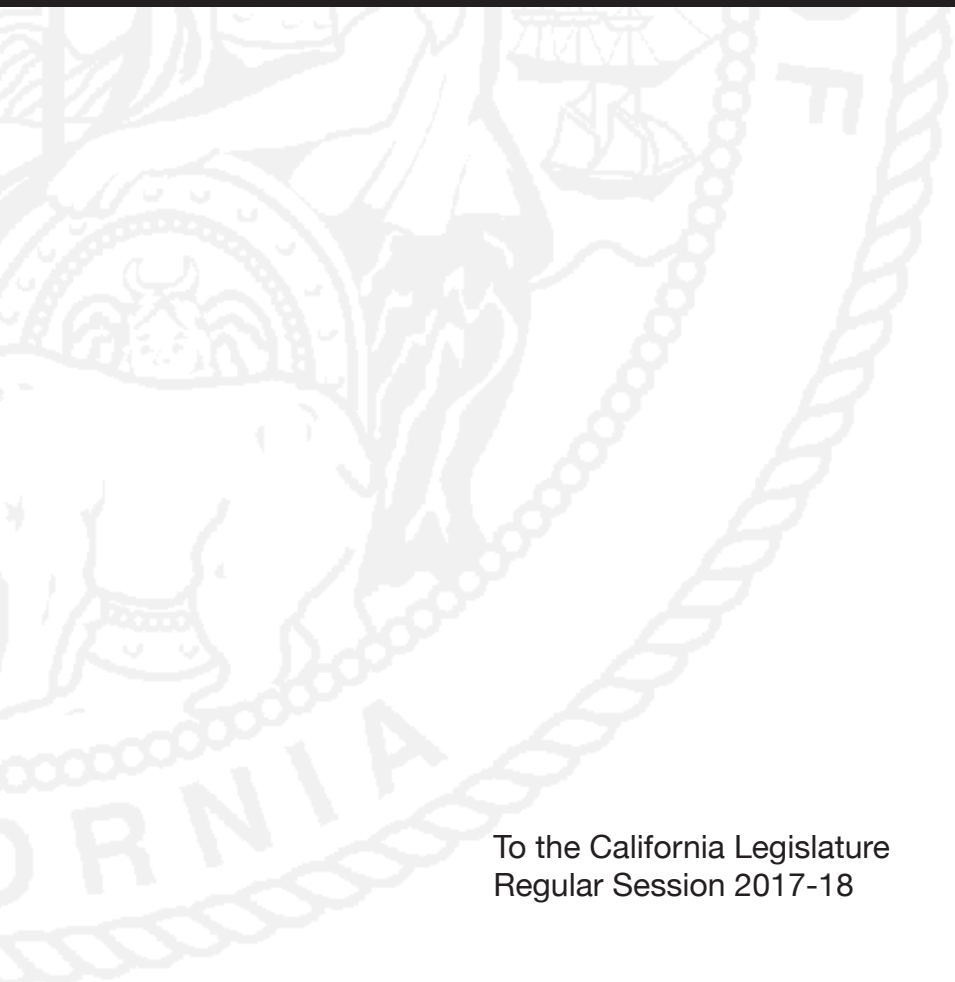


# 2017-18 GOVERNOR'S BUDGET SUMMARY

**Edmund G. Brown Jr. Governor**  
*State of California*



To the California Legislature  
Regular Session 2017-18



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GOVERNOR  
Edmund G. Brown Jr.

January 10, 2017

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

This year's budget will be the most difficult that we have faced since 2012. The surging tide of revenue increases that we enjoyed the past few years appears to have turned. Instead, we now face a budget deficit of \$2 billion. While this amount pales in comparison to the \$27 billion deficit we faced in 2011, it demands our attention. Small deficits can quickly mushroom into large ones if not promptly eliminated.

While rolling back some planned spending increases, my proposed budget protects our most important achievements—more money for education, an earned income tax credit for working families, the rising minimum wage, the extension of health care to millions, and the pay down of our long-term liabilities.

In all likelihood, the coming years will bring even worse financial news—either from the start of the next inevitable recession or from changes at the federal level. This uncertainty about the future makes acting responsibly now even more important.

I look forward to working with you as we solve these challenges together.

With respect,

/s/ Edmund G. Brown Jr.

Edmund G. Brown Jr.

For Sutter Brown

*"Save some biscuits for a rainy day."*



# 2017-18 BUDGET SUMMARY

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# INTRODUCTION

As the state's economy has recovered from the Great Recession, the past four budgets have significantly expanded government spending. The state has also paid down its budgetary borrowing and addressed some long-standing problems—such as implementing plans to restore fiscal health to its retirement benefit plans and making major improvements to the state's water system.

State revenues, which had surged during several years of the recovery, are now beginning to lag expectations. Consequently, the budget—which remained precariously balanced even in the strongest revenue years—now faces a deficit of almost \$2 billion if action is not taken.

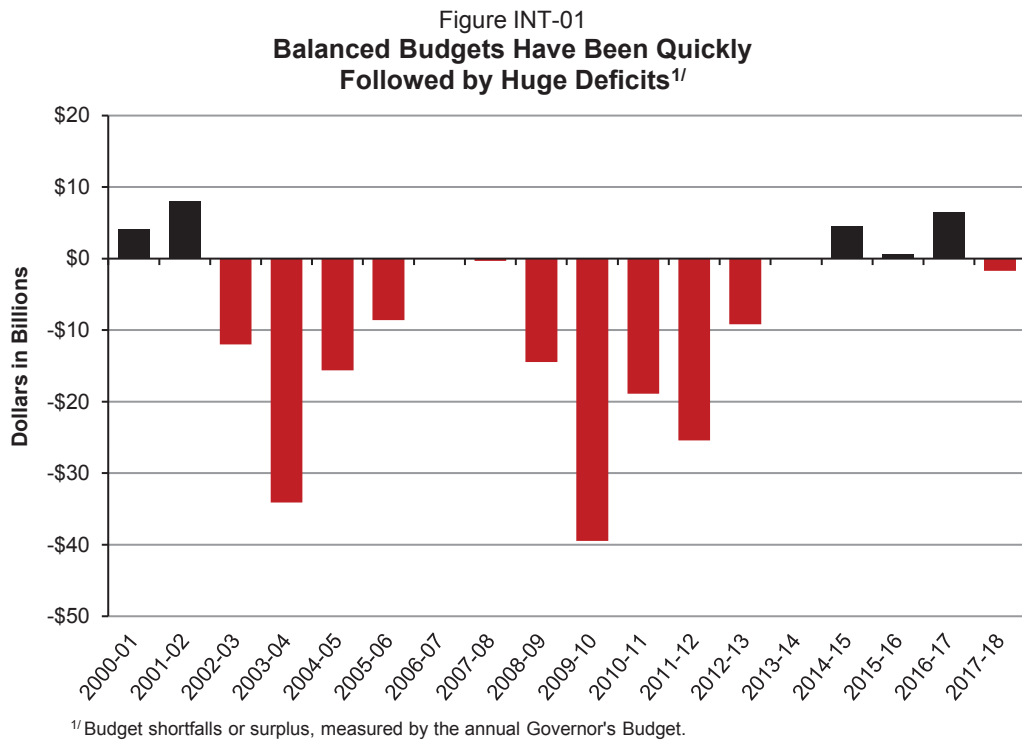
The Budget proposes a variety of solutions to bring the state's finances back into balance for 2017-18 and future years based on current projections. The Budget prioritizes the protection of the most significant accomplishments of the past four years—steady growth for education, the creation of the state's first earned income tax credit, a minimum wage that will responsibly increase to \$15 per hour, and the expansion of health care coverage to millions of Californians. To protect these priorities, the Budget proposes to pull back on a variety of one-time spending commitments made in last year's budget and temper anticipated spending increases.

While rebalancing the budget is the immediate task at hand, the state must continue to plan for and save for the next recession. By the time the budget is enacted in June, the economy will have finished its eighth year of expansion, three years longer than the

average recovery. The best way to protect against future cuts is to continue to build up the state's Rainy Day Fund. Under Proposition 2, the fund's balance will reach 63 percent of its constitutional target in the coming year.

### BUDGET WOULD FALL OUT OF BALANCE WITHOUT CORRECTIVE ACTION

The fiscal stability from a balanced budget and a recovering state economy has been a welcome reprieve from the prior decade's budget deficits. As shown in Figure INT-01, since 2000, the state's short periods of balanced budgets have been followed by massive budget shortfalls.



The past four years have been the longest stretch of balanced budgets in recent memory. With a volatile revenue structure and limited spending flexibility, the California budget demands constant attention to stay in balance. Without corrective action, this year's

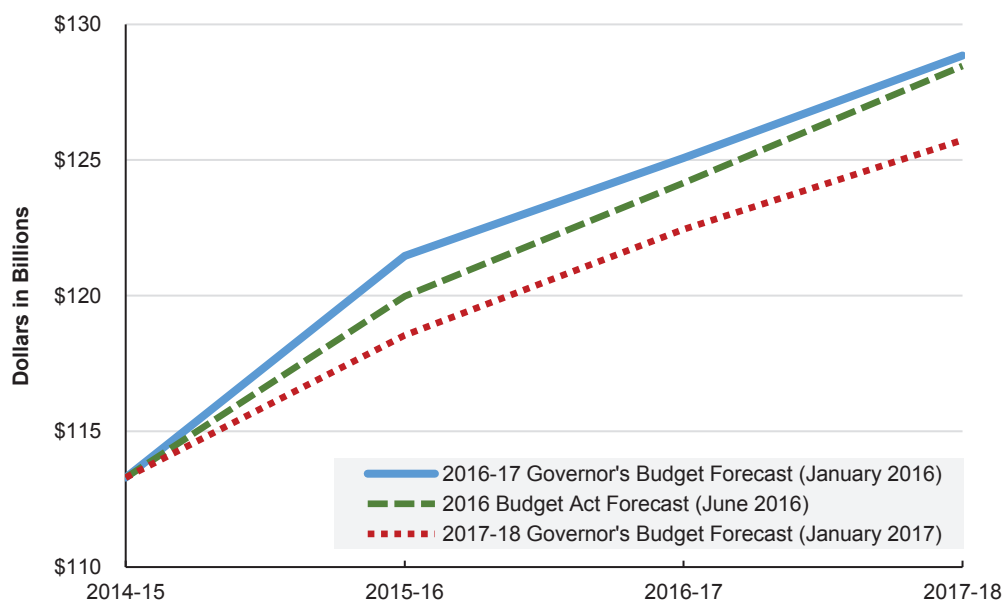
budget would face a deficit of \$1.6 billion, or 1.3 percent of annual spending. Without action, the state would face annual deficits into the future of about \$1 to \$2 billion.

Compared to the 2016 Budget Act signed last June, the two main factors causing this deficit are a revenue forecast that is \$5.8 billion lower than expected and a current-year shortfall in the Medi-Cal program. The deficit would be billions worse if not for the passage of a number of ballot measures at the November election, including Proposition 52 (hospital fee), Proposition 56 (tobacco tax), and Proposition 57 (prison reform). Proposition 55's extension of temporary income tax rates on the wealthiest Californians will begin to help balance the budget in 2018-19.

## REVENUES BELOW FORECAST

As the economy and revenues were surging in recent years, budgets consistently upgraded revenue forecasts from the prior year. Yet, now, as shown in Figure INT-02, the January Budget is the second straight downgrade of revenue expectations over the past 12 months. The Budget reflects a revised revenue forecast that is \$5.8 billion lower for 2015-16 through 2017-18. This represents a modest adjustment to expectations compared to the 2016 Budget Act—1.6 percent lower over the three years of revenues. Across the board, each of the state's "big three" revenues—the income, sales, and corporation taxes—are showing weakness. The two main reasons for the drop in revenue expectations are:

Figure INT-02  
Tide of Revenues Has Begun to Turn



- **Cash Trends**—Since the enactment of the budget, five of the past seven months have fallen short of monthly revenue estimates—June revenues alone were \$788 million below forecast. Although November revenues exceeded expectations, this was due to a timing issue of receiving funds earlier than expected as a consequence of an early Thanksgiving.
- **Lower Wage Growth**—Much of the employment growth since the budget signing has come from workers newly entering or reentering the labor force. Combined with the recent increases in the minimum wage, this means a greater share of wages is now going to lower-income workers. For example, over the last four years, the percentage of wage and salary growth from high-wage sectors dropped from 50 percent to 36 percent of total growth. From an income distribution standpoint, this is a positive development. From a revenue standpoint, however, this is negative due to California’s progressive tax structure.

Even with the reduced revenue forecast, revenues are expected to grow by almost 3 percent in the coming year and overall average more than 5 percent in annual growth since the 2012 Budget Act.

With California’s volatile tax base, it is possible that revenues will recover in the coming months, particularly if final income tax receipts in April surge. If so, the May Revision will reflect that and the proposed cuts can be avoided. However, if the downward trends continue, additional cuts will be necessary.

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## ACTIONS TO BRING THE BUDGET BACK INTO BALANCE

To close the budget deficit and rebuild the state’s operating reserve, the Budget proposes \$3.2 billion in budget solutions. These proposed actions put an emphasis on minimizing any negative effects on California residents. Rather than cut existing program levels, they temper spending growth based on the lower revenue projections.

- **Adjust Proposition 98 (\$1.7 billion)**—Without action, appropriations made in 2015-16 and 2016-17 would overappropriate the Proposition 98 minimum guarantee. The Budget proposes adjustments designed to fund K-14 education at the guarantee for 2015-16 through 2017-18. With these adjustments, overall K-14 funding still grows by \$2.1 billion for 2017-18.
- **Recapture 2016 Allocations (\$0.9 billion)**—The 2016-17 Budget contained a large package of one-time spending. Much of that spending remains uncommitted at

this point in time, and the Budget proposes to eliminate the authority to spend the dollars. The two largest components of this proposal are eliminating the \$400 million set-aside for affordable housing that was never allocated and a \$300 million transfer to modernize state office buildings planned for 2017-18.

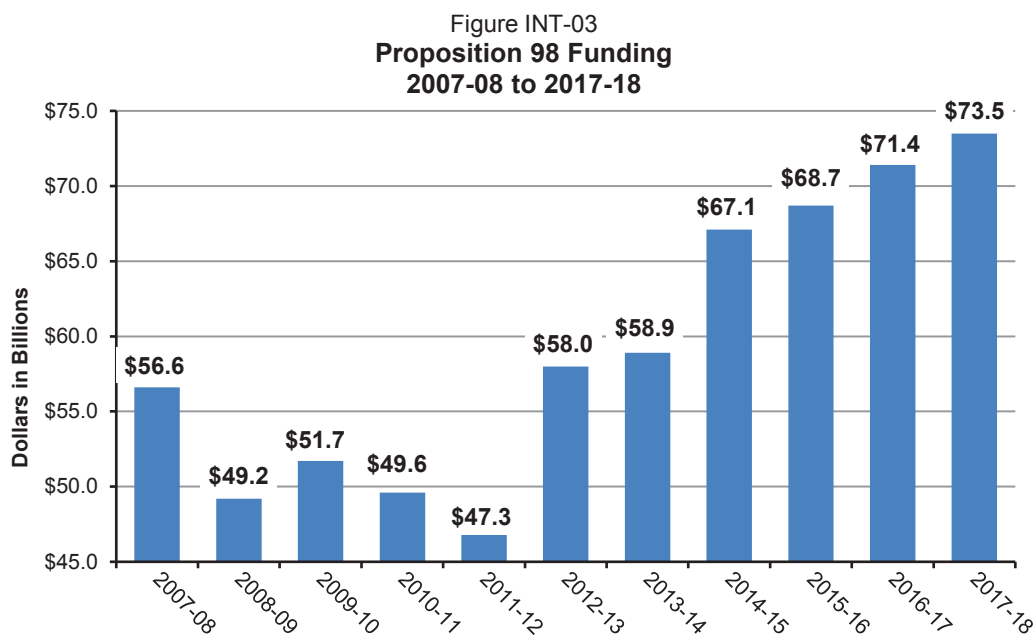
- **Constrain Spending Growth (\$0.6 billion)**—The Budget limits spending proposals to keep spending flat in 2017-18 compared to 2016-17, at about \$123 billion. This involves pausing rate increases for child care, not providing Middle Class Scholarships to any new students, and not submitting a variety of spending proposals (including those to implement new legislation) from state departments that otherwise were justified.

## PRESERVING CORE ACHIEVEMENTS

The actions described above to bring the budget back into balance were chosen to maintain the state's core fiscal achievements from the past four years.

### K-12 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. Despite the adjustments described above,



funding is expected to grow to \$73.5 billion in 2017-18—an increase of \$26.2 billion in six years (55 percent). Under Proposition 55, funds for education are expected to continue to grow steadily in future years.

For K-12 schools, funding levels will increase by about \$3,900 per student in 2017-18 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. The Budget maintains the formula's implementation at 96 percent complete.

---

### HIGHER EDUCATION

The Administration's higher education efforts—keeping student costs low, promoting new technology and innovation, and improving graduation rates—will support students' success in achieving their educational goals. The Budget reflects flat tuition and continues to provide each university system and the community colleges with annual General Fund growth. Since 2012-13, the University of California has received \$818 million in new funding, the California State University has received \$1.1 billion, and the community colleges \$1.8 billion.

---

### COUNTERACTING THE EFFECTS OF POVERTY

California has an extensive safety net for the state's neediest residents who live in poverty. Since 2012, the General Fund has incurred new poverty-focused obligations totaling about \$18 billion annually. The Budget continues to fund:

- The rising state minimum wage, which is scheduled to increase to \$11 per hour in 2018 and to \$15 per hour over time.
- The expansion of health care coverage under the federal Affordable Care Act, which provides millions of Californians with insurance.
- The first cost-of-living adjustment for Supplemental Security Income/State Supplementary Payment (SSI/SSP) recipients since 2005.
- The repeal of the maximum family grant rule in CalWORKs, which denied aid to children who were born while their parents were receiving aid.
- Increases in child care and early education provider rates and children served totaling \$837 million.

---

## COMBATTING CLIMATE CHANGE

California has acted decisively to reduce greenhouse gas emissions and address climate change, with a state goal to reduce emissions 40 percent below 1990 levels by 2030. The state's most cost-effective approach to meeting that target is the Cap and Trade Program, which allows the private sector to determine the most appropriate path for reducing emissions. In addition to the direct emission reductions required under the program, the state has appropriated \$3.4 billion in auction proceeds to further reduce emissions by funding transit and high speed rail, affordable housing near jobs and services, forest and watershed improvements, healthy soils, recycling opportunities, and home energy upgrades. The state has prioritized the expenditure of these funds in disadvantaged communities.

Over the past year, however, auctions have experienced significant volatility, at least partially due to uncertainties about the program's future beyond 2020. To eliminate this uncertainty, the Administration proposes, through a two-thirds urgency vote, legislation to confirm authority for the program beyond 2020. Assuming the passage of this legislation, the Budget proposes \$2.2 billion in expenditures from Cap and Trade auction proceeds.

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## STRENGTHENING INFRASTRUCTURE

The construction and maintenance of key physical infrastructure is one of the core functions of state government. Infrastructure allows for the delivery of public services and the movement of goods across the state. The deferred maintenance on existing state infrastructure is staggering—estimated to total \$78 billion. The 2015 and 2016 Budgets contained a combined \$960 million (\$942 million General Fund) for levees and various state facilities to address the most critical deferred maintenance projects. The 2016 Budget also included \$1 billion to support a major investment in renovating Sacramento's aged and inadequate state office infrastructure.

The state's largest deferred maintenance is on its highways, roads and bridges. Annual maintenance and repairs are billions of dollars more than can be funded annually within existing revenues. A recent study found that Californians spend on average \$762 annually on vehicle repair costs due to poorly maintained roads. The Budget reflects the Governor's transportation package first proposed in September of 2015 that would provide \$4.2 billion annually to improve the maintenance of highways and local roads, expand public transit, and improve critical trade routes. The package would measure and improve Caltrans' performance.

## PAYING DOWN DEBTS AND LIABILITIES

As shown in Figure INT-04, the state has \$240 billion in long-term costs, debts, and liabilities. The vast majority of these liabilities—\$236 billion—are related to retirement costs of state and University of California employees. Over the past several years, the Governor and Legislature have taken significant steps to address the long-term costs of its retirement programs. In 2012, the California Public Employees’ Pension Reform Act was enacted to save billions of taxpayer dollars by capping benefits, increasing the retirement age, stopping abusive practices and requiring employees to pay at least half of their pension costs. In 2014, a funding plan was implemented to restore fiscal solvency to the state’s teacher pension system over three decades. In 2016, the state and its employees began to share equally in the prefunding of retiree health benefits to eliminate a \$74 billion unfunded liability over three decades.

Figure INT-04

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

|  | Outstanding<br>Amount at<br>Start of<br>2017-18 | Proposed<br>Use of<br>2017-18 Pay<br>Down |
|--|---|---|
| <b>Budgetary Borrowing</b>                             |   |   |
| Loans from Special Funds                               | \$1,365   | \$252                                     |
| Underfunding of Proposition 98—Settle-Up               | 1,026   | 400                                       |
| Repayment of pre-Proposition 42 Transportation Loans   | 706   | 235                                       |
| <b>State Retirement Liabilities</b>                    |   |   |
| State Retiree Health                                   | 74,103  | 100                                       |
| State Employee Pensions                                | 49,592  | 0   |
| Teachers' Pensions <sup>1/</sup>                       | 72,626  | 0   |
| Judges' Pensions                                       | 3,279   | 0   |
| Deferred payments to CalPERS                           | 627   | 0   |
| <b>University of California Retirement Liabilities</b> |   |   |
| University of California Employee Pensions             | 15,141  | 169                                       |
| University of California Retiree Health                | 21,087  | 0   |
| <b>Total</b>   | <b>\$239,552</b>                                | <b>\$1,156</b>                            |

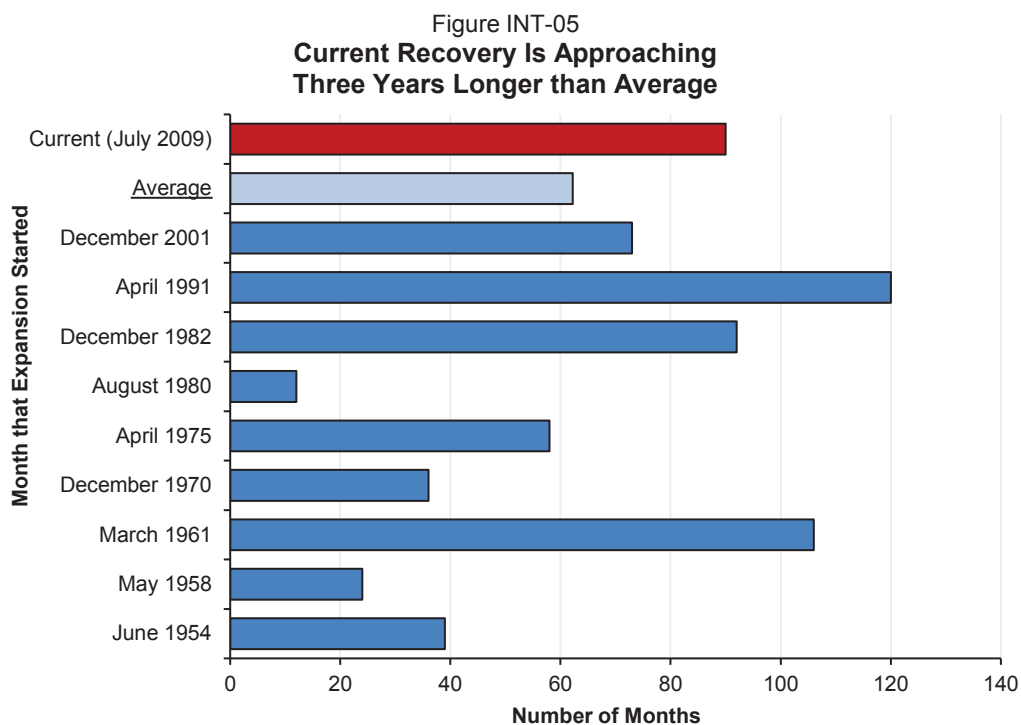
<sup>1/</sup>The state portion of the unfunded liability for teachers' pensions is \$14 billion.

For 15 years, Proposition 2 provides a dedicated funding source to help address these debts, but that funding alone will not eliminate the liabilities. In December, the CalPERS

Board took action to reflect more realistic expectations for its investment returns —lowering its discount rate to 7 percent over the next three years. CalSTRS will consider the same issue in the coming months. The Budget includes \$258 million from the General Fund to begin the additional payments required by these decisions. While the growing costs will be expensive, paying more now will reduce the liabilities and help preserve the ability of the state to keep providing these benefits over the long term.

## MAINTAINING A BALANCED BUDGET IN UNCERTAIN TIMES

California faces uncertain times, with major potential risks threatening to drive the budget dramatically further out of balance. The Budget assumes the continued expansion of the economy. Yet, economic expansions do not last forever. In the post-war period, the average expansion has been about five years. As shown in Figure INT-05, the current expansion is approaching three years longer than the average. A moderate recession will drop state revenues by about \$20 billion annually for several years.



## INTRODUCTION

The Budget also assumes the continuation of existing federal fiscal policy. The incoming presidential administration and leaders in Congress have suggested major changes to Medicaid, trade and immigration policy, and the federal tax structure. Many of the proposed changes could have serious and detrimental effects on the state's economy and budget. At this point, it is not clear what those changes will be or when they will take effect.

Proposition 2 establishes a constitutional goal of having 10 percent of tax revenues in the Rainy Day Fund. By the end of 2017-18, the state's Rainy Day Fund will have a total balance of \$7.9 billion (63 percent of the constitutional target). While a full Rainy Day Fund might not eliminate the need for further spending reductions in case of a recession or major federal policy changes that trigger a budget crisis, saving now would allow the state to spend from its Rainy Day Fund later to soften the magnitude and length of any necessary cuts.

# SUMMARY CHARTS

This section provides various statewide budget charts and tables.

Figure SUM-01  
**2017-18 Governor's Budget**  
**General Fund Budget Summary**  
(Dollars in Millions)

|  | 2016-17          | 2017-18          |
|--|------------------|------------------|
| <b>Prior Year Balance</b>                          | \$5,023          | \$1,027          |
| Revenues and Transfers                             | \$118,765        | \$124,027        |
| <b>Total Resources Available</b>                   | <b>\$123,788</b> | <b>\$125,054</b> |
| Non-Proposition 98 Expenditures                    | \$72,431         | \$71,169         |
| Proposition 98 Expenditures                        | \$50,330         | \$51,351         |
| <b>Total Expenditures</b>                          | <b>\$122,761</b> | <b>\$122,520</b> |
| <b>Fund Balance</b>                                | <b>\$1,027</b>   | <b>\$2,534</b>   |
| Reserve for Liquidation of Encumbrances            | \$980            | \$980            |
| Special Fund for Economic Uncertainties            | \$47             | \$1,554          |
| <b>Budget Stabilization Account/Rainy Day Fund</b> | <b>\$6,713</b>   | <b>\$7,869</b>   |

Figure SUM-02

**General Fund Expenditures by Agency**  
(Dollars in Millions)

|                                       | 2016-17          | 2017-18          | Change from<br>Dollar<br>Change | 2016-17<br>Percent<br>Change |
|---------------------------------------|------------------|------------------|---------------------------------|------------------------------|
| Legislative, Judicial, Executive      | \$3,500          | \$3,322          | -\$178                          | -5.1%                        |
| Business, Consumer Services & Housing | 493              | 388              | -105                            | -21.3%                       |
| Transportation                        | 225              | 243              | 18                              | 8.0%                         |
| Natural Resources                     | 3,110            | 2,811            | -299                            | -9.6%                        |
| Environmental Protection              | 90               | 89               | -1                              | -1.1%                        |
| Health and Human Services             | 35,263           | 33,994           | -1,269                          | -3.6%                        |
| Corrections and Rehabilitation        | 10,889           | 11,088           | 199                             | 1.8%                         |
| K-12 Education                        | 50,589           | 52,169           | 1,580                           | 3.1%                         |
| Higher Education                      | 14,527           | 14,627           | 100                             | 0.7%                         |
| Labor and Workforce Development       | 177              | 122              | -55                             | -31.1%                       |
| Government Operations                 | 1,772            | 741              | -1,031                          | -58.2%                       |
| General Government:                   |                  |                  |                                 |                              |
| Non-Agency Departments                | 787              | 691              | -96                             | -12.2%                       |
| Tax Relief/Local Government           | 459              | 435              | -24                             | -5.2%                        |
| Statewide Expenditures                | 880              | 1,800            | 920                             | 104.5%                       |
| <b>Total</b>                          | <b>\$122,761</b> | <b>\$122,520</b> | <b>-\$241</b>                   | <b>-0.2%</b>                 |

Note: Numbers may not add due to rounding.

Figure SUM-03

**2017-18  
General Fund Expenditures**  
(Dollars in Millions)

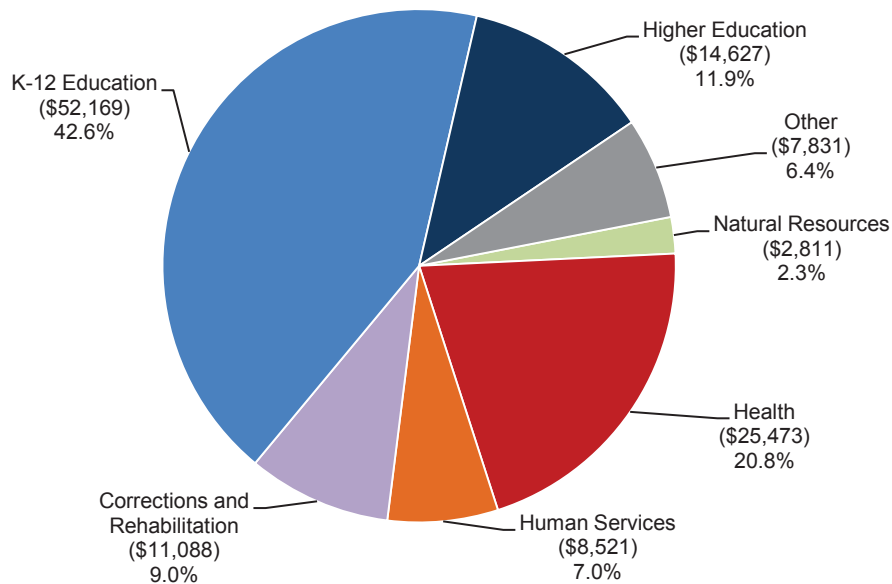
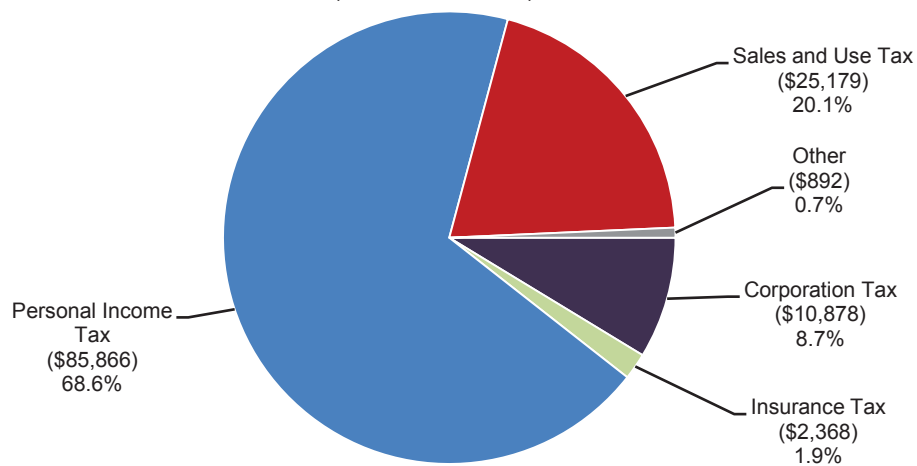


Figure SUM-04  
**General Fund Revenue Sources**  
(Dollars in Millions)

|   | 2016-17          | 2017-18          | Change from 2016-17 |                |
|---|------------------|------------------|---------------------|----------------|
|   |                  |                  | Dollar Change       | Percent Change |
| Personal Income Tax   | \$83,136         | \$85,866         | \$2,730             | 3.3%           |
| Sales and Use Tax   | 24,994           | 25,179           | 185                 | 0.7%           |
| Corporation Tax   | 10,389           | 10,878           | 489                 | 4.7%           |
| Insurance Tax   | 2,309            | 2,368            | 59                  | 2.6%           |
| Alcoholic Beverage Taxes and Fees                           | 370              | 372              | 2                   | 0.5%           |
| Cigarette Tax   | 79               | 65               | -14                 | -17.7%         |
| Motor Vehicle Fees  | 24               | 24               | 0                   | 0.0%           |
| Other   | 648              | 431              | -217                | -33.5%         |
| <b>Subtotal</b>   | <b>\$121,949</b> | <b>\$125,183</b> | <b>\$3,234</b>      | <b>2.7%</b>    |
| Transfer to the Budget Stabilization Account/Rainy Day Fund | -3,184           | -1,156           | 2,028               | -63.7%         |
| <b>Total</b>  | <b>\$118,765</b> | <b>\$124,027</b> | <b>\$5,262</b>      | <b>4.4%</b>    |

Note: Numbers may not add due to rounding.

Figure SUM-05  
**2017-18**  
**General Fund Revenues and Transfers<sup>1/</sup>**  
(Dollars in Millions)



<sup>1/</sup> Excludes \$1,156 million transfer to Rainy Day Fund.

Figure SUM-06  
**2017-18 Total State Expenditures by Agency**  
 (Dollars in Millions)

|                                       | General Fund     | Special Funds   | Bond Funds     | Totals           |
|---------------------------------------|------------------|-----------------|----------------|------------------|
| Legislative, Judicial, Executive      | \$3,322          | \$3,379         | \$154          | \$6,855          |
| Business, Consumer Services & Housing | 388              | 852             | 383            | 1,623            |
| Transportation                        | 243              | 10,254          | 881            | 11,378           |
| Natural Resources                     | 2,811            | 1,359           | 564            | 4,734            |
| Environmental Protection              | 89               | 2,795           | 23             | 2,907            |
| Health and Human Services             | 33,994           | 25,829          | -              | 59,823           |
| Corrections and Rehabilitation        | 11,088           | 2,678           | -              | 13,766           |
| K-12 Education                        | 52,169           | 104             | 64             | 52,337           |
| Higher Education                      | 14,627           | 171             | 277            | 15,075           |
| Labor and Workforce Development       | 122              | 697             | -              | 819              |
| Government Operations                 | 741              | 230             | 6              | 977              |
| General Government                    |                  |                 |                |                  |
| Non-Agency Departments                | 691              | 1,961           | 5              | 2,657            |
| Tax Relief/Local Government           | 435              | 1,613           | -              | 2,048            |
| Statewide Expenditures                | 1,800            | 2,651           | -              | 4,451            |
| <b>Total</b>                          | <b>\$122,520</b> | <b>\$54,573</b> | <b>\$2,357</b> | <b>\$179,450</b> |

Note: Numbers may not add due to rounding.

Figure SUM-07  
**2017-18**  
**Total State Expenditures**  
**(Including Selected Bond Funds)**  
 (Dollars in Millions)

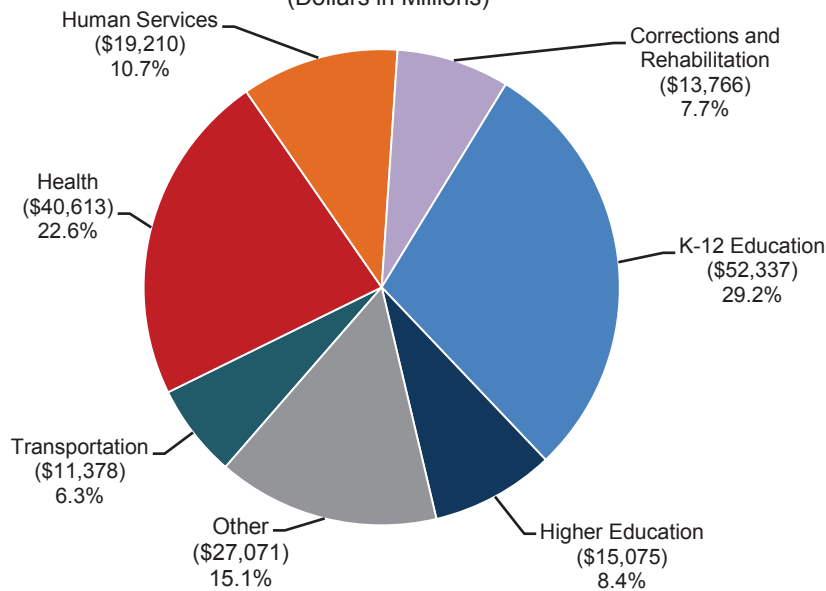
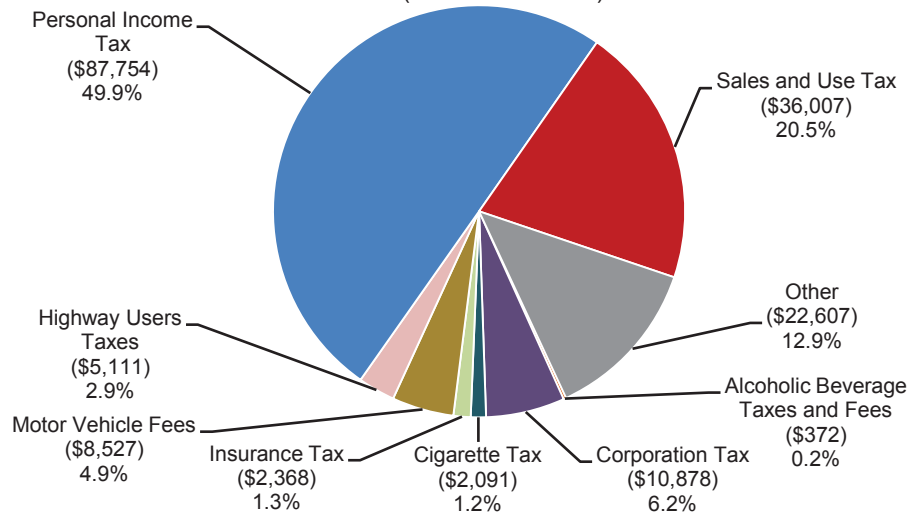


Figure SUM-08  
**2017-18 Revenue Sources**  
(Dollars in Millions)

|   | General Fund     | Special Funds   | Total            | Change From 2016-17 |
|---|------------------|-----------------|------------------|---------------------|
| Personal Income Tax   | \$85,866         | \$1,888         | \$87,754         | \$2,755             |
| Sales and Use Tax   | 25,179           | 10,828          | 36,007           | 658                 |
| Corporation Tax   | 10,878           | -               | 10,878           | 489                 |
| Highway Users Taxes   | -                | 5,111           | 5,111            | 307                 |
| Insurance Tax   | 2,368            | -               | 2,368            | 59                  |
| Alcoholic Beverage Taxes and Fees                           | 372              | -               | 372              | 2                   |
| Cigarette Tax   | 65               | 2,026           | 2,091            | 934                 |
| Motor Vehicle Fees  | 24               | 8,503           | 8,527            | 1,516               |
| Other   | 431              | 22,176          | 22,607           | -1,310              |
| <b>Subtotal</b>   | <b>\$125,183</b> | <b>\$50,532</b> | <b>\$175,715</b> | <b>\$5,410</b>      |
| Transfer to the Budget Stabilization Account/Rainy Day Fund | -1,156           | 1,156           | 0                | 0                   |
| <b>Total</b>  | <b>\$124,027</b> | <b>\$51,688</b> | <b>\$175,715</b> | <b>\$5,410</b>      |

Note: Numbers may not add due to rounding.

Figure SUM-09  
**2017-18**  
**Total Revenues and Transfers**  
(Dollars in Millions)



## K-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 provides 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.

### MAINTAINING CORE INVESTMENTS

Changes to workload factors (average daily attendance, population and per capita personal income)—combined with declining General Fund tax revenues—that drive the calculation of the Proposition 98 guarantee yield natural increases of \$55.5 million to the 2015-16 guarantee, \$113.5 million to the 2016-17 guarantee and a reduction of \$322.1 million to the 2017-18 guarantee. General Fund tax revenues available to fund the Proposition 98 guarantee have declined by almost \$5.4 billion over this three-year period, relative to the 2016 Budget Act levels. As a result, the Budget proposes a combination of adjustments designed to fund the minimum guarantee amount—but not overappropriate the guarantee—for all three years. The combination of the natural changes and the proposed actions lower Proposition 98 guarantee levels for the three-year period by more than \$1.8 billion, including reductions of \$506 million to the 2016-17 guarantee and \$953 million to the 2017-18 guarantee, relative to 2016 Budget Act levels. Despite the reductions in these years from the levels assumed in the 2016 Budget Act, there is still

more than \$2.1 billion in year-to-year growth from the revised 2016-17 guarantee to the projected 2017-18 guarantee, as displayed in Figure K12-01. And despite slowed growth in General Fund tax revenues, Proposition 98 funding continues its upward trend from the levels experienced during the Great Recession, as displayed in Figure K12-02.

