

July 1, 2011

Summary Tables 2011-12 Budget Package

LEGISLATIVE ANALYST'S OFFICE





Actions to Close 2011-12 Budget Gap

Two-Year General Fund Benefit (In Billions)

Expenditure-Related Actions	
Reduce Medi-Cal spending	\$2.0
Reduce UC and CSU budgets	1.4
Fund transportation debt costs and loans primarily using weight fees	1.1
Reduce Proposition 98 funding ^a	0.9
Shift Proposition 63 funds to support community mental health services	0.9
Reduce CalWORKs spending	0.8
Reduce court budget and suspend court construction projects	0.7
Implement cost-containment measures and increase federal funding for developmental services	0.6
Score savings from efficiencies in state operations and reduced employee compensation costs	0.5
Reduce In-Home Supportive Services spending	0.4
Suspend, defer, or repeal state mandates	0.3
Reduce Receiver's inmate medical care budget and other CDCR spending	0.4
Reduce SSI/SSP grants to individuals to the federal minimum	0.2
Redirect funding from the Gas Consumption Surcharge	0.2
Reduce Cal Grant program	0.2
Other expenditure reductions (net)	0.5
Total	\$11.1
Revenue Actions	
General Fund Revenue Actions	
Score additional baseline revenues	\$11.8
Adopt tax shelter amnesty	0.2
Enforce sales and use tax collection on out-of-state retailers	0.2
Extend the existing Medi-Cal hospital fee	0.2
Maintain existing revenue accrual policy	0.2
Adopt other revenue measures	0.2
Subtotal	(\$12.7)
Local Realignment Revenue Actions ^b	
Increase Vehicle Registration Fee by \$12 to fund Department of Motor Vehicles	\$0.3
Redirect Vehicle License Fee funds previously dedicated to Orange County and to cities	0.2
Subtotal	(\$0.5)
Total	\$13.2
Borrowing and Transfers	
Enact new loans, loan extensions, and transfers from special funds	\$2.5
Borrow from Disability Insurance Fund for Unemployment Insurance interest payments	0.3
Transfer tribal gaming transportation payments to the General Fund	0.1
Total	\$2.9
Grand Total, All Budget Actions	\$27.2
^a Net effect of all budget actions on the General Fund share of the minimum guarantee—including increases in baseline revenues, redirection of a portion of the state sales tax for realignment, and the shift of certain local property tax revenues from redevelopment agencies to schools.	
^b The budget package also dedicates 1.0625 percentage points of the existing state sales tax rate to pay for realignment. This revenue will be placed into a dedicated fund for local entities to use to fund services that are transferred from state to local responsibility.	



General Fund Condition

(Dollars in Millions)

	2010-11	2011-12	Percent Change
Prior-year balance	-\$4,507	-\$1,206	
Revenues and transfers	94,781	88,456	-6.7%
Total resources available	\$90,274	\$87,250	
Total expenditures	\$91,480	\$85,937	-6.1%
Fund balance	-\$1,206	\$1,313	
Encumbrances	\$770	\$770	
Reserve	-\$1,976	\$543	
Note: Department of Finance estimates.			



Total State and Federal Fund Expenditures

(Dollars in Millions)

Fund Type	Actual 2009-10	Estimated 2010-11	Enacted 2011-12	Change From 2010-11	
				Amount	Percent
General Fund	\$87,014	\$91,480	\$85,937	-\$5,543	-6.1%
Special funds	23,514	31,219	34,180	2,961	9.5
Budget Totals	\$110,528	\$122,699	\$120,117	-\$2,582	-2.1%
Selected bond funds	\$6,250	\$13,195	\$9,360	-\$3,836	-29.1%
Federal funds	89,088	91,459	79,182	-12,276	-13.4



"Trigger" Provisions

Additional Expenditure Reductions If Revenues Fall Short of Forecasts^a

General Fund Benefit (In Millions)

