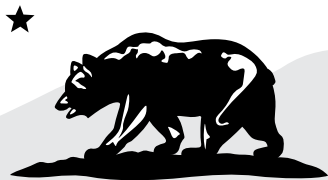


2015-16 Governor's Budget Summary

Edmund G. Brown Jr. Governor, State of California



To the California Legislature
Regular Session 2015-16



GOVERNOR
Edmund G. Brown Jr.

January 9, 2015

To the Members of the Senate and the Assembly of the California Legislature:

We have come far in the last four years. Then, the state was deeply in debt — \$26 billion and our unemployment rate was 12.1 percent. Now, the state budget, after a decade of fiscal turbulence, is finally balanced — more precariously than I would like — but balanced. California has seen more than 1.3 million new jobs created in just four years and the unemployment rate has dropped to 7.2 percent. Thanks goes to the Legislature for cutting spending, the economy for recovering and the people for voting for temporary taxes.

We also have the people to thank for Propositions 1 and 2, which save water and money and prepare us for an uncertain future. As a result, by the end of the year, we will be investing in long overdue water projects and saving \$2.8 billion in the state's new constitutionally protected Rainy Day Fund.

Soon we will make the last payment on the \$15 billion of borrowing made to cover budget deficits back to 2002. We will also repay a billion dollars borrowed from schools and community colleges and another \$533 million owed to local governments.

Over the next four years — and beyond — we must dedicate ourselves to making what we have done work, to seeing that the massive changes in education, health care, public safety and environment are actually implemented and endure. The financial promises we have already made — running into the hundreds of billions of dollars — must be honestly confronted so that they are properly accounted for and funded. The health of our state depends on it.

With respect,

Edmund G. Brown Jr.

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2015-16 BUDGET SUMMARY

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INTRODUCTION

Since 2011, the State of California's fiscal situation has dramatically turned around. When Governor Brown took office in 2011, the state faced a \$26.6 billion immediate budget problem and estimated yearly gaps between spending and revenues of roughly \$20 billion. The budget was balanced with permanent spending cuts and temporary taxes from Proposition 30.

As the state's economy has recovered, the past two budgets have restored some previous budget cuts and expanded in some areas, such as extending health care coverage to millions of Californians. In addition, the state has paid down its budgetary borrowing and addressed some long-standing problems—such as implementing a plan to restore fiscal health to teacher pensions and committing to major improvements to the state's water system.

The passage of Proposition 2 in the November election gives the state a critical opportunity to avoid repeating the boom-and-bust cycle of the past two decades. Recent budget shortfalls have been driven by making ongoing commitments based upon temporary spikes in revenues from capital gains. Under Proposition 2, these spikes in capital gains will instead be used to save money for the next recession and to pay down the state's debts and liabilities.

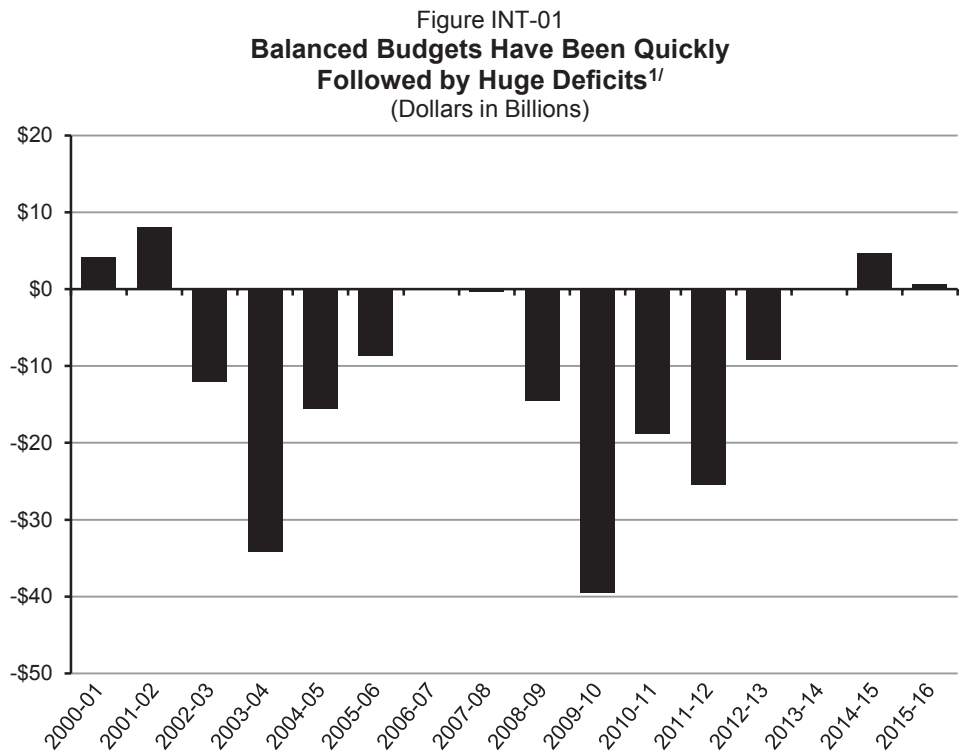
A strengthening state economy is continuing to push revenues higher. Under Proposition 98, most of those revenues are dedicated to K-12 schools and community colleges—allowing the state to invest nearly \$8 billion in new funding to better prepare

students for college and career. Rising costs from health care reform, wildfires, and the spending imposed by the prison Receiver means that—despite the stronger revenues—the Budget remains precariously balanced after paying for existing obligations.

The state continues to have hundreds of billions of dollars in existing liabilities, such as deferred maintenance on its roads and other infrastructure and its unfunded liability for future retiree health care benefits for state employees and various pension benefits. These existing liabilities must be addressed.

MAINTAINING FISCAL BALANCE IS AN ONGOING CHALLENGE

The fiscal stability from a balanced budget and a recovering state economy has been a welcome reprieve from the prior decade’s massive budget shortfalls. Yet, maintaining a balanced budget for the long term will be an ongoing challenge—requiring fiscal restraint and prudence. As shown in Figure INT-01, since 2000, the state’s short periods of balanced budgets have been followed by massive budget shortfalls.



^{1/} Budget shortfalls or surplus, measured by the annual Governor's Budget.

The Budget assumes the continued moderate expansion of the economy. Yet, economic expansions do not last forever. In the post-war period, the average expansion has been about five years. The current expansion has already exceeded the average by nine months. While there are few signs of immediate contraction, another recession is inevitable.

With a funding plan that is as complicated as California's budget, there will continue to be year-to-year fluctuations, risks, and cost pressures. The federal government's policies have added hundreds of millions of dollars in costs in the past year alone. Depending on its implementation, changes in federal immigration policy could drive state program costs up by hundreds of millions of dollars more. Responding to the impacts of climate change, such as increasingly severe wildfire seasons, will continue to get more expensive. Rising health care costs could continue to consume a greater and greater share of the budget in Medi-Cal and for state employee and retiree benefits.

This coming year will be the last one with the full revenues of Proposition 30. The quarter-cent sales tax increase under the measure will expire at the end of 2016, and the income tax rates on the state's wealthiest residents will expire at the end of 2018. As it was intended, the measure has provided the state with increased resources on a short-term basis to give the economy time to recover. Under the measure, the state has been able to restore funding for education and the safety net, expand health care coverage, and pay off its budgetary borrowing.

Still, as shown in Figure INT-02, the state has \$227 billion in long-term costs, debts, and liabilities. The vast majority of these liabilities—\$222 billion—are related to retirement costs of state and University of California employees. For the next 15 years, Proposition 2 provides a dedicated funding source to help address these liabilities, but that funding alone will not eliminate the liabilities. In addition, the state faces \$66 billion more in identified deferred maintenance on its infrastructure.

Already, the commitments that the state made in the past two years are straining the state's finances. Under a projection of current policies, the state would begin to spend more than it receives in annual revenues by 2018-19 (by about \$1 billion). While forecasts four years into the future are subject to great uncertainty (and the state would have operating reserves on hand to maintain a balanced budget in that year), it is obvious that the state cannot take on new ongoing spending commitments.

Figure INT-02

Debts and Liabilities Eligible for Accelerated Payments Under Proposition 2
(Dollars in Millions)

	Outstanding Amount at Start of 2015-16	Proposed Use of 2015-16 Accelerated Payment
Budgetary Borrowing		
Loans from Special Funds	\$3,028	\$965
Underfunding of Proposition 98—Settle-Up	1,512	256
Unpaid Mandate Claims for Local Governments (prior to 2004-05) ^{1/}	257	0
State Retirement Liabilities		
State Retiree Health	71,773	0
State Employee Pensions	49,978	0
Teacher Pensions ^{2/}	74,374	0
Judges' Pensions	3,371	0
Deferred payments to CalPERS	530	0
University of California Retirement Liabilities		
University of California Employee Pensions	7,633	0
University of California Retiree Health	14,519	0
Total	\$226,975	\$1,221

1/ Amount outstanding reflects \$533 million paid under the 2014 Budget Act trigger.

2/ The state portion of the unfunded liability for teacher pensions is \$19.932 billion.

IMPLEMENTING MAJOR INITIATIVES

Over the past four years, the state has overhauled virtually every area of government. Many of the changes were driven by the need to balance the budget, while others were done to improve services to the public. The changes focus on providing core public services in the most efficient manner possible. The difficult and time-consuming task of making these initiatives successful remains a focus of the Administration.

- **Local Control Funding Formula**—The 2013 Budget overhauled the state’s K-12 school financing system with the Local Control Funding Formula that targets the most new dollars to those districts serving English learners, students from low-income families, and youth in foster care—while giving all districts dramatically more flexibility to achieve their educational goals. The State Board of Education adopted significantly modified accountability procedures at its November 2014 meeting and will continue to review and revise spending regulations as necessary to improve student success.
- **Public Safety Realignment**—Due to overcrowding, rising costs, and a revolving door of offenders in the state’s prisons, 2011 realignment shifted more responsibility

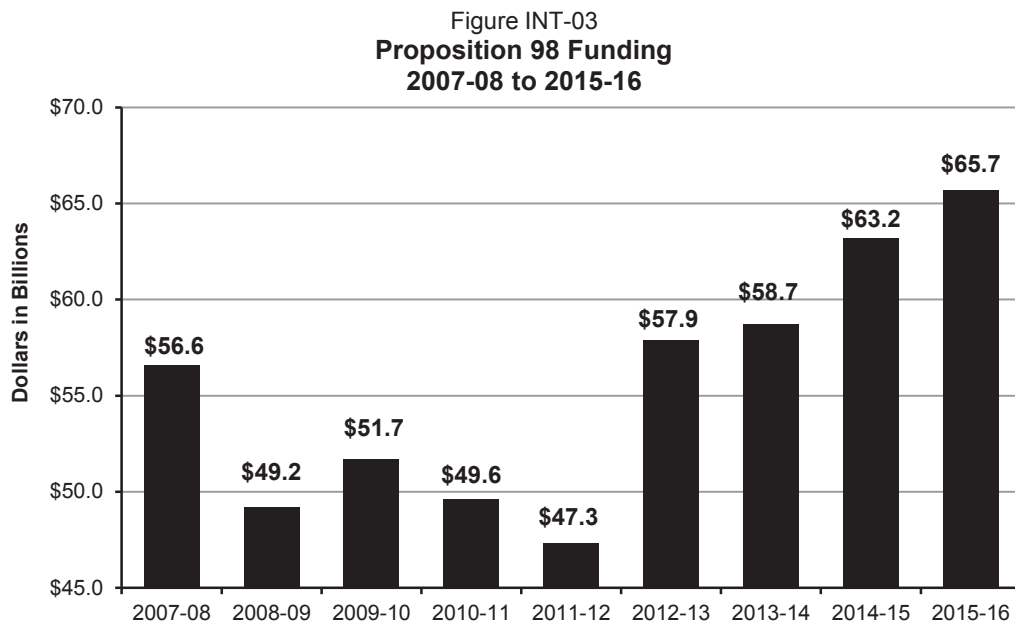
for lower-level offenders to counties with an emphasis on improved rehabilitation and reduced recidivism. With upcoming benchmarks to meet the Three Judge Panel's overcrowding order and the implementation of Proposition 47 (passed at the November election), the state's correctional system will continue to undergo major changes in the next year.

- **Health Care Reform**—Due principally to the implementation of federal health care reform, Medi-Cal caseload has increased from 7.9 million in 2012-13 to an estimated 12.2 million this coming year. The program now covers 32 percent of the state's population. This tremendous expansion of health care coverage for low-income Californians continues to be an administrative and financial challenge. The Budget is covering billions of additional dollars of expenses while computer systems must continue to be upgraded to handle the workload. The state has also greatly expanded its reliance on managed care health plans, including the Coordinated Care Initiative.
- **Climate Change**—The Budget proposes \$1 billion in Cap and Trade expenditures for the state's continuing investments in low carbon transportation, sustainable communities, energy efficiency, urban forests and high-speed rail. The successful implementation of these projects and continued and even steeper reductions in carbon pollutants are necessary to address the ongoing threat posed by climate change.
- **Water Action Plan**—The Water Action Plan is the Administration's five-year roadmap towards sustainable water management. The Budget includes the first \$532 million in expenditures from the Proposition 1 water bond to continue the plan's implementation.
- **Redevelopment Dissolution**—By the end of the budget year, the elimination of redevelopment agencies will have returned more than \$4 billion to cities, counties, and special districts to fund police, fire, and other critical public services. An additional \$5 billion will have been returned to K-14 schools. Administering the orderly dissolution of almost 400 redevelopment agencies has been complex and time consuming. Oversight of the dissolution process has progressed to the point where the Budget proposes legislation to streamline the state review process to continue the wind-down activities.
- **Pension Reform**—Over the past several years, the Administration, Legislature, and public employees have taken significant steps to reform public pension systems—protecting the retirement security of government workers while

controlling their costs. In 2012, pension reform increased cost sharing for employees, pushed back retirement ages, and restructured pension formulas. In 2014, the Governor signed a new funding plan to close a \$74 billion shortfall for teacher pensions over the next three decades. The Budget includes \$1.4 billion (\$371 million General Fund) to implement the second year of the teacher pension funding plan.

CONTINUING TO INVEST IN EDUCATION

The Proposition 30 temporary taxes were premised on the need to increase funding for education. As shown in Figure INT-03, the minimum guarantee of funding for K-14 schools was \$56.6 billion in 2007-08 and sank to \$47.3 billion in 2011-12. From this recent low, funding has been at all-time highs since 2012-13 and is expected to grow to \$65.7 billion in 2015-16, an increase of \$18.4 billion in four years (39 percent).



K-12 EDUCATION

For K-12 schools, funding levels will increase by more than \$2,600 per student in 2015-16 over 2011-12 levels. This reinvestment provides the opportunity to correct historical inequities in school district funding with continued implementation of the Local

Control Funding Formula. Rising state revenues means that the state can continue implementing the formula well ahead of schedule. When the formula was adopted in 2013-14, funding was expected to be \$47 billion in 2015-16. The Budget provides almost \$4 billion more—with the formula instead allocating \$50.7 billion this coming year.

HIGHER EDUCATION

The Budget also invests in the state's higher education system to maintain the quality and affordability of one of California's greatest strengths. By focusing on reducing the time it takes a student to successfully complete a degree, the universities can ensure their systems are financially viable over the long term. Increased funding must be tied to getting students their degrees in a timely manner, not just admitting more students.

The community colleges and the university systems must work together to develop innovative and ambitious approaches so students can successfully complete their degrees. The Budget expands community colleges' recent efforts to improve student success, with a particular focus on achievement in underrepresented student groups.

University tuition almost doubled during the recession, creating a hardship for many students and their families. The Budget commits \$762 million to each of the university systems that is directly attributable to the passage of Proposition 30. This increased funding is provided contingent on tuition remaining flat. All cost containment strategies must be explored before asking California families to pay even more for tuition.

STRENGTHENING OUR INFRASTRUCTURE

The construction and maintenance of key physical infrastructure is one of the core functions of state government. Infrastructure and capital assets allow for the delivery of public services and the movement of goods across the state—both essential components in fostering the state's long-term economic growth. Despite the investment of tens of billions of dollars over the past decade, the state's identified infrastructure demands continue to grow.

The deferred maintenance on existing state infrastructure, including roads, bridges and facilities is staggering—estimated to total \$66 billion. The Budget includes \$478 million (\$125 million General Fund) for critical deferred maintenance at the universities and community colleges and in state parks, prisons, state hospitals and other state facilities.

The state's largest deferred maintenance is on its highways, roads and bridges. Annual maintenance and repairs are billions more than can be funded annually within existing resources. The state must address deferred maintenance on the state's highways and key freight corridors through expanded and ongoing funding sources.

The Budget also supports improved management of our water resources. The Budget begins implementation of the water bond with funding for safe drinking water, water reliability and groundwater sustainability. It also includes the last \$1.1 billion in expenditures from the 2006 flood bond to bolster the state's protection from floods.

ADDRESSING POVERTY AND INCOME INEQUALITY

For the last several years, the Census Bureau has reported that about 16 percent of California residents are living in poverty—slightly above the national average of 14.9 percent. The Census Bureau's supplemental measure of poverty, which considers broader measures of income and the cost of living, reflects a poverty rate of 23.4 percent (a three-year average). Additionally, while the state's economic condition has improved since the Great Recession, the increase in wages and salaries has been uneven—with much of the gains being made by the state's wealthiest residents.

California has an extensive safety net for the state's neediest residents who live in poverty, and the state has maintained those core benefits despite the recession. Compared to other states, California provides broader health care coverage to a greater percentage of the population, including in-home care, and guarantees access to services for persons with developmental disabilities. California makes available higher cash assistance to families, continues that assistance to children after their parents lose eligibility, and provides extensive child care to working families with children up to age 13. Finally, the state provides generous financial aid to those seeking higher education.

In the past two years, the recovering economy has allowed the state to take even greater steps to assist the state's neediest residents. The implementation of health care reform has increased coverage under Medi-Cal to an additional 4 million Californians in just three years. The Local Control Funding Formula is concentrating the greatest school funding to those students with the greatest needs. The state increased the minimum wage by 25 percent, to \$10 per hour, and guaranteed that 6.5 million workers are eligible for sick leave.

Despite these steps, millions of Californians remain in poverty and more can be done. Educational investments that provide tangible skills desired by employers (such as basic literacy, graduation from high school, certificate programs and college degrees) will increase individuals' earning potential and provide a permanent path out of poverty. The Budget provides over \$1.2 billion in funding to support a coordinated framework for adult education, career technical education, workforce investment, and apprenticeships. These funds are intended to provide training and education to workers in California so they can develop the skills they need for self-sufficiency and greater personal advancement.

SAVING MONEY AND PAYING DOWN DEBTS AND LIABILITIES

Proposition 2 was designed to help the state save when times are good. With a stock market that continues to surge, higher revenues from capital gains will both be saved and used to pay down debts. By the end of the year, the state's Rainy Day Fund will have a total balance of \$2.8 billion. The Budget spends an additional \$1.2 billion from Proposition 2 funds on paying off loans from special funds and past liabilities from Proposition 98.

In addition, the Budget repays the remaining \$1 billion in deferrals to schools and community colleges, makes the last payment on the \$15 billion in Economic Recovery Bonds that was borrowed to cover budget deficits from as far back as 2002, and repays local governments \$533 million in mandate reimbursements.

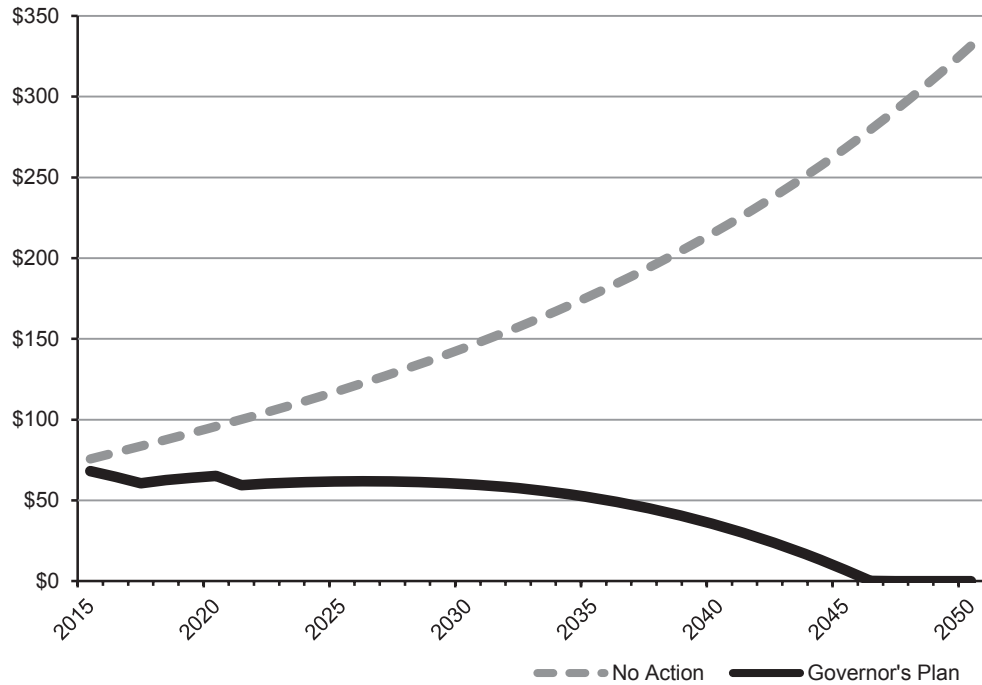
ADDRESSING THE RETIREE HEALTH UNFUNDED LIABILITY

The state's largest long-term liabilities are related to retirement costs for government employees. Retirement-related liabilities total \$222 billion. As described above, the Governor and Legislature over the past several years have taken significant steps to address the long-term costs of pensions. The state must now turn its attention to the \$72 billion unfunded liability that exists for retiree health care benefits.

State health care benefits for retired employees remain one of the fastest growing areas of the state budget. In 2001, retiree health benefits made up 0.6 percent of the General Fund budget (\$458 million) but today absorb 1.6 percent (\$1.9 billion).

The state's pay-as-you-go system for retiree health benefits is not working. As shown in Figure INT-04, without action, the state's unfunded liability will grow to \$100 billion

Figure INT-04
Eliminating Unfunded Liability for Retiree Health Care
 (Dollars in Billions)



by 2020-21 and \$300 billion by 2047-48. The Budget proposes a plan to make these benefits more affordable by adopting various measures to lower the growth in premium costs. Even though the private sector is eliminating these types of benefits, the plan preserves retiree health benefits for the state’s career workers. The Budget calls for the state and its employees to share equally in the prefunding of retiree health benefits, similar to the new pension-funding standard. The Administration will seek to phase in this critical, cost-sharing agreement as labor contracts come up for renewal. Under this plan, investment returns will help pay for future benefits, just as with the state’s pension plans, to eventually eliminate the unfunded liability by 2044-45. Over the next 50 years, this approach will save nearly \$200 billion.

SUMMARY CHARTS

This section provides various statewide budget charts and tables.

Figure SUM-01
2015-16 Governor's Budget
General Fund Budget Summary
(Dollars in Millions)

	<u>2014-15</u>	<u>2015-16</u>
Prior Year Balance	\$5,100	\$1,423
Revenues and Transfers	<u>\$108,042</u>	<u>\$113,380</u>
Total Resources Available	\$113,142	\$114,803
Non-Proposition 98 Expenditures	\$65,071	\$66,279
Proposition 98 Expenditures	<u>\$46,648</u>	<u>\$47,019</u>
Total Expenditures	\$111,719	\$113,298
Fund Balance	\$1,423	\$1,505
Reserve for Liquidation of Encumbrances	\$971	\$971
Special Fund for Economic Uncertainties	\$452	\$534
Budget Stabilization Account/Rainy Day Fund	\$1,606	\$2,826

Figure SUM-02
General Fund Expenditures by Agency
 (Dollars in Millions)

	2014-15	2015-16	Change from Dollar Change	2014-15 Percent Change
Legislative, Judicial, Executive	\$3,007	\$3,131	\$124	4.1%
Business, Consumer Services & Housing	839	639	-200	-23.8%
Transportation	158	237	79	50.0%
Natural Resources	2,497	2,561	64	2.6%
Environmental Protection	78	68	-10	-12.8%
Health and Human Services	30,490	31,929	1,439	4.7%
Corrections and Rehabilitation	9,995	10,160	165	1.7%
K-12 Education	47,121	47,173	52	0.1%
Higher Education	12,947	14,063	1,116	8.6%
Labor and Workforce Development	282	265	-17	-6.0%
Government Operations	730	701	-29	-4.0%
General Government:				
Non-Agency Departments	1,267	676	-591	-46.6%
Tax Relief/Local Government	446	444	-2	-0.4%
Statewide Expenditures	256	1,251	995	388.7%
Supplemental Payment to the Economic Recovery Bonds	1,606	-	-1,606	-100.0%
Total	\$111,719	\$113,298	\$1,579	1.4%

Note: Numbers may not add due to rounding.

Figure SUM-03
2015-16
General Fund Expenditures
 (Dollars in Millions)

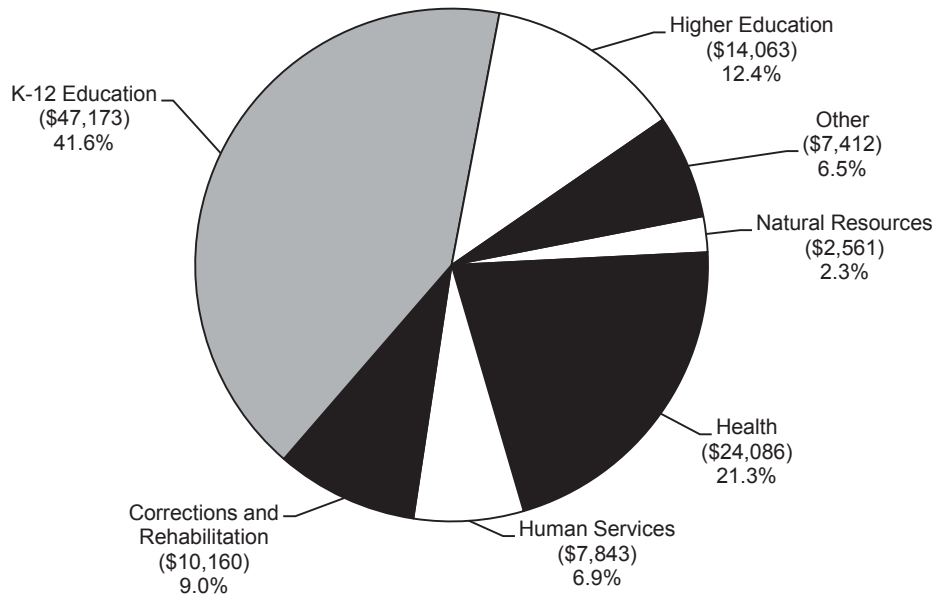
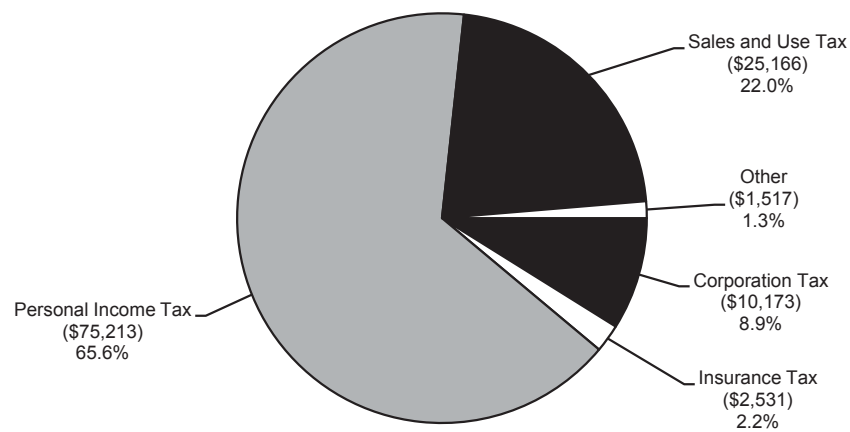


Figure SUM-04
General Fund Revenue Sources
 (Dollars in Millions)

	2014-15	2015-16	Change from 2014-15	
			Dollar Change	Percent Change
Personal Income Tax	\$71,699	\$75,213	\$3,514	4.9%
Sales and Use Tax	23,438	25,166	1,728	7.4%
Corporation Tax	9,618	10,173	555	5.8%
Insurance Tax	2,490	2,531	41	1.6%
Alcoholic Beverage Taxes and Fees	367	374	7	1.9%
Cigarette Tax	84	82	-2	-2.4%
Motor Vehicle Fees	20	21	1	5.0%
Other	1,932	1,040	-892	-46.2%
Subtotal	\$109,648	\$114,600	\$4,952	4.5%
Transfer to the Budget Stabilization Account/Rainy Day Fund	-1,606	-1,220	386	-24.0%
Total	\$108,042	\$113,380	\$5,338	4.9%

Note: Numbers may not add due to rounding.

Figure SUM-05
2015-16
General Fund Revenues and Transfers^{1/}
 (Dollars in Millions)



^{1/} Excludes \$1,220 million transfer to Rainy Day Fund.

Figure SUM-06
2015-16 Total State Expenditures by Agency
 (Dollars in Millions)

	General Fund	Special Funds	Bond Funds	Totals
Legislative, Judicial, Executive	\$3,131	\$3,093	\$228	\$6,452
Business, Consumer Services & Housing	639	780	140	1,559
Transportation	237	8,781	2,151	11,169
Natural Resources	2,561	1,319	1,586	5,466
Environmental Protection	68	2,901	321	3,290
Health and Human Services	31,929	20,538	-	52,467
Corrections and Rehabilitation	10,160	2,516	-	12,676
K-12 Education	47,173	101	1,063	48,337
Higher Education	14,063	42	384	14,489
Labor and Workforce Development	265	640	-	905
Government Operations	701	221	11	933
General Government				
Non-Agency Departments	676	1,716	1	2,393
Tax Relief/Local Government	444	2,284	-	2,728
Statewide Expenditures	1,251	588	-	1,839
Total	\$113,298	\$45,520	\$5,885	\$164,703

Note: Numbers may not add due to rounding.

Figure SUM-07
**2015-16
 Total State Expenditures
 (Including Selected Bond Funds)**
 (Dollars in Millions)

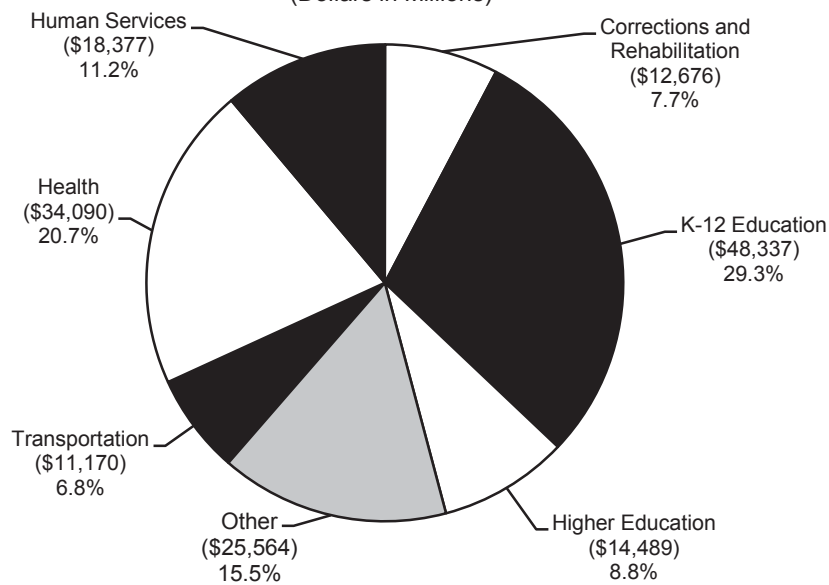
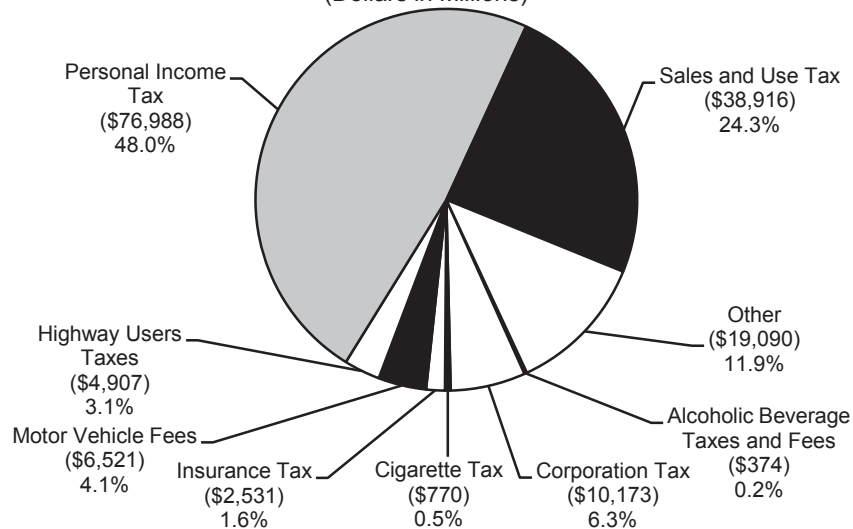


Figure SUM-08
2015-16 Revenue Sources
 (Dollars in Millions)

	General Fund	Special Funds	Total	Change From 2014-15
Personal Income Tax	\$75,213	\$1,775	\$76,988	\$3,487
Sales and Use Tax	25,166	13,750	38,916	2,426
Corporation Tax	10,173	-	10,173	555
Highway Users Taxes	-	4,907	4,907	-770
Insurance Tax	2,531	-	2,531	41
Alcoholic Beverage Taxes and Fees	374	-	374	7
Cigarette Tax	82	688	770	-22
Motor Vehicle Fees	21	6,500	6,521	187
Other	1,040	18,050	19,090	-3,418
Subtotal	\$114,600	\$45,670	\$160,270	\$2,493
Transfer to the Budget Stabilization Account/Rainy Day Fund	-1,220	1,220	0	0
Total	\$113,380	\$46,890	\$160,270	\$2,493

Note: Numbers may not add due to rounding.

Figure SUM-09
2015-16
Total Revenues and Transfers
 (Dollars in Millions)



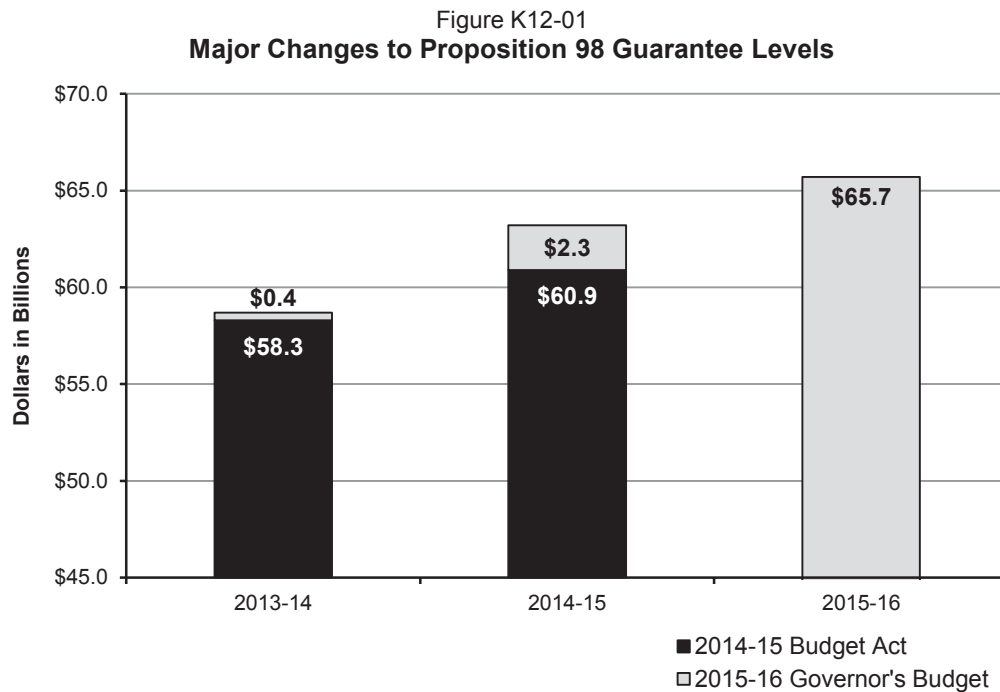
K THRU 12 EDUCATION

California provides instruction and support services to roughly six million students in grades kindergarten through twelve in more than 10,000 schools throughout the state. A system of 58 county offices of education, more than 1,000 local school districts, and more than 1,000 charter schools provide instruction in English, mathematics, history, science, and other core competencies to provide students with the skills they will need upon graduation for either entry into the workforce or higher education.

INVESTING IN EDUCATION

Primarily as a result of increased General Fund revenues, the Proposition 98 Guarantee increases in 2013-14 and 2014-15, relative to the 2014 Budget Act levels—providing additional one-time resources in each of those years. These General Fund revenue increases also drive growth in the Proposition 98 Guarantee for 2015-16, as displayed in Figure K12-01. When combined with more than \$250 million in settle-up payments for prior years, the Budget proposes an increased investment of \$7.8 billion in K-14 education. Building off of significant funding increases provided in each of the prior two Budget Acts, the Budget proposes investments for 2015-16 that will substantially increase funding distributed under the Local Control Funding Formula, providing additional funding to school districts and students most in need of these resources. These funds will allow schools and colleges to restore and expand base programs and services, implement major new policy initiatives, and support other key local investments and priorities.

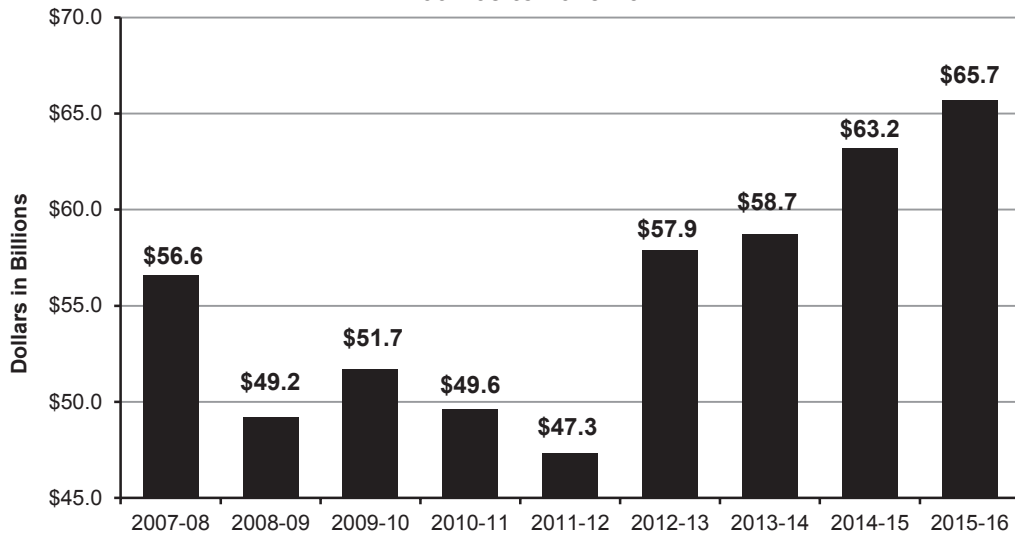
The Budget also eliminates all remaining budgetary deferrals, ensuring that schools receive all of their resources on time. During the height of the recent recession, the state



deferred almost 20 percent of annual payments to schools, meaning that schools received a significant portion of their funds a year after they spent them. Some school districts were able to borrow to manage these deferrals, while others had to implement deferrals as cuts. Districts that were able to borrow incurred substantial interest costs, which led to dollars being taken out of the classroom. The Budget proposes repayment of the \$992 million in remaining K-14 deferred payments, providing certainty of funding for programs and services, and eliminating any additional borrowing costs to be borne by schools and community colleges as a result of deferrals.

Although the current trajectory of Proposition 98 funding is positive, historically the Proposition 98 Guarantee has been subject to significant volatility, as demonstrated in Figure K12-02. The boom-and-bust funding cycle has led to significant and damaging budget reductions during downturns. In an effort to break this cycle, the Administration proposed a constitutional amendment that voters approved as Proposition 2 in the November 4, 2014 general election. Proposition 2 requires a deposit in a state Proposition 98 Rainy Day Fund under specified future conditions. Based on state law, the year following any deposit into the Proposition 98 Rainy Day Fund, a temporary cap on local school district reserves would be implemented. The Administration does not

Figure K12-02
Proposition 98 Funding
2007-08 to 2015-16

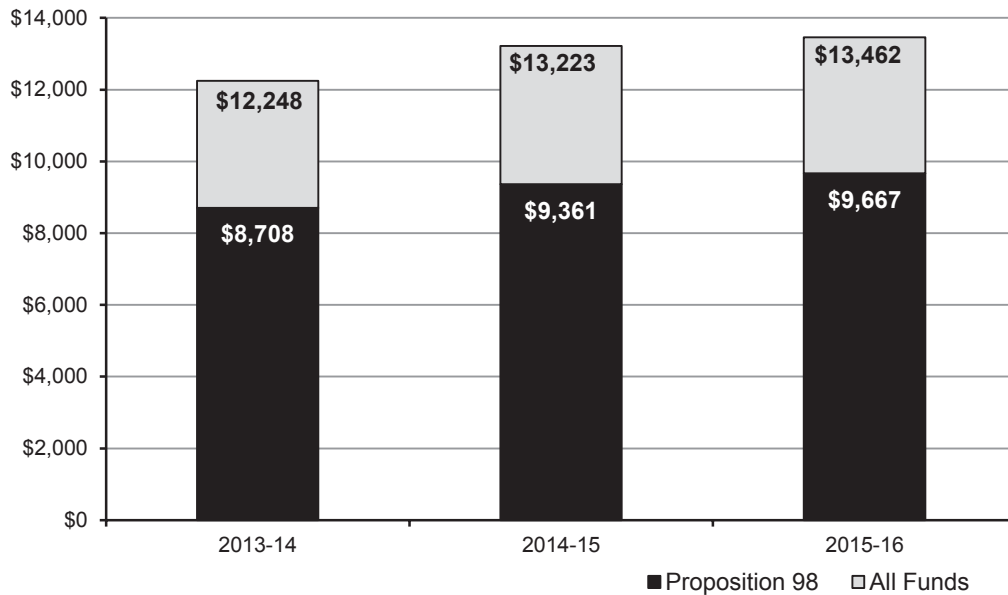


anticipate fiscal conditions requiring a Proposition 98 Rainy Day Fund deposit and the related potential for caps on local reserves at any point in the budget forecast period (through 2018-19). Nonetheless, the Administration appreciates the concerns expressed by stakeholders regarding potential caps on school district reserves and will engage in a dialogue with these groups in the coming months to protect the financial security and health of local school districts.

K-12 PER-PUPIL SPENDING

Reflecting the recent significant increases in Proposition 98 funding, total per-pupil expenditures from all sources are projected to be \$13,223 in 2014-15 and \$13,462 in 2015-16, including funds provided for prior year settle-up obligations. Ongoing K-12 Proposition 98 per-pupil expenditures in the Budget are \$9,667 in 2015-16, an increase of \$306 per-pupil over the level provided in 2014-15, and up significantly from the \$7,008 per pupil provided in 2011-12. (See Figure K12-03.)

Figure K12-03
K-12 Education Spending Per Pupil



LOCAL CONTROL FUNDING FORMULA

In recognition of the fiscal challenges that many school districts face, and to address the many inequities in the pre-existing system of school finance, the 2013 Budget Act established the Local Control Funding Formula. The Local Control Funding Formula includes the following major components:

- A base grant for each local educational agency per unit of average daily attendance (ADA), inclusive of an adjustment of 10.4 percent to the base grant to support lowering class sizes in grades K-3, and an adjustment of 2.6 percent to reflect the cost of operating career technical education programs in high schools.
- A 20-percent supplemental grant for English learners, students from low-income families, and youth in foster care to reflect increased costs associated with educating those students.
- An additional concentration grant of up to 22.5 percent of a local educational agency’s base grant, based on the number of English learners, students from low-income families, and youth in foster care served by the local agency that comprise more than 55 percent of enrollment.
- An Economic Recovery Target to ensure that almost every local educational agency receives at least their pre-recession funding level, adjusted for inflation, at full implementation of the Local Control Funding Formula.

The Budget provides a third-year investment of \$4 billion in the Local Control Funding Formula, enough to eliminate more than 32 percent of the remaining funding gap. This investment builds upon the almost \$6.8 billion provided over the last two years.

In addition to fundamentally restructuring the distribution of funds to school districts, the Local Control Funding Formula substantially changed district accountability, moving away from a state-controlled system that emphasized inputs to a locally controlled system focused on improving outcomes and accountability. Guiding each school district, county office of education, and charter school through this new process are locally developed and adopted Local Control Accountability Plans, which identify local goals in areas that are priorities for the state, including pupil achievement, parent engagement, and school climate.

In response to feedback on the first year of Local Control Funding Formula implementation, the State Board of Education adopted revised Local Control Funding Formula expenditure regulations and a significantly modified Local Control Accountability Plan template at its November 2014 meeting. The revised template and regulations, combined with the experiences from this year, should result in Local Control Accountability Plans that better describe local educational agency goals, actions, and services targeted to address state priorities and meet the needs of all students, including specified student subgroups. In addition, the new Annual Update tables in each Local Control Accountability Plan will allow local educational agencies to share how the plan is being implemented. Annual Updates will report on how the actions, services, and expenditures proposed in the prior year Local Control Accountability Plan have been implemented and provide evidence of progress toward expected outcomes. Over the next several years, the State Board of Education will continue to review and revise as necessary the spending regulations and template with the ultimate goal of improving student outcomes.

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 roughly six million K-12 students. In addition to general obligation bonds, school districts may use developer fees, local bonds, certificates of participation, and Mello-Roos bonds to construct additional classrooms or renovate existing classrooms. There is currently no bond authority remaining in the state's core school facilities new construction and modernization programs.

Over the past two years, the Administration has noted the following significant shortcomings associated with the current School Facilities Program:

- The current program is overly complex with over ten different state agencies providing fragmented oversight responsibility. The result is a structure that is cumbersome and costly for the state and local school districts.
- The current program does not compel districts to consider facilities funding within the context of other educational costs and priorities. For example, districts can generate and retain state facility program eligibility based on outdated or inconsistent enrollment projections. This often results in financial incentives for districts to build new schools to accommodate what is actually modest and absorbable enrollment growth. These incentives are exacerbated by the fact that general obligation bond debt is funded outside of Proposition 98. These bonds cost the General Fund approximately \$2.4 billion in debt service annually.
- The current program allocates funding on a first-come, first-served basis, resulting in a substantial competitive advantage for large school districts with dedicated personnel to manage facilities programs.
- The current program does not provide adequate local control for districts designing school facilities plans. Program eligibility is largely based on standardized facility definitions and classroom loading standards. As a result, districts are discouraged from utilizing modern educational delivery methods.
- The current program was developed before the passage of Proposition 39 (which reduced the local bond vote threshold to 55 percent) in 2000, which has since allowed local school bonds to pass upwards of 80 percent of the time. It was also developed before the Local Control Funding Formula, which provides enhanced local funding flexibility.

As part of a continuing dialogue, the Department of Finance convened a series of meetings this past fall to discuss a new facilities program and obtain feedback from education stakeholders. The meetings started with a review of the problems with the current program noted above, and focused on how a future program could provide districts with the tools and resources to address their core facility gaps and avoid an unsustainable reliance on state debt issuance. Informed by these discussions, and with these key principles in mind, the Budget proposes the following recommendations for the design of a new program:

- Increase Tools for Local Control:
 - Expand Local Funding Capacity—While school districts can pass local bonds with 55-percent approval, assessed valuation caps for specific bond measures and total caps on local bonded indebtedness have not been adjusted since 2000. In order to provide greater access to local financing, these caps should be increased at minimum by the rate of inflation since 2000.
 - Restructure Developer Fees—Current law authorizes the governing board of any school district to levy fees against construction within its boundaries to fund school facilities. There are three categories that determine the amount of fees a district can levy, which range from a fraction of project costs to 100 percent of the costs. A new program should establish one developer fee level for all districts and cap the amount of fees that can be levied for specific projects at a level between the existing Level II and Level III fees (50 to 100 percent of project costs), subject to local negotiation.
 - Expand Allowable Uses of Routine Restricted Maintenance Funding—Current law requires schools to deposit a percentage of their general fund expenditures into a restricted account for use in maintaining their facilities. Rather than requiring that these funds be used solely for routine maintenance, districts should have the ability to pool these funds over multiple years for modernization and new construction projects. Expanding the use of these funds will provide school districts with yet another funding stream to maintain, modernize, and construct new facilities.
- Target State Funding for Districts Most in Need—State funding for a new program should be targeted in a way that: (1) limits eligibility to districts with such low per-student assessed value they cannot issue bonds at the local level in amounts that allow them to meet student needs, (2) prioritizes funding for health and safety and severe overcrowding projects, and (3) establishes a sliding scale to determine the state share of project costs based on local capacity to finance projects.
- Augment the Charter School Facility Grant Program—Most of California’s charter schools lease facilities for instructional purposes. To assist charter schools in paying for rent and lease expenditures, the Charter School Facility Grant Program provides funding to charter schools either serving or located in attendance areas where at least 70 percent of the students qualify for free or reduced-price meals. To further assist charter schools with their facility needs, the state should permanently lower the free or reduced-price meal requirement to 55 percent (the concentration grant

threshold under the Local Control Funding Formula) and provide additional funding to support this program expansion.

In proposing these recommendations, it is the intent of the Administration to advance the dialogue on the future of school facilities funding. School districts and developers should have a clear understanding of which limited circumstances will qualify for state assistance. Over the course of the coming months, the Administration is prepared to engage with the Legislature and education stakeholders to shape a future state program that is focused on districts with the greatest need, while providing substantial new flexibility for local districts to raise the necessary resources for school facilities needs.

ADULT EDUCATION

Historically, K-12 school districts and community colleges have provided adult education instruction. However, there was not effective coordination in all jurisdictions and regional workforce needs were not a focus. As a result, the state has an inefficient and in some places redundant system that is not always structured to best meet the needs of adult learners. Strengthening the link between the state's education and workforce systems is crucial to California's growing economy.

The 2013 Budget Act provided \$25 million Proposition 98 General Fund for two-year planning grants to consortia of community college districts and school districts in 70 regions. The planning builds upon the adult education infrastructure in schools and community colleges. In 2013-14 and 2014-15, K-12 districts also have been required to maintain the 2012-13 level of spending for adult education and career technical education (CTE) programs from funds received through the Local Control Funding Formula.

The Budget provides \$500 million Proposition 98 General Fund for the Adult Education Block Grant, which is an integral component of the state's workforce development strategy, as discussed in the Investing in California's Workforce Chapter. The block grant will fund programs in elementary and secondary basic skills, classes and courses in citizenship and English as a second language for immigrants, education programs for adults with disabilities, short-term CTE programs linked to occupations with high employment potential, and programs for apprentices. To be successful, it is imperative that these programs be well aligned with the economic needs of each region, and that they provide clear pathways to in-demand jobs, as determined by regional labor market information. The program will promote ongoing collaboration amongst different

providers and with entities that serve the populations that benefit from adult education; namely, workforce investment boards, social services departments, and correctional rehabilitation agencies.

In order for adult education programs to be well coordinated and linked with the economic needs of their region, the Administration proposes that each consortium designate an allocation board responsible for planning and allocating block grant funds. Each consortium will form an allocation committee consisting of seven members who represent community colleges, K-12 districts, other adult education providers, local workforce investment boards, county social services departments, correctional rehabilitation programs, and one public member with relevant expertise. Each allocation committee will coordinate with regional partners to ensure various adult education funding streams are integrated, such as block grant funds, other K-12 and community college resources, Workforce Innovation and Opportunity Act allocations, and other federal funds. Each allocation committee will determine how to allocate block grant funds for direct instruction, support services, and administration of its consortium (which will be capped at 5 percent). Each consortium will report annually to the Chancellor and Superintendent on progress towards fulfilling its adult education plan using all resources available. These reports will inform distribution of block grant funds in the future.

The Chancellor of the Community Colleges and the Superintendent of Public Instruction will jointly approve allocations of funds, with an emphasis on providing funding to those regions with the greatest adult education needs. Funding allocations approved by the Chancellor and Superintendent will be distributed to providers as determined by their allocation committees. In the initial year, to ease the transition, funding will be provided directly to K-12 school districts in the amount of the K-12 districts' maintenance of effort for adult education—as jointly determined by the Chancellor and the Superintendent. Further allocations will be distributed according to the local allocation committees.

A final report from the two-year planning process will be provided by March 1, 2015. This report will inform the accountability framework for delivery of adult education and remaining policy decisions, such as how fees are charged for similar programs delivered by different providers.

CAREER TECHNICAL EDUCATION

High-quality CTE programs provide students, particularly those at risk for dropping out, with valuable career and college readiness skills, and are a critical piece to the overall workforce investment strategy of the Administration, as discussed in more detail in the Investing in California's Workforce Chapter. Prior to the adoption of the Local Control Funding Formula, the state provided more than \$500 million annually to support a collection of CTE categorical programs, most notably the Regional Occupational Centers and Programs (ROCPs). The 2013 Budget Act collapsed almost all of this previous categorical funding into the Local Control Funding Formula in the form of a 9-12 grade span adjustment, with requirements on districts in their Local Control and Accountability Plans to describe how they intend to meet the career technical education needs of their students consistent with state-adopted standards. Additionally, the 2013 Budget Act included a two-year maintenance-of-effort requirement for local educational agencies to maintain their existing levels of spending on ROCPs, providing them with additional time to structure more long-term service delivery arrangements. Further, both the 2013 and 2014 Budget Acts provided \$250 million in one-time Proposition 98 funding to support the Career Pathways Trust Program, which provides one-time competitive grants to create innovative programs and partnerships linking rigorous academic standards to career pathways in high-need and high-growth sectors of the economy.

Given the complexity and relatively resource intensive nature of starting and updating CTE programs, the Budget proposes \$250 million in one-time Proposition 98 funding in each of the next three years to support a transitional CTE Incentive Grant Program. Unlike the existing Career Pathways Trust Program, school districts, county offices of education and charter schools receiving funding from this new transitional program will be required to provide a dollar-for-dollar match, and priority for these state funds will be given to local educational agencies applying in partnership with other local educational agencies to offer regional programs. To maintain eligibility for funding under the CTE Incentive Grant Program, recipients will need to demonstrate positive results across a spectrum of outcome measures, including high school graduation rates, CTE course completion rates, pupils obtaining industry-recognized credentials and certificates, the number of pupils achieving gainful employment in relevant occupations, and the number of pupils progressing to postsecondary education. This program is intended to accelerate the development of new and expanded high-quality CTE programs during the next three years and provide opportunities for program growth.

OTHER REFORMS AND INVESTMENTS

In addition to reforming school facilities, adult education and career technical education, the Administration remains committed to additional reforms and investments in the areas of Common Core and mandates, technology infrastructure, teacher preparation and energy efficiency.

COMMON CORE AND MANDATES

The 2013 Budget Act provided \$1.25 billion in one-time Proposition 98 General Fund to support the implementation of the Common Core state standards—new standards for evaluating student achievement in English-language arts and mathematics. These standards focus on developing the critical-thinking, problem-solving, and analytical skills students will need for today’s entry-level careers, freshman-level college courses, and workforce training programs. This funding was provided over a two-year period to support necessary investments in professional development, instructional materials, and technology.

The Budget proposes more than \$1.1 billion in discretionary one-time Proposition 98 funding for school districts, charter schools and county offices of education to further their investments in the implementation of Common Core. These new dollars will also help support implementation of newly adopted English Language Development standards and California’s Next Generation Science standards, as well as make the investments necessary to support new responsibilities required under the evolving accountability structure of the Local Control Funding Formula. Of this amount, \$20 million will be provided to county offices of education, distributed on the basis of countywide ADA and the number of school districts within the county office’s jurisdiction. The balance of this funding will be distributed to school districts and charter schools on the basis of ADA. All of the funds provided will offset any applicable mandate reimbursement claims for these entities, which builds off of the approach in the 2014 Budget Act when \$400.5 million in one-time funding was provided for both general purpose activities and mandates reimbursement. This combined two-year investment will substantially reduce the outstanding mandates debt owed to local educational agencies consistent with the Administration’s goal to pay down debt.

TECHNOLOGY INFRASTRUCTURE

The Budget proposes \$100 million in one-time Proposition 98 funding to support additional investments in internet connectivity and infrastructure. This builds on \$26.7 million in one-time Proposition 98 funding that was provided in the 2014 Budget Act

to assist local educational agencies most in need of help with securing required internet connectivity and infrastructure to implement the new computer-adaptive tests administered under Common Core. While it is anticipated that last year's funding will address the needs of most schools that could not support the computer-based field tests, there are a significant number of schools that could only support these tests by shutting down other non-essential access to online activity. This second installment of funding will further upgrade internet infrastructure to reflect the increasing role that technology plays in classroom operations to support teaching and learning.

TEACHER PREPARATION

The Commission on Teacher Credentialing is responsible for building the quality of the state's teacher workforce. The Commission's core mission includes setting preparation standards and reviewing preparation programs, licensing the state's teacher workforce, and disciplining teachers charged with misconduct.

State oversight of the educator preparation system is currently not robust enough to verify that programs are meeting preparation standards and producing fully prepared teachers. The current accreditation process relies primarily on self-reports of program compliance, sometimes thousands of pages in length, coupled with brief site visits. This system does not provide an efficient or effective way to identify and improve or eliminate weak programs or identify strong programs so that others can emulate them. Furthermore, the current Teacher Performance Assessment, which all teacher candidates must pass before they begin teaching, is outdated and not aligned to current teacher performance standards. And, there is no assessment to determine if a person is prepared to be a school principal.

To address these issues, the Budget proposes \$5 million non-Proposition 98 General Fund (over a two-year period) to: (1) convene an Accreditation Advisory Panel to provide recommendations to the Commission on streamlining preparation standards, (2) enhance existing data systems and develop new data systems to organize and retrieve information from assessments and program surveys, (3) develop candidate and employer surveys that shed light on the nature and quality of preparation, and (4) increase transparency and access to information about the quality and effectiveness of educator preparation programs. The Budget also proposes an additional \$5 million non-Proposition 98 General Fund (over a two-year period) to update the Teacher Performance Assessment and develop an Administrator Performance Assessment to verify educator quality and to assist with determining the effectiveness and quality of preparation programs.

Currently, new teachers are required to participate in an induction program to maintain their teaching credential and employment. However, the current state induction program, the Beginning Teacher Support and Assessment program, is cumbersome and expensive to operate. As a result, some districts and counties have stopped providing beginning teacher induction programs and others are charging beginning teachers for induction. In many cases, teachers are struggling to complete the induction requirements due to the lack of available programs or the cost of participating in a program. To begin addressing these problems, the Budget directs the Commission to evaluate the burden of the current induction requirements on school districts and new teachers and identify options for streamlining and reforming beginning teacher induction. Furthermore, the Administration will engage stakeholders in the coming weeks to determine what the responsibility of school districts should be to provide key induction supports for new teachers, such as mentoring.

ENERGY EFFICIENCY

Proposition 39 was approved in 2012 and increases state corporate tax revenues. For 2013-14 through 2017-18, the measure requires half of the increased revenues, up to \$550 million per year, to be used to support energy efficiency.

The Budget proposes to allocate the \$368 million of energy efficiency funds available in 2015-16 as follows:

- \$320.1 million and \$39.6 million to K-12 school and community college districts, respectively, for energy efficiency project grants.
- \$5.3 million to the California Conservation Corps for continued technical assistance to K-12 school districts.
- \$3 million to the Workforce Investment Board for continued implementation of the job-training program.

K-12 BUDGET ADJUSTMENTS

Significant Adjustments:

- K-12 Deferrals—An increase of almost \$900 million in one-time Proposition 98 General Fund in 2014-15 to eliminate all remaining outstanding deferral debt for K-12. Inter-year deferrals for K-12 had reached a high of \$9.5 billion in the 2011-12 fiscal year.

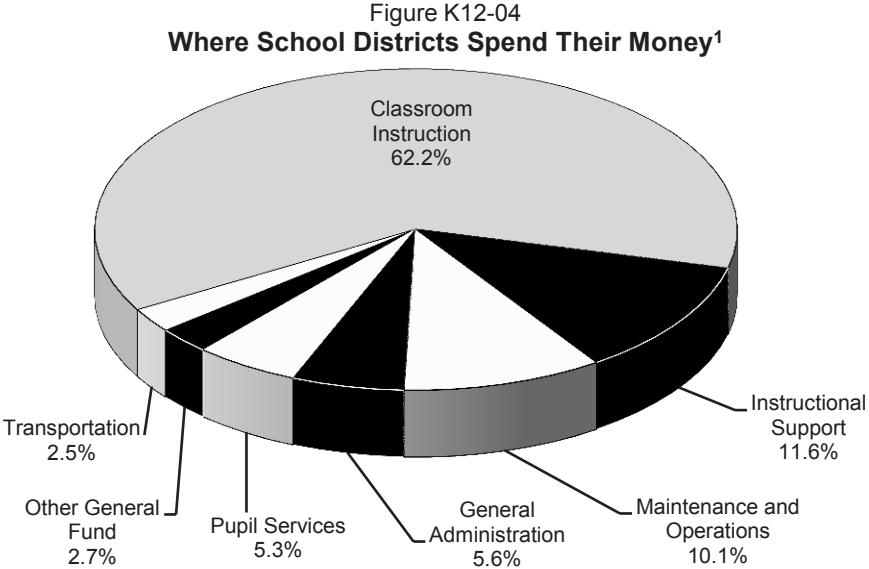
- Emergency Repair Program—An increase of \$273.4 million in one-time Proposition 98 General Fund resources for the Emergency Repair Program. This funding will retire the state’s facilities funding obligation under the terms of the *Williams* lawsuit settlement agreement.
- School District Local Control Funding Formula—Additional growth of approximately \$4 billion in Proposition 98 General Fund for school districts and charter schools in 2015-16, an increase of 8.7 percent.
- County Offices of Education Local Control Funding Formula—An increase of \$109,000 Proposition 98 General Fund to support a cost-of-living adjustment for those county offices of education at their target funding level under the formula.
- Charter Schools—An increase of \$59.5 million Proposition 98 General Fund to support projected charter school ADA growth.
- Special Education—An increase of \$15.3 million Proposition 98 General Fund to reflect a projected increase in Special Education ADA.
- Cost-of-Living Adjustment Increases—An increase of \$71.1 million to support a 1.58-percent cost-of-living adjustment for categorical programs that remain outside of the Local Control Funding Formula, including Special Education, Child Nutrition, Foster Youth, Preschool, American Indian Education Centers, and the American Indian Early Childhood Education Program. Cost-of-living adjustments for school districts and charters schools are provided within the increases for school district Local Control Funding Formula implementation noted above.
- Local Property Tax Adjustments—A decrease of \$11.4 million Proposition 98 General Fund for the school district and county office of education in 2014-15 as a result of higher offsetting property tax revenues. A decrease of \$1.7 billion in Proposition 98 General Fund for school districts and county offices of education in 2015-16 as a result of increased offsetting local property tax revenues.
- Average Daily Attendance—An increase of \$197.6 million in 2014-15 for school districts and county offices of education as a result of an increase in projected ADA from the 2014 Budget Act, and a decrease of \$6.9 million in 2015-16 for school districts and county offices of education as a result of projected decline in ADA for 2015-16.
- Full-Day State Preschool Slots—An increase of \$14.8 million Proposition 98 General Fund and \$18.8 million non-Proposition 98 General Fund to support

4,000 State Preschool slots with full-day wraparound care. These slots were established in the 2014 Budget Act as of June 15, 2015 (for 15 days in the 2014-15 fiscal year) and these increases reflect the difference in full-year cost for these slots in 2015-16.

K-12 SCHOOL SPENDING AND ATTENDANCE

HOW SCHOOL DISTRICTS SPEND THEIR MONEY

Figure K12-04 displays 2012-13 expenditures reported by school districts from their general funds, the various categories of expenditure and the share of total funding for each category. Figure K12-05 displays the revenue sources for school districts.

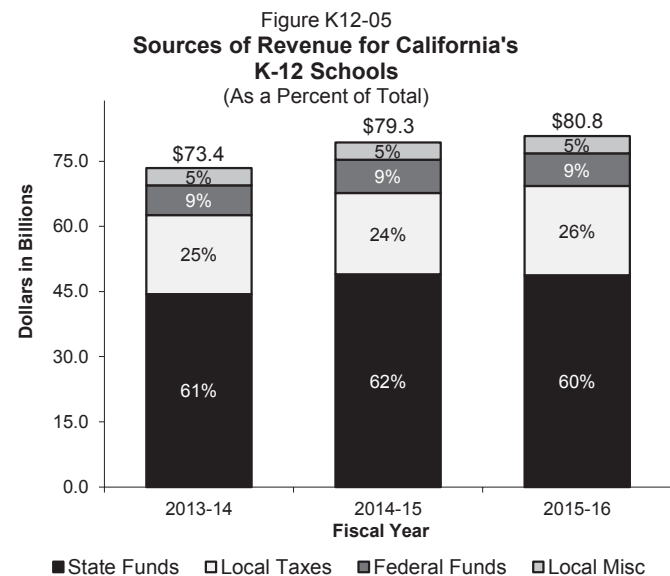


Classroom Instruction includes general education, special education, teacher compensation, and special projects.
 General Administration includes superintendent and board, district and other administration and centralized electronic data processing.
 Instructional Support includes research, curriculum development and staff development that benefits and supports student instruction.
 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.

¹ Based on 2012-13 expenditure data reported by schools for their general purpose funding.

ATTENDANCE

Public school attendance grew in 2010-11 and 2011-12, and then declined slightly in 2012-13. Attendance began increasing again in 2013-14, and is projected to grow further in 2014-15 and decline slightly during 2015-16. For 2014-15, K-12 ADA is estimated to be 6,000,733, an increase of 8,166 from 2013-14. For 2015-16, the Budget estimates that K-12 ADA will drop by 585 from the 2014-15 level, to 6,000,148.



PROPOSITION 98 GUARANTEE

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.

For the 2013-14 through 2015-16 fiscal years, the operative Proposition 98 tests are 3, 1, and 2, respectively.

CHILD CARE

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 Department of Education through non-Proposition 98 funding and the annual federal

Child Care and Development Fund grant. All programs 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, seeking employment, or in training that leads to employment. 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, Alternative Payment Program, and Migrant Child Care. CalWORKs programs include: Stage 1, administered by the Department of Social Services, for families on cash assistance whose work activities have not stabilized; Stage 2, administered by the Department of Education, for those CalWORKs families with stable work activities and for families who are transitioning off aid, for up to two years; and Stage 3, also administered by the Department of Education, reserved for families who have successfully transitioned off aid for more than two years and still have a child care need.

California receives about \$550 million annually in federal Child Care and Development Block Grant funding, which in addition to state General Fund, provides the total funding for the General Child Care, Migrant Child Care, Alternative Payment, CalWORKs Stage 3, and child care quality programs, as well as for Local Child Care Planning Councils. On November 19, 2014, the President signed an act reauthorizing the block grant. Under reauthorization, states are expected to make changes in block grant-funded child care programs, including annualizing licensing inspections, providing health and safety inspections for non-family license-exempt providers, allowing for extended income eligibility, providing additional funding for child care quality activities, restructuring professional development for child care providers and staff, and increasing local child care program information provided to families. While the state has several years to begin implementing these changes, they will, nevertheless, pose many challenges for California, especially because the block grant funds are not anticipated to be sufficient to meet these new requirements and to maintain current service levels.

Significant Adjustments:

- Regional Market Rate (RMR) Full-Year Update—An increase of \$33.5 million non-Proposition 98 General Fund to reflect a full-year update of the RMR. The 2014 Budget Act updated the RMR from the 85th percentile of the 2005 RMR survey to the 85th percentile of the 2009 survey, deflated 10.11 percent, effective

January 1, 2015. This increase reflects the difference in full-year cost of this update in 2015-16.

- Cost-of-Living Adjustment (COLA)—An increase of \$9.2 million Proposition 98 General Fund and \$12.3 million non-Proposition 98 General Fund to reflect a statutory COLA of 1.58 percent for capped child care programs. COLA was suspended for these programs from 2008-09 through 2014-15.
- Stage 2—A decrease of \$11.6 million non-Proposition 98 General Fund in 2015-16 to reflect a decrease in the number of CalWORKs Stage 2 cases and an increase in the cost per case. Total base cost for Stage 2 is \$348.6 million.
- Stage 3—An increase of \$38.6 million non-Proposition 98 General Fund in 2015-16 to reflect an increase in the number of CalWORKs Stage 3 cases and an increase in the cost per case. Total base cost for Stage 3 is \$263.5 million.
- Child Care and Development Funds—A net decrease of \$14.9 million federal funds in 2015-16 to reflect a reduction of available carryover funding. Total federal funding is \$565.2 million.

HIGHER EDUCATION

Each year, millions of Californians pursue degrees and certificates or 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. California's system of higher education consists of three public segments:

- The University of California (UC) educates approximately 249,000 undergraduate and graduate students and is the primary institution authorized to independently award doctoral degrees and professional degrees.
- The California State University (CSU) provides undergraduate and graduate instruction to approximately 448,000 students, and primarily awards baccalaureate and master's degrees.
- The California Community Colleges (CCC) are publicly supported local educational agencies that provide open-access educational and vocational programs to approximately 2.1 million students.

In addition to providing direct support to these three segments, the state also provides financial aid to students attending public and private postsecondary California institutions through the Cal Grant program and, beginning in 2014-15, to UC and CSU students through the Middle Class Scholarship Program. More than 125,000 students received new Cal Grant awards, and more than 170,000 students received renewal awards in 2013-14. In 2014-15, more than 95,000 students will receive Middle Class Scholarships.

INVESTING IN HIGHER EDUCATION

Beginning with the Master Plan in 1960, California's approach to higher education has been to provide educational opportunity and success to the broadest possible range of Californians by heavily subsidizing the public segments to keep costs low for university students and even lower for community college students. This model aims to create greater opportunities for individual students and a benefit to the state.

The economic downturn in 2008 and resulting shortfalls in state revenues required reductions in the state's subsidies of public higher education. In response to the significant cuts in state funding, UC and CSU almost doubled system-wide tuition and fees from 2007-08 to 2011-12, increasing by \$5,556 (84 percent) at UC and by \$2,700 (97 percent) at CSU during this period (see Figure HED-01). These rapid increases—sometimes implemented twice within a given year—often occurred with little advance notice to students and their families. Although tuition and fees have been flat since 2011-12, these higher tuition levels remain a hardship for many students and their families.

Recent budgets have significantly increased state support for higher education. The passage of Proposition 30 in November 2012 prevented a \$250 million reduction in General Fund for each system, plus the state provided an additional \$125 million to each segment to recognize that they did not increase tuition and fees in 2012-13. Proposition 30 also allowed the state to commit to a multi-year investment plan. The 2013 and 2014 Budget Acts provided a total of \$267 million in new General Fund resources to each system. Therefore, the Budget commits \$642 million to each university system in 2014-15 attributable to the passage of Proposition 30.

The state's universities also receive significant indirect state support through state financial aid programs. Approximately 23 percent of all tuition revenue for UC and 22 percent for CSU is paid for with state dollars, and this state support for the universities has grown \$643 million for UC (218 percent) and \$507 million for CSU (391 percent) since 2007-08. In 2014-15, the Middle Class Scholarship Program began to offset a percentage of tuition and fee costs at UC and CSU for students with family incomes of up to \$150,000.

As a result of these investments, California public college and university graduates carry some of the lowest student loan debt burdens compared to graduates from other states. California students in public and non-profit colleges rank 49th in student debt levels—about half of California undergraduates have student debt, averaging \$20,340, compared to more than 69 percent of undergraduates nationally, averaging \$28,400.

Figure HED-01
UC and CSU Expenditures and Undergraduate Tuition and Fees
(Dollars in Millions)

	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	Change from 2007-08	
										Dollars	Percent
UC											
General Fund for University Support ^{1/}	\$3,398.8	\$2,603.5	\$2,815.2	\$3,141.2	\$2,473.4	\$2,566.6	\$2,844.4	\$2,990.7	\$3,106.1	-\$292.7	-9%
State Financial Aid ^{2/}	\$295.2	\$338.7	\$425.9	\$561.8	\$687.2	\$718.9	\$765.8	\$881.6	\$938.4	\$643.2	218%
Other Tuition and Fee Revenues	1,297.9	1,338.1	1,628.5	1,650.9	2,335.4	2,299.9	2,320.7	2,250.2	2,193.4	\$895.5	69%
Other Funds ^{3/}	602.8	1,358.3	652.5	824.8	822.2	878.4	922.2	1,019.7	1,019.7	\$416.9	69%
Total Funds	\$5,594.7	\$5,638.6	\$5,522.1	\$6,178.6	\$6,318.2	\$6,463.8	\$6,853.1	\$7,142.2	\$7,257.6	\$1,662.9	30%
Systemwide Tuition and Fees ^{4/}	\$6,636	\$7,126	\$8,373	\$10,302	\$12,192	\$12,192	\$12,192	\$12,192	\$12,192	\$5,556.0	84%
CSU											
General Fund for University Support ^{1/}	\$3,264.3	\$2,509.0	\$2,739.3	\$3,009.2	\$2,418.1	2,473.9	\$2,768.7	\$3,026.1	\$3,153.6	-\$110.7	-3%
State Financial Aid ^{2/}	\$129.7	\$145.8	\$196.2	\$228.3	\$312.3	\$352.0	\$414.9	\$536.5	\$636.4	\$506.70	391%
Other Tuition and Fee Revenues	1,046.6	1,260.3	1,434.4	1,453.6	1,874.7	1,867.5	1,864.1	1,699.9	1,707.1	\$660.5	63%
Other Funds ^{3/}	340.1	1,055.6	303.5	415.0	422.3	463.9	521.3	512.1	512.1	\$172.00	51%
Total Funds	\$4,780.7	\$4,970.6	\$4,673.5	\$5,106.1	\$5,027.4	\$5,157.3	\$5,569.0	\$5,774.6	\$6,009.2	\$1,228.5	26%
Systemwide Tuition and Fees ^{4/}	\$2,772	\$3,048	\$4,026	\$4,440	\$5,472	\$5,472	\$5,472	\$5,472	\$5,472	\$2,700	97%

^{1/} UC and CSU totals include the costs of state general obligation bond debt service and retiree health benefits. For both UC and CSU, the costs of state general obligation bond debt service are imputed for 2007-08 through 2012-13, inclusive. For CSU, the costs of retiree health benefits are imputed for 2007-08 through 2011-12.

