration and therefore are included in the workload budget and considered workload adjustments. A workload budget is also referred to as a baseline budget. *(GC 13308.05)*

Workload Budget Adjustment
Any adjustment to the currently authorized budget necessary to maintain the level of service required to fund a Workload Budget, as defined in Government Code Section 13308.05. A workload budget adjustment is also referred to as a baseline adjustment.

Year of Appropriation (YOA)
Refers to the initial year of an appropriation.

Year of Budget (YOB)
The budget year involved (e.g., in Schedule 10s).

Year of Completion (YOC)
The last fiscal year for which the appropriation is available for expenditure or encumbrance.

* *Abbreviations used in the references cited:*

Article	*Article of California Constitution*
BA	*Budget Act*
CS	*Control Section of Budget Act*
GC	*Government Code*
SAM	*State Administrative Manual*
UCM	*Uniform Codes Manual*

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