

## 9658 Budget Stabilization Account

Proposition 58, as approved by the voters in March of 2004, established the Budget Stabilization Account (BSA), and requires the State Controller to transfer a specified percentage of estimated General Fund revenues from the General Fund to the BSA. The Legislature may transfer, by statute, amounts in excess of the specified percentage to the BSA. In addition, the Governor, by executive order, may suspend the transfer to the BSA. Half of the funds transferred to the BSA will be used to retire Economic Recovery Bonds authorized in Proposition 57 (March 2004).

FUNDING	2006-07*	2007-08*	2008-09*
0001 General Fund	\$471,770	\$1,022,621	\$-
1011 Budget Stabilization Account	-471,770	-1,022,621	-
<b>TOTALS, EXPENDITURES, ALL FUNDS</b>	<b>\$-</b>	<b>\$-</b>	<b>\$-</b>

### LEGAL CITATIONS AND AUTHORITY

#### PROGRAM AUTHORITY

Section 20, Article XVI of the Constitution of the State of California.

Control Section 35.50, Budget Act.

Control Section 35.60, Budget Act.

### MAJOR PROGRAM CHANGES

- The Governor's Budget reflects the transfer of \$1.494 billion from the Budget Stabilization Account to the General Fund as ordered by the Director of Finance in order to maintain a prudent General Fund reserve consistent with Control Section 35.60 of the 2007 Budget Act, and constitutional provisions enacted by Proposition 58. The transfer is necessary to address a fiscal emergency proclaimed by the Governor.
- The Governor's Budget reflects a suspension of the General Fund transfer to the Budget Stabilization Account in 2008-09 as authorized by Article XVI, Section 20, of the State Constitution.

### DETAILED BUDGET ADJUSTMENTS

	2007-08*			2008-09*		
	General Fund	Other Funds	Positions	General Fund	Other Funds	Positions
<b>Baseline Adjustment Descriptions</b>						
• Budget Stabilization Account Transfer for Economic Recovery Bonds	\$-	\$-	-	\$490,974	-\$490,974	-
<b>Totals, Baseline Adjustments</b>	<b>\$-</b>	<b>\$-</b>	<b>-</b>	<b>\$490,974</b>	<b>-\$490,974</b>	<b>-</b>
<b>Policy Adjustment Descriptions</b>						
• Suspend Transfer to BSA for ERB retirement	\$-	\$-	-	-\$1,509,030	\$1,509,030	-
<b>Totals, Policy Adjustments</b>	<b>\$-</b>	<b>\$-</b>	<b>-</b>	<b>-\$1,509,030</b>	<b>\$1,509,030</b>	<b>-</b>
<b>TOTALS, BUDGET ADJUSTMENTS</b>	<b>\$-</b>	<b>\$-</b>	<b>-</b>	<b>-\$1,018,056</b>	<b>\$1,018,056</b>	<b>-</b>

### PROGRAM DESCRIPTIONS (Program Objectives Statement)

10 - Proposition 58, as passed by the voters March 2, 2004, established the Budget Stabilization Account (BSA) and requires the Controller to transfer a specified percentage of General Fund revenues, no later than each September 30, from the General Fund to the BSA as follows:

- For fiscal year 2006-07, one percent of estimated General Fund revenues.
- For fiscal year 2007-08, two percent of estimated General Fund revenues.
- Annually thereafter, three percent of estimated General Fund revenues.

Additionally, the Legislature may, by statute, direct the Controller to transfer into the BSA amounts in excess of the specified percentages. The Constitution also authorizes the Governor to reduce or suspend this transfer for any fiscal year by executive order prior to June 1 of the preceding fiscal year. The transfer of moneys is not required in any fiscal year to the extent that the balance in the BSA would exceed five percent of the General Fund revenues estimate set forth in the budget bill for that fiscal year, as enacted, or eight billion dollars (\$8,000,000,000), whichever is greater. In each fiscal year, 50 percent of the funds transferred to the BSA, up to \$5,000,000,000 in the aggregate, is to be deposited in the Deficit Recovery Bond Retirement Sinking Fund Subaccount and continuously appropriated to the Treasurer to supplement the retirement of Economic Recovery Bonds approved by the voters at the same election. Other funds in the BSA may be transferred back to the General Fund by statute.

\* Dollars in thousands, except in Salary Range.

## 9658 Budget Stabilization Account - Continued

### DETAIL OF APPROPRIATIONS AND ADJUSTMENTS (Reconciliation with Appropriations)

4 UNCLASSIFIED	2006-07*	2007-08*	2008-09*
0001 General Fund			
APPROPRIATIONS			
Proposition 58, 2004 Article XVI, Section 20 (Transfer to Budget Stabilization Account)	\$471,770	\$1,022,621	\$-
<b>TOTALS, EXPENDITURES</b>	<b>\$471,770</b>	<b>\$1,022,621</b>	<b>\$-</b>
<b>TOTALS, GENERAL FUND EXPENDITURES</b>	<b>\$471,770</b>	<b>\$1,022,621</b>	<b>\$-</b>
1011 Budget Stabilization Account			
APPROPRIATIONS			
Less Funding Provided by the General Fund	\$-471,770	\$-1,022,621	\$-
<b>TOTALS, EXPENDITURES</b>	<b>\$-471,770</b>	<b>\$-1,022,621</b>	<b>\$-</b>
<b>TOTALS, EXPENDITURES, ALL FUNDS (Unclassified)</b>	<b>\$-</b>	<b>\$-</b>	<b>\$-</b>

### FUND CONDITION STATEMENTS

	2006-07*	2007-08*	2008-09*
1011 Budget Stabilization Account <sup>s</sup>			
BEGINNING BALANCE	-	\$471,770	-
REVENUES, TRANSFERS, AND OTHER ADJUSTMENTS			
Transfers and Other Adjustments:			
FO0001 From General Fund per Article XVI, Section 20 of the California Constitution	\$471,770	1,022,621	-
TO0001 To General Fund per Control Section 35.60, Budget Act of 2007	-	-1,494,391	-
TO3090 To Deficit Recovery Bond Retirement Sinking Fund Subaccount, BSA per Article XVI, Section 20(f) of the California Constitution	-471,770	-1,022,621	-
Total Revenues, Transfers, and Other Adjustments	-	-\$1,494,391	-
Total Resources	-	-\$1,022,621	-
EXPENDITURES AND EXPENDITURE ADJUSTMENTS			
Expenditures:			
9658 Budget Stabilization Account (Unclassified)	-471,770	-1,022,621	-
Total Expenditures and Expenditure Adjustments	-\$471,770	-\$1,022,621	-
FUND BALANCE	\$471,770	-	-
Reserve for economic uncertainties	471,770	-	-

\* Dollars in thousands, except in Salary Range.