^{2/} This line includes, for all years, funds paid through the Cal Grant program, and, beginning in 2014-15, funds paid through the Middle Class Scholarship Program. Fiscal years 2013-14, 2014-15, and 2015-16 are projected amounts.

^{3/} Other funds include general resources, lottery funds, and federal ARRA funding.

^{4/} Tuition and fees are in whole dollars.

HIGHER EDUCATION

The Budget proposes total funding of \$28.7 billion, reflecting an increase of \$1.2 billion, or 4.4 percent, above 2014-15. Within these resources, the Budget includes funding of \$16.3 billion in General Fund and Proposition 98-related sources. See Figure HED-02 for a summary of higher education funding. Higher education continues to be a high priority for investment because widely accessible, high-quality higher education drives the innovation that fuels California's ever-evolving, dynamic economy. Nevertheless, as the state reinvests in higher education, it cannot fund the business-as-usual model of providing instruction at its higher education institutions. As the needs of the state and its students evolve, the funding and delivery models of the state's higher education institutions must keep pace.

Figure HED-02
Higher Education Expenditures
 (Dollars in Millions)

	2013-14	2014-15	2015-16	Change from 2014-15	
				Dollars	Percent
University of California					
Total Funds	\$6,853.2	\$7,142.2	\$7,257.7	\$115.5	1.6%
General Fund	2,844.4	2,990.7	3,106.1	\$115.5	3.9%
California State University					
Total Funds	\$5,569.0	\$5,774.6	\$6,009.3	\$234.7	4.1%
General Fund	2,768.7	3,026.1	3,153.6	\$127.5	4.2%
Community Colleges					
Total Funds	\$12,039.0	\$12,480.3	\$13,154.0	\$673.7	5.4%
General Fund & P98 ^{1/}	7,055.5	7,519.2	8,119.1	\$599.8	8.0%
Student Aid Commission					
Total Funds	\$1,725.8	\$2,021.9	\$2,227.6	\$205.6	10.2%
General Fund	1,056.0	1,615.1	1,926.9	\$311.8	19.3%
Other Higher Education ^{2/}					
Total Funds	\$57.8	\$106.6	\$83.3	-\$23.3	-21.9%
General Fund	9.6	60.8	\$37.1	-\$23.7	-38.9%
Total Funds	\$26,244.7	\$27,525.7	\$28,731.9	\$1,206.2	4.4%
General Fund	\$13,734.2	\$15,211.9	\$16,342.8	\$1,130.9	7.4%

^{1/} To allow for comparisons with totals for UC and CSU, the totals for the community colleges include property tax revenues, which are a component of the state's obligation pursuant to Proposition 98.

^{2/} This category includes expenditures for the Hastings College of the Law, including state general obligation bond debt service for the law school, and the Awards for Innovation in Higher Education.

Both UC and CSU proposed budgets for 2015-16 that call for increases in funding well beyond the 4-percent General Fund increase the Administration committed to in its

long-term funding plan: UC proposes to require more resources from students through steep tuition and fee increases or by replacing California students with nonresident students, and CSU proposes the state provide \$97.1 million more General Fund than the Administration's plan. The state is still emerging from the largest recession since the Great Depression, and its finances remain constrained. The state must continue to rebuild its universities' budgets, but only in a manner that is sustainable over the long term and that explores all cost containment strategies before asking California families to pay more through tuition increases.

IMPROVING PERFORMANCE AND MAINTAINING AFFORDABILITY

As the state continues to reinvest and grow funding for UC, CSU and the CCCs, the Administration expects the segments to use these funds to achieve statewide goals, including:

- Maintaining affordability;
- Decreasing the time it takes students to graduate;
- Increasing the number of students who complete programs; and
- Improving the transfer of community college students to four-year colleges and universities.

The Budget provides increases in funding with a focus on results, rather than funding enrollment growth. Traditional enrollment-based funding does not encourage institutions to focus on critical outcomes—affordability, timely completion rates, and quality programs—nor does it encourage institutions to better integrate their efforts to increase productivity of the system as a whole. Instead, it bases allocation of new funds on the costs of the existing institutional infrastructure, without examining whether the state is well-served by its universities and colleges continuing to deliver education in the same way. Under this old model, increased funding comes from admitting more students, which can make ensuring students complete meaningful programs in a timely manner a secondary concern.

Instead of continuing enrollment-based funding, the four-year investment plan for UC and CSU that began in 2013-14 calls for growing General Fund support for each segment annually. These multi-year investments, however, are contingent on the segments holding tuition and fees flat at 2011-12 levels. In addition to reversing its

decision to raise tuition, UC will also be expected to keep nonresident enrollment from further increasing and to take concrete action to reduce costs.

The Budget continues to require both the UC Regents and the CSU Board of Trustees to adopt three-year sustainability plans that set targets for key measures related to the goals above. These sustainability plans are an important component of understanding the priorities of the appointed governing boards and allow for a robust discussion of priorities during the budget process. The Administration expects institutions to also continue implementing reforms to improve student success and to realize institutional efficiencies. With savings achieved through new cost reductions and current efficiency efforts, in combination with the General Fund increases, the Administration expects the universities to maintain current tuition and fee levels.

UNIVERSITY OF CALIFORNIA

Consisting of ten campuses, UC is the primary institution authorized to independently award doctoral degrees and professional degrees in law, medicine, business, dentistry, veterinary medicine, and other programs. The University 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 UC's medical and health sciences schools that handle almost 4 million patient visits each year.

The University of California has the highest cost structure and receives the highest per-student subsidy of the three segments, and yet is advocating for more tuition or state funds. The University has undertaken some initiatives to reduce administrative costs; however, it also needs to seriously evaluate the cost drivers of its various missions—teaching, research, and public service—and implement changes to control those costs, while improving access to students reflective of the state—including transfer students.

To this end, at the Governor's request, the UC Regents are expected to form a committee, staffed by the Administration and the UC Office of the President, to reduce the University's cost structure. This committee will solicit advice from a broad range of experts, review data and develop proposals that allow the University to deliver quality education at a lower cost and obviate the need for increased tuition or increasing out-of-state enrollment. Specifically, the committee will gather information and develop proposals to decrease University cost drivers, enhance undergraduate access, improve time-to-degree and degree completion, review the role of research, and explore the use of technology to enhance education. The committee's proposals will be considered

by the full UC Board of Regents. These proposals, in conjunction with the University's sustainability plan, will inform ongoing discussions on efficiencies and reforms to improve the cost structure, student access and outcomes at the University.

Significant Adjustment:

- General Fund Increase—An ongoing increase of \$119.5 million General Fund contingent upon the University keeping tuition at 2011-12 levels in 2015-16, not increasing nonresident enrollment in 2015-16, and taking action to control costs.

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, CSU is the largest and most diverse university system in the country. CSU plays a critical role in preparing the workforce of California, awarding 103,637 degrees in 2013-14; it grants more than one-half of the state's bachelor's degrees and one-third of the state's master's degrees. CSU awards more degrees in business, engineering, agriculture, communications, health, and public administration than any other California institution of higher education. More than 50 percent of California's teachers graduated from CSU.

The California State University receives roughly half the per-student subsidy as UC and has a lower overall cost structure than UC. Like UC, CSU has worked to reduce administrative costs, and CSU has been actively examining and implementing strategies to provide more effective remedial programs, reduce course bottlenecks, enhance its completion rates, and simplify the transfer process. However, completion rates are low—only 17.3 percent of admitted freshmen complete their studies within four years. To encourage the most promising strategies to enhance completion, the Budget includes \$25 million for innovation awards focused on partnerships and practices that promote completion of degrees within four years of starting higher education, with a particular focus on improving performance in this area at CSU campuses.

Significant Adjustments:

- General Fund Increase—An ongoing increase of \$119.5 million General Fund. This funding should obviate the need for CSU to increase student tuition and fees and can be used by the University to meet its most pressing needs.

HIGHER EDUCATION

- Innovation Awards—The Budget provides \$25 million for innovation awards to recognize CSU institutions that implement innovations that lead to more timely degree completion.
- Center for California Studies—The Budget shifts the costs of the Center for California Studies to CSU’s main General Fund appropriation instead of budgeting those costs separately. CSU is expected to provide the same cost adjustments to the center commensurate with increases provided for other CSU operations.
- Lanterman Developmental Center—The Budget includes transferring the existing property of the recently closed Lanterman Developmental Center to California State Polytechnic University, Pomona. The campus intends to use the property to expand its academic programs and Innovation Village. The transfer is contingent on CSU acknowledging that state funds will not be specifically appropriated for the operation, maintenance or development of this property; and the University accommodating the needs of other state departments for a portion of the land in the area.

CALIFORNIA COMMUNITY COLLEGES

The community colleges are publicly supported institutions of higher education that provide basic skills, vocational, and undergraduate transfer education as a part of the largest system of higher education in the world, with 72 districts, 112 campuses, and 72 educational centers. In 2013-14, the community colleges awarded 62,318 certificates and 107,472 degrees, and transferred 105,346 students to four-year higher education institutions.

The CCCs serve far more students than either UC or CSU and face many challenges—with low completion rates a primary issue—that were exacerbated during the tight Proposition 98 budgets in the recent economic downturn. In 2012, the system convened a Student Success Task Force, which made a number of recommendations to improve student success according to various measures, such as completion of basic skills and English as a second language courses, persistence and retention, and successful transfer to four-year institutions. The colleges have started to enhance the measurement of student success, which can be used to target investment in programs that best improve student outcomes. The Administration expects this effort to improve completion rates while closing achievement gaps and proposes additional state investment in this area. This includes expanding current services to improve student outcomes, such as effective orientation, assessment, placement, counseling, and other

education planning services. It also includes resources to mitigate disproportionate impacts on access and achievement in underrepresented student groups, aligned with each district's board-approved student equity plan.

The CCCs also provide technical education vital for preparing the workforce for the state's dynamic economy. However, these efforts need to be refreshed and better coordinated with technical education programs offered at K-12 and adult schools to meet industry needs. In November, the California Community Colleges Board of Governors launched the Task Force on Workforce, Job Creation, and a Strong Economy, which will bring together leaders in education and workforce development to develop recommendations to guide future investments in technical education at the community colleges. The Budget supports this effort by making numerous investments to improve relevant technical education, including in adult education, apprenticeship programs and an increase in the funding rate for career development and college preparation non-credit courses. These dollars will allow colleges to design career development and college preparation non-credit courses better suited for students pursuing career technical education.

Significant Adjustments:

- Investing in Student Success—The Budget provides an increase of \$200 million Proposition 98 General Fund to improve and expand student success programs and to strengthen efforts to assist underrepresented students. This includes \$100 million to increase orientation, assessment, placement, counseling, and other education planning services. It also targets \$100 million to close achievement gaps in access and achievement between underrepresented student groups and their peers, as identified in local student equity plans.
- Increased Operating Expenses—The Budget provides an additional \$125 million Proposition 98 General Fund to increase base allocation funding in recognition of increased community college operating expenses in the areas of facilities, retirement benefits, professional development, converting part time to full-time faculty, and other general expenses.
- Growth—The Budget provides an increase of \$106.9 million Proposition 98 General Fund for growth in general-purpose apportionments, which represents a 2-percent increase in full-time equivalent enrollment. The 2014 Budget directed the Board of Governors to adopt a growth formula that gives first priority to districts identified as having the greatest unmet need in adequately serving their

HIGHER EDUCATION

community's higher educational needs. This new growth formula is to begin in the 2015-16 fiscal year.

- **Cost-of-Living Adjustment**—The Budget provides an increase of \$92.4 million Proposition 98 General Fund for a cost-of-living adjustment of 1.58 percent.
- **Adult Education Block Grant**—The Budget provides \$500 million Proposition 98 General Fund to implement the Adult Education Block Grant as discussed in the K thru 12 Education Chapter.
- **Apprenticeship Programs**—The Budget provides \$29.1 million Proposition 98 General Fund for expansion of apprenticeship programs. This includes \$14.1 million to grow existing apprenticeship programs and \$15 million to create innovative apprenticeship demonstration projects that focus on new and emerging industries with unmet labor market demand.
- **Career Technical Education**—The Budget provides \$48 million Proposition 98 General Fund one-time to support the Career Technical Education Pathways Program at the Chancellor's Office. These funds provide resources for community colleges to develop, enhance, and expand career technical education programs that build upon existing regional capacity to meet regional labor market demands.
- **Enhanced Non-Credit Rate Change**—The Budget provides \$49 million Proposition 98 General Fund to reflect an increase adopted with the 2014 Budget in the funding rate for career development and college preparation non-credit courses (also known as CDCP or enhanced non-credit) to equal the rate provided for credit courses. Career development and college preparation non-credit courses offer flexibility for community colleges to design and deliver courses better suited for students pursuing career technical education. The lower funding rate, along with the higher cost of career technical education, serve as barriers to many community colleges offering career development and college preparation instruction in a manner that best supports student success.
- **Mandate Backlog Payments**—The Budget provides an additional \$353.3 million Proposition 98 General Fund to continue paying down outstanding mandate claims by community colleges. These payments will further reduce outstanding mandate debt, while providing community colleges with one-time resources to address deferred maintenance at facilities, instructional equipment needs, and other one-time costs.

- Eliminating Apportionment Deferrals—The Budget provides \$94.5 million Proposition 98 General Fund to eliminate deferrals consistent with the revenue trigger included in the 2014 Budget. Inter-year deferrals reached a high of \$961 million in the 2011-12 fiscal year.

HASTINGS COLLEGE OF THE LAW

The Hastings College of the Law is the oldest and one of the largest public law schools in the West, providing instruction to 960 full-time equivalent students.

Significant Adjustment:

- General Fund Increase—An ongoing increase of \$1 million General Fund. This funding will mitigate the need for Hastings to increase student tuition and fees and can be used by the law school to meet its most pressing needs.

CALIFORNIA STUDENT AID COMMISSION

The California Student Aid Commission administers state financial aid to students attending California 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, the Assumption Program of Loans for Education, and the Middle Class Scholarship Program. More than 125,000 students received new Cal Grant awards, and more than 170,000 students received renewal awards in 2013-14. In its first year of implementation in 2014-15, an estimated 95,000 students will earn Middle Class Scholarships at a cost of \$80 million. These programs are a key way in which the state supports public higher education to make college more affordable for the state's lower-income students.

The Cal Grant program is one of the most generous entitlement financial aid programs in the country. Only New York has need-based student financial aid programs comparable in size to California's. Costs for the program increased dramatically due to UC and CSU tuition and fee increases during the recession and an increased number of students participating in the program. Over a ten-year period, participation in the program and costs have increased from 240,000 students and \$697 million in 2004-05, to more than 331,000 students and \$1.9 billion estimated for 2015-16. Stable tuition and fee levels since 2011-12 at UC and CSU have slowed the rate of growth in the program in recent years.

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Significant Adjustments:

- Cal Grant Program Growth—An increase of \$68.9 million General Fund in 2014-15 and \$198.2 million General Fund in 2015-16 to reflect increased participation in the Cal Grant program. Of this, \$48.3 million in 2014-15 and \$67 million in 2015-16 are attributable to the continuing implementation of the California Dream Act.
- Middle Class Scholarship Program—An increase of \$45 million General Fund in 2015-16 for the second year of implementation of the Middle Class Scholarship Program.
- Maintain Outreach Programs—An increase of \$15 million General Fund to continue the Cal-SOAP and Cash for College outreach programs. This funding replaces federal funds that are no longer available for this purpose after 2014-15.
- Modernization of Grant Delivery System—An increase of \$840,000 General Fund and 3.0 positions to modernize the grant delivery system.
- Offset Cal Grant Costs with Federal Temporary Assistance for Needy Families (TANF) Reimbursements—An increase of \$91 million General Fund in 2015-16 to reflect decreased TANF funds available through an interagency agreement with the Department of Social Services. This adjustment will bring the total TANF funds expended on the Cal Grant program to \$286.3 million in 2015-16.

INVESTING IN CALIFORNIA'S WORKFORCE

As the state's economic recovery continues, many Californians are entering and returning to the workforce seeking jobs that require more education and training. However, the state does not have a coordinated approach that links efforts of various entities—traditional K-12 schools, adult schools, community colleges, universities, local workforce investment boards, libraries, social services agencies, public safety agencies, and employers—and the resources available do not effectively develop skills needed in the workforce. Increasing the resources available and better targeting where they are used will improve the skills of California's workforce and better meet the demands of the growing economy. Making this investment strategically will also help reduce the number of Californians living in poverty.

For the last several years, the Census Bureau has reported that about 16 percent of California residents are living in poverty—slightly above the national average of 14.9 percent. The Census Bureau's supplemental measurement of poverty, which considers broader measures of income and the cost of living, reflects a poverty rate of 23.4 percent (a three-year average). Additionally, while the state's economic condition has improved since the Great Recession, the increase in wages and salaries has been uneven, with much of the gain being made by the state's wealthiest residents.

Investing in assistance programs alone will only marginally improve the situation for those living in poverty. Investments that improve a range of educational outcomes (such as basic literacy, graduation from high school, certificate programs, and college degrees) and provide tangible skills desired by employers generally increase an individual's

earning potential. This type of investment can provide a permanent path out of poverty and to greater personal advancement.

The Budget outlines a comprehensive framework to strengthen the workforce by providing credentials valued by employers and encouraging careers that have opportunities for advancement and self-sufficiency. These proposals represent a significant step in reinvesting and reshaping California's workforce preparation systems to accomplish the following:

- Provide high-quality, job-related instruction and connect students with quality career exploration and guidance.
- Produce a workforce and education framework that is highly responsive to labor market demands and focuses on current or emerging high-wage, high-skill, or high-demand jobs.
- Provide increased and more meaningful employer engagement in the workforce development system, including partnering in earn-and-learn programs, on-the-job training, and subsidized employment opportunities.
- Align various programs through coordinated regional planning efforts that can more easily incorporate business-sector input and industry-valued certificates and degrees.
- Improve alignment of workforce programs with post-secondary education, particularly the community colleges, and the continuing development of career pathways programs.
- Emphasize non-traditional apprenticeship programs in high-growth industries in emerging and transitioning occupations.
- Target education and employment services to special populations including veterans, the disabled, CalWORKs recipients, formerly incarcerated individuals, and other disadvantaged groups most in need of assistance.

Congress' recent reauthorization of the Workforce Innovation and Opportunity Act promotes principles that strongly align with this approach, as well as the key workforce initiatives of the Labor and Workforce Development Agency and the Community College Board of Governors Task Force on Workforce, Job Creation, and a Strong Economy.

While many programs are targeted toward workforce development, their goals, objectives, and approaches have differed and are not well coordinated. Recent

efforts have focused on bringing these divergent activities together through common performance measures and coordinated planning activities on a regional scale. The Labor and Workforce Development Agency and various workforce entities will continue development of the Unified State Workforce Investment Plan over the next year as required by the Workforce Act. The plan will:

- Incorporate input from workforce investment boards, schools, community colleges, rehabilitation programs, CalWORKs welfare-to-work services, and community correctional programs.
- Emphasize regional planning that reflects the needs of employers.
- Adopt common performance measures that are aligned with other workforce development programs, adult education and literacy programs, and job services.
- Create pathways to post-secondary education and careers.

The Budget builds on investments made in recent years across program areas and provides over \$1.2 billion to support these coordinated programs:

- **Adult Education Block Grant**—The Budget provides \$500 million Proposition 98 General Fund for a block grant to support programs in elementary and secondary basic skills, classes and courses in citizenship and English as a second language for immigrants, education programs for adults with disabilities, short-term career technical education programs linked to occupations with high employment potential, and programs for apprentices. The program will build upon the existing adult education infrastructure, but will ensure ongoing collaboration among different providers and with workforce development and social service functions that adult education is intended to serve. Additional information on the proposed block grant can be found in the K thru 12 Education Chapter.
- **Career Technical Education (CTE)**—The Budget provides \$250 million Proposition 98 General Fund for incentive grants to school districts, county offices of education, and charter schools. To qualify for funding, each awardee must provide one-to-one matching funds and demonstrate a long-term commitment to support CTE by presenting a plan to continue the program after grant funds expire with Local Control Funding Formula allocations or other local funding resources. Priority will be given to districts who apply in partnership with other districts or providers to offer regional programs. Additional information on this proposal can be found in the K thru 12 Education Chapter.

- **Workforce Investment Act**—The 2014 Budget Act included \$390.8 million federal funds of which \$356.3 million is allocated to 49 local workforce investment boards to target job and workforce services to youth, adults, and dislocated workers; and \$34.5 million for program oversight and discretionary programs. The discretionary funding is allocated to address regional workforce needs and employment barriers for special populations. Discretionary funding in 2015-16 is expected to increase and will be detailed in the May Revision after federal guidelines for the new Workforce Act are released in early 2015. Two regionally targeted programs include:
 - **SlingShot Regional Grants**—Provides \$5.2 million in 2014-15 to address regional barriers to employment through innovative workforce development, training, employer engagement, and career education approaches.
 - **Regional Workforce Accelerator Program Grants**—Provides \$3.2 million in 2014-15 to partnerships for job training, support services, and job placement assistance for the long-term unemployed, veterans, low-income individuals seeking jobs (including CalWORKs recipients), disconnected youth, formerly incarcerated individuals, and others with barriers to employment.
- **Apprenticeship Program Funding**—The Budget includes an increase of \$14 million for existing apprenticeship programs to support both an increase in the number of hours allocated and the rate at which schools and colleges are reimbursed. In addition, the Budget provides \$15 million for new and innovative apprenticeship programs in emerging industries.
- **Enhanced Non-Credit Rate Change**—The Budget provides \$49 million to reflect an increase adopted with the 2014 Budget in the funding rate for career development and college preparation non-credit courses to equal the rate provided for credit courses. Career development and college preparation non-credit courses offer flexibility for community colleges to design and deliver courses better suited for students pursuing career technical education.

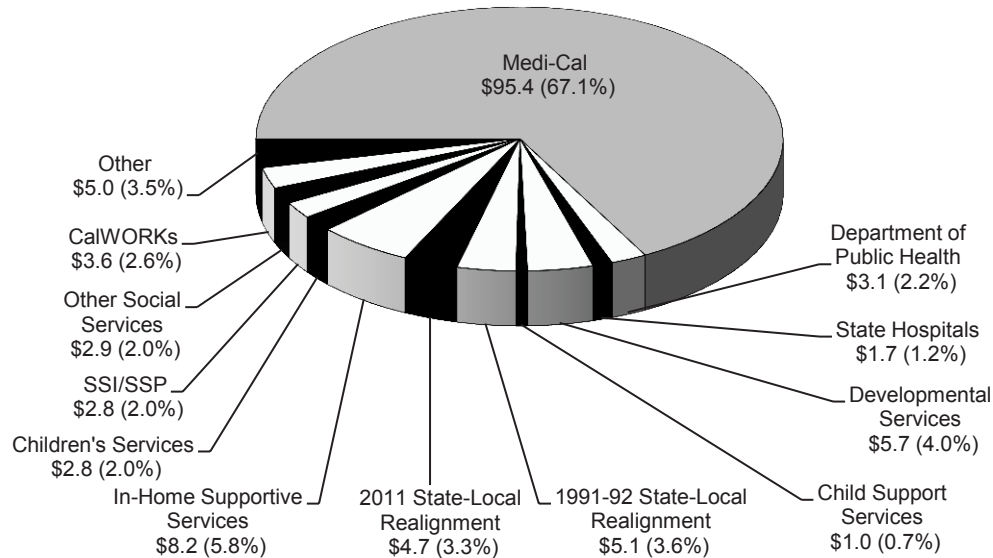
These investments serve as the first step toward a broader strategy of aligning 49 workforce investment boards, 72 community college districts, more than 1,000 other local education agencies, and the employment programs of 58 county human services agencies. They will also provide a framework for workforce development in California that coordinates local, state, and federal resources within 15 economic development regions defined by regional and industry workforce needs.

HEALTH AND HUMAN SERVICES

The Health and Human Services Agency oversees departments and other state entities that provide health and social services to California's vulnerable and at-risk residents. The Budget includes \$142 billion (\$31 billion General Fund and \$111 billion other funds) for these programs. Figure HHS-01 displays expenditures for each major program area and Figure HHS-02 displays program caseload.

California continues its implementation of federal health care reform, which has enabled millions of Californians to obtain health care coverage. Many Californians now have access to affordable, quality health insurance coverage through Covered California, the new health insurance marketplace. By law, health coverage cannot be dropped or denied because of pre-existing conditions or illness. California also expanded Medi-Cal to cover childless adults and parent/caretaker relatives with incomes up to 138 percent of the federal poverty level, and expanded Medi-Cal mental health and substance use disorder benefits.

Figure HHS-01
Health and Human Services Proposed 2015-16 Funding¹
All Funds
 (Dollars in Billions)



¹ Totals \$142.2 billion for support, local assistance, and capital outlay. This figure includes reimbursements of \$14.3 billion and excludes \$5.1 million in Proposition 98 funding in the Department of Developmental Services budget and county funds that do not flow through the state budget.

Figure HHS-02
Major Health and Human Services Program Caseloads

	2014-15 Revised	2015-16 Estimate	Change
Medi-Cal enrollees	11,972,700	12,221,500	248,800
California Children's Services (CCS) ^a	16,062	16,303	241
CalWORKs	543,557	533,335	-10,222
CalFresh households	1,847,942	2,007,309	159,367
SSI/SSP	1,302,668	1,310,977	8,309
(support for aged, blind, and disabled)			
Child Welfare Services ^b	136,172	135,669	-503
Foster Care	43,843	43,798	-45
Adoption Assistance	84,647	84,748	101
In-Home Supportive Services	446,053	462,648	16,595
Regional Centers for persons with developmental disabilities	278,593	288,317	9,724
State Hospitals ^c	6,892	6,953	61
Developmental Centers ^d	1,112	1,010	-102
Vocational Rehabilitation	26,736	26,736	0

^a Represents unduplicated quarterly caseload in the CCS Program. Does not include Medi-Cal CCS clients.

^b 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.

^c Represents the year-end population. Includes population at Vacaville and Salinas Valley Psychiatric Programs.

^d Represents average in-center population.

FEDERAL ACTIONS CAUSE INCREASED STATE COSTS AND SIGNIFICANT FISCAL UNCERTAINTY

There have been numerous recent federal actions in the health and human services area that have increased state costs or created substantial fiscal uncertainty for California.

These actions include:

INCREASED STATE COSTS

- Recent federal guidance indicates that California's tax on managed care organizations is inconsistent with federal Medicaid regulations and will not be allowed after its expiration in 2016. The tax offsets \$1.1 billion in General Fund expenditures in 2015-16. The Administration is proposing a new managed care tax to comply with federal guidelines.
- The Department of Labor issued regulations requiring overtime, travel time between recipients and wait time related to doctor's visits be paid to In-Home Supportive Services workers. These costs total approximately \$315 million General Fund in 2015-16. In late December, a federal district court ruled that a portion of the regulations exceeded the Department of Labor's authority and delayed implementation of the regulations. Under state law, the state's implementation of overtime is also delayed pending further action by the federal court.
- The Centers for Medicare and Medicaid Services required states to provide Behavioral Health Treatment as a required Medi-Cal benefit. This benefit is estimated to cost California over \$150 million General Fund annually.

FISCAL UNCERTAINTY

- California was assessed a repayment of \$50 million by the Administration for Children and Families (ACF) for a noncompliance issue from 2000 to 2001. The penalty was based on a finding that relative caregivers were not subject to the same criminal background checks as non-relative homes. At the time of the audit, the state was substantially in compliance and the state has been in full compliance with the federal rule for many years. The state has appealed this issue and the ACF is considering the appeal.

- The U.S. Department of Agriculture implemented spending targets for state CalFresh administrative expenditures. California's target for federal fiscal year 2015 is approximately \$800 million; however, CalFresh expenditures are estimated to exceed this amount based on updated caseload projections. If other states do not spend less than their expenditure targets, or the federal government does not provide additional funding, California would have to backfill the difference with General Fund or reduce funding for the program. These targets create potential state costs of \$180 million in 2014-15 and \$90 million in 2015-16.
- The federal government, through the state Department of Public Health, has determined that certain housing units at the Sonoma, Porterville and Fairview Developmental Centers are noncompliant with federal licensing and certification requirements and may be decertified, thereby becoming ineligible for federal funding. The state is spending tens of millions in order to maintain eligibility for those funds and come into compliance with federal requirements; however, approximately \$95 million in federal funds remains at risk.
- The President announced several executive actions in November intended to allow certain undocumented immigrants to pass a criminal background check and pay taxes in order to temporarily stay in the U.S. without fear of deportation. These individuals may be recognized as having Permanent Residence Under Color of Law status due to their deferred action status, and/or because the federal government does not intend to deport them. This status potentially qualifies individuals for state-funded full-scope Medi-Cal, In-Home Supportive Services, and Cash Assistance Program for Immigrants. At this time, there is a great deal of uncertainty about the scope, timing and effect of these actions. Consequently, the Budget does not assume any higher costs from these individuals, but covering eligible immigrants under these programs could cost hundreds of millions of dollars annually.

The Administration will be working with its federal partners to relieve the fiscal impact on the state from these federal actions.

HIGH-COST DRUGS

Several new Hepatitis C drugs have recently been approved by the Federal Food and Drug Administration that provide a cure for the disease. However, these drugs cost approximately \$85,000 per treatment regimen. There are thousands of inmates in state prisons, patients in state hospitals, and participants in Medi-Cal and the AIDS Drug Assistance Program who are infected with Hepatitis C. The Budget reserves \$300 million to account for the fiscal impact of these high-cost drugs. The Administration will convene

a workgroup of affected entities, including sheriffs and the Receiver, to address the state's approach regarding high-cost drug utilization policies and payment structures.

DEPARTMENT OF HEALTH CARE SERVICES

Medi-Cal, California's Medicaid program, is administered by the Department of Health Care Services (DHCS). Medi-Cal is a public health insurance program that provides comprehensive health care services at no or low cost for low-income individuals. The federal government mandates basic services including 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 services, and medical equipment. DHCS also operates the California Children's Services program, the Primary and Rural Health program, the Targeted Low-Income Children's Program (former Healthy Families Program) and oversees county-operated community mental health and substance use disorder programs.

Since 2012-13, total Medi-Cal benefit costs grew 10 percent annually (approximately \$1.5 billion per year) to \$81.3 billion in 2014-15 because of a combination of health care cost inflation, program expansions, and caseload growth. Medi-Cal General Fund spending is projected to increase 4.3 percent from \$17.8 billion in 2014-15 to \$18.6 billion in 2015-16. Growth in Medi-Cal General Fund expenditures has been reduced through the use of other funding sources, including the Managed Care Organization Tax (authorized in 2013-14), the Hospital Quality Assurance Fee (first authorized in 2011-12), intergovernmental transfers, and Medicaid waivers that allow claiming of federal funds for state-only health care costs.

The Budget assumes that caseload will increase approximately 2.1 percent from 2014-15 to 2015-16 (from 11.9 million to 12.2 million), largely because of the continued implementation of federal health care reform. Federal health care reform will increase the program's caseload by an estimated 1 million in 2014-15 and 1.1 million in 2015-16. In the short term, the state will receive 100 percent federal funding for non-disabled childless adults with income up to 138 percent of the federal poverty level (FPL), and parent and caretaker relatives with incomes between 109 and 138 percent of FPL. With these trends, approximately 32 percent of the state's total population will be enrolled in Medi-Cal. Caseload has increased from 7.9 million in 2012-13 to 12.2 million in 2015-16.

The Federal Medical Assistance Percentage (FMAP) determines the level of federal financial support for the Medi-Cal program. The current formula relies on per capita income, which harms California since a relatively few high-wage earners skew the per capita income. California has generally had an FMAP of 50 percent (the minimum percentage authorized under federal law) since the inception of the Medicaid program in 1965. California's percentage is lower than the national average and is lower than those of neighboring states. Oregon, Nevada, and Arizona currently have percentages of 64 percent, 64 percent, and 69 percent, respectively. The state's percentage is also substantially lower than Mississippi's 74-percent FMAP percentage, currently the highest in the country.

The Medi-Cal program cost per case is lower than the national average. According to data from federal fiscal year 2011, California's cost per case of \$4,468 was substantially lower than other low FMAP states such as Massachusetts (\$8,717) and New York (\$8,901). California's projected cost per case is \$5,608 in 2015-16.

California is one of 27 states that implemented the optional expansion under federal health care reform, which expanded Medi-Cal eligibility to all parent/caretaker relatives and childless adults under 138 percent of FPL. In addition, California provides coverage for pregnant women up to 213 percent of FPL and for non-working persons with disabilities up to 138 percent of FPL; these two eligibility levels are the 9th highest in the nation.

Significant Adjustments:

- County Medi-Cal Administration—County workers conduct Medi-Cal eligibility work on behalf of the state. Medi-Cal caseload has grown significantly since implementation of the Affordable Care Act, and the system built to automate eligibility work is still not completely functional. As a result, counties require additional resources for administration of the program. The Budget includes an additional \$150 million (\$48.8 million General Fund) in 2014-15 for these purposes. The Administration will continue to monitor county workload to determine if additional resources are also warranted in 2015-16. In the interim, the Budget continues the increase of \$240 million (\$78 General Fund) in 2015-16 that counties received the last two years. Once the eligibility system stabilizes, the state will conduct time studies to inform a new Medi-Cal county administration budgeting methodology.

- **Skilled Nursing Quality Assurance Fee**—Current law authorizes a quality assurance fee on skilled nursing facilities until July 31, 2015 and provided for a 3-percent increase in reimbursement rates in 2013-14 and 2014-15. This fee leverages additional federal funding that offsets General Fund expenditures in these facilities. The Budget assumes continuation of this fee for five years with annual rate increases of 3.62 percent beginning in August 2015.
- **Behavioral Health Treatment**—In July 2014, the federal government required behavioral health treatment services be covered under Medicaid Early and Periodic Screening, Diagnosis and Treatment requirements for services delivered on or after July 1, 2014. The Budget includes costs of \$190 million (\$89 million General Fund) in 2014-15 and \$320 million (\$151 million General Fund) in 2015-16 for behavioral health treatment services for individuals with Autism Spectrum Disorder up to 21 years of age. Chapter 40, Statutes of 2014 (SB 870), requires the Department of Health Care Services to implement behavioral health treatment services, including Applied Behavioral Analysis, to the extent required by the federal government.
- **Provider Rates**—Chapter 3, Statutes of 2011 (AB 97), reduced most Medi-Cal provider rates by up to 10 percent. The 2014 Budget Act assumed retroactive recoupment of rate reductions for some services in fee-for-service Medi-Cal and prospective savings from rate reductions in fee-for-service and managed care. The 2014 Budget Act also exempted additional providers, including high-cost prescription drugs, specialty physician services, various distinct-part nursing facilities and nonprofit pediatric dental surgery centers. The Budget reflects an estimated \$130 million annual General Fund cost for these exemptions.
- **Limited Benefit Programs**—Several state health programs including the Medi-Cal Access Program, California Children's Services, the Genetically Handicapped Persons Program, and Every Woman Counts currently provide health services that do not qualify as comprehensive coverage. Due to the Affordable Care Act, individuals can receive comprehensive health coverage that typically covers the services provided in these non-comprehensive programs. Consistent with a policy of encouraging comprehensive coverage, the Budget proposes to require individuals in these programs to seek comprehensive coverage offered through Covered California or Medi-Cal in order to maintain eligibility for these programs.
- **Annual Open Enrollment**—The Budget proposes to institute an annual 90-day time period when certain non-disabled Medi-Cal beneficiaries enrolled in managed care plans can change their health plan, similar to the Covered California open enrollment period. This proposal supports continuity of care and enables increased

care management and does not impact the ability of individuals to apply for and be enrolled in Medi-Cal coverage at any time throughout the year. This change results in General Fund savings of \$1.6 million in 2015-16.

- Pediatric Palliative Care—Beginning in 2006, DHCS developed a statutorily required pediatric palliative care pilot project intended to improve the quality of life for children with life-threatening illnesses. The 11-county pilot minimizes hospitalization by allowing access to in-home palliative care. The pilot has proven successful and the Budget proposes to expand it to seven additional counties, resulting in net General Fund savings of \$1.4 million in 2015-16.

COORDINATED CARE INITIATIVE

Under the Coordinated Care Initiative (CCI), persons eligible for both Medicare and Medi-Cal (dual eligibles) receive medical, behavioral health, long-term supports and services, and home and community-based services coordinated through a single health plan. These changes are being pursued through a federal demonstration project known as Cal MediConnect. The CCI is also enrolling all dual eligibles in managed care plans for their Medi-Cal benefits and integrating long-term services and supports for Medi-Cal-only beneficiaries. The CCI was intended to operate in eight counties: Alameda, Los Angeles, Orange, Riverside, San Bernardino, San Diego, San Mateo, and Santa Clara.

The following changes have occurred since enactment of the 2012 Budget Act and the creation of the program:

- More than 100,000 participants were exempted, including Medicare Special Needs Plans and certain categories of Medi-Cal beneficiaries based on age or health condition.
- Passive enrollment was delayed until 2014, and Alameda County will no longer participate in the demonstration due to concerns regarding one of the health plan's readiness. Six counties have begun passive enrollment and the seventh, Orange County, will begin in July 2015.
- Medicare and Medicaid savings were intended to be shared 50-50 with the federal government; however, the federal government reduced the amount of savings California was allowed to retain to approximately 25 to 30 percent.
- To help pay for implementation, the federal government allowed a 4-percent tax on managed care organizations through June 30, 2016 which is attributable to the state's participation in the demonstration. However, recent guidance from the federal

government indicates the tax is inconsistent with federal Medicaid regulations and will not be allowed to continue.

- As of November 1, 2014, approximately 69 percent of eligible participants have opted out of the demonstration compared to initial projections of approximately 33 percent. That percentage is around 80 percent for In-Home Supportive Services (IHSS) beneficiaries, and participation varies widely by county.
- Due to revised federal Fair Labor Standards Act regulations, IHSS providers are entitled to overtime compensation. Because the CCI established a Maintenance-of-Effort funding formula for the IHSS program, the state's IHSS costs have significantly increased due to the CCI. This arrangement changed the fiscal exposure for counties from a share of non-federal costs to a cost cap based on 2011-12 expenditure levels plus annual growth of 3.5 percent. The cost cap applies to all 58 counties, not just the seven counties implementing CCI. This funding change, together with the federal government's change in overtime regulations, has significantly increased the state's costs.

Under current law, the Director of Finance is required to annually send to the Legislature a determination of whether the CCI is cost-effective. If the CCI is not cost-effective, the program would automatically cease operation. Although the Budget projects net General Fund savings for the CCI of \$176.1 million in 2015-16, these savings are primarily from the tax on managed care organizations. Without the tax revenue, the CCI would have a General Fund cost of \$396.8 million in 2015-16. The most recent analysis also shows that the initiative could result in net costs to the state in 2016-17 and beyond due to the factors outlined above. If these factors are not improved by January 2016, the CCI would cease operating effective January 2017.

The Administration remains committed to implementing the CCI to the extent it can continue to generate program savings. Over the course of the next year, the Administration will seek ways to improve participation, extend an allowable managed care tax, and lower state costs.

MANAGED CARE ORGANIZATION TAX

Chapter 33, Statutes of 2013 (SB 78), authorized a tax on the operating revenue of Medi-Cal managed care plans based on the state sales tax rate. Nearly half of this revenue is used for the non-federal share of supplemental payments to Medi-Cal managed care plans. The remainder of the revenue is used to fund increased capitation rates for Medi-Cal managed care plans that would otherwise be paid by the General Fund,

which offsets General Fund spending in the Medi-Cal program. The Budget includes a General Fund offset from the tax of \$803 million in 2014-15 and \$1.1 billion in 2015-16.

The federal government recently released guidance indicating that this tax is likely impermissible under federal Medicaid regulations because it only applies narrowly to Medi-Cal managed care plans. The current form of the tax, therefore, could not be extended.

The Administration is proposing a new managed care tax that complies with federal law. The new revenue will offset the same amount of General Fund expenditures as the current tax, as well as fund a restoration of the 7-percent across-the-board reduction to authorized IHSS hours of service. The restoration of hours is consistent with a settlement of various IHSS cases to seek a non-General Fund source of funding for these hours. The Administration will be pursuing this new managed care tax early in 2015.

MEDI-CAL 1115 WAIVER RENEWAL

California's current Medi-Cal 1115 Waiver, "Bridge to Reform", which has been fundamental to the successful implementation of the Affordable Care Act (ACA), expires in October 2015. DHCS will seek a five-year renewal of the waiver to continue to support ACA implementation, drive significant delivery system transformation, and provide for the long-term fiscal stability of the Medi-Cal program. The main objectives of the new waiver are to:

- Strengthen primary care delivery and access.
- Avoid unnecessary institutionalization and services.
- Use the Medi-Cal program to test innovative approaches to care.

These objectives are consistent with the goals of higher quality, improved health outcomes, and lower costs. DHCS is undertaking a stakeholder process to discuss several core areas targeted in the waiver renewal process, including delivery system transformation and other provider or plan incentives, safety net funding reform, workforce development, housing and supportive services for targeted populations, and shared savings with the federal government. The Budget assumes continuation of the funding available in the Bridge to Reform Waiver for designated public hospital systems; however, updates to those assumptions will occur as part of the May Revision after DHCS formally submits the waiver renewal to the federal government.

HEALTH CARE REFORM IMPLEMENTATION

In 2013, California implemented significant portions of the Affordable Care Act. Covered California, the new insurance marketplace, has provided affordable health insurance, including plans subsidized with federally funded tax subsidies and products for small businesses with coverage that started January 1, 2014.

In addition, the Medi-Cal program was expanded in two ways:

- The mandatory expansion simplified eligibility, enrollment, and retention rules, making it easier to get on and stay on the program.
- The optional expansion extended eligibility to adults without children and parent and caretaker relatives with incomes up to 138 percent of the federal poverty level.

Significant reforms in the individual and small group insurance markets also took effect January 1, 2014. Most health plans and insurers in California are required to cover the 10 essential health benefits as required by federal law: ambulatory patient services; emergency services; hospitalization; maternity and newborn care; mental health, including behavioral health treatment; prescription drugs; rehabilitative and habilitative services and devices; laboratory services; preventive and wellness services and chronic disease management; and pediatric oral and vision care.

With these reforms, an estimated 3.3 million additional people will enroll in Medi-Cal and 2 million people will enroll in Covered California by the end of 2015-16. Covered California has received over \$1 billion in start-up funding from the federal government, with the vast majority of the funds paying for staff, information technology systems, and marketing. Under state law, it must be self-sustaining by January 1, 2015, and will assess fees on its 10 qualified health plans to fund its operating budget.

The Budget assumes net costs of \$2 billion (\$943.2 million General Fund) in 2015-16 to provide for the mandatory Medi-Cal expansion. California will split these costs with the federal government. Additionally, the federal government has committed to pay 100 percent of the cost of the new adult group optional expansion for the first three years; by 2020-21, the federal share will have decreased to 90 percent and the state will pay 10 percent. The Budget assumes net costs of \$14.3 billion in 2015-16 for the optional Medi-Cal expansion.

1991-92 STATE-LOCAL REALIGNMENT HEALTH ACCOUNT REDIRECTION

Under the ACA, county costs and responsibilities for indigent health care are expected to decrease as more individuals gain access to health care coverage. The state-based Medi-Cal expansion will result in indigent care costs previously paid by counties shifting to the state.

Chapter 24, Statutes of 2013 (AB 85), modifies 1991 Realignment Local Revenue Fund (LRF) distributions to capture and redirect savings counties will experience from the implementation of federal health care reform effective January 1, 2014. County savings are estimated to be \$724.9 million in 2014-15 and \$698.2 million in 2015-16, and these savings will be redirected to counties for CalWORKs expenditures. This redirection mechanism frees up General Fund resources to pay for rising Medi-Cal costs. The estimates for 2015-16 will be updated in the May Revision using updated data from the counties.

LRF sales tax revenues are first allocated to base funding to the subaccounts (Mental Health, Health, Social Services, and CalWORKs) within the fund. Any sales tax revenues deposited into the LRF in excess of base funding are distributed through various growth formulas. These growth funds are first distributed to fund cost increases in social services programs, followed by County Medical Services Program growth pursuant to a statutory formula. Any remaining growth funds, or general growth, is distributed to each of the subaccounts within the LRF.

AB 85 established two new subaccounts within the LRF beginning in 2013-14:

(1) the Family Support Subaccount, which receives sales tax funds redirected from the Health Subaccount, as noted above, and then redistributes to counties in lieu of General Fund for the CalWORKs program, and (2) the Child Poverty and Family Supplemental Support Subaccount, which receives base and growth revenues dedicated solely towards funding increases to CalWORKs grant levels. Additionally, under AB 85, the Health Subaccount receives a fixed percentage of general growth funds, 18.5 percent, while the Mental Health Subaccount continues to receive general growth without any changes to the original statutory formula. The Child Poverty and Family Supplemental Support Subaccount receives any remaining general growth funds.

Based on current revenue estimates, the Child Poverty and Family Supplemental Support Subaccount is projected to receive \$170.3 million in base and growth funds in 2014-15, plus an additional \$67.1 million in carryover funding from the prior fiscal year. Of the total amount available (\$237.4 million), \$214.1 million will be used to fund the 5-percent

increase to CalWORKs grant levels that took effect on March 1, 2014 and the additional 5-percent grant increase scheduled to become effective April 1, 2015. The remaining \$23.3 million will be carried over to 2015-16 to help fund the full-year costs of both grant increases, estimated to be \$340.5 million. Including the carryover funding, total deposits to the Child Poverty and Family Supplemental Support Subaccount in 2015-16 are projected to be \$267.2 million. The Budget includes \$73.3 million General Fund to provide the remaining funding needed for the full-year costs of the grant increases.

MENTAL HEALTH AND SUBSTANCE USE DISORDER SERVICES

California expanded the mental health and substance use disorder benefits available to those eligible for Medi-Cal. The Budget continues to reflect the costs of the expansion of benefits.

DHCS is seeking a waiver from the federal Centers for Medicare and Medicaid Services to provide better coordination of care and a continuum of care for substance use disorder treatment services, including residential treatment services which would be unavailable for most beneficiaries absent a waiver. The waiver will allow state and county officials more authority to select quality providers to provide substance abuse treatment, assessments, and case management.

Due to concerns about program integrity in the Drug Medi-Cal program, DHCS took steps to eliminate fraud and abuse in the program, including temporarily suspending the certification of hundreds of facilities providing drug treatment inconsistent with program goals, and referring many drug treatment providers to the Department of Justice for potential criminal prosecution. DHCS is still in the process of statewide recertification of active providers, and plans on completing those efforts by November 2015. The Budget extends the 21 positions and \$2.2 million (\$1.1 million General Fund) provided in the 2014 Budget Act to continue the current recertification efforts and implement on-site monitoring of provider operations to further fraud prevention efforts.

2011 REALIGNMENT FUNDING

In an effort to provide services more efficiently and effectively, 2011 Realignment shifted responsibility and dedicated funding for public safety services to local governments. In addition, community mental health programs previously funded in 1991-92 State-Local Realignment are now funded by revenue dedicated for 2011 Realignment.

2011 Realignment is funded through two sources: a state special fund sales tax of 1.0625 cents totaling \$6.6 billion and \$546 million in Vehicle License Fees. These funds are deposited into the Local Revenue Fund 2011 for allocation to the counties and are constitutionally guaranteed for the purposes of 2011 Realignment. Figure HHS-03 identifies the programs and funding for 2011 Realignment.

Figure HHS-03
2011 Realignment Estimate¹ - at 2015-16 Governor's Budget

	2013-14	2013-14 Growth	2014-15	2014-15 Growth	2015-16	2015-16 Growth
Law Enforcement Services	\$2,124.3		\$2,078.3		\$2,248.4	
Trial Court Security Subaccount	508.0	9.8	518.1	17.0	535.1	15.2
Enhancing Law Enforcement Activities Subaccount ²	489.9	24.6	489.9	36.2	489.9	56.2
Community Corrections Subaccount ³	998.9	73.1	934.1	127.7	1,061.7	113.7
District Attorney and Public Defender Subaccount ³	17.1	4.9	15.8	8.5	24.3	7.6
Juvenile Justice Subaccount	110.4	9.8	120.4	17.0	137.4	15.2
<i>Youthful Offender Block Grant Special Account</i>	<i>(104.3)</i>	<i>(9.3)</i>	<i>(113.8)</i>	<i>(16.1)</i>	<i>(129.9)</i>	<i>(14.4)</i>
<i>Juvenile Reentry Grant Special Account</i>	<i>(6.1)</i>	<i>(0.5)</i>	<i>(6.6)</i>	<i>(0.9)</i>	<i>(7.6)</i>	<i>(0.8)</i>
Growth, Law Enforcement Services	122.2	122.2	206.4	206.4	207.9	207.9
Mental Health⁴	1,120.6	9.1	1,120.6	15.8	1,120.6	14.1
Support Services	2,829.4		3,022.0		3,322.3	
Protective Services Subaccount	1,837.0	112.0	1,970.7	153.5	2,124.2	126.8
Behavioral Health Subaccount ⁵	992.4	60.0	1,051.3	146.7	1,198.1	140.9
<i>Women and Children's Residential Treatment Services</i>	<i>(5.1)</i>	-	<i>(5.1)</i>	-	<i>(5.1)</i>	-
Growth, Support Services	181.1	181.1	316.0	316.0	281.8	281.8
Account Total and Growth	\$6,377.6		\$6,743.3		\$7,181.0	
Revenue						
1.0625% Sales Tax	5,863.1		6,217.2		6,634.9	
Motor Vehicle License Fee	514.5		526.1		546.1	
Revenue Total	\$6,377.6		\$6,743.3		\$7,181.0	

This chart reflects estimates of the 2011 Realignment subaccount and growth allocations based on current revenue forecasts and in accordance with the formulas outlined in Chapter 40, Statutes of 2012 (SB 1020).

¹ Dollars in millions.

² Allocation is capped at \$489.9 million. Growth will not add to subsequent fiscal year's subaccount base allocations.

³ 2013-14 and 2014-15 growth is not added to subsequent fiscal year's subaccount base allocations.

⁴ Growth does not add to base.

⁵ The Early and Periodic Screening, Diagnosis, and Treatment and Drug Medi-Cal programs within the Behavioral Health Subaccount do not yet have a permanent base.

The Administration, in consultation with county partners and stakeholders, is continuing to develop an allocation for funds in the 2011 Realignment Behavioral Health Services Growth Special Account. From 2013-14 revenues, the Account has \$60.0 million. The first priority for growth funds is federal entitlement programs: Medi-Cal Specialty Mental Health, including those required by Early Periodic Screening, Diagnosis, and Treatment, and Drug Medi-Cal.

Existing law also requires DHCS, in collaboration with stakeholders, to create a Performance Outcomes System to track outcomes of Medi-Cal Specialty Mental Health Services for children and youth. DHCS continues to work with stakeholders to identify key components of the system and finalize the outcome measures that will be prioritized for data collection.

DEPARTMENT OF PUBLIC HEALTH

The Department of Public Health is charged with protecting and promoting the health and well-being of the people in California. The Budget includes \$3.1 billion (\$124.4 million General Fund) in 2015-16 for the Department.

Significant Adjustment:

- **Licensing and Certification**—To meet mandated state and federal licensing and certification workload and implement quality improvement projects within the Licensing and Certification Program, the Budget includes an additional \$21.8 million in special funds and 237 positions for 2015-16. In addition, the Budget includes \$9.5 million in special funds to augment the Los Angeles County contract to allow the County to complete high-priority federal and state workload as well as \$378,000 in special funds and three state positions to provide on-site oversight, training, and quality improvement activities in Los Angeles County.

DEPARTMENT OF STATE HOSPITALS

The Department of State Hospitals (DSH) administers the state mental health hospital system, the Forensic Conditional Release Program, the Sex Offender Commitment Program, and the evaluation and treatment of judicially and civilly committed patients. The Budget includes \$1.7 billion (\$1.6 billion General Fund) in 2015-16 for support of DSH. The patient population is projected to reach a total of 6,953 in 2015-16.

Significant Adjustment:

- Not Guilty by Reason of Insanity Involuntary Medication Authorization—The Budget includes \$3.2 million General Fund and 14.4 limited-term positions to support a new involuntary medication authorization process for the Not Guilty by Reason of Insanity commitments in the state hospitals. In response to a recent court decision (*Greenshields*), the Department proposes to use the same process for these patients as the Department uses for Mentally Disordered Offender and Sexually Violent Predator involuntary medication orders.

INCOMPETENT TO STAND TRIAL WAITLIST

The incompetent to stand trial (IST) waitlist continues to increase despite DSH adding 196 IST beds systemwide since 2013 and implementing several measures to more efficiently place and move patients within the system. In addition, based on the success of the Restoration of Competency program in San Bernardino County, DSH is working to expand the Restoration of Competency program by 55 beds as directed in the 2014 Budget Act. Despite these efforts, DSH currently has over 400 IST patients waiting to be admitted, up from approximately 150 in 2012. The waitlist for admissions into the Department of Developmental Services' Secure Treatment Program in Porterville is also growing—the current waitlist is approximately 59 consumers, some of whom have been waiting close to a year.

DSH and the Department of Developmental Services continue to ascertain why the number of referrals is increasing. In the meantime, both departments have received increased pressure from the judicial system on the admissions of IST defendants. These pressures have resulted in a multitude of court orders, ongoing litigation, and the potential for being ordered to pay for the costs of housing defendants in jail, as well as being ordered to increase capacity.

In addition to adding capacity in the state system, DSH is also exploring options to increase capacity through partnerships with local governments and the private sector. These options include:

- Collaborating with counties to establish contract-based treatment programs located within secure county or private facilities.
- Releasing a Request for Information to community-based mental health treatment providers/facilities in response to Chapter 734, Statutes of 2014 (AB 2190), which

allowed for IST commitments to be placed in the community for treatment before the previous 180-day prohibition.

In recognition of the need to mitigate the waitlist issue, the Department also has the following proposals in the Budget that make use of existing facility space. (Also see the Department of Developmental Services section for an additional related proposal.)

Significant Adjustments:

- Activate Atascadero beds—The Budget includes \$8.6 million General Fund and 75.1 positions to activate an additional 55 beds at Atascadero State Hospital.
- Activate Coalinga beds—The Budget contains \$8.7 million General Fund and 74.6 positions in the budget year to activate 50 beds at Coalinga State Hospital to treat *Coleman* patients (currently treated at Atascadero), and use the vacated beds at Atascadero for IST commitments.
- Expand Secure Treatment Area at Metropolitan State Hospital—The Budget proposes \$1.9 million General Fund for plans to increase the secure bed capacity at Metropolitan State Hospital. Total project costs are approximately \$32 million, while ongoing staffing costs are estimated to be \$48 million. The project will add approximately 200 new IST treatment beds and 32 skilled nursing facility beds, and IST defendants would have priority placement in the new bed capacity.

DEPARTMENT OF DEVELOPMENTAL SERVICES

The Department of Developmental Services (DDS) provides consumers with developmental disabilities a variety of services and supports that allow them to live and work independently or in supported environments. California is the only state providing developmental services as an individual entitlement. DDS serves approximately 288,000 individuals with developmental disabilities in the community and 1,100 individuals in state-operated developmental centers (DCs). For 2015-16, the Budget includes \$5.7 billion (\$3.3 billion General Fund) for support of the Department.

Significant Adjustments:

- Porterville Incompetent to Stand Trial Bed Expansion—The Budget proposes \$9 million General Fund and 92.3 positions in 2014-15 and \$18.1 million General Fund and 184.5 positions in 2015-16 to increase the Porterville Secure Treatment Program by 32 beds by the end of 2014-15. The new beds are needed to accommodate the

increasing number of clients who need to be restored to competency in order to stand trial.

- **Certification Issues**—The Budget includes \$21.4 million (\$11.6 million General Fund) and 179.5 positions for costs related to the ongoing implementation of Program Improvement Plans at the Sonoma, Fairview, and Porterville Developmental Centers. The federal government, through the state Department of Public Health, has determined that certain units at the Sonoma Developmental Center are noncompliant with federal licensing and certification requirements and should be decertified, thereby becoming ineligible for federal funding. This ruling is being appealed, but if the appeal is not successful the state will have to backfill approximately \$33 million in lost federal funds in 2014-15, growing to \$43 million in 2015-16. In addition, the Porterville and Fairview Developmental Centers are implementing federally required Program Improvement Plans to maintain annual eligibility for approximately \$50 million in federal funds.

DEPARTMENT OF SOCIAL SERVICES

The Department of Social Services (DSS) serves, aids, and protects needy and vulnerable children and adults in ways that strengthen and preserve families, encourage personal responsibility, and foster independence. The Department's major programs include CalWORKs, CalFresh, In-Home Supportive Services (IHSS), Supplemental Security Income/State Supplementary Payment (SSI/SSP), Child Welfare Services, Community Care Licensing, and Disability Determination.

The Budget includes \$20.3 billion (\$7.2 billion General Fund) for DSS, an increase of \$244.7 million General Fund from the revised 2014-15 budget, primarily due to an increase in IHSS expenditures.

Significant Adjustments:

- **Community Care Licensing**—Following last year's actions to improve the underlying structure of the Community Care Licensing program, the Budget includes \$3 million General Fund and 28.5 positions to address a backlog of complaint cases and expand training and technical assistance. Beginning in January 2017, DSS will begin increasing inspection frequency to every three years for all facilities, every two years by 2018 for all facility types except child care, and annually by 2019 for adult day care and residential care facilities for the elderly. Ongoing staffing costs would be approximately \$14 million.

- **Interagency Child Abuse and Neglect (ICAN) Investigation Reports Grants**—The Budget includes \$4 million General Fund to support an optional grant program for counties to report instances of suspected child abuse or neglect to local law enforcement agencies. For additional information on ICAN, see the Local Government Chapter.
- **State Utility Assistance Subsidy**—The Budget includes \$9.2 million General Fund to provide a state-funded energy assistance subsidy for CalFresh recipients to comply with federal changes regarding the minimum energy assistance benefit that must be received by a household in order to access the standard utility allowance. This program increases household monthly food payments by an average of \$62 for over 320,000 families.

CONTINUUM OF CARE REFORM

The Budget includes \$9.6 million (\$7 million General Fund) to begin implementing the Continuum of Care Reform. This reform effort builds upon past collaborative system improvements, including the development of preventive services to help keep children safely in their homes, kinship guardian programs to help increase long-term family care for children, extended foster care supports through age 20, and wraparound and increased mental health services to help support successful reunifications.

In 2012, in response to a desire to reduce the number of foster youth residing in congregate care for extended periods of time, the Legislature directed DSS to develop a report identifying recommendations to improve the foster care system. This report is being released concurrently with the Governor’s Budget. The report contains 19 interdependent recommendations, two of which require action in the budget year: increasing the availability of home-based family care through recruitment and retention efforts, and bolstering the social worker capacity of foster family agencies to provide services in home-based family care placements. Implementation will require a multi-year effort with continuing consultation with policymakers, counties, youth and practitioners.

CALIFORNIA WORK OPPORTUNITY AND RESPONSIBILITY TO KIDS

The CalWORKs program, California’s version of the federal Temporary Assistance for Needy Families (TANF) program, provides temporary cash assistance to low-income families with children to meet basic needs. It also provides welfare-to-work services so that families may become self-sufficient. Eligibility requirements and benefit levels are established by the state. Counties have flexibility in program design, services, and funding to meet local needs.

Total TANF expenditures are \$7 billion (state, local, and federal funds) in 2015-16. The amount budgeted includes \$5.8 billion for CalWORKs program expenditures and \$1.2 billion in other programs. Other programs primarily include expenditures for Cal Grants, Department of Education child care, Child Welfare Services, Foster Care, Department of Developmental Services programs, the Statewide Automated Welfare System, California Community Colleges child care and education services, and the Department of Child Support Services.

Average monthly CalWORKs caseload is estimated to be about 529,000 families in 2015-16, a 0.6-percent decrease from the 2014 Budget Act projection.

Significant Adjustments:

- **Maximum Aid Payment Levels**—The 2014 Budget Act increases Maximum Aid Payment levels by 5 percent, effective April 1, 2015. This increase, combined with the prior 5-percent increase in 2014 is estimated to cost approximately \$340.5 million in 2015-16. The increase will be funded by 1991-92 Realignment growth funds deposited in the Child Poverty and Family Supplemental Support Subaccount (see the Health Care Reform Implementation section within Department of Health Care Services), as well as a \$73.3 million General Fund augmentation. Subsequent grant increases will be based on analysis of revenue and caseload estimates in future years.

IN-HOME SUPPORTIVE SERVICES

The IHSS program provides domestic and related 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 IHSS program is also a key component of the Coordinated Care Initiative (CCI). IHSS will be incorporated into the managed care delivery system, along with a range of long-term services and supports. For additional information on CCI, refer to the Department of Health Care Services section.

The Budget includes \$8.2 billion (\$2.5 billion General Fund) for the IHSS program in 2015-16, a 14.4-percent increase over the revised 2014-15 level. Average monthly caseload in this program is estimated to be 463,000 recipients in 2015-16, a 0.3-percent decrease from the 2014 Budget Act projection.

Implementation of the U.S. Department of Labor regulations that require overtime pay for domestic workers effective January 1, 2015, is estimated to cost \$403.5 million

(\$182.6 million General Fund) in 2014-15 and \$707.6 million (\$314.3 million General Fund) annually thereafter. Chapters 29 and 488, Statutes of 2014 (SB 855 and SB 873), limit providers to a 66-hour workweek, less the current 7-percent reduction in service hours (or a 61-hour workweek). IHSS providers who work for multiple recipients will be paid for their travel time between recipients, up to 7 hours per week. In late December 2014, a federal district court ruled that a portion of the regulations exceeded the Department of Labor's authority and delayed the implementation of the regulations. Under state law, the state's implementation of overtime is also delayed pending further action by the federal court.

The Budget proposes to restore the current 7-percent across-the-board reduction in service hours with proceeds from the new tax on managed care organizations effective July 1, 2015. The cost to restore the 7-percent reduction is estimated to be \$483.1 million in 2015-16. For additional information on the tax, refer to the Department of Health Care Services section.

SUPPLEMENTAL SECURITY INCOME/STATE SUPPLEMENTARY PAYMENT

The federal SSI program provides a monthly cash benefit to eligible aged, blind, and disabled persons who meet the program's income and resource requirements. In California, the SSI payment is augmented with an SSP grant. These cash grants assist recipients with basic needs and living expenses. The federal Social Security Administration (SSA) administers the SSI/SSP program, making eligibility determinations, grant computations, and issuing combined monthly checks to recipients. The state-only Cash Assistance Program for Immigrants (CAPI) provides monthly cash benefits to aged, blind, and disabled legal non-citizens who are ineligible for SSI/SSP due solely to their immigration status.

The Budget includes \$2.8 billion General Fund for the SSI/SSP program. This represents a 1-percent increase (\$29 million) over the revised 2014-15 budget. The average monthly caseload in this program is estimated to be 1.3 million recipients in 2015-16, a slight increase over the 2014-15 projected level. The SSI/SSP caseload consists of 71-percent disabled persons, 27-percent aged, and 2-percent blind.

Effective January 2015, maximum SSI/SSP grant levels are \$881 per month for individuals and \$1,483 per month for couples. SSA applies an annual cost-of-living adjustment to the SSI portion of the grant equivalent to the year-over-year increase in the Consumer Price Index (CPI). The current CPI growth factors are 1.7 percent for 2015 and a projected 1.5 percent for 2016. Maximum SSI/SSP monthly grant levels will

HEALTH AND HUMAN SERVICES

increase by \$11 and \$16 for individuals and couples, respectively, effective January 2016. CAPI benefits are equivalent to SSI/SSP benefits, less \$10 per month for individuals and \$20 per month for couples.

PUBLIC SAFETY

The California Department of Corrections and Rehabilitation incarcerates the most violent felons, supervises those released to parole, and provides rehabilitation programs to help them reintegrate into the community. The Department provides safe and secure detention facilities and necessary support services to inmates, including food, clothing, academic and vocational training, as well as health care services. The Budget proposes total funding of \$10.3 billion (\$10 billion General Fund and \$275 million other funds) for the Department in 2015-16.

The 2014 Budget Act projected an overall adult inmate average daily population of 136,530 in 2014-15. The average daily adult inmate population is now projected to decrease by 0.5 percent to 135,897 in 2014-15 and increase by 0.3 percent to 137,002 in 2015-16 compared to the 2014 Budget Act projection. These figures do not include the impacts of court-ordered population reduction measures or Proposition 47, that will likely reduce the prison population. As displayed in Figure SAF-01, the Budget reflects a revised average daily population to account for anticipated population reductions resulting from these measures.

Figure SAF-01

Fall 2014 Population Estimates

	2014-15	2015-16
Adult Average Daily Population Projection	135,897	137,002
Population Reduction Measures	-911	-3,893
Total Average Daily Population Projection	134,986	133,109

The 2014 Budget Act projected an overall parolee average daily population of 41,866 in 2014-15. The average daily parolee population is now projected to increase by 3.2 percent to 43,226 in 2014-15 and to decrease by 3.3 percent to 40,467 in 2015-16, compared to 2014 Budget Act projections.

The Division of Juvenile Justice's average daily ward population is increasing compared to the 2014 Budget Act projections. Specifically, the ward population is projected to increase by 29 in 2014-15 and 53 in 2015-16, for a total population of 685 in 2014-15 and 709 in 2015-16.

THREE-JUDGE PANEL

In 2011, the U.S. Supreme Court upheld the three-judge panel's order that the Department reduce the prison population to 137.5 percent of the prison's design capacity by June 2013. On February 10, 2014, the court granted the state's request for a two-year extension of the deadline to meet the 137.5-percent population cap. The court ordered the state to comply with the population cap by February 28, 2016, and ordered the state to implement several population reduction measures, all of which are currently underway.

The court also ordered that a Compliance Officer be appointed to ensure the state meets the interim benchmarks of 143 percent of design capacity by June 30, 2014 (subsequently extended by a July 3, 2014 court order to August 31, 2014), 141.5 percent of design capacity by February 28, 2015, and the final benchmark of 137.5 percent by February 28, 2016. The Compliance Officer has authority to order the release of inmates should the state fail to meet any of the benchmarks. As of December 10, 2014, the prison population was at 140 percent of design capacity, which is below the February 2015 benchmark by 1,204 inmates but exceeds the final February 2016 population cap by approximately 2,104 inmates. Through the implementation of various population reduction measures, an infill bed expansion, and by maintaining out-of-state and in-state contract beds, the prison system is projected to be below the final population cap by February 2016. The actual population in February 2016 will be contingent upon the final contract bed occupancy, outcomes of the population reduction measures, and actual number of inmates remaining in prison.

The Administration has implemented the following court-ordered measures to reduce the prison population:

- Prospective credit-earning increase for non-violent and non-sex registrant second-strike offenders—Effective February 10, 2014, non-violent, non-sex registrant second-strike offenders started earning credits at the rate of 33.3 percent instead of 20 percent. Since implementation, 4,418 inmates were released, of which 3,374 were released to county probation departments on Post Release Community Supervision and 1,044 were released to state parole. On average, these inmates earned an estimated 41 days of additional credit.
- Parole determination process for certain inmates with indeterminate sentences granted parole with future parole dates—To date, the Board of Parole Hearings has authorized the release of 33 inmates. The state continues to identify potentially eligible inmates who have already been found suitable for parole by the Board.
- Expanded parole process for medically incapacitated inmates—The state continues to work closely with the Receiver's Office to implement this measure. The Receiver's Office is continuing to review inmates and is sending completed recommendations to the Department. Recommendations received from the Receiver's Office are reviewed by the Division of Adult Institutions and referred to the Board for a hearing. As of December 10, 2014, the Board scheduled 21 medical parole hearings under the revised procedures and granted medical parole to 9 inmates. The Board denied 8 inmates and 4 hearings were either cancelled or continued.
- Parole process for inmates 60 years of age or older having served at least 25 years—The Board is actively scheduling eligible inmates for hearings who were not already in the Board's hearing cycle, including inmates sentenced to determinate terms. From February 11, 2014 through November 30, 2014, the Board held 388 hearings for inmates over the age of 60 who have served at least 25 years of their sentence. An additional 126 hearings were scheduled during this time period, but postponed, waived, continued, or cancelled and will be scheduled again for a future date. As of November 30, 2014, the Board granted parole to 115 inmates eligible for elderly parole.
- Activate 13 prison-reentry hubs—The Department is operating 13 reentry hubs designed to provide relevant services to inmates who are within four years of release and who demonstrate a willingness to maintain appropriate behavior to take

advantage of educational, vocational and cognitive behavioral treatment programs, as well as substance use disorder treatment.

- Expanded alternative custody program for female inmates—On August 4, 2014, the Department activated an 82-bed facility in San Diego, called the Custody to Community Transitional Reentry Program. As of December 10, 2014, 80 female inmates were housed at the San Diego facility. The Budget assumes the activation of an additional facility in the spring of 2015, which will increase the program to a total of 164 beds by February 2016. Female inmates in the program are provided with a range of rehabilitative services that assist with alcohol and drug recovery, employment, education, housing, family reunification and social support.
- New parole determination process for non-violent, non-sex registrant second-strike offenders who have completed 50 percent of their sentence—On January 1, 2015, the Department began implementing the new court-ordered parole process for non-violent, non-sex registrant second-strike offenders who have completed 50 percent of their sentence. The first eligible offender is expected to be heard by the Board in March or April 2015. The Budget assumes an estimated average daily population reduction of 248 inmates in 2014-15 and 1,556 inmates in 2015-16 as a result of the new parole process.
- Increased credit earnings for certain minimum custody inmates—Effective January 1, 2015, minimum custody inmates who are eligible to receive day-for-day credits began earning two-for-one credits. The Budget assumes an average daily population reduction of 51 inmates in 2014-15 and 280 inmates in 2015-16.
- Pursue expansion of pilot reentry programs with additional counties and local communities—In August 2014, the Department solicited proposals to create community-based reentry centers. These centers are intended to provide risk and needs-based supervision and program services for offenders who will be released to parole or Post Release Community Supervision and who have participated in the state’s Mental Health Services Delivery System at the Correctional Clinical Case Management System level of care. The Department received 28 proposals and is currently negotiating contracts with four potential contracting entities in Kern, Los Angeles and San Joaquin counties, and anticipates entering into contracts in the spring of 2015.

The Budget includes an additional \$16 million General Fund for county probation departments to supervise the temporary increase in the average daily population of

offenders on Post Release Community Supervision as a result of the two new population reduction measures implemented on January 1, 2015.

ADDITIONAL POPULATION REDUCTION MEASURES

Proposition 36, passed by the voters in November 2012, revised the state's three-strikes law to permit resentencing for third-strike inmates whose current conviction is a non-serious, non-violent offense from an indeterminate (life) term to a determinate (non-life) term. Repeat offenders convicted and sentenced prior to the passage of Proposition 36 may petition the court for resentencing. The court must review the petitioners' criminal conviction history, including the types of crimes committed, the extent of injury to the victim, the length of prison commitments, and the time that passed since the crime was committed. It was estimated that approximately 2,800 inmates would be eligible for resentencing under Proposition 36. As of December 10, 2014, 1,939 of those eligible have been resentenced and released from prison.

The state continues to implement Chapter 312, Statutes of 2013 (SB 260), which allows inmates whose crimes were committed as minors to appear before the Board to demonstrate their suitability for release after serving at least 15 years of their sentence. From January 1, 2014 through November 30, 2014, the Board held 280 youth offender hearings. An additional 114 were scheduled during this time period, but were waived, postponed, continued, or cancelled and will be scheduled again for a future date. All available inmates who were immediately eligible for a hearing when the law took effect on January 1, 2014, have had a hearing date or have one scheduled on or before July 1, 2015, as required by the terms of SB 260.

PROPOSITION 47

On November 4, 2014, the voters passed Proposition 47, which requires misdemeanor rather than felony sentencing for certain property and drug crimes and permits inmates previously sentenced for these reclassified crimes to petition for resentencing. As of December 4, 2014, 132 inmates had been resentenced and released from prison. Under this proposition, it is estimated that the 2015-16 institution average daily population will be reduced by approximately 1,900 inmates as a result of resentencing and avoided new admissions. However, this estimate will be further refined as more data become available.

Proposition 47 requires that state savings resulting from the Proposition be transferred into a new fund, the Safe Neighborhoods and Schools Fund. The new fund will be used to reduce truancy and support drop-out prevention programs in K-12 schools, increase victim services grants, and support mental health and substance use disorder treatment services. The Director of Finance is required, on or before July 31, 2016, and on or before July 31 of each fiscal year thereafter, to calculate the state savings for the previous fiscal year compared to 2013-14. Actual data or best estimates are to be used and the calculation is final and must be certified to the State Controller's Office no later than August 1 of each fiscal year. The first transfer of state savings to the Safe Neighborhoods and Schools Fund will occur in 2016-17 after the Department of Finance calculates savings pursuant to the Proposition. Consequently, the Budget does not reflect estimated 2015-16 savings related to Proposition 47.

ACTIVATION OF INFILL FACILITIES

The 2012 Budget Act authorized the construction of three level II dormitory housing facilities at existing prisons. Two of these new dormitory housing facilities will be located adjacent to Mule Creek State Prison in Lone, and the third is to be located at the Richard J. Donovan Correctional Facility in San Diego. Construction is expected to be completed by February 2016.

The Budget includes \$35.5 million General Fund and \$90,000 Inmate Welfare Fund to activate the three new infill facilities. The activation of these facilities adds 2,376 beds to the prison's design capacity by February 2016. The infill projects also expand the number of educational and vocational programming slots by 1,266.

CONTINUED FOCUS ON INMATE REHABILITATION

All 13 prison-based reentry hubs have been activated and are providing reentry services to targeted populations. The reentry hubs target offenders who are within four years of release and have a moderate-to-high risk to reoffend and a moderate-to-high criminogenic need for services. The core of reentry hub programming is cognitive behavioral treatment programming, which includes the major areas of substance use disorder treatment, criminal thinking, anger management and family relationships.