Figure K12-01  
Changes to Proposition 98 Guarantee Levels

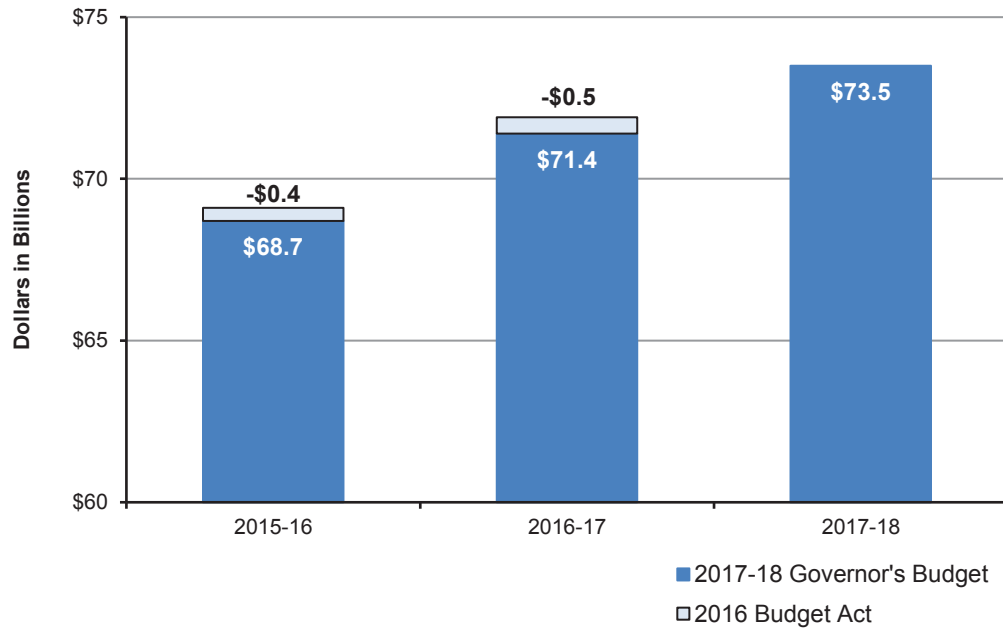
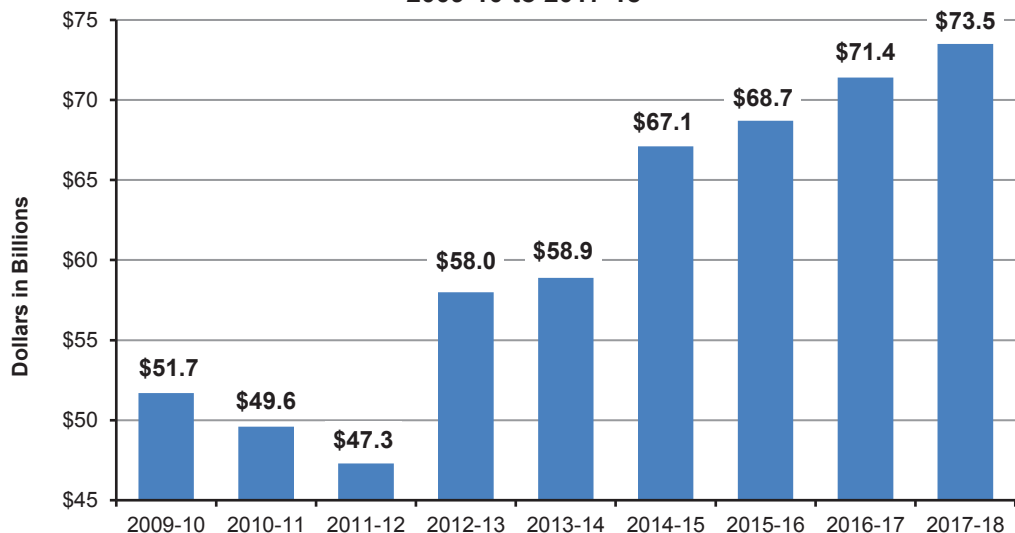


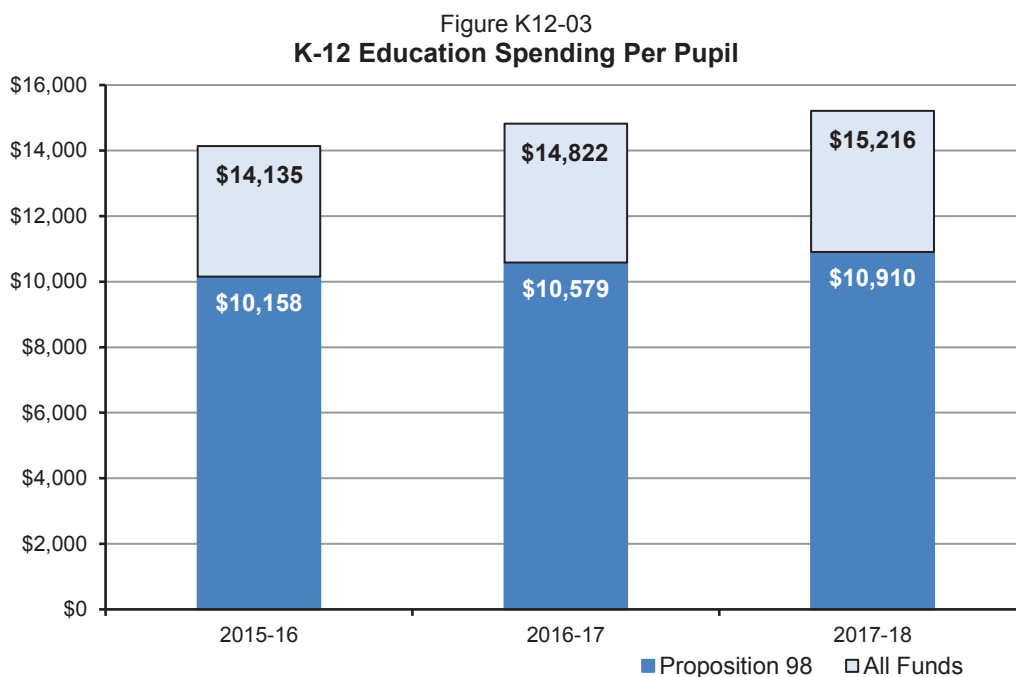
Figure K12-02  
Proposition 98 Funding  
2009-10 to 2017-18



To maintain core investments and existing programmatic spending levels, the Budget proposes one-time cost adjustments in the 2015-16 and 2016-17 fiscal years, as discussed in more detail in the K-12 Major Budget Adjustments section. The fiscal effect of these one-time adjustments is that expenses originally scheduled for 2015-16 and 2016-17 will instead be paid at the beginning of 2017-18. For the 2017-18 fiscal year, the Budget provides sufficient resources to fully fund the workload budget for Proposition 98. This workload budget includes a cost-of-living adjustment for the Local Control Funding Formula and other categorical programs that remain outside of the formula, funding necessary to support average daily attendance costs within school districts and charter schools, and the final investment in the Career Technical Education Incentive Grant program. For community colleges, resources will also support a cost-of-living adjustment for apportionments and selected categorical programs, enrollment growth of 1.3 percent, and new investments in student success programs. A proposed Proposition 98 settle-up payment of \$400 million in 2017-18 will provide significant additional one-time resources to schools and community colleges to support other local investments and priorities.

### K-12 PER-PUPIL SPENDING

Reflecting the changes to Proposition 98 funding noted above, total per-pupil expenditures from all sources are projected to be \$14,822 in 2016-17 and \$15,216 in 2017-18, including funds provided for prior year settle-up obligations, as displayed below in Figure K12-03. Ongoing K-12 Proposition 98 per-pupil expenditures in the Budget are



\$10,910 in 2017-18, an increase of \$331 per-pupil over the level provided in 2016-17, and up significantly from the \$7,011 per pupil provided in 2011-12.

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### **LOCAL CONTROL FUNDING FORMULA**

In recognition of the fiscal challenges that many local educational agencies face, and to address the many inequities in the pre-existing system of school finance, 2013 legislation 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, including 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 educational 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 fifth-year investment of more than \$744 million in the Local Control Funding Formula, building upon almost \$15.7 billion provided over the last four years. In total, this level of funding exceeds the original 2013 projection of formula funding provided through the 2017-18 year by more than \$4 billion. The proposed funding level supports a cost-of-living-adjustment for the funding targets under the formula in 2017-18, which maintains formula implementation at the current-year level of 96 percent.

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### **CALIFORNIA'S NEW ACCOUNTABILITY SYSTEM**

In addition to increasing funding and fundamentally restructuring the distribution of funds to school districts, the Local Control Funding Formula substantially changed the system of

school accountability. The new system shifted from a state-controlled system focused on compliance to a locally controlled system emphasizing local accountability and improved student outcomes. In the new system, each school district, county office of education, and charter school develops and adopts a Local Control and Accountability Plan and Annual Update. These plans identify local goals for all students in eight state priorities and describe planned actions, services and expenditures to achieve those goals.

The new school accountability system—using multiple measures of student success—provides a more complete picture of how schools are meeting the needs of California’s diverse student population than a single test score. The initial phase of the new accountability tool recently adopted by the State Board of Education includes a concise set of state and local performance measures that address the state priorities under the Local Control Funding Formula. The new accountability tool promotes equity by highlighting any disparities among student groups, furthering the state’s commitment to the highest need students and closing achievement gaps.

An important part of the new accountability system is a web-based tool developed by the California State Board of Education that will help identify strengths and areas in need of improvement. County offices of education, the state Department of Education and the California Collaborative for Educational Excellence will provide technical assistance and intervention for school districts, county offices of education, and charter schools identified as needing additional support. County offices of education will continue to play a critical role within California’s emerging system of support for schools, often serving as the first line of assistance within this new structure.

The State Board will further refine the accountability tool and develop a new state plan for use of federal funds in the coming months. The State Board will also continue to refine and develop the system of continuous improvement that provides assistance for struggling districts and schools.

## **SPECIAL EDUCATION**

Funding for California’s system of special education finance is complex, state-driven, and administratively costly. The funding for special education has become a patchwork of more than 20 programs, each with its own allocation formula and spending restrictions. In total, special education is funded with approximately \$3.2 billion in dedicated Proposition 98 General Fund and \$1.2 billion federal Individuals with Disabilities Education Act funds. Any additional costs are covered by districts through funding provided by

the Local Control Funding Formula. California is the only state in the nation that uses an intermediary, known as Special Education Local Planning Areas, to distribute special education funding to districts.

Recently, there have been two comprehensive efforts to evaluate special education in California, both resulting in a call for more seamless integration of special and general education in California. The California Statewide Special Education Task Force was formed in 2013 to examine the state of special education in California, analyze and consider best practices within the state and nation, and ultimately propose recommendations for improving the system. The task force was composed of parents, advocates, teachers, administrators, and experts in the field. In response to the recommendations of the task force, the 2015 Budget included over \$60 million Proposition 98 General Fund to implement select program changes and make targeted investments to improve service delivery and outcomes for all students with disabilities. In November 2016, the Public Policy Institute of California released its report on Special Education Finance in California. The report includes the following recommendations to better align special education finance with the principles of the Local Control Funding Formula:

- Provide special education funding directly to school districts as part of a district's Local Control Funding Formula allocation.
- Preserve the current census-count methodology for distributing funding, and develop ways to distribute funding more equitably throughout the state.
- Eliminate the current requirement for local educational agencies to join Special Education Local Planning Areas, and develop new ways to encourage regionalized services and cost pooling arrangements, particularly for small districts and charter schools.
- Ensure the early education needs of children with disabilities are met.

In response to these recommendations, the Administration will engage stakeholders throughout the spring budget process for feedback on the current special education finance system and the recommendations included in these recent evaluations. Central to these discussions will be the following principles, which are consistent with the Local Control Funding Formula and apply to all students, including students with disabilities:

- School funding mechanisms should be equitable, transparent, easy to understand, and focused on the needs of students.

- General purpose funding should cover the full range of costs to educate all students.
- School districts should be provided the flexibility to establish goals and design innovative ways of delivering services to all students.
- School districts are responsible for planning and implementing programs that lead to continuous improvement, measured by academic outcomes.

## K-12 SCHOOL FACILITIES

The recently approved Kindergarten through Community College Public Education Facilities Bond Act of 2016 (Proposition 51) authorizes \$7 billion in state general obligation bonds for K-12 schools to be allocated through the current School Facilities Program in place as of January 1, 2015. As the State Allocation Board and the Office of Public School Construction begin to consider allocation of Proposition 51 resources, it is important to address some of the shortcomings within the existing program that were recently documented in the audit findings issued by the Office of State Audits and Evaluations in a 2016 audit of Proposition 1D School Facilities Program expenditures. In that audit, it was determined that 1,533 projects representing over \$3 billion in Proposition 1D funds have been completed without ensuring the bond funds were appropriately expended. The audit found instances in which school districts inappropriately used school facilities bond funding to purchase vehicles, tractors, tablets, golf carts, mascot uniforms, and custodial/cleaning supplies. To ensure appropriate usage of all School Facilities Program bond funds and effective program accountability and oversight, the Administration will work with the State Allocation Board and the Office of Public School Construction to revise policies and regulations to implement front-end grant agreements that define basic terms, conditions, and accountability measures for participants that request funding through the School Facilities Program.

To complement this front-end accountability, the Administration will introduce legislation requiring facility bond expenditures to be included in the annual K-12 Audit Guide. Independent auditors will verify that local educational agencies participating in the School Facilities Program have appropriately expended state resources.

Once these measures are in place to verify that taxpayers' dollars are appropriately used, the Administration will support the expenditure of Proposition 51 funds.

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### TEACHER WORKFORCE

The California Commission on Teacher Credentialing is the state's licensing board for public school teachers. The Commission's core mission includes the licensing and credentialing of the state's K-12 public school educators, the enforcement of professional practices of educators, and the discipline of credential holders.

In the 2016-17 fiscal year, the Commission is implementing several investments aimed at increasing teacher recruitment. The Integrated Teacher Preparation Program supports the creation of pathways that allow university students to graduate with a bachelor's degree and a preliminary teaching credential within four years. These programs will increase the number of teacher candidates graduating annually and could save each teacher candidate approximately \$20,000 by eliminating the cost of an additional year of school. The Classified School Employee Teacher Training grants, awarded to 25 local educational agencies, will support 1,000 classified school employees earning a teaching credential. The California Center on Teaching Careers will recruit individuals into the teaching profession by providing outreach and referral services, both online and at six regional centers across the state.

Additionally, the Commission is engaged in a variety of initiatives to align educator preparation with new K-12 content standards, improve the availability of statewide teacher workforce data, and increase the state's supply of credentialed teachers. Specific activities include:

- Updating teacher and administrator standards to reflect adoption of Common Core and the Next Generation Science Standards.
- Creating an online dashboard of information on teacher supply and demand and educator preparation.
- Extending the validity period for teacher licensing exams.
- Establishing the Teaching Permit for Statutory Leave to authorize long-term substitutes for teachers on extended leave.

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### WORKFORCE DEVELOPMENT

The Administration is continuing its commitment to workforce development and job creation through a variety of investments in K-12 and community college programs. These

investments are discussed in detail in the Investing in California's Workforce Chapter of this publication.

## MAJOR K-12 BUDGET ADJUSTMENTS

Significant Adjustments:

- **School District Local Control Funding Formula**—Additional growth of more than \$744 million in Proposition 98 General Fund for school districts and charter schools in 2017-18 to continue their transition to full implementation of the Local Control Funding Formula.
- **One-Time Discretionary Funding**—An increase of \$287 million in one-time Proposition 98 General Fund for school districts, charter schools and county offices of education to use at local discretion. This allocation builds on the more than \$4.9 billion in combined one-time funding provided over the last three budgets, providing substantial resources to local schools to support critical investments such as content standards implementation, technology, professional development, induction programs for beginning teachers and deferred maintenance. All of the funds provided will offset any applicable mandate reimbursement claims for these entities.
- **Career Technical Education Funding**—The Budget provides \$200 million for the Career Technical Education Incentive Grant Program, the final installment of funding for this three-year program initiated in the 2015 Budget Act. Commencing with 2018-19, schools will support the full cost of these programs within their Local Control Funding Formula allocations.
- **One-Time Local Control Funding Formula Cost Shift**—The Budget proposes to shift \$859.1 million in Local Control Funding Formula expenditures from June 2017 to July 2017. This deferral is necessary to maintain 2016-17 programmatic expenditure levels in light of the reduction to Proposition 98 funding for 2016-17 compared to the 2016 Budget Act. The Budget proposes to immediately repay this deferral in 2017-18.
- **Shift One-Time Discretionary Funding**—The Budget proposes to shift \$310 million of one-time discretionary funding expenditures attributable to the 2015-16 fiscal year to 2016-17 as a result of the reduction to the Proposition 98 guarantee in 2015-16.

- **Instructional Quality Commission**—To prioritize funding for other purposes, the Budget delays the current deadlines for the Commission to revise the content standards for visual and performing arts and world language, develop standards for computer science, and create a model curriculum in ethnic studies. Further, the Budget delays the current deadline for the Superintendent of Public Instruction to convene a computer science strategic implementation advisory panel.
- **County Offices of Education Local Control Funding Formula**—An increase of \$2.4 million Proposition 98 General Fund to support a cost-of-living adjustment and average daily attendance changes for county offices of education.
- **Charter School Growth**—An increase of \$93 million Proposition 98 General Fund to support projected charter school average daily attendance growth.
- **Special Education**—A decrease of \$4.9 million Proposition 98 General Fund to reflect a projected decrease in special education average daily attendance.
- **Local Property Tax Adjustments**—A decrease of \$149.2 million Proposition 98 General Fund for school districts and county offices of education in 2016-17 as a result of higher offsetting property tax revenues. A decrease of \$922.7 million in Proposition 98 General Fund for school districts and county offices of education in 2017-18 as a result of increased offsetting local property tax revenues.
- **School District Average Daily Attendance**—A decrease of \$168.9 million in 2016-17 for school districts as a result of a decrease in projected average daily attendance from the 2016 Budget Act, and a decrease of \$63.1 million in 2017-18 for school districts as a result of further projected decline in average daily attendance for 2017-18.
- **Cost-of-Living Adjustments**—An increase of \$58.1 million Proposition 98 General Fund to support a 1.48-percent cost-of-living adjustment for categorical programs that remain outside of the Local Control Funding Formula, including Special Education, Child Nutrition, Foster Youth, American Indian Education Centers, and the American Indian Early Childhood Education Program. Cost-of-living adjustments for school districts and charter schools are provided within the increases for school district Local Control Funding Formula implementation noted above.
- **Proposition 39**—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 \$422.9 million to support school district and charter school energy efficiency projects in 2017-18.

- Proposition 47—Proposition 47 was approved in 2014 and reduced the penalties for certain non-serious and non-violent property and drug offenses. It also requires a portion of any resulting state savings to be invested into K-12 truancy and dropout prevention, victim services, and mental health and drug treatment. The Budget provides \$10.1 million to support investments aimed at improving outcomes for public school pupils in K-12 by reducing truancy and supporting pupils who are at risk of dropping out of school or are victims of crime, consistent with the provisions of Proposition 47.
- Proposition 56—Proposition 56 was approved in 2016 and increases the cigarette tax by \$2.00 per pack of cigarettes and an equivalent increase on other tobacco products. After making specified allocations, Proposition 56 requires 2 percent of the remaining revenue to be used for school programs that prevent and reduce the use of tobacco and nicotine products by young people. The Budget provides \$29.9 million to support tobacco and nicotine prevention and reduction programs at K-12 schools.
- Mandate Block Grant—An increase of \$8.5 million Proposition 98 General Fund to reflect the addition of the Training for School Employee Mandated Reporters program.

## K-12 SCHOOL SPENDING AND ATTENDANCE

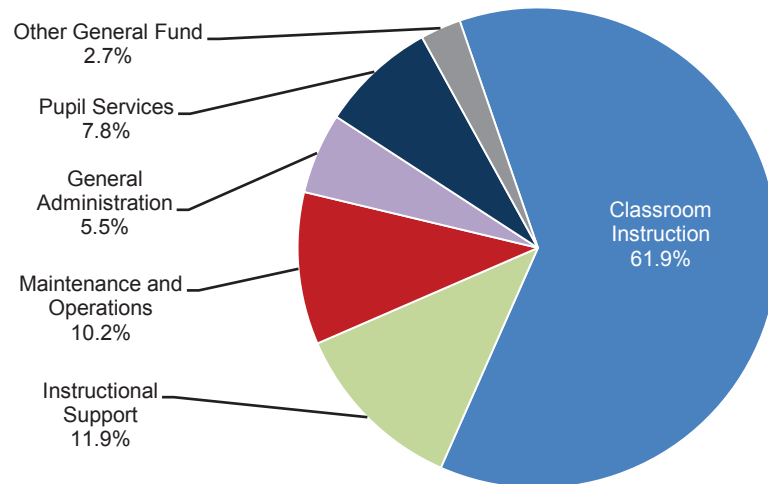
### HOW SCHOOL DISTRICTS SPEND THEIR MONEY

Figure K12-04 displays 2014-15 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.

### ATTENDANCE

Public school attendance grew in 2013-14 and declined in 2014-15. Attendance grew in 2015-16 but is projected to decline in 2016-17 and again slightly in 2017-18. For 2015-16, K-12 average daily attendance is reported to be 5,971,343, an increase of 11,458 from 2014-15. 2016-17 K-12 average daily attendance is estimated to be 5,958,933, a decrease of 12,410 from 2015-16. For 2017-18, the Budget estimates that K-12 average daily attendance will drop by 645 from the 2016-17 level, to 5,958,288.

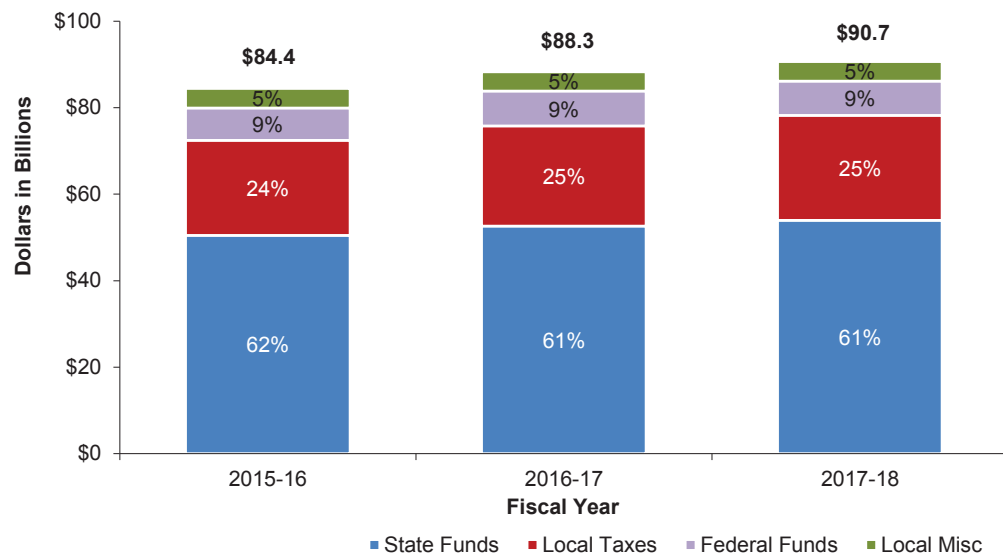
Figure K12-04  
**Where School Districts Spend Their Money<sup>1/</sup>**



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.

<sup>1/</sup> Based on 2014-15 expenditure data reported by school districts for their general purpose funding. This and other school expenditure information may be found at [www.ed-data.org](http://www.ed-data.org).

Figure K12-05  
**Sources of Revenue for California's K-12 Schools**  
(As a Percent of Total)



### **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 calculation levels, or tests (Test 1 or Test 2). In 1990, Proposition 111 (SCA 1) was adopted to allow for a third funding test (Test 3) in low revenue years. As a result, three tests determine funding for school districts and community colleges (K-14). The test that is used depends on how the economy and General Fund revenues grow from year to year.

Test 3 is projected to be operative for fiscal years 2015-16 through 2017-18.

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### **CHILD CARE**

The state funds nine child care and early education programs and dozens of other programs that support services provided within these settings, including quality of care, family resource and referral agencies, and local child care planning councils. These programs are administered by the Department of Education and the Department of Social Services. Families can access child care and early education subsidies through centers that contract directly with the Department of Education, local educational agencies, or through vouchers from county welfare departments or alternative payment program providers.

From 2013 through 2016, the state implemented policies that added \$447.5 million General Fund and \$388.1 million Proposition 98 General Fund in child care and early learning programs. The 2016 Budget Act increased provider reimbursement rates and added an additional 2,959 State Preschool slots. The 2017 Governor's Budget includes augmentations of \$87.9 million General Fund and \$23.5 million Proposition 98 General Fund to reflect full-year costs of 2016 Budget Act adjustments and increased costs of care in the CalWORKs Stage 2 and Stage 3 child care programs. Further increases were intended in 2017-18. However, in recognition of lower-than-expected General Fund revenue growth and a more constrained budget environment, the Budget proposes pausing additional augmentations until 2018-19. In essence, this proposal changes what was intended to be a three-year augmentation plan to one that is implemented over four years, beginning in 2016-17 and ending in 2019-20. Statewide

provider reimbursement rate increases provided in the 2016 Budget Act are consistent with the cost of state minimum wage increases through 2017-18.

Most subsidized child care and early education providers participate in multiple programs. Each program has distinct administrative requirements that can impact providers' overall ability to serve families efficiently. Programs have varying eligibility rules that make it difficult for families to navigate access to care and may create inequities in the services available to similarly aged children. To address some of these issues, the Budget proposes policies that foster administrative efficiencies and better align child care and early education programs to create a more rational system for both providers and the families they serve:

- Authorize the use of electronic applications for child care subsidies, making it less burdensome for eligible families to access care and more efficient for providers to process applications.
- Allow children with exceptional needs whose families exceed income eligibility guidelines access to part-day state preschool if all other eligible children have been served. This allows part-day state preschool providers the flexibility to fill unused slots with other students who would benefit from early intervention or education.
- Align the state's definition of homelessness with the federal McKinney-Vento Act for purposes of child care eligibility. Many providers receive both federal and state funds and different definitions of homelessness can be confusing.
- Eliminate licensing requirements for state preschool programs utilizing facilities that meet transitional kindergarten facility standards, specifically K-12 public school buildings.
- Allow state preschool programs flexibility in meeting minimum adult-to-student ratios and teacher education requirements, allowing for alignment with similar transitional kindergarten requirements.
- Simplify the process by which school districts can align program minutes for state preschool and transitional kindergarten students.

Significant Adjustments:

- Full-Year Implementation of 2016 Budget Act Investments—An increase of \$50.5 million non-Proposition 98 General Fund and \$23.5 million Proposition 98

General Fund to reflect full-year costs of new policies implemented part-way through the 2016-17 fiscal year. These costs are associated with an update of the Regional Market Reimbursement Rate to the 75<sup>th</sup> percentile of the 2014 regional market rate survey (beginning January 1, 2017), and an increase of 2,959 slots for full-day State Preschool (beginning April 1, 2017).

- **Pause Child Care Funding Increases in 2017-18—**Maintain reimbursement rates for child care providers at 2016-17 levels, pausing rate increases in 2017-18. This includes maintaining the Regional Market Reimbursement Rate at the 75<sup>th</sup> percentile of the 2014 regional market rate survey, maintaining the Standard Reimbursement Rate at the full-year equivalent rate provided in 2016-17 (a 5-percent increase over the prior year), and forgoing 2017-18 cost-of-living adjustments for child care providers. Additionally, pause the addition of 2,959 full-day State Preschool slots planned to begin on April 1, 2018. In total, these proposals save \$121.4 million non-Proposition 98 General Fund and \$105.4 million Proposition 98 General Fund.
- **Stage 2—**An increase of \$35.8 million non-Proposition 98 General Fund in 2017-18 to reflect increases in both the number of CalWORKs Stage 2 cases and the cost per case. Total cost for Stage 2 is \$505 million.
- **Stage 3—**An increase of \$1.6 million non-Proposition 98 General Fund in 2017-18 to reflect an increase in the cost per case, despite a decline in the number of CalWORKs Stage 3 cases. Total cost for Stage 3 is \$302.5 million.
- **Federal Child Care and Development and TANF Funds—**A net increase of \$4.8 million federal Child Care and Development and \$120.1 million federal TANF funds in 2017-18. Total federal funding is \$736.6 million.

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## HIGHER EDUCATION

California's approach to higher education has long been guided by principles articulated in the 1960 Master Plan for Higher Education. Those principles—such as standards for access and attainment, differentiation of functions across institutions, the need to support students who transfer with prior experiences, and the expectation of affordability for students—remain relevant today. Even so, California's needs have changed: the state's population has become more diverse, but educational attainment across income levels and racial and ethnic groups varies. Further, many students do not enter traditional institutions immediately after high school, and many are seeking to balance education and training with work. Changes in technology can provide the benefits of higher education more equitably and at reduced costs.

As described in the Introduction, the state is facing budget constraints due to lower-than-expected revenue growth. Despite this backdrop, the Budget increases funding for higher education. However, these increases are contingent on the systems' continued progress in implementing more sustainable practices that recognize both the principles of the Master Plan and the necessity for strong fiscal stewardship.

## THE STATE'S CONTINUED INVESTMENT IN HIGHER EDUCATION

The Budget proposes total funding of \$31.9 billion (\$17.5 billion General Fund and local property tax and \$14.4 billion other funds) for higher education. This total reflects both direct funding to the public segments and costs of financial aid students may use at eligible institutions. Figure HED-01 displays additional detail about funding for higher education.

Figure HED-01  
**Higher Education Expenditures**  
(Dollars in Millions)

|                                      | 2015-16           | 2016-17           | 2017-18           | Change from<br>2016-17 |             |
|--------------------------------------|-------------------|-------------------|-------------------|------------------------|-------------|
|                                      |                   |                   |                   | Dollars                | Percent     |
| University of California             |                   |                   |                   |                        |             |
| Total Funds <sup>1/</sup>            | \$7,702.8         | \$8,278.9         | \$8,425.6         | \$146.7                | 1.8%        |
| Ongoing General Fund                 | 3,137.0           | 3,279.0           | 3,362.1           | 83.1                   | 2.5%        |
| One-Time General Fund                | 122.0             | 261.6             | 169.0             | -                      | -           |
| California State University          |                   |                   |                   |                        |             |
| Total Funds <sup>1/</sup>            | \$6,356.7         | \$6,606.9         | \$6,683.3         | \$76.3                 | 1.2%        |
| General Fund                         | 3,271.0           | 3,478.9           | 3,663.8           | 184.9                  | 5.3%        |
| One-Time General Fund                | 4.9               | 109.6             | 1.0               | -                      | -           |
| California Community Colleges        |                   |                   |                   |                        |             |
| Total Funds                          | \$14,084.4        | \$14,622.7        | \$14,646.3        | \$23.6                 | 0.2%        |
| General Fund & Property Taxes        | 8,576.3           | 9,002.3           | 9,123.5           | 121.2                  | 1.3%        |
| California Student Aid Commission    |                   |                   |                   |                        |             |
| Total Funds                          | \$2,014.5         | \$2,073.9         | \$2,096.2         | \$22.3                 | 1.1%        |
| General Fund <sup>2/</sup>           | 1,479.0           | 1,130.1           | 1,152.8           | 22.8                   | 2.0%        |
| Other Higher Education <sup>3/</sup> |                   |                   |                   |                        |             |
| Total Funds                          | \$55.2            | \$89.6            | \$64.8            | -\$24.8                | -27.7%      |
| General Fund                         | 12.1              | 40.3              | 13.7              | -26.6                  | -65.9%      |
| <b>Total Funds</b>                   | <b>\$30,213.6</b> | <b>\$31,672.1</b> | <b>\$31,916.2</b> | <b>\$244.2</b>         | <b>0.8%</b> |
| <b>General Fund</b>                  | <b>\$16,602.2</b> | <b>\$17,301.8</b> | <b>\$17,486.1</b> | <b>\$184.3</b>         | <b>1.1%</b> |

<sup>1/</sup> These totals include tuition and fee revenues and other funds the universities report as discretionary.

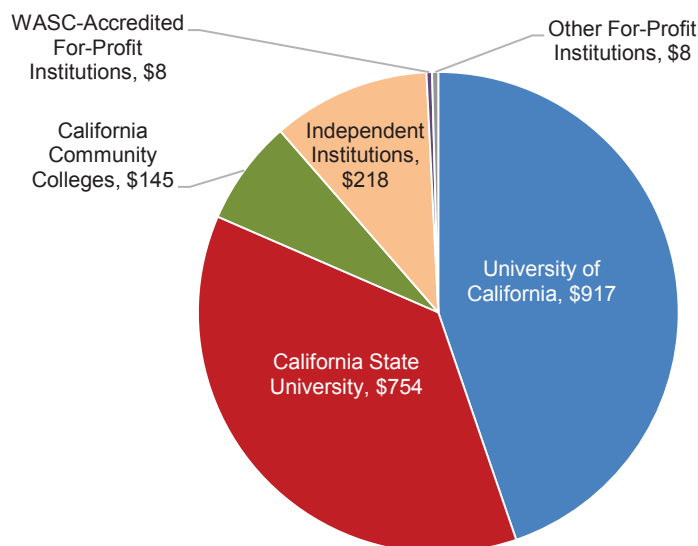
<sup>2/</sup> General Fund expenditures for the Cal Grant program are offset by reimbursements, including federal Temporary Assistance for Needy Families (TANF) funds received through an agreement with the Department of Social Services. TANF reimbursements are \$520.9 million in 2015-16 and \$925.7 million in 2016-17 and 2017-18.

<sup>3/</sup> This category includes expenditures for the Hastings College of the Law and the Awards for Innovation in Higher Education.

Since the passage of Proposition 30 in 2012, the state has made steady new investments in higher education. With the increase the Administration proposes in 2017-18, funding for University of California (UC) will have grown by \$817.8 million since 2012-13 and funding for California State University (CSU) will have grown by about \$1.1 billion. Likewise, California Community Colleges (CCC) Proposition 98 funding, excluding funding for Adult Education, has grown a total of \$1.8 billion since 2012-13.

The Cal Grant Program, the state's primary financial aid program, is administered by the California Student Aid Commission. The program is an entitlement for students who meet eligibility criteria, with students who are ineligible for the entitlement program still able to compete for additional grants. Since 2012-13, funding for the Cal Grant Program will have grown by \$442 million, a 29-percent increase. As shown in Figure HED-02, 82 percent of the total financial aid funds are used to further subsidize costs at UC and CSU.

Figure HED-02  
**Distribution of Financial Aid by Institution Type, 2017-18**  
(Dollars in Millions)



Includes the Cal Grant and Middle Class Scholarship programs.  
"WASC" is the Western Association of Schools and Colleges, a regional accrediting agency recognized by the U.S. Department of Education.

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### **THE NEED TO MAKE HIGHER EDUCATION SUSTAINABLE**

In the midst of fiscal constraints, the Administration supports continued investment in higher education with the expectation that colleges and universities will work together and implement new and creative practices that consider the cost of instruction, better support student success and completion, and expand access to higher education for more California students.

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### **CCC STUDENT SUCCESS**

The CCCs provide basic skills, vocational, and undergraduate transfer education with 72 districts, 113 campuses, and 78 educational centers. Approximately 2.1 million students attend community colleges. In 2015-16, the community colleges awarded over 74,000 certificates and 130,000 degrees and transferred over 103,000 students to four-year institutions.

The CCC system is one of the most cost-effective higher education systems in the nation, with colleges and learning centers available to students across all populated regions of the state and online. With enrollment fees of \$46 per unit, a student can complete the 60 units necessary to obtain an associate degree or transfer to a four-year institution for less than \$3,000 in tuition. Further, 65 percent of all enrollment fees are waived, providing a tuition-free education to about 50 percent of students enrolled in the community colleges. While a qualifying student may choose to attend a UC or CSU directly out of high school, first attending a CCC and then transferring to a UC or CSU could reduce a student's cost to obtain a four-year degree by thousands of dollars. Many California residents already take advantage of this option, with approximately 74,000 community college students transferring to a UC or CSU campus in 2015-16.

Providing students access to higher education through CCCs requires more focus on timely completion and student success—not only to make room for incoming students but to improve outcomes for these students. The Budget continues to provide \$285 million for the Student Success and Support Program, \$155 million for Student Equity Plans, \$50 million for the Student Services for Basic Skills Students Program, and funding for numerous other student support programs. These resources expand current services provided to students to improve outcomes, close gaps in access and achievement between underrepresented student groups and their peers, and implement practices that increase students' transition to college-level courses. Additionally, community colleges are investing in tutoring services, coordinating with

local educational agencies to improve the success of students transitioning from high schools, and redesigning their remedial education courses and assessment and placement activities.

Despite these efforts, most CCC degree, certificate, and transfer programs expect students to determine their educational goals from myriad programs, courses and support services offered by their community college. Without the necessary advising and targeted student support services, most students struggle to complete their program in a timely manner. In recent years, state policies—such as stronger guarantees through California Promise programs, streamlined transfer pathways, and concurrent enrollment across systems, all supported through budget actions—help to address these challenges.

The Budget proposes additional investment in student success. Specifically, the Budget includes \$150 million one-time Proposition 98 General Fund for grants to support community colleges' efforts to develop and implement "guided pathways" programs. A guided pathway program is an integrated, institution-wide approach focused on improving student success. Participating community colleges can use these grants for activities including the design of academic roadmaps and transfer pathways that explicitly detail the courses students must take to complete a credential or degree on time. Colleges can also use these grants to provide targeted advising and support services; redesign assessment, placement, and remedial education policies and courses; and redesign or refresh courses and programs to better align learning outcomes with the requirements for successful employment. Guided pathway programs have been implemented in higher education institutions in other states with positive results. The expectation is to improve completion rates, reduce time-to-degree, increase California students' employment opportunities, and reduce student debt.

The Chancellor's Office will play a critical role in supporting the colleges' efforts to improve student success, address equity disparities, and develop the guided pathways program. By establishing state expectations, providing technical assistance, and holding colleges accountable, the Chancellor's Office will help the colleges achieve these goals.

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### **AMBITIOUS GOALS IN THE CSU GRADUATION INITIATIVE**

The CSU provides undergraduate and graduate instruction generally through the master's degree. Its 23 campuses enroll approximately 400,000 students. In 2015-16,

the CSU awarded 113,000 degrees. An additional 22,000 students are enrolled in programs leading to degrees, credentials, or certificates through continuing education.

The 2016 Budget called on the CSU to increase four-year graduation rates and two-year transfer graduation rates, with specific emphasis on closing achievement gaps for low-income students, first-generation students, and students from underrepresented minority groups. The CSU Graduation Initiative 2025 adopted by the Board of Trustees in September commits the University to ambitious goals—increasing the four-year graduation rate to at least 40 percent, increasing the two-year transfer graduation rate to at least 45 percent, and closing gaps in outcomes between the targeted students and their peers. The system’s plan focuses on increasing the average number of courses students take each term, including during summer and winter terms, and reducing the number of courses taken unnecessarily or repeated. To jumpstart this effort, the 2016 Budget included \$35 million in one-time funding, which is now assisting campuses in making immediate changes.

The CSU Graduation Initiative 2025 can only be successful if education leaders across the system are clear about what a CSU education entails—both upon entry and at graduation. For example, more than 40 percent of CSU freshmen are still identified as unprepared for college-level courses based on their performance on a sequence of tests. Evidence from other contexts, including California community colleges, suggests that many of these students are prepared for those college courses and that other measures—like high school grades—are better indicators of preparation. The CSU Academic Senate Quantitative Reasoning Task Force released a set of recommendations that define student proficiency before entering CSU and at graduation.

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### **PROGRESS ON THE UC AGREEMENT**

The UC offers formal undergraduate and graduate education. The UC is the public segment authorized to independently award doctoral degrees and is designated as the state’s primary academic agency for research. Its 10 campuses enroll approximately 265,000 students. In 2015-16, the UC awarded 69,000 degrees. An additional 400,000 students participate in continuing education programs through the University extensions.

In 2015, the Governor and the UC President agreed on several initiatives that would be implemented to reduce the cost structure of the University. Their framework, which was ultimately adopted by the Board of Regents, recognizes that lowering the cost structure while maintaining quality requires the University to reevaluate how students’ prior

academic experiences are recognized as part of UC degree programs, how academic programs are structured, and how instruction is delivered.

The University has demonstrated progress in all of the areas of the agreement, and the work is still underway. Notably, the UC has begun pilots at three campuses—Davis, Merced, and Riverside—on “activity-based costing,” a method of calculating the amount spent on individual courses based on the way those courses are delivered. These calculations provide rich data for University leaders to better plan enrollment and determine which, and how, courses should be offered by understanding costs coupled with student outcomes. The Administration will continue to monitor the University’s experience in using the information.

The UC has made significant progress in improving access for students transferring from the community colleges and those students’ experiences when they arrive at the UC. Specifically, the UC is admitting more transfer students. Under the Governor’s agreement, the UC is committed to increasing the number of transfer students its campuses enroll so that, by 2017-18, at least one new transfer student is enrolled for every two new freshmen. Further, the University has created specific pathways for students to transfer into 21 majors from the community colleges.

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### **TUITION AND FEES AT THE PUBLIC SEGMENTS**

Fees at the community colleges will remain flat in 2017-18—a clear signal that the colleges will remain an accessible pathway to postsecondary education. At UC and CSU, fees have remained flat for five years. However, the UC Office of the President has indicated that it will present a 2.5-percent tuition increase to the Board of Regents later in January, and the CSU Chancellor’s Office has indicated that the Chancellor will present a 5-percent tuition increase to the Board of Trustees in March. These tuition increases would grow Cal Grant costs for UC students by \$17.7 million and for CSU students by \$24.9 million in 2017-18 beyond the costs reflected in the Budget.

Any tuition increases must be viewed in the context of reducing the overall cost structure at UC and improving the graduation rates at CSU. Tuition increases without these improvements would only burden families with the cost of an inefficient system.

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### **PHASE-OUT OF THE MIDDLE CLASS SCHOLARSHIP PROGRAM**

Given the state's overall financial condition, to continue the Administration's support for long-term stable growth in funding for the UC and the CSU, and to maintain the broad Cal Grant entitlement for the state's neediest students, the Budget proposes a phase-out of the Middle Class Scholarship Program. Beginning in 2017-18, awards will be renewed only for the approximately 37,000 students who received awards in 2016-17, with no new awards for the program. By 2020-21, this proposal will reduce annual General Fund costs by \$115.8 million.

For 2016-17, the Administration is committed to funding scholarships that already have been awarded to students. As estimates for the total cost of awards become more certain in the spring, the May Revision will include any additional funds necessary to ensure existing award amounts are not reduced for those students.

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### **INVESTING IN CALIFORNIA'S WORKFORCE**

Over the past few years, the state has made significant progress toward linking the efforts of K-12 schools, adult schools, community colleges, universities, local workforce investment boards, libraries, social services agencies, public safety agencies, and employers to better provide educational and workforce training opportunities for students. Information on particular workforce investments can be found in the Investing in California's Workforce Chapter.

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### **SIGNIFICANT ADJUSTMENTS**

The following is a listing of significant adjustments proposed in the Budget.

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#### **CALIFORNIA COMMUNITY COLLEGES**

- Chancellor's Office State Operations—An increase of \$378,000 General Fund and two Vice Chancellor positions to assist the Chancellor's Office's efforts to improve student success, address equity disparities, and develop the Guided Pathways Program. Throughout the spring of 2017, the Department of Finance will collaborate with the Chancellor's Office to develop an organizational framework for the office that will better enable the Chancellor's Office to achieve the goals and priorities set forth by the new system Chancellor and Board of Governors.

- Guided Pathways—An increase of \$150 million one-time Proposition 98 General Fund for grants to community colleges to develop an integrated, institution-wide approach to student success.
- Deferred Maintenance and Instructional Equipment—A one-time increase of \$43.7 million from Proposition 98 settle-up that community colleges can use for deferred maintenance, instructional equipment, and specified water conservation projects. No matching funds are required.
- CCC Apportionments—A decrease of \$27.1 million Proposition 98 General Fund which is reflective of the following adjustments:
  - An increase of \$94.1 million for a 1.48-percent cost-of-living adjustment.
  - An increase of \$79.3 million available for enrollment growth.
  - An increase of \$3.8 million as a result of decreased offsetting student enrollment fee revenues.
  - A decrease of \$56.6 million to reflect unused growth provided in 2015-16.
  - A decrease of \$147.7 million as a result of increased offsetting local property tax revenues.
- Increased Operating Expenses—An increase of \$23.6 million Proposition 98 General Fund to support increased community college operating expenses in areas such as employee benefits, facilities, professional development, and other general expenses.
- Innovation Awards—An increase of \$20 million one-time Proposition 98 General Fund to provide innovation grants to incent the development and implementation of innovative practices in various functional areas as determined by the Chancellor.
- Online Education Initiative—An increase of \$10 million Proposition 98 General Fund to provide system-wide access to the Initiative’s learning management system.
- Integrated Library System—An increase of \$6 million one-time Proposition 98 General Fund to facilitate the development of an integrated library system that, once operational, will allow California community college students access to a cloud-based library system.

- Proposition 39—An increase of \$3 million Clean Energy Job Creation Fund for California Community College energy efficiency projects, consistent with the provisions of Proposition 39. As a result, total program funding is \$52.3 million Clean Energy Job Creation Fund for 2017-18.

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### **CALIFORNIA STATE UNIVERSITY**

- Augmentations for University Operations—An increase of \$161.2 million General Fund that was determined as follows:
  - \$131.2 million representing the amount provided to the UC.
  - \$26 million representing the final installment of funds committed when the state made changes to the Middle Class Scholarship Program in 2015.
  - \$5 million representing the final installment of funds committed when the state made changes to the way in which capital outlay for the CSU is funded.

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### **UNIVERSITY OF CALIFORNIA**

- Augmentation for University Operations—An increase of \$131.2 million General Fund representing a 4-percent increase in funds consistent with the existing agreement between the Governor and the UC President.
- Proposition 2 Debt Funds—\$169 million Proposition 2 funds one-time for the unfunded liability of the UC Retirement Plan. The amount represents the final installment of a total of \$436 million in one-time funds provided over a three-year period.

