



*Governor's*  
**BUDGET SUMMARY**  
*2012-13*

To the California Legislature  
Regular Session 2011-12

EDMUND G. BROWN JR.  
GOVERNOR

*State of California*

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GOVERNOR  
Edmund G. Brown Jr.

January 5, 2012

To the Senate and the Assembly of the California Legislature:

I hereby submit to you my proposed Budget for 2012-13.

When I came into office, California was facing an immediate \$26.6 billion budget gap and future budget deficits of \$20 billion a year.

In January of 2011, I proposed a budget that combined deep cuts with a temporary extension of some existing taxes. It was a balanced approach that would have finally closed our budget gap. In the end, the taxes were not extended and massive cuts — totalling \$16 billion — were enacted.

The 2011 budget did, however, lay the foundation for fiscal stability. It cut the annual budget shortfall by three-quarters — from \$20 billion to \$5 billion or less. It shrunk state government, reduced our borrowing costs and gave local governments more authority to make decisions.

The budget that I am submitting today keeps the cuts made last year and adds new ones. The stark truth is that without some new taxes, damaging cuts to schools, universities, public safety and our courts will only increase.

That is why I will ask the voters to approve a temporary tax increase on the wealthy, a modest and temporary increase in the sales tax and to guarantee that the new revenues be spent only on education. I am also asking that the voters guarantee ongoing funding for local public safety programs. This ballot measure will not solve all of our fiscal problems, but it will stop further cuts to education and public safety and halt the trend of double-digit tuition increases.

My budget plan also includes important reforms. It improves government efficiency and pays down debt. It reorganizes state government to make it more efficient and saves tax dollars by consolidating or eliminating functions. It restructures social service programs to better support working families. It gives substantially more flexibility and decision-making to local school districts. The plan also calls for bold investments in our future: to assure a reliable water supply, build high speed rail and reduce greenhouse gas emissions.

As California's economy continues to slowly recover — and recover it will — our plan will provide fiscal stability and make California government more transparent and responsive to the people.

I look forward to working with you in the coming year.

Sincerely

/s/ Edmund G. Brown Jr.

Edmund G. Brown Jr.

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# 2012-13 BUDGET SUMMARY

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# INTRODUCTION

California's fiscal condition is improving. A year ago, the state faced an immediate \$26.6 billion shortfall and future estimated annual budget gaps of \$20 billion. This year, the state faces a \$9.2 billion budget problem and future annual budget gaps of \$5 billion or less.

The on-time 2011 Budget Act balanced the budget by cutting billions of dollars in spending and realigning state programs. This year, the Governor's Budget proposes a balanced solution by cutting more deeply into spending while also increasing revenues. The Governor will ask voters in November to approve a Constitutional Amendment to prevent deep cuts to education and guarantee funding for public safety at the local level.

The Budget builds on last year's progress by continuing to move government closer to the people, protect education and public safety programs from the worst of the cuts, improve government efficiency, and pay down debt. The balanced budget will provide fiscal stability, make California more attractive for business and investment, and accelerate the state's economic recovery.

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## **SUBSTANTIAL PROGRESS HAS BEEN MADE**

The enacted 2011 Budget made substantial progress in stabilizing California's finances. It rejected the past approach of over-relying on one-time solutions and instead substantially shrank the ongoing deficit.

## INTRODUCTION

The accomplishments of the 2011 Budget include:

- Passing an on-time budget that avoided the gimmicks of prior budgets.
- Closing three-quarters of the state's chronic structural budget gap. A year ago, the gap stood at about \$20 billion and is now \$5 billion or less.
- Adopting an historic realignment of public safety that brings government closer to the people.
- Protecting education, public safety, and other core state services to the extent possible, absent adoption of the proposed tax extensions.
- Eliminating redevelopment agencies to increase funding for schools, police, fire, and other core local services.
- Reducing the state's cash-flow borrowing from \$10 billion to \$5.4 billion and saving hundreds of millions of dollars in short and long-term borrowing costs.
- Improving management of the state's infrastructure projects by committing available cash to shovel-ready projects and avoiding unnecessary debt.
- Shrinking state government and making it more efficient by reducing the state workforce by more than 15,000 positions and eliminating 20 boards, commissions, task forces, offices, and departments.

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### **MAINTAINING A BALANCED BUDGET IS AN ONGOING CHALLENGE**

While the passage of the 2011 Budget made substantial progress in restoring fiscal stability to the state, major challenges and threats remain. Achieving savings and controlling costs, especially in the areas of health and human services and corrections, are particularly challenging.

Last year, the Governor and the Legislature agreed to about \$5 billion in cuts to health and human services programs. Many of these cuts—such as reducing CalWORKs grants to below their 1987 level—have already been implemented. Other cuts, however, have been blocked by the courts. For example, a portion of the Medi-Cal provider rate reductions has been enjoined. In other instances, the federal government has rejected or delayed timely implementation—both copayment requirements for Medi-Cal beneficiaries and expanding the sales tax to personal care services have yet to

be approved. Each cut that cannot go into effect further strains the state's budget and requires deeper cuts.

In corrections, federal courts control many aspects of spending, including medical, mental health, and dental care, as well as disability access. The Administration continues to work to demonstrate compliance with legal requirements and return control to the state. 2011 Realignment is the cornerstone of achieving compliance with a U.S. Supreme Court decision ordering California to reduce state prison overcrowding. It will help end the costly revolving door of lower-level offenders and parole violators through the state's prisons. This reform will reduce the Department of Corrections and Rehabilitation's budget by 18 percent—\$1.1 billion in 2012-13—and yield higher savings in the future. To achieve the budget target, Corrections will need to stay on track with its savings plan and overcome legal and other impediments as they materialize.

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## **THE STATE'S BUDGET PROBLEM**

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### **SLOW ECONOMIC RECOVERY CONTINUES**

At the time of the 2011 May Revision, the state's economy was picking up steam, reflected in rising revenue collections. Since then, two events have slowed that progress—the federal debt limit debate and the European fiscal crisis. Consequently, the Budget forecasts that the economic recovery from the recession will continue at a slow pace.

The employment bounceback from this very severe recession has been so weak that the state's job level will not reach its pre-recession level until 2016. This slow jobs recovery, due in part to a housing market that remains mired in a slump, continues to take its toll on state revenues.

Baseline General Fund revenues are projected to total \$89 billion in 2012-13. Five years after the recession, state revenues are below their peak and tens of billions of dollars below the level expected prior to the recession. General Fund revenues are not projected to return to their 2007-08 level until 2014-15.

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### **UNCERTAINTY AND SIGNIFICANT RISKS REMAIN**

Risks to the Budget remain. The state faces a “wall of debt,” pension liabilities, other increasing annual obligations, and potential cost increases associated with the federal deficit.

While budget estimates are always subject to some change, accurately forecasting revenues and expenditures is particularly challenging now, given the level of economic uncertainty. In particular, forecasting income for high income tax payers is difficult. During the economic recovery, income among top earners has grown at a much faster rate than income among all other groups. In 1980, the top one percent of taxpayers had about 10.5 percent of total income. This percentage has ebbed and flowed over time, but the trend has been upward. For 2010, data suggest that this group had over 22 percent of total state income. The Budget forecasts that income for top earners will continue to recover and grow at a faster rate than the income of all other earners. Differences in projections for wage growth are one reason why the Legislative Analyst’s Office forecasts revenues \$3 billion lower in 2012-13 than the budget estimate.

Actions at the federal level and demographic trends threaten to increase costs. Efforts to close the federal budget deficit will likely increase state costs and may reduce revenues. The population over the age of 65 is growing at approximately three times the rate of growth of the working population and seven times the rate of growth of the school and college-age group. At the same time, the income and assets of retirees and those nearing retirement are declining and becoming more uncertain. Reduced income levels of seniors will further increase the demand for government services—particularly health and human services programs.

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### **DEFINING THE BUDGET GAP**

At the time Governor Brown signed the 2011 Budget, it was expected that the state would face a budget problem of less than \$5 billion in 2012-13. A major contributor to this budget gap was the reduction in sales tax and vehicle license fee rates that went into effect on July 1, 2011.

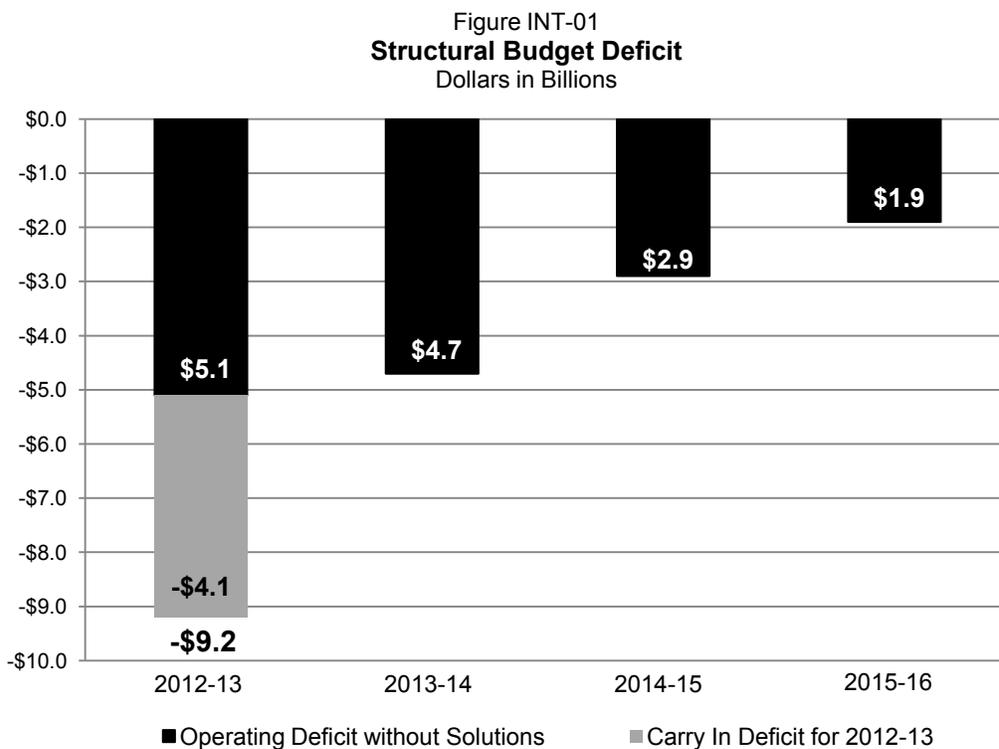
The Budget projects a 2012-13 budget problem of \$9.2 billion. This is the result of several developments:

- The problem left over from the prior year is \$1.9 billion worse than expected in June of 2011.

- Court orders and delayed federal approval related to several budget-balancing cuts in the health and human services area have increased costs by nearly \$2 billion.
- National and international economic developments have pulled state revenues downward for 2011-12. This revenue loss is partially offset by lower costs for Proposition 98 and the implementation of “trigger” spending reductions in the current year.
- The elimination of redevelopment agencies, recently validated by the California Supreme Court, results in less General Fund savings in 2011-12 but significantly greater savings going forward, beginning in 2012-13.

The Budget projects that the state will end 2011-12 with a deficit of \$4.1 billion. Absent corrective actions, it is projected that the state would spend \$5.1 billion more than it takes in during 2012-13. Combined, the state faces a \$9.2 billion budget problem.

The 2011 Budget was primarily comprised of ongoing solutions. Consequently, the size of the state’s structural budget deficit has been reduced significantly, from roughly \$20 billion annually to \$5 billion or less each year. Figure INT-01 shows the current size of the budget problem through 2015-16.



## CLOSING THE BUDGET GAP

The Budget proposes a total of \$10.3 billion in cuts and revenues to balance and to rebuild a \$1.1 billion reserve. These proposals, summarized in Figure INT-02, are estimated to eliminate future budget problems throughout the forecast period under current projections.

Figure INT-02  
**Budget Balancing Proposals**  
(Dollars in Millions)

<b>Expenditure Reductions</b>	
<b><u>Health and Human Services</u></b>	
CalWORKs	\$946.2
Medi-Cal	842.3
In-Home Supportive Services	163.8
Other Health and Human Services Programs	86.9
<b><u>Education</u></b>	
Proposition 98	544.4
Child Care	446.9
Cal Grant Program	301.7
Other Education	28.0
<b><u>All Other Reductions</u></b>	
State Mandates	828.3
Other Reductions	27.3
<b>Total Expenditure Reductions</b>	<b><u>\$4,215.8</u></b>
<b>Revenues</b>	
<b><u>General Fund Revenues</u></b>	
Temporary Taxes	\$4,400.8
Other General Fund Revenues	88.8
<b><u>Special Fund Revenues</u></b>	
Gross Premiums Insurance Tax on Medi-Cal Managed Care Plans	161.8
<b>Total Revenues</b>	<b><u>\$4,651.4</u></b>
<b>Other</b>	
Loan Repayment Extensions	\$630.5
Unemployment Insurance Interest Payment	417.0
Additional Weight Fee Revenues	349.5
Suspend County Share of Child Support Collections	34.5
<b>Total Other</b>	<b><u>\$1,431.5</u></b>
<b>Total Solutions</b>	<b><u><u>\$10,298.7</u></u></b>

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## ADDITIONAL DIFFICULT SPENDING CUTS

The 2011 Budget cut General Fund spending as a share of the economy to its lowest level since 1972-73. State Supplementary Payment grants were reduced to the level in effect in 1983. CalWORKs grants were reduced to below the level in effect in 1987. State support for its universities and courts was cut by about 25 percent and 20 percent, respectively. The Adult Day Health Care program, redevelopment agencies, Williamson Act subventions, Home-to-School Transportation, and the refundable child care and dependent tax credit were all eliminated. The Department of Corrections and Rehabilitation's expenditures will be reduced by approximately 18 percent once realignment is fully implemented. K-14 education funding remains \$9 billion below the funding level in 2007-08.

The Governor is seeking additional tax revenues to mitigate the need for the deepest of cuts. However, these revenues will not be sufficient to close the entire budget gap. Among the difficult actions necessary to balance the Budget are:

- Refocusing CalWORKs and subsidized child care by increasing income support to working families and reducing assistance to families who are not meeting work requirements. (Savings of \$1.4 billion)
- Merging service delivery for those who are eligible for both Medi-Cal and Medicare. This will reduce costs and improve the coordination of services. Additional savings will be achieved by other changes. (Savings of \$842 million)
- Eliminating domestic and related In-Home Supportive Services for recipients in shared living arrangements. (Savings of \$164 million)
- Eliminating supplemental funding for schools associated with the elimination of the sales tax on gasoline and making other Proposition 98 adjustments. (Savings of \$544 million)
- Reducing grant amounts for students who attend private institutions and making other reductions to the Cal Grant program. (Savings of \$302 million)
- Repealing, making permissive, or suspending many state mandates on local governments that are unnecessary and burdensome. (Savings of \$828 million)
- Expanding the alternative custody program for female inmates. This will allow the state to further reduce its prison population and focus more dollars on services. (Savings of millions of dollars in future years)

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Implementing many of these proposals will require months of lead time to generate budget savings. If they were adopted on July 1, less than a full year of savings would be generated in 2012-13, and additional cuts would be needed. Similar to last year, the Budget assumes that a portion of its proposals will be adopted by the Legislature by March 1, 2012.

Other budget proposals include the continuation of the use of weight fees to offset future General Fund costs connected with transportation expenses (savings of \$350 million). In addition, funds will be borrowed from the Unemployment Compensation Disability Fund to pay the federal government for interest costs on the outstanding Unemployment Insurance loan. In future years, these interest costs will be paid from a proposed surcharge on employers.

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### **TEMPORARY TAXES TO PROTECT EDUCATION AND PUBLIC SAFETY**

The Budget assumes the passage of the Governor's proposed initiative at the November election. This measure temporarily increases the personal income tax on the state's wealthiest taxpayers and temporarily increases the sales tax by one-half percent. The measure guarantees these new revenues to schools and constitutionally protects the 2011 Realignment funds for local public safety. It will generate an estimated \$6.9 billion through 2012-13. After accounting for the increased Proposition 98 minimum guarantee, it will provide \$4.4 billion in net benefit to the General Fund budget. The measure will prevent deeper cuts to schools, protect local public safety funding, and assist in balancing the budget. The revenues will allow the state to invest in higher education and to pay off the \$33 billion in outstanding budgetary borrowing and deferrals by 2015-16.

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### **ALTERNATIVE TO TAXES IS EVEN DEEPER CUTS**

The California Constitution requires that the annual state budget be balanced. To pay the state's bills on time, the budget must be credible and financeable. The Budget proposes a backup plan if the ballot measure is not approved. The plan specifies \$5.4 billion in cuts affecting education and public safety—the areas protected by the Governor's initiative. These ballot trigger cuts, summarized in Figure INT-03, would go into effect on January 1, 2013:

- Funding for schools and community colleges would be reduced by \$4.8 billion. A reduction of this magnitude would result in a funding decrease equivalent to more than the cost of three weeks of instruction. It would also continue to provide

20 percent of program funds a year in arrears. The savings would be achieved through the reduction in the Proposition 98 minimum guarantee that would result from the loss of the revenues. The costs of general obligation bond debt service for K-14 facilities would be shifted into the guarantee, thereby reducing other General Fund costs.

- The University of California and California State University would each be reduced by \$200 million.
- The courts would be reduced by \$125 million, the equivalent of court closures of three days per month.
- The number of the state's public safety officers in the departments of Parks and Recreation (park rangers) and Fish and Game (wardens) would be reduced, and the state would no longer staff its beaches with lifeguards.
- The Department of Forestry and Fire Protection's firefighting capabilities would be reduced substantially. The emergency air response program would be reduced, and fire stations would be closed.
- Flood control programs in the Department of Water Resources would be cut, which would reduce channel and levee maintenance and floodplain mapping.
- The Department of Justice's law enforcement programs would be reduced.

Figure INT-03  
**Ballot Trigger Reductions**  
**Effective January 1, 2013**  
(Dollars in Millions)

	<b>2012-13</b>
<b>Expenditure Reductions</b>	
Proposition 98	\$4,836.9
University of California <sup>1/</sup>	200.0
California State University <sup>1/</sup>	200.0
Courts	125.0
Department of Forestry and Fire Protection	15.0
Flood Control	6.6
Fish and Game: Non-Warden Programs	2.5
Fish and Game: Wardens	1.0
Park Rangers	1.0
Park Lifeguards	1.0
Department of Justice	1.0
<b>Total Ballot Trigger Reductions</b>	<b>\$5,390.0</b>

<sup>1/</sup> This level of savings may be offset by Cal Grant increases if the universities raise tuition.

## MOVING GOVERNMENT CLOSER TO THE PEOPLE

The 2011 Realignment shifted various public safety programs closer to the people and provided an ongoing funding source for these programs. Because counties can better serve lower-level offenders at a lesser cost, the state has begun a major reduction in the size of the state prison system. In 2012-13, state correctional costs will be reduced by \$1.1 billion to reflect the smaller prison population. Further reductions will occur

## INTRODUCTION

in future years. The Budget proposes a permanent structure and revenue allocation mechanism for realignment.

The Budget provides local schools with enhanced flexibility to manage their finances and gives greater control to local decision-makers. Specifically, for K-12 schools, almost all funding (excluding federally-required programs, such as special education) would be allocated on a single formula that takes into account a school's number of students and the concentration of English learners and pupils eligible for free and reduced-price lunches. This funding approach will give school districts a significant new tool to target limited resources without being hampered by numerous rules and regulations. This flexibility, coupled with local accountability measures, will enhance transparency and support improved educational outcomes.

Several proposals in the Budget lay the foundation for further realignment. For example, the CalWORKs and child care restructuring emphasizes support for those individuals who meet federal work requirements. Counties will be the leaders in implementing these changes. As the state implements federal health care reform, there will be a natural shift of health care costs from the county indigent health system to Medi-Cal. In the future, it will make sense for the state to assume more responsibility for health care funding, while shifting other programs to the local level.

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### **MEETING LONG-TERM CHALLENGES**

In addition to balancing the Budget, the Governor's plan sets forth a path to meet California's long-term fiscal challenges.

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### **REFORMING PENSIONS**

Retirement costs for state and local government employees and retirees threaten the long-term viability of government finances. Specifically, the state faces unfunded pension obligations of \$45.2 billion and unfunded retiree health obligations of \$59.9 billion. In October, the Governor unveiled a 12-point pension reform plan to put the state on a more sustainable path to providing public retirement benefits. When fully implemented, these reforms will cut roughly in half the cost to taxpayers for providing pension benefits to state employees. It will also dramatically reduce the risk for future pension debts.

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## SHRINKING STATE GOVERNMENT

The 2011 Budget eliminated 20 entities as a first step in making state government smaller, more efficient, and more focused on core activities. The Budget reflects the Governor's continuing efforts in this area by proposing the elimination and consolidation of 48 boards, commissions, programs, and departments. In addition, the Budget proposes a major reorganization of remaining entities. By making government's organization more sensible, the state can better provide services to the public.

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## PAYING DOWN THE WALL OF DEBT

The state's current budget problem is exacerbated by an unprecedented level of debts, deferrals, and budgetary obligations. At the time of the 2011 May Revision, a total of \$34.7 billion in budgetary borrowing was identified. By the end of 2011-12, this amount will total \$33 billion, as shown in Figure INT-04. The state also has large outstanding bond balances.

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Figure INT-04

### Outstanding Budgetary Borrowing (Dollars in Billions)

Deferred payments to schools and community colleges	\$10.4
Economic Recovery Bonds	6.3
Loans from special funds	3.4
Unpaid costs to local governments, schools, and community colleges for state mandates	4.5
Underfunding of Proposition 98	3.4
Borrowing from local government (Proposition 1A)	2.1
Deferred Medi-Cal costs	1.3
Deferral of state payroll costs from June to July	0.8
Deferred payments to CalPERS	0.5
Borrowing from transportation funds (Proposition 42)	0.3
<b>Total</b>	<b>\$33.0</b>

In addition, the state faces major payment obligations that will eventually increase state spending annually by \$13 billion. The largest such obligation—the Proposition 98 maintenance factor—will ensure that school funding over time returns to its

## INTRODUCTION

pre-recession level. Debt service on authorized but unissued bonds will eventually add \$3 billion in annual budget costs.

Under the Budget and current projections, for the first time in the past decade, the budget would be balanced on an ongoing basis. To restore fiscal order and support the state's economic recovery, the Budget proposes to pay off the \$33 billion in outstanding budgetary borrowing and deferrals by 2015-16.

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### **CHANGING THE BUDGET PROCESS**

In December, the Governor issued an executive order that will alter state budgeting processes to make better use of existing tools—such as zero-based budgeting, performance measures, strategic planning, audits, cost-benefit analyses, and program reviews—to focus on achieving performance goals and increasing efficiency. That order requires the Department of Finance to develop a plan by early March. The Budget begins the type of evaluations and reviews envisioned under the executive order. The departments of Corrections and Rehabilitation, General Services, Mental Health, Technology, and Transportation have completed or will undertake comprehensive reviews of their operations to reduce costs.

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### **CONTAINING HEALTH CARE COSTS**

Actions proposed to reduce the federal budget deficit could drive higher costs. For example, the federal government has been exploring options to shift health care costs to states. These would be in addition to the future costs California will incur under federal health care reform.

The current Medicaid funding formula encourages spending and does not promote efficiency or cost containment. In addition, California receives relatively low Medicaid funding, as the federal formula fails to recognize the large number of Californians living in poverty. In conjunction with other states, California will pursue changes to the way the federal government funds health care programs to reward efficiency and to allow states to keep a portion of savings generated through cost-effective management. This reform will reduce the federal deficit without increasing costs to states. The changes could help contain overall health care costs and assist states in the implementation of health care reform.

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## **INVESTING IN CALIFORNIA'S FUTURE**

The Budget lays the foundation for critical investments in California's future.

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### **STABILIZING FUNDING FOR EDUCATION**

From its peak of \$56.6 billion in 2007-08, Proposition 98 funding for K-14 education fell by \$9 billion, or 16 percent, to \$47.6 billion in 2011-12. The Governor is pursuing new tax revenues to prevent deeper cuts in school funding. Under the Budget, Proposition 98 funding will increase to \$52.5 billion. This funding will be provided with fewer rules and regulations but greater accountability. The Budget eliminates school funding associated with the gas tax swap and applies a consistent approach to accounting for the various Proposition 98 programmatic adjustments that have been made.

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### **INVESTING IN OUR UNIVERSITIES**

The higher education system is critical to the state's long-term economic growth, but General Fund spending on higher education has dropped substantially. The Governor's proposed initiative protects higher education from further reductions. Given concerns about growing student debt and to halt the trend of double-digit tuition increases, the Budget provides at least 4-percent annual General Fund growth beginning in 2013-14.

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### **SUPPORTING JOB CREATION**

The resulting stability from a balanced budget will give businesses the certainty and the reassurance they need to invest in California. In addition, the Administration will propose legislation to reform the enterprise zone program and move to a mandatory single sales factor for apportioning multistate business income. Such changes will allow the state to afford investments in manufacturing, business incentives, and other tax relief.

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### **REDUCING GREENHOUSE GAS EMISSIONS**

California has been an international leader in the effort to reduce air pollution and develop clean energy. The Budget reflects the first year of implementation of the AB 32 cap and trade program. Through a market approach, the program will create fiscal incentives for businesses to reduce their greenhouse gas emissions. The proceeds generated from

## INTRODUCTION

the program, potentially \$1 billion in the first year, will be used to invest in clean energy, low-carbon transportation, natural resource protection, and sustainable infrastructure.

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### **BUILDING HIGH-SPEED RAIL**

High-speed rail will be an important asset of the state's infrastructure. It will meet Californians' future travel needs in an efficient manner and reduce greenhouse gas emissions. The Budget includes funding requests to continue the basic functions of the High-Speed Rail Authority. The Authority's funding plan is under review by the Department of Finance. After the review, the Administration will propose a plan for the initial train segment.

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### **MEETING WATER NEEDS**

Balancing the state's water needs with environmental protection remains a long-term challenge. The Delta Habitat Conservation and Conveyance Program is currently developing a plan to promote the recovery of endangered, threatened, and sensitive fish and wildlife and their habitats in the Sacramento-San Joaquin Delta in a manner that will also ensure water supply reliability. When completed, the plan will provide the basis for issuing permits for the operation of state and federal water projects. The Budget proposes \$25 million and 135 positions to complete preliminary engineering work. Future funding requests to address the state's water needs will be necessary.

# SUMMARY CHARTS

This section provides various statewide budget charts and tables.

Figure SUM-01  
**2012-13 Governor's Budget**  
**General Fund Budget Summary**  
**Problem Definition**  
(Dollars in Millions)

	<b>2011-12</b>	<b>2012-13</b>
<b>Prior Year Balance</b>	-\$3,079	-\$3,416
Revenues and Transfers	\$86,309	\$89,221
<b>Total Resources Available</b>	<b>\$83,230</b>	<b>\$85,805</b>
Non-Proposition 98 Expenditures	\$53,846	\$58,905
Proposition 98 Expenditures	\$32,800	\$35,348
<b>Total Expenditures</b>	<b>\$86,646</b>	<b>\$94,253</b>
<b>Fund Balance</b>	<b>-3,416</b>	<b>-8,448</b>
Reserve for Liquidation of Encumbrances	\$719	\$719
Special Fund for Economic Uncertainties	-\$4,135	-\$9,167
<b>Budget Stabilization Account</b>	-	-
<b>Total Available Reserve</b>	<b>-\$4,135</b>	<b>-\$9,167</b>

Figure SUM-02  
**2012-13 Governor's Budget**  
**General Fund Budget Summary**  
**Balanced Budget**  
(Dollars in Millions)

	<b>2011-12</b>	<b>2012-13</b>
<b>Prior Year Balance</b>	-\$3,079	-\$985
Revenues and Transfers	\$88,606	\$95,389
<b>Total Resources Available</b>	<b>\$85,527</b>	<b>\$94,404</b>
Non-Proposition 98 Expenditures	\$53,883	\$55,035
Proposition 98 Expenditures	\$32,629	\$37,518
<b>Total Expenditures</b>	<b>\$86,512</b>	<b>\$92,553</b>
<b>Fund Balance</b>	<b>-985</b>	<b>1,851</b>
Reserve for Liquidation of Encumbrances	\$719	\$719
Special Fund for Economic Uncertainties	-\$1,704	\$1,132
<b>Budget Stabilization Account</b>	-	-
<b>Total Available Reserve</b>	<b>-\$1,704</b>	<b>\$1,132</b>

Figure SUM-03  
**General Fund Revenue Sources**  
(Dollars in Millions)

	2011-12	2012-13	Change from 2011-12	
			Dollar Change	Percent Change
Personal Income Tax	\$54,186	\$59,552	\$5,366	9.9%
Sales and Use Tax	18,777	20,769	1,992	10.6%
Corporation Tax	9,479	9,342	-137	-1.4%
Motor Vehicle Fees	103	30	-73	-70.9%
Insurance Tax	2,042	2,179	137	6.7%
Estate Taxes	-	45	45	-
Liquor Tax	323	329	6	1.9%
Tobacco Taxes	93	90	-3	-3.2%
Other	3,603	3,053	-550	-15.3%
<b>Total</b>	<b>\$88,606</b>	<b>\$95,389</b>	<b>\$6,783</b>	<b>7.7%</b>

Note: Numbers may not add due to rounding.

Figure SUM-04  
**General Fund Expenditures by Agency**  
(Dollars in Millions)

	2011-12	2012-13	Change from 2011-12	
			Dollar Change	Percent Change
Legislative, Judicial, Executive	\$2,540	\$2,600	\$60	2.4%
State and Consumer Services	619	689	70	11.3%
Business, Transportation & Housing	679	558	-121	-17.8%
Natural Resources	1,935	1,896	-39	-2.0%
Environmental Protection	51	47	-4	-7.8%
Health and Human Services	26,668	26,414	-254	-1.0%
Corrections and Rehabilitation	7,849	8,744	895	11.4%
K-12 Education	34,162	38,179	4,017	11.8%
Higher Education	9,821	9,377	-444	-4.5%
Labor and Workforce Development	354	448	94	26.6%
General Government:				
Non-Agency Departments	450	514	64	14.2%
Tax Relief/Local Government	544	2,534	1,990	365.8%
Statewide Expenditures	840	553	-287	-34.2%
<b>Total</b>	<b>\$86,512</b>	<b>\$92,553</b>	<b>\$6,041</b>	<b>7.0%</b>

Note: Numbers may not add due to rounding.

Figure SUM-05  
**2012-13**  
**Total Revenues and Transfers**  
 (Dollars in Millions)

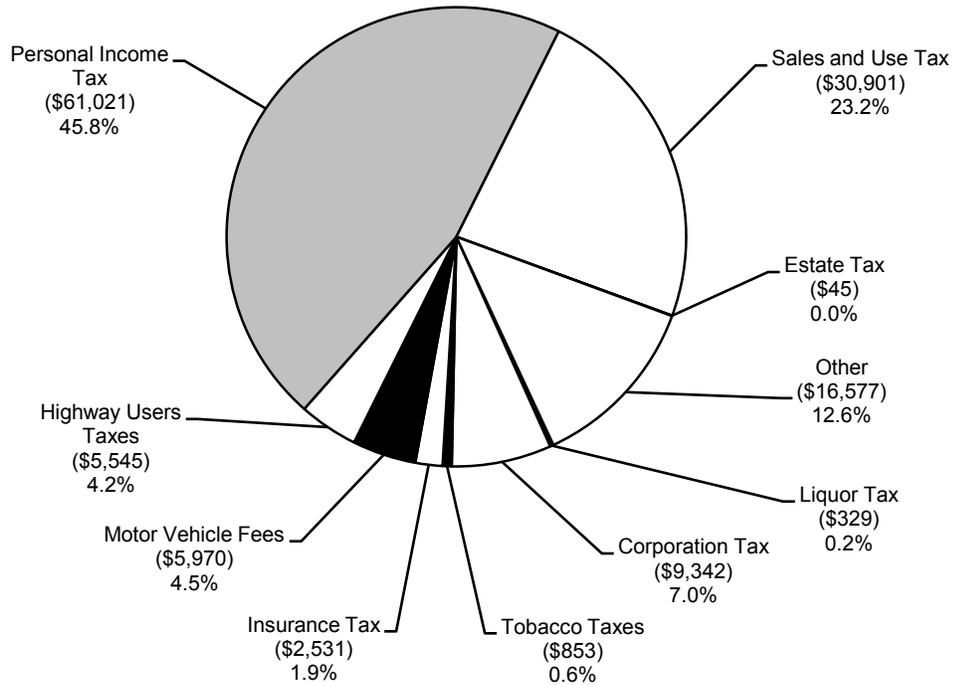


Figure SUM-06  
**2012-13**  
**Total Expenditures**  
 (Including Selected Bond Funds)  
 (Dollars in Millions)

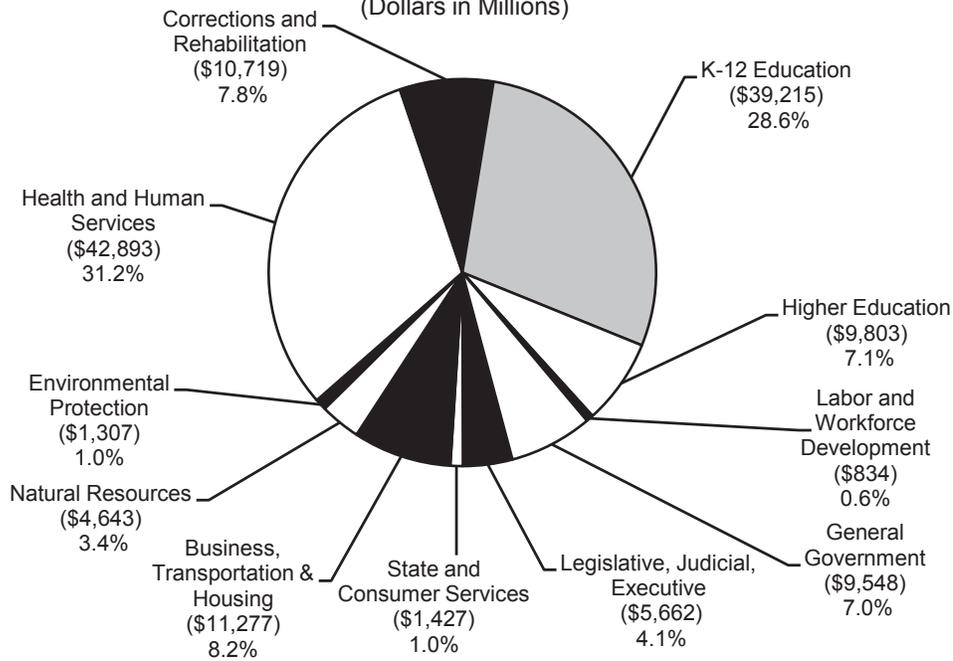


Figure SUM-07  
**2012-13**  
**General Fund Revenues and Transfers**  
 (Dollars in Millions)

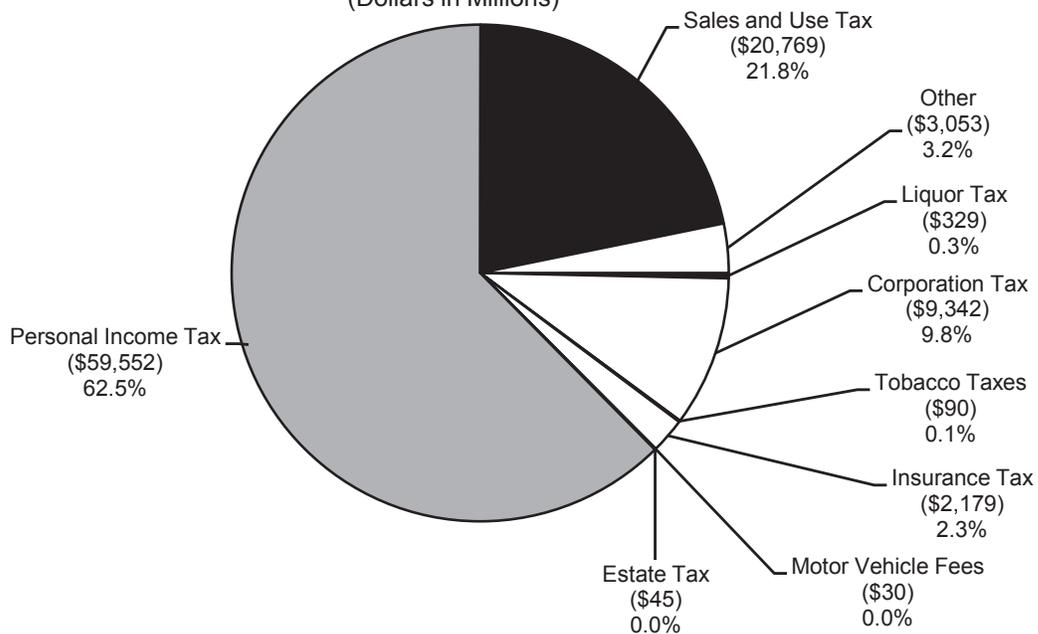


Figure SUM-08  
**2012-13 Revenue Sources**  
 (Dollars in Millions)

	General Fund	Special Funds	Total	Change From 2011-12
Personal Income Tax	\$59,552	\$1,469	\$61,021	\$5,684
Sales and Use Tax	20,769	10,132	30,901	2,455
Corporation Tax	9,342	-	9,342	-137
Highway Users Taxes	-	5,545	5,545	-64
Motor Vehicle Fees	30	5,940	5,970	-104
Insurance Tax	2,179	352	2,531	255
Estate Tax	45	-	45	45
Liquor Tax	329	-	329	6
Tobacco Taxes	90	763	853	-26
Other	3,053	13,524	16,577	1,721
<b>Total</b>	<b>\$95,389</b>	<b>\$37,725</b>	<b>\$133,114</b>	<b>\$9,835</b>

Note: Numbers may not add due to rounding.

Figure SUM-09  
**2012-13 General Fund Expenditures**  
 (Dollars in Millions)

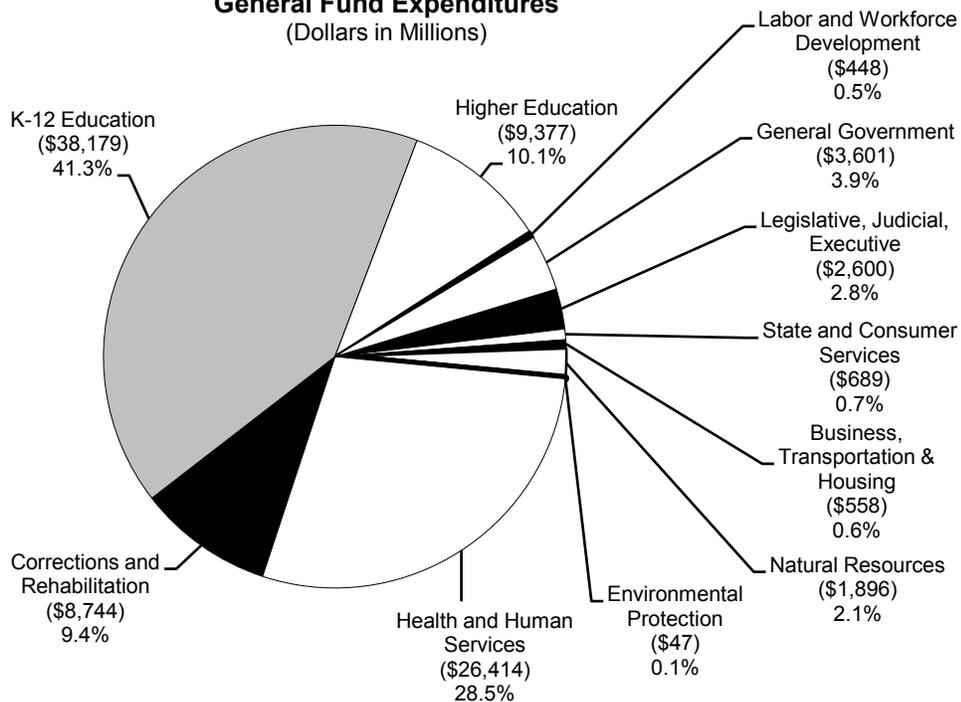


Figure SUM-10  
**2012-13 Total Expenditures by Agency**  
(Dollars in Millions)

	<b>General Fund</b>	<b>Special Funds</b>	<b>Bond Funds</b>	<b>Totals</b>
Legislative, Judicial, Executive	\$2,600	\$2,842	\$220	\$5,662
State and Consumer Services	689	723	15	1,427
Business, Transportation & Housing	558	8,003	2,716	11,277
Natural Resources	1,896	2,458	289	4,643
Environmental Protection	47	1,047	213	1,307
Health and Human Services	26,414	16,320	159	42,893
Corrections and Rehabilitation	8,744	1,974	1	10,719
K-12 Education	38,179	87	949	39,215
Higher Education	9,377	41	385	9,803
Labor and Workforce Development	448	386	-	834
General Government				0
Non-Agency Departments	514	1,612	3	2,129
Tax Relief/Local Government	2,534	1,715	-	4,249
Statewide Expenditures	553	2,617	-	3,170
<b>Total</b>	<b>\$92,553</b>	<b>\$39,825</b>	<b>\$4,950</b>	<b>\$137,328</b>

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# MAKING GOVERNMENT MORE EFFICIENT

**B**uilding off of last year's measures to reduce waste and make the state more efficient, the Governor is proposing a comprehensive package of additional efficiencies. These include reorganizing state government to eliminate and consolidate agencies, departments, and programs; eliminating unnecessary boards, commissions, and advisory groups; changing the budget process to increase efficiency and focus on accomplishing program goals; permanently eliminating surplus positions; and implementing additional efficiencies.

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## REORGANIZING STATE GOVERNMENT

The state's current organizational structure lacks sense and cohesion. Agencies lack focus by having multiple missions, similar functions are scattered throughout several agencies, and some departments and programs are duplicative. The Budget makes government less costly and more efficient, more sensible, and easier to manage effectively. Among other changes, the proposal reduces the number of agencies from 12 to 10, eliminates 39 state entities, and eliminates 9 programs.

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## RESTRUCTURING AGENCIES

The proposal reduces the number of agencies from 12 to 10. It eliminates the California Volunteer Agency, and its programs will be subsumed into the Office of Planning and Research. It eliminates the California Emergency Management Agency and makes

it an office reporting directly to the Governor. It eliminates the California Technology Agency and makes it a department under the new Government Operations Agency. To better focus the missions of the agencies, it restructures the State and Consumer Services Agency and the Business, Transportation, and Housing Agency as follows:

### **THE BUSINESS AND CONSUMER SERVICES AGENCY**

Government entities that license or regulate industries or business activities are spread throughout state government. Consolidating entities will improve efficiency in shared areas such as automated licensing systems, investigation practices, regulatory and legal processes, licensing, and consumer complaints. Placing consumer protection entities under one agency will also help the public more easily access consumer protection programs. This new agency will include the departments of Consumer Affairs, Housing and Community Development, Fair Employment and Housing, Alcoholic Beverage Control, and the newly restructured Department of Business Oversight.

### **THE GOVERNMENT OPERATIONS AGENCY**

Major components of state administration, including procurement, information technology, and human resources, are currently dispersed among different agencies. Combining these and other functions that assist in the general operation of state government into one agency will make state government more manageable and efficient. This new agency will include the departments of General Services, Human Resources, Technology, the Office of Administrative Law, the Public Employees' Retirement System, the State Teachers' Retirement System, and the newly restructured Department of Revenue. It also will include the State Personnel Board and the Government Claims Board.

### **THE TRANSPORTATION AGENCY**

The state will benefit by focusing and consolidating transportation functions in one agency given their size, complexity, and importance. This new agency will include the Department of Transportation (Caltrans), the Department of Motor Vehicles, the High-Speed Rail Authority, the Highway Patrol, the California Transportation Commission, and the Board of Pilot Commissioners.

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### **ELIMINATING AND CONSOLIDATING DEPARTMENTS, BOARDS, COMMISSIONS, AND PROGRAMS**

- **Consolidate Revenue Functions** – The Employment Development Department and the Franchise Tax Board both collect taxes. To improve revenue collection and

better enforce tax laws, this proposal consolidates the Employment Development Department's tax collection functions (mainly personal income tax withholding and payroll tax administration) with the Franchise Tax Board in a new Department of Revenue.

- **Consolidate Oversight of Financial Businesses into a Single Department —** The Department of Corporations regulates a variety of entities involved in the financial industry including securities brokers and dealers, mortgage lenders that are not affiliated with banks, and financial planners. The Department of Financial Institutions regulates state-chartered banks, credit unions, and money transmitters. This proposal eliminates the Department of Financial Institutions and the Department of Corporations and consolidates their functions into a new Department of Business Oversight because both of these departments perform the same fundamental mission (i.e. the licensing and regulation of business entities). The new Department will be part of the Business and Consumer Services Agency.
- **Consolidate Business Programs into the Governor's Office of Business and Economic Development —** Chapter 475, Statutes of 2011, created the Governor's Office of Business and Economic Development to better coordinate and promote business development and foster job growth and private-sector investment in California. The proposal transfers the Infrastructure Bank, the Film and Tourism Commissions, the Small Business Centers, and the Small Business Guarantee Loan Program to the Governor's Office of Business and Economic Development.
- **Transfer Housing Finance Agency into Department of Housing and Community Development —** The Department of Housing and Community Development and the California Housing Finance Agency (CalHFA) both assist in the development and financing of affordable housing for Californians. While CalHFA is unique in making low-interest loans through the sale of tax-exempt bonds, both departments administer general obligation bond programs. By moving the CalHFA functions into the Department of Housing and Community Development, the state will continue to serve the housing needs of the state while achieving administrative efficiencies.
- **Eliminate the Office of Traffic Safety —** The Office distributes federal grants to state and local entities. This proposal eliminates the Office and transfers the functions to the Department of Motor Vehicles to achieve efficiencies and reduce administrative costs.

- **Eliminate the State 9-1-1 Advisory Board** — The Board is responsible for advising on the policy and procedures of the 9-1-1 Emergency Communications Office within the California Technology Agency. This proposal eliminates the Board, and policies and procedures will be revised as necessary through the state administrative process.
- **Eliminate the Technology Services Board** — The Board is responsible for the oversight and approval of the Office of Technology Services budget and rates. This proposal eliminates the Board because its function duplicates other budgetary oversight roles. The Department of Finance will continue to review rate proposals.
- **Eliminate the Electronic Funds Transfer Task Force** — The Task Force is responsible for providing a plan on the development and implementation of a new payment dispersal system using electronic funds transfer technology. The Task Force is no longer needed because the plan was completed in 2008.
- **Eliminate the Unemployment Insurance Appeals Board and Consolidate Functions** — This proposal eliminates the seven full-time board members who review second-level appeal decisions. The proposal will streamline and consolidate the functions currently performed by the Board with the Employment Development Department.
- **Consolidate Professional Licensing Functions within the Department of Consumer Affairs** — The Department of Real Estate and the Office of Real Estate Appraisers license and oversee professionals, which is the core function of most of the bureaus in the Department of Consumer Affairs (DCA). This proposal eliminates the Department of Real Estate and the Office of Real Estate Appraisers and places them as bureaus under the DCA in order to achieve administrative savings and efficiencies. Similarly, the Structural Pest Control Board and the Board of Chiropractic Examiners will be placed under the DCA.
- **Eliminate the Fair Employment and Housing Commission and Transfer its Functions to the Department of Fair Employment and Housing** — This proposal transfers the Commission's adjudicatory and regulatory functions to the Department of Fair Employment and Housing. Adjudication of employment and housing discrimination cases will be handled by a separate and distinct division within the Department of Fair Employment and Housing.
- **Eliminate the Commission on the Status of Women** — This proposal eliminates the Commission, which advises the Governor and the Legislature on public policy

issues affecting women. Numerous alternative and effective forums address these important issues.

- **Eliminate the Occupational Safety and Health Standards Board and Transfer its Functions into the Department of Industrial Relations** — The Board is responsible for the adoption, amendment, and repeal of the occupational safety and health standards and public safety standards enforced by the Department of Industrial Relations (DIR). This proposal eliminates the Board and transfers responsibility to the Division of Occupational Safety and Health within DIR.
- **Eliminate the Office of Privacy Protection** — The Office provides consumers with information on identity theft and other privacy issues and recommends policies and practices that protect individual privacy rights. Many other state, federal, and business resources exist that promote and protect the privacy rights of consumers.
- **Consolidate the California Law Revision Commission and the Commission on Uniform State Laws within the Legislative Counsel Bureau** — The California Law Revision Commission is responsible for reviewing California statutory and decisional law and recommending legislative revisions. The Commission on Uniform State Laws recommends to the Legislature uniform laws recommended by the National Conference of Commissioners on Uniform State Laws. Prior to the 2010 Budget Act, these Commissions were funded from their own General Fund appropriations. Since then, these Commissions have been funded by the Legislative Counsel Bureau.
- **Eliminate the Governor's Emergency Operations Executive Council** — The Council provides coordination between state agencies and departments with a nexus to emergency response and recovery. This proposal eliminates the Council, but the Governor will retain the ability to convene this group on an as-needed basis.
- **Eliminate the Public Safety Radio Strategic Planning Committee** — Created in 2002, the Committee is tasked with developing and implementing a statewide integrated public safety radio communication system and ensuring interoperability between state agencies. This proposal eliminates the Committee because it is duplicative of functions currently being performed by the California Technology Agency.
- **Eliminate Division of Labor Statistics and Research and Transfer its Functions to the Division of Occupational Safety and Health** — This proposal eliminates the Division of Labor Statistics and Research within the Department of Industrial

Relations and transfers the Division's functions related to maintaining job safety records, reports, and statistics to the Division of Occupational Safety and Health. The proposal also transfers functions related to prevailing wage rate determination for public works projects to the Division of Labor Standards Enforcement.

- **Eliminate the Governor's Mentorship Program** — This program is operated by California Volunteers. This proposal would eliminate the program because there are other community programs that provide similar services.
- **Consolidate Certain Gambling Activities** — There are currently many legal and operational inefficiencies stemming from the bifurcated system of gambling control, which separates the policy functions of the Gambling Control Commission from the licensing, investigation, compliance, and enforcement functions of the Department of Justice. Consolidating support, investigatory, and compliance functions within the Department of Justice will promote a more effective and efficient regulation of legalized gambling.
- **Consolidate the California State Summer School for the Arts with the California Arts Council** — The California Summer School for the Arts annually provides a number of California high school students engaged in the visual, literary, performing, and media arts with an intensive learning experience. This proposal consolidates the California State Summer School for the Arts with the California Arts Council to streamline administrative operations while continuing to provide students with access to intensive summer arts education.
- **Eliminate Vocational Education Supplemental Leadership Programs** — This program supports leadership development programs for vocational student officers, instructional materials for vocational teacher advisors, and training and preparation for new vocational education teachers. This program is being eliminated because these types of activities can be funded from existing Proposition 98 resources at local discretion.
- **Eliminate Non-Proposition 98 General Fund for Indian Education Centers** — This program provides funding to support local educational resource centers for American Indian students, parents, and public schools in American Indian communities. The funding is being eliminated because these Non-Proposition 98 resources are duplicative of funds already provided within Proposition 98 to support local Indian Education Centers.

- **Eliminate the Department of Mental Health and the Department of Alcohol and Drug Programs** — This proposal reorganizes behavioral health programs. With the elimination of the Department of Mental Health and the Department of Alcohol and Drug Programs, major community mental health programs and remaining non-Drug Medi-Cal programs and associated funding will be shifted as follows:

  - The Department of Health Care Services will assume responsibility for the administration of various Mental Health Services Act programs, financial oversight of Mental Health Services Act funds, administration of federal Substance Abuse and Mental Health Services Administration discretionary and block grants, Projects for Assistance in Transition from Homelessness grants, Substance Abuse Prevention and Treatment block grants, the Parolee Services Network, veterans mental health programs, and the mental health components of the California Health Interview Survey.
  - The Department of Public Health will assume the duties of the Office of Multicultural Services, the administration of counselor certification, narcotic treatment, driving under the influence, and problem gambling functions.
  - The Department of Social Services will be responsible for licensing and quality improvement functions.
  - The California Department of Education will administer the Early Mental Health Initiative grants.
  - The Office of Statewide Health Planning and Development will now include the Mental Health Workforce Education and Training program.
  - The Mental Health Services Oversight and Accountability Commission will be responsible for Mental Health Services Act training, technical assistance, and program evaluation.
  
- **Eliminate the Managed Risk Medical Insurance Board and Transfer its Function to the Department of Health Care Services** — The Board administers programs that provide health coverage through various health plans to certain individuals who do not have health coverage including children of low-income families, pregnant women, and individuals with pre-existing medical conditions. This proposal eliminates the Board and transfers its programs and responsibilities to the Department of Health Care Services (DHCS) in preparation for California’s implementation of federal health care reform. Specifically, the Healthy Families

Program will transition to DHCS as part of the broader Medi-Cal program beginning in October 2012. Remaining programs, including the County Children’s Health Initiative Program, Access for Infants and Mothers, Major Risk Medical Insurance Program (MRMIP), and Pre-Existing Conditions Insurance Plan (PCIP) will transfer to DHCS effective July 1, 2013. The two stand-alone programs that provide insurance to individuals with pre-existing conditions, MRMIP and PCIP, will be eliminated in January 2014 because these individuals will be able to purchase health insurance through the California Health Benefits Exchange as part of federal health care reform implementation.

- **Eliminate the Rehabilitation Appeals Board** — The Board hears appeals by applicants and consumers of Department of Rehabilitation services who wish to contest a denial of eligibility or are not satisfied with the services being provided to them. This proposal will shift the Board’s duties to independent hearing officers, who will require less travel than multiple board members, and will have legal and evidentiary expertise. This proposal will result in a more effective and timely appeal process for consumers.
- **Consolidate Five Specialty Health Functions into the Office of Health Equity** — This proposal consolidates the Department of Health Care Services’ Office of Women’s Health, the Department of Public Health’s (DPH’s) Office of Multicultural Health, Health in All Policies Task Force, the Health Places Team, and the Department of Mental Health’s Office of Multicultural Services into the new Office of Health Equity (OHE) within the DPH. Creation of the OHE will enable the state to better identify and ameliorate health disparities for disadvantaged and underserved communities by examining these issues through a more integrated approach to public health, behavioral health, and health care issues. California’s demographics and a variety of socio-economic trends call for a different and more comprehensive approach to addressing the issues of health disparities across the entire health care continuum within the state.
- **Transfer the Department of Resources, Recycling and Recovery (CalRecycle) to the California Environmental Protection Agency** — Hazardous waste, electronic waste, used oil, used tires, and landfill permits are typically not considered “natural resources” but wastes that should be regulated under the California Environmental Protection Agency, not the Natural Resources Agency.
- **Eliminate the Department of Boating and Waterways and Transfer the Functions into the Department of Parks and Recreation** — The Department of Parks and Recreation currently partners with Boating and Waterways in

facilities construction projects. Boating and Waterways funds operations at all of Parks' reservoirs. This proposal will transfer the functions of the Department of Boating and Waterways to a division of the Department of Parks and Recreation, similar to the Off-Highway Vehicle Recreation Division. Because the Department of Boating and Waterways is being transferred to the Department of Parks and Recreation, the California Boating and Waterways Commission will be eliminated. The Commission advises the Department of Boating and Waterways on matters within its jurisdiction and consents to all boating facilities loans and grants. The duties performed by the Commission will be absorbed by the Department of Parks and Recreation.

- **Reduce Number of Regional Water Boards** — This proposal realigns the regional water board boundaries to create eight regional water boards, merging two of the smaller existing regional water boards (the Colorado River Basin Water Board) into neighboring regions with the boundaries continuing to follow watersheds. The proposal brings more consistency in the size of the regions. It also reduces the number of members on the boards from nine to seven.
- **Consolidate Colorado River Board within the Natural Resources Agency** — The Board is responsible for developing a plan to maintain an adequate water supply from the Colorado River. The proposal eliminates the Board and transfers these responsibilities to the Natural Resources Agency. This proposal will ensure that all statewide water supply issues, such as water supply reliability, Delta sustainability, and Colorado River water issues are addressed in a comprehensive and coordinated manner.
- **Eliminate the State Geology and Mining Board and Transfer its Responsibilities** — The Board serves as a regulatory, policy, and appeals body representing the state's interest in geology, geologic and seismologic hazards, conservation of mineral resources, and reclamation of lands following surface mining activities. Eliminating the Board will streamline functions by moving the appeals process to the Office of Administrative Hearings, and the balance of the Board's responsibilities to the Office of Mine Reclamation within the Department of Conservation.
- **Eliminate Various Entities within the Department of Fish and Game** —
  - The Salton Sea Restoration Council
  - The California Advisory Committee on Salmon and Steelhead Trout

## MAKING GOVERNMENT MORE EFFICIENT

- The Commercial Salmon Review Board
- The State Interagency Oil Spill Committee
- The State Interagency Oil Spill Review Subcommittee
- The Abalone Advisory Committee

These advisory groups provide public input and guidance to the Department in various program areas. The information provided by these entities is either no longer useful or can be provided through other means.

- **Eliminate Underutilized Programs Within the Department of Toxic Substances Control** — The following programs are proposed for elimination because they have outlived their purposes, are underutilized, or have been superseded by other programs:
  - Expedited Remedial Action Program
  - Private Site Management Program
  - California Land Environmental Restoration and Reuse Act Program
  - Hazardous Waste and Border Zone Property Designations
  - Abandoned Site Assessment Program
  - Registered Environmental Assessor Program
- **Eliminate the Watershed Coordinator Initiative Program** — This program was created to prepare Watershed Management Initiative Plans in each region, which were completed in 2007. The Water Board now maintains the Plans, and Plan concepts have been incorporated into various Water Board programs.

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## SAVING MONEY AND IMPROVING EFFICIENCY THROUGH THE BUDGET PROCESS

Building on last year's effort to make the budget more efficient, the Budget proposes cutting special fund budgets, zero-basing department budgets, and eliminating positions.

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**CUT THE BUDGETS OF SPECIAL FUND PROGRAMS**

Government programs should be efficient and cost-effective regardless of their fund source. While the budgets of special fund departments have been cut in the past, the level of these cuts has been less than the cuts imposed on General Fund departments. Non-General Fund departments and programs will submit to the Department of Finance budgetary reduction plans targeted to reduce administration and program support, with the goal of reducing fees and shifting resources to programs. These plans will be reviewed as part of the spring budget process.

The Budget includes specific budgetary goals for the California Technology Agency and the Department of General Services that will result in reduced rates charged to other state agencies. This will result in more efficient government by making these services less expensive for both General Fund and special fund departments.

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**IMPROVE THE BUDGET PROCESS THROUGH ZERO-BASING AND OTHER TOOLS**

In Executive Order B-13-11, the Governor ordered the Director of Finance to create a plan by March 2012 for modifying the budget process to increase efficiency and focus on accomplishing program goals. Some departments, including Caltrans and the Department of Consumer Affairs, will be directed to perform a detailed review and analysis of all of their programs to evaluate whether the functions need to exist and the level of resources needed to accomplish them. This will begin recasting the current process that “focuses on incremental changes to the prior year’s funding, rather than a deeper review of a department or program” as noted in Executive Order B-13-11.

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**PERMANENTLY ELIMINATE POSITIONS**

As a result of budget reductions, more than 15,000 positions were eliminated in 2011-12 compared to the prior year. The Department of Finance will conduct a department-by-department review to identify additional positions for elimination and permanently reduce positions to reflect the smaller size of state government.

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# ECONOMIC OUTLOOK

California, like the nation, is in the midst of an uneven economic recovery. Some sectors of the economy, including high technology and export markets, are doing well. Despite these areas of strength, economic conditions are still hamstrung by weak real estate markets, consumer confidence lingers at recessionary levels, and volatility in equity markets remains high.

Global and national events have created economic uncertainty and had an impact on the recovery. Most recently, congressional gridlock on budgetary issues, including the debt ceiling, has added to economic uncertainty and stock market volatility. Further, the European debt, banking, and budgetary crisis has adversely affected the California and national economies.

## **THE NATION— SLOW ECONOMIC RECOVERY UNDERWAY**

A variety of fundamental economic indicators suggests that the national economy has experienced a slow, steady economic expansion over the past year, including a recovery from midyear weakness. In October 2011, the Index of Leading Indicators posted the largest monthly increase since November 2010, which suggests that the economy should continue to experience at least moderate growth well into 2012. After slowing sharply during May and June, nonfarm employment gains rebounded to over 100,000 jobs per month beginning in July. The unemployment rate dropped from 9.2 percent in June to 8.6 percent in November.

## ECONOMIC OUTLOOK

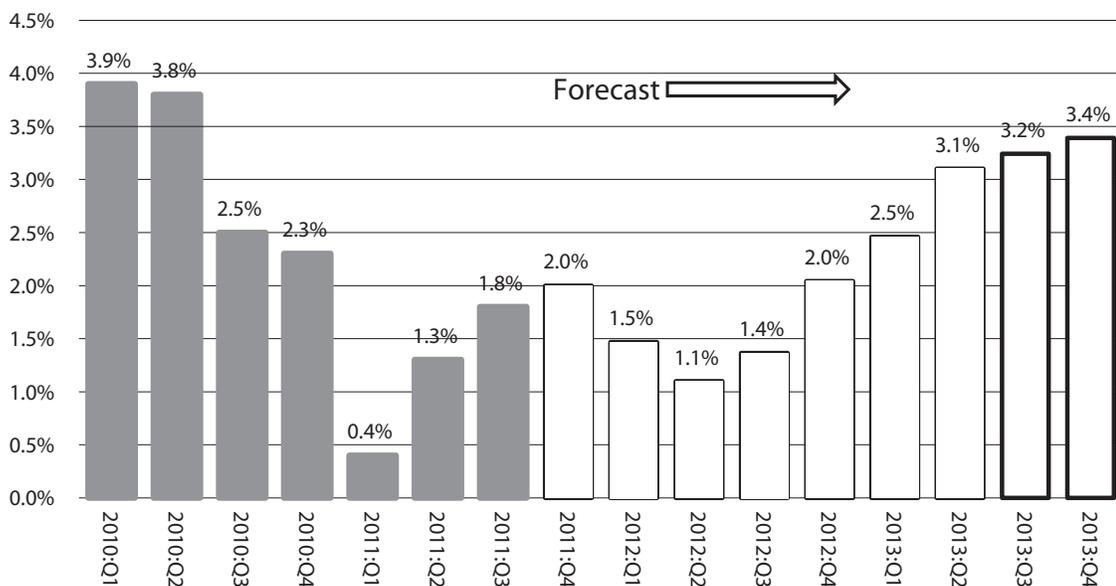
Consumer confidence also has improved steadily. The Conference Board Consumer Confidence Index rose in November, posting its largest monthly increase since April 2003. Even though indicators remain at recessionary levels, the improved confidence level has led to increased spending. Overall consumer spending in October was up 4.7 percent from a year earlier, led by a surge in motor vehicle sales, which in November reached their best level since June 2008 (excluding the August 2009 one-time Cash-for-Clunkers surge).

Businesses have remained cautious but boosted spending on equipment and software. Corporations with healthy profits invested in replacement needs neglected during the recession. Inventories remain low, which bodes well for future production growth.

After losing ground in August and September, industrial production accelerated in October and has continued to grow modestly. Construction spending also grew moderately in October, the third consecutive monthly gain.

In September, U.S. exports were up 16 percent over the year, led by industrial supplies and consumer goods. During the first three quarters of 2011, exports added 0.69 percentage point to Gross Domestic Product growth, trailing only the growth rates for household expenditures on services and business investment in equipment and software. (Figure ECO-01)

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



Source: U.S. Bureau of Economic Analysis; CA Department of Finance Governor's Budget Forecast

Despite these indications that the economy was improving at the close of 2011, a number of factors will dampen economic growth in 2012.

Since spending growth outpaced income gains, the boost from consumers may slow again. Much of the additional spending was financed by the greater use of credit and reduced savings. While the consumer debt-to-income ratio has declined steadily over the past six years as households reduced their debt loads, this trend bottomed out in May 2011 and debt ratios have increased since then. Outstanding non-revolving credit grew sharply in September and October, largely to finance motor vehicle sales. In October, the personal savings rate was down almost 2 percentage points from a year earlier.

Businesses also have been reluctant to expand payrolls too quickly and national economic growth has been extraordinarily dependent on exports, and thus more sensitive to global economic developments.

The failure of Congress to address the federal deficit leaves considerable uncertainty. One example of this is extending the 2-percent payroll tax cut and emergency unemployment insurance benefits only through February 2012.

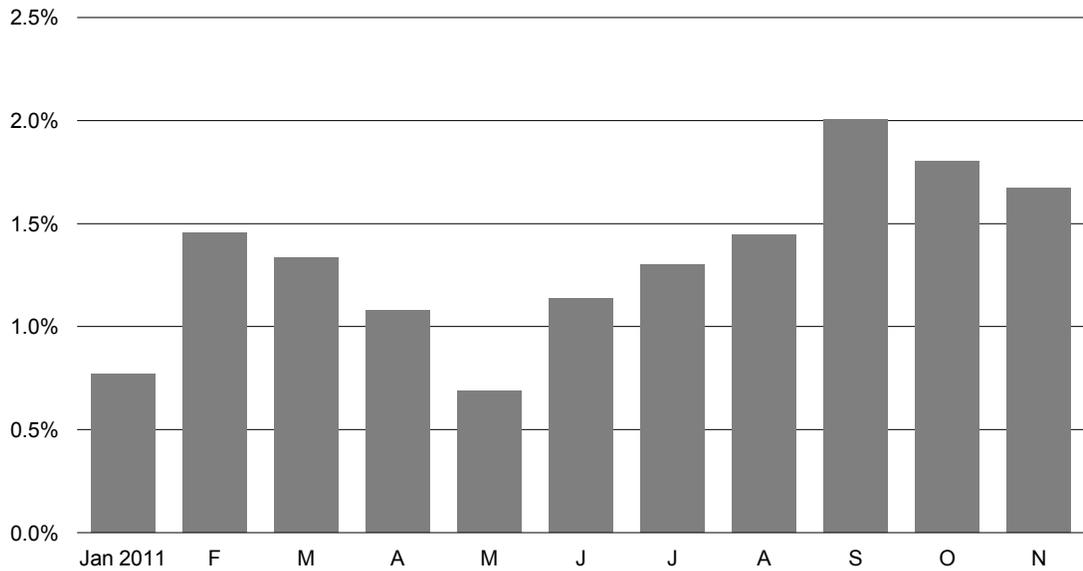
The European debt, banking and budgetary crisis also creates uncertainty and the lack of a solution could lead to a recession in Europe, thereby weakening the demand for U.S. exports, reducing corporate earnings, and strengthening the dollar. A full-blown financial collapse of the euro zone (those countries that use the euro as their currency) could drag the U.S. economy into recession.

### **CALIFORNIA — AN UNEVEN RECOVERY**

Most of the indicators that affect the nation, both positive and negative, also affect California. In addition, California is affected by other positive and negative factors ranging from a robust high-technology sector to being one of the states hardest hit by the collapse of the housing market.

The state added 102,000 industry jobs in January and February, but only gained 4,700 jobs from March through July after the Japanese earthquake. The unemployment rate rose four-tenths of a percentage point between May and August. Nonfarm employment accelerated substantially from August through November and the unemployment rate dropped to 11.3 percent in November, the lowest rate since May 2009. Comparing November 2011 with a year earlier, 233,100 new jobs were created. (Figure ECO-02)

Figure ECO-02  
**California Nonfarm Employment**  
 Year-Over-Year Percent Change



Source: California Employment Development Department

California wages also made substantial gains at the end of 2010 that continued into 2011. In the fourth quarter of 2010, California wages made their strongest quarter-to-quarter jump since the middle of 2000—the height of the dot-com bubble. Seven high-paying industries accounted for two-thirds of the overall wage gains in the fourth quarter of 2010, including computer and electronic manufacturing, finance and insurance, professional, scientific and technical services, mining, information (which includes motion pictures), management of companies, and health care and social assistance. In 2011, California personal income grew nearly \$100 billion, the largest gain since 2006.

A disproportionately large share of the wage gain was driven by the state’s high-technology and professional service sectors and by robust global demand for California exports. The surge reflected growing high-tech exports, booming Silicon Valley investment activity, strong stock market gains, and high oil prices. If these trends continue, it is expected that these sectors will expand their workforces.