While substance use disorder treatment is provided at all 13 reentry hub institutions, the 2014 Budget Act also included funding to expand substance use disorder treatment to the remaining 21 institutions over a period of two years. The Department is expanding the

program to 10 non-reentry hub institutions in 2014-15 and treatment at the remaining 11 will be implemented in 2015-16.

The Budget includes \$2.6 million General Fund for the Department to continue contracting with the California Prison Industry Authority to provide 342 Career Technical Education offender training slots, approximately two-thirds of which are for female inmates. The Division of Rehabilitative Programs has funded these slots through temporary reentry hub contract savings in recent years and these savings are not expected to be available since all 13 reentry hubs are now fully activated. Therefore, the Budget proposes to add dedicated funding to continue this rehabilitative program.

Of the amount included in the Budget for infill activation, \$2.4 million General Fund is to provide education and career technical education services for inmates being placed in the new infill beds at Mule Creek State Prison and the Richard J. Donovan Correctional Facility. This will expand the Division of Rehabilitative Programs' educational and career technical programming by 1,266 slots.

RECIDIVISM REDUCTION FUND

The Recidivism Reduction Fund was established by Chapter 310, Statutes of 2013 (SB 105), which appropriated \$315 million General Fund for the Department to contract for additional capacity to meet the court-ordered prison population cap of 137.5 percent of design capacity. This legislation also specified that if the state received an extension to comply with the court's order, the first \$75 million in savings, and 50 percent of any additional savings, is to be transferred to the Recidivism Reduction Fund. Based on spring expenditure projections, the 2014 Budget Act included \$91 million Recidivism Reduction Fund for various departments to implement new programs and services aimed at reducing recidivism rates for state and local offenders.

Specifically, the Department received \$42 million for various activities aimed at reducing recidivism for inmates and parolees. Due to delays in implementation, the Department currently projects Recidivism Reduction Fund savings of \$16 million in 2014-15, of which \$12.6 million is attributable to community reentry facilities. There is also additional savings of \$12.2 million above the 2014 Budget Act estimates from the original SB 105 appropriation. Overall, the 2015-16 amount available for expenditure from the Recidivism Reduction Fund therefore is \$28.2 million.

The Budget proposes to reappropriate \$12.6 million in savings to allow the Department to enter into contracts with community reentry facilities in 2015-16. The community-based facilities will emphasize treatment and services for offenders with co-occurring mental health and substance use disorders and provide a safer and more seamless transition from state prison to communities. The Budget proposes to utilize the remaining \$15.6 million Recidivism Reduction Fund for the expansion of substance use disorder treatment at non-reentry hub institutions.

INMATE HEALTH CARE AND MENTAL HEALTH SERVICES

The state has made a significant financial commitment to improving the Department's delivery of health care services to inmates. The Budget dedicates \$2.3 billion General Fund to health care services programs resulting in inmates having continued access to mental health, medical and dental care that is consistent with the standards and scope of services appropriate within a custodial environment.

FEDERAL RECEIVERSHIP OVERSEEING PRISON MEDICAL CARE

The Budget reflects continued support of the federal Receiver overseeing prison medical care with the expectation that the state will regain control in the near future. Specifically, the Budget includes \$1.8 billion General Fund for the Receiver, which includes funding for issues identified by the Receiver as necessary to improve medical care and speed transition back to the state.

The California Health Care Facility opened in July 2013, providing almost 2,600 health care beds, of which approximately 950 are licensed beds. Challenges arose during the first seven months of activation, which prompted the Receiver temporarily to stop intake to medical beds at the facility. The main concern with activation was the adequacy of medical care being provided to inmates in the facility, which the Receiver indicates, in part, was due to insufficient medical staffing. The Receiver hired a contractor to perform a staffing analysis to determine if any staffing modifications were necessary at the new facility. Based on the analysis completed in July 2014, the Budget includes \$26 million General Fund in 2014-15 and \$76.4 million ongoing to add 715 positions at the California Health Care Facility. This request increases the Department's funding for the California Health Care Facility to approximately \$295 million annually.

In June 2008, the Receiver issued the Turnaround Plan of Action that describes essential strategies for establishing a health care services delivery system that meets

constitutional mandates. The Plan included the establishment of a quality management program and an expectation that 90 percent of all clinical positions would be filled. Currently, the average fill rate by classification for medical is 73.6 percent and mental health is 74.5 percent. The Budget includes \$4.9 million General Fund to expand the Receiver's existing quality management program to meet the criteria included in the Plan and \$872,000 General Fund to expand the Receiver's workforce development team to address clinical position vacancies.

On July 7, 2014, the Centers for Disease Control and Prevention released a report on coccidioidomycosis infection, commonly referred to as "Valley Fever," and the infection's effect on Pleasant Valley and Avenal State Prisons. The report found that cases of Valley Fever within the prisons were greater than the surrounding areas and indicated that skin tests to determine who had previously been exposed to Valley Fever and thereby least likely to contract Valley Fever was the best method of prevention. Although the cost of the skin test should eventually be offset by the reduced cost of Valley Fever treatment in future years, there would be no immediate reduction to the cost of Valley Fever treatment. Therefore, the Budget includes \$5.4 million General Fund in 2014-15 to administer the Valley Fever skin tests statewide. There may be unintended operational impacts to the Department since some inmates will not be able to be housed at Avenal and Pleasant Valley State Prisons. The Administration will monitor the impacts since the Budget does not currently reflect potential operational issues based on the test results.

The Receiver indicates that these issues are all critical to the transition of medical care back to the state. The Receiver has indicated that he will likely discuss the revised transition plan in his February 2015 Tri-Annual Report. The Receiver's Office identified 14 areas of responsibility that will be transferred from the Receiver to the Department. To date, two delegations, Medical Facility Activation and Health Care Access Units, have been transitioned, which occurred in October 2012.

USE OF FORCE AND SEGREGATED HOUSING POLICY

On April 10, 2014, the *Coleman v. Brown* court ordered the Department to complete various actions including revising their use of force policies and developing an alternative housing plan for certain *Coleman* class members placed in segregated housing. In August 2014, the Department submitted plans to comply with the order, which were subsequently approved by the court. The Budget includes \$13 million General Fund in 2014-15 and \$42 million beginning in 2015-16 for the court-required activities.

The revised policies include an increase in clinical involvement for controlled use of force incidents, positive intervention strategies to address inmates with certain behavioral restrictions, and monitoring and reporting activities. The new policies will provide more clinical involvement in certain activities and restrictions that previously included only custodial involvement. In addition, the new policies establish monthly reporting on certain segregated housing units for mentally ill inmates, and if found out of compliance with requirements for a consecutive two-month period, the Department will not be allowed to house mentally ill inmates in those units.

The new policies also require the Department to separately house Correctional Clinical Case Management System inmates (the lowest level of care in the Department's mental health system) and General Population inmates in segregated housing units. In the new Correctional Clinical Case Management System housing units, inmates will be provided additional out-of-cell time and clinical interaction. The Department will also transfer mentally ill inmates housed in segregated housing units for non-behavior-related issues to permanent housing more quickly. In cases where a permanent housing option cannot be quickly identified, the Department has established a short-term housing unit for these inmates.

The court orders and the Department's revised policies are intended to improve prison mental health care and reduce suicide incidents in prison. In addition to the efforts outlined above, the Department plans to perform welfare checks on inmates in condemned and security housing units. The Department will also expand and improve mental health related training, which includes training specifically targeted at educating staff about preventive measures and to improve their use of existing tools to reduce inmate suicides.

MENTAL HEALTH STAFFING

On June 19, 2014, the *Coleman* court ordered the Department to develop and file a plan to comply with a 2002 court order to maintain a 10 percent or better vacancy rate for Psychologists, Licensed Clinical Social Workers and Psychiatrists. The plan was initially required to be filed by September 12, 2014, but the Department was granted an extension until January 31, 2015. The Department is currently working with the *Coleman* Special Master and plaintiffs on the mental health staffing model and alternatives to address the vacancy issue. More details will be forthcoming once the filing is submitted in January 2015.

There are 1,086 inpatient mental health treatment beds at the California Health Care Facility, California Medical Facility, and Salinas Valley State Prison operated by the Department of State Hospitals (DSH). In the current operational structure, CDCR and DSH are responsible for different segments of CDCR's mental health care system. The two departments are in active consideration of the CDCR assuming responsibility of these inpatient mental health treatment beds, including evaluating the implications of a consolidated management structure on operations and possible costs.

COMMUNITY CORRECTIONS PERFORMANCE INCENTIVE GRANT

Chapter 608, Statutes of 2009 (SB 678), created the Community Corrections Performance Incentive Grant to create incentives for counties to reduce the number of felony probationers sent to state prison. This performance-based funding has been provided to county probation departments based on a percentage of state General Fund savings when county probation departments successfully reduce the number of adult felony probationers going to state prison. This funding encourages counties to provide programming that keeps offenders out of prison. In 2011-12 and 2012-13, the state allocated a combined total of \$227 million to counties based on their performance in 2010 and 2011 compared to the 2006 to 2008 baseline years. In 2010 and 2011, approximately 14,289 felony probationers were successfully kept out of state prison.

Prior to 2011 Public Safety Realignment, felony probationers could be revoked from probation and sent to state prison. However, 2011 Public Safety Realignment prevents many felony probationers from being revoked to state prison, as their offenses are no longer prison eligible. Under 2011 Realignment, two types of local supervision by county probation departments were created: Mandatory Supervision and Post Release Community Supervision. Individuals on these types of supervision cannot be revoked to prison for violating the terms of their supervision, but they can be sentenced to prison if they commit a new, prison-eligible crime. Due to these changes, the number of felony probationers being sent to prison has drastically declined, while the total number of individuals supervised by county probation departments has remained steady. The funding from the SB 678 grant program over the past four years has been critical to maintaining probation departments' successes and those gains cannot be sustained without a clear plan for future funding of this program. The state has two goals in this regard: preserve past successes and encourage county probation departments to continue to decrease the number of individuals sent to state prison.

The Budget includes \$125 million based on the formula used for the 2014-15 allocation. The existing formula compares each county's estimated 2014 felony probation returns to prison and jail to their 2006 to 2008 baseline returns to prison. Successful reductions in the number of felony probationers returned to custody are funded with a portion of the state's savings. The Department of Finance will continue to work with the Judicial Council, the Chief Probation Officers of California and the Department of Corrections and Rehabilitation on a revised formula. However, given this funding stream's importance to the success of probation departments, the state must carefully examine new data elements prior to their inclusion in the formula. Preliminary reviews of the data reported for the first two quarters of calendar year 2014 indicate that counties are refining their data collection and reporting to the Judicial Council, which may need further analysis before it can be incorporated into a new funding formula.

CITY LAW ENFORCEMENT GRANTS

The Budget proposes to continue \$40 million General Fund for front line law enforcement activities. The Board of State and Community Corrections allocates funds to individual cities acting as the fiduciary agent within each county receiving the funds.

STATE PENALTY FUND

The State Penalty Fund was created as a depository for assessments on specified fines, penalties, and forfeitures imposed and collected by the courts and counties for criminal offenses. Based on a statutory formula, assessment revenues are then distributed among eight special funds. Over the past six years, State Penalty Fund revenues have declined significantly, resulting in diminished revenue allocations and causing structural deficits within many of the eight special funds. Specifically, six of the eight special funds that receive penalty fund revenues are projected to have structural deficits within the next three to four years. Two of the special funds, the Peace Officers' Training Fund and the Corrections Training Fund, will become insolvent in 2015-16.

To address the projected insolvency within these two funds, the Budget reflects approximately \$12 million in additional penalty assessment revenues resulting from the establishment of an 18-month outstanding debt amnesty program that would be administered by the courts and counties, consistent with existing delinquent debt collection programs.

The amnesty program would authorize individuals with past due court-ordered debt that was due prior to January 1, 2013, relating to traffic infractions and certain misdemeanors to pay outstanding delinquent debt at a 50-percent reduction if the individual meets specified eligibility criteria. The 50-percent reduction would apply to the total amount of outstanding debt, including interest and late penalties. Amnesty program revenues would continue to be distributed based on existing statutory requirements for distribution of these revenues; however, the amounts distributed to the State Penalty Fund would be dispersed directly to the Peace Officers' Training Fund and Corrections Training Fund to address the immediate insolvency in these two funds.

In recognition that the amnesty program is a short-term solution, the Administration plans to address the long-term solvency of the State Penalty Fund. As part of this effort, the Administration plans to evaluate and zero-base all programs funded by the State Penalty Fund. As a first step, the Budget includes a reduction of \$5.3 million to the Commission on Peace Officer Standards and Training's state administrative costs beginning in 2015-16. While a long-term solution is being developed, the proposed ongoing state operations reduction is necessary as it maintains critical training programs and reimbursements to local law enforcement agencies and promotes a more efficient state government.

The Commission certifies, develops, and coordinates training for local law enforcement and dispatchers and provides funding to offset a portion of the training costs incurred by local law enforcement agencies. The Commission's main funding source is the Peace Officers' Training Fund, which receives the majority of its revenue from the State Penalty Fund. The Commission instituted an 18-month limited-term reduction of \$7.7 million starting in January 2014 by suspending certain training cost reimbursements to local law enforcement agencies, reducing contracts and postponing some workshops and seminars conducted by the Commission. Nevertheless, expenditures continue to outpace revenues in the Peace Officers' Training Fund.

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TRANSPORTATION

The Transportation Agency is responsible for developing and coordinating the policies and programs of the state's transportation entities to improve the mobility, safety, and environmental sustainability of the state's transportation system. The Agency consists of the following six state entities:

- Department of Transportation
- California Transportation Commission
- High-Speed Rail Authority
- Department of Motor Vehicles
- California Highway Patrol
- Board of Pilot Commissioners

The Office of Traffic Safety operates within the Office of the Secretary for Transportation and the New Motor Vehicle Board operates within the Department of Motor Vehicles. The transportation area also includes the State Transit Assistance item, which supports local transit operators.

The Budget includes total funding of \$15.8 billion (\$84 million General Fund and \$15.7 billion other funds) for all programs administered within the Agency. In addition,

the Shared Revenues budget in the General Government area allocates over \$1.4 billion in fuel excise tax to cities and counties for local streets and roads.

THE FUTURE OF STATE TRANSPORTATION INFRASTRUCTURE

California has a vast state transportation infrastructure, which includes 50,000 lane miles of state and federal highways, 304,000 miles of locally owned roads, operation of three of the top five Amtrak intercity rail services in the nation (nearly 900 miles of track), and numerous transit systems operated by 180 local transit agencies. Efficient operation of this vast network is vital to the state's continued economic growth and serves much of the country, with nearly 20 percent of the goods imported to the United States moving through California ports, highways, and railways. Bottlenecks in the state's trade corridors constrain economic growth and reduce quality of life, as Californians spend hundreds of hours in traffic.

The Administration has been working toward building a robust, multi-modal, and sustainable transportation infrastructure by advancing high-speed rail and creating new funding programs for transit, bicycling, and walking. However, the state continues to face ongoing funding challenges in the tens of billions of dollars for the maintenance and repair of core infrastructure—state highways, roads, and bridges.

While Proposition 1B, The Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006, provided \$20 billion for transportation infrastructure, it largely focused on capacity, local streets and roads, and transit. Repair and maintenance of the state highway system has largely been overlooked. Of nearly \$11.5 billion in ongoing transportation revenues available for the state's transportation infrastructure, about 70 percent is devoted to local streets and roads, transit, capacity expansions, and debt service. As a consequence, the state's highway system has deteriorated over time.

TRANSPORTATION INFRASTRUCTURE

The following summarizes existing funding and recent efforts to address the state's aging transportation infrastructure:

- **Local Roads**—Cities and counties receive a portion of state fuel excise tax revenues (\$1.6 billion) and federal fuel excise tax revenues (\$1.5 billion) to fund maintenance and some capacity projects. In the last decade, local governments also benefited from one-time funds totaling over \$3 billion from Proposition 1B. Similarly, local

agencies received \$1.6 billion for local road projects from the American Recovery and Reinvestment Act of 2009 (ARRA). Additionally, since the late 1980s, counties have passed local sales tax measures to supplement state and federal funding for local roads and state highway expansions within their jurisdictions. There are currently 19 of these “Self-Help” counties and as of 2014 their measures provide an additional \$3.8 billion annually for local transportation purposes. Additions to the state highway system, funded by these counties, also increase the pressure associated with unfunded state maintenance costs.

- Public Transportation—Current investments in local transit, which include operations, maintenance, and capital improvements, now total nearly \$400 million annually from the diesel sales tax. In addition, a quarter-cent sales tax is directed to local transit, providing nearly \$1.7 billion annually. Cap and Trade funds provide an ongoing share of annual revenues to public transportation. This includes:
 - 25 percent for the high-speed rail project.
 - 5 percent to local transit agencies for operational improvements.
 - 10 percent in competitive grants for state or local transit improvement projects.
 - 20 percent for affordable housing and other development that support transit ridership.

Public Transportation also benefited from one-time funding from Proposition 1B, providing a total of \$5.3 billion. Similarly, \$1.1 billion in ARRA funding went to fund local transit projects. Proposition 1A, passed in November 2008, provided nearly \$10 billion in bond funds toward construction of a high-speed rail system, including early bookend improvements benefiting regional rail services and other rail and transit improvements.

- Capacity—In addition to the state’s share of annual funding dedicated to transportation projects that increase state highway and intercity rail capacity (over \$300 million), Proposition 1B also provided one-time funding for increasing corridor mobility (\$4.5 billion), widening State Route 99 (\$1 billion), expanding trade corridors (\$2 billion), and completing other capacity projects programmed in the State Transportation Improvement Program (\$2 billion).
- Highway Repairs and Maintenance—Aside from the average annual state share of federal and state fuel excise taxes (\$2 billion), a relatively small portion of other one-time funding has gone to the repair/rehabilitation and maintenance of pavement,

culverts, and bridges. The state's share of ARRA funding for maintenance and repair projects on the state highway system was just \$964 million—only 26 percent of the total awarded to California. An early loan repayment in 2014 provided \$127 million for highway maintenance and repairs, and Proposition 1B provided \$500 million for the State Highway Operation and Protection Program (SHOPP). In comparison, the 2013, 10-Year SHOPP identified annual needs of \$8 billion, \$6 billion of which is currently unfunded. The state also spends approximately \$1.5 billion annually for routine maintenance of pavement, roadsides, sound walls, landscaping, litter removal, rest stops, and other facilities.

FINANCING CHALLENGES

As mentioned above, annual maintenance and repair needs on the state's highway system are significantly more than can be funded within existing resources, with a current identified gap in the SHOPP of \$6 billion annually. Efforts at converting California vehicles to sustainable fuel sources have continued to be successful in terms of both reduced greenhouse gas production and increased fuel efficiency. However, one consequence of reduced fuel consumption and an increase in the number of electric vehicles is lower long-term fuel excise tax revenues—the state's primary source of funding for the maintenance and repair of its transportation infrastructure. In considering new funding sources, the state must focus funding on the priorities that are the state's core responsibility—maintaining and operating the state's network of highways and interstates, and improving the highest priority freight corridors. Additional borrowing through bonds would not be appropriate, not only because the funding gap is an ongoing one, but also because roughly one out of every two dollars spent on bond-funded infrastructure goes to pay interest costs rather than construction costs, and currently 9 percent of total transportation revenues are spent on debt service.

The state has already started to explore new and expanded financing strategies for the state's ongoing maintenance and repair needs, including:

- Road Usage Charge Pilot Program—The Budget proposes five positions and \$9.4 million in State Highway Account funding to implement a Road Usage Charge Pilot Program pursuant to Chapter 835, Statutes of 2014 (SB 1077). The purpose of this pilot program is to explore a potential mileage-based revenue collection system, or Road Usage Charge, to support maintenance and operations of California's roads and highways as a possible replacement to the gasoline tax system currently in place. A final report and recommendations, based on the results of the pilot, is due no later than June 30, 2018.

- Toll Roads—The state highway system currently includes high-occupancy vehicle lanes, the access to which is limited during rush hours to only those vehicles with two or more passengers. This often leaves unused capacity in these lanes. By converting these lanes to high-occupancy toll lanes and opening these lanes to paying drivers, the state is able to better maximize capacity as well as generate additional revenues. Legislation is proposed that will restore authority for new high-occupancy toll lane projects, including conversions of existing high-occupancy vehicles lanes to toll lanes. This legislation will expand the authority of the California Transportation Commission to approve these lanes.

These funding strategies alone are not sufficient to address the state’s ongoing maintenance and repair needs. The state must consider other funding options to provide for the long-term sustainability of the state’s core highway system. The solution must address the deferred maintenance needs of the highway system, key freight corridor investments, and include an ongoing pay-as-you-go funding structure that aligns funding with use of the system. Existing authority for local revenues can, and does, help address local preservation shortfalls for roads and transit. As such, new local-option revenues should also be considered for these investments. As the state explores options for maintaining state highways and investing in key trade corridors, it is appropriate to consider the weight of vehicles, which is directly related to the wear and tear on the state’s highway system.

DEPARTMENT OF TRANSPORTATION

The Department of Transportation (Caltrans) must be run as efficiently as possible to maximize the benefits from transportation funding. Starting in 2012, the state began a multi-year effort to review all of Caltrans’ programs, streamline operations, and maximize efficiency. To date, the Rail, Local Assistance, Planning, Aeronautics, Capital Outlay Support-Project Direct, and Legal programs have been reviewed, and the Maintenance program will be reviewed for the 2016-17 Budget.

Two initiatives, led by the Transportation Agency, have directed efforts to improve the productivity, sustainability, and accountability of state transportation policies and practices. The first effort resulted in a comprehensive report from the State Smart Transportation Initiative (SSTI) that recommended that Caltrans modernize its mission, strengthen management and performance, and match investments and resources to the state’s policy goals. The second effort was to convene the California Transportation Infrastructure Priorities workgroup to prioritize transportation investments and explore

pay-as-you-go funding alternatives to address the state's infrastructure needs. Based on efforts from these initiatives, Caltrans has reshaped its mission providing a foundation to improve the productivity, sustainability, and accountability of state transportation policies and practices. The Transportation Agency and Caltrans are committed to modernizing the Department and addressing these challenges. These efforts can be characterized in three major areas: environmental sustainability, operational efficiencies, and effective project planning.

ENVIRONMENTAL SUSTAINABILITY

The Administration has made significant progress in recent years toward achieving improved multi-modal choice and better transportation system integration:

- In 2012, appropriating \$4.7 billion in Proposition 1A funds for high-speed rail and public transportation improvements.
- In 2013, establishing the Active Transportation Program and programming over \$350 million to date in funds for bicycle and pedestrian facilities throughout California.
- In 2014, investing \$180 million Cap and Trade auction revenue in sustainable communities, public transit, and active transportation improvements with an additional \$250 million allocated to high-speed rail. Given the importance of these investments in reducing greenhouse gases, 25 percent of future proceeds are devoted to advancing the high-speed rail project and 35 percent is dedicated to the other public transit-related initiatives.

Other environmental sustainability activities include:

- **Advanced Mitigation**—Without the addition of new resources, Caltrans is implementing an Advanced Mitigation Program that will facilitate the purchase or construction of mitigation projects on a regional scale to offset impacts of construction and rehabilitation of the state transportation system. Directing funding in advance to mitigation projects can reduce project delays and mitigation costs, and improve environmental outcomes.
- **Drought Management**—Caltrans is responsible for 31,000 acres of highway landscaping. Caltrans has implemented a number of water conservation measures to respond to the severe drought in California, including the addition of smart irrigation controllers and shifting to the use of more drought tolerant plants.

- **Fleet Greening for Air Quality**—The Budget includes \$12 million for fleet greening to achieve air quality targets as adopted by the Air Resources Board for all heavy duty equipment. These resources will allow the Department to replace its existing equipment with new, more environmentally efficient equipment.

OPERATIONAL EFFICIENCIES

Building upon recommendations from the SSTI, Caltrans has updated its mission and vision to modernize the department and focuses on preserving and improving the operation of the existing transportation infrastructure.

- **Transportation Management Systems**—The use of technology to better manage existing highway capacity can be more cost-effective than building new capacity. To that end, the Budget includes an increase of \$6.6 million, 20 traffic operations positions and 44 maintenance positions. These resources will be used to maintain and improve existing transportation management system elements and communication links on the state highway system. These elements are used to anticipate and clear incidents, provide traveler information, and enable integrated corridor management. The traffic operations staff will support a pilot study of two primary north and south corridors to measure the effectiveness of these elements in expanding system capacity and throughput.
- **Streamline Relinquishments**—A number of routes are still part of the state highway system that no longer serve an interregional purpose, and instead serve primarily regional or local purposes. The existing relinquishment process considers each segment individually. Legislation is proposed to broaden and streamline the state process for relinquishing portions of the statewide system that primarily serve regional or local purposes. Shifting ownership of these segments, many of which run through a downtown area, will increase local flexibility to add stoplights and make better use of valuable real-estate to support transit-oriented development. Additional relinquishments reduce the state’s long-term costs for ongoing maintenance and repair.

EFFECTIVE PROJECT PLANNING

Consistent with recommendations from the SSTI, Caltrans has continued to improve its planning efforts so that limited transportation funding can be used in a timely and effective manner.

- **Pavement Management System (PaveM)**—Pavement deteriorates at different rates depending on the type of traffic or weather conditions to which it is exposed.

Caltrans recently completed implementation of its PaveM project which provided a thorough evaluation of the state's highway pavement conditions using ground penetrating radar. This data is now being tracked over time to measure rates and types of pavement deterioration. This assessment will better equip the Department to make strategic investments of the State's limited transportation resources and prioritize maintenance and repairs on those sections of the highway that are most distressed using materials that will maximize the pavement's useful life.

- **Asset Management**—Caltrans is currently developing a robust, risk-based asset management system to better target its resources, preserve the condition of its transportation assets, and improve the performance of the state highway system. This plan will include a listing of the pavement and bridge assets with both a description of the condition of those assets and an associated risk analysis and estimate of lifecycle maintenance costs. It will also include both a financial plan for funding future maintenance and a list of investment strategies to plan for the future of these assets. This plan will be phased in starting with the 2016 SHOPP.
- **Project Initiation Document Program**—The Budget includes \$3.4 million and 25 positions to support an additional \$800 million in various state and local transportation work. The funding addresses workload in two major areas:
 - Increased funding (\$300 million) from the 2014 fund estimate for the SHOPP, and increased locally sponsored reimbursement work.
 - Resources to accelerate project initiation documents to create a \$500 million queue, operating on a first-in-first-out basis, for priority projects such as pavement, bridge, mobility and roadside projects, so that the state can quickly advance projects planned in future years should additional funding become available, either through current project savings or other sources.

ENVIRONMENTAL PROTECTION

The California Environmental Protection Agency works to restore, protect, and enhance environmental quality. The Agency coordinates the state's environmental regulatory programs to provide fair and consistent enforcement of the law. The Budget proposes total funding of \$3.8 billion (\$69.5 million General Fund) for all programs included in this Agency.

CLIMATE CHANGE POLICIES

California has the most comprehensive policy of any state for dealing with climate change, including programs to promote renewable energy, energy efficiency, cleaner cars and transportation fuels, energy storage, and more sustainable land use practices. This mix of balanced policies is working—the state is on track to meet the AB 32 goal of reducing greenhouse gas (GHG) emissions to 1990 levels (roughly 431 million metric tons) by 2020. The state already procures around 23 percent renewable energy statewide and will achieve the target of 33 percent renewables by 2020 ahead of schedule. California has the most rooftop solar generation of any state, well over 2,000 megawatts on over 244,000 homes, businesses and schools. The state has close to 115,000 plug-in hybrid or battery electric vehicles, the most of any state, and California is on target to meet the goal of having 1.5 million zero emission vehicles by 2025. New, low carbon alternatives to petroleum gas and diesel fuels are being developed to meet the State's Low Carbon Fuel Standard. California has held nine Cap and Trade auctions to date, and is investing over \$870 million from auction proceeds in low carbon transportation, sustainable

communities, energy efficiency, urban forests, and high-speed rail. The Budget proposes to continue implementation with an additional \$1 billion of Cap and Trade revenues. (See Figure EPA-01) One quarter of the investments will be specifically targeted to benefit disadvantaged communities. The State has implemented these policies at the same time that economic and job growth in California has outpaced the nation.

Figure EPA-01
2015-16 Cap and Trade Expenditure Plan
 (Dollars in Millions)

<i>Investment Category</i>	<i>Department</i>	<i>Program</i>	<i>Amount</i>
Sustainable Communities and Clean Transportation	High-Speed Rail Authority	High-Speed Rail Project	\$250
	State Transit Assistance	Low Carbon Transit Operations Program	\$50
	Transportation Agency	Transit and Intercity Rail Capital Program	\$100
	Strategic Growth Council	Affordable Housing and Sustainable Communities Program	\$200
	Air Resources Board	Low Carbon Transportation	\$200
Energy Efficiency and Clean Energy	Department of Community Services and Development	Energy Efficiency Upgrades/Weatherization	\$75
	Energy Commission	Energy Efficiency for Public Buildings	\$20
	Department of Food and Agriculture	Agricultural Energy and Operational Efficiency	\$15
Natural Resources and Waste Diversion	Department of Fish and Wildlife	Wetlands and Watershed Restoration	\$25
	Department of Forestry and Fire Protection	Fire Prevention and Urban Forestry Projects	\$42
	Cal Recycle	Waste Diversion	\$25
Total			\$1,002

Continued and even steeper reductions in carbon pollutants are necessary to address the ongoing threat posed by climate change. The overwhelming scientific consensus is that reducing GHG emissions by 80 percent below 1990 levels by 2050 is necessary to avoid “dangerous” climate change—meaning some of the worst and most disruptive climate impacts. The Administration will work with the Legislature and stakeholders to develop a midterm reduction target for 2030 that is consistent with this 2050 objective for stabilizing climate change, and to develop an integrated, economy-wide plan for meeting this target. Such a plan will include reductions in a number of key areas:

- Decarbonizing Electricity—Significantly increase the state’s share of renewable energy, while maintaining system reliability and operability.
- Energy Efficiency for Existing Buildings—Significantly improve the energy efficiency of the existing building stock, a majority of which was built before California adopted building efficiency standards.
- Cleaner Transportation Fuels and Reduced Vehicle Miles Traveled—Significantly reduce the use of petroleum-based transportation fuels and the number of vehicle miles traveled statewide, currently at around 330 billion miles per year. Healthy active transportation alternatives, including transit, walkable, bikeable communities, and high-speed rail, will receive at least 50 percent of future Cap and Trade revenues.
- Water and Space Heating—Significantly increase the use of cleaner fuels—low carbon electricity or low carbon gas—for water and space heating in our buildings.
- Natural and Working Lands—Enhancing California’s natural landscape—forests, rangelands, wetlands, grasslands, riparian areas and agricultural lands—to be net carbon sinks, rather than sources, of GHG emissions, by improving the health and resilience of soils and other strategies (see the California Department of Food and Agriculture section of the Statewide Issues and Various Departments Chapter).
- Short-Lived Climate Pollutants—Significantly reduce emissions of pollutants, such as methane and black carbon, from oil production, landfills, agriculture and other sources. These pollutants have a much greater short-term impact on the climate than carbon dioxide, and also have adverse air quality and public health impacts.
- Price on Carbon—Continue policies that put a price on carbon, reflecting the costs that GHG emissions impose on society and creating incentives for the development of cleaner technology.
- Resilience—Implement climate adaptation strategies. The effects of climate change have already begun in the state, and even under the best-case scenarios for reductions in global carbon emissions, additional climate impacts are inevitable, including more frequent and extreme events. State agencies will need to work with local governments to make both the built and natural environments more secure and resilient, including through implementation of the state’s climate adaptation strategy, Safeguarding California, and other planning and investment decisions.

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 sites, enforcement, regulation, and pollution prevention. The Budget includes \$208.1 million and 1,005 positions for the Department.

Over the past three years, the Department has initiated substantial reforms to core programs through its “Fixing the Foundation” initiative. These reforms include enhancing protections, making timely hazardous waste permitting decisions, improving the tracking of hazardous waste shipments, creating systems that make all polluters pay to clean up their contamination, and enhancing efforts to recover the costs of the Department’s oversight and other costs from polluters and regulated businesses.

The Department is making significant progress in implementing these reforms that will help to reshape and modernize the state’s hazardous waste management programs, particularly in disadvantaged communities impacted by industries that violate hazardous waste laws. Additionally, to maximize the benefits of these reform efforts, the Department must enhance compliance with strengthened hazardous waste management operations. The Budget proposes additional resources to build on these initiatives.

Significant Adjustments:

- **Enhanced Permitting Coordination**—An increase of \$1.6 million Hazardous Waste Control Account and 16 positions to improve the effectiveness and timeliness of the permitting process and reduce the backlog of permit applications. This proposal will build on the Department’s existing Permit Enhancement Work Plan.
- **Hazardous Waste Reduction**—An increase of \$840,000 Toxic Substances Control Account and 6 positions to support pilot projects that address hazardous wastes generated in significant quantities, posing the most significant public risks, and that disproportionately affect disadvantaged communities. This pilot program is designed to effectively leverage the Department’s goal of a 50-percent reduction of hazardous waste by 2025 by using the best available technologies and systems to reduce such waste, and will be guided by a public advisory panel to improve public participation, especially in disadvantaged communities.

NATURAL RESOURCES

The Natural Resources Agency consists of 26 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 \$9.4 billion (\$2.6 billion General Fund) for all programs included in the Agency.

WATER ACTION PLAN

ACTIONS FOR RESTORATION, RESILIENCE, AND RELIABILITY

The water challenges facing California’s communities, watersheds, and economy require a comprehensive approach to water resources management. The Water Action Plan—released by the Governor in January 2014—is a five-year roadmap towards sustainable water management. The value of the Plan lies in its clear articulation of actions that the Administration is committed to completing.

At the core of the Plan are ten actions and associated sub-actions designed to support three overarching goals: restoration, resilience, and reliability. Reaching these goals requires a commitment of significant resources to both new water management projects and the maintenance of existing infrastructure. It also requires investment in a broad suite of water management strategies, including:

- Providing incentives for improved regional water management, including conservation.

- Recycling and stormwater capture.
- Integrating flood management and habitat restoration efforts.
- Implementing sustainable groundwater management policies.
- Developing new and improving operation of existing surface and groundwater storage.

In general, local water agencies (e.g. drinking water, wastewater, flood control) provide the vast majority of revenues that contribute to water system development, upgrades, and operations. Given this, the state must invest its relatively modest water management funding wisely, directing dollars where they can address critical community needs, leverage other funding sources, and spur transformative water management practices.

The Budget proposes \$1.7 billion in investments to implement the Plan.

2014 WATER BOND — PROPOSITION 1

In November 2014, the voters approved the Water Quality, Supply, and Infrastructure Improvement Act of 2014 (Proposition 1), which provides \$7.5 billion in general obligation bonds for water storage, water quality, flood protection, and watershed protection and restoration projects. Proposition 1 includes funding specifically intended to achieve the three over-arching goals described in the Plan: restoration, resilience, and reliability. The Budget proposes \$532.5 million to begin the first year of a multiyear Proposition 1 expenditure plan (see Figure RES-01).

RESTORATION

Economic growth in California's early years drove large-scale land use changes. Further urban and rural development drove local, regional, and system-wide water management projects unaided by the current understanding of ecological process. Consequently, California's native fisheries and watersheds have been negatively affected for decades. Proposition 1 funds will support projects that restore California's ecosystems for the benefit of fish, wildlife, communities, and water management systems.

RESILIENCE

Ongoing and future changes to the climate will drive rising sea levels, salinity encroachment, altered precipitation patterns, reduced Sierra snowpack, and numerous other changes to California's hydrology. Every aspect of the water management system

Figure RES-01
2015-16 Proposition 1 (Water Bond) Expenditure Plan
(Dollars in Millions)

<i>Bond Investment Category</i>	<i>Department</i>	<i>Program</i>	<i>Amount</i>
Safe Drinking Water	State Water Resources Control Board	Wastewater Treatment Projects	\$66.3
	State Water Resources Control Board	Safe Drinking Water in Small Disadvantaged Communities	\$69.2
Watershed Protection and Restoration	State Conservancies	Watershed Projects	\$83.5
	Wildlife Conservation Board	Enhanced Stream Flow Projects	\$38.9
	Santa Monica and San Gabriel Conservancies	Urban Rivers and Creeks	\$19.1
	Department of Fish and Wildlife	Watershed Restoration Projects (Non-Delta and In-Delta)	\$36.5
Regional Water Reliability	Department of Water Resources	Integrated Regional Water Management Program	\$32.8
	Department of Water Resources	Water Conservation	\$23.2
	State Water Resources Control Board	Stormwater Management	\$0.6
Water Storage	Department of Water Resources	Statewide Water System Operational Improvement	\$3.3
Water Recycling	Department of Water Resources	Water Recycling and Desalination	\$5.5
	State Water Resources Control Board	Water Recycling and Treatment Technology Projects	\$131.7
Groundwater Sustainability	Department of Water Resources	Groundwater Management Planning	\$21.3
	State Water Resources Control Board	Groundwater Contamination	\$0.6
Total			\$532.5

will be affected. Increased severity of Central Valley flood events, for example, requires the state to increase the capacity of its flood system (most notably within the flood bypass facilities) to better protect urban and rural communities. Proposition 1 funds will be used to increase the state's resilience to anticipated and currently unknown impacts of a changing global climate.

RELIABILITY

A significant portion of the state's economy depends on a strong agricultural sector that in turn depends on water supplies from various sources. Other sectors of the economy also depend on precious water supplies. Strengthening the reliability of water supplies, with an emphasis on efficient use and integrated management strategies, is the key to providing affordable and safe drinking water, continuing agricultural supplies, and growing

the state's economy. Proposition 1 funds will be used for projects such as water storage, groundwater sustainability, safe drinking water, and regional water management projects.

FLOOD PROTECTION

More than 7 million California residents and \$580 billion in economic assets statewide are vulnerable to flood risk. The effects of climate change on the state's water runoff patterns will magnify these challenges and risks.

In 2012, the Department of Water Resources (DWR) and the Central Valley Flood Protection Board prepared and adopted the Central Valley Flood Protection Plan, which recommends a system-wide approach that considers the interaction of all flood system components, including reservoirs, bypasses, levees, and the natural environment. The system-wide approach looks beyond the traditional project-by-project flood control approach, and incorporates actions on both flood system improvement and proactive floodplain management. The Plan also recommends prioritizing investments of state resources across system-wide improvements, urban flood protection projects, small community and rural-agricultural projects and flood risk management program categories.

The Disaster Preparedness and Flood Prevention Bond Act (Proposition 1E), enacted by the voters in 2006, authorized \$4.1 billion in general obligation bonds to support flood protection efforts in the Central Valley, the Sacramento-San Joaquin Delta, and other areas of the state subject to flooding. Proposition 1E specifies that these bond funds be available for appropriation until July 1, 2016.

The Budget proposes \$1.1 billion for DWR to support flood protection activities, which will appropriate all remaining Proposition 1E funds. Expenditures of these remaining bond funds will be allocated to program categories that are consistent with the resource allocation recommendations of the Central Valley Flood Protection Plan for prioritizing flood management projects. To facilitate the earliest possible work on the projects, the Administration is seeking the enactment of legislation that appropriates \$1.1 billion of Proposition 1E funds early in the legislative session prior to enactment of the Budget Act.

GROUNDWATER MANAGEMENT

The Sustainable Groundwater Management Act, signed into law in September 2014, establishes a new structure for improved local management of groundwater basins. As stated in the Governor's signing message, "a central feature of these bills is the

recognition that groundwater management in California is best accomplished locally. Local agencies will now have the power to assess the conditions of their local groundwater basins and take the necessary steps to bring those basins in the state of chronic long-term overdraft into balance”.

The State’s primary role is to provide guidance and technical support to local groundwater agencies. To this end, the Budget proposes \$6 million General Fund for DWR to provide additional technical assistance to local agencies on the development of the groundwater sustainability plans, as well as to implement specific requirements of the groundwater legislation such as the adoption of basin boundaries and regulations on best groundwater management practices. In addition, as noted in the 2014 Water Bond section above, the Budget proposes \$21.3 million of Proposition 1 funds for grants for projects that develop and implement local groundwater plans.

OTHER WATER ACTION PLAN PROPOSALS

IN-STREAM FLOWS

Increased water demand in California has led to stream modifications in watersheds throughout the state. Consequently, many streams do not have a flow regime or habitat that supports a healthy aquatic environment. The decline in salmon populations have been attributed to the limited quantity of stream flow available for fish during key life stages. Flow requirements can improve many of the degraded stream systems in California by restoring a more natural flow pattern and increasing aquatic habitat quality. The Budget provides \$2.2 million General Fund and \$1.8 million Water Rights Fund for the State Water Resources Control Board and the Department of Fish and Wildlife to enhance flows in at least five stream systems that support critical habitat for anadromous fish.

DELTA PLAN IMPLEMENTATION

The Delta is the hub of California’s water supplies, with Delta diversions serving two-thirds of California’s people and irrigating 4.5 million acres of farmland. The Delta Plan was adopted in 2013 to guide state and local actions to further the state’s goals for the Delta, including incorporation of the Bay Delta Conservation Plan. The Delta Stewardship Council coordinates the science activities that support Delta management, and, in consultation with other state and non-state entities, has completed the Delta Science Plan. The Budget provides \$6.7 million General Fund and \$2.6 million other funds for the Delta Stewardship Council to implement the Delta Science Plan, incorporate the

Bay Delta Conservation Plan into the Delta Plan, and coordinate federal approval of the Delta Plan.

CRITICAL WATER SHORTAGE MANAGEMENT PROGRAM

California is experiencing its third dry year in a row. In May 2014, the Governor directed state water officials to expedite the review and processing of voluntary transfers of water rights. Paramount to this effort is effective coordination with other state and federal agencies to streamline water transfer processes to address both extreme situations and normal system operations. Appropriate use of water transfers can benefit statewide water management, stabilization of the Delta, ecosystem protection, and operational and regulatory efficiency. The Budget provides \$1.4 million General Fund for DWR to identify water management operation improvements during drought conditions and streamline water transfers.

AFFORDABLE, SAFE DRINKING WATER FOR DISADVANTAGED COMMUNITIES

An estimated 500 public water systems in disadvantaged communities rely on sources of drinking water that fall short of state and federal safe drinking water standards. Many of these systems are located in low-income communities, both urban and rural, that already pay high rates for the substandard tap water they receive. Although funding sources are available to assist communities with needed capital improvements, communities often lack the governance infrastructure, technical expertise and ability to pay for the ongoing operations and maintenance costs to treat the water to safe levels. Overcoming these problems requires innovative approaches. Accordingly, the Administration will work with local governments, communities and dischargers on strategies to bring these systems into compliance, including governance, technical assistance, capital improvements, and ongoing operations and maintenance costs.

EMERGENCY DROUGHT RESPONSE

The State of California has experienced three consecutive years of below-average rainfall, and water levels at the state’s largest reservoirs, as well as groundwater aquifers, are also dangerously below average. As a result, drinking water supplies are at risk in some communities, agricultural areas face increased unemployment, dry conditions have created higher risks for wildfires, and important environmental habitats have been degraded.

On January 17, 2014, the Governor proclaimed a state of emergency, directed state agencies to take all necessary actions to respond to drought conditions, and called for a 20-percent reduction in water use.

In February 2014, the Legislature enacted urgency legislation to assist drought-impacted communities and improve the management of local water supplies. The legislation provided \$687.4 million to support drought relief, including emergency financial assistance for housing and food for workers directly impacted by the drought, funding to secure emergency drinking water supplies for drought-impacted communities, and funding for projects to help local communities more efficiently capture and manage water.

The 2014 Budget Act provided an additional \$142 million in one-time resources to continue immediate drought-related efforts, such as enhanced fire protection, assistance to local water agencies with emergency water supply projects, public outreach through the Save Our Water campaign, and enforcement of drought-related water rights and water curtailment actions.

In the event that existing drought conditions continue through next year, the Budget provides \$115 million (\$93.5 million General Fund) on a one-time basis to continue the following critical drought response efforts. The Administration will continue to monitor and evaluate statewide drought conditions through the winter months, and will reevaluate these budget year needs in the May Revision.

- Department of Forestry and Fire Protection (CAL FIRE)—An increase of \$59.4 million General Fund and \$2.4 million other funds to continue firefighter surge capacity, retain seasonal firefighters beyond the budgeted fire season, provide additional defensible space inspectors, and enhance air attack capabilities to suppress wildfires during the 2015 fire season.
- Department of Fish and Wildlife—An increase of \$11.4 million General Fund and \$3.2 million other funds to continue critical state operations activities such as fish rescues, hatchery operations, fish and wildlife monitoring, and responding to problems of human/wildlife conflict from animals seeking food and water.
- Department of Water Resources—An increase of \$11.6 million General Fund to continue to assess current surface and groundwater conditions, expedite water transfers, provide technical guidance to local water agencies, and provide additional public outreach through the Save Our Water campaign.

NATURAL RESOURCES

- Department of Social Services—A carryover of \$7 million General Fund to provide food assistance for communities most impacted by the drought.
- State Water Resources Control Board—An increase of \$6.7 million General Fund and \$15.9 million other funds to continue enforcement of drought-related water rights and water curtailment actions and provide grants for emergency drinking water projects.
- Office of Emergency Services—An increase of \$4.4 million General Fund for the State Operations Center to continue to provide local communities with technical guidance and disaster recovery support related to the drought.

DEPARTMENT OF FORESTRY AND FIRE PROTECTION

CAL FIRE provides resources management and wildland fire protection services covering over 31 million acres. It operates 235 fire stations and, on average, responds to over 5,600 wildfires annually. CAL FIRE also staffs local fire departments through reimbursement agreements with local governments. In six counties, CAL FIRE contracts with county agencies to provide fire protection and prevention services on its behalf. The Budget includes \$1.7 billion and 7,451.6 positions for CAL FIRE.

Significant Adjustment:

- Helicopter Replacement—CAL FIRE will initiate a competitive procurement process to replace its existing fleet of helicopters. CAL FIRE currently operates 12 Vietnam-era military helicopters. These aging helicopters are becoming more costly to maintain, and are not equipped with modern technology that enables night-flying capabilities. Replacing the existing fleet with new helicopters will enhance CAL FIRE's initial attack effectiveness, improving its ability to contain wildfires quickly before they spread.

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. The park system includes 279 parks, beaches, trails, wildlife areas, open spaces, off-highway vehicle areas, and historic sites. It consists of approximately 1.59 million acres, over 339 miles of coastline, 974 miles of lake, reservoir and river frontage, approximately 15,000 campsites and alternative

camping facilities, and 4,456 miles of non-motorized trails. The Budget includes \$571.3 million (\$115.9 million General Fund) and 3,651 positions for the Department.

ACTIONS TO STRENGTHEN THE STATE PARK SYSTEM

The Administration is acting to strengthen the state park system, improve visitors' experiences, and make the services provided by the state park system more relevant to a broader and more diverse group of people. In June 2013, the Parks Forward Commission began an assessment of the financial, operational, and cultural challenges facing the state park system. The Commission released its draft report with preliminary findings in July 2014. While the final report is expected to be released in January 2015, the Department is already working on a number of initiatives which are consistent with the Parks Forward preliminary recommendations:

- Establishing a "Transformation Team" —The Administration has established a transformation team to further develop and lead the Department in executing structural and sustainable reforms over a two-year period. The team includes experts from inside and outside the Department to focus on areas including the state parks budget, maximizing partnerships, improving internal administrative practices, enhancing the marketing program, setting up a structure for more innovative revenue generation opportunities, better identifying programs for broader populations and diverse communities, improving staff development and training, and establishing a path to park leadership for candidates from broader backgrounds.
- Modernizing Fee Collection and Technology in Park System—Historically, visitors have been required to use cash to pay for parking or entrance fees at most state parks. To modernize the collection system, the Department installed technology so visitors can use credit and debit cards at many state parks. The Department is currently pilot testing technology that allows visitors to pay for parking fees using smartphones. In addition, the Department is exploring more robust technology that will allow for enhanced information collection and transmittal of fiscal information between the Department's fiscal systems and the campground reservation system. This technology would also allow the Department to provide increased information to visitors.
- Enhancing Information on Park System—The Department is providing panoramic images of trails in state parks over the internet. The increased information allows people to view state park trails in advance of a trip and allows those with limited mobility to experience the trails.

NATURAL RESOURCES

- **Increasing Cabins in State Park System**—The Department continues to work with the Parks Forward Commission to locate new cabins within the state park system. Expanding the types of camping opportunities available in the park system should make camping more accessible and appealing to a broader range of people.
- **Improving Financial Accountability**—In January 2014, the Department released its first Park Unit Costing report to the Legislature. The report provided estimated expenditures for each individual park unit. This information will aid in strengthening the Department’s system-wide fiscal management and will be foundational for increased revenue generating opportunities and partnerships with non-governmental organizations. Every year, the Department will provide this level of increased detail of expenditures for the state park system.

Significant Adjustments:

- **Maintain Services at State Parks**—A one-time increase of \$16.8 million State Parks and Recreation Fund (State Parks Fund) to continue existing service levels throughout the state park system. The 2014 Budget Act also provided a one-time increase to maintain the current level of service at state parks. The Department’s significant fund balances in the State Parks Fund have allowed for such one-time increases over the last few years. However, continuing to spend down the Department’s fund balance is not a sustainable funding model for the state park system. The newly established transformation team is charged with identifying improvements for the Department’s long-term fiscal operations. This funding will provide the transformation team the time to develop solutions and evaluate the recommendations of the Parks Forward Commission.
- **Opening Los Angeles State Historic Park**—An increase of \$1.2 million State Parks Fund to operate the new LA Historic Park in downtown Los Angeles. The construction of the park is scheduled to be completed in fall 2015. The Department is partnering with local non-profit groups to develop the cultural and interpretative experiences at the park. This Historic Park will interpret the stories of the park and surrounding community and their significance to the establishment and growth of Los Angeles. The project promotes and preserves the cultural heritage of the area and maximizes event capacity for revenue-generating special events.
- **Opening New Donner Memorial State Park Interpretive Visitor Center**—An increase of \$424,000 State Parks Fund to operate the new Donner visitor center at Donner State Park. The construction of the facility was funded through Proposition 84 and was completed in April 2014. It is expected that visitation will double at

the new center as a result of the new exhibits, expanded interpretive programs, and modern auditorium.

- Revenue Generation Projects—An increase of \$435,785 for operational costs associated with revenue generation projects implemented under the revenue generation program established by Chapter 530, Statutes of 2012 (AB 1478). These successful projects at Hearst Castle, Silver Strand State Beach and Columbia State Park generate projected revenue of \$1.3 million.
- Transformation Team—A two-year funding commitment of \$3 million for a team of experts from both outside and inside the department. The Budget includes an increase of \$936,000 State Parks Fund and assumes the redirection of resources for the balance. Partners outside of state government with interests in improving the state park system may also provide funding.
- Deferred Maintenance—The Budget provides \$125 million General Fund to various state agencies to address critical infrastructure deferred maintenance needs. Of this amount, \$20 million will be allocated to the state park system.

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JUDICIAL BRANCH

The Judicial Branch consists of the Supreme Court, courts of appeal, trial courts, and the Judicial Council. The trial courts are funded with a combination of funding from the General Fund, county maintenance-of-effort requirements, fines, fees, and other charges. Other levels of the Judicial Branch receive most of their funding from the General Fund. The Budget includes total funding of \$3.7 billion (\$1.7 billion General Fund and \$2 billion other funds) in 2015-16 for the Judicial Branch, of which \$2.7 billion is provided to support trial court operations. The Judicial Council is responsible for managing the resources of the Judiciary.

In 1998, California voters passed a constitutional amendment that provided for voluntary unification of the superior and municipal courts in each county into a single, countywide trial court system. By 2001, all 58 counties had voted to unify their municipal and superior court operations. This was the culmination of over a decade of preparation and work to improve court coordination and uniform access to justice. The Trial Court Funding Act of 1997 consolidated the costs of operating California's trial courts at the state level. The Act was based on the premise that state funding of court operations was necessary to provide more uniform standards and procedures, economies of scale, structural efficiency and access for the public. The Act created a state-funded trial court system and capped county contributions, providing that the state assumed responsibility for growth in the costs of court operations. Prior to state funding, many small courts were in financial crisis and needed emergency state funding to keep their doors open.

2015-16 BUDGET

During the recession, like every area of state government, General Fund support for the Judicial Branch was reduced; however, for the Judicial Branch, the state mitigated the impact of the reductions through increased user fees, the redirection of various special funds, and through the expenditure of trial court reserves. During the fiscal crisis, some trial courts were forced to reduce service hours, furlough and lay off employees, and close courtrooms, while other courts were able to provide salary increases and did not have to close courtrooms. The disparity in how trial courts handled the reductions highlighted the need for a comprehensive evaluation of the state’s progress in achieving the goals outlined in the Act. A working group composed of Administration and Judicial Branch appointees made recommendations to better allocate existing resources. The Chief Justice and the Judicial Council, through a modification of the Workload Allocation Funding Model, have taken significant steps to promote equal access to justice by allocating funding more equitably.

As shown in Figure JUD-01, after making various budget adjustments, trial court funding remained fairly consistent with pre-recession levels and is proposed to be 3.5 percent above 2007-08 in 2015-16.

Figure JUD-01
Judicial Branch Expenditures
 (Dollars in Thousands)

Judicial Branch Expenditures by Program	2007-08 Actual	2013-14 Actual	2014-15 Estimated	2015-16 Governor's Budget
Supreme Court	\$44,397	43,440	45,973	46,095
Courts of Appeal	200,706	204,544	216,212	216,626
Judicial Council	130,396	132,966	139,869	134,678
Habeas Corpus Resource Center	12,553	12,588	14,233	14,242
Facility Program	(49,965)	(236,110)	(338,528)	(360,704)
Staff and OE&E	22,634	25,202	31,000	34,000
Trial Court Facility Expenses	27,331	210,908	307,528	326,704
Trial Courts	3,288,873	2,437,488	2,538,117	2,701,598
Total	\$3,726,890	\$3,067,136	\$3,292,932	\$3,473,943
Adjustments to Trial Courts	\$3,288,873	\$2,437,488	\$2,538,117	\$2,701,598
Trial Court Facility Expenses	\$27,331	\$210,908	\$307,528	\$326,704
Use of Local Reserves		264,000		
Sub-total, Trial Courts	\$3,316,204	\$2,912,396	\$2,845,645	\$3,028,302
Trial Court Security Costs ¹	-444,901			
Adjusted Total, Trial Courts	\$2,871,303	\$2,912,396	\$2,845,645	\$3,028,302

¹ For comparison purposes, court security costs for 2007-08 are removed from trial court expenditure totals due to the realignment of court security costs beginning in 2011-12.

Similar to other areas of government, the Branch needs to operate differently without the expectation of funding restorations. Yet, like the rest of state government, the Judicial Branch has growing costs related to employee retirement and health care. As part of the 2014 Budget Act, the Administration proposed a two-year funding approach to provide the trial courts with stable funding and sufficient time to carefully evaluate and pursue workload process changes and efficiencies that will modernize court operations and improve access to justice. The two-year funding approach includes: (1) providing 5-percent General Fund growth to the trial court operations budget in each year, (2) providing ongoing budgetary adjustments to account for changes in employee benefit costs that are not controlled by the trial courts, and (3) providing General Fund to address anticipated fee shortfalls. The Chief Justice has created the Commission on the Future of California’s Court System to modernize court operations. The Commission is expected to evaluate trial court operations and to identify potential efficiencies that will improve access to justice. The Budget includes \$180 million in proposed new funding, in addition to the \$160 million provided in the 2014 Budget Act.

Significant Adjustments:

- Trial Court Funding—Consistent with the proposed two-year strategy, the Budget includes an augmentation of \$90.1 million General Fund to support trial court operations.
- Trial Court Employee Costs—The Budget includes \$42.7 million General Fund for trial court employee benefit costs, of which \$10.8 million reflects funding for trial courts that have now made progress towards meeting the Public Employees’ Pension Reform Act of 2013 standard. The Administration is committed to funding future increases related to existing health benefits and retirement costs for trial court employees and retirees.
- Trial Court Trust Fund Revenues—The Budget includes an additional \$19.8 million General Fund to reflect a further reduction of fines and penalty revenues in 2015-16. Coinciding with this adjustment, the Administration proposes permanently extending temporary fines and penalty revenue measures enacted as part of the 2012 Budget Act.
- Proposition 47—With the passage of Proposition 47 in November 2014, it is anticipated that trial courts will experience increased workload primarily in the early years of implementation due to the requirement that courts reclassify certain drug and theft crimes that involve less than \$950 from felonies to misdemeanors.

The Budget includes \$26.9 million General Fund to reflect a projected increase in trial court workload.

- **Amnesty Program**—The Budget proposes the establishment of an 18-month outstanding delinquent debt amnesty program that would be administered by the courts and counties. Courts and counties would recover their costs to administer the amnesty program utilizing revenues collected through the program. (See Public Safety Chapter for additional details.)
- **Dependency Counsel Funding**—The Administration recognizes the important role played by counsel who represent abused and neglected children and their parents in dependency cases. The Judicial Council’s current annual budget allocation for court-appointed dependency counsel is \$103.7 million. Over the last several years, the Council has evaluated the workload of dependency lawyers and recommended a basic caseload standard of 188 cases per attorney. An improvement in attorney caseload would reduce hearing delays and potentially shorten time to permanency for families. The current statewide average caseload is 248 cases per attorney. Many counties fall well within the standard but others far exceed it. Judicial Council allocations to courts are based on historical factors rather than on current caseloads. The Administration will work with the Judicial Council to develop a caseload-based allocation methodology and explore ways to reduce the number of cases per attorney.

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.

As the state's economic recovery continues, many Californians are entering and returning to the workforce seeking jobs that require skills that they may not have. The economy is generating more jobs that require new or improved skills and some degree of post-secondary education. The passage of the federal Workforce Innovation and Opportunity Act gives California a unique opportunity to address these issues through a reconfigured and revitalized public training and education system. Key features of the new Workforce Act:

- Require a unified state plan that incorporates input from workforce investment boards, schools, community colleges, rehabilitation programs, and CalWORKs welfare-to-work services.
- Emphasize regional planning that reflects the needs of employers.
- Require common performance measures across workforce development programs, adult education and literacy programs, and job services.

LABOR AND WORKFORCE DEVELOPMENT

- Reauthorize the Adult Education and Literacy Program with expanded emphasis on transition to post-secondary education and other career pathways.
- Allow for increased funding to support corrections education programs that reduce recidivism.

The Workforce Act promotes principles that strongly align with the key workforce strategies and initiatives of the Agency and the workforce entities it oversees: the California Workforce Investment Board, Employment Development Department (EDD), Employment Training Panel, and the Department of Industrial Relations' (DIR) Division of Apprenticeship Standards. The Agency will continue its efforts to coordinate policy and service delivery among its workforce programs while working in partnership with other state entities such as the Health and Human Services Agency, the Departments of Social Services and Rehabilitation, the Community Colleges, and the Department of Education. Additional information on the state's investments in adult education and workforce development can be found in the Investing in California's Workforce Chapter.

The Budget includes total funding of \$14.7 billion (\$265.4 million General Fund, \$14.4 billion various other funds) for the Agency.

EMPLOYMENT DEVELOPMENT DEPARTMENT

The 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 Department connects job seekers with employers through job services programs and America's Job Centers of California and provides employment training programs through the Employment Training Panel and the Workforce Investment Act of 1998, which effective July 1, 2015, will be superseded by the Workforce Innovation and Opportunity Act of 2014. To support the Department, the Budget includes \$14.1 billion (\$248.3 million General Fund).

UNEMPLOYMENT INSURANCE PROGRAM

The UI program is a federal-state program that provides weekly payments to eligible workers who lose their jobs. Benefits range from \$40 to \$450 per week depending on 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, EDD began borrowing funds from the Federal Unemployment Account. While the unemployment rate has been slowly decreasing, the UI Fund deficit is still projected to be \$7.4 billion at the end of 2015.

Interest on the loan from the federal government 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. To date, interest payments totaling \$1.1 billion have been paid by the state. The Budget includes \$184.4 million General Fund to make the 2015 interest payment. In addition, the Budget includes a \$303.5 million loan repayment to the Unemployment Compensation Disability Fund. As a result of the UI Fund's insolvency, employers are negatively affected by an overall reduction of 1.2 percent in their Federal Unemployment Tax Act credit. The amount of lost federal tax credits will increase by approximately \$350 million in 2015, to a total of \$1.3 billion.

UNEMPLOYMENT INSURANCE ADMINISTRATION FUNDING SHORTFALL

The administration of the base UI program is intended to be fully reimbursed through a federal cost recovery model, which allocates funding based on states' workload counts, processing times, and actual cost rates. However, the federal appropriation for UI administrative funding has been set at a level below what is needed nationwide to fully support this program. As a consequence, California continues to recover less funding than it would otherwise be entitled. This has resulted in EDD utilizing other state funds and unspent federal carryover funds from prior years to bridge this gap.

To address this issue, the Department of Finance, EDD, and the Labor and Workforce Development Agency undertook a detailed budget analysis of UI program functions, devising process improvements and identifying cost saving measures. The 2014 Budget included a package of \$49 million of efficiencies and a one-time increase of \$46.6 million General Fund to provide additional resources for the administration of the UI Program to support the following service levels:

- Process claims for unemployment benefits within 3 days of receipt.
- Respond to online inquiries within 5 days of receipt.

LABOR AND WORKFORCE DEVELOPMENT

- Schedule 95 percent of eligibility determinations in a timely manner.
- Respond to 50,000 calls per week.

The Budget includes \$39.7 million from the General Fund (\$18 million in new funds and \$21.7 million shifted from the current year to the budget year) to fund 594 positions (including 238.5 new positions) to continue service improvements.

Significant Adjustments:

- **Employment Training Fund**—The Budget makes permanent the \$10 million increase in Employment Training Fund resources provided by Chapter 663, Statutes of 2014 (AB 1476) to address increasing demand for training contracts.
- **October Revise**—The Budget includes a decrease of \$28 million in 2014-15 and a decrease of \$260 million in 2015-16 for UI benefit payments based on current economic conditions. The Budget also includes a decrease of \$103 million in 2014-15 and an increase of \$278.3 million in 2015-16 for DI benefit payments as a result of slight changes in the estimated average weekly benefit amount and claim duration compared to the previous forecast.
- **Workforce Investment Act (WIA) Funding**—The Budget includes an increase of \$15.4 million federal funds in 2014-15 for the Governor’s WIA discretionary funding and Rapid Response funding due to an increase in discretionary funds from 5 percent to 8.75 percent of the federal allotment. Additional increases in the Governor’s discretionary funds are expected after federal guidelines for the new Workforce Act are released in early 2015. The Budget also includes a decrease of \$31.6 million in 2014-15 for WIA Local Assistance to realign spending authority with available federal resources and adjust the local allocation based on the new discretionary formula.

DEPARTMENT OF INDUSTRIAL RELATIONS

The DIR strives to improve working conditions, enforces laws relating to wages, hours, conditions of employment, and workers’ compensation, and adjudicates workers’ compensation claims. The Budget includes \$619.7 million from various special funds to support the Department, which reflects an increase of \$22 million compared to the 2014 Budget Act.

Significant Adjustments:

- Elevator Inspections—The Budget includes an increase of \$4.4 million Elevator Safety Account and 27.5 positions to meet annual inspection requirements for approximately 108,000 conveyances throughout the state. Due to the account's surplus, the Budget also proposes a fee holiday for routine elevator inspections and an ongoing reduction in the inspection fee.
- Occupational Safety and Health Inspections—The Budget includes an increase of \$4.6 million Occupational Safety and Health Fund to phase in 44 positions and perform nearly 1,400 additional workplace health and safety enforcement inspections each year. These resources will increase statewide oversight of worker safety, help address federal audit findings, bring the percentage of California workplaces inspected each year in line with the national average, and nearly triple the number of targeted inspections of workplaces in California's high hazard industries.

AGRICULTURAL LABOR RELATIONS BOARD

The Agricultural Labor Relations Board (1) protects the associational rights of agricultural employees; (2) conducts secret ballot elections so that farm workers in California may decide whether to have a union represent them in collective bargaining with their employer; and (3) investigates, prosecutes, and adjudicates unfair labor practice disputes. The Budget includes \$9.5 million (\$8.3 million General Fund) to support the department, which reflects an increase of \$1.3 million compared to the 2014 Budget Act.

Significant Adjustment:

- Hearing Resources and Regional Office Expansion—The Budget includes an increase of \$1.6 million General Fund and 13 positions to support the operations of the General Counsel and the Board and increase the efficiency of the department. Regional offices are currently located in Visalia, Salinas, and Oxnard. The Budget proposes to add a satellite office in Northern California to meet needs in the Sacramento Valley and the North Coast. In addition, the El Centro office will be relocated and expanded to support the farmworker community in Southern California. The Budget also includes resources for the Board to address an increasing number of hearings and appellate workload, and adds an executive level position to oversee day-to-day administrative functions and more effectively support the mission of the Board and General Counsel.

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LOCAL GOVERNMENT

This part of the Budget includes information related to the dissolution of redevelopment agencies, state mandate reimbursements, and other issues affecting local government.

REDEVELOPMENT AGENCIES

The Administration is continuing the ongoing workload involved with winding down the state's former redevelopment agencies (RDAs). Chapter 5, Statutes of 2011 (ABx1 26), eliminated the state's approximately 400 RDAs, replacing them with locally organized successor agencies tasked with retiring the outstanding debts and other legal obligations of the RDAs. The elimination of RDAs has allowed local governments to protect core public services by returning property tax money to cities, counties, special districts, and K-14 schools.

From 2011-12 to 2013-14, approximately \$990 million in property tax revenue has been returned to cities, \$1.3 billion to counties, and \$430 million to special districts. The Budget anticipates that in 2014-15 and 2015-16 combined, cities will receive an additional \$580 million, counties \$660 million, and special districts \$200 million. The Budget anticipates ongoing property tax revenues of more than \$900 million annually will be distributed to cities, counties, and special districts. This is a significant amount of unrestricted funding that can be used by local governments to fund police, fire, and other critical public services.

From 2011-12 through 2013-14, approximately \$3.5 billion was returned to K-14 schools. The Budget anticipates Proposition 98 General Fund savings resulting from the dissolution of RDAs will be \$875 million in 2014-15. For 2015-16, Proposition 98 General Fund savings are expected to be \$1 billion. On an ongoing basis, Proposition 98 General Fund savings are estimated to be over \$1 billion annually. When Test 1 of the Proposition 98 calculation is operative, funds above the estimated \$1 billion will increase available resources for K-14 schools.

SIMPLIFYING THE DISSOLUTION PROCESS

While administering the orderly dissolution of almost 400 RDAs has been complex and time-consuming, it has achieved the fiscal and programmatic goals originally envisioned and, as noted above, has provided substantial funding for local governments to use on core public services.

Ongoing workload related to the winding down of redevelopment agencies involves the generation, submittal, and review of Recognized Obligation Payment Schedules (ROPS). Every six months, while operating under the supervision of a locally appointed oversight board, successor agencies submit to Finance their ROPS, which delineates their proposed payments for the upcoming payment cycle. Finance reviews each ROPS to determine whether the identified payments are required by enforceable obligations, as defined by law. Once Finance has completed its review, the county auditors-controllers provide successor agencies with property tax allocations to pay the approved enforceable obligations. This process continues into the future until all the approved enforceable obligations have been paid.

Through this biannual process, Finance has successfully reviewed the majority of all enforceable obligations listed for payment by successor agencies for compliance with the law. About 85 percent of all active successor agencies have complied with statutory audit findings and received a Finding of Completion, which is a milestone indicating compliance progress. As a result, oversight of the dissolution process has progressed to the point where legislative changes can be considered in order to add finality to the entire dissolution process and reduce the burden on all parties involved.

The Administration will introduce legislation through the budget process to gradually transition the state away from the current detailed role in the RDA dissolution process.

The legislation will meet the following objectives:

- Minimize the potential erosion of property tax residuals being returned to the local affected taxing entities (both in the short and long term) while transitioning the state from detailed review of enforceable obligations to a streamlined process;
- Clarify and refine various provisions in statute to eliminate ambiguity, where appropriate, and make the statutes operate more successfully for all parties without rewarding previous questionable behavior; and
- Maintain the expeditious wind-down of former RDA activities while adding new incentives for substantial compliance with the law.

Specifically, the Administration's proposed legislation will include the following process changes:

- Transition all successor agencies from a biannual ROPS process to an annual ROPS process beginning July 1, 2016, when the successor agencies transition to a countywide oversight board. This restructured process will be more efficient and will reduce the workload on all parties.
- Establish a "Last and Final" ROPS process beginning September 2015. The Last and Final ROPS will be available only to successor agencies that have a Finding of Completion, are in agreement with Finance on what items qualify for payment, and meet other specified conditions. If approved by Finance, the Last and Final ROPS will be binding on all parties and the successor agency will no longer submit a ROPS to Finance or the oversight board. The county auditor-controller will remit the authorized funds to the successor agency in accordance with the approved Last and Final ROPS until each remaining enforceable obligation has been fully paid.

The proposed legislation will also clarify that:

- Former tax increment caps and RDA plan expirations do not apply for the purposes of paying approved enforceable obligations. One of the core principles of the dissolution process is that approved enforceable obligations will be paid. This clarification will confirm that funding will continue to flow until all approved enforceable obligations have been paid.

LOCAL GOVERNMENT

- Reentered agreements that are not for the purpose of providing administrative support activities are not authorized or enforceable.
- Litigation expenses associated with challenging dissolution determinations are not separate enforceable obligations, but rather are part of the administrative costs of the successor agency.
- Contractual and statutory passthrough payments end upon termination of all of a successor agency's enforceable obligations.
- Finance is exempt, as provided in existing law, from the regulatory process.
- County auditor-controllers' offices shall serve as staff for countywide oversight boards.

In recent years, the Legislature has put forth various proposals to change the dissolution process. Any such proposals would need to fit within the principles stated above. The Administration is committed to working with stakeholders to achieve common ground where possible.

STATE MANDATE REIMBURSEMENTS

The Commission on State Mandates is a quasi-judicial body that determines whether local agencies and school districts are entitled to reimbursement by the state for costs related to new or higher levels of service mandated by the state. With few exceptions, state reimbursable mandate claims are a General Fund expense. The Constitution requires the Legislature to either fund or suspend specified mandates in the annual Budget Act. The Budget continues the suspension of most mandates not related to law enforcement or property taxes.

Significant Adjustments:

- Status of Trigger Mechanism—The 2014 Budget Act made a \$100 million repayment on pre-2004 mandate debt owed to counties, cities, and special districts. For the remaining \$800 million pre-2004 mandate debt, the 2014 Budget Act includes a trigger mechanism that will be used if, at the 2015 May Revision, estimated General Fund revenues for the 2013-14 and 2014-15 fiscal years exceed the 2014 May Revision estimate for those same revenues. After satisfying the Proposition 98 guarantee, additional revenues, up to \$800 million, will pay down the remainder of the state's pre-2004 mandate debt. Current estimates indicate

that the trigger mechanism will result in a \$533 million payment toward this mandate debt. These funds will provide counties, cities, and special districts with general purpose revenue. It is the Administration's expectation that local governments use these funds for core services such as public safety and improving the implementation of 2011 Realignment.

- **Funded Mandates**—In June 2014, California voters approved Proposition 42 which placed the Public Records Act in the Constitution and removed the state's ongoing responsibility to fund the Public Records Act mandate. The Budget makes a one-time payment of \$9.6 million to fund the back costs local agencies accrued from 2001 to 2013 performing activities under the Public Records Act mandate. The Budget also provides \$218,000 to fund the Accounting for Local Revenue Realignments mandate which involves county administration of funding changes in 2003-2004 that addressed budget shortfalls at that time.
- **Interagency Child Abuse and Neglect Investigation Reports Mandate**—This mandate requires certain local agencies to conduct various activities related to child abuse investigations and to provide reported child abusers due process protections. The Commission on State Mandates adopted a \$90.3 million statewide cost estimate which reflects the affected agencies' costs to comply with this mandate from 1999 to 2011. The Budget suspends this mandate because these activities are long-established and involve the agencies' core missions. The Budget creates a \$4 million optional grant program, administered by the Department of Social Services, as a substitute funding mechanism for these activities.

PAYMENT IN LIEU OF TAXES

Historically, the Department of Fish and Wildlife made payments to counties to compensate local governments for the property tax revenue that would have otherwise been collected had state-owned properties remained in private ownership. The payments were authorized for the Department's wildlife management areas and were paid until the 2002 Budget Act eliminated the funding to achieve General Fund savings. The Budget provides \$644,000 General Fund for in-lieu fee payments to counties. This amount does not include funding for K-14 schools that are already kept whole through the Proposition 98 guarantee.

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STATEWIDE ISSUES AND VARIOUS DEPARTMENTS

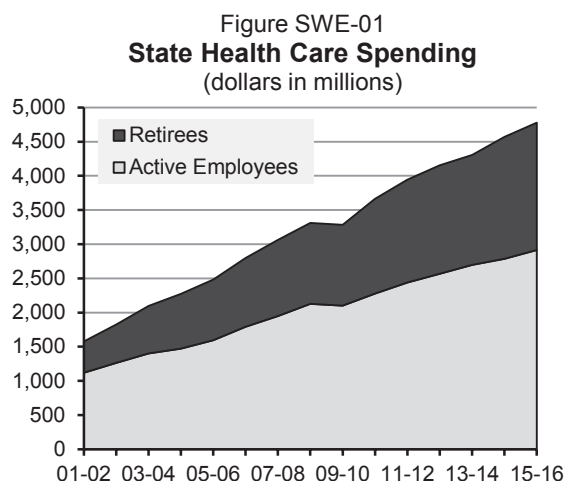
This Chapter describes items in the Budget that are statewide issues or related to various departments.

SUSTAINING STATE HEALTH CARE BENEFITS WHILE CURBING COSTS

The Administration, Legislature, and public employees have taken significant steps recently to reform public pension systems, protecting the retirement security of government workers and maintaining a key recruitment and retention tool for the public-sector workforce. In 2012, Governor Brown signed the Public Employees' Pension Reform Act, which increased cost-sharing for employees, extended retirement ages, and restructured pension formulas. In 2014, Governor Brown signed into law a new funding plan to close a \$74 billion shortfall for teacher pensions that increased contributions from the state, school districts, and teachers. With funding plans and cost containments in place for the state's pension plans, the state must turn its attention to the \$72 billion unfunded liability that exists for retiree health care benefits.

