



Overview of the 2017-18 Governor's Budget

January 2017

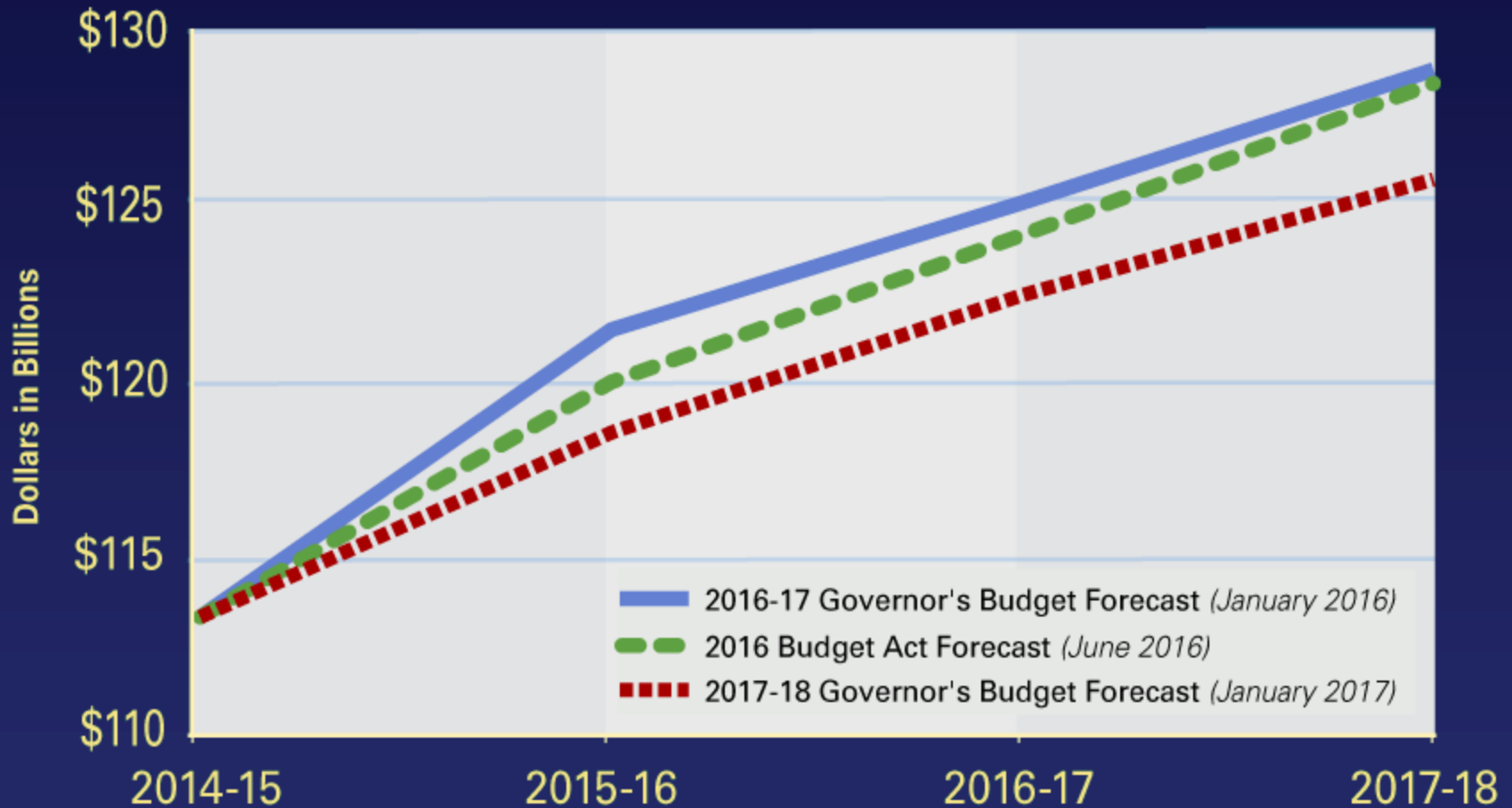
Michael Cohen

Director, Department of Finance

Overview of the 2017-18 Governor's Budget

- Revenue Forecast Down by \$5.8 Billion
- \$3.2 Billion in Budget Solutions Proposed
- Preserves Core Achievements