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### **HASTINGS COLLEGE OF THE LAW**

- Augmentation for Colleges Operations—An increase of \$1.1 million General Fund consistent with the approach taken with the universities.

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### **CALIFORNIA STUDENT AID COMMISSION**

- Phase-Out of Middle Class Scholarship Program—Adjustments to reflect an estimated cost of the program of \$74 million in 2017-18. The phase-out of the program would renew scholarships only to students who received scholarships in the 2016-17 academic year.

- Adjustments for Cal Grant Program—A decrease of \$52.4 million General Fund in 2016-17 and \$24.5 million General Fund in 2017-18 to reflect estimated costs.

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## INVESTING IN CALIFORNIA'S WORKFORCE

The state continues to invest in programs designed to support instructional pathways and workforce experiences that build knowledge and skills, lead to meaningful credentials, and result in gainful employment. These investments help reduce the number of Californians living in poverty, improve a range of educational outcomes (such as basic literacy and graduation and certification completion rates), increase an individual's earning potential, and prepare California's workforce to meet ever-changing economic demands.

California continues making significant progress toward linking the efforts of K-12 schools, adult schools, community colleges, universities, local workforce investment boards, libraries, social services agencies, public safety agencies, and employers to better provide educational and workforce training opportunities to California residents. In addition to the general support provided to many of these entities, the state invests over \$6 billion annually on workforce education and employment and training programs.

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### K-12 SCHOOLS AND WORKFORCE DEVELOPMENT

In late 2015, the California Community Colleges (CCC) Board of Governors, working with representatives from the K-12 education system, unanimously approved a set of 25 recommendations from the Task Force on Workforce, Job Creation, and a Strong Economy. These recommendations continue the focus on strengthening workforce education with the goal of preparing California's students for jobs.

The Career Technical Education Incentive Grant Program continues to provide funds to encourage the creation and expansion of high-quality career technical education (CTE) programs during local educational agencies' implementation of the Local Control Funding Formula. Priority for these funds is given to local educational agencies establishing new CTE programs and those facing unique challenges, such as having higher-than-average dropout rates, being located in areas of high unemployment, or operating programs within rural school districts. Programs funded include, but are not limited to, agricultural and aquaponics, welding, and culinary institutes. The Career Technical Education Incentive Grant program is the largest of its kind in the nation, investing \$900 million over a three-year period.

Recognizing the importance of integrating aspects of career and college readiness into the accountability system, the State Board of Education included a measure of college/career readiness in the new school accountability tool.

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### COMMUNITY COLLEGES AND WORKFORCE OPPORTUNITIES

In 2015-16, community college vocational education programs served roughly 300,000 full-time equivalent students, about 27 percent of all community college full-time equivalent students. Below are several other community college programs that strengthen workforce development and foster job creation:

- **Strong Workforce Program**—The Budget includes \$248 million Proposition 98 General Fund for the Strong Workforce Program. This program builds upon federal Workforce Innovation and Opportunity Act of 2014 (WIOA) funds and provides access to more regionally aligned, career technical education and workforce development programs/courses. It will also strengthen programmatic collaboration among workforce investment boards, CCCs, local education agencies, and county human services agency employment and workforce development programs. These efforts promote greater employment opportunities and earnings potential for participating students.
- **Adult Education Block Grant Program**—This program coordinates representatives from local educational agencies, community colleges, and other regional education, workforce, and industry partners to promote the educational opportunities offered to students and adult learners. Through this program, students and adult learners can access courses to complete their high school diplomas or general education equivalent, English as a Second Language courses, and pathways courses that

lead to additional career opportunities. The Budget includes \$500 million ongoing Proposition 98 General Fund to support the Adult Education Block Grant Program.

- **Apprenticeship Programs**—There are over 265 apprenticeship programs sponsored by local educational agencies, community colleges, and the Labor and Workforce Development Agency's (Labor Agency) Employment Training Panel which support training to approximately 74,000 apprentices. These programs offer interested Californians a clear pathway to obtain classroom instruction and on-the-job training skills leading to gainful employment, while also providing California businesses with well-trained employees. The Budget includes \$54.9 million ongoing Proposition 98 General Fund and approximately \$13 million Employment Training Fund for apprenticeship programs.
- **Economic and Workforce Development Program**—This program provides funding for targeted investments in economic and workforce development, focusing on priority and emergent industry sectors, providing short-term grants to support industry-driven regional education and training. The Budget includes \$22.9 million ongoing Proposition 98 General Fund to support this program.

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## **CONTRIBUTIONS OF STATE UNIVERSITIES IN WORKFORCE GOALS**

The University of California (UC) and the California State University support continued education along many educational pathways, and opportunities exist for the universities to play an even stronger role in the state's workforce agenda, especially in high-skill areas. For example:

- **Extensions and Continuing Education**—The universities have long served adults seeking skills development and training through their extension programs. In addition to being a part of the state's strategy on workforce, these programs can serve as models for innovation in higher education in general.
- **Online Master's Degrees**—The Governor's agreement with the UC President expects the UC to expand online programs in areas where high demand exists to meet the needs of employers. In 2015, the UC convened industry leaders and other stakeholders to identify specific online certificate and master's degree programs for development or expansion. Recent research suggests that low-cost online master's degrees could expand access to those who may not otherwise have sought out continuing education.

- Innovation and Entrepreneurship—The universities have played a key role in economic development in California. The 2016 Budget included \$22 million General Fund for the UC for innovation and entrepreneurship activities, with the expectation that those one-time funds would be used to generate additional support as part of a sustainable long-term plan to improve the workforce pipeline.

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### **ROLE OF LOCAL LIBRARIES**

Many other entities play roles as part of pathways in the workforce, and the state's strategy should consider better integration. Public libraries already provide a space where students and adults can earn high school diplomas or career certificates online, learn literacy skills with volunteer tutors, or build upon their ideas in dedicated "makerspaces" or innovation labs. The state now funds high-speed Internet access for many libraries. Libraries can be hubs for people to access online courses, particularly as libraries are in a unique position to provide the additional support and guidance that some studies suggest is essential for online education. The State Librarian will engage stakeholders in the spring to create plans to better integrate the libraries into the state's workforce strategy.

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### **IMPLEMENTING THE FEDERAL WORKFORCE INNOVATION AND OPPORTUNITY ACT**

WIOA of 2014 requires greater alignment of programs and services for people who need good jobs and for employers seeking well-prepared employees with relevant skills. California developed a four-year WIOA State Strategic Workforce Plan that coordinates disparate programs within a common vision.

Under the WIOA State Plan, Local Workforce Development Boards, community colleges, Adult Education Block Grant Consortia, local economic development agencies, and local human services agencies are working together at the regional level to develop partnerships and implement the policy objectives of the WIOA State Plan. These partnerships support program alignment, industry workforce needs, skills attainment, and upward mobility, and will move the state toward its long-term goal of producing one million industry-recognized credentials, doubling the number of apprenticeships between 2017 and 2027.

## LABOR AGENCY WORKFORCE INVESTMENTS

The state has made significant investments to support the implementation of the WIOA State Plan, including the following:

- **SlingShot Grant Program**—Since 2015-16, the state has invested \$10.9 million in the SlingShot Grant Program, which provides flexible resources for organizing workforce education programs around a common regional vision and supporting training programs that meet industry employment needs. These resources support 12 SlingShot coalitions to build leadership in each of the state's WIOA regions.
- **Accelerator Grant Program**—Since 2015-16, the state has invested \$16 million in the Accelerator Grant Program, which provides grants within each of the WIOA regions to foster innovative new partnerships, practices, and policies that accelerate employment outcomes for people with barriers to employment (including the formerly incarcerated, at-risk youth, veterans, people with disabilities, and immigrants).
- **CAAL-Skills Data Sharing Pilot Project**—The 2016 Budget Act includes \$1 million for Labor Agency to spearhead the Cross-System Analytics and Assessment for Learning and Skills Attainment (CAAL-Skills) data-sharing pilot project to begin building a comprehensive data-sharing system that eventually will provide policymakers, the public, and program administrators actionable information about which workforce and education programs best improve an individual's ability to get a job.

Additionally, the 2016 Budget Act includes \$5.7 million for the Labor Agency, the California Workforce Development Board, and the Employment Development Department to support several efforts, such as providing access to services for people with barriers to employment, training for industry sector and business engagement, and developing guidance for program cost-sharing in America's Job Centers of California career centers.

## MINIMUM WAGE

In April 2016, California became the first state in the nation to commit to raising the minimum wage to \$15 per hour statewide. The minimum wage increased to \$10.50 per hour on January 1, 2017, for businesses with 26 or more employees. The minimum wage will increase to \$11 per hour in 2018 for these larger businesses, and then incrementally

to \$15 per hour by 2022. Small businesses with 25 or fewer employees will have additional time to phase in the increases. Further, the state has the flexibility to pause the scheduled increases if negative economic or budgetary conditions emerge.

The Budget includes \$217 million General Fund to fund state costs associated with the rising minimum wage. This includes increased state employee wages and increased payments to In-Home Supportive Services providers, child care providers, and community-based service providers for residents with developmental disabilities. This also reflects modest savings associated with lower enrollment in Medi-Cal and CalWORKs due to the minimum wage increase's effects on families' incomes.

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### DEPARTMENT OF INDUSTRIAL RELATIONS

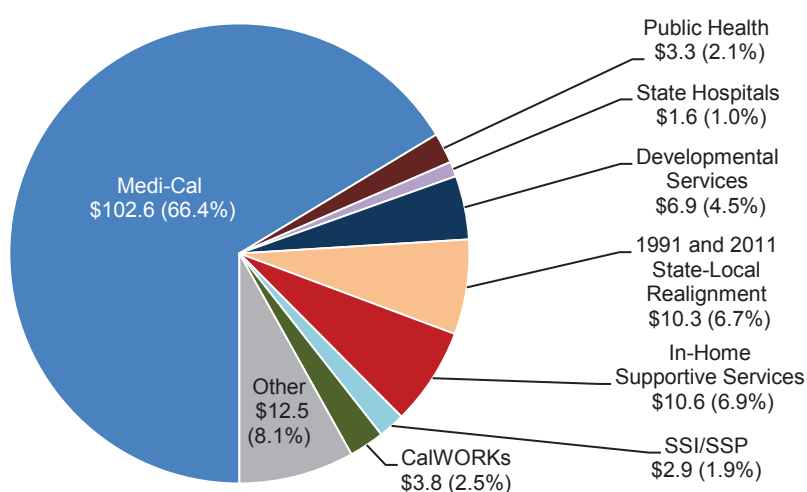
Within the Labor Agency, the Department of Industrial Relations continues its mission to improve working conditions; enforce laws related to wages, hours, conditions of employment, and workers' compensation; and adjudicate workers' compensation claims. The Division of Apprenticeship Standards creates opportunities for Californians to gain employable lifetime skills and provides employers with a highly skilled and experienced workforce. The Governor's Budget expands these roles in the following ways:

- **Strategic Enforcement of Labor Standards**—The Budget provides \$4.6 million Labor Enforcement and Compliance Fund, increasing to \$11.4 million by 2020-21, to implement a strategic enforcement effort to combat labor law violations. These resources will enable the Department to more effectively combat wage theft and other labor law violations in those industries with the greatest needs for rigorous enforcement, such as the janitorial, garment manufacturing, construction, agricultural, food processing, and restaurant industries.
- **Division of Apprenticeship Standards Grant Funding**—The Budget provides \$877,000 federal funds in 2016-17 and \$923,000 federal funds in 2017-18 to expand existing apprenticeship programs and create new programs in non-traditional fields and emerging industries with unmet labor demands. With this grant, the Department intends to enroll 6,000 more people in apprenticeship programs and engage new businesses in apprenticeship program discussions statewide.

# 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 \$154.6 billion (\$34 billion General Fund and \$120.6 billion other funds) for all health and human services programs. Figure HHS-01

Figure HHS-01  
**Health and Human Services Proposed 2017-18 Funding<sup>1/</sup>**  
**All Funds**  
 (Dollars in Billions)



<sup>1/</sup> Totals \$154.6 billion for support, local assistance, and capital outlay. This figure includes reimbursements of \$13.7 billion and excludes \$2.5 million in Proposition 98 funding in the Department of Developmental Services budget and county funds that do not flow through the state budget.  
 Note: Numbers may not add due to rounding.

displays expenditures for each major program area and Figure HHS-02 displays program caseload.

Figure HHS-02

**Major Health and Human Services Program Caseloads**

|  | 2016-17<br>Revised | 2017-18<br>Estimate | Change  |
|--|--------------------|---------------------|---------|
| Medi-Cal   | 14,025,500         | 14,281,900          | 256,400 |
| California Children's Services (CCS) <sup>1/</sup> | 12,803             | 12,557              | -246    |
| CalWORKs   | 463,540            | 459,173             | -4,367  |
| CalFresh   | 1,786,161          | 1,771,785           | -14,376 |
| SSI/SSP (support for aged, blind, and disabled)    | 1,282,787          | 1,284,131           | 1,344   |
| Child Welfare Services <sup>2/</sup>               | 121,393            | 121,852             | 459     |
| Foster Care  | 43,102             | 43,129              | 27      |
| Adoption Assistance                                | 85,149             | 85,334              | 185     |
| In-Home Supportive Services                        | 507,463            | 531,069             | 23,606  |
| Regional Centers                                   | 303,447            | 317,283             | 13,836  |
| State Hospitals <sup>3/</sup>                      | 6,342              | 6,369               | 27      |
| Developmental Centers <sup>4/</sup>                | 963                | 760                 | -203    |
| Vocational Rehabilitation                          | 28,069             | 28,069              | 0       |

<sup>1/</sup> Represents unduplicated quarterly caseload in the CCS Program. Does not include Medi-Cal CCS clients.

<sup>2/</sup> 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 service area.

<sup>3/</sup> Represents the year-end population, excluding psychiatric programs.

<sup>4/</sup> Represents average in-center population as of January 31 each year.

## HEALTH REFORM AND QUALITY OF CARE IMPROVEMENT

California continues its implementation of federal health care reform, which has enabled millions of Californians to obtain health care coverage through both public and private plans. Many Californians now have access to affordable, quality health care coverage through Covered California. The state also expanded Medi-Cal to cover childless adults and parent/caretaker relatives with incomes up to 138 percent of the federal poverty level, added coverage for undocumented children, and expanded Medi-Cal mental health and substance use disorder benefits.

Since 2014, Covered California, the state's health insurance marketplace, has provided individual health insurance through private plans supported by federally funded tax subsidies and products for individuals and small businesses. It is estimated that

1.4 million people will be enrolled in Covered California in 2017-18. Covered California is a self-sustaining entity funded through fees assessed on the participating health plans. Health plans and insurers in California are required to cover ten essential health benefits pursuant to the federal law.

Based on the expansion of the Medi-Cal program, caseload has increased from 7.9 million in 2012-13 to a projected 14.3 million in 2017-18, covering over one-third of the state's population. Beginning in 2017, the state assumes a 5-percent share of cost for the optional expansion population. In 2018 the cost-sharing ratio increases to 6 percent and by 2020 the state share will be 10 percent based upon current federal law. The Budget assumes costs of \$20.1 billion (\$888 million General Fund) in 2016-17 and \$18.9 billion (\$1.6 billion General Fund) in 2017-18 for the 4.1 million Californians in the optional Medi-Cal expansion.

### **FEDERAL UNCERTAINTY**

Medicaid (Medi-Cal in California) is a federal program established more than 50 years ago and has evolved over time. The incoming presidential administration and leaders in Congress have suggested major changes to the program. Recent proposals have included reductions to federal funding for the expansion population, a block grant structure for Medicaid programs, capped per-beneficiary allotments to states, tax credits to enroll Medicaid beneficiaries in private insurance, and creation of high-deductible plans for the Medicaid program combined with health savings accounts. At this point, it is not clear what those changes will be or when they will take effect. As such, the Budget continues to reflect existing state and federal law. A complete repeal of the Affordable Care Act, without a companion replacement program, would not only affect millions of Californians' health benefits, but would also disrupt the private insurance market. As the congressional deliberations begin, the Administration stands ready to build on what has worked, support changes and efficiencies where appropriate, and play a constructive role to protect and enhance the lives and health of Californians—within the fiscal constraints facing the state.

### **1991 STATE-LOCAL REALIGNMENT HEALTH ACCOUNT REDIRECTION**

As a result of the Affordable Care Act, county costs and responsibilities for indigent health care continue to decrease as more individuals gain access to health care coverage. The state-based Medi-Cal expansion has resulted in indigent care costs previously paid by counties shifting to the state, contributing to significant increases in state costs.

Chapter 24, Statutes of 2013 (AB 85), modified the 1991 Realignment Local Revenue Fund (LRF) distributions to capture and redirect savings counties are experiencing due to the implementation of federal health care reform. The net savings are redirected for county CalWORKs expenditures, which reduce General Fund spending on the CalWORKs program. County savings are estimated to be \$585.9 million in 2016-17 and \$546.2 million in 2017-18. Additionally, actual expenditure data reported by counties indicates county net savings in 2014-15 were \$245.6 million higher than estimated based on the preliminary reconciliation of 2014-15, and the Budget assumes reimbursement of this amount from the counties in 2017-18. The estimates for 2017-18 will be updated in the May Revision using audited data from the counties. The General Fund savings are reflected in the CalWORKs program within the Department of Social Services' budget.

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, and then distributes those funds 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 toward funding increases to CalWORKs grant levels.

Based on current revenue estimates, the Child Poverty and Family Supplemental Support Subaccount is projected to receive base and growth funds totaling \$318.8 million in 2016-17 and \$330.6 million in 2017-18. These funds will be used to pay for the recent CalWORKs grant increases (totaling 11.43 percent since 2013-14) and repeal of the maximum family grant (MFG) rule, which became effective January 1, 2017. Together, the prior grant increases and MFG repeal are estimated to cost \$405.3 million in 2016-17 and \$528.8 million in 2017-18. The Budget includes \$86.5 million General Fund in 2016-17 and \$198.2 million General Fund in 2017-18 to provide the remaining funding needed.

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### **COORDINATED CARE INITIATIVE**

The Coordinated Care Initiative (CCI), including the Cal MediConnect demonstration project, allows persons eligible for both Medicare and Medi-Cal (dual eligibles) to receive medical, behavioral health, long-term services and supports, and home and community-based services coordinated through a single health plan. This pilot was implemented through a federal demonstration project and currently operates in seven counties—Los Angeles, Orange, Riverside, San Bernardino, San Diego, San Mateo, and Santa Clara. The CCI also included mandatory enrollment for most other dual eligibles into Medi-Cal managed care and integrated Medi-Cal long-term services and supports,

including In-Home Supportive Services (IHSS), into managed care. As part of CCI, the state assumed bargaining responsibilities for IHSS in these seven counties. The CCI also included a new maintenance-of-effort requirement in place of the traditional county share of cost for the IHSS program for all counties.

Under current law, the Director of Finance is required to annually determine whether CCI is cost-effective. If CCI is not cost-effective, the program automatically ceases operation in the following fiscal year. Since 2015, the Administration has indicated that without changes improving participation in the program and continuation of an allowable managed care tax, CCI would not meet the statutory savings requirements. The Budget estimates CCI will no longer be cost-effective, even with the recent enactment of an allowable managed care tax. Therefore, pursuant to the provisions of current law, the program will be discontinued in 2017-18, which will have the following effects:

- Removes IHSS benefits from plan capitation rates. As part of CCI, IHSS costs were included in bundled payments to health plans, though the plans did not control this benefit.
- Eliminates the statewide authority responsible for bargaining IHSS workers' wages and benefits in the seven CCI counties. These counties would again be responsible for IHSS bargaining.
- Re-establishes the state-county share of cost arrangement for the IHSS program that existed prior to the implementation of CCI. Counties will be responsible for the payment of 35 percent of the nonfederal portion of program costs through 1991 Realignment. Based on current estimates, growth in 2017-18 realignment revenues alone will not be sufficient to cover the additional IHSS costs. Therefore, this change is likely to result in financial hardship and cash flow problems for counties. The Administration is prepared to work with counties to mitigate, to the extent possible, the impact of returning a share of the fiscal responsibility for IHSS to counties.

The net result of these changes is a General Fund reduction of \$626.2 million in 2017-18. Although CCI was not cost-effective during the initial demonstration period, the duals demonstration program provided the potential to reduce the cost of health care for the affected individuals and improve health outcomes. Therefore, based on the lessons

learned from CCI, the Budget proposes to extend the Cal MediConnect program, continue mandatory enrollment of dual eligibles, and integrate long-term services and supports (except IHSS) into managed care. Although the funding for IHSS will no longer be included in the capitation rates, plans and counties are encouraged to collaborate on care coordination. The Budget reflects savings of approximately \$20 million General Fund from the continuation of the duals demonstration as allowed under federal law through December 31, 2019.

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### **TOBACCO TAX INCREASE (PROPOSITION 56)**

The California Healthcare, Research and Prevention Tobacco Tax Act of 2016 (Proposition 56), passed by the voters in November 2016, increases the excise tax rate on cigarettes and tobacco products, effective April 1, 2017. This tax is also applicable to electronic cigarettes for the first time. The excise tax, paid by distributors selling cigarettes in California, increases by \$2 from 87 cents to \$2.87 per pack of 20 cigarettes. Proposition 56 requires backfills to Proposition 99, Proposition 10, the Breast Cancer Fund, and to state and local governments to address revenue declines that result from the additional tax.

The Proposition specifies allocations to various entities, including the University of California, Department of Justice, Department of Public Health, Board of Equalization, and State Auditor. Additionally, Proposition 56 requires 82 percent of the remaining funds be transferred to the Healthcare Treatment Fund for the Department of Health Care Services to support new growth in Medi-Cal expenditures as compared to the 2016 Budget Act. Of the remaining 18 percent, 13 percent is for the Department of Public Health and the Department of Education for tobacco prevention, and 5 percent goes to the University of California for medical research.

Figure HHS-03 reflects the allocation of Proposition 56 funding in 2017-18. Given the effective date of April 1, 2017, the Budget includes five quarters of the tax revenues for expenditure in 2017-18.

Figure HHS-03  
**Proposition 56 Allocations**  
(Dollars in Millions)

| <i>Investment Category</i>          | <i>Department</i>   | <i>Program</i>   | <i>2017-18 Amount<sup>1/</sup></i> |
|-------------------------------------|---|--|------------------------------------|
| Enforcement                         | Department of Justice   | Local Law Enforcement Grants <sup>2/</sup>                     | \$37.5                             |
|                                     | Department of Justice   | Distribution and Retail Sale Enforcement <sup>2/</sup>         | \$7.5                              |
|                                     | Board of Equalization   | Distribution and Retail Sales Tax Enforcement <sup>2/</sup>    | \$5.8                              |
|                                     | Department of Public Health                                     | Law Enforcement <sup>2/</sup>                                  | \$7.5                              |
| Education, Prevention, and Research | University of California  | Cigarette and Tobacco Products Surtax Medical Research Program | \$80.7                             |
|                                     | University of California  | Graduate Medical Education <sup>2/</sup>                       | \$50.0                             |
|                                     | Department of Public Health                                     | State Dental Program <sup>2/</sup>                             | \$37.5                             |
|                                     | Department of Public Health                                     | Tobacco Prevention and Control                                 | \$178.5                            |
|                                     | State Department of Education                                   | School Programs  | \$31.5                             |
| Health Care                         | Department of Health Care Services                              | Health Care Treatment  | \$1,237.4                          |
| Administration and Oversight        | State Auditor   | Financial Audits   | \$0.4                              |
|                                     | Board of Equalization   | Sales and Use Tax  | \$1.1                              |
| Revenue Backfills                   | Proposition 99, Breast Cancer Research Fund, and Proposition 10 |  | \$37.1                             |
| Total                               |   |  | \$1,712.5                          |

<sup>1/</sup> 2017-18 figures include one quarter of 2016-17 revenue and four quarters of 2017-18 revenue.

<sup>2/</sup> Annual amount specified in statute.

## 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 care coverage 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 and the Primary and Rural Health programs, and oversees county-operated community mental health and substance use disorder programs.

Since 2012-13, Medi-Cal General Fund costs grew at an average of 5 percent annually to \$19.6 billion in 2016-17 because of a combination of health care cost inflation, program expansions, and caseload growth. Due to the passage of Proposition 56, increased General Fund health care costs in the Medi-Cal program in 2017-18 are partially funded from this tax. After accounting for Proposition 56 funds, Medi-Cal General Fund spending is projected to increase 7 percent from \$17.8 billion at the 2016 Budget Act to \$19.1 billion in 2017-18.

The Budget assumes that caseload will increase approximately 5 percent from 2015-16 to 2016-17 and 1.8 percent from 2016-17 to 2017-18. Medi-Cal is projected to cover 14.3 million people in 2017-18.

### Significant Adjustments:

- **Current Year Shortfall**—The Budget includes increased expenditures in the Medi-Cal program of approximately \$1.8 billion General Fund compared to the 2016 Budget Act. The current year increase is primarily attributable to a one-time retroactive payment of drug rebates to the federal government and miscalculation of costs associated with the Coordinated Care Initiative in prior estimates.
- **Managed Care Organization Tax**—Chapter 2, Statutes of 2016, Second Extraordinary Session (SBx2 2), authorized a tax on the enrollment of Medi-Cal managed care plans and commercial health plans, which is in compliance with federal Medicaid regulations. This tax funds the nonfederal share of Medi-Cal managed care rates for health care services provided to children, adults, seniors, persons with disabilities, and persons eligible for both Medi-Cal and Medicare. As a result, the Budget assumes reduced General Fund spending in the Medi-Cal program of approximately \$1.1 billion in 2016-17 and \$1.6 billion in 2017-18.
- **County Medi-Cal Administration**—County workers conduct Medi-Cal eligibility work on behalf of the state. Medi-Cal caseload continues to grow and the Budget maintains the augmentation to counties of \$655.3 million (\$217.1 million General Fund) in 2017-18, as was provided in 2016-17, to administer the program. As the eligibility system continues to achieve greater stabilization, the state is in the initial process of developing a new Medi-Cal county administration

budgeting methodology. The Budget continues to include \$1.5 million (\$731,000 General Fund) to make recommendations for a new methodology.

- **Children’s Health Insurance Program (CHIP) Reauthorization**—CHIP is a partnership between the federal government and states and territories to help provide low-income children, not otherwise eligible for Medi-Cal, with health insurance coverage. The Affordable Care Act (ACA) included a provision that allows the program’s federal matching assistance percentage to increase from 65 percent to 88 percent for federal fiscal years 2016 through 2019. However, the CHIP program is only authorized by the federal government through September 2017. To extend the CHIP program beyond September 2017, Congress must pass legislation. Given the uncertainties surrounding potential congressional actions, the Budget assumes the program is reauthorized, but at the non-enhanced, federal-matching percentage of 65 percent effective October 1, 2017, and includes General Fund costs of \$536.1 million to reflect this assumption.
- **Full-Scope Medi-Cal Coverage for Undocumented Children**—The Budget includes \$279.5 million General Fund to provide full-scope benefits to approximately 185,000 children. This amount reflects the full-year costs for this program. Chapter 18, Statutes of 2015 (SB 75), expanded full-scope Medi-Cal benefits to undocumented children under 19 years of age effective May 2016.
- **Newly Qualified Immigrant Benefits and Affordability Program**—Chapter 4, Statutes of 2013, First Extraordinary Session (SBx1 1), authorized transitioning coverage of these adults without children from Medi-Cal to a Qualified Health Plan in the Health Benefit Exchange, with DHCS providing premium and out-of-pocket payment assistance and wraparound benefits not covered by the Exchange plan. Because the state-only Medi-Cal program is not formally certified as meeting the minimum essential coverage requirements under the ACA, the adults continuing in state-only Medi-Cal may be subject to a tax penalty from the federal government. To ameliorate this issue, the Budget proposes that all new qualified adults eligible be included in the wrap program effective January 1, 2018. The Budget includes General Fund savings of \$48 million from transitioning coverage for these adults from Medi-Cal to an Exchange plan.
- **Hospital Quality Assurance Fee Extension**—On November 8, 2016, voters passed Proposition 52, which amends the state Constitution to permanently extend the existing Hospital Quality Assurance Fee as defined under Chapter 27, Statutes of 2016 (AB 1607). Under prior law, the fee was due to sunset December 31, 2017. Fees paid by private hospitals and matching federal funds are used to provide supplemental payments to private hospitals, grants to designated and non-designated public hospitals, and increased capitation payments to managed

health care plans. Revenues from the fee also fund health care coverage for children and the program's administrative expenses. The Budget assumes General Fund savings of over \$1 billion in 2017-18 from the hospital fee.

- **Proposition 56—The California Healthcare, Research and Prevention Tobacco Tax Act of 2016** requires 82 percent of the funds remaining after specified allocations be transferred to the Healthcare Treatment Fund to support new growth in Medi-Cal expenditures as compared to the 2016 Budget Act. The Budget includes \$1.2 billion for this purpose.
- **Major Risk Medical Insurance Fund Abolishment—**The Major Risk Medical Insurance Fund currently funds expenses related to the Major Risk Medical Insurance Program, which was originally established as a state high-risk pool. The ACA has reduced the need for the high-risk pool because individuals cannot be denied coverage based on a pre-existing health condition. The Budget abolishes the Major Risk Medical Insurance Fund and proposes to transfer the fund balance of approximately \$65 million to the Health Care Services Plans Fines and Penalties Fund. This new fund will support coverage for individuals remaining in the program and expenses related to health care services for children, seniors, persons with disabilities, and dual eligibles in the Medi-Cal program.
- **Drug Medi-Cal Organized Delivery System Pilot—**In August 2015, the federal Centers for Medicare and Medicaid Services approved the waiver necessary to begin implementation of the Drug Medi-Cal Organized Delivery System pilot program. The pilot program requires counties that opt in to the demonstration program to provide a continuum of care for substance use disorder treatment services. Counties already provide many of the required services under the current Drug Medi-Cal program, and these services will continue under the pilot program along with new services that are modeled after the American Society of Addiction Medicine criteria. A total of 6 counties are estimated to begin providing services in 2016-17 with an additional 10 counties in 2017-18. The Budget includes \$19.9 million (\$3.1 million General Fund) in 2016-17 and \$661.9 million (\$141.6 million General Fund) in 2017-18 for increased services for the pilot program.
- **Medicaid Managed Care Regulations—**The Budget includes an additional \$4.5 million General Fund to continue implementation of the federal regulations. The managed care regulations are related to beneficiary grievances, provider networks, program integrity, and financing. Some new requirements overlap with existing oversight provided by the Department of Managed Health Care. Therefore, the Budget also reflects the consolidation of these activities at DHCS. There are several components of the regulations that could negatively impact California and result in General Fund costs in the hundreds of millions of dollars annually.

## 2011 REALIGNMENT FUNDING

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 Realignment are now funded primarily by revenue dedicated for 2011 Realignment.

Figure HHS-04 identifies the programs and funding for 2011 Realignment, which are funded through two sources: a state special fund sales tax rate of 1.0625 percent totaling \$6.9 billion, and \$643.7 million in Vehicle License Fees.

Figure HHS-04  
**2011 Realignment Estimate at 2017-18 Governor's Budget**  
 (Dollars in Millions)

|   | 2015-16          | 2015-16<br>Growth | 2016-17          | 2016-17<br>Growth | 2017-18          | 2017-18<br>Growth |
|---|------------------|-------------------|------------------|-------------------|------------------|-------------------|
| <b>Law Enforcement Services</b>                               | <b>\$2,289.1</b> |                   | <b>\$2,361.2</b> |                   | <b>\$2,440.1</b> |                   |
| Trial Court Security Subaccount                               | 532.5            | 7.2               | 539.7            | 7.9               | 547.6            | 10.0              |
| Enhancing Law Enforcement Activities Subaccount <sup>1/</sup> | 489.9            | 116.0             | 489.9            | 154.7             | 489.9            | 153.8             |
| Community Corrections Subaccount                              | 1,107.5          | 54.1              | 1,161.6          | 59.1              | 1,220.7          | 75.4              |
| District Attorney and Public Defender Subaccount              | 24.3             | 3.6               | 27.9             | 3.9               | 31.9             | 5.0               |
| Juvenile Justice Subaccount                                   | 134.9            | 7.2               | 142.1            | 7.9               | 150.0            | 10.0              |
| Youthful Offender Block Grant Special Account                 | (127.5)          | (6.8)             | (134.3)          | (7.5)             | (141.7)          | (9.4)             |
| Juvenile Reentry Grant Special Account                        | (7.4)            | (0.4)             | (7.8)            | (0.4)             | (8.3)            | (0.6)             |
| <b>Growth, Law Enforcement Services</b>                       |                  | <b>188.1</b>      |                  | <b>233.5</b>      |                  | <b>254.2</b>      |
| <b>Mental Health<sup>2/</sup></b>                             | <b>1,120.6</b>   | 6.7               | <b>1,120.6</b>   | 7.3               | <b>1,120.6</b>   | 9.3               |
| <b>Support Services</b>                                       | <b>3,277.6</b>   |                   | <b>3,404.9</b>   |                   | <b>3,543.8</b>   |                   |
| Protective Services Subaccount                                | 2,109.2          | 60.3              | 2,169.5          | 65.8              | 2,235.3          | 83.9              |
| Behavioral Health Subaccount                                  | 1,168.4          | 67.0              | 1,235.4          | 73.1              | 1,308.5          | 93.3              |
| Women and Children's Residential Treatment Services           | (5.1)            | -                 | (5.1)            | -                 | (5.1)            | -                 |
| <b>Growth, Support Services</b>                               |                  | <b>134.0</b>      |                  | <b>146.2</b>      |                  | <b>186.5</b>      |
| <b>Account Total and Growth</b>                               | <b>\$7,009.4</b> |                   | <b>\$7,266.4</b> |                   | <b>\$7,545.2</b> |                   |
| <b>Revenue</b>  |                  |                   |                  |                   |                  |                   |
| 1.0625% Sales Tax   | \$6,403.5        |                   | \$6,621.8        |                   | \$6,901.5        |                   |
| Motor Vehicle License Fee                                     | 605.9            |                   | 644.6            |                   | 643.7            |                   |
| <b>Revenue Total</b>  | <b>\$7,009.4</b> |                   | <b>\$7,266.4</b> |                   | <b>\$7,545.2</b> |                   |

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).

<sup>1/</sup> Base Allocation is capped at \$489.9 million. Growth does not add to the base.

<sup>2/</sup> Base Allocation is capped at \$1,120.6 million. Growth does not add to the base.

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.

The Administration, in consultation with county partners and stakeholders, has set a base allocation for the 2011 Realignment Behavioral Health Subaccount beginning with the 2016-17 allocation. Beginning with the 2017-18 allocation, the ongoing base allocations will consist of the 2016-17 base allocation plus the subsequent growth allocations. This will serve as a “rolling base” mechanism for future allocations to the Behavioral Health Subaccount.

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### 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, IHSS, Supplemental Security Income/State Supplementary Payment (SSI/SSP), Child Welfare Services, Community Care Licensing, and Disability Determination. The Budget includes \$23.6 billion (\$8.1 billion General Fund) for DSS in 2017-18.

Significant Adjustments:

- **Continuum of Care Reform**—The Budget includes \$217.3 million (\$163.2 million General Fund) to continue implementation of the Continuum of Care reforms outlined in Chapter 773, Statutes of 2015 (AB 403). The reforms emphasize home-based family care, improve access to services without having to change out-of-home placements to get those services, and increase the role of children, youth, and families in assessment and case planning. Although significant progress has been made for the transition of foster youth beginning January 1, 2017, assumptions on caseload movement were revised to more accurately reflect the pace of implementation.
- **Child Welfare Digital Services**—The Child Welfare Services New System case management project continues to make progress, as the agile approach to software design and development adopted in November 2015 accelerates the project timeline. Rather than procuring a single, monolithic solution to replace the legacy system, a suite of digital services is being developed and integrated to deliver continually improving assistance to state and county workers, enabling effective engagement with and assistance to children and families. The Budget includes \$175.9 million

(\$88 million General Fund) to support an increase in project activity, which includes increased funding for county engagement as individual digital services are designed, developed, and implemented.

- **Minimum Wage Increase**—The Budget includes an increase in IHSS expenditures of \$56.8 million (\$26.4 million General Fund) and a decrease in CalWORKs expenditures of \$5.3 million General Fund to reflect the impact of the state minimum hourly wage from \$10.50 to \$11.00, effective January 1, 2018.
- **Continue Consolidation of Statewide Automated Welfare Systems**—The Budget includes \$38.5 million (\$7.5 million General Fund) for migration of 39 counties using the Consortium IV system to the LEADER Replacement System. The first year of funding for migration activities will be available after the county consortia negotiations are complete and the Department of Finance and the Department of Technology have reviewed and approved detailed project documents.

### **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 \$7.5 billion (state, local, and federal funds) in 2017-18.

The amount budgeted includes \$5.4 billion for CalWORKs program expenditures and \$2.1 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, Work Incentive Nutritional Supplement, California Community Colleges child care and education services, and the Department of Child Support Services.

Average monthly CalWORKs caseload is estimated to be about 459,000 families in 2017-18, a 5.6-percent decrease from the 2016 Budget Act projection. Due to an improving economy, caseload has decreased every year from a recent peak of 587,000 in 2010-11.

### Significant Adjustments:

- **Maximum Family Grant (MFG) Repeal**—The Budget includes \$224.5 million (\$198.2 million General Fund) to reflect a full year of increased grant costs resulting from the repeal of the MFG rule, effective January 1, 2017. The rule, for the purpose of calculating a household's maximum aid payment, prohibited cash aid for any child born into a CalWORKs household ten or more months after initially receiving aid.
- **County Indigent Health Savings**—The Budget includes a one-time General Fund decrease of \$265.9 million resulting from additional county savings related to federal health care reform. Actual statewide indigent health savings in 2014-15 were higher than previously estimated. Pursuant to current law, these additional county savings are redirected to the CalWORKs program to offset General Fund costs.

### 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 more costly institutionalization.

The Budget includes \$10.6 billion (\$3.2 billion General Fund) for the IHSS program in 2017-18, a 6.5-percent increase over the revised 2016-17 level. Average monthly caseload in this program is estimated to be 531,000 recipients in 2017-18, an 8.2-percent increase from the 2016 Budget Act projection. General Fund costs in this program have more than doubled since 2010-11, while caseload has increased 23 percent.

As outlined in the Coordinated Care Initiative (CCI) section, the authority for CCI will automatically cease and will have the following effect on the IHSS program.

### Significant Adjustment:

- **IHSS Changes Related to CCI**—IHSS benefits were incorporated into the managed care delivery system in seven CCI counties, along with a range of long-term services and supports. Because CCI is no longer cost-effective and will discontinue, the IHSS maintenance-of-effort provisions are automatically repealed and the IHSS program returns to the prior state-county sharing ratios. This change results in a General Fund reduction of \$626.2 million in 2017-18. Additionally, responsibility for collective bargaining returns to counties.

**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 administers the SSI/SSP program, making eligibility determinations, computing grants, 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 \$2.9 billion General Fund for the SSI/SSP program. This represents a 2-percent increase (\$55.2 million) over the revised 2016-17 Budget. The average monthly caseload in this program is estimated to be 1.3 million recipients in 2017-18, a slight decrease from the 2016 Budget Act projection. The SSI/SSP caseload consists of 54.8-percent disabled persons, 44.3-percent aged, and 0.9-percent blind.

Effective January 2017, maximum SSI/SSP grant levels are \$895.72 per month for individuals and \$1,510.14 per month for couples. The current Consumer Price Index growth factors are 0.3 percent for 2017 and a projected 2.6 percent for 2018. Maximum SSI/SSP monthly grant levels will increase by \$20 and \$29 for individuals and couples, respectively, effective January 2018. CAPI benefits are equivalent to SSI/SSP benefits, less \$10 per month for individuals and \$20 per month for couples.

**Significant Adjustments:**

- **SSP Cost-of-Living Adjustment**—The Budget includes \$73.2 million General Fund to reflect the full-year costs of the 2.76-percent cost-of-living increase to the SSP portion of the grant, which became effective January 1, 2017.
- **Housing and Disability Advocacy Program**—Due to fiscal constraints, the Budget includes one-time savings of \$45 million General Fund in the current year from halting implementation of the Housing and Disability Advocacy Program included in the 2016 Budget Act.

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## DEPARTMENT OF STATE HOSPITALS

The Department of State Hospitals 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 \$1.6 billion (\$1.4 billion General Fund) in 2017-18 for support of the Department. The patient population is expected to reach 6,369 in 2017-18.

### INCOMPETENT TO STAND TRIAL ADMISSIONS

The Department continues to experience a significant increase in the number of Incompetent to Stand Trial Admissions (IST) referrals from local courts, with an annual growth rate of over 10 percent since 2013-14. The Department has responded over the past several years by opening 411 additional inpatient beds and using all available bed capacity in the state hospital system. Additionally, State Hospitals has contracted with several counties to open 138 jail-based competency restoration beds, with an additional 10 beds expected to be available in early 2017. Despite these efforts, referrals continue to outpace capacity and the IST pending placement list was approximately 600 individuals in December 2016.

To address this ongoing growth, the Administration continues to work with county partners, the Judicial Council, and stakeholders to find approaches to address the increase in IST referrals, explore additional options for streamlining the IST process, and to identify other potential bed capacity through partnerships with counties. In the longer-term, up to 200 additional secured forensic beds will become available in 2018-19 when the capital outlay project to construct a security fence around an existing patient treatment building at the Metropolitan State Hospital is completed.

In addition to these efforts, the Budget proposes \$10.8 million General Fund to establish a 60-bed Admission, Evaluation, and Stabilization Center for the assessment and treatment of ISTs. The proposed Center would be located in a county jail and would admit patients from Southern California counties. Patients would receive a full evaluation upon admission to determine the degree of competency restoration required. Patients having drug-induced psychosis, presenting lower psychiatric acuity, malingering, or no longer meeting the requirements for incompetent to stand trial after the initial admission assessment will be considered short-term patients to be treated and discharged back to the referring county directly from the Center. Patients with higher psychiatric acuity will be transferred to a State Hospital for additional treatment.

State Hospitals continues to work with counties to identify other opportunities for collaboration, identify efficiencies, and reduce the costs for housing and treating IST patients. The Department is also exploring opportunities for joint-use facilities that would provide services to both State Hospital patients and appropriate jail populations.

#### **TRANSFER OF PSYCHIATRIC PROGRAMS TO THE CALIFORNIA DEPARTMENT OF CORRECTIONS AND REHABILITATION**

State Hospitals currently operates over 1,100 in-patient, mental-health treatment beds at three California Department of Corrections and Rehabilitation prisons: California Health Care Facility in Stockton, Salinas Valley State Prison in Soledad, and California Medical Facility in Vacaville. State Hospitals provides the in-patient services as part of a broader system of mental health care within Corrections. The Budget proposes to transfer these programs to Corrections effective July 1, 2017, and redirects \$250.4 million and 1,977.6 positions for this purpose. Transfer of these programs will streamline processes and improve timelines for inmate referrals for psychiatric inpatient treatment. Refer to the Public Safety Chapter for additional information.

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#### **DEPARTMENT OF DEVELOPMENTAL SERVICES**

The Department of Developmental Services provides individuals with developmental disabilities a variety of services that allow them to live and work independently or in supported environments. California is the only state that provides developmental services as an individual entitlement. The state is in the process of closing all state-operated developmental centers, except for the secure treatment area at the Porterville Developmental Center, and the Canyon Springs community facility. By the end of 2017-18, the Department estimates it will be providing services to approximately 317,000 individuals with developmental disabilities in the community. In the developmental centers, the estimated population, as of July 1, 2017, is 760 residents. The population is expected to decrease to 490 residents by June 30, 2018, as additional residents receive services through the regional centers. The Budget includes \$6.9 billion (\$4.2 billion General Fund) for support of developmental services.

