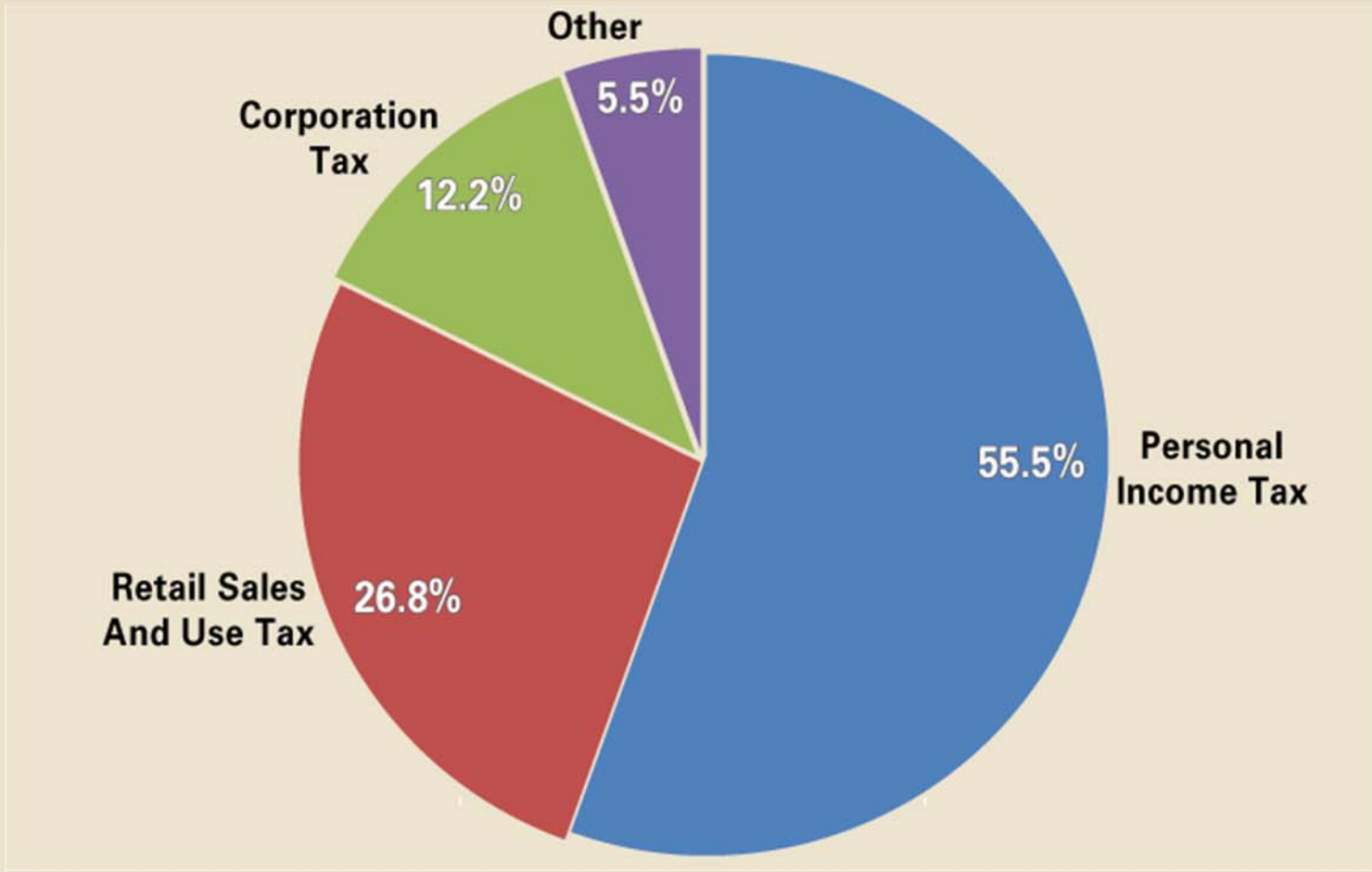




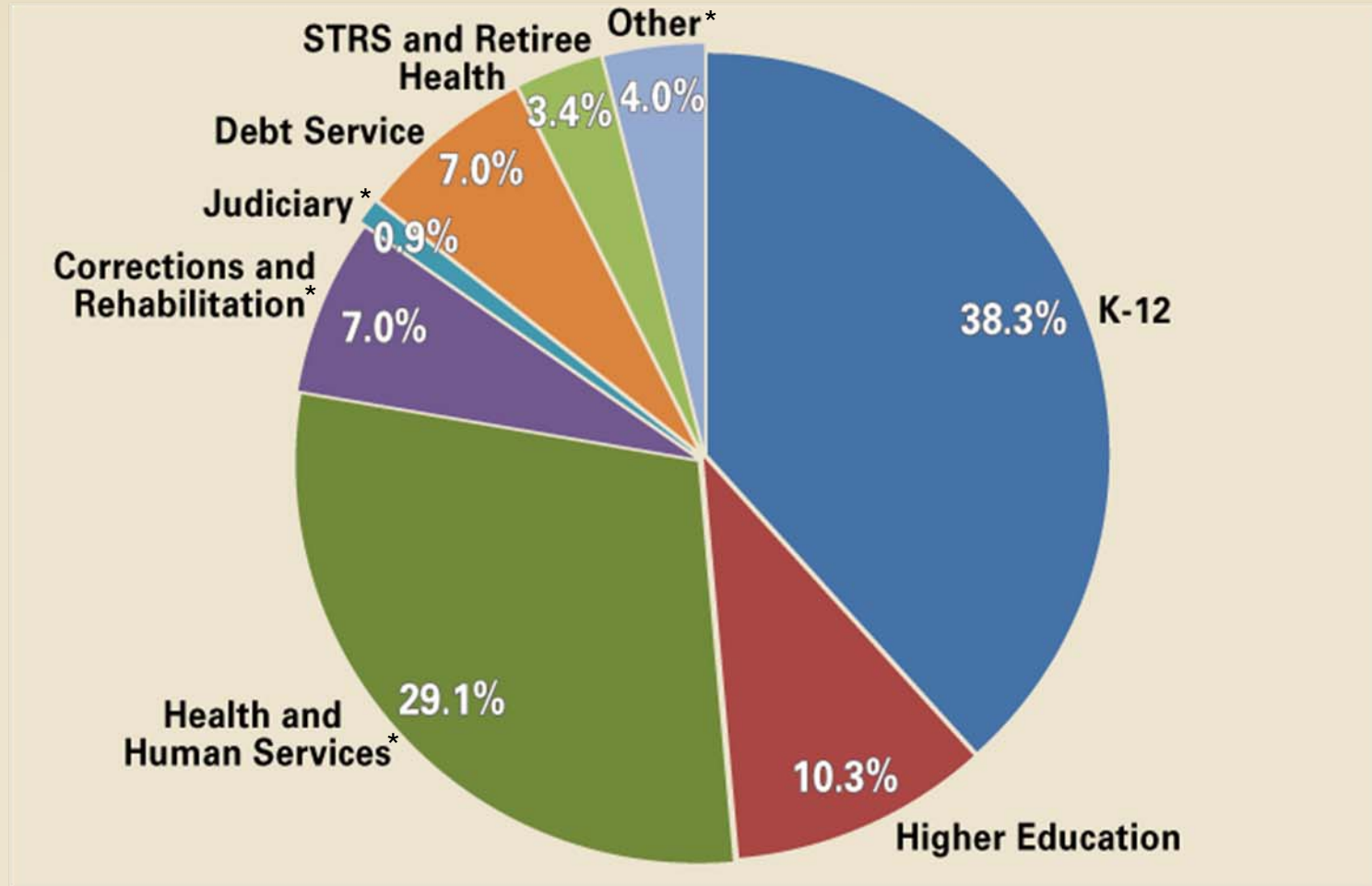
April 2011 Budget Discussion

Governor Edmund G. Brown Jr.

Where Do State General Fund Revenues Come From?



Where Do State General Fund Dollars Go?



*Includes savings due to realignment.