Strong growth and rising profits among Silicon Valley companies and by booming investment activity likely led to wage gains in electronics manufacturing. In 2010, the

150 largest Silicon Valley corporations had their most profitable year in history. By the end of the first quarter of 2011, their combined stock market value rose over 11 percent from 2010.

2010 was a banner year for California-made exports with the total value rising 19 percent from 2009. This boom was dominated by computers, electronics, and electronic machinery, which combined accounted for over 60 percent of California's 2010 export growth.

Similar to the nation, consumption spending in California rebounded in 2011 with growing vehicle sales playing a significant role. Taxable retail sales during the first three quarters of 2011 grew 8.5 percent from the same period in 2010. New motor vehicle registrations during the first nine months of 2011 were up over 11 percent from the same months of 2010.

California industries that are not connected to high technology and export markets, however, have not fared as well. In particular, the state's housing market, still burdened by high foreclosure rates, weakened considerably during the midyear slowdown. Existing home sales during the first 11 months of 2011 were up slightly from the same months of 2010. However, this came at the expense of falling prices. These trends are likely to continue into 2012 because more foreclosure actions are anticipated.

In contrast to the healthy wage gains noted above, wage rate growth in other industries, such as agriculture, construction, retail trade, and accommodation and food services, did not even keep pace with inflation. These sectors employ nearly half of the state's private sector workforce.

### **THE FORECAST**

The prospects for the national and California economies are guardedly positive. The national recovery has regained momentum in the closing months of 2011. While disappointing, labor markets have improved slowly. Exports are making solid improvements over 2010. Manufacturing activity was growing, albeit sluggishly.

Another recession is not in the forecast. The forecast assumes the federal government will not add any more stimulus funding, that future federal budget actions will not result in a severe fiscal contraction, and that some combination of spending cuts and tax increases will most likely be phased in beginning in 2013. The outlook also assumes that the 2-percent payroll tax holiday and emergency unemployment insurance benefits will

## ECONOMIC OUTLOOK

be extended through 2012 and that the temporary tax decreases implemented during the Bush Administration will continue beyond the January 1, 2013 expiration date.

The prospect of a European financial crisis is the biggest known risk at this point. It is still too early to know if protective measures of sufficient strength will be approved to minimize the economic fallout. At the very least, economic growth in Europe will slow in 2012, which will adversely affect U.S. exports.

As indicated in Figure ECO-03, it will be several years before the nation and the state return to a healthy, balanced economic growth. The national economy, slowed by weaker global demand, will expand at a slower pace in 2012. Barring a severe European recession, U.S. economic growth will accelerate to a more sustainable pace in 2013 and 2014.

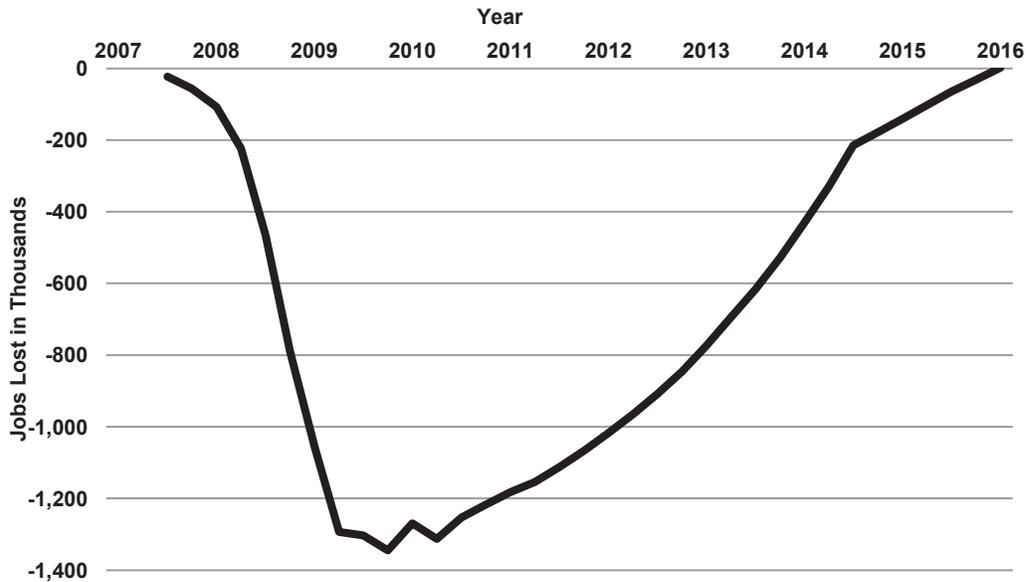
Figure ECO-03  
Selected Economic Data

	2011	Projected				
		2012	2013	2014	2015	2016
U.S. real gross domestic product (percent change)	1.8	1.7	2.5	3.5	3.1	2.7
California unemployment rate (percent)	12.0	12.0	11.7	10.9	9.9	9.3
California nonfarm wage & salary employment (thousands)	14,029.9	14,206.5	14,463.8	14,820.6	15,074.2	15,215.5
(percent change)	0.9	1.3	1.8	2.5	1.7	0.9
California personal income (billions)	1,681.6	1,746.2	1,818.0	1,916.0	2,013.6	2,107.2
(percent change)	5.7	3.8	4.1	5.4	5.1	4.6
California total taxable sales (billions)	519.4	537.9	572.9	619.7	660.4	693.3
(percent change)	8.7	3.6	6.5	8.2	6.6	5.0

Note: Percentage changes calculated from unrounded data.

For California, job growth will improve through 2014. The state is forecast to recover the nonfarm jobs lost during the Great Recession in the second quarter of 2016, or approximately 84 months after the end of the recession. (Figure ECO-04) During the previous six recessions, full job recovery was achieved between 4 and 56 months.

Figure ECO-04  
**Jobs Lost During Recession Not Recovered Until 2016**



The projection for wages and salaries in 2011 was boosted by upwardly revised historical information and better-than-expected growth at the end of 2010 and first half of 2011. Compared to the economic forecast developed for the May Revision, this outlook projects more restrained growth in 2012 due to a weaker national economic forecast and a lack of meaningful improvements in the state’s real estate conditions.

Home construction also continued to slow during the last three quarters of 2011, rather than achieving the modest acceleration projected in the May Revision. Thus, employment and construction are weaker in the current forecast.

In contrast, new personal income data showed that California wages and salaries grew more strongly than originally indicated. Revised wage estimates for the first three quarters of 2010 (the latest data available at the time of the earlier forecast) raised the year-over-year growth in state wage income from 0.4 percent to 1.3 percent. In the fourth quarter of 2010, wages and salaries grew much stronger than forecast in the May Revision — 4.5 percent versus 1.9 percent. Wage growth during the first half of 2011 was also stronger than forecast in the May Revision. Overall, this boosted the outlook for 2011 personal income growth from 4.4 percent to 5.7 percent. On the other hand, the more subdued national outlook led to a more restrained projection for 2012—year-over-year wage growth dropped from 4.5 percent to 3.8 percent.

See Figure ECO-05 for highlights of the national and California forecasts.

Figure ECO-05

**Selected Economic Data**

<b>United States</b>	<b>2011 (Est.)</b>	<b>2012 (Projected)</b>	<b>2013 (Projected)</b>
Real gross domestic product (percent change)	1.8	1.7	2.5
Personal consumption expenditures	2.3	2.1	1.9
Gross private domestic investment	4.3	5.4	8.0
Government purchases of goods and services	-2.0	-2.7	-2.0
GDP deflator (percent change)	2.1	1.4	1.2
GDP (current dollar, percent change)	3.9	3.0	3.7
Federal funds rate (percent)	0.1	0.1	0.1
Personal income (percent change)	5.0	3.1	3.5
Corporate profits before taxes (percent change)	10.1	2.1	3.6
Nonfarm wage and salary employment (millions)	131.1	132.2	134.0
(percent change)	1.0	0.9	1.4
Unemployment rate (percent)	9.1	9.2	9.0
Housing starts (millions)	0.6	0.7	1.0
(percent change)	2.0	11.1	43.6
New car sales (millions)	6.2	6.9	7.9
(percent change)	7.9	12.2	13.5
Consumer price index (1982-84=100)	225.0	228.9	233.6
(percent change)	3.2	1.7	2.0
<b>California</b>			
Civilian labor force (thousands)	18,060.5	18,155.9	18,364.6
(percent change)	-0.6	0.5	1.1
Civilian employment (thousands)	15,893.8	15,975.8	16,207.0
(percent change)	-0.1	0.5	1.4
Unemployment (thousands)	2,166.7	2,180.0	2,157.7
(percent change)	-4.0	0.6	-1.0
Unemployment rate (percent)	12.0	12.0	11.7
Nonfarm wage and salary employment (thousands)	14,029.9	14,206.5	14,463.8
(percent change)	0.9	1.3	1.8
Personal income (billions)	1,681.6	1,746.2	1,818.0
(percent change)	5.7	3.8	4.1
Housing units authorized (thousands)	46.4	52.2	79.9
(percent change)	4.1	12.5	53.0
Corporate profits before taxes (billions)	165.0	170.6	179.7
(percent change)	7.7	3.4	5.3
New auto registrations (thousands)	1,221.8	1,364.3	1,431.4
(percent change)	4.1	11.7	4.9
Total taxable sales (billions)	519.4	537.9	572.9
(percent change)	8.7	3.6	6.5
Consumer price index (1982-84=100)	233.0	237.3	242.3
(percent change)	2.7	1.8	2.1

Note: Percentage changes calculated from unrounded data.

## REVENUE ESTIMATES

It is projected that the California economy will continue to grow, albeit at a modest rate, through the period covered by the Budget. The modest growth in the economy is augmented by very rapid projected growth in certain segments of the economy — particularly corporate profits and income for high-income taxpayers. This strong growth in narrow segments of the economy tends to cause healthy growth in revenues.

Beyond the natural economic growth, a shift in revenue is expected into 2012-13 from 2013-14, resulting from the sunset of the lower federal tax rates on regular and capital gains income that is scheduled for the end of 2012. The scheduled higher rates in 2013 are expected to cause some taxpayers to shift some of their capital gains, dividend, and wage income from 2013 into 2012.

Figure REV-01 shows the impact of the recession on General Fund revenues. The black line shows the 2007-08 Governor's Budget long-term revenue forecast, prior to the recession. The dashed line shows actual General Fund revenue through fiscal year 2010-11 and projections for revenue through fiscal year 2013-14. The dotted line shows the effect of the Governor's proposed revenue solutions. Between 2007-08 and 2011-12, the major changes have been:

- The lingering effects of the Great Recession. For 2011-12, General Fund revenues remain tens of billions of dollars lower than the amount projected in the 2007-08 Governor's Budget.

## REVENUE ESTIMATES

- The 2011 Realignment lowered the state General Fund sales tax rate by 1.0625 percent and dedicated an equivalent special fund sales tax rate to local public safety programs.

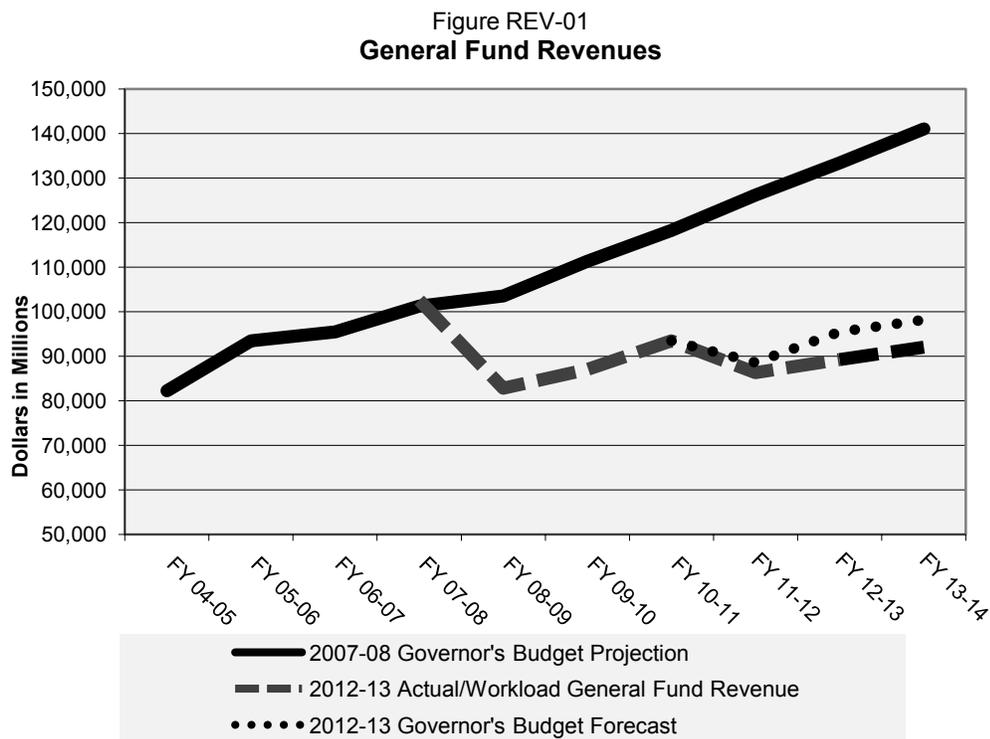


Figure REV-02 displays the forecast changes between the 2011 Budget Act, the 2012 budget baseline (current law) forecast, and the Budget with proposed policy changes. The Budget includes a total of \$8.4 billion in revenue solutions within the 2012-13 budget window. Revenue is expected to be \$88.6 billion in 2011-12 and \$95.4 billion in 2012-13. The drop-off in revenue from 2010-11 to 2011-12 is a result of the reduction in Personal Income Tax, Sales Tax, and Vehicle License Fee rates, and the increase in the dependent exemption credit, following the expiration of temporary increases, as well as the reduction of 1.0625 percent of the Sales and Use Tax associated with 2011 realignment. These changes are projected to reduce General Fund revenues by \$7 billion and \$5 billion, respectively.

The Budget forecast was prepared in early December, before individuals and corporations made final withholding and estimated payments for the 2011 tax year, and before

Figure REV-02  
**2012-13 Governor's Budget**  
**General Fund Revenue Forecast**  
**Summary Table**  
**Reconciliation with the 2011-12 Budget Act**  
(Dollars in Millions)

Source	2011 Budget Act	Governor's Budget				
		Baseline	Change From Budget Act		Proposed	Change From Baseline
<b>Fiscal 10-11</b>						
Personal Income Tax	\$50,027	\$49,491	-\$536	-1.1%	\$49,491	\$0
Sales & Use Tax	27,140	26,983	-157	-0.6%	26,983	0
Corporation Tax	9,963	9,614	-349	-3.5%	9,614	0
Insurance Tax	2,016	2,077	61	3.0%	2,077	0
Vehicle License Fees	1,360	1,330	-30	-2.2%	1,330	0
Alcoholic Beverage	318	334	16	5.0%	334	0
Cigarette	93	96	3	3.2%	96	0
Other revenues	1,967	2,076	109	5.6%	2,076	0
Transfers	1,897	1,488	-409	-21.6%	1,488	0
<b>Total</b>	<b>\$94,781</b>	<b>\$93,489</b>	<b>-1,292</b>	<b>-1.4%</b>	<b>\$93,489</b>	<b>0</b>
<b>Fiscal 11-12</b>						
Personal Income Tax	\$50,408	\$51,937	\$1,529	3.0%	\$54,186	\$2,249
Sales & Use Tax (a)	19,009	18,777	-232	-1.2%	18,777	0
Corporation Tax	9,012	9,479	467	5.2%	9,479	0
Insurance Tax	1,893	2,042	149	7.9%	2,042	0
Vehicle License Fees	150	80	-70	-46.7%	80	0
Alcoholic Beverage	326	323	-3	-0.9%	323	0
Cigarette	91	93	2	2.2%	93	0
Other revenues	2,102	2,192	90	4.3%	2,213	21
Transfers	1,465	1,386	-79	-5.4%	1,413	27
Unallocated Revenue Increase	4,000	0	-4,000	-100.0%	0	0
<b>Total</b>	<b>\$88,453</b>	<b>\$86,309</b>	<b>-\$2,144</b>	<b>-2.4%</b>	<b>\$88,606</b>	<b>\$2,297</b>
Change from Fiscal 10-11	-\$6,328	-\$7,180			-\$4,883	
% Change from Fiscal 10-11	-6.7%	-7.7%			-5.2%	
<b>Fiscal 12-13</b>						
Personal Income Tax	\$55,030	\$56,025	\$995	1.8%	\$59,552	\$3,527
Sales & Use Tax	20,887	19,595	-1,292	-6.2%	20,769	1,174
Corporation Tax	9,426	9,342	-84	-0.9%	9,342	0
Insurance Tax	2,040	2,179	139	6.8%	2,179	0
Vehicle License Fees	0	5	5	N/A	5	0
Estate Tax (b)	830	45	-785	-94.6%	45	0
Alcoholic Beverage	334	329	-5	-1.5%	329	0
Cigarette	87	90	3	3.4%	90	0
Other revenues	2,125	2,240	115	5.4%	2,237	-3
Transfers	-1,036	-529	507	-48.9%	841	1,370
<b>Total</b>	<b>\$89,723</b>	<b>\$89,321</b>	<b>-\$402</b>	<b>-0.4%</b>	<b>\$95,389</b>	<b>6,068</b>
Change from Fiscal 11-12	\$1,270	\$3,013			\$6,784	
% Change from Fiscal 11-12	1.4%	3.5%			7.7%	
<b>Three-Year Total</b>			<b>-\$3,837</b>			<b>\$8,365</b>

(a) The Sales and Use Tax revenue for 2011-12 is not directly comparable to the Sales and Use Tax revenue for 2010-11 because of two law changes that took effect on July 1, 2011.

(b) For 2011 and 2012, federal estate tax law is structured such that California will receive none of the "state pick-up" estate tax for those years. However, under current law, starting in January 1, 2013, the federal estate tax will return to its pre-2011 structure and California will, again, begin to receive estate tax payments for estates for which the death occurred on or after January 1, 2013.

Note: Revenues from the Governor's Initiative are not General Fund revenues, and are only available to fund education. As the initiative requires that they are treated as General Fund revenues for the purposes of calculating Proposition 98, they are treated as such.

consumers completed their December purchases. These critical December and January receipts can have a large impact on state revenues. Therefore, this forecast will be revised in early May when these data and April income tax receipts are available.

### TEMPORARY TAX INCREASE

The Budget is based on the assumed passage of the Governor’s Constitutional Amendment on the November 2012 ballot. The proposal temporarily increases tax rates on the highest income Californians, and temporarily increases the Sales and Use Tax rate by 0.5 percent. These two provisions result in a revenue increase of \$6.9 billion. The proposal will provide revenues to replace some of the revenues lost in the recession as the state’s economy slowly recovers.

Figure REV-03 shows the tax brackets and tax rates contained in the Governor’s tax initiative. These brackets will be indexed for inflation for the 2013 through 2016 tax years.

Filing Status	Income Subject to Higher Rate	Additional Rate
Single	Between \$250,000 and \$300,000	1 percent
	Between \$300,001 and \$500,000	1.5 percent
	Over \$500,000	2 percent
Joint	Between \$500,000 and \$600,000	1 percent
	Between \$600,001 and \$1,000,000	1.5 percent
	Over \$1,000,000	2 percent
Head of Household	Between \$340,000 and \$408,000	1 percent
	Between \$408,001 and \$680,000	1.5 percent
	Over \$680,000	2 percent

A portion of the revenues collected under the measure will be attributable to income earned in 2011-12. Therefore, a portion of the revenue attributed to the personal income tax rate increase for the 2012 tax year is accrued to the 2011-12 fiscal year.

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## REVENUE PROPOSALS

The Budget proposes the following policy changes that will affect General Fund revenue:

- Financial Institution Records Match. The Budget proposes to expand Financial Institutions Record Match to the Employment Development Department (EDD) and the Board of Equalization (BOE) beginning in January 2013. The EDD match program would primarily collect unpaid wage withholding debts, while the BOE match program would primarily collect unpaid sales and use tax debts. This program is expected to generate \$4 million General Fund revenue in 2011-12 and \$11 million General Fund revenue in 2012-13. In addition, this program is expected to generate local revenue and special fund revenue.
- The Budget proposes to improve the State Controller's Office management of the unclaimed property program. This improvement is expected to generate \$21 million in 2011-12 and \$57 million in 2012-13.
- The Budget reflects the transfer of an additional \$349.5 million in weight fee revenues to the General Fund to be used to offset future debt service costs on transportation bonds.
- The Budget proposes to continue the 2011-12 practice of paying the interest on the loan from the federal government for unemployment insurance payments from the Unemployment Compensation Disability Fund, for revenues of \$417 million for 2012-13.
- The Budget proposes to suspend the county share of child support collections in 2012-13 for a revenue gain of \$34.5 million.

Figure REV-04 shows the total impact of the changes in revenues, policy decisions, and associated spending on the Budget.

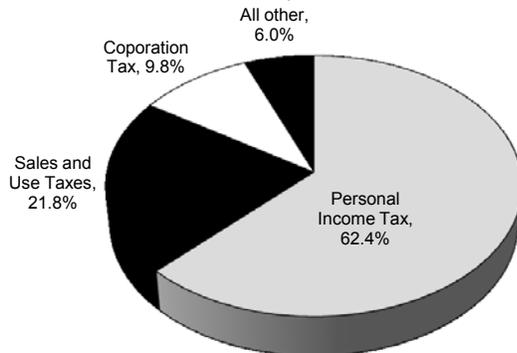
Figure REV-04  
**Changes in Revenues**  
 (Benefit to General Fund - Dollars in Millions)

	2011-12	2012-13
<b>Direct General Fund Impact</b>		
<b>Governor's Tax Initiative</b>		
Temporary Additional Rates for High-Income Taxpayers	\$2,245	\$3,519
Temporary Sales Tax Rate of 0.5 percent	0	1,171
Revenue Driven Increase in Proposition 98 Expenditures		-2,534
<b>Net Impact of Governor's Tax Initiative</b>	<b>\$2,245</b>	<b>\$2,156</b>
<b>Other Revenue Solutions</b>		
Financial Institutions Records Match (FIRM)	\$4	\$11
Offsetting Costs Associated with FIRM		-9
Other Revenues	21	98
Fees and Loans	27	1,370
<b>General Fund Revenue Solutions</b>	<b>\$2,297</b>	<b>\$3,626</b>
<b>Other Special Fund Revenues That Offset General Fund Costs</b>		
Permanently Extend the Managed Care Organization Taxes for Medi-Cal and Healthy Families		\$352
<b>Total</b>	<b>\$2,297</b>	<b>\$3,978</b>

## GENERAL FUND REVENUE

In 2012-13, General Fund revenues and transfers represent 71.7 percent of total revenues reported in the Budget. Figure REV-05 shows the breakdown of General Fund revenues by taxation type. The remaining 28.3 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 previously in "Revenue Proposals."

Figure REV-05  
**2012-13 General Fund Revenues and Transfers = \$95.4 Billion**



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## PERSONAL INCOME TAX

The Personal Income Tax (PIT) is the state's largest single revenue source, accounting for 62.4 percent of all General Fund revenues and transfers in 2012-13. These revenue estimates include \$2.3 billion in 2011-12 and \$3.5 billion in 2012-13 from the assumed addition of three tax brackets for taxable incomes beginning at \$250,000 (\$500,000 joint) with rates of 10.3 percent, 10.8 percent, and 11.3 percent for five years.

Modeled closely on the federal income tax law, California's PIT 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. For the 2009 and 2010 tax years, the marginal rates ranged from 1.25 percent to 9.55 percent.

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 2011 tax year, this adjustment increased 2.7 percent, reflecting rising prices for a second consecutive year following a decline in 2009. For the 2012 tax year, the adjustment is projected to be an increase of 1.6 percent. The largest income source for the PIT is wages and salaries. In 2009, taxes attributable to wages and salaries accounted for over 67 percent of PIT revenues. Based on the economic forecast, wages and salaries are expected to rise by an average of 4.8 percent in 2011, followed by 4.9 percent growth in 2012, and 2.3 percent in 2013.

The highest income Californians pay for a disproportionate share of the state's PIT taxes. Changes in the income of a relatively small group of taxpayers can have a significant impact on state revenues. 2009 tax return data reveal that taxpayers with adjusted gross income (AGI) above \$200,000 represented only 3.8 percent of total returns for that year, but accounted for 31.4 percent of total AGI. This group accounted for 54.6 percent of 2009 total tax liability. Historically, this income group has also had wage growth rates that differ from those in the AGI group below \$200,000. This differential can be exaggerated during periods of economic growth. In 2004 for example, wages for those in the over \$200,000 AGI group grew at 24.4 percent. For all others, wages grew at 3.9 percent. Even several years into a recovery period, the growth differential can still be significant. For the 2007 tax year, the above-\$200,000 AGI group had wage growth of 12.1 percent, while all others saw 6.3-percent growth. The PIT revenue forecast reflects

## REVENUE ESTIMATES

this historical pattern of differential wage growth rates for different segments of the income distribution.

Another aspect of the PIT system is the significant role played by capital gains. In the period from 2003 to 2007, capital gains realizations saw tremendous growth from \$45.6 billion to \$132 billion. It dropped sharply in 2008 and again in 2009, when it stood at \$28.8 billion. In 2009, this component accounted for 6 percent of the PIT. Gains from that low point are estimated to have increased 90 percent in 2010. Capital gains are expected to see continued growth of 15 percent in 2011, followed by 53 percent in 2012.

Capital gains income, while smaller than wage income, is concentrated in the above-\$200,000 AGI group. The concentration of wages and capital gain income among high income earners, coupled with our progressive tax system, results in higher PIT revenue than the aggregate growth in total AGI would suggest.

Consistent with current law, the Budget reflects the potential behavioral impacts of federal tax law changes. The federal Economic Growth and Tax Relief Reconciliation Act of 2001 reduced taxes for dividend income, capital gains, and other income. These tax reductions were set to expire after 2010. However, late in 2010 they were extended through 2012. In addition, a 3.8-percent surtax on specified unearned income will go into effect on January 1, 2013. Similar to what happened in 2010, the Budget estimates assume that in 2012 some taxpayers will respond to the potential rate changes by accelerating 20 percent of 2013 capital gains to 2012. It is also assumed that 10 percent of 2013 dividends and 1.1 percent of wages will be accelerated to 2012. These changes are projected to increase 2012-13 revenues by \$1.5 billion and to reduce 2013-14 revenues by a similar amount.

Figure REV-06 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.

Figure REV-06  
**Capital Gains**  
**As a Percent of General Fund Revenues**  
(Dollars in Billions)

	2002	2003	2004	2005	2006	2007	2008	2009	2010 <sup>p</sup>	2011 <sup>e</sup>	2012 <sup>e</sup>
Capital Gains Income	\$33.4	\$45.6	\$75.5	\$112.4	\$117.9	\$132.0	\$56.3	\$28.8	\$54.7	\$62.9	\$96.0
Capital Gains Tax	\$3.0	\$4.1	\$6.8	\$10.1	\$10.6	\$11.9	\$5.1	\$2.6	\$4.9	\$5.7	\$8.6
	02-03	03-04	04-05	05-06	06-07	07-08	08-09	09-10	10-11	11-12	12-13
<b>Total General Fund Revenues and Transfers</b>	\$71.3	\$74.9	\$82.2	\$93.5	\$95.5	\$99.2	\$82.8	\$87.0	\$93.5	\$88.6	\$95.4
Capital Gains Tax as Percent of General Fund Revenues & Transfers	4.2%	5.5%	8.3%	10.8%	11.1%	12.0%	6.1%	3.0%	5.3%	6.4%	9.1%

<sup>p</sup> Preliminary

<sup>e</sup> Estimated

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.

A portion of PIT 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). Revenue from the surcharge is transferred to the Mental Health Services Fund and used to fund mental health service programs. Revenues of \$1 billion are estimated for the 2010-11 fiscal year. Annual revenues of \$1.2 billion for 2011-12, and \$1.5 billion for 2012-13 are projected. The General Fund and the Mental Health Services Fund shares of PIT revenues for 2010-11 through 2012-13 are shown in Figure REV-07.

Figure REV-07  
**Personal Income Tax Revenue**  
(Dollars in Thousands)

	2010-11 Preliminary	2011-12 Forecast	2012-13 Forecast
General Fund	\$49,491,070	\$54,186,000	\$59,552,000
Mental Health Services Fund	1,017,371	1,151,000	1,469,000
<b>Total</b>	<b>\$50,508,441</b>	<b>\$55,337,000</b>	<b>\$61,021,000</b>

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**SALES AND USE TAX**

Since the end of 2010-11, the Sales and Use Tax has been adjusted as follows:

- Reduction of the temporary 1-percent General Fund rate in effect from April 1, 2009, to June 30, 2011, with an annual revenue loss of about \$5 billion.
- The General Fund sales tax rate was further lowered from 5 percent to 3.9375 percent to fund 2011 Realignment.
- A Realignment rate of 1.0625 percent was permanently established to fund public safety programs through the Local Revenue Fund 2011.
- The Budget assumes the passage of a Constitutional Amendment that increases the sales tax rate by 0.5 percent from January 1, 2013, to December 31, 2016.

The sales tax is expected to generate General Fund revenues of \$18.8 billion in 2011-12 and \$20.8 billion in 2012-13. Figure REV-08 displays Sales and Use Tax revenues for the General Fund, as well as special funds, for 2010-11 through 2012-13.

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Figure REV-08

**Sales Tax Revenue**

(Dollars in Thousands)

	<b>2010-11 Preliminary</b>	<b>2011-12 Forecast</b>	<b>2012-13 Forecast</b>
General Fund	\$26,983,000	\$18,777,000	\$20,769,000
Sales and Use Tax-Realignment	2,469,129	2,661,201	2,774,986
Sales and Use Tax-2011 Realignment	0	5,107,000	5,320,000
Public Transportation Account	327,602	589,419	643,393
Economic Recovery Fund	1,216,641	1,311,000	1,394,000
<b>Total</b>	<b>\$30,996,372</b>	<b>\$28,445,620</b>	<b>\$30,901,379</b>

Through the first three quarters of calendar year 2010, the largest contributors to the sales tax base were wholesale trade at 11.3 percent, food services and establishments serving alcoholic beverages at 11.0 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 9.6 percent.

Taxable sales, including gas, decreased by 4.4 percent in 2009-10. Based on preliminary data, it is estimated that taxable sales have increased by 7.5 percent in 2010-11. Growth is expected to continue at 6.8 percent in 2011-12 followed by 4 percent in 2012-13.

General Fund revenues beginning in 2010-11 do not include any sales taxes collected from the sale of gasoline because of the fuel tax swap implemented on 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).

Approximately two-thirds of the sales tax is related to consumer spending and paid by households. Such purchases are influenced by employment trends and interest rates. Given that much of the sales tax base is comprised of nonessential 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.

Receipts from Sales and Use Taxes, the state's second largest revenue source, are expected to contribute 21.8 percent of all General Fund revenues and transfers in 2012-13.

Figure REV-09 displays the individual elements of the state and local sales tax rates. Figure REV-10 shows combined state and local tax rates for each county.

Figure REV-09

**2011-12 State and Local Sales and Use Tax Rates**

<b>State Rates</b>		
General Fund	3.94%	Pursuant to Sections 6051.3 and 6051.4 of the Revenue and Taxation Code, this rate is 3.94% but may be temporarily reduced by 0.25% if General Fund reserves exceed specified levels.
Local Revenue Fund 2011	1.06%	Pursuant to Sections 6051.15 and 6201.15 of the Revenue and Taxation Code, beginning on July 1, 2011, revenues attributable to a rate of 1.0625 percent collected pursuant to Section 6051 shall be allocated to the Local Revenue Fund 2011.
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%.
<b>Local Uniform Rates<sup>1</sup></b>		
Bradley-Burns	0.75% <sup>2</sup>	Imposed by city and county ordinance for general purpose use. <sup>3</sup>
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.
<b>Local Add-on Rates<sup>4</sup></b>		
Transactions and Use Taxes	up to 2.00%	May be levied in 0.125% or 0.25% increments <sup>5</sup> up to a combined maximum of 2.00% in any county. <sup>6</sup> Any ordinance authorizing a transactions and use tax requires approval by the local governing board and local voters.

<sup>1</sup> These locally-imposed taxes are collected by the state for each county and city and are not included in the state's revenue totals.

<sup>2</sup> 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.

<sup>3</sup> 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).

<sup>4</sup> 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.

<sup>5</sup> Increments imposed at 0.125 percent are only allowed when revenues are dedicated for library purposes.

<sup>6</sup> An exception to the 2 percent maximum is Los Angeles County, which may impose up to 2.5 percent.

Figure REV-10  
**Combined State and Local Sales and Use Tax  
 Rates by County**

(Rates in Effect on October 1, 2011)

County	Tax Rate	County	Tax Rate	County	Tax Rate
Alameda <sup>1/</sup>	8.75%	Madera	7.75%	San Joaquin <sup>23/</sup>	7.75%
Alpine	7.25%	Marin <sup>11/</sup>	8.00%	San Luis Obispo <sup>24/</sup>	7.25%
Amador	7.75%	Mariposa	7.75%	San Mateo <sup>25/</sup>	8.25%
Butte	7.25%	Mendocino <sup>12/</sup>	7.25%	Santa Barbara	8.75%
Calaveras	7.25%	Merced <sup>13/</sup>	7.25%	Santa Clara <sup>26/</sup>	8.25%
Colusa <sup>2/</sup>	7.25%	Modoc	7.25%	Santa Cruz <sup>27/</sup>	8.00%
Contra Costa <sup>3/</sup>	8.25%	Mono <sup>14/</sup>	7.25%	Shasta	7.25%
Del Norte	7.25%	Monterey <sup>15/</sup>	7.25%	Sierra	7.25%
El Dorado <sup>4/</sup>	7.25%	Napa	7.75%	Siskiyou <sup>28/</sup>	7.25%
Fresno <sup>5/</sup>	7.975%	Nevada <sup>16/</sup>	7.375%	Solano	7.375%
Glenn	7.25%	Orange <sup>17/</sup>	7.75%	Sonoma <sup>29/</sup>	8.00%
Humboldt <sup>6/</sup>	7.25%	Placer	7.25%	Stanislaus <sup>30/</sup>	7.375%
Imperial <sup>7/</sup>	7.75%	Plumas	7.25%	Sutter	7.25%
Inyo	7.75%	Riverside <sup>18/</sup>	7.75%	Tehama	7.25%
Kern <sup>8/</sup>	7.25%	Sacramento <sup>19/</sup>	7.75%	Trinity	7.25%
Kings	7.25%	San Benito <sup>20/</sup>	7.25%	Tulare <sup>31/</sup>	7.75%
Lake <sup>9/</sup>	7.25%	San Bernardino <sup>21/</sup>	7.75%	Tuolumne <sup>32/</sup>	7.25%
Lassen	7.25%	San Diego <sup>22/</sup>	7.75%	Ventura <sup>33/</sup>	7.25%
Los Angeles <sup>10/</sup>	8.75%	San Francisco	8.50%	Yolo <sup>34/</sup>	7.25%
				Yuba <sup>35/</sup>	7.25%

<sup>1/</sup> 9.00% for sales in the City of San Leandro and 9.25% for sales in the City of Union City.

<sup>2/</sup> 7.75% for sales in the City of Williams.

<sup>3/</sup> 8.75% for sales in the Cities of Richmond, Pinole, and Concord and 9.25% in the City of El Cerrito.

<sup>4/</sup> 7.75% for sales in the Cities of Placerville and South Lake Tahoe.

<sup>5/</sup> 8.475% for sales in the Cities of Reedley and Selma and 8.725% for sales in the City of Sanjour.

<sup>6/</sup> 8.00% for sales in the Cities of Eureka, Arcata and Trinidad.

<sup>7/</sup> 8.25% for sales in the City of Calexico.

<sup>8/</sup> 8.25% for sales in the Cities of Arvin and Delano.

<sup>9/</sup> 7.75% for sales in the City of Clearlake and the City of Lakeport.

<sup>10/</sup> 9.25% for sales in the Cities of Avalon, El Monte, Inglewood, Santa Monica, and South El Monte and 9.75% for sales in Pico Rivera and South Gate.

<sup>11/</sup> 8.50% for sales in the Cities of Novato and San Rafael.

<sup>12/</sup> 7.75% for sales in the Cities of Fort Bragg, Point Arena, Ukiah, and Willits.

<sup>13/</sup> 7.75% for sales in the Cities of Merced, Los Banos, and Gustine.

<sup>14/</sup> 7.75% for sales in the City of Mammoth Lakes.

<sup>15/</sup> 7.75% for sales in the Cities of Salinas and Sand City and 8.25% in the Cities of Del Rey Oaks, Marina, Pacific Grove, and Seaside.

<sup>16/</sup> 7.875% for sales in the Cities of Truckee and Nevada City.

<sup>17/</sup> 8.25% for sales in the City of La Habra.

<sup>18/</sup> 8.75% for sales in the City of Cathedral City.

<sup>19/</sup> 8.25% for sales in the City of Galt.

<sup>20/</sup> 8.00% for sales in the City of San Juan Bautista and 8.25% for sales in the City of Hollister.

<sup>21/</sup> 8.00% for sales in the City of Montclair and the City of San Bernardino.

<sup>22/</sup> 8.25% for sales in the City of Vista, 8.5% for the City of La Mesa, and 8.75% for sales in the Cities of El Cajon and National City.

<sup>23/</sup> 8.00% for sales in the City of Stockton and 8.25% for sales in the Cities of Manteca and Tracy.

<sup>24/</sup> 7.75% for sales in the Cities of Arroyo Grande, Morro Bay, Grover Beach, San Luis Obispo, and Pismo Beach.

<sup>25/</sup> 8.50% for sales in the Cities of Hillsdale and San Mateo.

<sup>26/</sup> 8.50% for sales in the City of Cambell.

<sup>27/</sup> 8.25% for sales in the Cities of Watsonville and Capitola and 8.50% for sales in the City of Santa Cruz.

<sup>28/</sup> 7.50% for sales in the City of Mount Shasta.

<sup>29/</sup> 8.25% for sales in the City of Sebastopol and 8.50% for Cotati, Rohnert Park, and Santa Rosa.

<sup>30/</sup> 7.875% for sales in the City of Ceres.

<sup>31/</sup> 8.00% for sales in the City of Visalia. 8.25% for sales in the Cities of Farmersville, Porterville, and Tulare.

8.50% for sales in the City of Dinuba.

<sup>32/</sup> 7.75% for sales in the City of Sonora.

<sup>33/</sup> 7.75% for sales in the Cities of Oxnard and Port Huememe.

<sup>34/</sup> 7.75% for sales in the Cities of West Sacramento and Davis and 8.00% for sales in the City of Woodland.

<sup>35/</sup> 7.75% for sales in the City of Wheatland.

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### **CORPORATION TAX**

Corporation Tax revenues are expected to contribute 9.8 percent of all General Fund revenues and transfers in 2012-13. Corporation Tax revenues were \$9.6 billion in 2010-11 and are expected to decline by 1.4 percent to \$9.5 billion in 2011-12. In 2012-13, they are expected to decline another 1.5 percent to \$9.3 billion. This is in part a function of recent policy changes discussed below. Corporation Tax revenues are driven by corporate profits, which generally track the overall business cycle. Further, 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 ability of taxpayers to elect single sales factor apportionment, which is operative for tax years beginning on or after January 1, 2011.
- 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 for taxpayers to carry back net operating losses to prior years, which is operative for tax years beginning on or after January 1, 2012.
- 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 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.

From 1943 through 1985, Corporation Tax liability as a percentage of profits closely tracked the corporation tax rate. Since 1986, increasing S-corporation activity and use of credits have been 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.

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### **INSURANCE TAX**

Most insurance policies written in California are 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.

To provide interim funding for the Healthy Families and Medi-Cal programs, Chapter 11, Statutes of 2011, expanded the 2.35-percent gross premiums tax to the Medi-Cal managed care plans through June 30, 2012. The Budget proposes to permanently extend this tax on Medi-Cal managed care plans. All tax receipts collected from this proposed extension would remain in the budget of the Department of Health Care Services.

Figure REV-11 displays the distribution of total Insurance Tax revenues from 2010-11 through 2012-13.

Figure REV-11  
**Insurance Tax Revenue**  
(Dollars in Millions)

	<b>2010-11 Preliminary</b>	<b>2011-12 Forecast</b>	<b>2012-13 Forecast</b>
General Fund	\$2,076.9	\$2,042.0	\$2,179.0
Children's Health and Human Services Special Fund	230.1	234.2	352.4
<b>Total</b>	<b>\$2,307.0</b>	<b>\$2,276.2</b>	<b>\$2,531.4</b>

The Department of Finance conducts an annual survey to project insurance premium growth. Responses were received this year from a sample representing about 42 percent of the dollar value of premiums written in California.

In 2010, \$114.4 billion in taxable premiums were reported, representing a decrease of 0.1 percent from 2009. The most recent survey indicates that total premiums will increase by 6.5 percent and 3.8 percent in 2011 and 2012, respectively. The estimated yearly growth rates in taxable premiums from workers' compensation insurance are mixed: survey respondents reported a decline of 1.3 percent in 2011 and an increase of 3.8 percent in 2012. The primary reason for the decline in the Insurance Tax revenue estimate from 2010-11 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. These refunds are also expected to dampen 2012-13 revenue. The California Department of Insurance estimates that the refunds resulting from to this decision are as follows: \$2 million in 2010-11, \$239 million in 2011-12, and \$149 million in 2012-13.

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### 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. The tax rates per gallon are applied as follows: (1) \$0.20 for beer, dry wine, and sweet wine, (2) \$0.30 for sparkling wine, and (3) \$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 decline by about 3 percent in 2011-12 before returning to a 2-percent increase in 2012-13. Revenues from this tax were \$334 million in 2010-11 and are forecasted to be \$323 million in 2011-12 and \$329 million in 2012-13.

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### 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 projected per capita consumption of cigarettes and population growth, while revenue estimates for other tobacco products also 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 reduced cigarette consumption considerably.

Annual per capita consumption (based on population ages 18-64) declined from 123 packs in 1989-90 to 84 packs in 1997-98 and 41 packs in 2010-11. This forecast assumes an annual decline in total consumption of approximately 3 percent.

Figure REV-12 shows the distribution of tax revenues for the General Fund and various special funds for 2010-11 through 2012-13.

Figure REV-12  
**Tobacco Tax Revenue**  
(Dollars in Millions)

	2010-11 Preliminary	2011-12 Forecast	2012-13 Forecast
General Fund	\$96.1	\$93.0	\$90.0
Cigarette and Tobacco Products Surtax Fund	285.0	277.0	269.0
Breast Cancer Fund	19.2	19.0	18.0
California Children and Families First Trust Fund	505.0	490.0	476.0
<b>Total</b>	<b>\$905.3</b>	<b>\$879.0</b>	<b>\$853.0</b>

## PROPERTY TAXES

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 generally offset General Fund expenditures.

Assessed value growth is estimated based on twice-yearly surveys of county assessors and evaluation of real estate trends. Sales volumes and prices of new and used homes and condominiums declined moderately from 2010 to 2011 (with activity in the 2011 calendar year driving fiscal year 2012-13 property tax revenues). These declines were less than in some prior years, however, and will be offset somewhat by reductions in the number of foreclosures and notices of default. Property tax revenues are estimated to increase 0.5 percent from 2010-11 to 2011-12, and increase 0.7 percent from 2011-12 to 2012-13.

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### **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 Economic Growth and Tax Relief Reconciliation Act of 2001 phased out the federal estate tax by 2010. This 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 state “pick-up tax” was scheduled to resume in 2011. However, the 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 for 2011 and 2012. This extension effectively eliminates the California estate tax through 2012. Assuming no changes to current federal or state law, California will begin to collect its portion of the federal estate tax on deaths occurring after January 1, 2013. As a result, no revenues are expected from estate tax in 2010-11 and 2011-12. Because of the lag between death and resolution of an estate, the forecasted revenue from estate tax in 2012-13 is \$45 million. The estate tax remains an issue of significant interest to both political parties, and there is only a narrow range of federal law under which California would receive any revenue from an estate pick-up tax. Therefore, there is substantial uncertainty as to whether the federal estate tax law will remain or be modified to eliminate or substantially reduce the state pick-up tax.

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### **OTHER REVENUES**

#### **UNCLAIMED PROPERTY**

The Budget reflects receipts of \$254 million in 2010-11, \$268 million in 2011-12, and \$324 million in 2012-13 from unclaimed property. The 2011-12 amount includes \$21 million from audits performed on insurance companies. The 2012-13 amount includes \$48.7 million from audits performed on insurance companies and \$7.9 million from the Unclaimed Property Fraudulent Claims Prevention and Detection Program.

#### **INDIAN GAMING**

The Budget reflects General Fund revenues from tribal gaming of \$360 million annually in 2010-11 through 2012-13. Additionally, since 2009-10, about \$100 million has been transferred annually from a special deposit fund to the General Fund for certain

transportation programs that would otherwise be funded with revenues from a bond sale yet to occur. Absent a bond sale, the Administration proposes to continue this funding arrangement through 2015-16.

**LOANS AND TRANSFERS FROM SPECIAL FUNDS**

The Budget proposes the following repayments for certain loans previously made from various special funds to the General Fund be deferred until future years, resulting in temporary savings to the General Fund:

- \$27 million in 2011-12
- \$605.5 million in 2012-13

**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.

Total special fund revenues are estimated to be \$38.6 billion in 2012-13. Taxes and fees related to motor vehicles are expected to comprise about 30 percent of all special fund revenue in 2012-13. The principal sources are motor vehicle fees (registration, weight, and vehicle license fees) and motor vehicle fuel taxes. During 2012-13, it is expected that about \$12 billion in revenues will be derived from the ownership or operation of motor vehicles. About 27 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-13 displays revenue from these sources from 2010-11 through 2012-13.

Figure REV-13  
**Motor Vehicle Fees Special Fund Revenue**  
(Dollars in Thousands)

	<b>2010-11 Preliminary</b>	<b>2011-12 Forecast</b>	<b>2012-13 Forecast</b>
Vehicle License Fees	\$1,838,597	\$2,049,577	\$2,091,129
Registration, Weight, and Other Fees	<u>3,359,359</u>	<u>3,918,191</u>	<u>3,846,459</u>
<b>Total</b>	<b>\$5,197,956</b>	<b>\$5,967,768</b>	<b>\$5,937,588</b>

## REVENUE ESTIMATES

The Vehicle License Fee (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 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. In 2012-13, the estimated value of the VLF backfill to local governments is \$6 billion. 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 from May 19, 2009, through June 30, 2011. Out of the 0.5-percent increase, all of which was deposited into the General Fund, 0.15 percent went towards funding local law enforcement and the remaining 0.35 percent went to the General Fund. It is estimated that an additional \$80 million in revenue associated with the 0.5-percent VLF increase will be collected in 2011-12 from customers making late payments. As a result, in 2011-12, local law enforcement is expected to receive an additional \$24 million, and the General Fund is expected to receive an additional \$56 million. Effective July 1, 2011, the VLF returned to the 0.65-percent rate.

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 29,643,974 in 2011-12 and is expected to decline to 28,483,919 in 2012-13. Consistent with expected increases in national new vehicle sales due to the availability of consumer credit, an improving employment picture, and projected increases to after-tax income, the forecast projects that there will be 1,483,000 new vehicles registered in 2011-12, and this will increase to 1,644,000 new vehicles in 2012-13.

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. Due partly to the expected increase in truck sales reflecting an improving business climate, weight fee revenues are expected to increase by about 2.0 percent in 2011-12 and 2012-13.

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### **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 are apportioned to local jurisdictions for street and highway use.

## REVENUE ESTIMATES

Gasoline consumption was down 0.5 percent in 2010-11 when compared to the prior fiscal year. Gasoline consumption is expected to decrease 0.6 percent in 2011-12 and then increase 1.9 percent in 2012-13.

Because most diesel fuel is consumed by the commercial trucking industry, consumption is affected most significantly by general economic conditions. Diesel fuel consumption fell 1 percent in 2010-11. However, a recovering economy is expected to contribute to growth of 3.8 percent in diesel consumption in 2011-12 followed by 3-percent growth in 2012-13.

Motor Vehicle Fuel Tax collections are shown in Figure REV-14.

Figure REV-14

**Motor Vehicle Fuel Tax Revenue**  
(Dollars in Thousands)

	<b>2010-11 Preliminary</b>	<b>2011-12 Forecast</b>	<b>2012-13 Forecast</b>
Gasoline <sup>1</sup>	\$5,231,599	\$5,230,507	\$5,222,580
Diesel	473,928	378,427	322,436
<b>Total</b>	<b>\$5,705,527</b>	<b>\$5,608,934</b>	<b>\$5,545,016</b>

<sup>1</sup> Does not include jet fuel.

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 35.7 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.

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 13 cents per gallon in 2011-12. Dyed diesel fuel, which is used for off-highway purposes 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. This tax swap is intended to be revenue-neutral. To maintain revenue neutrality, the excise tax rate is adjusted each year. For 2011-12, the rate is set at 35.7 cents per gallon. The Budget forecasts that the excise tax on gasoline will be 35 cents per gallon in 2012-13.

Beginning in 2011-12, the fuel tax swap increased the sales tax on diesel fuel by 1.87 percent, while decreasing the excise tax to maintain revenue neutrality. For 2011-12, the excise tax rate was reduced by 5 cents and is set at 13 cents per gallon. The Budget forecasts that the excise tax on diesel fuel will be set at 10.5 cents per gallon in 2012-13, and the sales tax rate will be increased by 2.17 percent in the same year.

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.

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## **SUMMARY OF STATE TAX SYSTEM**

The state's tax system is outlined at the end of this section in 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-15  
**Outline of State Tax System  
as of January 1, 2012**

Major Taxes and Fees	Base or Measure	Rate	Administering Agency	Fund
<b>Alcoholic Beverage Excise Taxes:</b>				
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
<b>Corporation:</b>				
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%	Franchise	General
<b>Tobacco:</b>				
Cigarette	Package	\$0.87 [2]	Equalization	See below [2]
Other Tobacco Products	Wholesale cost	31.73% [3]	Equalization	See below [3]
<b>Estate</b>	Taxable Fed. Estate	0% [4]	Controller	General
<b>Insurance</b>				
Insurers	Gross Premiums	2.35% [5]	Insurance Dept.	General
Medi-Cal managed care plans	Gross Premiums	2.35%	Health Care Services	See below [6]
<b>Liquor License Fees</b>	Type of license	Various	Alc. Bev. Control	General
<b>Motor Vehicle:</b>				
Vehicle License Fees (VLF)	Market value	0.65%	DMV	Motor VLF, Local Revenue [7]
Fuel—Gasoline	Gallon	\$0.357 [8]	Equalization	Motor Vehicle Fuel [9]
Fuel—Diesel	Gallon	\$0.13 [10]	Equalization	Motor Vehicle Fuel
Registration Fees	Vehicle	\$69.00	DMV	Motor Vehicle [11]
Weight Fees	Gross Vehicle Wt.	Various	DMV	State Highway
<b>Personal Income</b>	Taxable income	1.0-9.3% [12]	Franchise	General
Proposition 63 Surcharge	Taxable income > \$1 million	1.0%	Franchise	Mental Health Services
Alternative Minimum Tax	Alt. Taxable Income	7.0%	Franchise	General
<b>Retail Sales and Use</b>	Sales or lease of taxable items	7.25% [13]	Equalization	See below [13]

[1] Minimum Tax is \$800 per year for existing corporations. New corporations are exempt 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] The surtax rate is determined annually by the BOE and is equivalent to the combined rate of tax applied to cigarettes, with funding for the Cigarette and Tobacco Products Surtax Fund and California Children and Families First Trust Fund. Effective July 1, 2011, through June 30, 2012, the rate is 31.73 percent of the wholesale cost.

[4] Since 2005 and through the end of 2012, federal estate tax law is structured such that California will receive none of the "state pick-up" estate tax for those years. However, under current law, starting in January 1, 2013, the federal estate tax will return to its pre-2011 structure and California will, again, begin to receive estate tax payments for estates for which the death occurred on or after January 1, 2013.

[5] 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.

[6] Insurance tax on Medi-Cal managed care plans through June 30, 2012, pursuant to Chapter 11, Statutes of 2011 (X1 AB 21), to provide interim funding for the Healthy Families and Medi-Cal programs.

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

[8] 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.

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

[10] 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.

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

[12] The Budget assumes passage of the Governor's proposal for a Constitutional Amendment on the November 2012 ballot which would temporarily add three tax brackets for taxable incomes beginning at \$250,000 (\$500,000 joint) with rates of 10.3 percent, 10.8 percent, and 11.3 percent.

[13] The 7.25 percent rate includes the rates for General Fund, Special Funds, and uniform local rates. Additionally, cities and counties may generally assess up to an additional 2.00 percent to the statewide rate. The Budget assumes passage of the Governor's proposal for a Constitutional Amendment on the November 2012 ballot which would temporarily increase the Sales and Use Tax rate by 0.5 percent.

## DEMOGRAPHIC INFORMATION

Results from the 2010 Census, initially released on December 21, 2010, have now been incorporated into current population estimates. In addition to being used for budget planning, state-produced demographic data are used by local officials to calculate their annual appropriations limits and by state officials to calculate state subvention funds distributed on a per capita basis.

There was a 1.25 million discrepancy between the census count for California and the estimate produced by the Department of Finance. Although discrepancies between estimates and censuses occur every decade, this discrepancy was larger than expected and likely resulted from the depth of the recession late in the decade that caused net domestic migration to other states. The reduced base population from the 2010 census will affect population projections, especially in the short term. The Department will be developing ways to better incorporate information about California's economic conditions into population projections.

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### POPULATION OVERVIEW

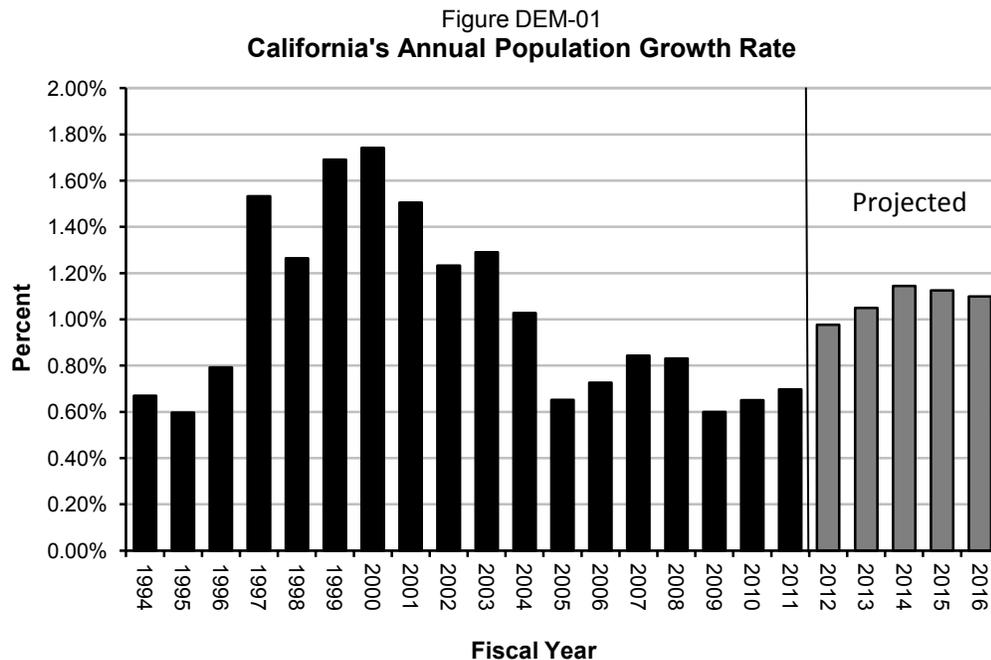
The Budget assumes a population estimate of more than 37.5 million people residing in California as of mid-2011. California continues to experience moderate growth, growing by only 0.7 percent in the last fiscal year, which is slightly higher than each of the previous two years.

- The estimate of the population on July 1, 2011 is 37,579,000.

## DEMOGRAPHIC INFORMATION

- The population is forecast to be 37,946,000 by July of 2012 and 38,344,000 by July of 2013, reflecting a short-term annual growth rate of 1.01 percent.

Figure DEM-01 displays the projected annual growth rates through 2016.

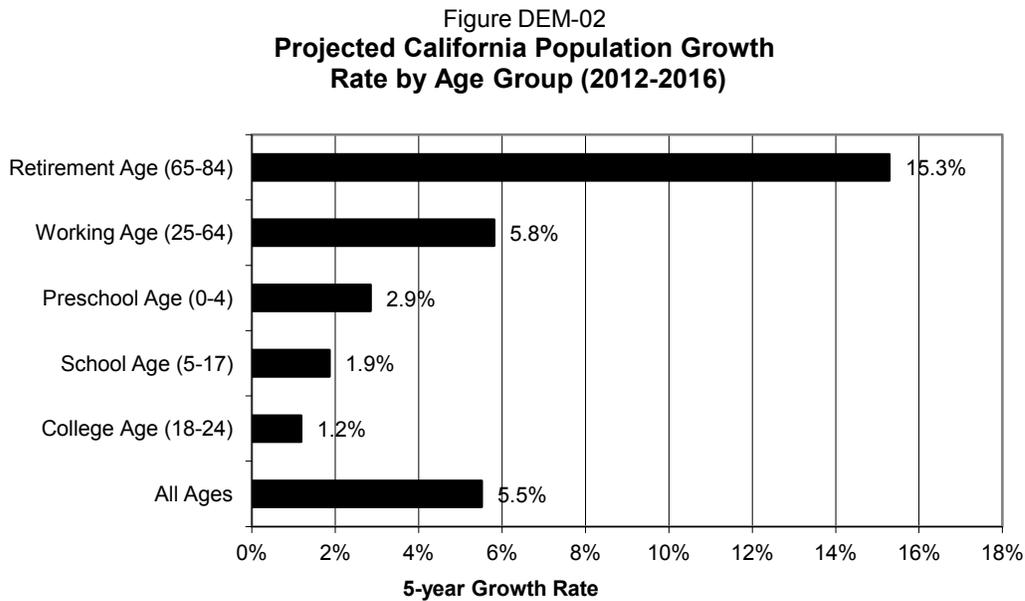


Through the next five years, the state will start to grow at a higher rate, averaging 414,000 additional residents each year. Natural increase (more children being born than people dying) will account for two-thirds of the growth, while net migration (people moving to California from other states and other countries, less those moving out) accounts for the remaining third. By July 2016, California will have added almost 2.1 million people and have a population of over 39.6 million, a five-year growth rate of 5.5 percent. If California continues to grow at this pace, the state population will not exceed 50 million before 2040.

Population growth rates vary significantly by age group. The state's projected total five-year population growth of 5.5 percent is almost double the anticipated 2.9-percent growth in the preschool-age group, as births declined for calendar years 2009 and 2010. Both the school-age group and the college-age group will grow even more slowly, with growth rates of 1.9 percent and 1.2 percent respectively. The working-age

population will grow by 1.2 million or 5.8 percent. The population of the retirement-age group, those over age 65, will continue to soar, with a five-year growth rate of more than 15 percent.

Figure DEM-02 shows the projected cumulative growth rates by age group through 2016.



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## REALIGNMENT

The finances of the state and local governments have been closely linked since the passage of Proposition 13 in 1978. Counties have been heavily dependent on state budget decisions regarding programs in which they share the cost and programs they administer for the state.

Government is most effective at the local level, where locally elected officials can tailor programs to local needs and priorities. In a state as diverse as California, it is difficult to establish programs that are equally effective and make sense in both large urban and small rural areas.

Over the past three decades, there have been attempts to clarify and simplify which level of government pays for what services. These efforts include the 1991 Realignment program, in which counties assumed responsibility for community mental health and indigent health funding, and the 1997 state assumption of trial court funding designed to bolster equal access to justice for citizens across the state.

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### **2011 PUBLIC SAFETY REALIGNMENT**

The 2011 Budget includes a major realignment of public safety programs from the state to local governments. The realignment moves program and fiscal responsibility to the level of government that can best provide the service, eliminating duplication of effort, generating savings, and increasing flexibility. The implementation of the Community

## REALIGNMENT

Corrections Grant Program authorized by AB 109 will end the costly revolving door of lower-level offenders and parole violators through the state's prisons.

The goals of 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 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.
- 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.

With resources and program responsibility at the local level, each county Board of Supervisors can integrate programs across the spectrum of health and human services and law enforcement to best meet the needs of its citizens, limit program cost increases, and achieve better outcomes.

### **CONSTITUTIONAL PROTECTION**

The Governor is sponsoring an initiative to provide Constitutional protection for the revenue dedicated to 2011 Realignment. This initiative will also protect local government against future costs imposed upon them, as well as provide mandate protection for the state.

### **REALIGNED PROGRAMS**

2011 Realignment gives counties the funding responsibility for:

- Substance Abuse Treatment programs

- Adult Protective Services
- Foster Care
- Child Welfare Services
- Adoptions and Adoption Assistance
- Child Abuse Prevention
- Mental Health Managed Care
- Early Periodic Screening, Diagnosis, and Treatment (EPSDT) Program
- Court Security
- Local Law Enforcement Programs (which include allocations for cities)
- Community Corrections Programs (Lower-Level Offenders, Parole, and Parole Violators)
- Juvenile Justice Programs

In addition, community mental health programs previously funded in 1991 Realignment are now funded by revenue dedicated for 2011 Realignment. The 1991 Realignment funding previously dedicated to mental health programs is allocated to a new Maintenance of Effort Subaccount in 1991 Realignment to cover costs of cash assistance grants to low-income families.

#### **FUNDING MODEL FOR LOWER-LEVEL OFFENDERS, PAROLE, AND PAROLE VIOLATORS**

As part of the implementation of AB 109, the Department of Finance developed a funding model based on assumptions about costs of activities for these offenders at the local level. For each category (parole violators, parolees, and local jurisdiction for lower-level offenders), an Average Daily Population was determined along with assumptions about average length of jail stays, program and treatment costs, and probation monitoring costs, as well as administrative costs. The California Department of Corrections and Rehabilitation developed month-by-month projections of persons on post-release community supervision and numbers of lower-level offenders in order to assist counties in planning for program needs.

## REALIGNMENT

The 2011-12 county funding allocation for this program was developed by the California State Association of Counties, working with county executive officers, using three factors—the estimates of the number of offenders who would be under the jurisdiction of each county, each county’s population between the ages of 18 to 64, and a county’s success under the felony probation program initiated under Chapter 608, Statutes of 2009 (SB 678).

The allocation for the community corrections programs was for 2011-12 only in order to gain more program experience before determination of a permanent allocation.

### **LOCAL IMPLEMENTATION OF COMMUNITY CORRECTIONS PROGRAMS**

Each county is required to have a Community Corrections Partnership, which is charged with developing an implementation plan to deal with the population serving their sentence at the local level. Most counties have completed their plans and offer a wide range of intermediate sanctions, supervision, and treatment options in addition to appropriate jail time. For example, counties can utilize Pre-Trial Release Programs with enhanced supervision, Day Reporting Centers, and flash incarceration in addition to providing behavioral health assessments and treatment, housing, and employment services. These intermediate sanctions and treatment services can help prevent the revolving door of the corrections system.

With only three months of information available, it is difficult to gauge exactly how numbers to date are tracking to 2011 Budget Act estimates on a county-by-county basis. The Administration will continue to work closely with counties to monitor and analyze the information to see if adjustments are necessary. This information will be useful in developing future allocations.

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### **2011 REALIGNMENT FUNDING**

The 2011 Realignment is funded through two sources – a state special fund sales tax of 1.0625 percent totaling \$5.1 billion and \$462.1 million in Vehicle License Fees (VLF).

Figure REA-01 identifies the programs and funding for 2011 Realignment.

At the time of the final Budget, the estimate for 2011-12 sales tax was \$5,105.7 million. This estimate has been revised to \$5,107 million. The 2011-12 VLF estimate at the time of budget enactment was \$453.4 million. This estimate has been revised upward to \$462.1 million. Pursuant to Chapter 40, Statutes of 2011, these funds are deposited into the Local Revenue Fund 2011 on an ongoing basis for allocation to the counties and are available only for the purposes of 2011 Realignment.

Figure REA-01  
**2011 Realignment Funding**  
(Dollars in Millions)

<b>Program</b>	<b>2011-12</b>	<b>2012-13</b>	<b>2013-14</b>	<b>2014-15</b>
Court Security	\$496.4	\$496.4	\$496.4	\$496.4
Local Public Safety Programs	489.9	489.9	489.9	489.9
Local Jurisdiction for Lower-level Offenders and Parole Violators				
Local Costs	239.9	581.1	759.0	762.2
Reimbursement of State Costs	957.0	-	-	-
Realign Adult Parole				
Local Costs	127.1	276.4	257.0	187.7
Reimbursement of State Costs	262.6	-	-	-
Mental Health Services				
Early and Periodic Screening Diagnosis and Treatment	-	544.0	544.0	544.0
Mental Health Managed Care	-	188.8	188.8	188.8
Existing Community Mental Health Programs	1,104.8	1,164.4	1,164.4	1,164.4
Substance Abuse Treatment	179.7	179.7	179.7	179.7
Foster Care and Child Welfare Services	1,562.1	1,562.1	1,562.1	1,562.1
Adult Protective Services	54.6	54.6	54.6	54.6
Existing Juvenile Justice Realignment	95.0	98.8	100.4	101.3
Program Cost Growth	-	180.1	443.6	988.8
<b>Total</b>	<b>\$5,569.1</b>	<b>\$5,816.3</b>	<b>\$6,239.9</b>	<b>\$6,719.9</b>
Vehicle License Fee Funds	462.1	496.3	491.9	491.9
1.0625% Sales Tax	5,107.0	5,320.0	5,748.0	6,228.0
<b>Total Revenues</b>	<b>\$5,569.1</b>	<b>\$5,816.3</b>	<b>\$6,239.9</b>	<b>\$6,719.9</b>

## FUNDING STRUCTURE FOR 2011 REALIGNMENT

Although the revenue stream for 2011 Realignment is ongoing, the program allocations were for the 2011-12 fiscal year only.

Following discussions with the California State Association of Counties, the Administration is proposing a permanent funding structure for 2011 Realignment

for both base and growth funding. Figure REA-02 displays the proposed County Local Revenue Fund structure.

The funding structure is designed to provide local entities with a known, reliable, and stable funding source for these programs. Within each Subaccount, counties will have the flexibility to meet their highest priorities. Counties will be able to use their funds to draw down the maximum amount of federal funding for these programs. In those programs in which there are federal requirements, such as federal eligibility and statewideness, counties will be responsible for meeting those requirements and will be responsible for penalties if they fail to achieve them. The state is committed to assisting counties as appropriate if they need federal state plan amendments, waivers, or other flexibilities.