Tier 1 Trigger—Revenues Are Forecast to Be \$1 Billion Below Budget Act

Reduce University of California budget	\$100
Reduce California State University budget	100
Reduce funding for developmental services	100
Reduce service hours for In-Home Supportive Services (IHSS) recipients by 20 percent	100
Increase charges to counties for youthful offenders sent to CDCR facilities	72
Reduce community college funding (offset with \$10 fee increase)	30
Reduce child care funding by 4 percent	23
Reduce CDCR budget	20
Eliminate state grants for local libraries	16
Eliminate vertical prosecution grants	15
Extend Medi-Cal provider cuts and copayments to all managed care plans	15
Eliminate funding for local antifraud efforts in IHSS	10
Subtotal	(\$601)

Tier 2 Trigger—Revenues Are Forecast to Be \$2 Billion Below Budget Act

Reduce school year by seven days	\$1,540
Eliminate Home-to-School Transportation	248
Reduce community colleges budget	72
Subtotal	(\$1,860)
Total	\$2,461

^a In some cases, the Department of Finance could reduce spending by less than the amount shown.

CDCR = California Department of Corrections and Rehabilitation.



Proposition 98 Funding

Funding for K-14 Education and Child Care				
<i>(In Millions)</i>				
	2009-10 Final	2010-11 Revised	2011-12 Adopted	Change From 2010-11
K-12 Education^a				
General Fund	\$30,279	\$30,806	\$29,328	-\$1,478
Local property tax revenue	12,328	12,147	13,823	1,676
Subtotals	(\$42,606)	(\$42,953)	(\$43,151)	(\$198)
California Community Colleges				
General Fund	\$3,721	\$3,885	\$3,466	-\$419
Local property tax revenue	2,000	1,949	1,949	-1
Subtotals	(\$5,721)	(\$5,834)	(\$5,415)	(-\$419)
Child Care	\$1,454	\$915	— ^b	-\$915
Other Agencies	\$93	\$85	\$85	—
Totals, Proposition 98	\$49,874	\$49,787	\$48,651	-\$1,137
Non-Proposition 98 General Fund for child care	—	—	\$1,054	\$1,054
Totals, K-14 Education and Child Care	\$49,874	\$49,787	\$49,705	-\$83

^a Includes funding for state preschool program.

^b Budget includes \$1.1 billion in non-Proposition 98 General Fund monies.



Provides Flat Funding Year Over Year. The budget package's total funding level for K-12 education, the California Community Colleges, and child care is virtually unchanged from the current year.



Makes Various Adjustments to Proposition 98 Minimum Guarantee. The package funds at the minimum guarantee, as adjusted to account for various policy decisions. Adjustments include:

- Excluding certain state sales tax revenues dedicated to realignment from calculation of guarantee.
- Counting on a one-time basis certain local property taxes shifted from redevelopment agencies to school and community college districts in the calculation of the guarantee.



Proposition 98 Funding

(Continued)

- Holding the guarantee harmless for the change from a sales tax to an excise tax on gasoline.
- Lowering the guarantee due to removal of child care funding (except preschool).
- Increasing the guarantee due to shift of certain student mental health responsibilities to school districts.



Authorizes Additional Cuts if Revenues Fall Below Projections and Guarantee Drops.

Depending on how far revenues fall below budget projections, five Proposition 98 cuts could be triggered midyear—the largest of which is an up to \$1.5 billion reduction to school district revenue limits.



Minimum School Year Shortened if Cuts Triggered. In a corresponding trigger action, the minimum state-required length of the school year would be reduced by seven days. Districts could collectively bargain a shorter school year or accommodate the revenue limit reduction in other ways (such as reducing reserves, laying off classified staff, or reducing support services).



Oversight of District Budgets Suspended for 2011-12. The package also contains a provision requiring districts to project the same level of revenue per student in 2011-12 as in 2010-11 and “maintain staffing and program levels” commensurately. A related provision specifies that districts are not required to demonstrate they can meet their financial obligations for the two subsequent fiscal years.