Tide of Revenues Has Begun to Turn

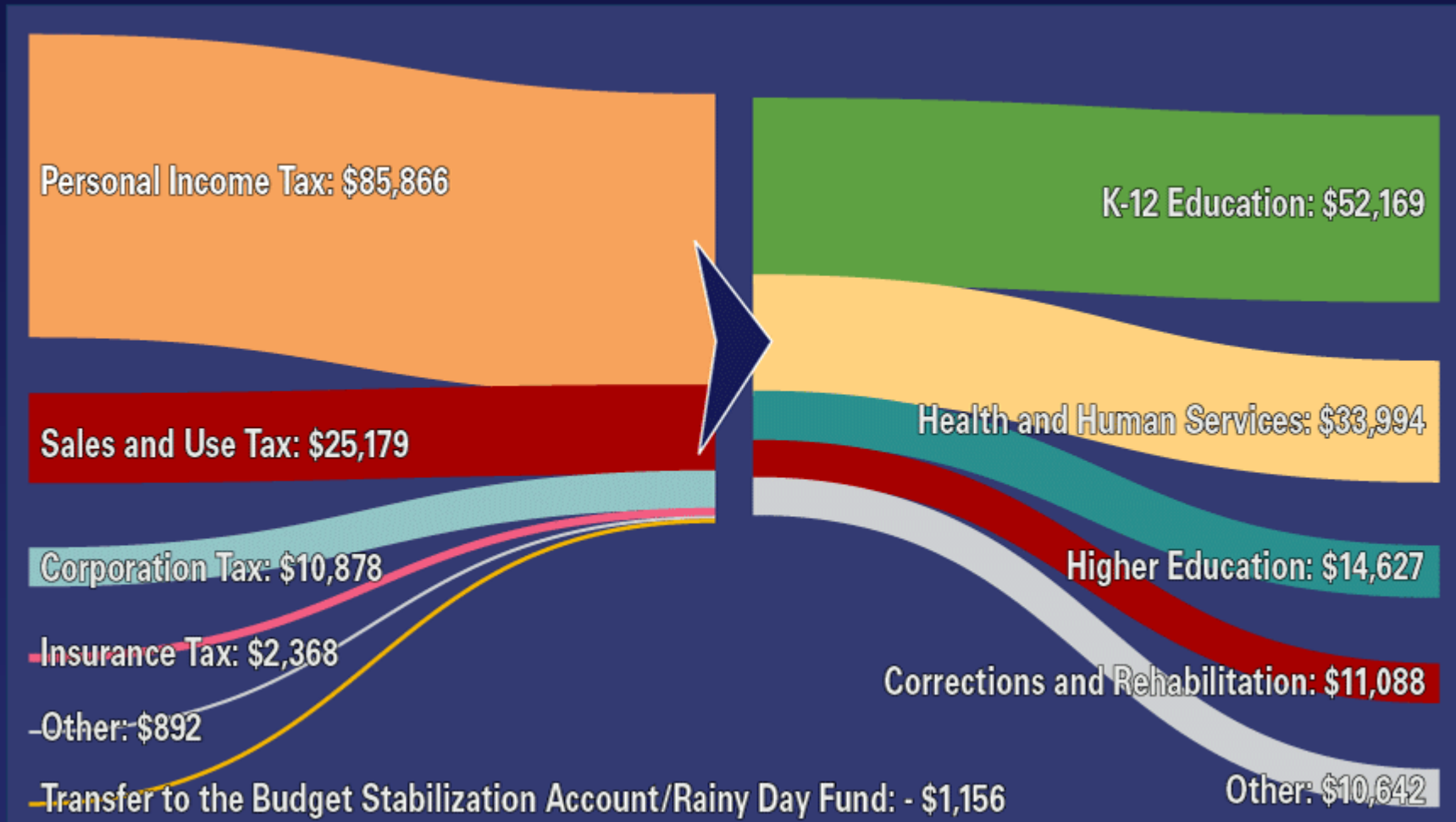


\$3.2 Billion in Solutions Proposed

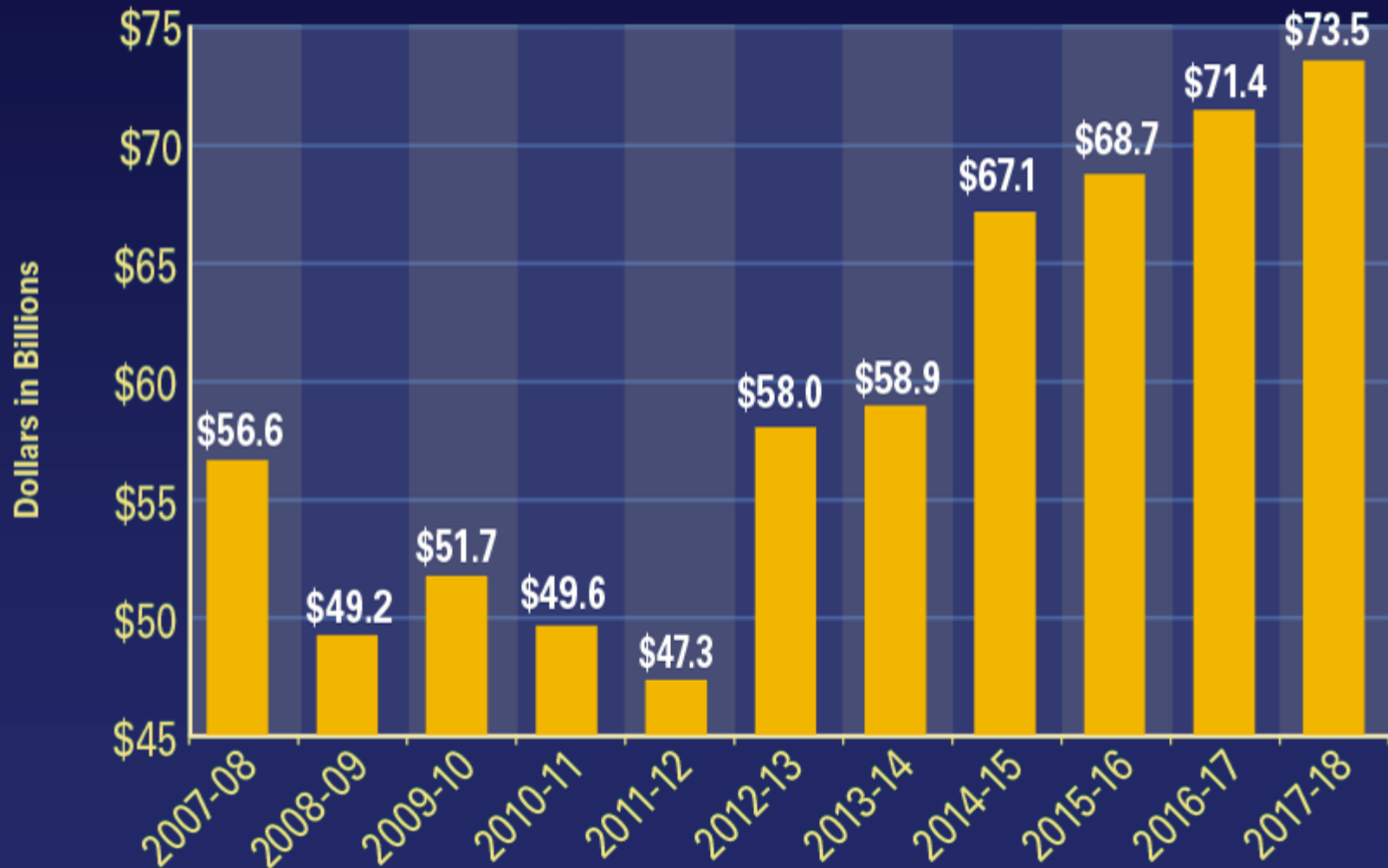
- Adjust Proposition 98 (\$1.7 Billion)
- Recapture 2016 Allocations (\$0.9 Billion)
- Constrain Spending Growth (\$0.6 Billion)

2017-18 General Fund Revenues and Expenditures

(Dollars in Millions)