#### **DEVELOPMENTAL CENTER CLOSURES**

In 2015, the Administration announced the planned closure of the three remaining developmental centers: Sonoma, Fairview and the general treatment area of Porterville. Sonoma is scheduled to close in December 2018 and no longer receives federal funding for its intermediate care facility units. On July 1, 2016, the Department entered into

settlement agreements with the federal Centers for Medicare and Medicaid Services to continue federal funding for individuals residing at Fairview and the general treatment area at Porterville. The Department's ongoing compliance with the provisions of the settlement agreements will allow the continued receipt of federal funding for intermediate care facility units at both centers. The Budget assumes federal funding will continue for both Fairview and Porterville.

The Department continues to work on developing safety-net community services for individuals transitioning from developmental centers, institutions for mental diseases, and other specialized services. New models of care that provide community-based residential and support services to individuals residing in the Porterville secure treatment program and institutions for mental diseases are being developed. The Department is also developing community residential models that will provide intensive supports; accept any individual living in the community who is in crisis and unable to remain in their current living situation; and provide residential options for children and adolescents with significant health or behavioral challenges.

### **REGIONAL CENTER SERVICES**

Regional centers provide intake, assessment, eligibility determination, resource development, and case management services. The centers also work with the thousands of businesses and individuals providing developmental services in the community.

Significant Adjustments:

- **Community Housing Projects**—The Budget includes an increase of \$597,000 (\$554,000 General Fund) and 4 positions to provide increased oversight of community housing projects, funded through the Community Placement Plan, and to maintain focus on the development of community housing to support the developmental center closures. This housing is being developed to meet the residential placement needs of individuals transitioning from a developmental center or those who are at risk of moving to a more restrictive setting. The additional resources will allow analysis of housing proposals from developers, consistent monitoring of housing renovation/construction, and overall project monitoring.
- **Minimum Wage**—The Budget includes an increase of \$47.9 million General Fund to reflect the impact on providers of the increasing state minimum wage.

## 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 \$3.3 billion (\$132.2 million General Fund) in 2017-18 for the Department.

Significant Adjustments:

- **Proposition 56**—The Budget includes \$223.5 million and 57 positions in 2017-18 for Public Health’s dental, law enforcement, and tobacco prevention programs funded from the new revenue as outlined in Proposition 56.
- **Licensing and Certification**—The Budget includes \$1.1 million Licensing and Certification Program Fund in 2017-18 for the Los Angeles County contract to account for several salary increases. Los Angeles County salaries for nurse surveyors and other contracted staff are higher than state salaries, have increased in each of the past two years, and will continue to increase in 2017 and 2018. Given these continuing cost pressures, Public Health is evaluating the most effective way to provide ongoing regulatory oversight of health care facilities in Los Angeles County. Any continuation of the current relationship will require that: (1) regulatory actions be completed in a timely fashion and consistent with other areas of the state, (2) quality of evaluations be consistent with the rest of California, and (3) costs be maintained within budgeted amounts.

## OTHER HEALTH AND HUMAN SERVICES

The Budget also includes the following significant adjustments given the General Fund’s condition:

- **Elimination of the Health Care Workforce Augmentation**—The Budget includes the reversion of \$33.4 million General Fund in 2016-17 that was intended to support health care workforce initiatives at the Office of Statewide Health Planning and Development. The Budget does not include additional funding in the future for this purpose.
- **Elimination of Community Infrastructure Grants**—The Budget includes the reversion of the one-time \$67.5 million General Fund augmentation included in the 2016 Budget Act for community infrastructure grants to cities and/or counties to promote public safety diversion programs and services by increasing

the number of treatment facilities for mental health, substance use disorder, and trauma-related services.

- **Children's Mental Health Crisis Services Grants**—The Budget includes the reversion of \$17 million General Fund from 2016-17 funds intended for grants to local governments to increase the number of facilities providing mental health crisis services for children and youth under the age of 21. Nearly \$11 million in Mental Health Services Act funding remains available for the program.
- **Eliminate Supplemental Funding for Three Independent Living Centers**—The Budget reflects a decrease of \$705,000 General Fund in 2017-18 to reflect elimination of ongoing funding first included in the 2016 Budget Act to provide funding support for three independent living centers. These centers already receive a larger share of federal Independent Living Discretionary Grant Program funds than other centers.

## PUBLIC SAFETY

This Chapter describes items in the Budget related to California’s correctional system and local law enforcement.

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### DEPARTMENT OF CORRECTIONS AND REHABILITATION

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 \$11.3 billion (\$11 billion General Fund and \$307 million other funds) for the Department in 2017-18.

The 2016 Budget Act projected an overall adult inmate average daily population of 128,821 in 2016-17. The average daily adult inmate population is now projected to increase by 0.2 percent to 129,015 in 2016-17. Absent the passage of Proposition 57, the Public Safety and Rehabilitation Act of 2016, at the November election, the population would have increased by 1.0 percent to 130,118 in 2017-18 compared to the 2016 Budget Act projection. As displayed in Figure SAF-01, the Budget reflects a revised average daily population to account for anticipated population reductions and the population is now projected to decline by 0.7 percent from current levels to 128,159 in 2017-18.

Figure SAF-01  
Fall 2016 Population Estimates

|  | 2016-17        | 2017-18        |
|--|----------------|----------------|
| Adult Average Daily Population Projection        | 129,015        | 130,118        |
| Proposition 57 Juvenile Sentencing               | -              | -81            |
| Proposition 57 Non-Violent Parole Process        | -              | -524           |
| Proposition 57 Enhanced Credit Earning           | -              | -1,354         |
| <b>Total Average Daily Population Projection</b> | <b>129,015</b> | <b>128,159</b> |

The 2016 Budget Act projected an overall parolee average daily population of 42,601 in 2016-17. The average daily parolee population is now projected to increase by 2.5 percent to 43,686 in 2016-17 and by 5.1 percent to 44,761 in 2017-18, compared to 2016 Budget Act projections.

In comparison to 2016 Budget Act projections, the Division of Juvenile Justice's average daily ward population is projected to decrease by 4 in 2016-17 and increase by 70 in 2017-18, for a total population of 705 in 2016-17 and 779 in 2017-18. The increase in the 2017-18 ward population is attributable to the expected increase in juvenile court commitments as a result of Proposition 57.

### PROPOSITION 57 — PUBLIC SAFETY AND REHABILITATION ACT OF 2016

In 2011, the U.S. Supreme Court upheld the federal three-judge panel's order that the Department reduce the prison population to 137.5 percent of the prisons' design capacity by June 2013. To meet the court-ordered population cap, the state passed 2011 Public Safety Realignment. This landmark legislation helped ease prison crowding and reduced state spending on prisons by shifting responsibility for low-level offenders to counties. In the first six months following the implementation of Realignment, the California Department of Corrections and Rehabilitation's inmate population dropped by more than 21,000 inmates.

In November 2012, voters passed Proposition 36, which revised the State's three-strikes law to permit resentencing for qualifying third-strike inmates whose third strike was not serious or violent. As of December 6, 2016, approximately 2,245 third-strike inmates have been released as a result of Proposition 36.

Despite these efforts, the adult prison population was projected to exceed the court-ordered population cap, and the state requested a two-year extension to comply

with the court order. On February 10, 2014, the court granted the state's request for a two-year extension to meet the 137.5-percent population cap. The court also ordered the state to implement several population reduction measures to comply with the court-ordered population cap and appointed a Compliance Officer with the authority to order the immediate release of inmates should the state fail to maintain the final benchmark. The court reaffirmed that the Department would remain under the jurisdiction of the court for as long as necessary to continue compliance with the final benchmark of 137.5 percent of design capacity and establish a durable solution.

The February 10, 2014 order required the Department to:

- Increase prospective credit earnings for non-violent second-strike inmates as well as minimum custody inmates.
- Allow non-violent second-strike inmates who have reached 50 percent of their total sentence to be referred to the Board of Parole Hearings for parole consideration.
- Release inmates who have been granted parole by the Board of Parole Hearings but have future parole dates.
- Expand the Department's medical parole program.
- Allow inmates age 60 and over who have served at least 25 years of incarceration to be considered for parole (the "elderly parole" program).
- Increase its use of reentry services and alternative custody programs.

Also, while these court-ordered requirements were being implemented, the voters passed Proposition 47 in November 2014, which requires misdemeanor rather than felony sentencing for certain property and drug crimes and permitted inmates previously sentenced for these reclassified crimes to petition for resentencing. Combined, Proposition 47 and the court-ordered measures are estimated to reduce the average daily inmate population by approximately 10,600 in 2016-17.

As of December 14, 2016, the prison population was at 134.0 percent of design capacity, which is below the court-ordered population cap of 137.5 percent of design capacity. However, notwithstanding all the changes above, the fall 2016 adult inmate population projections estimated that population will increase by approximately 1,000 inmates per year.

Given the need to establish a durable solution for prison crowding, the Governor sponsored Proposition 57 to maintain compliance with the court-ordered population cap, end federal court oversight, and establish more incentives for inmates to participate in rehabilitative programs. Proposition 57 reforms the juvenile and adult criminal justice system in California by creating a parole consideration process for non-violent offenders who have served the full term for their primary criminal offense in state prison, authorizing the California Department of Corrections and Rehabilitation to award credits earned for good behavior and approved rehabilitative or educational achievements, and requiring judges to determine whether juveniles charged with certain crimes should be tried in juvenile or adult court. The Department is drafting regulations to implement the proposed parole and credit changes described below, which will be subject to a certification by the Secretary that they protect and enhance public safety. The Budget assumes that regulations will be implemented by October 1, 2017.

Proposition 57 is estimated to reduce the average daily adult inmate population by approximately 2,000 in 2017-18, growing to an inmate reduction of approximately 9,500 in 2020-21. These figures are preliminary and subject to considerable uncertainty. The implementation of Proposition 57 and other population reduction measures mentioned above will allow the Department to remove all inmates from one of two remaining out-of-state facilities in 2017-18. Additionally, as the impact of Proposition 57 grows, the Department anticipates returning all 4,900 inmates from out-of-state facilities by 2020.

Overall, the Budget estimates that Proposition 57 will result in net savings of \$22.4 million in 2017-18, growing to net savings of approximately \$140 million in 2020-21. These estimates will be updated once the regulations are adopted. The Budget includes \$5.7 million for the Department to implement Proposition 57. Specifically, the Budget includes resources for additional case records staff to review and make various changes to inmate classification files related to the new credit earning structure and parole process, parole workload due to additional releases from prison, and Board of Parole Hearings workload for the increased number of inmates considered for release.

### **DIVISION OF JUVENILE JUSTICE**

The Budget estimates an increase of 72 wards as a result of Proposition 57 and includes \$4.9 million to reactivate two living units within the Division of Juvenile Justice to account for the anticipated increase in juvenile court commitments. Proposition 57 requires that all juvenile offenders who committed their crimes prior to age 18 have a hearing in juvenile court before being transferred to adult court. Specifically, Proposition 57 only allows a

juvenile felony offender age 16 or 17 to be transferred to adult court, or age 14 or 15 for certain more serious felonies listed in state law. Prior to Proposition 57, certain crimes committed by a juvenile offender were required to be tried in adult court, and prosecutors also had discretion to file certain criminal charges directly in adult court without input from a juvenile court. The anticipated effect is that fewer juvenile offenders will be tried in adult court, which is estimated to reduce the average daily adult inmate population by 81 in 2017-18.

These changes will likely result in some local government costs, since probation departments will assist in more juvenile court proceedings where a judge determines whether a juvenile offender should be tried in juvenile or adult court. If more wards are committed to the Division of Juvenile Justice, county probation departments will be required to pay the state \$24,000 per year for certain juvenile court commitments. However, there may also be some offsetting savings at the local level since juvenile offenders may be held in juvenile hall for a shorter period of time because juvenile court adjudications take less time than adult court adjudications. Additionally, when wards are released from the Division of Juvenile Justice, county probation departments receive funding for supervising juveniles through the Juvenile Reentry Grant within 2011 Public Safety Realignment.

#### **PAROLE ELIGIBILITY FOR NON-VIOLENT OFFENDERS**

The Department currently operates a court-ordered parole process whereby non-violent, non-sex registrant second-strike offenders are eligible for parole consideration by the Board after serving 50 percent of their sentence. Proposition 57 authorizes a similar process by establishing parole consideration eligibility for non-violent offenders who have served the full term for their primary criminal offense. The regulations for the new process will exclude sex registrants. Additionally, Proposition 57 establishes eligibility once an offender has completed the full term of their primary offense compared to eligibility under the court-ordered process, which is after serving 50 percent of their total sentence. These changes will reduce the average daily adult inmate population by an estimated 524 in 2017-18.

#### **CREDIT EARNINGS**

To create additional incentives for offenders to participate in rehabilitative programming and improve in-prison behavior, the Department plans to pursue various credit earning changes that are expected to reduce the average daily adult inmate population by 1,354 in 2017-18.

The current credit earning structure is convoluted and provides little incentive for positive programming. There are inequalities in the earning structure that do not adequately recognize or encourage rehabilitation and positive behavior in a prison environment.

The Department will use authority provided by Proposition 57 to promulgate regulations to not only continue the court-ordered credit increases, but increase earning potential and provide more equality in the credit structure. It is expected that the regulations will:

- Increase and standardize good-time credit earnings. Good-time credits are earned when an inmate avoids violating prison rules.
- Allow all inmates, with the exception of life-term inmates without the possibility of parole and condemned inmates, to earn milestone credits. Milestone credits are earned when an inmate completes a specific education or training program that has attendance and performance requirements.
- Increase the amount of time an inmate can earn for milestone completion credits from 6 weeks per year to 12 weeks.
- Create new, enhanced milestone credits for one-time significant earned academic and vocational achievements, such as the earning of Associate of Arts and Bachelor's degrees, high school diplomas, the Offender Mentor Certification Program, and Career Technical Education certifications. Enhanced milestone credits will be applied retrospectively for those credits earned during the inmate's current term.
- Establish new achievement credits for inmates that have sustained participation in other rehabilitative programs and activities. Inmates will be able to earn up to four weeks of achievement credits in a 12-month period.

Credits earned by life-term inmates will be credited towards their Minimum Eligible Parole Date. Additionally, consistent with current practices, all credit earning will be revocable based on behavior-based violations.

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### **CONTINUED FOCUS ON INMATE REHABILITATION AND REENTRY**

The Budget includes \$440 million General Fund for the Division of Rehabilitative Programs, compared to approximately \$300 million in 2012-13. The Division prepares offenders for their release by offering various programs and services that promote

positive in-prison behavior and support their rehabilitative efforts to provide a better opportunity for them to reintegrate into society upon release. The core of these services is cognitive behavioral treatment programming, which includes the major areas of substance use disorder treatment, criminal thinking, anger management and family relationships. While offenders are prioritized if they 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 expansion of rehabilitative programs and reentry services to all prisons has allowed more inmates to participate in programs to help them prepare for reintegration to the community.

It is anticipated that the implementation of Proposition 57 and the proposed credit increases will encourage more participation in programs and services, making for a safer prison environment and better success for these inmates upon release. As an example of the positive benefit of these programs, the Department's recent Outcome Evaluation Report found offenders who received in-prison substance use disorder treatment and completed aftercare had a recidivism rate 31.2 percentage points lower than offenders who did not receive any form of in-prison substance use disorder treatment or aftercare. With the recent expansion of substance use disorder treatment to all state prisons, and the enhanced program completion credits Proposition 57 will allow offenders to earn, it is expected that in-prison behavior will improve and future recidivism rates of offenders completing programs will decline.

The Budget continues programs and services designed for long-term inmates that have unique needs due to their lengthy periods of incarceration. Specifically, the Department will add a Long-Term Offender Program at Richard J. Donovan Correctional Facility; expand the Pre-Employment Transitions Program to all institutions to provide employment preparation, job-readiness, and job search and prerequisite skills for the current job market; expand the Offender Mentor Certification Program to train an additional 64 long-term and life-term inmates to become mentors for alcohol and drug counseling; and expand programs and college courses offered in the evenings to maximize the availability of limited program space and enable inmates with in-prison jobs to also participate in these meaningful programs.

Offenders serving long terms in prison are often unprepared for reentering society due to changes in technology and day-to-day living advances. The Board of Parole Hearings indicates that approximately 80 percent of life-term offenders released to parole require or request transitional housing as part of their parole plans. As such, the Department is developing a 300-bed program that provides six-month transitional housing in locations

closest to the communities in which life-term inmates will be released to assist them in successfully reentering society. It is anticipated that this program will be implemented in July 2017.

The Budget also continues the community reentry program, which links offenders to a range of community-based, rehabilitative services that assist with substance use disorders, mental health care, medical care, employment, education, housing, family reunification, and social support. The program is voluntary and allows eligible male inmates committed to state prison to serve the end of their sentences in the community in lieu of confinement in state prison. The Department currently allows inmates to serve the last six months of their sentence in this setting, but is in the process of increasing the timeframe to nine months prior to release. To date, the Department has contracts to house 460 inmates in community reentry facilities and the Budget includes resources for a total of 647 beds in 2017-18.

#### **CALIFORNIA LEADERSHIP ACADEMY**

The Department contracted with an external consultant to make recommendations for a California Leadership Academy—a program aimed at reducing recidivism among 18- to 25-year-old male inmates in the state’s adult prison system. The report recommended a college-like campus that would house approximately 250 offenders with small living units that focus on developing pro-social behavior, education, and job training. Diverting younger offenders from the adult prison setting is consistent with one of the goals of Proposition 57, and would give younger offenders a better chance of rehabilitation and reduce recidivism. As such, the Administration recommends that the program focus on youthful offenders who are sentenced by an adult court, but serve the beginning of their sentence in the Division of Juvenile Justice and then transfer to an adult prison. Priority would be given to offenders sentenced by an adult court and eligible for release prior to their 26<sup>th</sup> birthday.

The report also recommended a combination of private and public funds. Given the current state of the General Fund, the Administration will work with external stakeholders to solicit interest from private investors to fund this project. While the state has surplus property that could potentially be used as a site for the Academy, depending on the interest of private investors, the state could also choose to dedicate a yard at an existing adult institution or housing unit at an existing juvenile facility to create a smaller Academy.

### **DRUG AND CONTRABAND INTERDICTION**

The Department is in year three of a pilot program aimed at reducing illegal drugs and contraband entering prisons. The Department has implemented the pilot program at 11 institutions, including more intensive interdiction at Calipatria State Prison; California State Prison, Solano; and California State Prison, Los Angeles County. Interdiction strategies include searching of staff, visitors and vendors entering prisons, as well as packages received by these prisons; drug and contraband canine search teams; and increased surveillance technology.

These efforts are intended to reduce inmate violence, increase safety for staff and inmates, and promote a drug-free rehabilitative environment. Additionally, these efforts complement the expansion of substance use disorder treatment to all prisons by allowing the Department to prioritize placement of inmates who test positive for illicit drug use into substance use disorder treatment programs. The Department has contracted with the Public Policy Institute of California to conduct an independent evaluation of the pilot program and a final report is due by April 30, 2017.

### **SEGREGATED HOUSING UNIT CONVERSIONS**

As a result of the agreement in the *Ashker v. Brown* lawsuit related to conditions of confinement at Pelican Bay State Prison, the Department has implemented changes that focus on fixed segregated housing terms for behavior-based violations. In addition, the Department has made changes to its step-down program to allow inmates to transition from segregated housing into the general population more quickly. These changes reduced the need for 992 segregated housing beds at Pelican Bay State Prison and California State Prison, Corcoran. The Budget proposes to convert the beds at Pelican Bay to level II housing and the beds at Corcoran to level IV housing.

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### **PROPOSITION 47**

Proposition 47, passed by the voters on November 4, 2014, 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. Based on fall projections, Proposition 47 is expected to reduce the 2016-17 adult inmate average daily population by 4,425, compared to 5,247 in 2015-16. The 2016-17 population reduction is attributable primarily to avoided new admissions since the effect of the resentencing component was mostly realized in 2015-16.

Proposition 47 requires state savings resulting from the proposition to be transferred into the Safe Neighborhoods and Schools Fund. The fund is 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 of each fiscal year, to calculate the state savings for the previous fiscal year compared to 2013-14.

The Department of Finance currently estimates net savings of \$42.9 million when comparing 2016-17 to 2013-14, an increase of \$3.5 million over the estimated savings in 2015-16. This estimate assumes savings from a reduction in the state's adult inmate population, and increased costs due to a temporary increase in the parole population and trial court workload associated with resentencing. The estimate also takes into consideration the savings associated with fewer felony filings and more misdemeanor filings, and the number of offenders resentenced and released from the Department of State Hospitals. In calculating state savings attributable to Proposition 47, the state considers the average length of stay of offenders that are no longer prison-eligible. Consequently, in future years, Proposition 57 will reduce the estimated length of stay for offenders that would have, absent Proposition 47, otherwise been sentenced to prison. Ongoing savings are currently estimated to be approximately \$69 million.

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### **INMATE HEALTH CARE AND MENTAL HEALTH SERVICES**

The Budget continues the state's significant financial commitment to improve the Department's delivery of health care services to inmates. The Budget dedicates \$2.9 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 includes \$2 billion General Fund for prison medical care. The Budget augments the inmate medical care program by \$33.3 million, including \$2.1 million to dedicate property controller positions to oversee all health care assets at the institutions, \$5.4 million for Registered Nurses to triage and remedy medical appeals, \$8.9 million for additional Licensed Vocational Nurses to distribute medication to inmates, \$13.8 million to expand California Prison Industry Authority janitorial services to space constructed through the Health Care Facility Improvement Program and Statewide Medication Distribution improvements, and \$3.1 million for Certified Nursing Assistants to provide one-on-one surveillance of inmates on suicide watch. To date, the Receiver has

transitioned oversight of nine institutions back to the state. These resources are intended to further assist the Receiver in transitioning medical care back to the state.

#### **TRANSFER OF PSYCHIATRIC PROGRAMS TO THE CALIFORNIA DEPARTMENT OF CORRECTIONS AND REHABILITATION**

The Department of State Hospitals currently operates 1,156 inpatient mental health treatment beds at three California Department of Corrections and Rehabilitation prisons: California Health Care Facility, Salinas Valley State Prison, and California Medical Facility. State Hospitals provides the inpatient services as part of a broader system of mental health care within the Department of Corrections and Rehabilitation. The Budget proposes to transfer these programs effective July 2017, and redirects \$250.4 million and 1,977.6 positions from State Hospitals to the Department of Corrections and Rehabilitation for this purpose. Transfer of these programs will streamline processes and improve timelines for inmate referrals for psychiatric inpatient treatment.

In November 2015, the departments entered into a memorandum of understanding to better coordinate the operation of these programs. The Budget furthers these efforts by giving the Department of Corrections and Rehabilitation sole responsibility for the operation of these programs. This is intended to improve service delivery and reduce the review timeline for referrals to either intermediate or acute levels of care, which will speed up placement of inmates into a psychiatric program bed. The Budget also includes \$11.4 million to add 72 Intermediate Care Facility beds at the California Medical Facility. In addition to these immediate solutions, the Budget includes two Capital Outlay projects to provide 100 additional mental health crisis beds by summer 2021—50 at the California Institution for Men and 50 at the Richard J. Donovan Correctional Facility. These facilities will be constructed as flexible housing, allowing the beds to also be used for intermediate or acute levels of care, as needed. Combined, these proposals will help the Department mitigate inpatient treatment waitlist pressure that has been of significant concern to the Court in the *Coleman vs. Brown* lawsuit.

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## **LOCAL PUBLIC SAFETY**

The Budget addresses the following local public safety issues.

#### **COMMUNITY CORRECTIONS PERFORMANCE INCENTIVE GRANT**

The Community Corrections Performance Incentive Grant, Chapter 608, Statutes of 2009 (SB 678), was created to provide incentives for counties to reduce the number of felony

probationers sent to state prison. The Budget includes \$114.9 million to continue this successful program.

#### **POST RELEASE COMMUNITY SUPERVISION**

The Budget includes \$11 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 implementation of court-ordered measures and Proposition 57.

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#### **FINES, FEES, AND ASSESSMENTS REVIEW**

The court system and numerous programs rely on funding generated by fines, fees, and penalties assessed on court filings and citations. In recent years, these revenues have fallen dramatically. During the fall, the Administration reviewed these revenues. The review included an examination of court filings statewide, the revenues collected from these filings, traffic citations, and the collectability of delinquent court-ordered debt.

#### **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. In statute, the state penalty assessment is a total of \$10 for every \$10 of base fine assessed. Of the state penalty assessment, 70 percent is deposited into the State Penalty Fund and 30 percent is deposited into a county's general fund. The Budget proposes to amend the process by which the state portion of the assessment is distributed. Currently, the distribution is based on a statutory formula in which assessment revenues are distributed among eight special funds for various programs.

State Penalty Fund revenues have decreased significantly over the past several years, due largely to a significant decrease in traffic citations. Given that this decrease in revenue is projected to continue, the State Penalty Fund can no longer support all of the programs that receive this funding. In addition, the costs of these programs have increased; however the statutory formula has not been updated to account for these increased costs. As a result, many funds currently have structural deficits and some have received funding backfills to provide temporary solvency.

To recognize the decline in State Penalty Fund revenues, the Budget proposes to reduce the number of programs supported by the fund. The existing programs were evaluated and funding from the State Penalty Fund was prioritized for law enforcement

training, victim services programs, and driver training programs. See Figure SAF-02 for a summary of programs proposed for funding in 2017-18. To ensure the program expenditures remain within existing revenues, the affected programs will need to take steps to reduce expenditures. Some examples of these steps include: the Commission on Peace Officers Standards and Training will need to reduce the amount available to reimburse local agencies for travel, lodging and subsistence costs related to out of area training courses; the Board of State and Community Corrections will need to reduce the amount of funding provided on a per-position basis for correctional training commensurate with the overall reduction; and the Office of Emergency Services will need to reduce the total dollar amount associated with Victim Witness Assistance grants across the state.

Figure SAF-02  
**Programs Receiving Funding from State Penalty Fund**  
 (Dollars in Thousands)

| Department   | Program  | Proposed<br>2017-18 Expenditures |
|--|--|----------------------------------|
| Commission on Peace Officer Standards and Training | Peace Officer Standards and Training Program         | \$46,496                         |
| Board of State and Community Corrections           | Standards and Training for Corrections               | 17,209                           |
| Office of Emergency Services                       | Victim Witness and Assistance Programs               | 12,053                           |
| Victim Compensation Board                          | Restitution Fund                                     | 9,082                            |
| Department of Justice                              | California Witness Relocation and Protection Program | 3,277                            |
| Department of Rehabilitation                       | Traumatic Brain Injury Program                       | 800                              |
| Department of Education                            | Driver Training Programs                             | 1,038                            |
| Department of Fish and Wildlife                    | Fish & Game Preservation Fund <sup>1/</sup>          | 450                              |
| <b>Total</b>                                       |  | <b>\$90,405</b>                  |

<sup>1/</sup>Funding for the Fish & Game Preservation Fund is constitutionally required.

Based on the fund's condition, State Penalty Fund for the following programs is proposed to be eliminated:

- Motorcyclist Safety Program, California Highway Patrol—This program provides motorcycle safety training, education and outreach across the state. In addition to a State Penalty Fund transfer, this program receives funding from motorcycle registrations. Registration revenues are sufficient to continue existing program levels.

- Local Public Prosecutors and Public Defenders Training Program, Office of Emergency Services—This program provides statewide training grants for local public prosecutors and public defenders on the prosecution of crimes against women. Currently, the program receives training funding from both the State Penalty Fund and the federal government. Federal funding, which provides 35 percent of its total, would continue.
- Internet Crimes Against Children Task Forces, Office of Emergency Services—These task forces investigate cyber criminals who prey on children. In addition to the state funding, these task forces receive funding from both their local government and the federal government. This proposal would eliminate the state funding provided to these task forces.
- California Gang Reduction, Intervention, and Prevention Program, Board of State and Community Corrections—This program provides grants to locals to collaborate and coordinate with local jurisdictions to reduce gang and youth violence. This proposal would eliminate the grant program as it is solely funded by the State Penalty Fund.

### **REPEAL OF DRIVERS LICENSE SUSPENSION**

In the past, when the State Penalty Fund has faced shortfalls, the solution has often been to further increase fines and penalties. While this approach increases revenues generated by those who pay the amount owed, it places an undue burden on those who cannot afford to pay. This approach has led to an increasing amount of fines and penalties going uncollected. For example, in 2008-09, uncollected debt was \$5.5 billion and grew to \$9.7 billion in 2015-16, a 76-percent increase.

One of the collection methods that courts can use to collect outstanding debt is to suspend drivers licenses for failure to pay. There does not appear to be a strong connection between suspending someone's drivers license and collecting their fine or penalty. Often, the primary consequence of a drivers license suspension is the inability to legally drive to work or take one's children to school. Therefore, the Budget proposes to eliminate the statutory provisions related to suspending drivers licenses for failure to pay fines and penalties.

## 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 (Caltrans)
- 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 Budget includes total funding of \$18.1 billion for all programs administered within the Agency. In addition, the Shared Revenues budget in the General Government area allocates over \$1.6 billion in fuel excise tax to cities and counties for local streets and roads (including \$200 million from the Governor's transportation package).

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### INVESTMENTS IN 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 six 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 network is a key component of the state's continued economic growth. The state's transportation infrastructure serves a large portion of the country's trade, with nearly 20 percent of the goods imported to the United States moving through California ports, highways, and railways.

The repair, maintenance, and efficient operation of the state's transportation system are vital to California's economic growth. State funding has fallen dramatically below the levels needed to maintain the system, and a recent transportation study found that Californians spend on average \$762 annually on vehicle repair costs due to poorly maintained roads. California continues to be in the top five states with the longest commute duration. 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 annual funding gap of almost \$6 billion. The Governor's transportation package addresses the state's most urgent transportation needs and reflects the following principles:

- Focusing new revenue primarily on "fix-it-first" investments to repair neighborhood roads and state highways and bridges.
- Making key investments in trade corridors to support continued economic growth and implementing a sustainable freight strategy.
- Providing funding to match locally generated funds for high-priority transportation projects.
- Continuing measures to improve performance, accountability and efficiency at Caltrans.
- Investing in passenger rail and public transit modernization and improvement.
- Avoiding an impact on the General Fund.

The Budget reflects the Governor's transportation funding and reform package. First outlined in September 2015, the package includes a combination of new revenues, additional investments of Cap and Trade auction proceeds, accelerated loan repayments,

Caltrans efficiencies and streamlined project delivery, accountability measures, and constitutional protections for the new revenues.

#### **REVENUES TO SUPPORT NEW INVESTMENT:**

The 10-year funding plan will provide a total of almost \$43 billion in new funding and redirected savings from efficiencies for transportation priorities. Specifically, the proposal includes annualized resources as follows:

- Road Improvement Charge—\$2.1 billion from a new \$65 fee on all vehicles, including hybrids and electrics.
- Stabilize Gasoline Excise Tax—\$1.1 billion by setting the gasoline excise tax at the 2013-14 rate of 21.5 cents and eliminating the current annual adjustments. The broader gasoline tax would then be adjusted annually for inflation to maintain purchasing power.
- Diesel Excise Tax—\$425 million from an 11-cent increase in the diesel excise tax. This tax would also be adjusted annually for inflation to maintain purchasing power.
- Cap and Trade—\$500 million in additional Cap and Trade proceeds.
- Caltrans Efficiencies—\$100 million in cost-saving reforms.

Additionally, the Budget includes a General Fund commitment to transportation by accelerating \$706 million in loan repayments over the next three years. These funds will support additional investments in the Transit and Intercity Rail Capital Program, trade corridor improvements, and repairs to the state highway system.

#### **10-YEAR INVESTMENT PLAN**

Over the next 10 years, the Governor's transportation package will provide almost \$43 billion for transportation investments with revenues split evenly between state and local transportation priorities. It places an emphasis on repairing and maintaining existing infrastructure with major new funding for both state highways and local roads. The plan also includes a significant investment in public transit and active transportation. Figure TRN-01 lists expenditure totals for 2017-18 as well as anticipated annualized expenditures over the course of the 10-year plan. Key components of the 10-year plan are as follows:

- Active Transportation Program—\$1 billion Cap and Trade for Caltrans to expand the grant program for local projects that encourage active transportation such as

Figure TRN-01  
**Governor's Transportation Package**  
(Dollars in Millions)

| <i>Investment Category</i>                         | <i>Program</i>                         | <i>2017-18 Amount</i> | <i>Annualized Amount<sup>1/</sup></i> |
|--|--|-----------------------|---------------------------------------|
| Local Streets and Roads / Partnership Programs     | Active Transportation Program          | \$100                 | \$100                                 |
|  | Local Road Maintenance & Repairs       | \$206                 | \$1,163                               |
|  | Local Partnership Grants <sup>2/</sup> | \$0                   | \$250                                 |
|  | SB 375 Local Planning Grants           | \$25                  | \$25                                  |
|  | Corridor Mobility Program              | \$275                 | \$275                                 |
| Transit  | Transit Capital <sup>3/</sup>          | \$485                 | \$400                                 |
| State Highway Repair and Maintenance <sup>4/</sup> | Pavement <sup>3/</sup>                 | \$129                 | \$997                                 |
|  | Bridges and Culverts                   | \$91                  | \$554                                 |
|  | Traffic Management Systems             | \$12                  | \$100                                 |
|  | Maintenance                            | \$120                 | \$120                                 |
| Trade Corridors                                    | Improved Goods Movement <sup>3/</sup>  | \$358                 | \$250                                 |
| <b>Total</b>                                       |  | <b>\$1,801</b>        | <b>\$4,234</b>                        |

<sup>1/</sup> Excludes one-time loan repayments totaling \$706 million.  
<sup>2/</sup> Provides up to \$250 million per year beginning in 2018-19.  
<sup>3/</sup> The 2017-18 totals include anticipated loan repayments.  
<sup>4/</sup> Annualized amounts include \$100 million per year in Caltrans efficiency savings.

bicycling and walking, with at least 50 percent of the funds directed to benefit disadvantaged communities.

- Local Streets and Roads/Local Partnership Funds—About \$11.4 billion in Shared Revenues to be allocated by the Controller to cities and counties for local road maintenance according to existing statutory formulas, and over \$2.2 billion in state-local partnership grants.

- Sustainable Transportation Grants—An increase of \$25 million annually for competitive planning grants to assist regions and local governments in achieving the sustainable transportation requirements in Chapter 728, Statutes of 2008 (SB 375), and other State objectives.
- Corridor Mobility Improvements—An increase of over \$2.7 billion for multi-modal investments on key congested commute corridors that demonstrate best practices for quality public transit and managed highway lanes such as priced express lanes or high-occupancy vehicle lanes. Included is also \$25 million annually to expand the freeway service patrol program.
- Transit and Intercity Rail Capital Program—An increase of over \$4.2 billion (including \$4 billion in additional Cap and Trade as well as \$256 million from loan repayments) for transit capital investments that provide greenhouse gas reductions, with at least 50 percent of the funds directed to benefit disadvantaged communities.
- Highway Repairs and Maintenance—An increase of almost \$18 billion (including \$1 billion from Caltrans efficiency savings) for Caltrans to fund repairs and maintenance on the state highway system.
- State Transportation Improvement Program (STIP)—An augmentation and stabilization to the STIP, which should not only allow the California Transportation Commission to restore funding for \$750 million worth of projects cut from the program in 2016, but also program approximately \$800 million in new projects in the 2018 STIP.
- Trade Corridor Improvements—An increase of over \$2.8 billion (including \$2.5 billion in new revenues and \$323 million from loan repayments) for Caltrans to fund projects along the state’s major trade corridors, providing ongoing funding for a program originally established with \$2 billion in one-time Proposition 1B bond funding.

#### **REFORMS AND CALTRANS EFFICIENCIES**

The transportation package also includes the following reforms and efficiencies at Caltrans to streamline project delivery and advance projects more quickly:

- State Highway Performance Plan—Establish measurable targets for improvements including regular reporting to the California Transportation Commission, the Legislature, and the public.

- Streamlined Project Delivery—Provide a limited California Environmental Quality Act (CEQA) exemption for projects on existing rights-of-way with previously completed CEQA approval; remove the sunset date for the federal delegation of environmental reviews so federal and state environmental review can be completed concurrently.
- Advanced Mitigation—Advance project environmental mitigation to get early permitting approval as well as stakeholder and advocate buy-in on activities, reducing the challenges that can occur later which sometimes delay projects.
- Job Order Contracting—Complete a limited-term, focused pilot program for procuring routine highway, bridge, and applicable culvert projects using the job order contracting method. This will allow the state to complete a large number of routine maintenance activities in a given area with a single, competitively bid contract while eliminating much of the time and expense of the current process of separately bidding each project contract.
- Extend Public-Private Partnership Authority—Allow for these partnerships through 2027 by extending the current sunset date by 10 years.
- California Transportation Commission Oversight—Expand the Commission’s oversight to cover each phase of project delivery to better track Caltrans’ staffing needs and increase transparency.

In addition to the efficiencies being proposed in the transportation package, Caltrans is continuing its pilot program to explore the viability of what is expected to be a revenue-neutral mileage-based alternative to the current consumption-based fuel excise tax. A report on the outcome of this pilot project is scheduled to be released in December 2017.

### **IMPROVING PERFORMANCE**

The transportation package will improve performance of California’s transportation system. A 10-year investment of the increased funding on state highways, bridges, and culverts—totaling over \$17.7 billion—will achieve measurable improvements for the state’s network as outlined in Figure TRN-02. Across these categories, new funding directed to preventative maintenance would save up to \$5.8 billion.

Figure TRN-02  
**Ten-Year Highway Condition**  
**With and Without the Governor's Transportation Package**

| Asset  | Performance Target           | Without New Investment  | With New Investment  |
|--|------------------------------|---|--|
| <b>Pavement</b><br>(50,000 lane miles)                       | 98% Good or Fair Condition   | Lane miles in poor condition will grow to 9,500   | 17,000 lane miles of pavement fixed, resulting in 98% good or fair condition   |
| <b>Bridges</b><br>(13,100 bridges)                           | 98.5% Good or Fair Condition | Bridges in poor condition will grow to 500  | 500 bridges fixed, resulting in 98.5% good or fair condition   |
| <b>Culverts</b><br>(205,000 culverts)                        | 90% Good or Fair Condition   | Culverts in fair or poor condition will grow to 74,000  | 55,000 culverts fixed, resulting in 90% in good or fair condition  |
| <b>Traffic Management Systems (TMS)</b><br>(48,850 elements) | 90% Good Condition           | 8,000 TMS elements that are inoperable, representing ramp meters, cameras, changeable message signs, and loop detectors | 7,700 TMS elements fixed, resulting in 90% in good condition   |
| <b>Maintenance</b><br>(assets identified above)              | 90% - 95% Good Condition     | Graffiti, litter, pothole repairs, and other indicators do not achieve performance targets                              | Pothole repairs, seal cracks, graffiti/litter removal, and other indicators achieve performance targets at least 90% meeting the good performance target |

## DEPARTMENT OF TRANSPORTATION

The Department of Transportation (Caltrans) has almost 20,000 employees and a budget of \$10.9 billion. Caltrans designs and oversees the construction of state highways, operates and maintains the highway system, funds three intercity passenger rail routes, and provides funding for local transportation projects. The Department maintains 50,000 road and highway lane miles and more than 12,000 state bridges, and inspects 407 public-use and special-use airports and heliports. The largest sources of funding for transportation projects are excise taxes paid on fuel consumption, federal funds also derived from fuel taxes, and weight fees on trucks.

### ENVIRONMENTAL SUSTAINABILITY

The Administration has made significant progress in recent years towards improving the environmental sustainability of the state's transportation system.

- Sustainable Freight, Planning, and Zero Emission Vehicle (ZEV) Facilities—Caltrans is working to integrate sustainability into all aspects of the Department's planning, project management, operations, and maintenance efforts. Caltrans has outlined these changes in the Caltrans Strategic Management Plan, 2015-20, the Caltrans Sustainability Plan, the Sustainable Freight Action Plan, and the Caltrans Zero Emission Vehicle Implementation Action Plan. The Department has created an internal sustainability program to coordinate these efforts, and has been working closely with the California Air Resources Board, the California Energy Commission, the Governor's Office of Business and Economic Development, and a variety of stakeholders to reach the goals of the program. The Department has committed to making 25 percent of its light-duty fleet purchases ZEVs by 2020, reducing its greenhouse gas emissions 40 percent by 2030, and constructing public charging stations at 30 locations statewide on Department rights-of-way within 30 months.

Significant Adjustments:

- Replacement of IT Infrastructure—\$12 million State Highway Account for Caltrans to begin a multi-year effort to replace a broad range of IT equipment.
- IT Security—\$4 million State Highway Account over three years for Caltrans to upgrade and improve the Department's Information Technology Cyber Security Program.

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### CALIFORNIA HIGHWAY PATROL

The California Highway Patrol (CHP) promotes the safe, convenient, and efficient transportation of people and goods across the state highway system and provides the highest level of safety and security to the facilities and employees of the State of California. The Budget proposes \$2.5 billion, all from non-General Fund sources, and 10,748.7 positions for support of the CHP.

Significant Adjustments:

- Phone System Replacement—\$2.8 million Motor Vehicle Account for the CHP to replace its older phone systems at both the CHP Academy and the

Dignitary Protection Section-North Command, with Voice over Internet Protocol (VoIP) systems.

- IT Privacy and Risk Management—\$1.8 million Motor Vehicle Account and 14 positions for the CHP to establish a Privacy and Risk Management Program to protect personally identifiable information stored within the CHP's information technology infrastructure and to address other information technology needs.
- Cloud-Based Disaster Recovery Solution—\$1.2 million Motor Vehicle Account and 2 positions for the CHP to establish a cloud-based disaster recovery system to replace its tape-based system.

## DEPARTMENT OF MOTOR VEHICLES

The Department of Motor Vehicles (DMV) promotes driver safety by licensing drivers, and protects consumers and ownership security by issuing vehicle titles and regulating vehicle sales. Most recently, DMV has successfully addressed the initial workload associated with expanded eligibility for driver licenses, and the Department continues to explore alternatives for addressing the requirements of the federal Real ID Act. The Budget proposes \$1.1 billion, mostly from non-General Fund sources, and more than 8,200 positions, to support DMV operations.

Significant Adjustments:

- Expanded Eligibility for Driver Licenses—\$8.6 million Motor Vehicle Account for the extension of 91 positions to continue processing and investigating license applications.
- Implementation of Legislation—\$1 million Motor Vehicle Account for implementation of new legislation, including \$730,000 and 5 positions for inspecting ignition interlock devices, pursuant to Chapter 783, Statutes of 2016 (SB 1046), and \$294,000 for investigator travel, casework, and overtime, and a data aggregation tool to search websites for patterns of suspicious sale activity, as part of the joint task force to address unlicensed auto dismantling businesses that was created by Chapter 449, Statutes of 2016 (AB 1858).

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## CLIMATE CHANGE

Climate change threatens California’s economy, environment, and public health. The state ended 2016 having experienced a fifth year of drought, vast tree mortality, and one of the hottest years on record.

The overwhelming majority of scientists have concluded that greenhouse gas emissions cause climate change and recommend that these emissions be reduced to 80 percent below 1990 levels by 2050 to avert catastrophic environmental and economic impacts. Beginning with the passage of the California Global Warming Solutions Act of 2006 (AB 32), the state has enacted decisive measures to reduce greenhouse gas emissions. With AB 32, the state adopted a three-pronged approach to reducing greenhouse gas emissions: employing standards and regulations, emission reduction incentives through grant programs, and a market-based compliance mechanism known as Cap and Trade. The Cap and Trade Program sets a statewide limit on the greenhouse gas emissions sources responsible for 85 percent of California greenhouse gases.