The following concepts were important in determining the components of the funding framework:

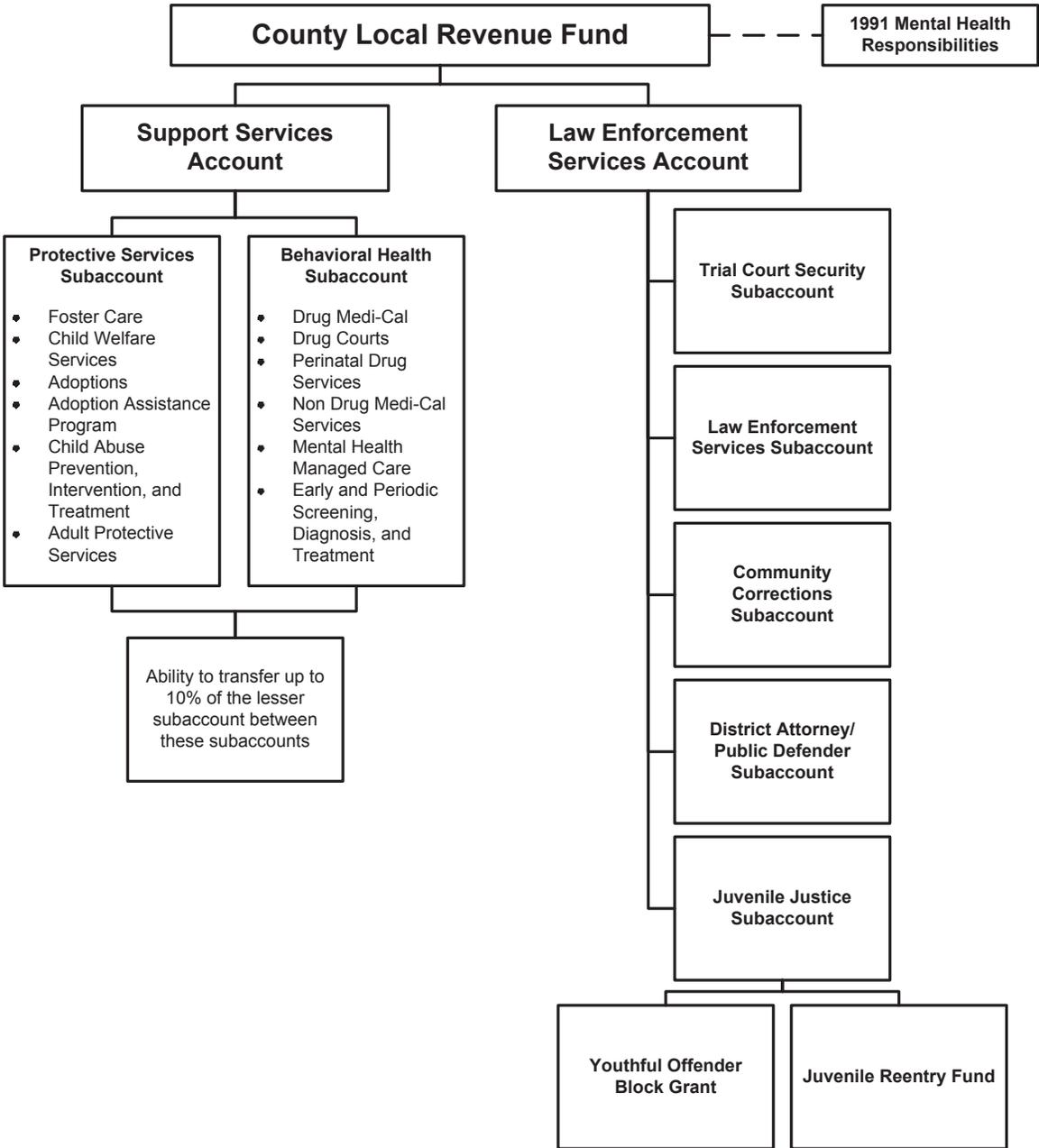
### **Base Funding – Providing Stable Funding**

- The base in each Subaccount should not experience a year-over-year decrease. A statutory mechanism should be in place to deal with the possibility of a year's base being short due to significantly reduced revenues.
- The timing of the program's inclusion in 2011 Realignment and the implementation schedule should affect base funding for each program.
- The base should be a rolling base for each Subaccount; i.e., the base plus growth equals the subsequent year's base.
- The 1991 Mental Health program should continue to receive revenue based on its 1991 formula.

### **Growth Funding**

- Funding for program growth should be distributed on a roughly proportional basis, first among Accounts, and then by Subaccounts.
- Within each Subaccount, federally required programs should receive priority for funding if warranted by caseload and costs.

Figure REA-02  
2011 Realignment Funding Structure



## REALIGNMENT

- Growth funding for the Child Welfare Services (CWS) program is a priority once base programs have been established. Over time, CWS should receive an additional \$200 million.

### **Transferability**

- To provide flexibility, counties should have the ability to transfer a maximum of 10 percent of the lesser subaccount between the Subaccounts within the Support Services Account.
- Beginning in 2015-16, there should be a local option to transfer a portion of the growth among Subaccounts within the Law Enforcement Services Account.
- Transfers should be for one year only and not increase the base of any program.

### **Reserve Account**

To provide some cushion for fluctuations in future revenue, a Reserve Account should be established when Sales and Use Tax revenues exceed a specified threshold.

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## **CONTINUING THE WORK OF MOVING GOVERNMENT CLOSER TO THE PEOPLE**

### **ONGOING IMPLEMENTATION OF 2011 REALIGNMENT**

The Administration is committed to a continued partnership with county officials for the successful implementation of 2011 Realignment. These efforts include:

**Refocus State Efforts.** The Administration is committed to a 25-percent reduction in the state operations of program areas that have been realigned. Both the Departments of Alcohol and Drug Programs and Mental Health reduced their program components by that amount before transferring functions to the Department of Health Care Services (DHCS). The new Division of Mental Health and Substance Use Disorder Services within the DHCS will provide appropriate state oversight and assistance for programs realigned to the counties.

The Department of Social Services will develop its 25-percent reduction plan upon county decisions regarding workload within realigned programs and based on federal requirements.

**County Flexibility.** The Administration continues to support efforts to increase the flexibility of counties in administering programs.

**Ongoing Training for AB 109.** The Budget proposes \$8.9 million for a second year of training efforts related to the implementation of AB 109 programs. Of this amount, \$1 million is for statewide training efforts. The remainder is for allocation to each Community Corrections Partnership so the Partnerships have sufficient resources to review and amend plans based on the first year of program experience.

**Other 2011 Realignment Efforts.** As issues arise that appear to be systemic in implementation, the Administration will work with county officials to address them. For example, the Administration will work with counties to develop improved treatment and housing options for offenders who are incarcerated and suffer from mental illness, as necessary.

### **INCREASED LOCAL FLEXIBILITY FOR SCHOOLS**

Increasing local flexibility and local decision-making is not just associated with counties. Over the past 30 years, the state also has made more and more decisions for local schools. The Budget proposes a weighted pupil funding formula to be phased in over the next five years. This will reduce the complexity and administrative costs for school districts and provides significant additional flexibility to local districts by consolidating funding for the vast majority of categorical programs and revenue limits into a single source. Current accountability measures will be used, along with locally developed measures, as the basis for evaluating and rewarding school performance under this new finance model.

### **JUVENILE JUSTICE REFORM**

One of the more successful efforts over the past 15 years has been the change in jurisdiction of juvenile offenders from the state to counties. Over the last decade, the number of wards in state juvenile facilities has decreased from over 10,000 to approximately 1,100.

The Administration wants to build on this success and eventually have the counties manage all youthful offenders. This effort must be done thoughtfully and carefully to provide the best placement and treatment options for these youth. The Budget proposes to stop the intake of new juvenile offenders to the Division of Juvenile Justice (DJJ) effective January 1, 2013. The DJJ's population will gradually diminish through attrition.

## REALIGNMENT

The state is committed to providing the necessary resources and assistance to local governments for a successful transition. Recognizing that counties will need resources and support to secure appropriate placements and treatment options for additional offenders, many of whom need mental health and substance abuse treatment, the Budget proposes \$10 million General Fund in 2011-12 for counties to begin planning for this population. To help with the transition and prevent the disinvestment of funds in juvenile justice at the local level, the state will delay collection of recently imposed additional fees for those wards housed in the DJJ.

### **PHASE 2 REALIGNMENT**

The implementation of Phase 2 of Realignment is linked to the ongoing discussion of how California will implement federal health care reform.

Under health care reform, counties will have a significant role in Medi-Cal eligibility determinations. The focus of the Phase 2 Realignment discussion with counties and others in the coming months will revolve around the appropriate relationships between the state and counties in the funding and delivery of health care as about two million additional people will shift from county indigent programs to the Medi-Cal caseload. Additional data are needed to inform decisions about implementation.

The discussion also will involve what additional programs the counties should be responsible for when the state assumes the majority of costs of healthcare.

## 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, the Judicial Branch, Governor's Office, and Constitutional Officers.

The Budget includes total funding of \$8.5 billion (\$2.6 billion General Fund and \$5.9 billion other funds) in 2012-13 for all programs included in this area.

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### JUDICIAL BRANCH

The Judicial Branch consists of the state-level judiciary which includes the Supreme Court, the Courts of Appeal, and the Administrative Office of the Courts. There are also 58 superior courts in the state.

Significant Adjustment:

- The Budget includes an augmentation of \$50 million Trial Court Trust Fund in 2012-13 from proposed civil court fee increases in light of the General Fund budget reductions in recent years. The courts' General Fund budget has been reduced by 21 percent since 2007-08. These funds would be available to offset the ongoing impact of these cuts.

Ballot Trigger Reduction:

- The Judicial Branch would be reduced by \$125 million in 2012-13 if the Governor's tax proposal is not approved in November. While the Branch would determine how to implement this reduction, it is the equivalent of court closures equal to three days per month.

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## **GOVERNOR'S OFFICE OF BUSINESS AND ECONOMIC DEVELOPMENT**

Chapter 475, Statutes of 2011, created the Governor's Office of Business and Economic Development (GO-Biz) to serve as the lead state entity for economic strategy and marketing of California on issues relating to business development, private sector investment, and economic growth. The GO-Biz provides a single point of contact for economic development, business assistance and job creation efforts, and works with companies and organizations across the state to market the benefits of doing business in California.

Significant Adjustment:

- The Budget proposes \$4.1 million General Fund to support the annual operations of the GO-Biz. The Governor's reorganization proposal would also consolidate the Infrastructure Bank, the Film and Tourism Commissions, the Small Business Centers, and the Small Business Guarantee Loan Program within the GO-Biz.

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## **CALIFORNIA EMERGENCY MANAGEMENT AGENCY**

The principal objective of the California Emergency Management Agency (Cal EMA) is to reduce vulnerability to hazards through emergency management. The Cal EMA coordinates emergency activities to save lives and reduce property loss during disasters and to expedite recovery from the effects of disasters. The Cal EMA provides leadership, assistance, and support to state and local agencies in planning and preparing for the most effective use of federal, state, local, and private sector resources in emergencies.

Significant Adjustment:

- Consistent with the Administration's continued efforts to streamline state government, the Budget proposes to relocate the California Specialized Training

Institute from San Luis Obispo to more populated locations in northern and southern California. The Institute offers specialized training that focuses on emergency management, criminal justice, and hazardous materials. The relocation will result in state savings of \$1.5 million (\$0.2 million General Fund and \$1.3 million other funds) in 2012-13. In addition, local governments will save travel costs since the training will be available in central locations that are more easily accessible.

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## **GOVERNOR'S OFFICE**

The Office of the Governor provides 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. In 2011-12, the Governor's Office reduced its budget by 25 percent, or \$4.5 million. In recognition of the state's fiscal crisis, the budget for the Governor's Office remains at the level budgeted for 2011-12. The Governor is committed to ensuring that his office contains costs through being more efficient and continuing to do more with less.

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## **DEPARTMENT OF JUSTICE**

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

Proposal to Balance the Budget:

- The Budget proposes to shift support for the Armed Prohibited Persons System from the General Fund to the Dealers' Record of Sale Account. This results in a decrease of \$4.9 million in General Fund expenditures beginning in 2012-13. Chapter 743, Statutes of 2011, expanded the allowable uses of the Dealers' Record of Sale Account to include regulatory and enforcement activities related to possession of firearms, thus permitting the shift in funding source for this program.

Other Significant Adjustment:

- The 2011 Budget Act eliminated \$71.5 million in General Fund support for the Division of Law Enforcement. The Budget partially restores the Division of Law Enforcement and creates the California Bureau of Special Investigations through

an augmentation of \$11.8 million (\$4.9 million General Fund and \$6.9 million other funds) beginning in 2012-13. Specifically, this funding would allow the DOJ to continue special investigations, prosecute foreign crimes, and address a backlog in entries in the Armed Prohibited Persons System.

Ballot Trigger Reduction:

- The DOJ would be reduced by \$1 million in 2012-13 if the Governor's tax proposal is not approved in November. By 2013-14, this would eliminate the \$4.9 million General Fund resources proposed in the Budget for the Division of Law Enforcement.

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## **BOARD OF EQUALIZATION**

The Board of Equalization (BOE) administers the collection of the sales and use tax, property taxes, and various special taxes, and exercises oversight of the property tax assessment practices of county assessors. The BOE also serves as the appellate body for contested property, income, and business tax assessments.

Significant Adjustments:

- State Responsibility Area Fire Prevention Fee—An increase of \$6.4 million State Responsibility Area Fire Prevention Fund and 57 positions in 2012-13 to collect this fee in accordance with Chapter 8, Statutes of 2011. The fee is expected to generate General Fund savings of \$88 million in 2012-13.
- Out-of-State Use Tax Collection—An increase of \$2.1 million General Fund and 28 positions in 2012-13 to implement collection of use tax from out-of-state retailers in accordance with Chapter 313, Statutes of 2011. This is expected to generate \$50 million in General Fund revenue in 2012-13.

## STATE AND CONSUMER SERVICES

As currently structured, the State and Consumer Services Agency's mission is to help educate consumers and make government more efficient, effective, and accountable for all California taxpayers. Among its many responsibilities, the Agency licenses more than 2.7 million Californians in more than 250 different professions, procures more than \$7.9 billion in goods and services, and oversees the Franchise Tax Board.

The Budget includes total funding of \$36.3 billion (\$689.1 million General Fund) for the Agency.

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### DEPARTMENT OF GENERAL SERVICES

The Department of General Services (DGS) provides centralized services and oversight activities to state agencies over a broad spectrum of areas, including: management of state-owned and leased real estate, maintenance of state-owned buildings, approval of architectural designs for local schools and other state-owned buildings, a quasi-judicial court that hears administrative disputes, publishing services, management of the state's fleet, and procurement of commodities, services, and equipment. These activities are largely funded through fees that are charged to the client departments.

#### CURRENT EFFICIENCY EFFORTS UNDERWAY

Since the economic downturn, expenditure reductions have limited departments' ability to pay for goods and services. Consequently, it is essential for service entities such as DGS to implement efficiencies to reduce client departments' costs. Efforts to identify

## STATE AND CONSUMER SERVICES

efficiencies and better business practices are underway and should result in either cost avoidance or savings for departments. Efforts include:

- Renegotiating nearly 300 departmental leases to reduce lease costs.
- Reducing costs for servicing office equipment by initiating a new equipment maintenance and management insurance program that will replace the multiple service contracts currently used by individual departments.
- Reducing travel arrangement costs for state employees by renegotiating statewide travel services contracts.
- Negotiating with a major airline carrier in an effort to provide air transportation at a cost less than the current discounted rates that are available to employees traveling on state business.
- Examining warehouse utilization to determine opportunities for consolidation, eliminating unnecessary materials, and reducing warehouse space.
- Closing three state garages that are no longer cost effective in comparison to the negotiated commercial rental car company rates.

Proposal to Balance the Budget:

- State Capitol Repairs—A one-time decrease of \$2.7 million in 2012-13 as a result of delaying less-critical repairs to the mechanical systems and other infrastructure repairs until future years.

Other Significant Adjustment:

- Unallocated Reduction—A decrease of \$59.1 million as a result of budgetary savings and rate reductions that will occur as a result of operational efficiencies.

# **BUSINESS, TRANSPORTATION, AND HOUSING**

**A**s currently structured, the Business, Transportation, and Housing Agency includes programs that promote the state's business and economic climate, transportation infrastructure, and affordable housing. 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 \$17.2 billion, which is derived largely from special fund revenues, federal funds, and bond proceeds.

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## **DEPARTMENT OF TRANSPORTATION**

The Department of Transportation (Caltrans) has over 20,000 employees and a budget of \$11.2 billion. Caltrans designs and oversees the construction of state highways, operates and maintains the highway system, funds three intercity passenger rail routes, and provides funding for local mass transit projects. Approximately 50,000 road and highway lane miles and 12,559 state bridges are maintained, and 812 public-use and special-use airports and heliports are inspected. 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 on trucks. Bond funds currently provide more than 16 percent of the total funding available. It is expected that new bond appropriations will be proposed in the spring of 2012 after the Administration has more information regarding cash needs for projects.

### Proposal to Balance the Budget:

- **Weight Fee Revenue Transfer**—A transfer of \$349.5 million in weight fee revenues to the General Fund in 2012-13. The state collects a fee on commercial trucks based on the weight of the vehicle, which represents compensation for the wear and tear on the State's roads and highways. The Budget proposes to transfer existing weight fee revenue above the level needed to offset current debt service on specified general obligation transportation bonds to the General Fund. These funds will be used to offset debt service costs in the future.

### Other Significant Adjustments:

- **Amtrak Cost Increase**—The Budget includes a \$13.9 million increase (growing to \$28 million in 2013-14) in payments to Amtrak for current intercity rail services provided in Southern California. These increases will reduce the amount of funding that otherwise would be available for future capital projects or increased service levels.
- **Mass Transportation Program**—The Budget includes a reduction of \$3.7 million and 41.7 positions to reflect a zero-based analysis of ongoing staffing needs. With the significant reduction of Public Transportation Account funding for capital projects, the Budget proposes a reduction in project oversight positions to appropriate levels. The Budget also proposes to streamline planning and administrative workload.

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## HIGH-SPEED RAIL

The High-Speed Rail Authority (Authority) is responsible for the development and construction of a high-speed passenger train service between San Francisco and Los Angeles/Anaheim (Phase I), with extensions to San Diego and Sacramento and points in-between (Phase II). Proposition 1A, enacted in November 2008, authorizes \$9 billion in bond proceeds for the rail lines and equipment, and an additional \$950 million for state and local feeder lines. The federal government also has awarded the Authority nearly \$3.5 billion, most of which has been designated to fund portions of the project in the Central Valley.

In November 2011, the Authority approved a Funding Plan and a draft Business Plan for the High-Speed Rail project. The revised Business Plan includes updated ridership assumptions, revised cost estimates, and additional funding options. Proposition 1A provides a 90-day review period to evaluate the Authority's Funding Plan before capital

funding can be proposed. The Department of Finance is conducting a comprehensive review of the Funding Plan. The Administration will propose a complete capital outlay and support funding plan early in 2012.

Significant Adjustment:

- Administrative Staffing and Support—The Budget proposes to fund \$6.8 million for some of the contract activities and additional staff the Authority will need in 2012-13 to support legal analysis, accounting, personnel, procurement, grant administration, and information technology, as well as environmental planning, program management oversight, and financial consulting. The Budget proposes a total of \$15.9 million for support of the Authority, which will be revised early in 2012. Regardless of the specifics of the capital proposal, these resources are necessary to enable the Authority to more effectively develop and manage the project.

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## **DEPARTMENT OF MOTOR VEHICLES**

The Department of Motor Vehicles (DMV) promotes driver safety by licensing drivers, and protects consumers and ownership security by issuing vehicle titles and regulating vehicle sales. The Budget proposes \$967 million, all from non-General Fund sources, and 8,441 positions for support of the DMV.

Significant Adjustments:

- The Budget proposes \$4.4 million to increase efficiencies in field offices. The DMV will modernize both its customer flow and appointment systems to minimize the amount of time customers wait. Technology improvements can encourage customers to use the field offices during non-peak times, and the automated written tests will reduce the amount of time it takes to administer knowledge tests. The automated test system will eventually result in a reduction in field office staff.
- The Budget proposes a \$5 discount to customers who use the mail or internet for routine vehicle registration renewals, which will result in savings for the DMV by moving customers from more costly field offices to less expensive methods of renewing vehicle registrations. It is estimated that this will result in an annual savings to vehicle owners of approximately \$100 million statewide.

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## NATURAL RESOURCES

As currently structured, the Natural Resources Agency consists of 27 departments, boards, commissions, and conservancies responsible for administering programs to conserve, protect, restore, and enhance the natural, historical, and cultural resources of California.

The Budget proposes total funding of \$7.8 billion (\$1.9 billion General Fund) and 19,762.8 positions for all programs included in this Agency.

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### DEPARTMENT OF FORESTRY AND FIRE PROTECTION

The Department provides resources management and wildland fire protection services covering over 31 million acres of the State. It operates 228 fire stations and, on average, responds to over 5,600 wildfires annually. The Department also performs the functions of a local fire department through reimbursement agreements with local governments. In six areas of the state, the State contracts with local entities to provide fire protection and prevention services. Other responsibilities include the development and enforcement of fire safety standards through the Office of the State Fire Marshal and the regulation and enforcement of timber harvesting operations. The Budget includes \$1.2 billion and 6,569.4 positions for the Department.

### Significant Adjustment:

- State Responsibility Area Fees—An increase of \$9.3 million State Responsibility Area Fire Prevention Fund in 2012-13 and 28.5 positions as a result of Chapter 8, Statutes of 2011. This legislation established a fee not to exceed \$150 on each structure on a parcel that is within a state responsibility area to pay for the fire prevention activities that benefit the owners of those structures. The Department will provide the Board of Equalization a list of structure owners and the amount of the fee to be assessed per structure, and is also developing a process where structure owners can have their questions answered and their appeals adjudicated. The Administration is continuing to evaluate the long-term structure of the fee, including supplementing the fee with a per-acre charge.

### Department-Specific Efficiency Proposal:

- Timber Harvest Plan Reform—The Administration is committed to improving the health of California forests, continuing California’s commitment to the environment, and supporting the state’s climate and energy goals. The departments of Forestry, Conservation, and Fish and Game, and the State Water Resources Control Board will be seeking ways to improve the timber harvest plan process. The Administration will meet with stakeholders to receive input in developing a proposal.

### Ballot Trigger Reduction:

- The Department’s firefighting capabilities would be reduced by 10 percent, or approximately \$60 million, if the Governor’s tax proposal is not approved in November. This would require cuts to the Department’s fire protection services, including the closure of fire stations and reductions to the emergency air response program.

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## 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 outdoor recreation. The 2011 Budget Act includes an \$11 million General Fund reduction. The reduction will grow to \$22 million, which will result in the closure of up to 70 state parks effective July 1, 2012. The Budget includes \$517.8 million and 4,056.5 positions for the Department.

## Significant Adjustment:

- Revenue Incentive Opportunities—An increase of \$4.3 million State Parks and Recreation Fund in 2012-13 and a shift of \$11 million from its base budget to a continuous appropriation to provide the Department additional flexibility to implement new projects and/or new programs that generate additional revenues and help keep parks open to the public. The Department has been pursuing concessions, operating agreements, and other arrangements with public, non-profit, and private entities to keep as many parks open as possible.

## Ballot Trigger Reduction:

- All seasonal lifeguards and 20 percent of park rangers would be eliminated if the Governor's tax proposal is not approved in November. The reductions would result in savings of approximately \$8.7 million when fully implemented. This would reduce the number of arrests and citations issued in state parks, and would impact natural and cultural resource protection efforts.

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## DEPARTMENT OF FISH AND GAME

The Department manages California's diverse fish, wildlife, and plant resources, and the habitats upon which they depend, for their ecological values and for use and enjoyment by the public. The Department is also responsible for the diversified use of fish and wildlife including recreational, commercial, scientific, and educational uses. The Budget includes \$390.9 million and 2,595.2 positions for the Department.

## Significant Adjustments:

- Renewable Energy Projects Permitting—An increase of four positions to implement Chapters 10 and 311, Statutes of 2011. These bills require the Department to approve or reject an incidental take permit application from an owner or developer of an eligible renewable energy project within 60 days and expand the types of projects under consideration to include wind and geothermal projects. These changes are intended to facilitate the development of renewable energy projects in the Colorado and Mojave deserts.
- Oil Spill Response Program—An increase of \$2.9 million Oil Spill Prevention and Administration Fund and 16 positions to fulfill the requirements of Chapter 583, Statutes of 2011, which requires the Department to develop a statewide monitoring

## NATURAL RESOURCES

program to ensure vessels loading other vessels with fuel and lubricants and vessels transferring oil as cargo are doing so in a safe manner and are compliant with state laws.

### Ballot Trigger Reductions:

- Game wardens would be reduced by 20 percent, or approximately \$5 million when fully implemented, if the Governor’s tax proposal is not approved in November. This reduction would impact the Department’s ability to conduct field operations, detect invasive species transportation, and conduct large boat operations.
- Certain non-warden programs like the Marine Life Protection Act, Marine Life Management Act, and the monitoring and management of fish and wildlife species would be reduced for savings of approximately \$15 million when fully implemented. The core functions of the Department would be retained, including permitting and data collection and monitoring activities of sensitive endangered species.

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## STATE LANDS COMMISSION

The Commission manages and protects California’s sovereign public trust lands and other lands. These lands total more than 4.5 million acres, plus 790,000 acres of reserved mineral interests. The Budget includes \$31.3 million and 228 positions for the Commission.

### Proposal to Balance the Budget:

- Royalty Recovery and Lease Compliance—An increase of \$1 million General Fund and 9 positions for the Commission to increase financial audit activities related to management of oil, gas, and other mineral resources owned by the state, as well as to ensure compliance and prompt payment of rentals from surface leasing. These additional audits are expected to annually generate \$6.6 million in General Fund revenues.

### Other Significant Adjustment:

- Land Exchanges for Renewable Energy Projects—An increase of \$686,000 School Land Bank Fund and 6 positions to execute land exchanges for renewable energy related projects as required by Chapter 485, Statutes of 2011. This legislation directs the Commission to negotiate land exchanges with the federal government to consolidate non-contiguous school parcels owned by the state to promote the

development of large-scale renewable energy projects. Any revenues generated from leasing land for renewable energy projects would go to offset state General Fund costs statutorily owed to the State Teachers' Retirement Fund.

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## DEPARTMENT OF WATER RESOURCES

The Department of Water Resources protects, conserves, develops, and manages California's water. The Department evaluates existing water resources, forecasts water needs, and explores potential solutions to meet growing needs for personal use, irrigation, industry, recreation, power generation, and fish and wildlife. The Department also works to prevent and minimize flood damage, ensure the safety of dams, and educate the public about the importance of water and its efficient use.

The Budget includes \$2.5 billion and 3,584.4 positions for support of the Department. The Budget does not include any new major bond expenditures due to the anticipated release of the Five-Year Infrastructure Report in the spring.

Significant Adjustment:

- Delta Habitat Conservation and Conveyance Program—An increase of \$25.4 million California Water Resources Development Bond Fund and 135 positions for preliminary engineering work to support the Delta Habitat Conservation and Conveyance Program. The program is a partnership between the Department and the U.S. Bureau of Reclamation to meet the dual goals of ecosystem restoration and water supply reliability identified by the Bay Delta Conservation Plan, including the preparation of the necessary Environmental Impact Report. The Plan is funded by a group of public water agencies that voluntarily signed an agreement with the Department to fund the program. The Plan, due in 2012, will promote the recovery of endangered, threatened and sensitive fish and wildlife species and their habitats in the Sacramento-San Joaquin Delta in a manner that will also ensure water supply reliability. When completed, the Plan will provide the basis for the issuance of permits for the operation of the state and federal water projects.

Ballot Trigger Reduction:

- The Department's flood control programs would be reduced by 20 percent, or approximately \$6.6 million, if the Governor's tax proposal is not approved in November. These programs include floodplain mapping and risk awareness.

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## **DEPARTMENT OF RESOURCES RECYCLING AND RECOVERY**

The Department of Resources Recycling and Recovery (CalRecycle) protects public health, safety, and the environment by regulating solid waste facilities and promoting recycling.

Significant Adjustments:

- **Electronic Waste Fraud**—A transfer of \$588,000 Electronic Waste Recovery and Recycling Account and 5 positions from the Department of Toxic Substances Control to CalRecycle to consolidate and strengthen financial fraud investigation and enforcement activities in the Electronic Waste Program.
- **Product Stewardship Programs**—An increase of \$255,000 Carpet Stewardship Account and \$255,000 Architectural Paint Stewardship Account to implement two new programs. Under the Carpet Stewardship Program and the Architectural Paint Recovery Program, carpet and paint manufacturers and retailers will be responsible for collecting and managing used carpet and leftover paint.

## ENVIRONMENTAL PROTECTION

The California Environmental Protection Agency works to restore, protect, and enhance environmental quality. The agency coordinates state environmental regulatory programs and ensures fair and consistent enforcement of the law.

The Budget proposes total funding of \$1.54 billion (\$43.1 million General Fund and \$1.5 billion other funds) for all programs included in this Agency.

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### AIR RESOURCES BOARD

The Air Resources Board has primary responsibility for protecting air quality in California as well as implementation of the California Global Warming Solutions Act of 2006 (AB 32).

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### INVESTING IN GREENHOUSE GAS EMISSION REDUCTIONS

For decades, California has been an international leader in efforts to reduce air pollution. The state has a variety of programs and policies that promote energy efficiency and renewable energy, low-carbon fuels and vehicles, and sustainable infrastructure development and planning. These programs and policies have delivered major environmental and economic benefits over the course of many decades and are responsible for billions of dollars in savings to consumers. The California Global Warming Solutions Act of 2006 (AB 32) further established California as a global leader in reducing greenhouse gas emissions.

## ENVIRONMENTAL PROTECTION

The Cap and Trade program is a key element in the state climate plan. It sets a statewide limit on the sources of greenhouse gases (GHG) responsible for 85 percent of California GHG emissions. It establishes a financial incentive for long-term investments in cleaner fuels and more efficient energy use. By assessing a cost to emit GHG, investments in technological and scientific innovation will be encouraged. The program is designed to provide GHG emitters the flexibility to find and implement cost-effective options to reduce GHG emissions.

In 2012-13, through the Cap and Trade program, the Air Resources Board will begin auctioning GHG emission allowances as a market-based compliance mechanism authorized by AB 32. The auctions will generate substantial funds to support existing and new efforts to address the causes of GHG emissions. Fee proceeds from the Cap and Trade auctions are expected to be \$1 billion in the first year of the program. In the coming years, the auctions will generate substantially more in fees as the program phases in other major GHG emitters.

The budget proposes a framework to invest proceeds from Cap and Trade fees to reduce greenhouse gases consistent with AB 32. These investments will create jobs and deliver public health, economic, and environmental benefits. Only activities that further the purposes of AB 32 are eligible for funding.

The budget proposal is designed to support the maximum technologically feasible and cost-effective reductions in greenhouse gas emissions. This strategic investment plan is also designed to provide economic, environmental, and clean energy benefits, as well as to complement state efforts to improve air quality. It will support efforts to invest in local communities already affected by air pollution and communities disproportionately vulnerable to the effects of GHG emissions. Investments in the following areas will be proposed:

### **Clean and Efficient Energy:**

Funding to reduce emissions through energy efficiency, clean and renewable distributed energy generation, and other related actions, including at public universities, state and local public buildings, and industrial and manufacturing facilities.

**Low-Carbon Transportation:**

Funding to reduce emissions through the development of state-of-the-art systems to move goods and freight, deploy advanced technology vehicles and vehicle infrastructure, advanced biofuels, and low-carbon and efficient public transportation.

**Natural Resource Protection:**

Funding to reduce emissions associated with water use and supply, land and natural resource conservation and management, and sustainable agriculture.

**Sustainable Infrastructure Development:**

Funding to reduce emissions through strategic planning and development of major infrastructure including transportation and housing.

The fees will be deposited in the Greenhouse Gas Reduction Account within the Air Pollution Control Fund. Because actual revenues cannot be certified until late in 2012-13, specific expenditures are not included in the budget. Instead the budget provides that an expenditure plan be jointly submitted by the Director of Finance and the Air Resources Board. The plan must outline specific expenditures and not be submitted fewer than 30 days prior to allocating funds.

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**DEPARTMENT OF PESTICIDE REGULATION**

The Department of Pesticide Regulation protects public health and the environment by regulating 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 oversight of County Agricultural Commissioners, who enforce pesticide laws at the local level.

Significant Adjustment:

- Research Grants for Fumigant Alternatives—An increase of \$713,000 Department of Pesticide Regulation Fund and 2.0 positions to provide funding for applied research grants for fumigant alternatives research projects. These grants will encourage and support development of alternative techniques, procedures, and processes for pest control, reducing the need for high-risk pesticides use and ensuring compliance with Federal Clean Air Act requirements for specialty crop pesticide use.

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## **STATE WATER RESOURCES CONTROL BOARD**

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

Significant Adjustment:

- Water Quality Grants for Small Disadvantaged Communities—An increase of \$11 million State Water Pollution Control Revolving Fund Small Community Grant Fund for grants to small and severely disadvantaged communities to address critical wastewater system needs.

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## **DEPARTMENT OF TOXIC SUBSTANCES CONTROL**

The Department of Toxic Substances Control protects California residents and the environment from the harmful effects of toxic substances through restoring contaminated resources, enforcement, regulation, and pollution prevention.

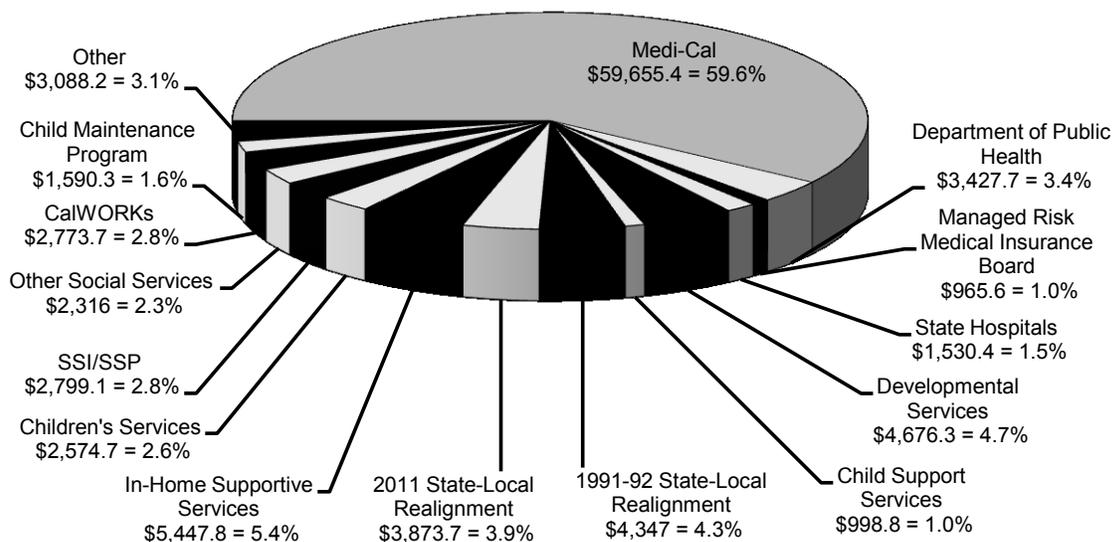
Significant Adjustment:

- Stringfellow Pre-Treatment Plant—An increase of \$40.1 million in lease revenue bond authority for the construction phase of the New Stringfellow Pre-Treatment Plant. The plant will provide more effective, reliable methods to treat contaminated groundwater, satisfying the federal court-mandated restoration of the Stringfellow Site.

# HEALTH AND HUMAN SERVICES

The Health and Human Services Agency oversees departments and other state entities, such as boards, commissions, councils, and offices that provide health and social services to California’s vulnerable and at-risk residents. The Budget includes \$100.1 billion (\$26.4 billion General Fund and \$73.7 billion other funds) for these programs. Figure HHS-01 displays expenditures for each major program area and Figure HHS-02 displays program caseload.

Figure HHS-01  
**Health and Human Services Proposed 2012-13 Funding<sup>1</sup>**  
**All Funds**  
 (Dollars in Millions)



<sup>1</sup> Totals \$100,064.8 million for support, local assistance, and capital outlay. This figure includes reimbursements of \$9,108.5 million and excludes county funds that do not flow through the state budget.

Figure HHS-02

**Major Health and Human Services Program Caseloads**

	<b>2011-12 Revised</b>	<b>2012-13 Estimate</b>	<b>Change</b>
Medi-Cal enrollees	7,735,200	8,347,800	612,600
Healthy Families Program <sup>a</sup>	877,711	420,119	-457,592
California Children's Services (CCS) <sup>b</sup>	46,213	47,068	855
CalWORKs <sup>c</sup>	587,365	324,283	-263,082
Non cash-assistance CalFresh households	1,463,321	1,794,464	331,143
SSI/SSP (support for aged, blind, and disabled)	1,274,656	1,294,868	20,212
Child Welfare Services <sup>d</sup>	138,490	137,176	-1,314
Foster Care	46,810	42,363	-4,447
Child Maintenance <sup>c</sup>	0	296,132	296,132
Adoption Assistance	84,453	85,964	1,511
In-Home Supportive Services	433,839	422,993	-10,846
Community services for persons with developmental disabilities			
Regional Centers	249,827	256,059	6,232
State Hospitals			
Mental health patients <sup>e</sup>	6,320	6,439	119
Persons with developmental disabilities <sup>f</sup>	1,759	1,533	-226
Alcohol and Drug Programs <sup>g</sup>	304,312	337,025	32,713
Vocational Rehabilitation	28,203	28,203	0

<sup>a</sup> Current year represents the year-end population. Budget year represents the remaining average monthly caseload not included in Medi-Cal.

<sup>b</sup> Represents unduplicated quarterly caseload in the CCS Program. Does not include Medi-Cal CCS clients.

<sup>c</sup> The Budget proposes a major restructuring of the CalWORKs program that, among other changes, limits the provision of employment services and child care to 24 months for families not fully meeting work participation requirements, and creates a separate Child Maintenance program to continue income support to children whose parents are not eligible for cash aid.

<sup>d</sup> 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.

<sup>e</sup> Represents the year-end population. Includes population at Vacaville and Salinas Valley Psychiatric Programs.

<sup>f</sup> Represents average in-center population.

<sup>g</sup> Represents Drug Medi-Cal Clients.

The Budget continues the efforts to streamline government operations to be more efficient and effective. The Budget provides the plan for completing the elimination of the Departments of Mental Health (DMH) and Alcohol and Drug Programs (DADP) and proposes several other reorganizations to improve efficiency and program delivery. Additionally, consistent with the Administration's goal of streamlining state operations as a result of 2011 Realignment, both DMH and DADP have reduced realigned program positions by at least 25 percent. The Department of Social Services (DSS) continues to develop its reduction plan associated with 2011 Realignment in concert with county actions relative to agency adoptions, how caseload growth will be addressed in the

pending realignment superstructure, and what the role of the Department will be regarding federal reporting, monitoring, and oversight of the realigned programs.

Significant Adjustments:

- The Budget reorganizes behavioral health programs. With the elimination of DMH and DADP, major community mental health programs and remaining non-Drug Medi-Cal programs and associated funding will be shifted to the Department of Health Care Services (DHCS). Co-locating these key mental health and substance use disorder services with physical health programs is the first step toward integrating services in preparation for an effective continuum of care, consistent with federal health care reform implementation in 2014.
- The Budget transfers a number of DMH and DADP programs to other state departments to better align the program's mission with that of the department. These transfers include: licensing functions to the Department of Public Health (DPH) and DSS; mental health workforce development programs to the Office of Statewide Health Planning and Development; the Early Mental Health Initiative to the Department of Education; problem gambling, driving under the influence, and licensing of narcotic treatment programs to DPH; and Mental Health Services Act technical assistance and training to the Mental Health Services Oversight and Accountability Commission.
- Transfer of the following medical services programs from DPH to DHCS effective July 1, 2012: (1) Every Woman Counts, (2) Prostate Cancer Treatment, and (3) Family Planning Access Care and Treatment. The transfer of these programs is consistent with the Administration's goal of placing direct health care service programs with the DHCS to improve service delivery.
- Consistent with the Administration's direction at May Revision, the Budget proposes the creation of the Department of State Hospitals, which is discussed in more detail later in this chapter.
- In preparation for California's implementation of federal health care reform, the Budget proposes the elimination of the Managed Risk Medical Insurance Board, which is discussed in more detail later in this chapter.

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## DEPARTMENT OF HEALTH CARE SERVICES

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 low cost for low-income individuals including families with children, seniors, persons with disabilities, children in foster care, and pregnant women. The federal government mandates 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 such as outpatient drugs, home- and community-based waiver services designed to avoid institutionalization, and medical equipment, which avoid more costly services.

Medi-Cal costs have grown about 6 percent annually since 2006-07 due to a combination of health care cost inflation and caseload growth. Medi-Cal spending is projected to decline from \$15.4 billion General Fund in 2011-12 to \$15.1 billion General Fund in 2012-13 because of enacted and proposed program savings options. Absent these savings options, costs would grow by approximately 3.4 percent to \$15.9 billion General Fund.

Caseload will increase approximately 7.9 percent from 2011-12 to 2012-13 (from 7.7 million to 8.3 million), which is due primarily to shifting children in Healthy Families to Medi-Cal, which is discussed later in this chapter. Caseload growth would be 1.9 percent absent the proposal to shift children in Healthy Families to Medi-Cal.

Proposals to Balance the Budget:

**Improved Care Coordination for Seniors and Disabled Beneficiaries.** Within the Medi-Cal program, approximately 7 percent of beneficiaries account for 75 percent of program costs – mostly because of costly institutional services. These beneficiaries are typically seniors or persons with disabilities and they are frequently eligible for and enrolled in both the federal Medicare program and the Medi-Cal program. Approximately one-third of these individuals are also enrolled in the In-Home Supportive Services (IHSS) program. Individuals eligible for both Medi-Cal and Medicare are known as dual eligible beneficiaries. California has 1.2 million dual eligible beneficiaries, which represents 14.1 percent of the total Medi-Cal caseload. In addition, the majority of the 423,000 IHSS recipients (85 percent) are dual eligible beneficiaries. These dual eligible beneficiaries represent some of the most expensive and medically complicated health

cases and the cost for their care is paid by public funds, including federal funds, state General Fund, and in some cases county funds.

Medicare is the primary insurance/payer for dual eligible beneficiaries and covers medically necessary acute health services such as physician services, hospital services, and skilled nursing. Medi-Cal is the secondary insurance/payer and typically covers Medicare cost sharing and services not covered by Medicare, as well as services delivered after Medicare benefits have been exhausted. Most long-term care costs for these beneficiaries are paid for by Medi-Cal, including longer nursing home stays and home and community-based services designed to prevent institutionalization. In addition, many of these beneficiaries are also eligible for IHSS, which is locally administered and includes a county share of cost. Consequently, the current system attempts to address the health care needs of the most chronically ill and vulnerable beneficiaries through a variety of providers that receive funding from multiple government sources. The system is riddled with incentives that encourage payers to shift costs to one another.

The fractured funding streams and administrative responsibilities make it difficult for dual eligible beneficiaries to navigate program benefits associated with this uncoordinated fee-for-service environment. As a result, these individuals will benefit the most from a care model that provides benefits in a more coordinated manner. Coordinating care for these beneficiaries generally means having the same health plan responsible for the delivery of all benefits. This will achieve significant efficiencies and improve care for beneficiaries. This also will help beneficiaries remain in the community and reduce costs from unnecessary hospital and nursing home admissions. In addition to aligning program responsibility and financial incentives, this proposal increases the number of individuals in managed care and broadens the scope of managed care services.

This proposal works to:

- Promote Coordinated Care—Managed care done properly results in high-quality care. This initiative provides managed care plans with a blended payment consisting of federal, state, and county funds and responsibility for delivering the full array of health and social services to dual eligible beneficiaries. The proposal combines strong beneficiary protections with centralized responsibility for the broader continuum of care. This combination will promote accountability and coordination, align financial incentives and improve care continuity across medical services, long-term services, and behavioral health services.
- Enhance the Quality of Home and Community-Based Services—Within an expanded system of coordinated care, it is critical to better coordinate medical services with

the full continuum of long-term services, including In-Home Supportive services, Community-Based Adult Services, and nursing home services. Merging long-term services into managed care will increase access to home and community-based medical and social services. Improving access to these services should help beneficiaries remain in their homes and out of institutions, and should improve their health outcomes. When necessary, care will also be coordinated with behavioral health services, which generally will be provided by counties. The Home and Community-Based Services Waiver for Persons with Developmental Disabilities will continue to be administered by the Department of Developmental Services.

The proposal to improve care coordination for dual eligible beneficiaries will be phased in over a three-year period starting January 1, 2013. The transition to managed care for Medi-Cal benefits will occur in the first year, with the benefits becoming a more integrated plan responsibility over the subsequent two years. The transition of Medicare benefits to managed care will occur over a three-year period starting first with eight to ten counties that already have the capacity to coordinate care for these individuals. Beneficiaries in counties in which Medi-Cal managed care plans may not yet have the capacity to take on additional beneficiaries will begin to transition six or twelve months later. The Budget separately proposes to expand Medi-Cal managed care statewide starting in June 2013. Beneficiaries in these managed care expansion counties will transition in 2014-15.

In year one, IHSS, other home and community-based services, and nursing home care funded by Medi-Cal will become managed care benefits. The IHSS program will essentially operate as it does today, except all authorized IHSS benefits will be included in managed care plan rates. Beneficiaries in the eight to ten selected counties will also receive their Medicare benefits and long-term services and supports through their Medi-Cal plan. This represents about 800,000 of the 1.2 million dual eligible beneficiaries currently in California. These changes will be phased-in over a 12-month period starting January 1, 2013. Over time, managed care plans will take on increasing responsibility for home and community-based services, including IHSS.

Delivering services through Medi-Cal managed care plans will make the state the single point of accountability for services to these beneficiaries. This will ensure access to the entire continuum of health care services for dual eligible beneficiaries through their Medi-Cal managed care plan. Delivering these services through Medi-Cal managed care plans, however, also raises important issues that will need to be considered in the program design including, but not limited to: (1) consumer protections for acute, long-term

care, and home and community-based services within managed care; (2) development of a uniform assessment tool for home and community-based services; and (3) consumer choice and protection when selecting their IHSS provider. The Administration will consult consumers and other stakeholders in this effort.

This proposal also sets the foundation for the state to implement health care reform, which further impacts the health care delivery and financing structure by expanding Medi-Cal to include all adults below 138 percent of the federal poverty level. In addition, it establishes the state as the level of government primarily responsible for delivering health care services. Additional issues to consider related to the state-county relationship in financing and delivering services include determining the collective bargaining structure for IHSS providers, and the long-term county financial responsibility for IHSS and other health care programs. The Administration will work with counties and stakeholders to address these overarching issues through the development of legislation that will be necessary to implement this Budget proposal.

As beneficiaries transition from fee-for-service to coordinated managed care, the state will generate savings due to a reduction in hospital and nursing home costs. However, because Medi-Cal is budgeted on a cash basis, there is a delay in realizing these savings. To accelerate these savings into 2012-13, the Budget also proposes a payment deferral (one payment for all providers), and alignment of payment policies for all managed care counties. Together, this proposal will achieve savings of approximately \$678.8 million General Fund in 2012-13 and \$1 billion General Fund in 2013-14.

**Medi-Cal: Operational Flexibilities.** Medi-Cal is a major health care delivery system approaching an enrollment of 8.3 million Californians and is estimated to gain another 2 million beneficiaries when federal health care reform is implemented in January 2014. The Medi-Cal health care delivery system must have the capacity to respond to the rapidly changing field of health care and be able to change benefits, services, rate methodologies and payment policies faster than the current regulatory process allows. Examples of potential program changes include reducing laboratory rates, no longer funding avoidable hospital admissions, and no longer paying for services of limited value.

The Budget proposes a process that will incorporate stakeholder input and determine cost-effectiveness before implementing changes in benefit design, and includes a post-implementation assessment to ensure that changes achieve the intended results. Similarly, any changes in rate methodologies and payment policies driven by this process

will comply with federal requirements to rigorously monitor the impact of rate changes on beneficiary access to services and to mitigate any problems as they arise. Under the proposed process, the Medi-Cal program will have the flexibility it needs to operate a health care delivery system that meets its obligations to use sound evidence, transparent processes, and monitoring mechanisms to ensure the program achieves its outcomes in the most efficient possible manner.

This proposal will achieve General Fund savings of approximately \$75 million in 2012-13 and ongoing.

**Federally Qualified Health Center Payment Reform.** The Budget proposes to reform the payment methodology for federally qualified health centers (FQHCs) and rural health clinics (RHCs) funded under Medi-Cal to create a performance, risk-based payment model that will allow, and reward, these clinics to provide more efficient and better care. Under this proposal, payments made to FQHCs and RHCs participating in Medi-Cal managed care plan contracts will change from a cost and volume-based payment to a fixed payment to provide a broad range of services to its enrollees. A waiver of current operating restrictions will empower FQHCs to follow efficient best practices, such as group visits, telehealth, and telephonic disease management. The waiver will ensure that medical care is provided by the most appropriate and affordable medical professional and allow clinics to perform multiple services on the same day. The efficiencies will allow these community health centers to provide better and more efficient care, and to expand capacity. The proposal will achieve General Fund savings of \$27.8 million in 2012-13 and \$58.1 million in 2013-14.

**Managed Care Expansion.** Beginning in June 2012, the Budget proposes to expand managed care into rural counties that are now fee-for-service only. This expansion will provide beneficiaries throughout the state with care through an organized delivery system. This proposal will result in a General Fund savings of \$2.7 million in 2012-13 and \$8.8 million in 2013-14.

**Annual Open Enrollment.** Current law authorizes Medi-Cal beneficiaries to change plans once per month or up to 12 times in a year. The Budget proposes an annual open enrollment period for beneficiaries to select their Medi-Cal health plan and receive care through that health plan for the entire year. This open enrollment process will align Medi-Cal with industry best practice of other third-party health benefit payers including CalPERS and Healthy Families. By establishing an annual election process, plans will be accountable for providing beneficiaries with a medical home, care coordination,

and case management over the entire year leading to better care and health outcomes. This proposal will achieve General Fund savings of \$3.6 million in 2012-13 and \$6 million in 2013-14.

**Medical Therapy Program Eligibility.** The Budget proposes to align income eligibility requirements for the Medical Therapy Program with the broader California Children’s Services (CCS) Program. Currently, there is no financial test for eligibility. Under the proposed eligibility standards, families with annual income less than \$40,000 or with annual CCS-related medical expenses exceeding 20 percent of their annual income will continue to be eligible for the Medical Therapy Program. This is consistent with the eligibility requirements already in place for all other CCS benefits and will result in savings of \$9.1 million General Fund in 2012-13 and \$10.9 million in 2013-14. In addition to state savings, counties will also realize savings.

**Stabilization Funds.** The Budget proposes a one-time redirection of private and non-designated public hospital stabilization funding that has not yet been paid for fiscal years 2005-06 through 2009-10 to provide General Fund savings and avoid direct service reductions. This proposal will achieve one-time savings of \$42.9 million General Fund.

**Gross Premium Tax.** The Budget proposes to eliminate the sunset date of the Gross Premiums Tax on Medi-Cal managed care plans. Continuing the tax, coupled with increased managed care utilization, will generate General Fund savings of \$161.8 million in 2012-13 and \$259.1 million in 2013-14.

Other Significant Adjustments:

- Medi-Cal Base Benefit Costs—A decrease of \$395.9 million General Fund in 2011-12 and an increase of \$493.9 million General Fund in 2012-13 based on cost and utilization trends in the base program.
- Budget Savings Erosions—An increase of \$778.2 million General Fund in 2011-12 and \$235.3 million General Fund in 2012-13 because of delayed federal approval of budget savings proposals, litigation related to elimination of the Adult Day Health Care benefit, and a portion of the provider payment reductions not being approved by the federal government.
- Hospital Fee Extension—A savings of \$255 million General Fund in 2011-12 and \$472 million General Fund in 2012-13 as a result of extending the hospital fee.

The fee provides funds for supplemental payments to hospitals and also makes some funding available to offset the costs of health care coverage for children.

- **Managed Care Rate Adjustment**—An increase of \$203.4 million General Fund in 2012-13 as a result of increasing managed care rates by 3.61 percent. Rate adjustments are based on the previous year's increase. The managed care rate adjustments for 2012-13 will be updated in May 2012.
- **Nursing Home Fee Program**—The Budget includes funding to restore the 10-percent provider rate reduction (\$171.2 million General Fund) and also includes supplemental payments (\$245.6 million General Fund). The Budget does not include the maximum 2.4-percent cumulative rate increase for 2011-12 and 2012-13 because preliminary fee revenues are insufficient to support such an increase. The Budget also proposes to permanently extend the rate methodology and nursing home fee initially established by Chapter 875, Statutes of 2004 (AB 1629). This extension is necessary to continue to fund the current payment methodology without a greater impact to the General Fund.
- **Reserve for Litigation**—The Budget includes a set-aside of \$86.8 million General Fund in 2011-12 and \$260.4 million General Fund in 2012-13 in the event litigation challenging recently approved provider rate reductions is successful.

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### **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.
- 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 (MRMIP), 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 or at high risk of needing costly care.
- The Pre-Existing Conditions Insurance Plan (PCIP) Program, a federally funded program which provides health coverage to medically uninsurable individuals with pre-existing conditions. The program is only available for individuals who did not have health coverage in the six months prior to applying.

The Budget includes \$965.6 million (\$136.2 million General Fund) for the Board, a decrease of \$152.4 million General Fund from the Budget Act of 2011. This significant decrease is primarily due to the proposed Healthy Families rate reduction.

Proposal to Balance the Budget:

- Healthy Families Program Rate Reduction—The Budget proposes to reduce Healthy Families managed care rates by 25.7 percent effective October 1, 2012. This rate reduction will achieve General Fund savings of approximately \$64.4 million in 2012-13 and \$91.5 million in 2013-14.

Other Significant Adjustments:

- Transition of Children from the Healthy Families Program to Medi-Cal—The Budget proposes transferring approximately 875,000 Healthy Families Program beneficiaries to Medi-Cal over a nine-month period beginning in October 2012. This transition will create benefits for children, families, health plans, and providers, by: (1) simplifying eligibility and coverage for children and families; (2) improving coverage through retroactive benefits, increased access to vaccines, and expanded mental health coverage; and (3) eliminating premiums for lower-income beneficiaries.
- Transition of Other Programs—In preparation for California's implementation of federal health care reform, the Budget proposes to eliminate the Board by July 1, 2013. Therefore, the remaining programs administered by the Board will transition to the DHCS by July 1, 2013. These programs include the Access for Infants and Mothers, California Health Initiative Matching Fund Program, MRMIP, and PCIP programs. The two programs that provide insurance to individuals with pre-existing conditions, MRMIP and PCIP, will be eliminated in January 2014 because these individuals will be able to purchase health insurance through the California Health Benefits Exchange as part of federal health care reform implementation.

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## DEPARTMENT OF PUBLIC HEALTH

The DPH is charged with protecting and promoting the health status of Californians through programs and policies that use population-wide interventions. Funding for 2011-12 is \$3.5 billion (\$132.4 million General Fund), and proposed funding for 2012-13 is \$3.4 billion (\$124.8 million General Fund).

Proposal to Balance the Budget:

- Increase Client Share of Costs for the AIDS Drug Assistance Program (ADAP)—The Budget reflects a decrease of \$14.5 million in 2012-13 as a result of increasing client share of cost in the ADAP to the maximum percentages allowable under federal law. Cost-sharing for ADAP clients with private insurance will be limited to a maximum cost-sharing of two percent. Implementing the federal share of cost maximum amounts for this client group will create a disincentive for many clients to continue ADAP participation because their cost-sharing obligation will exceed their private insurance out-of-pocket costs. This proposal will result in General Fund savings of \$16.5 million, which will be offset by program administrative costs of \$2 million for a net General Fund savings of \$14.5 million. Average monthly copayments will range between \$28 and \$385, depending upon the client's income.

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## DEPARTMENT OF DEVELOPMENTAL SERVICES

The Department of Developmental Services (DDS) serves approximately 256,000 individuals with developmental disabilities in the community and 1,500 individuals in state-operated facilities. Proposed funding for 2012-13 is \$4.7 billion (\$2.7 billion General Fund). Services are provided through the developmental centers, one community facility, and the regional center system. 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.

Significant Adjustments:

- Program Reductions—A decrease of \$200 million in 2012-13 as a result of the reductions related to lower-than-expected revenues assumed in the 2011 Budget Act. To achieve these savings, with the intent of minimizing the impact on consumer services, the DDS is considering extending the 4.25-percent provider and regional center operations payment reduction, reductions in the developmental

center budget, and other potential savings options in the department's budget. DDS will be engaging stakeholders to discuss savings proposals.

- **Developmental Centers**—A decrease of \$14.4 million General Fund (\$724,000 Proposition 98 General Fund) in 2012-13 as a result of a revised population estimate.
- **Reduced Costs**—A decrease of \$32 million General Fund in 2011-12 and a decrease of \$2.9 million General Fund in 2012-13 as a result of changes and delayed implementation of Medi-Cal savings proposals regarding the Adult Day Health Care program, caps, and copayments, which will delay the need for regional centers to backfill these reductions.
- **Regional Center Caseload Adjustment**—An increase of \$5.9 million General Fund in 2011-12 and an increase of \$115.2 million General Fund in 2012-13 as a result of a revised population estimate.
- **Expiration of Provider and Regional Center Operations Payment Reduction**—An increase of \$108.4 million General Fund in 2012-13 as a result of the 4.25-percent provider and regional center operations payment reduction expiring on June 30, 2012.
- **Proposition 10**—An increase of \$50 million General Fund in 2012-13 to backfill for the one-time use of Proposition 10 funding for services to consumers age 0-5 years.

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## DEPARTMENT OF STATE HOSPITALS

To create an efficient system of care focusing on effective treatment and increased worker and patient safety, the Budget establishes a new Department of State Hospitals (DSH). State hospitals operated by the DSH provide long-term care and services to individuals with mental illness. The state supports patients committed by the courts, including those committed for Penal Code violations and Sexually Violent Predators. Counties fund civil commitments. The Budget includes \$1.3 billion General Fund in 2012-13 for support of the Department. The patient population is projected to reach a total of 6,439 in 2012-13. The Department will provide efficient and appropriate care and treatment for patients, a safer environment for individuals and fiscal responsibility and transparency.

Developing the new DSH resulted in a thorough evaluation of the state hospital system and its budget. The evaluation highlighted unfunded activities within the system, some of which were the result of federal court orders. In December 2011, a report was released

that focused on the issues to be addressed by the DSH, and proposed a plan to address a current year funding shortfall of approximately \$180 million. Through a combination of current year cost-saving measures, the shortfall was reduced to approximately \$63 million. The Budget reflects ongoing savings of \$193.1 million and 620 positions through staffing ratio changes, program flexibilities, and other efficiencies. Additional aspects of the plan include:

- Streamlined Services and Operational Efficiencies—Based on experience implementing the state hospital Enhancement Plan, DSH will modify the Plan to reduce documentation, implement flexible treatment models, and eliminate ineffective auxiliary services. This will allow level of care staff to return to providing treatment services, allow hospitals to make treatment decisions that are most appropriate for the individuals in their facilities, and reduce the need for additional staffing.
- Stronger Fiscal Accountability—The new DSH structure supports enhanced communication between hospital and headquarters staff, and consolidates fiscal operations to ensure consistent information sharing among budget, accounting, and operations staff.
- Staffing Ratio Adjustment—A decrease of \$21.3 million General Fund in 2011-12 and a decrease of \$68.7 million General Fund in 2012-13 as a result of changes to the staffing ratios of physicians and treatment teams and changes to the staffing mix of registered nurses and psychiatric technicians.
- Program Restructuring/Elimination—A decrease of \$8.6 million General Fund in 2011-12 and a decrease of \$24.4 million General Fund in 2012-13 as a result of modifications to services and treatments and elimination of less effective programs within the hospitals.
- Pharmaceuticals and Outside Medical Costs Adjustment—A decrease of \$2 million General Fund in 2011-12 and \$23 million General Fund in 2012-13 as a result of the availability of generic drugs and revisions to contract rates.
- County Bed Rate Adjustment—A decrease of \$20 million General Fund in 2012-13 as a result of increased bed rates charged to counties for civil commitments to more accurately reflect actual patient cost of care.
- Staff Redirection Adjustment—A decrease of \$8.4 million General Fund in 2011-12 and a decrease of \$15.4 million General Fund in 2012-13 as a result of redirecting staff to higher priority assignments and reducing overtime and temporary help costs.

- Streamlined Documentation—A decrease of \$6.9 million General Fund in 2011-12 and a decrease of \$14 million General Fund in 2012-13 as a result of modifications to documentation processes.
- Elimination of Funding for Caregiver Resource Centers—A decrease of \$2.9 million General Fund in 2012-13 as a result of eliminating contract funding for Caregiver Resource Centers, which provide services to individuals with acquired brain disorders.

In addition to changes related to the new DSH, the Budget reflects ongoing court-ordered commitments to treat CDCR inmates with mental health needs, including an increase of \$39.4 million and 368.1 positions for *Coleman* court-ordered patient care and the activation of the new Stockton health care facility, as noted in the following adjustments.

Other Significant Adjustments:

- Reorganization—A decrease of \$119.9 million (\$15 million Proposition 98 General Fund and \$593,000 General Fund) in 2012-13, and a corresponding increase in various department budgets as a result of the elimination of the DMH.
- Overtime and Temporary Help Adjustment—An increase of \$102.4 million General Fund in 2011-12 and 2012-13 as a result of increased workload associated with enhanced patient observations, admissions assessments, and redirected staff to comply with the Civil Rights of Institutionalized Persons Act.
- Operating Expenses and Equipment—An increase of \$45.1 million General Fund in 2011-12 and 2012-13 as a result of the increased cost of pharmaceuticals and outside medical care.
- Population Adjustment—An increase of \$13.9 million General Fund in 2011-12 and \$44.3 million General Fund in 2012-13 as a result of the anticipated population increase primarily related to the court-ordered increase in *Coleman* patient admissions.
- Safety and Security—An increase of \$22.8 million General Fund in 2012-13 to fund new alarm systems at Patton and Metropolitan State Hospitals, pending the successful implementation of a similar system at Napa State Hospital. In addition, the DSH is piloting an Enhanced Treatment Unit at Atascadero State Hospital and working with the Division of Occupational Safety and Health to institute new safety policies and procedures throughout the state hospital system.
- California Health Care Facility—An increase of \$11.4 million General Fund in 2012-13 as a result of the anticipated opening of the facility in July 2013.

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## **DEPARTMENT OF SOCIAL SERVICES**

The DSS administers programs that provide services and assistance payments to needy and vulnerable children and adults in ways that strengthen and preserve families, encourage personal responsibility, and foster independence.

The Budget includes \$17.5 billion (\$6.2 billion General Fund), a decrease of \$2.3 billion General Fund from the Budget Act of 2011. This significant decrease primarily is due to reflecting savings associated with 2011 Realignment within the appropriate DSS programs. These savings were reflected in a statewide item in the 2011 Budget Act rather than in individual department budgets.

### **CALIFORNIA WORK OPPORTUNITY AND RESPONSIBILITY TO KIDS**

The CalWORKs program is California's version of the federal Temporary Assistance for Needy Families (TANF) program. For low-income families with children, the program provides temporary cash assistance to meet basic needs and welfare-to-work services so that families may become self-sufficient. The program recognizes the different needs in each county and affords them flexibility in program design and funding.

After many consecutive years of decline in caseload, the CalWORKs program has experienced significant growth in recent years due to the severe economic downturn. Absent the program changes described below, the average monthly caseload in this program is estimated to be 597,000 families in 2012-13, a 0.5-percent increase from the 2011 Budget Act projection. This represents almost a 30-percent increase compared to the low point of 460,000 cases in 2006-07. The proposed changes to CalWORKs are estimated to reduce the 2012-13 caseload projection to 324,000 families, a 44.8-percent decrease from the 2011-12 estimate after accounting for cases transferred into the new Child Maintenance program.

Prior to CalWORKs, the state administered the Aid to Families with Dependent Children (AFDC) program, which provided cash assistance to needy families regardless of whether or not recipients were working. California's AFDC program caseload peaked at 921,000 cases in 1994-95. The state also operated the Greater Avenues to Independence employment program which, because of limited funding, only served a small portion of adults receiving aid. The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 fundamentally reformed the nation's welfare system and included provisions to convert the AFDC entitlement program to TANF, a block grant program with work requirements and lifetime time limits.

Effective January 1, 1998, CalWORKs replaced the AFDC program. Consistent with the federal welfare reform law, CalWORKs contains time limits on the receipt of aid and linked eligibility for aided adults to work participation requirements. As part of CalWORKs, the state included a safety net program to provide monthly assistance payments to children whose parents are not eligible for aid. In 2005, the federal welfare reform was modified to further restrict countable work activities and to require states to have 50 percent of the program's caseload meeting federal work participation levels.

In the early years of CalWORKs, counties were successful in getting many of the most readily employable CalWORKs families to enter the labor market. This was evidenced by the substantial decline in the welfare caseload, which decreased from a high of 921,000 cases in 1994-95 to an all-time low of 460,000 cases in 2006-07. Subsequently, with the steep rise in national and state unemployment stemming from the recession, the caseload has increased and its composition has changed. A significant share of the caseload has not been subject to work participation requirements. This is in addition to the portion of caseload that is required to participate in work activities but is not doing so. Over time, the safety net and child only caseload has become larger than the caseload that is subject to work requirements. Additionally, because of severe budget constraints, recent grant and earned income disregard reductions, as well as cuts to employment and child care services described later, have further reduced the "work first/work pays" goals of the program. Major programmatic changes are necessary to refocus the work emphasis of the program in light of both the composition of the current CalWORKs caseload and the state's limited resources.

Absent any changes, General Fund costs in CalWORKs are projected to grow by more than half a billion dollars in 2012-13 compared to the 2011 Budget Act. The primary drivers of this increase are expiration of "short-term reforms" and an increased caseload projection. The short-term reforms, which have been included in the Budget on a one-time basis each year since 2009-10, have achieved savings through a significant reduction in the amount of funding made available to counties to provide employment services and child care to CalWORKs recipients. Families with a child between the ages of 12 and 23 months, or with two or more children under the age of six, have been exempt from work requirements. Over time, these short-term reforms have significantly eroded the work focus of the CalWORKs program, prevented assistance to needy clients on a path to success, and left the state more vulnerable to costly federal work participation penalties.

Proposal to Balance the Budget:

**Redesigning and Refocusing the CalWORKs Program.** The CalWORKs program is a “work first” program that encourages employment as the most direct method of achieving self-sufficiency. With the impacts of the Great Recession still lingering, the changes described below are necessary to refocus the CalWORKs program to prioritize resources on the families most likely to become employed and to manage the program within the state’s available resources. The new strategy creates two subprograms within CalWORKs, each with differing grant structures, services arrays, and time limits:

- **CalWORKs Basic Program.** The CalWORKs Basic program will serve families moving toward self-sufficiency by providing up to 24 months of welfare-to-work services, including job search, employment training, child care, and barrier removal services (e.g., substance abuse, mental health, and domestic violence recovery assistance). Effective October 2012, clients not participating in sufficient hours of unsubsidized employment after an initial job search will be placed in the CalWORKs Basic program and will be required to participate in welfare-to-work activities. After the first 12 months, the adult will again participate in job search. If, during the second 12 months, the adult remains unable to find unsubsidized employment, the adult will continue to participate in welfare-to-work activities, including subsidized job placements. As in the current program, failure to meet welfare-to-work requirements will result in a sanction equal to the adult portion of the grant. Clients unable to meet federal work participation requirements after 24 months, or cases in sanction status for more than three months, will be disenrolled from CalWORKs.
- **CalWORKs Plus Program.** The CalWORKs Plus program will serve those clients working sufficient hours in unsubsidized employment to meet federal work participation requirements, generally 30 hours per week (20 hours per week for families with children under the age of six). Effective April 2013, this program will reward clients who meet federal work participation requirements with a higher grant level by allowing them to retain more of their earned income through a higher income disregard (first \$200 earned and 50 percent of subsequent income disregarded for purposes of computing the monthly grant level). For a family of three, this equates to an average increase of \$44 per month. These clients will also have full access to supportive services and child care. These benefits will continue for up to 48 months as long as clients continue to meet work participation requirements through unsubsidized employment. After 48 months, the adult will no

longer be aided, but the higher earned income disregard will remain available if the employment continues.

This new design will use incentives to encourage unsubsidized employment and focus available resources on early client engagement. State and federal rules regarding hours of required participation will be aligned. This, combined with eliminating current state rules regarding core and non-core work activities, will afford counties maximum flexibility under federal law. Sanction months will count toward the 48-month time limit, further emphasizing the importance of work. As a package, the proposal will save the CalWORKs program \$1.1 billion in 2012-13.

**Transition to Success.** To assist families in obtaining employment sufficient to meet federal work participation requirements, all currently aided eligible adults will be eligible for up to six months of welfare-to-work services and child care following the October 2012 implementation of the CalWORKs Basic program. Prior to this transition, \$35.6 million will be provided to counties to serve these families.

**Providing Additional Work Supports.** Consistent with the proposal to redesign and refocus the CalWORKs program, the Administration proposes to align eligibility and need criteria for low-income working family child care services with federal TANF rules for work participation requirements. Over time, the three-stage child care system for current and former CalWORKs recipients and programs serving low-income working parents will be replaced with a work-based child care system administered by county welfare departments. (Refer to “Reduce Child Care Costs and Restructure Administration of Child Care” in the K-12 Education chapter for more information.) In addition, the Administration proposes to create a state benefit to increase support for low-income working families. Beginning July 1, 2013, the state will provide working families receiving CalFresh benefits or child care, but who are not in the CalWORKs program, with a \$50-per-month supplemental work bonus. Providing this additional benefit to working families will increase the state’s work participation rate and help avoid federal TANF penalties.