Proposition 98 Funding 2007-08 to 2017-18



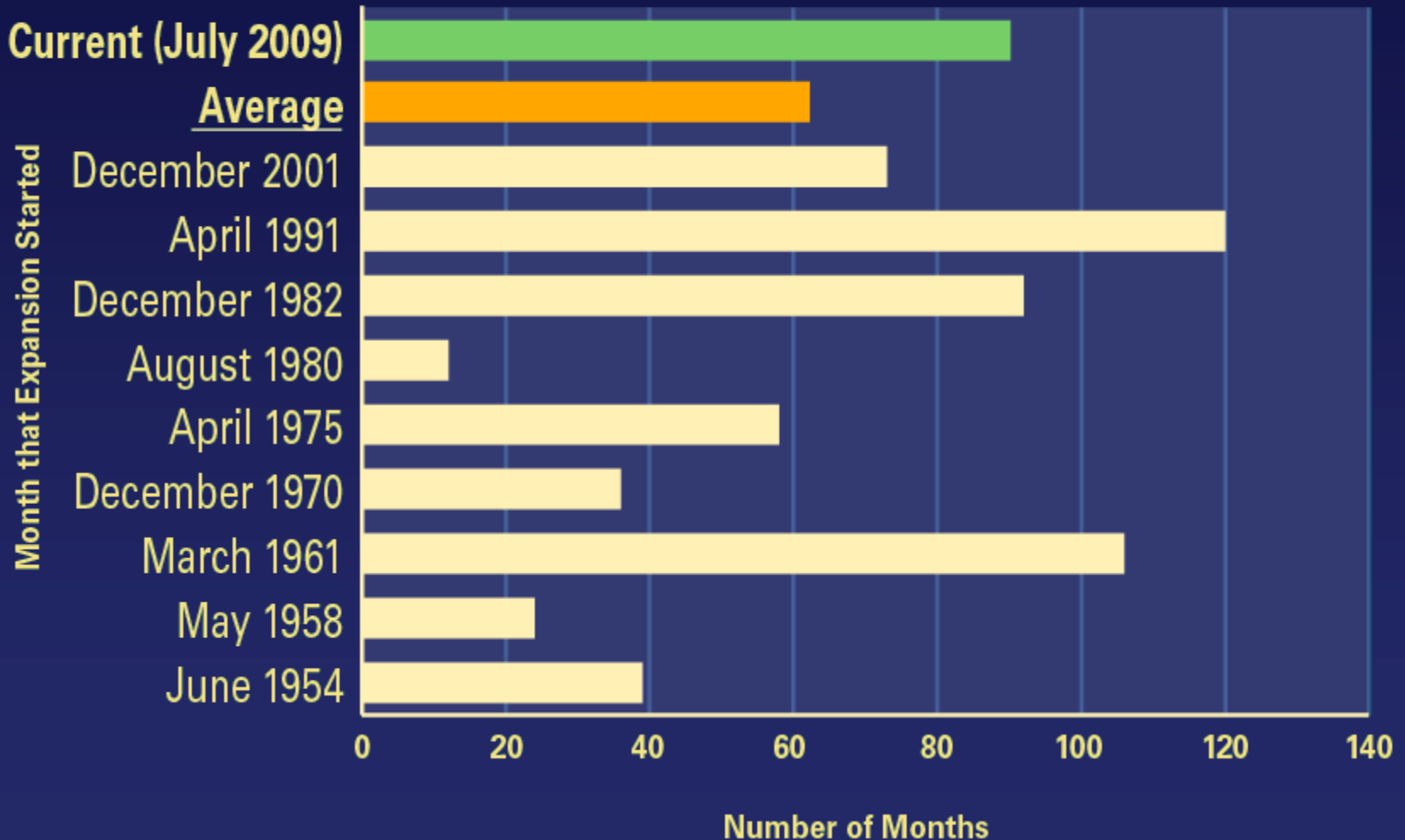
Budget Preserves Core Achievements

- More Money for Education
- Counteracting Effects of Poverty
 - Minimum wage
 - Earned income tax credit
 - Health care expansion
- Paying Down Debts and Liabilities
- Combatting Climate Change
- Strengthening Infrastructure