In 2012, the state held its first Cap and Trade auction of emission allowances and subsequently developed a comprehensive plan to invest proceeds from the Cap and Trade auctions to reduce greenhouse gas emissions statewide, including directing at least 25 percent of spending to benefit disadvantaged communities. In 2015, the Governor introduced the most ambitious 2030 climate target in North America—a reduction of greenhouse gas emissions to 40 percent below 1990 levels—and the Legislature codified this target with the passage of Chapter 249, Statutes of 2016 (SB 32).

Achieving these ambitious and necessary environmental goals while continuing to expand the state's strong economy requires working with communities to implement cost-effective solutions to reduce greenhouse gas emissions. In December 2016, the Air Resources Board released the discussion draft of the Scoping Plan, providing a blueprint for reaching 2030 climate targets. The Plan evaluates three scenarios for meeting the 2030 target. One scenario considers sector-specific emissions reductions through traditional command and control regulations, another considers a carbon tax, and the third considers continuation of the Cap and Trade Program. Consistent with the legislative directive in Chapter 250, Statutes of 2016 (AB 197), to prioritize direct emission controls, the Plan calls for direct reductions at refineries. To complement these direct reductions, an ongoing priority for the state will be to find ways to reduce toxic air contaminants and criteria pollutants from large emitters.

The Cap and Trade Program clearly represents the most flexible and cost-effective approach to continue reducing greenhouse gases by allowing the state's private sector to determine appropriate paths to meet emissions reductions over the next 13 years.

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### **CAP AND TRADE EXPENDITURE PLAN**

To date, the state has appropriated approximately \$3.4 billion in Cap and Trade auction proceeds for programs that reduce or sequester greenhouse gases by providing individuals, households, communities, and regions more transit options, modern housing near jobs and services, additional tree cover, forest and watershed improvements, healthy soils, recycling opportunities, and housing upgrades to cut energy use (see Figure CLI-01). Cap and Trade funding has allowed the state to leverage approximately \$3.2 billion in federal funds to begin the development of the nation's first high-speed rail line. In addition, with Cap and Trade proceeds from the electric utility sector, over 10.8 million households have received climate credits on their bills twice per year since 2014 to reduce by over \$2 billion the impact of changing household electric utility costs.

Over the past year, Cap and Trade auctions have experienced significant volatility. After several consecutive auctions that generated over \$500 million in proceeds, the May and August auctions in 2016 generated only \$10 million and \$8 million, respectively. However, the most recent auction in November 2016 generated \$364 million.

One of the factors that may have contributed to this revenue volatility is the perceived legal uncertainty about Cap and Trade beyond 2020. Consequently, the Administration

Figure-CLI-01  
**Cap and Trade Expenditures To Date**  
(Dollars in Millions)

| <i>Investment Category</i>                     | <i>Department</i>                                | <i>Program</i>  | <i>Amount</i>  |
|--|--|---|----------------|
| Sustainable Communities & Clean Transportation | High-Speed Rail Authority                        | High-Speed Rail Project   | \$800          |
|  | State Transit Assistance                         | Low Carbon Transit Operations                                     | \$135          |
|  | Transportation Agency                            | Transit and Intercity Rail Capital Program                        | \$380          |
|  | Strategic Growth Council                         | Affordable Housing and Sustainable Communities Program            | \$570          |
|  | Caltrans   | Active Transportation   | \$10           |
|  | Strategic Growth Council                         | Transformative Climate Communities Program & Technical Assistance | \$142          |
|  | Air Resources Board                              | Low Carbon Transportation   | \$688          |
| Short-Lived Climate Pollutants                 | Air Resources Board                              | Black Carbon Woodsmoke  | \$5            |
|  | Cal Recycle                                      | Waste Diversion   | \$72           |
|  | Department of Food and Agriculture               | Dairy Digesters & Alternative Fuels                               | \$65           |
| Carbon Sequestration                           | CAL FIRE   | Healthy Forests   | \$49           |
|  |  | Urban Forestry  | \$33           |
|  | Department of Fish and Game                      | Wetlands Restoration  | \$29           |
|  | Department of Food and Agriculture               | Climate Smart Agriculture - Healthy Soils                         | \$8            |
|  | Natural Resources Agency                         | Urban Greening  | \$80           |
| Energy Efficiency/ Renewable Energy            | Department of Community Services and Development | Energy Efficiency Upgrades/ Weatherization                        | \$174          |
|  | Department of Water Resources                    | Water Use Efficiency  | \$70           |
|  | Department of Food and Agriculture               | State Water Efficiency and Enhancement Program                    | \$68           |
| <b>Total</b>                                   |  |   | <b>\$3,378</b> |

proposes legislation to confirm the Air Board's authority, through a two-thirds urgency vote, to administer Cap and Trade auctions beyond 2020.

The Budget proposes a \$2.2 billion Cap and Trade Expenditure Plan to be allocated after legislation confirming the Air Board's authority to administer the Cap and Trade Program beyond 2020 is enacted through a two-thirds vote (see Figure CLI-02). The Budget builds upon the investment categories funded in the 2016 Cap and Trade agreement, such as short-lived climate pollutants, carbon sequestration, low-carbon transportation, and transformative climate communities. The Cap and Trade Expenditure Plan also includes \$500 million for the Administration's proposed Transportation package. Consistent with the provisions of Chapter 36, Statutes of 2014 (SB 862), the Budget

Figure CLI-02  
**2017-18 Cap and Trade Expenditure Plan**  
(Dollars in Millions)

| <i>Investment Category</i>            | <i>Department</i>                                | <i>Program</i>   | <i>Amount</i>  |
|---------------------------------------|--|--|----------------|
| Continuous Appropriation              | High-Speed Rail Authority                        | High-Speed Rail Project                                | \$375          |
|                                       | State Transit Assistance                         | Low Carbon Transit Operations                          | \$75           |
|                                       | Transportation Agency                            | Transit and Intercity Rail Capital Program             | \$150          |
|                                       | Strategic Growth Council                         | Affordable Housing and Sustainable Communities Program | \$300          |
| Transportation Package                | Transportation Agency                            | Transit and Intercity Rail Capital Program             | \$500          |
|                                       | Caltrans   | Active Transportation                                  |                |
| 50 Percent Reduction in Petroleum Use | Air Resources Board                              | Low Carbon Transportation                              | \$363          |
| Transformational Climate Communities  | Strategic Growth Council                         | Transformative Climate Communities                     | \$142          |
|                                       |  | Technical Assistance & Outreach                        |                |
| Short-Lived Climate Pollutants        | Air Resources Board                              | Black Carbon Woodsmoke                                 | \$95           |
|                                       | Cal Recycle                                      | Waste Diversion  |                |
|                                       | Department of Food and Agriculture               | Dairy Digesters  |                |
| Carbon Sequestration                  | CAL FIRE   | Healthy Forests  | \$127.5        |
|                                       |  | Urban Forestry   |                |
|                                       | Department of Food and Agriculture               | Climate Smart Agriculture - Healthy Soils              |                |
|                                       | Natural Resources Agency                         | Urban Greening   |                |
| Energy Efficiency/ Renewable Energy   | Department of Community Services and Development | Energy Efficiency Upgrades/ Weatherization             | \$27.5         |
|                                       | Department of Food and Agriculture               | State Water Efficiency and Enhancement Program         |                |
| <b>Total</b>                          |  |  | <b>\$2,155</b> |

also reflects \$900 million, or 60 percent of projected auction proceeds, in continuously appropriated funds for high-speed rail, affordable housing, sustainable communities, and public transit.

Of the \$1.3 billion in non-continuously appropriated funds, \$863 million is proposed for transportation programs to lower emissions in the sector that represents the largest share of statewide emissions at nearly 40 percent. This funding could support a reduction in housing and transportation costs through the development of transit-oriented development that brings jobs and housing closer together, as well as

provide a substantial investment in incentives for electric vehicles and the development of in-state low-carbon biofuels. An additional \$392 million is proposed for programs that could expand the amount of green spaces and new and upgraded housing in the state's disadvantaged and low-income communities, reduce pollution at landfills and provide new recycling jobs, improve the condition of the state's forests, and enhance agricultural water conservation. Funding for these programs will be allocated only upon legislative confirmation of the Air Board's authority, through a two-thirds vote, to administer Cap and Trade auctions beyond 2020.

The state embraces the leadership role it has long held in strategic and bold climate policies. The formal extension of Cap and Trade will demonstrate that climate action at the sub-national level will continue.

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## BEVERAGE CONTAINER RECYCLING PROGRAM REFORM

Combatting climate change requires strategies to reduce the amount of landfilled waste and increase recycling for multiple types of materials. Recycling reduces greenhouse gas emissions by lessening the need for natural resource extraction, saving energy in the manufacturing of new products and minimizing landfill emissions.

Over the past 30 years, the Beverage Container Recycling Program, which is administered by the Department of Resources Recycling and Recovery (CalRecycle), has raised consumer awareness of the environmental impacts of littering and the benefits of recycling single-use beverage containers. However, the program faces significant challenges, prompted by changes in consumer products and behavior, developments in recycling systems, and fluctuations in the global commodities market.

To maximize the environmental and economic benefits of recycling beverage containers, the program requires comprehensive reform that aligns with the state's climate change goals, the state's 75 percent waste diversion goal, and fiscal sustainability based on the following principles:

- **Improving Recycling and Remanufacturing**—The program has been successful in its initial goal of reducing litter by providing recycling collection opportunities for consumers. However, collection does not ensure that a product is recycled into a new commodity. Future investments should be focused on creating clean, recyclable streams of material, which will improve the recycling and remanufacturing segments of the current system.

- **Sharing Responsibility**—Historically, the consumer has shouldered most of the financial burden to sustain the program. Program responsibilities and financing should be rebalanced among all program participants.
- **Enhancing Adaptability and Sustainability**—Increases in the recycling rate have resulted in a structural deficit in the Beverage Container Recycling Fund. In addition, the program does not respond quickly to fluctuations in the marketplace. The program must be both nimble and fiscally sustainable.

The Administration is committed to collaborating with stakeholders on a comprehensive reform package. To that end, CalRecycle proposes a policy framework that outlines key components of reform.

## 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 includes total funding of \$8.8 billion (\$2.8 billion General Fund) for all programs included in this Agency.

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### CONTINUED EFFECTS OF DROUGHT

The years 2012–2015 rank as the four driest years on record in terms of state precipitation. In 2016, Northern California experienced average to slightly above-average precipitation, but conditions statewide did not improve enough to erase the effects of severe drought. Some major reservoirs and groundwater aquifers remain depleted and drinking water supplies are at risk in some communities. In addition, a tree mortality crisis afflicts an estimated 102 million trees statewide and drought conditions have degraded wildlife habitat connected to lakes, rivers, streams and wetlands.

The state's drought response is strategically guided by advancing several of the key actions in the California Water Action Plan that will provide long-term benefits for the state. In November 2014, voters overwhelmingly approved Proposition 1, which provides \$7.5 billion in bonds for water storage, water supply, water quality, flood protection, and watershed protection and restoration projects.

Since the Governor first declared a state of drought emergency in January 2014, the Administration has worked with the Legislature to appropriate \$3.9 billion to assist drought-impacted communities and provide additional resources for critical water infrastructure projects, wildfire suppression and wildlife emergencies.

The Budget includes an additional \$178.7 million of one-time resources for 2017-18 to reflect current drought conditions and provide immediate response to drought impacts (see Figure RES-01). The Administration will continue to monitor drought conditions through the 2017 rainy season.

Figure RES-01

### Emergency Drought Response (Dollars in Millions)

| <i>Investment Category</i>                       | <i>Department</i>                          | <i>Program</i>                         | <i>Amount</i>  |
|--|--|--|----------------|
| Protecting Water Supplies and Water Conservation | Department of Water Resources              | Local Assistance for Small Communities | \$5.0          |
|  | Water Board                                | Water Rights Management                | \$5.3          |
|  | Department of Water Resources              | Drought Management and Response        | \$7.0          |
|  | Department of Water Resources              | Save Our Water Campaign                | \$2.0          |
| Emergency Response                               | Department of Forestry and Fire Protection | Enhanced Fire Protection               | \$91.0         |
|  | Office of Emergency Services               | California Disaster Assistance Act     | \$52.7         |
|  | Office of Emergency Services               | State Operations Center                | \$4.0          |
| Protecting Fish and Wildlife                     | Department of Fish and Wildlife            | Emergency Fish Rescues and Monitoring  | \$8.2          |
|  | Department of Water Resources              | Delta Smelt Resiliency Strategy        | \$3.5          |
| <b>Total</b>                                     |  |  | <b>\$178.7</b> |

Building on the efforts in previous years, key components of the 2017-18 Drought Package are described below.

### EMERGENCY DRINKING WATER

As a result of drought conditions, hundreds of homes in rural areas dependent on private domestic wells have lost water from lowering water tables and are financially unable to

drill deeper wells. The state has worked with local governments to provide temporary water supplies and develop permanent solutions to water shortages. In East Porterville, for example, state funding has been used to assist up to 1,500 property owners who have failing private wells with connecting to the City of Porterville's public water system.

The Budget provides \$5 million General Fund for the Department of Water Resources to provide emergency drinking water support for small communities by working to develop additional water supplies. Furthermore, the State Water Board will continue to address critical water supply impacts of drought on small communities by funding the installation or deepening of wells, and where appropriate, requiring the consolidation of small failing water systems with functioning systems that are able to provide a safe and reliable supply.

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### **TREE MORTALITY AND ENHANCED FIRE PROTECTION**

Based on aerial surveys, it is estimated over 102 million trees have died as a result of the drought and the effects of bark beetle infestation. In 2016 alone, it is estimated 62 million trees died and millions of additional trees are weakened and expected to die in the coming months and years. These dead and dying trees make forests more susceptible to destructive wildfires and pose public safety risks from falling trees for residents and infrastructure in rural, forested communities. The Department of Forestry and Fire Protection (CAL FIRE) has identified high hazard zones within counties suffering tree mortality.

In October 2015, the Governor issued an emergency declaration directing state and local entities, as well as utilities, to remove dead and dying trees that threaten power lines, roads, structures, and critical community infrastructure.

The Tree Mortality Task Force continues to evaluate the most effective ways to utilize existing resources to maximize the state and local response to the effects of tree mortality. These efforts include utilizing CAL FIRE equipment and personnel including foresters, hand crews, engine companies, and heavy equipment operators for hazardous tree removal and fuels reduction efforts.

In December 2016, CAL FIRE awarded \$15.8 million in grants for a total of 107 projects across 34 counties to support local efforts to remove dead and dying trees that pose a threat to public health and safety and projects that reduce the threat of wildfires to homes.

The Budget includes \$88 million General Fund and \$3 million State Responsibility Area Fund for CAL FIRE for expanded fire protection in the 2017 fire season, including continuation of increased firefighter surge capacity, extended fire season, surge helicopter pilots, California Conservation Corps fire suppression crews, increased vehicle maintenance, and exclusive use of the large and very large air tankers. The Budget also reflects an additional \$90 million General Fund in the current fiscal year, supported by the Emergency Fund, to initiate these enhanced fire protection efforts in the spring of 2017.

In addition, the Budget includes \$52.7 million General Fund for the Office of Emergency Services to provide assistance to counties through the California Disaster Assistance Act, which can be used to aid local agencies in the removal of dead or dying trees that are a direct threat to public safety.

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### **DELTA SMELT RESILIENCY STRATEGY**

Delta smelt, which function as an indicator species for the overall health of the Delta's ecosystem, are found only in the Sacramento-San Joaquin Delta, and their population is at an all-time low. In July 2016, the Administration initiated a Delta Smelt Resiliency Strategy that identified 13 actions including augmenting outflow, enhancing the food web, reducing nonnative invasive aquatic weeds and predatory fish, and restoring key habitat. The proposed actions respond to the near-term needs of smelt and promote resiliency to both drought conditions and future variations in habitat conditions.

The Budget includes \$2.6 million General Fund and \$900,000 Harbors and Watercraft Fund for the Department of Water Resources to continue implementation of the state's Delta Smelt Resiliency Strategy including aquatic weed control, adaptive food management and distribution, and wetlands flood and drain operations.

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### **CALIFORNIA WATER ACTION PLAN**

Released in January 2014, the California Water Action Plan provides a blueprint for California to build more reliable and resilient water systems and restore important ecosystems. The Budget builds on investments from previous years and continues to prioritize the ten actions of the California Water Action Plan, including making conservation a way of life, increasing regional self-reliance in water supplies, expanding water storage and improving groundwater management and improving flood protection (see Figure RES-02).

Figure RES-02

**Water Action Plan****Reliability, Restoration and Resilience**

|    |  |
|----|--|
| 1  | Make conservation a way of life                                  |
| 2  | Increase regional self-reliance and integrated water management  |
| 3  | Achieve the co-equal goals for the Delta                         |
| 4  | Protect and restore important ecosystems                         |
| 5  | Manage and prepare for dry periods                               |
| 6  | Expand water storage capacity and improve groundwater management |
| 7  | Provide safe water for all communities                           |
| 8  | Increase flood protection  |
| 9  | Increase operational and regulatory efficiency                   |
| 10 | Identify sustainable and integrated financing opportunities      |

**MAKING CONSERVATION A WAY OF LIFE**

A key priority in the California Water Action Plan is to make conservation a way of life. Improving water conservation is essential for a more reliable water supply and to make the state more resilient to drought, particularly given future population increases and climate change. In May 2016, Governor Brown issued Executive Order B-37-16, which directs agencies to develop a permanent long-term framework to: (1) use water more wisely, (2) eliminate water waste, (3) strengthen local drought resilience, and (4) improve agricultural water use efficiency and drought planning.

California's urban water suppliers continue to demonstrate an ongoing commitment to conservation. Under the State Water Board's modified drought emergency regulation, water conservation levels have remained high for most communities that had passed the state's "stress test," certifying they had sufficient supplies to withstand three additional years of drought. However, not all suppliers are continuing the high levels of conservation. The Board is shifting its focus to long-term efficient water use and meeting regional drought preparedness goals.

In December 2016, the Department of Water Resources, Energy Commission, Public Utilities Commission, Department of Food and Agriculture, and the State Water Board issued a draft proposal to implement the Executive Order. The proposal was developed through a public process and recommends new water efficiency standards, additional drought planning requirements, technology assessments for reducing leaks, and mechanisms for compliance and enforcement.

Implementation of the Executive Order will require new legislation, regulatory processes, and data collection. The State Water Board will continue the existing conservation reporting website, including information technology solutions to improve user access and experience. The State Water Board will also initiate a rulemaking to permanently prohibit wasteful water uses.

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### **INCREASING REGIONAL SELF RELIANCE AND INTEGRATED WATER MANAGEMENT**

The California Water Action Plan recognizes the need for better regional coordination on local projects and emphasizes the need for regionally driven multi-benefit projects. Proposition 1 provided \$510 million for integrated regional water management projects. To date, the state has appropriated over \$1 billion for local projects and plans that support regional self-reliance and integrated water management.

Significant Adjustment:

- Integrated Regional Water Management Program—An increase of \$248 million Proposition 1 funding for Department of Water Resources for integrated regional water management projects. This funding supports regionally driven multi-benefit projects that help meet the long-term water needs of the state, including assisting water infrastructure systems to adapt to climate change, encouraging collaboration in managing a region's water resources and setting regional priorities for water infrastructure, and improving regional water self-reliance.

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### **PROVIDING SAFE WATER FOR ALL COMMUNITIES**

Although much progress has been made, some disadvantaged communities rely on contaminated groundwater and lack the resources to operate and maintain their water systems to deliver safe and affordable water. The Administration is committed to working with the Legislature and stakeholders to address this issue. The Budget also continues efforts to reduce source contamination from agricultural practices.

Significant Adjustment:

- Irrigated Lands Regulatory Program—An increase of \$1 million Waste Discharge Permit Fund and 5 new positions for the State Water Board, in coordination with the Department of Food and Agriculture, to address contamination of groundwater basins from agricultural practices.

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### **ACHIEVING CO-EQUAL GOALS FOR THE DELTA**

The Bay-Delta Water Quality Control Plan establishes water quality control measures needed to protect municipal, industrial, agricultural, and environmental uses of water in the watershed of the Sacramento-San Joaquin Delta and San Francisco Bay.

This watershed is a source of drinking water for two-thirds of the state's population and millions of acres of farmland. The waterways of the Bay-Delta estuary and its tributaries also provide critical habitat for numerous threatened and endangered species and recreationally and commercially important species, as well as other public trust values. The State Water Board is currently in the process of updating the Plan, which was last updated in 2006.

The State Water Board relies on a regulatory approach to balancing competing demands for water in the Delta. As directed by the Governor, the Natural Resources Agency is leading voluntary negotiations with water districts and environmental groups.

Agreements would describe additional water flows and habitat restoration and other measures in the major rivers that flow to the Delta. If sufficient, voluntary agreements could be accepted by the Water Board in lieu of regulatory action.

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### **EXPANDING WATER STORAGE CAPACITY AND IMPROVING GROUNDWATER MANAGEMENT**

The California Water Action Plan recognizes the need to increase the state's storage capacity, whether surface or groundwater. More storage is needed to address the effects of drought and climate change on water supplies for both human and ecosystem needs. Additionally, water storage is needed to help provide widespread public and environmental benefits, such as seasonal fish flows, improved water quality and cooling water for salmon. Proposition 1 provided \$2.7 billion for investments in the public benefits of water storage projects.

In addition to storage, the state also needs to manage groundwater in a sustainable manner. To this end, the Governor signed a package of groundwater management bills in September 2014. For the first time, California water policy directed cities, counties, and water districts to work together to prevent long-term overpumping of groundwater basins.

The underlying principle of the Sustainable Groundwater Management Act of 2014 (SGMA) is that groundwater is best managed at the local level. SGMA places significant responsibilities upon local agencies to organize, plan, and ultimately manage their

groundwater resources to a sustainable level within a 20-year time horizon, along with fee authority to help cover costs. However, the State will intervene temporarily to protect groundwater basins when local agencies are unwilling or unable to adequately do so.

Progress since enactment of SGMA includes reviewing formation notices for 139 local Groundwater Sustainability Agencies, adoption of regulations, technical assistance for local agencies and grants from the state to assist with planning.

To further this important component of the Water Action Plan, the Budget supports public investments in water storage infrastructure and additional funding for SGMA implementation.

Significant Adjustments:

- Water Investment Storage Program—An increase of \$1.9 million in reimbursements, from the California Water Commission’s allotment of \$2.7 billion Proposition 1 water storage funding, for the Department of Fish and Wildlife to support initial outreach and technical review of the ecosystem benefits of water storage project proposals submitted to the Commission.
- Sustainable Groundwater Management Act Implementation:
  - Department of Water Resources—An increase of \$15 million General Fund for 29 existing positions for statewide technical assistance and to provide detailed information on basin scale water use, water supplies, and groundwater conditions. Gathering data on a statewide level is more efficient and provides greater consistency.
  - State Water Board—An increase of \$2.3 million Water Rights Fund for 5 new positions and \$1.5 million in contract funds to enforce reporting requirements and protect local groundwater resources beginning July 1, 2017 in high- or medium-priority groundwater basins that fail to form local governance structures as required by SGMA.

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### **PROTECTING AND RESTORING IMPORTANT ECOSYSTEMS — REVITALIZING THE SALTON SEA**

Straddling Riverside and Imperial counties in the state’s southern desert and covering 350 square miles, the Salton Sea supports millions of birds and is a key stop on the Pacific Flyway. The Sea’s water level will begin to decline sharply at the end of 2017 as

farm-to-city water transfers take effect. The decline of the Sea poses the potential of serious impacts to wildlife and nearby residents. The Salton Sea Management Program aims to develop 25,000 acres of wildlife habitat, suppress dust, and pursue other projects over the next decade. Strengthened by a Memorandum of Understanding with the U.S. Department of the Interior, and initially funded with over \$80 million from Proposition 1 in 2016-17, the program is guided by a 10-year plan that aims to preserve and enhance the ecology, economy and public health of the Sea and surrounding Colorado River region. Initial projects in the plan have begun construction, and the state will coordinate with stakeholders to further implement the plan in 2017-18.

## DEPARTMENT OF FISH AND WILDLIFE

The Department of Fish and Wildlife manages California's diverse fish, wildlife, and plant resources, and the habitats upon which they depend, for their ecological value and for their use and enjoyment by the public. This includes the management of recreational, commercial, scientific, and educational programs. The Budget includes \$522.7 million (\$89.3 million General Fund) and 2,375 positions for the Department.

The Department's fundamental mission includes activities such as habitat protection, law enforcement, promotion of hunting and fishing opportunities, and management of wildlife areas and ecological reserves which are supported by the Fish and Game Preservation Fund. The fund generates revenues of approximately \$100 million annually, primarily from fishing and hunting licenses. While revenues have remained relatively stable in recent years, costs to deliver these programs have increased considerably, due largely to employee compensation and operational needs.

In 2012, the Natural Resources Agency completed a statutorily required California Strategic Vision process for the Department of Fish and Wildlife, which culminated with the release of the report, "Recommendations for Enhancing the State's Fish and Wildlife Management Agencies." That process and report identified the importance of long-term sustainable funding in a state that has more biodiversity than any other. The Department has completed many of the report's identified recommendations; however, the need for sustainable funding remains.

Expenditures from the fund currently exceed annual revenues by more than \$20 million. Pursuant to the requirements in the 2016 Budget Act, the Department met with stakeholders for input on potential solutions, and will continue this process in 2017. The Budget proposes a significant first step to address the structural imbalance of the

non-dedicated Fish and Game Preservation Fund by bringing the fund into balance for the upcoming fiscal year and reducing the annual shortfall by more than half.

Significant Adjustment:

- **Fish and Game Preservation Fund**—An increase of \$12.4 million in additional revenue from commercial fish landing fees to fully support the Department's commercial fishing program, and a one-time redirection of \$10.6 million from the Lifetime License Account. Currently, revenue from the commercial fish landing fees support less than one quarter of the Department's program costs. Further, these fees have not been adjusted in at least 20 years. This proposal sustains the current level of service, acknowledging the need to implement more permanent measures in 2018-19.

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## DEPARTMENT OF PARKS AND RECREATION

The Department of Parks and Recreation protects and preserves the state's valued natural, cultural, and historical resources while providing recreational opportunities including hiking, camping, mountain biking, horseback riding, boating and off-highway vehicle activities. The Department achieves its mission through grant programs and a network of 280 parks, which includes beaches, trails, wildlife areas, open spaces, off-highway vehicle areas, and historic sites. The Budget includes \$675.6 million (\$138.8 million General Fund) and 3,555 positions for the Department.

In recent years, there has been a concerted effort to strengthen the Department. In February 2015, the Parks Forward Commission, a multidisciplinary advisory council created to independently assess the state parks system and make recommendations for potential improvements, recommended improvements to address financial, cultural, and operational challenges. By that time, the Administration had established the Transformation Team to develop specific initiatives. The Transformation Team and the Department have implemented many of the reforms suggested by the Parks Forward Commission and the Legislature. In February 2017, the Transformation Team will complete its two-year term and release a final progress report. Although the work of the Transformation Team is ending, the Department is committed to continuing these important reforms and further innovation. Highlights include:

- **Continue Fiscal Improvements**—With philanthropic funds, the Department secured the assistance of a consulting group to help develop a new innovative budget

tool, Service Based Budgeting, to be launched in spring 2017. This will improve priority setting and communicate the relationship between fiscal resources and service levels in a clear and simple manner, informing both internal and external departmental budget discussions.

- **Create New Path to Park Leadership**—Previously, only individuals from state parks law enforcement could serve as the Department’s top leaders. The Department worked with the State Personnel Board and the Department of Human Resources to allow individuals from broad professional backgrounds to serve as top leaders throughout the state park system. Today, over 25 percent of top Parks leaders are serving from within this new classification. The Department is now developing promotional paths for the various professional groups that have a new opportunity to lead.
- **Modernize Fee Collection and Technology**—The Department is modernizing how it takes reservations, collects data and revenue, and manages its camping reservation inventory. The new data will allow for better-informed business decisions across the Department including operations, planning, and fiscal and customer ease.
- **Foster Partnerships**—The Department established a new Office of Partnerships to better support partnership arrangements that enhance programs and access.
- **Restructure Organization**—The Department’s organizational review included internal and external stakeholder discussions and meetings around the state. The reorganization aims to eliminate redundancy while preserving programs with strong ties to local stakeholder groups such as off-highway vehicles and boating.

Building on the successes accomplished to date and those still underway, the Budget includes the following significant adjustment:

- **Maintain Services at State Parks**—A one-time increase of \$12.6 million State Parks and Recreation Fund and \$4 million from the Environmental License Plate Fund to maintain existing service levels throughout the state parks system. This proposal will allow the Department to continue implementation of recommendations of the Parks Forward Commission and the Legislature, including the establishment of an outside support organization as specified by Chapter 540, Statutes of 2016 (SB 1111). The Budget sustains the current level of service at parks for the upcoming year, although a long-term structural shortfall remains.

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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 \$3.6 billion (\$1.7 billion General Fund and \$1.9 billion other funds) for the Judicial Branch, of which \$2.8 billion is provided to support trial court operations. The Judicial Council is responsible for managing the resources of the Judicial Branch.

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, having the state assume responsibility for growth in the costs of court operations.

In planning for future court demands, the Chief Justice has created the Commission on the Future of California's Court System. The Commission expects to release initial

recommendations in the spring of 2017 on initiatives to effectively and efficiently enhance access to justice. The Administration is committed to working with the Chief Justice on improving access and modernizing court operations through innovative approaches.

### Significant Adjustments:

- Trial Court Employee Costs—The Budget includes \$7.1 million General Fund for trial court employee health and retirement benefit costs.
- Trial Court Trust Fund Revenues—The Budget includes a total of \$55 million General Fund to backfill a continued decline of fines and penalty revenues expected in 2017-18.
- Case Management System Replacement—The Budget includes one-time funding of \$4.1 million General Fund in 2017-18 and \$896,000 General Fund in 2018-19 to replace the Sustain Justice Edition Case Management System in nine small superior courts across California. This proposal continues the Administration's commitment to assisting the courts with the modernization of case management systems.
- Judicial Officer Salaries—Under existing law, Judicial Officer salaries are tied to the salary increases of other state workers. The Budget proposes amending statute so that Judicial Officers receive the proportional equivalent of the salary increases that have been provided retroactively to July 1 to state workers.
- Trial Court Judge Reallocation—The Administration proposes to reallocate four vacant superior court judgeships. This will shift judgeships to the areas of the state where workload is highest without increasing the overall number of judges.

# HOUSING AND LOCAL GOVERNMENT

This part of the Budget includes information related to housing and local governments.

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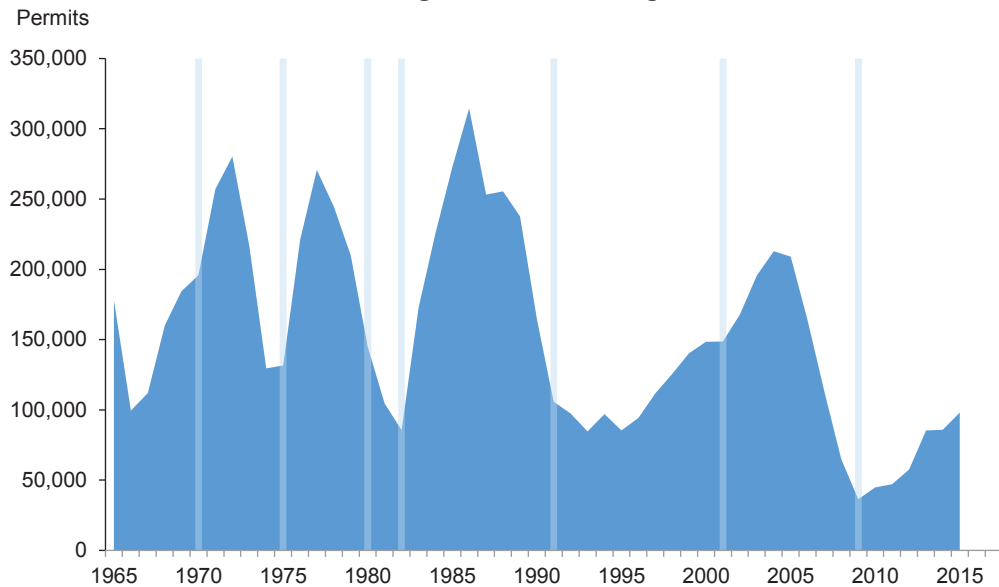
## HOUSING IN CALIFORNIA

California faces a shortage of housing, particularly affordable housing, for its growing population. Though demand has increased steadily, construction rates continue to lag due to a number of barriers, including local zoning and permitting decisions surrounding housing production. The state projects 180,000 units of new housing construction is needed annually over the next 10 years to meet the state's growing housing demand. However, production has remained below 100,000 new units annually over the last eight years, which represents the lowest sustained permitting levels since 1965. Figure SLA-01 demonstrates how housing production since the last recession has lagged historic economic recoveries.

The lack of housing supply creates a number of challenges for the state and its residents. High housing prices limit the amount families can otherwise invest in nutrition, education, and other necessities after paying for rent. Approximately half of all California households are spending more than 30 percent of their income on housing costs, and nearly one-third of all California households are spending more than 50 percent of income on housing costs.

Members of median- to moderate-income professions such as teachers, firefighters, police officers, and nurses are increasingly unable to afford to live in the communities

Figure SLA-01  
**Post-Recession Housing Construction Lags Historic Recoveries**



that they serve. When households spend increasing shares of their incomes on housing costs, it leaves less money that could otherwise be used to support the state's economy. Additionally, insufficient housing in job centers hinders the state's environmental quality and runs counter to the state's climate change goals. When Californians seeking affordable housing are forced to drive longer distances to work, an increased amount of greenhouse gases and other pollutants is released. Recent studies indicate that high-density housing minimizes environmental harm because people have the least environmental impact when living in urban areas.

The housing shortage directly impacts the number of individuals experiencing homelessness in California as well. In 2016, although California comprised 12 percent of the nation's population, it had 22 percent (118,100) of individuals experiencing homelessness in the United States as reported by the U.S. Department of Housing and Urban Development. California had an even greater share of the chronically homeless, with 39 percent of the nation's total.

Although the state has a number of policies and programs in place to construct affordable housing and assist the homeless, policy changes that lead to an increase in the

housing supply are the most effective long-term solution for reducing housing costs for all Californians.

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### **LOCAL DECISIONS DRIVE PER-UNIT COSTS**

Local governments have primary control over land-use and housing-related decisions, and can enact policies that either encourage or discourage housing construction, which impacts housing costs for all Californians. Even though job and housing markets cross jurisdictional boundaries, housing entitlements and permits are determined locality by locality.

Throughout the development process, each local government is faced with factors that discourage housing development, including community opposition, incentives to approve sales-tax generating development over residential development, and market conditions, such as high land and construction costs.

The number of new units developed continues to be very low in many jurisdictions compared to the projected need. Figure SLA-02 demonstrates that housing production rates, proportional to projected housing need, vary widely across the state. Between 2003 and 2014, only 47 percent of projected need was constructed and not one of the state's regions built enough housing to meet all identified housing needs. Construction rates were lowest for housing serving lower income families. Total development costs average \$332,000 per unit for the construction of new affordable units, which limits the number of units that can be built with limited resources.

To address the statewide housing shortage more units need to be built at a lower per-unit cost. Local factors that drive up per-unit costs include permitting and impact fees, delays in permit approvals, and parking requirements. These cost drivers can add tens of thousands of dollars to the cost of constructing housing.

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### **FUNDING FOR AFFORDABLE HOUSING**

The state continues to target its limited resources in a manner that supports statewide policies and objectives, such as sustainable communities, transitional housing for former offenders, and supportive housing for homeless populations. The Budget reflects \$3.2 billion in state and federal funding and award authority as shown in Figure SLA-03. These programs provide grants and loans to construct affordable housing, assist first-time

Figure SLA-02  
**Total Housing Need Constructed and Cost of Affordable Housing Construction**  
(Dollars in Thousands)

|  | Housing Need<br>Constructed <sup>1/</sup> | Cost Per<br>Affordable Unit <sup>2/</sup> |
|--|---|---|
| San Diego                                | 84%                                       | \$350                                     |
| Kern                                     | 64%                                       | 255                                       |
| San Francisco                            | 64%                                       | 591                                       |
| San Luis Obispo & Santa Barbara          | 62%                                       | 300                                       |
| Napa & Sonoma                            | 58%                                       | 356                                       |
| El Dorado, Nevada & Placer <sup>3/</sup> | 56%                                       | 311                                       |
| Orange                                   | 56%                                       | 340                                       |
| Santa Clara                              | 55%                                       | 405                                       |
| Alameda & Contra Costa                   | 52%                                       | 418                                       |
| Ventura                                  | 51%                                       | 400                                       |
| Santa Cruz                               | 49%                                       | 436                                       |
| Imperial & Riverside                     | 49%                                       | 281                                       |
| Fresno                                   | 48%                                       | 212                                       |
| Inyo, Mono & Mariposa                    | 47%                                       | -   |
| Sacramento                               | 46%                                       | 287                                       |
| San Mateo                                | 42%                                       | 442                                       |
| San Bernardino                           | 42%                                       | 298                                       |
| Los Angeles                              | 41%                                       | 372                                       |
| Solano & Yolo                            | 39%                                       | 312                                       |
| Siskiyou, Tehama & Trinity               | 38%                                       | -   |
| Marin                                    | 38%                                       | -   |
| Del Norte, Humboldt & Mendocino          | 38%                                       | 237                                       |
| Alpine, Amador, Calaveras & Tuolumne     | 35%                                       | -   |
| Lassen, Modoc, Plumas & Sierra           | 33%                                       | -   |
| San Joaquin <sup>3/</sup>                | 29%                                       | 269                                       |
| Kings & Tulare                           | 28%                                       | 207                                       |
| Butte, Glenn, Sutter & Yuba              | 27%                                       | 256                                       |
| Colusa & Lake                            | 19%                                       | 261                                       |
| Shasta <sup>3/</sup>                     | 17%                                       | 255                                       |
| Madera, Merced & Stanislaus              | 14%                                       | 244                                       |
| Monterey & San Benito                    | 9%  | 310                                       |
| <b>STATEWIDE</b>                         | <b>47%</b>                                | <b>\$332</b>                              |

<sup>1/</sup> Reflects share of net housing construction of total need identified in the fourth Regional Housing Needs Assessment allocation period (2003 to 2014).

<sup>2/</sup> Reflects all new construction projects for counties receiving tax credits from the Tax Credit Allocation Committee from 2011-2015. Counties without a reported cost did not have any affordable housing projects built using tax credits allocated during this period.

<sup>3/</sup> Figures for counties with fewer affordable housing projects were subject to a small sample size.

Figure SLA-03  
**2017-18 Affordable Housing and Homelessness Funding**  
(Dollars in Millions)

| <i>Department</i>                                       | <i>Program</i>   | <i>Amount</i>       |
|---|--|---------------------|
| Department of Housing and Community Development         | No Place Like Home Program   | \$262               |
|   | Federal Funds  | \$122               |
|   | Housing for Veterans Funds   | \$75                |
|   | Office of Migrant Services   | \$6                 |
|   | Various  | \$15                |
| California Housing Finance Agency <sup>1/</sup>         | Single Family 1st Mortgage Lending   | \$1,250             |
|   | Multifamily Conduit Lending  | \$300               |
|   | Multifamily Lending  | \$200               |
|   | Mortgage Credit Certificates   | \$165               |
|   | Single Family Down Payment Assistance  | \$60                |
|   | Special Needs Housing Program  | \$35 <sup>2/</sup>  |
| Strategic Growth Council <sup>3/</sup>                  | Affordable Housing and Sustainable Communities   | TBD                 |
|   | Transformative Climate Communities   | TBD                 |
| Tax Credit Allocation Committee                         | Low Income Housing Tax Credits (Federal)   | \$241 <sup>4/</sup> |
|   | Low Income Housing Tax Credits (State)   | \$95                |
|   | Farmworker Housing Assistance Tax Credits  | \$6                 |
| Department of Veterans Affairs                          | CalVet Farm and Home Loan Program  | \$230               |
|   | Transitional Housing Program, Veterans Homes of California   | \$2                 |
| Department of Social Services                           | CalWORKS Housing Support Program   | \$47                |
|   | CalWORKS Homeless Assistance Program   | \$29 <sup>5/</sup>  |
|   | CalWORKS Family Stabilization, Housing Component   | \$12 <sup>5/</sup>  |
| Office of Emergency Services                            | Transitional Housing Program, Victim of Crimes Act   | \$18                |
|   | Homeless Youth Emergency Services  | \$10                |
|   | Domestic Violence Housing First Program  | \$5                 |
|   | Homeless Youth and Exploitation Program  | \$2                 |
| Department of Health Care Services                      | Whole-Person Care Pilot Program, Health Homes Program, Mental Health Services Act Community Services and Supports, Projects for Assistance in Transition from Homelessness | N/A <sup>6/</sup>   |
| California Department of Corrections and Rehabilitation | Integrated Services for Mentally-Ill Parolees  | \$2                 |
|   | Specialized Treatment of Optimized Programming, Parole Service Center, Day Reporting Center, Female Offender Treatment and Employment Program                              | N/A <sup>6/</sup>   |
| <b>Total</b>  |  | <b>\$3,189</b>      |

<sup>1/</sup> Amounts are the estimated lending activities from 2016-17 trends.

<sup>2/</sup> This amount represents a voluntary allocation of Proposition 63 funds from 16 participating counties.

<sup>3/</sup> The Affordable Housing and Sustainable Communities program will reflect 20 percent of Greenhouse Gas Reduction Fund revenues; however, amounts have not yet been determined for 2017-18. The Transformative Climate Communities program (\$140 million for 2017-18) funds various activities, including housing, as an eligible capital component; however, the investment in housing will not be determined until awards are made.

<sup>4/</sup> This amount represents the 9 percent tax credits allocated in 2017-18 and an estimated figure for 4 percent credit awards based on 2014-2016 averages. This figure does not include the \$3.9 billion of tax-exempt bond debt allocation that is available for award from the California Debt Limit Allocation Committee.

<sup>5/</sup> This amount represents an estimate of the portion of the program associated with housing and homelessness activities.

<sup>6/</sup> The state provides a number of wrap-around supportive services through these programs, including housing support, which cannot be separated from the Department of Health Care Services' and Department of Corrections and Rehabilitation's general budgets.

homeowners with down payments, and offer various supports for individuals and families experiencing homelessness.

Previous affordable housing programs have come at a significant cost to the General Fund. The state continues to pay debt service on the Housing and Emergency Shelter Trust Fund Act of 2002 (Proposition 46) and the Housing and Emergency Shelter Trust Fund Act of 2006 (Proposition 1C). Though the funding provided by these bonds has been expended for the construction or rehabilitation of approximately 80,000 affordable units, the state must pay debt service totaling \$355 million General Fund in 2017-18 and a total of \$10.7 billion over the life of the bonds. Issuing further General Obligation bonds would be an inefficient and ineffective use of General Fund resources.