THE STATUS QUO MUST CHANGE

State health care benefits remain one of the fastest growing areas of state government. Figure SWE-01 shows how these costs have tripled since 2001. This far outpaces population and inflation growth during the same period. In total, the state is projected to spend approximately \$4.8 billion on health care benefits in 2015-16 for more than



800,000 state employees, retirees, and their family members—about what the state will spend on pensions. In particular, retiree health care costs are growing at an unsustainable pace. The Budget includes nearly \$1.9 billion for retiree health care benefits for 2015-16. These payments are fourfold what the state paid in 2001 (\$458 million) and now represent 1.6 percent of the General Fund. Fifteen years ago, retiree health care benefits made up 0.6 percent of the General Fund.

Yet, the state’s employee and retiree health care has received limited attention in recent years. At a time when many public and private sector employers are examining benefit design changes to address ongoing cost pressures and an Affordable Care Act penalty—the “Cadillac Tax” set to apply in 2018 to high-cost health plans—the state must do more to contain costs.

Cost increases have also impacted state employees. The average amount a state employee pays for health care premiums has doubled in the last 10 years. In contrast, when employees retire, the state subsidizes a larger share of premiums—providing retirees with a health care contribution equal to 100 percent of the average premium costs of the highest enrolled plans.

As a result of these significant cost increases, the Administration is proposing a plan to make health care costs more affordable to the state and, ultimately, its employees. The plan balances a sustainable benefit program with a competitive workforce. The plan preserves retiree health benefits when the private sector is scaling back, maintains health plans, and continues the state’s substantial support for employee health care. The plan

builds on proven solutions from other states and the federal government. The main components of the plan are described below.

ELIMINATING THE UNFUNDED LIABILITY

Eliminating the \$72 billion unfunded liability for retiree health care will be expensive, complex, and take many decades. Currently, the state pays retiree health care costs on a pay-as-you-go basis. Unlike pension funding, this means the state and employees do not set aside funds during an employee's working years to pay for future benefits. Consequently, funds are not invested and there are no investment returns to help pay for future costs for retirees. Absent any change, the \$72 billion liability is expected to increase significantly over the next five years to more than \$90 billion. Though the state has established prefunding agreements with three of its labor unions, the state must go further to eliminate this liability.

Paying down the retiree health care unfunded liability is a shared responsibility between employers and employees. The Budget calls for employees and employers to equally share in the prefunding of the normal costs of retiree health care, similar to the new pension-funding standard. The normal costs represent the actuarially determined value of retiree health care benefits that are earned by the employee during a current year. The Administration will seek to phase in this critical, cost-sharing agreement as labor contracts come up for renewal. Once fully implemented, this plan will increase state costs by approximately \$600 million annually but ultimately decrease the retiree health care liability, saving billions of dollars in the long term.

BALANCING BENEFITS WITH COSTS

Prefunding retiree health care alone cannot be the only solution to address the growth of state health care benefit costs. The cost structure of these benefits must also be addressed.

Previous efforts at cost containment have fallen short and have not provided employers and employees lower-cost and more affordable health care plans. The current "platinum" level of health coverage leaves the state—and employees—vulnerable to the pending Cadillac Tax. The plan requires the California Public Employees' Retirement System (CalPERS) to offer a High Deductible Health Plan as an option for employees, and the Administration will provide contributions to an employee's Health Savings Account (HSA) to defray higher out-of-pocket expenses for employees who choose the lower-cost plan. HSAs are a tool to help both employers and employees manage health care costs and provide employees with additional savings opportunities. HSAs have federal tax

advantages, dollars roll over annually and are not lost if not spent, and they are portable —meaning employees can take an HSA from one job to another and not lose its value.

In addition, the plan will pursue changes to lower the state's premium subsidy, currently based on a formula using the average premiums of the four highest enrolled plans, to encourage employees to select lower-cost health plans.

The plan also calls for encouraging healthy behavior of employees and retirees to prevent the mounting costs of chronic disease care. Governor Brown signed Chapter 445, Statutes of 2012 (AB 2142), a CalPERS-sponsored initiative, which authorized CalPERS to pursue premium credits and penalties for health promotion and disease prevention. Implementing AB 2142 must be a priority for the state's cost containment effort.

RESERVING BENEFITS FOR CAREER WORKERS AND FAMILY MEMBERS

Consistent with pension reforms that extended retirement ages, employees should work longer to receive state contributions for health benefits in retirement. Most state employees now must work between 10-20 years to receive state subsidies for retiree health care. Beginning with newly hired workers, the plan would only extend this generous benefit to career employees who have accrued 15-25 years of service. Additionally, newly hired workers should not expect a higher subsidy for health care premiums in retirement than what they received during their working years.

The plan also calls for the implementation of practices common outside of the state, such as additional dependent tiers for insurance coverage and surcharges for spouses of state employees who remain on state health plans but can obtain health care coverage through their employers.

CalPERS recently completed a first-ever verification audit of family-member eligibility, resulting in significant savings. The Administration supports ongoing monitoring to ensure the state is enrolling only eligible family members for health care coverage. The Budget also calls on CalPERS to increase efforts to ensure seniors are enrolling in federally subsidized Medicare plans and not remaining on more expensive state-paid plans.

INCREASING TRANSPARENCY AND ACCOUNTABILITY

The total costs of health care for state employees and retirees necessitate a more full public discussion. The Budget includes several measures to boost transparency of state health care benefit expenses and increase public discussion and legislative engagement.

Many tenets of the plan involve the collective bargaining process. Some will require changes to long-held policies and must be administratively or statutorily instituted. The Administration is committed to working with stakeholders to achieve this plan and bring sustainability to the state's health care benefits program.

IMPROVING THE STATE'S CIVIL SERVICE SYSTEM

The state's current civil service system is a complicated, inflexible, and highly bureaucratic set of rules, regulations, and policies that has been slow to adapt to generational and demographic changes in the workforce and to emerging trends in the workplace. As a result, California is not optimally positioned to consistently recruit and retain the best and brightest, properly train and support employees to perform to their highest potential, and plan for the succession of future leaders—all key characteristics of a strong and nimble civil service system.

For well over two decades, there have been various calls to improve the state's civil service system. In the 1990s, reports issued from the Legislative Analyst's Office, the Little Hoover Commission, and the California Constitution Revision Commission identified significant problems and potential ways to address them. The California Performance Review in 2004 examined the various components of state government and resulted in several hundred recommendations. The Human Resources Modernization Project, initiated in 2007, sought to produce systemic civil service reforms as well. Unfortunately, many of the previously recommended reforms have failed to be implemented.

The Governor's Reorganization Plan #1 (GRP 1), effective July 2012, merged overlapping functions and aligned resources of the State Personnel Board and the Department of Personnel Administration by creating a new California Department of Human Resources (CalHR). The GRP 1's intent was to better position the state to coordinate civil service issues in a more efficient and streamlined approach.

Building upon the implementation of GRP 1, the state now needs a comprehensive strategy to systemically improve the civil service system. Administrative efforts will be focused on updating and streamlining the state's job classifications; modernizing recruitment, examination, and hiring practices; developing more robust employee and management training programs; reforming probation policies; and improving employee and management evaluation processes. The Administration will also review the state's processes and policies with the goal to eliminate antiquated, unnecessary,

and/or duplicative processes and procedures and streamline overly onerous and bureaucratic ones.

Employee groups and the Legislature are important stakeholders in this effort and will be consulted as this reform effort progresses. The Administration will determine which efforts the state can address through the collective bargaining process versus administrative or legislative changes.

EMPLOYEE COMPENSATION

The Budget includes an additional \$560 million (\$200 million General Fund) in 2015-16 for employee compensation and health care costs for active state employees. Included in these costs are collectively bargained salary increases for many of the state's rank-and-file employees and state managers and supervisors. Funding has also been included for anticipated 2016 calendar year health care premium increases.

TEACHERS' RETIREMENT

In 2014, the Governor signed into law a comprehensive funding strategy to address the \$74 billion unfunded liability at the California State Teachers' Retirement System (CalSTRS). Consistent with this strategy, the Budget includes \$1.9 billion General Fund in 2015-16 for CalSTRS. The funding strategy positions CalSTRS on a sustainable path forward, eliminating the unfunded liability in about 30 years. Based on a model of shared responsibility, the state, school districts, and teachers all have increased their contributions to the system beginning in 2014-15. Specifically, contributions to the system in 2015-16 will increase to 4.9 percent for the state, 9.2 percent for most teachers, and 10.7 percent for school districts. The state also makes an additional contribution of 2.5 percent of teacher compensation to CalSTRS for the Supplemental Benefits Maintenance Account.

STATE EMPLOYEES' RETIREMENT

The Budget includes \$5 billion (\$2.9 billion General Fund) in 2015-16 for state contributions to CalPERS for state pension costs. These costs include the impact of the demographic assumptions adopted by the CalPERS Board in February 2014, which reflect a mortality increase of 2.1 years for males and 1.6 years for females.

Figure SWE-02 provides a historical overview of contributions to CalPERS, CalSTRS, the Judges' Retirement System (JRS), the Judges' Retirement System II (JRS II), and the Legislators' Retirement System (LRS) for pension and health care benefits.

Figure SWE-02
State Retirement and Health Care Contributions¹
(dollars in millions)

	CalPERS ²	CSU CalPERS	CalSTRS	JRS	JRS II	LRS	Active Health & Dental ³	Retiree Health & Dental	CSU Retiree Health
2006-07	2,765		959	129	27	0	1,792	1,006	
2007-08	2,999		1,623 ⁴	162	37	0	1,948	1,114	
2008-09	3,063		1,133	189	40	0	2,127	1,183	
2009-10	2,861		1,191	184	32	0	2,101	1,182	
2010-11	3,230		1,200	166	54	0	2,277	1,387	
2011-12	3,174		1,259	195	58	0	2,439	1,505	
2012-13	2,948 ⁵	449 ⁵	1,303	160	51	0	2,567	1,365 ⁵	222 ⁵
2013-14	3,269	474	1,360	188	52	1	2,697	1,383	225
2014-15 ⁶	4,042	543	1,486	179	63	1	2,786	1,521	263
2015-16 ⁶	4,429	604	1,928	190	67	1	2,915	1,600	264

^{1/} The chart does not include contributions for University of California pension or retiree health care costs.

^{2/} In addition to the Executive Branch, this includes Judicial and Legislative Branch employees. Contributions for judges and elected officials are included in JRS, JRS II, and LRS.

^{3/} These amounts include health, dental, and vision contributions for employees within state civil service, the Judicial and Legislative Branches, and CSU.

^{4/} Includes repayment of \$500 million from 2003-04 Supplemental Benefit Maintenance Account withholding/lawsuit loss (interest payments not included).

^{5/} Beginning in 2012-13, CSU pension and health care costs are displayed separately.

^{6/} Estimated as of the 2015-16 Governor's Budget. 2015-16 General Fund costs are estimated to be \$2,318 million for CalPERS, \$603 million for CSU CalPERS, \$1,595 million for Retiree Health & Dental, and \$1,367 million for Active Health and Dental. The remaining totals are all General Fund.

DEPARTMENT OF TECHNOLOGY

The Department of Technology, in collaboration with other state departments, has been designing a new Information Technology (IT) project planning and approval process to replace one that has been in use for decades. The traditional process has not provided adequate support for departments to develop realistic cost and schedule estimates at the conception of an IT project. As a result, many projects have experienced significant cost

and schedule increases over their lifetime. Additionally, departments invest significant time, effort, and resources in preparing project proposals prior to receiving any input from control agencies, such as the Department of Technology.

Recognizing these weaknesses in the project approval process, the Department of Technology is leading an effort, referred to as the State Technology Approval Reform project, or STAR, to improve the planning and procurement approval phases of IT projects and ultimately increase the likelihood of successful implementation of needed IT systems. STAR will result in approved projects having a strong business case, clear business objectives, appropriate solutions, and more accurate costs and schedules. STAR will also improve communication and collaboration at the beginning of and throughout an IT effort, and develop different approval models that are flexible enough to help expedite approvals for low-risk projects and build additional support for more complex, high-risk projects.

The new approval process will consist of several stages. The first stage, which requires the development of a business analysis justifying a department's business plan, has been in effect since September 2013. The second stage will be effective July 1, 2015 and will require departments to consider a variety of solutions, including business process changes and IT system development that will meet their stated business needs. Should an IT project require a system integration vendor, during stage three, departments are responsible for developing detailed requirements that will help the state and vendor community better understand the scope and magnitude of the IT effort. The requirements will feed into a Request for Proposal to be used in stage four when departments complete the procurement process to select a vendor to build their system. Upon completion of these stages, departments will be better positioned to build a system that ultimately meets the needs of their clients and has stayed within estimated cost and schedule. Stages three and four are currently being refined by the Department of Technology and are anticipated to be implemented during the budget year.

CALIFORNIA DEPARTMENT OF FOOD AND AGRICULTURE

The California Department of Food and Agriculture (CDFA) promotes and protects a safe, healthy food supply for California residents and enhances the worldwide trade of California's agricultural products. These goals are pursued through the use of efficiencies, innovation, and sound science, with a commitment to environmental stewardship.

Significant Adjustments:

- California Animal Health and Food Safety (CAHFS) Laboratory Network—The Budget includes \$4.3 million General Fund for the continued efficacy of the CAHFS laboratory network and to meet the operational needs of the new South Valley Animal Health Laboratory in Tulare. The CAHFS laboratory network protects California’s animal agriculture sector from animal disease. The laboratory network is the backbone of California’s early warning system to safeguard public health from food-borne pathogens, toxins, and diseases common to animals and humans, and to protect the health of California’s livestock and poultry populations. State law requires the CDFA to contract with the University of California, Davis School of Veterinary Medicine to establish and operate animal disease diagnostic laboratories for the purpose of conducting tests and examinations for, and diagnoses of, livestock and poultry diseases.
- California Fairs—CDFA is responsible for fiscal and policy oversight of the network of California fairs. General Fund support for California fairs was eliminated in 2011. Three years later, 15 fairs are fiscally challenged and at risk of closing. In recognition of the impact California fairs have on local economies and their educational and social benefits, the Budget includes \$3.1 million General Fund to assist with fair operations, improve the financial stability of smaller fairs statewide, and provide funding to support additional fair board training. The Budget also includes a one-time allocation of \$7 million General Fund for deferred maintenance at California fairs, which is part of a larger statewide effort to address the state’s infrastructure needs. (See the Infrastructure Section of this Chapter.)
- Healthy Soils—As the leading agricultural state in the nation, it is important for California’s soils to be sustainable and resilient to climate change. Increased carbon in soils is responsible for numerous benefits including increased water holding capacity, increased crop yields and decreased sediment erosion. In the upcoming year, the Administration will work on several new initiatives to increase carbon in soil and establish long term goals for carbon levels in all California’s agricultural soils. CDFA will coordinate this initiative under its existing authority provided by the Environmental Farming Act.

HAZARDOUS MATERIAL TRANSPORTATION SAFETY

Rail shipments of oil, including North Dakota Bakken oil, are expected to significantly increase from 6 million barrels to approximately 140 million barrels over the next

several years. These shipments and the shipments of other hazardous materials by rail pose significant risks of accidents, especially in rural areas of the State that lack adequate emergency infrastructure to respond. As part of the Administration's ongoing efforts to improve the safety of the transportation of fossil fuels and other hazardous materials in California, the Budget includes \$10 million Regional Railroad Accident Preparedness and Immediate Response Fund for the Office of Emergency Services to coordinate with local agencies to better prepare for, and respond to, emergencies involving hazardous materials transported by railroad tank cars. This additional funding will come from the reestablishment of a fee on hazardous materials transported by railroad tank cars throughout California. The Office of Emergency Services will utilize this funding to purchase equipment, such as hazardous materials response trucks, for regional use and to coordinate training and exercises with local response agencies.

INFRASTRUCTURE

DEBT SERVICE

General Obligation (GO) and lease revenue bonds are used to fund major infrastructure improvements. California voters have approved over \$103.2 billion of new GO bonds since 2000, including the Water Quality, Supply, and Infrastructure Improvement Act of 2014 (Proposition 1) approved in November 2014. Since 2009, the state has issued nearly \$48 billion of new GO bonds. The bonds' proceeds fund projects and programs such as new road construction, flood control levees, and other public infrastructure. As the state issues the remaining voter-authorized bonds, debt service costs will continue to grow.

Estimated General Fund debt service expenditures, after various other funding offsets, will increase by \$339 million (6 percent), to a total of \$6 billion, over current-year expenditures. This increase is comprised of \$285.9 million for GO debt service (\$5.4 billion total) and \$53.2 million for lease revenue bonds (\$657.4 million total). The projected increase in total General Fund debt service is attributed to recent bond sales and the planned issuance of additional bonds over the next year.

The Administration continues to take actions to better manage this growing area of the Budget, such as requiring GO bond programs to demonstrate an immediate need for additional bond proceeds prior to issuing new bonds. These efforts have helped reduce the amount of unspent GO bond proceeds in the state treasury from approximately \$13.9 billion, as of December 2010, to just under \$2 billion by the end of November 2014,

excluding the recent fall 2014 GO bond sales. In addition, only the most critical new lease revenue bond funded projects have been approved.

CALIFORNIA FIVE-YEAR INFRASTRUCTURE PLAN

In conjunction with the release of the Governor’s Budget, the Administration is releasing the 2015 Five-Year Infrastructure Plan. The Plan outlines the Administration’s infrastructure priorities for the next five years for the major state infrastructure programs, including transportation and high-speed rail, state institutions, judicial branch, natural resource programs, and education. The Plan continues to highlight the significant shortfall in resources for maintenance of existing state facilities and the resulting problems. The Budget proposes a \$478 million (\$125 million General Fund) package of one-time investments in maintenance of community colleges, universities, and state infrastructure. The General Fund investments are:

- California State University: \$25 million
- University of California: \$25 million
- Department of Parks and Recreation: \$20 million
- Department of Corrections and Rehabilitation: \$15 million
- Department of State Hospitals: \$7 million
- Network of California Fairs: \$7 million
- Department of Developmental Services: \$7 million
- Department of General Services: \$5 million
- Department of Forestry and Fire Protection: \$2 million
- Office of Emergency Services: \$3 million
- State Special Schools: \$3 million
- California Military Department: \$2 million
- Department of Veterans Affairs: \$2 million
- Department of Food and Agriculture: \$2 million

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DEMOGRAPHIC INFORMATION

Demographic trends have broad implications for California and the nation. They affect the economy, social and cultural norms, and the demand for government services. The demographic profile in developed nations and in the United States continues to evolve. In California and the United States, birth rates are now at some of the lowest levels on record. They are slightly below replacement level, which would lead to a slow decline in the population unless offset by net migration. While birth rates have declined, life expectancies have increased in most periods since 1900. For example, a baby born in the United States in 1900 lived an average of fewer than 50 years. The life expectancy for a baby born today is nearly 80 years.

DEMOGRAPHIC OUTLOOK

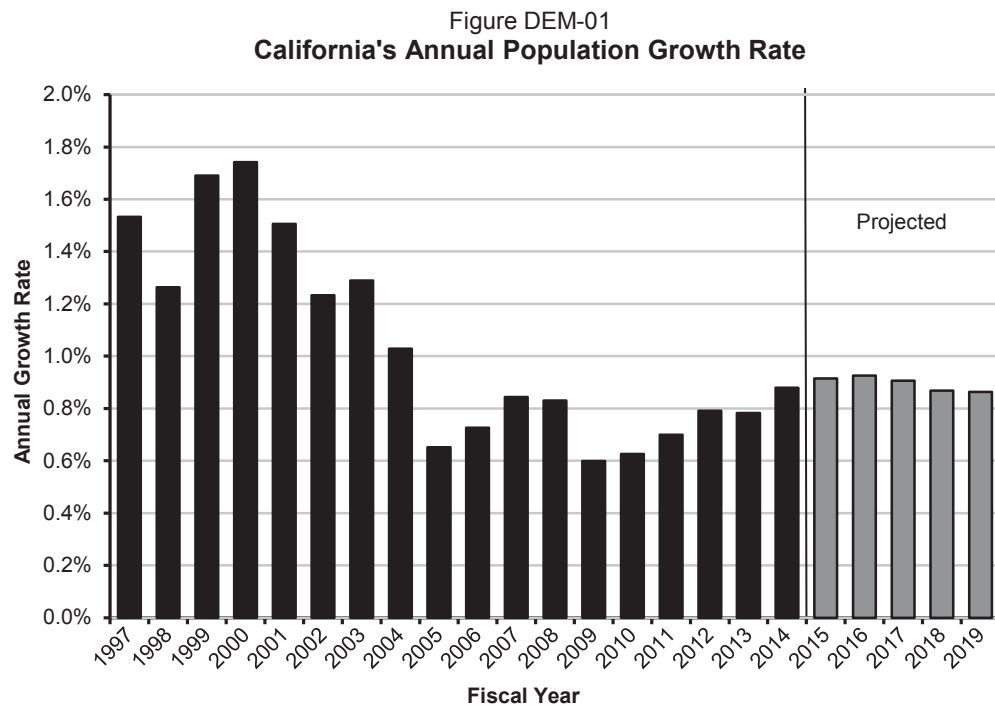
California continued to experience moderate population growth last fiscal year (0.9 percent). As of mid-2014, there were an estimated 38.5 million people residing in California. The population is projected to increase to 38.9 million by July 2015 and 39.2 million by July 2016, reflecting short-term growth rates of 0.9 percent in 2015 and 2016.

Over the next five years, the state will average growth of 351,000 residents annually. Although fertility rates have declined since 2007, natural increase (births minus deaths) will account for most of the growth during this time. Net migration (the difference between individuals moving into California from other states and countries and those moving out) is projected to remain positive over the next few years, but contributes a

DEMOGRAPHIC INFORMATION

relatively small share of population growth. Late in 2018, California's population will hit 40 million and by July 2019, the state will grow to 40.3 million, a five-year growth rate of 4.6 percent.

Figure DEM-01 displays the growth rate of California's population from 1997 to 2019.

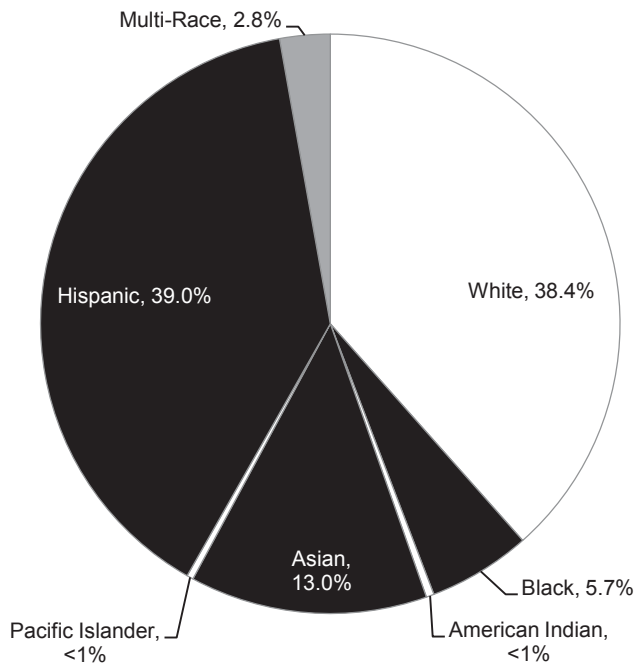


RACE AND ETHNIC DISTRIBUTION

As of early 2014, California is the first large state and only the third overall (after Hawaii and New Mexico), without a white, non-Hispanic plurality. The Hispanic population is now the largest race or ethnic group in the state, with a population of over 15 million or 39 percent of California's population; the white non-Hispanic population is just under 15 million (38 percent). Asians are the third largest race or ethnic group in California at over 5 million (13 percent).

Figure DEM-02 displays the racial/ethnic composition of California in 2015.

Figure DEM-02
Race & Ethnicity Distribution
July 2015



POPULATION GROWTH BY AGE GROUP

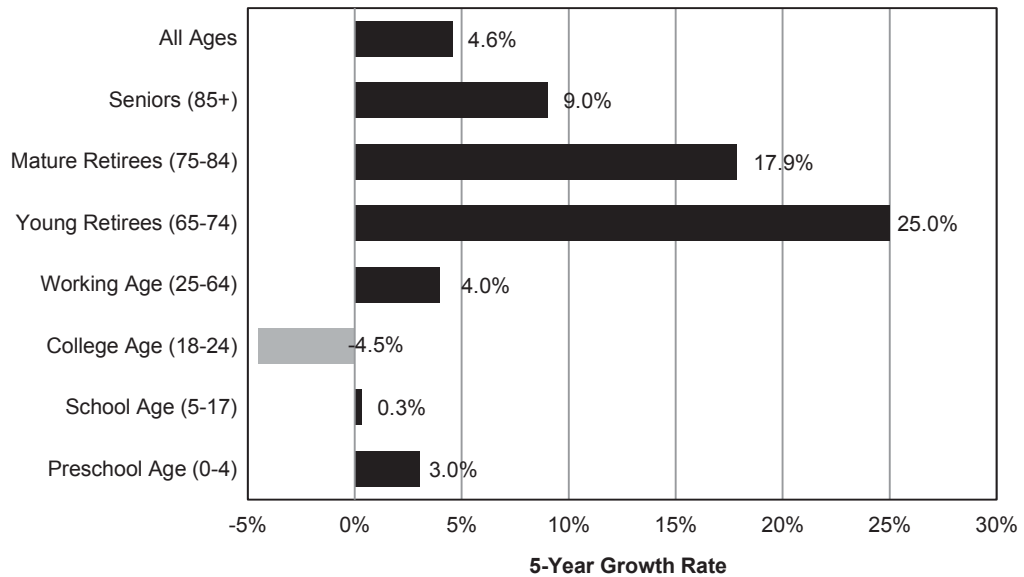
The California population continues to grow in all large age groups, except college age. The fastest growing cohort is 65 to 74 year-olds due to baby boomers reaching this milestone. Those advancing into the 75 to 84 year-old group were born during a period of low birth rates—the Great Depression or just prior to the beginning of World War II.

Figure DEM-03 shows the projected cumulative growth by age group through 2019.

AGE STRUCTURE

In parts of the world, swings in the age structure of the population have coincided with economic challenges or civic unrest. California’s age structure is substantially more balanced than much of the world. During the baby boom (1946 – 1964), there were 6 million babies born in California. In 1990, there were nearly 10 million baby boomers living in California. This phenomenal growth in baby boomers residing in California,

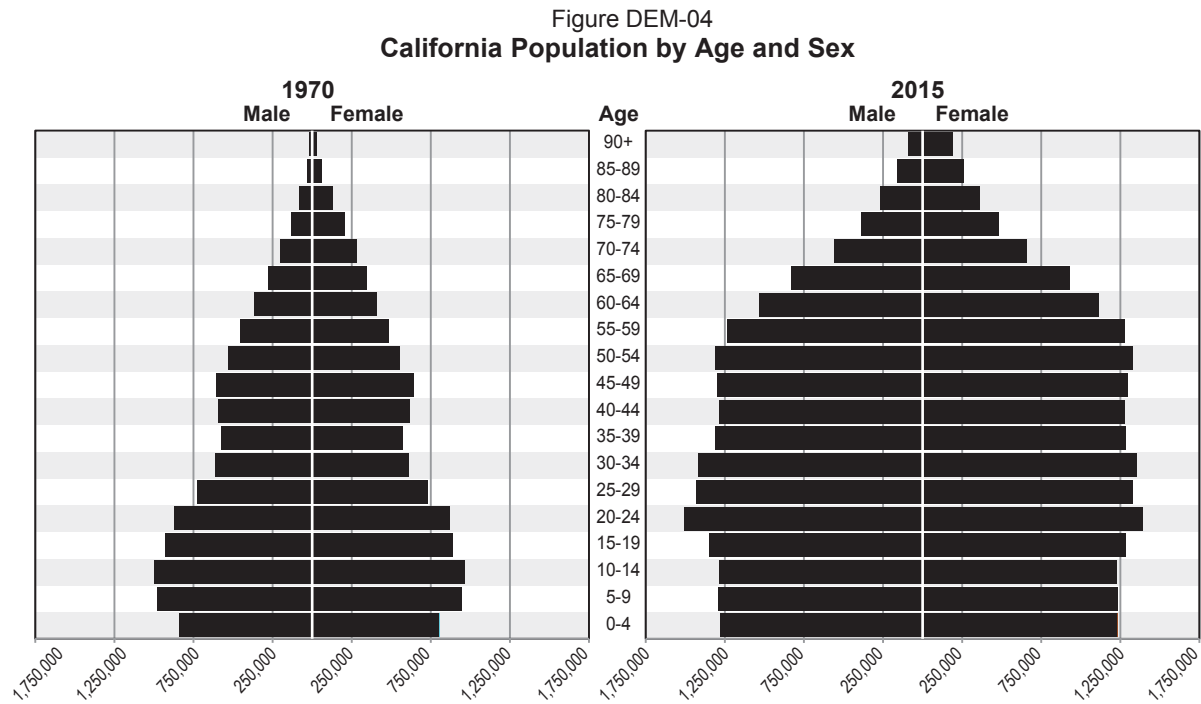
Figure DEM-03
**Projected California Population Growth Rate
 by Age Group (2014-2019)**



compared to those born in California, was fueled by both domestic and international migrants who moved here as children or young adults. On average, over 1,000 California baby boomers turn 65 years old every day.

Currently, nearly 9.2 million Californians are less than 18 years old. California has a younger population than the remainder of the United States, with a slightly higher percentage of the population younger than 18 years old, a lower percentage 65 and older, and a younger median age. A key cohort for California’s future is comprised of those born as part of the “baby echo,” generally born to one or both parents from the baby boom. The largest five-year cohort in California and in the U.S. is the 20 to 24 year-old age group. As the baby boomers reach retirement, economic opportunities for these young adults will increase.

The two population pyramids in Figure DEM-04 compare the age and gender distribution of California’s population between 1970 and 2015. In these graphs, males are displayed



on the left hand side and females on the right hand side. The youngest birth cohorts are shown at the bottom and successively older cohorts are one step up on the pyramid with the oldest group (90 and older) at the top.

In 1970, the baby boomer population (in cohorts ages 6 through 24 years old) were the largest groups. By comparison, the pyramid on the right shows the 2015 age structure and how California’s baby boom population has grown and aged since 1970, specifically the cohorts for ages 50 through 69 years.

The age structure of a population is important because it helps determine societal demands; for example, baby boomers drove demand for school construction and new teachers in the 1960s and 1970s. Lifestyle, healthcare, and civic improvements have increased the life expectancy, not just for infants, but for retirees as well. In 1900, a 65 year-old could expect to live an average 11 more years; by 2009, that had grown to 19 more years. The extension of life reflects scientific and social progress, but also creates pressure for many families as a greater share of the population encounters the diseases and disabilities associated with the elderly. Demographic shifts will continue to shape social challenges, but it will be the response to these challenges that helps define the success of society, and shape California’s economy.

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ECONOMIC OUTLOOK

Economic growth has picked up, and the outlook is improving. Jobs are being added and the unemployment rate is falling gradually for the nation and California.

The outlook assumes that global growth remains slow but steady. Potential stresses in the economy include a correction in the stock market or the housing sector.

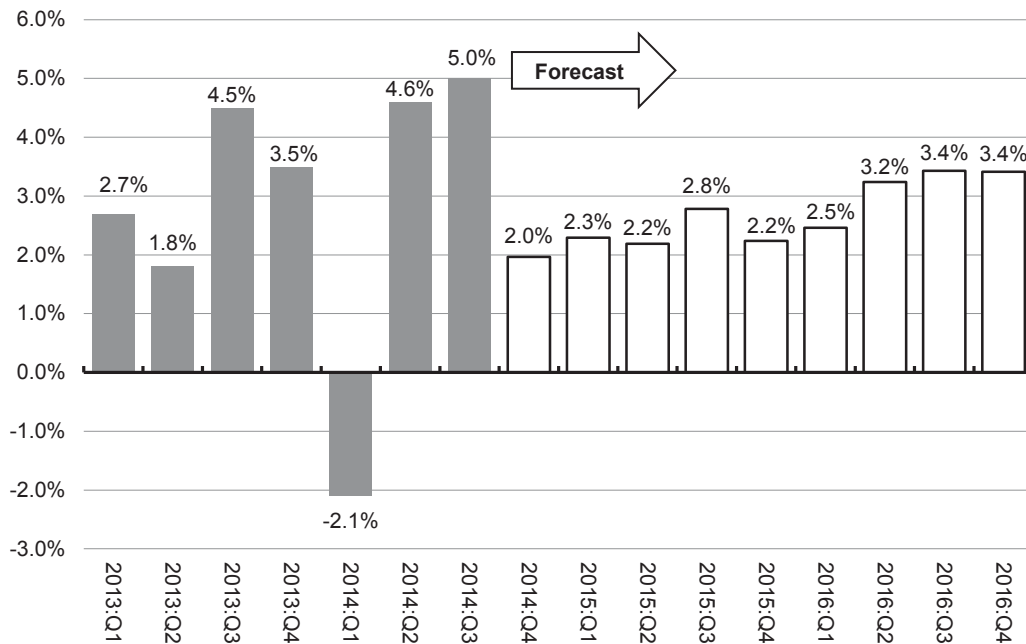
THE NATION – MODERATE GROWTH

The United States' economy continues to grow at a moderate rate, with a lower unemployment rate and jobs being added. Although severe weather on the East Coast in the first quarter lowered real Gross Domestic Product (GDP) growth in 2014, growth is expected to pick up in 2015 and over the next several years. (See Figure ECO-01 for details.)

Real GDP growth is supported by stronger consumption growth as people find jobs. As of November 2014, the national unemployment rate had fallen to 5.8 percent. Although jobs are being added, the decrease in unemployment is due partially from workers leaving the labor force due to retirements. The labor force participation rate is expected to fall as more workers born during the baby boom reach retirement age.

Investment is also beginning to pick up, both in the housing sector and by businesses. Net exports are limiting growth somewhat, but government purchases are beginning to add to real GDP growth. In light of the broad-based growth and falling unemployment rate, the Federal Reserve ended its bond-purchasing program (quantitative easing)

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



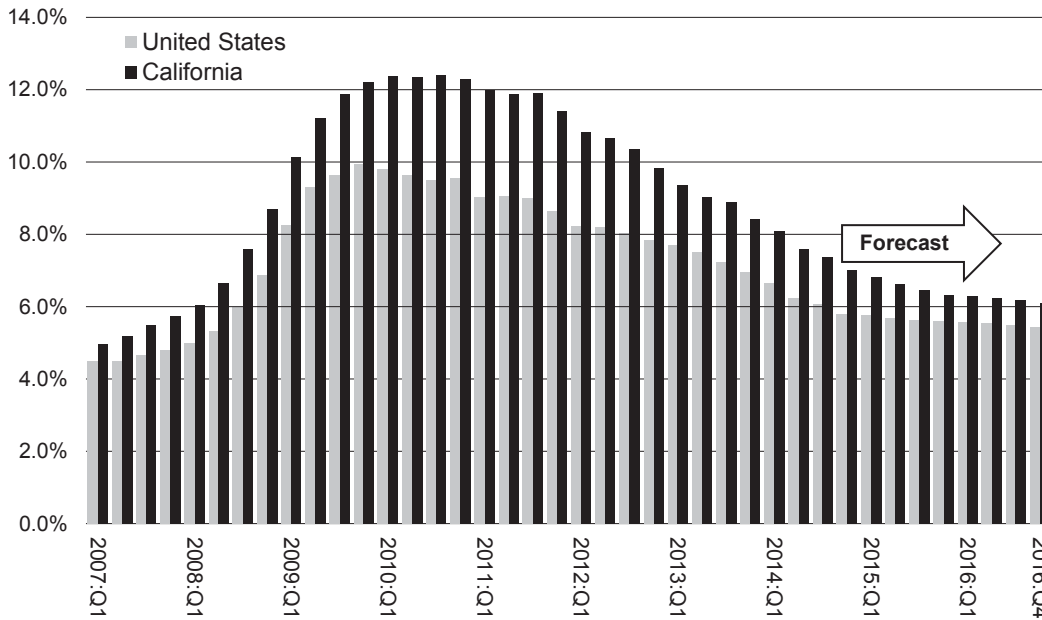
Source: U.S. Bureau of Economic Analysis; CA Department of Finance Governor's Budget Forecast

in October 2014. The Federal Reserve has stated it will be “a considerable amount of time” before the interest rate is raised, and the forecast assumes this will happen in the second half of 2015 as the economy improves.

CALIFORNIA – STEADY GROWTH

California’s economy also continues to improve. The unemployment rate dropped to 7.2 percent in November 2014, and is expected to fall below 7 percent in the first quarter of 2015. By the end of 2015, it is expected to reach 6.3 percent (See Figure ECO-02). California continues to add jobs at a steady pace, with more than 22,000 a month added on average over the first three quarters of 2014. Despite the severe drought in California, farm employment through the first three quarters of 2014 fell by less than 1 percent compared with the first three quarters of 2013. Nonfarm employment is expected to grow steadily over the next several years, although retirements are likely to keep labor force growth below 1 percent.

Figure ECO-02
U.S. and California Unemployment Rates



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

Personal income is growing as more people find work and profits rise. With the exception of financial services—which fell by 0.1 percentage point—all major industry sectors are expected to add jobs in 2014, the first time this has happened since the recovery began in 2009.

Growth in the housing sector has been slower than anticipated, with the number of housing permits issued through the first three quarters of 2014 lower than over the same time period in 2013. The forecast expects that strong growth will resume in 2015 and continue through the forecast period. Housing prices, as measured by the median sales price of existing single-family homes, have increased by an average of 12 percent over the first three quarters of 2014, which is likely to increase housing permits in the future. Nonresidential permits are already growing strongly. When measured by value, they grew by almost 20 percent on average over the first three quarters of 2014.

Consumer inflation, as measured by the Consumer Price Index (CPI), has been relatively low throughout the recovery, and is expected to remain around 2 percent over the forecast period. Gasoline prices fell in the second half of 2014, and this trend is expected

to continue in 2015 due to expanding supplies. However, housing prices have been rising faster than the overall index, particularly in the San Francisco area.

See Figure ECO-03 for highlights of the national and California forecasts.

RISKS TO CONSIDER

Recent expansions average almost five years, with the longest lasting ten years (April 1991 through March 2001). As of January 2015, the current expansion is nine months longer than the average. Although there are few signs of a recession, over the medium term, there are a few areas where potential slowdowns could be triggered. Areas most likely to change the economic outlook include the stock market and housing.

A correction in the stock market could trigger a change to the smooth path of growth. Over the past few years, the stock market has grown much faster than GDP. Given weak global growth, the United States has attracted investors from across the world, and the low interest rates have led to more cash available to invest. California industries have benefited from these trends, with large investments in the technology sector in particular. However, if there were a correction in the stock market, these investments may look less attractive, leading to slower rates of growth.

Housing prices rising faster than average wages could eventually lead to slower growth, as workers are less able to afford to live where jobs are being created. Many of these jobs are concentrated in urban areas. While higher density has advantages in terms of transportation, it can also take longer to develop new housing projects when space is at more of a premium.

Figure ECO-03

Selected Economic Indicators

United States	2010	2011	2012	2013	2014	2015	2016
					Estimated	Projected	Projected
Nominal gross domestic product, \$ billions	\$ 14,964	\$ 15,518	\$ 16,163	\$ 16,768	\$ 17,406	\$ 18,190	\$ 19,029
Real gross domestic product, percent change	2.5%	1.6%	2.3%	2.2%	2.2%	2.6%	2.8%
<i>Contributions to real GDP growth</i>							
Personal consumption expenditures	1.3%	1.6%	1.3%	1.6%	1.5%	1.9%	2.0%
Gross private domestic investment	1.7%	0.7%	1.3%	0.8%	0.8%	0.8%	1.0%
Net exports	-0.5%	0.0%	0.0%	0.2%	-0.1%	-0.1%	-0.3%
Government purchases of goods and services	0.0%	-0.7%	-0.3%	-0.4%	0.0%	0.0%	0.1%
Personal income, \$ billions	\$ 12,429	\$ 13,202	\$ 13,888	\$ 14,167	\$ 14,766	\$ 15,404	\$ 16,170
Corporate profits, percent change	25.0%	4.0%	11.4%	4.2%	-1.2%	9.5%	3.4%
Housing permits, thousands	605	624	830	991	--	--	--
Housing starts, thousands	586	612	784	930	999	1,197	1,351
Median sales price of existing homes	\$173,100	\$166,200	\$177,200	\$197,400	--	--	--
Federal funds rate, percent	0.2%	0.1%	0.1%	0.1%	0.1%	0.4%	1.6%
Consumer price index, percent change	1.6%	3.2%	2.1%	1.5%	1.9%	1.8%	2.1%
Unemployment rate, percent	9.6%	8.9%	8.1%	7.4%	6.2%	5.7%	5.5%
Civilian labor force, millions	153.9	153.6	155.0	155.4	155.9	157.7	159.7
Nonfarm employment, millions	130.3	131.8	134.1	136.4	138.8	141.4	143.5
California							
Personal income, \$ billions	\$ 1,579	\$ 1,686	\$ 1,805	\$ 1,857	\$ 1,938	\$ 2,026	\$ 2,132
Made-in-California exports, percent change	19.3%	11.1%	1.7%	3.9%	--	--	--
Housing permits, thousands	44	47	58	83	83	101	112
Housing unit change, thousands	36	36	45	59	--	--	--
Median sales price of existing homes	\$305,010	\$286,040	\$319,310	\$407,180	--	--	--
Consumer price index, percent change	1.3%	2.6%	2.2%	1.5%	2.0%	1.9%	2.2%
Unemployment rate, percent	12.3%	11.8%	10.4%	8.9%	7.5%	6.6%	6.2%
Civilian labor force, millions	18.3	18.4	18.5	18.6	18.6	18.7	18.9
Nonfarm employment, millions	14.2	14.4	14.7	15.2	15.5	15.9	16.3
<i>Percent of total nonfarm employment</i>							
Mining and logging	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%
Construction	3.9%	3.9%	4.0%	4.2%	4.3%	4.5%	4.6%
Manufacturing	8.7%	8.7%	8.5%	8.3%	8.2%	8.1%	8.0%
High technology	2.4%	2.4%	2.3%	2.2%	2.2%	2.1%	2.1%
Trade, transportation, and utilities	18.5%	18.7%	18.6%	18.5%	18.4%	18.3%	18.2%
Information	3.0%	3.0%	3.0%	2.9%	2.9%	2.9%	2.9%
Financial activities	5.3%	5.3%	5.3%	5.2%	5.0%	5.0%	5.0%
Professional and business services	14.6%	14.8%	15.2%	15.4%	15.7%	15.7%	15.8%
High technology	2.2%	2.3%	2.4%	2.4%	2.5%	2.6%	2.7%
Educational and health services	14.5%	14.5%	14.8%	15.2%	15.2%	15.3%	15.3%
Leisure and hospitality	10.6%	10.7%	10.9%	11.1%	11.3%	11.5%	11.6%
Other services	3.4%	3.4%	3.4%	3.4%	3.4%	3.4%	3.4%
Government	17.2%	16.7%	16.2%	15.6%	15.3%	15.1%	15.0%

Forecast based on data available as of November 2014.

Percent changes calculated from unrounded data.

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REVENUE ESTIMATES

California's economy is expected to see continued improvement over the next several years. General Fund revenues will continue to benefit from the improvement in the economy, high levels of capital gains, and strong growth in wages for high-income taxpayers. As a result, General Fund revenue over the budget window is expected to be more than \$4 billion above the 2014 Budget Act.

Figure REV-01 displays the changes between the 2014 Budget Act and the Governor's Budget forecasts. Revenue is expected to be \$108 billion in 2014-15 and \$113.4 billion in 2015-16. Revenue for 2013-14 has come in approximately \$500 million over forecast based on preliminary data. Revenue for 2014-15 is forecast to be \$2.5 billion greater than the amount forecast at the 2014 Budget Act. Revenue for 2015-16 is forecast to be \$1 billion greater than the amount forecast for the 2014 Budget Act. These increases are due primarily to a higher forecast for the personal income tax and corporation tax—up almost \$2.3 billion and almost \$2 billion, respectively. The projection for sales tax revenue has been reduced by \$1.4 billion relative to the 2014 Budget Act. The revised revenue estimate for 2013-14 is the first forecast to exceed the pre-recession revenue peak of \$102.6 billion, achieved in 2007-08.

The improved revenue forecast for personal income tax is driven by higher capital gains forecasts and higher tax receipts from wages. The upward revision in capital gains growth is a result of the robust growth in stock prices during the second half of 2014. The 2014 Budget Act estimated the S&P 500 index at the end of 2014 at just over 1,900. By mid-December 2014, the S&P 500 index was over 2,050. In addition to capital gains

Figure REV-01
2015-16 Governor's Budget
General Fund Revenue Forecast
Reconciliation with the 2014 Budget Act
(Dollars in Millions)

	Budget Act	Governor's Budget	Change From Budget Act Forecast	
Fiscal 13-14: Preliminary				
Personal Income Tax	\$66,522	\$66,560	\$37	0.1%
Sales & Use Tax	22,759	22,263	-496	-2.2%
Corporation Tax	8,107	8,858	751	9.3%
Insurance Tax	2,287	2,363	76	3.3%
Alcoholic Beverage	351	354	3	0.9%
Cigarette	86	86	0	0.4%
Other Revenues	1,726	1,813	87	5.0%
Transfers	347	376	30	8.6%
Total	\$102,185	\$102,675	\$490	0.5%
Fiscal 14-15				
Personal Income Tax	\$70,238	\$71,699	\$1,460	2.1%
Sales & Use Tax	23,823	23,438	-385	-1.6%
Corporation Tax	8,910	9,618	708	7.9%
Insurance Tax	2,382	2,490	108	4.5%
Alcoholic Beverage	359	367	8	2.2%
Cigarette	84	84	0	0.4%
Other Revenues	1,957	1,954	-3	-0.1%
Transfers	-2,265	-1,608	656	-29.0%
Total	\$105,489	\$108,042	\$2,553	2.4%
Change from Fiscal 13-14	\$3,304	\$5,367		
% Change from Fiscal 13-14	3.2%	\$0		
Fiscal 15-16				
Personal Income Tax	\$74,444	\$75,213	\$769	1.0%
Sales & Use Tax	25,686	25,166	-520	-2.0%
Corporation Tax	9,644	10,173	529	5.5%
Insurance Tax	2,499	2,531	32	1.3%
Alcoholic Beverage	365	374	9	2.3%
Cigarette	82	82	0	0.2%
Other Revenues	1,629	1,594	-35	-2.2%
Transfers	-2,020	-1,752	268	-13.3%
Total	\$112,329	\$113,380	\$1,051	0.9%
Change from Fiscal 14-15	\$6,840	\$5,338		
% Change from Fiscal 14-15	6.5%	\$0		
Three-Year Total			\$4,094	

increases, the Budget forecasts personal income tax on wages to be significantly higher than what was anticipated for the 2014 Budget Act. While the wage forecast is up modestly relative to the 2014 Budget Act forecast, tax receipts from withholding in 2014 have been far above expectations. Withholding through November was 9 percent above 2013 levels. Much of this growth is likely due to significant increases in wages from high-income taxpayers, who pay higher marginal tax rates.

The corporate tax forecast is \$2 billion above the 2014 Budget Act forecast due to a combination of higher payments and lower refunds. Corporate tax payments are up by 14 percent in 2014, whereas corporate tax refunds are down by 10 percent in 2014.

The sales and use tax forecast is \$1.4 billion lower over the budget window than the Budget Act forecast. The forecast reflects the lower growth rate in sales and use tax receipts in 2014. The Budget Act forecast sales and use tax receipts to grow by 7.8 percent over 2013 levels for the first eleven months of 2014. Adjusting for a one-time accounting error, the actual growth rate through November has been 5.9 percent.

The Budget forecast also reflects the estimated revenue impact of the College Access Tax Credit Fund authorized by Chapter 367, Statutes of 2014. The revenue received as a result of this legislation is used to increase the amount of financial aid provided by the Cal Grant B access award. This tax credit is expected to reduce personal income tax revenue and corporate tax revenue by \$780 million through 2015-16. Over two-thirds of the credits are expected to offset personal income tax. The revenue loss from the tax credit is offset by transfers from the College Access Tax Credit Fund to the General Fund. Overall, this program results in a temporary net gain to the General Fund of \$130 million in 2014-15 and \$40 million in 2015-16 because transfers occur when the credit is certified and revenue is lost when the tax credit is used to offset tax liability.

At the 2014 Budget Act, capital gains for 2014 were expected to be \$105.2 billion, an increase of 32 percent relative to 2013. This increase reflected, in part, the expected shift of 20 percent of capital gains from 2013 into 2012 because of federal tax rate changes. The Budget forecast expects 2014 capital gains to be \$115.4 billion, an increase of 44 percent relative to 2013. The sustained strong performance of the stock market over the past several years is expected to lead to continued above-normal capital gains in 2015, because some of the gains that individual taxpayers accrued during these years will be realized in 2015. At the 2014 Budget Act, capital gains for 2015 were expected to be \$89 billion. The Budget forecasts 2015 capital gains to be \$103.4 billion. Capital gains and the associated revenue for 2016 and future years are expected to decline to more normal levels.

Figure REV-02 shows revenue from capital gains as a percentage of total General Fund tax revenue. As seen from this table, the amount of revenue the General Fund derived from capital gains can vary greatly from year to year. For instance, in 2007, capital gains contributed \$10.9 billion to the General Fund. By 2009, the contribution from capital gains

Figure REV-02
Capital Gains
As a Percent of General Fund Revenues
 (Dollars in Billions)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013 ^p	2014 ^e	2015 ^e
Capital Gains Realizations	\$45.6	\$75.5	\$112.4	\$117.9	\$132.0	\$56.3	\$28.8	\$55.3	\$52.1	\$100.0	\$80.0	\$115.4	\$103.4
Capital Gains Tax	\$3.7	\$6.1	\$9.2	\$9.6	\$10.9	\$4.6	\$2.3	\$4.7	\$4.2	\$10.4	\$8.1	\$11.9	\$10.8
Total General Fund Tax Revenues	\$70.5	\$80.4	\$91.0	\$93.9	\$95.8	\$79.5	\$84.6	\$90.1	\$83.0	\$95.8	\$100.8	\$108.6	\$114.1
Capital Gains Tax as Percent of General Fund Revenues & Transfers	5.2%	7.6%	10.1%	10.2%	11.4%	5.7%	2.7%	5.2%	5.0%	10.8%	8.1%	11.0%	9.4%

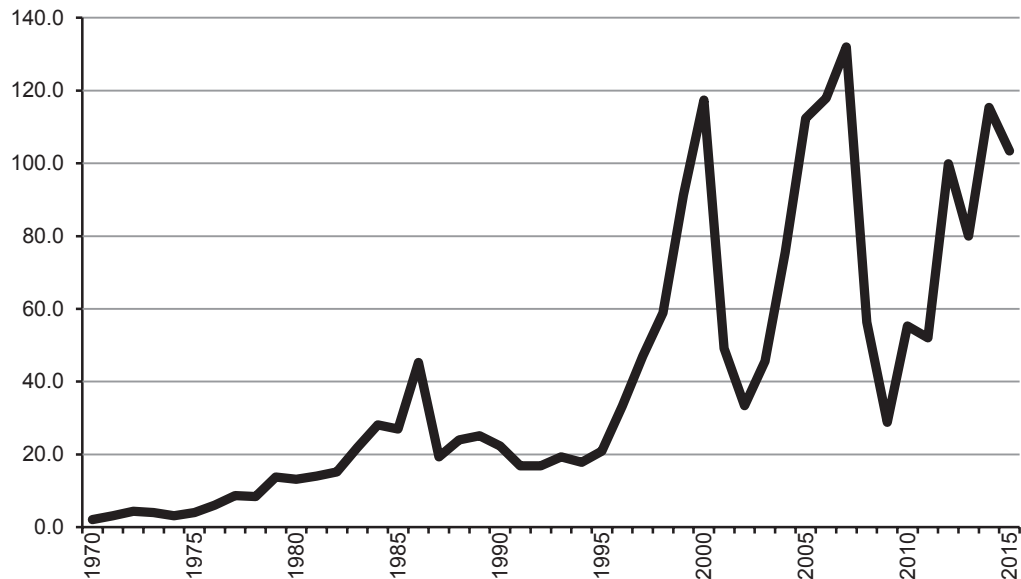
^p Preliminary
^e Estimated

Note: Totals may not add due to rounding and exclude revenues from economic recovery bonds.

had dropped to \$2.3 billion. For 2014, capital gains are expected to contribute nearly \$12 billion to General Fund revenue.

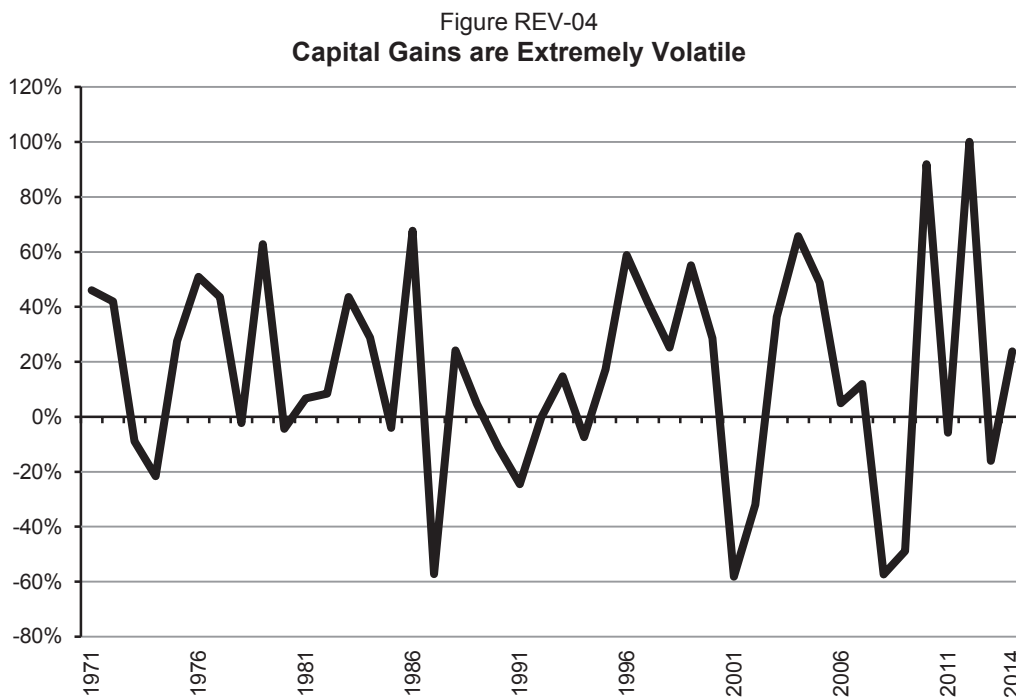
Figure REV-03 shows capital gains reported on California tax returns from 1970 through projections for 2015. Although the level of capital gains has grown significantly since 1970

Figure REV-03
Capital Gains Realizations
 (Dollars in Billions)



(along with the economy and total personal income tax revenue), capital gains volatility has been a constant.

Figure REV-04 shows the year-over-year percentage change in capital gains since 1970. Growth exceeding 40 percent has been common. On the other hand, capital gains show an absolute year-over-year decline about one-quarter of the years, and declines exceeding 40 percent have happened four times during this period. History suggests that above-normal levels of capital gains eventually drop off.



The highest income Californians pay a large share of the state’s personal income tax. For the 2012 tax year, the top 1 percent of income earners paid over 50 percent of personal income taxes. While this figure is somewhat inflated because of the federal tax law induced shift of income from 2013 to 2012, this percentage has been greater than 40 percent for eight of the past ten years. The share of total adjusted gross income for this group has increased from 13.8 percent in 1993, to almost 25 percent in 2012. This figure is also inflated due to the income shift. However, this number has exceeded

20 percent in eight of the past ten years. Consequently, changes in the income of a relatively small group of taxpayers can have a significant impact on state revenues.

These two related phenomena—significant reliance of the General Fund on capital gains and on taxes paid by a small portion of the population—underscore the difficulty of forecasting personal income tax revenue, particularly in the long term, and the importance of budgeting in a way that does not build long-term commitments on temporary windfall revenue. The passage of the Rainy Day Budget Stabilization Fund Act (Proposition 2) in November 2014 is a significant step toward a long-term balanced budget. Among other provisions, this act amends the State Constitution to require that when capital gains revenues are projected to be greater than 8 percent of General Fund tax revenues, that windfall revenue will be used to pay off General Fund debts and build up the Budget Stabilization Account, the state’s Rainy Day Fund.

LONG-TERM FORECAST

Figure REV-05 shows the forecast for the three largest General Fund revenues from 2013-14 through 2018-19. Total General Fund revenue from these sources is expected to grow from \$97.7 billion in 2013-14 to \$121.4 billion in 2018-19. The average year-over-year growth rate for this period is 4.5 percent.

Figure REV-05

Long-Term Revenue Forecast - Three Largest Sources

(General Fund Revenue - Dollars in Billions)

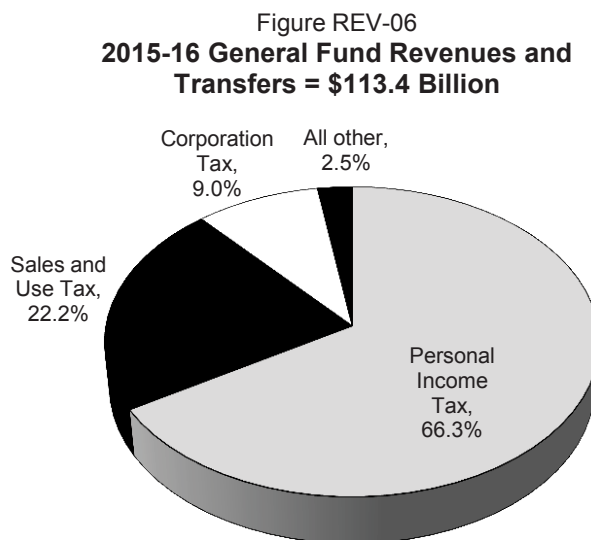
	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	Average Year-Over- Year Growth
Personal Income Tax	\$66.6	\$71.7	\$75.2	\$78.6	\$82.8	\$82.3	4.4%
Sales and Use Tax	22.3	23.4	25.2	25.6	25.9	27.0	3.9%
Corporation Tax	8.9	9.6	10.2	11.0	11.5	12.1	6.4%
Total	\$97.7	\$104.8	\$110.6	\$115.1	\$120.3	\$121.4	4.5%
Growth	N/A	7.2%	5.5%	4.1%	4.5%	0.9%	

Note: Numbers may not add due to rounding

The economic forecast reflects modest but steady growth over the next five years. The projected average growth rate in Gross Domestic Product over this period is less than 3 percent, a slightly slower rate than normal for an economic expansion. The long-term forecast reflects the sunset of the Proposition 30 sales tax rate increase halfway through 2016-17 and the elimination of the top three personal income tax brackets at the end of 2018.

GENERAL FUND REVENUE

In 2015-16, General Fund revenues and transfers represent 70.7 percent of total revenues reported in the Budget. Figure REV-06 shows the breakdown of General Fund revenues by taxation type. The remaining 29.3 percent consists of special fund revenues dedicated to specific programs.



PERSONAL INCOME TAX

The personal income tax (PIT) is the state's largest single revenue source, accounting for 66.3 percent of all General Fund revenues and transfers in 2015-16.

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

REVENUE ESTIMATES

is progressive over much of the income spectrum. For the 2012 tax year, the marginal rates ranged from 1 percent to 12.3 percent. Proposition 30 created three new income tax brackets for families with rates of 10.3 percent for taxable income above \$500,000, 11.3 percent for taxable income above \$600,000, and 12.3 percent for taxable income above \$1,000,000. These new tax brackets are in effect for seven years—tax years 2012 to 2018.

The largest income source for the PIT is wages and salaries. Although the year-over-year growth rates for wages tend to be less volatile than other income sources, wages and salaries includes some volatile types of compensation such as the vesting of restricted stock and restricted stock units, the exercise of most stock options, and bonus payments. In 2012, taxes attributable to wages and salaries accounted for over 56.3 percent of PIT revenues. Based on the economic forecast, wages and salaries are expected to rise by an average of 5.5 percent in 2014, followed by 5.4-percent growth in 2015, and 4.9 percent in 2016.

As noted previously, continued strength in the stock market is expected to result in capital gains that are significantly above normal levels for 2014 and 2015. Forecasting capital gains beyond 2015 is difficult, since capital gains realizations are heavily dependent upon stock market performance. As such, the forecast assumes capital gains will return to more normal levels beginning in 2016.

Pension income is a growing income source for PIT and accounted for 8 percent of PIT revenues in 2012. Pension income is increasing due to a growing 65 and over population and a strong stock market. Pension income is forecast to rise by 8.1 percent in 2014, 6.5 percent in 2015, and 5.8 percent in 2016. A significant reversal in the stock market could reduce these forecasted growth rates.

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. Revenue from the surcharge is transferred to the Mental Health Services Fund and used to fund mental health service programs. Revenues of \$1.4 billion are estimated for the 2013-14 fiscal year. Annual revenues of \$1.8 billion for 2014-15 and 2015-16 are projected. The General Fund and the Mental Health Services Fund shares of PIT revenues for 2013-14 through 2015-16 are shown in Figure REV-07.

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

	2013-14 Preliminary	2014-15 Forecast	2015-16 Forecast
General Fund	\$66,559,659	\$71,698,570	\$75,212,557
Mental Health Services Fund	1,436,000	1,802,000	1,775,000
Total	\$67,995,659	\$73,500,570	\$76,987,557

SALES AND USE TAX

The sales and use tax (sales tax) is generally applied to the sale of merchandise, including vehicles, in the state. Sales tax revenues are forecast by relating taxable sales to economic factors such as income, employment, housing starts, and inflation. The sales tax is expected to generate General Fund revenues of \$23.4 billion in 2014-15 and \$25.2 billion in 2015-16. Revenue growth from 2013-14 to 2014-15 is muted due to a \$486 million reduction in 2014-15 revenues as a result of the start of the manufacturing equipment sales tax exemption on July 1, 2014. This exemption was one of the pieces of a tax package adopted in 2013 that replaces enterprise zones with more effective economic development incentives. The sales tax exemption applies to purchases of manufacturing or biotech research and development equipment, valued at up to \$200 million per business. Receipts from the sales tax, the state's second largest revenue source, are expected to contribute 22.2 percent of all General Fund revenues and transfers in 2015-16.

Figure REV-08 displays total sales tax revenues for the General Fund, and various special funds, for 2013-14 through 2015-16. Beginning on July 1, 2004, a temporary 0.25-percent state sales tax rate was imposed with revenues dedicated to the repayment of Economic

Figure REV-08
Sales Tax Revenue
(Dollars in Thousands)

	2013-14 Forecast	2014-15 Forecast	2015-16 Forecast
General Fund	\$22,263,123	\$23,438,344	\$25,166,091
Sales and Use Tax-1991 Realignment	3,064,538	3,195,601	3,385,697
Sales and Use Tax-2011 Realignment	5,863,064	6,217,187	6,634,878
Economic Recovery Fund ¹	1,506,867	1,593,000	988,000
Public Transportation Account	638,690	613,497	616,435
Childrens Health and Human Services Fund	827,561	1,432,849	2,124,756
Total	\$34,163,843	\$36,490,478	\$38,915,857

¹ Economic Recovery Bonds are expected to be repaid near the beginning of 2015-16.

REVENUE ESTIMATES

Recovery Bonds. The total sales tax rate did not increase, however, as there was a concurrent drop in the Bradley-Burns rate for local governments. Once these bonds are repaid, which the Budget currently estimates to be in early 2015-16, these rate adjustments will sunset.

Figure REV-09 displays the individual elements of the state and local sales tax rates.

Figure REV-09
2015-16 State and Local Sales and Use Tax Rates (as of January 1, 2015)

State Rates		
General Fund	4.19%	The permanent rate of 3.94% may be temporarily reduced by 0.25% if General Fund reserves exceed specified levels. As of January 1, 2013, Proposition 30 temporarily adds 0.25 percent to the General Fund rate.
Local Revenue Fund 2011	1.06%	Revenues attributable to a rate of 1.0625 percent are dedicated 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 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%. This is expected to occur in January of 2016.
Local Uniform Rates¹		
Bradley-Burns	0.75%	Imposed by city and county ordinance for general purpose use. ²
Transportation Rate	0.25%	Dedicated for county transportation purposes.
Local Public Safety Fund	0.50%	Dedicated to cities and counties for public safety purposes by Proposition 172.
Local Add-on Rates³		
Transactions and Use Taxes	up to 2.00%	May be levied in 0.125% or 0.25% increments ⁴ up to a combined maximum of 2.00% in any county. ⁵ Any ordinance authorizing a transactions and use tax requires approval by the local governing board and local voters.

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

² 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).

³ 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.

⁴ Increments imposed at 0.125 percent are only allowed when revenues are dedicated for library purposes.

⁵ An exception to the 2 percent maximum is Los Angeles County, which may impose up to 2.5 percent.

Figure REV-10 shows combined state and local tax rates for each county including special rates for certain cities within those counties.

Figure REV-10
Combined State and Local Sales and Use Tax Rates by County
(city rate provided if different from the county rate)
Rates in Effect on January 1, 2015

County	Tax Rate	County	Tax Rate	County	Tax Rate
Alameda	9.00%	Mendocino	7.625%	San Mateo	9.00%
Alpine	7.50%	Point Arena, Ukiah and Willits	8.125%	San Mateo	9.25%
Amador	8.00%	Fort Bragg	8.625%	Half Moon Bay	9.50%
Butte	7.50%	Merced	7.50%	Santa Barbara	8.00%
Calaveras	7.50%	Atwater, Gustine	8.00%	Santa Maria	8.25%
Colusa	7.50%	Los Banos, Merced		Santa Clara	8.75%
Williams	8.00%	Modoc	7.50%	Campbell	9.00%
Contra Costa	8.50%	Mono	7.50%	Santa Cruz	8.25%
Antioch, Concord, Hercules	9.00%	Mammoth Lakes	8.00%	Capitola, Santa Cruz	8.75%
Orinda, Pinole, Pittsburg,	9.25%	Monterey	7.50%	and Scotts Valley	9.00%
San Pablo	9.50%	Salinas and Sand	8.00%	Watsonville	7.50%
El Cerrito and Moraga	7.50%	Carmel, Del Rey Oaks,	8.50%	Shasta	8.00%
Del Norte	7.50%	Marina, Pacific Grove		Anderson	7.50%
El Dorado	8.00%	Seaside and Soledad		Sierra	7.50%
Placerville and South Lake	8.225%	Napa	8.00%	Siskiyou	7.75%
Fresno	8.725%	Nevada	7.625%	Mt. Shasta	7.625%
Reedley and Selma	8.975%	Grass Valley	8.125%	Solano	7.875%
Sanger	9.225%	Truckee	8.375%	Vacaville	8.375%
Huron	7.50%	Nevada City	8.50%	Rio Vista	8.625%
Glenn	7.50%	Orange	8.00%	Vallejo and Fairfield	8.25%
Humboldt	8.25%	La Habra	8.50%	Sonoma	8.75%
Arcata, Eureka and Trinidad	8.00%	Placer	7.50%	Healdsburg, Rohnert Park	9.00%
Imperial	8.50%	Plumas	7.50%	Santa Rosa and Sonoma	7.625%
Calexico	8.00%	Riverside	8.00%	Sebastopol	8.125%
Inyo	8.00%	Cathedral City and Palm	9.00%	Stanislaus	7.50%
Kern	8.25%	Sacramento	8.00%	Ceres and Oakdale	7.50%
Ridgecrest	8.50%	Galt, and Sacramento	8.50%	Sutter	7.50%
Arvin and Delano	7.50%	San Benito	7.50%	Tehama	7.50%
Kings	7.50%	San Juan Bautista	8.25%	Trinity	8.00%
Lake	7.50%	Hollister	8.50%	Tulare	8.25%
Clearlake and Lakeport	8.00%	San Bernardino	8.00%	Visalia	8.50%
Lassen	7.50%	Montclair and San Bernardino	8.25%	Farmersville, Porterville, and	8.75%
Los Angeles	9.00%	San Diego	8.00%	Dinuba	7.50%
Avalon, Commerce, Culver	9.50%	Vista	8.50%	Tuolumne	8.00%
El Monte, Inglewood,	10.00%	La Mesa	8.75%	Sonora	7.50%
San Fernando, Santa Monica	8.00%	El Cajon and National City	9.00%	Ventura	7.50%
and South El Monte	8.50%	San Francisco	8.75%	Oxnard and Port Hueneme	7.50%
La Mirada, Pico Rivera,	9.00%	San Joaquin	8.00%	Yolo	8.00%
Madera	8.50%	Manteca and Tracy	8.50%	West Sacramento	8.25%
Marin	9.00%	Lathrop and Stockton	9.00%	Woodland	8.50%
Corte Madera, Fairfax,	9.25%	San Luis Obispo	7.50%	Davis	7.50%
Novato and San Anselmo	8.00%	Arroyo Grande, Grover Beach	8.00%	Yuba	8.00%
San Rafael		Morro Bay, Paso Robles		Wheatland	
Mariposa		Pismo Beach and San Luis			

REVENUE ESTIMATES

Taxable sales, including sales of gasoline, increased by 6 percent in 2012-13. Based on preliminary data, it is estimated that taxable sales increased by 5.7 percent in 2013-14. Growth is expected to continue at 4 percent in 2014-15, followed by 5.7 percent in 2015-16.

Over the last few years, wholesale trade has been the largest contributor to the sales tax base. Motor vehicle and parts dealer taxable sales realized the largest year-over-year growth of all sectors. Other significant contributors to the sales tax base include sales from gasoline stations and food services, which primarily include full-service restaurants, as well as food contractors and caterers.

CORPORATION TAX

Corporation tax revenues are expected to contribute 9 percent of all General Fund revenues and transfers in 2015-16. Corporation tax revenues were \$8.9 billion in 2013-14 and are expected to increase by 8.6 percent to \$9.6 billion in 2014-15. In 2015-16, they are expected to increase by 5.8 percent to \$10.2 billion.

Corporate income tax receipts have exceeded the Budget Act forecast by over \$1.1 billion through the end of November due to lower refunds and higher estimated payments. Refunds through November were \$751 million below the Budget Act forecast, likely reflecting strong corporate earnings and a depletion of net operating loss carryforwards that can be used to offset profits for tax year 2013. Estimated payments from April through November were up 18 percent over the prior year, whereas the Budget Act forecasted a growth rate of 14 percent. The majority of the estimated payments received to date are related to liabilities for 2014 and suggest that corporate profits in the current year were robust.

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 on insurance companies except those on real property and motor vehicles. In general, the basis of the tax is the amount of "gross premiums" received, less returned premiums. The insurance tax is expected to generate General Fund revenues of \$2.5 billion in 2014-15 and \$2.5 billion in 2015-16.

The Department of Finance conducts an annual survey to project insurance premium growth. Responses were received this year from a sample representing about 48 percent of the dollar value of premiums written in California.

In 2013, \$124.8 billion in taxable premiums were reported, representing an increase of 3.7 percent from 2012. The most recent survey indicates that total premiums will increase by 3.9 percent and 3.1 percent in 2014 and 2015, respectively. Survey respondents also reported 10.9-percent and 4.1-percent growth for taxable premiums from workers' compensation insurance in 2014 and 2015, respectively. The estimated growth rates from this year's survey have been reflected in the forecast for insurance tax revenues beginning in 2014-15.

Refunds that are expected to be paid pursuant to a Board of Equalization decision in the *California Automobile Insurance Company* case are also reflected in the insurance tax forecast. In this case, the Board of Equalization found that the gross premiums tax applied only to the amount of gross premiums paid to the insurer, as opposed to the amount written by the insurer. According to the California Department of Insurance, refunds resulting from this decision are expected to equal \$9.6 million in 2014-15 and \$25.5 million in 2015-16.

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 per capita consumption and population for each type of beverage. Overall, consumption of alcoholic beverages is expected to grow by about 3.6 percent and 1.9 percent in 2014-15 and 2015-16, respectively. Revenues from this tax were \$354 million in 2013-14 and are forecasted to be \$367 million in 2014-15 and \$374 million in 2015-16.

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, anti-smoking campaigns, including state 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.

This declining trend is expected to continue. Annual per capita consumption (based on population ages 18-64) declined from 123 packs in 1989-90 to 84 packs in 1997-98 and 36 packs in 2013-14. This forecast assumes an annual decline in total consumption of approximately 3.6 percent.

Figure REV-11 shows the distribution of tobacco tax revenues for the General Fund and various special funds for 2013-14 through 2015-16.

Figure REV-11
Tobacco Tax Revenue
(Dollars in Millions)

	2013-14	2014-15	2015-16
	Preliminary	Forecast	Forecast
General Fund	\$86.4	\$84.3	\$82.1
Cigarette and Tobacco Products Surtax Fund	268.8	254.1	247.2
Breast Cancer Fund	17.3	16.0	15.6
California Children and Families First Trust Fund	460.6	437.4	425.6
Total	\$833.1	\$791.8	\$770.5

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 statistical modeling and evaluations of real estate trends. The median sales price of existing single-family homes rose by almost 27 percent in 2013 (with activity in the 2013 calendar year driving fiscal year 2014-15 assessed valuations for property tax purposes). However, sales volume in 2013 declined by almost 6 percent from 2012 levels, which moderated the impact of the increase in median sales prices. Based on current data, 2014 median sales prices appear to have grown less robustly than they did in 2013, and sales volumes also shows a reduction in growth. Despite these trends, property tax revenues are forecast to continue to show steady, positive growth. This revenue growth will occur as moderating home prices and rising personal incomes increase sales volume, and as homes whose values were reassessed downward during the 2007-2009 housing slump are reassessed to their prior valuations.

Statewide property tax revenues are estimated to increase 6.1 percent in 2014-15 and 5.25 percent in 2015-16, of which roughly 41 percent (\$16.7 billion) will go to K-14 schools. While this amount includes \$1 billion that schools are expected to receive in 2015-16 pursuant to the dissolution of the redevelopment agencies, it excludes \$400 million shifted from schools to cities and counties to replace sales and use tax revenues redirected from those entities to repay the Economic Recovery Bonds.

REVENUE ESTIMATES

Nor does it include the \$7.2 billion shifted to cities and counties to replace Vehicle License Fee (VLF) revenue losses stemming from the reduced VLF rate of 0.65 percent.