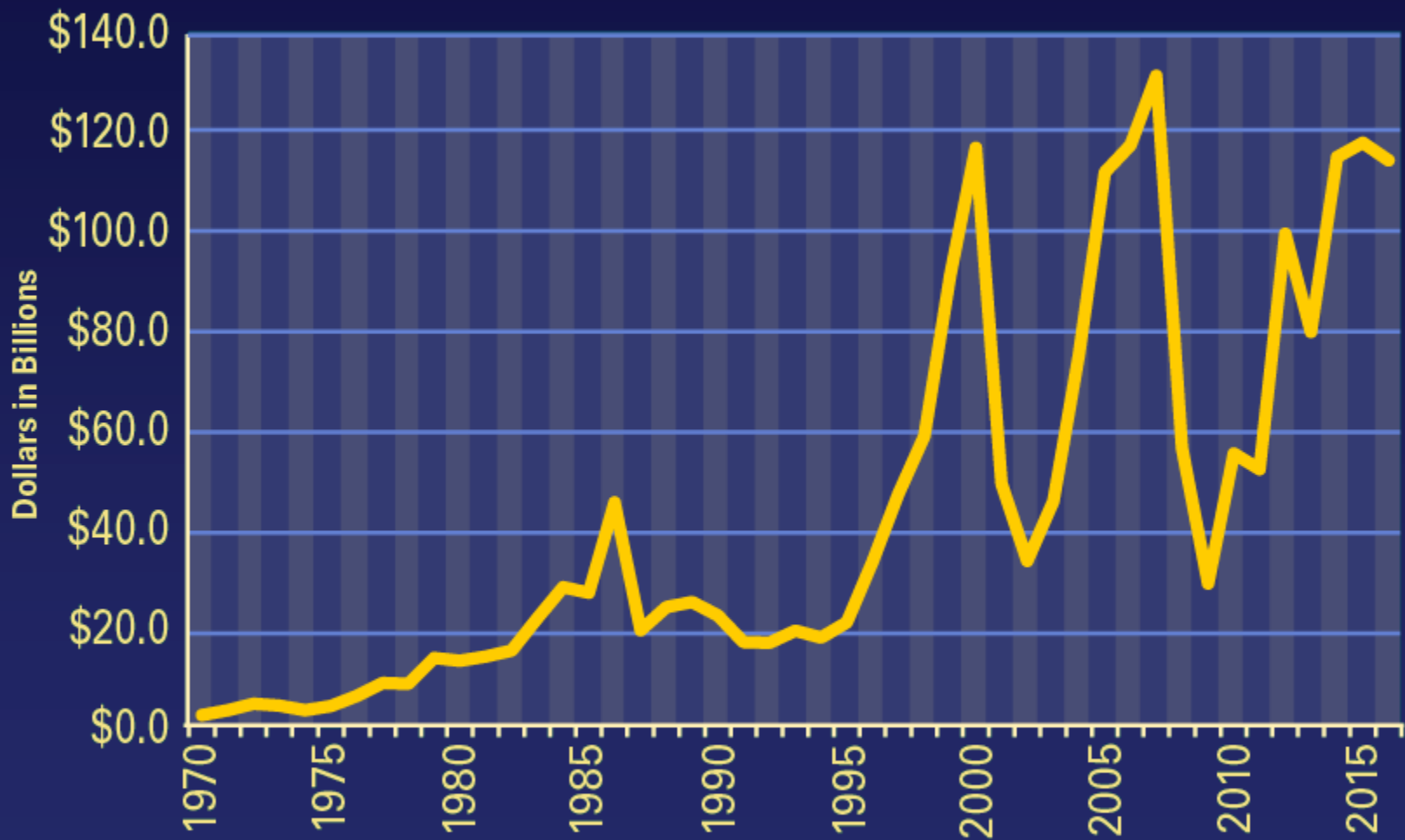
Maintaining a Balanced Budget in Uncertain Times

- Federal Fiscal Policy
- Risk of Recession

Current Recovery is Approaching Three Years Longer than Average



Unpredictable Capital Gains



Balanced Budgets Have Been Quickly Followed by Huge Deficits