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### RECENT POLICY CHANGES

Last year, the Administration proposed legislation to increase the housing supply through a streamlined permit approval process that would have eliminated duplicative administrative barriers, such as discretionary local government reviews for housing developments consistent with objective general plan and zoning standards. As the streamlining of the local approval process was not adopted and the General Fund's condition has deteriorated, the one-time \$400 million General Fund set-aside is no longer available. However, the Administration and Legislature approved measures that facilitate affordable housing development at the local level and assist individuals and families experiencing and at risk of homelessness:

- The No Place Like Home Program (AB 1618 and AB 1628)—Authorizes a \$2 billion bond secured by a portion of future Proposition 63 Mental Health Services Act revenues, subject to court validation, to address homelessness for individuals with mental health needs through the provision of permanent supportive housing.
- 2016 Budget Act—Includes \$149.4 million General Fund (\$100 million one-time) in new funding for housing and homelessness programs, including \$35 million for the new California Emergency Solutions Grant program and \$10 million for the Homeless Youth and Exploitation Emergency Services Pilot Projects to rapidly rehouse individuals, youth, and families experiencing homelessness.
- Homelessness (SB 1380 and AB 2176)—Creates a Homeless Coordinating and Financing Council and authorizes emergency bridge housing communities in the City of San Jose.

- Density Bonus Law (AB 2442, AB 2501, and AB 2556)—Expands and clarifies various provisions that provide size and other bonuses to housing developers that meet affordability requirements.
- Accessory Dwelling Units (SB 1069 and AB 2299)—Streamlines permits and requires local ordinances to facilitate the development of these low-cost housing options that provide additional living quarters on single-family lots that are independent of the primary dwelling unit.
- Affordable Housing Beneficiary Districts (AB 2031)—Allows a local government, with an existing successor agency to a former redevelopment agency, to bond against the property tax revenues it receives as a result of redevelopment agency dissolution, provided the funding is for affordable housing purposes.

Additionally, in prior legislative sessions, the Governor signed measures that established Enhanced Infrastructure Financing Districts and Community Revitalization and Investment Authorities, which are important, yet underutilized, tools that local governments can use to leverage their existing resources to address housing. During the November 2016 election, voters in various local jurisdictions across the state also approved \$2.7 billion in local bonds to house the homeless and support the construction of affordable housing.

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### HOUSING POLICY PRINCIPLES

The Administration is committed to working with the Legislature on the development of a legislative package to further address the state's housing shortage and affordability pressures. Such a package should include additional reforms and any new funding should not rely on the General Fund. Because it is counterproductive to develop a new funding source for affordable housing under a system that increases time, risk, and cost, the Administration puts forth the following principles:

- Streamline Housing Construction—Reduce local barriers to limit delays and duplicative reviews, maximize the impact of all public investments, and temper rents through housing supply increases.
- Lower Per-Unit Costs—Reduce permit and construction policies that drive up unit costs.
- Production Incentives—Those jurisdictions that meet or exceed housing goals, including affordable housing, should be rewarded with funding and other regulatory benefits. Those jurisdictions that do not build enough to increase

production should be encouraged by tying housing construction to other infrastructure-related investments.

- Accountability and Enforcement—Compliance with existing laws—such as the housing element—should be strengthened.
- No Impact to the General Fund—No new costs, or cost pressures, can be added to the state’s General Fund, if new funding commitments are to be considered. Any permanent source of funding should be connected to these other reforms.

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### REDEVELOPMENT AGENCIES

The winding down of the state’s former redevelopment agencies continues to be a priority for the Administration. Chapter 5, Statutes of 2011 (ABx1 26), eliminated the state’s approximately 400 redevelopment agencies and replaced them with locally organized successor agencies that are tasked with retiring the former redevelopment agencies’ outstanding debts and other legal obligations. The elimination of redevelopment agencies has allowed local governments to protect core public services by returning property tax money to cities, counties, special districts, and K-14 schools.

In 2011-12 through 2015-16, approximately \$1.7 billion was returned to cities, \$2.1 billion to counties, and \$658 million to special districts. The Budget anticipates that cities will receive an additional \$733 million in general purpose revenues in 2016-17 and 2017-18 combined, with counties receiving \$869 million and special districts \$260 million. The Budget anticipates that additional 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, housing, and other public services.

In 2011-12 through 2015-16, approximately \$5.9 billion was returned to K-14 schools. The Budget anticipates Proposition 98 General Fund savings resulting from the dissolution of RDAs will be \$1.3 billion in 2016-17. Proposition 98 General Fund savings are expected to be \$1.4 billion in 2017-18 and on an ongoing basis. When Test 1 of the Proposition 98 calculation is operative, funds above this amount will increase available resources for K-14 schools.

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## LOCAL UPDATE OF CENSUS ADDRESS PROGRAM

The Budget includes \$7 million General Fund for the Local Update of Census Address Program. The program will provide grants ranging from \$7,500 to \$125,000 to cities and counties to encourage their voluntary participation in efforts to ensure the accuracy of the Census Bureau's Master List of addresses. The program's goal is to count all California residents in the 2020 Census by giving the Census Bureau an accurate listing of every residential dwelling in the state.

Unlike with prior Censuses, the Census Bureau will not conduct 100 percent in-field canvassing to validate the Master List of addresses. For the 2020 Census, the Census Bureau anticipates it will perform in-field canvassing only 25 percent of the time. Validation of the Master List of addresses is critically important to prevent an undercount of the state's population.

The Department of Finance will administer the program and authorize distribution of grant funds. To receive a grant, a city or county must register with the Census Bureau, submit the required address materials to the Census Bureau, and provide Finance with the results of the address review. The Census Bureau will provide Finance status updates on the adequacy of each jurisdiction's participation.

Each city's and county's grant will be based on the volume of housing transactions within its jurisdiction between 2010 and 2016.

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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.

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### EMPLOYEE COMPENSATION AND COLLECTIVE BARGAINING

The Budget includes \$1.2 billion (\$602 million General Fund) for employee compensation, health care costs for active state employees, and retiree health care prefunding for active employees. Included in these costs are salaries and benefit increases as a result of contract negotiations and pay increases related to minimum wage changes in Chapter 4, Statutes of 2016 (SB 3). Funding is also included for 2018 calendar year increases in health care premiums and enrollment.

Through the collective bargaining process, the Administration remains focused on addressing the state's \$74 billion unfunded liability for retiree health benefits. The strategy for addressing the liability includes equal cost-sharing between the employee and employer to prefund retiree health benefits, and for new employees, extending the period to qualify for retiree health benefits, and reducing the employer subsidy for retiree health benefits. Agreements reached in the past year have all included these retiree health provisions.

Since the 2016 Budget Act, the Administration has negotiated successor contract agreements with the bargaining units represented by the Service Employees International Union (SEIU), Attorneys and Administrative Law Judges, Public Safety Officers, Craft and

Maintenance Workers, Stationary Engineers, Health and Social Service Professionals, Psychiatric Technicians, and Firefighters. The Administration will continue bargaining with the unit representing Physicians and Dentists, the only bargaining unit that remains without an agreement.

Additionally, as part of Chapter 2, Statutes of 2016 (AB 133), the 2015 Budget Act included a one-time allocation of \$240 million to pay down the state's unfunded liability for retiree health care. This amount was to be apportioned to the trust fund accounts of bargaining units that had reached a memorandum of understanding with the Administration by November 1, 2016, and where such agreement includes employer and employee contributions for prefunding retiree health care. Pursuant to the requirements of AB 133, the \$240 million appropriation has been apportioned to the Attorneys and Administrative Law, California Highway Patrol, Correctional Officers, Public Safety Officers, Professional Engineers, and Professional Scientists units.

Currently, the state has approximately \$400 million set aside in the prefunding trust fund to pay for future retiree health benefits. By the end of 2017-18, the trust fund balance will more than double and approach \$1 billion in assets.

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### STATE RETIREMENT CONTRIBUTIONS

The Administration remains committed to the long-term sustainability of the state retirement systems and to ensuring the benefits promised its employees are paid out during their retirement years.

Presently, like many other public pension funds, the California Public Employees' Retirement System (CalPERS) and the California State Teachers' Retirement System (CalSTRS) are struggling to keep funding on track to pay for future benefits. Weak investment returns in a low-interest rate environment have exposed the volatility of portfolios heavily reliant on stock returns. This dynamic is compounded by a maturing membership, with active employees—who pay into the system—nearly equaling the number of retirees drawing benefits. An increase in retiree life expectancy is also increasing costs. When the financial markets fall, the pension systems must spread the losses over a relatively small number of employees—driving substantial increases in contribution rates as a percentage of payroll. CalPERS and CalSTRS are facing negative cash flows, meaning the systems have to sell assets to pay for benefits. Additionally, because both systems are less than 100 percent funded, contributions above the normal

cost—the cost associated with employee benefits earned in a given year—are necessary to continue to pay down unfunded liabilities.

To address these issues, both CalPERS and CalSTRS have been evaluating the long-term investment assumptions—or discount rate—that the pension systems use to estimate contributions from employers, including the state. Lowering expectations for long-term investment earnings will trigger contribution increases for employers and most employees.

The Budget includes \$5.3 billion (\$2.8 billion General Fund) for state contributions to CalPERS for state pension costs. In addition, the Budget includes \$672 million General Fund for California State University retirement costs. These estimates include the effect of the recent CalPERS board decision to reduce the current 7.5 percent discount rate to 7 percent over the next three budget years. The reduction of the discount rate results in additional state contributions of approximately \$172 million (\$105 million General Fund) in 2017-18, increasing to \$2 billion (\$1.1 billion General Fund) when the discount rate changes are fully implemented. Total state pension contributions are expected to reach \$9.7 billion (\$5.6 billion General Fund) by 2023-24 due to changes in the discount rate, scheduled contribution increases under existing funding policies, and payroll growth.

The Budget also includes \$2.8 billion General Fund for state contributions to CalSTRS. The Budget assumes CalSTRS will adopt new mortality assumptions, implement a discount rate reduction, and exercise its authority to increase state contributions by 0.5 percent, resulting in an additional \$153 million in General Fund contributions. The proposed funding is consistent with the funding strategy signed into law in 2014, and positions CalSTRS on a sustainable path forward, eliminating the unfunded liability in about 30 years.

Figure SWE-01 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.

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## SECURE CHOICE RETIREMENT SAVINGS PROGRAM

Chapter 804, Statutes of 2016 (SB 1234), authorized the Secure Choice Retirement Savings Investment Board to implement the California Secure Choice Retirement Savings Program—a state-administered retirement savings program for private sector employees

Figure SWE-01  
**State Retirement and Health Care Contributions <sup>1/</sup>**  
(Dollars in Millions)

|                       | CalPERS <sup>2/</sup> | CSU<br>CalPERS      | CalSTRS | JRS   | JRS II | LRS | Active<br>Health &<br>Dental <sup>3/</sup> | Retiree<br>Health &<br>Dental | CSU<br>Retiree<br>Health | Employer<br>OPEB<br>Prefunding <sup>4/</sup> |
|-----------------------|-----------------------|---------------------|---------|-------|--------|-----|--|-------------------------------|--------------------------|--|
| 2008-09               | \$3,063               |                     | \$1,133 | \$189 | \$40   |     | \$2,146                                    | \$1,183                       |                          |  |
| 2009-10               | 2,861                 |                     | 1,191   | 184   | 32     |     | 2,120                                      | 1,182                         |                          | \$3  |
| 2010-11               | 3,230                 |                     | 1,200   | 166   | 54     |     | 2,277                                      | 1,387                         |                          | 2  |
| 2011-12               | 3,174                 |                     | 1,259   | 195   | 58     |     | 2,439                                      | 1,505                         |                          | 0  |
| 2012-13               | 2,948 <sup>5/</sup>   | \$449 <sup>5/</sup> | 1,303   | 160   | 51     |     | 2,567                                      | 1,365 <sup>5/</sup>           | \$222 <sup>5/</sup>      | 0  |
| 2013-14               | 3,269                 | 474                 | 1,360   | 188   | 52     | \$1 | 2,697                                      | 1,383                         | 225                      | 22   |
| 2014-15               | 4,042                 | 543                 | 1,486   | 179   | 63     | 1   | 2,797                                      | 1,462                         | 256                      | 38   |
| 2015-16               | 4,338                 | 585                 | 1,935   | 190   | 67     | 1   | 2,968                                      | 1,556                         | 264                      | 51   |
| 2016-17 <sup>6/</sup> | 4,754                 | 621                 | 2,473   | 202   | 68     | 1   | 3,101                                      | 1,647                         | 273                      | 323 <sup>7/</sup>                            |
| 2017-18 <sup>6/</sup> | 5,278                 | 672                 | 2,787   | 197   | 67     | 1   | 3,250                                      | 1,783                         | 295                      | 189  |

<sup>1/</sup> The chart does not include contributions for University of California pension or retiree health care costs.

<sup>2/</sup> 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.

<sup>3/</sup> These amounts include health, dental, and vision contributions for employees within state civil service, the Judicial and Legislative Branches, and CSU.

<sup>4/</sup> Amount reflects the employer contribution to pay down the OPEB unfunded liability.

<sup>5/</sup> Beginning in 2012-13, CSU pension and health care costs are displayed separately.

<sup>6/</sup> Estimated as of the 2017-18 Governor's Budget. 2017-18 General Fund costs are estimated to be \$2,783 million for CalPERS, \$672 million for CSU CalPERS, \$2,074 million for Retiree Health & Dental, \$1,526 million for Active Health and Dental, and \$100 million for Other Post-Employment Benefits (OPEB) Prefunding. The remaining totals are all General Fund.

<sup>7/</sup> Amount includes a one-time prefunding contribution of \$240 million pursuant to Chapter 2, Statutes of 2016 (AB 133).

in California with no access to workplace retirement savings plans. According to the feasibility study sponsored by the Board, there are approximately 6.8 million workers who do not have access to a workplace retirement plan. The program offers all eligible workers an opportunity for retirement savings at a low cost to provide financial security during their retirement years. The Budget provides an initial \$15 million General Fund loan to fund the necessary start-up and administrative costs to implement the program. Additional General Fund loans will be provided in future years, as the program ramps up activities. Each loan will be repaid from the administrative fee charged to participants.

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## CIVIL SERVICE IMPROVEMENT

The Administration continues to pursue strategies to improve the state's civil service system that enable state departments to quickly recruit, hire, train, and develop employees through a merit-based process. Since the 2016 Budget Act, the Administration has furthered these efforts by implementing a web-based job analysis library for personnel officers, expanding the leadership competency training program for supervisors and managers, and consolidating approximately 2,000 human resource policy memoranda into a single and searchable online resource. To further these efforts, the Budget includes \$2.8 million in reimbursement authority for the Department of Human Resources to expand the capacity of the statewide training center, providing additional streamlined and tailored instruction for civil service employees. The Budget also establishes a statutory framework to further ongoing class consolidation efforts, which will increase promotional opportunities for employees while ensuring sufficient probation periods remain in place. The proposed statutory language will also provide departments—and job candidates—with hiring flexibility, by refreshing eligibility lists more frequently to respond to a dynamic workforce.

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## INFORMATION TECHNOLOGY SECURITY

The Administration remains committed to keeping data about government operations safe and secure. In 2015, the Governor issued an Executive Order to establish the California Cybersecurity Information Center through the Office of Emergency Services as a coordinating entity for state agencies involved in protecting the state's computer networks and technology infrastructure. Several units at the Department of Technology are dedicated to preventing and responding to attacks on the state's Data Center, which houses the majority of the state's server capacity and network infrastructure. The Department of Technology's Office of Information Security audits departments for compliance with state security policies and the Military Department's Cyber Network Defense Team performs security assessments to identify vulnerabilities in departments' information technology infrastructure. Additionally, the Administration funds individual departments for information technology security operations as part of departments' state operations appropriations.

The Budget includes \$9.9 million (\$5.3 million General Fund) to strengthen the state's information technology security operations across various departments.

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## CANNABIS REGULATION

The Medical Marijuana Regulation and Safety Act enacted in 2015 created a regulatory framework for the licensing and enforcement of the cultivation, manufacture, transportation, storage, and distribution of medical cannabis in California. Proposition 64, the Adult Use of Marijuana Act, made the recreational use of cannabis legal to people over the age of 21. In addition, Proposition 64 makes it legal to sell and distribute cannabis as a regulated business beginning on January 1, 2018.

Proposition 64 levies new excise taxes on the cultivation and retail sale of both recreational and medical cannabis as of January 1, 2018. The cultivation tax is \$9.25 per ounce of flower and \$2.75 per ounce of leaves, to be paid on all recreational and medicinal cultivation of cannabis, and will be adjusted for inflation beginning in 2020. In addition, there will be a 15-percent tax on the retail price of cannabis. Recreational cannabis will also be subject to state and local sales taxes. Medical cannabis, on the other hand, is exempt from existing state and local sales taxes.

The amount and timing of revenues generated from the new excise taxes are highly uncertain and will depend on various factors including state and local regulations, how cannabis prices and consumption change in a legal environment, and future federal policies and actions toward the cannabis industry. Under Proposition 64, revenues generated from the new excise taxes will be allocated for various purposes, as specified by Proposition 64, including regulatory costs, youth substance use programs, environmental clean-up resulting from illegal cannabis growing, programs to reduce driving under the influence of cannabis and other drugs, and to reduce negative impacts on public health or safety resulting from the legalization of recreational cannabis.

As the state moves forward with the regulation of both medical cannabis and recreational cannabis, one regulatory structure of cannabis activities across California is needed. Implementing the current medical and recreational cannabis statutes separately will result in duplicative costs of an additional \$25 million for a second track and trace system. Additionally, a separate regulatory framework for each would lead to confusion among licensees and regulatory agencies, undermining consumer protection and public safety.

The Budget includes \$52.2 million for the regulation of cannabis in 2017-18 to fund regulatory activities, processing of licenses, and enforcement. Since cannabis license fees will not be collected until January 1, 2018, the General Fund provided loans to the Marijuana Control Fund to cover the initial implementation and regulatory costs for cannabis-related activities. It is anticipated that these loans will be repaid in 2018-19.

Specific proposals include:

- Department of Consumer Affairs—\$22.5 million to enhance the Bureau of Medical Cannabis Regulation within the Department of Consumer Affairs. The Bureau will regulate the transportation, storage, distribution, and sale of cannabis within the state and will also be responsible for licensing, investigation, enforcement, and coordination with local governments.
- Department of Public Health—\$1 million for the licensing and regulation of medical cannabis product manufacturers.
- Department of Food and Agriculture—\$23.4 million to provide Cannabis Cultivation Program administrative oversight, promulgate regulations, issue cannabis cultivation licenses, and perform an Environmental Impact Report. In addition, the Department of Food and Agriculture is responsible, with assistance from the California Department of Technology and the Board of Equalization, for establishing a track and trace program to report the movement of medical cannabis products throughout the distribution chain using unique identifiers.
- Board of Equalization—\$5.3 million in 2017-18 to notify businesses of the new tax requirements and update its information technology systems to register businesses and process tax returns from retail sales. Proposition 64 requires the Board of Equalization to administer an excise tax on cannabis sales and a cultivation tax on all harvested cannabis that enters the commercial market.
- Department of Health Care Services—\$5 million in 2016-17 for the public information program specified in Proposition 64. The program, to be established and implemented no later than September 1, 2017, will cover a number of health-related topics pertaining to cannabis and cannabis products.

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### STATE FLEET ZERO-EMISSION VEHICLES

Building upon the Governor's Executive Order B-16-12, which mandated specified increases to the number of zero-emission vehicles purchased for use in the state fleet, the Administration released an updated Action Plan in October 2016. It commits the state to further increasing the percentage of zero-emission vehicles purchased annually, starting at 15 percent in 2017-18 and reaching 50 percent by 2019-20. To more effectively implement the new directive, the Budget includes \$6.6 million (\$3.3 million General Fund) for engineering assessments associated with electric vehicle charging infrastructure

at state facilities. The Department of General Services will be required to certify it has maximized all available funding from non-state sources in advance of supporting these activities with state funds.

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### **PUBLIC UTILITIES COMMISSION**

The California Public Utilities Commission regulates privately owned telecommunications, electric, natural gas, and water companies, in addition to overseeing railroad/rail transit, moving and transportation companies. The Commission is the only agency in the state charged with protecting private utility consumers and overseeing that customers have safe, reliable utility service at reasonable rates. The Budget includes \$1.8 billion for the Commission.

During the last legislative session, the Governor signed a package of legislation enacting various reforms to improve safety, governance, accountability and transparency of the Commission. In an accompanying signing message, the Governor also called on the Commission to take additional actions to further improve transparency and accountability, including appointing an Ethics Ombudsman; establishing a web portal for the Public Advisor to receive public complaints and comments; creating a more streamlined process for releasing information to the public; improving coordination with other state agencies and departments; increasing the Commission's presence outside of San Francisco; and working with the California Research Bureau to study the governance of telecommunications service.

The Governor also directed the Administration to work with the Commission to develop a reorganization plan to transfer Commission duties and responsibilities over transportation-related entities to departments within the California Transportation Agency; codify the appointment of all senior executive staff who will serve at the pleasure of the Commission, including the Executive Director, General Counsel, Chief Internal Auditor, and Chief Administrative Law Judge; and codify the appointment of a Deputy Executive Director for Safety.

The Administration and the Commission will continue to work on implementing these measures throughout the current and upcoming fiscal years. Additional reform measures that may require legislative approval include subjecting the Commission to the judicial review provisions of the California Public Records Act and revising the Commission's public records response and confidentiality statute.

The Budget includes several proposals to implement the reforms:

- **Enhanced Transparency**—An increase of \$953,000 from various funds to implement multiple transparency initiatives identified in the reform package. Specifically, this proposal will support a new proceeding to update and implement the new *ex parte* rules and reporting requirements pursuant to Chapter 807, Statutes of 2016 (SB 215), fulfill the Commission’s statutory mandate to transcribe complete records of all proceedings and testimony before the Commission or any commissioner on any formal hearing within specified timelines, provide timely response to public records requests and subpoenas, and publish contract and contract process audit information as required by Chapter 815, Statutes of 2016 (AB 1651).
- **Improved Governance**—An increase of \$549,000 from various funds to improve cross-agency collaboration. The Commission will participate in federal administrative agency processes that can impact the Commission and California’s progress towards climate change goals. These resources also support implementing reforms enacted in Chapter 808, Statutes of 2016 (SB 512), to improve Commission operations and governance, including applying the Code of Ethics from the Administrative Procedures Act to administrative law judges, holding monthly meetings in areas outside of San Francisco, publishing information on the Internet informing public participation, and allowing certain local governments to be paid intervenor compensation when they intervene or participate in Commission proceedings for the purpose of protecting health and safety.

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## INFRASTRUCTURE

### DEBT SERVICE

General Obligation (GO) and lease revenue bonds are used to fund major infrastructure improvements such as new road construction, flood control levees, and other critical public infrastructure. California voters have approved more than \$112.3 billion of new GO bonds since 2000, including the Kindergarten through Community College Public Education Facilities Bond Act of 2016 (Proposition 51) approved in November 2016. As the state issues the remaining voter-authorized bonds, debt service costs will continue to increase.

Estimated General Fund debt service expenditures in 2017-18, after various other funding offsets, will increase by \$151 million over current-year expenditures, to a total of \$5.5 billion. This increase is comprised of \$104 million for GO debt service

(\$4.9 billion total) and \$48 million for lease revenue bonds (\$598 million total) and 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 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 less than \$1.4 billion by the end of October 2016, excluding the recent fall 2016 bond sales. In addition, only the most critical new lease revenue bond funded projects have been approved, thus minimizing new debt service while continuing to make needed investments.

### **CALIFORNIA FIVE-YEAR INFRASTRUCTURE PLAN**

In conjunction with the release of the Governor's Budget, the Administration is releasing the 2017 Five-Year Infrastructure Plan. The Plan outlines the Administration's infrastructure priorities for the next five years, including investments in transportation and high-speed rail, state institutions, natural resource programs, and education. Given the state's General Fund constraints, the Plan proposes limited investments to the most critical infrastructure projects.

## DEMOGRAPHIC INFORMATION

California's population growth continues to slow as the birth rate declines and immigration remains steady. As the baby boomer generation ages into retirement, millennials have become the largest component of the workforce and have surpassed the boomers as the most populous generation. Millennials are in the age group that traditionally starts families and forms new households, resulting in an increasing demand for housing. Rising home prices and dwindling affordable housing inventory, however, can delay these decisions and have long-term consequences for California.

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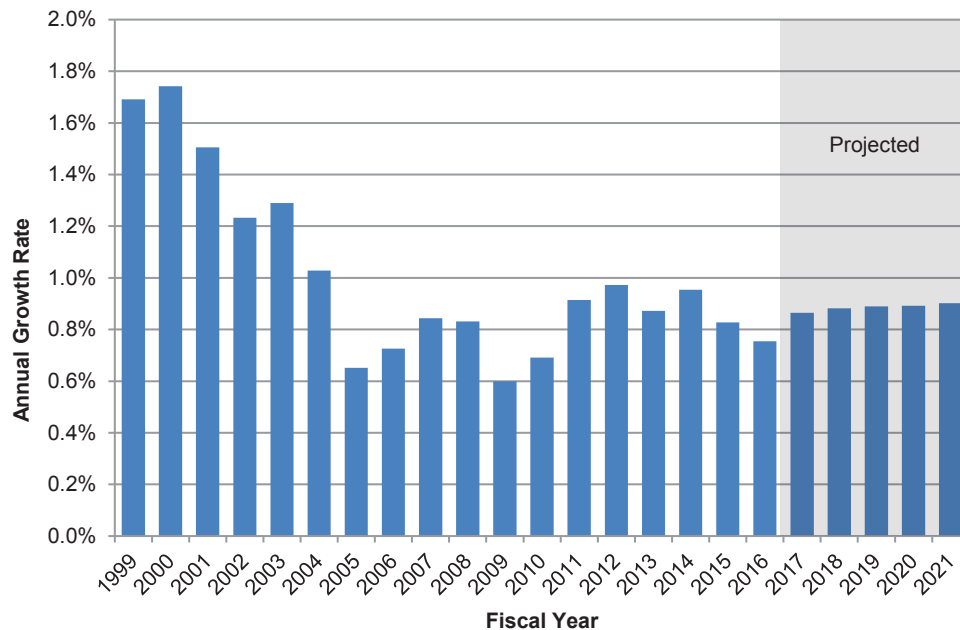
### DEMOGRAPHIC OUTLOOK

California experienced moderate population growth of 0.75 percent in fiscal year 2016. As of July 2016, there were an estimated 39.4 million people residing in California. The population is projected to increase to 39.7 million by 2017 and 40.0 million by 2018, with short-term annual growth rates of 0.9 percent for both years. California's population is expected to reach 40.8 million in 2020.

Over the next five years, the state is projected to grow by an average of 355,000 residents annually. Natural increase (births minus deaths) will account for most of the growth. The number of individuals moving to California from other states and countries will continue to exceed those moving out, primarily from international migration.

Figure DEM-01 displays the growth rates of California's population from 1999 to 2021.

Figure DEM-01  
California's Annual Population Growth Rate

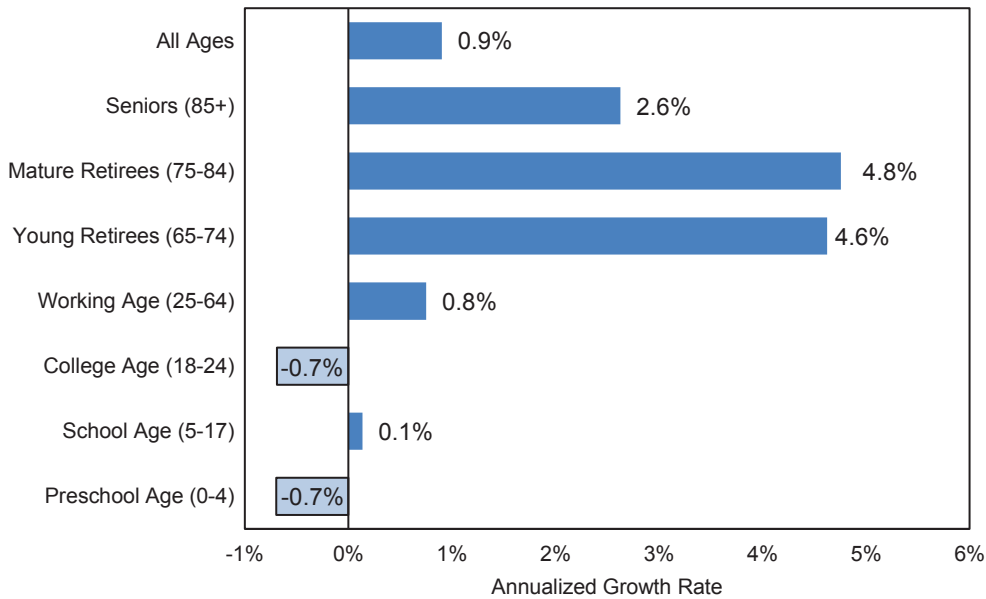


## POPULATION CHANGE

Over the next five years, California's population will grow the most in the older age groups (see Figure DEM-02). Individuals born in the baby boom era (1946-1964) are one of the largest cohorts. Although the baby boomers continue to swell the ranks of the 65 to 74 year olds, the fastest growing ten-year age group will become the 75 to 84 year olds as the first of the boomers reach 75 in 2021.

The 0 to 4 age population will shrink over the next five years by 0.7 percent per year due to declines in fertility driven by higher levels of educational attainment and delayed family formation. As millennials (born 1980-1994) fully age into the working-age population, the college-age population is also expected to decline. Despite the decline in these younger age groups, currently nearly 9.1 million people, or 23 percent of California's current population, are less than 18 years old. California has a slightly higher share of the population younger than 18 than the share in the remainder of the U.S. and has a lower share of those ages 65 and older. California's median age will remain lower than that of the U.S. as a whole.

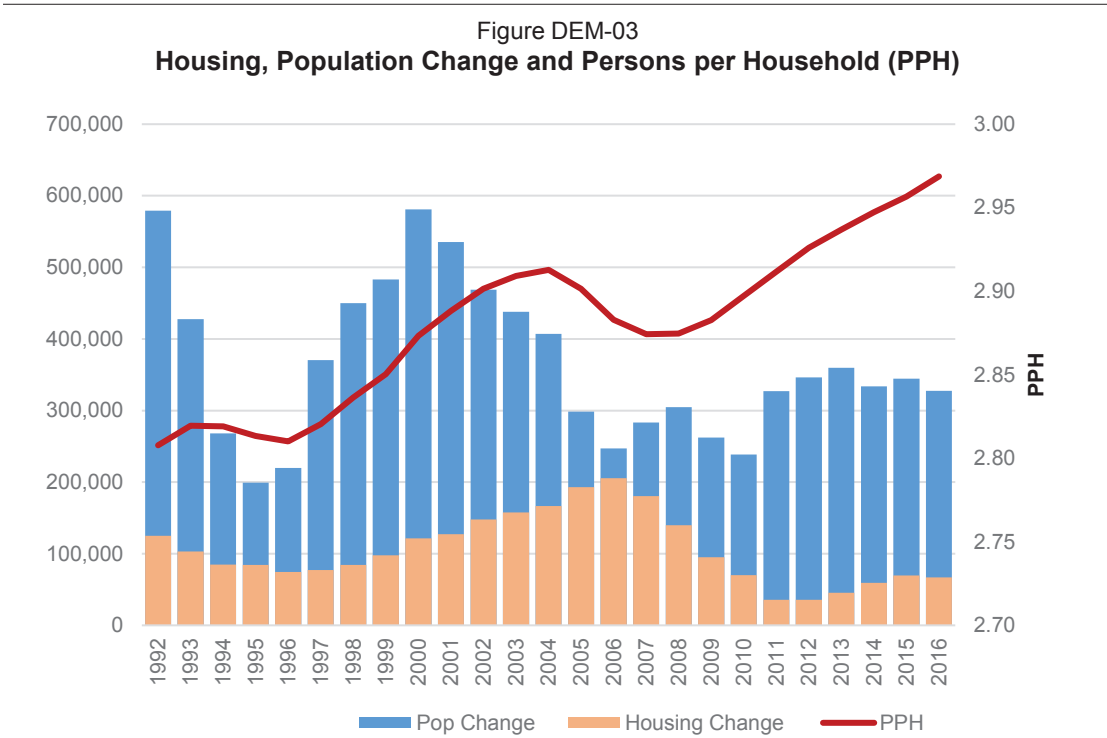
Figure DEM-02  
**Projected Annualized California Population Growth Rate  
 by Age Group (2016-2021)**



## HOUSING CHALLENGES

Growth in the housing stock has not kept up with population growth, particularly in the last eight years, leading to increasing numbers of persons per household (Figure DEM-03). Doubling up and the return of adult children to the familial home serves to reduce demand for housing-related goods and services. Additionally, such arrangements tend to delay the birth of children and in turn, lower the total number of children born to a woman over her lifetime.

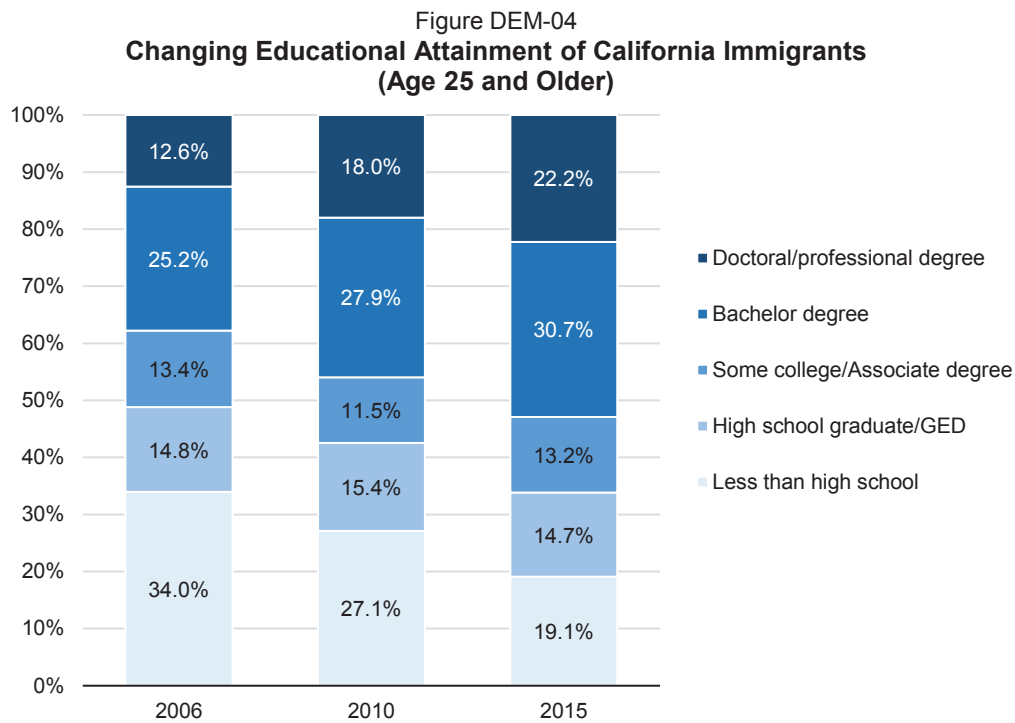
For all regions, levels of housing growth were greater than population growth between 2005 and 2010. In contrast, between 2010 and 2015, all regions had population growth exceeding housing growth by considerable margins. The Bay Area had the greatest mismatch between housing and population over the last five years.



**IMMIGRATION**

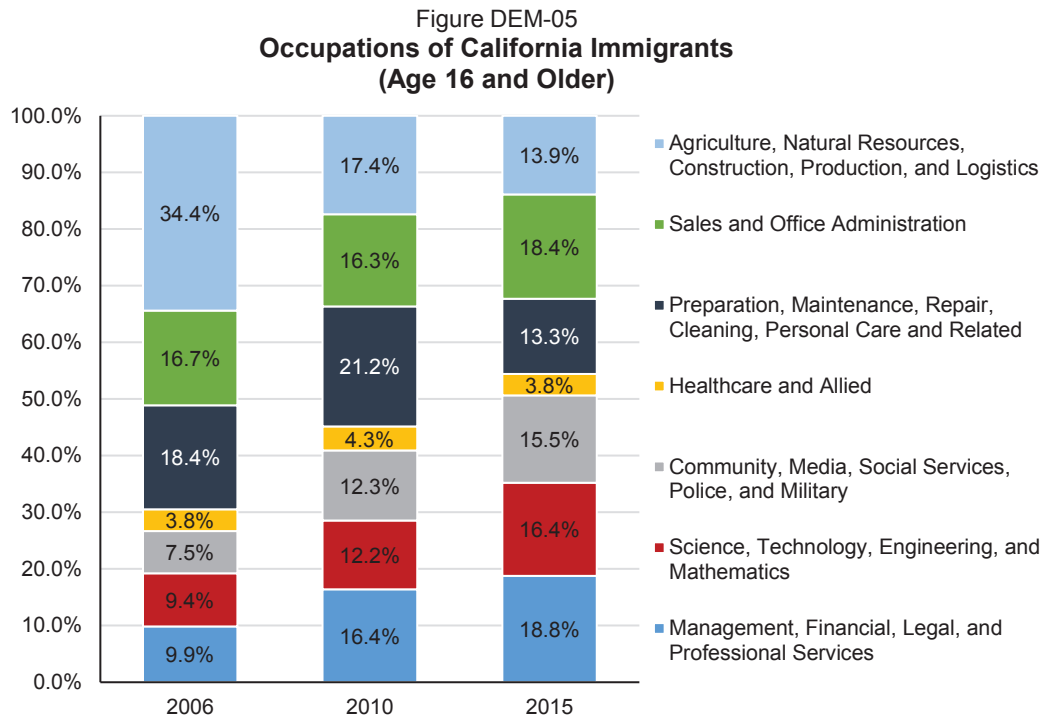
The majority of immigrants to California previously came from Latin America, but immigrants from Asia currently represent the largest group by region. Whereas previous immigrants largely congregated in existing neighborhoods in inner cities, or agricultural communities in California’s Central Valley, newer immigrants are increasingly moving to suburban neighborhoods.

Educational attainment of immigrants to California has been rising over time (Figure DEM-04). For those immigrants with a college degree, California posted significant gains (7.1 percent) between 2010 and 2015 in those with majors in Technology, Engineering, and Math. All other degree types held relatively constant. Such increases in overall education and skill levels are reflected in the rising incomes of immigrants over the past ten years. Real median personal income for employed immigrants doubled from \$11,345 in 2006 to \$23,029 in 2015.



## DEMOGRAPHIC INFORMATION

The changing nature of immigration to California will be reflected in California's labor force, since immigrants comprise more than one third of the workforce. Over the past decade, the distribution of immigrants by occupation has shifted away from the agriculture, manufacturing, and service sectors, and increasingly into the telecommunications, information technology, and professional services sectors (Figure DEM-05).



## ECONOMIC OUTLOOK

Growth has begun to slow in both the nation and California as the economy nears full employment. Jobs were added at a slower pace in 2016 than in 2015 while more people were drawn into the labor force in the nation and California. Inflation for the U.S. and California trended higher in 2016 due in part to housing costs, although the inflation rate is still relatively low.

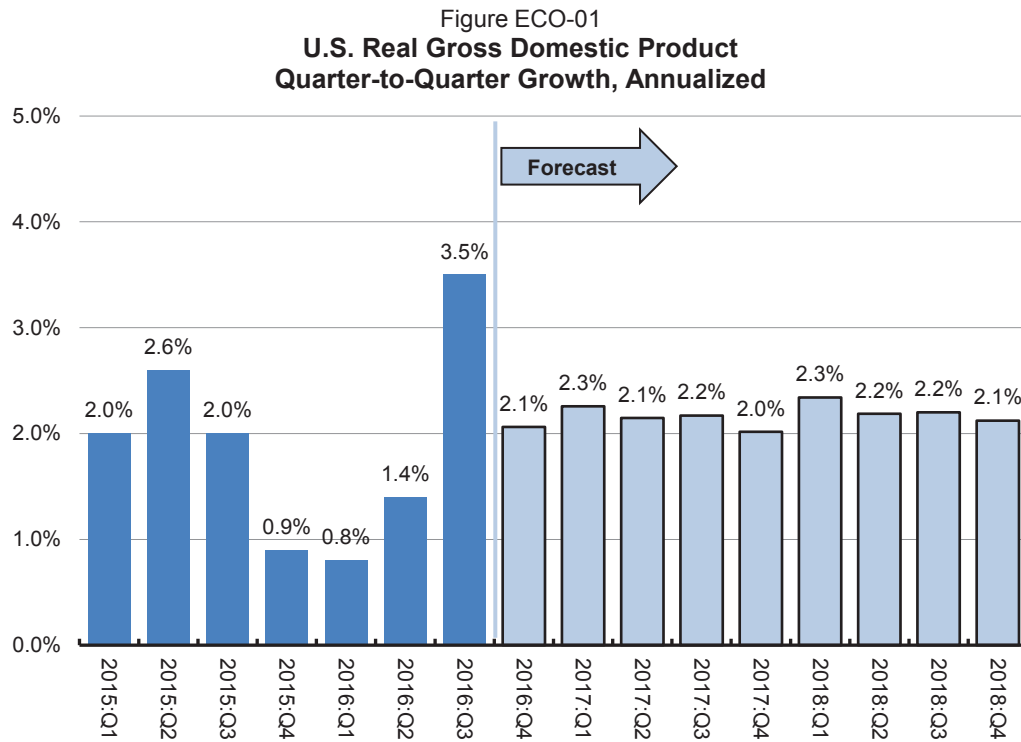
The U.S. economy grew slowly in 2016, with consumption growth compensating somewhat for low investment and exports. The outlook assumes moderate growth throughout the forecast period, although the length of the current expansion would exceed that of the previous record if growth continues past 2018. Inflation is expected to rise gradually. A recession—sooner rather than later—or a stock market correction remain risks to the outlook. Housing constraints in California could limit future growth. In addition, significant policy changes in the U.S. or in foreign countries, such as to international trade or immigration, could lead to disruptions in the economy.

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### THE NATION – SLOWER GROWTH

The U.S. unemployment rate reached 5.0 percent in October 2015 and has since remained close to that level. Around 2.1 million people joined the labor force in 2016, which represents an increase of 1.4 percent, and a much faster pace than the growth of 0.8 percent in 2015. At the same time, nonfarm employment grew by 1.7 percent (2.5 million) in 2016, slower than the growth of 2.1 percent in 2015. The U.S. economy grew unevenly in 2016, with annual real Gross Domestic Product (GDP) growth expected

to be 1.5 percent. Consumption grew due to more workers finding jobs, but private investment and net exports were both negative. Growth is expected to pick up to a moderate pace beginning in 2017. (See Figure ECO-01 for details.)



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

The Federal Reserve raised interest rates in December 2016 for only the second time in eight years. Interest rates are expected to increase very gradually over the next few years, while inflation is expected to remain around the Reserve target of 2 percent. Although oil prices remained low, higher housing and medical costs pushed up inflation to over 1 percent in 2016. See Figure ECO-02 for highlights of the national and California forecasts.