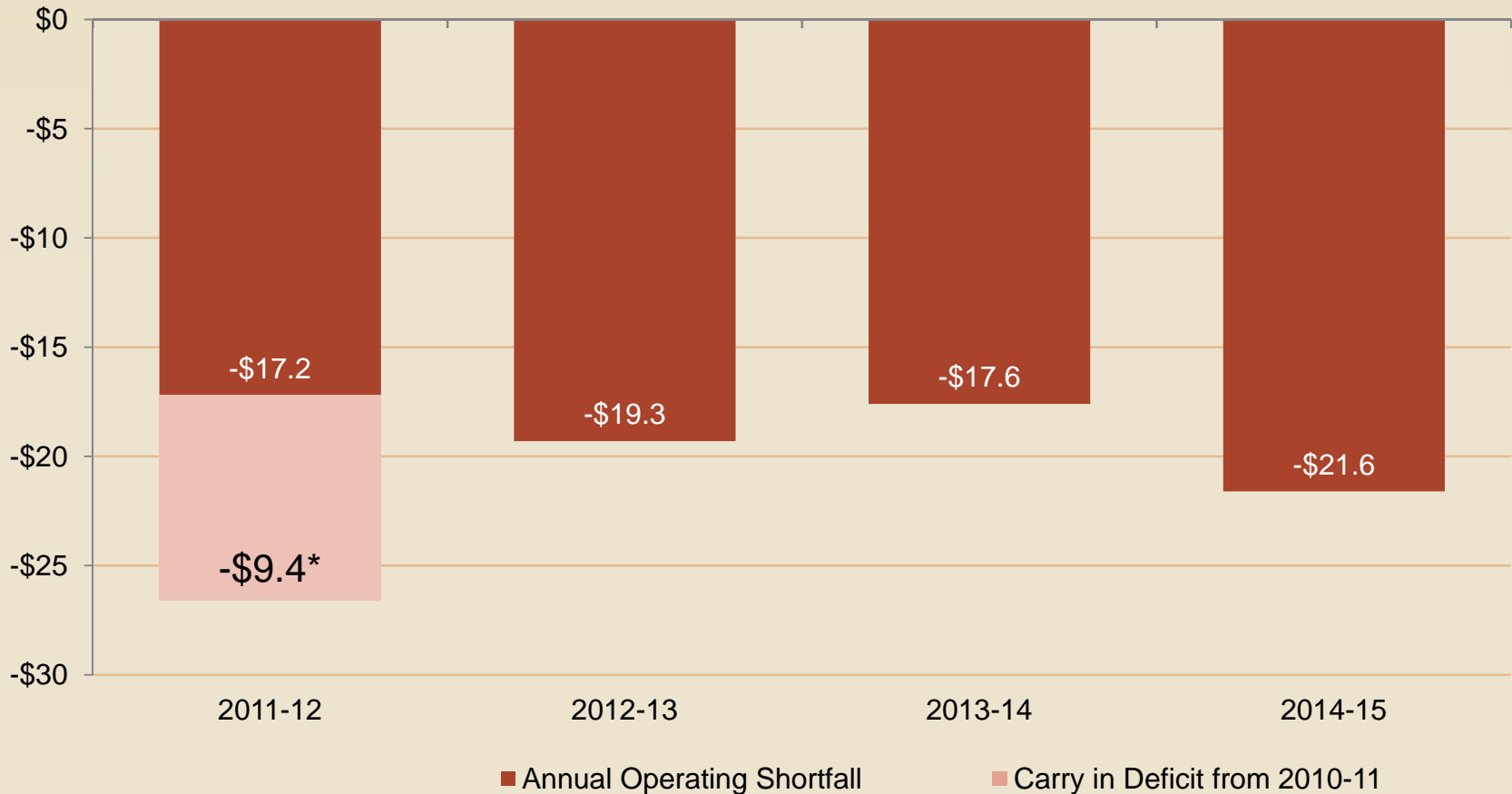
California Relied Mostly On Short-Term Solutions

| | Solutions (In Billions) | Short-Term / Did Not Materialize as a Percent of Total |
|---------|------------------------------------|---|
| 2008-09 | \$24.3 | 75% |
| 2009-10 | 60.0 | 84% |
| 2010-11 | 19.3 | 85% |

Source: Department of Finance

Absent Permanent Solutions, Deficits Will Persist for Years

General Fund (In Billions)



*Includes \$1.2 billion due to the cancellation of the Sale Leaseback transaction.