OTHER REVENUES

UNCLAIMED PROPERTY

The Budget reflects receipts of \$442 million in 2014-15, and \$452 million in 2015-16. These numbers reflect moderate growth attributable to increased security sales.

INDIAN GAMING

The Budget reflects General Fund revenues from tribal gaming of \$332 million in 2013-14, \$321 million in 2014-15, and \$325 million in 2015-16. This revenue includes approximately \$95 million in 2013-14 and \$77.6 million in 2014-15 and 2015-16 that is 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.

LOAN REPAYMENTS TO SPECIAL FUNDS

The Budget reflects the repayment of loans to special funds based on the operational needs of the programs requiring these repayments. Total repayments are projected to be \$851.3 million and \$964.8 million in 2014-15 and 2015-16, respectively.

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 \$45.5 billion in 2015-16. Taxes and fees related to motor vehicles are expected to comprise about 25 percent of all special fund revenue in 2015-16. The principal sources are motor vehicle fees (registration, weight, and vehicle license fees) and motor vehicle fuel taxes. During 2015-16, it is expected that about \$11.4 billion in revenues will be derived from the ownership or operation of motor vehicles.

MOTOR VEHICLE FEES

Motor vehicle fees and taxes consist of vehicle license, registration, weight, driver license, and other charges related to vehicle operation. Figure REV-12 displays revenue from these sources from 2013-14 through 2015-16.

The Vehicle License Fee (VLF) is imposed on vehicles that travel on public highways in California. The current

VLF tax rate is 0.65 percent. This tax is imposed in lieu of a local personal property tax on automobiles and is administered by the Department of Motor Vehicles. 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 30,831,742 in 2014-15 and is expected to increase to 31,349,151 in 2015-16. 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 2,151,919 new vehicles registered in 2014-15, increasing to 2,249,437 in 2015-16.

In addition to the VLF, 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 be \$992 million in 2014-15 and to increase by 2.4 percent to \$1.015 billion in 2015-16.

MOTOR VEHICLE FUEL TAXES

The motor vehicle fuel tax, diesel fuel tax, and use fuel tax are the major sources of funds for maintaining, replacing, and constructing state highway and transportation facilities. Over one-third of these revenues are apportioned to local jurisdictions for a broad range of local road projects,

Figure REV-12
Motor Vehicle Fees Special Fund Revenue
(Dollars in Thousands)

	2013-14 Preliminary	2014-15 Forecast	2015-16 Forecast
Vehicle License Fees	\$2,144,318	\$2,195,293	\$2,258,056
Registration, Weight, and Other Fees	<u>4,058,514</u>	<u>4,151,322</u>	<u>4,275,346</u>
Total	\$6,202,832	\$6,346,615	\$6,533,402

Figure REV-13
Motor Vehicle Fuel Tax Revenue
(Dollars in Thousands)

	2013-14 Forecast	2014-15 Forecast	2015-16 Forecast
Gasoline ¹	\$5,724,181	\$5,307,177	\$4,489,819
Diesel	<u>339,175</u>	<u>369,467</u>	<u>417,580</u>
Total	\$6,063,356	\$5,676,644	\$4,907,399

¹ Does not include jet fuel.

including both maintenance of existing roads and construction of new roads. In addition, some jurisdictions choose to spend a portion of their allocation on improvements to the state highway system in their region to decrease traffic congestion. Motor vehicle fuel tax collections are shown in Figure REV-13.

The gallons of gasoline consumed were up 0.74 percent in 2013-14 when compared to the prior fiscal year. Gasoline consumption is expected to increase 1 percent in 2014-15 and remain flat for 2015-16. Because most diesel fuel is consumed by the commercial trucking industry, the gallons consumed are affected most significantly by general economic conditions. A recovering economy is expected to contribute to growth of 2 percent in diesel consumption per year in 2014-15 and 2015-16.

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 36 cents per gallon under current law. The excise rate is adjusted annually so that the total amount of tax revenue generated is equal to what it would have been when gasoline was subject to the state sales tax rate. The Budget forecasts that the excise tax on gasoline will be 30.5 cents per gallon in 2015-16. 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 11 cents per gallon in 2014-15. The excise rate is adjusted annually so that the total amount of tax revenue generated is neutral given the changes to the sales add-on for diesel fuel. Under current law, the sales tax rate add-on will remain 1.75 percent in 2015-16, and the Budget forecasts that the excise tax on diesel fuel will be adjusted to 12 cents per gallon in 2015-16. Dyed diesel fuel, which is used for off-highway purposes such as farm equipment, is not taxed.

SUMMARY OF STATE TAX SYSTEM

The state's tax system is outlined at the end of this section in Figure REV-14. 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 2015-16 is displayed in Schedule 3 in the Appendix.

Figure REV-14
**Outline of State Tax System
as of January 1, 2015**

Major Taxes and Fees	Base or Measure	Rate	Administering Agency	Fund
Alcoholic Beverage Excise Taxes:				
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
Corporation:				
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
Tobacco:				
Cigarette	Package	\$0.87 ²	Equalization	See below ²
Other Tobacco Products	Wholesale cost	29.95% ³	Equalization	See below ³
Insurance				
Insurers	Gross Premiums	2.35% ⁴	Insurance Dept.	General
Liquor License Fees	Type of license	Various	Alc. Bev. Control	General
Motor Vehicle:				
Vehicle License Fees (VLF)	Market value	0.65%	DMV	Motor VLF, Local Revenue ⁵
Fuel—Gasoline	Gallon	\$0.360 ⁶	Equalization	Motor Vehicle Fuel ⁷
Fuel—Diesel	Gallon	\$0.11 ⁸	Equalization	Motor Vehicle Fuel
Registration Fees	Vehicle	\$69.00	DMV	Motor Vehicle ⁹
Weight Fees	Gross Vehicle Wt.	Various	DMV	State Highway
Personal Income	Taxable income	1.0-12.3% ¹⁰	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
Retail Sales and Use	Sales or lease of taxable items	7.50% ¹¹	Equalization	See below ¹¹
Medi-Cal Managed Care Plans	Gross Receipts	3.94% ¹²	Equalization	Children's Health and Human Services Special Fund

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, 2014, through June 30, 2015, the rate is 29.95 percent of the wholesale cost.

⁴ 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.

⁵ For return to cities and counties. Trailer coach license fees are deposited in the General Fund.

⁶ 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.

⁷ For administrative expenses and apportionment to State, counties and cities for highways, airports, and small craft harbors.

⁸ As part of the fuel tax swap, this rate will be adjusted each year to maintain revenue neutrality with the 1.75% increase in sales tax on diesel fuel beginning July 1, 2014.

⁹ For support of State Department of Motor Vehicles, California Highway Patrol, other agencies, and motor vehicle related programs.

¹⁰ Proposition 30 (The Schools and Local Public Safety Protection Act of 2012) was passed by the California voters in November 2012. Proposition 30, for tax years 2012 through 2018, created three new income tax brackets with rates of 10.3 percent for taxable income over \$250,000, 11.3 percent for taxable income over \$300,000, and 12.3 percent for taxable income over \$500,000.

¹¹ The 7.50 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. This rate includes the passage of Proposition 30 (The Schools and Local Public Safety Protection Act of 2012), effective beginning January 1, 2013.

¹² Effective July 1, 2013 through June 30, 2016, sales tax is imposed on sellers of Medi-Cal Managed Care Plans at a rate of 3.9375% of total gross receipts.

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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.

Title	Purpose	Prepared/Issued by	When
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

Adjustments in Accounting Methods and Prior Year Fund Balances

Government Code section 13344 requires the Department of Finance (Finance) to clearly note in the Governor's Budget or related documents any adjustments of prior year fund balances and accounting methods. This requirement is to ensure the closest possible comparability of the Governor's Budget with the State Controller's Budgetary-Legal Basis Annual Report (Annual Report).

Accounting Methods

No major changes were implemented or proposed since last year's report.

Prior Year Fund Balances

Government Code section 13344 requires state departments to prepare and maintain financial and accounting data for inclusion in the Governor's Budget, Budget Act and related documents, and the State Controller's Annual Report, according to the methods and bases provided in regulations, budget letters, and other directives of Finance. Consistent with this requirement, Finance has continued its efforts in the reconciliation of special funds between the Governor's Budget documents provided to Finance and the year-end financial statements provided to the State Controller's Office by departments. Departments that are the designated fund administrators continue to be primarily responsible for the reconciliation, and Finance works very closely with the departments to ensure this is completed for all special funds. Special fund balances were reconciled using the best information available. However, final balances for the Annual Report are not available during the preparation of the Governor's Budget. Therefore, there will be some remaining variances in the spring when final balances become available.

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.

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 the end of the last fiscal year and estimated amounts for the end of the current fiscal year and the next fiscal year.

Schedule 5B Actual 2013-14 Fiscal Year Cashflow—Actual receipts, disbursements, borrowable resources, and cashflow loan balances for the last fiscal year.

Schedule 5C Estimated 2014-15 Fiscal Year Cashflow—Projected receipts, disbursements, borrowable resources, and cashflow loan balances for the current fiscal year.

Schedule 5D Estimated 2015-16 Fiscal Year Cashflow—Projected receipts, disbursements, borrowable resources, and cashflow loan balances for the next 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 Fund 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.

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 in 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 SUMMARY¹**
(In Thousands)

	Reference to Schedule	General Fund	Special Funds	Selected Bond Fund Expenditures	Expenditure Totals
2013-14					
Prior year resources available	10	\$2,263,828	\$8,608,546		
Revenues and transfers	8	102,674,658	39,582,394		
Expenditures	9	99,838,109	38,311,366	\$4,493,719	\$142,643,194
Fund Balance	10	<u>\$5,100,377</u>	<u>\$9,879,574</u>		
<i>Reserve for Liquidation of Encumbrances</i> ²		970,568	--		
<i>Reserves for Economic Uncertainties</i> ³		--	9,879,574		
<i>Special Fund for Economic Uncertainties</i> ³		4,129,809	--		
2014-15					
Prior year resources available	10	\$5,100,377	\$9,879,574		
Revenues and transfers	8	108,041,941	49,735,323		
Expenditures	9	111,719,682	45,558,605	\$5,251,774	\$162,530,061
Fund Balance	10	<u>\$1,422,636</u>	<u>\$14,056,292</u>		
<i>Reserve for Liquidation of Encumbrances</i> ²		970,568	--		
<i>Reserves for Economic Uncertainties</i> ³		--	14,056,292		
<i>Special Fund for Economic Uncertainties</i> ³		452,068	--		
<i>Budget Stabilization Account/Rainy Day Fund</i>		1,606,422	--		
2015-16					
Prior year resources available	10	\$1,422,636	\$14,056,292		
Revenues and transfers	8	113,380,041	46,889,623		
Expenditures	9	113,297,769	45,520,145	\$5,885,185	\$164,703,099
Fund Balance	10	<u>\$1,504,908</u>	<u>\$15,425,770</u>		
<i>Reserve for Liquidation of Encumbrances</i> ²		970,568	--		
<i>Reserves for Economic Uncertainties</i> ³		--	15,425,770		
<i>Special Fund for Economic Uncertainties</i> ³		534,340	--		
<i>Budget Stabilization Account/Rainy Day Fund</i>		2,826,422	--		

¹ 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.

² 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.

³ 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 ^{1,2}	State Tax Collections (Dollars in Millions)		Taxes per Capita ¹		Taxes per \$100 of Personal Income ³	
		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	4,668	4,126	5,409	208.96	273.94	4.48	5.87
1970	4,962	4,290	5,598	214.08	279.36	4.31	5.63
1971	5,210	5,213	6,597	256.22	324.24	4.92	6.22
1972	5,652	5,758	7,231	279.72	351.28	4.95	6.21
1973	6,116	6,377	7,877	305.57	377.45	5.00	6.17
1974	6,722	8,043	9,572	379.85	452.06	5.65	6.73
1975	7,306	9,050	10,680	420.19	495.87	5.75	6.79
1976	7,953	10,781	12,525	491.48	570.98	6.18	7.18
1977	8,660	12,951	14,825	579.41	663.25	6.69	7.66
1978	9,656	14,188	16,201	621.30	709.45	6.43	7.35
1979	10,750	16,904	19,057	726.83	819.41	6.76	7.62
1980	11,933	17,808	20,000	748.80	840.97	6.27	7.05
1981	13,131	19,053	21,501	784.78	885.62	5.98	6.74
1982	13,738	19,567	22,359	788.83	901.39	5.74	6.56
1983	14,549	22,300	25,674	880.14	1,013.30	6.05	6.96
1984	15,880	25,515	29,039	988.34	1,124.85	6.22	7.08
1985	16,790	26,974	30,898	1,021.63	1,170.25	6.08	6.97
1986	17,604	31,331	35,368	1,158.18	1,307.41	6.58	7.43
1987	18,529	31,228	35,611	1,126.67	1,284.81	6.08	6.93
1988	19,652	35,647	40,613	1,255.49	1,430.39	6.39	7.28
1989	20,623	37,248	43,052	1,278.16	1,477.32	6.20	7.16
1990	21,579	36,828	43,556	1,234.66	1,460.21	5.72	6.77
1991	21,825	40,072	48,856	1,315.62	1,604.01	6.03	7.35
1992	22,627	39,197	48,230	1,264.93	1,556.44	5.59	6.88
1993	22,929	38,351	48,941	1,224.72	1,562.90	5.34	6.82
1994	23,498	41,099	50,648	1,303.75	1,606.67	5.55	6.84
1995	24,566	44,825	54,805	1,413.51	1,728.20	5.75	7.03
1996	25,920	47,955	58,400	1,500.33	1,827.10	5.79	7.05
1997	27,152	53,859	64,826	1,659.61	1,997.56	6.11	7.36
1998	29,215	58,199	69,724	1,770.96	2,121.65	6.06	7.26
1999	30,713	70,027	81,773	2,095.45	2,446.93	6.82	7.97
2000	33,353	75,668	88,147	2,225.47	2,592.50	6.67	7.77
2001	34,033	62,679	73,295	1,816.12	2,123.70	5.34	6.24
2002	34,164	64,879	75,420	1,856.95	2,158.65	5.44	6.32
2003	35,167	70,229	81,628	1,984.49	2,306.60	5.64	6.56
2004	36,971	80,070	93,764	2,239.55	2,622.57	6.06	7.09
2005	38,793	90,468	105,860	2,514.02	2,941.74	6.48	7.58
2006	41,364	93,237	109,390	2,572.28	3,017.93	6.22	7.30
2007	42,796	95,290	111,778	2,606.95	3,058.01	6.09	7.15
2008	43,310	79,398	95,020	2,154.26	2,578.12	4.97	5.95
2009	41,457	84,537	99,284	2,280.02	2,677.76	5.50	6.46
2010	42,310	89,910	106,942	2,409.86	2,866.35	5.70	6.77
2011	44,866	82,850	106,351	2,205.21	2,830.72	4.92	6.31
2012	47,671	95,444	119,798	2,520.48	3,163.61	5.29	6.64
2013 ^P	48,648	100,487	126,841	2,633.04	3,323.58	5.41	6.83
2014 ^e	50,338	107,697	135,286	2,797.37	3,513.98	5.56	6.98
2015 ^e	52,138	113,539	141,197	2,922.39	3,634.29	5.61	6.97

¹ Per capita computations are based on July 1 population estimates, benchmarked on the 2010 Census.

² Personal income data are on a calendar year basis (e.g., 2012 for 2012-13).

³ Taxes per \$100 personal income computed using calendar year personal income (e.g. 2012 income related to 2012-13 tax collections).

^P Preliminary.

^e Estimated.

SCHEDULE 3
COMPARATIVE YIELD OF STATE TAXES, 1970-71 THROUGH 2015-16
Includes both General and Special Funds
(Dollars in Thousands)

Fiscal Year Beginning	Sales and Use ¹	Personal Income ²	Corporation ³	Tobacco ⁴	Estate Inheritance and Gift ⁵	Insurance ⁶	Alcoholic Beverage ⁷	Motor Vehicle Fuel ⁸	Vehicle Fees ⁹
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	23,816,406	33,046,665	5,333,036	1,102,807	915,627	1,596,002	292,627	3,295,903	3,836,904
2002	24,899,025	32,709,761	6,803,559	1,055,505	647,372	1,879,784	290,564	3,202,511	3,889,602
2003	26,506,911	36,398,983	6,925,916	1,081,588	397,848	2,114,980	312,826	3,324,883	4,515,126
2004	29,967,136	42,992,007	8,670,065	1,096,224	213,036	2,232,955	314,252	3,366,141	4,873,705
2005	32,201,082	51,219,823	10,316,467	1,088,703	3,786	2,202,327	318,276	3,393,381	5,078,529
2006	32,669,175	53,348,766	11,157,898	1,078,536	6,348	2,178,336	333,789	3,432,527	5,147,341
2007	31,972,874	55,745,970	11,849,097	1,037,287	6,303	2,172,936	327,260	3,418,413	5,212,811
2008	28,972,302	44,355,959	9,535,679	1,000,456	245	2,053,850	323,934	3,180,112	5,566,642
2009	31,197,154	45,650,901	9,114,589	922,986	0	2,180,786	311,242	3,163,694	6,726,967
2010	30,996,372	50,507,989	9,613,594	905,245	0	2,307,022	334,178	5,705,527	6,558,121
2011	28,542,238	55,449,292	7,233,000	895,677	0	2,416,073	346,000	5,544,530	5,907,866
2012	31,007,290	66,809,000	7,462,000	868,703	0	2,242,379	357,000	5,492,850	5,864,814
2013 *	34,163,864	67,995,659	8,858,498	833,127	0	2,362,738	354,297	6,063,356	6,226,553
2014 *	36,490,478	73,500,570	9,617,712	791,830	0	2,490,301	366,901	5,676,644	6,368,834
2015 *	38,915,857	76,967,557	10,173,304	770,499	0	2,530,729	373,698	4,907,399	6,555,937

¹ Includes the 0.5 percent Local Revenue Fund, the 1.0625 percent Local Revenue Fund 2011, and the state sales tax rate of 6 percent from April 1, 2009 to June 30, 2011. Includes the 0.25 percent sales tax, effective July 1, 2004 and forecast to end on December 31, 2015, for repayment of economic recovery bonds. Includes passage of Proposition 30, which increases the General Fund sales tax rate from January 1, 2013 to December 31, 2016. Includes revenue for a tax on Medi-Cal managed care premiums for 2013-14 through 2015-16, with the rate being equal to the state General Fund sales tax rate.

² Includes the revenue for a 1-percent surcharge on taxable incomes over \$1 million, with proceeds funding mental health programs. Includes the 0.25 percent surcharge and reduced dependent exemption credit effective for tax years 2009 and 2010. Also includes the impact of Proposition 30, which establishes three additional tax brackets for tax years 2012 through 2018.

³ Includes the corporation tax, corporation income tax, LLC fees, and minimum franchise tax for corporations, partnerships, LLCs, and LLPs. From 1989 through 1997, it included the unitary election fee. Also includes impact of Proposition 39 beginning in tax year 2012.

⁴ 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.

⁵ 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 federal estate tax has undergone many changes since 2001. It was reinstated in January 2013 for deaths on and after January 1, 2013. The new federal tax operates in such a way as to effectively eliminate the state pick-up estate tax.

⁶ Includes insurance gross premiums tax on Medi-Cal managed care plans through June 30, 2013, 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 \$9.5 million in 2012-13, and estimated refunds of \$35.1 million in 2013-14, \$9.6 million in 2014-15, and \$25.5 million in 2015-16.

⁷ Alcoholic beverage excise taxes were increased effective July 15, 1991.

⁸ Motor vehicle fuel tax (gasoline), use fuel tax (diesel and other fuels), and jet fuel. Gasoline is taxed at 36 cents per gallon in 2014-15 and the Budget forecasts that the excise rate on gasoline will be 30.5 cents per gallon in 2015-16. The excise rate on diesel is 11 cents per gallon in 2014-15 and the Budget forecasts that the rate will increase to 12 cents per gallon in 2015-16.

⁹ Registration and weight fees, motor vehicle license fees, and other fees.

* Preliminary.

* Estimated.

SCHEDULE 4
POSITIONS AND SALARY COST ESTIMATES
(Excludes Staff Benefits^{1/})
(Dollars in Thousands)

	Positions			Dollars		
	Actuals 2013-14*	Estimated 2014-15*	Proposed 2015-16*	Actuals 2013-14*	Estimated 2014-15*	Proposed 2015-16*
Executive						
Executive	14,954.7	15,190.1	15,238.8	\$1,023,078	\$1,070,309	\$1,081,324
Business, Consumer Services, and Housing	5,409.4	5,552.4	5,593.2	342,691	362,015	365,289
Transportation	39,014.5	39,636.0	39,719.5	3,081,459	3,210,206	3,231,984
Natural Resources	19,239.3	19,517.8	19,842.7	1,294,839	1,412,502	1,494,690
California Environmental Protection	4,939.5	5,442.2	5,626.7	400,373	465,401	469,825
Health and Human Services	32,617.5	33,140.8	33,406.9	2,399,099	2,498,149	2,536,613
Corrections and Rehabilitation	60,848.6	60,896.6	61,667.6	4,824,398	5,063,709	5,152,972
Education						
K thru 12 Education	2,845.3	2,852.4	2,849.9	181,901	187,244	190,221
Community Colleges/Other	330.9	334.5	338.5	28,359	29,356	29,891
Labor and Workforce Development	11,808.6	11,513.3	11,524.8	725,859	750,244	736,118
Government Operations	14,865.6	15,030.6	15,134.1	965,328	1,005,113	1,027,155
General Government	11,301.4	12,425.2	12,892.5	735,810	793,941	836,636
SUBTOTAL, EXECUTIVE	218,175.3	221,531.9	223,835.2	\$16,003,194	\$16,848,189	\$17,152,718
Higher Education						
University of California	89,790.2	92,034.0	92,034.0	\$7,384,135	\$7,820,263	\$8,105,562
Hastings College of Law	246.8	254.2	254.2	25,265	25,802	26,506
California State University	43,031.1	44,483.0	44,483.0	2,611,838	2,737,342	2,737,343
SUBTOTAL, HIGHER EDUCATION	133,068.1	136,771.2	136,771.2	\$10,021,238	\$10,583,407	\$10,869,411
Legislative ^{1/}	750.0	750.0	750.0	\$57,368	\$60,596	\$61,208
Judicial	1,986.0	1,984.8	1,985.3	199,656	204,764	207,190
GRAND TOTALS	353,979.4	361,037.9	363,341.7	\$26,281,456	\$27,696,957	\$28,290,527

^{1/} 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.

* Numbers may not add or match to other statements due to rounding of budget details.

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

	Actual 2013-14 Fiscal Year Accruals ^{1/}			Estimated 2014-15 Fiscal Year Accruals ^{2/}			Estimated 2015-16 Fiscal Year Accruals ^{2/}		
	Accounts payable June 30, 2014	Accounts receivable June 30, 2014	Net accruals June 30, 2014	Accounts payable June 30, 2015	Accounts receivable June 30, 2015	Net accruals June 30, 2015	Accounts payable June 30, 2016	Accounts receivable June 30, 2016	Net accruals June 30, 2016
STATE OPERATIONS									
Legislative/Judicial/Executive	\$404,870	\$261,132	\$143,738	\$417,016	\$268,966	\$148,050	\$429,526	\$277,035	\$152,491
Business, Consumer Services, and Housing	5,109	4,050	1,059	5,262	4,172	1,090	5,420	4,297	1,123
Transportation	6	754	-748	6	777	-771	6	800	-794
Natural Resources	605,360	434,429	170,931	623,521	447,462	176,059	642,227	460,886	181,341
California Environmental Protection Health and Human Services:	14,718	2,772	11,946	15,160	2,855	12,305	15,615	2,941	12,674
Health Care Services	5,810	2,006	3,804	5,984	2,066	3,918	6,164	2,128	4,036
Developmental Services	61,114	109,628	-48,514	62,947	112,917	-49,970	64,835	116,305	-51,470
State Hospitals	131,512	39,535	91,977	135,457	40,721	94,736	139,521	41,943	97,578
Other Health and Human Services	151,242	232,190	-80,948	155,779	239,156	-83,377	160,452	246,331	-85,879
Corrections and Rehabilitation	1,245,114	788,824	456,290	1,282,467	812,489	469,978	1,320,941	836,864	484,077
Education:									
Department of Education	6,218	488	5,750	6,405	482	5,923	6,597	496	6,101
University of California	0	0	0	0	0	0	0	0	0
California State University	257	0	257	265	0	265	273	0	273
Other Education	72,620	7,843	64,777	74,799	8,078	66,721	77,043	8,320	68,723
Government Operations	167,701	122,973	44,728	172,732	126,662	46,070	177,914	130,462	47,452
General Government/Labor	261,200	1,314,882	-1,053,682	269,036	1,354,328	-1,085,292	277,107	1,394,958	-1,117,851
Totals, State Operations	\$3,132,851	\$3,321,486	-\$188,635	\$3,226,836	\$3,421,131	-\$194,295	\$3,323,641	\$3,523,766	-\$200,125
LOCAL ASSISTANCE									
Public Schools K-12	\$2,066,484	\$155,565	\$1,910,919	\$2,128,479	\$160,232	\$1,968,247	\$2,192,333	\$165,039	\$2,027,294
California Community Colleges	47,471	31,180	16,291	48,895	32,115	16,780	50,362	33,078	17,284
Other Education	32,412	27,135	5,277	33,384	27,949	5,435	34,386	28,787	5,599
Health Care Services (Non-Medi-Cal)	575,179	198,609	376,570	592,434	204,567	387,867	610,207	210,704	399,503
Developmental Services	459,986	813,265	-353,279	473,786	837,663	-363,877	488,000	862,793	-374,793
State Hospitals	0	0	0	0	0	0	0	0	0
Social Services	325,090	1,097,832	-772,742	334,843	1,130,767	-795,924	344,888	1,164,690	-819,802
Other Health and Human Services	25,496	46,176	-20,680	26,261	47,561	-21,300	27,049	48,988	-21,939
Tax Relief	317	753	-436	327	776	-449	337	799	-462
Other Local Assistance	15,420	5,489	9,931	15,883	5,654	10,229	16,359	5,824	10,535
Totals, Local Assistance	\$3,547,855	\$2,376,004	\$1,171,851	\$3,654,292	\$2,447,284	\$1,207,008	\$3,763,921	\$2,520,702	\$1,243,219
TOTALS, ALL CHARACTERS	\$6,680,706	\$5,697,490	\$983,216	\$6,881,128	\$5,868,415	\$1,012,713	\$7,087,562	\$6,044,468	\$1,043,094

^{1/} Information per the State Controller's Office.

^{2/} 2014-15 and 2015-16 typically assume a 3% growth from the prior fiscal year, except for adjustments due to major one-time issues to conform with budget treatment.

Note: Numbers may not add due to rounding.

SCHEDULE 5B
ACTUAL 2013-14 FISCAL YEAR CASH FLOW
GENERAL FUND
(Dollars in Millions)

	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	TOTAL
	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
BEGINNING CASH BALANCE													
RECEIPTS:													
Alcoholic Beverage Excise Tax	\$5	\$59	\$4	\$30	\$27	\$31	\$63	\$27	\$31	\$2	\$28	\$31	\$329
Corporation Tax	218	66	812	164	-139	1,337	256	124	1,501	1,692	0	2,480	8,512
Cigarette Tax	7	1	14	7	8	7	7	7	6	7	8	1	80
Inheritance, Gift and Estate Taxes	0	3	0	0	0	1	0	0	0	0	0	2	9
Insurance Tax	20	204	335	13	159	382	16	17	170	512	230	307	2,366
Personal Income Tax	3,641	3,721	5,318	4,172	3,106	6,956	10,657	2,301	2,938	10,954	3,172	9,258	66,195
Retail Sales and Use Tax	754	2,701	1,895	776	2,592	1,736	1,216	3,013	1,677	659	3,114	2,026	22,159
Vehicle License Fee	0	0	0	0	0	0	0	0	0	0	0	0	2
Income from Pooled Money Investments	1	3	2	1	2	4	2	1	2	1	0	4	21
Transfer from Special Fund for Economic Uncertainties	0	0	0	0	0	0	0	0	0	0	0	0	0
Other	175	285	163	173	590	131	749	384	144	133	420	946	4,294
TOTAL, Receipts	\$4,823	\$7,045	\$8,544	\$5,337	\$6,345	\$10,585	\$12,957	\$5,873	\$6,470	\$13,958	\$6,973	\$15,056	\$103,966
DISBURSEMENTS:													
State Operations:													
University of California	\$56	\$24	\$114	\$217	\$217	\$217	\$217	\$917	\$217	\$217	\$435	\$3	\$2,852
Debt Service	8	362	335	804	454	104	-93	146	607	1,335	313	131	4,506
Other State Operations	2,000	1,550	1,950	1,866	1,402	1,643	1,501	1,323	1,359	1,855	1,611	1,029	19,090
Social Services	768	605	739	804	385	635	492	615	645	734	312	129	6,863
Medi-Cal Assistance for DHCS	2,539	1,434	1,728	1,364	1,135	1,766	1,148	1,526	1,515	779	1,237	824	16,995
Other Health and Human Services	916	-139	406	398	181	90	384	165	167	-24	95	118	2,758
Schools	7,265	4,547	5,300	2,636	3,672	4,253	3,068	2,986	4,412	1,490	370	2,589	42,589
Teachers' Retirement	183	0	0	489	0	199	0	0	0	489	0	0	1,362
Transfer to Special Fund for Economic Uncertainties	0	0	0	0	0	0	123	0	0	0	0	0	123
Transfer to Budget Stabilization Account	0	0	0	0	0	0	0	0	0	0	0	0	0
Other	-432	101	373	319	142	431	76	60	130	366	1,097	-191	2,473
TOTAL, Disbursements	\$13,303	\$8,483	\$10,945	\$8,898	\$7,599	\$9,339	\$7,294	\$7,362	\$9,052	\$7,242	\$5,470	\$4,631	\$99,610
EXCESS RECEIPTS/(DEFICIT)	-\$8,480	-\$1,438	-\$2,401	-\$3,561	-\$1,245	\$1,246	\$5,663	-\$1,489	-\$2,582	\$6,716	\$1,502	\$10,425	\$4,356
NET TEMPORARY LOANS:													
Special Fund for Economic Uncertainties	\$0	\$0	\$0	\$0	\$0	\$0	\$123	\$0	\$0	\$0	\$0	-\$1,071	-\$948
Budget Stabilization Account	0	0	0	0	0	-1,246	-5,786	1,489	2,582	-6,716	-2	-3,433	-1,487
Other Internal Sources	8,480	-4,062	2,401	3,561	1,245	-1,246	-5,786	1,489	2,582	-6,716	-1,500	-4,000	0
External Borrowing/RANS	0	5,500	0	0	0	0	0	0	0	0	-1,500	-4,000	0
TOTAL, Net Temporary Loans	\$8,480	\$1,438	\$2,401	\$3,561	\$1,245	-\$1,246	-\$5,663	\$1,489	\$2,582	-\$6,716	-\$1,502	-\$8,504	-\$2,435
ENDING CASH BALANCE	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,922	\$1,922
AVAILABLE/BORROWABLE RESOURCES:													
Special Fund for Economic Uncertainties	\$948	\$948	\$948	\$948	\$948	\$948	\$1,071	\$1,071	\$1,071	\$1,071	\$1,071	\$1,071	\$1,071
Budget Stabilization Account	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Internal Sources	19,209	21,112	20,837	20,734	21,519	21,583	20,703	21,821	22,426	22,433	23,900	22,690	22,690
External Borrowing/RANS	0	5,500	5,500	5,500	5,500	5,500	5,500	5,500	5,500	5,500	4,000	0	0
TOTAL, Available/Borrowable Resources	\$20,157	\$27,560	\$27,285	\$27,183	\$27,967	\$28,031	\$27,274	\$28,392	\$28,997	\$29,004	\$28,971	\$23,762	\$23,762
CUMULATIVE LOAN BALANCES:													
Special Fund for Economic Uncertainties	\$948	\$948	\$948	\$948	\$948	\$948	\$1,071	\$1,071	\$1,071	\$1,071	\$1,071	\$0	\$0
Budget Stabilization Account	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Internal Sources	9,967	5,905	8,306	11,867	13,111	11,866	6,080	7,569	10,151	3,435	3,433	0	0
External Borrowing/RANS	0	5,500	5,500	5,500	5,500	5,500	5,500	5,500	5,500	5,500	4,000	0	0
TOTAL, Cumulative Loan Balances	\$10,915	\$12,353	\$14,754	\$18,315	\$19,560	\$18,314	\$12,651	\$14,140	\$16,722	\$10,006	\$8,504	\$0	\$0
UNUSED BORROWABLE RESOURCES	\$9,242	\$15,207	\$12,531	\$8,868	\$8,407	\$9,717	\$14,623	\$14,252	\$12,275	\$18,998	\$20,468	\$23,762	\$23,762
CASH AND UNUSED BORROWABLE RESOURCES	\$9,242	\$15,207	\$12,531	\$8,868	\$8,407	\$9,717	\$14,623	\$14,252	\$12,275	\$18,998	\$20,468	\$25,683	\$25,683

Note: Numbers may not add due to rounding.
Source: State Controller's Office

SCHEDULE 5C
ESTIMATED 2014-15 FISCAL YEAR CASHFLOW
 GENERAL FUND
 (Dollars in Millions)

	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	TOTAL
BEGINNING CASH BALANCE	\$1,922												\$1,922
RECEIPTS:													
Alcoholic Beverage Excise Tax	\$64	\$33	\$29	\$30	\$3	\$31	\$37	\$24	\$26	\$30	\$31	\$31	\$369
Corporation Tax	320	126	1,115	328	84	1,763	121	75	1,480	1,715	231	2,500	9,858
Cigarette Tax	14	1	14	7	2	7	7	6	6	7	7	8	86
Inheritance, Gift and Estate Taxes	0	0	0	0	0	0	0	0	0	0	0	0	2
Personal Income Tax	18	236	333	29	202	393	16	18	148	545	186	389	2,513
Retail Sales and Use Tax	4,068	3,935	6,057	4,701	3,294	8,576	11,466	2,082	2,828	12,168	3,732	9,052	71,959
Vehicle License Fee	920	2,259	2,076	882	2,690	2,188	1,003	2,984	1,751	600	3,324	2,265	22,942
Income from Pooled Money Investments	2	0	0	0	0	0	0	0	0	0	0	0	0
Transfer from Special Fund for Economic Uncertainties	24	0	2	0	1	2	2	2	1	2	1	3	19
Other	112	212	149	215	444	74	527	378	121	109	365	1,394	621
TOTAL Receipts	\$5,542	\$6,802	\$9,775	\$6,264	\$6,720	\$13,034	\$13,393	\$5,569	\$6,361	\$15,176	\$7,877	\$15,644	\$112,156
DISBURSEMENTS:													
State Operations:													
University of California	\$284	\$228	\$228	\$229	\$422	\$228	\$228	\$228	\$228	\$228	\$457	\$3	\$2,991
Debt Service	46	346	550	1,073	243	38	68	364	514	1,259	315	193	4,917
Other State Operations	2,383	2,110	3,480	2,027	1,019	2,078	1,668	1,531	1,533	2,055	1,839	1,660	23,383
Social Services	1,025	425	722	276	455	103	626	448	456	671	350	448	6,005
Medi-Cal Assistance for DHCS	2,710	898	2,118	1,880	468	1,954	1,751	1,022	1,510	1,586	1,133	765	17,795
Other Health and Human Services	561	212	135	504	265	211	412	244	84	62	8	99	2,599
Schools	7,646	2,930	5,388	3,728	3,990	5,145	3,562	3,265	5,270	2,970	2,988	5,326	52,208
Teachers' Retirement	226	0	0	517	0	226	0	0	0	517	0	2	1,488
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	576	232	455	394	612	352	132	121	150	271	180	1,333	1,606
Other													4,810
TOTAL Disbursements	\$15,365	\$7,381	\$14,682	\$10,628	\$7,474	\$10,335	\$8,447	\$7,223	\$9,745	\$9,619	\$7,270	\$9,631	\$117,802
EXCESS RECEIPTS/(DEFICIT)	-\$9,824	-\$580	-\$4,907	-\$4,364	-\$753	\$2,699	\$4,946	-\$1,655	-\$3,384	\$5,557	\$607	\$6,013	-\$5,645
NET TEMPORARY LOANS:													
Special Fund for Economic Uncertainties	\$1,047	\$0	\$0	-\$70	\$0	\$0	-\$527	\$0	\$0	\$0	\$0	\$0	\$450
Budget Stabilization Account	0	0	1,606	0	0	0	0	0	0	0	0	0	1,606
Other Internal Sources	6,855	580	501	4,434	753	-2,699	-4,418	1,655	3,384	-5,557	-607	-3,213	1,668
External Borrowing	0	0	2,800	0	0	0	0	0	0	0	0	-2,800	0
TOTAL, Net Temporary Loans	\$7,902	\$580	\$4,907	\$4,364	\$753	-\$2,699	-\$4,945	\$1,655	\$3,384	-\$5,557	-\$607	-\$6,013	\$3,724
ENDING CASH BALANCE	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
AVAILABLE/BORROWABLE RESOURCES:													
Special Fund for Economic Uncertainties	\$1,047	\$1,047	\$1,047	\$977	\$977	\$977	\$450	\$450	\$450	\$450	\$450	\$450	\$450
Budget Stabilization Account	0	0	1,606	1,606	1,606	1,606	1,606	1,606	1,606	1,606	1,606	1,606	1,606
Other Internal Sources	24,652	25,719	25,607	24,120	24,439	22,402	21,621	22,729	22,919	23,298	23,551	23,123	23,123
External Borrowing	0	0	2,800	2,800	2,800	2,800	2,800	2,800	2,800	2,800	2,800	0	0
TOTAL, Available/Borrowable Resources	\$25,699	\$26,766	\$31,060	\$29,504	\$29,822	\$27,795	\$26,477	\$21,585	\$27,775	\$28,154	\$28,407	\$25,180	\$25,180
CUMULATIVE LOAN BALANCES:													
Special Fund for Economic Uncertainties	\$1,047	\$1,047	\$1,047	\$977	\$977	\$977	\$450	\$450	\$450	\$450	\$450	\$450	\$450
Budget Stabilization Account	0	0	1,606	1,606	1,606	1,606	1,606	1,606	1,606	1,606	1,606	1,606	1,606
Other Internal Sources	6,855	7,435	7,936	12,370	13,124	10,425	6,006	7,661	11,045	5,488	4,880	1,668	1,668
External Borrowing	0	0	2,800	2,800	2,800	2,800	2,800	2,800	2,800	2,800	2,800	0	0
TOTAL, Cumulative Loan Balances	\$7,902	\$8,482	\$13,389	\$17,754	\$18,507	\$15,808	\$10,862	\$12,517	\$15,901	\$10,344	\$9,737	\$3,724	\$3,724
UNUSED BORROWABLE RESOURCES	\$17,797	\$18,284	\$17,671	\$11,750	\$11,315	\$11,977	\$15,615	\$12,068	\$11,874	\$17,810	\$18,671	\$21,456	\$21,456
Cash and Unused Borrowable Resources	\$17,797	\$18,284	\$17,671	\$11,750	\$11,315	\$11,977	\$15,615	\$12,068	\$11,874	\$17,810	\$18,671	\$21,456	\$21,456

Note: Numbers may not add due to rounding.

SCHEDULE 5D
ESTIMATED 2015-16 FISCAL YEAR CASHFLOW
GENERAL FUND
(Dollars in Millions)

	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
RECEIPTS:													
Alcoholic Beverage Excise Tax	\$37	\$29	\$32	\$31	\$32	\$32	\$38	\$24	\$26	\$31	\$31	\$31	\$374
Corporation Tax	315	134	993	246	35	1,597	181	83	1,552	1,933	255	2,909	10,233
Cigarette Tax	7	7	7	7	7	7	7	6	6	7	7	7	82
Inheritance, Gift and Estate Taxes	0	0	0	0	0	0	0	0	0	0	0	0	0
Insurance Tax	8	200	397	16	183	401	17	19	151	554	189	396	2,531
Personal Income Tax	4,419	4,211	6,363	4,755	3,545	7,984	12,176	2,293	3,063	12,783	3,865	10,074	75,531
Retail Sales and Use Tax	1,064	2,874	2,027	1,169	3,058	2,113	1,146	3,144	1,865	979	3,151	2,450	25,040
Vehicle License Fee	0	0	0	0	0	0	0	0	0	0	0	0	0
Income from Pooled Money Investments	3	3	2	4	2	4	4	4	2	5	1	11	45
Transfer from Special Fund for Economic Uncertainties	0	0	0	0	0	0	0	0	0	0	0	0	0
Other	148	258	159	158	452	99	167	382	80	83	352	628	2,966
TOTAL, Receipts	\$6,001	\$7,716	\$9,980	\$6,386	\$7,314	\$12,237	\$13,736	\$5,955	\$6,745	\$16,375	\$7,851	\$16,506	\$116,802
DISBURSEMENTS:													
State Operations:													
University of California	\$293	\$238	\$238	\$238	\$238	\$432	\$238	\$238	\$238	\$238	\$464	\$13	\$3,106
Debt Service	-73	295	548	1,073	661	-258	-73	566	700	1,307	330	-58	5,018
Other State Operations	2,166	1,791	2,025	2,349	1,615	2,186	1,590	1,520	1,523	2,162	1,772	1,470	22,169
Social Services	408	471	310	579	603	501	796	588	519	577	387	510	6,249
Medi-Cal Assistance for DHCS	2,957	1,203	1,816	1,754	876	1,831	1,318	1,308	1,850	1,609	1,266	812	18,600
Other Health and Human Services	772	361	415	276	276	240	225	270	-213	9	20	16	2,984
Schools	2,385	2,764	6,083	3,738	4,649	6,138	3,946	3,732	6,171	3,398	3,342	5,538	51,884
Teachers' Retirement	331	0	0	633	0	331	0	0	0	633	0	2	1,930
Transfer to Special Fund for Economic Uncertainties	0	0	0	0	0	0	85	0	0	0	0	0	85
Transfer to Budget Stabilization Account	0	0	1,220	0	0	0	0	0	0	0	0	0	1,220
Other	589	560	508	374	136	315	52	48	49	177	113	1,271	4,191
TOTAL, Disbursements	\$9,828	\$7,683	\$13,163	\$11,331	\$9,054	\$11,716	\$8,177	\$8,270	\$10,837	\$10,110	\$7,694	\$9,574	\$117,436
EXCESS RECEIPTS/(DEFICIT)	-\$3,827	\$34	-\$3,182	-\$4,945	-\$1,740	\$820	\$5,559	-\$2,315	-\$4,091	\$6,264	\$158	\$6,932	-\$634
NET TEMPORARY LOANS:													
Special Fund for Economic Uncertainties	\$0	\$0	\$0	\$0	\$0	\$0	\$85	\$0	\$0	\$0	\$0	\$0	\$85
Budget Stabilization Account	0	0	1,220	0	0	0	0	0	0	0	0	0	1,220
Other Internal Sources	3,827	-34	1,962	4,945	1,740	-520	-5,643	2,315	4,091	-6,264	-158	-6,932	-670
External Borrowing	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL, Net Temporary Loans	\$3,827	-\$34	\$3,182	\$4,945	\$1,740	-\$520	-\$5,558	\$2,315	\$4,091	-\$6,264	-\$158	-\$6,932	\$635
ENDING CASH BALANCE	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
AVAILABLE/BORROWABLE RESOURCES:													
Special Fund for Economic Uncertainties	\$450	\$450	\$450	\$450	\$450	\$450	\$534	\$534	\$534	\$534	\$534	\$534	\$534
Budget Stabilization Account	1,606	1,606	2,826	2,826	2,826	2,826	2,826	2,826	2,826	2,826	2,826	2,826	2,826
Other Internal Sources	22,801	25,047	24,687	24,344	24,526	23,125	23,426	23,436	23,256	24,137	24,341	25,172	25,172
External Borrowing	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL, Available/Borrowable Resources	\$24,857	\$27,103	\$27,963	\$27,620	\$27,802	\$26,401	\$26,787	\$26,796	\$26,617	\$27,498	\$27,702	\$28,532	\$28,532
CUMULATIVE LOAN BALANCES:													
Special Fund for Economic Uncertainties	\$450	\$450	\$450	\$450	\$450	\$450	\$534	\$534	\$534	\$534	\$534	\$534	\$534
Budget Stabilization Account	1,606	1,606	2,826	2,826	2,826	2,826	2,826	2,826	2,826	2,826	2,826	2,826	2,826
Other Internal Sources	5,495	5,461	7,423	12,369	14,109	13,588	7,945	10,260	14,351	8,087	7,930	997	997
External Borrowing	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL, Cumulative Loan Balances	\$7,551	\$7,517	\$10,700	\$15,645	\$17,385	\$16,865	\$11,306	\$13,621	\$17,712	\$11,448	\$11,290	\$4,358	\$4,358
UNUSED BORROWABLE RESOURCES	\$17,306	\$19,586	\$17,263	\$11,975	\$10,417	\$9,536	\$15,481	\$13,175	\$8,905	\$16,050	\$16,412	\$24,175	\$24,175
Cash and Unused Borrowable Resources	\$17,306	\$19,586	\$17,263	\$11,975	\$10,417	\$9,536	\$15,481	\$13,175	\$8,905	\$16,050	\$16,412	\$24,175	\$24,175

Note: Numbers may not add due to rounding.

SCHEDULE 6
SUMMARY OF STATE POPULATION, EMPLOYEES, AND EXPENDITURES

Year	Population ¹ (Thousands)		Employees ² per 1,000 Population	Personal Income (Billions)	Revenue		Expenditures		Expenditures per Capita		Expenditures per \$100 of Personal Income	
					General Fund	Total	General Fund ³	Total ⁴	General Fund ³	Total ⁴	General Fund ³	Total ⁴
					(Millions)	(Millions)	(Millions)	(Millions)	(Millions)	(Millions)		
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	1,174.5	72,239	89,780	76,752	99,220	2,223.86	2,874.86	6.53	8.45
2002-03	34,938	321,394	9.2	1,193.4	80,564	95,794	77,482	106,779	2,217.70	3,056.24	6.49	8.95
2003-04	35,389	316,860	9.0	1,244.4	76,774	96,365	78,345	104,223	2,213.82	2,945.07	6.30	8.38
2004-05	35,753	313,684	8.8	1,321.6	82,209	104,462	79,804	107,591	2,232.09	3,009.29	6.04	8.14
2005-06	35,986	317,593	8.8	1,396.2	93,427	118,331	91,592	119,612	2,545.21	3,323.85	6.56	8.57
2006-07	36,247	335,384	9.3	1,499.5	95,415	120,663	101,413	129,968	2,797.83	3,585.62	6.76	8.67
2007-08	36,553	343,118	9.4	1,564.4	102,574	127,194	102,986	138,065	2,817.44	3,777.12	6.58	8.83
2008-09	36,856	350,609	9.5	1,596.3	82,772	106,319	90,940	122,386	2,467.44	3,320.65	5.70	7.67
2009-10	37,077	345,777	9.3	1,536.4	87,041	109,989	87,237	117,001	2,352.86	3,155.62	5.68	7.62
2010-11	37,309	371,959	10.0	1,579.1	93,443	122,463	91,549	130,981	2,453.80	3,510.71	5.80	8.29
2011-12	37,570	356,808	9.5	1,683.2	86,786	118,792	86,404	126,361	2,299.81	3,363.35	5.13	7.51
2012-13	37,867	346,321	9.1	1,805.2	99,915	137,242	96,562	141,001	2,550.03	3,723.59	5.35	7.81
2013-14	38,164	353,979	9.3	1,856.6	102,675	142,257	99,838	142,643	2,616.03	3,737.63	5.38	7.68
2014-15	38,499	361,038	9.4	1,938.0	108,042	157,777	111,720	162,530	2,901.89	4,221.67	5.76	8.39
2015-16	38,851	363,342	9.4	2,025.6	113,380	160,270	113,298	164,703	2,916.22	4,239.35	5.59	8.13

¹ Population as of July 1, the beginning of the fiscal year.

² Beginning with the 2010-11 fiscal year, "employees" displays latest authorized/proposed number of positions, as opposed to prior years that show personnel years.

³ Includes Special Accounts in General Fund from 1973-74 to 1976-77.

⁴ Expenditures include payments from General Fund, Special Funds and Selected Bond Funds beginning in 1963-64.

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

Sources	Actual 2013-14		Estimated 2014-15		Estimated 2015-16		Total
	General Fund	Special Funds	General Fund	Special Funds	General Fund	Special Funds	
MAJOR TAXES AND LICENSES							
4110200-Excise Tax - Beer and Wine	\$167,201	-	\$171,393	-	\$171,393	-	\$173,355
4110250-Excise Tax - Spirits	187,096	-	195,508	-	195,508	-	200,343
4110400-Cigarette Tax	86,378	746,748	833,127	707,487	791,830	688,372	770,499
4110800-Corporation Tax	8,858,498	-	8,858,498	-	9,617,712	-	10,173,304
4113000-Identification Card Fees	-	33,099	33,099	-	33,753	-	34,636
4113400-Insurance Gross Premiums Tax	2,362,738	-	2,362,738	-	2,490,301	-	2,530,729
4113600-Jet Fuel Tax	-	2,392	2,392	-	2,392	-	2,392
4113800-Lien Sale Application Fees	-	1,111	1,111	-	1,122	-	1,133
4114000-Mobilehome In-Lieu Tax	833	1,888	2,721	758	2,646	683	2,571
4115000-Motor Vehicles - Drivers License Fees	-	280,038	280,038	-	298,979	-	323,091
4115100-Motor Vehicles - Fuel Tax - Diesel-	-	339,175	339,175	-	369,467	-	417,580
4115200-Motor Vehicles - Fuel Tax - Gasoline-	-	5,724,181	5,724,181	-	5,307,177	-	4,489,819
4115300-Motor Vehicles - License - In-Lieu-Fees	1,811	-	2,146,129	-	2,195,293	-	2,258,056
4115400-Motor Vehicles - Registration Fees	-	3,566,844	3,566,844	-	3,645,923	-	3,742,996
4115600-Motor Vehicles - Other Fees	-	177,422	177,422	-	171,545	-	173,490
4116200-Personal Income Tax	66,559,659	1,436,000	67,995,659	1,802,000	73,500,570	1,775,000	76,987,557
4117000-Retail Sales and Use Tax	22,263,123	1,466,252	23,729,375	2,046,346	25,484,690	2,741,191	27,907,282
4117200-Retail Sales and Use Tax - Fiscal Recovery	-	1,506,867	1,506,867	-	1,593,000	-	988,000
4117400-Retail Sales and Use Tax - 2011 Realignment	-	5,863,084	5,863,084	-	6,217,187	-	6,634,878
4117600-Retail Sales and Use Tax - 1991 Realignment	-	3,064,538	3,064,538	-	3,195,601	-	3,385,697
TOTALS, MAJOR TAXES AND LICENSES	\$100,487,338	\$26,353,958	\$126,841,296	\$27,589,160	\$135,286,090	\$113,539,189	\$141,197,409
MINOR REVENUES							
REGULATORY TAXES AND LICENSES							
4120000-Beverage Container Redemption Fees	-	1,206,122	1,206,122	-	1,211,021	-	1,211,021
4120400-Building Construction Filing Fees - Physically Handicapped	-	9,035	9,035	-	9,035	-	9,035
4120600-Candidate Filing Fee	976	-	976	196	196	780	780
4120800-Corporation Fees - Domestic Corporations	-	9,169	9,169	-	8,495	-	8,495
4121000-Corporation Fees - Foreign Corporations	-	1,203	1,203	-	1,070	-	1,070
4121200-Delinquent Fees	5	7,530	7,535	2	6,748	2	6,839
4121600-Elevator and Boiler Inspection Fees	-	29,450	29,450	-	29,918	-	13,618
4121800-Employment Agency Filing Fees	91	-	91	98	98	-	98
4122000-Employment Agency License Fees	666	4,448	5,114	675	4,946	675	4,946
4122200-Energy Resources Surcharge	-	515,389	515,389	-	856,923	-	975,808
4122400-Environmental and Hazardous Waste Fees	-	44,560	44,560	-	45,385	-	46,199
4122600-Explosive Permit Fees	-	1	1	1	1	1	1
4122800-Filing Financing Statements	-	2,219	2,219	-	2,175	-	2,175
4123000-Fish and Game - Licenses Tags and Permits	-	100,364	100,364	-	102,808	-	104,115

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

Sources	Actual 2013-14			Estimated 2014-15			Estimated 2015-16		
	General Fund	Special Funds	Total	General Fund	Special Funds	Total	General Fund	Special Funds	Total
4123200-Fish and Game - Taxes	-	873	873	-	875	875	875	881	881
4123400-Genetic Disease Testing Fees	-	123,267	123,267	-	124,887	124,887	124,887	125,378	125,378
4123600-Highway Carriers Uniform Business License Tax	-	-	-	153	-	153	153	-	153
4123720-Horse Racing Licenses	940	12,959	13,899	1,021	13,962	14,983	14,983	14,362	15,383
4123740-Horse Racing Miscellaneous	3	-	3	1	-	1	1	-	1
4123800-Industrial Homework Fees	1	-	1	-	-	-	-	-	-
4124000-Insurance Company - Examination Fees	-	19,171	19,171	-	22,517	22,517	-	22,753	22,753
4124200-Insurance Company - License Fees and Penalties	-	44,715	44,715	-	48,898	48,898	-	54,702	54,702
4124400-Insurance Company - General Fees	-	21,647	21,647	-	24,867	24,867	-	27,159	27,159
4124600-Insurance Company - Proposition 103 Fees	-	27,758	27,758	-	29,208	29,208	-	30,512	30,512
4124800-Insurance Fraud Assessment - Automobile	-	49,084	49,084	-	49,119	49,119	-	50,592	50,592
4125000-Insurance Fraud Assessment - General	-	11,223	11,223	-	12,642	12,642	-	13,786	13,786
4125200-Insurance Fraud Assessment - Workers Compensation	-	50,139	50,139	-	52,055	52,055	-	58,862	58,862
4125400-Liquor License Fees	-	55,550	55,550	-	55,141	55,141	-	55,692	55,692
4125600-New Motor Vehicle Dealer License Fee	-	1,625	1,625	-	1,687	1,687	-	1,687	1,687
4125800-Notary Public License Fees	-	925	925	-	925	925	-	925	925
4126000-Off Highway Vehicle Fees	-	23,775	23,775	-	23,134	23,134	-	23,134	23,134
4126200-Private Rail Car Tax	8,530	-	8,530	8,529	-	8,529	8,529	-	8,529
4126400-Processing Fee	-	498	498	-	375	375	-	375	375
4126600-Public Utilities Commission - Quarterly Fees	-	148,058	148,058	-	126,960	126,960	-	128,584	128,584
4126800-Public Utilities Commission - Penalties on Quarterly Fees	-	1	1	-	1	1	-	1	1
4127000-Real Estate - Examination Fees	-	3,770	3,770	-	3,730	3,730	-	4,425	4,425
4127200-Real Estate - License Fees	-	40,426	40,426	-	39,924	39,924	-	35,710	35,710
4127300-Refinery Fees	-	-	-	-	450	450	-	3,408	3,408
4127400-Renewal Fees	-	255,638	255,638	-	252,296	252,296	-	257,851	257,851
4128000-Subdivision Filing Fees	-	7,302	7,302	-	5,907	5,907	-	6,413	6,413
4128400-Teacher Credential Fees	-	15,305	15,305	-	15,300	15,300	-	15,430	15,430
4128600-Teacher Examination Fees	-	4,165	4,165	-	4,104	4,104	-	4,140	4,140
4128740-Trailer Coach License-In Lieu-Fees	19,189	-	19,189	19,573	-	19,573	19,964	-	19,964
4129000-Other Fees and Licenses	-	1,798	1,798	-	1,466	1,466	-	1,476	1,476
4129200-Other Regulatory Fees	43,413	4,834,133	4,877,546	1,009	10,252,114	10,253,123	1,009	7,686,276	7,687,285
4129400-Other Regulatory Licenses and Permits	4,938	532,190	537,128	5,616	524,696	530,312	5,416	566,089	591,505
4129600-Other Regulatory Taxes	-	89,051	89,051	-	124,513	124,513	-	126,314	126,314
Totals, REGULATORY TAXES AND LICENSES	\$78,752	\$5,304,534	\$8,383,287	\$36,873	\$14,089,603	\$14,126,476	\$37,648	\$11,719,564	\$11,757,212
REVENUE FROM LOCAL AGENCIES									
4130000-Architecture Public Building Fees	-	29,808	29,808	-	36,955	36,955	-	40,280	40,280
4131000-Crimes of Public Offense Fines	56	11,153	11,209	59	10,000	10,059	59	10,000	10,059
4131500-Felony Conviction Penalties	-	52,993	52,993	-	50,001	50,001	-	50,001	50,001
4132000-Fingerprint Identification Card Fees	-	70,891	70,891	-	71,612	71,612	-	71,612	71,612
4132500-Fish and Game Fines	-	610	610	-	756	756	-	532	532

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

Sources	Actual 2013-14			Estimated 2014-15			Estimated 2015-16		
	General Fund	Special Funds	Total	General Fund	Special Funds	Total	General Fund	Special Funds	Total
4133000-Fish and Game Fines - Additional Assessments	-	64	64	-	65	65	-	65	65
4133500-Fish and Game Fines - Penalty Assessments	-	391	391	-	525	525	-	642	642
4134000-Local Agencies - Interest on Loans	196	923	1,119	196	830	1,026	196	709	905
4134500-Local Agencies - Cost Recoveries	15,984	9,567	25,551	20,582	9,663	30,245	22,334	9,759	32,093
4135000-Local Agencies - Miscellaneous Revenue	183,688	1,383,447	1,567,135	163,848	1,371,842	1,535,690	148,786	1,386,832	1,515,618
4135500-Narcotic Fines	1,477	-	1,477	1,000	-	1,000	1,000	-	1,000
4136000-Open Space Cancellation Fee	-	2,527	2,527	-	2,723	2,723	-	2,733	2,733
4136500-Traffic Violation Penalties	-	70,750	70,750	-	68,440	68,440	-	78,637	78,637
Totals, REVENUE FROM LOCAL AGENCIES	\$201,401	\$1,633,125	\$1,834,526	\$185,685	\$1,623,412	\$1,809,097	\$172,375	\$1,631,802	\$1,804,177
SERVICES TO THE PUBLIC									
4140000-Document Sales	59	3,967	4,026	103	4,074	4,177	103	4,104	4,207
4140500-Emergency Telephone Users Surcharge	-	85,223	85,223	-	96,000	96,000	-	96,000	96,000
4142500-License Plate Fees - Personalized Plates	-	53,908	53,908	-	53,831	53,831	-	55,078	55,078
4143000-Medicare Receipts - Federal Government	15,666	-	15,666	11,010	-	11,010	10,024	-	10,024
4143500-Miscellaneous Services to the Public	2,237	163,843	166,080	1,716	167,321	169,036	1,716	188,088	189,804
4144000-Parental Fees	-	5,807	5,807	-	6,207	6,207	-	6,207	6,207
4144500-Parking Lot Revenues	-	9,837	9,837	-	10,550	10,550	-	10,554	10,554
4145000-Pay Patients Board Charges	13,730	-	13,730	9,379	-	9,379	8,161	-	8,161
4145500-Secretary of State - Fees	79	31,779	31,858	178	29,046	29,224	90	28,961	29,051
4146000-State Beach and Park Service Fees	-	98,213	98,213	-	106,054	106,054	-	106,911	106,911
Totals, SERVICES TO THE PUBLIC	\$31,771	\$452,577	\$484,348	\$22,386	\$473,083	\$495,469	\$20,094	\$475,903	\$495,997
USE OF PROPERTY AND MONEY									
4150000-Geothermal Resources Well Fees	-	4,886	4,886	-	4,200	4,200	-	4,200	4,200
4150500-Interest Income - Interfund Loans	-	23,313	23,313	-	17,816	17,816	-	1,493	1,493
4151000-Interest Income - Other Loans	4,438	6,146	10,584	4,004	12,866	16,870	4,111	4,222	8,333
4151500-Miscellaneous Revenue - Use of Property and Money	470	19,951	20,421	268	22,432	22,700	268	21,331	21,599
4152000-Oil and Gas Leases - 1 Percent Revenue Cities and Counties	784	-	784	718	-	718	623	-	623
4152500-Rental of State Property	18,003	56,937	74,940	18,790	56,725	75,515	19,055	56,600	75,655
4153000-Sale of Natural Resources	-	31	31	-	-	-	-	-	-
4153500-Fees for Use of State Property	-	-	-	-	31	31	-	31	31
4154000-Royalties - Federal Land	-	81,945	81,945	-	81,945	81,945	-	81,994	81,994
4154500-Royalties - School Land	-	30	30	30	-	30	30	-	30
4155000-Royalties - State Lands	445,172	-	445,172	342,353	-	342,353	285,974	-	285,974
Totals, USE OF PROPERTY AND MONEY	\$468,867	\$193,240	\$662,107	\$366,133	\$196,045	\$562,178	\$310,031	\$169,901	\$479,932
INVESTMENT INCOME									
4160000-Investment Income - Condemnation Deposits Fund	-	164	164	-	135	135	-	101	101
4161000-Investment Income - Other	-	113	113	-	-	-	-	-	-
4162000-Investment Income - Pooled Money Investments	15,998	167	16,165	20,664	192	20,856	45,491	172	45,663

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

Sources	Actual 2013-14			Estimated 2014-15			Estimated 2015-16		
	General Fund	Special Funds	Total	General Fund	Special Funds	Total	General Fund	Special Funds	Total
4163000-Investment Income - Surplus Money Investments	638	17,318	17,956	601	24,793	25,394	601	22,969	23,570
Totals - INVESTMENT INCOME	\$16,636	\$17,762	\$34,398	\$21,265	\$25,120	\$46,385	\$46,092	\$23,242	\$69,334
MISCELLANEOUS									
4170100-Abandoned Property Revenue	364,000	-	364,000	441,500	-	441,500	451,871	-	451,871
4170400-Capital Asset Sales Proceeds	4	60,415	60,419	-	42,042	42,042	-	148	148
4170600-Carbon Allowances Auction Proceeds	-	477,140	477,140	-	650,000	650,000	-	1,000,000	1,000,000
4170700-Civil and Criminal Violation Assessment	330	175,915	176,245	225	205,625	205,850	200	186,509	186,709
4170800-Confiscated Property Sales	7,952	49	8,001	7,846	32	7,878	7,846	30	7,876
4171000-Cost Recoveries - Delinquent Receivables	12,533	96	12,629	12,254	65	12,319	12,254	62	12,316
4171100-Cost Recoveries - Other	32,038	106,337	138,375	36,730	112,331	149,060	42,841	110,443	153,284
4171200-Court Filing Fees and Surcharges	-	592,710	592,710	-	551,002	551,002	-	535,243	535,243
4171300-Donations	226	1,096	1,322	1,001,209	1,001,210	1,001,210	-	651,086	651,086
4171400-Escheat - Unclaimed Checks Warrants Bonds and Coupons	29,586	5,293	34,879	30,077	8,825	38,902	30,076	8,874	38,951
4171500-Escheat - Unclaimed Property	-	7	7	-	-	-	-	-	-
4172000-Fines and Forfeitures	3,073	203,538	206,611	3,166	199,487	202,653	3,166	198,408	201,574
4172200-Fine and Penalties - Horse Racing	126	-	126	190	-	190	190	-	190
4172240-Fines and Penalties - External - Other	-	187	187	-	250	250	-	250	250
4172400-Forest Product Sales	-	-1,696	-1,696	-	-	-	-	-	-
4172500-Miscellaneous Revenue	156,223	394,604	550,826	137,387	388,676	526,063	137,465	386,176	523,641
4172800-Parking Violations	16,322	1,440	17,762	16,867	1,527	18,394	16,867	1,527	18,394
4172900-Penalty Assessments - Criminal Fines	-	245,954	245,954	-	223,676	223,676	-	211,452	211,452
4173000-Penalty Assessments - Other	90,279	274,974	365,252	352,891	229,214	582,105	52,891	232,285	285,176
4173100-Personal Income Tax - Penalties and Interest	-	23,048	23,048	-	19,040	19,040	-	22,167	22,167
4173200-Proceeds from Estates of Deceased Persons	312	-	312	312	-	312	312	-	312
4173300-Sales - Other	-	2	2	-	1	1	-	1	1
4173400-Settlements and Judgments - Anti-Trust Actions-Attorney General-	-	2,606	2,606	-	2,400	2,400	-	2,400	2,400
4173500-Settlements and Judgments - Other	62,844	12,116	74,960	37,105	9,433	46,538	2,032	9,733	11,765
4173600-State Public Land Sales	-	14,512	14,512	-	16,605	16,605	-	15,908	15,908
4173800-Traffic Violations	-	37,649	37,649	-	35,746	35,746	-	34,388	34,388
4173900-Tribal Gaming Revenues	236,497	45,187	281,684	243,354	48,978	292,332	247,439	50,173	297,612
4174100-Unemployment and Disability Insurance Contributions - Penalties and Inte	-	111,034	111,034	-	101,034	101,034	-	115,764	115,764
4174200-Uninsured Motorist Fees	1,069	258	1,327	1,127	261	1,388	1,127	263	1,390
4180000-Cash Adjustment for Transportation Funds -SAL I-	-	-66,467	-66,467	-	-100,000	-100,000	-	-	-
4180050-Cash Adjustment for Transportation Funds -SAL E-	-	138,000	138,000	-	159,500	159,500	-	53,500	53,500
4180100-Prior Year Revenue Adjustments	-	-	-	-	281,235	281,235	-	-	-
4524000-Other Receipts	-	-20	-20	-	-	-	-	-	-
Totals, MISCELLANEOUS	\$1,013,413	\$2,855,582	\$3,869,395	\$1,321,032	\$4,188,194	\$5,509,226	\$1,006,577	\$3,826,789	\$4,833,366
TOTALS - MINOR REVENUES	\$1,810,840	\$13,457,219	\$15,268,060	\$1,953,373	\$20,595,457	\$22,548,931	\$1,592,817	\$17,847,202	\$19,440,019
TOTALS, REVENUES	\$102,298,178	\$39,811,178	\$142,109,356	\$109,650,303	\$48,184,618	\$157,834,920	\$115,132,006	\$45,505,421	\$160,637,427

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

Sources	Actual 2013-14			Estimated 2014-15			Estimated 2015-16		
	General Fund	Special Funds	Total	General Fund	Special Funds	Total	General Fund	Special Funds	Total
TRANSFERS AND LOANS									
Revenue Transfers	511,019	-240,379	270,640	-751,441	726,519	-24,922	-679,573	614,269	-65,305
Loans	590,998	-613,942	-22,944	-1,472	-27,844	-28,316	-5,466	6,466	1,000
Loan Repayments	-725,537	625,537	-100,000	-855,448	852,030	-3,418	-1,066,926	763,468	-303,458
TOTALS, TRANSFERS AND LOANS	\$376,481	-\$228,784	\$147,697	-\$1,608,361	\$1,550,705	-\$57,656	-\$1,751,965	\$1,384,203	-\$367,763
TOTALS, REVENUES, TRANSFERS AND LOANS	\$102,674,668	\$39,582,394	\$142,257,062	\$108,041,941	\$49,735,323	\$157,777,264	\$113,380,041	\$46,889,623	\$160,269,665

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

	Actual 2013-14				Estimated 2014-15				Estimated 2015-16					
	General Fund	Special Funds	Selected Bond Funds	Budget Total	Federal Funds	General Fund	Special Funds	Selected Bond Funds	Budget Total	Federal Funds	General Fund	Special Funds	Selected Bond Funds	Budget Total
LEGISLATIVE, JUDICIAL, AND EXECUTIVE														
0110-Senate														
State Operations	115,692	--	--	115,692	--	116,247	--	--	116,247	--	--	--	--	116,247
Totals,0110-Senate	\$115,692	--	--	\$115,692	--	\$116,247	--	--	\$116,247	--	--	--	--	\$116,247
0120-Assembly														
State Operations	152,438	--	--	152,438	--	153,170	--	--	153,170	--	--	--	--	153,170
Totals,0120-Assembly	\$152,438	--	--	\$152,438	--	\$153,170	--	--	\$153,170	--	--	--	--	\$153,170
0130-Joint Expenses														
State Operations	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Totals,0130-Joint Expenses	--	--	--	--	--	--	--	--	--	--	--	--	--	--
0160-Legislative Counsel Bureau														
State Operations	76,333	--	--	76,333	--	78,015	--	--	78,015	--	--	--	--	78,533
Totals,0160-Legislative Counsel Bureau	\$76,333	--	--	\$76,333	--	\$78,015	--	--	\$78,015	--	--	--	--	\$78,533
Legislative														
State Operations	344,463	--	--	344,463	--	347,432	--	--	347,432	--	--	--	--	347,950
Totals, Legislative	\$344,463	--	--	\$344,463	--	\$347,432	--	--	\$347,432	--	--	--	--	\$347,950
0250-Judicial Branch														
State Operations	342,909	266,319	--	609,228	2,814	363,226	364,164	--	727,390	4,312	364,309	380,694	--	745,003
Local Assistance	865,311	1,516,900	--	2,382,211	1,166	1,081,512	1,393,822	--	2,475,334	2,275	1,221,156	1,417,660	--	2,638,816
Capital Outlay	--	18,636	--	18,636	--	182,252	182,252	--	182,252	--	76,936	76,936	--	76,936
Totals,0250-Judicial Branch	\$1,208,221	\$1,801,854	--	\$3,010,075	\$3,980	\$1,444,738	\$1,940,237	--	\$3,384,975	\$6,587	\$1,585,465	\$1,875,290	--	\$3,460,755
0280-Commission on Judicial Performance														
State Operations	4,048	--	--	4,048	--	4,340	--	--	4,340	--	4,343	--	--	4,343
Totals,0280-Commission on Judicial Performance	\$4,048	--	--	\$4,048	--	\$4,340	--	--	\$4,340	--	\$4,343	--	--	\$4,343
0390-Judges Retirement System Contributions														
State Operations	3,842	--	--	3,842	--	3,709	--	--	3,709	--	3,683	--	--	3,683
Local Assistance	242,501	--	--	242,501	--	238,802	--	--	238,802	--	253,553	--	--	253,553
Totals,0390-Judges Retirement System Contributions	\$246,342	--	--	\$246,342	--	\$242,511	--	--	\$242,511	--	\$257,236	--	--	\$257,236
Judicial														
State Operations	350,799	266,319	--	617,118	2,814	371,275	364,164	--	735,439	4,312	372,335	380,694	--	753,029
Local Assistance	1,107,812	1,516,900	--	2,624,712	1,166	1,320,314	1,393,822	--	2,714,136	2,275	1,474,709	1,417,660	--	2,892,369
Capital Outlay	--	18,636	--	18,636	--	182,252	182,252	--	182,252	--	76,936	76,936	--	76,936
Totals, Judicial	\$1,458,611	\$1,801,854	--	\$3,260,466	\$3,980	\$1,691,589	\$1,940,237	--	\$3,631,827	\$6,587	\$1,847,044	\$1,875,290	--	\$3,722,334
0500-Governors Office														
State Operations	9,511	--	--	9,511	--	11,131	--	--	11,131	--	11,165	--	--	11,165
Totals, 0500-Governors Office	\$9,511	--	--	\$9,511	--	\$11,131	--	--	\$11,131	--	\$11,165	--	--	\$11,165
0509-Governors Office of Bus Econ Developm														
State Operations	6,471	90	--	6,562	27,414	11,683	123	--	11,806	27,609	10,280	117	--	10,397
Totals, 0509-Governors Office of Bus Econ Developm	\$6,471	\$90	--	\$6,562	\$27,414	\$11,683	\$123	--	\$11,806	\$27,609	\$10,280	\$117	--	\$10,397
0511-Government Operations Secretary														
State Operations	1,327	--	--	1,327	--	1,264	--	--	1,264	--	1,264	--	--	1,264
Totals, 0511-Government Operations Secretary	\$1,327	--	--	\$1,327	--	\$1,264	--	--	\$1,264	--	\$1,264	--	--	\$1,264
0515-Business Consumer Svcs Housing Scty														
State Operations	13	485	--	498	--	107	739	--	846	--	108	765	--	873
Totals, 0515-Business Consumer Svcs Housing Scty	\$13	\$485	--	\$498	--	\$107	\$739	--	\$846	--	\$108	\$765	--	\$873