#### **CHILD MAINTENANCE PROGRAM**

The Budget provides continued support to children from low-income families. Beginning in October 2012, the state will create a new Child Maintenance program to provide for child well-being through basic support to children whose parents are not eligible for aid under the restructured CalWORKs program. Income and resource eligibility criteria for the Child Maintenance program will be the same as for CalWORKs families, but the

Child Maintenance program grant will be less than the current amounts available for child-only cases. This will decrease the average monthly grant for child-only cases from \$463 to \$392. When combined with CalFresh benefits, the full monthly grant will be sufficient to keep families of three with CalFresh-eligible adults at approximately 64 percent of the federal poverty level. Children will be aided as long as they meet eligibility criteria, including a new requirement to participate in an annual well-child exam. There are estimated to be 296,000 Child Maintenance cases on average each month in 2012-13.

Because Child Maintenance cases are outside of the state's welfare-to-work program, they will have minimal case management and an annual reporting requirement. These cases can move to the CalWORKs Plus program anytime by obtaining unsubsidized employment sufficient to meet federal work participation requirements. Every six months, work-eligible adults who still have time remaining on the 48-month aid clock may ask for one month of child care to attend job search. If a sanctioned adult still has time remaining on the 48-month aid clock and the 24-month services clock, the family can transfer to the CalWORKs Basic program after complying with a welfare-to-work plan for at least two months. The cost of this program partially offsets the savings in CalWORKs, resulting in a net savings of \$946.2 million.

### **IN-HOME SUPPORTIVE SERVICES**

The In-Home Supportive Services (IHSS) program provides domestic services such as housework, transportation, and personal care services to eligible low-income aged, blind, and disabled persons. These services are provided to assist individuals to remain safely in their homes and prevent institutionalization.

The Budget proposes \$1.4 billion General Fund for the IHSS program in 2012-13, a decrease of \$292.3 million General Fund from the revised 2011-12 IHSS budget. General Fund costs are significantly higher in the revised current year projection than in the 2011 Budget Act primarily because of erosions to savings previously assumed. Specifically, General Fund costs of \$231 million result from a six-month delay in extending the state sales tax to IHSS providers, a two-month delay in implementing the Community First Choice Option for enhanced federal funding, a two-month delay in eliminating services for recipients without health care certification, and from not implementing the medication dispensing machines proposal. Additionally, an increase of \$130 million accounts for savings from program integrity efforts already being captured in the caseload projections. The average monthly caseload in this program is estimated to be 423,000 recipients in 2012-13, a 2.5-percent decrease from the 2011-12 projected level.

Proposals to Balance the Budget:

**Eliminate Domestic and Related Services for Certain Recipients.** Domestic and related services include housework, shopping for food, meal preparation and cleanup, laundry, and other shopping and errands. Currently, when an IHSS beneficiary resides in a shared living arrangement and his/her need for any domestic or related service is met by other household members, the authorized hours are pro-rated by county social workers based on the number of household members. Under this proposal, IHSS beneficiaries residing in a shared living arrangement will not be eligible for domestic and related services that can be met in common with other household members. In instances where the shared living arrangement consists entirely of IHSS recipients, domestic and related services will continue to be authorized. In addition, IHSS beneficiaries who have a need for domestic and/or related services that cannot be met in common because of a medically verified condition of other members of the shared living arrangement can 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 authorization of domestic and related service hours will no longer be allowed. Since minors would not be expected to be able to perform these services independently, the parent will be presumed available to perform these tasks unless the parent can 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 provide General Fund savings of \$163.8 million in 2012-13 and is estimated to impact approximately 254,000 recipients beginning July 1, 2012.

**Coordinated Care for Dual Eligible Beneficiaries.** This proposal will better coordinate IHSS, other home and community-based services, and institutional long-term care. All individuals receiving both Medi-Cal and Medicare benefits (dual eligible beneficiaries) will be required to enroll in managed care health plans for their Medi-Cal benefits. The IHSS program will operate as it does today during 2012-13; all authorized IHSS benefits will be included in managed care plans. No IHSS savings are estimated to result from this proposal in 2012-13. Refer to "Improved Care Coordination for Seniors and Disabled Beneficiaries" within Department of Health Care Services for more information.

Other Significant Adjustments:

- 20-Percent Reduction in Service Hours—Because revised revenue projections have fallen short of previous estimates, pursuant to Chapter 41, Statutes of 2011,

a 20-percent across-the-board reduction in IHSS hours was to be implemented January 1, 2012. Because of a court injunction, the state currently is prevented from implementing this reduction. However, the Budget assumes this reduction will be implemented April 1, 2012. To be prudent, the Budget also includes a set-aside to fully fund the IHSS program in the event of an adverse court ruling.

- Medication Dispensing Machine Pilot Project—Current law requires the state to implement a Home and Community Based Medication Dispensing Machine Pilot Project that utilizes an automated medication dispensing machine with associated telephonic reporting service for monitoring and assisting Medi-Cal recipients with taking prescribed medications. Current law also requires the DSS to implement an across-the-board reduction in authorized hours for IHSS recipients beginning October 1, 2012, to the extent the pilot project and/or alternative savings proposals enacted by the Legislature does not achieve a combined net annual General Fund savings of \$140 million. Based on the assumed 20-percent reduction described above, the Budget assumes neither savings from the pilot project nor savings from the associated across-the-board reduction, and proposes to repeal the associated statutory requirements.

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### **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 program. The Budget includes \$998.8 million (\$313.2 million General Fund) for the DCSS, a decrease of \$7.2 million General Fund from the revised 2011-12 Budget and a decrease of \$8.4 million General Fund from the 2011 Budget Act.

#### **CHILD SUPPORT COLLECTIONS**

The child support program establishes and enforces orders for child, spousal, and medical support from absent parents on behalf of dependent children and their caretakers. For display purposes, the 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 \$253.7 million in 2011-12 and \$263.6 million in 2012-13. The increased General Fund collections in 2012-13 primarily reflect the continued suspension of the county share of collections.

Proposal to Balance the Budget:

**Suspend County Share of Collections.** The Budget proposes to suspend the county share of child support collections in 2012-13. The county share of collections is estimated to be \$34.5 million in 2012-13. Under this proposal, the entire non-federal portion of child support collections will benefit the General Fund on a one-time basis. This will not reduce the revenue stabilization funding of \$18.7 million (\$6.4 million General Fund) counties receive for caseworker staff in order to maintain child support collections.

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## CORRECTIONS AND REHABILITATION

The California Department of Corrections and Rehabilitation (CDCR) incarcerates the most serious and violent felons, supervises these felons after their release on parole, and provides rehabilitative strategies designed to successfully reintegrate offenders into communities. The CDCR provides safe and secure detention facilities and necessary support services to inmates, including food, clothing, academic and vocational training.

The Budget proposes \$8.9 billion (\$8.7 billion General Fund) for all state operations and local assistance programs included under this Agency in 2012-13.

### **IMPROVING THE EFFICIENCY OF THE STATE PRISON SYSTEM**

The Budget reflects the implementation of the 2011 Public Safety Realignment. Chapter 15, Statutes of 2011 (AB 109), shifted the responsibility for lower-level offenders and parole violators from state prisons to county jurisdictions. Counties are now responsible for the community supervision of lower-level offenders upon the completion of their prison sentence. Public Safety Realignment is the cornerstone of California's efforts to comply with a 2009 court order in the *Plata* and *Coleman* cases that required the State to reduce crowding levels in the prison system.

The ongoing successful implementation of the reform of the state's incarceration system is a key priority of the Administration. The effects of this reform included in the Budget are as follows:

- **Population Declining as Expected**—As a result of realignment, the total adult inmate population is expected to decline from 150,038 in the current year to 132,167 in the budget year, a 12-percent decrease. The adult inmate population is projected to decrease by 13,114, or 8 percent, in the current year and 30,985, or 19 percent, in the budget year. The current projections also reflect decreases in the estimated parolee population of 23,476 in 2011-12 and 51,898 in 2012-13, declining to a total parolee population of 84,862 in the current year and 56,440 in 2012-13. These population changes result in state savings of \$453.3 million in the current year and \$1.1 billion in the budget year.
- **Operational Changes to Better Address Needs of Remaining Population**—Realignment has significantly changed the population mix remaining in the care of the state, requiring substantial changes to the Department's operations. For example, the number of female inmates is declining by a greater proportion than male inmates, which necessitates the conversion of the Valley State Prison for Women to a male facility by July 2013. In addition, fewer reception beds are needed due to a significant decline in the intake and release of inmates within CDCR. The lower demand for reception beds is allowing the Department to convert existing reception center capacity throughout the state to house inmates on a longer-term basis. The mission of the reception centers is being aligned to better address the needs of the remaining population.
- **Fewer Non-Traditional Beds Needed**—Under realignment, the deactivation of non-traditional beds has increased significantly. CDCR deactivated 898 non-traditional beds in October 2011, 3,223 beds in November, and 844 beds in December. Currently, CDCR is down to 1,263 non-traditional beds. This equates to just 7 gymnasiums and 1 dayroom compared to the 72 gyms and 125 dayrooms in operation at the peak of crowding in August 2007.
- **Rethinking the Prison Facilities Plans**—Realignment fundamentally alters the State's future facility needs as funded under Chapter 7, Statutes of 2007 (AB 900). The primary purpose for the infill program is no longer present, since the state will no longer operate any non-traditional bed capacity. Although the major medical facility under construction in Stockton will proceed as scheduled due to the specialized capacity that it will provide, the Administration is reevaluating the need for other infill and reentry construction projects in light of the substantial population declines.

The Budget includes a reduction of \$44.5 million to reflect the cancellation of the Estrella infill project. Additionally, the Budget reflects that the state is not currently proceeding with the construction and conversion of the DeWitt youth facility to an adult facility. It is anticipated that the state will avoid approximately \$250 million in annual debt service costs as a result of the revised construction plan. The Budget also assumes savings of \$125 million related to infrastructure projects authorized by AB 900 that are not needed as a result of realignment.

#### **ALTERNATIVE CUSTODY FOR WOMEN**

Proposal to Balance the Budget:

- Approximately 70 percent of the current female inmate population is classified as non-violent offenders with convictions for property or drug-related crimes. Additionally, a majority of the women in state prison, including those with prior serious or violent convictions, are classified as low-risk. Increased participation by women in programs such as substance abuse counseling and vocational education will enhance prison safety and rehabilitation efforts and further reduce the state's adult inmate population. The Budget provides for the expansion of Alternative Custody for Women to include women who have a prior serious or violent conviction. This will allow CDCR to place these offenders in community-based treatment programs in an effort to achieve successful outcomes and reduce recidivism among this population. Savings resulting from the reduction in the female inmate population will be used to cover the cost of treatment programs in the community. The anticipated population decline in future years is expected to generate long-term savings of \$2.5 million beginning in 2014-15 and \$5 million annually thereafter. In addition, the state expects to avoid future incarceration costs related to this population due to the positive effects of rehabilitative and therapeutic programs provided through alternative custody.

#### **FISCAL ACCOUNTABILITY**

The Budget continues the Department's focus on fiscal accountability. Previously, structural budgetary shortfalls in various programs led to the Department's inability to manage its budget within the funding provided. Consequently, the 2011 Budget Act included an ongoing augmentation of \$379.6 million to more accurately reflect the operational costs within the adult institutions' budgets. In addition, new and expanded program structures were implemented to allow for a more detailed level of fiscal tracking, improving fiscal oversight. The following provides an update on these efforts.

## CORRECTIONS AND REHABILITATION

- **Program Funding**—A necessary component of ensuring sufficient funding is the semiannual population funding request to address CDCR’s ongoing costs for serving the population remaining under its jurisdiction. The Budget includes an increase of \$33.4 million General Fund in 2011-12 and \$30.1 million in 2012-13 for costs primarily related to changes in the budgeted populations of adult mental health inmates. The Budget recognizes the cost to deliver mental health treatment to inmates and represents implementation of the Mental Health Staffing Ratios presented to the court in 2010 in response to the *Coleman v. Brown* lawsuit.
- **Reporting Requirements**—The Budget continues the reporting requirements that were included in the 2011 Budget Act to increase the fiscal accountability at adult institutions. In addition, the Budget requires CDCR to report at intervals on position reductions associated with the population decline.
- **Zero-Based Budgeting of Division of Adult Parole Operations**—The Department of Finance and CDCR are working together to zero-base the budget for the Division of Adult Parole Operations.

### **JUVENILE JUSTICE REALIGNMENT**

The Division of Juvenile Justice currently houses approximately 1,100 offenders. The Budget proposes to expand on previous successful efforts to reform the state’s juvenile justice system by eventually transferring the responsibility for managing all youthful offenders to local jurisdictions. The Budget proposes to stop intake of new juvenile offenders effective January 1, 2013, and also proposes \$10 million General Fund in 2011-12 to support local governments in planning for this transition. The Administration is committed to working with local governments and stakeholders to ensure a successful transition, and to develop a funding model that provides an appropriate level of resources to house and treat juvenile offenders locally.

### **BOARD OF STATE AND COMMUNITY CORRECTIONS**

The Budget establishes and includes funding for the Board of State and Community Corrections (Board) through transfers from the Corrections Standards Authority (CSA) within CDCR and the California Emergency Management Agency.

Legislation associated with the 2011 Budget Act abolished the CSA and established the new Board as an independent entity, effective July 1, 2012. The Board will absorb the previous functions of the CSA as well as other public safety programs previously administered by the California Emergency Management Agency.

The Board will provide statewide leadership, coordination, and technical assistance to promote effective state and local efforts and partnerships in California's adult and juvenile criminal justice system. Particularly important in the next several years will be coordinating with and assisting local governments as they implement the realignment of many adult offenders to local government jurisdictions that began in 2011. The Board will guide statewide public safety policies and ensure that all available resources are maximized and directed to programs that are proven to reduce crime and recidivism among all offenders.

The Budget proposes \$109.1 million (\$16.9 million General Fund and \$92.2 million other funds) for the state operations and local assistance programs included under this Board.

**INCARCERATION OF UNDOCUMENTED FELONS**

An estimated 10.8 percent of inmates in the state prison system in 2011-12 will be undocumented persons. Approximately \$936.4 million will be spent to incarcerate 16,250 offenders. However, the state is expected to receive only \$65.8 million in federal State Criminal Alien Assistance Program funding for 2011-12 and 2012-13. At this level of funding, the state will be reimbursed for only 7 percent of the costs associated with the incarceration and related debt service associated with the undocumented felon population, with \$870.6 million in costs in excess of the level of federal reimbursements.

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# K THRU 12 EDUCATION

## REINVESTING IN EDUCATION

The Budget begins to reverse the recent decline in funding for K-12 education programs. Since reaching an all-time high of \$56.6 billion in 2007-08, Proposition 98 funding of K-12 schools and community colleges slipped to \$47.6 billion for the 2011-12 year.

The Budget provides Proposition 98 funding of \$52.5 billion for 2012-13, an increase of \$4.9 billion compared to 2011-12. When accounting for all state, federal, and local property tax resources, total funding for K-12 education is projected to be \$67.1 billion in 2012-13. This funding supports California's school districts, charter schools, and county offices of education that provide instruction and support services to more than six million students.

The Budget assumes passage of the Governor's proposed tax initiative which will provide \$6.9 billion in additional revenue for education programs. In the event the initiative does not pass, the Budget includes a trigger reduction of \$4.8 billion. A reduction of this magnitude would result in a funding decrease equivalent to more than the cost of three weeks of instruction. It will also continue to provide 20 percent of program funds a year in arrears.

In addition to assuming new revenues, the Budget includes a series of adjustments or "rebenchings" of the Proposition 98 guarantee. The most significant adjustment relates to the elimination of the sales tax on gasoline in 2010-11. These adjustments provide \$373.2 million of General Fund savings. The Budget also includes a Proposition 98

General Fund reduction of \$171.2 million to special education and community college apportionments in the current year to offset increased property taxes resulting from the elimination of redevelopment agencies (RDAs).

The Budget builds upon flexibility granted to schools in recent years and gives significant decision-making authority to local school districts. While local districts have enjoyed recent, temporary flexibility to use many categorical programs for any educational purpose, a significant number of programs remain cordoned off. The Budget dramatically increases flexibility and local control by consolidating the vast majority of categorical programs (excluding federally required programs such as special education) with revenue limit apportionments into a single stream of funding for schools on a permanent basis. In doing so, it will eliminate many of the inefficiencies and costs that plague the current system of school finance, while continuing to target funds to schools with large populations of disadvantaged pupils. This change will empower local school officials to determine the best uses of scarce resources. It will increase transparency and help to facilitate greater and more informed involvement of parents and community members in local school financial matters. As a result, parents and community members will be better able to access information on the performance of their local schools and hold schools accountable.

The Budget recognizes that this is a time for reinvestment and reform, not for program expansions. As such, it does not fund the new Transitional Kindergarten program created pursuant to Chapter 705, Statutes of 2010, for a cost avoidance of \$223.7 million. These savings will be used to support existing education programs. The Budget also proposes an increase of more than \$2.3 billion in Proposition 98 General Fund to reduce inter-year budgetary deferrals for schools and community colleges.

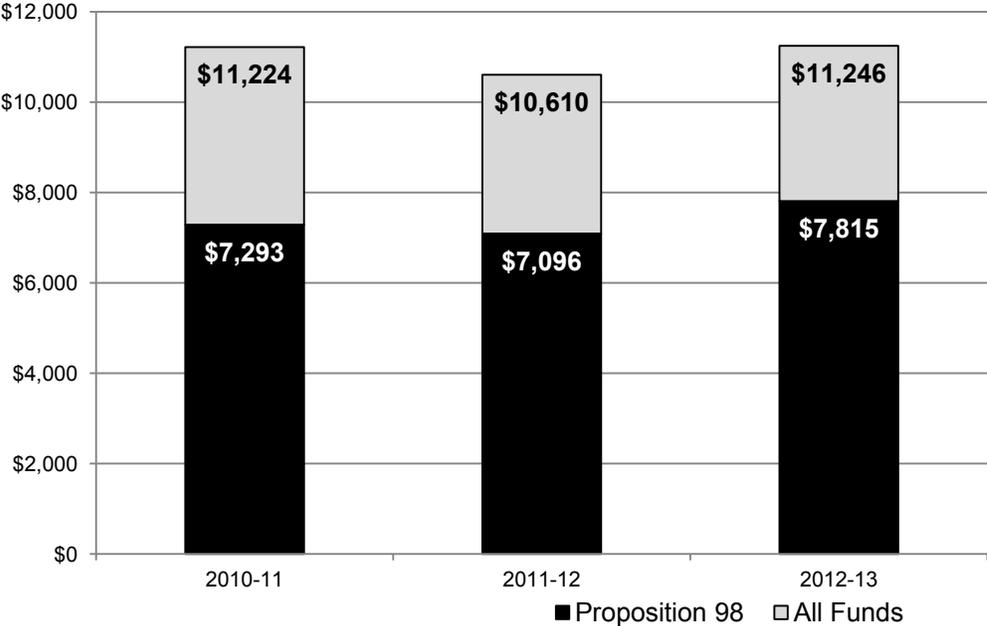
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## **K-12 SCHOOL SPENDING AND ATTENDANCE**

### **PER-PUPIL SPENDING**

Total per-pupil expenditures from all sources are projected to be \$10,610 in 2011-12 and \$11,246 in 2012-13, including funds provided for prior year settle-up obligations. K-12 Proposition 98 per-pupil expenditures in the Budget are \$7,815 in 2012-13, up significantly from the \$7,096 per-pupil provided in 2011-12. (See Figure K12-01). Figure K12-02 displays the revenue sources for schools.

Figure K12-01  
**K-12 Education Spending Per Pupil**



**HOW SCHOOLS SPEND THEIR MONEY**

Figure K12-03 displays FY 2009-10 expenditures reported by schools from their general funds, the various categories of expenditure and the share of total funding for each category.

**ATTENDANCE**

After several years of declining attendance from 2005 to 2010, attendance in public schools began increasing gradually in the 2010-11 fiscal year. Public school attendance is projected to continue increasing

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

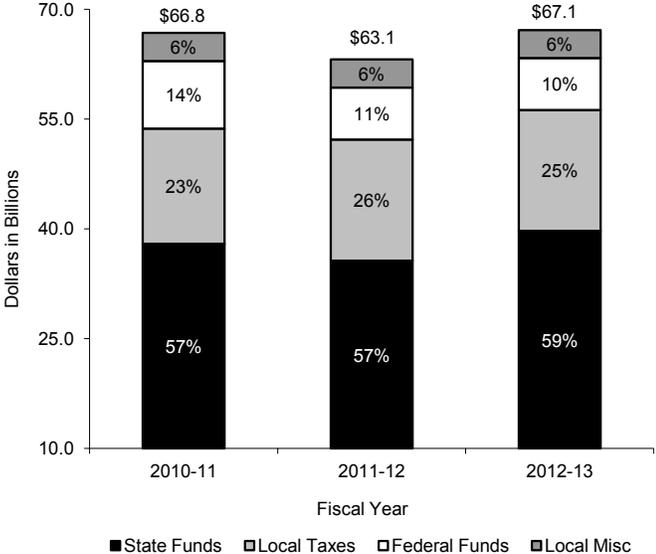
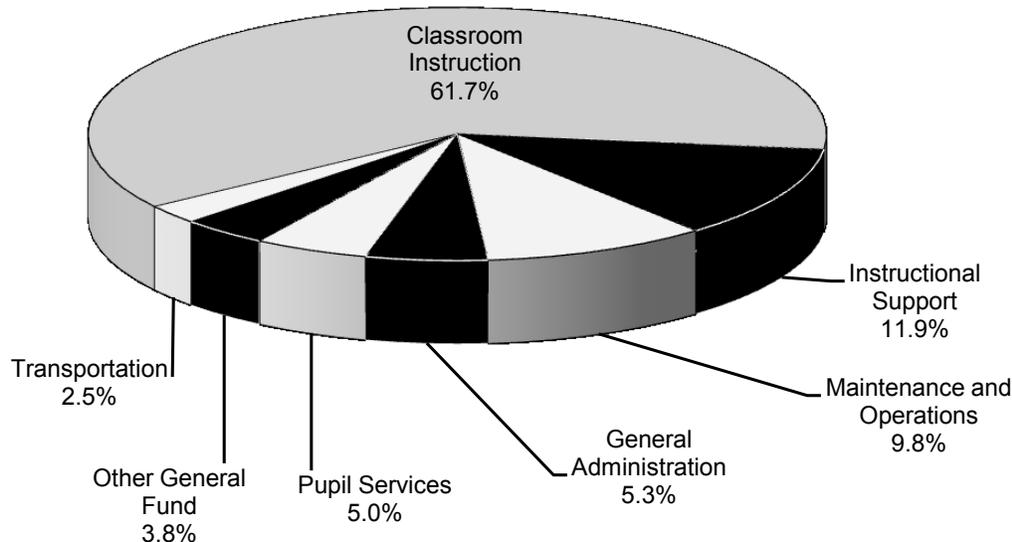


Figure K12-03  
**Where Schools Spend Their Money<sup>1</sup>**



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.

<sup>1</sup> Based on 2009-10 expenditure data reported by schools for their general purpose funding.

during the 2011-12 and 2012-13 fiscal years. For 2011-12, K-12 average daily attendance (ADA) is estimated to be 5,950,041, an increase of 2,673 from the 2010-11 fiscal year. For 2012-13, the Budget estimates that K-12 ADA will increase by an additional 20,734 to 5,970,775.

**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.

### **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. The base year for the Test 1 percentage is 1986-87, a year in which school districts and community colleges (K-14) received approximately 40 percent of General Fund tax revenues. 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 39 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 property 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”.

Assuming the passage of the Governor’s tax proposal, for fiscal year 2011-12, the Proposition 98 guarantee will be \$48.3 billion, of which the General Fund share is \$32.6 billion, with local property taxes covering the balance. The 2011-12 Proposition 98 guarantee will be \$661 million above the level of General Fund appropriated in 2011-12, and that amount will be appropriated in the future as “settle-up” payments. Proposition 98 funding in 2012-13 is proposed to be \$52.5 billion. The General Fund share in 2012-13 is \$37.5 billion, including \$6.6 billion in assumed initiative revenues. In fiscal year 2012-13, it is estimated that the state will be in a Test 1 year.

The funding levels above reflect a \$2.5 billion increase in the Proposition 98 minimum guarantee in 2012-13 assuming passage of the Governor’s tax proposal and the revenues from the initiative are budgeted on an accrual basis.

In addition to proposing new revenues, the Budget includes a series of adjustments or “rebenchings” of the Proposition 98 guarantee. Two rebenchings of the Proposition 98 guarantee in 2011-12, for the inclusion of special education mental health services and the exclusion of most child care programs from within the guarantee, are adjusted based upon 1986-87 level costs for those programs. This 1986-87 level cost methodology was used for previous rebenchings and, therefore, the change provides a single and consistent methodology for all rebenching adjustments. An additional adjustment is made for special education mental health services in 2012-13 for costs funded in 2011-12 out of Proposition 63 funds, ensuring that the guarantee is fully adjusted for the program.

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### **K-12 BUDGET ADJUSTMENTS**

Proposals to Balance the Budget:

- Proposition 98 Savings Adjustments—A combined reduction of \$373.2 million to reflect: (1) elimination of the policy rebenching made to hold Proposition 98 harmless from the elimination of sales tax on gasoline, and (2) changes to two rebenchings of the Proposition 98 guarantee in 2011-12, for the inclusion of special education mental health services and the exclusion of most child care programs from within the guarantee, to conform them to the methodology used for previous rebenchings.
- Restructure Administration and Reduce Child Care Costs—A decrease of \$446.9 million in Non-98 General Fund and \$69.9 million in Proposition 98 General Fund to State Department of Education (SDE) child care programs to reflect changes to reimbursement rates, and to reflect the alignment of eligibility for low-income working family child care services with federal welfare-to-work work participation requirements. These changes are consistent with the Administration’s proposal to restructure CalWORKs, which will focus limited state resources on low-income parents working a required number of hours (See the “Child Care” section for details.)
- Child Nutrition Program Subsidy for Private Entities—A decrease of \$10.4 million Non-98 General Fund in 2012-13 to reflect the elimination of supplemental

reimbursement for free and reduced-price breakfast and lunch served at private schools and private child care centers.

- State Special Schools Unallocated Reduction—A decrease of \$1.8 million Non-98 General Fund in 2012-13 to reflect a reduction in discretionary funding for the California Schools for the Deaf in Fremont and Riverside and the School for the Blind in Fremont.
- California State Library—A reduction of \$1.1 million Non-98 General Fund to reflect a decrease in anticipated administrative workload resulting from 2011-12 trigger reductions that eliminated \$15.9 million in local assistance programs.
- Special Education Property Tax Adjustment—A decrease of \$24.3 million Proposition 98 General Fund for special education programs in 2011-12 to reflect increased property tax revenues from redevelopment agencies as a result of the ruling in *California Redevelopment Association v. Matosantos*.

Other Significant Adjustments:

- K-12 Deferrals—An increase of \$2.2 billion Proposition 98 General Fund to reduce inter-year budgetary deferrals.
- Transitional Kindergarten—A decrease of \$223.7 million Proposition 98 General Fund to reflect the elimination of the requirement that schools provide transitional kindergarten instruction beginning in the 2012-13 academic year. These savings will be used to support existing education programs.
- Charter Schools—An increase of \$50.3 million Proposition 98 General Fund for charter school categorical programs due to charter school growth.
- Special Education—An increase of \$12.3 million Proposition 98 General Fund for Special Education ADA growth.
- K-14 Mandates Funding—An increase of \$110.1 million to support a new block grant program for K-12 and community college mandates as discussed further below.
- Cost-of-Living Adjustment Increases—The Budget does not provide a cost-of-living-adjustment (COLA) for any K-14 program in 2012-13. The projected 2012-13 COLA is 3.17 percent, which would have provided a \$1.8 billion increase to the extent Proposition 98 resources were sufficient to provide that adjustment. A deficit factor will be established in 2012-13 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.

- Local Property Tax Adjustments—An increase of \$196 million for school district and county office of education revenue limits in 2011-12 as a result of lower offsetting property tax revenues. An increase of \$627 million for school district and county office of education revenue limits in 2012-13 as a result of reduced offsetting local property tax revenues.
- Redevelopment Agency Elimination—An increase of \$1.1 billion in offsetting local property taxes for 2012-13 due to the elimination of redevelopment agencies.
- Average Daily Attendance (ADA)—A decrease of \$694 million in 2011-12 for school district and county office of education revenue limits as a result of a decrease in projected ADA from the 2011 Budget Act. An increase of \$158 million in 2012-13 for school district and county office of education revenue limits as a result of projected growth in ADA for 2012-13.
- Unemployment Insurance—An increase of \$21.8 million in 2012-13 to fully fund the additional costs of unemployment insurance for local school districts and county offices of education.
- Child Nutrition Program—An increase of \$37.2 million for 2012-13 in SDE federal local assistance funds to reflect growth of nutrition programs at schools and other participating agencies.
- Fresh Fruit and Vegetable Program—An increase of \$2 million for 2012-13 in SDE federal local assistance funds for the Fresh Fruit and Vegetable Program, which provides an additional free fresh fruit or vegetable snack to students during the school day.
- Child Care—The significant workload adjustments for Child Care programs are as follows:
  - Stage 2—A decrease of \$26.3 million non-Proposition 98 General Fund in 2012-13, reflecting primarily the decline in the number of eligible CalWORKs Stage 2 beneficiaries. Nearly 9,000 children whose families were determined eligible for diversion services as a result of the Stage 3 veto in 2010-11 will lose Stage 2 eligibility and re-enter Stage 3 in the budget year. Total base workload cost for Stage 2 is \$416.2 million.

- Stage 3—A net increase of \$4.5 million non-Proposition 98 General Fund in 2012-13 that reflects a relatively flat caseload. The anticipated transfer of nearly 9,000 children from Stage 2 to Stage 3 in the budget year is offset by the number of children who will be disenrolled in the current year due to the contract reduction included in the 2011 Budget Act. Total base workload cost for Stage 3 is \$148.1 million.
- Capped Non-CalWORKs Programs—On a workload basis, the Budget provides an increase of \$29.9 million in non-Proposition 98 General Fund to fund the statutory COLA of 3.17 percent for capped child care programs, and an increase of \$11.7 million in Proposition 98 General Fund to fund the COLA for part-day preschool. However this COLA is eliminated as part of the child care reductions.
- Child Care and Development Funds (CCDF)—A net increase of \$14.9 million federal funds in 2012-13 reflecting removal of one-time carryover funds available in 2011-12 (\$3.5 million), an increase of \$23.2 million in carryover funds, and a decrease of \$4.8 million in available base grant funds.

#### Ballot Trigger Reduction:

- If new revenues are not achieved, the Proposition 98 guarantee will drop by \$2.4 billion in 2012-13. In addition, Proposition 98 will be rebench to shift K-14 General Obligation Bond debt service costs into Proposition 98, resulting in additional savings of \$2.4 billion. As a result, total program funding for Proposition 98 will drop by \$4.8 billion, which will eliminate the \$2.2 billion repayment of inter-year budgetary deferrals proposed in the Budget for 2012-13. The remaining \$2.6 billion reduced from Proposition 98 would equate to shortening the school year by more than three weeks. The Administration will work with school officials and stakeholders to develop legislation that protects education programs, but allows schools to develop and implement necessary contingency plans.

#### Significant Other General Fund Policy Issues:

- Greater Flexibility and Accountability—California's school finance system has become too complex, administratively costly and inequitable. There are many different funding streams, each with its own allocation formula and spending restrictions. Many program allocations have been frozen and no longer reflect demographic and other changes. Furthermore, the fiscal flexibility

that has recently been provided to schools is time-limited and excludes some significant programs.

- To remedy this, the Budget proposes a weighted pupil funding formula that will provide significant and permanent additional flexibility to local districts by consolidating the vast majority of categorical programs (excluding federally required programs such as special education) and revenue limit funding into a single source of funding. The formula will distribute these combined resources to schools based on weighted factors that account for the variability in costs of educating specific student populations, thereby ensuring that funds will continue to be targeted to schools with large populations of disadvantaged pupils. The formula will be phased in over a period of five years.
- All of the programs that will be replaced by the formula will immediately be made completely flexible for use in supporting any locally determined educational purpose.
- This proposal will be coupled with a system of accountability measures that will be the basis for evaluating and rewarding school performance under this finance model. These measures will include the current quantitative, test-based accountability measures, along with locally developed assessments and qualitative measures of schools.
- Reform K-14 Mandates—The Budget provides a total of \$200 million to fund a mandates block grant incentive program for K-12 schools and community colleges. Legislation will eliminate almost half of all current K-14 mandates and will create incentives for schools to continue to comply with remaining previously mandated activities. The significant shortcomings of existing mandates and the process for administering them compel this reform. Many existing mandates fail to serve a compelling purpose. The mandates determination process takes years. Reimbursement costs are very often higher than anticipated and can vary greatly district by district. Further, the reimbursement process rewards inefficiency.
- Eliminate Unnecessary Mandates—The proposal will eliminate nearly half of all existing mandates, including Graduation Requirements (Second Science Course) and Behavioral Intervention Plans. While the mandate to perform these activities will be eliminated, local districts may choose to continue these activities at local discretion.

- Preserve Core Programs and Functions—Mandates that are not eliminated will be made optional. However, the proposal creates a block grant to encourage schools to continue meeting these requirements. Receipt of funding from this block grant will be conditioned on schools complying with these provisions. The proposal will sustain core programs, including school and county office fiscal accountability reporting. It will also continue to support sensitive notification and school safety functions like pupil health screenings, immunization records, AIDS prevention, School Accountability Report Cards, and criminal background checks. The mandates block grant provides an almost 340-percent increase in funding to encourage districts to perform these programs.
- Streamline and Expand Financial Support for Charter Schools—The Budget proposes to improve in general the operational and financial playing field for charter schools. Charter schools receive less per average daily attendance funding than traditional public schools and are not eligible for mandate reimbursements. They have limited options for borrowing funds at affordable interest rates and may not issue bonds. To address these issues, the Budget proposes the following changes:
  - Enhance Charter School Funding—(1) Fully fund non-classroom-based charter schools and continue to provide growth funding for all charter schools through the charter school categorical block grant, until a weighted student formula replaces this funding mechanism, (2) stabilize funding for the Charter School Revolving Loan Fund by providing additional access to proceeds available in the Charter School Security Fund, (3) facilitate timely processing of charter school deferral exemption requests by eliminating the requirement that requests be reviewed by the charter authorizer, and (4) provide additional borrowing opportunities to charter schools by specifying in statute that Local Educational Agencies (LEAs) may include charter schools in their issues of County Treasury Revenue Anticipation Notes (TRANS). LEAs issuing TRANS will be statutorily identified as senior creditors for the purposes of the repayment of TRANS issued on behalf of a charter school.
  - Invest in Charter School Facilities—(1) Allow non-classroom-based charter schools to participate in the Charter School Facility Grant Program (Grant Program), (2) facilitate the timely release of Grant Program funds by eliminating some of the up-front application processes and streamlining eligibility determinations, and (3) specify in statute that the state be identified as the senior creditor for Grant Program fund accountability purposes.

- Improve Charter School Working Capital—Authorize the California School Finance Authority to: (1) refinance existing working capital revenue bonds, (2) expand charter school payment intercepts to include categorical block grant funds, and (3) expand working capital financing to include charter management organizations.

### **SCHOOL REVENUE LIMIT APPORTIONMENTS**

K-12 revenue limits provide the primary form of general purpose funding assistance to California’s 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 \$5,717 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 Fund pays 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.

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## **K-12 SCHOOL FACILITIES**

Since 1998, voters have approved approximately \$35 billion in statewide general obligation bonds to construct or renovate public school classrooms used by the state’s 6.3 million elementary, middle and high school students. In addition to general obligation bonds, school districts may utilize developer fees, local bonds, certificates of participation and Mello-Roos bonds to construct additional classrooms or renovate existing classrooms. The Budget proposes to shift existing School Facilities Program bond authority from the Overcrowding Relief Grant Program to the New Construction program and to regulate the allocation of new construction and modernization funds to ensure continued construction of new classrooms and modernization of existing classrooms. This action will delay local authority to impose a third level

construction fee while continuing construction of new classrooms using bond proceeds, fee revenues and local funds.

## **CHILD CARE**

### **BACKGROUND ON THE EXISTING CHILD CARE SYSTEM**

Subsidized Child Care includes a variety of programs designed to support the gainful employment of low-income families. These programs are primarily administered by the SDE through non-Proposition 98 funding and the annual federal Child Care and Development Fund grant. Additionally, part-day preschool programs—funded through Proposition 98—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, with the exception of preschool, are means-tested and require that families receiving subsidies have a need for child care, which means all adults in the family must be working or seeking employment, or are 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 waiting lists, while those specifically limited to CalWORKs families or former CalWORKs families have been funded for all eligible recipients.

The major capped programs include General Child Care, State Preschool, Alternative Payment Program, and Migrant Child Care. CalWORKs programs include: Stage 1, administered by the Department of Social Services (DSS), 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 two years and still have a child care need.

Total funding for SDE child care programs in 2011-12 is \$2 billion, consisting of \$1.1 billion in non-Proposition 98 General Fund, \$373.7 million in Proposition 98 General Fund, and \$543.1 million in federal funds. Stage 1 child care totals \$428.3 million General Fund/TANF and is included in the DSS budget. Collectively, the SDE programs are estimated to serve 298,600 average monthly enrolled children and Stage 1 child care serves 44,300 children, for a current-year average monthly total of 342,900.

**REDUCE CHILD CARE COSTS AND RESTRUCTURE  
ADMINISTRATION OF CHILD CARE**

Total funding proposed for SDE child care programs in 2012-13 is \$1.5 billion, consisting of \$585.3 million in non-Proposition 98 General Fund, \$310.2 million in Proposition 98 General Fund, and \$557.9 million in federal funds. The \$1.5 billion total funding reflects a \$446.9 million reduction to child care programs funded from non-Proposition 98 General Fund, and a reduction of \$69.9 million in Proposition 98 General Fund for part-day preschool. Funding for cash-aided families who are currently enrolled in Stage 1 child care totals \$442 million General Fund/TANF and is included in the DSS budget. Collectively, the SDE and DSS programs are estimated to serve 292,900 average monthly enrolled children in 2012-13. This figure reflects the elimination of 62,000 child care slots and other caseload changes.

The reductions to SDE child care programs reflect changes to reimbursement rates. They also reflect the alignment of eligibility and need criteria for low-income working family child care services with federal income eligibility rules and welfare-to-work participation requirements. These changes are consistent with the Administration's proposal to restructure CalWORKs, which will focus limited state resources on low-income families working a required number of hours (see Department of Social Services in the Health and Human Services section). Over time, the three-stage child care system for current and former CalWORKs recipients, and programs serving low-income working parents, will be replaced with a work-based child care system administered by county welfare departments.

By focusing the state's subsidized child care programs on supporting work, the state will be able to maximize the number of available child care slots within constrained resources. Using Proposition 10, federal and other local funds, local entities can invest in program quality improvement based on local needs and priorities.

The child care reductions consist of the following:

- A decrease of \$293.6 million in non-Proposition 98 General Fund by requiring families to meet federal welfare-to-work participation requirements. This change will eliminate services for families who do not work a required number of hours. Part-day preschool programs will not be affected by this reduction, as these programs are not intended to meet the full-time needs of working parents. This reduction will eliminate about 46,300 child care slots.

- A decrease of \$43.9 million in non-Proposition 98 General Fund and \$24.1 million in Proposition 98 General Fund by reducing the income eligibility ceilings from 70 percent of the state median income to 200 percent of the federal poverty level. This level equates to 61.5 percent of the state median income for a family size of three, reflecting a reduction in the income ceiling from \$42,216 to \$37,060. This reduction will eliminate about 15,700 child care slots.
- A decrease of \$29.9 million in non-Proposition 98 General Fund and \$11.7 million in Proposition 98 General Fund by eliminating the statutory COLA for capped non-CalWORKs child care programs.
- A decrease of \$11.8 million in non-Proposition 98 General Fund by reducing the reimbursement rate ceilings for voucher-based programs from the 85<sup>th</sup> percentile of the private pay market, based on 2005 market survey data, to the 50<sup>th</sup> percentile based on 2009 survey data. To preserve parental choice under lower reimbursement ceilings, rates for license-exempt providers will remain comparable to current levels, and these providers will be required to meet certain health and safety standards as a condition of receiving reimbursement. (A corresponding \$5.3 million General Fund decrease is made to Stage 1 in the DSS budget.)
- A decrease of \$67.8 million in non-Proposition 98 General Fund and \$34.1 million in Proposition 98 General Fund by reducing the standard reimbursement rate for direct-contracted Title 5 centers by 10 percent.

Components of the administrative restructuring of child care consist of the following:

- Beginning in 2013-14, families meeting federal work requirements will receive a work bonus issued by the county welfare departments to better support working families.
- In the budget year, the SDE will continue to administer services payment contracts with alternative payment programs (which administer voucher-based programs) and Title 5 centers. Contracts with alternative payment programs for funding remaining after the reimbursement rate and eligibility reductions will be consolidated. Priority for voucher-based services will be given to families whose children are recipients of child protective services, or at risk of being abused, neglected, or exploited, and cash-aided families. Cash-aided families that are currently enrolled in Stage 1 will continue to receive child care services.
- Beginning in 2013-14, the eligibility and payment functions will shift from the alternative payment programs and Title 5 centers to the counties, though counties may contract with these agencies to perform the payment function. All eligible

families, including those currently enrolled in Title 5 centers, will receive a voucher for payment to a provider of their own choice. This will shift responsibility for the administration of services for approximately 142,000 children from the SDE to the counties. The SDE will continue to administer part-day preschool programs.

- The Administration is also proposing legislation, effective in 2013-14, to require counties and alternative payment programs to identify and collect overpayments. The legislation also imposes sanctions on agencies that do not reduce the incidence of overpayments, and it also imposes sanctions on providers and families who commit intentional program violations. Any savings will be reinvested in child care slots.

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### **CALIFORNIA STATE LIBRARY**

The 2011-12 Budget included the elimination of \$15.9 million in General Fund support for the following discretionary programs administered by the California State Library: the Public Library Foundation (\$3 million), the California Library Services Act (\$8.5 million), the California English Acquisition and Literacy Program (\$3.7 million), the California Civil Liberties Public Education Program (\$450,000), and the California Newspaper Project (\$216,000).

To conform to these local assistance reductions, the Budget proposes a reduction of \$1.1 million Non-98 General Fund to reflect a decrease in associated administrative workload. Despite this reduction, the California State Library will continue to preserve California's history and cultural heritage, and share its collection of historic documents with the citizens of California.

## HIGHER EDUCATION

**E**ach year, millions of Californians pursue degrees and certificates and enroll in courses to improve their knowledge and skills at the state's higher education institutions. More are connected to the system as employees, contractors, patients, and community members.

From 2008-09 through 2011-12, the state reduced funding by \$2.65 billion General Fund to the University of California, the California State University, the California Community Colleges, and the Hastings College of the Law. The most notable consequences have been significant student tuition and fee increases and declining course offerings, which have made it difficult for students to complete their certifications and degrees in a timely manner.

The Administration's long-term plan for higher education is rooted in the belief that higher education should be affordable and student success can be improved. The Administration proposes stable and increasing state funding to higher education and provides fiscal incentives to improve management of all costs. The significant components of the plan include the following:

- **Affordability**—The plan will curtail tuition and fee increases and will lessen the pressure for students to take out burdensome loans.
- **Student Success**—The plan will make annual General Fund augmentations contingent upon each institution achieving the Administration's priorities, including improvements in specific accountability metrics, such as graduation rates,

time to completion, transfer students enrolled, faculty teaching workload, and, for community colleges, successful credit and basic skills course completion.

- **Stable Funding Source**—The state will increase its General Fund contribution to each institution's prior year base by a minimum of four percent per year, from 2013-14 through 2015-16, contingent upon the passage of the Governor's tax initiative.
- **Fiscal Incentives**—The state currently budgets separately for, and adjusts annually, retirement program contributions and general obligation and lease revenue bond debt service for higher education capital improvement projects. The Budget proposes to shift these appropriations into each institution's budget (except retirement program and general obligation bond debt service for the California Community Colleges). This will encourage the institutions to factor these costs into their overall fiscal outlook and decision-making process.

For 2012-13, the Budget proposes total funding of \$22.5 billion, reflecting an increase of \$367.5 million above 2011-12, a 1.7-percent increase. As a subset of total funding, the Budget proposes funding of \$11.6 billion in General Fund and Proposition 98 related-sources reflecting a decrease of \$335.1 million below 2011-12. This decrease is due chiefly to the use of available federal Temporary Assistance for Needy Families funds in lieu of General Fund for the Cal Grant Program.

See Figure HED-01 for a summary comparison of individual institution funding totals reflecting the budget proposal and prior year appropriations.

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### **UNIVERSITY OF CALIFORNIA**

Drawing from the top 12.5 percent of the state's high school graduates, the University of California (UC) educates approximately 237,800 undergraduate and graduate students at its ten campuses and is the primary institution authorized to independently award doctoral degrees and professional degrees in law, medicine, business, dentistry, veterinary medicine, and other programs. 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 3.8 million patient visits each year.

Figure HED-01  
**Higher Education Expenditures**  
(Dollars in Millions)

	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	Change from 2011-12	
							Dollar	Percent
University of California <sup>1/</sup>								
Total Funds	\$5,453.3	\$5,453.4	\$5,298.1	\$5,948.2	\$6,064.2	\$6,362.7	\$298.5	4.9%
General Fund	3,257.4	2,418.3	2,591.2	2,910.7	2,273.6	2,570.8	\$297.2	13.1%
ARRA Reimbursement <sup>2/</sup>	-	716.5	-	106.6	-	-	-	-
California State University <sup>1/</sup>								
Total Funds	4,487.1	\$4,616.9	\$4,279.9	\$4,674.5	\$4,499.3	\$4,697.1	\$197.8	4.4%
General Fund	2,970.6	2,155.3	2,345.7	2,577.6	2,002.7	2,200.4	\$197.7	9.9%
ARRA Reimbursement <sup>2/</sup>	-	716.5	-	106.6	-	-	-	-
Community Colleges								
Total Funds	9,081.6	\$9,558.8	\$9,965.7	\$10,029.8	\$9,500.7	\$9,980.3	\$479.6	5.0%
General Fund & P98 <sup>3/</sup>	6,425.6	6,332.6	6,117.5	6,297.7	5,729.4	6,210.2	\$480.8	8.4%
ARRA Reimbursement <sup>2/</sup>	-	35.0	-	4.0	-	-	-	-
Student Aid Commission								
Total Funds	896.1	\$924.7	\$1,111.9	\$1,398.1	\$1,574.1	\$1,364.0	-\$210.1	-13.3%
General Fund	866.7	888.3	1,043.5	1,251.0	1,481.7	567.9	-\$913.8	-61.7%
Other Higher Education <sup>4/</sup>								
Total Funds	384.3	\$452.9	\$547.4	\$536.9	\$454.2	\$55.8	-\$398.3	-87.7%
General Fund	354.7	419.3	508.2	489.1	405.8	8.8	-\$397.0	-97.8%
<b>Total Funds</b>	<b>\$20,302.3</b>	<b>\$21,006.7</b>	<b>\$21,203.0</b>	<b>\$22,587.5</b>	<b>\$22,092.5</b>	<b>\$22,460.0</b>	<b>\$367.5</b>	<b>1.7%</b>
<b>General Fund</b>	<b>\$13,875.0</b>	<b>\$12,213.7</b>	<b>\$12,606.2</b>	<b>\$13,526.1</b>	<b>\$11,893.2</b>	<b>\$11,558.1</b>	<b>-\$335.1</b>	<b>-2.8%</b>

<sup>1/</sup> 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.

<sup>2/</sup> 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.

<sup>3/</sup> 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. CCC General Fund also includes general obligation (GO) bond debt service payments.

<sup>4/</sup> The Other Higher Education amount includes Hastings College of the Law (HCL), the California Postsecondary Education Commission (CPEC), and GO bond debt service payments through 2011-12 for UC, CSU and HCL. GO bond debt service payments are included in UC, CSU, and Hastings General Fund figures for 2012-13.

#### Significant Adjustments:

- Eliminate Set-Asides in UC's Budget—The Budget proposes to remove various set-asides for specific programs and purposes, such as the Drew Medical Program, AIDS research, the Institutes for Science and Innovation, and the Summer School for Mathematics and Sciences. This provides UC with greater flexibility to manage its \$750 million 2011-12 budget reduction.
- Operating Budget Needs—An ongoing increase of \$90 million General Fund for base operating costs, which can be used to address costs related to retirement program contributions.

## HIGHER EDUCATION

- **Fiscal Incentives**—It is the current practice that the state separately budgets, and annually adjusts, for general obligation and lease revenue debt service for UC capital improvement projects. The Budget proposes to shift these appropriations into UC’s budget, which will require the University to factor these costs into UC’s overall fiscal outlook and decision-making process.

### Ballot Trigger Reduction:

- **Unallocated Reduction**—A decrease of \$200 million in 2012-13 for an unallocated reduction. To the extent that UC chooses to increase tuition to backfill this reduction, the General Fund costs of providing Cal Grants to financially needy California students will increase and partially offset the General Fund savings of this proposal.

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## 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 master’s degrees and independently awards doctoral degrees in education, nursing practice, and physical therapy, or jointly with UC or private institutions in other fields of study. With 23 campuses and approximately 412,000 students, the CSU is the largest and most diverse university system in the country. It also is one of the most affordable. The CSU plays a critical role in preparing the workforce of California; it grants more than one-half of the state’s bachelor’s degrees and one-third of the state’s 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 over 50 percent of California’s teachers.

### Significant Adjustment:

- **Fiscal Incentives**—It is the current practice that the state separately budgets, and annually adjusts, for general obligation and lease revenue debt service for CSU capital improvement projects. Additionally, the state currently budgets separately for, and adjusts annually, California Public Employees’ Retirement System contributions for CSU employees. The Budget proposes to fold these appropriations into CSU’s budget, which will require the University to factor these costs into CSU’s overall fiscal outlook and decision-making process.

## Ballot Trigger Reduction:

- Unallocated Reduction—A decrease of \$200 million in 2012-13 for an unallocated reduction. To the extent that CSU chooses to increase tuition to backfill this reduction, the General Fund costs of providing Cal Grants to financially needy California students would increase and partially offset the General Fund savings of this proposal.

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## CALIFORNIA COMMUNITY COLLEGES

The California Community Colleges (CCC) are publicly supported local educational agencies that provide educational, vocational, and transfer programs to approximately 2.6 million students. The California Community College system is the largest system of higher education in the world, with 72 districts, 112 campuses, and 71 educational centers. In addition to providing education, training, and services, the CCC contributes 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.

## Significant Adjustments:

- Apportionments—An increase of \$218.3 million in 2012-13 to partially restore funding that had been previously deferred, contingent upon the passage of the Governor’s tax initiative. This restoration will reduce the debt burden of the state and is consistent with, and proportional to, the restoration of funding in K-12 education.
- Categorical Program Consolidations and Flexibility—Currently, colleges have many overlapping limitations on how they spend their funds and are not able to direct their scarce resources based on what is needed locally to achieve student success. They are limited as to the populations of students that they may serve and programs they may offer. The Budget proposes to consolidate nearly all categorical programs and provide flexibility to CCC to use “flexed” funds for any categorical program purpose. This proposal will improve student access and success and will provide the colleges with more local control, flexibility, and decision-making authority. The Administration will review the recommendations of the forthcoming Student Success Task Force report and explore other possibilities for expanding flexibility—including fee policy changes and loosening operational restrictions—for inclusion in the May Revision.

- **Mandate Reform**—The Budget proposes to preserve core mandatory programs and functions, to eliminate unnecessary mandates, and to create a mandates block grant incentive program. The details of this proposal are consistent with the K-12 Education mandate reform proposal discussed in the K-12 Education section.
- **Redevelopment Agency Elimination**—The Budget includes a current year Proposition 98 General Fund reduction of \$146.9 million to CCC apportionments to reflect an identical increase in offsetting property taxes resulting from the elimination of redevelopment agencies.

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### **CALIFORNIA STUDENT AID COMMISSION**

The California Student Aid Commission (CSAC) administers state financial aid to students attending all institutions 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, and the Assumption Program of Loans for Education. Over 91,000 students received new Cal Grant awards, and over 144,000 students received renewal awards, in 2010-11.

Prior to 2001, the program offered a capped number of awards to students and award amounts were specified in the Budget. The program is now an entitlement program and has been one of the fastest growing programs in the state. Costs for the program have increased dramatically due to an increased number of students participating in the program and UC and CSU tuition increases. Over an eight-year period, the number of participants in the program and costs have increased by 79,000 students and \$915 million – from 177,000 students and \$688 million in 2004-05 to an estimated 256,000 students and \$1.6 billion in 2012-13.

Proposals to Balance the Budget:

- **Change Cal Grant Award Amount for Private, For-Profit Colleges and Universities**—A decrease of \$59.1 million in 2012-13 by lowering the award amount for students attending private, for-profit schools to \$4,000. This will affect approximately 14,900 students.
- **Change Cal Grant Award Amount for Independent, Non-Profit Colleges and Universities**—A decrease of \$111.5 million in 2012-13 by lowering the award amount for students attending independent, non-profit schools to the CSU award amount. This will affect approximately 30,800 students.

- Raise Cal Grant Program Grade Point Average (GPA) Requirements—A decrease of \$131.2 million in 2012-13 by raising the minimum GPA requirement for all applicants (e.g. Cal Grant A from 3.0 to 3.25, Cal Grant B from 2.0 to 2.75, and CCC Transfers from 2.4 to 2.75). This will focus limited financial aid resources on those students who are most likely to complete their degrees. This proposal will affect approximately 26,600 students.
- Phase Out Student Loan Assumption Programs for Teachers and Nurses—A decrease of \$6.6 million in 2012-13 as a result of eliminating all new awards while continuing to fund remaining renewal awards through 2015-16. This will affect approximately 2,600 teachers and 70 nurses.
- Offset Cal Grant Costs with Federal Temporary Assistance for Needy Families (TANF) Reimbursements—A decrease of \$736.4 million in 2012-13 to reflect TANF funds available through an interagency agreement with the Department of Social Services.

Other Significant Adjustments:

- Restrict Cal Grant Program Participation for Independent, Non-Profit and Private, For-Profit Colleges and Universities—One indicator that institutions are effectively preparing their students is that their graduates consistently pay their student loans when they enter the workforce. The student loan default rate is the percentage of an institution's students who default on their student loan payments after graduation. Beginning in 2011-12, any institution that exceeds a 25-percent default rate is excluded from Cal Grant Program participation for one academic year. Under current law, this maximum default rate would have increased to 30 percent. The Administration proposes to maintain the maximum student loan default rate at 25 percent. This proposal is consistent with state and federal efforts to ensure non-profit and for-profit colleges and universities are effectively preparing students for entrance into the workforce.
- Restore Uninterrupted Enrollment Requirement for Transfer Entitlement Awards—Currently, a CCC student is eligible for a Transfer Entitlement Award at a four-year institution only if the student is enrolled in a CCC in one academic year and then transfers to and enrolls at a four-year institution the next academic year. Recently, the CSAC relaxed this requirement by allowing prolonged enrollment breaks between the CCC and the four-year institution. It is estimated that this decision will result in \$70 million in new General Fund costs. The Administration proposes to maintain the uninterrupted CCC/four-year college enrollment requirement so as to avoid creating new costs at a time of limited General Fund resources.

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# LABOR AND WORKFORCE DEVELOPMENT

The Labor and Workforce Development Agency addresses issues relating to California workers and their employers. The Agency is responsible for: labor law enforcement, workforce development, and benefit payment and adjudication. The Agency works to combat the underground economy and to help legitimate businesses and workers in California.

The Budget includes total funding of \$14.8 billion (\$448 million General Fund, \$14.3 billion various other funds) for the Agency.

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## EMPLOYMENT DEVELOPMENT DEPARTMENT

The Employment Development Department (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 job services programs and one-stop service centers and provides employment training programs through the Employment Training Panel and the Workforce Investment Act of 1998. To support the Department, the Budget includes \$14.3 billion (\$438.8 million General Fund), which reflects a decrease of \$6.1 billion as compared to the revised 2011 Budget and is \$11.6 billion less than the 2011 Budget Act. This decrease is primarily due to the end of the federal UI extensions.

### **UNEMPLOYMENT INSURANCE PROGRAM**

The UI program is a federal-state program that provides weekly 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. 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.

Beginning in January 2009, the state's UI Fund was exhausted due to an imbalance between benefit payments and annual employer contributions. To continue to make UI benefit payments without interruption, the EDD began borrowing funds from the Federal Unemployment Account. The UI Fund deficit was \$9.8 billion at the end of 2011 and is projected to be \$11.7 billion at the end of 2012.

While annual interest payments were waived under the American Recovery and Reinvestment Act for 2010, interest of \$303.5 million was paid in September 2011 and the interest payment for September 2012 is estimated to be \$417 million. Interest will continue to accrue and be payable annually until the principal on the UI loan is repaid. The interest payment must come from state funds.

Proposals to Balance the Budget:

- **Offset UI Interest Payment**—A loan from the Unemployment Compensation Disability Fund to the General Fund to pay for the UI interest expense. This achieves a General Fund savings of \$417 million in 2012-13. This is a continuation of the 2011-12 budget approach.
- **Employer Surcharge to Fund UI Interest Payments**—An increase in revenue of \$472.6 million, Employment Training Fund, as a result of implementing a surcharge on employers effective January 1, 2013. The surcharge revenue will fund future interest payments for funds borrowed from the federal government to pay California's unemployment insurance benefits and repay the funds borrowed from the Unemployment Compensation Disability Fund.
- **Eligibility Change**—In conjunction with the employer surcharge, increase the minimum monetary eligibility requirements to qualify for UI benefits to account for increases in employee wages that have occurred since the requirements were last adjusted in 1992.

Other Significant Adjustments:

- October Revise—A decrease of \$5.4 billion in 2011-12 and \$11.7 billion in 2012-13, Unemployment Fund, as a result of the end of the federal UI extensions. With this adjustment, total benefit payments will be \$13.2 billion in 2011-12 and \$6.9 billion in 2012-13. The October Revise also includes an increase of \$11.5 million in Disability Insurance benefit payments and a state operations increase of \$11.6 million and 142.5 positions for administrative support for the Disability Insurance program.
- Workforce Investment Act (WIA) Funding—A decrease of \$39.5 million federal funds for the Governor’s discretionary WIA funding. This decrease reflects a reduction in the discretionary funds, from 15 percent to 5 percent, provided by the federal government.

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## **AGRICULTURAL LABOR RELATIONS BOARD**

The Agricultural Labor Relations Board investigates, prosecutes, and adjudicates unfair labor practice disputes and is responsible for conducting secret ballot elections so that farm workers in California may decide whether to have a union represent them in collective bargaining with their employer.

Significant Adjustment:

- Unfair Labor Practice Case Backlog—An increase of \$500,000 Labor and Workforce Development Fund and 3.8 positions to reduce a backlog of unfair labor practice cases. The Agricultural Labor Relations Board will implement permanent process changes and efficiencies that will enable unfair labor practice cases to be processed more quickly.

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## **DEPARTMENT OF INDUSTRIAL RELATIONS**

The Department works to improve working conditions, enforces laws relating to wages, hours, conditions of employment, and workers’ compensation, and adjudicates workers’ compensation claims. The Budget includes \$425.1 million (\$4.4 million General Fund) to support the Department.

## LABOR AND WORKFORCE DEVELOPMENT

### Significant Adjustment:

- Expand Education and Outreach to Employees and Employers—An increase of \$2.3 million Labor and Workforce Development Fund to expand education and outreach efforts to increase the effectiveness of labor compliance field staff.

## GENERAL GOVERNMENT

The General Government Section includes multiple departments, commissions, and offices responsible for the operation of various government programs. The Budget includes total funding of \$4.1 billion (\$514.6 million General Fund and \$3.5 billion various funds) for these entities.

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### CALIFORNIA DEPARTMENT OF FOOD AND AGRICULTURE

The California Department of Food and Agriculture (CDFA) protects and promotes California's agricultural industry and ensures that only safe and quality food reaches the consumer. The Budget proposes approximately \$65 million General Fund for a number of programs, such as agricultural plant and animal health, pest prevention, and food safety services.

Significant Adjustment:

- Further Reduce General Fund Support—A permanent decrease to various department programs of \$12 million in 2012-13, as part of a two-year effort to achieve \$31 million in ongoing General Fund savings. The 2011 Budget Act reflected an initial decrease to the CDFA's budget of \$19 million. This additional reduction primarily affects various programs relating to border control stations, pest prevention, and food safety activities. Some border station hours will likely be reduced. A portion of the General Fund reduction will be replaced by the Recycling Fund for new efforts the border stations will be making to mitigate recycling fraud, which

occurs when recycling material is brought into California for illegal redemption. Funding to counties for performance of pest trapping and incoming shipment inspection activities will be reduced. Other reductions will be offset by increasing fees associated with the certification of nursery stock and milk and dairy food safety, as well as by implementing several departmental efficiencies.

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### **COMMISSION ON STATE MANDATES**

The Commission on State Mandates 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. The Constitution requires the Legislature to either fund or suspend specified mandates in the annual Budget Act.

Proposals to Balance the Budget:

- **Suspend/Repeal State Mandates**—The Budget proposes to suspend various mandates except for most mandates related to law enforcement or property taxes. Consistent with the Governor’s focus on streamlining government and providing local flexibility, the Budget proposes to repeal dozens of the approximately 50 mandates that have been suspended for the past two years or more. Many of the activities required by these mandates have become common practice and should not be mandated by the state. This proposal will result in a decrease of \$728.8 million General Fund in 2012-13.
- **Redetermination of Mandate**—Chapters 762 and 763, Statutes of 1995, created the Sexually Violent Predators reimbursable state mandate. However, in 2006, voters approved Jessica’s Law (Proposition 83), which restated several of the provisions of the reimbursable mandate. Because mandates imposed by voter-approved initiatives are not reimbursable state mandates, the Administration will submit a request to the CSM to adopt a new test claim decision for the mandate to reflect this change.
- **Delay of Program Participation Requirements for Specified Probationers**—Chapter 219, Statutes of 2010, provided for enhanced sentencing of sex offenders. The Budget proposes to implement a two-year delay, from July 2012 to July 2014, of the requirement that probationers who are registered sex offenders participate in a sex offender management program. All the enhanced sentencing terms and parole lengths that were part of the bill, which basically required longer sentences for sex offenders and in some cases longer/lifetime parole, will remain in place. No sentencing changes will result from this proposed program delay.

In light of the public safety realignment, this delay will provide probation departments the opportunity to focus on the implementation of realignment. In addition, if this program were determined to be a reimbursable state mandate, this two-year delay could result in significant General Fund savings.

- Deferral of Pre-2004 Mandate Obligations—A decrease of \$99.5 million in 2012-13 as a result of deferring the 2012-13 payment for mandate costs incurred prior to 2004-05.

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## **CALIFORNIA DEPARTMENT OF VETERANS AFFAIRS**

California owns and operates six veterans homes located in Yountville, Chula Vista, Barstow, Lancaster, Ventura, and West Los Angeles. Two additional homes in Redding and Fresno are under construction, scheduled to be completed in January 2012 and April 2012, respectively. These homes provide residential and medical care services to honorably discharged California veterans who served on active duty and are over the age of 62 or disabled.

Significant Adjustment:

- Further Delay the Opening of Veterans Homes in Redding and Fresno—The opening of the homes was delayed through 2011-12 and will continue to be delayed through 2012-13.

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## **OVERSIGHT OF REGULATORY PROGRAMS**

- Chapter 496, Statutes of 2011 (SB 617) provides for expanded economic analyses of new major regulations. The Administration has already begun the development of this program, which will provide standards for analysis and consideration of alternatives that are the least harmful to the economy.

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## TAX RELIEF AND LOCAL GOVERNMENT

This part of the Budget contains state and federal funds used for tax relief and provided to local governments. The largest programs are the homeowners' property tax exemption (\$439 million General Fund) and the apportionment of fuel taxes to local governments (\$1.9 billion special fund).

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### REDEVELOPMENT AGENCIES

Chapter 5, Statutes of 2011 (ABx1 26), eliminated redevelopment agencies (RDAs) and replaced them with locally organized successor agencies tasked with retiring the RDAs' outstanding debts and other legal obligations. Chapter 6, Statutes of 2011 (ABx1 27), created a Voluntary Alternative Redevelopment Program through which an RDA could avoid termination pursuant to ABx1 26, if the city or county that established the RDA remitted payments to K-12 schools. These payments were expected to generate \$1.7 billion in Proposition 98 General Fund savings in 2011-12.

The California Redevelopment Association and other entities challenged both bills before the California Supreme Court in the case *California Redevelopment Association et al. v. Matosantos et al.* In a ruling released on December 29, 2011, the Court upheld ABx1 26, but ruled that ABx1 27 was invalid. In accordance with the Court's order, RDAs will be dissolved on February 1, 2012. Revenues that would have been directed to the RDAs will be distributed to make "pass through" payments to local agencies that they would have received under prior law, and to successor agencies for retirement of the RDAs' debts and for limited administrative costs. The remaining revenues will be distributed as

## TAX RELIEF AND LOCAL GOVERNMENT

property taxes to cities, counties, school and community college districts, and special districts under existing law. The Budget reflects an estimate that approximately \$1.05 billion in additional property tax revenue will be received by K-14 schools in 2011-12, which will offset the state's Proposition 98 General Fund obligation. Additional property tax revenues are estimated at \$340 million for counties, \$220 million for cities, and \$170 million for special districts. These amounts are expected to grow as property values increase and debts are retired. Additional revenues will also be distributed in the next several years as RDA assets are monetized.

# STATEWIDE EXPENDITURES

This chapter describes items in the Budget related to statewide expenditures.

## **DEBT SERVICE AND BOND AUTHORITY**

**Debt Service**—General Fund debt service expenditures will increase by a net of \$24.6 million (0.46 percent), to a total of \$5.4 billion, as compared to the revised current year estimate. This net increase is comprised of a decrease of \$36.5 million for general obligation (GO) debt service (\$4.6 billion total) and an increase of \$61.1 million for lease revenue bonds (\$745.5 million total). The change in GO debt service reflects estimated debt service costs for bonds issued in 2012 (\$188.2 million). Program costs reflect a slight decrease compared to the current year because the Treasurer’s Office has structured bond redemptions to accommodate the \$1.9 billion Proposition 1A financing obligation due June of 2013. General Fund offsets from the Transportation Debt Service Fund increased slightly to \$703.3 million.

While General Fund debt service is estimated to increase only slightly in the budget year, General Fund debt service has been a fast-growing area of the Budget. In 2002-03 General Fund debt service was \$2.1 billion, or 2.9 percent of revenues, versus \$5.4 billion, or 5.6 percent of estimated revenues, in 2012-13. This trend is expected to continue through the end of this decade, with debt service projected to peak at \$7.5 billion in 2019-20. In large part, the increase in debt service is due to the issuance of new voter-approved bonds to fund the state’s infrastructure needs, with over \$100 billion of bonds authorized since 2000. Additionally, since December 2008, the state changed how it funds GO bond-funded projects due to the Pooled Money Investment Board’s decision

to suspend interim financing for GO bond-funded projects. This change required the state to issue bonds sooner than it previously would have, and at first in larger amounts.

One of the Administration's priorities has been to manage the "Wall of Debt", including the amount of General Fund resources dedicated to debt service. To this end, the Administration has been working with agencies to expedite the use of new and idle bond cash (as noted in the Infrastructure Investment section below) to fund needed projects and create jobs. The Administration continues to judiciously manage the GO bond program to ensure bonds are sold only when agencies can demonstrate an immediate need for additional proceeds. This limits the General Fund resources required for debt service. The state did not issue any additional bonds last spring because the amount of excess bond proceeds on hand was found sufficient to meet cash needs. The Administration has continued to work to identify alternative funding sources to offset General Fund debt service costs where applicable, such as weight fees to offset transportation debt service.