Significant Progress in Balancing the Budget

Size of the Budget Problem: \$26.6 billion

Solutions Approved by the Legislature: \$14.0 billion

Remaining Budget Problem to Solve: \$13.6 billion
(Including a \$1 billion reserve)

Education Funding Would Decline in 2011-12 Without Tax Extensions

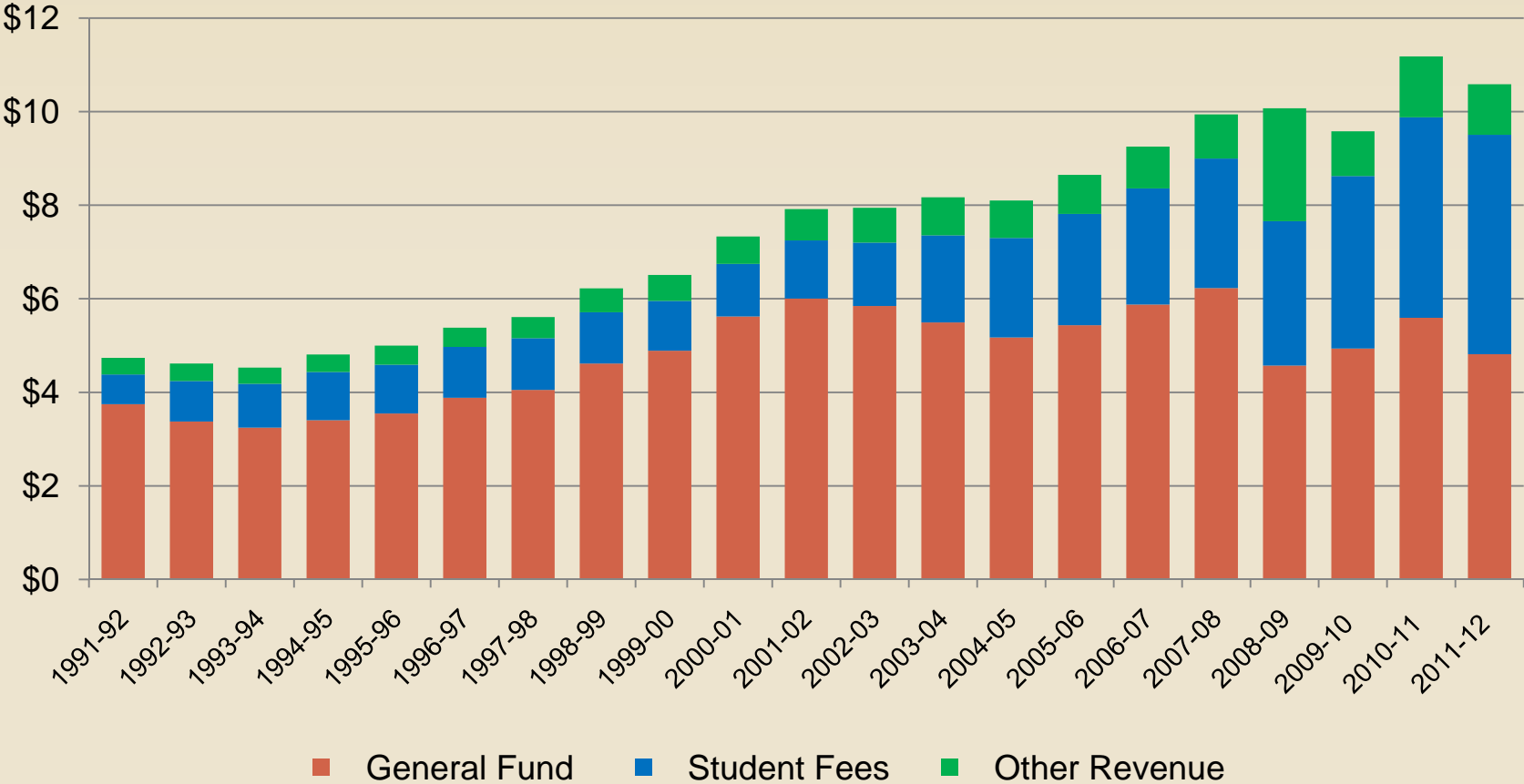
Proposition 98 Funding for K-12 and CCC
(Dollars in Billions)



* Based on LAO Proposition 98 reductions

Fees are Paying an Increasing Share of University Costs

(Dollars in Billions)



General Fund Spending (Per \$100 of Personal Income)

Would Drop to 1972-73 Level