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

	Actual 2013-14						Estimated 2014-15						Estimated 2015-16					
	General Fund	Special Funds	Selected Bond Funds	Budget Total	Federal Funds	General Fund	Special Funds	Selected Bond Funds	Budget Total	Federal Funds	General Fund	Special Funds	Selected Bond Funds	Budget Total	Federal Funds			
0521-Transportation Secy																		
State Operations		2,021	--	2,021	58,380	--	2,639	--	2,639	59,344	--	2,641	--	2,641	59,545			
Local Assistance		--	--	--	40,488	--	--	--	--	57,749	--	100,000	--	100,000	36,993			
Totals, 0521-Transportation Secy		\$2,021	--	\$2,021	\$98,869	--	\$2,639	--	\$2,639	\$117,093	--	\$102,641	--	\$102,641	\$96,538			
0530-Health Human Services Agency Secy																		
State Operations	2,410	17,901	--	20,311	1,969	4,477	2,124	--	6,601	3,643	2,089	--	--	6,213	3,643			
Totals, 0530-Health Human Services Agency Secy	\$2,410	\$17,901	--	\$20,311	\$1,969	\$4,477	\$2,124	--	\$6,601	\$3,643	\$2,089	--	--	\$6,213	\$3,643			
0540-Natural Resources Agency Secy																		
State Operations	--	5,289	3,150	8,439	1,602	--	5,890	5,892	11,783	9,209	--	8,017	8,065	16,082	9,209			
Local Assistance	--	5,458	23,159	28,616	--	--	11,100	26,341	37,441	--	--	13,400	13,873	27,273	--			
Totals, 0540-Natural Resources Agency Secy	--	\$10,746	\$26,309	\$37,055	\$1,602	--	\$16,990	\$32,233	\$49,224	\$9,209	--	\$21,417	\$21,938	\$43,355	\$9,209			
0552-Office of the Inspector General																		
State Operations	14,021	--	--	14,021	--	17,617	--	--	17,617	--	--	--	--	17,715	--			
Totals, 0552-Office of the Inspector General	\$14,021	--	--	\$14,021	--	\$17,617	--	--	\$17,617	--	--	--	--	\$17,715	--			
0555-Environmental Protection Secy																		
State Operations	1,833	7,923	--	9,756	395	1,905	12,441	--	14,346	1,888	1,907	10,813	--	12,720	1,888			
Totals, 0555-Environmental Protection Secy	\$1,833	\$7,923	--	\$9,756	\$395	\$1,905	\$12,441	--	\$14,346	\$1,888	\$1,907	\$10,813	--	\$12,720	\$1,888			
0559-Labor and Workforce Development Secy																		
State Operations	--	232	--	232	--	--	269	--	269	--	--	324	--	324	--			
Totals, 0559-Labor and Workforce Development Secy	--	\$232	--	\$232	--	--	\$269	--	\$269	--	--	\$324	--	\$324	--			
0650-Office of Planning and Research																		
State Operations	2,726	--	--	2,726	1,528	5,996	824	--	6,819	1,845	2,678	1,199	--	3,877	1,876			
Local Assistance	--	--	--	--	22,005	5,000	129,201	--	134,201	26,000	--	200,000	--	200,000	26,000			
Totals, 0650-Office of Planning and Research	\$2,726	--	--	\$2,726	\$23,534	\$10,996	\$130,025	--	\$141,020	\$27,845	\$2,678	\$201,199	--	\$203,877	\$27,876			
0690-Office of Emergency Services																		
State Operations	42,815	5,149	633	48,597	50,229	47,137	17,183	2,689	67,009	71,640	17,026	2,690	2,690	66,528	70,851			
Local Assistance	55,828	99,450	100,000	255,278	396,050	61,597	131,019	100,000	292,616	929,666	61,597	131,543	100,000	293,140	929,166			
Capital Outlay	--	--	--	--	--	2,683	--	--	2,683	--	2,789	--	--	2,789	--			
Totals, 0690-Office of Emergency Services	\$98,643	\$104,599	\$100,633	\$303,876	\$446,280	\$111,417	\$148,202	\$102,689	\$362,308	\$1,001,306	\$111,198	\$148,569	\$102,690	\$362,457	\$1,000,017			
Executive and Governor																		
State Operations	81,128	39,089	3,783	124,000	141,518	101,316	42,231	8,582	152,129	175,177	96,053	42,991	10,755	149,798	147,012			
Local Assistance	55,828	104,908	123,159	283,895	458,544	66,597	271,320	126,341	464,258	1,013,415	61,597	444,943	113,873	620,413	992,159			
Capital Outlay	--	--	--	--	--	2,683	--	--	2,683	--	2,789	--	--	2,789	--			
Totals, Executive and Governor	\$136,957	\$143,996	\$126,942	\$407,895	\$600,062	\$170,596	\$313,551	\$134,923	\$619,070	\$1,188,592	\$160,439	\$487,934	\$124,628	\$773,000	\$1,139,171			
0750-Office of the Lieutenant Governor																		
State Operations	1,021	--	--	1,021	--	1,068	--	--	1,068	--	--	--	--	1,068	--			
Totals, 0750-Office of the Lieutenant Governor	\$1,021	--	--	\$1,021	--	\$1,068	--	--	\$1,068	--	--	--	--	\$1,068	--			
0820-Department of Justice																		
State Operations	171,662	258,718	--	430,380	25,068	200,571	282,701	--	483,272	34,315	200,992	287,719	--	488,711	34,470			
Local Assistance	--	4,883	--	4,883	--	--	4,883	--	4,883	--	--	4,883	--	4,883	--			
Totals, 0820-Department of Justice	\$171,662	\$263,601	--	\$435,263	\$25,068	\$200,571	\$287,584	--	\$488,155	\$34,315	\$200,992	\$292,602	--	\$493,594	\$34,470			
0840-State Controller																		
State Operations	54,948	8,080	1,475	64,503	881	55,576	9,471	1,755	66,801	1,188	49,476	16,271	1,854	67,601	1,224			
Local Assistance	-117	--	--	-117	--	-52	--	--	-52	--	-52	--	--	-52	--			
Totals, 0840-State Controller	\$54,831	\$8,080	\$1,475	\$64,385	\$881	\$55,524	\$9,471	\$1,755	\$66,749	\$1,188	\$49,424	\$16,271	\$1,854	\$67,549	\$1,224			

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

	Actual 2013-14				Estimated 2014-15				Estimated 2015-16						
	General Fund	Special Funds	Selected Bond Funds	Budget Total	Federal Funds	General Fund	Special Funds	Selected Bond Funds	Budget Total	Federal Funds	General Fund	Special Funds	Selected Bond Funds	Budget Total	Federal Funds
0845-Department of Insurance															
State Operations	--	174,390	--	174,390	2,676	3,643	187,886	--	191,529	3,103	5,171	189,311	--	194,482	808
Local Assistance	--	62,178	--	62,178	--	1,000	61,391	--	62,391	--	1,000	64,618	--	65,618	--
Totals,0845-Department of Insurance	--	\$236,568	--	\$236,568	\$2,676	\$4,643	\$249,277	--	\$253,920	\$3,103	\$6,171	\$253,929	--	\$260,100	\$808
0855-Gambling Control Commission															
State Operations	--	5,587	--	5,587	--	--	6,467	--	6,467	--	--	6,591	--	6,591	--
Local Assistance	--	9,061	--	9,061	--	--	--	--	--	--	--	--	--	--	--
Totals,0855-Gambling Control Commission	--	\$14,648	--	\$14,648	--	--	\$6,467	--	\$6,467	--	--	\$6,591	--	\$6,591	--
0860-State Board of Equalization															
State Operations	296,544	72,978	--	369,522	83	326,588	85,259	--	411,846	439	323,619	85,441	--	409,060	435
Totals,0860-State Board of Equalization	\$296,544	\$72,978	--	\$369,522	\$83	\$326,588	\$85,259	--	\$411,846	\$439	\$323,619	\$85,441	--	\$409,060	\$435
0890-Secretary of State															
State Operations	10,347	43,912	--	54,258	20,936	31,265	56,014	--	87,278	24,095	28,352	58,696	--	87,048	33,997
Local Assistance	--	--	--	--	1,300	--	--	--	--	2,776	--	--	--	--	3,621
Totals,0890-Secretary of State	\$10,347	\$43,912	--	\$54,258	\$22,236	\$31,265	\$56,014	--	\$87,278	\$26,871	\$28,352	\$58,696	--	\$87,048	\$37,618
0911-Citizens Redistricting Initiative															
State Operations	61	--	--	61	--	107	--	--	107	--	87	--	--	87	--
Totals,0911-Citizens Redistricting Initiative	\$61	--	--	\$61	--	\$107	--	--	\$107	--	\$87	--	--	\$87	--
0950-State Treasurer															
State Operations	2,955	--	--	2,955	--	4,817	--	--	4,817	--	4,815	--	--	4,815	--
Totals,0950-State Treasurer	\$2,955	--	--	\$2,955	--	\$4,817	--	--	\$4,817	--	\$4,815	--	--	\$4,815	--
0954-Scholarshare Investment Board															
State Operations	371	--	--	371	--	359	--	--	359	--	360	--	--	360	--
Totals,0954-Scholarshare Investment Board	\$371	--	--	\$371	--	\$359	--	--	\$359	--	\$360	--	--	\$360	--
0956-Debt Investment Advisory Commission															
State Operations	--	2,481	--	2,481	--	--	2,938	--	2,938	--	--	2,989	--	2,989	--
Totals,0956-Debt Investment Advisory Commission	--	\$2,481	--	\$2,481	--	--	\$2,938	--	\$2,938	--	--	\$2,989	--	\$2,989	--
0959-Debt Limit Allocation Committee															
State Operations	--	1,154	--	1,154	--	--	1,443	--	1,443	--	--	1,360	--	1,360	--
Totals,0959-Debt Limit Allocation Committee	--	\$1,154	--	\$1,154	--	--	\$1,443	--	\$1,443	--	--	\$1,360	--	\$1,360	--
0965-Industrial Dvlimt Financing Advisory Comm															
State Operations	--	13	--	13	--	--	40	--	40	--	--	40	--	40	--
Totals,0965-Industrial Dvlimt Financing Advisory Comm	--	\$13	--	\$13	--	--	\$40	--	\$40	--	--	\$40	--	\$40	--
0968-Tax Credit Allocation Committee															
State Operations	--	5,655	--	5,655	--	--	6,533	--	6,533	--	--	6,820	--	6,820	--
Local Assistance	--	192	--	192	--	--	190	--	190	--	--	190	--	190	--
Totals,0968-Tax Credit Allocation Committee	--	\$5,847	--	\$5,847	--	--	\$6,723	--	\$6,723	--	--	\$7,010	--	\$7,010	--
0971-Alt Energy Advanced Trans Fin Auth															
State Operations	--	237	--	237	--	--	683	--	683	--	--	554	--	554	--
Local Assistance	--	--	--	--	--	--	29,887	--	29,887	--	--	--	--	--	--
Totals,0971-Alt Energy Advanced Trans Fin Auth	--	\$237	--	\$237	--	--	\$30,570	--	\$30,570	--	--	\$554	--	\$554	--
0974-Pollution Control Financing Authority															
Local Assistance	--	--	--	--	27,804	--	--	--	--	28,666	--	--	--	--	28,666
Totals,0974-Pollution Control Financing Authority	--	--	--	--	\$27,804	--	--	--	--	\$28,666	--	--	--	--	\$28,666
0977-Health Facilities Financing Authority															
State Operations	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Totals,0977-Health Facilities Financing Authority	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

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

	Actual 2013-14						Estimated 2014-15						Estimated 2015-16							
	General Fund	Special Funds	Selected Bond Funds	Budget Total	Federal Funds	General Fund	Special Funds	Selected Bond Funds	Budget Total	Federal Funds	General Fund	Special Funds	Selected Bond Funds	Budget Total	Federal Funds	General Fund	Special Funds	Selected Bond Funds	Budget Total	Federal Funds
State Operations	371	--	383	755	--	129	--	518	647	--	--	--	518	518	--	--	--	518	518	--
Local Assistance	70,831	4,474	50,953	126,258	--	71,169	4,000	120,000	195,169	--	--	4,000	100,000	104,000	--	--	4,000	100,000	104,000	--
Totals,0977-Health Facilities Financing Authority	\$71,202	\$4,474	\$51,336	\$127,013	--	\$71,298	\$4,000	\$120,518	\$195,816	--	--	\$4,000	\$100,518	\$104,518	--	--	\$4,000	\$100,518	\$104,518	--
0985-School Finance Authority																				
State Operations	225	--	533	758	134	386	--	1,070	1,456	151	386	--	1,071	1,457	150	386	--	1,071	1,457	150
Local Assistance	120,111	--	--	120,111	9,821	92,031	--	--	92,031	20,000	142,031	--	--	142,031	20,000	142,031	--	--	142,031	20,000
Totals,0985-School Finance Authority	\$120,337	--	\$533	\$120,870	\$9,956	\$92,417	--	\$1,070	\$93,487	\$20,151	\$142,417	--	--	\$142,417	\$20,151	\$142,417	--	--	\$142,417	\$20,151
0996-General Obligation Bonds-LJE																				
State Operations	17,984	--	--	17,984	--	9,088	--	--	9,088	--	18,371	--	--	18,371	--	18,371	--	--	18,371	--
Totals,0996-General Obligation Bonds-LJE	\$17,984	--	--	\$17,984	--	\$9,088	--	--	\$9,088	--	\$18,371	--	--	\$18,371	--	\$18,371	--	--	\$18,371	--
Exec and Const Offices																				
State Operations	556,491	573,205	2,391	1,132,087	49,778	633,597	639,435	3,342	1,276,374	63,291	632,696	655,792	3,443	1,291,932	71,084	632,696	655,792	3,443	1,291,932	71,084
Local Assistance	190,825	80,788	50,953	322,565	38,926	164,148	100,351	120,000	384,499	51,442	142,979	73,691	100,000	316,670	52,287	142,979	73,691	100,000	316,670	52,287
Totals, Exec and Const Offices	\$747,317	\$653,993	\$53,343	\$1,454,653	\$88,704	\$797,745	\$739,786	\$123,342	\$1,660,874	\$114,733	\$775,675	\$729,483	\$103,443	\$1,608,602	\$123,371	\$775,675	\$729,483	\$103,443	\$1,608,602	\$123,371
TOTALS, LEGISLATIVE, JUDICIAL, AND EXECUTIVE	\$2,687,347	\$2,599,843	\$180,286	\$5,467,476	\$692,746	\$3,007,363	\$2,993,675	\$256,265	\$6,259,202	\$1,309,912	\$3,131,108	\$3,092,707	\$228,071	\$6,451,886	\$1,269,138	\$3,131,108	\$3,092,707	\$228,071	\$6,451,886	\$1,269,138
State Operations	1,332,881	878,613	6,174	2,217,668	194,110	1,453,620	1,045,830	11,924	2,511,374	242,780	1,449,034	1,079,477	14,198	2,542,709	222,417	1,449,034	1,079,477	14,198	2,542,709	222,417
Local Assistance	1,354,466	1,702,595	174,111	3,231,172	498,636	1,551,059	1,765,493	246,341	3,562,894	1,067,132	1,679,285	1,936,294	213,873	3,829,452	1,046,721	1,679,285	1,936,294	213,873	3,829,452	1,046,721
Capital Outlay	--	18,636	--	18,636	--	2,683	182,252	--	184,935	--	2,789	76,936	--	79,725	--	2,789	76,936	--	79,725	--
BUSINESS, CONSUMER SERVICES, & HOUSING																				
1110-Department of Consumer Affairs Boards																				
State Operations	--	272,936	--	272,936	--	--	312,133	--	312,133	--	--	303,440	--	303,440	--	--	303,440	--	303,440	--
Local Assistance	--	--	--	--	--	--	--	--	--	--	--	150	--	150	--	--	150	--	150	--
Totals,1110-Department of Consumer Affairs Boards	--	\$272,936	--	\$272,936	--	--	\$312,133	--	\$312,133	--	--	\$303,590	--	\$303,590	--	--	\$303,590	--	\$303,590	--
1111-Department of Consumer Affairs Bureaus																				
State Operations	--	249,935	--	249,935	--	--	291,232	--	291,232	--	--	282,953	--	282,953	--	--	282,953	--	282,953	--
Totals,1111-Department of Consumer Affairs Bureaus	--	\$249,935	--	\$249,935	--	--	\$291,232	--	\$291,232	--	--	\$282,953	--	\$282,953	--	--	\$282,953	--	\$282,953	--
1690-Seismic Safety Commission A E Alquist																				
State Operations	--	1,083	--	1,083	--	--	1,185	--	1,185	--	--	1,380	--	1,380	--	--	1,380	--	1,380	--
Totals,1690-Seismic Safety Commission A E Alquist	--	\$1,083	--	\$1,083	--	--	\$1,185	--	\$1,185	--	--	\$1,380	--	\$1,380	--	--	\$1,380	--	\$1,380	--
1700-Department of Fair Employment Housing																				
State Operations	11,483	--	--	11,483	5,411	17,004	--	--	17,004	5,679	17,019	--	--	17,019	5,700	17,019	--	--	17,019	5,700
Totals,1700-Department of Fair Employment Housing	\$11,483	--	--	\$11,483	\$5,411	\$17,004	--	--	\$17,004	\$5,679	\$17,019	--	--	\$17,019	\$5,700	\$17,019	--	--	\$17,019	\$5,700
1701-Business Oversight																				
State Operations	--	75,419	--	75,419	--	--	85,181	--	85,181	--	--	88,490	--	88,490	--	--	88,490	--	88,490	--
Totals,1701-Business Oversight	--	\$75,419	--	\$75,419	--	--	\$85,181	--	\$85,181	--	--	\$88,490	--	\$88,490	--	--	\$88,490	--	\$88,490	--
1750-Horse Racing Board																				
State Operations	--	11,637	--	11,637	--	--	12,108	--	12,108	--	--	13,263	--	13,263	--	--	13,263	--	13,263	--
Totals,1750-Horse Racing Board	--	\$11,637	--	\$11,637	--	--	\$12,108	--	\$12,108	--	--	\$13,263	--	\$13,263	--	--	\$13,263	--	\$13,263	--
1996-General Obligation Bonds-BCH																				
State Operations	621,974	--	--	621,974	--	713,481	--	--	713,481	--	612,264	--	--	612,264	--	612,264	--	--	612,264	--
Totals,1996-General Obligation Bonds-BCH	\$621,974	--	--	\$621,974	--	\$713,481	--	--	\$713,481	--	\$612,264	--	--	\$612,264	--	\$612,264	--	--	\$612,264	--
2100-Department of Alcoholic Beverage Control																				
State Operations	--	51,602	--	51,602	--	--	56,570	--	56,570	--	--	56,623	--	56,623	--	--	56,623	--	56,623	--

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

	Actual 2013-14				Estimated 2014-15				Estimated 2015-16						
	General Fund	Special Funds	Selected Bond Funds	Budget Total	Federal Funds	General Fund	Special Funds	Selected Bond Funds	Budget Total	Federal Funds	General Fund	Special Funds	Selected Bond Funds	Budget Total	Federal Funds
Local Assistance	-	3,000	-	3,000	-	-	-	-	3,000	-	-	-	-	3,000	-
Totals,2100-Department of Alcoholic Beverage Control	-	\$54,602	-	\$54,602	-	-	-	-	\$59,570	-	-	-	-	\$59,570	-
2120-Alcoholic Beverage Control Appeals Board	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
State Operations	-	885	-	885	-	-	1,049	-	1,049	-	-	-	-	1,043	-
Totals,2120-Alcoholic Beverage Control Appeals Board	-	\$885	-	\$885	-	-	\$1,049	-	\$1,049	-	-	-	-	\$1,043	-
2240-Dept of Housing Community Development	1,469	27,497	7,617	36,582	8,393	3,099	27,834	6,005	36,938	9,061	3,961	22,330	22,330	56,186	8,604
Local Assistance	5,629	-	145,304	150,933	119,202	105,629	-	211,859	317,488	111,570	5,629	-	117,358	122,987	111,570
Totals,2240-Dept of Housing Community Development	\$7,098	\$27,497	\$152,921	\$187,515	\$127,596	\$108,728	\$27,834	\$217,865	\$354,426	\$120,631	\$9,590	\$29,896	\$139,687	\$179,173	\$120,174
TOTALS- BUSINESS, CONSUMER SERVICES, & HOUSING	\$640,565	\$693,994	\$152,921	\$1,487,470	\$133,007	\$839,213	\$790,291	\$217,865	\$1,847,368	\$126,310	\$638,873	\$780,238	\$139,687	\$1,558,798	\$125,874
State Operations	634,926	690,994	7,617	1,333,537	13,804	733,584	787,291	6,005	1,526,880	14,740	633,244	777,088	22,330	1,432,661	14,304
Local Assistance	5,629	3,000	145,304	153,933	119,202	105,629	3,000	211,859	320,488	111,570	5,629	3,150	117,358	126,137	111,570
TRANSPORTATION	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2600-California Transportation Commission	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
State Operations	-	2,037	250	2,287	-	-	2,518	627	3,145	-	-	2,781	628	3,409	-
Local Assistance	-	-	4,551	4,551	-	-	-	25,000	25,000	-	-	-	25,000	25,000	-
Totals,2600-California Transportation Commission	-	\$2,037	\$4,801	\$6,838	-	-	\$2,518	\$25,627	\$28,145	-	-	\$2,781	\$25,628	\$28,409	-
2640-State Transit Assistance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Local Assistance	-	408,102	278,417	686,519	-	-	410,933	649,184	1,060,117	-	-	437,798	150,000	587,798	-
Totals,2640-State Transit Assistance	-	\$408,102	\$278,417	\$686,519	-	-	\$410,933	\$649,184	\$1,060,117	-	-	\$437,798	\$150,000	\$587,798	-
2660-Department of Transportation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
State Operations	-	3,263,268	179,213	3,442,481	826,233	-	2,752,725	142,332	2,895,057	977,270	-	2,774,833	142,184	2,917,017	896,806
Local Assistance	-	690,509	869,635	1,560,144	1,723,020	-	496,836	212,079	708,915	1,851,943	-	382,244	86,286	468,530	1,837,411
Capital Outlay	-	326,291	934,877	1,261,168	1,222,182	-	417,443	365,613	773,056	1,925,559	-	501,230	393,218	894,448	1,887,840
Unclassified	83,416	-	-	-	-	83,416	-	-	-	5,000	84,039	-	-	-	5,000
Totals,2660-Department of Transportation	\$83,416	\$4,196,652	\$1,983,726	\$6,263,794	\$3,771,435	\$83,416	\$3,583,588	\$710,024	\$4,377,028	\$4,759,772	\$84,039	\$3,574,268	\$621,688	\$4,279,995	\$4,627,057
2665-High-Speed Rail Authority	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
State Operations	-	-	23,777	23,777	678	-	-	30,211	30,211	-	-	-	30,225	30,225	-
Local Assistance	-	-	-	-	-	-	-	-	-	-	-	-	1,100,000	1,100,000	32,000
Capital Outlay	-	-	24,653	24,653	1,290,390	-	250,000	20,000	270,000	616,096	-	250,000	224,239	474,239	1,192,410
Totals,2665-High-Speed Rail Authority	-	-	\$48,430	\$48,430	\$1,291,068	-	\$250,000	\$50,211	\$300,211	\$616,096	-	\$250,000	\$1,354,464	\$1,604,464	\$1,224,410
2670-Board of Pilot Commissioners	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
State Operations	-	1,696	-	1,696	-	-	2,180	-	2,180	-	-	2,379	-	2,379	-
Totals,2670-Board of Pilot Commissioners	-	\$1,696	-	\$1,696	-	-	\$2,180	-	\$2,180	-	-	\$2,379	-	\$2,379	-
2720-Dept of the California Highway Patrol	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
State Operations	-	1,897,157	-	1,897,157	15,454	-	2,066,431	-	2,086,431	19,871	-	2,113,781	-	2,113,781	19,847
Capital Outlay	-	4,301	-	4,301	-	-	51,844	-	51,844	-	-	136,178	-	136,178	-
Totals,2720-Dept of the California Highway Patrol	-	\$1,901,458	-	\$1,901,458	\$15,454	-	\$2,118,275	-	\$2,118,275	\$19,871	-	\$2,249,959	-	\$2,249,959	\$19,847
2740-Department of Motor Vehicles	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
State Operations	-	999,666	-	999,666	4,128	-	1,081,607	-	1,081,607	4,063	-	1,072,638	-	1,072,638	2,855
Capital Outlay	-	5,231	-	5,231	-	-	6,513	-	6,513	-	-	4,676	-	4,676	-
Totals,2740-Department of Motor Vehicles	-	\$1,004,897	-	\$1,004,897	\$4,128	-	\$1,088,120	-	\$1,088,120	\$4,063	-	\$1,077,314	-	\$1,077,314	\$2,855
2830-General Obligation Bonds-Transportation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

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

	Actual 2013-14				Estimated 2014-15				Estimated 2015-16						
	General Fund	Special Funds	Selected Bond Funds	Budget Total	Federal Funds	General Fund	Special Funds	Selected Bond Funds	Budget Total	Federal Funds	General Fund	Special Funds	Selected Bond Funds	Budget Total	Federal Funds
State Operations	-6,107	943,219	--	937,112	--	74,520	1,065,359	--	1,139,879	--	153,086	1,186,113	--	1,339,199	--
Totals,2830-General Obligation Bonds-Transportation	-6,107	943,219	--	937,112	--	74,520	1,065,359	--	1,139,879	--	153,086	1,186,113	--	1,339,199	--
TOTALS, TRANSPORTATION	\$77,309	\$8,458,061	\$2,315,373	\$10,850,743	\$5,082,085	\$157,936	\$8,520,974	\$1,435,046	\$10,113,956	\$5,399,802	\$237,125	\$8,780,612	\$2,151,780	\$11,169,517	\$5,874,169
State Operations	-6,107	7,107,043	203,240	7,304,176	846,493	74,520	6,970,821	173,170	7,218,510	1,001,204	153,086	7,152,525	173,037	7,478,648	919,508
Local Assistance	--	1,098,610	1,152,603	2,251,213	1,723,020	--	907,769	886,263	1,794,032	1,851,943	--	820,042	1,361,286	2,181,328	1,869,411
Capital Outlay	--	335,823	959,530	1,295,353	2,512,572	--	725,800	375,613	1,101,413	2,541,655	--	892,064	617,457	1,509,541	3,080,250
Unclassified	83,416	-83,416	--	--	--	83,416	-83,416	--	--	5,000	84,039	-84,039	--	--	5,000
NATURAL RESOURCES	20,739	7,837	--	28,576	--	21,229	7,994	--	29,223	--	21,375	9,600	--	30,975	--
3100-Science Center	\$20,739	\$7,837	--	\$28,576	--	\$21,229	\$7,994	--	\$29,223	--	\$21,375	\$9,600	--	\$30,975	--
3110-Special Resources Programs	--	205	--	205	--	--	211	--	211	230	--	208	--	208	229
State Operations	--	205	--	205	--	--	211	--	211	230	--	208	--	208	229
Local Assistance	--	4,801	--	4,801	--	--	4,838	--	4,838	--	--	4,838	--	4,838	--
Totals,3110-Special Resources Programs	--	\$5,006	--	\$5,006	--	--	\$5,049	--	\$5,049	230	--	\$5,046	--	\$5,046	229
3125-Tahoe Conservancy	--	4,345	21	4,366	146	--	4,630	14	4,644	230	--	4,686	214	4,900	229
State Operations	--	4,345	21	4,366	146	--	4,630	14	4,644	230	--	4,686	214	4,900	229
Local Assistance	--	567	146	713	--	--	300	--	300	--	--	--	13,950	13,950	--
Capital Outlay	--	2,237	4,199	6,436	470	--	1,439	4,011	5,450	4,535	--	1,181	3,695	4,876	3,500
Totals,3125-Tahoe Conservancy	--	\$7,149	\$4,366	\$11,515	\$616	--	\$6,369	\$4,025	\$10,394	\$4,765	--	\$5,867	\$17,859	\$23,726	\$3,729
3340-California Conservation Corps	34,862	36,673	4,569	76,104	--	43,838	39,131	5,296	88,265	--	46,065	41,396	5,092	92,553	--
State Operations	34,862	36,673	4,569	76,104	--	43,838	39,131	5,296	88,265	--	46,065	41,396	5,092	92,553	--
Local Assistance	--	--	--	--	--	--	--	114	114	--	--	--	275	275	--
Capital Outlay	--	--	--	--	--	--	--	--	--	--	2,655	--	--	2,655	--
Totals,3340-California Conservation Corps	\$34,862	\$36,673	\$4,569	\$76,104	--	\$43,838	\$39,131	\$5,410	\$88,379	--	\$48,720	\$41,396	\$5,367	\$95,483	--
3360-Energy Resource Conservation Dvlimt Comm	--	236,454	--	236,454	5,008	--	354,716	--	354,716	13,140	--	270,923	--	270,923	11,146
State Operations	--	236,454	--	236,454	5,008	--	354,716	--	354,716	13,140	--	270,923	--	270,923	11,146
Local Assistance	--	2,243	--	2,243	--	--	410,305	--	410,305	--	--	138,700	--	138,700	1,800
Totals,3360-Energy Resource Conservation Dvlimt Comm	--	\$238,696	--	\$238,696	\$5,008	--	\$765,021	--	\$765,021	\$13,140	--	\$409,623	--	\$409,623	\$12,946
3370-Renewable Resources Investment Program	--	1,360	--	1,360	--	--	1,200	--	1,200	--	--	1,200	--	1,200	--
State Operations	--	1,360	--	1,360	--	--	1,200	--	1,200	--	--	1,200	--	1,200	--
Totals,3370-Renewable Resources Investment Program	--	\$1,360	--	\$1,360	--	--	\$1,200	--	\$1,200	--	--	\$1,200	--	\$1,200	--
3460-Colorado River Board of California	-2	--	--	-2	--	--	--	--	--	--	--	--	--	--	--
State Operations	-2	--	--	-2	--	--	--	--	--	--	--	--	--	--	--
Totals,3460-Colorado River Board of California	-2	--	--	-2	--	--	--	--	--	--	--	--	--	--	--
3480-Department of Conservation	2,922	55,846	1,478	60,246	1,719	3,135	77,268	2,875	83,278	2,144	3,136	70,850	2,043	76,009	2,802
State Operations	2,922	55,846	1,478	60,246	1,719	3,135	77,268	2,875	83,278	2,144	3,136	70,850	2,043	76,009	2,802
Local Assistance	--	--	28,180	28,180	--	--	1,114	1,114	1,114	--	--	--	--	--	--
Totals,3480-Department of Conservation	\$2,922	\$55,846	\$29,658	\$88,426	\$1,719	\$3,135	\$77,268	\$3,989	\$84,392	\$2,144	\$3,136	\$70,850	\$2,043	\$76,009	\$2,802
3540-Department of Forestry Fire Protection	766,028	83,006	--	849,034	13,255	1,075,847	134,018	--	1,208,865	19,828	1,084,755	124,540	--	1,209,295	19,794
State Operations	766,028	83,006	--	849,034	13,255	1,075,847	134,018	--	1,208,865	19,828	1,084,755	124,540	--	1,209,295	19,794
Local Assistance	--	--	--	--	--	--	24,153	--	24,153	--	--	24,153	--	24,153	--
Capital Outlay	7,061	--	--	7,061	--	1,724	--	--	1,724	--	1,823	--	--	1,823	--
Totals,3540-Department of Forestry Fire Protection	\$773,089	\$83,006	--	\$856,095	\$13,255	\$1,077,571	\$158,171	--	\$1,235,742	\$19,828	\$1,086,578	\$148,693	--	\$1,235,271	\$19,794

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

	Actual 2013-14				Estimated 2014-15				Estimated 2015-16						
	General Fund	Special Funds	Selected Bond Funds	Budget Total	Federal Funds	General Fund	Special Funds	Selected Bond Funds	Budget Total	Federal Funds	General Fund	Special Funds	Selected Bond Funds	Budget Total	Federal Funds
3560-State Lands Commission															
State Operations	10,117	14,547	--	24,664	--	11,052	17,119	--	28,170	--	11,059	17,307	--	28,366	--
Totals,3560-State Lands Commission	\$10,117	\$14,547	--	\$24,664	--	\$11,052	\$17,119	--	\$28,170	--	\$11,059	\$17,307	--	\$28,366	--
3600-Department of Fish and Wildlife															
State Operations	65,271	176,773	21,010	263,063	41,547	91,455	214,289	76,437	382,181	43,763	80,281	218,594	22,338	321,213	43,983
Local Assistance	576	1,186	804	2,566	13,222	5,777	24,959	--	30,736	20,000	576	24,102	31,404	56,082	20,000
Capital Outlay	--	--	--	--	--	--	615	--	615	--	--	1,806	--	1,806	--
Totals,3600-Department of Fish and Wildlife	\$65,847	\$177,958	\$21,814	\$265,619	\$54,769	\$97,232	\$239,863	\$76,437	\$413,532	\$63,763	\$80,857	\$244,502	\$53,742	\$379,101	\$63,983
3640-Wildlife Conservation Board															
State Operations	--	1,586	1,424	3,010	--	--	2,517	2,234	4,751	--	--	2,492	2,727	5,219	--
Local Assistance	--	19,240	31,340	50,580	--	--	--	--	--	--	--	--	41,200	41,200	--
Capital Outlay	16,568	-20,743	3,627	-548	5,775	17,160	3,503	44,654	66,317	35,000	17,160	3,503	11,000	31,663	35,000
Totals,3640-Wildlife Conservation Board	\$16,568	\$83	\$36,391	\$53,042	\$5,775	\$17,160	\$6,020	\$46,888	\$70,068	\$35,000	\$17,160	\$5,995	\$54,927	\$78,082	\$35,000
3720-Coastal Commission															
State Operations	13,313	1,301	--	14,614	2,481	12,396	3,912	--	16,308	2,819	11,656	4,396	--	16,052	2,620
Local Assistance	1,000	814	--	1,814	--	1,000	754	--	1,754	--	--	503	--	503	--
Totals,3720-Coastal Commission	\$14,313	\$2,115	--	\$16,428	\$2,481	\$13,396	\$4,666	--	\$18,062	\$2,819	\$11,656	\$4,899	--	\$16,555	\$2,620
3760-State Coastal Conservancy															
State Operations	--	200	6,947	7,147	169	1,100	376	6,137	7,613	251	173	1,479	6,165	7,817	267
Local Assistance	--	3,422	11,870	15,291	1,799	--	965	24,521	28,486	6,000	--	965	40,775	41,740	6,000
Capital Outlay	4,000	-6,286	-18,302	-20,588	1,359	4,000	7,292	88,593	99,886	8,229	4,000	-200	--	3,800	--
Totals,3760-State Coastal Conservancy	\$4,000	-\$2,865	\$514	\$1,850	\$3,327	\$5,100	\$8,633	\$119,252	\$132,985	\$14,480	\$4,173	\$2,244	\$46,940	\$53,357	\$6,267
3780-Native American Heritage Commission															
State Operations	701	--	--	701	--	879	--	--	879	--	877	--	--	877	--
Totals,3780-Native American Heritage Commission	\$701	--	--	\$701	--	\$879	--	--	\$879	--	\$877	--	--	\$877	--
3790-Department of Parks Recreation															
State Operations	115,577	227,777	35,462	378,817	12,929	119,433	263,379	45,160	427,971	18,861	113,892	258,137	17,168	389,197	15,954
Local Assistance	2,000	27,533	52,363	81,896	9,718	2,000	46,975	8,597	57,572	56,665	2,000	36,099	--	38,099	30,240
Capital Outlay	--	5,370	26,381	31,751	--	--	53,247	54,678	107,925	--	--	1,471	5,325	6,796	1,297
Totals,3790-Department of Parks Recreation	\$117,577	\$260,681	\$114,206	\$492,464	\$22,647	\$121,433	\$363,600	\$108,435	\$593,468	\$75,526	\$115,892	\$295,707	\$22,493	\$434,092	\$47,491
3810-Santa Monica Mountains Conservancy															
State Operations	--	289	435	724	--	--	325	288	613	--	--	308	798	1,105	--
Local Assistance	--	--	--	--	--	--	--	--	--	--	--	--	17,500	17,500	--
Capital Outlay	--	--	-3,879	-3,879	--	--	--	14,010	14,010	--	--	--	2,422	2,422	--
Totals,3810-Santa Monica Mountains Conservancy	--	\$289	\$4,314	\$4,603	--	--	\$325	\$14,298	\$14,624	--	--	\$308	\$20,720	\$21,027	--
3820-SF Bay Conservation Development Comm															
State Operations	4,081	--	--	4,081	--	4,349	500	--	4,849	--	5,436	--	--	5,436	--
Totals,3820-SF Bay Conservation Development Comm	\$4,081	--	--	\$4,081	--	\$4,349	\$500	--	\$4,849	--	\$5,436	--	--	\$5,436	--
3825-San Gabriel/Lower LA River/Mtns Consvcy															
State Operations	--	346	390	736	--	--	363	410	773	--	--	369	740	1,109	--
Local Assistance	--	--	--	--	--	--	--	--	--	--	--	--	15,000	15,000	--
Capital Outlay	--	--	813	813	--	--	--	8,542	8,542	--	--	--	--	--	--
Totals,3825-San Gabriel/Lower LA River/Mtns Consvcy	--	\$346	\$1,203	\$1,549	--	--	\$363	\$8,952	\$9,314	--	--	\$369	\$15,740	\$16,109	--
3830-San Joaquin River Conservancy															

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

	Actual 2013-14				Estimated 2014-15				Estimated 2015-16						
	General Fund	Special Funds	Selected Bond Funds	Budget Total	Federal Funds	General Fund	Special Funds	Selected Bond Funds	Budget Total	Federal Funds	General Fund	Special Funds	Selected Bond Funds	Budget Total	Federal Funds
State Operations	--	370	148	519	--	--	445	241	686	--	--	438	240	678	--
Capital Outlay	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Totals,3830-San Joaquin River Conservancy	--	\$370	\$148	\$519	--	--	\$445	\$241	\$686	--	--	\$438	\$240	\$678	--
3835-Baldwin Hills Conservancy	--	347	91	439	--	--	382	222	604	--	--	377	347	724	--
State Operations	--	--	--	--	--	--	--	--	--	--	--	--	2,000	2,000	--
Local Assistance	--	--	1,631	1,631	--	--	--	3,120	3,120	--	--	--	13,722	13,722	--
Capital Outlay	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Totals,3835-Baldwin Hills Conservancy	--	\$347	\$1,722	\$2,070	--	--	\$382	\$3,342	\$3,724	--	--	\$377	\$16,069	\$16,446	--
3840-Delta Protection Commission	--	1,006	--	1,006	--	--	1,067	--	1,067	--	--	1,048	--	1,048	--
State Operations	--	\$1,006	--	\$1,006	--	--	\$1,067	--	\$1,067	--	--	\$1,048	--	\$1,048	--
Totals,3840-Delta Protection Commission	--	\$1,006	--	\$1,006	--	--	\$1,067	--	\$1,067	--	--	\$1,048	--	\$1,048	--
3845-San Diego River Conservancy	--	332	--	332	--	--	360	--	360	--	--	374	100	474	--
State Operations	--	--	--	--	--	--	--	--	--	--	--	--	3,000	3,000	--
Local Assistance	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Capital Outlay	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Totals,3845-San Diego River Conservancy	--	\$332	--	\$332	--	--	\$360	--	\$360	--	--	\$374	\$3,100	\$3,474	--
3850-Coachella Valley Mountains Conservancy	--	267	47	315	--	--	328	60	388	--	--	333	130	463	--
State Operations	--	--	1,124	1,124	--	--	--	9,697	9,697	--	--	--	--	--	--
Local Assistance	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Capital Outlay	--	\$267	\$1,172	\$1,439	--	--	\$328	\$9,757	\$10,065	--	--	\$333	\$2,630	\$2,963	--
Totals,3850-Coachella Valley Mountains Conservancy	--	\$267	\$1,172	\$1,439	--	--	\$328	\$9,757	\$10,065	--	--	\$333	\$2,630	\$2,963	--
3855-Sierra Nevada Conservancy	--	4,205	360	4,565	--	--	4,382	266	4,648	--	--	4,406	345	4,751	--
State Operations	--	--	345	345	--	--	--	1,550	1,550	--	--	--	10,000	10,000	--
Local Assistance	--	\$4,205	\$705	\$4,910	--	--	\$4,382	\$1,816	\$6,198	--	--	\$4,406	\$10,345	\$14,751	--
Totals,3855-Sierra Nevada Conservancy	--	\$4,205	\$705	\$4,910	--	--	\$4,382	\$1,816	\$6,198	--	--	\$4,406	\$10,345	\$14,751	--
3860-Department of Water Resources	96,701	20,824	125,648	243,173	4,819	124,518	32,559	488,827	645,904	13,147	83,174	28,187	249,432	360,793	11,700
State Operations	--	--	428,684	428,684	--	--	19,000	1,074,018	1,093,018	--	--	9,000	368,157	377,157	--
Local Assistance	--	--	147,142	147,142	--	--	10,000	478,410	488,410	--	--	10,000	686,000	696,000	--
Capital Outlay	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Totals,3860-Department of Water Resources	\$96,701	\$20,824	\$701,474	\$619,000	\$4,819	\$124,518	\$61,559	\$2,041,254	\$2,227,331	\$13,147	\$83,174	\$47,187	\$1,303,590	\$1,433,951	\$11,700
3875-Sacramento-San Joaquin Delta Conservancy	821	71	--	892	305	940	78	--	1,018	286	1,006	77	508	1,591	303
State Operations	--	--	--	--	--	--	--	--	--	--	--	--	9,363	9,363	--
Local Assistance	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Totals,3875-Sacramento-San Joaquin Delta Conservancy	\$821	\$71	--	\$892	\$305	\$940	\$78	--	\$1,018	\$286	\$1,006	\$77	\$9,871	\$10,954	\$303
3882-General Obligation Bonds-Natural Res	1,008,480	--	--	1,008,480	--	944,579	--	--	944,579	--	1,052,988	--	--	1,052,988	--
State Operations	--	--	--	--	--	944,579	--	--	944,579	--	1,052,988	--	--	1,052,988	--
Totals,3882-General Obligation Bonds-Natural Res	\$1,008,480	--	--	\$1,008,480	--	\$944,579	--	--	\$944,579	--	\$1,052,988	--	--	\$1,052,988	--
3885-Delta Stewardship Council	6,535	676	4,318	11,529	316	10,478	791	1,000	12,269	1,000	17,118	792	--	17,910	2,749
State Operations	\$6,535	\$676	\$4,318	\$11,529	\$316	\$10,478	\$791	\$1,000	\$12,269	\$1,000	\$17,118	\$792	--	\$17,910	\$2,749
TOTALS, NATURAL RESOURCES	\$2,177,351	\$917,026	\$926,576	\$4,020,953	\$115,036	\$2,496,889	\$1,770,684	\$2,445,096	\$6,712,668	\$245,898	\$2,561,204	\$1,318,618	\$1,585,674	\$5,465,497	\$209,385
State Operations	2,146,147	876,643	202,349	3,225,138	82,693	2,465,228	1,162,339	629,467	4,257,034	115,470	2,532,990	1,062,497	308,386	3,903,873	111,548
Local Assistance	3,576	59,805	553,733	617,114	24,739	8,777	532,249	1,109,914	1,650,939	82,665	2,576	238,360	555,124	796,060	58,040
Capital Outlay	27,629	-19,422	170,494	178,701	7,604	22,884	76,096	705,715	804,695	47,764	25,638	17,761	722,164	765,563	39,797

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

	Actual 2013-14				Estimated 2014-15				Estimated 2015-16						
	General Fund	Special Funds	Selected Bond Funds	Budget Total	Federal Funds	General Fund	Special Funds	Selected Bond Funds	Budget Total	Federal Funds	General Fund	Special Funds	Selected Bond Funds	Budget Total	Federal Funds
ENVIRONMENTAL PROTECTION															
3900-Air Resources Board															
State Operations	--	303,243	104,206	407,449	5,666	--	295,855	245,014	540,869	16,568	--	245,550	130	245,680	16,598
Local Assistance	--	72,468	--	72,468	--	--	276,377	--	276,377	--	--	299,377	--	299,377	--
Capital Outlay	--	--	--	--	--	--	--	--	--	--	5,893	--	--	5,893	--
Totals, 3900-Air Resources Board	--	\$375,711	\$104,206	\$479,917	\$5,666	--	\$572,232	\$245,014	\$817,246	\$16,568	--	\$550,820	\$130	\$550,950	\$16,598
3930-Department of Pesticide Regulation															
State Operations	--	56,828	--	56,828	2,307	--	60,926	--	60,926	2,012	--	63,019	--	63,019	2,010
Local Assistance	--	23,789	--	23,789	--	--	24,201	--	24,201	--	--	25,278	--	25,278	--
Totals, 3930-Department of Pesticide Regulation	--	\$80,617	--	\$80,617	\$2,307	--	\$85,127	--	\$85,127	\$2,012	--	\$88,297	--	\$88,297	\$2,010
3940-State Water Resources Control Board															
State Operations	13,482	361,394	3,010	377,886	26,774	27,789	413,572	10,310	451,670	81,354	456,194	12,705	501,596	80,901	
Local Assistance	--	10,829	48,289	59,118	103,881	14,482	27,431	265,566	307,479	229,915	136,021	308,119	444,140	229,915	
Totals, 3940-State Water Resources Control Board	\$13,482	\$372,023	\$51,300	\$436,804	\$130,655	\$42,271	\$441,003	\$275,876	\$759,150	\$311,268	\$592,215	\$320,824	\$945,736	\$310,815	
3960-Department of Toxic Substances Control															
State Operations	21,120	117,651	--	138,771	26,811	27,290	143,109	--	170,399	33,684	130,984	--	158,050	32,939	
Local Assistance	--	--	--	--	1,406	--	2,500	--	2,500	1,924	1,000	--	1,000	3,062	
Totals, 3960-Department of Toxic Substances Control	\$21,120	\$117,651	--	\$138,771	\$28,218	\$27,290	\$145,609	--	\$172,899	\$35,608	\$131,984	--	\$159,050	\$36,001	
3970-Resources Recycling and Recovery															
State Operations	--	192,113	--	192,113	--	--	227,973	--	227,973	--	228,639	--	228,639	--	
Local Assistance	--	1,239,642	--	1,239,642	--	--	1,301,361	--	1,301,361	--	1,296,233	--	1,296,233	--	
Totals, 3970-Resources Recycling and Recovery	--	\$1,431,755	--	\$1,431,755	--	--	\$1,529,334	--	\$1,529,334	--	\$1,524,872	--	\$1,524,872	--	
3980-Environmental Health Hazard Assessment															
State Operations	4,385	11,744	--	16,129	--	4,732	14,486	--	19,218	414	4,719	13,056	--	17,775	414
Totals, 3980-Environmental Health Hazard Assessment	\$4,385	\$11,744	--	\$16,129	--	\$4,732	\$14,486	--	\$19,218	\$414	\$4,719	\$13,056	--	\$17,775	\$414
3996-General Obligation Bonds-Environmental															
State Operations	4,139	--	--	4,139	--	3,283	--	--	3,283	--	3,173	--	--	3,173	--
Totals, 3996-General Obligation Bonds-Environmental	\$4,139	--	--	\$4,139	--	\$3,283	--	--	\$3,283	--	\$3,173	--	--	\$3,173	--
TOTALS, ENVIRONMENTAL PROTECTION															
State Operations	\$43,126	\$2,389,300	\$155,505	\$2,587,931	\$166,846	\$77,575	\$2,787,792	\$520,889	\$3,386,256	\$365,870	\$67,654	\$2,901,244	\$320,954	\$3,289,852	\$365,839
Local Assistance	43,126	1,042,772	107,216	1,193,114	61,559	63,093	1,155,922	255,324	1,474,338	134,032	67,654	1,137,442	12,835	1,217,931	132,862
Capital Outlay	--	1,346,828	48,289	1,394,818	105,287	14,482	1,631,870	265,566	1,911,918	231,839	--	1,757,909	308,119	2,086,028	232,977
Totals, 3970-Resources Recycling and Recovery	--	--	--	--	--	--	--	--	--	--	--	--	--	5,893	--
HEALTH AND HUMAN SERVICES															
4100-State Council-Developmental Disabilities															
State Operations	--	--	--	--	6,840	--	--	--	--	7,014	--	--	--	--	7,019
Totals, 4100-State Council-Developmental Disabilities	--	--	--	--	\$6,840	--	--	--	--	\$7,014	--	--	--	--	\$7,019
4120-Emergency Medical Services Authority															
State Operations	1,100	3,573	--	4,672	1,512	1,298	3,730	--	5,028	2,795	1,800	3,994	--	5,794	1,949
Local Assistance	5,410	64	--	5,474	183	6,385	300	--	6,685	704	6,619	300	--	6,919	704
Totals, 4120-Emergency Medical Services Authority	\$6,510	\$3,636	--	\$10,146	\$1,696	\$7,683	\$4,030	--	\$11,713	\$3,499	\$8,419	\$4,294	--	\$12,713	\$2,653
4140-Statewide Health Planning Development															
State Operations	--	82,049	--	82,049	344	74	106,403	--	106,478	450	--	99,760	--	99,760	441
Local Assistance	--	17,825	--	17,825	942	--	48,800	--	48,800	1,000	--	22,146	--	22,146	1,000

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

	Actual 2013-14				Estimated 2014-15				Estimated 2015-16						
	General Fund	Special Funds	Selected Bond Funds	Budget Total	Federal Funds	General Fund	Special Funds	Selected Bond Funds	Budget Total	Federal Funds	General Fund	Special Funds	Selected Bond Funds	Budget Total	Federal Funds
Totals,4140-Statewide Health Planning Development	--	\$99,874	--	\$99,874	\$1,286	\$74	\$155,204	--	\$155,278	\$1,450	--	\$121,906	--	\$121,906	\$1,441
4150-Department of Managed Health Care	--	38,387	--	38,387	1,585	--	61,984	--	61,984	518	--	65,551	--	65,551	--
Totals,4150-Department of Managed Health Care	--	\$38,387	--	\$38,387	\$1,585	--	\$61,984	--	\$61,984	\$518	--	\$65,551	--	\$65,551	--
4170-Department of Aging	3,014	231	--	3,245	5,714	3,801	238	--	4,039	7,688	3,802	241	--	4,043	7,707
State Operations	28,529	4,146	--	32,675	133,841	28,538	4,146	--	32,684	143,065	26,652	4,146	--	30,798	142,400
Local Assistance	\$31,543	\$4,376	--	\$35,920	\$139,554	\$32,339	\$4,384	--	\$36,723	\$150,753	\$30,454	\$4,387	--	\$34,841	\$150,107
Totals,4170-Department of Aging	--	--	--	--	388	--	--	--	--	399	--	--	--	--	436
State Operations	--	--	--	--	\$388	--	--	--	--	\$399	--	--	--	--	\$436
Totals,4180-Commission on Aging	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
4250-Children and Families Commission	--	5,755	--	5,755	--	--	6,212	--	6,212	--	--	6,709	--	6,709	--
State Operations	--	441,273	--	441,273	--	--	454,124	--	454,124	--	--	365,964	--	365,964	--
Local Assistance	--	\$447,028	--	\$447,028	--	--	\$460,336	--	\$460,336	--	--	\$372,673	--	\$372,673	--
Totals,4250-Children and Families Commission	157,755	17,291	--	175,046	267,172	178,095	26,406	--	204,502	341,164	182,127	26,771	--	208,898	349,395
State Operations	16,534,453	5,455,772	--	21,990,225	34,139,658	17,989,779	8,371,679	--	26,361,458	57,409,785	18,859,105	8,954,853	--	27,813,958	61,963,246
Local Assistance	\$16,692,208	\$5,473,063	--	\$22,165,271	\$34,406,830	\$18,167,874	\$8,398,085	--	\$26,565,960	\$57,750,949	\$19,041,232	\$8,981,624	--	\$28,022,856	\$62,312,841
4265-Department of Public Health	83,106	247,944	4,713	335,763	273,634	80,876	292,344	--	373,220	279,496	81,294	364,561	--	445,855	284,153
State Operations	32,277	428,316	38,800	499,192	1,458,835	38,759	372,384	--	411,143	1,463,037	38,759	418,650	--	457,409	1,466,006
Local Assistance	--	--	--	--	--	--	--	--	--	--	4,333	--	--	4,333	--
Capital Outlay	\$115,383	\$676,260	\$43,312	\$834,956	\$1,732,469	\$119,635	\$664,728	--	\$784,363	\$1,742,533	\$124,386	\$783,211	--	\$907,597	\$1,750,159
4280-Managed Risk Medical Insurance Board	1,200	1,304	--	2,504	5,395	--	--	--	--	--	--	--	--	--	--
State Operations	18,301	60,657	--	78,958	105,599	--	--	--	--	--	--	--	--	--	--
Local Assistance	\$19,500	\$61,961	--	\$81,461	\$110,994	--	--	--	--	--	--	--	--	--	--
4300-Department of Developmental Services	322,114	674	--	322,788	2,565	336,692	766	--	337,458	2,945	306,909	820	--	307,729	2,846
State Operations	2,478,904	5,597	--	2,484,501	51,865	2,761,388	4,961	--	2,766,349	67,172	2,991,911	4,993	--	2,996,904	51,853
Local Assistance	--	--	--	--	--	--	--	--	--	--	802	--	--	802	--
Capital Outlay	\$2,801,017	\$6,271	--	\$2,807,288	\$54,430	\$3,098,080	\$5,727	--	\$3,103,807	\$70,117	\$3,299,622	\$5,813	--	\$3,305,435	\$54,699
4440-Department of State Hospitals	1,440,795	--	--	1,440,795	--	1,538,798	--	--	1,538,798	--	1,551,830	--	--	1,551,830	--
State Operations	22,668	--	--	22,668	--	23,772	--	--	23,772	--	24,452	--	--	24,452	--
Capital Outlay	\$1,463,463	--	--	\$1,463,463	--	\$1,562,570	--	--	\$1,562,570	--	\$1,576,282	--	--	\$1,576,282	--
Totals,4440-Department of State Hospitals	--	18,083	--	18,083	--	--	60,742	--	60,742	--	--	41,372	--	41,372	--
State Operations	--	\$18,083	--	\$18,083	--	--	\$60,742	--	\$60,742	--	--	\$41,372	--	\$41,372	--
4560-Mental Hlth Svcs Ovrst and Acrtblty Comm	--	--	--	--	12,135	--	4,700	--	4,700	24,728	--	4,700	--	4,700	24,671
State Operations	--	--	--	--	222,720	--	70,300	--	70,300	227,163	--	70,300	--	70,300	227,163
Local Assistance	--	--	--	--	\$234,855	--	\$75,000	--	\$75,000	\$251,891	--	\$75,000	--	\$75,000	\$251,834
Totals,4700-Dept of Community Services Development	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

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

	Actual 2013-14					Estimated 2014-15					Estimated 2015-16				
	General Fund	Special Funds	Selected Bond Funds	Budget Total	Federal Funds	General Fund	Special Funds	Selected Bond Funds	Budget Total	Federal Funds	General Fund	Special Funds	Selected Bond Funds	Budget Total	Federal Funds
4800-California Health Benefit Exchange State Operations	--	--	--	--	463,510	--	--	--	--	425,852	--	--	--	--	--
Totals,4800-California Health Benefit Exchange	--	--	--	--	\$463,510	--	--	--	--	\$425,852	--	--	--	--	--
5160-Department of Rehabilitation State Operations	56,972	925	--	57,898	323,238	58,394	1,002	--	59,396	347,258	58,431	1,002	--	59,433	350,242
Local Assistance	--	--	--	--	15,736	--	--	--	--	15,736	--	--	--	--	15,736
Totals,5160-Department of Rehabilitation	\$56,972	\$925	--	\$57,898	\$338,974	\$58,394	\$1,002	--	\$59,396	\$362,994	\$58,431	\$1,002	--	\$59,433	\$365,978
5170-State Independent Living Council State Operations	0	--	--	0	129	--	--	--	--	163	--	--	--	--	184
Totals,5170-State Independent Living Council	\$0	--	--	\$0	\$129	--	--	--	--	\$163	--	--	--	--	\$184
5175-Department of Child Support Services State Operations	45,019	--	--	45,019	101,865	48,969	--	--	48,969	111,575	50,571	--	--	50,571	115,149
Local Assistance	259,567	--	--	259,567	364,700	264,654	--	--	264,654	410,805	263,044	--	--	263,044	422,005
Totals,5175-Department of Child Support Services	\$304,576	--	--	\$304,576	\$466,565	\$313,623	--	--	\$313,623	\$522,380	\$313,615	--	--	\$313,615	\$537,154
5180-Department of Social Services State Operations	110,496	27,321	--	137,817	331,592	135,790	32,470	--	168,260	380,779	141,900	36,740	--	178,640	382,730
Local Assistance	6,677,844	1,389	--	6,679,233	6,376,823	6,824,747	1,512	--	6,826,259	6,824,475	7,063,289	217,117	--	7,280,406	6,506,738
Totals,5180-Department of Social Services	\$6,788,340	\$28,710	--	\$6,817,050	\$6,708,415	\$6,960,537	\$33,982	--	\$6,994,519	\$7,205,254	\$7,205,189	\$253,857	--	\$7,459,046	\$6,889,468
5195-State-Local Realignment Local Assistance	--	4,609,125	--	4,609,125	--	--	4,879,810	--	4,879,810	--	--	5,102,506	--	5,102,506	--
Totals,5195-State-Local Realignment	--	\$4,609,125	--	\$4,609,125	--	--	\$4,879,810	--	\$4,879,810	--	--	\$5,102,506	--	\$5,102,506	--
5196-State-Local Realignment 2011 Local Assistance	--	4,131,132	--	4,131,132	--	--	4,458,650	--	4,458,650	--	--	4,724,619	--	4,724,619	--
Totals,5196-State-Local Realignment 2011	--	\$4,131,132	--	\$4,131,132	--	--	\$4,458,650	--	\$4,458,650	--	--	\$4,724,619	--	\$4,724,619	--
5206-General Obligation Bonds-HHS State Operations	67,749	--	--	67,749	--	69,421	--	--	69,421	--	71,145	--	--	71,145	--
Totals,5206-General Obligation Bonds-HHS	\$67,749	--	--	\$67,749	--	\$69,421	--	--	\$69,421	--	\$71,145	--	--	\$71,145	--
5209-Statewide Item-High Cost Medications State Operations	--	--	--	--	--	100,000	--	--	100,000	--	200,000	--	--	200,000	--
Local Assistance	--	--	--	--	--	--	--	--	--	100,000	--	--	--	200,000	--
Totals,5209-Statewide Item-High Cost Medications	--	--	--	--	--	\$100,000	--	--	\$100,000	\$100,000	\$200,000	--	--	\$200,000	\$200,000
TOTALS, HEALTH AND HUMAN SERVICES	\$28,347,264	\$15,598,833	\$43,312	\$43,989,409	\$44,668,520	\$30,490,231	\$19,263,665	--	\$49,753,896	\$68,595,766	\$31,928,775	\$20,537,814	--	\$52,466,590	\$72,523,773
State Operations	2,289,320	443,538	4,713	2,737,571	1,797,618	2,552,209	596,998	--	3,149,208	1,932,824	2,649,809	652,221	--	3,302,030	1,526,922
Local Assistance	26,035,275	15,155,296	38,600	41,229,171	42,870,901	27,914,250	18,666,667	--	46,580,917	66,662,942	29,249,379	19,885,594	--	49,134,973	70,996,851
Capital Outlay	22,668	--	--	22,668	--	23,772	--	--	23,772	--	29,587	--	--	29,587	--
Totals,5225-Corrections and Rehabilitation	\$9,187,913	-\$104,198	\$2,082	\$9,085,797	\$231	\$9,942,066	\$24,970	--	\$9,967,036	\$52	\$10,099,885	\$27,228	--	\$10,127,113	\$351
5227-Board of State and Community Corrections State Operations	8,081	2,937	--	11,018	1,451	8,907	3,688	--	12,594	3,617	9,255	3,775	--	13,031	3,681

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

	Actual 2013-14					Estimated 2014-15					Estimated 2015-16				
	General Fund	Special Funds	Selected Bond Funds	Budget Total	Federal Funds	General Fund	Special Funds	Selected Bond Funds	Budget Total	Federal Funds	General Fund	Special Funds	Selected Bond Funds	Budget Total	Federal Funds
Local Assistance	36,055	28,241	--	64,296	34,005	60,021	61,080	121,101	53,098	71,491	28,990	--	100,471	53,598	
Totals, 5227-Board of State and Community Corrections	\$44,136	\$31,178	--	\$75,314	\$35,456	\$68,928	\$64,768	\$133,695	\$56,715	\$80,746	\$32,755	--	\$113,502	\$57,279	
5296-Enhancing Law Enforcement Activities	--	489,900	--	489,900	--	--	489,900	489,900	--	--	489,900	--	489,900	--	
Local Assistance	--	489,900	--	489,900	--	--	489,900	489,900	--	--	489,900	--	489,900	--	
Totals, 5296-Enhancing Law Enforcement Activities	--	\$489,900	--	\$489,900	--	\$489,900	\$489,900	\$489,900	--	\$489,900	\$489,900	--	\$489,900	--	
5396-Trial Court Security 2011 Realignment	--	517,755	--	517,755	--	535,068	--	535,068	--	--	550,240	--	550,240	--	
Local Assistance	--	517,755	--	517,755	--	535,068	--	535,068	--	--	550,240	--	550,240	--	
Totals, 5396-Trial Court Security 2011 Realignment	--	\$517,755	--	\$517,755	--	\$535,068	\$535,068	\$535,068	--	\$550,240	\$550,240	--	\$550,240	--	
5496-Local Community Corrections	--	1,072,088	--	1,072,088	--	1,061,718	--	1,061,718	--	--	1,175,509	--	1,175,509	--	
Local Assistance	--	1,072,088	--	1,072,088	--	1,061,718	--	1,061,718	--	--	1,175,509	--	1,175,509	--	
Totals, 5496-Local Community Corrections	--	\$1,072,088	--	\$1,072,088	--	\$1,061,718	\$1,061,718	\$1,061,718	--	\$1,175,509	\$1,175,509	--	\$1,175,509	--	
5596-Dist Attorney and Public Defender Svcs	--	21,979	--	21,979	--	--	24,308	24,308	--	--	31,895	--	31,895	--	
Local Assistance	--	21,979	--	21,979	--	--	24,308	24,308	--	--	31,895	--	31,895	--	
Totals, 5596-Dist Attorney and Public Defender Svcs	--	\$21,979	--	\$21,979	--	\$24,308	\$24,308	\$24,308	--	\$31,895	\$31,895	--	\$31,895	--	
5696-Juvenile Justice Programs	--	120,130	--	120,130	--	--	137,443	137,443	--	--	152,615	--	152,615	--	
Local Assistance	--	120,130	--	120,130	--	--	137,443	137,443	--	--	152,615	--	152,615	--	
Totals, 5696-Juvenile Justice Programs	--	\$120,130	--	\$120,130	--	\$137,443	\$137,443	\$137,443	--	\$152,615	\$152,615	--	\$152,615	--	
5796-Enhancing Law Enforcement Act Growth	--	24,640	--	24,640	--	--	36,224	36,224	--	--	56,245	--	56,245	--	
Local Assistance	--	24,640	--	24,640	--	--	36,224	36,224	--	--	56,245	--	56,245	--	
Totals, 5796-Enhancing Law Enforcement Act Growth	--	\$24,640	--	\$24,640	--	\$36,224	\$36,224	\$36,224	--	\$56,245	\$56,245	--	\$56,245	--	
5990-Federal Immigration Funding-Incarceratn	-52,408	--	--	-52,408	52,408	-41,601	--	-41,601	41,601	-41,601	--	--	-41,601	41,601	
State Operations	-52,408	--	--	-52,408	52,408	-41,601	--	-41,601	41,601	-41,601	--	--	-41,601	41,601	
Totals, 5990-Federal Immigration Funding-Incarceratn	-52,408	--	--	-52,408	\$52,408	-\$41,601	--	-\$41,601	\$41,601	-\$41,601	--	--	-\$41,601	\$41,601	
5996-General Obligation Bonds-DCR	33,352	--	--	33,352	--	25,736	--	25,736	--	21,360	--	--	21,360	--	
State Operations	33,352	--	--	33,352	--	25,736	--	25,736	--	21,360	--	--	21,360	--	
Totals, 5996-General Obligation Bonds-DCR	\$33,352	--	--	\$33,352	--	\$25,736	\$25,736	\$25,736	--	\$21,360	\$21,360	--	\$21,360	--	
TOTALS, CORRECTIONS AND REHABILITATION	\$9,212,992	\$2,173,472	\$2,082	\$11,388,546	\$88,095	\$9,995,129	\$2,374,398	\$12,369,527	\$98,668	\$10,160,390	\$2,516,387	--	\$12,676,777	\$99,231	
State Operations	9,028,431	-100,261	--	8,928,170	54,090	9,682,278	29,658	9,711,935	45,570	9,850,337	32,003	--	9,882,340	45,633	
Local Assistance	169,666	2,273,733	--	2,443,399	34,005	217,092	2,344,741	2,561,833	53,098	218,591	2,484,384	--	2,702,975	53,598	
Capital Outlay	14,895	--	2,082	16,977	--	95,759	--	95,759	--	91,462	--	--	91,462	--	
EDUCATION															
6100-Department of Education	139,019	2,735	2,561	144,315	148,022	153,807	3,043	159,739	170,340	156,588	3,135	2,893	162,616	156,177	
State Operations	139,019	2,735	2,561	144,315	148,022	153,807	3,043	159,739	170,340	156,588	3,135	2,893	162,616	156,177	
Local Assistance	38,899,106	-174,368	--	38,724,737	6,605,828	43,252,161	273,219	43,525,380	7,449,088	42,847,259	75,663	--	42,922,922	7,270,572	
Capital Outlay	--	--	--	--	--	--	--	--	--	1,749	--	--	1,749	--	
Totals, 6100-Department of Education	\$39,038,125	-\$171,633	\$2,561	\$38,866,052	\$6,753,850	\$43,405,968	\$276,262	\$43,685,120	\$7,619,428	\$43,005,596	\$78,798	\$2,893	\$43,087,287	\$74,266,749	
6120-State Library	18,370	392	531	19,293	5,264	16,964	469	17,765	6,654	16,195	395	332	16,922	6,657	
State Operations	18,370	392	531	19,293	5,264	16,964	469	17,765	6,654	16,195	395	332	16,922	6,657	
Local Assistance	4,700	552	1,395	6,647	9,303	10,950	552	11,502	11,266	6,950	552	--	7,502	11,266	
Totals, 6120-State Library	\$23,070	\$944	\$1,926	\$25,940	\$14,567	\$27,914	\$1,021	\$29,267	\$17,920	\$23,145	\$947	\$332	\$24,424	\$17,923	
6125-Education Audit Appeals Panel	758	--	--	758	--	1,138	--	1,138	--	1,137	--	--	1,137	--	
State Operations	758	--	--	758	--	1,138	--	1,138	--	1,137	--	--	1,137	--	
Totals, 6125-Education Audit Appeals Panel	\$758	--	--	\$758	--	\$1,138	--	\$1,138	--	\$1,137	--	--	\$1,137	--	

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

	Actual 2013-14					Estimated 2014-15					Estimated 2015-16				
	General Fund	Special Funds	Selected Bond Funds	Budget Total	Federal Funds	General Fund	Special Funds	Selected Bond Funds	Budget Total	Federal Funds	General Fund	Special Funds	Selected Bond Funds	Budget Total	Federal Funds
6255-Summer School for the Arts State Operations	1,386	--	--	1,386	--	1,402	--	--	1,402	--	1,402	--	--	1,402	--
Totals, 6255-Summer School for the Arts	\$1,386	--	--	\$1,386	--	\$1,402	--	--	\$1,402	--	\$1,402	--	--	\$1,402	--
6300-Teachers Retirement System Contributions Local Assistance	1,359,827	--	--	1,359,827	--	1,486,004	--	--	1,486,004	--	1,928,472	--	--	1,928,472	--
Totals, 6300-Teachers Retirement System Contributions	\$1,359,827	--	--	\$1,359,827	--	\$1,486,004	--	--	\$1,486,004	--	\$1,928,472	--	--	\$1,928,472	--
6305-Retirement Costs for Community Colleges Local Assistance	-109,906	--	--	-109,906	--	-118,076	--	--	-118,076	--	-151,692	--	--	-151,692	--
Totals, 6305-Retirement Costs for Community Colleges	-\$109,906	--	--	-\$109,906	--	-\$118,076	--	--	-\$118,076	--	-\$151,692	--	--	-\$151,692	--
6350-School Facilities Aid Program Local Assistance	-105	--	402,843	402,739	--	519	--	34,274	34,793	--	83	--	1,060,009	1,060,092	--
Totals, 6350-School Facilities Aid Program	-\$105	--	\$402,843	\$402,739	--	\$519	--	\$34,274	\$34,793	--	\$83	--	\$1,060,009	\$1,060,092	--
6360-Commission on Teacher Credentialing State Operations	--	18,267	--	18,267	--	--	20,526	--	20,526	--	7,467	21,007	--	28,474	--
Totals, 6360-Commission on Teacher Credentialing	--	\$18,267	--	\$18,267	--	--	\$20,526	--	\$20,526	--	\$7,467	\$21,007	--	\$28,474	--
6396-General Obligation Bonds-K-12 State Operations	2,261,535	--	--	2,261,535	--	2,316,185	--	--	2,316,185	--	2,357,157	--	--	2,357,157	--
Totals, 6396-General Obligation Bonds-K-12	\$2,261,535	--	--	\$2,261,535	--	\$2,316,185	--	--	\$2,316,185	--	\$2,357,157	--	--	\$2,357,157	--
K-12 Education State Operations	2,421,068	21,394	3,091	2,445,554	153,286	2,489,497	24,038	3,221	2,516,756	176,994	2,539,946	24,537	3,225	2,567,708	162,834
Local Assistance	40,153,622	-173,816	404,238	40,384,044	6,615,130	44,631,558	273,771	34,274	44,939,603	7,460,354	44,631,072	76,215	1,060,009	45,767,296	7,281,838
Capital Outlay	--	--	--	--	--	--	--	--	--	--	1,749	--	--	1,749	--
Totals, K-12 Education	\$42,574,690	-\$152,422	\$407,330	\$42,829,598	\$6,766,416	\$47,121,055	\$297,809	\$37,495	\$47,456,359	\$7,637,348	\$47,172,767	\$100,752	\$1,063,234	\$48,336,753	\$7,444,672
6440-University of California State Operations	2,844,449	4,483	--	2,848,932	3,926,272	2,990,671	44,671	--	3,035,342	3,620,527	3,106,138	30,274	--	3,136,412	3,633,527
Capital Outlay	--	--	16,372	16,372	--	--	--	--	--	--	--	--	--	--	--
Totals, 6440-University of California	\$2,844,449	\$4,483	\$16,372	\$2,865,304	\$3,926,272	\$2,990,671	\$44,671	--	\$3,035,342	\$3,620,527	\$3,106,138	\$30,274	--	\$3,136,412	\$3,633,527
6445-Institute for Regenerative Medicine State Operations	--	--	14,901	14,901	--	--	--	17,043	17,043	--	--	--	17,292	17,292	--
Local Assistance	--	--	194,355	194,355	--	--	--	259,000	259,000	--	--	--	265,000	265,000	--
Totals, 6445-Institute for Regenerative Medicine	--	--	\$209,256	\$209,256	--	--	--	\$276,043	\$276,043	--	--	--	\$282,292	\$282,292	--
6600-Hastings College of the Law State Operations	8,360	--	--	8,360	--	9,628	--	--	9,628	--	10,644	--	--	10,644	--
Totals, 6600-Hastings College of the Law	\$8,360	--	--	\$8,360	--	\$9,628	--	--	\$9,628	--	\$10,644	--	--	\$10,644	--
6610-California State University State Operations	2,345,845	--	--	2,345,845	1,219,062	2,763,018	--	--	2,763,018	1,241,551	2,890,113	--	--	2,890,113	1,241,551
Capital Outlay	--	--	7,014	7,014	--	--	--	15,705	15,705	--	--	--	--	--	--
Totals, 6610-California State University	\$2,345,845	--	\$7,014	\$2,352,859	\$1,219,062	\$2,763,018	--	\$15,705	\$2,778,723	\$1,241,551	\$2,890,113	--	--	\$2,890,113	\$1,241,551
6645-CSU Health Benefits Retired Annuitants State Operations	225,332	--	--	225,332	--	263,062	--	--	263,062	--	263,503	--	--	263,503	--
Totals, 6645-CSU Health Benefits Retired Annuitants	\$225,332	--	--	\$225,332	--	\$263,062	--	--	\$263,062	--	\$263,503	--	--	\$263,503	--
6870-Board of Governors of Community Colleges State Operations	10,227	117	1,812	12,156	186	12,495	87	2,139	14,721	31	12,004	103	2,140	14,247	--
Local Assistance	4,212,017	9,197	--	4,221,213	221	4,580,497	11,992	--	4,592,489	--	5,001,613	11,682	--	5,013,295	--

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

	Actual 2013-14				Estimated 2014-15				Estimated 2015-16						
	General Fund	Special Funds	Selected Bond Funds	Budget Total	Federal Funds	General Fund	Special Funds	Selected Bond Funds	Budget Total	Federal Funds	General Fund	Special Funds	Selected Bond Funds	Budget Total	Federal Funds
Capital Outlay				57,817				31,514					99,590		
Totals, 6870-Board of Governors of Community Colleges	\$4,222,243	\$9,314	\$59,629	\$4,291,186	\$407	\$4,592,992	\$12,079	\$33,653	\$4,638,724	\$31	\$5,013,617	\$11,785	\$101,730	\$5,127,132	
6874-General Obligation Bonds-HI Ed-CC															
State Operations	268,204			268,204		260,112			260,112		277,430			277,430	
Totals, 6874-General Obligation Bonds-HI Ed-CC	\$268,204			\$268,204		\$260,112			\$260,112		\$277,430			\$277,430	
6878-Retirement Costs-HI Ed-CC															
Local Assistance	109,906			109,906		118,076			118,076		151,692			151,692	
Totals, 6878-Retirement Costs-HI Ed-CC	\$109,906			\$109,906		\$118,076			\$118,076		\$151,692			\$151,692	
6910-Awards for Innovation in Higher Ed															
Local Assistance						50,000			50,000		25,000			25,000	
Totals, 6910-Awards for Innovation in Higher Ed						\$50,000			\$50,000		\$25,000			\$25,000	
6980-Student Aid Commission															
State Operations	11,432			11,432	230	12,003			12,003	258	13,210			13,210	
Local Assistance	1,051,559			1,051,559	14,282	1,615,096			1,615,096	14,776	1,926,861			1,926,861	
Totals, 6980-Student Aid Commission	\$1,062,991			\$1,062,991	\$14,513	\$1,627,099			\$1,627,099	\$15,034	\$1,940,071			\$1,940,071	
7996-General Obligation Bonds-HI Ed															
State Operations	294,133			294,133		271,984			271,984		384,779			384,779	
Totals, 7996-General Obligation Bonds-HI Ed	\$294,133			\$294,133		\$271,984			\$271,984		\$384,779			\$384,779	
Higher Education															
State Operations	6,007,981	4,600	16,713	6,029,294	5,145,751	6,582,974	44,758	19,182	6,646,914	4,862,367	6,957,822	30,377	19,432	7,007,631	4,875,078
Local Assistance	5,373,482	9,197	194,355	5,577,033	14,503	6,363,669	11,992	259,000	6,634,661	14,776	7,105,166	11,682	265,000	7,381,848	
Capital Outlay			81,203	81,203				47,219	47,219				99,590	99,590	
Totals, Higher Education	\$11,381,463	\$13,797	\$292,270	\$11,687,530	\$5,160,254	\$12,946,643	\$56,750	\$325,401	\$13,328,794	\$4,877,143	\$14,062,988	\$42,059	\$384,022	\$14,489,069	\$4,875,078
TOTALS, EDUCATION	\$53,956,153	-\$138,625	\$699,600	\$54,517,128	\$11,928,670	\$60,067,698	\$354,559	\$362,896	\$60,785,153	\$12,514,491	\$61,235,755	\$142,811	\$1,447,256	\$62,825,821	\$12,319,750
State Operations	8,429,049	25,994	19,804	8,474,848	5,299,037	9,072,471	68,796	22,403	9,163,670	5,039,361	9,497,768	54,914	22,657	9,575,339	5,037,912
Local Assistance	45,527,104	-164,620	598,593	45,961,078	6,629,633	50,995,227	286,763	293,274	51,574,264	7,475,130	51,736,238	87,897	1,325,009	53,149,144	7,281,838
Capital Outlay			81,203	81,203				47,219	47,219		1,749		99,590	101,339	
LABOR AND WORKFORCE DEVELOPMENT															
7100-Employment Development Department															
State Operations	281,386	99,164		380,551	749,481	266,317	133,178		399,495	747,002	248,255	135,399		383,654	674,086
Local Assistance					8,630,976					6,678,958					6,490,587
Capital Outlay															
Totals, 7100-Employment Development Department	\$281,386	\$99,164		\$380,551	\$9,380,457	\$266,317	\$133,178		\$399,495	\$7,425,960	\$248,255	\$135,399		\$383,654	\$7,164,673
7120-Workforce Investment Board															
State Operations		2,951		2,951	2,130		3,049		3,049	3,019		3,000		3,000	2,907
Totals, 7120-Workforce Investment Board		\$2,951		\$2,951	\$2,130		\$3,049		\$3,049	\$3,019		\$3,000		\$3,000	\$2,907
7300-Agricultural Labor Relations Board															
State Operations	4,978	1,000		5,978		7,203	1,093		8,295		8,289	1,167		9,456	
Totals, 7300-Agricultural Labor Relations Board	\$4,978	\$1,000		\$5,978		\$7,203	\$1,093		\$8,295		\$8,289	\$1,167		\$9,456	
7320-Public Employment Relations Board															
State Operations	8,169			8,169		8,864			8,864		8,868			8,868	
Totals, 7320-Public Employment Relations Board	\$8,169			\$8,169		\$8,864			\$8,864		\$8,868			\$8,868	
7350-Department of Industrial Relations															

