

State Budget Update



Legislative Analyst's Office

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California Charter Schools Conference

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Overview of Governor's January Budget

Governor's Budget: State General Fund Condition

(Dollars in Millions)

	Actual 2010-11	Proposed 2011-12	Proposed for 2012-13	
			Amount	Percent Change
Prior-year fund balance	-\$5,019	-\$3,079	-\$986	
Revenues and transfers	93,489	88,606	95,389	7.7%
Total resources available	\$88,470	\$85,527	\$94,404	
Expenditures	\$91,549	\$86,513	\$92,553	7.0%
Ending fund balance	-\$3,079	-\$986	\$1,850	
Encumbrances	\$719	\$719	\$719	
Reserve	-\$3,797	-\$1,704	\$1,132	

Governor's Budget: General Fund Revenue Forecast

(In Billions)

	2011-12	2012-13
Personal income tax	\$54,186	\$59,552
Sales and use tax	18,777	20,769
Corporation tax	9,479	9,342
Subtotals, "Big Three" Taxes	(\$82,442)	(\$89,663)
Other revenues	\$4,751	\$4,885
Net transfers and loans	1,413	841
Total Revenues and Transfers	\$88,606	\$95,389

Major Components of Governor's Budget Package

- Estimates budget problem at \$9.2 billion.
- Proposes net \$10.1 billion in solutions.
- Assumes voters approve November 2012 tax measure.
- Proposes \$5.4 billion in trigger reductions if measure fails.

Budget-Balancing Actions

- **\$7.2 billion in new revenues.**
- **\$4.0 billion in expenditures cuts.**
- **\$1.4 billion in other savings.**

- **\$2.5 billion offsetting increase in Proposition 98 guarantee.**

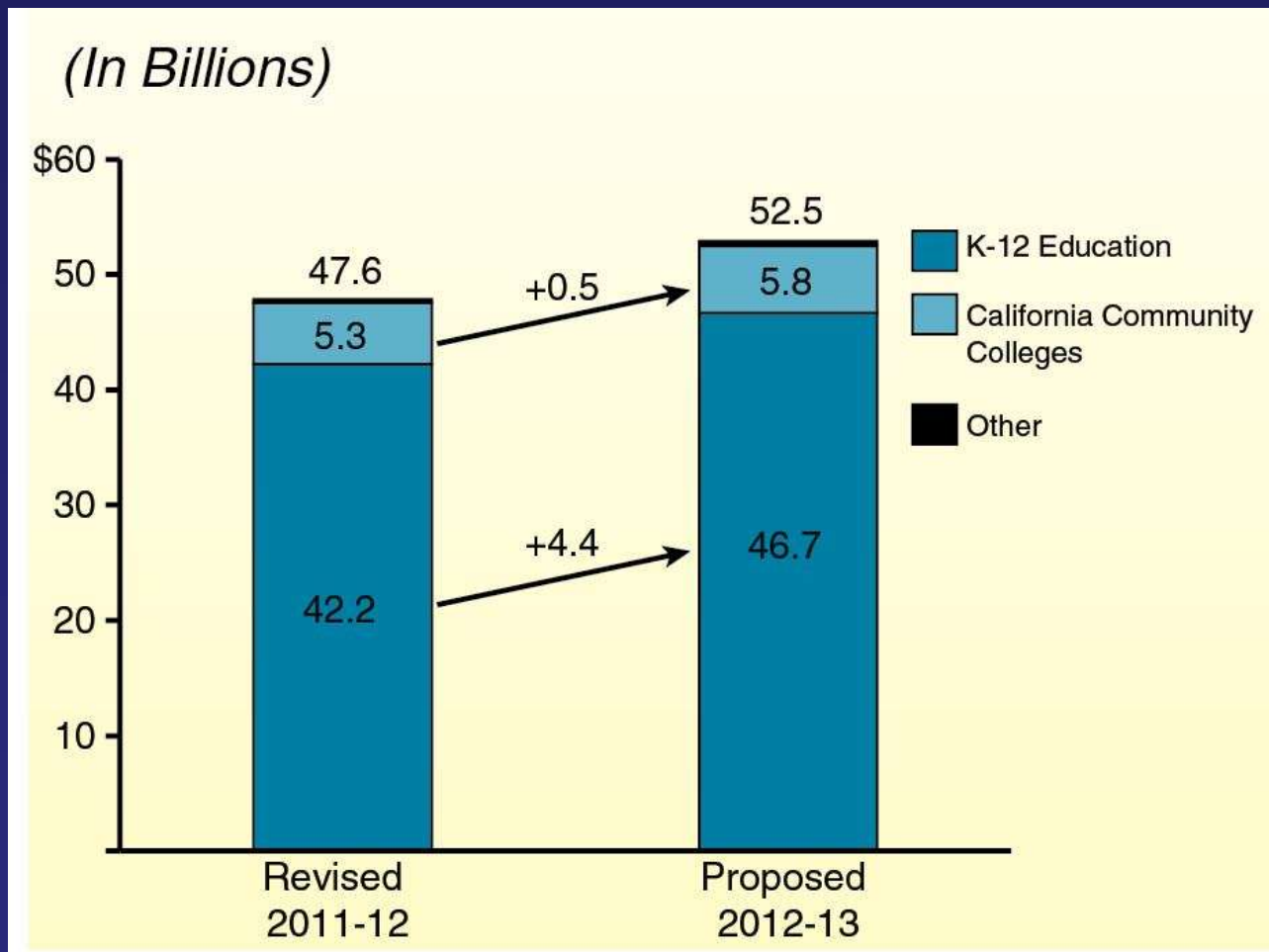
Proposition 98: Governor's Basic Budget Plan

