

THE 2001 STATE BUDGET

OVERVIEW

The 2001 State Budget Act encompasses the most significant fiscal decisions, and many of the most critical policy decisions the Legislature and the Administration will make this year. Through this one Act, literally hundreds of decisions have been made that will impact the lives of every child, adult, senior, and business in California.

Given the size, complexity and importance of the state's budget, the Assembly Budget Committee has prepared this analysis to share the most important aspects of the 2001 State Budget Act with all members of the Legislature, their staffs, and most importantly the general public.

On January 10, 2001, Governor Gray Davis introduced his proposed budget for the 2001-02 fiscal year. The proposed budget contained \$86 billion in available General Fund resources, and \$82.9 billion in General Fund expenditures. The January proposal was predicated upon economic and revenue forecasts developed during the Fall of 2000 by the Department of Finance. However, soon after the budget was released it became apparent that revenue projections would need to be revised downward.

The Governor's May Revision reduced revenue projections by \$4.2 billion, and increased required expenditures by \$1.5 billion, for a combined \$5.7 billion deterioration of the General Fund condition. Despite the constraints outlined in the Governor's May Revision, the final budget crafted by the Legislature and signed into law by the Governor on July 26, 2001, contains important investments in such areas as foster care, health access, low performing schools, before and after school programs, child care, urban parks, clean beaches, and rural communities.

In total, the 2001 State Budget Act contains expenditures of \$100.1 billion, including \$78.8 billion from the General Fund. The reserve for economic uncertainties stands at \$2.596 billion, or 3.3 percent of General Fund expenditures. In addition, the budget includes a \$100 million set-aside for litigation.

The following tables provide General Fund information, including a final General Fund summary and an update of General Fund expenditures by agency as proposed by the Governor, amended by the Legislature, and finally as signed into law by the Governor.

**2001-02 GENERAL FUND
BUDGET SUMMARY
(in millions)**

	<u>2000-01</u>	<u>2001-02</u>
Beginning Resources	\$9,139	\$7,055
Revenues and Transfers	<u>\$78,003</u>	<u>\$75,105</u>
Total Revised Resources	\$87,142	\$82,160
Expenditures	<u>\$80,087</u>	<u>\$78,763</u>
Fund Balance	\$7,055	\$3,397
Reserves:		
Liquidation of Encumbrances	\$701	\$701
Set aside for Litigation	\$7	\$100
Economic Uncertainties	\$6,347	\$2,596

General Fund Budget Amount By Agency

(in millions)				
	Governor's January 10 Budget	Governor's Revised 1999- 2000 Budget	Legislature's Final Budget	Final Budget Act
K - 12 Education	\$32,540	\$33,216	\$32,567	\$32,437
Higher Education	10,342	10,088	10,080	9,901
Health & Human Services	21,645	21,852	21,999	21,898
Youth & Adult Correctional	5,389	5,300	5,248	5,242
Resources	2,494	1,324	1,306	1,272
Environmental Protection	563	432	413	411
Legislative, Judicial & Executive	2,654	2,630	2,637	2,618
State & Consumer Services	646	593	580	580
Business, Transportation & Housing	1,870	746	742	696
Technology, Trade & Commerce	101	93	95	82
General Government	4,609	3,402	3,595	3,627