**Extinguish Excess Bond Authority**—Consistent with the Administration's ongoing efforts to make government more efficient, this proposal reduces up to nine GO bond acts authorized by the voters between 1976 and 1998 by up to \$44 million. This remaining authority is no longer needed or cannot be legally issued for another purpose. Secondly, this proposal eliminates \$250 million in lease revenue bond authority associated with two state office building projects that were authorized in 1993 and 1994 that were never pursued. The two state office buildings are the Riverside/San Bernardino Office Building (\$150 million authority) and the Long Beach Office Building (\$75 million authority).

### **INFRASTRUCTURE INVESTMENT**

The Administration has worked closely with state agencies to expedite the use of new and idle bond cash to create tens of thousands of jobs and bolster economic recovery efforts by funding major infrastructure projects throughout California. Bond cash balances that were in excess of \$10 billion as of January 2011 are expected to be substantially expended by July 2012. This infusion of cash will begin hundreds of new projects to make much-needed infrastructure investments and jump-start the creation of new jobs. By using existing bond cash more efficiently, Caltrans was able to move forward with 120 new projects this year with a total construction cost of more than \$5.4 billion, including an anticipated \$3 billion in leveraged non-state funds. These projects created an equivalent of approximately 100,000 new jobs. Other significant areas of state infrastructure investments include over 450 new K-12 school construction projects and an average of

about 125 new projects each month within the natural resources area, for such activities as flood control and water quality assurance. The Administration will be working to release the required Five-Year Infrastructure Report this spring and will be evaluating infrastructure priorities for the next five years.

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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.

<b>Title</b>	<b>Purpose</b>	<b>Prepared/Issued by</b>	<b>When</b>
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** - State 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 2012-13.

**Schedule 4 Positions and Salary Cost Estimates** - Position data and corresponding dollar amounts.

**Schedule 5A Statement of Estimated Accounts Payable and Accounts Receivable** - Actual payable and receivable amounts as of June 30, 2011, and estimated amounts for June 30, 2012, and June 30, 2013.

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

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

**Schedule 5D Estimated 2012-13 Fiscal Year Cashflow** - Projected receipts, disbursements, borrowable resources, and cashflow loan balances for the 2012-13 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 Other 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<sup>1</sup>**  
(In Thousands)

	Reference to Schedule	General Fund	Special Funds	Selected Bond Fund Expenditures	Expenditure Totals
<b>2010-11</b>					
Prior year resources available	10	-\$5,018,516	\$13,227,297		
Revenues and transfers	8	93,488,877	29,014,349		
Expenditures	9	<u>91,549,089</u>	<u>33,432,083</u>	\$6,000,068	\$130,981,240
Fund Balance <sup>2</sup>	10	-\$3,078,728	\$8,809,563		
<i>Reserve for Liquidation of Encumbrances <sup>3</sup></i>					
		718,564	--		
<i>Reserves for Economic Uncertainties <sup>4</sup></i>					
		--	8,809,563		
<i>Special Fund for Economic Uncertainties <sup>4</sup></i>					
		-3,797,292	--		
<b>2011-12</b>					
Prior year resources available	10	-\$3,078,728	\$8,809,563		
Revenues and transfers	8	88,605,560	34,673,549		
Expenditures	9	<u>86,512,618</u>	<u>35,587,528</u>	\$13,141,604	\$135,241,750
Fund Balance <sup>2</sup>	10	-\$985,786	\$7,895,584		
<i>Reserve for Liquidation of Encumbrances <sup>3</sup></i>					
		718,564	--		
<i>Reserves for Economic Uncertainties <sup>4</sup></i>					
		--	7,895,584		
<i>Special Fund for Economic Uncertainties <sup>4</sup></i>					
		-1,704,350	--		
<b>2012-13</b>					
Prior year resources available	10	-\$985,786	\$7,895,584		
Revenues and transfers	8	95,389,285	37,725,048		
Expenditures	9	<u>92,553,278</u>	<u>39,824,407</u>	\$4,950,142	\$137,327,827
Fund Balance <sup>2</sup>	10	\$1,850,221	\$5,796,225		
<i>Reserve for Liquidation of Encumbrances <sup>3</sup></i>					
		718,564	--		
<i>Reserves for Economic Uncertainties <sup>4</sup></i>					
		--	5,796,225		
<i>Special Fund for Economic Uncertainties <sup>4</sup></i>					
		1,131,657	--		

<sup>1</sup> 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.

<sup>2</sup> The General Fund unencumbered balances of continuing appropriations at the end of the 2010-11, 2011-12, and 2012-13 fiscal years are \$245,710; \$197,626; and \$10,645 (in thousands), respectively. The special funds unencumbered balances of continuing appropriations at the end of the 2010-11, 2011-12, and 2012-13 fiscal years are \$9,300,845; \$14,606,592; and \$4,961,241 (in thousands), respectively. Unencumbered balances of continuing appropriations reflect remaining expenditure authorizations from these appropriations.

<sup>3</sup> 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.

<sup>4</sup> 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 XIII B of the California Constitution.

**SCHEDULE 2**  
**SUMMARY OF STATE TAX COLLECTIONS**

(Excludes Departmental, Interest, and Miscellaneous Revenue)

Fiscal Year	Per Capita Personal Income <sup>1,2</sup>	State Tax Collections (Dollars in Millions)		Taxes per Capita <sup>1</sup>		Taxes per \$100 of Personal Income <sup>3</sup>	
		General		General		General	
		Fund	Total	Fund	Total	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	33,392	75,668	88,147	2,225.47	2,592.50	6.66	7.76
2001	33,864	62,654	73,237	1,815.39	2,122.03	5.36	6.27
2002	33,984	64,879	75,498	1,856.96	2,160.90	5.46	6.36
2003	34,841	70,229	81,629	1,984.49	2,306.63	5.70	6.62
2004	36,703	80,070	93,716	2,239.55	2,621.22	6.10	7.14
2005	38,562	90,468	105,811	2,514.01	2,940.37	6.52	7.63
2006	41,260	93,237	109,374	2,572.28	3,017.48	6.23	7.31
2007	42,853	95,291	111,725	2,606.95	3,056.56	6.08	7.13
2008	43,692	79,355	95,055	2,153.11	2,579.07	4.93	5.90
2009	41,224	84,576	99,340	2,281.07	2,679.27	5.53	6.50
2010 <sup>P</sup>	42,614	89,956	106,944	2,410.50	2,865.72	5.66	6.72
2011 <sup>e</sup>	44,748	85,004	108,438	2,262.04	2,885.62	5.06	6.45
2012 <sup>e</sup>	46,019	92,337	116,553	2,433.39	3,071.57	5.29	6.67

<sup>1</sup> Per capita computations are based on July 1 populations estimates, benchmarked to the 2010 Census.

<sup>2</sup> Personal income data are on a calendar year basis (e.g., 2009 for 2009-10).

<sup>3</sup> Taxes per \$100 personal income computed using calendar year personal income (e.g. 2009 income related to 2009-10 tax collections).

<sup>P</sup> Preliminary.

<sup>e</sup> Estimated.

**SCHEDULE 3**  
**COMPARATIVE YIELD OF STATE TAXES, 1970-71 THROUGH 2012-13**  
**Includes both General and Special Funds**  
(Dollars in Thousands)

Fiscal Year	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	30,179,162	45,624,983	9,114,589	922,965	252	2,238,872	311,242	3,149,143	6,786,009
2010 <sup>p</sup>	30,996,372	50,508,441	9,613,594	905,245	0	2,307,022	334,178	5,705,527	6,560,459
2011 <sup>*</sup>	28,445,620	55,337,000	9,479,000	879,000	0	2,276,151	323,000	5,608,934	6,073,545
2012 <sup>*</sup>	30,901,379	61,021,000	9,342,000	853,000	45	2,531,430	329,000	5,545,016	5,970,074

- (a) Includes the 0.5 percent Local Revenue Fund, the 1.0625 percent Local Revenue Fund 2011, 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 from April 1, 2009 to June 30, 2011. Budget proposes to increase the General Fund sales tax rate by 0.5 percent from January 1, 2013, to December 1, 2016.
- (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 effective for tax years 2009 and 2010. Budget proposes to temporarily increase the personal income tax rate, for tax years 2012 through 2016, for high-income taxpayers.
- (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) Includes insurance tax on Medi-Cal managed care plans through June 30, 2012, pursuant to Chapter 11, Statutes of 2011 (X1 AB 21), to provide interim funding for the Healthy Families and Medi-Cal programs. A Board of Equalization decision regarding the taxation of premiums on a cash versus accrued basis has resulted in refunds of \$2 million in 2010-11 and estimated refunds of \$239 million and \$149 million in 2011-12 and 2012-13, 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 the fuel tax swap implemented beginning July 1, 2010, this rate on gasoline 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 on diesel was decreased to 13 cents on July 1, 2011, and will be adjusted each year thereafter to maintain revenue neutrality with the 1.87-percent increase in 2011-12 and various increases planned for the out-years.
- (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 from May 19, 2009, to June 30, 2011. Effective July 1, 2011, the VLF rate returned to 0.65 percent.

<sup>p</sup> Preliminary.  
<sup>\*</sup> Estimated.

**SCHEDULE 4 REVISED  
POSITIONS AND SALARY COST ESTIMATES**  
(Excludes Staff Benefits<sup>1/</sup>)  
(Dollars in Thousands)

	Positions			Dollars		
	Actuals 2010-11	Estimated 2011-12	Proposed 2012-13	Actuals 2010-11	Estimated 2011-12	Proposed 2012-13
<b>Executive</b>						
Executive	16,549.8	16,326.3	16,357.4	\$1,031,308	\$1,061,752	\$1,101,147
State and Consumer Services	17,042.9	16,990.0	16,923.2	957,058	1,008,394	1,034,060
Business, Transportation and Housing						
Business and Housing	2,773.5	2,745.7	2,733.2	166,900	174,636	179,644
Transportation	42,070.0	41,758.4	41,365.6	2,988,720	3,093,160	3,156,847
Natural Resources	19,002.5	19,550.8	19,718.1	1,160,579	1,261,097	1,296,714
California Environmental Protection	4,608.2	4,451.5	4,436.3	330,875	337,527	353,024
Health and Human Services	33,674.6	32,891.1	32,732.9	2,068,849	2,248,004	2,306,695
Corrections and Rehabilitation	67,272.0	62,514.7	59,898.1	4,450,018	4,462,615	4,517,638
Education						
K thru 12 Education	2,980.9	2,960.9	2,934.4	175,786	182,899	187,351
Community Colleges/Other	356.1	329.7	321.1	26,716	27,149	27,106
Labor and Workforce Development	14,963.8	13,500.3	13,488.4	884,738	775,751	797,282
General Government	13,078.9	12,145.6	12,124.2	831,029	771,183	739,057
<b>SUBTOTAL, EXECUTIVE</b>	<b>234,373.2</b>	<b>226,165.0</b>	<b>223,032.9</b>	<b>\$15,072,576</b>	<b>\$15,404,167</b>	<b>\$15,696,565</b>
<b>Higher Education</b>						
University of California	88,882.2	86,029.9	86,029.9	\$6,505,693	\$6,772,867	\$6,772,867
Hastings College of Law	264.3	264.4	238.4	25,078	25,087	24,579
California State University	45,533.4	41,453.8	41,453.8	2,712,939	2,476,778	2,476,778
<b>SUBTOTAL, HIGHER EDUCATION</b>	<b>134,679.9</b>	<b>127,748.1</b>	<b>127,722.1</b>	<b>\$9,243,710</b>	<b>\$9,274,732</b>	<b>\$9,274,224</b>
<b>Legislative</b> <sup>1/</sup>	759.0	759.0	759.0	\$57,641	\$57,591	\$58,822
<b>Judicial</b>	2,147.1	2,150.3	2,149.9	217,672	211,063	214,247
<b>GRAND TOTALS</b>	<b>371,959.2</b>	<b>356,822.4</b>	<b>353,663.9</b>	<b>\$24,591,599</b>	<b>\$24,947,553</b>	<b>\$25,243,858</b>

<sup>1/</sup> The numbers of positions include 120 legislators and staff at the Legislative Counsel Bureau. They do not include the Legislature's staff and Legislative Analyst's Office. Legislative members' staff benefits are included in the dollars.

**SCHEDULE 5A**  
**STATEMENT OF ESTIMATED ACCOUNTS PAYABLE AND ACCOUNTS RECEIVABLE**  
**GENERAL FUND**  
(Dollars In Thousands)

	Actual 2010-11 Fiscal Year Accruals <sup>1/</sup>			Estimated 2011-12 Fiscal Year Accruals			Estimated 2012-13 Fiscal Year Accruals		
	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	Accounts payable June 30, 2013	Accounts receivable June 30, 2013	Net accruals June 30, 2013
<b>STATE OPERATIONS</b>									
Legislative/Judicial/Executive State and Consumer Services	\$364,921	\$435,854	-\$70,933	\$375,869	\$448,930	-\$73,061	\$387,145	\$462,398	-\$75,253
Business, Transportation and Housing Natural Resources	90,545	74,810	15,735	93,261	77,054	16,207	96,059	79,366	16,693
California Environmental Protection Health and Human Services:	88,688	106,085	-17,397	91,349	109,268	-17,919	94,089	112,546	-18,457
Health Care Services	567,645	880,112	-312,467	584,674	906,515	-321,841	602,214	933,710	-331,496
Developmental Services	18,996	15,650	3,346	19,566	16,120	3,446	20,153	16,604	3,549
Mental Health	5,813	91,285	-85,472	5,987	94,024	-88,037	6,167	96,845	-90,678
Other Health and Human Services	176,485	284,668	-108,183	181,780	293,208	-111,428	187,233	302,004	-114,771
Corrections and Rehabilitation Education:	249,352	479,105	-229,753	256,833	493,478	-236,645	264,538	508,282	-243,744
Department of Education	204,191	519,202	-315,011	210,317	534,778	-324,461	216,627	550,821	-334,194
University of California	2,174,190	1,745,843	428,347	2,239,416	1,798,218	441,198	2,306,598	1,852,165	454,433
California State University	301,448	55,242	246,206	310,491	56,899	253,592	319,806	58,606	261,200
Other Education	0	0	0	0	0	0	0	0	0
General Government/Labor	22,285	8,368	13,917	22,954	8,619	14,335	23,643	8,878	14,765
<b>Totals, State Operations</b>	193,832	1,142,896	-949,064	199,647	1,177,183	-977,536	205,636	1,212,498	-1,006,862
	<b>\$4,458,418</b>	<b>\$5,839,120</b>	<b>-\$1,380,702</b>	<b>\$4,592,172</b>	<b>\$6,014,294</b>	<b>-\$1,422,122</b>	<b>\$4,729,937</b>	<b>\$6,194,723</b>	<b>-\$1,464,786</b>
<b>LOCAL ASSISTANCE</b>									
Public Schools K-12	\$1,708,204	\$313,038	\$1,395,166	\$1,759,450	\$322,429	\$1,437,021	\$1,812,234	\$332,102	\$1,480,132
California Community Colleges	52,986	47,567	5,419	54,576	48,994	5,582	56,213	50,464	5,749
Other Education	109,401	7,996	101,405	112,683	8,236	104,447	116,063	8,483	107,580
Alcohol and Drug Abuse	13,408	20,868	-7,460	13,810	21,494	-7,684	14,224	22,139	-7,915
Health Care Services (Non-Medi-Cal)	110,441	60,857	49,584	113,754	62,683	51,071	117,167	64,563	52,604
Developmental Services	761,934	1,217,357	-455,423	784,792	1,253,878	-469,086	808,336	1,291,494	-483,158
Mental Health	48,733	805,784	-757,051	50,195	829,958	-779,763	51,701	854,857	-803,156
Social Services	210,722	482,951	-272,229	217,044	497,440	-280,396	223,555	512,363	-288,808
Other Health and Human Services	168,017	133,166	34,851	173,058	137,161	35,897	178,250	141,276	36,974
Tax Relief	0	0	0	0	0	0	0	0	0
Other Local Assistance	56,420	60,158	-3,738	58,113	61,963	-3,850	59,856	63,822	-3,966
<b>Totals, Local Assistance</b>	<b>\$3,240,266</b>	<b>\$3,149,742</b>	<b>\$90,524</b>	<b>\$3,337,475</b>	<b>\$3,244,236</b>	<b>\$93,239</b>	<b>\$3,437,599</b>	<b>\$3,341,563</b>	<b>\$96,036</b>
<b>TOTALS, ALL CHARACTERS</b>	<b>\$7,698,684</b>	<b>\$8,988,862</b>	<b>-\$1,290,178</b>	<b>\$7,929,647</b>	<b>\$9,258,530</b>	<b>-\$1,328,883</b>	<b>\$8,167,536</b>	<b>\$9,536,286</b>	<b>-\$1,368,750</b>

<sup>1/</sup> Information per the State Controller's Office.  
**Note:** Numbers may not add due to rounding.

**SCHEDULE 5B**  
**ACTUAL 2010-11 FISCAL YEAR CASH FLOW**  
**GENERAL FUND**  
(Dollars in Millions)

	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	TOTAL
<b>2010-11 FISCAL CASH FLOW</b>													
<b>BEGINNING CASH BALANCE</b>	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>RECEIPTS:</b>													
Alcoholic Beverage Excise Tax	\$34	\$25	\$27	\$29	\$30	\$28	\$34	\$20	\$22	\$29	\$27	\$29	\$334
Corporation Tax	315	-22	1,201	330	202	1,633	352	136	1,575	1,484	276	2,322	9,804
Cigarette Tax	15	8	3	13	1	10	14	1	12	8	1	10	96
Inheritance, Gift and Estate Taxes	0	1	0	1	3	0	1	0	1	0	0	1	8
Insurance Tax	4	138	369	7	134	363	9	11	98	465	96	368	2,062
Personal Income Tax	2,968	3,065	4,057	3,707	2,507	5,796	7,751	1,987	2,078	7,114	2,892	6,480	50,402
Retail Sales and Use Tax	1,116	3,376	2,136	936	3,597	2,150	1,196	3,239	2,074	954	3,722	2,676	27,172
Vehicle License Fees (.5%)	102	163	121	107	105	124	109	102	100	140	102	78	1,353
Income from Pooled Money Investments	0	2	4	2	7	2	3	1	2	6	3	6	38
Transfer from Special Fund for Economic Uncertainties	0	0	0	0	0	0	0	34	0	0	147	0	180
Other	271	291	155	1,023	325	200	269	389	205	156	431	372	4,087
<b>TOTAL, Receipts</b>	<b>\$4,825</b>	<b>\$7,047</b>	<b>\$8,073</b>	<b>\$6,155</b>	<b>\$6,911</b>	<b>\$10,306</b>	<b>\$9,738</b>	<b>\$5,920</b>	<b>\$6,167</b>	<b>\$10,356</b>	<b>\$7,697</b>	<b>\$12,343</b>	<b>\$95,536</b>
<b>DISBURSEMENTS:</b>													
State Operations:													
University of California	\$63	\$17	\$23	\$35	\$663	\$220	\$220	\$235	\$253	\$243	\$253	\$687	\$2,912
Debt Service (GO, Net GF Costs)	2	402	612	845	351	21	-77	874	346	852	346	184	4,758
Other State Operations	1,854	1,470	1,406	1,793	1,681	1,602	1,980	1,349	1,447	1,826	1,448	1,373	19,229
Social Services	452	1,035	1,037	1,093	833	569	884	610	562	945	305	482	8,807
Medi-Cal Assistance for DHCS	741	601	741	2,030	992	616	872	1,036	1,327	964	878	1,503	12,301
Other Health and Human Services	10	156	7	1,441	145	686	240	252	167	-37	196	130	3,393
Schools	3,931	3,301	2,701	4,712	4,823	5,800	3,239	1,114	1,200	4,051	1,294	702	36,868
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	0	935	0	0	0	0	935
Transfer to Budget Stabilization Account	1,350	214	295	-1,083	361	755	60	217	355	132	89	571	3,317
Other	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>TOTAL, Disbursements</b>	<b>\$8,602</b>	<b>\$7,196</b>	<b>\$6,822</b>	<b>\$11,008</b>	<b>\$10,165</b>	<b>\$10,411</b>	<b>\$7,418</b>	<b>\$6,622</b>	<b>\$5,973</b>	<b>\$9,118</b>	<b>\$4,809</b>	<b>\$5,634</b>	<b>\$93,779</b>
<b>EXCESS RECEIPTS/(DEFICIT)</b>	<b>-\$3,777</b>	<b>-\$149</b>	<b>\$1,251</b>	<b>-\$4,853</b>	<b>-\$3,253</b>	<b>-\$106</b>	<b>\$2,320</b>	<b>-\$702</b>	<b>\$193</b>	<b>\$1,238</b>	<b>\$2,888</b>	<b>\$6,693</b>	<b>\$1,758</b>
<b>NET TEMPORARY LOANS:</b>													
Special Fund for Economic Uncertainties	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$902	\$0	\$0	-\$147	\$0	\$755
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	106	-2,320	-200	-193	-1,238	-491	1,042	-2,513
External Borrowing	0	0	0	6,700	3,300	0	0	0	0	-2,250	-2,250	-7,750	0
<b>TOTAL, Net Temporary Loans</b>	<b>\$3,777</b>	<b>\$149</b>	<b>-\$1,251</b>	<b>\$4,853</b>	<b>\$3,253</b>	<b>\$106</b>	<b>-\$2,320</b>	<b>\$702</b>	<b>-\$193</b>	<b>-\$1,238</b>	<b>-\$2,888</b>	<b>-\$6,708</b>	<b>-\$1,758</b>
<b>ENDING CASH BALANCE</b>	<b>\$0</b>												
<b>AVAILABLE/BORROWABLE RESOURCES:</b>													
Special Fund for Economic Uncertainties	\$436	\$436	\$436	\$436	\$436	\$436	\$436	\$1,338	\$1,338	\$1,338	\$1,191	\$1,191	\$1,191
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	17,552	17,201	17,891	17,854	17,838	17,879	17,002	17,002
External Borrowing	0	0	0	6,700	10,000	10,000	10,000	10,000	10,000	10,000	7,750	0	0
<b>TOTAL, Available/Borrowable Resources</b>	<b>\$19,732</b>	<b>\$20,526</b>	<b>\$20,365</b>	<b>\$25,899</b>	<b>\$28,930</b>	<b>\$27,988</b>	<b>\$27,636</b>	<b>\$29,228</b>	<b>\$29,191</b>	<b>\$29,175</b>	<b>\$26,820</b>	<b>\$18,193</b>	<b>\$18,193</b>
<b>CUMULATIVE LOAN BALANCES:</b>													
Special Fund for Economic Uncertainties	\$436	\$436	\$436	\$436	\$436	\$436	\$436	\$1,338	\$1,338	\$1,338	\$1,191	\$1,191	\$1,191
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	10,373	8,053	7,854	7,660	6,423	5,932	6,974	6,974
External Borrowing	0	0	0	6,700	10,000	10,000	10,000	10,000	10,000	10,000	7,750	0	0
<b>TOTAL, Cumulative Loan Balances</b>	<b>\$13,699</b>	<b>\$13,848</b>	<b>\$12,597</b>	<b>\$17,450</b>	<b>\$20,703</b>	<b>\$20,809</b>	<b>\$18,489</b>	<b>\$19,191</b>	<b>\$18,998</b>	<b>\$17,760</b>	<b>\$14,873</b>	<b>\$8,164</b>	<b>\$8,164</b>
<b>UNUSED BORROWABLE RESOURCES</b>	<b>\$6,033</b>	<b>\$6,679</b>	<b>\$7,768</b>	<b>\$8,449</b>	<b>\$8,227</b>	<b>\$7,179</b>	<b>\$9,147</b>	<b>\$10,037</b>	<b>\$10,193</b>	<b>\$11,415</b>	<b>\$11,947</b>	<b>\$10,029</b>	<b>\$10,029</b>
<b>Cash and Unused Borrowable Resources</b>	<b>\$6,033</b>	<b>\$6,679</b>	<b>\$7,768</b>	<b>\$8,449</b>	<b>\$8,227</b>	<b>\$7,179</b>	<b>\$9,147</b>	<b>\$10,037</b>	<b>\$10,193</b>	<b>\$11,415</b>	<b>\$11,947</b>	<b>\$10,029</b>	<b>\$10,029</b>

Note: Numbers may not add due to rounding.

**SCHEDULE 5C**  
**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
<b>RECEIPTS:</b>													
Alcoholic Beverage Excise Tax	\$35	\$24	\$27	\$29	\$28	\$27	\$32	\$20	\$23	\$26	\$26	\$26	\$323
Corporation Tax	291	138	925	275	166	1,352	262	133	1,531	1,528	341	2,456	9,398
Cigarette Tax	8	15	9	8	5	8	8	7	7	8	7	8	98
Inheritance, Gift and Estate Taxes	0	0	1	-1	0	0	0	0	0	0	0	0	1
Insurance Tax	10	156	363	20	148	421	15	20	76	443	44	392	2,108
Personal Income Tax	3,155	3,265	4,375	3,051	3,236	4,853	8,343	1,759	2,334	9,132	2,583	6,630	52,718
Retail Sales and Use Tax	978	3,139	1,084	694	2,291	1,590	767	2,426	1,476	819	2,419	1,790	19,473
Vehicle License Fee (.5%)	23	29	8	5	4	2	2	2	2	1	1	1	80
Income from Pooled Money Investments	1	1	6	2	2	2	3	2	3	2	1	1	29
Transfer from Special Fund for Economic Uncertainties	0	528	1,025	208	389	154	261	322	200	138	348	869	648
Other	977												5,419
<b>TOTAL, Receipts</b>	<b>\$5,478</b>	<b>\$7,295</b>	<b>\$7,823</b>	<b>\$4,291</b>	<b>\$6,269</b>	<b>\$8,411</b>	<b>\$10,341</b>	<b>\$4,691</b>	<b>\$5,652</b>	<b>\$12,097</b>	<b>\$5,770</b>	<b>\$12,178</b>	<b>\$90,295</b>
<b>DISBURSEMENTS:</b>													
State Operations:													
University of California	\$56	\$21	\$51	\$211	\$219	\$163	\$163	\$179	\$185	\$187	\$190	\$660	\$2,285
Debt Service	-76	333	496	795	698	158	7	625	674	555	185	199	4,649
Other State Operations	2,008	1,579	2,206	1,419	1,250	1,560	1,169	1,283	1,238	1,777	1,032	974	17,495
Social Services	973	767	724	543	568	442	676	659	246	609	556	383	7,146
Medi-Cal Assistance for DHCS	925	1,220	1,613	1,033	1,391	1,675	1,240	1,282	1,479	981	1,087	1,273	15,199
Other Health and Human Services	434	518	43	557	217	244	237	244	96	53	18	-34	2,640
Schools	3,946	4,990	6,209	1,751	2,807	3,069	7,443	1,285	530	2,133	1,298	1,146	36,607
Teachers' Retirement	194	0	0	475	0	172	0	0	0	475	0	2	1,318
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	-58	313	509	254	264	383	149	264	158	213	153	591	3,190
<b>TOTAL, Disbursements</b>	<b>\$8,402</b>	<b>\$9,741</b>	<b>\$11,851</b>	<b>\$7,038</b>	<b>\$7,414</b>	<b>\$7,879</b>	<b>\$11,084</b>	<b>\$5,821</b>	<b>\$4,606</b>	<b>\$6,983</b>	<b>\$4,519</b>	<b>\$5,194</b>	<b>\$90,529</b>
<b>EXCESS RECEIPTS/(DEFICIT)</b>	<b>-\$2,923</b>	<b>-\$2,446</b>	<b>-\$4,028</b>	<b>-\$2,747</b>	<b>-\$1,145</b>	<b>\$532</b>	<b>-\$743</b>	<b>-\$1,130</b>	<b>\$1,045</b>	<b>\$5,114</b>	<b>\$1,251</b>	<b>\$6,984</b>	<b>-\$234</b>
<b>NET TEMPORARY LOANS:</b>													
Special Fund for Economic Uncertainties	\$0	\$0	\$0	\$0	\$0	\$0	-\$648	\$0	\$0	\$0	\$0	\$0	-\$648
Budget Stabilization Account	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Internal Sources	-2,477	2,446	4,028	2,747	1,145	-532	1,390	1,130	-1,045	-5,114	-751	-2,084	882
External Borrowing	5,400	0	0	0	0	0	0	0	0	0	-500	-4,900	0
<b>TOTAL, Net Temporary Loans</b>	<b>\$2,923</b>	<b>\$2,446</b>	<b>\$4,028</b>	<b>\$2,747</b>	<b>\$1,145</b>	<b>-\$532</b>	<b>\$742</b>	<b>\$1,130</b>	<b>-\$1,045</b>	<b>-\$5,114</b>	<b>-\$1,251</b>	<b>-\$6,984</b>	<b>\$234</b>
<b>ENDING CASH BALANCE</b>	<b>\$0</b>												
<b>AVAILABLE/BORROWABLE RESOURCES:</b>													
Special Fund for Economic Uncertainties	\$1,191	\$1,191	\$1,191	\$1,191	\$1,191	\$1,191	\$543	\$543	\$543	\$543	\$543	\$543	\$543
Budget Stabilization Account	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Internal Sources	16,319	16,660	16,895	17,764	18,233	18,919	18,807	20,393	19,926	19,881	18,565	19,514	19,514
External Borrowing	5,400	5,400	5,400	5,400	5,400	5,400	5,400	5,400	5,400	5,400	4,900	0	0
<b>TOTAL, Available/Borrowable Resources</b>	<b>\$22,910</b>	<b>\$23,251</b>	<b>\$23,486</b>	<b>\$24,354</b>	<b>\$24,824</b>	<b>\$25,510</b>	<b>\$24,750</b>	<b>\$26,336</b>	<b>\$25,869</b>	<b>\$25,824</b>	<b>\$24,008</b>	<b>\$20,057</b>	<b>\$20,057</b>
<b>CUMULATIVE LOAN BALANCES:</b>													
Special Fund for Economic Uncertainties	\$1,191	\$1,191	\$1,191	\$1,191	\$1,191	\$1,191	\$543	\$543	\$543	\$543	\$543	\$543	\$543
Budget Stabilization Account	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Internal Sources	4,497	6,943	10,970	13,717	14,862	14,330	15,720	16,850	15,805	10,691	9,940	7,856	7,856
External Borrowing	5,400	5,400	5,400	5,400	5,400	5,400	5,400	5,400	5,400	5,400	4,900	0	0
<b>TOTAL, Cumulative Loan Balances</b>	<b>\$11,088</b>	<b>\$13,534</b>	<b>\$17,561</b>	<b>\$20,308</b>	<b>\$21,452</b>	<b>\$20,920</b>	<b>\$21,663</b>	<b>\$22,794</b>	<b>\$21,748</b>	<b>\$16,634</b>	<b>\$15,383</b>	<b>\$8,399</b>	<b>\$8,399</b>
<b>UNUSED BORROWABLE RESOURCES</b>	<b>\$11,822</b>	<b>\$9,717</b>	<b>\$5,925</b>	<b>\$4,047</b>	<b>\$3,371</b>	<b>\$4,589</b>	<b>\$3,087</b>	<b>\$3,543</b>	<b>\$4,121</b>	<b>\$9,190</b>	<b>\$8,625</b>	<b>\$11,658</b>	<b>\$11,658</b>
<b>Cash and Unused Borrowable Resources</b>	<b>\$11,822</b>	<b>\$9,717</b>	<b>\$5,925</b>	<b>\$4,047</b>	<b>\$3,371</b>	<b>\$4,589</b>	<b>\$3,087</b>	<b>\$3,543</b>	<b>\$4,121</b>	<b>\$9,190</b>	<b>\$8,625</b>	<b>\$11,658</b>	<b>\$11,658</b>

Note: Numbers may not add due to rounding.

**SCHEDULE 5D**  
**ESTIMATED 2012-13 FISCAL YEAR CASHFLOW**  
**GENERAL FUND**  
(Dollars in Millions)

2012-13 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
<b>RECEIPTS:</b>													
Alcoholic Beverage Excise Tax	\$33	\$26	\$28	\$28	\$28	\$28	\$33	\$21	\$23	\$27	\$27	\$27	\$329
Corporation Tax	439	128	937	352	124	1,445	372	133	1,554	1,474	293	2,050	9,301
Cigarette Tax	8	8	8	8	8	7	8	7	7	7	7	8	91
Inheritance, Gift and Estate Taxes	0	0	0	0	0	0	0	0	0	0	0	0	0
Insurance Tax	21	105	433	18	96	449	15	22	81	472	47	418	2,177
Personal Income Tax	3,277	3,352	3,944	3,493	2,646	6,355	9,605	2,117	2,011	14,235	2,740	7,688	61,463
Retail Sales and Use Tax	859	2,256	1,510	676	2,483	1,495	793	2,657	1,755	981	2,879	2,171	20,515
Vehicle License Fee (.5%)	1	1	1	1	1	1	1	0	0	0	0	-2	5
Income from Pooled Money Investments	3	2	2	4	4	3	3	2	3	2	1	5	34
Transfer from Special Fund for Economic Uncertainties	0	340	0	0	0	152	146	362	178	149	389	892	4,403
Other	640	0	649	145	361	0	0	0	0	0	0	0	0
<b>TOTAL, Receipts</b>	<b>\$5,281</b>	<b>\$6,218</b>	<b>\$7,512</b>	<b>\$4,725</b>	<b>\$5,751</b>	<b>\$9,935</b>	<b>\$10,976</b>	<b>\$5,321</b>	<b>\$5,612</b>	<b>\$17,347</b>	<b>\$6,383</b>	<b>\$13,256</b>	<b>\$96,318</b>
<b>DISBURSEMENTS:</b>													
State Operations:													
University of California	\$65	\$26	\$34	\$206	\$208	\$179	\$179	\$194	\$201	\$201	\$220	\$675	\$2,388
Debt Service	7	474	507	654	346	208	7	512	550	835	276	236	4,612
Other State Operations	1,874	1,316	1,940	1,855	1,258	1,562	1,409	1,219	1,206	1,744	1,350	736	17,469
Social Services	770	543	531	483	560	518	504	518	219	504	483	317	5,628
Medi-Cal Assistance for DHCS	1,351	1,359	1,408	1,032	1,253	1,619	1,206	1,279	1,321	1,108	1,160	397	14,493
Other Health and Human Services	259	284	610	356	195	220	-96	167	224	-1	-8	0	2,210
Schools	3,732	6,573	6,030	1,697	2,508	2,529	4,667	1,435	319	1,592	1,196	6,642	36,920
Teachers' Retirement	225	0	0	475	0	183	0	0	0	475	0	2	1,360
Transfer to Special Fund for Economic Uncertainties	0	0	0	0	0	0	589	0	0	0	0	0	589
Transfer to Budget Stabilization Account	0	190	0	0	0	440	90	132	211	235	169	2,878	5,278
Other	185	0	243	171	334	0	0	0	0	0	0	0	0
<b>TOTAL, Disbursements</b>	<b>\$8,468</b>	<b>\$10,765</b>	<b>\$11,303</b>	<b>\$6,830</b>	<b>\$6,585</b>	<b>\$7,256</b>	<b>\$8,611</b>	<b>\$5,456</b>	<b>\$4,251</b>	<b>\$6,693</b>	<b>\$4,846</b>	<b>\$11,883</b>	<b>\$92,947</b>
<b>EXCESS RECEIPTS/(DEFICIT)</b>	<b>-\$3,187</b>	<b>-\$4,547</b>	<b>-\$3,792</b>	<b>-\$2,105</b>	<b>-\$834</b>	<b>\$2,679</b>	<b>\$2,364</b>	<b>-\$134</b>	<b>\$1,362</b>	<b>\$10,654</b>	<b>\$1,537</b>	<b>\$1,374</b>	<b>\$5,371</b>
<b>NET TEMPORARY LOANS:</b>													
Special Fund for Economic Uncertainties	\$0	\$0	\$0	\$0	\$0	\$0	\$589	\$0	\$0	\$0	\$0	\$0	\$589
Budget Stabilization Account	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Internal Sources	3,187	-4,953	3,792	2,105	834	-2,679	-2,953	134	-1,362	-10,654	-1,537	8,126	-5,959
External Borrowing/Cash Solutions	0	9,500	0	0	0	0	0	0	0	0	0	-9,500	0
<b>TOTAL, Net Temporary Loans</b>	<b>\$3,187</b>	<b>-\$4,547</b>	<b>\$3,792</b>	<b>\$2,105</b>	<b>\$834</b>	<b>-\$2,679</b>	<b>-\$2,364</b>	<b>\$134</b>	<b>-\$1,362</b>	<b>-\$10,654</b>	<b>-\$1,537</b>	<b>-\$1,374</b>	<b>-\$5,370</b>
<b>ENDING CASH BALANCE</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>									
<b>AVAILABLE/BORROWABLE RESOURCES:</b>													
Special Fund for Economic Uncertainties	\$543	\$543	\$543	\$543	\$543	\$543	\$1,132	\$1,132	\$1,132	\$1,132	\$1,132	\$1,132	\$1,132
Budget Stabilization Account	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Internal Sources	18,954	17,634	17,598	16,712	17,084	17,748	16,516	18,406	18,023	16,587	16,602	16,531	16,531
External Borrowing/Cash Solutions	0	9,500	9,500	9,500	9,500	9,500	9,500	9,500	9,500	9,500	9,500	9,500	0
<b>TOTAL, Available/Borrowable Resources</b>	<b>\$19,497</b>	<b>\$27,677</b>	<b>\$27,641</b>	<b>\$26,755</b>	<b>\$27,127</b>	<b>\$27,791</b>	<b>\$27,148</b>	<b>\$29,038</b>	<b>\$28,655</b>	<b>\$27,219</b>	<b>\$27,234</b>	<b>\$17,663</b>	<b>\$17,663</b>
<b>CUMULATIVE LOAN BALANCES:</b>													
Special Fund for Economic Uncertainties	\$543	\$543	\$543	\$543	\$543	\$543	\$1,132	\$1,132	\$1,132	\$1,132	\$1,132	\$1,132	\$1,132
Budget Stabilization Account	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Internal Sources	11,043	6,090	9,882	11,987	12,821	10,142	7,189	7,323	5,961	-4,692	-6,230	1,896	1,896
External Borrowing/Cash Solutions	0	9,500	9,500	9,500	9,500	9,500	9,500	9,500	9,500	9,500	9,500	9,500	0
<b>TOTAL, Cumulative Loan Balances</b>	<b>\$11,586</b>	<b>\$16,133</b>	<b>\$19,925</b>	<b>\$22,030</b>	<b>\$22,864</b>	<b>\$20,185</b>	<b>\$17,821</b>	<b>\$17,955</b>	<b>\$16,593</b>	<b>\$5,939</b>	<b>\$4,402</b>	<b>\$3,028</b>	<b>\$3,028</b>
<b>UNUSED BORROWABLE RESOURCES</b>	<b>\$7,911</b>	<b>\$11,544</b>	<b>\$7,716</b>	<b>\$4,725</b>	<b>\$4,263</b>	<b>\$7,606</b>	<b>\$9,327</b>	<b>\$11,083</b>	<b>\$12,062</b>	<b>\$21,279</b>	<b>\$22,832</b>	<b>\$14,635</b>	<b>\$14,635</b>
Cash and Unused Borrowable Resources	\$7,911	\$11,544	\$7,716	\$4,725	\$4,263	\$7,606	\$9,327	\$11,083	\$12,062	\$21,279	\$22,832	\$14,635	\$14,635

Note: Numbers may not add due to rounding.

**SCHEDULE 6  
SUMMARY OF STATE POPULATION, EMPLOYEES, AND EXPENDITURES**

Year	Population <sup>1</sup> (Thousands)	Employees	Employees per 1,000 Population	Personal Income (Billions)	Revenue		Expenditures		Expenditures per Capita		Expenditures per \$100 of Personal Income	
					Fund (Millions)	Total (Millions)	Fund <sup>2</sup> (Millions)	Total <sup>3</sup> (Millions)	Fund <sup>2</sup>	Total <sup>3</sup>	Fund <sup>2</sup>	Total <sup>3</sup>
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	23.1	734	1,086	635	1,068	57.05	95.96	2.75	4.62
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	27.5	798	1,271	809	1,381	66.85	114.12	2.94	5.02
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	34.2	1,079	1,834	1,030	1,732	75.84	127.53	3.01	5.06
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	38.6	1,210	1,925	1,246	1,932	84.53	131.06	3.23	5.01
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	59.4	2,245	3,295	2,345	3,652	130.09	202.60	3.95	6.15
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	74.2	3,682	4,927	3,273	5,014	170.69	261.49	4.41	6.76
1968-69	19,432	171,655	8.8	81.4	4,136	5,450	3,909	5,673	201.16	291.94	4.80	6.97
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	264,551	8.2	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	34,001	311,239	9.2	1,135.3	71,428	88,419	78,053	96,382	2,295.61	2,834.68	6.88	8.49
2001-02	34,513	322,277	9.3	1,168.7	72,239	89,780	76,752	99,220	2,223.86	2,874.86	6.57	8.49
2002-03	34,938	321,394	9.2	1,187.3	80,564	95,794	77,482	106,779	2,217.70	3,056.24	6.53	8.99
2003-04	35,389	316,860	9.0	1,233.0	76,774	96,365	78,345	104,223	2,213.82	2,945.07	6.35	8.45
2004-05	35,753	313,684	8.8	1,312.2	82,209	104,462	79,804	107,591	2,232.09	3,009.29	6.08	8.20
2005-06	35,986	317,593	8.8	1,387.7	93,427	118,331	91,592	119,612	2,545.21	3,323.85	6.60	8.62
2006-07	36,247	335,384	9.3	1,495.5	95,415	120,663	101,413	129,968	2,797.83	3,585.62	6.78	8.69
2007-08	36,553	343,118	9.4	1,566.4	102,574	127,194	102,986	138,065	2,817.44	3,777.12	6.57	8.81
2008-09	36,856	350,609	9.5	1,610.3	82,772	106,319	90,940	122,386	2,467.44	3,320.65	5.65	7.60
2008-09 <sup>4</sup>	-	-	-	-	-	-	94,777	126,223	2,571.55	3,424.76	5.89	7.84
2009-10	37,077	345,777	9.3	1,528.5	87,041	109,989	87,237	117,001	2,352.86	3,155.62	5.71	7.65
2009-10 <sup>4</sup>	-	-	-	-	-	-	96,389	126,153	2,599.70	3,402.46	6.31	8.25
2010-11	37,318	340,968	9.1	1,590.3	93,489	122,503	91,549	130,981	2,453.21	3,509.86	5.76	8.24
2010-11 <sup>4</sup>	-	-	-	-	-	-	96,470	135,902	2,585.08	3,641.73	6.07	8.55
2011-12	37,579	343,767	9.1	1,681.6	88,606	123,279	86,513	135,242	2,302.16	3,598.87	5.14	8.04
2011-12 <sup>4</sup>	-	-	-	-	-	-	88,663	137,392	2,359.38	3,656.08	5.27	8.17
2012-13	37,946	341,106	9.0	1,746.2	95,389	133,114	92,553	137,328	2,439.07	3,619.04	5.30	7.86
2012-13 <sup>4</sup>	-	-	-	-	-	-	94,177	138,952	2,481.87	3,661.84	5.39	7.96

<sup>1</sup> Population as of July 1, the beginning of the fiscal year.

<sup>2</sup> Includes Special Accounts in General Fund from 1973-74 to 1976-77.

<sup>3</sup> Expenditures include payments from General Fund, Special Funds and Selected Bond Funds beginning in 1963-64.

<sup>4</sup> 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 2010-11			Estimated 2011-12			Proposed 2012-13		
	General Fund	Special Funds	Total	General Fund	Special Funds	Total	General Fund	Special Funds	Total
<b>MAJOR TAXES AND LICENSES</b>									
Alcoholic Beverage Taxes and Fees	\$334,178	-	\$334,178	\$323,000	-	\$323,000	\$329,000	-	\$329,000
Corporation Tax	9,613,594	-	9,613,594	9,479,000	-	9,479,000	9,342,000	-	9,342,000
Cigarette Tax	96,097	809,148	905,245	93,000	786,000	879,000	90,000	763,000	853,000
Horse Racing (Fairmutuel) License Fees	1,157	12,391	13,548	910	14,436	15,346	910	14,440	15,350
Estate, Inheritance and Gift Tax	-	-	-	-	-	-	45,000	-	45,000
Insurance Gross Premiums Tax	2,076,889	230,133	2,307,022	2,042,000	234,151	2,276,151	2,179,000	352,430	2,531,430
Trailer Coach License (In-Lieu) Fees	30,115	2,388	32,503	23,389	2,388	25,777	25,098	2,388	27,486
Motor Vehicle License (In-Lieu) Fees	1,330,000	1,838,597	3,168,597	80,000	2,049,577	2,129,577	5,000	2,091,129	2,096,129
Motor Vehicle Fuel Tax (Gasoline)	-	5,231,599	5,231,599	-	5,230,507	5,230,507	-	5,222,580	5,222,580
Motor Vehicle Fuel Tax (Diesel)	-	473,928	473,928	-	378,427	378,427	-	322,436	322,436
Motor Vehicle Registration	-	3,359,359	3,359,359	-	3,918,191	3,918,191	-	3,846,459	3,846,459
Personal Income Tax	49,491,070	1,017,371	50,508,441	54,186,000	1,151,000	55,337,000	59,552,000	1,469,000	61,021,000
Retail Sales and Use Tax-Realignment	-	2,469,129	2,469,129	-	7,768,201	7,768,201	-	8,094,986	8,094,986
Retail Sales and Use Taxes	26,983,000	327,602	27,310,602	18,777,000	589,419	19,366,419	20,769,000	643,393	21,412,393
Retail Sales and Use Tax-Fiscal Recovery	-	1,216,641	1,216,641	-	1,311,000	1,311,000	-	1,394,000	1,394,000
<b>TOTALS, MAJOR TAXES AND LICENSES</b>	<b>\$89,956,100</b>	<b>\$16,988,286</b>	<b>\$106,944,386</b>	<b>\$85,004,299</b>	<b>\$23,433,297</b>	<b>\$108,437,596</b>	<b>\$92,337,008</b>	<b>\$24,216,241</b>	<b>\$116,553,249</b>
<b>MINOR REVENUES</b>									
<b>REGULATORY TAXES AND LICENSES</b>									
General Fish and Game Taxes	-	1,022	1,022	-	976	976	-	964	964
Energy Resource Surcharge	-	667,905	667,905	-	764,518	764,518	-	693,018	693,018
Quarterly Public Utility Commission Fees	-	122,595	122,595	-	129,057	129,057	-	129,057	129,057
Penalties on Pub Util Comm Qtrly Fees	-	1	1	-	-	-	-	-	-
Hwy Carrier Uniform Business License Tax	140	-	140	153	-	153	153	-	153
Off-Highway Vehicle Fees	-	24,262	24,262	-	23,000	23,000	-	23,500	23,500
Liquor License Fees	-	51,535	51,535	-	52,568	52,568	-	53,487	53,487
Genetic Disease Testing Fees	-	113,778	113,778	-	116,111	116,111	-	119,144	119,144
Other Regulatory Taxes	-	74,871	74,871	-	81,984	81,984	-	86,905	86,905
New Motor Vehicle Dealer License Fee	-	1,129	1,129	-	1,183	1,183	-	1,487	1,487
General Fish and Game Lic Tags Permits	-	90,626	90,626	-	91,620	91,620	-	95,234	95,234
Duck Stamps	-	-	-	-	5	5	-	5	5
Elevator and Boiler Inspection Fees	-	28,516	28,516	-	29,500	29,500	-	30,200	30,200
Employment Agency License Fees	584	4,323	4,907	584	4,092	4,676	584	4,107	4,691
Employment Agency Filing Fees	79	-	79	79	-	79	79	-	79
Teacher Credential Fees	-	12,271	12,271	-	11,548	11,548	-	14,617	14,617
Teacher Examination Fees	-	4,218	4,218	-	4,105	4,105	-	4,200	4,200
Insurance Co License Fees & Penalties	-	36,534	36,534	-	36,127	36,127	-	37,245	37,245
Insurance Company Examination Fees	-	19,524	19,524	-	20,206	20,206	-	21,928	21,928
Real Estate Examination Fees	-	2,858	2,858	-	2,875	2,875	-	2,965	2,965
Real Estate License Fees	-	39,377	39,377	-	39,645	39,645	-	38,742	38,742
Subdivision Filing Fees	-	4,353	4,353	-	4,502	4,502	-	4,502	4,502
Building Construction Filing Fees	-	6,058	6,058	-	5,320	5,320	-	5,189	5,189
Domestic Corporation Fees	-	8,299	8,299	-	8,497	8,497	-	7,121	7,121
Foreign Corporation Fees	-	965	965	-	988	988	-	828	828
Notary Public License Fees	-	1,151	1,151	-	1,015	1,015	-	1,015	1,015

**SCHEDULE 8 -- Continued**  
**COMPARATIVE STATEMENT OF REVENUES**  
(Dollars In Thousands)

Sources	Actual 2010-11			Estimated 2011-12			Proposed 2012-13		
	General Fund	Special Funds	Total	General Fund	Special Funds	Total	General Fund	Special Funds	Total
Filing Financing Statements	-	2,191	2,191	-	2,191	2,191	-	2,191	2,191
Candidate Filing Fee	291	-	291	675	-	675	275	-	275
Beverage Container Redemption Fees	-	1,158,954	1,158,954	-	1,123,997	1,123,997	-	1,123,515	1,123,515
Explosive Permit Fees	-	18	18	-	18	18	-	18	18
Processing Fees	-	385	385	-	-	-	-	385	385
Environmental and Hazardous Waste Fees	-	70,744	70,744	-	68,933	68,933	-	67,741	67,741
Other Regulatory Fees	474,877	5,941,794	6,416,671	530,700	4,486,631	5,017,331	580,559	5,948,246	6,528,805
Other Regulatory Licenses and Permits	4,254	465,862	470,116	4,533	493,839	498,372	4,533	507,515	512,048
Renewal Fees	-	220,864	220,864	-	234,817	234,817	-	236,306	236,306
Delinquent Fees	1	6,352	6,353	1	6,831	6,832	1	6,660	6,661
Private Rail Car Tax	6,201	-	6,201	6,201	-	6,201	6,201	-	6,201
Insurance Department Fees, Prop 103	-	23,758	23,758	-	23,800	23,800	-	26,293	26,293
Insurance Department Fees, General	-	19,252	19,252	-	23,144	23,144	-	24,524	24,524
Insurance Fraud Assessment, Workers Comp	-	47,576	47,576	-	47,248	47,248	-	49,577	49,577
Insurance Fraud Assessment, Auto	-	46,247	46,247	-	46,478	46,478	-	46,942	46,942
Insurance Fraud Assessment, General	-	6,508	6,508	-	6,235	6,235	-	11,992	11,992
<b>Totals, REGULATORY TAXES AND LICENSES</b>	<b>\$486,427</b>	<b>\$9,326,676</b>	<b>\$9,813,103</b>	<b>\$542,926</b>	<b>\$7,993,989</b>	<b>\$8,536,915</b>	<b>\$592,385</b>	<b>\$9,427,365</b>	<b>\$10,019,750</b>
<b>REVENUE FROM LOCAL AGENCIES</b>									
Architecture Public Building Fees	-	35,769	35,769	-	35,769	35,769	-	35,785	35,785
Penalties on Traffic Violations	-	89,243	89,243	-	85,116	85,116	-	82,542	82,542
Penalties on Felony Convictions	5	56,551	56,556	5	57,002	57,007	5	57,002	57,007
Fines-Crimes of Public Offense	61	5,989	6,050	64	5,000	5,064	71	5,000	5,071
Fish and Game Violation Fines	-	553	553	-	985	985	-	1,144	1,144
Penalty Assessments on Fish & Game Fines	-	490	490	-	562	562	-	544	544
Interest on Loans to Local Agencies	168	1,076	1,244	60	1,245	1,305	60	1,252	1,312
Add'l Assmnts on Fish & Game Fines	-	59	59	-	65	65	-	64	64
Narcotic Fines	1,976	-	1,976	1,000	-	1,000	1,000	-	1,000
Fingerprint ID Card Fees	-	65,126	65,126	-	65,738	65,738	-	66,396	66,396
Misc Revenue From Local Agencies	217,783	1,034,683	1,252,466	250,559	1,132,000	1,382,559	260,478	1,322,471	1,582,949
Open Space Cancellation Fee Deferrd Taxes	-	97	97	-	500	500	-	1,500	1,500
Rev Local Govt Agencies-Cost Recoveries	14,704	8,810	23,514	72,094	8,898	80,992	11,269	8,987	20,256
<b>Totals, REVENUE FROM LOCAL AGENCIES</b>	<b>\$234,697</b>	<b>\$1,298,446</b>	<b>\$1,533,143</b>	<b>\$323,782</b>	<b>\$1,392,880</b>	<b>\$1,716,662</b>	<b>\$272,883</b>	<b>\$1,582,687</b>	<b>\$1,855,570</b>
<b>SERVICES TO THE PUBLIC</b>									
Pay Patients Board Charges	18,209	-	18,209	12,526	-	12,526	11,856	-	11,856
State Beach and Park Service Fees	-	86,899	86,899	-	83,000	83,000	-	83,000	83,000
Parking Lot Revenues	-	8,810	8,810	-	8,196	8,196	-	8,184	8,184
Emergency Telephone Users Surcharge	-	86,500	86,500	-	83,800	83,800	-	81,200	81,200
Sales of Documents	107	4,327	4,434	99	4,832	4,931	100	4,863	4,963
General Fees--Secretary of State	177	24,458	24,635	94	25,374	25,468	179	26,101	26,280
Parental Fees	-	2,823	2,823	-	6,203	6,203	-	9,803	9,803
Miscellaneous Services to the Public	2,713	145,218	147,931	2,094	156,740	158,834	2,093	154,425	156,518
Medicare Receipts Firm Federal Government	29,118	-	29,118	16,561	-	16,561	16,188	-	16,188
Personalized License Plates	-	56,872	56,872	-	56,920	56,920	-	57,297	57,297
<b>Totals, SERVICES TO THE PUBLIC</b>	<b>\$50,324</b>	<b>\$415,907</b>	<b>\$466,231</b>	<b>\$31,374</b>	<b>\$425,065</b>	<b>\$456,439</b>	<b>\$30,416</b>	<b>\$424,873</b>	<b>\$455,289</b>
<b>USE OF PROPERTY AND MONEY</b>									

**SCHEDULE 8 -- Continued**  
**COMPARATIVE STATEMENT OF REVENUES**  
(Dollars in Thousands)

Sources	Actual 2010-11			Estimated 2011-12			Proposed 2012-13		
	General Fund	Special Funds	Total	General Fund	Special Funds	Total	General Fund	Special Funds	Total
Income From Pooled Money Investments	33,570	393	33,963	30,000	392	30,392	33,000	357	33,357
Income From Surplus Money Investments	1,148	48,422	49,570	1,148	36,234	37,382	1,148	34,282	35,430
Interest Income From Loans	11,604	3,465	15,069	3,705	3,152	6,857	2,996	4,465	7,461
Interest Income From Interfund Loans	123	24,733	24,856	-	49,369	49,369	-	33,100	33,100
Income From Condemnation Deposits Fund	-	302	302	-	1,571	1,571	-	1,469	1,469
Federal Lands Royalties	-	60,556	60,556	-	62,044	62,044	-	62,044	62,044
Oil & Gas Lease-1% Revenue City/County	606	-	606	500	-	500	500	-	500
Rentals of State Property	19,681	51,796	71,477	20,041	51,182	71,223	22,218	51,640	73,858
Misc Revenue Firm Use of Property & Money	4,763	24,186	28,949	5,015	37,957	42,972	5,015	36,522	41,537
School Lands Royalties	-	50	50	-	72	72	-	72	72
State Lands Royalties	377,404	-	377,404	349,507	-	349,507	353,900	-	353,900
<b>Totals, USE OF PROPERTY AND MONEY</b>	<b>\$448,899</b>	<b>\$213,903</b>	<b>\$662,802</b>	<b>\$409,916</b>	<b>\$241,973</b>	<b>\$651,889</b>	<b>\$418,777</b>	<b>\$223,951</b>	<b>\$642,728</b>
<b>MISCELLANEOUS</b>									
Attorney General Proceeds of Anti-Trust	-	1,700	1,700	-	2,000	2,000	-	2,200	2,200
Penalties & Interest on UI & DI Contrib	-	101,778	101,778	-	99,231	99,231	-	96,869	96,869
Sale of Fixed Assets	36	9,057	9,093	10	40,466	40,476	10	82,864	82,874
Sale of Confiscated Property	5,058	-	5,058	4,201	-	4,201	3,501	-	3,501
Sale of State's Public Lands	-	66	66	-	8,004	8,004	-	-	-
Proceeds From Estates of Deceased Person	1,780	-	1,780	372	-	372	372	-	372
Revenue-Abandoned Property	253,564	-	253,564	268,190	-	268,190	323,582	-	323,582
Escheat of Unclaimed Checks & Warrants	33,489	6,682	40,171	32,301	8,111	40,412	32,212	8,229	40,441
Subsequent Injuries Revenue	-	10	10	-	-	-	-	-	-
Miscellaneous Revenue	186,109	401,096	587,205	188,636	385,875	574,511	179,398	364,666	544,064
Penalties & Intrst on Personal Income Tx	-	14,664	14,664	-	13,787	13,787	-	13,725	13,725
Other Revenue - Cost Recoveries	35,256	102,637	137,893	44,251	98,199	142,450	52,340	98,835	151,175
Tribal Gaming Revenues	259,326	40,653	299,979	258,484	40,975	299,459	259,000	40,600	299,600
Settlements/Judgments(not Anti-trust)	7,969	1,240	9,209	1,597	3,360	4,957	35	4,360	4,395
Uninsured Motorist Fees	1,570	391	1,961	1,350	389	1,739	1,150	393	1,543
Traffic Violations	-	47,803	47,803	-	46,828	46,828	-	46,934	46,934
Parking Violations	15,890	1,284	17,174	18,000	1,110	19,110	20,000	1,110	21,110
Penalty Assessments	21,152	198,309	219,461	60,031	210,934	270,965	22,030	218,872	240,902
Civil & Criminal Violation Assessment	385	179,007	179,392	267	185,867	186,134	300	166,541	166,841
Fines and Forfeitures	2,928	223,654	226,582	2,939	222,032	224,971	2,939	222,032	224,971
Court Filing Fees and Surcharges	-	618,101	618,101	-	639,684	639,684	-	689,718	689,718
Penalty Assessments on Criminal Fines	-	286,182	286,182	-	285,584	285,584	-	285,584	285,584
Donations	21	653	674	3	1,045	1,048	1	1,024	1,025
<b>Totals, MISCELLANEOUS</b>	<b>\$824,533</b>	<b>\$2,234,967</b>	<b>\$3,059,500</b>	<b>\$880,632</b>	<b>\$2,293,481</b>	<b>\$3,174,113</b>	<b>\$896,870</b>	<b>\$2,344,556</b>	<b>\$3,241,426</b>
<b>TOTALS, MINOR REVENUES</b>	<b>\$2,044,880</b>	<b>\$13,489,899</b>	<b>\$15,534,779</b>	<b>\$2,188,630</b>	<b>\$12,347,388</b>	<b>\$14,536,018</b>	<b>\$2,211,331</b>	<b>\$14,003,432</b>	<b>\$16,214,763</b>
<b>TOTALS, REVENUES</b>	<b>\$92,000,980</b>	<b>\$30,478,185</b>	<b>\$122,479,165</b>	<b>\$87,192,929</b>	<b>\$35,780,685</b>	<b>\$122,973,614</b>	<b>\$94,548,339</b>	<b>\$38,219,673</b>	<b>\$132,768,012</b>
<b>TRANSFERS AND LOANS</b>									
General Fund	-174,021	140,570	-33,451	-513,455	512,955	-500	-487,220	484,172	-3,048
Property Acquisition Law Money Account	77	-77	-	3,111	-3,111	-	2,708	-2,708	-
Motor Vehicle Parking Facil Moneys Acct	-	-397	-397	-	-184	-184	-	-	-
Hazardous Waste Control Account	13,000	-13,000	-	-	-	-	-	-	-
Fingerprint Fees Account	-	-	-	24,000	-24,000	-	-	-	-

**SCHEDULE 8 -- Continued**  
**COMPARATIVE STATEMENT OF REVENUES**  
(Dollars In Thousands)

Sources	Actual 2010-11			Estimated 2011-12			Proposed 2012-13		
	General Fund	Special Funds	Total	General Fund	Special Funds	Total	General Fund	Special Funds	Total
Site Remediation Account	1,000	-1,000	-	-	-	-	-	-	-
Emergency Telephone Number Acct, State	28,000	-28,000	-	-	-	-	-	-	-
Motor Vehicle Insurance Account, State	-	-	-	25,000	-25,000	-	-	-	-
Unified Program Account	-	-	-	8,700	-8,700	-	-	-	-
Aeronautics Account STF	4,000	-4,000	-	-	-	-	-	-	-
Highway Account, State, STF	227,100	-227,100	-	301,500	-301,500	-	753,135	-753,135	-
Motor Vehicle Account, STF	252,702	-252,703	-1	71,900	-71,910	-10	66,100	-66,110	-10
Public Transportation Account, STF	29,081	-29,081	-	-	-	-	-	-	-
Motor Vehicle Fuel Account, TTF	2,499	-20,390	-17,891	9,996	-29,922	-19,926	9,996	-29,922	-19,926
Highway Users Tax Account, TTF	328,307	-328,307	-	-	-	-	-	-	-
Illegal Drug Lab Cleanup Account	1,000	-1,000	-	-	-	-	-	-	-
Corporations Fund, State	20,000	-20,000	-	-	-	-	-	-	-
Barbering/Cosmetology Fd, St Bd of	-	-	-	11,000	-11,000	-	-	-	-
Childhood Lead Poisoning Prevention Fund	-	-	-	9,062	-9,062	-	-	-	-
Used Oil Recycling Fund, California	2,500	-2,500	-	2,500	-2,500	-	-	-	-
School Facilities Fee Assistance Fund	880	-880	-	-	-	-	-	-	-
Acupuncture Fund	-	-	-	5,000	-5,000	-	-	-	-
Department of Agriculture Account, Ag Fd	15,000	-15,000	-	-	-	-	-	-	-
Alcoholic Beverage Control Appeals Fund	500	-500	-	-	-	-	-	-	-
Hospital Building Fund	-	-	-	75,000	-75,000	-	-	-	-
Foster and Small Family Insurance Fund	3,000	-3,000	-	-	-	-	-	-	-
Driving Under-the-Influence Prog Lic Trs	-	-	-	1,500	-1,500	-	-	-	-
Driver Training Penalty Assessment Fund	9,789	-9,789	-	8,098	-8,098	-	6,885	-6,885	-
Employment Development Dept Benefit Audit	11,111	-11,111	-	14,467	-14,467	-	11,876	-11,876	-
Employment Development Contingent Fund	49,975	-49,975	-	43,122	-43,122	-	37,530	-37,530	-
Fair and Exposition Fund	246	-246	-	-	-	-	-	-	-
Environmental Protection Trust Fund	1,175	-1,175	-	-	-	-	-	-	-
Business Fees Fund, Secty of State's	4,387	-4,387	-	4,331	-4,331	-	918	-918	-
Private Security Services Fund	-	-	-	4,000	-4,000	-	-	-	-
DNA Testing Fund, Department of Justice	298	-298	-	-	-	-	-	-	-
Off-Highway Vehicle Trust Fund	21,000	-21,000	-	-	-	-	-	-	-
Osteopathic Medical Bd of Calif Contin Fd	-	-	-	1,500	-1,500	-	-	-	-
Physician Assistant Fund	-	-	-	1,500	-1,500	-	-	-	-
Private Postsecondary Education Admin Fd	-	-	-	3,000	-3,000	-	-	-	-
Collins-Dugan Calif Conserv Corps Reimb	-	-	-	10,000	-10,000	-	-	-	-
Oil Spill Response Trust Fund	40,000	-40,000	-	-	-	-	-	-	-
Indian Gaming Special Distribution Fund	-	-31,200	-31,200	-	-27,100	-27,100	-	-50,000	-50,000
Speech-Language Pathology Audio Hearing	-	-	-	1,150	-1,150	-	-	-	-
False Claims Act Fund	15,700	-15,700	-	20,000	-20,000	-	-	-	-
Renewable Resource Trust Fund	45,000	-46,398	-1,398	-	-1,011	-1,011	-	-	-
Victim - Witness Assistance Fund	-	-	-	11,000	-11,000	-	-	-	-
Underground Storage Tank Cleanup Fund	-	-	-	-	-3,500	-3,500	-	-3,500	-3,500
Olympic Training Account, California	14	-14	-	92	-92	-	92	-92	-
Occupancy Compliance Monitoring Account	25,000	-25,000	-	22,000	-22,000	-	-	-	-
Tax Credit Allocation Fee Account	25,000	-25,000	-	13,000	-13,000	-	-	-	-



**SCHEDULE 8 -- Continued**  
**COMPARATIVE STATEMENT OF REVENUES**  
(Dollars In Thousands)

	Actual 2010-11		Estimated 2011-12		Proposed 2012-13	
	General Fund	Special Funds	Total	General Fund	Special Funds	Total
Centri Cst St Vet Cmtry Ft Ord Endow, CA	-	-	-	-	-	-
Fed Temp High Risk Health Insurance Fund	500	-	500	-	-	-
				1,074	-	1,074
<b>TOTALS, TRANSFERS AND LOANS</b>	<b>\$1,487,897</b>	<b>\$-1,463,836</b>	<b>\$24,061</b>	<b>\$1,412,631</b>	<b>\$-1,107,136</b>	<b>\$305,495</b>
<b>TOTALS, REVENUES AND TRANSFERS</b>	<b>\$93,488,877</b>	<b>\$29,014,349</b>	<b>\$122,503,226</b>	<b>\$88,605,560</b>	<b>\$34,673,549</b>	<b>\$123,279,109</b>
				<b>\$840,946</b>	<b>\$-494,625</b>	<b>\$346,321</b>
				<b>\$95,389,285</b>	<b>\$37,725,048</b>	<b>\$133,114,333</b>

**Sources**  
Centri Cst St Vet Cmtry Ft Ord Endow, CA  
Fed Temp High Risk Health Insurance Fund  
**TOTALS, TRANSFERS AND LOANS**  
**TOTALS, REVENUES AND TRANSFERS**

