

## STATEWIDE EXPENDITURES

The Statewide Expenditures Section includes issues that affect multiple departments in various major program areas.

In addition to the changes discussed in this chapter, the May Revision includes proposals to reduce state operations and achieve statewide efficiencies. Please see the Reducing State Government chapter for the details of the Governor's proposal.

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### SOLUTIONS TO ADDRESS REMAINING SHORTFALL

Previously proposed or newly proposed solutions are needed to address the remaining budget shortfall. They include:

- Elimination of Unallocated Capital Outlay Budget Package Funds—A reduction of \$500,000 in 2011-12 from capital outlay planning and study funds. The reduction is a result of fewer capital outlay projects being funded because of limited General Fund resources and debt concerns. Consequently, fewer budget packages and infrastructure project studies are being requested.

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## **OTHER POLICY PROPOSALS AND MAJOR WORKLOAD ADJUSTMENTS**

The May Revision includes the following significant policy proposals and workload adjustments:

2011-12 State Appropriations Limit Calculation—Pursuant to Article XIIIB of the California Constitution, the 2011-12 State Appropriations Limit (SAL) is estimated to be \$81.468 billion. The revised limit is the result of applying the growth factor of 3.07 percent. The revised 2011-12 limit is \$314 million below the \$81.782 billion estimated in January. This decrease is due to changes in the following factors and shifts in financial responsibility

- Per Capita Personal Income
  - January Percentage Growth: 2.66%
  - May Revision Percentage Growth: 2.51%
- State Civilian Population
  - January Percentage Growth: 0.88%
  - May Revision Percentage Growth: 0.77%
- K-14 Average Daily Attendance
  - January Percentage Growth: 0.18%
  - May Revision Percentage Growth: 0.19%

For SAL purposes, per capita personal income is defined as calendar fourth quarter California personal income, as estimated by the US Bureau of Economic Analysis (BEA), divided by California civilian population, estimated by the California Department of Finance. Since BEA does not release its personal income estimate until April, the Department of Finance uses its own estimate for the Governor's Budget in January. The May Revision reflects the BEA's estimate of California personal income.

The SAL for 2010-11 does not change since it was statutorily established by Control Section 12.00 of the 2010 Budget Act.

- Budget Year Debt Service—General Fund debt service expenditures will decrease by \$130.9 million, to a total of \$5.481 billion. This is comprised of a decrease of \$127 million for General Obligation debt service (\$4.8 billion total) and a decrease of \$3.9 million for lease revenue bonds (\$617.5 million total). The modest decrease in General Obligation debt service reflects a workload reduction as a result of a lower projected need for a fall 2011 bond sale and associated interest savings. The decrease in the size of the fall bond sale will be accomplished by using existing bond cash more efficiently. The balance of unspent bond proceeds available from previous bond sales is currently in excess of \$11 billion. In an effort to ensure additional bonds are issued only when necessary, the Department of Finance will work with departments and agencies, in concert with the State Treasurer's Office, over the next several months to more closely evaluate existing cash balances and reported future bond cash needs. It is estimated that only a limited amount of new bonds will need to be issued in the fall for new and existing projects. General Fund offsets from the Transportation Debt Service Fund remain unchanged (\$777.5 million).
- Current Year Debt Service—General Fund debt service for General Obligation bonds will decrease by \$140.5 million, for a total of \$4.750 billion, to reflect lower than previously estimated interest costs and fees on variable rate bonds and commercial paper (\$50.2 million) and increased General Fund offsets from the Transportation Debt Service Fund (\$90.3 million).