## CALIFORNIA – CONTINUED GROWTH

California's growth has continued, with the state becoming the 6<sup>th</sup> largest economy in the world in 2015. California's unemployment rate fell to 5.5 percent in February 2016 and is

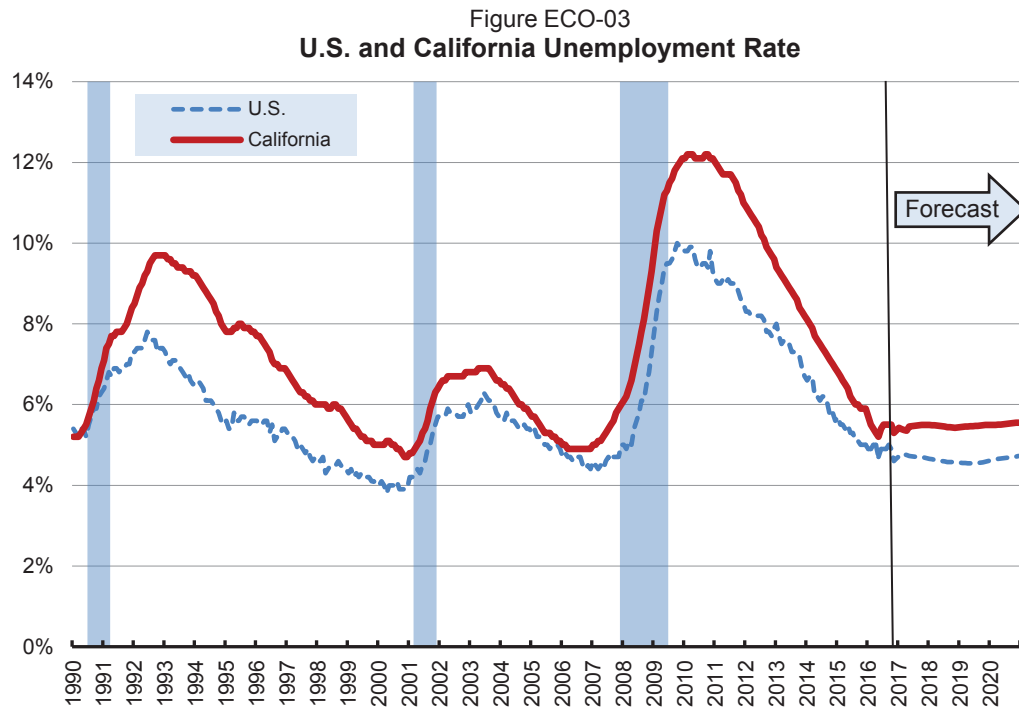
Figure ECO-02  
Selected Economic Indicators

| United States                               | 2012       | 2013       | 2014       | 2015       | 2016<br>Estimated | 2017<br>Projected | 2018<br>Projected |
|---|------------|------------|------------|------------|-------------------|-------------------|-------------------|
| Nominal gross domestic product, \$ billions | \$ 16,155  | \$ 16,692  | \$ 17,393  | \$ 18,037  | \$ 18,564         | \$ 19,408         | \$ 20,274         |
| Real gross domestic product, percent change | 2.2%       | 1.7%       | 2.4%       | 2.6%       | 1.5%              | 2.2%              | 2.2%              |
| <i>Contributions to real GDP growth</i>     |            |            |            |            |                   |                   |                   |
| Personal consumption expenditures           | 1.0%       | 1.0%       | 2.0%       | 2.2%       | 1.8%              | 1.7%              | 1.7%              |
| Gross private domestic investment           | 1.5%       | 1.0%       | 0.7%       | 0.8%       | -0.3%             | 0.6%              | 0.9%              |
| Net exports                                 | 0.1%       | 0.3%       | -0.2%      | -0.7%      | -0.1%             | -0.2%             | -0.4%             |
| Government purchases of goods and services  | -0.4%      | -0.6%      | -0.2%      | 0.3%       | 0.2%              | 0.1%              | 0.0%              |
| Personal income, \$ billions                | \$ 13,915  | \$ 14,074  | \$ 14,810  | \$ 15,459  | \$ 15,971         | \$ 16,665         | \$ 17,484         |
| Corporate profits, percent change           | 10.0%      | 1.7%       | 5.9%       | -3.0%      | -1.7%             | 4.3%              | 4.6%              |
| Housing permits, thousands                  | 830        | 991        | 1,052      | 1,183      | --                | --                | --                |
| Housing starts, thousands                   | 784        | 928        | 1,001      | 1,108      | 1,152             | 1,226             | 1,320             |
| Median sales price of existing homes        | \$ 177,200 | \$ 197,400 | \$ 208,900 | \$ 223,900 | --                | --                | --                |
| Federal funds rate, percent                 | 0.1%       | 0.1%       | 0.1%       | 0.1%       | 0.4%              | 0.8%              | 1.5%              |
| Consumer price index, percent change        | 2.1%       | 1.5%       | 1.6%       | 0.1%       | 1.3%              | 2.1%              | 2.3%              |
| Unemployment rate, percent                  | 8.1%       | 7.4%       | 6.2%       | 5.3%       | 4.9%              | 4.7%              | 4.6%              |
| Civilian labor force, millions              | 155.0      | 155.4      | 155.9      | 157.1      | 159.3             | 161.2             | 163.0             |
| Nonfarm employment, millions                | 134.2      | 136.4      | 138.9      | 141.8      | 144.3             | 146.1             | 147.4             |
| <b>California</b>                           |            |            |            |            |                   |                   |                   |
| Personal income, \$ billions                | \$ 1,839   | \$ 1,862   | \$ 1,978   | \$ 2,104   | \$ 2,191          | \$ 2,288          | \$ 2,387          |
| California exports, percent change          | 1.5%       | 4.0%       | 3.4%       | -4.9%      | --                | --                | --                |
| Housing permits, thousands                  | 59         | 86         | 86         | 98         | 97                | 105               | 115               |
| Housing unit net change, thousands          | 45         | 59         | 69         | 67         | --                | --                | --                |
| Median sales price of existing homes        | \$ 319,310 | \$ 407,150 | \$ 446,890 | \$ 474,420 | --                | --                | --                |
| Consumer price index, percent change        | 2.2%       | 1.5%       | 1.8%       | 1.5%       | 2.3%              | 2.7%              | 2.9%              |
| Unemployment rate, percent                  | 10.4%      | 8.9%       | 7.5%       | 6.2%       | 5.5%              | 5.5%              | 5.5%              |
| Civilian labor force, millions              | 18.5       | 18.7       | 18.8       | 19.0       | 19.2              | 19.3              | 19.5              |
| Nonfarm employment, millions                | 14.8       | 15.2       | 15.6       | 16.1       | 16.5              | 16.8              | 16.9              |
| <i>Percent of total nonfarm employment</i>  |            |            |            |            |                   |                   |                   |
| Mining and logging                          | 0.2%       | 0.2%       | 0.2%       | 0.2%       | 0.1%              | 0.1%              | 0.1%              |
| Construction                                | 4.0%       | 4.2%       | 4.3%       | 4.5%       | 4.7%              | 4.8%              | 5.0%              |
| Manufacturing                               | 8.5%       | 8.3%       | 8.2%       | 8.1%       | 7.9%              | 7.7%              | 7.7%              |
| High technology                             | 2.3%       | 2.2%       | 2.2%       | 2.1%       | 2.1%              | 2.1%              | 2.1%              |
| Trade, transportation, and utilities        | 18.5%      | 18.4%      | 18.4%      | 18.3%      | 18.2%             | 18.1%             | 18.0%             |
| Information                                 | 2.9%       | 3.0%       | 3.0%       | 3.0%       | 3.0%              | 2.9%              | 2.9%              |
| Financial activities                        | 5.2%       | 5.2%       | 5.0%       | 5.0%       | 4.9%              | 4.9%              | 4.9%              |
| Professional and business services          | 15.2%      | 15.4%      | 15.6%      | 15.5%      | 15.7%             | 15.6%             | 15.6%             |
| High technology                             | 2.4%       | 2.4%       | 2.5%       | 2.6%       | 2.8%              | 2.8%              | 2.8%              |
| Educational and health services             | 15.1%      | 15.2%      | 15.2%      | 15.3%      | 15.4%             | 15.7%             | 15.7%             |
| Leisure and hospitality                     | 10.8%      | 11.1%      | 11.3%      | 11.4%      | 11.5%             | 11.6%             | 11.7%             |
| Other services                              | 3.4%       | 3.4%       | 3.4%       | 3.4%       | 3.4%              | 3.3%              | 3.3%              |
| Government                                  | 16.1%      | 15.7%      | 15.5%      | 15.3%      | 15.2%             | 15.1%             | 15.1%             |

Forecast based on data available as of November 2016.

Percent changes calculated from unrounded data.

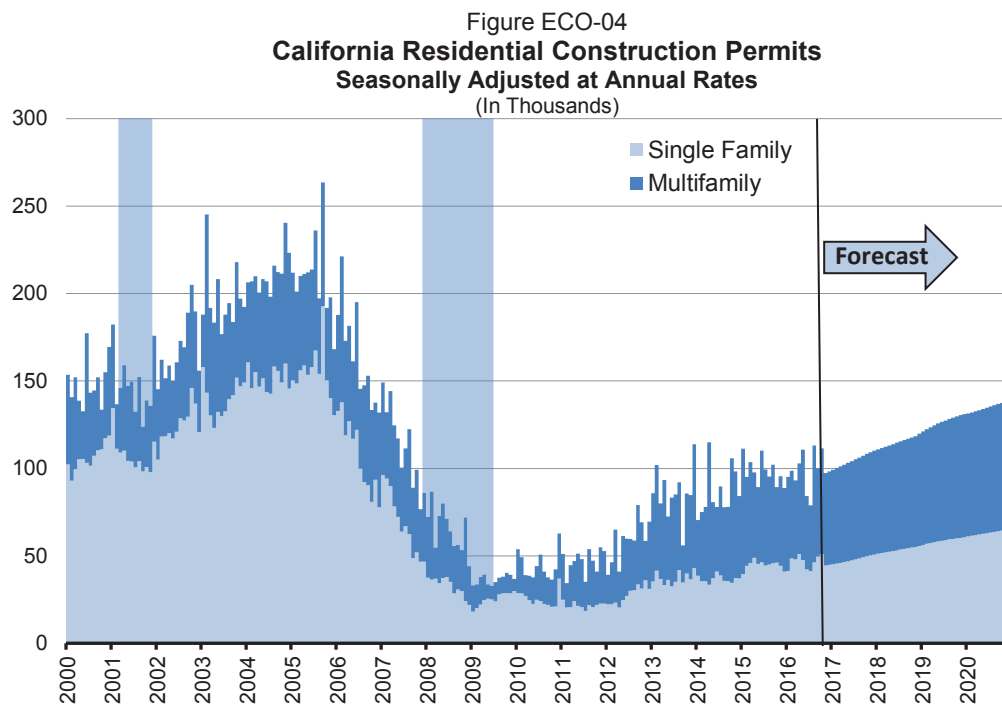
expected to remain near that level (Figure ECO-03). The labor force expanded by around 200,000 workers, or approximately 1.2 percent in 2016. This was higher than the growth of 0.8 percent in 2015, and is the largest gain since 2008.



Shaded areas indicate U.S. recessions.  
Source: U.S. Bureau of Labor Statistics; CA Employment Development Department, Labor Market Information Division; CA Department of Finance Governor's Budget Forecast.

Despite the increase in the minimum wage from \$9 to \$10 per hour on January 1, 2016, lower-wage sectors such as leisure and hospitality and educational and health services continued to grow in 2016. The stronger-than-expected growth in these sectors also led to greater labor force participation, with rising rates despite an aging population. This, in turn, led to slower wage growth than expected in 2016, and lowered overall personal income growth. The increase to \$10.50 per hour for employers with more than 25 employees at the beginning of 2017 is assumed to be followed by all scheduled minimum wage increases through \$15 per hour in the outlook. Personal income growth is expected to remain at 4.4 percent in 2017 and annually thereafter.

Consumer inflation has averaged only 2 percent in California and 1.6 percent in the nation since 2010, as measured by the Consumer Price Index (CPI). Inflation began to pick up in 2016 due largely to increasing housing costs, rising medical care outlays, and recovering energy prices. California's higher housing costs, particularly in the Bay Area, have resulted in higher state inflation relative to the nation. Overall California consumer inflation is expected to average 2.3 percent in 2016, 2.7 percent in 2017, and 2.9 percent in 2018. Low levels of housing permits relative to demand are expected to continue in 2017 and 2018 (Figure ECO-04). The statewide median sales price of an existing single-family home was \$513,520 in October, around \$80,000 below the pre-recession peak of \$594,530 reached in May 2007, and more than double the national median price of \$232,200.



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### **RISKS TO CONSIDER**

In addition to the risk of a recession, there are several risks to the state's economy in the next few years, including rising housing prices, disruptions to trade, or a stock market correction.

#### **HOUSING**

Since 2010, California's housing supply has expanded slowly and unevenly across regions, causing statewide housing stress. California's total nonfarm employment grew by about 2 million from 2010 to 2015 while the supply of housing units grew by less than 300,000 units. The stress is particularly stark in the Bay Area, where nonfarm employment increased by nearly 600,000 while housing supply edged up only 72,000 units. The lag in the supply of housing has kept home prices and rental costs high.

With job growth continuing to be concentrated in the Los Angeles area and the Bay Area, the increased demand, combined with the low supply of housing will continue to push up prices. Rising wages can compensate somewhat for a high cost of living, but there are limits to how much companies can afford to pay workers. If workers are not willing to work for the wages offered, and companies are unable to relocate to lower-cost areas in the state or move here from elsewhere, job growth may stall.

#### **TRADE**

International trade is a vital component of the U.S. and California economy with the sum of imports and exports equal to around 30 percent of the nation's GDP. California is the home of the nation's busiest international ports and is one of the leading producers and exporters of high value-added technology products. A significant number of jobs are linked directly to international trade. In 2015, \$165 billion worth of commodities were exported to the rest of the world through California ports including computers and electronics, machinery, chemicals, transportation equipment, and agricultural products. California's top three trade partners are Mexico, Canada, and China.

The U.S. has 14 free trade agreements currently in force with 20 countries, and companies based in California have developed global supply chains for the products they sell. If goods made abroad are cheaper, that benefits U.S. buyers. Countries can also benefit from specializing in the types of goods they are efficient at producing, such as high value-added technology products. Changes to existing free trade policies could cause prices to spike, and could lead to job losses as the economy adjusts.

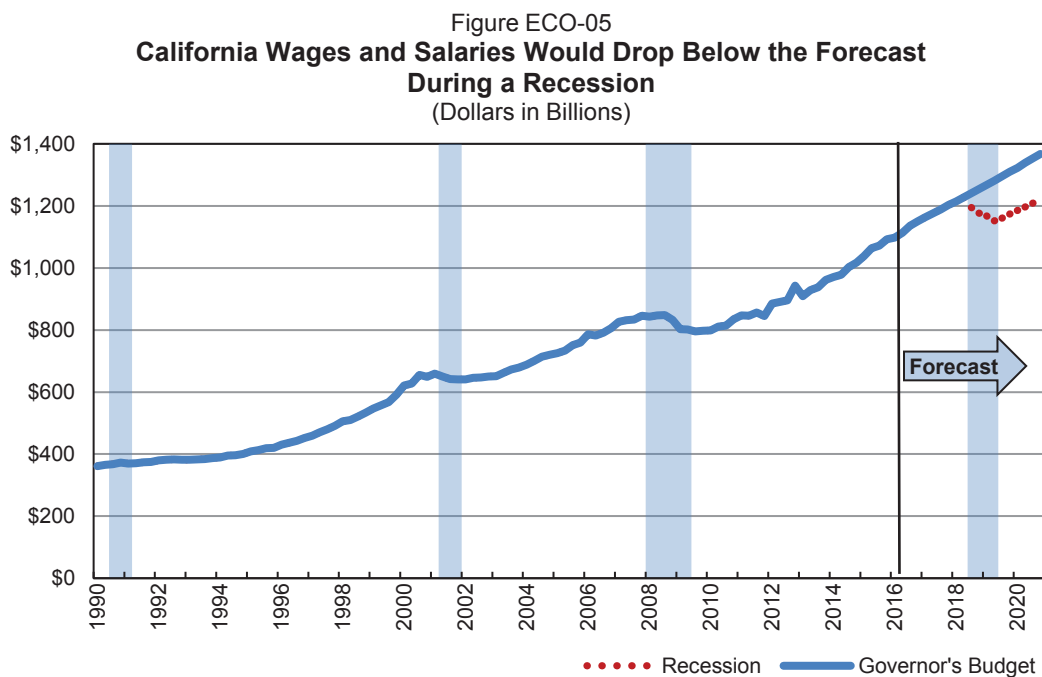
This would particularly hurt lower-income workers, who would face higher prices on the goods they buy.

### STOCK MARKET

The S&P 500 index ended 2016 9.5 percent higher than at the end of 2015, and has now been rising on an annual basis since 2009. California is home to many large companies, and their growth has pushed up employment, particularly in high-wage jobs. This supports personal income growth and revenues in the state. Even absent a recession, a stock market correction that causes firms to slow or reverse their growth would significantly affect California.

## PLANNING FOR THE NEXT RECESSION

The current economic expansion has lasted since mid-2009, but on average, expansions last for only around five years. As described in the Introduction, it would be a historical anomaly for there not to be a recession before 2020. Even a fairly mild recession in the U.S. would be difficult for California. Under a moderate recession scenario for the U.S. over 2018-2019, real U.S. GDP would fall by 0.4 percent. California would lose almost one million jobs, and wages and salaries would initially fall by more than 5 percent, with an ongoing difference versus the forecast of about 10 percent (Figure ECO-05).



Shaded areas indicate U.S. recessions.

Source: U.S. Department of Commerce, Bureau of Economic Analysis; CA Department of Finance.

In addition, as a recession would likely be accompanied by a large fall in the stock market, revenues would be strongly affected.

While this recession scenario is not based on any particular trigger, recessions occur when an imbalance between expectations and the underlying economy is forced to correct. Previous corrections have included rebalancing following overvaluations in the technology sector at the beginning of the century, or overinvestment in housing in the last recession. In the current expansion, most growth in the U.S. is due to rising consumption as people find work and make more money. As discussed above, there are a number of potential changes that could cause people to reassess their expectations, and thus start a recession.

## REVENUE ESTIMATES

California's economy and revenues are expected to continue to grow, although somewhat more slowly than assumed in the 2016 Budget Act. The General Fund revenue forecast has been reduced, reflecting lower growth in wages, proprietorship income, consumption, and investment. As a result, before accounting for transfers such as to the Rainy Day Fund, General Fund revenue is lower than the 2016 Budget Act projections by \$5.8 billion from 2015-16 through 2017-18.

Figure REV-01 compares the revenue forecasts, by source, in the 2016 Budget Act and the Governor's Budget. Revenue, including transfers, is expected to be \$119 billion in 2016-17 and \$124 billion in 2017-18. The projected decrease since the 2016 Budget Act is due to a lower forecast for all three major revenue sources. Over the three fiscal years, personal income tax is down \$2.1 billion, sales tax is down \$1.9 billion, and corporation tax is down \$1.7 billion.

The downgraded revenue forecast for personal income tax is driven by lower wage growth. Because much of the employment growth since May has come from workers newly entering or reentering the labor force, the pressure to increase wages is somewhat lower than had been expected. Additionally, because of the increases in the minimum wage in 2014 and 2016, a greater share of the growth in wages appears to be going to lower income workers. Thus, the Governor's Budget forecast calls both for somewhat lower wage growth and for that growth to be distributed more evenly among taxpayers. The more equal distribution of wages reduces the average tax rate applied to those wages. Although the rate of wage growth has slowed, wages have

Figure REV-01  
**2017-18 Governor's Budget**  
**General Fund Revenue Forecast**  
**Reconciliation with the 2016 Budget Act**  
(Dollars in Millions)

| Source                             | 2016<br>Budget Act | Governor's<br>Budget | Change From Budget<br>Act Forecast |              |
|------------------------------------|--------------------|----------------------|------------------------------------|--------------|
| <b>Fiscal 2015-16: Preliminary</b> |                    |                      |                                    |              |
| Personal Income Tax                | \$79,962           | \$78,947             | -\$1,015                           | -1.3%        |
| Sales & Use Tax                    | 25,028             | 24,890               | -138                               | -0.6%        |
| Corporation Tax                    | 10,309             | 9,902                | -408                               | -4.0%        |
| Insurance Tax                      | 2,486              | 2,562                | 76                                 | 3.1%         |
| Alcoholic Beverage                 | 370                | 369                  | -2                                 | -0.4%        |
| Cigarette                          | 87                 | 85                   | -2                                 | -1.7%        |
| Pooled Money Interest              | 38                 | 41                   | 2                                  | 6.5%         |
| Other Revenues                     | 1,695              | 1,742                | 47                                 | 2.8%         |
| <b>Subtotal</b>                    | <b>\$119,976</b>   | <b>\$118,538</b>     | <b>-\$1,438</b>                    | <b>-1.2%</b> |
| Transfers <sup>1/</sup>            | -2,974             | -3,038               | -64                                | 2.2%         |
| <b>Total</b>                       | <b>\$117,001</b>   | <b>\$115,500</b>     | <b>-\$1,501</b>                    | <b>-1.3%</b> |
| <b>Fiscal 2016-17</b>              |                    |                      |                                    |              |
| Personal Income Tax                | \$83,393           | \$83,136             | -\$257                             | -0.3%        |
| Sales & Use Tax                    | 25,727             | 24,994               | -733                               | -2.9%        |
| Corporation Tax                    | 10,992             | 10,389               | -604                               | -5.5%        |
| Insurance Tax                      | 2,345              | 2,309                | -36                                | -1.5%        |
| Alcoholic Beverage                 | 377                | 370                  | -6                                 | -1.7%        |
| Cigarette                          | 85                 | 79                   | -5                                 | -6.3%        |
| Pooled Money Interest              | 63                 | 60                   | -3                                 | -4.1%        |
| Other Revenues                     | 1,178              | 1,104                | -74                                | -6.3%        |
| <b>Subtotal</b>                    | <b>\$124,159</b>   | <b>\$122,441</b>     | <b>-\$1,718</b>                    | <b>-1.4%</b> |
| Transfers <sup>1/</sup>            | -3,850             | -3,676               | 174                                | -4.5%        |
| <b>Total</b>                       | <b>\$120,310</b>   | <b>\$118,766</b>     | <b>-\$1,544</b>                    | <b>-1.3%</b> |
| <b>Fiscal 2017-18</b>              |                    |                      |                                    |              |
| Personal Income Tax                | \$86,726           | \$85,866             | -\$861                             | -1.0%        |
| Sales & Use Tax                    | 26,188             | 25,179               | -1,009                             | -3.9%        |
| Corporation Tax                    | 11,543             | 10,878               | -666                               | -5.8%        |
| Insurance Tax                      | 2,267              | 2,368                | 102                                | 4.5%         |
| Alcoholic Beverage                 | 383                | 372                  | -11                                | -2.9%        |
| Cigarette                          | 82                 | 65                   | -17                                | -21.2%       |
| Pooled Money Interest              | 121                | 97                   | -24                                | -20.1%       |
| Other Revenues                     | 1,157              | 913                  | -244                               | -21.1%       |
| <b>Subtotal</b>                    | <b>\$128,468</b>   | <b>\$125,738</b>     | <b>-\$2,730</b>                    | <b>-2.1%</b> |
| Transfers <sup>1/</sup>            | -1,707             | -1,711               | -4                                 | 0.2%         |
| <b>Total</b>                       | <b>\$126,762</b>   | <b>\$124,027</b>     | <b>-\$2,734</b>                    | <b>-2.2%</b> |
| <b>Three-Year Total</b>            |                    |                      | <b>-\$5,779</b>                    |              |

Totals may not add because of rounding.

<sup>1/</sup>Includes transfers to Budget Stabilization Account for each year.

been and are expected to continue growing faster than the economy as a whole. This differential puts downward pressure on business income. As such, the Governor's Budget forecast has somewhat reduced the expected growth in sole proprietorship income and partnership income.

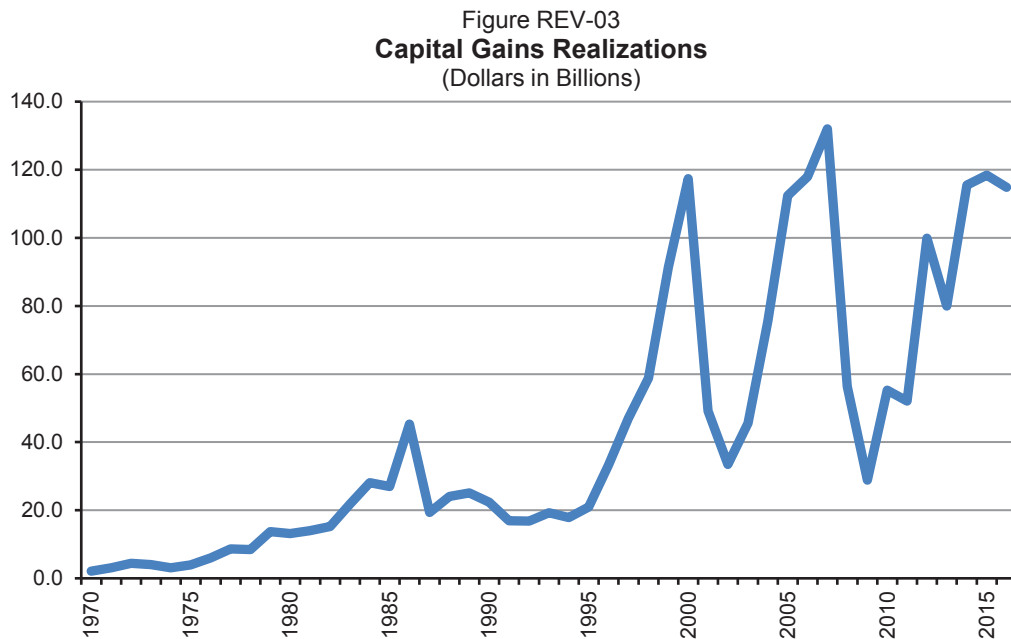
The sales tax forecast has been reduced to reflect slower growth in consumer spending and business investment. California's high housing costs are reducing the amount of income available for consumers to spend on taxable goods. The reduced corporation tax forecast reflects continued weak performance for corporate tax receipts as well as lower profits due to growing labor costs.

The forecast for capital gains is relatively unchanged from the 2016 Budget Act. 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 had dropped to \$2.3 billion. For 2015, capital gains are assumed to have contributed \$11.8 billion to General Fund revenue—the highest amount ever.

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

| <b>Annual Values</b>            | 2005    | 2006    | 2007    | 2008   | 2009   | 2010   | 2011   | 2012   | 2013    | 2014    | 2015 <sup>e/</sup> | 2016 <sup>e/</sup> | 2017 <sup>e/</sup> |
|---------------------------------|---------|---------|---------|--------|--------|--------|--------|--------|---------|---------|--------------------|--------------------|--------------------|
| Capital Gains Realizations      | \$112.4 | \$117.9 | \$132.0 | \$56.3 | \$28.8 | \$55.3 | \$52.1 | \$99.9 | \$79.9  | \$115.5 | \$118.4            | \$114.8            | \$110.2            |
| Tax Revenues from Capital Gains | \$9.2   | \$9.6   | \$10.9  | \$4.6  | \$2.3  | \$4.7  | \$4.2  | \$10.4 | \$7.6   | \$11.3  | \$11.8             | \$11.4             | \$11.0             |
| <b>Fiscal Year Values</b>       | 05-06   | 06-07   | 07-08   | 08-09  | 09-10  | 10-11  | 11-12  | 12-13  | 13-14   | 14-15   | 15-16              | 16-17              | 17-18              |
| Tax Revenues from Capital Gains | \$9.3   | \$10.0  | \$9.0   | \$3.9  | \$3.0  | \$4.5  | \$6.0  | \$9.6  | \$8.7   | \$11.4  | \$11.7             | \$11.3             | \$10.9             |
| Total General Fund Tax Revenues | \$91.0  | \$93.8  | \$95.8  | \$79.5 | \$84.6 | \$90.1 | \$83.3 | \$96.3 | \$101.5 | \$112.0 | \$115.5            | \$118.8            | \$124.0            |
| Capital Gains Percentage        | 10.3%   | 10.7%   | 9.4%    | 4.9%   | 3.5%   | 5.0%   | 7.2%   | 9.9%   | 8.6%    | 10.2%   | 10.1%              | 9.5%               | 8.8%               |
| <sup>e/</sup> Estimated         |         |         |         |        |        |        |        |        |         |         |                    |                    |                    |

Figure REV-03 shows capital gains reported on California tax returns from 1970 through projections for 2016. Although the level of capital gains has grown significantly since 1970 (along with the economy and total personal income tax revenue), capital gains volatility has been a constant. History suggests that above-normal levels of capital gains eventually drop off.



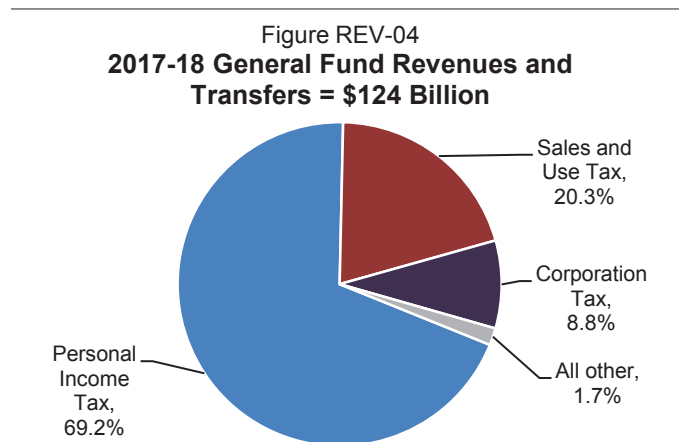
Forecasting capital gains is difficult because capital gains realizations are heavily dependent upon stock market performance. This forecast assumed that the S&P 500 ended 2016 at 2,180 and will grow at approximately 2 percent per year for the next several years. While the stock market forecast has been upgraded since the Budget Act, which assumed a 2016 year-end level of 2,118, estimated income tax payments thus far in 2016 have been weak, declining nearly 4 percent from the prior year. Reflecting these two opposing data points, the capital gains forecast is very close to Budget Act levels.

The highest-income Californians pay a large share of the state's personal income tax. For the 2014 tax year, the top 1 percent of income earners paid 48 percent of personal income taxes. This percentage has been greater than 40 percent for ten of the past eleven years. The share of total adjusted gross income from the top 1 percent of income earners has increased from 13.8 percent in 1993 to almost 24 percent in 2014. This number has exceeded 20 percent in ten of the past eleven 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. The Rainy Day Fund helps address some level of volatility. Under Proposition 2, when capital gains revenue is greater than 8 percent of General Fund tax revenue, that windfall revenue is used to pay off General Fund debts and build up a reserve for future downturns.

## GENERAL FUND REVENUE

Figure REV-04 shows the breakdown of General Fund revenues by taxation type. Personal income tax contributes 69.2 percent of the total.



## LONG-TERM FORECAST

Figure REV-05 shows the forecast for the three largest General Fund revenues from 2015-16 through 2020-21. Total General Fund revenue from these sources is expected

Figure REV-05  
**Long-Term Revenue Forecast - Three Largest Sources**  
(General Fund Revenue - Dollars in Billions)

|                     | 2015-16        | 2016-17        | 2017-18        | 2018-19        | 2019-20        | 2020-21        | Average Year-Over-Year Growth |
|---------------------|----------------|----------------|----------------|----------------|----------------|----------------|-------------------------------|
| Personal Income Tax | \$78.9         | \$83.1         | \$85.9         | \$89.1         | \$93.2         | \$97.5         | 4.2%                          |
| Sales and Use Tax   | 24.9           | 25.0           | 25.2           | 26.2           | 27.2           | 28.1           | 2.9%                          |
| Corporation Tax     | 9.9            | 10.4           | 10.9           | 11.3           | 11.9           | 12.5           | 4.8%                          |
| <b>Total</b>        | <b>\$113.7</b> | <b>\$118.5</b> | <b>\$121.9</b> | <b>\$126.7</b> | <b>\$132.3</b> | <b>\$138.1</b> | <b>4.0%</b>                   |
| Growth              | 4.1%           | 4.2%           | 2.9%           | 3.9%           | 4.4%           | 4.4%           |                               |

Note: Numbers may not add due to rounding.

to grow from \$113.7 billion in 2015-16 to \$138.1 billion in 2020-21. The average year-over-year growth rate for this period is 4 percent.

The economic forecast reflects slow but steady growth through 2020. The projected average growth rate in real Gross Domestic Product over this period is around 2.2 percent. The long-term revenue forecast reflects the sunset of the 0.25-cent Proposition 30 sales tax increase halfway through 2016-17. It also reflects the adoption of Proposition 55 by voters in November 2016 which begins to affect revenues in 2018-19. Proposition 55 extends through 2030 the top three personal income tax brackets that were first adopted as part of Proposition 30 and set to expire at the end of 2018.

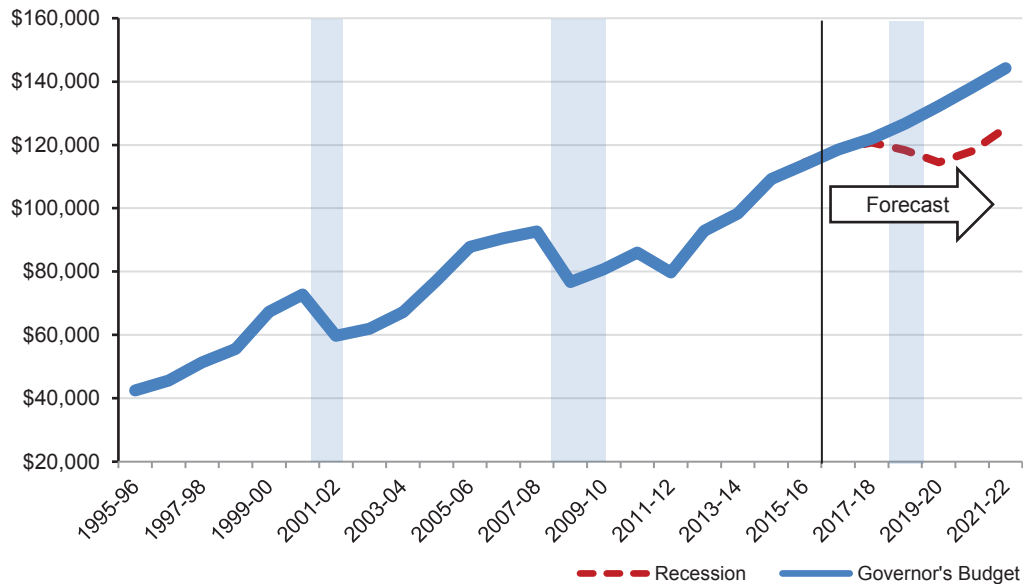
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### PLANNING FOR THE NEXT RECESSION

Economic growth is forecast to continue over the next few years. However, a recession during this period is possible, particularly in light of the length of the current expansion. As discussed in the Economic Outlook chapter, there are several economic risk factors that could either lead to a recession or cause a significant slowdown in revenue growth. One of the factors is the shortage of housing. Currently, the shortage of housing is limiting the growth of sales tax revenue as higher housing costs (which are not taxed) reduce the amount of disposable income available for other consumption. However, the shortage of housing could have an even more significant impact on revenue if it starts making it difficult for employers to attract skilled workers to work in high-cost areas such as Silicon Valley. Many of these workers are also foreign-born, and if the federal government attempts to reduce immigration by limiting H1-B visas, this could hurt the ability of California firms, particularly high-tech firms, to hire skilled staff.

Even in a moderate recession, revenue declines could be significant. Figure REV-06 shows a history of California's three largest revenue sources—personal income tax, sales tax, and corporation tax—along with revenue projections for the budget forecast and a moderate one-year recession in 2018-19. Under this scenario, revenue losses result from a decline in wages of over \$100 billion compared to forecast (about 10 percent) and by a drop in capital gains realizations due to a 25-percent stock market correction. The shaded areas in this figure show the timing of the 2001 recession, the 2007 recession, and the recession scenario. While the actual revenue declines in the past two recessions were significant (as shown in this figure), tax law changes temporarily increased revenues to lessen the declines. Revenue losses in this recession forecast would approach \$20 billion per year for several years and lead to a permanently lower revenue base compared to the current forecast.

Figure REV-06  
**Annual Revenue Could Drop by \$20 Billion in a Recession**  
 (Dollars in Millions)



## PERSONAL INCOME TAX

The personal income tax is the state's largest single revenue source and is expected to generate \$79 billion in 2015-16, \$83.1 billion in 2016-17, and \$85.9 billion in 2017-18. These figures reflect reductions of \$200 million in 2015-16, \$240 million in 2016-17, and \$264 million in 2017-18 for the state's new earned income tax credit.

Modeled closely on federal income tax law, California's personal income tax is imposed on net taxable income—gross income less exclusions and deductions. The tax rate structure is progressive over the income spectrum. For the 2012 tax year, the marginal rates ranged from 1 percent to 12.3 percent. Proposition 30 created three additional 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. Proposition 30 held these tax brackets in effect for seven years—tax years 2012 to 2018. Voters approved Proposition 55 in November of 2016, extending the three additional tax brackets through tax year 2030.

The largest income source for the personal income tax is wages and salaries. Although the year-over-year growth rate for wages tends to be less volatile than other income sources, wages and salaries include some unpredictable types of compensation such as stock grants, restricted stock units, stock options, and bonus payments. In 2014, taxes attributable to wages and salaries accounted for over 57 percent of personal income tax revenues. Based on the economic forecast, wages and salaries are expected to increase 5.4 percent in 2016, 5.2 percent in 2017, and 4.4 percent in 2018. These growth rates have been downgraded since the Budget Act forecast, reflecting the forecast for slower economic growth.

Recent data suggests that the distribution of income gains among various income levels since the beginning of 2015 has been more evenly distributed compared to prior years. The growth rate in wage withholding receipts has largely been in line with wage growth in 2015 and 2016. Further, estimated tax payments, which are disproportionately paid by high-income earners, have been relatively weak in 2016, suggesting that income gains have moderated among high-income earners.

A portion of personal income tax revenue is 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 programs. Revenues of \$1.8 billion are estimated for 2015-16. Annual revenues of \$1.9 billion for 2016-17 and 2017-18 are projected. The General Fund and the Mental Health Services Fund shares of personal income tax revenues for 2015-16 through 2017-18 are shown in Figure REV-07.

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

|                             | <b>2015-16<br/>Preliminary</b> | <b>2016-17<br/>Forecast</b> | <b>2017-18<br/>Forecast</b> |
|-----------------------------|--------------------------------|-----------------------------|-----------------------------|
| General Fund                | \$78,947,387                   | \$83,135,898                | \$85,876,730                |
| Mental Health Services Fund | 1,805,958                      | 1,863,048                   | 1,887,584                   |
| <b>Total</b>                | <b>\$80,753,345</b>            | <b>\$84,998,946</b>         | <b>\$87,764,314</b>         |

## CAPITAL GAINS

The Budget assumes that 2015 capital gains were almost \$120 billion, well above the long-term normal level for capital gains, about \$90 billion. Although the stock market is expected to yield slow growth in the coming years, the strong performance of the stock market for most of the first half of this decade is expected to lead to continued above-normal capital gains through 2017. The Budget forecasts 2017 capital gains to be \$110 billion and 2018 capital gains to be \$107 billion. The 2018 level of capital gains equates to 4.5 percent of personal income in 2018, which is considered a normal level for capital gains relative to the economy.

## 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 consumption of goods and business investment. The sales tax is expected to generate General Fund revenue of \$25 billion in 2016-17 and \$25.2 billion in 2017-18. Receipts from the sales tax, the state's second largest revenue source, are expected to contribute 20.3 percent of all General Fund revenues and transfers in 2017-18. The temporary 0.25-cent Proposition 30 increase expired at the end of 2016, halfway through the fiscal year. Taxable consumption and business investment has been weak. Additionally, housing and medical costs, which are not taxable, have both experienced high inflation and continue to displace taxable consumption.

Figure REV-08 displays total sales tax revenues for the General Fund and various special funds for 2015-16 through 2017-18.

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

|                                      | 2015-16<br>Preliminary | 2016-17<br>Forecast | 2017-18<br>Forecast |
|--------------------------------------|------------------------|---------------------|---------------------|
| General Fund                         | \$24,890,193           | \$24,994,096        | \$25,179,134        |
| Sales and Use Tax-1991 Realignment   | 3,232,789              | 3,315,674           | 3,460,023           |
| Sales and Use Tax-2011 Realignment   | 6,403,539              | 6,621,849           | 6,901,470           |
| Economic Recovery Fund <sup>1/</sup> | 964,645                | -                   | -                   |
| Public Transportation Account        | 464,607                | 417,141             | 466,495             |
| <b>Total</b>                         | <b>\$35,955,773</b>    | <b>\$35,348,759</b> | <b>\$36,007,122</b> |

<sup>1/</sup>Economic Recovery Bonds were repaid in July 2015.

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

Figure REV-09  
**2017-18 State and Local Sales and Use Tax Rates (as of January 1, 2017)**

| <b>State Rates</b>                      |             |  |
|---|-------------|--|
| General Fund                            | 3.94%       | The permanent rate of 3.94% may be temporarily reduced by 0.25% if General Fund operating reserves exceed specified levels.  |
| Local Revenue Fund 2011                 | 1.06%       | Revenues attributable to a rate of 1.0625 percent are dedicated to the Local Revenue Fund 2011 for realignment.  |
| 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.  |
| <b>Local Uniform Rates<sup>1/</sup></b> |             |  |
| Bradley-Burns                           | 1.00%       | Imposed by city and county ordinance for general purpose use. <sup>2/</sup>  |
| 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.  |
| <b>Local Add-on Rates<sup>3/</sup></b>  |             |  |
| Transactions and Use Taxes              | up to 2.00% | May be levied in 0.125% or 0.25% increments <sup>4/</sup> up to a combined maximum of 2.00% in any county. <sup>5/</sup> Any ordinance authorizing a transactions and use tax requires approval by the local governing board and local voters. |

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

<sup>2/</sup>The city tax constitutes a credit against the county tax. The combined rate is never more than 1 percent in any area.

<sup>3/</sup>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.

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

<sup>5/</sup>Alameda, Contra Costa, and Los Angeles counties may impose up to 2.5 percent transactions and use tax.

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

Over the last few years, wholesale trade has been the largest contributor to the sales tax base, comprising nearly 12 percent of taxable sales in calendar year 2014. Motor vehicle and parts dealer taxable sales were the second-largest contributor to the sales tax base, also at close to 12 percent, due to strong growth in automobile sales. Another significant contributor to the sales tax base is sales from food service, which comprised 11 percent of the sales tax base and includes full-service restaurants, bars, and food contractors and caterers.