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

	Actual 2013-14					Estimated 2014-15					Estimated 2015-16				
	General Fund	Special Funds	Selected Bond Funds	Budget Total	Federal Funds	General Fund	Special Funds	Selected Bond Funds	Budget Total	Federal Funds	General Fund	Special Funds	Selected Bond Funds	Budget Total	Federal Funds
State Operations	2,282	326,145	--	328,426	31,783	--	488,357	--	488,357	36,980	--	500,074	--	500,074	36,929
Totals,7350-Department of Industrial Relations	\$2,282	\$326,145	--	\$328,426	\$31,783	--	\$488,357	--	\$488,357	\$36,980	--	\$500,074	--	\$500,074	\$36,929
TOTALS, LABOR AND WORKFORCE DEVELOPMENT	\$296,815	\$429,260	--	\$726,075	\$9,414,370	\$282,384	\$625,677	--	\$908,060	\$7,465,959	\$265,413	\$633,640	--	\$905,053	\$7,204,509
State Operations	296,815	429,260	--	726,075	783,394	282,384	625,677	--	908,060	787,001	265,412	633,640	--	905,052	713,922
Local Assistance	--	--	--	--	8,630,976	--	--	--	--	6,678,958	--	--	--	--	6,490,587
Capital Outlay	--	--	--	--	--	--	--	--	--	--	1	--	--	1	--
GOVERNMENT OPERATIONS															
7501-Department of Human Resources	7,390	--	--	7,390	--	7,778	75	--	7,853	--	8,516	75	--	8,591	--
Totals,7501-Department of Human Resources	\$7,390	--	--	\$7,390	--	\$7,778	\$75	--	\$7,853	--	\$8,516	\$75	--	\$8,591	--
7502-Department of Technology	3,922	--	--	3,922	--	4,718	--	--	4,718	--	4,807	--	--	4,807	--
Totals,7502-Department of Technology	\$3,922	--	--	\$3,922	--	\$4,718	--	--	\$4,718	--	\$4,807	--	--	\$4,807	--
7503-State Personnel Board	1,040	--	--	1,040	--	1,157	--	--	1,157	--	1,177	--	--	1,177	--
Totals,7503-State Personnel Board	\$1,040	--	--	\$1,040	--	\$1,157	--	--	\$1,157	--	\$1,177	--	--	\$1,177	--
7730-Franchise Tax Board	694,273	16,677	--	710,950	--	698,187	20,523	--	718,710	--	666,767	21,093	--	687,860	--
Totals,7730-Franchise Tax Board	\$694,273	\$16,677	--	\$710,950	--	\$698,187	\$20,523	--	\$718,710	--	\$666,767	\$21,093	--	\$687,860	--
7760-Department of General Services	7,571	75,549	13,415	96,535	--	13,813	103,234	8,671	125,718	--	17,513	104,572	10,547	132,632	--
State Operations	--	--	3,832	3,832	--	2,500	--	--	2,500	--	--	--	--	--	--
Capital Outlay	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Totals,7760-Department of General Services	\$7,571	\$75,549	\$17,248	\$100,367	--	\$16,313	\$103,234	\$8,671	\$128,218	--	\$17,513	\$104,572	\$10,547	\$132,632	--
7870-Victim CompensationGovernment Claims Bd	290	27,137	--	27,427	945	0	33,283	--	33,283	1,812	0	32,887	--	32,887	1,814
State Operations	--	53,256	--	53,256	30,000	--	62,671	--	62,671	30,000	--	62,671	--	62,671	23,000
Local Assistance	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Totals,7870-Victim CompensationGovernment Claims Bd	\$290	\$80,393	--	\$80,683	\$30,945	\$0	\$95,954	--	\$95,954	\$31,812	\$0	\$95,558	--	\$95,558	\$24,814
7910-Office of Administrative Law	1,698	--	--	1,698	--	1,741	--	--	1,741	--	1,784	--	--	1,784	--
State Operations	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Totals,7910-Office of Administrative Law	\$1,698	--	--	\$1,698	--	\$1,741	--	--	\$1,741	--	\$1,784	--	--	\$1,784	--
TOTALS, GOVERNMENT OPERATIONS	\$716,184	\$172,619	\$17,248	\$906,050	\$30,945	\$729,894	\$219,786	\$8,671	\$958,351	\$31,812	\$700,564	\$221,298	\$10,547	\$932,409	\$24,814
State Operations	716,184	119,363	13,415	848,962	945	727,394	157,115	8,671	893,180	1,812	700,564	158,627	10,547	899,738	1,814
Local Assistance	--	53,256	--	53,256	30,000	--	62,671	--	62,671	30,000	--	62,671	--	62,671	23,000
Capital Outlay	--	--	3,832	3,832	--	2,500	--	--	2,500	--	--	--	--	--	--
GENERAL GOVERNMENT															
8120-Peace Officer Standards Training Comm	--	38,344	--	38,344	--	--	38,301	--	38,301	--	--	34,372	--	34,372	--
State Operations	--	15,288	--	15,288	--	3,200	15,926	--	19,126	--	--	20,826	--	20,826	--
Local Assistance	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Totals, 8120-Peace Officer Standards Training Comm	--	\$53,632	--	\$53,632	--	\$3,200	\$54,227	--	\$57,427	--	--	\$55,198	--	\$55,198	--
8140-State Public Defender	10,793	--	--	10,793	--	11,273	--	--	11,273	--	11,282	--	--	11,282	--
State Operations	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Totals, 8140-State Public Defender	\$10,793	--	--	\$10,793	--	\$11,273	--	--	\$11,273	--	\$11,282	--	--	\$11,282	--

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

	Actual 2013-14					Estimated 2014-15					Estimated 2015-16				
	General Fund	Special Funds	Selected Bond Funds	Budget Total	Federal Funds	General Fund	Special Funds	Selected Bond Funds	Budget Total	Federal Funds	General Fund	Special Funds	Selected Bond Funds	Budget Total	Federal Funds
8260-Arts Council															
State Operations	1,080	776	--	1,856	936	1,237	812	--	2,049	994	1,138	822	--	1,960	998
Local Assistance	--	2,038	--	2,038	100	4,900	2,075	--	6,975	100	--	1,405	--	1,405	100
Totals, 8260-Arts Council	\$1,080	\$2,814	--	\$3,894	\$1,036	\$6,137	\$2,887	--	\$9,024	\$1,094	\$1,138	\$2,227	--	\$3,365	\$1,098
8385-Citizens Compensation Commission															
State Operations	2	--	--	2	--	10	--	--	10	--	10	--	--	10	--
Totals, 8385-Citizens Compensation Commission	\$2	--	--	\$2	--	\$10	--	--	\$10	--	\$10	--	--	\$10	--
8570-Department of Food and Agriculture															
State Operations	57,163	103,987	144	161,294	80,894	63,310	153,703	1,178	218,191	109,632	67,396	140,939	1,178	209,513	109,628
Local Assistance	6,405	35,597	--	42,002	--	6,405	33,823	--	40,228	--	9,010	33,825	--	42,835	--
Totals, 8570-Department of Food and Agriculture	\$63,568	\$139,584	\$144	\$203,296	\$80,894	\$69,715	\$187,526	\$1,178	\$258,419	\$109,632	\$76,406	\$174,764	\$1,178	\$252,348	\$109,628
8620-Fair Political Practices Commission															
State Operations	9,022	--	--	9,022	--	9,413	--	--	9,413	--	9,469	--	--	9,469	--
Totals, 8620-Fair Political Practices Commission	\$9,022	--	--	\$9,022	--	\$9,413	--	--	\$9,413	--	\$9,469	--	--	\$9,469	--
8640-Political Reform Act of 1974															
State Operations	--	--	--	--	--	--	--	--	--	--	2,623	--	--	2,623	--
Totals, 8640-Political Reform Act of 1974	--	--	--	--	--	--	--	--	--	--	\$2,623	--	--	\$2,623	--
8660-Public Utilities Commission															
State Operations	--	1,093,387	--	1,093,387	4,806	--	238,062	--	238,062	5,863	--	245,615	--	245,615	4,950
Local Assistance	--	--	--	--	--	--	1,024,577	--	1,024,577	--	--	1,211,832	--	1,211,832	--
Totals, 8660-Public Utilities Commission	--	\$1,093,387	--	\$1,093,387	\$4,806	--	\$1,262,639	--	\$1,262,639	\$5,863	--	\$1,457,447	--	\$1,457,447	\$4,950
8780-Milton Marks Little Hoover Commission															
State Operations	872	--	--	872	--	950	--	--	950	--	951	--	--	951	--
Totals, 8780-Milton Marks Little Hoover Commission	\$872	--	--	\$872	--	\$950	--	--	\$950	--	\$951	--	--	\$951	--
8790-CA Commission on Disability Access															
State Operations	417	--	--	417	--	526	--	--	526	--	526	--	--	526	--
Totals, 8790-CA Commission on Disability Access	\$417	--	--	\$417	--	\$526	--	--	\$526	--	\$526	--	--	\$526	--
8820-Comm on the Status of Women and Girls															
State Operations	296	--	--	296	--	404	--	--	404	--	--	--	--	--	--
Totals, 8820-Comm on the Status of Women and Girls	\$296	--	--	\$296	--	\$404	--	--	\$404	--	--	--	--	--	--
8830-Law Revision Commission															
State Operations	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Totals, 8830-Law Revision Commission	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
8855-California State Auditors Office															
State Operations	11,418	284	--	11,702	--	15,268	--	--	15,268	--	17,110	--	--	17,110	--
Totals, 8855-California State Auditors Office	\$11,418	\$284	--	\$11,702	--	\$15,268	--	--	\$15,268	--	\$17,110	--	--	\$17,110	--
8860-Department of Finance															
State Operations	28,702	829	145	29,676	--	37,132	987	174	38,293	--	35,467	658	38	36,163	--
Totals, 8860-Department of Finance	\$28,702	\$829	\$145	\$29,676	--	\$37,132	\$987	\$174	\$38,293	--	\$35,467	\$658	\$38	\$36,163	--
8860-Financial Information System for CA															
State Operations	3,394	65,389	--	68,783	--	95,602	6,516	--	102,118	--	102,872	19,305	--	122,177	--
Totals, 8860-Financial Information System for CA	\$3,394	\$65,389	--	\$68,783	--	\$95,602	\$6,516	--	\$102,118	--	\$102,872	\$19,305	--	\$122,177	--
8885-Commission on State Mandates															
State Operations	1,847	--	--	1,847	--	1,974	--	--	1,974	--	1,997	--	--	1,997	--

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

	Actual 2013-14					Estimated 2014-15					Estimated 2015-16						
	General Fund	Special Funds	Budget Total	Federal Funds	General Fund	Special Funds	Selected Bond Funds	Budget Total	Federal Funds	General Fund	Special Funds	Selected Bond Funds	Budget Total	Federal Funds	General Fund	Special Funds	Selected Bond Funds
Local Assistance	41,655	2,498	44,153	--	666,817	2,637	--	669,454	--	44,174	2,637	--	46,811	--	44,174	2,637	--
Totals, 8885-Commission on State Mandates	\$43,502	\$2,498	\$46,000	--	\$668,791	\$2,637	--	\$671,428	--	\$46,171	\$2,637	--	\$48,808	--	\$46,171	\$2,637	--
8940-Military Department																	
State Operations	44,521	1,210	45,731	92,404	47,282	1,559	--	48,841	102,545	48,087	1,763	--	49,850	105,805	48,087	1,763	--
Local Assistance	30	--	30	--	60	--	--	60	--	60	--	--	60	--	60	--	--
Capital Outlay	125	--	125	--	125	--	--	125	--	8,961	--	--	8,961	130	8,961	--	--
Totals, 8940-Military Department	\$44,676	\$1,210	\$45,886	\$92,404	\$47,467	\$1,559	--	\$49,026	\$102,545	\$57,108	\$1,763	--	\$58,871	\$105,935	\$57,108	\$1,763	--
8951-Federal Per Diem for Veterans Housing																	
State Operations	-40,108	--	-40,108	40,108	-47,132	--	--	-47,132	47,132	-59,193	--	--	-59,193	59,193	-59,193	--	--
Totals, 8951-Federal Per Diem for Veterans Housing	-\$40,108	--	-\$40,108	\$40,108	-\$47,132	--	--	-\$47,132	\$47,132	-\$59,193	--	--	-\$59,193	\$59,193	-\$59,193	--	--
8955-Department of Veterans Affairs																	
State Operations	269,671	251	269,922	1,675	321,157	417	--	321,573	2,155	354,537	778	--	355,315	2,206	354,537	778	--
Local Assistance	5,574	655	6,229	--	5,600	1,104	--	6,704	--	2,600	1,104	--	3,704	--	2,600	1,104	--
Capital Outlay	142	1,197	1,866	5,145	500	1,420	1,695	3,615	12,962	525	--	--	525	7,760	525	--	--
Totals, 8955-Department of Veterans Affairs	\$275,386	\$2,104	\$278,017	\$6,920	\$327,257	\$2,941	\$1,695	\$331,892	\$15,117	\$357,662	\$1,882	--	\$359,544	\$9,966	\$357,662	\$1,882	--
8998-General Obligation Bonds-Gen Govt																	
State Operations	24,924	--	24,924	--	20,992	--	--	20,992	--	16,201	--	--	16,201	--	16,201	--	--
Totals, 8998-General Obligation Bonds-Gen Govt	\$24,924	--	\$24,924	--	\$20,992	--	--	\$20,992	--	\$16,201	--	--	\$16,201	--	\$16,201	--	--
General Administration																	
State Operations	424,012	1,304,457	1,728,758	220,823	579,398	440,357	1,352	1,021,107	268,320	610,473	444,252	1,216	1,055,941	282,780	610,473	444,252	1,216
Local Assistance	53,664	56,077	109,741	100	686,982	1,080,142	--	1,767,124	100	55,844	1,271,629	--	1,327,473	100	55,844	1,271,629	--
Capital Outlay	267	1,197	1,991	5,145	625	1,420	1,695	3,740	12,962	9,486	--	--	9,486	7,890	9,486	--	--
Totals, General Administration	\$477,942	\$1,361,751	\$1,840,489	\$226,068	\$1,267,005	\$1,521,919	\$3,047	\$2,791,971	\$281,382	\$675,803	\$1,715,881	\$1,216	\$2,392,900	\$290,770	\$675,803	\$1,715,881	\$1,216
9100-Tax Relief																	
Local Assistance	415,535	--	415,535	--	427,382	-5,350	--	422,032	--	431,657	-9,900	--	421,757	--	431,657	-9,900	--
Totals, 9100-Tax Relief	\$415,535	--	\$415,535	--	\$427,382	-\$5,350	--	\$422,032	--	\$431,657	-\$9,900	--	\$421,757	--	\$431,657	-\$9,900	--
9210-Local Government Financing																	
Local Assistance	1,874	--	1,874	--	17,125	--	--	17,125	--	9,882	845,000	--	854,882	--	9,882	845,000	--
Totals, 9210-Local Government Financing	\$1,874	--	\$1,874	--	\$17,125	--	--	\$17,125	--	\$9,882	\$845,000	--	\$854,882	--	\$9,882	\$845,000	--
9285-Trial Court Security																	
Local Assistance	--	--	--	--	1,000	--	--	1,000	--	2,000	--	--	2,000	--	2,000	--	--
Totals, 9285-Trial Court Security	--	--	--	--	\$1,000	--	--	\$1,000	--	\$2,000	--	--	\$2,000	--	\$2,000	--	--
9300-Payment to Counties for Homicide Trials																	
Local Assistance	292	--	292	--	1	--	--	1	--	1	--	--	1	--	1	--	--
Totals, 9300-Payment to Counties for Homicide Trials	\$292	--	\$292	--	\$1	--	--	\$1	--	\$1	--	--	\$1	--	\$1	--	--
9350-Shared Revenues																	
Local Assistance	784	2,031,893	2,032,677	36,933	740	1,891,314	--	1,892,054	68,801	740	1,448,803	--	1,449,543	68,801	740	1,448,803	--
Totals, 9350-Shared Revenues	\$784	\$2,031,893	\$2,032,677	\$36,933	\$740	\$1,891,314	--	\$1,892,054	\$68,801	\$740	\$1,448,803	--	\$1,449,543	\$68,801	\$740	\$1,448,803	--
Tax Relief-Local Gov Subv																	
Local Assistance	418,484	2,031,893	2,450,378	36,933	446,248	1,885,964	--	2,332,212	68,801	444,280	2,283,903	--	2,728,183	68,801	444,280	2,283,903	--
Totals, Tax Relief-Local Gov Subv	\$418,484	\$2,031,893	\$2,450,378	\$36,933	\$446,248	\$1,885,964	--	\$2,332,212	\$68,801	\$444,280	\$2,283,903	--	\$2,728,183	\$68,801	\$444,280	\$2,283,903	--
9600-Debt Service GO Bonds Commercial Paper																	
State Operations	0	--	0	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Totals, 9600-Debt Service GO Bonds Commercial Paper	\$0	--	\$0	--	--	--	--	--	--	--	--	--	--	--	--	--	--

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

	Actual 2013-14				Estimated 2014-15				Estimated 2015-16					
	General Fund	Special Funds	Selected Bond Funds	Budget Total	Federal Funds	General Fund	Special Funds	Selected Bond Funds	Budget Total	Federal Funds	General Fund	Special Funds	Selected Bond Funds	Budget Total
9612-Enhanced Tobacco Asset-Backed Bonds														
State Operations														
Totals, 9612-Enhanced Tobacco Asset-Backed Bonds														
9618-Economic Recovery Financing Committee														
State Operations		15,591		15,591			15,934		15,934		12,800		12,800	
Unclassified		1,538,400		1,538,400			3,930,707		3,930,707		132,200		132,200	
Totals, 9618-Economic Recovery Financing Committee		\$1,553,991		\$1,553,991			\$3,946,641		\$3,946,641		\$145,000		\$145,000	
9620-Cash Management and Budgetary Loans														
State Operations	48,119			48,119		59,400			59,400		66,800		66,800	
Totals, 9620-Cash Management and Budgetary Loans	\$48,119			\$48,119		\$59,400			\$59,400		\$66,800		\$66,800	
9625-Interest Payments to the Federal Govt														
State Operations	341	49		390		2,000	1,001		3,001		10,000	1,001		11,001
Totals, 9625-Interest Payments to the Federal Govt	\$341	\$49		\$390		\$2,000	\$1,001		\$3,001		\$10,000	\$1,001		\$11,001
9650-Health Dental Benefits for Annuitants														
State Operations	1,378,709			1,378,709		1,515,070			1,515,070		1,595,498		1,595,498	
Totals, 9650-Health Dental Benefits for Annuitants	\$1,378,709			\$1,378,709		\$1,515,070			\$1,515,070		\$1,595,498		\$1,595,498	
9651-Prefunding Hith-Dental Bens Annuitants														
State Operations		25,638		25,638			38,575		38,575					
Totals, 9651-Prefunding Hith-Dental Bens Annuitants		\$25,638		\$25,638			\$38,575		\$38,575					
9658-Budget Stabilization Account														
Unclassified						1,606,422	-1,606,422							
Totals, 9658-Budget Stabilization Account						\$1,606,422	-\$1,606,422							
9670-Victim Compensation Government Claims Bd														
State Operations	22,009	228		22,237		3,176	2,921		6,097	10				
Totals, 9670-Victim Compensation Government Claims Bd	\$22,009	\$228		\$22,237		\$3,176	\$2,921		\$6,097	\$10				
9800-Augmentation for Employee Compensation														
State Operations											203,134	239,369		442,503
Totals, 9800-Augmentation for Employee Compensation											\$203,134	\$239,369		\$442,503
9802-June to July Payroll Deferral														
State Operations	-50,834	-30,401		-81,235		-18,975	-9,588		-28,563		-24,193	-12,225		-36,418
Local Assistance		764		764										
Totals, 9802-June to July Payroll Deferral	-\$50,834	-\$29,637		-\$80,471		-\$18,975	-\$9,588		-\$28,563		-\$24,193	-\$12,225		-\$36,418
9840-Contingencies-Emergencies Augmentation														
State Operations						14,700	9,012		23,712		20,000	15,000		35,000
Totals, 9840-Contingencies-Emergencies Augmentation						\$14,700	\$9,012		\$23,712		\$20,000	\$15,000		\$35,000
9860-Capital Outlay Planning Studies														
Capital Outlay						1,000			1,000		1,000			1,000
Totals, 9860-Capital Outlay Planning Studies						\$1,000			\$1,000		\$1,000			\$1,000
9885-Reserve for Liquidation of Encumbrances														
Unclassified	-15,938			-15,938										
Totals, 9885-Reserve for Liquidation of Encumbrances	-\$15,938			-\$15,938										
9894-Statewide Proposition 98 Reconciliation														
State Operations	3,524			3,524										
Local Assistance	235,336			235,336		-527,902			-527,902		-131,311			-131,311

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

	Actual 2013-14				Estimated 2014-15				Estimated 2015-16					
	General Fund	Special Funds	Selected Bond Funds	Budget Total	Federal Funds	General Fund	Special Funds	Selected Bond Funds	Budget Total	Federal Funds	General Fund	Special Funds	Selected Bond Funds	Budget Total
Totals, 9894-Statewide Proposition 98 Reconciliation	\$238,860	--	--	\$238,860	--	-\$527,902	--	--	-\$527,902	--	-\$131,311	--	--	-\$131,311
9897-Section 360 Rate Adjustments	--	--	--	--	--	--	--	--	--	--	--	--	--	--
State Operations	--	--	--	--	--	--	--	--	--	259,109	133,648	--	--	392,757
Totals, 9897-Section 360 Rate Adjustments	--	--	--	--	--	--	--	--	--	\$259,109	\$133,648	--	--	\$392,757
9898-PERS General Fund Deferral Payment	431,176	--	--	431,176	--	488,449	--	--	488,449	529,936	--	--	--	529,936
State Operations	--	--	--	--	--	488,449	--	--	488,449	529,936	--	--	--	529,936
Totals, 9898-PERS General Fund Deferral Payment	\$431,176	--	--	\$431,176	--	\$488,449	--	--	\$488,449	\$529,936	--	--	--	\$529,936
9900-Statewide General Admin Exp -Pro Rata-	-644,005	1,157	--	-642,848	--	-595,358	--	--	-595,358	-671,387	18	--	--	-671,369
State Operations	--	--	--	--	--	-595,358	--	--	-595,358	-671,387	18	--	--	-671,369
Totals, 9900-Statewide General Admin Exp -Pro Rata-	-\$644,005	\$1,157	--	-\$642,848	--	-\$595,358	--	--	-\$595,358	-\$671,387	\$18	--	--	-\$671,369
9901-Various Departments	--	--	--	--	--	--	--	--	--	125,000	--	--	--	125,000
State Operations	--	--	--	--	--	--	--	--	--	125,000	--	--	--	125,000
Local Assistance	--	72,532	--	72,532	--	--	67,181	--	67,181	--	67,181	--	--	67,181
Totals, 9901-Various Departments	--	\$72,532	--	\$72,532	--	--	\$67,181	--	\$67,181	\$125,000	\$67,181	--	--	\$192,181
9910-General Fund Credits from Federal Funds	-133,400	--	--	-133,400	--	-155,928	--	--	-155,928	-153,255	--	--	--	-153,255
State Operations	--	--	--	--	--	-155,928	--	--	-155,928	-153,255	--	--	--	-153,255
Totals, 9910-General Fund Credits from Federal Funds	-\$133,400	--	--	-\$133,400	--	-\$155,928	--	--	-\$155,928	-\$153,255	--	--	--	-\$153,255
9935-PERS Deferral	-488,449	--	--	-488,449	--	-529,936	--	--	-529,936	-579,507	--	--	--	-579,507
State Operations	--	--	--	--	--	-529,936	--	--	-529,936	-579,507	--	--	--	-579,507
Totals, 9935-PERS Deferral	-\$488,449	--	--	-\$488,449	--	-\$529,936	--	--	-\$529,936	-\$579,507	--	--	--	-\$579,507
Statewide Expenditures	567,188	12,263	--	579,452	--	782,598	57,855	--	840,453	10	1,381,136	369,611	--	1,770,747
State Operations	235,336	73,295	--	308,631	--	-527,902	67,181	--	-460,721	--	-131,311	67,181	--	-64,130
Local Assistance	--	--	--	--	--	1,000	--	--	1,000	--	1,000	--	--	1,000
Capital Outlay	--	--	--	--	--	1,606,422	2,324,285	--	3,930,707	--	--	132,200	--	132,200
Unclassified	-15,938	1,538,400	--	1,522,462	--	1,606,422	2,324,285	--	3,930,707	--	--	132,200	--	132,200
Totals, Statewide Expenditures	\$786,587	\$1,623,959	--	\$2,410,545	--	\$1,862,118	\$2,449,321	--	\$4,311,439	\$10	\$1,250,825	\$588,992	--	\$1,839,817
TOTALS, GENERAL GOVERNMENT	\$1,683,013	\$5,017,583	\$816	\$6,701,412	\$263,001	\$3,575,372	\$5,857,204	\$3,047	\$9,435,623	\$350,193	\$2,270,908	\$4,588,776	\$1,216	\$6,960,900
State Operations	\$991,200	\$1,316,720	\$289	\$2,308,209	\$220,823	\$1,361,997	\$468,212	\$1,352	\$1,861,561	\$268,330	\$1,991,609	\$633,863	\$1,216	\$2,826,688
Local Assistance	\$707,485	\$2,161,265	--	\$2,868,750	\$37,033	\$605,328	\$3,033,287	--	\$3,638,615	\$68,901	\$368,813	\$3,622,713	--	\$3,991,526
Capital Outlay	\$267	\$1,197	\$527	\$1,991	\$5,145	\$1,625	\$1,420	\$1,695	\$4,740	\$12,962	\$10,486	--	--	\$10,486
Unclassified	-\$15,938	\$1,538,400	--	-\$1,522,462	--	-\$1,606,422	\$2,324,285	--	-\$3,930,707	--	--	-\$132,200	--	-\$132,200
GRAND TOTAL	\$99,838,109	\$38,311,366	\$4,493,719	\$142,643,194	\$72,583,320	\$111,719,682	\$45,568,605	\$5,251,774	\$162,530,061	\$96,504,683	\$113,297,769	\$45,520,145	\$5,885,185	\$164,703,099
State Operations	\$25,901,971	\$12,830,680	\$564,818	\$39,297,468	\$9,354,567	\$28,468,777	\$13,098,658	\$1,108,315	\$42,675,750	\$9,583,124	\$29,791,507	\$13,580,296	\$565,205	\$43,937,009
Local Assistance	\$73,803,201	\$23,689,469	\$2,711,234	\$100,203,903	\$60,703,433	\$81,411,845	\$29,233,510	\$3,013,216	\$113,658,571	\$84,314,177	\$83,260,511	\$30,899,014	\$3,880,769	\$118,040,293
Capital Outlay	\$65,459	\$336,234	\$1,217,668	\$1,619,360	\$2,525,321	\$149,223	\$985,567	\$1,130,242	\$2,285,033	\$2,602,381	\$161,712	\$992,674	\$1,439,211	\$2,593,597
Unclassified	\$67,478	\$1,454,984	--	-\$1,522,462	--	-\$1,689,838	\$2,240,869	--	-\$3,930,707	\$5,000	\$84,039	\$48,161	--	-\$132,200
BUDGET ACT TOTALS	\$59,236,087	\$13,317,580	\$780,942	\$73,334,608	\$61,679,142	\$65,664,801	\$15,997,242	\$1,990,348	\$83,652,390	\$85,581,185	\$68,624,912	\$16,536,540	\$2,453,114	\$87,614,566
OTHER APPROPRIATIONS TOTALS	\$40,602,022	\$24,993,786	\$3,712,777	\$69,308,586	\$10,904,178	\$46,054,882	\$29,561,363	\$3,261,426	\$78,877,671	\$10,923,498	\$44,672,857	\$28,983,605	\$3,432,071	\$77,088,533

Note: Numbers may not add due to rounding

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

Fund	Beginning Reserve 2013-14	Actual Revenues 2013-14	Actual Expenditures 2013-14	Beginning Reserve 2014-15	Estimated Revenues 2014-15	Estimated Expenditures 2014-15	Beginning Reserve 2015-16	Estimated Revenues 2015-16	Estimated Expenditures 2015-16	Ending Reserve 2015-16
GENERAL FUND	2,263,828	102,674,658	99,838,109	5,100,377	108,041,941	111,719,682	1,422,636	113,380,041	113,297,769	1,504,909
SPECIAL FUNDS										
0002-Property Acquisition Law Money Account	1,974	2,920	3,446	1,448	5,079	4,968	1,558	3,631	3,587	1,602
0003-Motor Vehicle Parking Facilities Moneys Account	1,720	3,024	3,163	1,581	3,732	3,369	1,944	3,732	3,361	2,315
0004-Breast Cancer Fund	3,044	-2,211	757	77	749	812	14	912	820	106
0006-Disability Access Account	2,527	9,036	6,313	5,250	9,036	6,739	7,546	9,036	7,495	9,087
0007-Breast Cancer Research Account	17,580	11,296	2,245	26,632	9,355	11,705	24,282	9,055	10,659	22,678
0009-Breast Cancer Control Account	9,801	11,244	9,414	11,631	9,350	11,761	9,220	9,050	11,701	6,569
0012-Attorney General Antitrust Account	240	2,606	2,399	447	2,400	2,476	371	2,400	2,479	292
0014-Hazardous Waste Control Account	29,435	48,389	52,646	25,177	50,849	59,285	16,742	63,173	60,497	19,418
0017-Fingerprint Fees Account	22,435	70,893	68,218	25,110	71,614	71,585	25,139	71,614	71,556	25,197
0018-Site Remediation Account	14,536	10,736	10,993	14,279	10,202	24,454	27	10,632	10,622	37
0020-California State Law Library Special Account	156	368	395	129	368	469	28	368	396	0
0022-State Emergency Telephone Number Account	59,989	85,223	84,583	60,629	96,000	117,030	39,599	96,000	116,858	18,741
0023-Farmworker Remedial Account	717	281	686	312	250	102	460	250	291	419
0024-State Board of Guide Dogs for the Blind Fund	123	151	147	127	152	210	69	153	203	19
0025-Leaking Underground Storage Tank Cost Recovery Fund	99	-	-	99	-	-	99	-	-	99
0026-State Motor Vehicle Insurance Account	28,827	29,762	16,314	42,276	22,020	35,934	28,362	22,000	35,094	15,268
0028-Unified Program Account	6,427	9,387	4,874	10,939	6,667	8,173	9,433	6,667	7,987	8,114
0029-Nuclear Planning Assessment Special Account	-15	5,642	5,473	155	6,143	6,298	0	6,266	6,033	233
0030-County School Service Fund Contingency Account	100	-	-	100	-	-	100	-	-	100
0032-Firearm Safety Account	2,355	859	276	2,939	841	340	3,440	841	340	3,941
0033-State Energy Conservation Assistance Account	18,300	30,457	8,721	40,037	50,196	39,655	50,578	22,196	20,628	52,146
0034-Geothermal Resources Development Account	-227	3,556	3,328	0	3,030	2,770	260	3,030	2,770	520
0035-Surface Mining and Reclamation Account	1,730	2,000	2,491	1,239	2,001	2,578	662	4,112	4,128	646
0041-Aeronautics Account State Transportation Fund	1,657	5,738	4,055	3,340	9,427	9,879	2,888	5,427	6,804	1,511
0042-State Highway Account State Transportation Fund	975,140	4,071,119	4,095,454	950,806	3,673,076	3,349,737	1,274,145	3,171,320	3,388,930	1,056,535
0044-Motor Vehicle Account State Transportation Fund	403,560	3,029,879	3,018,002	415,438	3,105,342	3,323,626	197,154	3,504,873	3,414,423	287,603

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

Fund	Beginning Reserve 2013-14	Actual Revenues 2013-14	Actual Expenditures 2013-14	Beginning Reserve 2014-15	Estimated Revenues 2014-15	Estimated Expenditures 2014-15	Beginning Reserve 2015-16	Estimated Revenues 2015-16	Estimated Expenditures 2015-16	Ending Reserve 2015-16
0045-Bicycle Transportation Account State Transportation Fund	3,569	1,857	116	5,310	-5,310	-	0	-	-	0
0046-Public Transportation Account State Transportation Fund	319,751	753,885	683,183	390,453	745,194	680,678	454,969	642,211	661,533	435,647
0052-Local Airport Loan Account	16,448	963	-1,446	18,856	-3,129	-879	16,606	754	-905	18,265
0054-New Motor Vehicle Board Account	566	1,628	1,579	615	1,690	1,660	645	1,690	1,656	679
0055-Mass Transit Revolving Account State Transportation Fund	1,000	-	-	1,000	-	-	1,000	-	-	1,000
0058-Rail Accident Prevention Response Fund	9	0	-	9	-	-	9	-	-	9
0059-Hazardous Spill Prevention Account Rail Accident Prevention and Response Fund	2	0	-	2	-	-	2	-	-	2
0061-Motor Vehicle Fuel Account Transportation Tax Fund	17,100	12,978	30,078	0	33,264	33,264	0	33,326	33,326	0
0062-Highway Users Tax Account Transportation Tax Fund	41,619	1,987,685	2,029,304	0	1,889,012	1,889,012	0	1,446,488	1,446,486	2
0063-Motor Vehicle Transportation Tax Account Transportation Tax Fund	1,752	-1,751	-	1	-1	-	-	-	-	-
0064-Motor Vehicle License Fee Account Transportation Tax Fund	-58	23,529	23,472	0	25,068	25,068	0	20,800	20,800	0
0065-Illegal Drug Lab Cleanup Account	3,443	5	883	2,565	9	819	1,755	1,020	811	1,964
0066-Sale of Tobacco to Minors Control Account	2,219	168	1,626	761	169	551	380	178	549	9
0067-State Corporations Fund	57,841	33,629	41,515	49,956	46,233	49,812	46,376	46,233	52,575	40,034
0069-Barbering and Cosmetology Contingent Fund	14,726	21,634	20,441	15,919	22,089	21,364	16,644	22,874	19,208	20,310
0070-Occupational Lead Poisoning Prevention Account	2,444	3,057	3,774	1,727	4,403	4,346	1,784	3,023	4,381	426
0071-Yosemite Foundation Account California Environmental License Plate Fund	29	800	803	26	900	840	86	900	840	146
0072-California Collegiate License Plate Fund	15	38	36	16	38	38	16	38	38	16
0073-Resources License Plate Fund	797	37	-	834	-834	-	-	-	-	-
0074-Medical Waste Management Fund	3,040	1,981	2,252	2,769	2,007	2,355	2,421	2,007	2,643	1,785
0075-Radiation Control Fund	8,238	20,239	21,306	7,171	24,333	24,599	6,905	26,300	24,723	8,482
0076-Tissue Bank License Fund	2,149	694	533	2,310	716	569	2,458	727	572	2,613
0078-Graphic Design License Plate Account	1,561	2,104	2,828	837	2,204	2,888	153	2,204	2,228	129
0080-Childhood Lead Poisoning Prevention Fund	71,982	21,966	21,251	72,697	21,213	24,936	68,974	21,213	24,965	65,222
0082-Export Document Program Fund	2,129	432	499	2,061	403	551	1,913	403	575	1,741
0083-Veterans Service Office Fund	764	1,165	470	1,460	1,173	889	1,744	1,173	888	2,029
0093-Construction Management Education Account -CMEA-	139	54	159	34	56	34	56	58	100	14

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

Fund	Beginning Reserve 2013-14	Actual Revenues 2013-14	Actual Expenditures 2013-14	Beginning Reserve 2014-15	Estimated Revenues 2014-15	Estimated Expenditures 2014-15	Beginning Reserve 2015-16	Estimated Revenues 2015-16	Estimated Expenditures 2015-16	Ending Reserve 2015-16
0096-Cal-OSHA Targeted Inspection and Consultation Fund	18,670	-18,670	-	0	-	-	0	-	-	0
0098-Clinical Laboratory Improvement Fund	15,755	11,089	8,491	18,352	11,123	11,024	18,451	11,171	11,099	18,523
0099-Health Statistics Special Fund	4,122	22,781	23,112	3,791	25,446	24,541	4,696	25,049	24,785	4,959
0100-California Used Oil Recycling Fund	21,053	26,669	27,103	20,618	28,466	29,073	20,011	23,120	29,703	13,428
0101-School Facilities Fee Assistance Fund	124	0	-	124	-	124	0	-	-	0
0102-State Fire Marshal Licensing and Certification Fund	2,197	2,115	2,050	2,262	2,255	2,951	1,566	2,255	3,021	800
0104-San Joaquin River Conservancy Fund	1,318	302	97	1,522	300	130	1,692	300	126	1,866
0106-Department of Pesticide Regulation Fund	18,259	81,630	83,294	16,595	82,841	87,977	11,459	85,581	91,233	5,808
0108-Acupuncture Fund	2,097	2,555	2,526	2,127	3,110	3,315	1,921	3,225	3,426	1,720
0111-Department of Agriculture, Account Department of Food and Agriculture Fund	57,127	144,746	126,122	75,750	130,365	148,606	57,509	137,976	144,942	50,543
0113-Missing Children Reward Fund	3	-	-	3	-	-	3	-3	-	-
0115-Air Pollution Control Fund	45,328	129,136	120,673	53,791	114,878	118,454	50,214	114,878	119,605	45,487
0116-Wine Safety Fund	159	-	-	159	-	-	159	-	-	159
0117-Alcoholic Beverage Control Appeals Fund	1,921	1,796	890	2,826	1,296	1,050	3,073	1,309	1,045	3,337
0120-California Mexican American Veterans Memorial Beautification and Enhancement	114	0	12	102	125	50	177	30	207	0
0121-Hospital Building Fund	45,816	49,915	47,769	47,962	45,090	59,407	33,645	43,090	60,085	16,650
0122-Emergency Food Assistance Program Fund	433	442	432	443	589	594	438	589	594	433
0124-California Agricultural Export Promotion Account	61	-	10	51	10	10	51	10	10	51
0125-Assembly Operating Fund	149	-	-	149	-	-	149	-	-	149
0126-State Audit Fund	5,703	-	14	5,689	-	-	5,689	-	-	5,689
0129-Water Device Certification Special Account	800	268	138	930	188	455	663	188	424	427
0131-Foster Family Home and Small Family Home Insurance Fund	3,190	-2,300	-32	922	-	-	922	-	-	922
0132-Workers Compensation Managed Care Fund	596	3	8	591	7	80	518	7	78	447
0133-California Beverage Container Recycling Fund	120,453	1,286,110	1,187,209	219,354	1,232,399	1,189,379	262,374	1,114,359	1,182,011	194,722
0139-Driving Under-the-Influence Program Licensing Trust Fund	-64	1,696	1,412	220	1,842	1,987	75	1,843	1,853	65
0140-California Environmental License Plate Fund	7,813	39,206	42,066	4,952	39,660	44,612	0	39,611	38,774	837
0141-Soil Conservation Fund	3,043	2,536	1,689	3,890	2,733	2,950	3,673	2,733	2,859	3,547

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

Fund	Beginning Reserve 2013-14	Actual Revenues 2013-14	Actual Expenditures 2013-14	Beginning Reserve 2014-15	Estimated Revenues 2014-15	Estimated Expenditures 2014-15	Beginning Reserve 2015-16	Estimated Revenues 2015-16	Estimated Expenditures 2015-16	Ending Reserve 2015-16
0142-Department of Justice Sexual Habitual Offender Fund	2,032	2,111	2,069	2,074	2,111	2,418	1,767	2,111	2,424	1,454
0143-California Health Data and Planning Fund	18,295	26,194	26,674	17,815	27,323	37,199	7,939	39,865	33,445	14,359
0144-California Water Fund	35	0	-	35	-	-	35	-	-	35
0152-State Board of Chiropractic Examiners Fund	2,361	3,632	3,070	2,923	6,562	6,540	2,946	3,575	3,815	2,706
0156-California Heritage Fund	58	0	-	58	-	-	58	-	-	58
0158-Travel Seller Fund	1,937	713	692	1,958	688	1,439	1,208	688	1,441	455
0159-State Trial Court Improvement and Modernization Fund	49,238	8,720	31,752	26,206	4,441	27,673	2,974	23,397	25,674	697
0160-Operating Funds of the Assembly and Senate	31	-	-	31	-	-	31	-	-	31
0163-Continuing Care Provider Fee Fund	1,600	1,411	1,179	1,832	1,575	1,314	2,093	1,575	1,327	2,340
0166-Certification Account Consumer Affairs Fund	1,093	1,189	1,116	1,166	1,202	1,239	1,129	1,202	1,182	1,149
0168-Structural Pest Control Research Fund	311	140	-	451	136	3	584	136	3	717
0169-California Debt Limit Allocation Committee Fund	3,420	740	1,160	3,000	708	1,444	2,264	3,074	1,362	3,976
0170-Corrections Training Fund	14,666	13,377	21,712	6,331	19,068	22,829	2,569	20,971	22,906	635
0171-California Debt and Investment Advisory Commission Fund	4,640	1,748	2,495	3,893	1,749	2,940	2,702	4,113	2,994	3,821
0172-Developmental Disabilities Program Development Fund	1,381	5,811	5,158	2,034	6,209	4,397	3,847	6,209	4,453	5,603
0175-Dispensing Opticians Fund	311	178	239	249	177	234	193	176	302	67
0177-Food Safety Fund	8,553	8,078	7,595	9,037	8,147	8,032	9,153	8,247	9,605	7,795
0178-Driver Training Penalty Assessment Fund	4,745	1,669	1,610	4,804	1,714	1,716	4,802	1,370	1,740	4,432
0179-Environmental Laboratory Improvement Fund	1,178	2,910	2,726	1,362	2,905	3,305	962	2,905	3,307	559
0180-Northern California Veterans Cemetery Master Development Fund	128	-	-	128	-	-	128	-	-	128
0181-Registered Nurse Education Fund	2,470	2,021	1,928	2,563	2,063	2,202	2,423	2,063	2,186	2,300
0183-Environmental Enhancement and Mitigation Program Fund	19,620	7,092	6,025	20,687	12,214	11,404	21,497	7,814	13,717	15,594
0184-Employment Development Department Benefit Audit Fund	-2	16,081	16,080	0	11,978	11,976	1	11,826	11,827	0
0185-Employment Development Department Contingent Fund	4,739	89,979	83,532	11,186	117,298	120,482	8,002	115,735	123,572	165
0186-Energy Resources Surcharge Fund	-688	688	-	0	-	-	0	-	-	0
0191-Fair and Exposition Fund	7,154	1,515	2,869	5,800	1,303	1,302	5,801	300	1,303	4,798
0193-Waste Discharge Permit Fund	4,931	118,472	110,187	13,216	118,249	124,829	6,635	118,630	121,611	3,654
0194-Emergency Medical Services Training Program Approval Fund	55	229	283	1	230	225	6	230	226	10

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

Fund	Beginning Reserve 2013-14	Actual Revenues 2013-14	Actual Expenditures 2013-14	Beginning Reserve 2014-15	Estimated Revenues 2014-15	Estimated Expenditures 2014-15	Beginning Reserve 2015-16	Estimated Revenues 2015-16	Estimated Expenditures 2015-16	Ending Reserve 2015-16
0198-California Fire and Arson Training Fund	1,398	2,280	2,474	1,204	2,781	3,309	676	2,781	3,373	85
0200-Fish and Game Preservation Fund	99,358	92,742	103,339	88,761	96,134	123,265	61,630	97,545	133,560	25,615
0203-Genetic Disease Testing Fund	3,402	119,522	107,958	14,966	121,619	116,740	19,845	122,111	119,461	22,495
0205-Geology and Geophysics Account Professional Engineers and Land Surveyors Fu	1,165	966	1,142	989	1,063	1,419	633	1,027	1,434	226
0207-Fish and Wildlife Pollution Account	265	859	697	426	861	888	400	562	888	74
0209-California Hazardous Liquid Pipeline Safety Fund	7,993	2,746	2,423	8,316	3,824	3,526	8,614	3,824	3,607	8,831
0210-Outpatient Setting Fund of the Medical Board of California	324	18	1	341	18	27	332	66	27	371
0211-California Waterfowl Habitat Preservation Account Fish and Game Preservatio	2,353	6	26	2,332	5	245	2,092	5	249	1,848
0212-Marine Invasive Species Control Fund	4,277	4,205	4,231	4,250	4,200	4,822	3,628	4,200	4,927	2,901
0213-Native Species Conservation and Enhancement Account Fish and Game Preservat	437	55	-	492	63	-	555	61	-	616
0214-Restitution Fund	83,117	104,750	95,844	92,022	99,657	111,259	80,421	98,492	111,402	67,510
0215-Industrial Development Fund	11	35	14	32	40	40	32	40	40	32
0216-Industrial Relations Construction Industry Enforcement Fund	1,235	-1,235	-	0	-	-	0	-	-	0
0217-Insurance Fund	28,636	223,502	238,440	13,699	237,502	250,606	595	255,835	255,643	787
0219-Lifetime License Trust Account Fish and Game Preservation Fund	9,024	515	-	9,538	474	-	10,012	471	-	10,483
0223-Workers Compensation Administration Revolving Fund	191,439	269,663	179,789	281,312	135,862	313,554	103,620	313,018	313,571	103,067
0225-Environmental Protection Trust Fund	148	-	-	148	-	-	148	-	-	148
0226-California Tire Recycling Management Fund	59,795	30,757	30,335	60,217	31,164	41,039	50,342	30,704	43,881	37,165
0228-Secretary of States Business Fees Fund	1,353	39,822	40,175	1,000	53,840	53,838	1,002	55,674	55,673	1,003
0230-Cigarette and Tobacco Products Surtax Fund	46,634	1,291	9,386	38,539	10,127	10,086	38,580	10,194	10,154	38,620
0231-Health Education Account Cigarette and Tobacco Products Surtax Fund	12,416	68,559	65,145	15,831	58,109	57,802	16,138	56,722	69,215	3,645
0232-Hospital Services Account Cigarette and Tobacco Products Surtax Fund	29,924	55,775	55,235	30,464	57,605	74,137	13,932	83,045	92,129	4,848
0233-Physician Services Account Cigarette and Tobacco Products Surtax Fund	2,105	-909	105	1,091	801	105	1,787	18,724	19,446	1,065
0234-Research Account Cigarette and Tobacco Products Surtax Fund	1,885	17,091	6,515	12,462	14,527	14,325	12,664	14,181	16,615	10,230
0235-Public Resources Account Cigarette and Tobacco Products Surtax Fund	3,799	9,785	10,895	2,689	9,135	10,462	1,362	8,789	9,679	472

SCHEDULE 10
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Fund	Beginning Reserve 2013-14	Actual Revenues 2013-14	Actual Expenditures 2013-14	Beginning Reserve 2014-15	Estimated Revenues 2014-15	Estimated Expenditures 2014-15	Beginning Reserve 2015-16	Estimated Revenues 2015-16	Estimated Expenditures 2015-16	Ending Reserve 2015-16
0236-Unallocated Account Cigarette and Tobacco Products Surtax Fund	18,474	45,401	41,468	22,407	44,688	53,188	13,907	48,178	58,978	3,107
0238-Northern California Veterans Cemetery Perpetual Maintenance Fund	210	77	49	237	72	71	238	73	66	245
0239-Private Security Services Fund	7,285	10,977	10,915	7,347	10,886	12,672	5,562	15,218	11,024	9,756
0240-Local Agency Deposit Security Fund	345	302	416	231	361	433	158	361	443	76
0241-Local Public Prosecutors and Public Defenders Training Fund	1,077	853	839	1,091	853	882	1,062	853	883	1,032
0242-Court Collection Account	4,874	79,907	82,192	2,588	80,023	78,841	3,770	80,023	79,116	4,676
0243-Narcotic Treatment Program Licensing Trust Fund	1,172	1,521	997	1,696	1,520	1,469	1,747	1,520	1,486	1,781
0244-Environmental Water Fund	75	0	-	75	-	-	75	-	-	75
0245-Mobilehome Parks and Special Occupancy Parks Revolving Fund	3,615	6,859	6,895	3,579	6,671	6,988	3,262	6,671	7,846	2,086
0247-Drinking Water Operator Certification Special Account	3,009	1,496	1,123	3,382	1,509	2,086	2,805	1,509	1,972	2,342
0256-Sexual Predator Public Information Account	465	55	181	339	55	183	211	55	182	84
0257-Earthquake Emergency Investigations Account Disaster Assistance Fund	45	-	-	45	-	-	45	-	-	45
0260-Nursing Home Administrators State License Examining Fund	806	-	2	804	-	-	804	-	-	804
0261-Off Highway License Fee Fund	-	2,133	2,131	2	2,400	2,400	2	2,400	2,400	2
0262-Habitat Conservation Fund	16,292	9,432	-7,265	32,989	9,227	15,617	26,599	9,227	7,819	28,007
0263-Off-Highway Vehicle Trust Fund	106,788	81,821	83,051	105,558	86,076	160,157	31,477	87,076	92,544	26,009
0264-Osteopathic Medical Board of California Contingent Fund	3,075	1,641	1,737	2,979	1,760	1,886	2,853	1,892	1,833	2,912
0266-Inland Wetlands Conservation Fund Wildlife Restoration Fund	1,130	3	-	1,133	3	-	1,136	3	-	1,139
0267-Exposition Park Improvement Fund	3,331	7,842	7,872	3,302	7,851	8,001	3,152	7,851	9,613	1,390
0268-Peace Officers Training Fund	22,869	47,908	53,632	17,145	43,644	53,727	7,062	51,763	55,198	3,627
0269-Glass Processing Fee Account California Beverage Container Recycling Fund	3,102	65,631	60,594	8,139	63,208	65,328	6,019	63,318	65,408	3,929
0270-Technical Assistance Fund	4,826	22,598	20,167	7,257	21,769	23,086	5,940	21,769	23,086	4,623
0271-Certification Fund	4,087	1,544	1,464	4,167	1,391	2,141	3,418	1,391	2,134	2,675
0272-Infant Botulism Treatment and Prevention Fund	11,653	5,962	5,829	11,786	4,906	9,238	7,454	4,900	9,235	3,120
0275-Hazardous and Idle-Deserted Well Abatement Fund	581	287	660	208	287	225	270	287	100	457
0276-Penalty Account California Beverage Container Recycling Fund	5,718	19,309	415	24,613	230	1,015	23,828	230	1,035	23,023

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SUMMARY OF FUND CONDITION STATEMENTS
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Fund	Beginning Reserve 2013-14	Actual Revenues 2013-14	Actual Expenditures 2013-14	Beginning Reserve 2014-15	Estimated Revenues 2014-15	Estimated Expenditures 2014-15	Beginning Reserve 2015-16	Estimated Revenues 2015-16	Estimated Expenditures 2015-16	Ending Reserve 2015-16
0277-Bi-metal Processing Fee Account California Beverage Container Recycling Fund	15,359	1,319	377	16,301	1,176	283	17,194	1,176	283	18,087
0278-PET Processing Fee Account California Beverage Container Recycling Fund	8,413	35,950	19,522	24,841	9,326	29,698	4,469	32,510	29,575	7,404
0279-Child Health and Safety Fund	7,509	4,883	6,068	6,325	4,695	5,940	5,080	4,778	6,223	3,634
0280-Physician Assistant Fund	1,296	1,569	1,334	1,531	1,546	1,505	1,571	1,592	1,408	1,755
0281-Recycling Market Development Revolving Loan Subaccount Integrated Waste Man	9,420	1,065	-1,729	12,214	3,084	10,666	4,631	1,213	3,375	2,469
0286-Lake Tahoe Conservancy Account	7,836	1,111	3,413	5,534	1,081	1,293	5,322	1,081	1,308	5,095
0288-The Registry of International Student Exchange Visitor Placement Organization	80	9	-	89	5	-	94	5	-	99
0289-State HICAP Fund	1,488	3,154	2,488	2,154	3,760	2,484	3,430	3,410	2,487	4,353
0290-Board of Pilot Commissioners Special Fund	4,946	1,627	1,706	4,867	1,376	2,182	4,060	1,376	2,383	3,053
0293-Motor Carriers Safety Improvement Fund	2,575	1,663	1,839	2,398	1,619	2,395	1,622	1,619	2,434	807
0294-Removal and Remedial Action Account	6,010	2,273	4,045	4,238	1,750	3,313	2,675	3,200	3,351	2,524
0295-Board of Podiatric Medicine Fund	908	997	957	948	938	1,258	628	942	1,422	148
0296-Coachella Valley Mountains Conservancy Fund	16	5	3	18	25	30	13	25	30	8
0298-Financial Institutions Fund	11,063	25,888	26,476	10,475	28,097	27,491	11,081	28,097	27,978	11,200
0299-Credit Union Fund	1,610	9,273	7,639	3,244	8,563	7,961	3,847	7,213	8,117	2,943
0300-Professional Forester Registration Fund	483	40	182	341	119	227	233	119	231	121
0305-Private Postsecondary Education Administration Fund	10,548	9,863	8,949	11,462	11,046	11,449	11,060	11,882	13,160	9,782
0306-Safe Drinking Water Account	7,877	12,840	14,009	6,708	13,257	16,860	3,105	13,257	15,629	733
0308-Earthquake Risk Reduction Fund of 1996	431	1,000	-	1,431	1,000	1,000	1,431	-	-	1,431
0309-Perinatal Insurance Fund	19,694	47,030	36,048	30,676	48,639	39,070	40,245	17,025	46,632	10,638
0310-Psychology Fund	5,247	3,888	3,527	5,609	3,887	4,662	4,833	3,885	4,568	4,150
0311-Traumatic Brain Injury Fund	210	802	930	82	1,276	1,002	356	752	1,002	106
0312-Emergency Medical Services Personnel Fund	1,895	2,269	1,963	2,202	2,132	2,031	2,302	2,267	2,370	2,199
0313-Major Risk Medical Insurance Fund	45,207	31,750	25,602	51,355	20,822	27,100	45,077	4,500	26,504	23,073
0314-Diesel Emission Reduction Fund	3,334	8	-	3,342	-	-	3,342	-	-	3,342
0317-Real Estate Fund	31,492	51,000	44,875	37,617	49,059	49,869	36,807	45,487	51,361	30,933
0318-Collins-Dugan Calif Conservation Corps Reimbursement Acct	9,155	30,172	30,972	8,355	37,729	32,038	14,046	28,626	33,889	8,783
0319-Respiratory Care Fund	2,671	2,711	2,771	2,612	2,763	3,495	1,880	2,814	3,461	1,233

SCHEDULE 10
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Fund	Beginning Reserve 2013-14	Actual Revenues 2013-14	Actual Expenditures 2013-14	Beginning Reserve 2014-15	Estimated Revenues 2014-15	Estimated Expenditures 2014-15	Beginning Reserve 2015-16	Estimated Revenues 2015-16	Estimated Expenditures 2015-16	Ending Reserve 2015-16
0320-Oil Spill Prevention and Administration Fund	14,665	38,845	37,452	16,058	45,975	53,590	8,443	49,663	52,730	5,376
0321-Oil Spill Response Trust Fund	11,201	729	318	11,612	524	81	12,056	619	79	12,596
0322-Environmental Enhancement Fund	1,878	376	330	1,924	207	761	1,370	206	668	908
0325-Electronic and Appliance Repair Fund	2,183	2,564	2,381	2,366	2,533	2,904	1,995	2,497	2,749	1,743
0326-Athletic Commission Fund	244	1,452	1,194	501	1,699	1,430	770	1,700	1,447	1,023
0327-Court Interpreters Fund	356	250	168	438	250	164	524	250	163	611
0328-Public School Planning Design and Construction Review Revolving Fund	6,428	47,010	43,611	9,827	59,875	48,570	21,133	40,330	51,294	10,169
0329-Vehicle License Collection Account Local Revenue Fund	-	14,000	14,000	-	14,000	14,000	-	14,000	14,000	-
0330-Local Revenue Fund	-	685	685	-	789	789	-	784	784	-
0331-Sales Tax Account Local Revenue Fund	-	-	-	-	-	-	-	-	-	-
0332-Vehicle License Fee Account Local Revenue Fund	-	1,454,801	1,454,801	-	1,591,620	1,591,620	-	1,632,485	1,632,485	-
0333-Sales Tax Growth Account Local Revenue Fund	-	-	-	-	-	-	-	-	-	-
0334-Vehicle License Fee Growth Account Local Revenue Fund	-	136,819	136,819	-	40,865	40,865	-	47,015	47,015	-
0335-Registered Environmental Health Specialist Fund	537	299	336	499	320	352	467	303	356	414
0336-Mine Reclamation Account	2,101	3,752	3,772	2,082	3,429	4,086	1,424	3,429	3,915	938
0338-Strong-Motion Instrumentation and Seismic Hazards Mapping Fund	6,586	6,203	7,854	4,935	8,199	9,729	3,404	8,376	11,282	499
0342-State School Fund	16,992	79,945	81,274	15,663	79,945	79,945	15,663	77,883	77,883	15,663
0347-School Land Bank Fund	1,266	3	544	725	2,308	1,130	1,903	3	1,146	761
0348-Senate Operating Fund	12	-	-	12	-	-	12	-	-	12
0349-Educational Telecommunication Fund	615	-	-978	1,593	-	263	1,330	-	-	1,330
0351-Mental Health Subaccount Sales Tax Account	-	1,129,612	1,129,612	-	1,147,976	1,147,976	-	1,174,061	1,174,061	-
0352-Social Services Subaccount Sales Tax Account	1	1,488,748	1,488,748	1	1,507,962	1,507,962	1	1,861,179	1,861,179	1
0353-Health Subaccount Sales Tax Account	-	398,555	398,555	-	-	-	-	-	-	-
0354-Caseload Subaccount Sales Tax Growth Account	-	17,670	17,670	-	56,310	56,310	-	61,941	61,941	-
0359-County Medical Services Subaccount Sales Tax Growth Account	-	5,411	5,411	-	5,525	5,525	-	7,655	7,655	-
0361-General Growth Subaccount Sales Tax Growth Account	-	71,360	71,360	-	52,056	52,056	-	120,500	120,500	-
0365-Historic Property Maintenance Fund	176	1,887	994	1,069	674	1,138	605	712	1,137	180
0367-Indian Gaming Special Distribution Fund	36,507	17,016	37,595	15,929	24,028	31,102	8,856	25,223	31,573	2,505

SCHEDULE 10
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Fund	Beginning Reserve 2013-14	Actual Revenues 2013-14	Actual Expenditures 2013-14	Beginning Reserve 2014-15	Estimated Revenues 2014-15	Estimated Expenditures 2014-15	Beginning Reserve 2015-16	Estimated Revenues 2015-16	Estimated Expenditures 2015-16	Ending Reserve 2015-16
0368-Asbestos Consultant Certification Account Asbestos Training and Consultant	1,242	480	400	1,322	450	415	1,357	450	415	1,392
0369-Asbestos Training Approval Account	645	189	141	692	181	148	726	181	146	761
Asbestos Training and Consultant Certifi										
0371-California Beach and Coastal Enhancement Account California Environmental L	1,983	1,621	2,261	1,342	1,547	1,875	1,014	1,547	1,672	889
0372-Disaster Relief Fund	1	-	-	1	-	-	1	-	-	1
0376-Speech-Language Pathology and Audiology and Hearing Aid Dispensers Fund	796	1,974	1,555	1,215	2,088	1,986	1,318	2,197	2,016	1,499
0378-False Claims Act Fund	3,007	10,491	10,788	2,710	13,005	12,709	3,006	12,305	12,723	2,588
0381-Public Interest Research Development and Demonstration Fund	45,687	-9,790	6,062	29,835	-8,310	4,780	16,746	-9,800	1,296	5,650
0382-Renewable Resource Trust Fund	122,925	26,836	35,989	113,771	200	55,497	58,474	200	34,701	23,973
0384-The Salmon and Steelhead Trout Restoration Account	150	-	-	150	-	-	150	-	-	150
0386-Solid Waste Disposal Site Cleanup Trust Fund	4,238	5,037	4,852	4,423	5,047	5,746	3,723	5,047	5,632	3,138
0387-Integrated Waste Management Account Integrated Waste Management Fund	24,367	38,573	37,199	25,741	37,090	44,820	18,012	39,049	46,172	10,888
0392-State Parks and Recreation Fund	72,625	124,223	137,164	59,684	147,316	173,272	33,728	148,673	176,760	5,641
0396-Self-Insurance Plans Fund	2,846	3,745	3,006	3,585	3,710	4,032	3,264	3,710	3,956	3,018
0399-Structural Pest Control Education and Enforcement Fund	557	389	364	582	382	394	571	382	414	539
0400-Real Estate Appraisers Regulation Fund	2,886	12,102	5,078	9,910	3,230	5,684	7,456	3,806	5,661	5,601
0407-Teacher Credentials Fund	110	15,435	14,333	1,213	16,234	16,238	1,208	16,364	16,164	1,408
0408-Test Development and Administration Account Teacher Credentials Fund	2,356	4,168	4,022	2,502	4,108	4,303	2,308	4,144	4,879	1,573
0410-Transcript Reimbursement Fund	317	301	196	422	301	315	408	301	316	393
0412-Transportation Rate Fund	445	2,928	2,837	536	2,517	2,967	86	2,917	2,995	8
0421-Vehicle Inspection and Repair Fund	76,195	93,628	117,844	51,979	101,702	131,722	21,959	144,708	124,083	42,584
0425-Victim - Witness Assistance Fund	2,922	15,538	18,554	-95	24,501	18,718	5,688	13,933	18,735	886
0429-Local Jurisdiction Energy Assistance Account	1,316	0	-	1,316	1	-	1,317	1	-	1,318
0434-Air Toxics Inventory and Assessment Account	1,030	505	184	1,351	600	996	955	600	982	573
0436-Underground Storage Tank Tester Account	101	41	46	96	21	64	53	23	64	11
0437-State Assistance For Fire Equipment Account	816	151	6	961	100	100	961	100	100	961
0439-Underground Storage Tank Cleanup Fund	266,275	290,688	234,581	322,382	230,728	239,261	313,849	219,603	278,654	254,798

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Fund	Beginning Reserve 2013-14	Actual Revenues 2013-14	Actual Expenditures 2013-14	Beginning Reserve 2014-15	Estimated Revenues 2014-15	Estimated Expenditures 2014-15	Beginning Reserve 2015-16	Estimated Revenues 2015-16	Estimated Expenditures 2015-16	Ending Reserve 2015-16
0442-California Olympic Training Account	-2	2	-	0	-	-	0	-	-	0
0447-Wildlife Restoration Fund	7,700	57	9,128	-1,371	7,007	4,437	1,199	3,647	4,667	179
0448-Occupancy Compliance Monitoring Account/Tax Credit Allocation Fee Account	19,316	5,448	3,799	20,965	5,647	4,214	22,398	5,747	4,386	23,759
0449-Winter Recreation Fund	460	168	291	338	215	347	206	215	347	74
0452-Elevator Safety Account	25,353	28,187	21,330	32,210	28,496	23,077	37,628	12,196	27,403	22,421
0453-Pressure Vessel Account	215	5,094	4,448	861	5,282	5,415	728	5,282	5,437	573
0456-Expedited Site Remediation Trust Fund	2,836	0	64	2,772	-	2,770	2	-	-	2
0457-Tax Credit Allocation Fee Account	9,056	4,873	2,075	11,855	4,868	2,515	14,208	4,868	2,636	16,440
0458-Site Operation and Maintenance Account Hazardous Substances Account	134	594	491	236	411	412	235	181	408	9
0459-Telephone Medical Advice Services Fund	814	234	159	890	220	184	926	246	174	998
0460-Dealers Record of Sale Special Account	13,435	21,058	29,260	5,233	26,025	28,517	2,741	27,525	29,273	993
0461-Public Utilities Commission Transportation Reimbursement Account	6,769	15,369	11,854	10,284	15,367	13,925	11,726	16,591	14,248	14,069
0462-Public Utilities Commission Utilities Reimbursement Account	30,527	134,232	89,102	75,657	86,662	98,707	63,611	86,221	97,446	52,386
0464-California High-Cost Fund-A Administrative Committee Fund	19,864	34,778	34,702	19,940	33,328	39,369	13,898	49,264	43,266	19,896
0465-Energy Resources Programs Account	41,941	71,351	64,327	48,965	74,364	97,863	25,466	74,364	89,646	10,184
0467-State Notes Expense Account	250	-	-	250	-	-	250	-	-	250
0470-California High-Cost Fund-B Administrative Committee Fund	50,552	103,495	20,745	133,303	-9,655	22,255	101,392	-9,726	22,392	69,274
0471-Universal Lifeline Telephone Service Trust Administrative Committee Fund	84,530	158,982	193,492	50,020	249,745	202,880	96,885	337,626	344,837	89,673
0473-Vietnam Veterans Memorial Account	4	0	-	4	-	-	4	-	-	4
0475-Underground Storage Tank Fund	111	-	-	111	-	-	111	-	-	111
0478-Vectorborne Disease Account	351	55	107	299	120	140	279	120	142	257
0479-Energy Technologies Research Development and Demonstration Account	2,912	0	-	2,912	1	-	2,913	1	-	2,914
0481-Garment Manufacturers Special Account	2,199	320	500	2,019	300	500	1,819	300	500	1,619
0483-Deaf and Disabled Telecommunications Program Administrative Committee Fund	33,249	27,818	52,834	8,232	49,290	55,667	1,855	70,382	65,083	7,154
0485-Armory Discretionary Improvement Account	459	70	73	456	72	172	356	72	173	255
0487-Financial Responsibility Penalty Account	807	30	-	837	-100	-	737	-100	-	637
0491-Payphone Service Providers Committee Fund	206	0	0	206	-206	-	0	-	-	0

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(Dollars in Thousands)

Fund	Beginning Reserve 2013-14	Actual Revenues 2013-14	Actual Expenditures 2013-14	Beginning Reserve 2014-15	Estimated Revenues 2014-15	Estimated Expenditures 2014-15	Beginning Reserve 2015-16	Estimated Revenues 2015-16	Estimated Expenditures 2015-16	Ending Reserve 2015-16
0492-State Athletic Commission Neurological Examination Account	688	16	25	679	18	127	570	17	64	523
0493-California Teleconnect Fund Administrative Committee Fund	11,611	84,130	90,183	5,558	118,920	107,687	16,790	149,152	148,465	17,477
0494-Other - Unallocated Special Funds	-	-	-28,712	28,712	-	2,188	26,524	-	383,116	-356,592
0496-Developmental Disabilities Services Account	19	130	-	149	150	150	149	150	150	149
0497-Local Government Geothermal Resources Revolving Subaccount Geothermal Resou	8,640	1,361	310	9,691	4,904	7,708	6,887	1,204	4,011	4,080
0557-Toxic Substances Control Account	35,153	44,753	44,462	35,445	51,364	48,120	38,688	47,203	50,432	35,460
0558-Farm and Ranch Solid Waste Cleanup and Abatement Account	2,572	0	777	1,795	2	1,190	607	1,002	1,203	406
0566-Department of Justice Child Abuse Fund	1,839	362	391	1,810	362	397	1,775	362	399	1,738
0567-Gambling Control Fund	21,706	19,528	11,081	30,154	19,528	13,249	36,432	19,528	15,010	40,950
0569-Gambling Control Fines and Penalties Account	2,647	0	42	2,605	231	47	2,789	21	47	2,763
0577-Abandoned Watercraft Abatement Fund	442	775	775	442	1,350	1,350	442	1,750	1,750	442
0582-High Polluter Repair or Removal Account	17,036	35,304	29,629	22,712	35,539	40,719	17,531	35,734	40,232	13,033
0585-Counties Children and Families Account California Children and Families Trust	31,260	344,450	375,709	1	323,909	323,909	1	314,357	314,357	1
0587-Family Law Trust Fund	2,389	2,251	1,509	3,131	2,078	1,706	3,504	2,078	1,813	3,769
0593-Coastal Access Account State Coastal Conservancy Fund	2,608	538	486	2,660	538	1,946	1,252	538	500	1,290
0623-California Children and Families First Trust Fund	4	16,588	16,588	4	17,810	17,810	3	17,939	17,939	3
0631-Mass Media Communications Account California Children and Families Trust Fu	20,705	26,753	26,958	20,500	24,854	38,220	7,134	24,098	27,769	3,463
0634-Education Account California Children and Families Trust Fund	35,393	21,625	14,551	42,467	20,371	39,294	23,544	19,718	2,902	40,360
0636-Child Care Account California Children and Families Trust Fund	28,156	12,991	11,360	29,788	12,236	26,826	15,198	11,834	12,722	14,310
0637-Research and Development Account California Children and Families Trust Fun	17,982	12,969	5,048	25,903	12,225	11,288	26,840	11,868	2,527	36,181
0638-Administration Account California Children and Families Trust Fund	22,861	4,358	5,776	21,442	4,113	6,216	19,339	3,988	6,717	16,610
0639-Unallocated Account California Children and Families Trust Fund	13,341	8,670	7,647	14,365	8,140	14,587	7,918	7,883	5,687	10,114
0642-Domestic Violence Training and Education Fund	5	568	464	110	568	588	90	568	579	80

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

Fund	Beginning Reserve 2013-14	Actual Revenues 2013-14	Actual Expenditures 2013-14	Beginning Reserve 2014-15	Estimated Revenues 2014-15	Estimated Expenditures 2014-15	Beginning Reserve 2015-16	Estimated Revenues 2015-16	Estimated Expenditures 2015-16	Ending Reserve 2015-16
0643-Upper Newport Bay Ecological Reserve Maintenance and Preservation Fund	13	-	3	10	-	3	7	-	3	4
0648-Mobilehome-Manufactured Home Revolving Fund	9,229	18,187	18,034	9,382	18,178	17,892	9,668	18,178	20,309	7,537
0704-Accountancy Fund Professions and Vocations Fund	15,361	10,310	11,485	14,186	5,471	13,786	5,871	11,366	13,888	3,349
0706-California Architects Board Fund	4,099	4,153	2,999	5,253	2,773	3,995	4,031	4,041	3,597	4,475
0717-Cemetery Fund	2,609	2,295	2,203	2,702	2,246	2,543	2,405	2,360	2,430	2,335
0735-Contractors License Fund	29,083	54,992	57,688	26,387	55,980	63,192	19,176	55,182	62,880	11,478
0741-State Dentistry Fund	4,963	11,297	10,175	6,085	10,134	12,714	3,506	10,771	12,158	2,119
0750-State Funeral Directors and Embalmers Fund	1,659	1,320	1,786	1,193	1,224	1,879	537	1,277	1,792	22
0752-Home Furnishings and Thermal Insulation Fund	1,847	5,889	4,476	3,261	4,118	5,134	2,244	4,210	4,825	1,629
0755-Licensed Midwifery Fund	219	39	-	258	39	13	284	39	13	310
0757-California Board of Architectural Examiners - Landscape Architects Fund	2,445	797	715	2,527	793	1,194	2,126	793	995	1,924
0758-Contingent Fund of the Medical Board of California	26,730	56,404	54,983	28,151	52,344	60,487	20,008	62,424	58,591	23,841
0759-Physical Therapy Fund	948	3,316	3,388	876	3,322	3,904	294	4,818	3,810	1,302
0761-Board of Registered Nursing Professions and Vocations Fund	9,540	33,816	33,799	9,557	33,615	37,654	5,518	39,179	36,337	8,360
0763-State Optometry Fund Professions and Vocations Fund	1,280	1,834	1,676	1,438	1,832	1,887	1,383	1,904	1,658	1,629
0767-Pharmacy Board Contingent Fund Professions and Vocations Fund	13,885	15,674	16,789	12,770	16,639	19,894	9,515	16,632	19,357	6,790
0769-Private Investigator Fund	525	824	629	719	701	707	713	843	698	858
0770-Professional Engineers and Land Surveyors Fund	2,086	11,538	7,794	5,830	8,427	9,866	4,391	8,860	9,605	3,646
0771-Court Reporters Fund	1,331	674	872	1,133	635	992	776	634	1,042	368
0773-Behavioral Science Examiners Fund Professions and Vocations Fund	1,683	9,394	7,768	3,309	8,314	9,288	2,335	8,750	9,006	2,079
0775-Structural Pest Control Fund	1,409	3,981	3,656	1,734	4,028	4,532	1,230	4,171	4,955	446
0777-Veterinary Medical Board Contingent Fund	3,171	3,526	2,870	3,827	3,501	4,580	2,748	3,493	4,369	1,872
0779-Vocational Nursing and Psychiatric Technicians Fund	10,067	10,309	9,730	10,646	10,337	9,246	11,737	10,499	8,730	13,506
0780-Psychiatric Technicians Account Vocational Nursing and Psychiatric Technicians	1,616	1,742	1,880	1,478	1,700	2,121	1,056	1,703	2,074	685
0932-Trial Court Trust Fund	79,657	1,413,928	1,472,368	21,217	1,369,057	1,374,072	16,202	1,353,468	1,369,570	100
0933-Managed Care Fund	17,646	44,252	38,621	23,277	42,443	62,026	3,694	65,182	65,655	3,221
1003-Cleanup Loans and Environmental Assistance to Neighborhoods Account	3,500	-1	-	3,499	465	2,500	1,464	-40	1,000	424