**SCHEDULE 9  
COMPARATIVE STATEMENT OF EXPENDITURES  
(Dollars In Thousands)**

	Actual 2010-11			Estimated 2011-12			Proposed 2012-13					
	General Fund	Special Fund	Selected Bond Funds	Federal Funds	General Fund	Special Fund	Selected Bond Funds	Federal Funds	General Fund	Special Fund	Selected Bond Funds	Federal Funds
<b>LEGISLATIVE, JUDICIAL, AND EXECUTIVE</b>												
<b>Legislative</b>												
<b>Senate</b>												
State Operations	\$109,350	-	-	\$109,350	-	-	-	\$109,350	-	-	-	\$109,350
<b>Assembly</b>												
State Operations	146,716	-	-	146,716	-	-	-	146,716	-	-	-	146,716
<b>Totals, Legislature</b>	<b>\$256,066</b>	<b>-</b>	<b>-</b>	<b>\$256,066</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>\$256,066</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>\$256,066</b>
<b>Legislative Counsel Bureau</b>												
State Operations	66,203	-	-	66,203	-	-	-	74,064	-	-	-	74,064
<b>Totals, Legislative</b>	<b>\$322,269</b>	<b>-</b>	<b>-</b>	<b>\$322,269</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>\$330,682</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>\$330,682</b>
<b>Judicial</b>												
<b>Judicial Branch</b>												
State Operations	367,889	208,875	-	576,764	3,734	343,285	203,105	546,390	4,466	371,795	227,578	599,373
Local Assistance	1,284,391	1,527,276	-	2,811,667	1,075	885,097	1,679,442	2,564,539	2,275	897,612	1,509,789	2,407,401
Capital Outlay	-	128,134	-	128,134	-	-	96,186	96,186	-	-	293,000	293,000
<b>Totals, Judicial Branch</b>	<b>\$1,652,280</b>	<b>\$1,864,285</b>	<b>-</b>	<b>\$3,516,565</b>	<b>\$4,809</b>	<b>\$1,228,382</b>	<b>\$1,978,733</b>	<b>\$3,207,115</b>	<b>\$6,741</b>	<b>\$1,269,407</b>	<b>\$2,030,367</b>	<b>\$3,299,774</b>
<b>Commission on Judicial Performance</b>												
State Operations	3,723	-	-	3,723	-	4,134	-	4,134	-	4,134	-	4,134
<b>Judges' Retirement System Contributions</b>												
State Operations	3,646	-	-	3,646	-	3,616	-	3,616	-	3,511	-	3,511
Local Assistance	215,633	-	-	215,633	-	246,342	-	246,342	-	212,633	-	212,633
<b>Totals, Judges' Retirement System Contribution</b>	<b>\$219,279</b>	<b>-</b>	<b>-</b>	<b>\$219,279</b>	<b>-</b>	<b>\$249,958</b>	<b>-</b>	<b>\$249,958</b>	<b>-</b>	<b>\$216,144</b>	<b>-</b>	<b>\$216,144</b>
<b>Totals, Judicial</b>	<b>\$1,875,282</b>	<b>\$1,864,285</b>	<b>-</b>	<b>\$3,739,567</b>	<b>\$4,809</b>	<b>\$1,482,474</b>	<b>\$1,978,733</b>	<b>\$3,461,207</b>	<b>\$6,741</b>	<b>\$1,489,685</b>	<b>\$2,030,367</b>	<b>\$3,520,052</b>
<b>Executive/Governor</b>												
<b>Governor's Office</b>												
State Operations	12,154	-	-	12,154	-	10,456	-	10,456	-	10,345	-	10,345
<b>California Technology Agency</b>												
State Operations	3,230	1,616	-	4,846	-	3,560	2,324	5,884	-	4,156	2,394	6,550
Local Assistance	-	118,402	-	118,402	502	-	122,804	122,604	1,931	-	110,619	1,931
<b>Totals, California Technology Agency</b>	<b>\$3,230</b>	<b>\$120,018</b>	<b>-</b>	<b>\$123,248</b>	<b>\$502</b>	<b>\$3,560</b>	<b>\$124,928</b>	<b>\$128,488</b>	<b>\$1,931</b>	<b>\$4,156</b>	<b>\$113,013</b>	<b>\$117,169</b>
<b>Governor's Office of Bus &amp; Econ Developm</b>												
State Operations	-	-	-	-	-	-	-	-	-	4,054	-	4,054
<b>Office of the Inspector General</b>												
State Operations	18,346	-	-	18,346	-	16,732	-	16,732	-	14,569	-	14,569
<b>Office of Planning &amp; Research</b>												
State Operations	2,260	-	-	2,260	214,813	2,153	-	2,153	19,874	1,978	-	1,978
Local Assistance	-	-	-	-	1,504,931	-	-	29,252	-	-	-	28,000
<b>Totals, Office of Planning &amp; Research</b>	<b>\$2,260</b>	<b>-</b>	<b>-</b>	<b>\$2,260</b>	<b>\$1,719,744</b>	<b>\$2,153</b>	<b>-</b>	<b>\$2,153</b>	<b>\$49,126</b>	<b>\$1,978</b>	<b>-</b>	<b>\$1,978</b>
<b>California Emergency Management Agency</b>												
State Operations	48,418	5,475	2,159	56,052	56,550	49,903	3,902	51,880	85,243	41,510	3,777	47,885
Local Assistance	96,032	46,984	100,000	243,016	985,787	71,672	29,595	201,267	997,708	71,597	20,439	192,036
<b>Totals, California Emergency Management Agency</b>	<b>\$144,450</b>	<b>\$52,459</b>	<b>\$102,159</b>	<b>\$299,068</b>	<b>\$1,042,337</b>	<b>\$115,575</b>	<b>\$33,497</b>	<b>\$253,147</b>	<b>\$1,082,951</b>	<b>\$113,107</b>	<b>\$24,216</b>	<b>\$102,598</b>
<b>Governor Elect and Outgoing Governor</b>												
State Operations	257	-	-	257	-	-	-	-	-	-	-	-

**SCHEDULE 9 -- Continued**  
**COMPARATIVE STATEMENT OF EXPENDITURES**  
(Dollars In Thousands)

	Actual 2010-11				Estimated 2011-12				Proposed 2012-13						
	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
<b>Totals, Executive/Governor</b>	\$180,697	\$172,477	\$102,159	\$455,333	\$2,762,583	\$148,476	\$158,425	\$104,075	\$410,976	\$1,134,008	\$148,229	\$137,229	\$102,598	\$388,056	\$1,044,133
<b>Executive/Constitutional Offices</b>															
Office of the Lieutenant Governor															
State Operations	989	-	-	989	-	994	-	-	994	-	1,011	-	-	1,011	-
Department of Justice															
State Operations	287,454	205,147	-	492,601	29,067	168,633	234,339	-	402,972	33,949	201,152	248,453	-	449,605	34,412
Local Assistance	-	4,883	-	4,883	-	-	4,883	-	4,883	-	-	4,883	-	4,883	-
Capital Outlay	179	-	-	179	-	-	-	-	-	-	-	-	-	-	-
<b>Totals, Department of Justice</b>	<b>\$287,633</b>	<b>\$210,030</b>	<b>-</b>	<b>\$497,663</b>	<b>\$29,067</b>	<b>\$168,633</b>	<b>\$239,222</b>	<b>-</b>	<b>\$407,855</b>	<b>\$33,949</b>	<b>\$201,152</b>	<b>\$253,336</b>	<b>-</b>	<b>\$454,488</b>	<b>\$34,412</b>
<b>State Controller</b>															
State Operations	72,126	33,225	1,570	106,921	1,088	75,610	28,497	1,618	105,725	1,081	88,819	34,403	1,639	124,861	1,122
Local Assistance	-206	-	-	-206	-	-194	-	-	-194	-	-183	-	-	-183	-
<b>Totals, State Controller</b>	<b>\$71,920</b>	<b>\$33,225</b>	<b>\$1,570</b>	<b>\$106,715</b>	<b>\$1,088</b>	<b>\$75,416</b>	<b>\$28,497</b>	<b>\$1,618</b>	<b>\$105,531</b>	<b>\$1,081</b>	<b>\$88,636</b>	<b>\$34,403</b>	<b>\$1,639</b>	<b>\$124,678</b>	<b>\$1,122</b>
<b>Department of Insurance</b>															
State Operations	-	149,717	-	149,717	-	-	166,431	-	166,431	559	-	167,268	-	167,268	721
Local Assistance	-	54,707	-	54,707	-	-	57,037	-	57,037	-	-	57,037	-	57,037	-
<b>Totals, Department of Insurance</b>	<b>-</b>	<b>\$204,424</b>	<b>-</b>	<b>\$204,424</b>	<b>-</b>	<b>-</b>	<b>\$223,468</b>	<b>-</b>	<b>\$223,468</b>	<b>\$559</b>	<b>-</b>	<b>\$224,305</b>	<b>-</b>	<b>\$224,305</b>	<b>\$721</b>
<b>Gambling Control Commission</b>															
State Operations	-	8,530	-	8,530	-	-	11,675	-	11,675	-	-	12,357	-	12,357	-
Local Assistance	-	29,859	-	29,859	-	-	9,241	-	9,241	-	-	-	-	-	-
<b>Totals, Gambling Control Commission</b>	<b>-</b>	<b>\$38,389</b>	<b>-</b>	<b>\$38,389</b>	<b>-</b>	<b>-</b>	<b>\$20,916</b>	<b>-</b>	<b>\$20,916</b>	<b>-</b>	<b>-</b>	<b>\$12,357</b>	<b>-</b>	<b>\$12,357</b>	<b>-</b>
<b>State Board of Equalization</b>															
State Operations	232,603	56,162	-	288,765	123	278,690	64,732	-	343,422	435	291,646	73,954	-	365,600	439
<b>Secretary of State</b>															
State Operations	11,440	36,917	-	48,357	3,332	30,989	41,152	-	72,141	15,238	31,558	41,829	-	73,387	16,433
Local Assistance	58,623	-	-	58,623	1,455	-	-	-	-	67,077	-	-	-	-	2,416
<b>Totals, Secretary of State</b>	<b>\$70,063</b>	<b>\$36,917</b>	<b>-</b>	<b>\$106,980</b>	<b>\$4,787</b>	<b>\$30,989</b>	<b>\$41,152</b>	<b>-</b>	<b>\$72,141</b>	<b>\$82,315</b>	<b>\$31,558</b>	<b>\$41,829</b>	<b>-</b>	<b>\$73,387</b>	<b>\$18,849</b>
<b>Citizens Redistricting Initiative</b>															
State Operations	2,561	-	-	2,561	-	6,214	-	-	6,214	-	-	-	-	-	-
<b>State Treasurer</b>															
State Operations	272	-	-	272	-	4,547	-	-	4,547	-	4,601	-	-	4,601	-
<b>Debt &amp; Investment Advisory Commission</b>															
State Operations	-	2,139	-	2,139	-	-	2,733	-	2,733	-	-	2,817	-	2,817	-
<b>Debt Limit Allocation Committee</b>															
State Operations	-	1,069	-	1,069	-	-	1,266	-	1,266	-	-	1,402	-	1,402	-
<b>Industrial Divlmt Financing Advisory Comm</b>															
State Operations	-	165	-	165	-	-	255	-	255	-	-	264	-	264	-
<b>Tax Credit Allocation Committee</b>															
State Operations	-	5,133	-	5,133	-	-	5,426	-	5,426	-	-	5,816	-	5,816	-
Local Assistance	-	212	-	212	-	-	136	-	136	-	-	136	-	136	-
<b>Totals, Tax Credit Allocation Committee</b>	<b>-</b>	<b>\$5,345</b>	<b>-</b>	<b>\$5,345</b>	<b>-</b>	<b>-</b>	<b>\$5,562</b>	<b>-</b>	<b>\$5,562</b>	<b>-</b>	<b>-</b>	<b>\$5,952</b>	<b>-</b>	<b>\$5,952</b>	<b>-</b>
<b>Alt Energy &amp; Advanced Trans Fin Auth</b>															
State Operations	-	27	-	27	-	-	350	-	350	-	-	173	-	173	-
Local Assistance	-	-	-	-	-	-	1,000	-	1,000	-	-	23,450	-	23,450	-

**SCHEDULE 9 -- Continued**  
**COMPARATIVE STATEMENT OF EXPENDITURES**  
(Dollars In Thousands)

	Actual 2010-11			Estimated 2011-12			Proposed 2012-13			
	General Fund	Special Fund	Selected Bond Funds	General Fund	Special Fund	Selected Bond Funds	General Fund	Special Fund	Selected Bond Funds	
Totals, Alt Energy & Advanced Trans Fin Auth	\$27	-	\$27	-	\$1,350	-	-	\$23,623	-	\$23,623
Pollution Control Financing Authority	-	-	-	-	-	-	-	-	-	-
Local Assistance	6,000	-	6,000	27,823	-	-	27,823	-	-	28,666
Health Facilities Financing Authority	-	-	-	-	-	-	-	-	-	-
State Operations	-	383	383	-	474	474	-	-	479	479
Local Assistance	-	88,375	88,375	-	235,000	235,000	-	-	115,000	115,000
Totals, Health Facilities Financing Authority	-	\$88,758	\$88,758	-	\$235,474	\$235,474	-	-	\$115,479	\$115,479
School Finance Authority	-	-	-	-	-	-	-	-	-	-
State Operations	-	-	-	109	-	-	125	-	-	136
Local Assistance	-	-	-	13,088	-	-	20,000	-	-	20,000
Totals, School Finance Authority	-	-	-	\$13,197	-	-	\$20,125	-	-	\$20,136
Totals, Executive/Constitutional Offices	\$672,041	\$587,892	\$90,328	\$1,350,261	\$629,153	\$237,092	\$1,431,728	\$618,604	\$117,118	\$1,409,964
Statewide Distributed Costs	-	-	-	-	-	-	-	-	-	-
General Obligation Bonds-LJE	3,271	-	3,271	-	13,272	-	13,272	-	-	12,957
Totals, Statewide Distributed Costs	\$3,271	-	\$3,271	-	\$13,272	-	\$13,272	-	-	\$12,957
<b>TOTALS, LEGISLATIVE, JUDICIAL, AND EXECUTIVE</b>	<b>\$3,053,560</b>	<b>\$2,624,654</b>	<b>\$192,487</b>	<b>\$5,870,701</b>	<b>\$2,766,311</b>	<b>\$341,167</b>	<b>\$5,647,865</b>	<b>\$2,841,838</b>	<b>\$219,716</b>	<b>\$5,661,159</b>
State Operations	1,392,908	714,197	4,112	2,111,217	308,816	6,167	2,109,824	160,970	4,716	2,245,147
Local Assistance	1,660,473	1,782,323	188,375	3,631,171	2,534,661	1,903,938	3,441,855	1,146,066	1,726,353	3,123,012
Capital Outlay	179	128,134	-	128,313	-	96,186	-	96,186	-	293,000
STATE AND CONSUMER SERVICES	-	-	-	-	-	-	-	-	-	-
State and Consumer Services, Secy	1,008	-	-	1,008	-	-	233	-	-	-
State Operations	-	-	-	-	-	-	-	-	-	-
Science Center	22,335	6,361	-	28,696	20,142	7,606	27,748	20,319	7,697	28,016
Department of Consumer Affairs, Boards	-	-	-	-	-	-	-	-	-	-
State Operations	-	229,588	-	229,588	-	264,819	-	264,819	-	272,723
Department of Consumer Affairs, Bureaus	-	-	-	-	-	-	-	-	-	-
State Operations	-	186,952	-	186,952	-	220,938	-	220,938	-	219,790
Seismic Safety Commission, A. E. Alquist	-	-	-	-	-	-	-	-	-	-
State Operations	-	957	-	957	-	1,132	-	1,132	-	1,163
Department of Fair Employment & Housing	-	-	-	-	-	-	-	-	-	-
State Operations	14,383	-	-	14,383	5,030	15,577	-	15,577	-	15,983
Fair Employment & Housing Commission	-	-	-	-	-	-	-	-	-	-
State Operations	797	-	-	797	-	977	-	977	-	496
Franchise Tax Board	-	-	-	-	-	-	-	-	-	-
State Operations	506,738	17,450	-	524,188	574,110	19,952	594,062	649,607	19,778	669,385
Department of General Services	-	-	-	-	-	-	-	-	-	-
State Operations	131	77,086	12,172	89,389	6,917	14,709	118,038	2,690	14,879	113,784
Capital Outlay	-	2,407	2,407	-	-	5,452	5,452	-	-	-
Totals, Department of General Services	\$131	\$77,086	\$14,579	\$91,796	\$6,917	\$5,379	\$123,490	\$2,690	\$14,879	\$113,784
Victim Compensation/Government Claims Bd	-	-	-	-	-	-	-	-	-	-
State Operations	-	25,364	-	25,364	752	32,391	1,840	32,779	-	1,851
Totals, Department of General Services	\$131	\$77,086	\$14,579	\$91,796	\$6,917	\$5,379	\$123,490	\$2,690	\$14,879	\$113,784

**SCHEDULE 9 -- Continued**  
**COMPARATIVE STATEMENT OF EXPENDITURES**  
(Dollars In Thousands)

	Actual 2010-11			Estimated 2011-12			Proposed 2012-13					
	General Fund	Special Fund	Selected Bond Funds	Federal Funds	General Fund	Special Fund	Selected Bond Funds	Federal Funds	General Fund	Special Fund	Selected Bond Funds	Federal Funds
Local Assistance	-	83,102	-	31,812	-	-	-	30,000	-	-	-	30,000
Totals, Victim Compensation/Government Claims	-	\$108,466	-	\$32,564	-	\$105,062	-	\$31,840	-	\$105,450	-	\$105,450
State Personnel Board	-	-	-	-	-	-	-	-	-	-	-	-
State Operations	2,902	-	2,902	-	2,908	-	2,908	-	-	-	-	-
<b>TOTALS, STATE AND CONSUMER SERVICES</b>	<b>\$548,294</b>	<b>\$626,860</b>	<b>\$14,579</b>	<b>\$44,511</b>	<b>\$619,326</b>	<b>\$717,459</b>	<b>\$20,161</b>	<b>\$37,276</b>	<b>\$689,095</b>	<b>\$722,816</b>	<b>\$14,879</b>	<b>\$1,426,790</b>
State Operations	548,294	543,758	12,172	12,699	619,326	644,788	14,709	7,276	689,095	650,145	14,879	1,354,119
Local Assistance	-	83,102	-	31,812	-	72,671	-	30,000	-	72,671	-	72,671
Capital Outlay	-	-	2,407	-	-	2,407	-	-	-	-	-	-
BUSINESS, TRANSPORTATION & HOUSING												
Business and Housing												
Business, Transportation & Housing, Secy	10,383	1,344	-	27,823	2,485	1,664	-	4,149	2,499	1,540	-	4,039
Department of Alcoholic Beverage Control	-	42,648	-	323	-	48,958	-	1,362	-	51,796	-	313
State Operations	-	42,648	-	323	-	48,958	-	1,362	-	51,796	-	313
Local Assistance	-	1,995	-	1,995	-	3,000	-	3,000	-	3,000	-	3,000
Totals, Department of Alcoholic Beverage Control	-	\$44,643	-	\$323	-	\$51,958	-	\$1,362	-	\$54,796	-	\$313
Alcoholic Beverage Control Appeals Board												
State Operations	-	867	-	-	-	867	-	982	-	1,023	-	-
Department of Financial Institutions												
State Operations	-	30,781	-	-	-	30,781	-	33,328	-	34,020	-	-
Department of Corporations												
State Operations	-	32,128	-	-	-	32,128	-	46,695	-	45,182	-	-
Dept of Housing & Community Development												
State Operations	2,858	22,171	4,323	10,014	1,721	25,390	7,909	11,517	1,743	26,559	4,218	32,520
Local Assistance	5,629	-	39,811	188,328	5,629	45,440	109,638	115,267	5,629	177,939	325	177,939
Totals, Dept of Housing & Community Development	\$8,487	\$22,171	\$44,134	\$198,342	\$7,350	\$74,792	\$117,547	\$189,456	\$7,372	\$26,559	\$4,543	\$189,920
Office of Real Estate Appraisers												
State Operations	-	4,062	-	-	-	4,914	-	4,914	-	5,030	-	-
Department of Real Estate												
State Operations	-	43,608	-	-	-	47,148	-	47,148	-	46,734	-	-
Department of Managed Health Care												
State Operations	-	40,347	-	1,254	-	50,489	-	4,550	-	51,156	-	755
Totals, Business and Housing	\$18,870	\$219,951	\$44,134	\$227,742	\$9,835	\$262,568	\$117,547	\$223,191	\$9,871	\$266,040	\$4,543	\$280,454
Transportation												
California Transportation Commission												
State Operations	-	2,142	617	-	-	2,116	858	2,974	-	2,147	866	3,013
Local Assistance	-	-	26,277	-	-	25,000	-	25,000	-	-	25,000	25,000
Totals, California Transportation Commission	-	\$2,142	\$26,894	-	-	\$2,116	\$25,858	\$27,974	-	\$2,147	\$25,866	\$28,013
State Transit Assistance												
Local Assistance	-	-	78,336	-	-	398,952	419,882	818,844	-	420,429	829,844	1,250,273
Department of Transportation												
State Operations	-	2,759,312	95,945	2,855,257	-	2,859,012	147,840	3,106,852	-	2,894,505	147,912	3,042,417
Local Assistance	-	-	-	642,548	-	642,548	-	685,424	-	685,424	-	676,471

**SCHEDULE 9 -- Continued**  
**COMPARATIVE STATEMENT OF EXPENDITURES**  
(Dollars In Thousands)

	Actual 2010-11				Estimated 2011-12				Proposed 2012-13			
	General Fund	Special Fund	Selected Bond Funds	Federal Funds	General Fund	Special Fund	Selected Bond Funds	Federal Funds	General Fund	Special Fund	Selected Bond Funds	Federal Funds
	Budget Total	Budget Total	Budget Total	Budget Total	Budget Total	Budget Total	Budget Total	Budget Total	Budget Total	Budget Total	Budget Total	Budget Total
Aeronautics Program	1,055	-	1,055	-	2,699	-	2,699	-	2,199	-	2,199	-
Highway Transportation Program	220,389	151,539	371,928	1,166,305	236,663	903,366	1,140,029	1,308,449	193,877	278,247	472,124	1,329,959
Mass Transportation Program	165,301	133,570	298,871	48,467	142,638	196,175	338,813	52,420	230,210	51,333	281,543	125,105
Transportation Planning Program	-	11,161	11,161	58,133	-	12,000	12,000	63,000	-	12,000	-	67,700
Totals, Local Assistance	397,906	285,109	683,015	1,272,905	394,000	1,099,541	1,493,541	1,423,869	438,286	329,580	767,866	1,522,764
Capital Outlay	480,677	623,788	1,104,465	1,923,593	525,616	2,959,185	3,484,801	3,392,516	613,906	1,363,184	1,977,090	1,679,336
Unclassified	83,416	-	-	-	83,416	-	-	5,000	83,416	-	-	5,000
<b>Totals, Department of Transportation</b>	<b>\$83,416</b>	<b>\$3,554,479</b>	<b>\$1,004,842</b>	<b>\$4,642,737</b>	<b>\$83,416</b>	<b>\$3,795,212</b>	<b>\$4,206,566</b>	<b>\$9,085,194</b>	<b>\$83,416</b>	<b>\$3,863,281</b>	<b>\$1,840,676</b>	<b>\$5,787,373</b>
<b>High-Speed Rail Authority</b>												
State Operations	-	56,597	56,597	-	16,418	16,418	-	-	-	15,237	15,237	660
Capital Outlay	-	83,449	83,449	75,945	-	79,342	79,342	68,120	-	-	-	-
<b>Totals, High-Speed Rail Authority</b>			<b>\$140,046</b>	<b>\$75,945</b>		<b>\$95,760</b>	<b>\$95,760</b>	<b>\$68,120</b>		<b>\$15,237</b>	<b>\$15,237</b>	<b>\$660</b>
<b>Board of Pilot Commissioners</b>												
State Operations	1,751	-	1,751	-	2,189	-	2,189	-	2,228	-	2,228	-
<b>Office of Traffic Safety</b>												
State Operations	408	-	408	118,573	418	-	418	62,372	431	-	431	59,899
Local Assistance	-	-	-	47,488	-	-	-	57,067	-	-	-	36,993
<b>Totals, Office of Traffic Safety</b>	<b>\$408</b>	<b>\$408</b>	<b>\$166,061</b>	<b>\$418</b>	<b>\$418</b>	<b>\$418</b>	<b>\$119,439</b>	<b>\$418</b>	<b>\$431</b>	<b>\$431</b>	<b>\$431</b>	<b>\$96,892</b>
<b>Dept of the California Highway Patrol</b>												
State Operations	-	1,742,952	-	1,742,952	-	1,782,636	-	1,782,636	-	1,790,336	-	1,790,336
Capital Outlay	-	17,073	-	17,073	-	28,635	-	28,635	-	12,139	-	12,139
<b>Totals, Dept of the California Highway Patrol</b>	<b>\$1,760,025</b>	<b>\$1,760,025</b>	<b>\$12,485</b>	<b>\$12,485</b>	<b>\$1,811,271</b>	<b>\$1,811,271</b>	<b>\$18,343</b>	<b>\$18,343</b>	<b>\$1,802,475</b>	<b>\$1,802,475</b>	<b>\$18,523</b>	<b>\$18,523</b>
<b>Department of Motor Vehicles</b>												
State Operations	-	875,782	-	4,975	-	890,849	-	890,849	-	938,876	-	938,876
Capital Outlay	-	6,810	-	6,810	-	36,519	-	36,519	-	3,438	-	3,438
<b>Totals, Department of Motor Vehicles</b>	<b>\$882,592</b>	<b>\$882,592</b>	<b>\$4,975</b>	<b>\$4,975</b>	<b>\$927,368</b>	<b>\$927,368</b>	<b>\$3,832</b>	<b>\$3,832</b>	<b>\$942,314</b>	<b>\$942,314</b>	<b>\$7,482</b>	<b>\$7,482</b>
<b>Totals, Transportation</b>	<b>\$6,201,397</b>	<b>\$1,250,118</b>	<b>\$7,534,931</b>	<b>\$4,098,512</b>	<b>\$83,416</b>	<b>\$6,937,526</b>	<b>\$4,748,076</b>	<b>\$11,769,018</b>	<b>\$83,416</b>	<b>\$7,033,305</b>	<b>\$2,711,623</b>	<b>\$9,828,344</b>
<b>Statewide Distributed Costs</b>												
General Obligation Bonds-BT&H	322,132	714,943	-	1,037,075	-	585,648	664,493	-	464,680	703,336	-	1,168,016
<b>Totals, Statewide Distributed Costs</b>	<b>\$322,132</b>	<b>\$714,943</b>	<b>\$1,037,075</b>	<b>\$1,037,075</b>	<b>\$585,648</b>	<b>\$664,493</b>	<b>\$1,250,141</b>	<b>\$1,250,141</b>	<b>\$464,680</b>	<b>\$703,336</b>	<b>\$1,168,016</b>	<b>\$1,168,016</b>
<b>TOTALS, BUSINESS, TRANSPORTATION &amp; HOUSING</b>	<b>\$424,418</b>	<b>\$7,136,291</b>	<b>\$1,294,252</b>	<b>\$8,854,961</b>	<b>\$678,899</b>	<b>\$7,864,587</b>	<b>\$4,865,623</b>	<b>\$13,409,109</b>	<b>\$557,967</b>	<b>\$6,002,681</b>	<b>\$2,716,166</b>	<b>\$11,276,814</b>
State Operations	335,373	6,315,246	157,482	6,808,101	589,854	6,561,281	173,025	7,324,160	488,922	6,594,899	168,233	7,232,054
Local Assistance	5,629	399,901	429,533	835,063	5,629	795,952	1,654,071	2,455,652	5,629	861,715	1,184,749	2,052,093
Capital Outlay	-	504,560	707,237	1,211,797	-	590,770	3,038,527	3,629,297	-	629,483	1,363,184	1,992,667
Unclassified	83,416	-	-	-	83,416	-	-	5,000	83,416	-	-	5,000
<b>NATURAL RESOURCES</b>												
<b>Secretary of the Natural Resources</b>												
State Operations	-	2,896	27,451	30,347	-	3,381	32,368	35,749	-	3,790	6,560	10,350
Local Assistance	-	-	22,323	22,323	-	-	127,834	127,834	-	-	27,724	27,724
<b>Totals, Secretary of the Natural Resources</b>	<b>\$2,896</b>	<b>\$49,774</b>	<b>\$52,670</b>	<b>\$4,638</b>	<b>\$3,381</b>	<b>\$160,202</b>	<b>\$163,583</b>	<b>\$9,052</b>	<b>\$3,790</b>	<b>\$34,284</b>	<b>\$38,074</b>	<b>\$9,052</b>
<b>Special Resources Programs</b>												
State Operations	-	203	-	203	-	200	-	200	-	203	-	203
Local Assistance	-	4,833	-	4,833	-	4,838	-	4,838	-	4,838	-	4,838

**SCHEDULE 9 -- Continued**  
**COMPARATIVE STATEMENT OF EXPENDITURES**  
(Dollars In Thousands)

	Actual 2010-11				Estimated 2011-12				Proposed 2012-13			
	Selected		Federal		Selected		Federal		Selected		Federal	
	Special Fund	Bond Funds	Budget Total	Funds	Special Fund	Bond Funds	Budget Total	Funds	Special Fund	Bond Funds	Budget Total	Funds
Totals, Special Resources Programs	\$5,036	-	\$5,036	-	\$5,038	-	\$5,038	-	\$5,041	-	\$5,041	-
<b>Tahoe Conservancy</b>												
State Operations	182	4,112	4,956	215	4,320	309	4,629	214	4,469	83	4,552	218
Local Assistance	-	11	5,232	-	-	8,458	8,458	-	-	-	-	-
Capital Outlay	-	834	536	-	1,942	10,021	11,963	10,000	506	383	889	5,000
<b>Totals, Tahoe Conservancy</b>	<b>\$182</b>	<b>\$4,957</b>	<b>\$11,569</b>	<b>\$215</b>	<b>\$6,262</b>	<b>\$18,788</b>	<b>\$25,050</b>	<b>\$10,214</b>	<b>\$4,975</b>	<b>\$466</b>	<b>\$5,441</b>	<b>\$5,218</b>
<b>California Conservation Corps</b>												
State Operations	31,310	31,877	65,407	-	33,832	35,583	78,937	-	32,603	34,226	828	67,657
Local Assistance	-	-	865	-	-	10,036	10,036	-	-	38	-	-
<b>Totals, California Conservation Corps</b>	<b>\$31,310</b>	<b>\$31,877</b>	<b>\$66,272</b>	<b>-</b>	<b>\$33,832</b>	<b>\$35,583</b>	<b>\$88,973</b>	<b>-</b>	<b>\$32,603</b>	<b>\$34,226</b>	<b>\$866</b>	<b>\$67,695</b>
<b>Energy Resource Conservation/Dvlimt Comm</b>												
State Operations	-	339,383	-	57,721	477,972	-	477,972	67,787	-	333,692	-	333,692
Local Assistance	-	5,769	-	5,769	-	2,761	-	2,761	-	2,000	-	2,000
<b>Totals, Energy Resource Conservation/Dvlimt Com</b>	<b>-</b>	<b>\$345,152</b>	<b>\$345,152</b>	<b>\$57,721</b>	<b>\$480,733</b>	<b>-</b>	<b>\$480,733</b>	<b>\$67,787</b>	<b>-</b>	<b>\$335,692</b>	<b>-</b>	<b>\$335,692</b>
<b>Renewable Resources Investment Program</b>												
State Operations	-	1,047	-	1,047	-	1,500	-	1,500	-	1,500	-	1,500
<b>Department of Conservation</b>												
State Operations	4,166	35,451	42,833	2,319	44,416	45,279	54,794	2,423	4,469	52,941	2,965	60,375
Local Assistance	-	-	14,620	14,620	-	84,708	84,708	-	-	-	-	-
<b>Totals, Department of Conservation</b>	<b>\$4,166</b>	<b>\$35,451</b>	<b>\$57,453</b>	<b>\$2,319</b>	<b>\$44,416</b>	<b>\$45,279</b>	<b>\$139,502</b>	<b>\$2,423</b>	<b>\$4,469</b>	<b>\$52,941</b>	<b>\$2,965</b>	<b>\$60,375</b>
<b>Resources Recycling and Recovery</b>												
State Operations	-	1,500,160	-	40	1,409,691	-	1,409,691	-	-	1,408,500	-	1,408,500
Local Assistance	-	27,282	-	27,282	-	29,487	-	29,487	-	27,551	-	27,551
<b>Totals, Resources Recycling and Recovery</b>	<b>-</b>	<b>\$1,527,422</b>	<b>\$1,527,422</b>	<b>\$40</b>	<b>\$1,439,178</b>	<b>-</b>	<b>\$1,439,178</b>	<b>-</b>	<b>-</b>	<b>\$1,436,051</b>	<b>-</b>	<b>\$1,436,051</b>
<b>Department of Forestry &amp; Fire Protection</b>												
State Operations	663,011	12,917	1,259	14,925	700,272	65,184	980	766,436	22,591	653,052	426	750,787
Local Assistance	-	-	3,199	-	-	-	2,399	-	-	-	-	-
Capital Outlay	7,019	-	-	7,019	1,309	-	1,309	-	6,815	-	-	6,815
<b>Totals, Department of Forestry &amp; Fire Protection</b>	<b>\$670,030</b>	<b>\$12,917</b>	<b>\$4,458</b>	<b>\$14,925</b>	<b>\$701,581</b>	<b>\$65,184</b>	<b>\$3,379</b>	<b>\$770,144</b>	<b>\$22,591</b>	<b>\$659,867</b>	<b>\$426</b>	<b>\$757,602</b>
<b>State Lands Commission</b>												
State Operations	8,052	13,212	-	21,264	9,485	14,729	-	24,214	-	9,661	16,358	-
<b>Department of Fish &amp; Game</b>												
State Operations	59,641	141,053	22,299	60,467	60,563	191,335	100,190	352,088	70,378	61,565	183,563	10,643
Local Assistance	576	1,341	4,724	6,641	576	1,341	18,870	20,787	-	576	1,341	-
Capital Outlay	-	2,331	-	2,331	-	2,370	-	2,370	-	-	-	-
<b>Totals, Department of Fish &amp; Game</b>	<b>\$60,217</b>	<b>\$144,725</b>	<b>\$27,023</b>	<b>\$69,467</b>	<b>\$61,139</b>	<b>\$195,046</b>	<b>\$119,060</b>	<b>\$375,245</b>	<b>\$70,378</b>	<b>\$62,141</b>	<b>\$184,904</b>	<b>\$10,643</b>
<b>Wildlife Conservation Board</b>												
State Operations	-	1,324	1,146	-	2,107	2,310	4,417	-	-	2,301	2,119	4,420
Local Assistance	-	14,615	87,204	101,819	-	-	-	-	-	-	-	-
Capital Outlay	-	1,532	23,947	25,479	1,102	714,036	715,138	35,000	-	2,654	19,509	22,163
<b>Totals, Wildlife Conservation Board</b>	<b>-</b>	<b>\$17,471</b>	<b>\$112,297</b>	<b>\$129,768</b>	<b>\$3,209</b>	<b>\$716,346</b>	<b>\$719,555</b>	<b>\$35,000</b>	<b>-</b>	<b>\$4,955</b>	<b>\$21,628</b>	<b>\$26,563</b>
<b>Department of Boating &amp; Waterways</b>												
State Operations	-	-	-	7,834	-	-	-	9,968	-	-	-	9,968
Local Assistance	-	7,148	-	7,148	-	1,740	1,740	9,010	-	1,200	-	1,200
<b>Totals, Department of Boating &amp; Waterways</b>	<b>-</b>	<b>\$7,148</b>	<b>-</b>	<b>\$7,834</b>	<b>-</b>	<b>\$1,740</b>	<b>\$1,740</b>	<b>\$9,968</b>	<b>-</b>	<b>\$1,200</b>	<b>-</b>	<b>\$1,200</b>

**SCHEDULE 9 -- Continued**  
**COMPARATIVE STATEMENT OF EXPENDITURES**  
(Dollars In Thousands)

	Actual 2010-11			Estimated 2011-12			Proposed 2012-13					
	General Fund	Special Fund	Selected Bond Funds	Federal Funds	General Fund	Special Fund	Selected Bond Funds	Federal Funds	General Fund	Special Fund	Selected Bond Funds	Federal Funds
<b>Totals, Department of Boating &amp; Waterways</b>	-	\$7,148	-	\$15,168	-	\$1,740	-	\$18,978	-	\$1,200	-	\$1,200
Coastal Commission												
State Operations	10,114	808	-	2,662	10,538	1,191	-	2,623	10,554	1,255	-	11,809
Local Assistance	-	585	-	-	-	541	-	-	-	798	-	798
<b>Totals, Coastal Commission</b>	<b>\$10,114</b>	<b>\$1,393</b>	<b>-</b>	<b>\$2,662</b>	<b>\$10,538</b>	<b>\$1,732</b>	<b>-</b>	<b>\$2,623</b>	<b>\$10,554</b>	<b>\$2,053</b>	<b>-</b>	<b>\$12,607</b>
State Coastal Conservancy												
State Operations	-	1,400	5,489	79	-	1,928	7,982	136	-	1,562	7,618	9,180
Local Assistance	-	567	35,490	3,018	-	-	-	-	-	-	-	-
Capital Outlay	-	98	20,383	833	-	6,364	197,604	7,832	-	950	23,500	24,450
<b>Totals, State Coastal Conservancy</b>	<b>-</b>	<b>\$2,065</b>	<b>\$61,362</b>	<b>\$3,930</b>	<b>-</b>	<b>\$8,292</b>	<b>\$205,596</b>	<b>\$7,968</b>	<b>-</b>	<b>\$2,512</b>	<b>\$31,118</b>	<b>\$33,630</b>
Native American Heritage Commission												
State Operations	459	-	-	-	665	-	-	665	-	-	-	680
Department of Parks & Recreation												
State Operations	117,458	180,419	34,463	6,275	121,831	215,917	105,526	8,322	112,015	200,328	28,308	340,651
Local Assistance	-	28,513	131,781	3,511	-	59,003	583,619	44,988	-	24,645	-	24,645
Capital Outlay	-	4,490	27,021	31,511	-	26,557	59,573	5,000	-	26,473	39,203	65,676
<b>Totals, Department of Parks &amp; Recreation</b>	<b>\$117,458</b>	<b>\$213,422</b>	<b>\$193,265</b>	<b>\$9,786</b>	<b>\$121,831</b>	<b>\$301,477</b>	<b>\$748,718</b>	<b>\$58,310</b>	<b>\$112,015</b>	<b>\$251,446</b>	<b>\$67,511</b>	<b>\$430,972</b>
Santa Monica Mountains Conservancy												
State Operations	-	266	684	950	-	261	684	945	-	279	691	970
Capital Outlay	-	-	8,567	-	-	-	13,428	-	-	-	-	-
<b>Totals, Santa Monica Mountains Conservancy</b>	<b>-</b>	<b>\$266</b>	<b>\$9,251</b>	<b>\$9,517</b>	<b>-</b>	<b>\$261</b>	<b>\$14,112</b>	<b>\$14,373</b>	<b>-</b>	<b>\$279</b>	<b>\$691</b>	<b>\$970</b>
SF Bay Conservation & Development Comm												
State Operations	3,768	-	-	3,768	-	-	-	3,866	-	-	-	3,931
San Gabriel/Lower LA River/Mtns Conservancy												
State Operations	-	348	671	1,019	-	333	691	1,024	-	320	696	1,016
Capital Outlay	-	-	16,546	-	-	-	8,486	-	-	-	468	-
<b>Totals, San Gabriel/Lower LA River/Mtns Conservancy</b>	<b>-</b>	<b>\$348</b>	<b>\$17,217</b>	<b>\$17,565</b>	<b>-</b>	<b>\$333</b>	<b>\$9,177</b>	<b>\$9,510</b>	<b>-</b>	<b>\$320</b>	<b>\$1,164</b>	<b>\$1,484</b>
San Joaquin River Conservancy												
State Operations	-	296	185	481	-	394	237	631	-	399	237	636
Baldwin Hills Conservancy												
State Operations	-	326	83	409	-	347	217	564	-	345	216	561
Local Assistance	-	-	2,250	2,250	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	21,614	-	-	-	-	-
<b>Totals, Baldwin Hills Conservancy</b>	<b>-</b>	<b>\$326</b>	<b>\$2,333</b>	<b>\$2,659</b>	<b>-</b>	<b>\$347</b>	<b>\$21,831</b>	<b>\$22,178</b>	<b>-</b>	<b>\$345</b>	<b>\$216</b>	<b>\$561</b>
Delta Protection Commission												
State Operations	-	1,877	-	1,877	-	927	-	927	-	1,000	-	1,000
San Diego River Conservancy												
State Operations	-	303	-	303	-	311	-	311	-	327	-	327
Coachella Valley Mountains Conservancy												
State Operations	-	267	17	284	-	295	60	355	-	299	60	359
Local Assistance	-	-	4,402	4,402	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	23,074	23,074	-	-	-	-
<b>Totals, Coachella Valley Mountains Conservancy</b>	<b>-</b>	<b>\$267</b>	<b>\$4,419</b>	<b>\$4,686</b>	<b>-</b>	<b>\$295</b>	<b>\$23,134</b>	<b>\$23,429</b>	<b>-</b>	<b>\$299</b>	<b>\$60</b>	<b>\$359</b>

**SCHEDULE 9 -- Continued**  
**COMPARATIVE STATEMENT OF EXPENDITURES**  
(Dollars In Thousands)

	Actual 2010-11			Estimated 2011-12			Proposed 2012-13		
	General Fund	Special Fund	Selected Bond Funds	General Fund	Special Fund	Selected Bond Funds	General Fund	Special Fund	Selected Bond Funds
<b>Sierra Nevada Conservancy</b>									
State Operations	-	3,886	357	-	-	4,125	-	-	4,131
Local Assistance	-	-	9,709	-	-	15,715	-	-	-
<b>Totals, Sierra Nevada Conservancy</b>	<b>-</b>	<b>\$3,886</b>	<b>\$10,066</b>	<b>-</b>	<b>-</b>	<b>\$4,125</b>	<b>-</b>	<b>-</b>	<b>\$4,131</b>
<b>Department of Water Resources</b>									
State Operations	99,665	12,396	130,781	94,381	14,549	411,525	98,228	14,849	82,403
Local Assistance	-	-	120,752	-	-	1,229,867	-	-	28,554
Capital Outlay	-494	-	136,118	1,066	-	490,793	-	-	-
<b>Totals, Department of Water Resources</b>	<b>\$99,171</b>	<b>\$12,396</b>	<b>\$387,651</b>	<b>\$95,447</b>	<b>\$14,549</b>	<b>\$2,132,185</b>	<b>\$98,228</b>	<b>\$14,849</b>	<b>\$110,957</b>
<b>Sacramento-San Joaquin Delta Conservancy</b>									
State Operations	669	-	-	763	161	-	775	71	-
<b>General Obligation Bonds-Natural Res</b>									
State Operations	902,378	-	-	885,829	-	-	885,829	-	-
<b>Delta Stewardship Council</b>									
State Operations	4,837	525	7,202	5,505	702	4,833	5,548	703	5,382
<b>TOTALS, NATURAL RESOURCES</b>	<b>\$1,912,811</b>	<b>\$2,386,681</b>	<b>\$913,854</b>	<b>\$1,934,897</b>	<b>\$2,630,768</b>	<b>\$4,303,173</b>	<b>\$9,868,838</b>	<b>\$2,457,676</b>	<b>\$289,137</b>
State Operations	1,905,710	2,286,752	238,185	1,931,946	2,492,722	683,038	5,107,706	2,364,720	149,758
Local Assistance	576	90,644	442,551	576	99,711	2,081,506	2,181,793	53,998	56,316
Capital Outlay	6,525	9,285	233,118	2,375	38,335	1,538,629	1,579,339	57,832	83,063
<b>ENVIRONMENTAL PROTECTION</b>									
<b>Secretary for Environmental Protection</b>									
State Operations	1,748	10,843	-	1,799	11,395	-	13,194	1,888	11,472
<b>Air Resources Board</b>									
State Operations	-	294,098	3,251	-	329,906	104,070	433,976	16,050	178,295
Local Assistance	-	10,111	-	-	10,111	-	10,111	-	96,511
<b>Totals, Air Resources Board</b>	<b>-</b>	<b>\$304,209</b>	<b>\$3,251</b>	<b>-</b>	<b>\$340,017</b>	<b>\$104,070</b>	<b>\$444,087</b>	<b>\$16,050</b>	<b>\$178,295</b>
<b>Department of Pesticide Regulation</b>									
State Operations	-	51,849	-	-	57,270	-	57,270	1,982	58,512
Local Assistance	-	19,905	-	-	21,168	-	21,168	-	22,111
<b>Totals, Department of Pesticide Regulation</b>	<b>-</b>	<b>\$71,754</b>	<b>-</b>	<b>-</b>	<b>\$78,438</b>	<b>-</b>	<b>\$78,438</b>	<b>\$1,982</b>	<b>\$80,623</b>
<b>State Water Resources Control Board</b>									
State Operations	38,124	389,122	1,829	18,387	451,197	8,163	477,747	56,514	456,359
Local Assistance	-	12,541	82,763	-	29,985	161,925	191,910	90,000	26,815
<b>Totals, State Water Resources Control Board</b>	<b>\$38,124</b>	<b>\$401,663</b>	<b>\$84,592</b>	<b>\$18,387</b>	<b>\$481,182</b>	<b>\$170,088</b>	<b>\$669,657</b>	<b>\$146,514</b>	<b>\$34,649</b>
<b>Department of Toxic Substances Control</b>									
State Operations	21,798	111,960	-	22,610	144,383	-	166,993	27,720	129,388
Local Assistance	-	-4	-	-	-175	-	-175	4,000	-
Capital Outlay	200	-	-	1,635	-	-	1,635	-	-
<b>Totals, Department of Toxic Substances Control</b>	<b>\$21,998</b>	<b>\$111,956</b>	<b>-</b>	<b>\$24,245</b>	<b>\$144,208</b>	<b>-</b>	<b>\$168,453</b>	<b>\$31,720</b>	<b>\$129,388</b>
<b>Environmental Health Hazard Assessment</b>									
State Operations	2,042	10,672	-	2,161	13,410	-	15,571	414	11,541
<b>General Obligation Bonds-Environmental</b>									
State Operations	6,053	-	-	4,895	-	-	4,895	-	4,051
<b>TOTALS</b>	<b>\$224,034</b>	<b>\$224,034</b>	<b>\$224,034</b>	<b>\$224,034</b>	<b>\$224,034</b>	<b>\$224,034</b>	<b>\$224,034</b>	<b>\$224,034</b>	<b>\$224,034</b>

**SCHEDULE 9 -- Continued**  
**COMPARATIVE STATEMENT OF EXPENDITURES**  
(Dollars In Thousands)

	Actual 2010-11			Estimated 2011-12			Proposed 2012-13								
	General Fund	Special Fund	Selected Bond Funds	General Fund	Special Fund	Selected Bond Funds	General Fund	Special Fund	Selected Bond Funds						
<b>TOTALS, ENVIRONMENTAL PROTECTION</b>	\$69,965	\$911,097	\$87,843	\$1,068,905	\$263,782	\$51,487	\$1,068,650	\$274,158	\$1,394,295	\$198,568	\$47,101	\$1,046,696	\$212,944	\$1,306,741	\$197,392
State Operations	69,765	868,544	5,080	943,389	71,886	49,852	1,007,561	112,233	1,169,646	104,568	47,101	915,074	186,129	1,148,304	103,392
Local Assistance	-	42,553	82,763	125,316	191,886	-	61,089	161,925	223,014	94,000	-	131,622	26,815	158,437	94,000
Capital Outlay	200	-	-	200	-	1,635	-	-	1,635	-	-	-	-	-	-
<b>HEALTH AND HUMAN SERVICES</b>															
<b>Health &amp; Human Services Agency, Secy</b>															
State Operations	2,710	15,187	-	17,897	863	3,454	17,737	-	21,191	1,850	3,498	10,525	-	14,023	1,774
<b>State Council-Developmental Disabilities</b>															
State Operations	-	-	-	-	6,585	-	-	-	-	7,211	-	-	-	-	7,292
<b>Emergency Medical Services Authority</b>															
State Operations	2,810	2,905	-	5,715	1,739	1,155	3,075	-	4,230	1,797	1,166	3,224	-	4,390	1,871
Local Assistance	5,558	-	-	5,558	170	5,558	300	-	5,858	704	5,558	300	-	5,858	704
<b>Totals, Emergency Medical Services Authority</b>	<b>\$8,368</b>	<b>\$2,905</b>	<b>-</b>	<b>\$11,273</b>	<b>\$1,909</b>	<b>\$6,713</b>	<b>\$3,375</b>	<b>-</b>	<b>\$10,088</b>	<b>\$2,501</b>	<b>\$6,724</b>	<b>\$3,524</b>	<b>-</b>	<b>\$10,248</b>	<b>\$2,575</b>
<b>Statewide Health Planning &amp; Development</b>															
State Operations	44	77,057	-	77,101	612	-	86,893	-	86,693	663	74	86,548	-	86,622	435
Local Assistance	19	7,064	-	7,083	1,964	-	7,633	-	7,633	3,477	-	19,306	-	19,306	1,000
<b>Totals, Statewide Health Planning &amp; Development</b>	<b>\$63</b>	<b>\$84,121</b>	<b>-</b>	<b>\$84,184</b>	<b>\$2,576</b>	<b>-</b>	<b>\$94,326</b>	<b>-</b>	<b>\$94,326</b>	<b>\$4,140</b>	<b>\$74</b>	<b>\$105,854</b>	<b>-</b>	<b>\$105,928</b>	<b>\$1,435</b>
<b>Department of Aging</b>															
State Operations	3,135	455	-	3,590	5,395	3,860	228	-	4,088	7,972	4,053	229	-	4,282	8,096
Local Assistance	29,083	4,146	-	33,229	160,852	28,538	4,146	-	32,684	145,884	28,538	4,146	-	32,684	140,469
<b>Totals, Department of Aging</b>	<b>\$32,218</b>	<b>\$4,601</b>	<b>-</b>	<b>\$36,819</b>	<b>\$166,247</b>	<b>\$32,398</b>	<b>\$4,374</b>	<b>-</b>	<b>\$36,772</b>	<b>\$153,856</b>	<b>\$32,591</b>	<b>\$4,375</b>	<b>-</b>	<b>\$36,966</b>	<b>\$148,565</b>
<b>Commission on Aging</b>															
State Operations	-	-	-	-	358	-	-	-	-	356	-	-	-	-	381
<b>Department of Alcohol &amp; Drug Programs</b>															
State Operations	4,124	9,525	-	13,649	19,727	4,190	10,069	-	14,259	21,301	-	-	-	-	-
Local Assistance	177,677	4,000	-	181,677	239,913	33,900	4,000	-	37,900	240,434	-	-	-	-	-
<b>Totals, Department of Alcohol &amp; Drug Programs</b>	<b>\$181,801</b>	<b>\$13,525</b>	<b>-</b>	<b>\$195,326</b>	<b>\$259,640</b>	<b>\$38,090</b>	<b>\$14,069</b>	<b>-</b>	<b>\$52,159</b>	<b>\$261,735</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Children &amp; Families Commission</b>															
State Operations	-	4,982	-	4,982	-	-	4,658	-	4,658	-	-	4,513	-	4,513	-
Local Assistance	-	592,927	-	592,927	-	-	452,799	-	452,799	-	-	438,373	-	438,373	-
<b>Totals, Children &amp; Families Commission</b>	<b>-</b>	<b>\$597,909</b>	<b>-</b>	<b>\$597,909</b>	<b>-</b>	<b>-</b>	<b>\$457,457</b>	<b>-</b>	<b>\$457,457</b>	<b>-</b>	<b>-</b>	<b>\$442,886</b>	<b>-</b>	<b>\$442,886</b>	<b>-</b>
<b>Department of Health Care Services</b>															
State Operations	123,130	2,488	-	125,618	200,775	140,489	3,295	-	143,784	271,813	157,793	15,002	-	172,795	303,333
<b>Local Assistance</b>															
Medical Care Services (Medi-Cal)	12,366,342	8,277,106	-	20,643,448	30,554,806	15,383,929	2,314,284	-	17,699,213	31,844,054	15,060,479	6,655,276	-	21,715,755	34,993,670
Children's Medical Services	81,149	-	-	81,149	127,751	48,322	8,032	-	56,354	297,460	133,963	8,032	-	141,995	198,400
Primary and Rural Health	8	-	-	8	421	-	-	-	-	426	-	-	-	-	426
Other Care Services	-	-	-	-	-	-	-	-	-	-	-	28,742	-	75,296	308,228
<b>Totals, Local Assistance</b>	<b>12,447,499</b>	<b>8,277,106</b>	<b>-</b>	<b>20,724,605</b>	<b>30,682,978</b>	<b>15,432,251</b>	<b>2,322,316</b>	<b>-</b>	<b>17,754,567</b>	<b>32,141,940</b>	<b>15,240,996</b>	<b>6,692,050</b>	<b>-</b>	<b>21,933,046</b>	<b>35,500,724</b>
<b>Totals, Department of Health Care Services</b>	<b>\$12,570,629</b>	<b>\$8,279,594</b>	<b>-</b>	<b>\$20,850,223</b>	<b>\$30,883,753</b>	<b>\$15,572,740</b>	<b>\$2,325,611</b>	<b>-</b>	<b>\$17,898,351</b>	<b>\$32,413,753</b>	<b>\$15,398,789</b>	<b>\$6,707,052</b>	<b>-</b>	<b>\$22,105,841</b>	<b>\$35,804,057</b>
<b>Department of Public Health</b>															
State Operations	87,422	220,302	4,252	311,976	248,074	84,759	256,142	6,166	347,067	268,189	83,627	273,828	6,218	363,673	266,146

**SCHEDULE 9 -- Continued**  
**COMPARATIVE STATEMENT OF EXPENDITURES**  
(Dollars In Thousands)

	Actual 2010-11			Estimated 2011-12			Proposed 2012-13		
	General Fund	Special Fund	Selected Bond Funds	General Fund	Special Fund	Selected Bond Funds	General Fund	Special Fund	Selected Bond Funds
Local Assistance	93,984	395,951	98,256	1,650,337	47,621	138,664	41,178	383,027	152,842
<b>Totals, Department of Public Health</b>	<b>\$181,406</b>	<b>\$616,253</b>	<b>\$102,508</b>	<b>\$1,898,411</b>	<b>\$132,380</b>	<b>\$718,419</b>	<b>\$124,805</b>	<b>\$656,855</b>	<b>\$159,060</b>
California Medical Assistance Commission									
State Operations	1,062	-	-	1,062	-	-	-	-	-
<b>Managed Risk Medical Insurance Board</b>									
State Operations	1,952	1,222	-	7,404	2,706	1,674	2,380	1,740	-
Local Assistance	118,741	245,734	-	783,911	285,905	218,794	133,833	111,713	-
<b>Totals, Managed Risk Medical Insurance Board</b>	<b>\$120,693</b>	<b>\$246,956</b>	<b>-</b>	<b>\$791,315</b>	<b>\$288,611</b>	<b>\$220,468</b>	<b>\$136,213</b>	<b>\$113,453</b>	<b>-</b>
Department of Developmental Services									
State Operations	310,578	679	-	2,559	316,475	670	2,853	308,151	671
Local Assistance	2,144,520	3,343	-	51,640	2,163,696	6,816	51,986	2,344,564	10,413
Capital Outlay	-	-	-	-	1,032	-	-	20,969	-
<b>Totals, Department of Developmental Services</b>	<b>\$2,455,098</b>	<b>\$4,022</b>	<b>-</b>	<b>\$2,481,203</b>	<b>\$7,486</b>	<b>-</b>	<b>\$54,839</b>	<b>\$2,673,684</b>	<b>\$11,084</b>
Department of State Hospitals									
State Operations	1,318,780	26,722	-	2,740	1,347,337	12,741	3,565	1,337,936	-
Local Assistance	591,060	1,243,586	-	59,884	20,846	1,521,507	61,235	1,542,353	-
Capital Outlay	-	-	-	-	4,302	-	-	29,675	-
<b>Totals, Department of State Hospitals</b>	<b>\$1,909,840</b>	<b>\$1,270,308</b>	<b>-</b>	<b>\$2,624</b>	<b>\$1,372,485</b>	<b>\$1,534,248</b>	<b>\$64,800</b>	<b>\$1,367,611</b>	<b>-</b>
Mental Hlth Svcs Ovrst and Acntblty Comm									
State Operations	-	4,538	-	-	5,484	-	-	6,671	-
Dept of Community Services & Development									
State Operations	-	-	-	19,863	-	-	24,952	-	-
Local Assistance	-	-	-	378,713	-	-	234,742	-	-
<b>Totals, Dept of Community Services &amp; Developme</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>\$398,576</b>	<b>-</b>	<b>-</b>	<b>\$259,694</b>	<b>-</b>	<b>\$260,183</b>
California Health Benefit Exchange									
State Operations	-	-	-	105	-	-	39,716	-	-
Department of Rehabilitation									
State Operations	54,167	1,101	-	299,342	54,555	1,176	332,869	55,829	1,168
Local Assistance	-	-	-	15,736	-	-	15,736	-	-
<b>Totals, Department of Rehabilitation</b>	<b>\$54,167</b>	<b>\$1,101</b>	<b>-</b>	<b>\$315,078</b>	<b>\$54,555</b>	<b>\$1,176</b>	<b>\$348,605</b>	<b>\$55,829</b>	<b>\$1,168</b>
State Independent Living Council									
State Operations	-	-	-	219	-	-	316	-	-
Department of Child Support Services									
State Operations	45,168	-	-	46,096	-	-	46,096	45,916	-
Local Assistance	263,170	-	-	396,549	274,318	-	382,425	267,310	-
<b>Totals, Department of Child Support Services</b>	<b>\$308,338</b>	<b>-</b>	<b>-</b>	<b>\$498,106</b>	<b>\$320,414</b>	<b>-</b>	<b>\$492,954</b>	<b>\$313,226</b>	<b>-</b>
Department of Social Services									
State Operations	81,320	22,964	-	326,472	95,033	27,666	377,954	99,623	34,047
Local Assistance	-	-	-	104,284	-	-	122,699	-	-
CallWorks	2,239,133	-	-	3,849,879	1,059,402	-	3,200,189	1,054,249	-
Other Assistance Payments	610,069	451	-	610,520	66,454	626	67,080	240,970	640
SS/VSP	2,852,291	-	-	2,852,291	-	-	2,737,249	-	-
County Admin and Automation Projects	610,624	-	-	610,624	641,030	-	972,054	632,907	-
<b>Totals, Department of Social Services</b>	<b>\$4,303,537</b>	<b>\$23,415</b>	<b>-</b>	<b>\$8,210,390</b>	<b>\$1,757,529</b>	<b>\$279,332</b>	<b>\$8,080,126</b>	<b>\$2,027,853</b>	<b>\$344,727</b>

**SCHEDULE 9 -- Continued**  
**COMPARATIVE STATEMENT OF EXPENDITURES**  
(Dollars In Thousands)

	Actual 2010-11			Estimated 2011-12			Proposed 2012-13					
	General Fund	Special Fund	Selected Bond Funds	Federal Funds	General Fund	Special Fund	Selected Bond Funds	Federal Funds	General Fund	Special Fund	Selected Bond Funds	Federal Funds
IHSS	1,540,957	-	-	1,641,209	-	-	-	1,347,394	-	-	-	-
Children & Adult Services and Licensing	663,022	1,260	-	1,097,816	56,697	917	-	57,186	896	-	-	58,082
Other Programs	324,040	-	-	543,603	3,267	-	-	553,057	3,267	-	-	533,627
Totals, Local Assistance	8,840,136	1,711	-	6,937,535	6,205,308	1,543	-	6,206,851	6,134,405	1,536	-	6,135,941
<b>Totals, Department of Social Services</b>	<b>\$8,921,456</b>	<b>\$24,675</b>	<b>-</b>	<b>\$7,264,007</b>	<b>\$6,300,341</b>	<b>\$29,209</b>	<b>-</b>	<b>\$6,329,550</b>	<b>\$6,234,028</b>	<b>\$35,583</b>	<b>-</b>	<b>\$6,269,611</b>
<b>State-Local Realignment</b>	-	-	-	-	-	-	-	-	-	-	-	-
Local Assistance	-	3,852,059	-	-	-	4,202,135	-	4,202,135	-	4,347,047	-	4,347,047
<b>State-Local Realignment, 2011</b>	-	-	-	-	-	2,901,192	-	2,901,192	-	3,873,680	-	3,873,680
Local Assistance	-	-	-	-	-	-	-	-	-	-	-	-
<b>General Obligation Bonds-H&amp;HS</b>	-	-	-	-	-	-	-	-	-	-	-	-
State Operations	77,127	-	77,127	-	63,769	-	63,769	-	66,531	-	66,531	-
<b>TOTALS, HEALTH AND HUMAN SERVICES</b>	<b>\$26,824,976</b>	<b>\$15,017,754</b>	<b>\$102,508</b>	<b>\$41,945,238</b>	<b>\$26,666,295</b>	<b>\$12,536,766</b>	<b>\$144,830</b>	<b>\$39,349,891</b>	<b>\$26,413,603</b>	<b>\$16,319,757</b>	<b>\$159,060</b>	<b>\$42,892,420</b>
State Operations	2,113,529	390,127	4,252	2,507,908	1,244,389	431,308	6,166	2,602,494	1,485,220	438,166	6,218	2,610,961
Local Assistance	24,711,447	14,627,627	98,256	39,437,330	41,360,182	24,497,941	138,664	36,742,063	42,764,513	15,881,591	152,842	40,230,815
Capital Outlay	-	-	-	-	5,334	-	-	5,334	-	50,644	-	50,644
<b>CORRECTIONS AND REHABILITATION</b>	-	-	-	-	-	-	-	-	-	-	-	-
<b>Corrections and Rehabilitation</b>	-	-	-	-	-	-	-	-	-	-	-	-
State Operations	9,305,222	2,426	-	9,307,648	3,662	2,694	-	8,760,267	6,071	8,498,807	-	8,498,807
<b>Local Assistance</b>	-	-	-	-	-	-	-	-	-	-	-	-
Corrections Standards Authority	710	-	-	710	-	835	-	835	-	-	-	-
Juvenile Operations & Offender Programs	-	-	-	-	78	-	-	78	-	78	-	78
Juvenile Parole Operations	128	-	-	128	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	2,591	-	-	2,591	-	2,593	-	2,593
County Charges	20,218	-	-	20,218	19,651	-	-	19,651	-	19,651	-	19,651
Parolee Detention	80,536	-	-	80,536	88,946	-	-	88,946	-	24,974	-	24,974
Local Safety and Protection Account	-	24,182	-	24,182	-	-	-	-	-	-	-	-
Juvenile Justice Grant	-	-	-	-	7,491	-	-	7,491	-	-	-	22,224
Corrections Training Fund	93,447	19,465	-	93,447	-	19,465	-	19,465	-	-	-	-
Youthful Offender Block Grant	3,197	-	-	3,197	-	-	-	-	-	-	-	-
New Commitment Detention	-	-	-	-	-	-	-	-	-	-	-	-
Community Corrections Performance	-	-	-	-	89,193	-	-	89,193	-	-	-	-
AB109 Training Funds	-	-	-	-	33,900	-	-	33,900	-	-	-	-
Juvenile Justice Block Grant	-	-	-	-	10,000	-	-	10,000	-	-	-	-
Totals, Local Assistance	201,107	43,647	-	244,754	7,491	18,850	-	266,725	187,193	22,224	-	186,578
Capital Outlay	20,437	-	28	20,465	23,852	-	401	24,253	51,835	-	810	52,645
<b>Totals, Corrections and Rehabilitation</b>	<b>\$9,526,766</b>	<b>\$46,073</b>	<b>\$28</b>	<b>\$9,572,867</b>	<b>\$11,153</b>	<b>\$21,544</b>	<b>\$401</b>	<b>\$9,050,245</b>	<b>\$28,295</b>	<b>\$6,615</b>	<b>\$810</b>	<b>\$8,738,030</b>
<b>Board of State and Community Corrections</b>	-	-	-	-	-	-	-	-	-	-	-	-
State Operations	-	-	-	-	-	-	-	-	7,188	3,009	-	10,197
Local Assistance	-	-	-	-	-	-	-	-	9,735	28,680	-	38,415
<b>Totals, Board of State and Community Correctio</b>	<b>-</b>	<b>\$16,923</b>	<b>\$31,689</b>	<b>-</b>	<b>-</b>	<b>\$48,612</b>						
<b>Local Law Enforcement Services</b>	-	-	-	-	-	-	-	-	-	-	-	-
Local Assistance	-	-	-	-	-	489,900	-	489,900	-	489,900	-	489,900

**SCHEDULE 9 -- Continued  
COMPARATIVE STATEMENT OF EXPENDITURES  
(Dollars In Thousands)**

	Actual 2010-11			Estimated 2011-12			Proposed 2012-13					
	General Fund	Special Fund	Selected Bond Funds	Federal Funds	General Fund	Special Fund	Selected Bond Funds	Federal Funds	General Fund	Special Fund	Selected Bond Funds	Federal Funds
<b>Trial Court Security</b>												
Local Assistance	-	-	-	-	-	496,429	-	-	-	496,429	-	-
<b>Local Community Corrections</b>												
Local Assistance	-	-	-	-	-	354,300	-	-	-	844,800	-	-
<b>District Attorney &amp; Public Defender Svcs</b>												
Local Assistance	-	-	-	-	-	12,700	-	-	-	12,700	-	-
<b>Juvenile Justice Programs</b>												
Local Assistance	-	-	-	-	-	95,002	-	-	-	98,804	-	-
<b>Corrections Reimbursements</b>												
State Operations	-	-	-	-	-1,190,200	-	-	-	-	-	-	-
Local Assistance	-	-	-	-	1,219,583	-	-	-	-	-	-	-
<b>Totals, Corrections Reimbursements</b>												
	-	-	-	-	<b>-\$1,190,200</b>	<b>\$1,219,583</b>	-	-	-	-	-	-
<b>Federal Immigration Funding-Incarceratn</b>												
State Operations	-71,411	-	-	-71,411	-65,845	-	-	-65,845	-	-	-	-65,845
<b>General Obligation Bonds-DCR</b>												
State Operations	193,170	-	-	193,170	76,163	-	-	76,163	-	55,099	-	-
<b>TOTALS, CORRECTIONS AND REHABILITATION</b>	<b>\$9,648,525</b>	<b>\$46,073</b>	<b>\$28</b>	<b>\$9,694,626</b>	<b>\$7,848,418</b>	<b>\$2,689,458</b>	<b>\$401</b>	<b>\$10,538,277</b>	<b>\$94,140</b>	<b>\$8,744,012</b>	<b>\$810</b>	<b>\$10,718,529</b>
State Operations	9,426,981	2,426	-	9,429,407	7,577,691	2,694	-	7,580,385	71,916	8,495,249	3,009	-
Local Assistance	201,107	43,647	-	244,754	246,875	2,686,764	-	2,933,639	22,224	196,928	-	2,167,626
Capital Outlay	20,437	-	28	20,465	23,852	-	401	24,253	-	51,835	810	52,645
<b>EDUCATION</b>												
<b>K thru 12 Education</b>												
Education, Secy												
State Operations	1,693	-	-	1,693	-	-	-	-	-	-	-	-
<b>Scholarshare Investment Board</b>												
State Operations	479	-	-	479	427	-	-	427	-	391	-	-
<b>Department of Education</b>												
Department of Education												
State Operations	122,869	2,874	2,334	128,077	128,686	2,778	2,627	134,091	150,187	134,564	2,926	145,293
<b>Local Assistance</b>												
Adult Education	634,996	-	-	634,996	634,805	-	-	634,805	87,659	634,805	-	84,559
Appointments - District and County	18,766,182	-	-	18,766,182	17,145,556	-	-	17,145,556	22,093,556	22,093,556	-	-
Child Development	1,459,069	-	-	1,459,069	1,405,156	-	-	1,405,156	543,050	895,534	-	895,534
Child Nutrition	160,971	-	-	160,971	166,671	-	-	166,671	2,202,181	156,249	-	156,249
Categorical Programs	7,302,173	68,891	-	7,371,064	2,893,636	7,112,724	71,589	7,184,313	2,802,746	6,916,386	64,441	6,980,827
Pupil Assessment	71,135	-	-	71,135	72,494	-	-	72,494	23,573	80,901	-	80,901
Special Education	3,003,796	-	-	3,003,796	3,179,528	-	-	3,179,528	1,229,085	3,278,182	-	1,246,540
State-Mandated Local Programs	80,318	-	-	80,318	80,355	-	-	80,355	178,000	178,000	-	-
Totals, Local Assistance	31,478,640	68,891	-	31,547,531	7,025,985	29,797,289	71,589	29,868,878	6,888,294	34,233,613	64,441	34,298,054
<b>Totals, Department of Education</b>	<b>\$31,601,509</b>	<b>\$71,765</b>	<b>\$2,334</b>	<b>\$31,675,608</b>	<b>\$7,160,143</b>	<b>\$29,925,975</b>	<b>\$74,367</b>	<b>\$30,002,969</b>	<b>\$7,038,481</b>	<b>\$34,368,177</b>	<b>\$2,665</b>	<b>\$34,438,209</b>
<b>Redevelopment Agency GF Backfill</b>												
Local Assistance	-	-	-	-	714,304	-	-	714,304	-	164,656	-	-
<b>State Library</b>												
State Operations	12,015	584	1,152	13,751	5,886	12,916	599	15,438	7,178	15,226	1,464	17,290
Local Assistance	31,056	552	500	32,108	11,773	-	552	12,518	552	-	-	552

