

Agenda

January 17, 2008

Room 4202, 1:30 p.m.

Overview of Governor's 2008-09 State Budget and Special Session Proposals

1. **Vince Brown, Chief Deputy Finance Director, Budget**
 - ◆ **Overview Presentation**
2. **Elizabeth Hill, Legislative Analyst**
 - ◆ **Overview Presentation**
3. **Committee Member Questions**
 - ◆ **Vince Brown and Elizabeth Hill**

Attachments for Committee Members:

- ◆ **Key Charts**
- ◆ **LAO's Overview of the Governor's Budget**
<http://www.lao.ca.gov/laoapp/main.aspx>

**VARIOUS CHARTS FOR PROPOSED BUDGET AND
GENERAL FUND SOLUTIONS**

**2008-09 General Fund Summary
(in millions)**

	2007-08	2008-09
Prior Year Balance	\$3,900	\$1,757
Revenues and Transfers	\$101,230	\$102,904
Total Resources Available	\$105,130	\$104,661
Non-Proposition 98 Expenditures	\$61,666	\$61,405
Proposition 98 Expenditures	\$41,707	\$39,593
Total Expenditures	\$103,373	\$100,998
Fund Balance	\$1,757	\$3,663
Reserve for Liquidation of Encumbrances	\$885	\$885
Final Reserve	\$872	\$2,778

**Governor's Proposal to Close the General Fund Budget Gap
(in millions)**

	2007-08	2008-09
Workload Reserve	-\$3,318	-\$14,479
Solutions:		
Sell Economic Recovery Bonds	3,313	
Skip Extra ERB Repayment		1,509
Reduce current year Proposition 98	400	
10-percent Reductions (inc suspending Prop 98)	217	9,132
Other Special Fund Reductions	200	96
FTB and BOE Enforcement Enhancements	60	329
Accounting Change for Income & Corporate taxes		2,001
Impact of 07-08 solutions on 08-09 starting reserve		4,190
Final Governor's Proposed Reserve	\$872	\$2,778

**Allocation of 10 Percent Across the Board Cuts
(in millions)**

Category	2007-08	2008-09	Total
Education (K-12)	\$0.0	\$4,357.3	\$4,357.3
Health and Human Services	\$181.1	\$2,661.2	\$2,842.3
Higher Education	\$0.0	\$1,132.9	\$1,132.9
Business, Transportation and Housing	\$.2	\$2.0	\$2.2
Legislative, Judicial, Executive	\$6.6	\$362.8	\$369.4
General Government	\$3.8	\$131.9	\$135.7
Corrections and Rehabilitation	\$17.9	\$378.9	\$396.8
Resources	\$4.2	\$89.3	\$93.5
Environmental Protection	\$1.6	\$8.3	\$9.9
State and Consumer Services	\$1.2	\$5.3	\$6.5
Labor and Workforce Development	\$.2	\$2.1	\$2.3
<i>Total</i>	\$216.6	\$9,132.1	\$9,348.7

**2008-09 General Fund Revenue Sources
(in millions)**

Source	Amount
Personal Income Tax	\$56,458
Sales Tax	\$29,215
Corporation Tax	\$11,937
Insurance Tax	\$2,276
Tobacco Taxes	\$119
Liquor Tax	\$341
Other	\$2,558
<i>Total</i>	\$102,904

**General Fund Expenditures
(in millions)**

Category	2007-08	2008-09	Change	% Change
Education (K-12)	\$42,045	\$39,411	-\$2,634	-6.3%
Health and Human Services	\$29,577,	\$29,298	-\$279	-.9%
Higher Education	\$11,803	\$11,699	-\$104	-.9%
Business, Transportation and Housing	\$1,526	\$1,680	\$154	10.1%
Legislative, Judicial, Executive	\$3,914	\$3,787	-\$127	-3.2%
General Government	\$1,816	\$2,407	\$591	32.5%
Corrections and Rehabilitation	\$10,096	\$10,268	\$172	1.7%
Resources	\$1,804	\$1,656	-\$148	-8.2%
Environmental Protection	\$91	\$86	-\$5	-5.5%
State and Consumer Services	\$597	\$608	\$11	1.8%
Labor and Workforce Development	\$104	\$98	-\$6	-5.8%
<i>Total</i>	\$103,373	\$100,998	-\$2,375	-2.3%