SCHEDULE 10
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Fund	Beginning Reserve 2013-14	Actual Revenues 2013-14	Actual Expenditures 2013-14	Beginning Reserve 2014-15	Estimated Revenues 2014-15	Estimated Expenditures 2014-15	Beginning Reserve 2015-16	Estimated Revenues 2015-16	Estimated Expenditures 2015-16	Ending Reserve 2015-16
1006-Rural CUPA Reimbursement Account	266	1,314	-55	1,634	-	-	1,634	-	-	1,634
1008-Firearms Safety and Enforcement Special Fund	7,833	6,682	3,167	11,347	7,008	3,546	14,809	7,008	3,540	18,277
1011-Budget Stabilization Account	-	-	-	-	-	-1,606,422	1,606,422	1,220,000	-	2,826,422
1017-Umbilical Cord Blood Collection Program Fund	3,794	3,182	-	6,976	3,182	2,500	7,658	3,182	2,500	8,340
1018-Lake Tahoe Science and Lake Improvement Account General Fund	-	-	-	-	1,058	450	608	650	750	508
2500-Pedestrian Safety Account State Transportation Fund	10	0	-	10	-10	-	0	-	-	0
2501-Local Transportation Loan Account State Highway Account State Transportatio	4,002	9	-	4,011	10	-	4,021	10	-	4,031
3001-Public Beach Restoration Fund	251	-	-	251	2,950	2,950	251	4,849	4,849	251
3002-Electrician Certification Fund	6,978	1,732	2,008	6,703	1,810	2,740	5,773	2,010	2,762	5,021
3004-Garment Industry Regulations Fund	4,139	2,880	2,755	4,265	2,810	3,187	3,887	2,808	3,136	3,559
3007-Traffic Congestion Relief Fund	2,048	139,362	96,023	45,387	189,416	108,871	125,932	84,039	81,016	128,955
3008-Transportation Investment Fund	705	65,000	-79,193	144,898	40,000	-	184,898	40,000	-	224,898
3010-Pierces Disease Management Account	15,473	2,787	3,365	14,895	2,775	3,383	14,287	2,775	3,289	13,773
3013-California Central Coast State Veterans Cemetery at Fort Ord Operations Fun	-	1,197	1,197	-	1,420	1,420	-	217	217	-
3015-Gas Consumption Surcharge Fund	126,678	406,599	526,866	6,411	586,874	587,110	6,175	705,059	586,609	124,625
3016-Missing Persons DNA Data Base Fund	1,170	4,007	2,951	2,227	2,836	3,474	1,589	2,736	3,480	845
3017-Occupational Therapy Fund	1,157	1,202	1,435	924	3,180	1,328	2,777	1,237	1,239	2,775
3018-Drug and Device Safety Fund	6,167	4,266	5,134	5,299	4,224	6,570	2,953	4,224	6,627	550
3019-Substance Abuse Treatment Trust Fund	278	-	-	278	-	-	278	-	-	278
3020-Tobacco Settlement Fund	2,269	-	-	2,269	-	-	2,269	-	-	2,269
3022-Apprenticeship Training Contribution Fund	17,558	10,713	10,402	17,869	9,350	11,497	15,722	9,150	11,353	13,519
3024-Rigid Container Account	216	-	47	170	162	163	169	162	162	169
3025-Abandoned Mine Reclamation and Minerals Fund Subaccount Mine Reclamation Ac	2,713	939	1,160	2,491	1,005	609	2,888	1,005	551	3,342
3027-Trauma Care Fund	49	-	-	49	-	-	49	-	-	49
3030-Workers Occupational Safety and Health Education Fund	584	958	751	791	901	1,157	535	901	1,177	259
3033-California Memorial Scholarship Fund	25	-	4	21	-	-	21	-	-	21
3034-Anitterrorism Fund	1,430	1,287	859	1,858	1,200	1,783	1,275	1,200	1,337	1,138
3035-Environmental Quality Assessment Fund	187	1	7	181	-	-	181	-	-	181
3036-Alcohol Beverages Control Fund	34,046	55,220	55,042	34,224	54,819	59,853	29,190	55,366	59,962	24,594

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Fund	Beginning Reserve 2013-14	Actual Revenues 2013-14	Actual Expenditures 2013-14	Beginning Reserve 2014-15	Estimated Revenues 2014-15	Estimated Expenditures 2014-15	Beginning Reserve 2015-16	Estimated Revenues 2015-16	Estimated Expenditures 2015-16	Ending Reserve 2015-16
3037-State Court Facilities Construction Fund	88,140	106,684	61,991	132,833	225,480	133,546	224,767	310,380	140,818	394,329
3039-Dentally Underserved Account State Dentistry Fund	1,876	4	81	1,799	-	133	1,666	-	132	1,534
3042-Victims of Corporate Fraud Compensation Fund	3,200	1,894	3,871	1,223	11,510	1,630	11,103	1,510	1,530	11,083
3046-Oil Gas and Geothermal Administrative Fund	6,217	30,931	35,885	1,262	60,524	61,402	385	61,524	55,043	6,866
3053-Public Rights Law Enforcement Special Fund	542	4,413	2,580	2,375	4,905	6,117	1,164	5,205	6,085	284
3054-Health Care Benefits Fund	726	2,000	994	1,732	2,000	2,000	1,732	2,000	2,000	1,732
3056-Safe Drinking Water and Toxic Enforcement Fund	5,484	3,390	2,052	6,823	2,020	4,067	4,776	2,020	2,544	4,252
3057-Dam Safety Fund	1,270	12,297	11,907	1,660	12,600	12,821	1,439	12,600	12,865	1,174
3058-Water Rights Fund	4,048	16,043	16,547	3,544	17,508	19,166	1,886	19,903	20,098	1,691
3059-Fiscal Recovery Fund	682,132	1,509,541	1,546,035	645,638	1,595,000	2,240,638	0	990,000	990,000	0
3060-Appellate Court Trust Fund	4,242	5,931	5,581	4,592	5,950	6,808	3,734	5,950	6,756	2,928
3062-Energy Facility License and Compliance Fund	9,034	3,093	1,156	10,971	3,134	3,450	10,656	3,078	3,477	10,257
3063-State Responsibility Area Fire Prevention Fund	56,106	68,905	65,263	59,749	76,969	93,654	43,064	76,969	83,847	36,186
3064-Mental Health Practitioner Education Fund	415	373	470	319	392	550	160	392	391	162
3065-Electronic Waste Recovery and Recycling Account Integrated Waste Management	102,248	57,765	82,841	77,173	57,790	103,420	31,543	85,449	109,166	7,826
3066-Court Facilities Trust Fund	11,084	101,721	104,671	8,134	103,680	107,899	3,915	104,029	103,681	4,263
3067-Cigarette and Tobacco Products Compliance Fund	8,746	1,822	1,565	9,003	1,466	1,913	8,556	1,466	1,988	8,034
3068-Vocational Nurse Education Fund	637	218	186	669	208	231	646	208	231	623
3069-Naturopathic Doctors Fund	478	250	151	577	249	318	508	248	363	393
3070-Nontoxic Dry Cleaning Incentive Trust Fund	1,052	128	53	1,127	180	414	893	180	404	669
3071-Car Wash Worker Restitution Fund	2,381	487	198	2,670	326	80	2,916	326	421	2,821
3072-Car Wash Worker Fund	3,248	604	179	3,672	408	216	3,865	408	209	4,064
3074-Medical Marijuana Program Fund	469	-58	215	196	-58	133	5	361	113	253
3075-Unlawful Sales Reduction Fund	90	-	-	90	1	-	91	1	-	92
3078-Labor and Workforce Development Fund	9,258	5,680	4,926	10,013	4,252	5,743	8,522	4,253	6,044	6,731
3079-Childrens Medical Services Rebate Fund	41,941	14,321	31,837	24,426	10,031	10,000	24,457	10,031	10,000	24,488
3080-AIDS Drug Assistance Program Rebate Fund	29,440	281,587	296,653	14,375	269,784	248,440	35,719	269,784	290,165	15,338
3081-Cannery Inspection Fund	2,106	2,174	2,096	2,184	2,175	2,499	1,859	2,175	2,516	1,518

SCHEDULE 10
SUMMARY OF FUND CONDITION STATEMENTS
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Fund	Beginning Reserve 2013-14	Actual Revenues 2013-14	Actual Expenditures 2013-14	Beginning Reserve 2014-15	Estimated Revenues 2014-15	Estimated Expenditures 2014-15	Beginning Reserve 2015-16	Estimated Revenues 2015-16	Estimated Expenditures 2015-16	Ending Reserve 2015-16
3082-School Facilities Emergency Repair Account	5,409	-	-	5,409	-	83	5,326	-	83	5,243
3083-Welcome Center Fund	58	90	90	57	100	113	44	100	107	37
3084-State Certified Unified Program Agency Account	3,168	249	1,748	1,668	1,652	2,424	897	1,846	2,674	69
3085-Mental Health Services Fund	688,531	1,436,548	1,296,546	828,532	1,802,564	1,508,047	1,123,049	1,775,564	1,475,324	1,423,289
3086-DNA Identification Fund	26,630	69,160	70,415	25,375	67,086	78,375	14,086	65,075	78,519	642
3087-Unfair Competition Law Fund	8,660	11,913	10,765	9,808	5,828	11,094	4,542	8,928	11,115	2,355
3088-Registry of Charitable Trusts Fund	3,453	3,690	2,857	4,286	4,216	3,435	5,067	5,266	5,569	4,764
3089-Public Utilities Commission Ratepayer Advocate Account	6,575	24,378	25,010	5,943	26,332	26,300	5,975	26,451	26,445	5,981
3090-Deficit Recovery Bond Retirement Sinking Fund Subaccount Budget Stabilizati	7,777	57,846	7,957	57,666	1,648,337	1,706,003	0	-	-	0
3091-Certified Access Specialist Fund	955	569	273	1,251	445	281	1,415	445	295	1,565
3093-Transportation Deferred Investment Fund	8,839	-68,416	-87,815	28,237	-69,916	-83,416	41,737	-70,539	-84,039	55,237
3095-Film Promotion and Marketing Fund	5	14	-	19	10	10	19	10	10	19
3096-Nondesignated Public Hospital Supplemental Fund	722	1	269	454	1	454	1	1	1	1
3097-Private Hospital Supplemental Fund	52,689	-4,604	47,448	637	12,480	12,971	146	54,002	54,002	146
3098-State Department of Public Health Licensing and Certification Program Fund	73,178	78,955	78,380	73,753	79,257	95,150	57,860	110,975	125,520	43,315
3099-Mental Health Facility Licensing Fund	27	345	364	8	406	391	23	370	368	25
3101-Analytical Laboratory Account Department of Food and Agriculture Fund	1,840	765	375	2,229	351	533	2,047	351	535	1,863
3102-Acute Orphan Well Account Oil Gas and Geothermal Administrative Fund	817	2	459	360	2	1	361	2	360	3
3103-Hatchery and Inland Fisheries Fund	11,639	20,109	21,816	9,932	19,978	20,866	9,044	20,022	21,483	7,583
3107-Transportation Debt Service Fund	-	943,220	943,219	0	1,065,359	1,065,359	0	1,186,113	1,186,113	0
3108-Professional Fiduciary Fund	344	479	424	400	501	611	290	546	623	213
3109-Natural Gas Subaccount Public Interest Research Development and Demonstrati	26,903	24,189	20,885	30,207	45,249	45,039	30,417	24,230	24,043	30,604
3110-Gambling Addiction Program Fund	555	266	159	662	247	154	755	247	155	847
3111-Retail Food Safety and Defense Fund	18	16	-	34	14	-	48	15	-	63
3112-Equity in Prevention and Services for Domestic Abuse Fund	195	32	98	129	25	103	51	25	76	0
3113-Residential and Outpatient Program Licensing Fund	814	3,490	1,422	2,882	3,958	5,028	1,812	5,540	5,317	2,035
3114-Birth Defects Monitoring Program Fund	5,725	3,833	4,164	5,394	3,355	4,779	3,970	3,355	5,008	2,317
3115-Youthful Offender Block Grant Fund	641	-641	-	-	-	-	-	-	-	-
3117-Alternative and Renewable Fuel and Vehicle Technology Fund	129,752	102,481	102,449	129,784	166,509	172,945	123,348	99,900	109,247	114,002

SCHEDULE 10
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(Dollars In Thousands)

Fund	Beginning Reserve 2013-14	Actual Revenues 2013-14	Actual Expenditures 2013-14	Beginning Reserve 2014-15	Estimated Revenues 2014-15	Estimated Expenditures 2014-15	Beginning Reserve 2015-16	Estimated Revenues 2015-16	Estimated Expenditures 2015-16	Ending Reserve 2015-16
3119-Air Quality Improvement Fund	1,120	69,478	54,103	16,495	43,628	56,173	3,949	28,628	24,340	8,237
3120-State Fire Marshal Fireworks Enforcement and Disposal Fund	229	4	22	211	-	-	211	-	1	210
3121-Occupational Safety and Health Fund	26,117	64,192	53,000	37,309	53,210	61,546	28,973	61,455	68,156	22,272
3122-Enhanced Fleet Modernization Subaccount High Polluter Repair or Removal Acc	17,348	31,186	36,477	12,057	41,454	40,663	12,849	41,768	40,715	13,902
3123-Coastal Act Services Fund	3,460	1,145	682	3,923	1,262	2,757	2,428	1,262	2,698	992
3131-California Bingo Fund	628	37	1	664	37	50	651	37	55	633
3132-Charity Bingo Mitigation Fund	-	0	-	0	11	11	0	12	12	0
3133-Managed Care Administrative Fines and Penalties Fund	803	489	-	1,292	-727	-	565	4	-	569
3134-School District Account Underground Storage Tank Cleanup Fund	4,169	26	-	4,195	35	-	4,230	35	-	4,264
3136-Foreclosure Consultant Regulation Fund	12	0	-	12	-	-	12	-	-	12
3137-Emergency Medical Technician Certification Fund	492	1,438	1,407	523	1,509	1,642	390	1,509	1,570	329
3138-Immediate and Critical Needs Account State Court Facilities Construction Fu	134,665	74,444	122,843	86,266	252,710	271,081	67,895	239,019	224,741	82,173
3139-Specialized License Plate Fund	-	278	0	278	646	685	239	810	659	390
3140-State Dental Hygiene Fund	587	1,513	1,274	826	1,529	1,615	740	1,595	1,635	700
3141-California Advanced Services Fund	38,489	104,142	43,945	98,686	65,354	97,931	66,109	65,354	98,272	33,191
3142-State Dental Assistant Fund	2,759	1,703	1,636	2,826	1,690	1,919	2,597	1,711	2,095	2,213
3144-Building Standards Administration Special Revolving Fund	2,192	2,057	1,405	2,844	2,064	1,930	2,978	2,100	2,403	2,674
3145-Underground Storage Tank Petroleum Contamination Orphan Site Cleanup Fund	18,748	62	-	18,810	34	18,650	194	6	-	200
3147-State Water Pollution Control Revolving Fund Small Community Grant Fund	7,100	8,018	9,019	6,099	10,736	6,981	9,854	12,036	12,000	9,890
3149-Local Safety and Protection Account Transportation Tax Fund	67	-	-	67	-	-	67	-	-	67
3150-State Public Works Enforcement Fund	2,350	5,759	773	7,337	6,756	11,672	2,421	9,506	11,828	99
3151-Internal Health Information Integrity Quality Improvement Account	30	1	25	6	-	-	6	-	-	6
3152-Labor Enforcement and Compliance Fund	23,506	52,033	43,208	32,331	34,829	44,705	22,455	44,094	44,823	21,726
3153-Horse Racing Fund	1,778	11,643	11,718	1,703	11,918	12,165	1,456	13,318	13,337	1,437
3155-Lead-Related Construction Fund	778	509	296	992	222	584	630	500	571	559
3156-Childrens Health and Human Services Special Fund	108,785	827,849	589,942	346,692	1,433,348	1,291,980	488,060	2,125,420	2,005,679	607,801

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Fund	Beginning Reserve 2013-14	Actual Revenues 2013-14	Actual Expenditures 2013-14	Beginning Reserve 2014-15	Estimated Revenues 2014-15	Estimated Expenditures 2014-15	Beginning Reserve 2015-16	Estimated Revenues 2015-16	Estimated Expenditures 2015-16	Ending Reserve 2015-16
3157-Recreational Health Fund	518	2	-	521	-	-	521	-	-	521
3158-Hospital Quality Assurance Revenue Fund	153,705	2,371,979	2,333,573	192,111	7,690,830	4,355,002	3,527,939	4,550,228	4,246,520	3,831,647
3160-Wastewater Operator Certification Fund	1,597	1,287	813	2,071	1,254	1,338	1,987	1,254	1,372	1,869
3163-California Health Information Technology and Exchange Fund	253	15,487	15,740	1	-	-	1	-	-	1
3164-Renewable Energy Resources Development Fee Trust Fund	5,603	-4,392	1,050	161	-	-	161	-	-	161
3165-Enterprise Zone Fund	3,721	2,623	1,246	5,098	1,226	1,375	4,950	7	406	4,550
3167-Skilled Nursing Facility Quality and Accountability Fund	248	907	-22,652	23,807	604	600	23,811	600	599	23,812
3168-Emergency Medical Air Transportation Act Fund	18,989	8,418	7,863	19,544	11,338	26,425	4,457	11,338	5,625	10,170
3170-Heritage Enrichment Resource Fund	83	74	44	113	74	49	138	74	46	166
3171-Local Revenue Fund 2011	-	-	-	-	-	-	-	-	-	-
3172-Public Hospital Investment Improvement and Incentive Fund	-	751,994	751,994	-	706,146	706,146	-	701,149	701,149	-
3179-Mental Health Account Local Revenue Fund 2011	-	-	-	-	-	-	-	-	-	-
3195-Carpet Stewardship Account Integrated Waste Management Fund	168	314	226	256	275	291	240	275	290	225
3200-CalWORKs Maintenance of Effort Subaccount Sales Tax Account	-	721,764	721,764	-	752,888	752,888	-	752,888	752,888	-
3201-Low Income Health Program MCE Out-of-Network Emergency Care Services Fund	-	20,017	7,838	12,179	42,198	-	54,377	52,286	106,663	0
3202-Architectural Paint Stewardship Account Integrated Waste Management Fund	370	200	198	372	277	290	359	277	291	345
3204-Entertainment Work Permit Fund	303	68	53	318	-205	109	4	45	-	49
3207-Education Protection Account	-	-	-269	269	-	-	269	-	-	269
3209-Office of Patient Advocate Trust Fund	473	2,710	2,136	1,047	2,093	2,124	1,016	2,089	2,089	1,016
3210-Davis-Dolwig Account California Water Resources Development Bond Fund	-2	10,000	5,546	4,452	10,000	14,454	-2	10,000	10,018	-20
3211-Electric Program Investment Charge Fund	11,948	12,801	5,296	19,453	360,395	373,898	5,950	173,000	128,508	50,442
3212-Timber Regulation and Forest Restoration Fund	4,931	32,608	23,008	14,531	34,000	33,031	15,500	34,000	35,000	14,501
3213-Long-Term Care Quality Assurance Fund	-2	397,001	373,490	23,509	557,057	433,863	146,703	570,195	456,467	260,431
3214-Support Services Account Local Revenue Fund 2011	-	-	-	-	-	-	-	-	-	-
3215-Law Enforcement Services Account Local Revenue Fund 2011	-	-	-	-	-	-	-	-	-	-

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

Fund	Beginning Reserve 2013-14	Actual Revenues 2013-14	Actual Expenditures 2013-14	Beginning Reserve 2014-15	Estimated Revenues 2014-15	Estimated Expenditures 2014-15	Beginning Reserve 2015-16	Estimated Revenues 2015-16	Estimated Expenditures 2015-16	Ending Reserve 2015-16
3216-Protective Services Subaccount Support Services Account	-	1,836,991	1,836,991	-	1,970,717	1,970,717	-	2,124,228	2,124,228	-
3217-Behavioral Health Subaccount Support Services Account	-	987,259	987,259	-	1,046,271	1,046,271	-	1,192,967	1,192,967	-
3218-Support Services Growth Subaccount Sales and Use Tax Growth Account	-	-	-	-	-	-	-	-	-	-
3220-Law Enforcement Services Growth Subaccount Sales and Use Tax Growth Account	-	-	-	-	-	-	-	-	-	-
3221-Trial Court Security Subaccount Law Enforcement Services Account	-	507,997	507,997	-	518,052	518,052	-	535,068	535,068	-
3222-Enhancing Law Enforcement Activities Subaccount Law Enforcement Services Ac	-	489,900	489,900	-	489,900	489,900	-	489,900	489,900	-
3223-Community Corrections Subaccount Law Enforcement Services Account	-	998,900	998,900	-	934,100	934,100	-	1,061,718	1,061,718	-
3224-District Attorney and Public Defender Subaccount Law Enforcement Services A	-	17,100	17,100	-	15,800	15,800	-	24,308	24,308	-
3225-Juvenile Justice Subaccount Law Enforcement Services Account	-	-	-	-	-	-	-	-	-	-
3226-Juvenile Reentry Grant Special Account Juvenile Justice Subaccount	-	6,091	6,091	-	6,646	6,646	-	7,586	7,586	-
3227-Youthful Offender Block Grant Special Account Juvenile Justice Subaccount	-	104,280	104,280	-	113,781	113,781	-	129,857	129,857	-
3228-Greenhouse Gas Reduction Fund	257,431	-22,225	31,420	203,786	725,723	832,339	97,171	975,723	1,026,048	46,846
3229-Sales and Use Tax Growth Account Local Revenue Fund 2011	-	-	-	-	-	-	-	-	-	-
3230-Juvenile Justice Growth Special Account Law Enforcement Services Growth Sub	-	9,758	9,758	-	17,016	17,016	-	15,172	15,172	-
3231-Enhancing Law Enforcement Activities Growth Special Account Enhancing Law E	-	24,640	24,640	-	36,224	36,224	-	56,245	56,245	-
3232-District Attorney and Public Defender Growth Special Account Law Enforcement	-	4,879	4,879	-	8,508	8,508	-	7,587	7,587	-
3233-Community Corrections Growth Special Account Law Enforcement Services Growt	-	73,188	73,188	-	127,618	127,618	-	113,791	113,791	-
3234-Trial Court Security Growth Special Account Law Enforcement Services Growth	-	9,758	9,758	-	17,016	17,016	-	15,172	15,172	-
3235-Behavioral Health Services Growth Special Account Support Services Growth	-	60,149	60,149	-	146,696	146,696	-	140,885	140,885	-

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

Fund	Beginning Reserve 2013-14	Actual Revenues 2013-14	Actual Expenditures 2013-14	Beginning Reserve 2014-15	Estimated Revenues 2014-15	Estimated Expenditures 2014-15	Beginning Reserve 2015-16	Estimated Revenues 2015-16	Estimated Expenditures 2015-16	Ending Reserve 2015-16
3236-Protective Services Growth Special Account Support Services Growth Subaccount	-	112,017	112,017	-	153,511	153,511	-	126,796	126,796	-
3237-Cost of Implementation Account Air Pollution Control Fund	-	41,874	38,778	3,096	43,160	44,245	2,010	48,972	46,276	4,706
3238-State Parks Revenue Incentive Subaccount State Parks and Recreation Fund	11,154	26,525	25,350	12,328	5,791	10,368	7,751	5,791	8,840	4,702
3239-Women and Childrens Residential Treatment Services Special Account	-	5,104	5,104	-	5,104	5,104	-	5,104	5,104	-
3240-Secondhand Dealer and Pawnbroker Fund	1,715	980	1,032	1,663	984	509	2,138	984	620	2,502
3242-Child Performer Services Permit Fund	248	6	83	171	10	85	96	531	625	2
3244-Political Disclosure Accountability Transparency and Access Fund	386	555	54	886	526	80	1,332	416	87	1,661
3245-Disability Access and Education Revolving Fund	156	616	451	321	616	645	292	616	647	261
3246-Fair Employment and Housing Enforcement and Litigation Fund	-2	982	-	979	60	-	1,039	60	-	1,099
3248-Family Support Subaccount Sales Tax Account	-	299,998	299,998	-	724,894	724,894	-	447,420	447,420	-
3249-Child Poverty and Family Supplemental Support Subaccount Sales Tax Account	-	61,033	-	61,033	84,341	122,066	23,309	94,692	118,001	-
3252-CURES Fund	-2	311	-	309	1,750	-	2,059	1,785	-	3,844
3254-Business Programs Modernization Fund	-2	894	-	892	1,510	500	1,902	1,510	1,500	1,912
3255-Home Care Fund	-	-	-	-	1,472	1,472	-	5,466	5,466	-
3256-Specialized First Aid Training Program Approval Fund	-	-	-	-	135	135	-	135	135	-
3257-Used Mattress Recycling Fund	-	-	-	-	1,600	601	999	-	598	401
3259-Recidivism Reduction Fund	-	-	-103,198	103,198	-	74,370	28,828	-	28,528	300
3260-Regional Railroad Accident Preparedness and Immediate Response Fund	-	-	-	-	10,000	10,000	-	10,000	10,000	-
3261-Vessel Operator Certification Account Harbors and Watercraft Revolving Fund	-	-	-	-	-	-	-	1,000	503	497
3262-Expedited Claim Account Underground Storage Tank Cleanup Fund	-	-	-	-	-	-	-	100,000	100,000	-
3263-College Access Tax Credit Fund	-	-	-	-	400,000	-	400,000	300,000	-	700,000
3264-Site Cleanup Subaccount	-	-	-	-	-	-	-	24,688	24,686	2
3268-Senior Citizens and Disabled Citizens Property Tax Postponement Fund	-	-	-	-	5,350	-5,096	10,446	-	-7,677	18,123
3269-Cigarette Fire Safety and Firefighter Protection	-	-	-	-	-	-	-	303	250	53

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

Fund	Beginning Reserve 2013-14	Actual Revenues 2013-14	Actual Expenditures 2013-14	Beginning Reserve 2014-15	Estimated Revenues 2014-15	Estimated Expenditures 2014-15	Beginning Reserve 2015-16	Estimated Revenues 2015-16	Estimated Expenditures 2015-16	Ending Reserve 2015-16
8059-State Community Corrections Performance Incentive Fund	300	-	86	214	-	206	8	-	-	8
8080-Clean Energy Job Creation Fund	-	-28,000	-255,093	227,093	-28,000	198,145	949	-	-	949
Totals, Special Funds	\$8,608,546	\$39,582,394	\$38,311,366	\$9,879,574	\$49,735,323	\$45,558,605	\$14,056,291	\$46,889,623	\$45,520,145	\$15,425,770
GRAND TOTALS	\$10,872,374	\$142,257,052	\$138,149,475	\$14,979,951	\$157,777,264	\$157,278,287	\$15,478,928	\$160,269,665	\$158,817,914	\$16,930,679

Note : Numbers may not add due to rounding

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, 2014		Proposed Sales		As of December 31, 2014			
			Authorized	Unissued	Outstanding	Redeemed	Jan-Jun 2015	Jul-Dec 2015	Finance Cmte. Authorization	Total Outstanding
LEGISLATIVE, JUDICIAL, EXECUTIVE										
6032	Voting Modernization (2002)	2018	\$200,000	\$64,495	\$36,305	\$99,200	\$0	\$0	\$64,495	\$0
Total, Legislative, Judicial, Executive										
BUSINESS, CONSUMER SERVICES & HOUSING										
0714	Housing & Homeless (1990)	2023	150,000	-	1,470	148,530	\$0	\$0	\$0	\$0
6037	Housing and Emergency Shelter (2002)	2040	2,100,000	107,080	821,890	1,171,030	2,439	13,469	\$75,080	\$25,000
6066	Housing and Emergency Shelter (2006)	2040	2,850,000	1,094,135	1,663,435	92,430	160,486	233,340	1,024,935	-
6082	Veterans Housing and Homeless Prevention (2014)		600,000	600,000	-	-	754	10,754	12,135	600
Total, Business, Consumer Services & Housing										
TRANSPORTATION										
0703	Clean Air & Transp Improv (1990)	2040	\$1,990,000	\$4,985	\$813,845	\$1,171,170	\$4,985	\$0	\$4,985	\$0
6053	Highway Safe, Traffic Red, Air Qual, Port Sec (2006)	2042	19,925,000	4,585,370	14,743,250	596,380	898,636	\$619,343	2,481,195	442,720
0756	Passenger Rail & Clean Air (1990)	2022	1,000,000	-	49,800	950,200	-	-	-	-
6043	Safe, Reliable High-Speed Passenger Train Bond Act (2008)	2040	9,950,000	9,003,520	815,760	130,720	147,459	95,633	9,003,520	-
0653	Seismic Retrofit (1996)	2039	2,000,000	-	1,186,230	813,770	-	-	-	-
Total, Transportation										
NATURAL RESOURCES										
0722	Ca Park & Recreational Facil (1984) ¹	2027	\$368,900	\$0	\$12,725	\$356,175	\$0	\$0	\$0	\$0
0721	Ca Parklands (1980)	2024	285,000	-	2,650	282,350	-	-	-	-
0707	Ca Safe Drinking Water (1976) ¹	2027	172,500	-	3,070	169,430	-	-	-	-
0707	Ca Safe Drinking Water (1984)	2027	75,000	-	1,905	73,095	-	-	-	-
0707	Ca Safe Drinking Water (1986)	2030	100,000	-	23,415	76,585	-	-	-	-
0793	Ca Safe Drinking Water (1988)	2040	75,000	-	28,270	46,730	-	-	-	-
6001	Ca Safe Drinking Water (2000) ²	2040	1,884,000	43,346	1,419,720	420,934	-	-	43,346	-
6051	Ca Safe Drinking Water (2006) ²	2040	5,283,000	2,825,960	2,420,845	36,195	343,942	247,986	902,915	20,335
0786	Ca Wildlife, Coast, & Park Land Cons (1988) ¹	2032	768,670	-	119,530	649,140	-	-	-	-
0740	Clean Water (1984)	2024	325,000	-	1,080	313,920	-	-	-	-
6029	Clean Water, Clean Air, and Parks (2002)	2040	2,600,000	259,240	2,153,960	186,800	27,624	21,417	240,133	-
0716	Community Parklands (1986)	2022	100,000	-	2,795	97,205	-	-	-	-
6052	Disaster Prep and Flood Prevent (2006) ²	2041	3,990,000	1,718,692	2,231,645	39,703	-	-	655,227	-
0748	Fish & Wildlife Habitat Enhance (1984)	2033	85,000	-	5,110	79,890	-	-	-	-
0720	Lake Tahoe Acquisitions (1982)	2017	85,000	-	150	84,850	-	-	-	-
0402	Safe, Clean, Reliable Water Supply (1996) ²	2040	969,500	62,915	557,345	349,240	652	-	62,915	-
0005	Safe Neighborhood Parks (2000)	2040	2,100,000	73,820	1,529,890	496,290	2,180	13,956	30,065	-
0742	State, Urban & Coastal Park (1976)	2029	280,000	-	4,055	275,945	-	-	-	-
0744	Water Conserv & Water Quality (1986) ²	2031	136,500	230	32,270	104,000	399	979	-	-
0790	Water Conserv (1988)	2036	60,000	5,235	22,990	31,775	-	-	5,235	-
6031	Water Security, Coastal & Beach Protection (2002) ²	2040	3,345,000	311,384	2,734,920	298,696	28,132	59,537	103,664	1,810
6083	Water Quality, Supply, and Infrastructure Improvement (2014)		7,545,000	7,545,000	-	-	1,275	51,586	-	-
Total, Natural Resources										
ENVIRONMENTAL PROTECTION										
0737	Clean Water & Water Conserv (1978)	2028	\$375,000	\$0	\$4,570	\$370,430	\$0	\$0	\$0	\$0
0764	Clean Water & Water Reclam (1988)	2029	65,000	-	20,440	44,560	-	-	-	-
Total, Environmental Protection										
									\$0	\$0
									\$2,043,500	\$22,145

**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	
			Authorized	Unissued	Outstanding	Redeemed	Jan-Jun 2015	Jul-Dec 2015	As of December 31, 2014 Finance Cmte. Authorization	As of December 31, 2014 Total Outstanding	
HEALTH AND HUMAN SERVICES											
6046	Children's Hospital Projects (2004)	2040	\$750,000	\$47,445	\$658,330	\$44,225	\$0	\$0	\$47,445	\$0	
6079	Children's Hospital Projects (2008)	2040	980,000	399,770	569,995	10,235	14,352	15,114	102,460	28,190	
	Total, Health and Human Services		\$1,730,000	\$447,215	\$1,228,325	\$54,460	\$14,352	\$15,114	\$149,905	\$28,190	
YOUTH AND ADULT CORRECTIONAL											
0711	Co Corr Facil Cap Expend (1986)	2022	\$495,000	\$0	\$15,565	\$479,435	\$0	\$0	-	\$0	
0796	Co Corr Facil Cap Expend & Youth Facil (1988)	2030	500,000	-	74,295	425,705	-	-	-	-	
0746	New Prison Construction (1986)	2034	500,000	-	2,510	497,490	-	-	-	-	
0747	New Prison Construction (1988)	2030	817,000	2,165	13,300	801,535	1,198	-	2,165	-	
0751	New Prison Construction (1990)	2029	450,000	605	17,835	431,560	-	-	307	-	
	Total, Youth and Adult Correctional		\$2,762,000	\$2,770	\$123,505	\$2,635,725	\$1,198	\$0	\$2,472	\$0	
EDUCATION-K-12											
0794	Ca Library Constr & Renov (1988) ¹	2031	\$72,405	\$0	\$12,965	\$59,440	\$0	\$0	\$0	\$0	
6000	Ca Library Constr & Renov (2000)	2040	350,000	5,040	264,200	80,760	-	-	5,040	-	
0119	Class Size Reduction K-U Pub. Ed. Facil (1998) K-12	2034	6,700,000	11,400	4,139,005	2,549,595	1,200	-	11,400	-	
0657	Public Education Facil (1996) K-12 ¹	2035	2,012,035	-	949,110	1,062,925	-	-	-	4,485	
6036	Public Education Facil (2002) K-12	2042	11,400,000	57,810	9,303,215	2,038,975	6,400	40,000	57,810	-	
6044	Public Education Facil (2004) K-12	2042	10,000,000	151,600	8,861,990	986,410	44,200	50,000	143,700	7,900	
6057	Public Education Facil (2006) K-12	2042	7,329,000	651,715	6,546,520	130,765	110,800	50,000	651,710	5	
0739	School Bldg & Earthquake (1974)	2026	40,000	-	15,970	24,030	-	-	-	-	
0708	School Facilities (1990)	2033	800,000	-	142,200	657,800	-	-	-	-	
0745	School Facilities (1992)	2036	1,900,000	10,280	536,985	1,352,735	-	-	10,280	-	
0776	1988 School Facil Bond Act (Nov) ¹	2033	797,745	-	42,125	755,620	-	-	-	-	
0774	1990 School Facil Bond Act (Jun) ¹	2033	797,875	-	90,705	707,170	-	-	-	-	
0765	1992 School Facil Bond Act (Nov) ¹	2035	898,211	-	261,385	636,826	-	-	-	-	
	Total, Education-K-12		\$43,097,271	\$887,845	\$31,166,375	\$11,043,051	\$162,600	\$90,000	\$879,940	\$12,390	
HIGHER EDUCATION											
0574	Class Size Reduction K-U Pub. Ed. Facil (1998) HI-Ed	2039	\$2,500,000	\$0	\$1,748,050	\$751,950	\$0	\$0	\$0	\$0	
0785	Higher Education Facil (1988)	2033	600,000	-	24,745	575,255	-	-	-	-	
0791	Higher Education Facil (Jun 1990)	2040	450,000	540	48,865	400,595	-	-	540	-	
0705	Higher Education Facil (Jun 1992)	2040	900,000	-	321,025	578,975	-	-	-	-	
0658	Public Education Facil (1996) HI-Ed	2033	975,000	9,135	525,785	440,080	219	-	4,650	-	
6028	Public Education Facil (2002) HI-Ed	2039	1,650,000	-	1,400,795	249,205	-	-	-	-	
6041	Public Education Facil (2004) HI-Ed	2040	2,300,000	62,869	2,051,470	185,661	5,824	-	58,824	4,045	
6048	Public Education Facil (2006) HI-Ed	2042	3,087,000	43,860	2,997,465	45,675	-	-	38,775	5,085	
6047	Stem Cell Research and Cures (2004)	2039	3,000,000	1,339,695	1,464,395	195,910	177,600	99,250	214,175	52,045	
	Total, Higher Education		\$15,462,000	\$1,456,099	\$10,582,595	\$3,423,306	\$183,643	\$99,250	\$316,964	\$61,175	
GENERAL GOVERNMENT											
0768	Earthquake Safety & Public Bldg, Rehab (1990)	2029	\$300,000	\$9,305	\$79,800	\$210,895	\$0	\$0	\$7,490	\$1,815	
0701	Veterans' Homes (2000)	2039	50,000	975	35,205	13,820	-	-	975	-	
	Total, General Government		\$350,000	\$10,280	\$115,005	\$224,715	\$0	\$0	\$8,465	\$1,815	
	Total, All Agencies		\$135,239,341	\$31,109,576	\$76,691,140	\$27,438,625	\$1,980,756	\$1,572,264	\$16,067,591	\$594,035	

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		
			Authorized	Unissued	Outstanding	Redeemed	Jan-Jun 2015	Proposed Sales Jul-Dec 2015	Finance Cmte. Authorization	As of December 31, 2014 Total Outstanding	
	SELF-LIQUIDATING BONDS⁴										
	Ca Water Resources Dev (1959)	2024	\$1,750,000	\$167,600	\$208,550	\$1,373,850	\$0	\$0	\$0	\$0	
	The Economic Recovery Bond Act	2023	15,000,000	-	1,578,725	13,421,275	-	-	-	-	
	Veterans Bonds ³	2042	2,960,000	428,610	502,530	2,028,860	-	-	428,610	-	
	Total, Self-Liquidating Bonds		\$19,710,000	\$596,210	\$2,289,805	\$16,823,985	\$0	\$0	\$428,610	\$0	
	Total		\$154,949,341	\$31,705,786	\$78,980,945	\$44,262,610	\$1,980,756	\$1,572,264	\$16,496,201	\$594,035	

¹ Chapter 39, Statutes of 2012 (SB 1018), reduced the voter authorized amount

² Chapter 188, Statutes of 2014 (AB 1471), reallocated the voter authorized amount

³ Chapter 727, Statutes of 2013 (AB 639), reallocated the voter authorized amount

⁴ The California Water Resource Development Bond Act, The Economic Recovery Bond Act, and the Veterans Bond Acts are public service enterprises that have dedicated revenues to finance the respective debt service expenditures.

Source: State Treasurer's Office

**SCHEDULE 12A
STATE APPROPRIATIONS LIMIT SUMMARY
(Dollars in Millions)**

	2013-14		2014-15		2015-16	
	General Fund	Special Funds Total	General Fund	Special Funds Total	General Fund	Special Funds Total
Schedule 8						
Revenues and Transfers	\$102,675	\$39,582	\$108,042	\$49,735	\$113,380	\$46,890
Less/Add: Transfers	-376	229	1,608	-1,551	1,752	-1,384
		\$142,257		\$157,777		\$160,270
		-147		57		368
Schedule 12B						
Less: Revenues to Excluded Funds	-	-14,045	-	-21,175	-	-18,311
Schedule 12C						
Less: Non-Tax Revenues to Included Funds	-1,762	-643	-1,900	-659	-1,514	-684
Schedule 12D						
Add: Transfers from Other Funds to Included Funds	240	-214	806	-199	517	-164
TOTAL, SAL REVENUES AND TRANSFERS	\$100,776	\$24,909	\$108,556	\$26,151	\$114,135	\$26,347
		\$125,686		\$134,707		\$140,482
Schedule 12E						
Less: Exclusions	-45,404	-6,936	-49,084	-7,911	-48,598	-5,965
TOTAL, SAL APPROPRIATIONS		\$73,346		\$77,712		\$85,919
CALCULATION OF LIMIT ROOM						
Appropriations Limit (Sec. 12.00)		\$89,716		\$89,902		\$93,143
Less: Total SAL Appropriations		73,346		77,712		85,919
Appropriation Limit Room/(Surplus)		\$16,370		\$12,190		\$7,224

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

	Actual 2013-14	Estimated 2014-15	Estimated 2015-16
MAJOR REVENUES:			
4110400-Cigarette Tax	\$729,479	\$691,439	\$672,761
4113000-Identification Card Fees	360	360	360
4114000-Mobilehome In-Lieu Tax	1,888	1,888	1,888
4115600-Motor Vehicles - Other Fees	125,311	122,854	123,168
TOTAL, MAJOR TAXES AND LICENSES	\$857,038	\$816,541	\$798,177
MINOR REVENUES:			
REGULATORY TAXES AND LICENSES:			
4120000-Beverage Container Redemption Fees	1,206,122	1,211,021	1,211,021
4120400-Building Construction Filing Fees (Physically Handicapped)	9,035	9,035	9,035
4120800-Corporation Fees - Domestic Corporations	9,169	8,495	8,495
4121000-Corporation Fees - Foreign Corporations	1,203	1,070	1,070
4121200-Delinquent Fees	7,530	6,748	6,839
4121600-Elevator and Boiler Inspection Fees	29,450	29,918	13,618
4122000-Employment Agency License Fees	4,448	4,271	4,271
4122200-Energy Resources Surcharge	515,389	856,923	975,808
4122600-Explosive Permit Fees	1	1	1
4122800-Filing Financing Statements	2,219	2,175	2,175
4123000-Fish and Game - Licenses Tags and Permits	100,364	102,808	104,115
4123200-Fish and Game - Taxes	873	875	881
4123400-Genetic Disease Testing Fees	123,267	124,887	125,378
4123720-Horse Racing Licenses	12,959	13,212	13,612
4124000-Insurance Company - Examination Fees	19,171	22,517	22,753
4124200-Insurance Company - License Fees and Penalties	44,715	48,898	54,702
4124400-Insurance Company - General Fees	21,647	24,867	27,159
4124600-Insurance Company - Proposition 103 Fees	27,758	29,208	30,512
4124800-Insurance Fraud Assessment - Automobile	49,084	49,119	50,592
4125000-Insurance Fraud Assessment - General	11,223	12,642	13,786
4125200-Insurance Fraud Assessment - Workers Compensation	50,139	52,055	58,862
4125400-Liquor License Fees	55,125	54,712	55,259
4125600-New Motor Vehicle Dealer License Fee	1,625	1,687	1,687
4125800-Notary Public License Fees	925	925	925
4126000-Off Highway Vehicle Fees	17,640	17,000	17,000
4126400-Processing Fee	498	375	375
4126600-Public Utilities Commission - Quarterly Fees	148,058	126,960	128,584
4126800-Public Utilities Commission - Penalties on Quarterly Fees	1	1	1
4127000-Real Estate - Examination Fees	3,770	3,730	4,425
4127200-Real Estate - License Fees	40,426	39,924	35,710
4127300-Refinery Fees	-	450	3,408
4127400-Renewal Fees	255,638	252,296	257,851
4128000-Subdivision Filing Fees	7,302	5,907	6,413
4128400-Teacher Credential Fees	15,305	15,300	15,430
4128600-Teacher Examination Fees	4,165	4,104	4,140
4129000-Other Fees and Licenses	1,798	1,466	1,476
4129200-Other Regulatory Fees	4,793,014	10,211,231	7,645,324
4129400-Other Regulatory Licenses and Permits	480,129	486,488	546,958
4129600-Other Regulatory Taxes	89,051	124,513	126,314
TOTAL, REGULATORY TAXES AND LICENSES	\$8,160,236	\$13,957,814	\$11,585,965
REVENUE FROM LOCAL AGENCIES:			
4130000-Architecture Public Building Fees	29,808	36,955	40,280
4131000-Crimes of Public Offense Fines	11,153	10,000	10,000
4131500-Felony Conviction Penalties	52,993	50,001	50,001
4132000-Fingerprint Identification Card Fees	70,891	71,612	71,612
4132500-Fish and Game Fines	610	756	532

SCHEDULE 12B
REVENUES TO EXCLUDED FUNDS
(Dollars in Thousands)

	Actual 2013-14	Estimated 2014-15	Estimated 2015-16
4133000-Fish and Game Fines - Additional Assessments	64	65	65
4133500-Fish and Game Fines - Penalty Assessments	391	525	642
4135000-Local Agencies - Miscellaneous Revenue	1,383,054	1,371,448	1,366,438
4136500-Traffic Violation Penalties	70,750	68,440	78,637
TOTAL, REVENUE FROM LOCAL AGENCIES	\$1,619,714	\$1,609,802	\$1,618,207
SERVICES TO THE PUBLIC:			
4140000-Document Sales	883	929	929
4140500-Emergency Telephone Users Surcharge	85,223	96,000	96,000
4142500-License Plate Fees - Personalized Plates	53,903	53,826	55,073
4143500-Miscellaneous Services to the Public	95,344	98,137	98,212
4144000-Parental Fees	5,807	6,207	6,207
4144500-Parking Lot Revenues	9,367	10,075	10,075
4145500-Secretary of State - Fees	31,779	29,046	28,961
4146000-State Beach and Park Service Fees	98,213	106,054	106,911
TOTAL, SERVICES TO THE PUBLIC	\$380,519	\$400,274	\$402,368
USE OF PROPERTY AND MONEY:			
4150000-Geothermal Resources Well Fees	4,886	4,200	4,200
4150500-Interest Income - Interfund Loans	19,958	16,150	1,493
4151000-Interest Income - Other Loans	6,146	12,866	4,222
4151500-Miscellaneous Revenue - Use of Property and Money	19,936	22,238	21,232
4152500-Rental of State Property	8,857	10,852	10,469
4154000-Royalties - Federal Land	81,945	81,945	81,994
4154500-Royalties - School Land	30	30	30
4161000-Investment Income - Other	113	-	-
4162000-Investment Income - Pooled Money Investments	167	192	172
4163000-Investment Income - Surplus Money Investments	10,569	15,505	13,368
TOTAL, USE OF PROPERTY AND MONEY	\$152,607	\$163,978	\$137,180
MISCELLANEOUS:			
4170400-Capital Asset Sales Proceeds	60,415	42,042	148
4170600-Carbon Allowances Auction Proceeds	477,140	650,000	1,000,000
4170700-Civil and Criminal Violation Assessment	171,061	200,770	181,654
4170800-Confiscated Property Sales	49	32	30
4171000-Cost Recoveries - Delinquent Receivables	53	51	48
4171100-Cost Recoveries - Other	100,499	101,872	102,279
4171200-Court Filing Fees and Surcharges	592,710	551,002	535,243
4171300-Donations	1,096	1,001,209	651,086
4171400-Escheat - Unclaimed Checks Warrants Bonds and Coupons	2,541	4,967	4,969
4171500-Escheat - Unclaimed Property	7	-	-
4172000-Fines and Forfeitures	203,538	199,487	198,408
4172240-Fines and Penalties - External - Other	187	250	250
4172500-Miscellaneous Revenue	386,181	373,539	373,581
4172800-Parking Violations	1,440	1,527	1,527
4172900-Penalty Assessments - Criminal Fines	245,954	223,676	211,452
4173000-Penalty Assessments - Other	271,863	226,114	230,185
4173100-Personal Income Tax - Penalties and Interest	23,048	19,040	22,167
4173300-Sales - Other	2	1	1
4173400-Settlements and Judgments - Anti-Trust Actions (Attorney General)	2,606	2,400	2,400
4173500-Settlements and Judgments - Other	12,076	9,433	9,733
4173600-State Public Land Sales	-	2,306	-
4173800-Traffic Violations	28,249	26,253	24,800
4173900-Tribal Gaming Revenues	45,187	48,978	50,173
4174100-Unemployment and Disability Insurance Contributions - Penalties and Interest	111,034	101,034	115,764
4180050-Cash Adjustment for Transportation Funds (SAL E)	138,000	159,500	53,500
4180100-Prior Year Revenue Adjustments	-	281,235	-

SCHEDULE 12B
REVENUES TO EXCLUDED FUNDS
(Dollars in Thousands)

	Actual 2013-14	Estimated 2014-15	Estimated 2015-16
TOTAL, MISCELLANEOUS	\$2,874,936	\$4,226,718	\$3,769,398
TOTAL, MINOR REVENUES	\$13,188,012	\$20,358,586	\$17,513,118
TOTAL, Revenue to Excluded Funds (MAJOR and MINOR)	\$14,045,050	\$21,175,127	\$18,311,295

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

	Actual 2013-14		Estimated 2014-15		Estimated 2015-16	
	General Fund	Special Funds	General Fund	Special Funds	General Fund	Special Funds
MAJOR REVENUES:						
4113000-Identification Card Fees	-	\$32,739	-	\$33,393	-	\$34,276
4113800-Lien Sale Application Fees	-	1,111	-	1,122	-	1,133
4115000-Motor Vehicles - Drivers License Fees	-	280,038	-	298,979	-	323,091
4115600-Motor Vehicles - Other Fees	-	52,111	-	48,691	-	50,322
TOTAL, MAJOR TAXES AND LICENSES	-	\$365,999	-	\$382,185	-	\$408,822
MINOR REVENUES:						
REGULATORY TAXES AND LICENSES:						
4120600-Candidate Filing Fee	976	-	196	-	780	-
4121200-Delinquent Fees	5	-	2	-	2	-
4121800-Employment Agency Filing Fees	91	-	98	-	98	-
4122000-Employment Agency License Fees	666	-	675	-	675	-
4123600-Highway Carriers Uniform Business License Tax						
4123720-Horse Racing Licenses	940	-	1,021	750	1,021	750
4123740-Horse Racing Miscellaneous	3	-	1	-	1	-
4123800-Industrial Homework Fees	1	-	-	-	-	-
4125400-Liquor License Fees	-	425	-	429	-	433
4126000-Off Highway Vehicle Fees	-	6,134	-	6,134	-	6,134
4129200-Other Regulatory Fees	43,413	41,119	1,009	40,883	1,009	40,952
4129400-Other Regulatory Licenses and Permits	4,938	52,061	5,616	38,208	5,416	39,131
TOTAL, REGULATORY TAXES AND LICENSES	\$51,033	\$99,739	\$8,771	\$86,404	\$9,155	\$87,400
REVENUE FROM LOCAL AGENCIES:						
4131000-Crimes of Public Offense Fines	56	-	59	-	59	-
4134500-Local Agencies - Cost Recoveries	15,984	9,567	20,582	9,663	22,334	9,759
4135000-Local Agencies - Miscellaneous Revenue	183,688	394	163,848	394	148,786	394
4135500-Narcotic Fines	1,477	-	1,000	-	1,000	-
TOTAL, REVENUE FROM LOCAL AGENCIES	\$201,205	\$9,961	\$185,489	\$10,057	\$172,179	\$10,153
SERVICES TO THE PUBLIC:						
4140000-Document Sales	59	3,084	103	3,145	103	3,175
4142500-License Plate Fees - Personalized Plates						
		5		5		5

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

	Actual 2013-14		Estimated 2014-15		Estimated 2015-16	
	General Fund	Special Funds	General Fund	Special Funds	General Fund	Special Funds
4143000-Medicare Receipts - Federal Government	15,666	-	11,010	-	10,024	-
4143500-Miscellaneous Services to the Public	2,237	68,499	1,716	69,184	1,716	69,876
4144500-Parking Lot Revenues	-	470	-	475	-	479
4145000-Pay Patients Board Charges	13,730	-	9,379	-	8,161	-
4145500-Secretary of State - Fees	79	-	178	-	90	-
TOTAL, SERVICES TO THE PUBLIC	\$31,771	\$72,058	\$22,386	\$72,809	\$20,094	\$73,535
USE OF PROPERTY AND MONEY:						
4151500-Miscellaneous Revenue - Use of Property and Money	470	16	268	194	268	99
4152000-Oil and Gas Leases - 1 Percent Revenue Cities and Counties	784	-	718	-	623	-
4152500-Rental of State Property	18,003	48,081	18,790	45,873	19,055	46,131
4153000-Sale of Natural Resources	-	31	-	-	-	-
4153500-Fees for Use of State Property	-	-	-	31	-	31
4155000-Royalties - State Lands	445,172	-	342,353	-	285,974	-
TOTAL, USE OF PROPERTY AND MONEY	\$464,429	\$48,128	\$362,129	\$46,098	\$305,920	\$46,261
MISCELLANEOUS:						
4170100-Abandoned Property Revenue	364,000	-	441,500	-	451,871	-
4170400-Capital Asset Sales Proceeds	4	-	-	-	-	-
4170700-Civil and Criminal Violation Assessment	330	4,855	225	4,855	200	4,855
4170800-Confiscated Property Sales	7,952	-	7,846	-	7,846	-
4171000-Cost Recoveries - Delinquent Receivables	12,533	43	12,254	14	12,254	14
4171100-Cost Recoveries - Other	32,038	5,838	36,730	10,459	42,841	8,164
4171300-Donations	226	-	1	-	-	-
4171400-Escheat - Unclaimed Checks Warrants Bonds and Coupons	29,586	2,752	30,077	3,858	30,076	3,905
4172000-Fines and Forfeitures	3,073	-	3,166	-	3,166	-
4172200-Fine and Penalties - Horse Racing	126	-	190	-	190	-
4172400-Forest Product Sales	-	-1,696	-	-	-	-
4172500-Miscellaneous Revenue	156,223	8,423	137,387	15,137	137,465	12,595
4172800-Parking Violations	16,322	-	16,867	-	16,867	-
4173000-Penalty Assessments - Other	90,279	3,111	352,891	3,100	52,891	2,100
4173200-Proceeds from Estates of Deceased Persons	312	-	312	-	312	-

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

	Actual 2013-14		Estimated 2014-15		Estimated 2015-16	
	General Fund	Special Funds	General Fund	Special Funds	General Fund	Special Funds
4173500-Settlements and Judgments - Other	62,844	40	37,105	-	2,032	-
4173600-State Public Land Sales	-	14,512	-	14,299	-	15,908
4173800-Traffic Violations	-	9,399	-	9,493	-	9,588
4173900-Tribal Gaming Revenues	236,497	-	243,354	-	247,439	-
4174200-Uninsured Motorist Fees	1,069	258	1,127	261	1,127	263
4524000-Other Receipts	-	-20	-	-	-	-
TOTAL, MISCELLANEOUS	\$1,013,414	\$47,515	\$1,321,032	\$61,476	\$1,006,577	\$57,392
TOTAL, MINOR REVENUES	\$1,761,852	\$277,401	\$1,899,807	\$276,844	\$1,513,925	\$274,741
TOTALS, NON-TAX REVENUES (MAJOR AND MINOR)	\$1,761,852	\$643,400	\$1,899,807	\$659,029	\$1,513,925	\$683,563

**SCHEDULE 12D
STATE APPROPRIATION LIMIT
TRANSFER FROM OTHER FUNDS TO INCLUDED FUNDS
(Dollars in Thousands)**

	Actual 2013-14		Estimated 2014-15		Estimated 2015-16	
	General Fund	Special Funds	General Fund	Special Funds	General Fund	Special Funds
Revenue Transfer from the California Olympic Training Account (0442) to the General Fund (0001) per Government Code Section 7592	\$73	-	\$84	-	\$84	-
Revenue Transfer from the Business Fees Fund (0228) to the General Fund (0001) Per Government Code Section 12176.	10,925	-	7,067	-	2,941	-
Revenue Transfer from College Access Tax Credit Fund (3263) to the General Fund (0001) per Revenue and Taxation Code Section 17053.86 (Ch. 367/2014)	-	-	600,000	-	350,000	-
Revenue Transfer from the State Corporations Fund (0067) to the General Fund (0001) per Item 1701-011-0067, Budget Act of 2013.	15,000	-	-	-	-	-
Revenue Transfer from Motor Vehicle Fuel Account, Transportation Tax Fund (0061) to General Fund (0001) per Revenue and Taxation Code Section 8352.5(b)	38,655	-38,655	32,923	-32,923	22,782	-22,782
Revenue Transfer from Motor Vehicle Fuel Account, Transportation Tax Fund (0061) to General Fund (0001) per Revenue and Taxation Code Section 8352.6(a)(2)	64,047	-64,047	54,550	-54,550	37,748	-37,748
Revenue Transfer from Motor Vehicle Fuel Account, Transportation Tax Fund (0061) to General Fund (0001) per Revenue and Taxation Code Section 8352.4(b)	35,680	-35,680	30,389	-30,389	21,029	-21,029
Revenue Transfer from Motor Vehicle Fuel Account, Transportation Tax Fund (0061) to General Fund (0001) per Revenue and Taxation Code Section 8352.6(a)(3)	9,996	-9,996	9,996	-9,996	9,996	-9,996
Revenue Transfer from Motor Vehicle Account, State Transportation Fund (0044) to General Fund (0001) per Item 2740-011-0044, Budget Acts	65,800	-65,800	70,894	-70,894	72,862	-72,862
Revenue Transfer from Motor Vehicle Account, State Transportation Fund (0044) to General Fund (0001) per Government Code Section 16475	2	-2	3	-3	3	-3
Revenue Transfer from Payphone Service Providers Committee Fund (0491) to the General Fund (0001) per Government Code Section 16346	-	-	206	-	-	-
TOTAL TRANSFERS:	\$240,178	-\$214,180	\$806,112	-\$198,755	\$517,445	-\$164,420

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

Fund	Actual 2013-14	Estimated 2014-15	Estimated 2015-16	
DEBT SERVICE:				
9600 Bond Interest and Redemption				
(9600-510-0001)	General	\$4,798	\$5,091	\$5,377
(9600-511-3107)	Special	943	1,065	1,186
(9600-511-8071)	Special	95	0	0
9658 Early Retirement of Economic Recovery Bonds	General	0	1,606	0
9618 Economic Recovery Bond Debt Service	Special	1,538	2,324	132
TOTAL -- DEBT SERVICE		\$7,374	\$10,086	\$6,695
QUALIFIED CAPITAL OUTLAY:				
Various (Ch. 3 Except DOT)	General	\$65	\$149	\$162
Various (Ch. 3 Except DOT)	Special	15	59	145
Various Qualified Capital Outlay	General	161	203	168
Various Qualified Capital Outlay	Special	177	171	150
Lease-Revenue Bonds (Capital Outlay)	General	587	669	713
Lease-Revenue Bonds (Capital Outlay)	Special	4	16	19
TOTAL -- CAPITAL OUTLAY		\$1,009	\$1,267	\$1,357
SUBVENTIONS:				
6110 K-12 / LCFF (6110-601/643/670/672-0001)	General	\$24,585	\$27,646	\$27,935
6110 K-12 Apportionments (6110-610-0001/3207) EPA	General	6,284	7,038	7,698
6110 K-12 Supplemental Instruction (6110-104/658-0001)	General	90	0	0
6110 K-12 Class Size Reduction (6110-682-0001)	General	544	0	0
6110 K-12 ROCP (6110-105/641-0001)	General	40	0	0
6110 K-12 Mandates Claims Bill (6110-795-0001)	General	0	401	1,115
6110 K-12 Apprenticeships (6110-103/645-0001)	General	6	0	0
6110 Charter Sch Block Grant (6110-211/646-0001)	General	6	0	0
6110 County Offices (6110-608/671/673-0001)	General	461	466	392
State Subventions Not Counted in Schools' Limit	General	-2,757	-5,619	-6,563
6870 Community Colleges Mandate Payments	General	80	196	125
6870 Community Colleges (6870-101/103/615/680-0001)	General	2,691	2,466	2,391
6870 Community Colleges (6870-610-0001/3207) EPA	General	777	870	952
SUBVENTIONS -- EDUCATION		\$32,807	\$33,464	\$34,045
5195 1991 State-Local Realignment				
Vehicle License Collection Account	Special	\$14	\$14	\$14
Vehicle License Fees	Special	1,591	1,630	1,677
5196 2011 State-Local Realignment				
Vehicle License Fees	Special	511	522	522
9100 Tax Relief (9100-101-0001)	General	425	425	425
SUBVENTIONS -- OTHER		\$2,541	\$2,591	\$2,638
COURT AND FEDERAL MANDATES:				
Various Court and Federal Mandates (HHS)	General	\$3,568	\$4,157	\$4,285
Various Court and Federal Mandates	General	2,993	3,320	3,423
Various Court and Federal Mandates	Special	197	234	232
TOTAL -- MANDATES		\$6,758	\$7,711	\$7,940
PROPOSITION 111:				
Motor Vehicle Fuel Tax: Gasoline	Special	\$1,252	\$1,267	\$1,266
Motor Vehicle Fuel Tax: Diesel	Special	274	279	284
Weight Fee Revenue	Special	325	330	338
TOTAL -- PROPOSITION 111		\$1,851	\$1,876	\$1,888
TOTAL EXCLUSIONS:				
<i>General Fund</i>		\$52,340	\$56,995	\$54,563
<i>Special Funds</i>		\$45,404	\$49,084	\$48,598
		\$6,936	\$7,911	\$5,965

Finance Glossary of Accounting and Budgeting Terms

The following terms are used frequently throughout the Governor's Budget, the Governor's Budget Summary, the annual Budget (Appropriations) Bill, and other documents. Definitions are provided for terms that are common to many of these publications. For definitions of terms unique to a specific program area, please refer to the individual budget presentation. Certain terms may be interpreted or used differently depending on the context, the audience, or the purpose.

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 successor fund, or if no successor fund is specified, then to the General Fund. (*GC 13306, 16346.*)

Accruals

Revenues or expenditures that have been recognized for that fiscal year but not received or disbursed until a subsequent fiscal year. Annually, accruals are included in the revenue and expenditure amounts reported in departments' budget documents and year-end financial statements. For budgetary purposes, departments' expenditure accruals also include payables and outstanding encumbrances at the end of the fiscal year for obligations attributable to that fiscal year.

Accrual Basis of Accounting

The basis of accounting in which transactions are recognized in the fiscal year when they occur, regardless of when cash is received or disbursed. Revenue is recognized in the fiscal year when earned, and expenditures are recognized in the fiscal year when obligations are created (generally when goods/services are ordered or when contracts are signed). Also referred to as the full accrual basis of accounting.

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. (See also "Indirect Costs" and "Statewide Cost Allocation Plan.")

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 Budget Act Control Section 31.00. (*SAM 6406, CS 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.

Allocation

A distribution of funds or costs from one account or appropriation to one or more accounts or appropriations (e.g., the allocation of employee compensation funding from the statewide 9800 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 create obligations 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 recognized. 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 fully expended. Legislation or the California Constitution can provide continuous appropriations, and voters can also make appropriations by approving ballot measures. 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. (*GC 16304, 16304.1.*)

Appropriation Without Regard To Fiscal Year (AWRTFY)

An appropriation for a specified amount that is available from year to year until fully 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 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 programs or projects thereof.

Assembly

California's lower house of the Legislature composed of 80 members. As a result of Proposition 140 (passed in 1990) and Proposition 28 (passed in 2012), members elected in or after 2012 may serve 12 years in the Legislature in any combination of four-year state Senate or two-year state Assembly terms. Prior to Proposition 28, Assembly members could serve two-year terms and 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 California State Auditor's Office. Many state departments also have internal audit units to review their internal functions and program activities. (*SAM 20000, etc.*)

Augmentation

An 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 (via a Budget Administration Adjustment in FISCAL).

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).

In these documents, for past year, authorized positions represent the number of actual positions filled 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 section 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 to remove expiring 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 legislation, the period of availability is 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 resources over uses. For budgeting purposes, the balance available in a fund condition is the carry-in balance, net of any prior year adjustments, plus revenues and transfers, less expenditures. For accounting purposes, the balance available in a fund is the net of assets over liabilities and reserves that are available for expenditure.

For appropriations, it is the unobligated, or unencumbered, 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. The Budget Bill becomes the Budget Act upon signature by the Governor, after any line-item vetoes. (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 (most activities occur between July 1 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 by June 15, as required by the California Constitution, for signature after any line-item vetoes.
- Signing of the budget by the Governor. (Art. IV. § 10, GC 13308, SAM 6150.)

Budget—Program

A program budget expresses the operating plan in terms of the costs of activities (programs) to be undertaken to achieve specific goals and objectives.

The Governor's Budget is 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). (See also "Fiscal Year.")

Business Unit

The four-digit code assigned to each state governmental entity (or a program) for fiscal system purposes. The business unit (formerly "organization code") is the first segment of the budget item/appropriation number. (UCM.)

CALSTARS

The acronym for the California State Accounting and Reporting System, the state's primary accounting system. Most departments currently 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 that continues to be 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 of Accounting

The basis of accounting in which revenues and expenditures are recognized when cash is received or disbursed.

Cash Flow Statement

A statement of cash receipts and disbursements for a specified period of time.

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.)

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, capital outlay, or unclassified. (*UCM.*)

Claim Schedule

A request from a state department to the State Controller's Office to disburse payment from a legal appropriation or account for a lawful state obligation. The claim schedule identifies the appropriation or account to be charged, the payee(s), the amount(s) 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.*)

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 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. Control 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 position. 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., 1.00 to the end) providing specific controls on the appropriations itemized in Section 2.00 of the Budget Act. (See more detail under "Sections.")

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.

Decision Package

A new term used in the FI\$Cal (Hyperion) System. Any change to the currently enacted budget or proposed budget. This may be a Budget Change Proposal, workload issue, revenue estimate change, or legislative action. A decision package is a way for each department to submit incremental requests for, or to make adjustments to, funding.

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)

The Department is a fiscal control agency. The Director of Finance is appointed by the Governor and serves as the chief fiscal policy advisor. The Director sits as a member of the Governor's cabinet and senior staff.

Principal functions are as follows:

- Establish appropriate fiscal policies to carry out the state's programs.
- 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.
- Develop and maintain the California State Accounting and Reporting System (CALSTARS).
- Monitor/audit expenditures by state departments to ensure compliance with 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 the departments.

(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 Adjustment."
- **Policy Adjustments**—See "Policy Adjustments."
- **Salary Adjustments**—See "Employee Compensation/Retirement."
- **Benefit Adjustments**—See "Employee Compensation/Retirement."
- **Retirement Rate Adjustment**—See "Employee Compensation/Retirement."
- **Abolished Vacant Positions**—Positions abolished that are vacant for six consecutive monthly pay periods, irrespective of fiscal years, per Government Code section 12439.
- **Carryover/Reappropriation**—See "Carryover" and "Reappropriation."

- **Legislation with an Appropriation**—New legislation with funding to carry out its purpose.
- **Lease Revenue Debt Service Adjustment**—Expenditures related to changes in lease revenue costs.
- **Pro Rata**—See “Pro Rata”
- **SWCAP**—See “Statewide Cost Allocation Plan”
- **Statutory COLAs**—See “Cost-of-Living Adjustments (COLA)”
- **Miscellaneous Baseline 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 Plan.”

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.)

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. Encumbrances represent valid obligations related to unfilled purchase orders or unfulfilled contracts. Outstanding encumbrances are recognized as budgetary expenditures in the individual department’s budget documents and their individual annual financial reports. For the General Fund budgetary purposes, the Department of Finance makes a statewide adjustment to remove the total outstanding encumbrances from overall General Fund expenditures and show the amount as a reserve in the fund balance, in accordance with Government Code section 13307. For other funds, such encumbrance adjustments are not made in the budget totals, and encumbrances are treated as budgetary expenditures which decrease the fund balance of these funds.

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, and Population Adjustments

These adjustments are generally formula or population driven.

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 Budget Act provision 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.

Exempt Employees

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

Expenditures reported on a department's year-end financial statements and "past year" budget documents consist of amounts paid and accruals (including outstanding encumbrances and payables) for obligations created for the last fiscal year. "Current year" and "budget year" expenditures in budget documents are estimates for the respective fiscal year. (See "Encumbrance," also referred to as "budgetary expenditures.")

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, positions, 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

The 12-month accounting period of the federal government, beginning on October 1 and ending the following September 30. For example, a reference to federal fiscal year 2015 means the period beginning October 1, 2014 and ending September 30, 2015.

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, in most cases, the General 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" and "Final Change Book.") (SAM 6130, 6350.)

Final Change Book

A document produced by the Department of Finance' after enactment of the Budget Act. It includes detailed fiscal information on the changes made to the budget bill that accompanies the Governor's Budget as submitted on or before January 10 of each year to the Legislature. It contains a detailed list of changes in Budget Act items, non-Budget Act items and control sections for state operations, local

assistance, capital outlay, and unclassified items. The Final Change Book also includes fiscal summaries. (SAM 6355)

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 revenue is earned and received, obligations are incurred, encumbrances are made, appropriations are expended, and for which other fiscal transactions are recognized. 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 2015-16, this is the time period beginning July 1, 2015 and ending June 30, 2016. (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 non-institutional) 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 revenue 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 personal income tax, sales and use 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.

Generally Accepted Accounting Principles (GAAP)

The accounting principles, rules, conventions, and procedures that are used for accounting and financial reporting. GAAP for governments are set by the Governmental Accounting Standards Board (GASB), the accounting and financial reporting standards setting body for state and local governments.

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 Governor's 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 Governor's Proposed Budget Summary on the Department of Finance website.

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 (See "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 the Department of 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.

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 "Object of Expenditure."

Local Assistance (LA)

The character of expenditures made for the support of local government or other locally administered activities.

Major Regulation

Any proposed regulation subject to review by the Office of Administrative Law (OAL) that will have an economic impact on California business enterprises and individuals in an amount exceeding fifty million dollars in any 12-month period between the date the major regulation is estimated to be filed with the Secretary of State through 12 months after the major regulation is estimated to be fully implemented (as estimated by the agency), computed without regard to any offsetting benefits or costs that might result directly or indirectly from that adoption, amendment or repeal. An agency proposing a major regulation must submit a Standardized Regulatory Impact Assessment to the Department of Finance for review, and the agency must include Finance's comments and the agency's response when transmitting the proposed major regulation to OAL. (GC Chapter 3.5 [commencing with section 11340], Part 1, Division 3, Title 2; SAM 6601-6616; California Code of Regulation, title 1, sections 2000-2004.)

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; 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 net 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 \$634,000 plus any escalation per Public Contract Code section 10108.

Modified Accrual Basis

The basis of accounting in which revenues are recognized if the underlying transaction has occurred as of the last day of the fiscal year and the amount is measurable and available to finance expenditures of the current period (i.e., the actual collection will occur either during the current period, or after the end of the current period, to be used to pay current year-end liabilities). Expenditures are recognized when the obligations are created, except for amounts payable from future fiscal year appropriations. This basis is generally used for the General Fund and special funds.

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 budget 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. Generally, expenditures of these funds do not represent a cost of government.

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 an "Expenditures by Category" section 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. Budgetary authority must be available before obligations can be created. For budgetary purposes, obligations include payables for goods or services received, but not yet paid for, and outstanding encumbrances (i.e., commitments for goods and services not yet received nor paid for).

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.)

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 "Object of Expenditure.") (SAM 6403, 6506.)

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 allocate costs paid from one item to one or more items 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 item 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 (transaction request) from the department stating the amount to be transferred based on the criteria for cost distribution in the approved PFA. (SAM 8715.)

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.

Prior Year Adjustment

In a Fund Condition Statement in the Governor's Budget, an adjustment for the difference between previously estimated accruals used in the development of the last Governor's Budget and actual expenditures or revenues. The adjustment amount is generally included to realign the beginning fund balance to ensure accurate fund balances.

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

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 7261.)

Programs

Activities of a business unit grouped on the basis of common objectives. Programs can be further divided into subprograms.

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 the return of monies (e.g., abatements and reimbursements) to appropriations that have reverted.

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 (e.g., accounts receivables) 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. (See "Schedule 7A.")

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. (See "Salaries and Wages Supplement") (*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 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 distribution of any unallocated amounts within an appropriation, adjustments of schedules to facilitate departmental accounting operations, 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

A 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 program or function within a schedule to another program or function within the same schedule, subject to specified limitations and reporting requirements to the Legislature. (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 that 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 to the Legislature. 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 to the Legislature. (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. As a result of Proposition 140 (1990, term limits) and Proposition 28 (2012, limits on Legislators' terms in office), members elected in or after 2012 may serve 12 years in the Legislature in any combination of four-year state Senate or two-year state Assembly terms. Prior to Proposition 28, Senate members could 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.*)

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 by statute 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-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 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.

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; Budget Act Items 9670.)

Traditional Budget

See "Budget—Program or Traditional."

Transfers

As displayed in fund condition statements, transfers reflect the movement of resources from one fund to another based on statutory authorization or specific legislative transfer appropriation authority.

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, business units, 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., CS 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 first fiscal year of enactment or availability, whichever is later. (This may not apply to Proposition 98 funding.)

Year of Budget (YOB)

The fiscal year revenues and expenditures are recognized. For revenues, this is generally the fiscal year when revenues are earned, measurable, and "available." For expenditures, this is generally the fiscal year when obligations, including encumbrances, have been created during the availability period of the appropriation. When the availability period of encumbrance of an appropriation is one year (e.g., most Budget Act items), YOB is the same as year of appropriation (YOA) and year of completion (YOC). However, when the availability period is more than one year, YOB may be any fiscal year during the availability period, including YOA or YOC, as appropriate. For example, an appropriation created in 2010-11 and is available for three years, the YOA is 2010 and the YOC is 2012. If an obligation is created in 2011-12, the YOB for this obligation is 2011. In CALSTARS, YOB is referred to as funding fiscal year. The rules of recognition are not the same for all funds depending on the appropriate basis of accounting for the fund types or other factors.

Year of Completion (YOC)

The last fiscal year for which the appropriation is available for expenditure or encumbrance.

* *Abbreviations used in the references cited:*

<i>Article</i>	<i>Article of California Constitution</i>
<i>BA</i>	<i>Budget Act</i>
<i>CS</i>	<i>Control Section of Budget Act</i>
<i>GC</i>	<i>Government Code</i>
<i>SAM</i>	<i>State Administrative Manual</i>
<i>UCM</i>	<i>Uniform Codes Manual</i>