**SCHEDULE 9 -- Continued**  
**COMPARATIVE STATEMENT OF EXPENDITURES**  
(Dollars In Thousands)

	Actual 2010-11			Estimated 2011-12			Proposed 2012-13								
	General Fund	Special Fund	Selected Bond Funds	General Fund	Special Fund	Selected Bond Funds	General Fund	Special Fund	Selected Bond Funds						
<b>Totals, State Library</b>	\$43,071	\$1,136	\$1,652	\$45,859	\$17,669	\$12,916	\$1,151	\$1,923	\$15,990	\$19,696	\$15,226	\$1,152	\$1,464	\$17,842	\$19,898
Education Audit Appeals Panel	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
State Operations	894	-	-	894	-	1,092	-	-	1,092	-	1,100	-	-	-	1,100
<b>Summer School for the Arts</b>	1,341	-	-	1,341	-	1,366	-	-	1,366	-	1,371	-	-	-	1,371
Teachers Retirement System Contributions	1,257,340	-	-	1,257,340	-	1,316,108	-	-	1,316,108	-	1,358,297	-	-	-	1,358,297
<b>Retirement Costs for Community Colleges</b>	-97,519	-	-	-97,519	-	-102,836	-	-	-102,836	-	-107,515	-	-	-	-107,515
Local Assistance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>School Facilities Aid Program</b>	-	-	2,666,274	2,666,274	-	-	-	-	2,456,805	-	-	-	-	944,560	944,560
Local Assistance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Commission on Teacher Credentialing</b>	-	19,124	-	19,124	193	-	19,676	-	19,676	-	-	18,857	-	18,857	18,857
State Operations	26,199	-	-	26,199	-	26,191	-	-	26,191	-	26,191	-	-	26,191	26,191
<b>Totals, Commission on Teacher Credentialing</b>	\$26,199	\$19,124	-	\$45,323	\$193	\$26,191	\$19,676	-	\$45,867	-	\$26,191	\$18,857	-	\$45,048	\$45,048
<b>General Obligation Bonds-K-12</b>	2,401,230	-	-	2,401,230	-	2,266,748	-	-	2,266,748	-	2,350,832	-	-	2,350,832	2,350,832
State Operations	\$35,236,237	\$92,025	\$2,670,260	\$37,998,522	\$7,178,005	\$34,162,291	\$95,194	\$2,461,355	\$36,718,840	\$7,058,177	\$38,178,726	\$87,376	\$948,689	\$39,214,791	\$7,040,697
<b>Totals, K thru 12 Education</b>	9,181	212	1,755	11,148	138	9,521	125	1,985	11,631	262	9,637	105	1,871	11,613	117
<b>Higher Education-Community Colleges</b>	3,495,385	8,283	-	3,503,668	-	2,963,770	8,283	-	2,972,053	-	2,659,820	8,283	-	2,668,103	-
<b>Board of Governors of Community Colleges</b>	20,037	-	-	20,037	-	20,037	-	-	20,037	-	-	-	-	-	-
State Operations	54,995	-	-	54,995	-	56,741	-	-	56,741	-	-	-	-	-	-
Local Assistance	73,605	-	-	73,605	-	73,605	-	-	73,605	-	-	-	-	-	-
Appointments for Community Colleges	69,223	-	-	69,223	-	69,223	-	-	69,223	-	-	-	-	-	-
Student Success for Basic Skills	26,695	-	-	26,695	-	26,695	-	-	26,695	-	-	-	-	-	-
Student	5,254	-	-	5,254	-	5,254	-	-	5,254	-	-	-	-	-	-
CARE	49,183	-	-	49,183	-	49,183	-	-	49,183	-	-	-	-	-	-
Disabled Students	318	-	-	318	-	318	-	-	318	-	-	-	-	-	-
Wellfare Reform	767	-	-	767	-	767	-	-	767	-	-	-	-	-	-
Foster Parent Training Programs	490	-	-	490	-	490	-	-	490	-	-	-	-	-	-
Matriculation	24,907	-	-	24,907	-	24,907	-	-	24,907	-	-	-	-	-	-
Support for Academic Senate	3,514	-	-	3,514	-	3,514	-	-	3,514	-	-	-	-	-	-
Faculty and Staff Diversity/EEO	15,290	-	-	15,290	-	15,290	-	-	15,290	-	-	-	-	-	-
Part-Time Faculty Health Insurance	3,792	-	-	3,792	-	3,792	-	-	3,792	-	-	-	-	-	-
Part-Time Faculty Compensation	22,929	-	-	22,929	-	22,721	-	-	22,721	-	-	-	-	-	-
Part-Time Faculty Office Hours	698	-	-	698	-	698	-	-	698	-	-	-	-	-	-
Program	3,350	-	-	3,350	-	3,350	-	-	3,350	-	-	-	-	-	-
Telecommunications & Technology Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fund for Student Success	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Economic Development	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer Education and Articulation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Solar Training Program	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Campus Childcare Tax Bailout	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Math and Science	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

**SCHEDULE 9 -- Continued**  
**COMPARATIVE STATEMENT OF EXPENDITURES**  
(Dollars In Thousands)

	Actual 2010-11				Estimated 2011-12				Proposed 2012-13				
	General Fund	Special Fund	Bond Funds	Total	General Fund	Special Fund	Bond Funds	Total	General Fund	Special Fund	Bond Funds	Total	Federal Funds
Nursing Program Support	13,378	-	-	13,378	13,378	-	-	13,378	-	-	-	-	-
Local District Fiscal Oversight	570	-	-	570	570	-	-	570	570	-	-	570	-
Compton CCD Loan Payback	-766	-	-	-766	-707	-	-	-707	-707	-	-	-707	-
Personal/Home Care Certification Program	-	-	-	687	-	-	-	673	-	-	-	-	670
State Mandated Local Costs	-	-	-	-	9,541	-	-	9,541	-	-	-	-	22,000
Career Technical Education	20,000	-	-	20,000	2,030	-	-	2,030	-	-	-	-	-
Education Protection Act	-	-	-	-	-	-	-	-	730,070	-	-	730,070	-
Special Services	-	-	-	-	-	-	-	-	411,629	-	-	411,629	-
State Trade and Export Program	-	-	-	-	-	-	-	-	2,320	-	-	2,320	-
Totals, Local Assistance	3,903,614	8,283	-	3,911,897	1,415	3,365,167	8,283	3,373,450	2,993	3,823,382	8,283	3,831,665	670
Capital Outlay	-	233,685	-	233,685	-	237,043	-	237,043	-	-	19,531	19,531	-
<b>Totals, Board of Governors of Community Colleg</b>	<b>\$3,912,795</b>	<b>\$8,495</b>	<b>\$235,440</b>	<b>\$4,156,730</b>	<b>\$1,553</b>	<b>\$3,374,688</b>	<b>\$8,408</b>	<b>\$3,622,124</b>	<b>\$3,255</b>	<b>\$3,833,019</b>	<b>\$8,388</b>	<b>\$3,862,809</b>	<b>\$787</b>
<b>Redevelopment Agency GF Backfill</b>													
Local Assistance	-	-	-	-	-	-	-	-146,940	-	-141,542	-	-141,542	-
<b>General Obligation Bonds-HI Ed-CC</b>													
State Operations	277,353	-	-	277,353	243,329	-	-	243,329	262,107	-	-	262,107	-
<b>Retirement Costs-HI Ed-CC</b>													
Local Assistance	97,519	-	-	97,519	102,836	-	-	102,836	107,515	-	-	107,515	-
<b>Totals, Higher Education-Community Colleges</b>	<b>\$4,287,667</b>	<b>\$8,495</b>	<b>\$235,440</b>	<b>\$4,531,602</b>	<b>\$1,553</b>	<b>\$3,573,913</b>	<b>\$8,408</b>	<b>\$3,821,349</b>	<b>\$3,255</b>	<b>\$4,061,099</b>	<b>\$8,388</b>	<b>\$4,090,889</b>	<b>\$787</b>
<b>Higher Education-UC, CSU and Other</b>													
Postsecondary Education Commission	1,812	-	-	1,812	850	-	-	850	447	-	-	447	-
Local Assistance	-	-	-	8,194	-	-	-	8,195	-	-	-	-	-
<b>Totals, Postsecondary Education Commission</b>	<b>\$1,812</b>	<b>-</b>	<b>-</b>	<b>\$1,812</b>	<b>\$8,619</b>	<b>\$850</b>	<b>-</b>	<b>\$850</b>	<b>\$864</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>University of California</b>													
State Operations	2,910,697	26,648	-	2,937,345	3,894,862	2,273,596	32,188	2,305,784	3,605,000	2,570,814	32,624	2,603,438	3,566,275
Capital Outlay	-	-	30,708	30,708	-	-	-	94,868	-	-	-	-	-
<b>Totals, University of California</b>	<b>\$2,910,697</b>	<b>\$26,648</b>	<b>\$30,708</b>	<b>\$2,968,053</b>	<b>\$3,894,862</b>	<b>\$2,273,596</b>	<b>\$32,188</b>	<b>\$2,400,652</b>	<b>\$3,605,000</b>	<b>\$2,570,814</b>	<b>\$32,624</b>	<b>\$2,603,438</b>	<b>\$3,566,275</b>
<b>Institute for Regenerative Medicine</b>													
State Operations	-	-	12,885	12,885	-	-	-	15,669	-	-	-	16,132	-
Local Assistance	-	-	203,535	203,535	-	-	-	282,308	-	-	-	342,397	-
<b>Totals, Institute for Regenerative Medicine</b>	<b>-</b>	<b>-</b>	<b>\$216,420</b>	<b>\$216,420</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>\$297,977</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>\$358,529</b>	<b>-</b>
<b>Hastings College of the Law</b>													
State Operations	8,364	-	-	8,364	6,935	-	-	6,935	-	-	-	8,753	-
<b>California State University</b>													
State Operations	2,577,638	-	14,032	2,591,670	1,111,095	2,002,701	-	2,002,701	1,145,781	2,200,427	-	2,200,427	1,145,781
Capital Outlay	-	-	28,625	28,625	-	-	-	29,830	-	-	-	5,549	-
<b>Totals, California State University</b>	<b>\$2,577,638</b>	<b>-</b>	<b>\$42,657</b>	<b>\$2,620,295</b>	<b>\$1,111,095</b>	<b>\$2,002,701</b>	<b>-</b>	<b>\$29,830</b>	<b>\$1,145,781</b>	<b>\$2,200,427</b>	<b>-</b>	<b>\$5,549</b>	<b>\$2,205,976</b>
<b>CSU PERS Deferral</b>													
State Operations	-	-	-	-	-	-	-	-	-	-	-	-	-100,947
<b>Student Aid Commission</b>													
State Operations	9,473	-	9,473	542,637	9,935	-	-	9,935	258	10,870	-	10,870	259
Local Assistance	1,241,564	-	1,241,564	25,737	1,471,723	-	-	1,471,723	14,776	557,069	-	557,069	14,776

**SCHEDULE 9 -- Continued**  
**COMPARATIVE STATEMENT OF EXPENDITURES**  
(Dollars In Thousands)

	Actual 2010-11				Estimated 2011-12				Proposed 2012-13			
	General Fund	Special Fund	Selected Bond Funds	Federal Funds	General Fund	Special Fund	Selected Bond Funds	Federal Funds	General Fund	Special Fund	Selected Bond Funds	Federal Funds
Totals, Student Aid Commission	\$1,251,037	-	\$1,251,037	\$568,374	\$1,481,658	-	\$1,481,658	\$15,034	\$567,939	-	-	\$567,939
General Obligation Bonds-Hi Ed	532,127	-	532,127	-	481,528	-	481,528	-	68,701	-	-	68,701
Totals, Higher Education-UC, CSU and Other	\$7,281,675	\$26,648	\$7,598,108	\$5,582,950	\$6,247,268	\$32,188	\$6,702,131	\$4,774,457	\$5,315,687	\$32,624	\$364,078	\$5,712,389
TOTALS, EDUCATION	\$46,805,579	\$127,168	\$50,128,232	\$12,762,508	\$43,983,472	\$135,790	\$47,242,320	\$11,835,889	\$47,555,512	\$128,388	\$1,334,169	\$49,018,069
State Operations	8,867,166	49,442	32,158	8,948,766	7,439,630	55,366	7,517,200	4,909,113	7,533,846	55,112	22,132	7,611,090
Local Assistance	37,938,413	77,726	2,870,309	40,886,448	36,543,842	80,424	2,739,113	39,363,379	40,021,666	73,276	1,286,957	41,381,889
Capital Outlay	-	-	293,018	293,018	-	-	361,741	-	-	-	25,080	25,080
LABOR AND WORKFORCE DEVELOPMENT	-	-	-	-	-	-	-	-	-	-	-	-
Labor & Workforce Development, Secy	-	409	-	-	-	364	-	-	-	-	329	-
State Operations	-	-	-	-	-	-	-	-	-	-	-	-
Employment Development Department	38,943	62,838	-	909,712	344,380	62,202	-	869,186	438,758	68,047	-	943,211
Local Assistance	-	-	-	20,438,564	-	-	-	13,369,701	-	-	-	7,039,223
Totals, Employment Development Department	\$38,943	\$62,838	\$101,781	\$21,348,276	\$344,380	\$62,202	\$406,582	\$14,238,887	\$438,758	\$68,047	\$506,805	\$7,982,434
Workforce Investment Board	-	-	-	-	-	-	-	-	-	-	-	-
State Operations	-	-	-	2,869	-	-	-	2,979	-	-	-	3,026
Agricultural Labor Relations Board	-	-	-	-	-	-	-	-	-	-	-	-
State Operations	4,394	-	4,394	-	4,805	-	4,805	-	4,904	-	500	5,404
Department of Industrial Relations	-	-	-	-	-	-	-	-	-	-	-	-
State Operations	4,235	260,503	-	39,286	4,556	304,958	-	309,514	4,392	317,419	-	321,811
TOTALS, LABOR AND WORKFORCE DEVELOPMENT	\$47,572	\$323,750	\$371,322	\$21,390,431	\$353,741	\$367,524	\$721,265	\$14,277,591	\$448,054	\$386,295	\$834,349	\$6,021,495
State Operations	47,572	323,750	371,322	951,867	353,741	367,524	721,265	907,890	448,054	386,295	834,349	982,272
Local Assistance	-	-	-	20,438,564	-	-	-	13,369,701	-	-	-	7,039,223
GENERAL GOVERNMENT	-	-	-	-	-	-	-	-	-	-	-	-
General Administration	-	-	-	-	-	-	-	-	-	-	-	-
Peace Officer Standards & Training Comm	-	37,961	-	-	38,034	-	38,034	-	-	38,316	-	38,316
State Operations	-	16,300	-	16,300	-	20,826	-	20,826	-	20,826	-	20,826
Local Assistance	-	-	-	-	-	-	-	-	-	-	-	-
Totals, Peace Officer Standards & Training Com	-	\$54,261	-	\$54,261	-	\$58,860	-	\$58,860	-	\$59,142	-	\$59,142
State Public Defender	-	-	-	-	-	-	-	-	-	-	-	-
State Operations	9,889	-	9,889	-	10,083	-	10,083	-	10,324	-	-	10,324
Arts Council	-	-	-	-	-	-	-	-	-	-	-	-
State Operations	1,010	808	-	1,818	1,028	743	-	1,771	1,062	757	-	1,800
Local Assistance	-	2,310	-	150	-	2,075	-	2,075	100	-	-	2,075
Totals, Arts Council	\$1,010	\$3,118	\$4,128	\$1,322	\$1,028	\$2,818	\$3,846	\$1,162	\$1,043	\$2,832	\$3,875	\$11,161
Public Employment Relations Board	-	-	-	-	-	-	-	-	-	-	-	-
State Operations	5,762	-	5,762	-	6,221	-	6,221	-	6,298	-	-	6,298
Department of Human Resources	-	-	-	-	-	-	-	-	-	-	-	-
State Operations	7,397	-	7,397	-	6,412	-	6,412	-	8,177	-	-	8,177
Citizens' Compensation Commission	-	-	-	-	-	-	-	-	-	-	-	-
State Operations	4	-	4	-	14	-	14	-	14	-	-	14
State Personnel Board	-	-	-	-	-	-	-	-	-	-	-	-



**SCHEDULE 9 -- Continued**  
**COMPARATIVE STATEMENT OF EXPENDITURES**  
(Dollars In Thousands)

	Actual 2010-11			Estimated 2011-12			Proposed 2012-13		
	General Fund	Special Fund	Selected Bond Funds	General Fund	Special Fund	Selected Bond Funds	General Fund	Special Fund	Selected Bond Funds
State Operations	-32,099	-	32,099	-37,471	-	37,471	-41,565	-	-
<b>General Obligation Bonds-Gen Govt</b>									
State Operations	32,275	-	32,275	27,746	-	27,746	43,216	-	-
<b>Totals, General Administration</b>	<b>\$460,262</b>	<b>\$1,313,860</b>	<b>\$1,476</b>	<b>\$449,549</b>	<b>\$1,606,779</b>	<b>\$1,996</b>	<b>\$514,599</b>	<b>\$1,612,046</b>	<b>\$3,261</b>
<b>Tax Relief</b>									
Tax Relief									
<b>Local Assistance</b>									
Homeowners' Property Tax Relief	438,082	-	438,082	434,506	-	434,506	438,851	-	-
Subventions for Open Space	1	-	1	1	-	1	1	-	-
Property Tax Postponement Loan	-	-	-	-6,900	-	-6,900	-5,700	-	-
Repayment	-	-	-	-	-	-	-	-	-5,700
<b>Totals, Local Assistance</b>	<b>438,083</b>	<b>-</b>	<b>438,083</b>	<b>427,607</b>	<b>-</b>	<b>427,607</b>	<b>433,152</b>	<b>-</b>	<b>433,152</b>
<b>Totals, Tax Relief</b>	<b>\$438,083</b>	<b>-</b>	<b>\$438,083</b>	<b>\$427,607</b>	<b>-</b>	<b>\$427,607</b>	<b>\$433,152</b>	<b>-</b>	<b>\$433,152</b>
<b>Local Government Subventions</b>									
Local Government Financing									
Local Assistance	504,176	-71,380	432,796	115,300	-	115,300	2,099,796	-	-
<b>Payment to Counties for Homicide Trials</b>									
Local Assistance	1,148	-	1,148	701	-	701	1	-	1
<b>Shared Revenues</b>									
Local Assistance	-	197,556	197,556	-	-	67,037	-	-	-
<b>Apportionment of Off-Hwy License Fees</b>									
Local Assistance	-	2,209	2,209	-	2,400	2,400	-	2,400	-
<b>Apportionment of Fed Rcpts Fid Cntl Lnds</b>									
Local Assistance	-	-	-	-	-	-	-	-	380
<b>Apportionment of Fed Rcpts Forest Rsrvs</b>									
Local Assistance	-	-	47,872	-	-	66,141	-	-	66,141
<b>Apportionment of Fed Rcpts Grazing Land</b>									
Local Assistance	-	-	61	-	-	107	-	-	107
<b>Apportionment of Fed Potash Lease Rntls</b>									
Local Assistance	-	-	1,577	-	-	2,173	-	-	2,173
<b>Apportionment of MV License Fees</b>									
Local Assistance	-	132,692	132,692	-	-	-	-	-	-
<b>Apportionment of Tideland Revenues</b>									
Local Assistance	651	-	651	740	-	740	-	-	740
<b>Apportionment of MV Fuel Tx County Rds</b>									
Local Assistance	-	320,361	320,361	-	353,029	353,029	-	319,399	-
<b>Apportionment of MV Fuel Tx City Streets</b>									
Local Assistance	-	231,532	231,532	-	255,142	255,142	-	230,837	-
<b>Apportionment of MV Fuel Tx Co Rd/City St</b>									
Local Assistance	-	658,037	658,037	-	825,125	825,125	-	830,813	-
<b>Apportionment of MV Fuel Co&amp;City/Sl&amp;Hwy</b>									
Local Assistance	-	330,802	330,802	-	364,535	364,535	-	329,809	-
<b>Apportionment of Geothermal Rsrcls Dvlp</b>									
Local Assistance	-	1,547	1,547	-	2,041	2,041	-	2,041	-
<b>Totals, Shared Revenues</b>	<b>\$651</b>	<b>\$1,677,160</b>	<b>\$1,875,387</b>	<b>\$740</b>	<b>\$1,802,272</b>	<b>\$67,037</b>	<b>\$740</b>	<b>\$1,715,299</b>	<b>-</b>
<b>Totals, Local Government Subventions</b>	<b>\$505,975</b>	<b>\$1,605,790</b>	<b>\$2,309,321</b>	<b>\$1,116,741</b>	<b>\$1,802,272</b>	<b>\$68,801</b>	<b>\$2,100,477</b>	<b>\$1,715,299</b>	<b>\$3,815,776</b>
<b>Totals</b>	<b>\$651</b>	<b>\$1,677,160</b>	<b>\$1,875,387</b>	<b>\$740</b>	<b>\$1,802,272</b>	<b>\$68,801</b>	<b>\$740</b>	<b>\$1,715,299</b>	<b>\$68,801</b>
<b>Totals</b>	<b>\$505,975</b>	<b>\$1,605,790</b>	<b>\$2,309,321</b>	<b>\$1,116,741</b>	<b>\$1,802,272</b>	<b>\$68,801</b>	<b>\$2,100,477</b>	<b>\$1,715,299</b>	<b>\$68,801</b>

**SCHEDULE 9 -- Continued**  
**COMPARATIVE STATEMENT OF EXPENDITURES**  
(Dollars In Thousands)

	Actual 2010-11			Estimated 2011-12			Proposed 2012-13					
	General Fund	Special Fund	Selected Bond Funds	Federal Funds	General Fund	Special Fund	Selected Bond Funds	Federal Funds	General Fund	Special Fund	Selected Bond Funds	Federal Funds
<b>Debt Service</b>												
Enhanced Tobacco Asset-Backed Bonds	-	-	-	-	-	-	-	-	-	1	-	-
State Operations	-	-	-	-	-	-	-	-	-	-	-	1
<b>Economic Recovery Financing Committee</b>												
State Operations	-	13,223	-	13,015	-	-	-	13,015	-	-	13,942	-
Unclassified	-	1,263,134	-	1,340,753	-	-	-	1,340,753	-	-	1,465,099	-
<b>Totals, Economic Recovery Financing Committee</b>	-	<b>\$1,276,357</b>	-	<b>\$1,353,768</b>	-	-	-	<b>\$1,353,768</b>	-	-	<b>\$1,479,041</b>	-
<b>Cash Management and Budgetary Loans</b>												
State Operations	181,757	-	-	154,430	-	-	-	154,430	-	217,400	-	-
<b>Interest Payments to the Federal Govt</b>												
State Operations	645	46	-	3,000	1,001	-	4,001	-	10,000	1,001	-	11,001
<b>Totals, Debt Service</b>	<b>\$182,402</b>	<b>\$1,276,403</b>	-	<b>\$1,512,199</b>	-	-	<b>\$1,512,199</b>	-	<b>\$2,227,401</b>	<b>\$1,480,042</b>	-	<b>\$1,707,443</b>
<b>Statewide Expenditures</b>												
Health & Dental Benefits for Annuitants	1,351,008	-	-	1,490,007	-	-	1,490,007	-	1,662,770	-	-	1,662,770
<b>Pretfunding Hlth &amp; Dental Bens Annuitants</b>												
State Operations	-	1,602	-	-	-	-	-	-	-	-	-	-
<b>Statewide Accounts Receivable Management</b>												
State Operations	-	-	-	1,063	-	-	4,188	-	1,175	-	-	4,300
<b>Victim Compensation/Government Claims Bd</b>												
State Operations	24,129	416	-	12,920	-	-	14,434	1,320	-	-	-	-
<b>Contingencies/Emergencies Augmentations</b>												
State Operations	-	-	-	5,105	-	-	20,105	-	20,000	15,000	-	35,000
<b>Capital Outlay Planning &amp; Studies</b>												
Capital Outlay	500	-	-	-	-	-	-	-	-	-	-	-
<b>Reserve for Liquidation of Encumbrances</b>												
Unclassified	51,517	-	-	51,517	-	-	-	-	-	-	-	-
<b>Statewide Proposition 98 Reconciliation</b>												
Local Assistance	-225,085	-	-	-164,101	-	-	-164,101	-	-84,084	-	-	-84,084
<b>Section 3.60 Rate Adjustments</b>												
State Operations	-	-	-	-	-	-	-	-	23,157	13,522	-	36,679
<b>PERS General Fund Deferral Payment</b>												
State Operations	447,210	-	-	537,083	-	-	537,083	-	524,314	-	-	524,314
<b>Statewide General Admin Exp (Pro Rata)</b>												
State Operations	-412,042	1,798	-	-476,279	898	-	-475,381	-	-582,431	519	-	-581,912
<b>Various Departments</b>												
State Operations	-	-	-	-5,000	-	-	-15,993	-	-59,362	42,223	-	-17,159
Local Assistance	-	66,325	-	-38,992	60,214	-	21,222	-	-57,149	60,214	-	3,065
Unclassified	-	-	-	-	-	-	-	-	-500,000	1,000,000	-	500,000
<b>Totals, Various Departments</b>	-	<b>\$66,325</b>	-	<b>\$-43,992</b>	<b>\$49,221</b>	-	<b>\$5,229</b>	-	<b>\$-616,531</b>	<b>\$1,102,437</b>	-	<b>\$485,906</b>
<b>Totals, Statewide Expenditures</b>	<b>\$1,237,237</b>	<b>\$70,141</b>	-	<b>\$1,361,806</b>	<b>\$69,758</b>	-	<b>\$1,431,564</b>	<b>\$1,320</b>	<b>\$948,370</b>	<b>\$1,134,603</b>	-	<b>\$2,082,973</b>
<b>Augmentation for Employee Compensation</b>												
Augmentation for Employee Compensation	-	-	-	-	-	-	-	-	42,039	37,149	-	79,188
State Operations	-	-	-	-	-	-	-	-	-	-	-	-
<b>Reduction for Employee Compensation</b>												
Reduction for Employee Compensation	-	-	-	-	-	-	-	-	-	-	-	-

**SCHEDULE 9 -- Continued**  
**COMPARATIVE STATEMENT OF EXPENDITURES**  
(Dollars In Thousands)

	Actual 2010-11			Estimated 2011-12			Proposed 2012-13		
	General Fund	Special Fund	Selected Bond Funds	General Fund	Special Fund	Selected Bond Funds	General Fund	Special Fund	Selected Bond Funds
State Operations	-	-	-	-	-	-	-	-	-
June to July Payroll Deferral	-	-	-	-	-	-	-	-	-
State Operations	27,056	-34,459	-	13,618	2,137	-	38,428	5,655	-
Totals, Augmentation for Employee Compensation	\$27,056	\$-34,459	\$-7,403	\$13,618	\$2,137	\$-15,755	\$35,084	\$27,763	\$-60,424
Statewide Savings	-	-	-	-	-	-	-	-	-
General Fund Credits from Federal Funds	-	-	-	-	-	-	-	-	-
State Operations	-100,543	-	-100,543	-121,991	-	-121,991	-152,624	-	-152,624
PERS Deferral	-537,083	-	-537,083	-524,314	-	-524,314	-458,325	-	-458,325
Alternate Retirement Program	-	-	-	-	-	-	-	-	-
State Operations	-	-	-	-46,750	-25,500	-72,250	-46,200	-25,200	-71,400
Totals, Statewide Savings	\$-637,626	\$-637,626	\$-637,626	\$-693,056	\$-25,500	\$-718,556	\$-657,149	\$-25,200	\$-682,349
TOTALS, GENERAL GOVERNMENT	\$2,213,389	\$4,231,755	\$199,032	\$1,833,696	\$4,810,215	\$69,033	\$3,601,934	\$5,944,553	\$3,261
State Operations	1,348,370	1,244,063	497	1,431,729	1,549,155	1,563	1,650,937	1,644,088	1,566
Local Assistance	812,755	1,724,558	197,556	401,279	1,919,233	67,037	2,387,549	1,835,366	68,901
Capital Outlay	747	-	979	688	1,074	433	144,744	-	1,695
Unclassified	51,517	1,263,134	-	-	1,340,753	-	-500,000	2,465,099	-
GRAND TOTAL	\$91,549,089	\$33,432,083	\$6,000,068	\$84,764,340	\$86,512,618	\$13,141,604	\$135,241,750	\$78,702,999	\$2,553,278
State Operations	\$26,055,668	\$12,738,305	\$463,938	\$39,247,911	\$9,525,770	\$1,019,105	\$38,393,950	\$8,899,733	\$24,806,731
Local Assistance	\$65,330,400	\$18,872,081	\$4,309,343	\$88,511,824	\$19,725,240	\$7,177,316	\$89,801,615	\$66,135,054	\$68,053,837
Capital Outlay	\$28,088	\$641,979	\$1,236,787	\$33,884	\$726,365	\$4,945,183	\$5,705,432	\$3,663,212	\$109,294
Unclassified	\$134,933	\$1,179,718	-	\$83,416	\$1,257,337	-	\$1,340,753	\$5,000	\$2,381,683
BUDGET ACT TOTALS	\$64,150,198	\$12,431,546	\$1,066,254	\$77,647,998	\$14,572,968	\$3,332,853	\$78,777,326	\$68,170,724	\$58,858,628
State Operations	21,840,208	9,690,087	341,975	31,872,270	10,865,101	403,373	30,759,520	3,850,605	21,319,764
Local Assistance	42,289,800	2,406,950	420,897	45,117,647	3,309,336	1,268,390	45,949,707	61,857,067	37,990,991
Capital Outlay	20,190	334,509	303,382	658,081	8,478	1,661,090	2,068,099	2,458,052	47,873
Unclassified	-	-	-	-	-	-	-	5,000	-500,000
STATUTORY APPROPRIATIONS	\$20,212,521	\$8,184,034	\$340,168	\$28,736,723	\$14,685,470	\$584,134	\$32,538,671	\$3,280,068	\$19,121,136
State Operations	-378,334	2,139,412	13,284	1,774,362	579,388	-604,389	19,641	1,548,282	27,205
Local Assistance	20,590,855	4,602,400	323,111	25,516,366	1,988,325	17,873,456	11,199,447	563,493	29,636,396
Capital Outlay	-	180,945	3,773	184,718	27,993	1,000	53,639	177,141	39,642
Unclassified	-	1,261,277	-	1,261,277	-	-	1,300,354	-	1,382,302
CONSTITUTIONAL APPROPRIATIONS	\$4,830,532	\$4,603,407	-	\$9,433,939	\$4,057,237	-	\$6,789,580	\$4,307,513	\$5,335,603
State Operations	4,747,116	714,943	-	5,462,059	664,493	-	5,314,420	4,224,097	703,336
Local Assistance	-	3,970,023	-	3,970,023	-	-	3,435,761	-	4,632,886
Unclassified	83,416	-81,559	-	1,857	-43,017	-	83,416	-	82,797
OTHER APPROPRIATIONS	\$2,355,838	\$8,213,096	\$4,593,646	\$15,162,580	\$2,271,853	\$9,224,617	\$15,136,173	\$7,252,207	\$10,206,001
State Operations	-153,322	193,863	98,679	139,220	5,566,990	-39,325	215,962	5,021,923	-138,362
Local Assistance	2,449,745	7,892,708	3,565,335	13,907,788	2,476,968	5,345,433	10,779,751	1,202,265	10,342,942
Capital Outlay	7,898	126,525	929,632	1,064,055	1,142,695	3,283,093	3,583,694	1,028,019	61,421
Unclassified	51,517	-	-	51,517	-	-	550,819	2,020,108	1,407,868
TOTALS	\$20,212,521	\$8,184,034	\$340,168	\$28,736,723	\$14,685,470	\$584,134	\$32,538,671	\$3,280,068	\$19,121,136
State Operations	-378,334	2,139,412	13,284	1,774,362	579,388	-604,389	19,641	1,548,282	27,205
Local Assistance	20,590,855	4,602,400	323,111	25,516,366	1,988,325	17,873,456	11,199,447	563,493	29,636,396
Capital Outlay	-	180,945	3,773	184,718	27,993	1,000	53,639	177,141	39,642
Unclassified	-	1,261,277	-	1,261,277	-	-	1,300,354	-	1,382,302
STATUTORY APPROPRIATIONS	\$20,212,521	\$8,184,034	\$340,168	\$28,736,723	\$14,685,470	\$584,134	\$32,538,671	\$3,280,068	\$19,121,136
State Operations	-378,334	2,139,412	13,284	1,774,362	579,388	-604,389	19,641	1,548,282	27,205
Local Assistance	20,590,855	4,602,400	323,111	25,516,366	1,988,325	17,873,456	11,199,447	563,493	29,636,396
Capital Outlay	-	180,945	3,773	184,718	27,993	1,000	53,639	177,141	39,642
Unclassified	-	1,261,277	-	1,261,277	-	-	1,300,354	-	1,382,302
CONSTITUTIONAL APPROPRIATIONS	\$4,830,532	\$4,603,407	-	\$9,433,939	\$4,057,237	-	\$6,789,580	\$4,307,513	\$5,335,603
State Operations	4,747,116	714,943	-	5,462,059	664,493	-	5,314,420	4,224,097	703,336
Local Assistance	-	3,970,023	-	3,970,023	-	-	3,435,761	-	4,632,886
Unclassified	83,416	-81,559	-	1,857	-43,017	-	83,416	-	82,797
OTHER APPROPRIATIONS	\$2,355,838	\$8,213,096	\$4,593,646	\$15,162,580	\$2,271,853	\$9,224,617	\$15,136,173	\$7,252,207	\$10,206,001
State Operations	-153,322	193,863	98,679	139,220	5,566,990	-39,325	215,962	5,021,923	-138,362
Local Assistance	2,449,745	7,892,708	3,565,335	13,907,788	2,476,968	5,345,433	10,779,751	1,202,265	10,342,942
Capital Outlay	7,898	126,525	929,632	1,064,055	1,142,695	3,283,093	3,583,694	1,028,019	61,421
Unclassified	51,517	-	-	51,517	-	-	550,819	2,020,108	1,407,868
TOTALS	\$20,212,521	\$8,184,034	\$340,168	\$28,736,723	\$14,685,470	\$584,134	\$32,538,671	\$3,280,068	\$19,121,136
State Operations	-378,334	2,139,412	13,284	1,774,362	579,388	-604,389	19,641	1,548,282	27,205
Local Assistance	20,590,855	4,602,400	323,111	25,516,366	1,988,325	17,873,456	11,199,447	563,493	29,636,396
Capital Outlay	-	180,945	3,773	184,718	27,993	1,000	53,639	177,141	39,642
Unclassified	-	1,261,277	-	1,261,277	-	-	1,300,354	-	1,382,302
STATUTORY APPROPRIATIONS	\$20,212,521	\$8,184,034	\$340,168	\$28,736,723	\$14,685,470	\$584,134	\$32,538,671	\$3,280,068	\$19,121,136
State Operations	-378,334	2,139,412	13,284	1,774,362	579,388	-604,389	19,641	1,548,282	27,205
Local Assistance	20,590,855	4,602,400	323,111	25,516,366	1,988,325	17,873,456	11,199,447	563,493	29,636,396
Capital Outlay	-	180,945	3,773	184,718	27,993	1,000	53,639	177,141	39,642
Unclassified	-	1,261,277	-	1,261,277	-	-	1,300,354	-	1,382,302
CONSTITUTIONAL APPROPRIATIONS	\$4,830,532	\$4,603,407	-	\$9,433,939	\$4,057,237	-	\$6,789,580	\$4,307,513	\$5,335,603
State Operations	4,747,116	714,943	-	5,462,059	664,493	-	5,314,420	4,224,097	703,336
Local Assistance	-	3,970,023	-	3,970,023	-	-	3,435,761	-	4,632,886
Unclassified	83,416	-81,559	-	1,857	-43,017	-	83,416	-	82,797
OTHER APPROPRIATIONS	\$2,355,838	\$8,213,096	\$4,593,646	\$15,162,580	\$2,271,853	\$9,224,617	\$15,136,173	\$7,252,207	\$10,206,001
State Operations	-153,322	193,863	98,679	139,220	5,566,990	-39,325	215,962	5,021,923	-138,362
Local Assistance	2,449,745	7,892,708	3,565,335	13,907,788	2,476,968	5,345,433	10,779,751	1,202,265	10,342,942
Capital Outlay	7,898	126,525	929,632	1,064,055	1,142,695	3,283,093	3,583,694	1,028,019	61,421
Unclassified	51,517	-	-	51,517	-	-	550,819	2,020,108	1,407,868
TOTALS	\$20,212,521	\$8,184,034	\$340,168	\$28,736,723	\$14,685,470	\$584,134	\$32,538,671	\$3,280,068	\$19,121,136
State Operations	-378,334	2,139,412	13,284	1,774,362	579,388	-604,389	19,641	1,548,282	27,205
Local Assistance	20,590,855	4,602,400	323,111	25,516,366	1,988,325	17,873,456	11,199,447	563,493	29,636,396
Capital Outlay	-	180,945	3,773	184,718	27,993	1,000	53,639	177,141	39,642
Unclassified	-	1,261,277	-	1,261,277	-	-	1,300,354	-	1,382,302
STATUTORY APPROPRIATIONS	\$20,212,521	\$8,184,034	\$340,168	\$28,736,723	\$14,685,470	\$584,134	\$32,538,671	\$3,280,068	\$19,121,136
State Operations	-378,334	2,139,412	13,284	1,774,362	579,388	-604,389	19,641	1,548,282	27,205
Local Assistance	20,590,855	4,602,400	323,111	25,516,366	1,988,325	17,873,456	11,199,447	563,493	29,636,396
Capital Outlay	-	180,945	3,773	184,718	27,993	1,000	53,639	177,141	39,642
Unclassified	-	1,261,277	-	1,261,277	-	-	1,300,354	-	1,382,302
CONSTITUTIONAL APPROPRIATIONS	\$4,830,532	\$4,603,407	-	\$9,433,939	\$4,057,237	-	\$6,789,580	\$4,307,513	\$5,335,603
State Operations	4,747,116	714,943	-	5,462,059	664,493	-	5,314,420	4,224,097	703,336
Local Assistance	-	3,970,023	-	3,970,023	-	-	3,435,761	-	4,632,886
Unclassified	83,416	-81,559	-	1,857	-43,017	-	83,416	-	82,797
OTHER APPROPRIATIONS	\$2,355,838	\$8,213,096	\$4,593,646	\$15,162,580	\$2,271,853	\$9,224,617	\$15,136,173	\$7,252,207	\$10,206,001
State Operations	-153,322	193,863	98,679	139,220	5,566,990	-39,325	215,962	5,021,923	-138,362
Local Assistance	2,449,745	7,892,708	3,565,335	13,907,788	2,476,968	5,345,4			

**SCHEDULE 10**  
**SUMMARY OF FUND CONDITION STATEMENTS**  
(Dollars in Thousands)

Fund	Reserves June 30, 2010	Actual Revenues 2010-11	Actual Expenditures 2010-11	Reserves June 30, 2011	Estimated Revenues 2011-12	Estimated Expenditures 2011-12	Reserves June 30, 2012	Estimated Revenues 2012-13	Estimated Expenditures 2012-13	Reserves June 30, 2013
<b>GENERAL FUND</b>	<b>-5,018,516</b>	<b>93,488,877</b>	<b>91,549,089</b>	<b>-3,078,728</b>	<b>88,605,560</b>	<b>86,512,618</b>	<b>-985,786</b>	<b>95,389,285</b>	<b>92,553,278</b>	<b>1,850,221</b>
<b>SPECIAL FUNDS</b>										
Abandoned Mine Reclamation & Minerals Fd	688	841	247	1,262	905	513	1,654	905	542	2,017
Abandoned Watercraft Abatement Fund	133	650	650	133	600	600	133	850	850	133
Accountancy Fund	20,393	3,091	9,138	14,346	8,718	11,105	11,959	9,906	11,309	10,556
Acupuncture Fund	5,279	2,437	1,952	5,764	-2,529	2,565	670	2,551	2,777	444
Acute Orphan Well Account, Oil, Gas, Geo	828	5	-	833	5	5	833	5	806	32
Administration Acct, Child & Families	24,536	4,861	4,994	24,403	4,658	4,666	24,395	4,513	4,519	24,389
Adoption Assistance Program Subacct	-	-	-	-	377,900	377,900	-	377,900	377,900	-
Adoptions Subaccount, HHSA	-	-	-	-	70,405	70,405	-	70,405	70,405	-
Adult Protective Services Subacct, HHSA	-	-	-	-	54,563	54,563	-	54,563	54,563	-
Advanced Services Fund, California	190,706	-74,244	1,126	115,336	19,607	24,911	110,032	29,411	40,023	99,420
Aeronautics Account STF	8,143	1,178	5,886	3,435	6,080	7,298	2,217	6,079	6,870	1,426
Agricultural Export Promotion Acct, CA	62	1	45	18	5	10	13	5	10	8
Air Pollution Control Fund	51,357	139,366	147,025	43,688	156,900	168,248	32,340	1,162,128	1,171,377	23,091
Air Quality Improvement Fund	17,774	30,493	33,667	14,600	40,500	44,344	10,756	40,500	43,067	8,189
Air Toxics Inventory and Assessment Acct	915	502	622	795	600	969	426	600	975	51
Alcohol Beverages Control Fund	21,138	51,105	44,830	27,413	52,138	52,227	27,324	53,053	54,940	25,437
Alcoholic Beverage Control Appeals Fund	1,264	861	870	1,255	1,375	984	1,646	1,389	1,025	2,010
Alternative & Renewable & Vehicle Tech	106,034	98,141	132,603	71,572	102,609	164,236	9,945	119,109	123,379	5,675
Analytical Laboratory Account, Food & Ag	1,095	262	104	1,253	505	500	1,258	505	500	1,263
Antiterrorism Fund	2,124	1,401	2,687	838	400	749	489	1,400	819	1,070
Appellate Court Trust Fund	2,937	4,161	3,173	3,925	4,667	4,331	4,261	4,792	4,274	4,779
Apprenticeship Training Contribution Fd	24,376	3,871	9,596	18,651	8,140	10,637	16,154	8,140	10,804	13,490
Architects Board Fund, California	2,484	2,836	2,839	2,481	4,167	3,622	3,026	2,795	3,719	2,102
Architectural Paint Stewardship Account	-	-	-	-	-	-	-	260	255	5
Army Discretionary Improvement Account	286	84	75	295	85	171	209	85	172	122
Asbestos Consultant Certification Account	986	416	328	1,074	416	375	1,115	416	383	1,148
Asbestos Training Approval Account	428	213	109	532	221	134	619	221	137	703
Assistance for Fire Equipment Acct, State	612	131	25	718	174	105	787	174	114	847
Athletic Commission Fund	811	1,758	2,153	416	1,978	2,376	18	1,978	1,939	57
Athletic Comm Neurlgl Exmnin Acct, St	616	145	60	701	160	120	741	160	121	780
Attorney General Antitrust Account	682	1,700	1,881	501	2,000	2,233	268	2,200	2,350	118
Audit Fund, State	4,875	-	837	4,038	-	-	4,038	-	-	4,038
AIDS Drug Assistance Program Rebate Fund	16,148	263,030	221,304	57,874	248,035	284,198	21,711	236,995	246,434	12,272
Barbering/Cosmetology Fd, St Bd of	10,049	21,034	15,098	15,985	10,306	18,098	8,193	22,061	20,117	10,137
Beach and Coastal Enhancement Acct, Calif	1,178	1,611	1,297	1,492	1,518	2,277	733	1,629	1,839	523
Behavioral Science Examiners Fund	4,925	6,366	6,763	4,528	5,289	7,691	2,126	9,255	8,117	3,264
Beverage Container Recycling Fund, CA	115,749	1,186,981	1,231,354	71,376	1,165,967	1,157,368	79,975	1,240,679	1,161,526	159,128
Bicycle Transportation Account, STF	3,108	7,296	7,210	3,194	13,939	7,210	9,923	7,651	11,935	5,639
Bimetal Processing Fee Acct, Bev Cont Re	11,481	1,370	240	12,611	1,370	379	13,602	1,370	379	14,593
Bingo Fund, California	740	28	139	629	-	1	628	-	-	628
Birth Defects Monitoring Fund	5,396	3,847	3,164	6,079	4,274	3,799	6,554	4,274	3,739	7,089
Bldng Strnds Admin Special Revolving Fund	904	1,343	980	1,267	1,316	1,356	1,227	1,347	1,426	1,148
Breast Cancer Control Account	6,139	13,187	10,430	8,896	11,015	18,023	1,888	10,690	11,317	1,261

**SCHEDULE 10 -- Continued**  
**SUMMARY OF FUND CONDITION STATEMENTS**  
(Dollars in Thousands)

Fund	Reserves June 30, 2010	Actual Revenues 2010-11	Actual Expenditures 2010-11	Actual Expenditures 2010-11	Reserves June 30, 2011	Estimated Revenues 2011-12	Estimated Expenditures 2011-12	Reserves June 30, 2012	Estimated Revenues 2012-13	Estimated Expenditures 2012-13	Reserves June 30, 2013
Breast Cancer Fund	4,427	-3,402	651	770	374	769	375	420	794	794	1
Breast Cancer Research Account	-3,258	13,282	9,469	11,109	555	11,022	642	10,784	11,064	11,064	362
Business Fees Fund, Secty of State's	396	37,587	36,983	38,701	1,000	38,701	1,000	40,294	40,294	40,294	1,000
Cal- OSHA Targeted Inspection & Consult	10,438	10,370	7,220	16,557	13,588	8,232	21,913	16,557	8,962	8,962	29,508
California Memorial Scholarship Fund	39	-	-	-	39	-	39	-	-	-	39
CalWORKs Maintenance of Effort Subacct	-	-	-	701,586	-	701,586	-	-	701,586	701,586	-
Cancer Research Fund	1,617	-1,617	-	-	-	-	-	-	-	-	-
Cannery Inspection Fund	1,509	1,905	1,802	2,177	1,612	2,341	1,448	2,177	2,393	2,393	1,232
Car Wash Worker Fund	2,951	1,054	160	3,845	3,845	211	4,644	1,020	200	200	5,464
Car Wash Worker Restitution Fund	1,510	921	204	2,227	2,227	80	3,029	887	80	80	3,836
Carpet Stewardship Account, IWMF	-	-	-	-	-	-	-	-	260	255	5
Caseload Subacct, Sales Tax Growth Acct	-	113,366	113,366	192,057	-	192,057	-	-	37,638	37,638	-
Cemetery Fund	1,918	2,165	1,886	2,074	2,197	2,301	1,970	2,164	2,341	2,341	1,793
Centrl Cst St Vet Cmtry Ft Ord Oper, CA	-	-	-	1,074	-	1,074	-	-	-	-	-
Certification Acct, Consumer Affairs Fd	941	1,061	1,027	1,117	975	1,096	996	1,139	1,136	1,136	999
Certification Fund	4,064	1,471	1,445	4,090	4,090	1,732	3,809	1,451	1,711	1,711	3,549
Certified Access Specialist Fund	519	431	254	696	696	431	838	431	290	290	979
Certified Unified Program Account, State	2,275	1,390	1,319	2,346	2,346	2,206	1,693	1,611	2,241	2,241	1,063
Charity Bingo Mitigation Fund	3,467	-3,466	-	1	1	10	11	10	-	-	21
Child Abuse Fund, DOJ	1,400	495	321	1,574	1,574	508	1,714	508	377	377	1,845
Child Abuse Prevention Subacct, HHSA	-	-	-	-	-	-	-	-	-	-	-
Child Care Acct, Child & Families Trust	37,636	14,407	28,786	23,257	23,257	13,805	23,257	13,395	13,395	13,395	-
Child Health and Safety Fund	1,737	4,519	3,237	3,019	3,019	4,578	5,965	1,632	4,578	5,713	23,257
Child Welfare Services Subacct, HHSA	-	-	-	672,526	-	672,526	-	-	672,526	672,526	497
Childhood Lead Poisoning Prevention Fund	53,151	20,068	18,629	54,590	54,590	12,160	42,334	24,416	21,222	24,026	39,530
Children & Families First Trust Fd, Cal	4	14,230	14,230	16,779	4	16,779	4	17,350	17,350	17,350	4
Children's Health & Human Services Sp Fd	128,282	230,446	295,938	62,790	62,790	234,464	271,873	25,381	352,743	362,059	16,065
Children's Medical Services Rebate Fund	16,311	19,323	-	35,634	35,634	8,116	8,000	35,750	8,116	8,000	35,866
Chiropractic Examiners Fund	3,136	2,889	3,457	2,568	2,568	3,127	4,231	1,464	3,669	3,694	1,439
Cigarette & Tobacco Products Compliance	3,689	1,694	780	4,603	4,603	1,649	850	5,402	1,649	1,063	5,988
Cigarette & Tobacco Products Surtax Fund	-	8,094	8,094	-	-	9,567	9,567	-	9,853	9,853	-
Clandestine Drug Lab Clean-Up Account	9	-	-	-	9	-	9	-	-	-	9
Clinical Laboratory Improvement Fund	6,075	9,814	6,353	9,536	9,536	10,222	9,519	10,239	10,786	10,739	10,286
Clup Loans Environmtl Asst Neighood Act	3,899	-515	1	3,383	3,383	-423	-175	3,135	-40	-	3,095
Co Medical Svc Subacct, Sales Tax Growth	-	-	-	-	-	-	-	-	4,582	4,582	-
Coachella Valley Mountains Conservancy	23	5	-	28	28	33	29	32	33	29	36
Coastal Access Account, SCCF	2,013	500	478	2,035	2,035	500	1,212	1,323	500	500	1,323
Coastal Act Services Fund	1,382	1,197	278	2,301	2,301	925	617	2,609	925	665	2,869
Collins-Dugan Calif Conserv Corps Reimb	13,863	26,519	31,772	8,610	8,610	27,915	35,422	1,103	32,544	32,409	1,238
Community Revitalization Fee Fund	1	-	-	1	1	-	-	1	-	-	1
Construction Management Education Acct	405	65	132	338	338	66	178	226	65	179	112
Contingent Fd of the Medical Board of CA	27,347	49,912	47,013	30,246	30,246	43,234	54,625	18,855	52,104	56,574	14,385
Continuing Care Provider Fee Fund	2,633	1,046	1,340	2,339	2,339	806	1,781	1,364	806	1,746	424
Contractors' License Fund	21,330	48,437	54,908	14,859	14,859	67,041	58,690	23,210	57,755	59,560	21,405
Corporations Fund, State	73,538	12,182	32,222	53,498	53,498	31,665	46,738	38,425	32,239	45,223	25,441

**SCHEDULE 10 -- Continued**  
**SUMMARY OF FUND CONDITION STATEMENTS**  
(Dollars in Thousands)

Fund	Reserves June 30, 2010	Actual Revenues 2010-11	Actual Expenditures 2010-11	Actual Expenditures 2010-11	Reserves June 30, 2011	Estimated Revenues 2011-12	Estimated Expenditures 2011-12	Reserves June 30, 2012	Estimated Revenues 2012-13	Estimated Expenditures 2012-13	Reserves June 30, 2013
Corrections Training Fund	4,419	22,278	21,627	5,070	21,318	22,159	4,229	20,970	22,194	3,005	
Counties Children & Families Acct	-	379,649	376,272	3,377	365,537	365,537	3,377	353,878	353,878	3,377	
Court Collection Account	2,300	76,882	75,723	3,459	71,765	71,666	3,558	71,765	71,389	3,934	
Court Facilities Trust Fund	4,696	95,315	97,442	2,569	101,553	101,756	2,366	101,553	101,756	2,163	
Court Interpreters' Fund	173	192	149	216	175	163	228	175	164	239	
Court Reporters Fund	1,271	891	748	1,414	635	776	1,273	634	775	1,132	
Credit Union Fund	2,559	6,439	6,574	2,424	6,510	7,381	1,553	7,036	7,476	1,113	
Dam Safety Fund	1,034	10,105	9,837	1,302	11,282	11,152	1,432	11,282	11,388	1,326	
Deaf & Disabled Telecomm Prtg Admin Comm	75,085	37,099	66,052	46,132	65,953	69,800	42,285	34,652	76,627	310	
Dealers' Record of Sale Special Account	14,291	14,196	10,252	18,235	4,189	12,127	10,297	17,376	18,717	8,956	
Debt & Investment Advisory Comm Fund, Cal	5,721	1,798	2,142	5,377	1,097	2,746	3,728	2,180	2,822	3,086	
Debt Limit Allocation Committee Fund, Cal	3,351	1,232	1,072	3,511	1,240	1,270	3,481	1,240	1,404	3,317	
Deficit Recovery Bond Retirement Sinking	-6,764	8,621	1,857	-	40,399	40,399	-	82,797	82,797	-	
Dental Assistant Fund, State	1,913	1,641	1,291	2,263	1,610	1,675	2,198	1,656	1,746	2,108	
Dental Hygiene Fund, State	422	1,305	1,032	695	1,299	1,336	658	1,344	1,420	582	
Dentally Underserved Account	1,971	10	1	1,980	10	126	1,864	10	132	1,742	
Dentistry Fund, State	7,885	7,955	9,753	6,087	9,549	11,274	4,362	7,848	11,567	643	
Department of Agriculture Account, Ag Fd	49,651	95,480	114,261	30,870	116,582	126,580	20,872	121,278	134,497	7,653	
Developmental Disabilities Prog Dev Fund	2,026	2,825	2,906	1,945	6,205	6,662	1,488	9,805	10,270	1,023	
Developmental Disabilities Services Acct	131	-	-	131	151	150	132	151	150	133	
Diesel Emission Reduction Fund	2,718	370	-	3,088	314	-	3,402	314	-	3,716	
Disability Access Account	3,640	6,058	6,247	3,451	5,320	6,955	1,816	5,189	7,003	2	
Disaster Relief Fund	11	-	-	11	-	-	11	-	-	11	
Dispensing Opticians Fund	374	166	178	362	171	313	220	170	343	47	
District Attorney and Public Defender	-	-	-	-	12,700	12,700	-	12,700	12,700	-	
Domestic Violence Trng & Education Fund	1,036	751	1,103	684	751	1,147	288	751	874	165	
Drinking Water Operator Cert Special Acct	2,328	1,424	1,484	2,268	1,514	1,705	2,077	1,565	1,712	1,930	
Drinking Water Treatment & Research Fund	1,528	8	2	1,534	-	-	1,534	-	-	1,534	
Driver Training Penalty Assessment Fund	620	1,435	1,472	583	1,547	1,587	543	1,624	1,655	512	
Driving Under-the-Influence Prog Lic Trs	2,428	1,550	1,627	2,351	50	1,751	650	1,550	1,777	423	
Drug and Device Safety Fund	8,070	4,403	4,950	7,523	4,426	6,008	5,941	4,426	5,926	4,441	
Drug Court Subaccount, HHSA	-	-	-	-	26,851	26,851	-	26,851	26,851	-	
Drug Medi-Cal Subaccount, HHSA	-	-	-	-	127,240	127,240	-	127,240	127,240	-	
DNA Identification Fund	46,119	41,129	62,838	24,410	50,887	66,079	9,218	58,748	67,906	60	
DNA Testing Fund, Department of Justice	296	-296	-	-	-	-	-	-	-	-	
Earthquake Emergency Invest Acct-NDA Fd	51	-	-	51	-	-	51	-	-	51	
Earthquake Risk Reduction Fund of 1996	-	1,000	1,000	-	1,000	1,000	-	1,000	1,000	-	
Education Acct, Child & Families TrustFd	70,721	24,922	70,379	25,264	23,001	23,001	25,264	22,273	22,273	25,264	
Educational Telecommunication Fund	1,192	-	1,908	-716	-	-1,087	371	-	371	-	
Electrician Certification Fund	5,255	1,896	2,389	4,762	2,040	2,709	4,093	2,450	2,692	3,851	
Electronic and Appliance Repair Fund	2,270	2,222	2,244	2,248	2,221	3,004	1,465	2,221	2,460	1,226	
Electronic Waste Recovery & Recycling	137,697	48,326	92,595	93,428	97,106	92,371	98,163	102,563	91,875	108,851	
Elevator Safety Account	841	28,026	17,792	11,075	28,460	20,327	19,208	28,460	20,976	26,692	
Emerg Medical Svcs Trng Prog Approval Fd	129	229	349	9	371	375	5	371	360	16	
Emergency Food Assistance Program Fund	468	616	457	627	648	632	643	682	646	679	

**SCHEDULE 10 -- Continued**  
**SUMMARY OF FUND CONDITION STATEMENTS**  
(Dollars in Thousands)

Fund	Reserves June 30, 2010	Actual Revenues 2010-11	Actual Expenditures 2010-11	Reserves June 30, 2011	Estimated Revenues 2011-12	Estimated Expenditures 2011-12	Reserves June 30, 2012	Estimated Revenues 2012-13	Estimated Expenditures 2012-13	Reserves June 30, 2013
Emergency Medical Air Transportation Act	-	690	-	690	4,200	-	4,890	4,200	7,263	1,827
Emergency Medical Services Personnel Fnd	334	1,841	1,481	694	1,903	1,573	1,024	1,903	1,568	1,359
Emergency Medical Technician Cert Fund	-	1,145	1,084	61	1,603	1,437	227	1,603	1,605	225
Emergency Telephone Number Acct, State	126,405	58,500	123,780	61,125	83,800	129,653	15,272	109,200	123,472	1,000
Employment Development Contingent Fund	-1,498	50,211	48,713	-	47,679	47,679	-	52,898	52,898	-
Employment Development Dept Benefit Audit	1	14,678	14,679	-	14,999	14,999	-	15,540	15,540	-
Energy Conservation Assistance Ac, State	4,725	2,295	-1,264	8,284	27,103	35,387	-	3,437	3,437	-
Energy Facility License and Compliance	8,515	2,502	8,206	2,811	4,770	6,981	600	3,532	2,502	1,630
Energy Resources Programs Account	25,108	56,984	62,721	19,371	69,423	69,808	18,986	69,423	72,623	15,786
Energy Tech Research, Dev, & Demo Acct	2,878	50	-	2,928	1	447	2,482	1	2,479	4
Enhanced Fleet Mod Subacct.HIPollRprRmvl	58,419	-31,545	20,515	6,359	48,566	41,276	13,649	29,276	37,323	5,602
Enterprise Zone Fund	-	2,029	917	1,112	1,330	1,151	1,291	1,270	1,299	1,262
Entertainment Work Permit Fund	-	-	-	-	-	-	-	650	583	67
Environmental Enhancement and Mitigation	4,264	10,141	7,436	6,969	15,183	12,815	9,337	10,400	10,143	9,594
Environmental Enhancement Fund	1,916	112	20	2,008	96	359	1,745	99	359	1,485
Environmental Laboratory Improvement Fnd	-	2,642	2,831	727	2,906	3,358	275	2,906	2,911	270
Environmental License Plate Fund, Calif	2,464	41,316	38,493	5,287	41,273	39,847	6,713	41,273	42,541	5,445
Environmental Protection Trust Fund	2,919	-1,167	451	1,301	-	-	1,301	-	-	1,301
Environmental Quality Assessment Fund	262	281	207	336	276	289	323	281	287	317
Environmental Water Fund	81	-	-	81	-	-	81	-	-	81
Equality in Prv & Svcs Domestic Abuse Fd	237	86	104	219	74	105	188	74	103	159
Expedited Site Remediation Trust Fund	2,972	-	-	2,972	1	731	2,242	561	2,800	3
Export Document Program Fund	1,700	318	186	1,832	484	236	2,080	601	235	2,446
Exposition Park Improvement Fund	4,834	6,281	6,373	4,742	5,480	7,646	2,576	5,480	7,704	352
Fair and Exposition Fund	407	5,802	2,157	4,052	2,120	5,478	694	2,074	2,768	-
False Claims Act Fund	3,567	6,495	9,345	717	11,502	10,854	1,365	12,002	11,839	1,528
Family Law Trust Fund	1,884	1,892	2,016	1,760	1,918	2,788	890	1,918	2,765	43
Farm & Ranch Solid Waste Cleanup & Abate	1,355	1,000	639	1,716	300	1,135	881	1,000	1,133	748
Farmworker Remedial Account	663	198	306	555	194	102	647	194	102	739
Film Promotion and Marketing Fund	3	2	3	2	10	10	2	10	10	2
Financial Institutions Fund	13,241	23,158	23,958	12,441	23,909	25,700	10,650	23,909	26,212	8,347
Financial Responsibility Penalty Account	904	230	-	1,134	-	-	1,134	-	-	1,134
Fingerprint Fees Account	22,619	65,127	55,743	32,003	41,738	67,829	5,912	66,396	68,954	3,354
Fire and Arson Training Fund, Calif	2,143	2,602	2,688	2,057	2,704	3,250	1,511	2,702	3,223	990
Fire Marshal Fireworks Enf & Disp Fd, St	580	1	233	348	199	330	217	-	176	41
Fire Marshal Licensing & Cert Fund, St	1,533	1,966	1,980	1,519	2,095	2,664	950	2,120	2,841	229
Firearm Safety Account	1,051	544	310	1,285	618	338	1,565	704	338	1,931
Firearms Safety and Enforcement Specl Fd	3,733	4,526	3,101	5,158	10	3,347	1,821	5,593	3,428	3,986
Fiscal Recovery Fund	260,445	1,219,611	1,274,500	205,556	1,313,000	1,313,369	205,187	1,396,000	1,396,244	204,943
Fish and Game Preservation Fund	95,318	84,609	84,821	95,106	87,442	123,113	59,435	91,638	109,315	41,758
Fish and Wildlife Pollution Account	2,251	995	2,665	581	2,239	2,756	64	2,768	2,818	14
Food Safety Fund	5,508	7,017	5,807	6,718	7,288	7,344	6,662	7,288	7,518	6,432
Foreclosure Consultant Regulation Fund	7	3	-	10	3	-	13	3	-	16
Foster and Small Family Insurance Fund	5,402	-3,000	-765	3,167	-	-	3,167	-	-	3,167
Foster Care Administration Subaccount	-	-	-	-	40,630	40,630	-	40,630	40,630	-

**SCHEDULE 10 -- Continued**  
**SUMMARY OF FUND CONDITION STATEMENTS**  
(Dollars In Thousands)

Fund	Reserves June 30, 2010	Actual Revenues 2010-11	Actual Expenditures 2010-11	Reserves June 30, 2011	Estimated Revenues 2011-12	Estimated Expenditures 2011-12	Reserves June 30, 2012	Estimated Revenues 2012-13	Estimated Expenditures 2012-13	Reserves June 30, 2013
Foster Care Assistance Subaccount, HHSA	-	-	-	-	387,245	387,245	-	387,245	387,245	-
Funeral Directors and Embalmers Fund, St	2,262	1,251	1,579	1,934	1,276	1,681	1,529	1,325	1,749	1,105
Gambling Addition Program Fund	571	184	166	589	179	166	602	179	159	622
Gambling Control Fines & Penalties Acct	279	1,413	41	1,651	47	48	1,650	47	47	1,650
Gambling Control Fund	16,905	16,359	9,274	23,990	-2,873	10,800	10,317	16,127	11,160	15,284
Garment Industry Regulations Fund	3,765	2,817	2,708	3,874	2,620	2,898	3,596	2,620	2,996	3,220
Garment Manufacturers Special Account	2,638	315	-	2,953	291	500	2,744	291	500	2,535
Gas Consumption Surcharge Fund	153,197	445,637	567,778	31,056	600,010	587,187	43,879	600,010	586,192	57,697
General Growth Subacct, Sales Tax Growth	-	-	-	-	-	-	-	71,568	71,568	-
Genetic Disease Testing Fund	7,053	109,975	110,526	6,502	111,920	111,112	7,310	114,953	114,941	7,322
Geology and Geophysics Account PELS Fund	847	1,017	852	1,012	1,006	1,336	682	1,089	1,366	405
Geothermal Resources Development Account	675	2,443	2,594	524	3,500	3,541	483	3,500	3,541	442
Glass Processing Fee Account	-2,355	59,241	56,598	288	53,981	54,085	184	53,981	54,027	138
Gold Star License Plate Account, SLPF	-	-	115	-115	-	185	-300	-	-	-300
Graphic Design License Plate Account	3,460	2,257	3,121	2,596	2,189	2,830	1,955	2,162	2,836	1,281
Guide Dogs for the Blind Fund	234	139	165	208	139	185	162	139	199	102
Habitat Conservation Fund	23,851	6,935	19,550	11,236	6,698	15,049	2,885	6,491	6,636	2,740
Hatchery and Inland Fisheries Fund	13,041	18,589	16,917	14,713	19,121	26,764	7,070	19,622	23,956	2,736
Hazardous & Idle-Deserted Well Abate Fnd	422	291	112	601	127	100	628	127	106	649
Hazardous Liquid Pipeline Safety Calif	4,209	3,245	2,148	5,306	3,345	3,331	5,320	3,345	3,333	5,332
Hazardous Waste Control Account	30,573	33,302	43,634	20,241	41,701	49,141	12,801	40,528	49,460	3,869
Health Care Benefits Fund	-	1,831	1,831	-	1,846	1,846	-	2,000	2,000	-
Health Data & Planning Fund, CA	9,070	28,523	25,978	11,615	29,695	29,656	11,654	30,812	28,439	14,027
Health Ed Acct, Cig & Tob Pr Surtax	24,739	66,047	73,489	17,297	64,044	76,537	4,804	62,387	62,756	4,435
Health Information Technology & Exchange	-	15,187	15,187	-	17,704	17,704	-	10,500	10,500	-
Health Statistics Special Fund	10,236	19,296	22,465	7,067	19,702	23,674	3,095	21,030	23,871	254
Health Subaccount, Sales Tax Account	-	325,583	325,583	-	325,583	325,583	-	325,583	325,583	-
Hearing Aid Dispensers Act of the SLPAF	1,058	539	863	734	320	594	460	-460	-	-
Heritage Enrichment Resource Fund	-	-	-	-	-	40	-40	-	40	-80
High Polluter Repair or Removal Account	4,816	57,018	52,154	9,680	35,737	39,477	5,940	36,423	42,318	45
High-Cost Fund-A Admin Committee Fd, Cal	61,948	34,133	42,438	53,643	11,604	56,522	8,725	43,249	49,826	2,148
High-Cost Fund-B Admin Committee Fd, Cal	118,299	12,338	27,157	103,480	51,650	47,870	107,260	50,442	36,379	121,323
Highway Account, State, STF	120,818	3,567,074	3,279,431	408,461	4,002,729	3,555,178	856,012	3,397,711	3,766,567	487,156
Highway Users Tax Account, TTF	3,596	1,658,039	1,542,050	119,585	1,683,886	1,799,350	4,121	1,712,638	1,712,369	4,390
Historic Property Maintenance Fund	930	890	1,523	297	4,533	1,643	3,187	1,172	1,640	2,719
Home Furnish & Thermal Insulat Fd, Burea	4,306	3,734	4,367	3,673	2,244	4,686	1,231	3,742	4,718	255
Horse Racing Fund	1,057	11,734	11,578	1,213	11,716	11,620	1,309	11,716	11,608	1,417
Hospital Building Fund	116,365	47,804	50,074	114,095	-29,700	55,230	29,165	52,300	56,067	25,398
Hospital Quality Assurance Revenue Fund	4,000,255	4,046,872	7,691,457	355,670	2,563,583	1,573,076	1,346,177	2,868,530	4,125,225	89,482
Hospital Svc Acct, Cig & Tob Pr Surtax	1,688	64,751	50,121	16,318	60,652	70,593	6,377	55,436	58,946	2,867
HICAP Fund, State	636	2,589	2,474	751	2,750	2,482	1,019	2,750	2,490	1,279
Illegal Drug Lab Cleanup Account	5,731	-999	71	4,661	6	2,051	2,616	6	887	1,735
Immediate and Critical Needs Acct, SCFCF	258,445	256,395	145,223	369,617	-217,508	98,836	53,273	321,767	320,393	54,647
Indian Gaming Special Distribution Fund	115,350	14,288	58,162	71,476	15,020	40,493	46,003	-8,255	32,700	5,048
Industrial Development Fund	83	107	165	25	252	255	22	252	264	10