Governor's Budget: Proposition 98 Funding

(Dollars in Millions)

	2011-12 Revised	2012-13 Proposed
K-12 Education		
General Fund	\$29,329	\$33,755
Local property tax revenue	12,891	12,908
Subtotals	(\$42,220)	(\$46,663)
California Community Colleges		
General Fund	\$3,217	\$3,683
Local property tax revenue	2,107	2,101
Subtotals	(\$5,324)	(\$5,784)
Other Agencies	\$83	\$80
Totals, Proposition 98	\$47,627	\$52,527
General Fund	\$32,629	\$37,518
Local property tax revenue	14,998	15,009

Proposition 98 Funding



Proposition 98: Governor's Back-Up Budget Plan

Proposed “Trigger” Reductions

2012-13 General Fund Benefit (In Millions)

Proposition 98 funding for schools and community colleges	\$4,837
University of California	200
California State University	200
Judicial branch	125
CalFire	15
Department of Water Resources flood control programs	7
Department of Fish and Game	4
Department of Parks and Recreation	2
Department of Justice law enforcement programs	1
Total	\$5,390

Programmatic Per-Pupil Funding



Provide Districts More Flexibility

- **Provide more flex options, effective July 1:**
 - Remove additional categorical and mandate requirements.
 - Allow for shorter school year.
 - Eliminate or suspend penalties for exceeding statutory class size caps.
 - Authorize special post-election layoff window.

Proposition 98: Governor's Multiyear Payment Plan

Governor's Multiyear Payment Plan

(In Millions)

	Proposed Payments Under Governor's Plan:				Total Payments Over Period
	2012-13	2013-14	2014-15	2015-16	
Payments to Be Made <i>Within</i> Annual Proposition 98 Appropriation:					
K-14 deferrals	\$1,789	\$2,469	\$4,998	\$1174	\$10,430
K-14 mandates	—	318	318	2,940	3,576
Totals	\$1,789	\$2,787	\$5,316	\$4,114	\$14,006
Payments to Be Made <i>on Top of</i> Annual Proposition 98 Appropriation:					
Proposition 98 “settle-up”	—	\$857	\$856	\$856	\$2,569
Quality Education Investment Act	\$450	450	181	—	1,081
Emergency Repair Program	12	150	150	150	462
Totals	\$462	\$1,457	\$1,187	\$1,006	\$4,112

Use Governor's Plan As Starting Point

- **To increase likelihood plan is consistently implemented:**
 - Extend payment period.
 - Spread payments more evenly over period.
 - Designate settle-up funds for mandates or deferrals.
 - Redirect QEIA program savings to other obligations.