**SCHEDULE 10 -- Continued**  
**SUMMARY OF FUND CONDITION STATEMENTS**  
(Dollars in Thousands)

Fund	Reserves June 30, 2010	Actual Revenues 2010-11	Actual Expenditures 2010-11	Reserves June 30, 2011	Estimated Revenues 2011-12	Estimated Expenditures 2011-12	Reserves June 30, 2012	Estimated Revenues 2012-13	Estimated Expenditures 2012-13	Reserves June 30, 2013
Industrial Rel Construction Enforce Fd	1,141	248	63	1,326	235	64	1,497	230	63	1,664
Inflant Botulism Treatment & Prevention	6,007	4,564	3,513	7,058	4,248	6,357	4,949	4,248	6,234	2,963
Inland Wetlands Cons Fd, Wildlife Rest	1,129	6	6	1,129	6	500	635	6	500	141
Insurance Fund	62,734	197,924	205,833	54,825	202,836	225,276	32,385	217,999	225,789	24,595
Int Hlth Info Integrity Qual Imprvmt Acct	-	8	-	8	40	40	8	25	25	8
Integrated Waste Management Account	20,512	39,109	37,963	21,658	36,226	41,125	16,759	38,314	41,032	14,041
Internatl Student Exch Visitor Plcmt Org	78	4	-	82	-	-	82	-	-	82
Jobs-Housing Balance Improvement Account	1,954	-	195	1,759	-	-	1,759	-	-	1,759
Judicial Admin Efficiency & Modernzation	32,182	-31,325	-1,907	2,764	-19,863	-20,000	2,901	123	-	3,024
Juvenile Reentry Grant Subaccount, JJA	-	-	-	-	93,351	93,351	-	93,351	93,351	-
Labor and Workforce Development Fund	178	4,468	409	4,237	4,000	366	7,871	4,000	3,129	8,742
Labor Enforcement and Compliance Fund	18,242	34,957	32,782	20,417	37,050	38,069	19,398	36,800	41,784	14,414
Lake Tahoe Conservancy Account	1,183	1,072	1,384	871	1,122	1,835	158	1,122	1,139	141
Landscape Architects Fd, CA Bd/Arch Exam	1,934	789	620	2,103	789	1,115	1,777	792	1,135	1,434
Law Library Special Account, Calif_State	542	403	471	474	403	608	269	403	609	63
Lead-Related Construction Fund	-	511	-	511	500	439	572	500	493	579
Leaking Undergrnd Stor Tank Cost Recovery	103	-	-	103	-	-	103	-	-	103
Licensed Midwifery Fund	122	33	-	155	32	-	187	32	-	219
Licensing & Certification Fd, Mental Hth	115	374	327	162	364	391	135	360	391	104
Licensing and Certification Prog Fd, PH	49,512	65,482	75,094	39,900	78,422	85,488	32,834	78,422	87,594	23,662
Lifetime License Trust Acct, Fish & Game	7,696	92	-	7,788	94	-	7,882	96	-	7,978
Loc Pub Prosecutors & Pub Defenders Trng	996	973	809	1,160	854	882	1,132	854	882	1,104
Local Agency Deposit Security Fund	491	283	324	450	237	392	295	237	403	129
Local Airport Loan Account	9,974	1,127	-2,000	13,101	1,287	-1,051	15,439	1,289	-1,051	17,779
Local Community Corrections Acct, LRF	-	-	-	-	354,300	354,300	-	844,800	844,800	-
Local Govt Geothermal Resource Subacct	6,399	1,048	5,811	1,636	1,501	1,754	1,383	1,501	2,307	577
Local Jurisdiction Energy Assistance	1,579	-	266	1,313	1	1,314	-	1	-	1
Local Law Enforcement Services Acct, LRF	-	-	-	-	489,900	489,900	-	489,900	489,900	-
Local Revenue Fund	-	693	693	-	714	714	-	709	709	-
Local Safety and Protection Account, TTF	19,462	-	-28,910	48,372	-	-	48,372	-	-	48,372
Local Transportation Loan Acct, SHA, STF	3,958	19	-	3,977	15	-	3,992	15	-	4,007
Low Income Health MCE Out Network ECS	-	-	-	-	95,000	-	95,000	95,000	-	190,000
Low-Level Radioactive Waste Disposal Fnd	122	-	-	122	-	-	122	-	-	122
Main Street Program Fund, California	-	-	-	-	175	175	-	175	175	-
Major Risk Medical Insurance Fund	8,714	36,033	27,683	17,064	32,982	38,594	11,452	31,574	43,025	1
Managed Care Admin Fines & Penalties Fnd	2,510	775	-	3,285	-1,408	-	1,877	-	-	1,877
Managed Care Fund	11,241	41,391	40,448	12,184	42,242	50,686	3,740	50,172	51,240	2,672
Marine Invasive Species Control Fund	1,590	4,969	4,389	2,170	4,590	4,632	2,128	4,590	4,786	1,932
Mass Media Comm Acct, Child & Fam Trust	36,358	29,289	33,986	31,661	27,529	27,529	31,661	26,655	26,655	31,661
Medical Marijuana Program Fund	895	108	360	643	108	460	291	358	483	166
Medical Waste Management Fund	1,898	2,436	1,740	2,594	2,007	2,167	2,434	2,007	2,155	2,286
Mental Health Practitioner Education Fd	819	327	501	645	335	552	428	335	595	168
Mental Health Services Fund	1,053,285	1,027,086	1,287,626	792,745	1,153,436	1,552,723	393,458	1,470,305	1,440,076	423,687
Mental Health Subaccount, Sales Tax Acct	-	701,586	701,586	-	1,104,800	1,104,800	-	1,164,436	1,164,436	-
Mexican Amer Vet's Memrl Beautif/Enhance	107	3	89	21	447	468	-	424	423	1

**SCHEDULE 10 -- Continued**  
**SUMMARY OF FUND CONDITION STATEMENTS**  
(Dollars In Thousands)

Fund	Reserves June 30, 2010	Actual Revenues 2010-11	Actual Expenditures 2010-11	Reserves June 30, 2011	Estimated Revenues 2011-12	Estimated Expenditures 2011-12	Reserves June 30, 2012	Estimated Revenues 2012-13	Estimated Expenditures 2012-13	Reserves June 30, 2013
Mine Reclamation Account	2,782	3,638	3,957	2,463	4,160	4,296	2,327	4,160	4,341	2,146
Missing Persons DNA Data Base Fund	4,225	3,176	3,021	4,380	-710	3,312	358	3,290	3,357	291
Mobilehome Manufactured Home Revolv Fd	2,394	19,238	15,459	6,173	18,813	17,066	7,920	18,813	17,712	9,021
Mobilehome Park Revolving Fund	1,803	6,828	5,230	3,401	6,794	6,655	3,540	6,794	6,927	3,407
Motor Carriers Safety Improvement Fund	3,613	1,598	1,482	3,729	1,443	2,075	3,097	1,443	2,106	2,434
Motor Vehicle Account, STF	440,299	2,220,103	2,387,126	273,276	2,911,245	2,757,295	427,226	2,859,707	2,781,603	505,330
Motor Vehicle Fuel Account, TTF	39,237	83,300	25,996	96,541	23,711	28,341	91,911	-62,480	29,431	-
Motor Vehicle Insurance Account, State	26,488	22,107	21,161	27,434	12,500	27,405	12,529	27,000	27,130	12,399
Motor Vehicle License Fee Account, TTF	-19,596	458,236	444,006	-5,366	49,224	43,640	218	25,346	25,328	236
Motor Vehicle Parking Facil Moneys Acct	583	3,054	2,905	732	3,302	3,490	544	3,469	3,382	631
Narcotic Treatment Program Licensing Trt	624	1,317	940	1,001	1,314	1,342	973	1,354	1,371	956
Native Species Conserv & Enhancement Acc	274	112	-	386	113	-	499	114	-	613
Natural Gas Subaccount, PIRD&D Fund	20,845	23,562	21,125	23,282	24,262	44,906	2,638	24,262	24,028	2,872
Naturopathic Doctor's Fund	188	204	112	280	212	141	351	239	174	416
New Motor Vehicle Board Account	1,589	1,135	1,454	1,270	1,191	2,019	442	1,495	1,635	302
Nondesignated Public Hospital Supplementl	908	9	-757	1,674	3	1,487	190	2	-	192
Nondrug Medi-Cal Substance Abuse Tretmnt	-	-	-	-	20,533	20,533	-	20,533	20,533	-
Nontoxic Dry Cleaning Incentive Trst Fd	1,011	198	194	1,015	500	660	855	500	619	736
Nuclear Planning Assessment Special Acct	655	5,075	5,132	598	5,636	5,595	639	5,658	5,683	614
Nursing Home Admin St Lic Exam Fund	404	357	272	489	384	364	509	384	330	563
Occupancy Compliance Monitoring Account	58,220	-18,392	2,529	37,299	-14,123	3,284	19,892	4,083	3,673	20,302
Occupational Lead Poisoning Prev Account	4,201	3,080	3,637	3,644	3,100	4,110	2,634	3,100	4,031	1,703
Occupational Safety and Health Fund	27,159	32,557	30,370	29,346	33,120	40,811	21,655	44,120	40,207	25,568
Occupational Therapy Fund	1,028	973	1,107	894	1,598	1,438	1,054	1,002	1,368	688
Off Highway License Fee Fund	1,444	2,432	2,209	1,667	2,405	2,400	1,672	2,405	2,400	1,677
Off-Highway Vehicle Trust Fund	146,637	66,041	81,127	131,551	75,719	140,000	67,270	75,719	100,923	42,066
Oil Spill Prevention & Administration Fd	10,968	30,818	33,362	8,424	36,512	36,423	8,513	41,006	42,664	6,855
Oil Spill Response Trust Fund	54,449	-39,516	2,688	12,245	520	2,000	10,765	403	2,000	9,168
Oil, Gas and Geothermal Administrative	4,021	25,286	22,918	6,389	29,062	29,064	6,387	29,968	34,661	1,694
Olympic Training Account,California	25	65	54	36	-	-	36	-	-	36
Optometry Fund, State	1,226	1,648	1,360	1,514	664	1,561	617	1,671	1,717	571
Osteopathic Medical Bd of Calif Contn Fd	4,204	1,443	1,237	4,410	77	1,986	2,501	1,672	1,775	2,398
Other - Unallocated Special Funds	-	-841	-33,816	32,975	11,475	-15,334	59,784	11,475	84,197	-12,938
Outpatient Setting Fd of Medical Board	260	1	-	261	2	28	235	61	27	269
Parks and Recreation Fund, State	19,006	127,205	114,479	31,732	125,549	141,561	15,720	125,549	132,665	8,604
Payphone Service Providers Committee Fd	220	1	2	219	-	72	147	-	72	75
Peace Officers' Training Fund	24,173	50,987	54,262	20,878	49,458	58,859	11,477	48,397	59,142	732
Pedestrian Safety Account, STF	10	-	-	10	1,859	-	1,869	7	-	1,876
Penalty Acct, Ca Bev Container Recyc Fd	4,462	1,712	-	6,174	212	-	6,386	212	-	6,598
Perinatal Insurance Fund	14,103	50,798	50,927	13,974	54,413	58,694	9,693	49,389	59,063	19
Pesticide Regulation Fund, Dept of	14,451	70,227	69,431	15,247	72,877	76,360	11,764	75,965	78,304	9,425
Pharmacy Board Contingent Fund	12,293	12,133	10,748	13,678	12,033	14,227	11,484	12,016	15,063	8,437
Physician Therapy Fund	1,996	3,110	2,699	2,407	1,668	3,168	907	3,185	3,227	865
Physician Assistant Fund	2,102	1,301	1,229	2,174	-119	1,363	692	1,439	1,425	706
Physician Svc Acct, Cig & Tob Pr Surtax	3,439	-791	-	2,648	-1,942	105	601	-491	105	5

**SCHEDULE 10 -- Continued**  
**SUMMARY OF FUND CONDITION STATEMENTS**  
(Dollars in Thousands)

Fund	Reserves June 30, 2010	Actual Revenues 2010-11	Actual Expenditures 2010-11	Reserves June 30, 2011	Estimated Revenues 2011-12	Estimated Expenditures 2011-12	Reserves June 30, 2012	Estimated Revenues 2012-13	Estimated Expenditures 2012-13	Reserves June 30, 2013
Pierce's Disease Management Account	20,156	1,896	8,065	13,987	2,928	9,808	7,107	2,928	6,505	3,530
Pilot Commissioners' Special Fd, Board	1,258	3,461	1,752	2,967	1,738	2,189	2,516	1,738	2,229	2,025
Podiatric Medicine Fund, Board of	1,008	883	1,035	856	883	1,210	529	880	1,403	6
Pressure Vessel Account	-72	3,820	3,516	232	4,760	4,821	171	5,460	5,045	586
Private Hospital Supplemental Fund	50,775	402	-16,850	68,027	-12,580	15,732	39,715	-12,413	218	27,084
Private Investigator Fund	1,786	728	828	1,686	-761	651	274	716	654	336
Private Postsecondary Education Admin Fd	1,397	8,411	3,399	6,409	6,019	7,862	4,566	9,100	8,265	5,401
Private Security Services Fund	8,468	10,594	9,382	9,680	5,780	10,650	4,810	10,042	11,298	3,554
Professional Engineer & Land Surveyor Fd	5,649	9,026	8,968	5,707	5,121	10,478	350	9,436	9,338	448
Professional Fiduciary Fund	-75	183	271	-163	494	305	26	574	410	190
Professional Forester Registration Fund	596	105	186	515	123	228	410	119	226	303
Propane Safety Insp/Enforcmt Prog Trust	25	69	-	94	-	-	94	-	-	94
Property Acquisition Law Money Account	1,890	2,231	2,466	1,655	5,291	4,834	2,112	3,270	3,230	2,152
Psychiatric Technicians Account	1,959	1,709	1,735	1,933	1,696	2,553	1,076	1,690	2,172	594
Psychology Fund	3,359	3,473	2,720	4,112	3,365	4,268	3,209	3,354	4,435	2,128
Pub Sch Ping Desgn & Constr Rev Revlv Fd	18,501	35,982	42,223	12,260	46,720	52,869	6,111	46,736	52,846	1
Pub Utilities Comm.Uilities Reimb Acct	23,613	60,884	80,489	4,008	93,678	86,923	10,763	93,678	92,018	12,423
Public Beach Restoration Fund	155	6,500	6,498	157	1,140	1,140	157	350	350	157
Public Hospital Invest Improve Incentive	-	432,912	415,239	17,673	485,000	485,000	17,673	690,000	690,000	17,673
Public Int Res, Dev & Demonstratrn Progrm	96,602	61,602	67,448	90,756	25,700	57,118	59,338	-9,650	21,651	28,037
Public Res Acct, Cig & Tob Pr Surtax	4,013	13,867	15,944	1,936	13,396	14,414	918	12,981	13,237	662
Public Rights Law Enforcement Special Fd	5,696	305	466	5,535	3,020	5,845	2,710	4,010	5,807	913
Public Transportation Account, STF	578,236	173,798	292,586	459,448	615,288	719,067	355,669	669,182	610,258	414,593
Public Util Comm Transport Reimb Acct	2,054	12,607	10,124	4,537	10,746	10,995	4,288	10,746	11,936	3,098
Public Works Enforcement Fund, State	179	1	63	117	8,637	8,006	748	8,637	8,115	1,270
PET Processing Fee Acct, Bev Cont Rec Fd	-2,394	52,906	49,176	1,336	32,856	32,986	1,206	32,857	32,896	1,167
PUC Ratepayer Advocate Account	3,049	23,894	22,974	3,969	23,909	23,187	4,691	23,909	23,523	5,077
Radiation Control Fund	7,723	20,939	20,939	7,723	22,241	22,311	7,653	22,241	23,278	6,616
Real Estate Appraisers Regulation Fund	7,075	3,528	4,062	6,541	2,456	4,914	4,083	3,375	5,034	2,424
Real Estate Fund	27,964	45,953	43,726	30,191	46,774	47,354	29,611	45,024	46,826	27,809
Recreational Health Fund	72	181	-	253	326	238	341	326	237	430
Recycling Market Development Rev Loan	10,604	1,022	865	10,761	996	4,161	7,596	996	4,011	4,581
Reg Environmental Health Specialist Fd	631	327	335	623	398	404	617	398	414	601
Registered Nurse Education Fund	3,043	1,709	2,012	2,740	1,727	2,228	2,239	1,727	2,424	1,542
Registered Nursing Fund, Board of	15,441	24,331	28,602	11,170	17,283	27,403	1,050	28,640	29,492	198
Registry of Charitable Trusts Fund	3,189	3,385	2,612	3,962	738	2,895	1,805	3,425	2,952	2,278
Removal & Remedial Action Acct	6,021	3,126	2,772	6,375	4,150	3,185	7,340	4,130	3,350	8,120
Renewable Energy Resources Dev Trust Fnd	5,952	44	-	5,996	5,044	-	11,040	-4,955	-	6,085
Renewable Resource Trust Fund	139,192	28,680	54,407	113,465	35,989	106,730	42,724	77,009	112,567	7,166
Research & Devel Acct, Child & Fam Trust	53,658	14,461	50,160	17,959	13,775	13,775	17,959	13,338	13,338	17,959
Research Acct, Cig & Tob Pr Surtax	25,873	16,580	17,399	25,054	16,109	17,918	23,245	15,694	19,287	19,652
Residential & Outpatient Prog Lic Fund	4,518	3,054	4,137	3,435	3,141	4,413	2,163	2,918	4,546	535
Respiratory Care Fund	1,968	2,532	2,323	2,177	2,582	3,056	1,703	2,620	3,158	1,165
Responsibility Area Fire Prevention Fund	-	-	-	-	84,400	50,000	34,400	84,400	84,876	33,924
Restitution Fund	38,106	114,060	123,757	28,409	111,304	120,446	19,267	109,854	120,749	8,372

**SCHEDULE 10 -- Continued**  
**SUMMARY OF FUND CONDITION STATEMENTS**  
(Dollars in Thousands)

Fund	Reserves June 30, 2010	Actual Revenues 2010-11	Actual Expenditures 2010-11	Reserves June 30, 2011	Estimated Revenues 2011-12	Estimated Expenditures 2011-12	Reserves June 30, 2012	Estimated Revenues 2012-13	Estimated Expenditures 2012-13	Reserves June 30, 2013
Retail Food Safety and Defense Fund	20	2	1	21	20	23	18	20	21	17
Rigid Container Account	233	-	38	195	162	167	190	162	162	190
Rural CUPA Reimbursement Account	1,309	-	-	1,309	-1,300	1	8	-	-	8
Safe Drinking Water and Toxic Enforcement	6,885	2,286	3,616	5,555	1,530	4,377	2,708	1,530	2,264	1,974
Safe Drinking Water Account	6,402	12,872	11,733	7,541	13,411	13,286	7,666	13,892	13,276	8,282
Sale of Tobacco to Minors Control Acct	2,201	496	92	2,605	507	482	2,630	507	2,500	637
Salmon & Steelhead Trout Restoration Acc	156	-	-	156	-	-	156	-	-	156
San Fran Bay Area Conservancy Prog Acct	481	2	-	483	2	434	51	3	3	54
San Joaquin River Conservancy Fund	576	307	66	817	300	122	995	300	125	1,170
Satellite Wagering Account	988	1	12	977	1	487	491	1	489	3
Schl Dist Acct, Volgrd Strg Trnk Clmp Fnd	3,232	10,027	3,872	9,387	10,020	13,225	6,182	20	-	6,202
School Facilities Fee Assistance Fund	890	-876	-	14	-	-	14	-	-	14
School Fund, State	457	55,116	55,218	355	55,116	55,218	253	55,116	55,218	151
School Land Bank Fund	1,839	75	26	1,888	8,013	290	9,611	9	983	8,637
Self-Insurance Plans Fund	4,581	3,297	2,999	4,879	2,220	3,751	3,348	2,320	3,828	1,840
Senate Operating Fund	308	-	-	308	-	-	308	-	-	308
Sexual Habitual Offender, DOJ	2,309	1,755	2,049	2,015	1,695	2,198	1,512	1,695	2,294	913
Sexual Predator Public Information Acct	366	108	82	392	151	171	372	151	181	342
Site Operation and Maintenance Account	938	1	225	714	1	416	299	214	413	100
Site Remediation Account	19,956	8,043	10,653	17,346	9,124	26,369	101	10,735	10,734	102
Skilled Nursing Facility Quality & Acct	-2	2	-1,252	1,252	1,502	-2,350	5,104	1,502	472	6,134
Social Services Subaccount, Sales Tx Acc	-	1,328,074	1,328,074	-	1,441,440	1,441,440	-	1,633,497	1,633,497	-
Soil Conservation Fund	1,269	99	1,144	224	510	687	47	1,510	1,489	68
Solid Waste Disposal Site Cleanup Tr. Fd	1,402	7,533	5,545	3,390	5,047	5,647	2,790	5,047	5,616	2,221
Speech-Language Pathology Audio Hearing	1,338	760	713	1,405	-6	974	425	1,957	1,888	494
State Court Facilities Construction Fund	328,412	114,376	65,734	377,054	-289,900	73,351	13,803	130,100	72,992	70,911
Strong-Motion Instrumnt & Seismic Mapping	10,022	4,292	5,087	9,227	5,050	8,570	5,707	5,500	8,820	2,387
Structural Pest Cntrl Educ&Enforcemnt Fd	581	341	382	540	328	389	479	328	393	414
Structural Pest Control Fund	744	3,608	3,649	703	4,023	4,145	581	4,023	4,269	335
Structural Pest Control Research Fund	247	124	319	52	122	-	174	122	3	293
Surface Impoundment Assessment Account	3	-	-	3	-	-	3	-	-	3
Surface Mining and Reclamation Account	1,710	2,000	1,999	1,711	2,001	2,222	1,490	2,001	2,259	1,232
Tax Credit Allocation Fee Account	39,684	-20,569	2,824	16,291	-8,419	2,297	5,575	4,591	2,288	7,878
Teacher Credentials Fund	3,220	12,344	14,377	1,187	13,903	15,090	-	14,685	14,670	15
Technical Assistance Fund	-414	20,500	20,086	-	21,337	20,583	754	21,337	22,091	-
Teleconnect Fd Admin Comm Fd, Cal	74,429	37,200	67,147	44,482	59,286	75,101	28,667	83,695	92,242	20,120
Telephone Medical Advice Services Fund	564	238	110	692	97	147	642	233	154	721
Test Development and Admin Acct, Tc Fd	4,583	4,245	4,811	4,017	1,831	4,675	1,173	4,207	4,213	1,167
Tire Recycling Management Fund, Calif	50,012	27,708	42,519	35,201	34,055	39,343	29,913	34,350	31,659	32,604
Tissue Bank License Fund	1,538	584	339	1,783	621	504	1,900	636	515	2,021
Toxic Substances Control Account	46,491	40,768	52,248	35,011	42,813	58,315	19,509	40,741	58,202	2,048
Traffic Congestion Relief Fund	186,133	145,815	97,776	234,172	83,416	104,065	213,523	83,416	91,136	205,803
Transcript Reimbursement Fund	724	2	176	550	304	314	540	304	315	529
Transportation Debt Service Fund	-	714,943	714,943	-	664,493	664,493	-	703,336	703,336	-
Transportation Deferred Investment Fund	97,239	-83,416	-83,416	97,239	-83,416	-83,416	97,239	-83,416	-83,416	97,239

**SCHEDULE 10 -- Continued**  
**SUMMARY OF FUND CONDITION STATEMENTS**  
(Dollars in Thousands)

Fund	Reserves June 30, 2010	Actual Revenues 2010-11	Actual Expenditures 2010-11	Reserves June 30, 2011	Estimated Revenues 2011-12	Estimated Expenditures 2011-12	Reserves June 30, 2012	Estimated Revenues 2012-13	Estimated Expenditures 2012-13	Reserves June 30, 2013
Transportation Investment Fund	629,777	-	80,706	549,071	-	-	549,071	-	-	549,071
Transportation Rate Fund	1,039	1,936	2,130	845	2,428	2,669	604	2,428	2,705	327
Traumatic Brain Injury Fund	756	1,045	1,018	783	965	1,176	572	936	1,168	340
Travel Seller Fund	2,307	672	954	2,025	699	1,387	1,337	695	1,403	629
Trial Court Improvement Fund	23,649	58,820	43,935	38,534	49,121	67,248	20,407	47,577	59,235	8,749
Trial Court Security Account, LRF 2011	-	-	-	-	496,429	496,429	-	496,429	496,429	-
Trial Court Trust Fund	88,641	1,493,434	1,509,156	72,919	1,636,883	1,649,913	59,889	1,455,324	1,467,818	47,395
Umbilical Cord Blood Collection Program	-	1,222	-	1,222	2,500	3,722	-	3,000	3,000	-
Unallocated Acct, Cig & Tob Pr Surtax	1,537	47,031	38,004	10,564	43,581	49,205	4,940	46,854	49,388	2,406
Unallocated Acct, Child & Families Trust	29,216	9,639	33,344	5,511	9,152	9,152	5,511	8,861	8,861	5,511
Underground Storage Tank Cleanup Fund	116,624	303,570	304,648	115,546	307,058	328,680	93,924	317,058	334,122	76,860
Underground Storage Tank Fund	116	-	-	116	-	-	116	-	-	116
Underground Storage Tank Tester Account	134	42	35	141	21	62	100	26	62	64
Undistributed Account, LRF 2011	-	-	-	-	1,219,583	1,219,583	-	180,052	180,052	-
Undrgrnd Strg Trnk Prflm Cnt Orphn St Clin	25,969	10,146	7,669	28,446	10	15,760	12,696	10	-	12,706
Unfair Competition Law Fund	3,663	6,191	8,729	1,125	9,004	9,788	341	11,001	10,560	782
Unified Program Account	9,877	7,881	5,929	11,829	-1,199	7,245	3,385	7,501	7,297	3,589
Universal Lifeline Telpne Svc Trst Admin	294,782	218,520	207,565	305,737	249,437	368,436	186,738	201,555	355,367	32,926
Unlawful Sales Reduction Fund	102	1	-	103	1	-	104	1	-	105
Upper Newport Bay Ecological Maint&Presv	54	-	36	18	-	18	-	-	-	-
Used Oil Recycling Fund, California	7,350	24,495	22,881	8,964	24,549	24,869	8,644	26,863	24,916	10,591
Vectorborne Disease Account	240	115	94	261	121	99	283	121	124	280
Vehicle Inspection and Repair Fund	51,209	111,955	103,800	59,364	113,707	123,456	49,615	114,978	122,419	42,174
Vehicle License Collection Acct, LRF	-	14,000	14,000	-	14,000	14,000	-	14,000	14,000	-
Vehicle License Fee Account	-	1,369,450	1,369,450	-	1,369,450	1,369,450	-	1,527,469	1,527,469	-
Vehicle License Fee Growth Account	-	-	-	-	158,019	158,019	-	31,124	31,124	-
Veterans Cemetery Perpetual Maint Fd	-	-	56	-56	-	84	-140	-	80	-220
Veterans Service Office Fund	896	622	997	521	642	1,162	1	935	936	-
Veterinary Medical Board Contingent Fund	1,620	2,416	2,160	1,876	2,713	2,715	1,874	3,155	2,827	2,202
Victim - Witness Assistance Fund	16,772	17,362	16,372	17,762	5,807	16,842	6,727	16,425	16,868	6,284
Victims of Corporate Fraud Compensation	13,102	-8,460	30	4,612	1,443	2,499	3,556	1,426	1,598	3,384
Vietnam Veterans Memorial Account	4	-	-	4	-	-	4	-	-	4
Vocational Nurse Education Fund	659	187	221	625	185	232	578	185	250	513
Vocational Nursing & Psychiatric Tech Fd	6,573	9,554	7,518	8,609	9,940	11,217	7,332	9,933	10,287	6,978
Waste Discharge Permit Fund	8,701	75,494	73,421	10,774	101,347	102,768	9,353	101,347	104,412	6,288
Wastewater Operator Certification Fund	-	793	96	697	730	650	777	730	672	835
Water Device Certification Special Acct	744	288	190	822	254	267	809	259	382	686
Water Fund, California	41	-	-	41	-	-	41	-	-	41
Water Rights Fund	5,681	8,641	8,673	5,649	16,406	16,625	5,430	15,480	17,175	3,735
Waterfowl Habitat Preservation Acct, Cal	2,546	13	77	2,482	13	245	2,250	11	245	2,016
Welcome Center Fund	62	93	77	78	94	107	65	94	106	53
Wildlife Restoration Fund	11,050	330	1,719	9,661	2,305	2,506	9,460	1,790	2,696	8,554
Wine Safety Fund	180	-	1	179	-	60	119	-	-	119
Winter Recreation Fund	483	246	371	358	250	369	239	250	347	142
Women and Children's Residential Tretmnt	-	-	-	-	5,104	5,104	-	5,104	5,104	-

**SCHEDULE 10 -- Continued**  
**SUMMARY OF FUND CONDITION STATEMENTS**  
(Dollars in Thousands)

Fund	Reserves June 30, 2010	Actual Revenues 2010-11	Actual Expenditures 2010-11	Actual Expenditures 2010-11	Reserves June 30, 2011	Estimated Revenues 2011-12	Estimated Expenditures 2011-12	Reserves June 30, 2012	Estimated Revenues 2012-13	Estimated Expenditures 2012-13	Reserves June 30, 2013
Workers' Comp Administration Revolv Fund	127,522	184,689	149,506	162,705	83,365	163,136	82,934	167,477	166,866	83,545	
Workers' Compensation Managed Care Fund	632	8	25	615	8	78	545	8	78	475	
Workers' Compensation Return-to-Work Fd	468	-468	-	-	-	-	-	-	-	-	
Workers' Occupational Sfty & Health Ed	309	801	870	240	1,233	1,225	248	1,232	1,236	244	
Wtr Pltn Cntrl Rvl Fnd Smll Cmty Crnt Fd	5,678	3,450	1,000	8,128	6,639	1,000	13,767	7,639	12,000	9,406	
Yosemite Foundation Acct, ELPF	296	818	834	280	920	840	360	920	840	440	
Youthful Offender Block Grant, JJA	-	-	-	-	1,651	1,651	-	5,453	5,453	-	
2011 Realignment Mental Health	-	-	-	-	-	-	-	732,800	732,800	-	
Totals, Special Funds	\$13,227,297	\$29,014,349	\$33,432,072	\$8,809,574	\$34,673,549	\$35,587,545	\$7,895,578	\$37,725,048	\$39,824,407	\$5,796,219	
<b>GRAND TOTALS</b>	<b>\$8,208,781</b>	<b>\$122,503,226</b>	<b>\$124,981,161</b>	<b>\$5,730,846</b>	<b>\$123,279,109</b>	<b>\$122,100,163</b>	<b>\$6,909,792</b>	<b>\$133,114,333</b>	<b>\$132,377,685</b>	<b>\$7,646,440</b>	

**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)

Fund	Bond Act	Final Maturity	General Obligation Bonds					Commercial Paper		
			As of December 31, 2011	Unissued	Outstanding	Redeemed	Jan-Jun 2012	Proposed Sales Jul-Dec 2012	As of December 31, 2011	Finance Cmt. Authorization
6032	LEGISLATIVE, JUDICIAL, EXECUTIVE	2018	\$200,000	\$64,495	\$72,520	\$62,985	\$0	\$0	\$64,495	\$0
	Voting Modernization (2002)		\$200,000	\$64,495	\$72,520	\$62,985	\$0	\$0	\$64,495	\$0
	Total, Legislative, Judicial, Executive									
0703	BUSINESS, TRANSPORTATION & HOUSING	2040	\$1,990,000	\$58,000	\$984,130	\$947,870	\$0	\$0	\$42,370	\$0
0714	Clean Air & Transport Improv (1990)	2023	150,000	-	2,690	147,320	-	-	-	-
6037	Housing & Homeless (1990)	2040	2,100,000	132,535	1,617,245	350,220	54,516	-	132,535	-
6066	Housing and Emergency Shelter (2006)	2040	2,850,000	1,258,980	1,590,865	145	-	227,272	1,258,980	-
6053	Highway Safe, Traffic Red, Air Qual, Port Sec (2006)	2041	19,925,000	11,080,840	8,762,470	81,690	1,083,035	-	1,529,690	-
0756	Passenger Rail & Clean Air (1990)	2022	1,000,000	-	173,190	826,810	-	-	-	-
6043	Safe, Reliable High-Speed Passenger Train Bond Act (2008)	2040	9,950,000	9,448,725	499,285	1,990	30,487	-	38,775	-
0653	Seismic Retrofit (1986)	2038	2,000,000	-	1,415,445	584,555	-	-	-	-
	Total, Business, Transportation & Housing		\$39,965,000	\$21,979,090	\$15,045,310	\$2,940,600	\$1,168,038	\$1,549,410	\$3,002,360	\$0
0722	NATURAL RESOURCES	2027	\$370,000	\$1,100	\$16,770	\$352,130	\$0	\$0	\$0	\$0
0721	Ca Parks & Recreational Facil (1984)	2024	295,000	-	3,580	286,420	-	-	-	-
0707	Ca Safe Drinking Water (1976)	2027	195,000	2,500	196,515	196,515	-	-	-	-
0707	Ca Safe Drinking Water (1986)	2050	70,000	-	70,000	70,000	-	-	-	-
0793	Ca Safe Drinking Water (1988)	2040	75,000	-	29,635	72,575	-	-	-	-
6091	Ca Safe Drinking Water (2006)	2040	1,970,000	135,844	1,594,270	249,881	-	-	135,844	-
6091	Ca Safe Drinking Water (2006)	2040	5,388,000	2,957,710	2,417,410	12,880	36,045	-	950,000	-
0786	Ca Wildlife, Coast, & Park Land Cons (1988)	2032	776,000	7,330	154,315	614,355	-	-	-	-
0740	Clean Water (1984)	2024	325,000	-	14,710	310,290	-	-	-	-
6029	Clean Water, Clean Air, and Parks (2002)	2040	2,600,000	259,240	2,271,925	68,835	-	2,777	240,423	-
0716	Community Parklands (1986)	2022	100,000	-	3,940	96,060	-	-	-	-
6052	Disaster Prep and Flood Prevent (2006)	2041	4,090,000	1,818,652	18,423	18,423	-	211,545	655,227	-
0748	Fish & Wildlife Habitat Enhances (1984)	2033	85,000	-	6,110	78,890	-	-	-	-
0720	Lake Tahoe Acquisitions (1982)	2017	85,000	-	600	84,400	-	-	-	-
0402	Safe, Clean, Reliable Water Supply (1996)	2040	995,000	88,070	707,545	188,365	-	-	88,070	-
0005	Safe Neighborhood Parks (2000)	2040	2,100,000	85,815	1,706,795	307,390	-	-	42,060	-
0742	State Urban & Coastal Park (1976)	2029	280,000	-	5,180	274,820	-	-	-	-
0744	Water Conserv & Water Quality (1986)	2031	150,000	13,730	44,895	91,375	125	-	13,730	-
0790	Water Conserv (1988)	2036	60,000	5,235	28,570	26,195	-	-	5,235	-
	Total, Natural Resources		\$20,084,000	\$5,376,226	\$11,292,910	\$3,414,864	\$125	\$250,367	\$2,131,569	\$0
0737	ENVIRONMENTAL PROTECTION	2028	\$375,000	\$0	\$5,815	\$369,185	\$0	\$0	\$0	\$0
0764	Clean Water & Water Conserv (1978)	2029	65,000	-	28,515	36,485	-	-	-	-
6031	Water Security, Coastal & Beach Protection (2002)	2040	3,440,000	566,909	2,732,685	120,206	-	-	265,989	-
	Total, Environmental Protection		\$3,880,000	\$566,909	\$2,767,215	\$525,876	\$0	\$0	\$265,989	\$0
6046	HEALTH AND HUMAN SERVICES	2040	\$750,000	\$47,445	\$676,885	\$25,670	\$0	\$0	\$47,445	\$0
6079	Children's Hospital Projects (2004)	2040	980,000	449,240	529,025	1,735	-	-	113,890	-
	Total, Health and Human Services		\$1,730,000	\$496,685	\$1,205,910	\$27,405	\$0	\$0	\$161,335	\$0

**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)

Fund	Bond Act	Final Maturity	General Obligation Bonds				Proposed Sales		Commercial Paper	
			As of December 31, 2011	Unissued	Outstanding	Redeemed	Jan-Jun 2012	Jul-Dec 2012	As of December 31, 2011	Outstanding
	Authorized							Finance Cmte. Authorization	Total	
<b>YOUTH AND ADULT CORRECTIONAL</b>										
0711	Co Corr Facil Cap Expend (1986)	2022	\$495,000	\$0	\$28,865	\$466,135	\$0	\$0	\$0	\$0
0796	Co Corr Facil Cap Expend & Youth Facil (1988)	2030	500,000	-	111,900	388,100	-	-	-	-
0746	New Prison Construction (1986)	2034	500,000	-	13,240	486,760	-	-	-	-
0747	New Prison Construction (1986)	2030	817,000	2,165	36,410	778,425	-	-	2,165	-
0751	New Prison Construction (1990)	2029	450,000	605	45,570	403,625	-	-	307	-
	<b>Total, Youth and Adult Correctional</b>		<b>\$2,762,000</b>	<b>\$2,770</b>	<b>\$235,985</b>	<b>\$2,523,245</b>	<b>\$0</b>	<b>\$0</b>	<b>\$2,472</b>	<b>\$0</b>
<b>EDUCATION-K-12</b>										
0794	Ca Library Constr & Renov (1988)	2031	\$75,000	\$2,595	\$19,190	\$53,215	\$0	\$0	\$0	\$0
6000	Ca Library Constr & Renov (2000)	2040	350,000	7,805	286,365	55,830	2,460	-	7,805	-
0119	Class Size Reduction K-U Pub. Ed. Facil (1988) K-12	2034	6,700,000	11,860	4,771,825	1,916,215	-	-	11,860	-
0657	Public Education Facil (1996) K-12	2035	2,025,000	12,965	1,158,725	853,310	-	-	12,965	-
6036	Public Education Facil (2002) K-12	2041	11,400,000	102,340	10,229,240	1,068,420	100,000	-	102,340	-
6044	Public Education Facil (2004) K-12	2041	10,000,000	775,955	8,826,030	388,015	450,000	300,000	775,955	-
6057	Public Education Facil (2006) K-12	2041	7,329,000	2,101,655	5,215,905	11,440	450,395	635,100	2,081,655	-
0739	School Bldg & Earthquake (1974)	2026	40,000	-	19,875	20,025	-	-	-	-
0708	School Facilities (1990)	2033	800,000	-	207,205	592,795	-	-	-	-
0745	School Facilities (1992)	2036	1,900,000	10,280	743,985	1,145,735	-	-	10,280	-
0776	1988 School Facil Bond Act (Nov)	2033	800,000	2,255	56,245	741,500	-	-	2,255	-
0774	1990 School Facil Bond Act (Jun)	2033	800,000	1,125	130,200	667,675	-	-	1,125	-
0765	1992 School Facil Bond Act (Nov)	2035	900,000	1,789	352,890	545,231	-	-	1,789	-
	<b>Total, Education-K-12</b>		<b>\$43,119,000</b>	<b>\$3,031,624</b>	<b>\$32,017,970</b>	<b>\$9,069,406</b>	<b>\$1,002,855</b>	<b>\$935,100</b>	<b>\$3,009,029</b>	<b>\$0</b>
<b>HIGHER EDUCATION</b>										
0674	Class Size Reduction K-U Pub. Ed. Facil (1988) HI-Ed	2039	\$2,018,530	\$0	\$2,018,530	\$481,470	\$0	\$0	\$0	\$0
0785	Higher Education Facil (1988)	2033	600,000	-	30,445	569,555	-	-	-	-
0791	Higher Education Facil (Jun 1990)	2040	450,000	540	69,665	379,795	-	-	540	-
0705	Higher Education Facil (Jun 1992)	2040	900,000	1,305	415,975	482,720	-	-	1,305	-
0658	Public Education Facil (1996) HI-Ed	2033	975,000	17,355	619,895	337,750	-	-	17,355	-
6028	Public Education Facil (2002) HI-Ed	2039	1,650,000	-	1,527,260	122,740	-	-	-	-
6041	Public Education Facil (2004) HI-Ed	2040	2,300,000	69,794	2,139,685	90,521	7,813	-	69,794	-
6048	Public Education Facil (2006) HI-Ed	2040	3,087,000	483,700	2,601,515	1,785	7,813	-	483,700	-
6047	Stern Cell Research and Cures (2004)	2039	3,000,000	1,873,475	1,126,525	-	171,263	166,901	249,175	-
	<b>Total, Higher Education</b>		<b>\$15,462,000</b>	<b>\$2,446,169</b>	<b>\$10,549,495</b>	<b>\$2,466,336</b>	<b>\$186,889</b>	<b>\$166,901</b>	<b>\$810,419</b>	<b>\$0</b>
<b>GENERAL GOVERNMENT</b>										
0768	Earthquake Safety & Public Bldg. Rehab (1990)	2039	\$300,000	\$12,410	\$146,250	\$141,340	\$0	\$0	\$12,410	\$0
0701	Veterans' Homes (2000)	2039	50,000	975	40,345	8,680	-	-	975	-
	<b>Total, General Government</b>		<b>\$350,000</b>	<b>\$13,385</b>	<b>\$186,595</b>	<b>\$150,020</b>	<b>\$0</b>	<b>\$0</b>	<b>\$13,385</b>	<b>\$0</b>
	<b>Total, All Agencies</b>		<b>\$127,552,000</b>	<b>\$33,997,353</b>	<b>\$73,373,910</b>	<b>\$20,180,737</b>	<b>\$2,357,907</b>	<b>\$2,901,778</b>	<b>\$9,461,083</b>	<b>\$0</b>
<b>SELF-LIQUIDATING BONDS<sup>1</sup></b>										
2024	Ca Water Resources Dev (1959)	2024	\$1,750,000	\$167,600	\$385,605	\$1,196,795	\$0	\$0	\$0	\$0
2023	The Economic Recovery Bond Act	2023	15,000,000	-	6,511,555	8,488,445	-	-	-	-
2042	Veterans Bonds	2042	3,560,000	1,138,610	757,560	1,663,830	-	-	238,610	-
	<b>Total, Self-Liquidating Bonds</b>		<b>\$20,310,000</b>	<b>\$1,306,210</b>	<b>\$7,654,720</b>	<b>\$11,349,070</b>	<b>\$0</b>	<b>\$0</b>	<b>\$238,610</b>	<b>\$0</b>
	<b>Total</b>		<b>\$147,862,000</b>	<b>\$35,303,563</b>	<b>\$81,028,630</b>	<b>\$31,529,807</b>	<b>\$2,357,907</b>	<b>\$2,901,778</b>	<b>\$9,719,693</b>	<b>\$0</b>

<sup>1</sup> The California Water Resources 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)

	2010-11			2011-12			2012-13		
	General Fund	Special Funds	Total	General Fund	Special Funds	Total	General Fund	Special Funds	Total
<b>Schedule 8</b>									
Revenues and Transfers	\$93,489	\$29,014	\$122,503	\$88,606	\$34,673	\$123,279	\$95,389	\$37,725	\$133,114
Less/Add: Transfers	-1,488	1,464	-24	-1,413	1,108	-305	-841	495	-346
<b>Schedule 12B</b>									
Less: Revenues to Excluded Funds	-	-14,189	-14,189	-	-12,999	-12,999	-	-14,654	-14,654
<b>Schedule 12C</b>									
Less: Non-Tax Revenues to Included Funds	-1,993	-528	-2,521	-2,148	-497	-2,645	-2,169	-559	-2,728
<b>Schedule 12D</b>									
Add: Transfers from Other Funds to Included Funds	110	-75	35	95	-78	17	77	-72	5
<b>TOTAL, SAL REVENUES AND TRANSFERS</b>	<b>\$90,118</b>	<b>\$15,686</b>	<b>\$105,804</b>	<b>\$85,140</b>	<b>\$22,207</b>	<b>\$107,347</b>	<b>\$92,456</b>	<b>\$22,935</b>	<b>\$115,391</b>
<b>Schedule 12E</b>									
Less: Exclusions	-38,388	-5,683	-44,071	-36,937	-5,838	-42,775	-35,265	-12,487	-47,752
<b>TOTAL, SAL APPROPRIATIONS</b>			<b>\$61,733</b>			<b>\$64,572</b>			<b>\$67,639</b>
<b>CALCULATION OF LIMIT ROOM</b>									
Appropriations Limit (Sec. 12.00)			\$79,118			\$81,726			\$84,485
Less: Total SAL Appropriations			-61,733			-64,572			-67,639
Appropriation Limit Room/(Surplus)			<b>\$17,385</b>			<b>\$17,154</b>			<b>\$16,846</b>

**SCHEDULE 12B  
REVENUES TO EXCLUDED FUNDS  
(Dollars In Thousands)**

Source Code	Source	Actual 2010-11	Estimated 2011-12	Proposed 2012-13
<b>MAJOR REVENUES:</b>				
110500	Cigarette Tax	\$789,993	\$767,000	\$745,000
110900	Horse Racing Fees-Licenses	12,391	13,686	13,690
114300	Other Motor Vehicle Fees	117,906	122,874	123,445
114400	Identification Card Fees	606	606	606
115400	Mobilehome In-Lieu Tax	2,388	2,388	2,388
<b>TOTAL, MAJOR TAXES AND LICENSES</b>		<b>\$923,284</b>	<b>\$906,554</b>	<b>\$885,129</b>
<b>MINOR REVENUES:</b>				
<b>REGULATORY TAXES AND LICENSES:</b>				
120200	General Fish and Game Taxes	1,022	976	964
120300	Energy Resource Surcharge	667,905	764,518	693,018
120600	Quarterly Public Utility Commission Fees	122,595	129,057	129,057
120700	Penalties on Pub Util Comm Qtrly Fees	1	-	-
120900	Off-Highway Vehicle Fees	18,086	17,000	17,000
121000	Liquor License Fees	51,072	52,105	53,020
121100	Genetic Disease Testing Fees	113,778	116,111	119,144
121200	Other Regulatory Taxes	74,871	81,984	86,905
121300	New Motor Vehicle Dealer License Fee	1,129	1,183	1,487
121500	General Fish and Game Lic Tags Permits	90,626	91,620	95,234
121600	Duck Stamps	-	5	5
122400	Elevator and Boiler Inspection Fees	28,516	29,500	30,200
122700	Employment Agency License Fees	4,323	4,092	4,107
122900	Teacher Credential Fees	12,271	11,548	14,617
123000	Teacher Examination Fees	4,218	4,105	4,200
123100	Insurance Co License Fees & Penalties	36,534	36,127	37,245
123200	Insurance Company Examination Fees	19,524	20,206	21,928
123400	Real Estate Examination Fees	2,858	2,875	2,965
123500	Real Estate License Fees	39,377	39,645	38,742
123600	Subdivision Filing Fees	4,353	4,502	4,502
123800	Building Construction Filing Fees	6,058	5,320	5,189
124100	Domestic Corporation Fees	8,299	8,497	7,121
124200	Foreign Corporation Fees	965	988	828
124300	Notary Public License Fees	1,151	1,015	1,015
124400	Filing Financing Statements	2,191	2,191	2,191
125100	Beverage Container Redemption Fees	1,158,954	1,123,997	1,123,515
125200	Explosive Permit Fees	18	18	18
125300	Processing Fees	385	385	385
125400	Environmental and Hazardous Waste Fees	70,744	68,933	67,741
125600	Other Regulatory Fees	5,935,370	4,480,143	5,941,693
125700	Other Regulatory Licenses and Permits	432,627	458,996	472,227
125800	Renewal Fees	220,864	234,817	236,306
125900	Delinquent Fees	6,352	6,831	6,660
127100	Insurance Department Fees, Prop 103	23,758	23,800	26,293
127200	Insurance Department Fees, General	19,252	23,144	24,524
127300	Insurance Fraud Assessment, Workers Comp	47,576	47,248	49,577
127400	Insurance Fraud Assessment, Auto	46,247	46,478	46,942
127500	Insurance Fraud Assessment, General	6,508	6,235	11,992
<b>TOTAL, REGULATORY TAXES AND LICENSES</b>		<b>\$9,280,378</b>	<b>\$7,946,195</b>	<b>\$9,378,557</b>
<b>REVENUE FROM LOCAL AGENCIES:</b>				
130600	Architecture Public Building Fees	35,769	35,769	35,785
130700	Penalties on Traffic Violations	89,243	85,116	82,542
130800	Penalties on Felony Convictions	56,551	57,002	57,002
130900	Fines-Crimes of Public Offense	5,989	5,000	5,000
131000	Fish and Game Violation Fines	553	985	1,144
131100	Penalty Assessments on Fish & Game Fines	490	562	544
131300	Add'l Assmnts on Fish & Game Fines	59	65	64
131600	Fingerprint ID Card Fees	65,126	65,738	66,396
131700	Misc Revenue From Local Agencies	1,034,254	1,131,570	1,322,041
<b>TOTAL, REVENUE FROM LOCAL AGENCIES</b>		<b>\$1,288,034</b>	<b>\$1,381,807</b>	<b>\$1,570,518</b>
<b>SERVICES TO THE PUBLIC:</b>				
140600	State Beach and Park Service Fees	86,899	83,000	83,000
140900	Parking Lot Revenues	8,305	7,686	7,669
141100	Emergency Telephone Users Surcharge	86,500	83,800	81,200
141200	Sales of Documents	1,140	1,045	1,045

**SCHEDULE 12B -- Continued**  
**REVENUES TO EXCLUDED FUNDS**  
(Dollars In Thousands)

Source Code	Source	Actual 2010-11	Estimated 2011-12	Proposed 2012-13
142000	General Fees--Secretary of State	24,458	25,374	26,101
142200	Parental Fees	2,823	6,203	9,803
142500	Miscellaneous Services to the Public	79,884	90,740	87,925
143000	Personalized License Plates	56,867	56,915	57,292
<b>TOTAL, SERVICES TO THE PUBLIC</b>		<b>\$346,876</b>	<b>\$354,763</b>	<b>\$354,035</b>
<b>USE OF PROPERTY AND MONEY:</b>				
150200	Income From Pooled Money Investments	393	392	357
150300	Income From Surplus Money Investments	26,641	22,798	21,995
150400	Interest Income From Loans	3,465	3,152	4,465
150500	Interest Income From Interfund Loans	24,733	29,168	30,892
151200	Income From Condemnation Deposits Fund	-	1	-
151800	Federal Lands Royalties	60,556	62,044	62,044
152200	Rentals of State Property	8,427	9,213	9,153
152300	Misc Revenue Frm Use of Property & Money	14,868	17,135	15,940
152400	School Lands Royalties	50	72	72
<b>TOTAL, USE OF PROPERTY AND MONEY</b>		<b>\$139,133</b>	<b>\$143,975</b>	<b>\$144,918</b>
<b>MISCELLANEOUS:</b>				
160100	Attorney General Proceeds of Anti-Trust	1,700	2,000	2,200
160200	Penalties & Interest on UI & DI Contrib	101,778	99,231	96,869
160400	Sale of Fixed Assets	8,693	40,466	82,864
160600	Sale of State's Public Lands	66	8,004	-
161000	Escheat of Unclaimed Checks & Warrants	2,694	3,120	3,117
161300	Subsequent Injuries Revenue	10	-	-
161400	Miscellaneous Revenue	397,008	378,184	360,805
161800	Penalties & Intrst on Personal Income Tx	14,664	13,787	13,725
161900	Other Revenue - Cost Recoveries	102,470	98,199	98,835
162000	Tribal Gaming Revenues	40,653	40,975	40,600
163000	Settlements/Judgments(not Anti-trust)	1,222	3,342	4,342
164000	Uninsured Motorist Fees	6	-	-
164100	Traffic Violations	37,309	36,229	36,229
164200	Parking Violations	1,284	1,110	1,110
164300	Penalty Assessments	197,849	210,469	218,402
164400	Civil & Criminal Violation Assessment	175,548	182,374	163,013
164600	Fines and Forfeitures	223,654	222,032	222,032
164700	Court Filing Fees and Surcharges	618,101	639,684	689,718
164800	Penalty Assessments on Criminal Fines	286,182	285,584	285,584
164900	Donations	653	1,045	1,024
<b>TOTAL, MISCELLANEOUS</b>		<b>\$2,211,544</b>	<b>\$2,265,835</b>	<b>\$2,320,469</b>
<b>TOTAL, MINOR REVENUES</b>		<b>\$13,265,965</b>	<b>\$12,092,575</b>	<b>\$13,768,497</b>
<b>TOTALS, Revenue to Excluded Funds (MAJOR and MINOR)</b>		<b>\$14,189,249</b>	<b>\$12,999,129</b>	<b>\$14,653,626</b>

**SCHEDULE 12C**  
**NON-TAX REVENUES IN FUNDS SUBJECT TO LIMIT**  
(Dollars In Thousands)

Source Code	Source	Actual 2010-11		Estimated 2011-12		Proposed 2012-13	
		General Fund	Special Fund	General Fund	Special Fund	General Fund	Special Fund
<b>MAJOR REVENUES:</b>							
110900	Horse Racing Fees-Licenses	\$897	-	\$785	\$750	\$785	\$750
111100	Horse Racing Fines and Penalties	255	-	120	-	120	-
111300	Horse Racing Miscellaneous	5	-	5	-	5	-
114200	Driver's License Fees	-	252,985	-	207,500	-	270,500
114300	Other Motor Vehicle Fees	-	42,816	-	39,037	-	40,037
114400	Identification Card Fees	-	28,428	-	28,500	-	29,000
114500	Lien Sale Application Fees	-	2,647	-	2,674	-	2,700
<b>Total, MAJOR TAXES AND LICENSES</b>		<b>\$1,157</b>	<b>\$326,876</b>	<b>\$910</b>	<b>\$278,461</b>	<b>\$910</b>	<b>\$342,987</b>
<b>MINOR REVENUES:</b>							
<b>REGULATORY TAXES AND LICENSES:</b>							
120800	Hwy Carrier Uniform Business License Tax	140	-	153	-	153	-
120900	Off-Highway Vehicle Fees	-	6,176	-	6,000	-	6,500
121000	Liquor License Fees	-	463	-	463	-	467
122700	Employment Agency License Fees	584	-	584	-	584	-
122800	Employment Agency Filing Fees	79	-	79	-	79	-
124500	Candidate Filing Fee	291	-	675	-	275	-
125600	Other Regulatory Fees	474,877	6,424	530,700	6,488	580,559	6,553
125700	Other Regulatory Licenses and Permits	4,254	33,235	4,533	34,843	4,533	35,288
125900	Delinquent Fees	1	-	1	-	1	-
<b>Total, REGULATORY TAXES AND LICENSES</b>		<b>\$480,226</b>	<b>\$46,298</b>	<b>\$536,725</b>	<b>\$47,794</b>	<b>\$586,184</b>	<b>\$48,808</b>
<b>REVENUE FROM LOCAL AGENCIES:</b>							
130800	Penalties on Felony Convictions	5	-	5	-	5	-
130900	Fines-Crimes of Public Offense	61	-	64	-	71	-
131500	Narcotic Fines	1,976	-	1,000	-	1,000	-
131700	Misc Revenue From Local Agencies	217,783	429	250,559	430	260,478	430
131900	Rev Local Govt Agencies-Cost Recoveries	14,704	8,810	72,094	8,898	11,269	8,987
<b>Total, REVENUE FROM LOCAL AGENCIES</b>		<b>\$234,529</b>	<b>\$9,239</b>	<b>\$323,722</b>	<b>\$9,328</b>	<b>\$272,823</b>	<b>\$9,417</b>
<b>SERVICES TO THE PUBLIC:</b>							
140100	Pay Patients Board Charges	18,209	-	12,526	-	11,856	-
140900	Parking Lot Revenues	-	505	-	510	-	515
141200	Sales of Documents	107	3,187	99	3,787	100	3,818
142000	General Fees--Secretary of State	177	-	94	-	179	-
142500	Miscellaneous Services to the Public	2,713	65,334	2,094	66,000	2,093	66,500
142700	Medicare Receipts Frm Federal Government	29,118	-	16,561	-	16,188	-
143000	Personalized License Plates	-	5	-	5	-	5
<b>Total, SERVICES TO THE PUBLIC</b>		<b>\$50,324</b>	<b>\$69,031</b>	<b>\$31,374</b>	<b>\$70,302</b>	<b>\$30,416</b>	<b>\$70,838</b>
<b>USE OF PROPERTY AND MONEY:</b>							
152000	Oil & Gas Lease-1% Revenue City/County	606	-	500	-	500	-
152200	Rentals of State Property	19,681	43,369	20,041	41,969	22,218	42,487
152300	Misc Revenue Frm Use of Property & Money	4,763	9,318	5,015	20,822	5,015	20,582
152500	State Lands Royalties	377,404	-	349,507	-	353,900	-
<b>Total, USE OF PROPERTY AND MONEY</b>		<b>\$402,454</b>	<b>\$52,687</b>	<b>\$375,063</b>	<b>\$62,791</b>	<b>\$381,633</b>	<b>\$63,069</b>
<b>MISCELLANEOUS:</b>							
160400	Sale of Fixed Assets	36	364	10	-	10	-
160500	Sale of Confiscated Property	5,058	-	4,201	-	3,501	-
160700	Proceeds From Estates of Deceased Person	1,780	-	372	-	372	-
160900	Revenue-Abandoned Property	253,564	-	268,190	-	323,582	-
161000	Escheat of Unclaimed Checks & Warrants	33,489	3,988	32,301	4,991	32,212	5,112
161400	Miscellaneous Revenue	186,109	4,088	188,636	7,691	179,398	3,861
161900	Other Revenue - Cost Recoveries	35,256	167	44,251	-	52,340	-
162000	Tribal Gaming Revenues	259,326	-	258,484	-	259,000	-
163000	Settlements/Judgments(not Anti-trust)	7,969	18	1,597	18	35	18
164000	Uninsured Motorist Fees	1,570	385	1,350	389	1,150	393
164100	Traffic Violations	-	10,494	-	10,599	-	10,705
164200	Parking Violations	15,890	-	18,000	-	20,000	-
164300	Penalty Assessments	21,152	460	60,031	465	22,030	470
164400	Civil & Criminal Violation Assessment	385	3,459	267	3,493	300	3,528
164600	Fines and Forfeitures	2,928	-	2,939	-	2,939	-
164900	Donations	21	-	3	-	1	-
<b>Total, MISCELLANEOUS</b>		<b>\$824,533</b>	<b>\$23,423</b>	<b>\$880,632</b>	<b>\$27,646</b>	<b>\$896,870</b>	<b>\$24,087</b>
<b>TOTAL, MINOR REVENUES</b>		<b>\$1,992,066</b>	<b>\$200,678</b>	<b>\$2,147,516</b>	<b>\$217,861</b>	<b>\$2,167,926</b>	<b>\$216,219</b>

**SCHEDULE 12C -- Continued**  
**NON-TAX REVENUES IN FUNDS SUBJECT TO LIMIT**  
(Dollars In Thousands)

TOTALS, Non-Tax Revenue (MAJOR and MINOR)	\$1,993,223	\$527,554	\$2,148,426	\$496,322	\$2,168,836	\$559,206
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**SCHEDULE 12D  
STATE APPROPRIATIONS LIMIT  
TRANSFER FROM OTHER FUNDS TO INCLUDED FUNDS  
(Dollars In Thousands)**

	Actual 2010-11		Estimated 2011-12		Proposed 2012-13	
	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 Childhood Lead Poisoning Prevention Fund (0080) to General Fund (0001) per Item 4265-011-0080, Budget Act of 2011)	-	-	9,062	-	-	-
From Fair and Exposition Fund (0191) to General Fund (0001) (per Item 8570-011-0191, Budget Acts)	246	-	-	-	-	-
From Environmental Protection Trust Fund (0225) to General Fund (0001) per Item 3940-011-0225, Budget Act of 2010 as added by Chapter 13/2011)	1,175	-	-	-	-	-
From Business Fees Fund, Secty of State's (0228) to General Fund (0001) (per Government Code Section 12176)	4,387	-	4,331	-	918	-
From Olympic Training Account, California (0442) to General Fund (0001) (Transfer per Govt Code 7592)	14	-	92	-	92	-
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 Environmental License Plate Fund, Calif (0140) to Motor Vehicle Account, STF (0044) (per Public Resources Code Section 21191)	-	3,890	-	3,890	-	3,890
From Motor Vehicle Account, STF (0044) to General Fund (0001) per Government Code Section 16475	502	-502	300	-300	300	-300
From Motor Vehicle Account, STF (0044) to General Fund (0001) per Item 2740-011-0044, Budget Act of 2010	72,200	-72,200	-	-	-	-
From Motor Vehicle Account, STF (0044) to General Fund (0001) per Item 2740-011-0044, Budget Act of 2011	-	-	71,600	-71,600	-	-
From Motor Vehicle Fuel Account, TTF (0061) to General Fund (0001) per Revenue and Taxation Code 8352.6(a)(2)	2,499	-2,499	9,996	-9,996	9,996	-9,996
From Motor Vehicle Account, STF (0044) to General Fund (0001) per Item 2740-011-0044, Budget Act of 2012	-	-	-	-	65,800	-65,800
From Aeronautics Account STF (0041) to General Fund (0001) per Public Utilities Code 21683.3b	4,000	-4,000	-	-	-	-
<b>TOTAL TRANSFERS:</b>	<b>\$110,023</b>	<b>\$-75,311</b>	<b>\$95,381</b>	<b>\$-78,006</b>	<b>\$77,106</b>	<b>\$-72,206</b>

**SCHEDULE 12E  
STATE APPROPRIATIONS LIMIT  
EXCLUDED APPROPRIATIONS  
(Dollars in Millions)**

	Fund	Actual 2010-11	Estimated 2011-12	Proposed 2012-13
<b>DEBT SERVICE:</b>				
9600 Bond Interest and Redemption (9600-510-0001)	General	\$4,747	\$4,649	\$4,612
(9600-511-3107)	Special	653	609	635
9618 Economic Recovery Bond Debt Service	Special	1,263	1,341	1,465
<b>TOTAL -- DEBT SERVICE</b>		<u>\$6,663</u>	<u>\$6,599</u>	<u>\$6,712</u>
<b>QUALIFIED CAPITAL OUTLAY:</b>				
Various (Ch. 3 Except DOT)	General	\$28	\$34	\$109
Various (Ch. 3 Except DOT)	Special	26	75	17
Various Qualified Capital Outlay	General	207	172	170
Various Qualified Capital Outlay	Special	132	150	9
Lease-Revenue Bonds (Capital Outlay)	General	590	621	682
Lease-Revenue Bonds (Capital Outlay)	Special	31	27	30
<b>TOTAL -- CAPITAL OUTLAY</b>		<u>\$1,014</u>	<u>\$1,079</u>	<u>\$1,017</u>
<b>SUBVENTIONS:</b>				
6110 K-12 Apportionments (6110-601-0001)	General	\$18,553	\$17,693	\$16,252
6110 K-12 Apportionments (6110-601-3207)	Special	0	0	5,849
6110 K-12 Supplemental Instruction (6110-104/664/657-0001)	General	336	336	336
6110 K-12 Class Size Reduction (6110-234/629/630-0001)	General	976	1,325	1,326
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	212	158	180
State Subventions Not Counted in Schools' Limit <sup>1/</sup>	General	-16	-16	-843
6110 County Offices (6110-608-0001)	General	213	192	122
6110 County Offices (6110-608-3207)	Special	0	0	58
6870 Community Colleges (6870-101/103-0001)	General	3,893	3,363	3,836
6870 Community Colleges (6870-101-3207)	Special	0	0	730
<b>SUBVENTIONS -- EDUCATION</b>		<u>\$24,568</u>	<u>\$23,452</u>	<u>\$28,247</u>
5195 1991 State-Local Realignment Vehicle License Collection Account	Special	\$14	\$14	\$14
Vehicle License Fees	Special	1,369	1,527	1,558
5196 2011 State-Local Realignment Vehicle License Fees	General	0	462	496
9100 Tax Relief (9100-101-0001, Programs 60, 90)	General	442	435	439
9350 Shared Revenues (9430-640-0064)	Special	118	0	0
(9430-601-0001) Trailer VLF GF backfill (Shared Rev.)	General	26	23	25
<b>SUBVENTIONS -- OTHER</b>		<u>\$1,969</u>	<u>\$2,461</u>	<u>\$2,532</u>
<b>COURT AND FEDERAL MANDATES:</b>				
Various Court and Federal Mandates (HHS)	General	\$3,824	\$3,433	\$3,514
Various Court and Federal Mandates	General	3,956	3,656	3,608
Various Court and Federal Mandates	Special	207	211	213
<b>TOTAL -- MANDATES</b>		<u>\$7,987</u>	<u>\$7,300</u>	<u>\$7,335</u>
<b>PROPOSITION 111:</b>				
Motor Vehicle Fuel Tax: Gasoline	Special	1,326	1,316	1,340
Motor Vehicle Fuel Tax: Diesel	Special	244	253	260
Weight Fee Revenue	Special	300	315	309
<b>TOTAL -- PROPOSITION 111</b>		<u>\$1,870</u>	<u>\$1,884</u>	<u>\$1,909</u>
<b>TOTAL EXCLUSIONS:</b>				
<i>General Fund</i>		<u>\$44,071</u>	<u>\$42,775</u>	<u>\$47,752</u>
<i>Special Funds</i>		<u>\$38,388</u>	<u>\$36,937</u>	<u>\$35,265</u>
		<u>\$5,683</u>	<u>\$5,838</u>	<u>\$12,487</u>

<sup>1/</sup> Based on latest available information to Department of Finance as of January 26, 2012.

# 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. Funds may also be administratively abolished by the Department of Finance with the concurrence of the State Controller's Office. 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. (GC 13306.)

## **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. (Also see "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 unanticipated cost 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 (Expenditures by Category and Changes in Authorized Positions), corresponds with the "Total, Authorized Positions" shown in the Salaries and Wages Supplement (Schedule 7A).

For past year, authorized positions represent 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 by the State Controller per Government Code 12439, adjustments to limited term positions, and positions authorized in enacted legislation. For budget year, the number of authorized positions is the same as current year except for adjustments for any positions that have been removed due to expiring limited positions. (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.

### **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. The Budget Bill is prepared by the Department of Finance and submitted to each house of the Legislature in January (accompanying the Governor's Budget). The Budget Bill's 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 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 (usually prepared 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 in the Governor's Budget that reflects staffing changes made subsequent to the adoption of the current year budget and enacted legislation. This schedule documents changes in positions due to various reasons. Some examples are: transfers, positions established, and selected reclassifications, as well as proposed new positions included in BCPs for the current or 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 major purpose of an expenditure, such as State Operations, Local Assistance, or Capital Outlay. (*UCM*)

**Claim Schedule**

A request from a state department 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. (*SAM 8382*)

**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 section and other statutes. Section 30.00 of the annual Budget Act traditionally extends the continuous appropriations for one additional fiscal year. (*GC 13340*)

**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 succeeding 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 continuously 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.

### **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)**

Finance is delegated the responsibility for preparation of the Governor's Budget. The Director of Finance functions as the Governor's chief fiscal policy advisor. Primary functions of the department include:

- Prepare, explain, and administer the state's annual financial plan (budget), which the Governor is required under the State Constitution to present by January 10 of each year.
- Analyze legislation which has a fiscal impact.
- Establish appropriate fiscal policies to carry out the state's programs.
- Develop and maintain the California State Accounting and Reporting System (CALSTARS), which is used by most state 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 estimates.
- Develop population and enrollment estimates and projections.

- Review expenditures for information technology activities of state departments.
- Support the Director or designee in their role as member of approximately 90 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 categories or headings including definitions: Additional categories or headings may be used as needed in any particular year.

- **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/Expanded 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**

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**

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 2012 means the period beginning October 1, 2011 and ending September 30, 2012. (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 2012, this is the time period beginning July 1, 2012 and ending June 30, 2013. (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 noninstitutional) and also reviewed by the Department of Finance. (SAM 6453)

### **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**

For accounting purposes, the excess of a fund's assets over its liabilities. For budgeting purposes, the excess of a fund's resources over its expenditures.

### **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**

For legal basis accounting and budgeting purposes, 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 \$600,000, 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 or 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 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, approved 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 the appropriate costs to the correct items for their share 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 costs, paid from the General Fund and the Central Service Cost Recovery Fund (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), that are chargeable to and recovered from special funds (other than the General Fund, Central Service Cost Recovery 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 9200)

**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*) (*GC 11342* was repealed.)

**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 Controller'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 spending 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 augmentation 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 6551-6557)

**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)

**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. For the purposes of Article XIII B, state subventions include only money received by a local agency from the state, the use of which is unrestricted by the statutes providing the subvention. (GC Section 7903)

**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. 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.

**Unanticipated Cost/Funding Shortage**

A lack or shortage of (1) cash 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 Items 9840 and 9850.

**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)*). However, the Budget Bill and other bills providing for appropriations related to the Budget Bill may be passed by a majority vote to take effect immediately upon being signed by the Governor or upon a date specified in the legislation. (*Article IV § 12 (e) (1)*).

**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 8400 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