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, 2017**

| County                      | Tax Rate | County                          | Tax Rate | County                      | Tax Rate |
|-----------------------------|----------|---------------------------------|----------|-----------------------------|----------|
| <b>Alameda</b> .....        | 9.25%    | <b>Mariposa</b> .....           | 7.75%    | <b>San Mateo</b> .....      | 8.75%    |
| Albany, Hayward,            |          | <b>Mendocino</b> .....          | 7.375%   | San Mateo                   | 9.00%    |
| San Leandro, Union City     | 9.75%    | Point Arena, Ukiah, Willits     | 7.875%   | South San Francisco         | 9.25%    |
| <b>Alpine</b> .....         | 7.25%    | Fort Bragg                      | 8.375%   | <b>Santa Barbara</b> .....  | 7.75%    |
| <b>Amador</b> .....         | 7.75%    | <b>Merced</b> .....             | 7.25%    | Guadalupe, Santa Maria      | 8.00%    |
| <b>Butte</b> .....          | 7.25%    | Atwater, Gustine                | 7.75%    | <b>Santa Clara</b> .....    | 8.50%    |
| Paradise                    | 7.75%    | Los Banos, Merced               |          | Campbell, San Jose          | 8.75%    |
| <b>Calaveras</b> .....      | 7.25%    | <b>Modoc</b> .....              | 7.25%    | <b>Santa Cruz</b> .....     | 8.00%    |
| <b>Colusa</b> .....         | 7.25%    | <b>Mono</b> .....               | 7.25%    | Capitola, Santa Cruz,       |          |
| Williams                    | 7.75%    | Mammoth Lakes                   | 7.75%    | Scotts Valley               | 8.50%    |
| <b>Contra Costa</b> .....   | 8.25%    | <b>Monterey</b> .....           | 7.375%   | Watsonville                 | 8.75%    |
| Antioch, Concord, Hercules, |          | Gonzales, King City             | 7.875%   | <b>Shasta</b> .....         | 7.25%    |
| Orinda,                     | 8.75%    | Carmel-by-the-Sea, Marina,      |          | Anderson                    | 7.75%    |
| Pittsburg                   |          | Monterey, Pacific Grove,        | 8.375%   | <b>Sierra</b> .....         | 7.25%    |
| San Pablo                   | 9.00%    | Sand City, Seaside, Soledad     |          | <b>Siskiyou</b> .....       | 7.25%    |
| Moraga, Pinole, Richmond    | 9.25%    | Del Rey Oaks, Salinas           | 8.875%   | Mount Shasta, Weed          | 7.50%    |
| El Cerrito                  | 9.75%    | Greenfield                      | 9.125%   | Dunsmuir                    | 7.75%    |
| <b>Del Norte</b> .....      | 7.50%    | <b>Napa</b> .....               | 7.75%    | <b>Solano</b> .....         | 7.375%   |
| <b>El Dorado</b> .....      | 7.25%    | <b>Nevada</b> .....             | 7.375%   | Vacaville                   | 7.625%   |
| Placerville,                | 7.75%    | Grass Valley                    | 7.875%   | Rio Vista                   | 8.125%   |
| South Lake Tahoe            |          | Truckee                         | 8.125%   | Benecia, Fairfield, Vallejo | 8.375%   |
| <b>Fresno</b> .....         | 7.975%   | Nevada City                     | 8.25%    | <b>Sonoma</b> .....         | 8.00%    |
| Reedley, Selma              | 8.475%   | <b>Orange</b> .....             | 7.75%    | Healdsburg, Rohnert Park,   |          |
| Sanger                      | 8.725%   | La Habra                        | 8.25%    | Santa Rosa, Sonoma          | 8.50%    |
| Huron                       | 8.975%   | Stanton                         | 8.75%    | Sebastopol                  | 8.75%    |
| <b>Glenn</b> .....          | 7.25%    | <b>Placer</b> .....             | 7.25%    | Cotati                      | 9.00%    |
| <b>Humboldt</b> .....       | 7.75%    | <b>Plumas</b> .....             | 7.25%    | <b>Stanislaus</b> .....     | 7.375%   |
| Arcata, Eureka, Trinidad    | 8.50%    | <b>Riverside</b> .....          | 7.75%    | Ceres, Oakdale              | 7.875%   |
| Rio Dell                    | 8.75%    | Cathedral City, Coachella, Palm |          | <b>Sutter</b> .....         | 7.25%    |
| <b>Imperial</b> .....       | 7.75%    | Springs                         | 8.75%    | <b>Tehama</b> .....         | 7.25%    |
| Calexico                    | 8.25%    | <b>Sacramento</b> .....         | 7.75%    | Red Bluff                   | 7.50%    |
| <b>Inyo</b> .....           | 7.75%    | Galt, Isleton,                  |          | Corning                     | 7.75%    |
| <b>Kern</b> .....           | 7.25%    | Rancho Cordova,                 | 8.25%    | <b>Trinity</b> .....        | 7.25%    |
| Ridgecrest                  | 8.00%    | Sacramento                      |          | <b>Tulare</b> .....         | 7.75%    |
| Arvin, Delano               | 8.25%    | <b>San Benito</b> .....         | 7.25%    | Visalia                     | 8.00%    |
| <b>Kings</b> .....          | 7.25%    | San Juan Bautista               | 8.00%    | Farmersville, Porterville,  |          |
| <b>Lake</b> .....           | 7.25%    | Hollister                       | 8.25%    | Tulare                      | 8.25%    |
| Clearlake, Lakeport         | 7.75%    | <b>San Bernardino</b> .....     | 7.75%    | Dinuba                      | 8.50%    |
| <b>Lassen</b> .....         | 7.25%    | Montclair, San Bernardino       | 8.00%    | <b>Tuolumne</b> .....       | 7.25%    |
| <b>Los Angeles</b> .....    | 8.75%    | <b>San Diego</b> .....          | 7.75%    | Sonora                      | 7.75%    |
| Avalon, Commerce,           |          | El Cajon, Vista                 | 8.25%    | <b>Ventura</b> .....        | 7.25%    |
| Culver City, El Monte,      |          | La Mesa                         | 8.50%    | Oxnard, Port Hueneme        | 7.75%    |
| Inglewood,                  |          | National City                   | 8.75%    | <b>Yolo</b> .....           | 7.25%    |
| San Fernando,               | 9.25%    | <b>San Francisco</b> .....      | 8.50%    | West Sacramento             | 7.75%    |
| Santa Monica,               |          | <b>San Joaquin</b> .....        | 7.75%    | Woodland                    | 8.00%    |
| South El Monte              |          | Manteca                         | 8.25%    | Davis                       | 8.25%    |
| Compton, La Mirada,         |          | Lathrop, Stockton               | 8.75%    | <b>Yuba</b> .....           | 7.25%    |
| Long Beach, Pico Rivera,    | 9.75%    | <b>San Luis Obispo</b> .....    | 7.25%    | Wheatland                   | 7.75%    |
| South Gate                  |          | Arroyo Grande, Atascadero,      |          | Marysville                  | 8.25%    |
| <b>Madera</b> .....         | 7.75%    | Grover Beach, Morro Bay, Paso   |          |                             |          |
| <b>Marin</b> .....          | 8.25%    | Robles, Pismo Beach, San Luis   | 7.75%    |                             |          |
| Novato                      | 8.50%    | Obispo                          |          |                             |          |
| Corte Madera, Fairfax,      |          |                                 |          |                             |          |
| Larkspur, San Anselmo,      | 8.75%    |                                 |          |                             |          |
| Sausalito                   |          |                                 |          |                             |          |
| San Rafael                  | 9.00%    |                                 |          |                             |          |

Since July 1, 2010, the General Fund portion of the sales tax no longer applies to gasoline. Taxable sales, excluding gasoline, increased by 5.7 percent in 2014-15. Based on preliminary data, it is estimated that taxable sales increased by 4.5 percent in 2015-16. Growth is expected to slow to 3.4 percent in 2016-17, followed by 4.2 percent in 2017-18.

A General Fund sales tax exemption for manufacturing equipment commenced July 1, 2014. The sales tax exemption applies to purchases of manufacturing or biotechnology research and development equipment, valued at up to \$200 million in qualifying purchases per business, per year. Utilization of this exemption was about \$170 million in 2015-16, and is forecast to be \$173 million in 2016-17 and \$185 million in 2017-18.

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### CORPORATION TAX

Corporation tax revenues are expected to contribute 8.8 percent of all General Fund revenues and transfers in 2017-18. Corporation tax revenues were \$9.9 billion in 2015-16 and are expected to increase by 4.9 percent to \$10.4 billion in 2016-17. In 2017-18, they are expected to increase by 4.7 percent to \$10.9 billion. These figures reflect a \$90 million reduction in both 2016-17 and 2017-18 due to the new managed care organizations tax.

Corporation tax revenues are expected to be lower than the Budget Act forecast by \$408 million in 2015-16, \$604 million in 2016-17, and \$666 million in 2017-18 due primarily to slower U.S. economic growth and wages pressuring corporate profits. Corporation tax receipts have been well below the Budget Act forecast and indicate that the growth in corporate profits is lower than the prior forecast.

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### INSURANCE TAX

Most insurance policies written in California are subject to a 2.35-percent gross premiums tax. This 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 \$2.3 billion in 2016-17 and \$2.4 billion in 2017-18, respectively. These figures reflect a \$280 million reduction in both 2016-17 and 2017-18 due to the new managed care organization tax.

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## 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 growth for each type of beverage. Overall, consumption of alcoholic beverages is expected to grow by about 0.5 percent in 2016-17 and 2017-18. Revenues from this tax were \$369 million in 2015-16 and are forecasted to be \$370 million in 2016-17 and \$372 million in 2017-18.

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## CIGARETTE TAX

The California Healthcare, Research and Prevention Tobacco Tax Act of 2016 (Proposition 56), passed by the voters in November 2016, increases the excise tax rate on cigarettes and tobacco products, effective April 1, 2017. The excise tax increases by \$2 from 87 cents to \$2.87 per pack of 20 cigarettes on distributors selling cigarettes in California. The equivalent excise tax on the distribution of other tobacco products such as cigars, chewing tobacco, pipe tobacco, and snuff also increases by \$2 from a \$1.37-equivalent to a \$3.37-equivalent tax. Lastly, Proposition 56 newly imposes the \$3.37-equivalent tobacco products tax on electronic cigarettes. The ad valorem excise tax 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 a rate equivalent to 87 cents 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.

- As of April 1, 2017, two dollars of the per-pack tax and an equivalent rate levied on non-cigarette tobacco products goes to the California Healthcare, Research and Prevention Tobacco Tax Act of 2016 Fund for distribution according to the provisions of Proposition 56 of 2016 (see Health and Human Services Chapter for the allocation).

As of June 9, 2016, California raised the minimum age to legally purchase cigarettes and other tobacco products from 18 to 21 years, with an exemption for active-duty military personnel. Although raising the legal smoking age is expected to slow initiation rates among young smokers, the negative revenue impact is forecast to be small through 2017-18.

Projections of cigarette tax revenues are based on projected per capita consumption of cigarettes, population growth, and the impact from the higher smoking age as well as the increased prices due to Proposition 56. Revenue estimates for other tobacco products also reflect recent law changes. The revenue estimate for electronic cigarettes was based upon the experience in Minnesota, which has a similar tax structure on electronic cigarettes. 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 decline is expected to accelerate with the passage of Proposition 56.

Annual per capita consumption (based on population ages 18-64) was 123 packs in 1989-90, 84 packs in 1997-98, and 35 packs in 2015-16. Due primarily to higher prices from Proposition 56, per capita consumption is forecast to decline to 26 packs in 2017-18, the first full fiscal year that Proposition 56 is in effect. Tax-paid packs of cigarettes were 860 million in 2015-16. In 2017-18, tax-paid packs of cigarettes are forecast to decline to 648 million.

Figure REV-11 shows the distribution of tobacco tax revenues for the General Fund and various special funds for 2015-16 through 2017-18.

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

|  | 2015-16<br>Preliminary | 2016-17<br>Forecast | 2017-18<br>Forecast |
|--|------------------------|---------------------|---------------------|
| General Fund   | \$85.3                 | \$79.3              | \$64.8              |
| Cigarette and Tobacco<br>Products Surtax Fund                                | 276.3                  | 261.0               | 221.7               |
| Breast Cancer Fund   | 17.0                   | 15.9                | 13.0                |
| California Children and<br>Families First Trust Fund                         | 461.4                  | 432.6               | 358.3               |
| California Healthcare,<br>Research and Prevention<br>Tobacco Tax Act of 2016 | 0.0                    | 367.9               | 1,433.2             |
| <b>Total</b>   | <b>\$840.0</b>         | <b>\$1,156.7</b>    | <b>\$2,091.0</b>    |

## OTHER REVENUES

### UNCLAIMED PROPERTY

The Budget reflects receipts of \$371 million in 2016-17 and \$378 million in 2017-18. These numbers reflect continuation of program outreach efforts to increase property holder awareness and compliance with Unclaimed Property Law.

### INDIAN GAMING

The Budget reflects General Fund revenues from tribal gaming of \$345 million in 2015-16, \$203 million in 2016-17, and \$11 million in 2017-18. This decline reflects the approval of recent compacts which redirect payments away from the General Fund to dedicated funds.

### 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 \$413 million and \$244 million in 2016-17 and 2017-18, respectively.

## 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 6 percent in 2015, with activity in the 2015 calendar year driving fiscal year 2016-17 assessed valuations for property tax purposes. This is lower than the 10-percent increase in median sales prices that occurred in 2014. While both median prices and sales volumes declined slightly from 2014 to 2015, property tax revenues will continue to show positive growth. California real estate continues to be an attractive investment for rental property investors as well as long-term buyers. As long as this trend continues, it will have a positive impact on property valuations and, therefore, on property tax revenues.

Statewide property tax revenues are estimated to increase 5.9 percent in 2016-17 and 5.3 percent in 2017-18. Approximately 42 percent (\$27 billion) of 2017-18 property tax revenues will go to K-14 schools. While this amount includes \$1.4 billion that schools are expected to receive in 2017-18 due to the dissolution of the redevelopment agencies, it excludes the \$8.1 billion shifted from schools to cities and counties to replace Vehicle License Fee (VLF) revenue losses stemming from the reduced VLF rate of 0.65 percent.

### 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 \$51.7 billion in 2017-18. Taxes and fees related to motor vehicles are expected to comprise 27.4 percent of all special fund revenue in 2017-18. The principal sources are motor vehicle fees (registration, weight, and vehicle license fees) and motor vehicle fuel taxes. During 2017-18, it is expected that about \$13.7 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, including a proposed new road improvement charge

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

|   | <b>2015-16<br/>Preliminary</b> | <b>2016-17<br/>Forecast</b> | <b>2017-18<br/>Forecast</b> |
|---|--------------------------------|-----------------------------|-----------------------------|
| Vehicle License Fees                    | \$2,482,412                    | \$2,591,851                 | \$2,659,083                 |
| Registration, Weight,<br>and Other Fees | 4,327,069                      | 4,431,823                   | 4,814,235                   |
| Road Improvement<br>Charge              | 0                              | 0                           | 1,066,000                   |
| <b>Total</b>                            | <b>\$6,809,481</b>             | <b>\$7,023,674</b>          | <b>\$8,539,318</b>          |

of \$65 per vehicle beginning July 1, 2017. Figure REV-12 displays revenue from these sources from 2015-16 through 2017-18.

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 32.8 million in 2016-17 and 32.7 million in 2017-18. The forecast projects that there will be 2.5 million new vehicles registered in both 2016-17 and 2017-18.

Beginning April 1, 2017, the base vehicle registration fee of \$43 is increasing by \$10 and is indexed to inflation. Including other fees in current law, the total vehicle registration fee will initially be \$80.

In addition to the VLF, truck owners pay a fee based on vehicle weight. Due partly to the expected increase in truck sales, weight fee revenues are expected to be \$1.07 billion in 2016-17 and increase 1.6 percent to \$1.08 billion in 2017-18.

## 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, 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.

Figure REV-13

### Motor Vehicle Fuel Tax Revenue

(Dollars in Thousands)

|                        | 2015-16<br>Preliminary | 2016-17<br>Forecast | 2017-18<br>Forecast |
|------------------------|------------------------|---------------------|---------------------|
| Gasoline <sup>1/</sup> | \$4,559,537            | \$4,280,403         | \$4,576,132         |
| Diesel                 | 441,002                | 523,500             | 534,368             |
| <b>Total</b>           | <b>\$5,000,539</b>     | <b>\$4,803,903</b>  | <b>\$5,110,500</b>  |

<sup>1/</sup>Does not include jet fuel.

Gasoline consumption increased 2.7 percent in 2015-16 when compared to the prior fiscal year. While continued gains in the average fuel economy of cars and trucks on the road as well as the state's policies to reduce greenhouse gas emissions are expected to support long-term declines in gasoline consumption, lower gasoline prices are likely to lead to modest increases in gasoline consumption through 2016-17. Gasoline consumption is expected to increase 0.7 percent in 2016-17 and then decline 0.1 percent in 2017-18.

Because most diesel fuel is consumed by the commercial trucking industry, consumption is affected most significantly by general economic conditions. Robust industrial activity contributed to an increase of 3.7 percent in diesel consumption in 2015-16. Diesel consumption is expected to increase by 1.6 percent in 2016-17 and 0.5 percent in 2017-18.

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 27.8 cents per gallon in 2016-17. 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 29.7 cents per gallon in 2017-18. 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 16 cents per gallon in 2016-17. The excise rate is adjusted annually so that the total amount of tax revenue generated is neutral given the changes to the sales tax add-on for diesel fuel. Under current law, the sales tax rate add-on will remain 1.75 percent in 2017-18, and the Budget forecasts that the excise tax on diesel fuel will be adjusted to 16.3 cents per gallon in 2017-18. Dyed diesel fuel, which is used for off-highway purposes such as farm equipment, is not taxed.

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### 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 2017-18 is displayed in Schedule 3 in the Appendix.

Figure REV-14  
**Outline of State Tax System  
as of January 1, 2017**

| Major Taxes and Fees                   | Base or Measure                 | Rate                  | Administering Agency | Fund                                      |
|--|---------------------------------|-----------------------|----------------------|---|
| <b>Alcoholic Beverage Excise Taxes</b> |                                 |                       |                      |   |
| 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                                   |
| <b>Corporation</b>                     |                                 |                       |                      |   |
| General Corporation                    | Net income                      | 8.84% <sup>1/</sup>   | Franchise            | General                                   |
| Bank and Financial Corp.               | Net income                      | 10.84%                | Franchise            | General                                   |
| Alternative Minimum Tax                | Alt. Taxable Income             | 6.65%                 | Franchise            | General                                   |
| <b>Tobacco</b>                         |                                 |                       |                      |   |
| Cigarette                              | Package                         | \$2.87 <sup>2/</sup>  | Equalization         | See below <sup>2/</sup>                   |
| Other Tobacco Products                 | Wholesale cost                  | 27.3% <sup>3/</sup>   | Equalization         | See below <sup>3/</sup>                   |
| <b>Insurance</b>                       |                                 |                       |                      |   |
| Insurers                               | Gross Premiums                  | 2.35% <sup>4/</sup>   | Insurance Dept.      | General                                   |
| <b>Managed Care Organization Tax</b>   | Number of enrollees             | Various <sup>5/</sup> | Health Care Services | Health and Human Services<br>Special Fund |
| <b>Motor Vehicle</b>                   |                                 |                       |                      |   |
| Vehicle License Fees (VLF)             | Market value                    | 0.65%                 | DMV                  | VLF, Local Revenue <sup>6/</sup>          |
| Fuel—Gasoline                          | Gallon                          | \$0.278 <sup>7/</sup> | Equalization         | Motor Vehicle Fuel <sup>7/</sup>          |
| Fuel—Diesel                            | Gallon                          | \$0.16 <sup>9/</sup>  | Equalization         | Motor Vehicle Fuel                        |
| Registration Fees                      | Vehicle                         | \$80.00               | DMV                  | Motor Vehicle <sup>10/</sup>              |
| Weight Fees                            | Gross Vehicle Wt.               | Various               | DMV                  | State Highway                             |
| <b>Personal Income</b>                 |                                 |                       |                      |   |
|  | Taxable income                  | 12.3% <sup>11/</sup>  | 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                                   |
| <b>Retail Sales and Use</b>            | Sales or lease of taxable items | 7.25% <sup>12/</sup>  | Equalization         | See below <sup>12/</sup>                  |

<sup>1/</sup>Minimum Tax is \$800 per year for existing corporations. New corporations are exempt for their first taxable year.

<sup>2/</sup>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, 50 cents/pack for the California Children and Families First Trust Fund, and \$2 for the California Healthcare, Research and Prevention Tobacco Tax Act of 2016. The additional \$2 excise tax will be effective as of April 1, 2017.

<sup>3/</sup>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, 2016, through June 30, 2017, the rate is 27.3 percent of the wholesale cost.

<sup>4/</sup>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, certain health insurance, and nonadmitted insurance.

<sup>5/</sup>From July 1, 2016 to June 30, 2019, a tax is levied on health care plans at various rates based on enrollment in each applicable health plan using October 2014 to September 2015 data.

<sup>6/</sup>For return to cities and counties. Trailer coach license fees are deposited in the General Fund.

<sup>7/</sup>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.

<sup>8/</sup>For administrative expenses and apportionment to State, counties and cities for highways, airports, and small craft harbors.

<sup>9/</sup>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.

<sup>10/</sup>For support of State Department of Motor Vehicles, California Highway Patrol, other agencies, and motor vehicle related programs. A \$10 increase included above is effective April 1, 2017.

<sup>11/</sup>Proposition 30 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.

<sup>12/</sup>The 7.25-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.

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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 early to mid-December. In the event the Governor would like to change the Budget presented to the Legislature, including adjustments resulting from changes in population, caseload, or enrollment estimates, the Department of Finance proposes adjustments to the Legislature during budget hearings through Finance Letters. 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.

| <b>Title</b>              | <b>Purpose</b>  | <b>Prepared/Issued by</b>                           | <b>When</b>   |
|---------------------------|---|---|---|
| Budget Letters            | 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 | August and 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  |
| Multi-Year Projection     | Estimated General Fund revenues and expenditures for the ensuing fiscal year and the three fiscal years thereafter, as required by Section 12.5 of Article IV of the California Constitution. | Finance   | January, May, and Budget enactment                      |
| 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 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**

Starting with fiscal year 2017-18, the Every Woman Counts Program budgeted within the Other Care Services Program at the Department of Health Care Services (DHCS) will transition from the modified accrual basis of accounting to cash basis. The change will provide consistent accounting and budget methods for all DHCS local assistance expenditures within the Family Health Programs and enhance accuracy of financial reporting.

## **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 instructing and assisting departments 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 or will be completed for all special funds. Special fund balances included in the Governor's Budget were reconciled using the best information available at the time. However, final balances for the Annual Report and certain actual revenue or expenditure amounts 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. Finance will follow up the efforts in the spring to evaluate if additional budget changes are necessary.

# 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 2015-16 Fiscal Year Cashflow***—Actual receipts, disbursements, borrowable resources, and cashflow loan balances for the last fiscal year.

**Schedule 5C *Estimated 2016-17 Fiscal Year Cashflow***—Projected receipts, disbursements, borrowable resources, and cashflow loan balances for the current fiscal year.

**Schedule 5D *Estimated 2017-18 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 SUMMARY<sup>1/</sup>**  
**AT 2017-18 GOVERNOR'S BUDGET**  
(In Thousands)

|   | Reference<br>to<br>Schedule | General<br>Fund | Special<br>Funds | Selected Bond<br>Fund<br>Expenditures | Expenditure<br>Totals |
|---|-----------------------------|-----------------|------------------|---------------------------------------|-----------------------|
| <b>2015-16</b>  |                             |                 |                  |                                       |                       |
| Prior year resources available                                  | 10                          | \$3,507,759     | \$15,885,348     |                                       |                       |
| Revenues and transfers  | 8                           | 115,499,853     | 45,927,738       |                                       |                       |
| Expenditures  | 9                           | 113,983,930     | 42,211,798       | \$3,726,648                           | \$159,922,376         |
| Fund Balance  | 10                          | \$5,023,682     | \$19,601,288     |                                       |                       |
| <i>Reserve for Liquidation of<br/>Encumbrances<sup>2/</sup></i> |                             | 979,901         | --               |                                       |                       |
| <i>Reserves for Economic<br/>Uncertainties<sup>3/</sup></i>     |                             | --              | 19,601,288       |                                       |                       |
| <i>Special Fund for Economic<br/>Uncertainties<sup>3/</sup></i> |                             | 4,043,781       | --               |                                       |                       |
| <i>Budget Stabilization<br/>Account/Rainy Day Fund</i>          |                             | 3,529,422       |                  |                                       |                       |
| <b>2016-17</b>  |                             |                 |                  |                                       |                       |
| Prior year resources available                                  | 10                          | \$5,023,682     | \$19,601,288     |                                       |                       |
| Revenues and transfers  | 8                           | 118,764,833     | 51,540,059       |                                       |                       |
| Expenditures  | 9                           | 122,761,202     | 48,095,523       | \$6,643,205                           | \$177,499,930         |
| Fund Balance  | 10                          | \$1,027,313     | \$23,045,824     |                                       |                       |
| <i>Reserve for Liquidation of<br/>Encumbrances<sup>2/</sup></i> |                             | 979,901         | --               |                                       |                       |
| <i>Reserves for Economic<br/>Uncertainties<sup>3/</sup></i>     |                             | --              | 23,045,824       |                                       |                       |
| <i>Special Fund for Economic<br/>Uncertainties<sup>3/</sup></i> |                             | 47,412          | --               |                                       |                       |
| <i>Budget Stabilization<br/>Account/Rainy Day Fund</i>          |                             | 6,713,422       | --               |                                       |                       |
| <b>2017-18</b>  |                             |                 |                  |                                       |                       |
| Prior year resources available                                  | 10                          | \$1,027,313     | \$23,045,824     |                                       |                       |
| Revenues and transfers  | 8                           | 124,027,139     | 51,687,534       |                                       |                       |
| Expenditures  | 9                           | 122,520,164     | 54,573,116       | \$2,356,821                           | \$179,450,101         |
| Fund Balance  | 10                          | \$2,534,288     | \$20,160,242     |                                       |                       |
| <i>Reserve for Liquidation of<br/>Encumbrances<sup>2/</sup></i> |                             | 979,901         | --               |                                       |                       |
| <i>Reserves for Economic<br/>Uncertainties<sup>3/</sup></i>     |                             | --              | 20,160,242       |                                       |                       |
| <i>Special Fund for Economic<br/>Uncertainties<sup>3/</sup></i> |                             | 1,554,387       | --               |                                       |                       |
| <i>Budget Stabilization<br/>Account/Rainy Day Fund</i>          |                             | 7,869,422       | --               |                                       |                       |

<sup>1/</sup>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.

<sup>2/</sup>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.

<sup>3/</sup>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 <sup>1/ 2/</sup> | State Tax Collections<br>(Dollars in Millions) |         | Taxes per Capita <sup>1/</sup> |          | Taxes per \$100 of Personal Income <sup>3/</sup> |        |
|--------------------|---|--|---------|--------------------------------|----------|--|--------|
|                    |   | General  |         | General                        |          | General  |        |
|                    |   | Fund   | Total   | Fund                           | Total    | Fund   | Total  |
| Beginning          |   |  |         |                                |          |  |        |
| 1967               | \$3,870                                     | \$3,558  | \$4,676 | \$185.55                       | \$243.86 | \$4.80   | \$6.30 |
| 1968               | 4,189                                       | 3,963  | 5,173   | 203.94                         | 266.21   | 4.87   | 6.36   |
| 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               | 33,639                                      | 62,679   | 73,295  | 1,816.12                       | 2,123.70 | 5.40   | 6.31   |
| 2002               | 33,836                                      | 64,879   | 75,420  | 1,856.95                       | 2,158.65 | 5.49   | 6.38   |
| 2003               | 35,099                                      | 70,229   | 81,628  | 1,984.49                       | 2,306.60 | 5.65   | 6.57   |
| 2004               | 37,364                                      | 80,070   | 93,764  | 2,239.55                       | 2,622.57 | 5.99   | 7.02   |
| 2005               | 39,347                                      | 90,468   | 105,860 | 2,514.02                       | 2,941.74 | 6.39   | 7.48   |
| 2006               | 42,070                                      | 93,237   | 109,390 | 2,572.28                       | 3,017.93 | 6.11   | 7.17   |
| 2007               | 43,331                                      | 95,290   | 111,778 | 2,606.95                       | 3,058.01 | 6.02   | 7.06   |
| 2008               | 43,860                                      | 79,398   | 95,020  | 2,154.26                       | 2,578.12 | 4.91   | 5.88   |
| 2009               | 42,092                                      | 84,537   | 99,284  | 2,280.02                       | 2,677.76 | 5.42   | 6.36   |
| 2010               | 43,316                                      | 89,910   | 106,942 | 2,408.30                       | 2,864.49 | 5.56   | 6.61   |
| 2011               | 45,851                                      | 82,850   | 106,351 | 2,199.08                       | 2,822.84 | 4.80   | 6.16   |
| 2012               | 48,331                                      | 95,444   | 119,798 | 2,508.95                       | 3,149.14 | 5.19   | 6.52   |
| 2013               | 48,522                                      | 101,187  | 127,388 | 2,636.91                       | 3,319.70 | 5.43   | 6.84   |
| 2014               | 51,057                                      | 112,158  | 139,983 | 2,895.18                       | 3,613.44 | 5.67   | 7.08   |
| 2015 <sup>p/</sup> | 53,858                                      | 116,757  | 143,828 | 2,989.17                       | 3,682.25 | 5.55   | 6.84   |
| 2016 <sup>e/</sup> | 55,662                                      | 121,278  | 146,403 | 3,081.68                       | 3,720.12 | 5.54   | 6.68   |
| 2017 <sup>e/</sup> | 57,629                                      | 124,728  | 153,123 | 3,142.21                       | 3,857.53 | 5.45   | 6.69   |

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

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

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

<sup>p/</sup>Preliminary.

<sup>e/</sup>Estimated.

**SCHEDULE 3**  
**COMPARATIVE YIELD OF STATE TAXES, 1970-71 THROUGH 2017-18**  
**Includes both General and Special Funds**  
(Dollars in Thousands)

| <b>Fiscal Year</b>  | <b>Sales and Use<sup>1/</sup></b> | <b>Personal Income<sup>2/</sup></b> | <b>Corporation<sup>3/</sup></b> | <b>Tobacco<sup>4/</sup></b> | <b>Estate Inheritance and Gift<sup>5/</sup></b> | <b>Insurance<sup>6/</sup></b> | <b>Alcoholic Beverage<sup>7/</sup></b> | <b>Motor Vehicle Fuel<sup>8/</sup></b> | <b>Vehicle Fees<sup>9/</sup></b> |
|---------------------|-----------------------------------|-------------------------------------|---------------------------------|-----------------------------|---|-------------------------------|--|--|----------------------------------|
| 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                                | 3,202,512                              | 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                              | 4,415,126                        |
| 2004                | 29,967,136                        | 42,992,007                          | 8,670,065                       | 1,096,224                   | 213,036   | 2,232,955                     | 314,252                                | 3,366,142                              | 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                                | 3,399,694                              | 5,147,341                        |
| 2007                | 31,972,874                        | 55,745,970                          | 11,849,097                      | 1,037,287                   | 6,303   | 2,172,936                     | 327,260                                | 3,351,268                              | 5,212,811                        |
| 2008                | 28,972,302                        | 44,355,959                          | 9,535,679                       | 1,000,456                   | 245   | 2,053,850                     | 323,934                                | 3,162,299                              | 5,566,642                        |
| 2009                | 31,197,154                        | 45,650,901                          | 9,114,589                       | 922,986                     | 0   | 2,180,786                     | 311,242                                | 3,149,144                              | 6,726,967                        |
| 2010                | 30,996,372                        | 50,507,989                          | 9,613,594                       | 905,245                     | 0   | 2,307,022                     | 334,178                                | 5,705,528                              | 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                        | 68,306,264                          | 9,092,696                       | 833,127                     | 0   | 2,362,738                     | 354,297                                | 6,065,748                              | 6,226,553                        |
| 2014                | 35,289,904                        | 77,929,551                          | 9,007,182                       | 832,379                     | 0   | 2,444,573                     | 357,373                                | 5,713,698                              | 6,511,046                        |
| 2015 <sup>10/</sup> | 35,955,773                        | 80,753,345                          | 9,902,185                       | 840,034                     | 0   | 2,561,932                     | 368,699                                | 5,003,317                              | 6,833,037                        |
| 2016 <sup>11/</sup> | 35,348,759                        | 84,998,946                          | 10,388,788                      | 1,156,681                   | 0   | 2,308,534                     | 370,359                                | 4,806,681                              | 7,047,587                        |
| 2017 <sup>12/</sup> | 36,007,122                        | 87,753,314                          | 10,877,671                      | 2,090,952                   | 0   | 2,368,374                     | 372,123                                | 5,113,278                              | 8,563,619                        |

<sup>1/</sup> 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 through December 31, 2015, for repayment of economic recovery bonds. Includes passage of Proposition 30, which increased the General Fund sales tax rate from January 1, 2013 to December 31, 2016.

<sup>2/</sup> 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.

<sup>3/</sup> Includes the corporation tax, corporation income tax, LLC fees, and minimum franchise tax for corporations, partnerships, LLCs, and LLPs. From 1989 to 1997, it included the unitary election fee. Includes impact of Proposition 39 beginning in tax year 2012. Includes an annual \$90 million reduction for the managed care organizations tax in 2016-17 and 2017-18.

<sup>4/</sup> 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 on other tobacco products. Proposition 56 (November 2016) increased the cigarette tax to \$2.87 per pack and added the equivalent of \$2.00 tax to other tobacco products, effective April 1, 2017. Proposition 56 also newly imposed a \$3.37-equivalent tax on electronic cigarettes.

<sup>5/</sup> 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 to effectively eliminate the state pick-up estate tax.

<sup>6/</sup> 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. Includes an annual \$280 million reduction for the managed care organizations tax in 2016-17 and 2017-18.

<sup>7/</sup> Alcoholic beverage excise taxes were increased effective July 15, 1991.

<sup>8/</sup> Motor vehicle fuel tax (gasoline) and use fuel tax (diesel and other fuels). Gasoline is taxed at 27.8 cents per gallon in 2016-17 and the Budget forecasts that the excise rate on gasoline will be 29.7 cents per gallon in 2017-18. The excise rate on diesel is 16 cents per gallon in 2016-17 and the Budget forecasts that the rate will increase to 16.3 cents per gallon in 2017-18.

<sup>9/</sup> Registration and weight fees, motor vehicle license fees, and other fees. Includes \$1.1 billion in 2017-18 from the Governor's proposed road improvement charge of \$65 per vehicle.

<sup>10/</sup> Preliminary.

<sup>11/</sup> Estimated.

**SCHEDULE 4**  
**POSITIONS AND SALARY COST ESTIMATES AT 2017-18 GOVERNOR'S BUDGET**  
(Excludes Staff Benefits<sup>1/</sup>)  
(Dollars in Thousands)

|  | Positions           |                       |                      | Dollars             |                       |                      |
|--|---------------------|-----------------------|----------------------|---------------------|-----------------------|----------------------|
|  | Actuals<br>2015-16* | Estimated<br>2016-17* | Proposed<br>2017-18* | Actuals<br>2015-16* | Estimated<br>2016-17* | Proposed<br>2017-18* |
| <b>Executive</b>                         |                     |                       |                      |                     |                       |                      |
| Executive                                | 13,948.9            | 14,393.9              | 14,644.9             | \$1,080,193         | \$1,141,786           | \$1,167,329          |
| Business, Consumer Services, and Housing | 5,083.2             | 5,152.8               | 5,359.6              | 334,374             | 345,045               | 361,872              |
| Transportation                           | 39,049.7            | 38,375.4              | 38,238.7             | 3,283,977           | 3,379,675             | 3,386,601            |
| Natural Resources                        | 17,650.2            | 18,500.9              | 18,174.6             | 1,398,747           | 1,449,883             | 1,475,702            |
| California Environmental Protection      | 5,153.6             | 5,380.6               | 5,434.1              | 419,086             | 468,291               | 468,721              |
| Health and Human Services                | 29,886.3            | 30,278.3              | 28,019.3             | 2,212,488           | 2,297,410             | 2,037,474            |
| Corrections and Rehabilitation           | 53,344.2            | 53,664.7              | 56,547.9             | 4,597,494           | 4,695,809             | 4,842,892            |
| Education                                |                     |                       |                      |                     |                       |                      |
| K thru 12 Education                      | 2,530.4             | 2,525.3               | 2,522.8              | 168,827             | 172,111               | 171,886              |
| Community Colleges/Other                 | 295.6               | 295.7                 | 297.7                | 27,260              | 28,038                | 28,310               |
| Labor and Workforce Development          | 11,056.2            | 11,071.5              | 11,125.5             | 723,638             | 719,828               | 740,877              |
| Government Operations                    | 14,379.5            | 15,533.7              | 15,600.0             | 991,930             | 1,070,551             | 1,078,560            |
| General Government                       | 12,092.0            | 12,428.4              | 12,577.2             | 656,782             | 1,222,707             | 2,252,973            |
| <b>SUBTOTAL, EXECUTIVE</b>               | <b>204,469.8</b>    | <b>207,601.2</b>      | <b>208,542.3</b>     | <b>\$15,894,796</b> | <b>\$16,991,134</b>   | <b>\$18,013,197</b>  |
| <b>Higher Education</b>                  |                     |                       |                      |                     |                       |                      |
| University of California                 | 96,872.1            | 103,322.2             | 103,322.2            | \$8,678,004         | \$9,523,175           | \$9,523,175          |
| Hastings College of Law                  | 245.7               | 242.5                 | 242.5                | 25,030              | 25,715                | 26,109               |
| California State University              | 46,608.1            | 48,093.2              | 48,093.2             | 2,899,203           | 3,074,263             | 3,074,263            |
| <b>SUBTOTAL, HIGHER EDUCATION</b>        | <b>143,725.9</b>    | <b>151,657.9</b>      | <b>151,657.9</b>     | <b>\$11,602,237</b> | <b>\$12,623,153</b>   | <b>\$12,623,547</b>  |
| <b>Legislative<sup>1/</sup></b>          | 750.0               | 750.0                 | 750.0                | \$63,610            | \$65,049              | \$65,194             |
| <b>Judicial</b>                          | 1,733.8             | 1,737.8               | 1,739.8              | 183,436             | 208,472               | 207,006              |
| <b>GRAND TOTALS</b>                      | <b>350,679.5</b>    | <b>361,746.9</b>      | <b>362,690.0</b>     | <b>\$27,744,079</b> | <b>\$29,887,808</b>   | <b>\$30,908,944</b>  |

<sup>1/</sup> 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. Certain benefits of the legislators 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 2015-16 Fiscal Year Accruals <sup>1/</sup> |                                      |                               | Estimated 2016-17 Fiscal Year Accruals <sup>2/</sup> |                                      |                               | Estimated 2017-18 Fiscal Year Accruals <sup>2/</sup> |                                      |                               |
|--|---|--------------------------------------|-------------------------------|--|--------------------------------------|-------------------------------|--|--------------------------------------|-------------------------------|
|  | Accounts payable<br>June 30, 2016                 | Accounts receivable<br>June 30, 2016 | Net accruals<br>June 30, 2016 | Accounts payable<br>June 30, 2017                    | Accounts receivable<br>June 30, 2017 | Net accruals<br>June 30, 2017 | Accounts payable<br>June 30, 2018                    | Accounts receivable<br>June 30, 2018 | Net accruals<br>June 30, 2018 |
| <b>STATE OPERATIONS</b>                  |   |                                      |                               |  |                                      |                               |  |                                      |                               |
| Legislative/Judicial/Executive           | \$386,721   | \$332,098                            | \$54,624                      | \$398,323  | \$342,061                            | \$56,262                      | \$410,273  | \$352,323                            | \$57,950                      |
| Business, Consumer Services, and Housing | 6,120   | 4,250                                | 1,870                         | 6,304  | 4,378                                | 1,926                         | 6,493  | 4,509                                | 1,984                         |
| Transportation                           | 1   | 1,000                                | -999                          | 1  | 1,030                                | -1,029                        | 1  | 1,061                                | -1,060                        |
| Natural Resources                        | 852,201   | 679,604                              | 172,597                       | 877,767  | 699,992                              | 177,775                       | 904,100  | 720,992                              | 183,108                       |
| California Environmental Protection      | 87,655  | 28,040                               | 59,616                        | 90,285   | 28,881                               | 61,404                        | 92,994   | 29,747                               | 63,247                        |
| Health and Human Services:               |   |                                      |                               |  |                                      |                               |  |                                      |                               |
| Health Care Services                     | 6,025   | 2,421                                | 3,603                         | 6,206  | 2,494                                | 3,712                         | 6,392  | 2,569                                | 3,823                         |
| Developmental Services                   | 66,255  | 115,724                              | -49,469                       | 68,243   | 119,196                              | -50,953                       | 70,290   | 122,772                              | -52,482                       |
| State Hospitals                          | 138,810   | 48,727                               | 90,083                        | 142,974  | 50,189                               | 92,785                        | 147,263  | 51,695                               | 95,568                        |
| Other Health and Human Services          | 155,413   | 186,089                              | -30,677                       | 160,075  | 191,672                              | -31,597                       | 164,877  | 197,422                              | -32,545                       |
| Corrections and Rehabilitation           | 1,176,985   | 683,599                              | 493,386                       | 1,212,295  | 704,107                              | 508,188                       | 1,248,664  | 725,230                              | 523,434                       |
| Education:                               |   |                                      |                               |  |                                      |                               |  |                                      |                               |
| Department of Education                  | 6,202   | 1,022                                | 5,180                         | 6,388  | 1,053                                | 5,335                         | 6,580  | 1,085                                | 5,495                         |
| University of California                 | 0   | 0                                    | 0                             | 0  | 0                                    | 0                             | 0  | 0                                    | 0                             |
| California State University              | 25,889  | 9                                    | 25,890                        | 26,666   | 9                                    | 26,657                        | 27,466   | 9                                    | 27,457                        |
| Other Education                          | 15,930  | 3,365                                | 12,565                        | 16,408   | 3,466                                | 12,942                        | 16,900   | 3,570                                | 13,330                        |
| Government Operations                    | 123,560   | 104,915                              | 18,645                        | 127,267  | 108,062                              | 19,205                        | 131,085  | 111,304                              | 19,781                        |
| General Government/Labor                 | 242,886   | 1,518,327                            | -1,275,442                    | 250,173  | 1,563,877                            | -1,313,704                    | 257,678  | 1,610,793                            | -1,353,115                    |
| <b>Totals, State Operations</b>          | <b>\$3,290,653</b>                                | <b>\$3,709,190</b>                   | <b>-\$418,538</b>             | <b>\$3,389,375</b>                                   | <b>\$3,820,467</b>                   | <b>-\$431,092</b>             | <b>\$3,491,056</b>                                   | <b>\$3,935,081</b>                   | <b>-\$444,025</b>             |
| <b>LOCAL ASSISTANCE</b>                  |   |                                      |                               |  |                                      |                               |  |                                      |                               |
| Public Schools K-12                      | \$2,061,127                                       | \$339,673                            | \$1,721,454                   | \$2,122,961  | \$349,863                            | \$1,773,098                   | \$2,186,650  | \$360,359                            | \$1,826,291                   |
| California Community Colleges            | 134,838   | 37,529                               | 97,308                        | 138,883  | 38,655                               | 100,228                       | 143,049  | 39,815                               | 103,234                       |
| Other Education                          | 88,764  | 134,597                              | -45,834                       | 91,427   | 138,635                              | -47,208                       | 94,170   | 142,794                              | -48,624                       |
| Health Care Services (Non-Med-Cal)       | 596,432   | 239,713                              | 356,719                       | 614,325  | 246,904                              | 367,421                       | 632,755  | 254,311                              | 378,444                       |
| Developmental Services                   | 334,551   | 793,569                              | -459,017                      | 344,588  | 817,376                              | -472,788                      | 354,926  | 841,897                              | -486,971                      |
| State Hospitals                          | 0   | 0                                    | 0                             | 0  | 0                                    | 0                             | 0  | 0                                    | 0                             |
| Social Services                          | 346,761   | 1,161,695                            | -814,935                      | 357,164  | 1,196,546                            | -839,382                      | 367,879  | 1,232,442                            | -864,563                      |
| Other Health and Human Services          | 32,745  | 41,432                               | -8,687                        | 33,727   | 42,675                               | -8,948                        | 34,739   | 43,955                               | -9,216                        |
| Tax Relief                               | 0   | 0                                    | 0                             | 0  | 0                                    | 0                             | 0  | 0                                    | 0                             |
| Other Local Assistance                   | 14,119  | 6,019                                | 8,101                         | 14,543   | 6,200                                | 8,343                         | 14,979   | 6,386                                | 8,593                         |
| <b>Totals, Local Assistance</b>          | <b>\$3,609,337</b>                                | <b>\$2,754,227</b>                   | <b>\$855,109</b>              | <b>\$3,717,618</b>                                   | <b>\$2,836,854</b>                   | <b>\$880,764</b>              | <b>\$3,829,147</b>                                   | <b>\$2,921,959</b>                   | <b>\$907,188</b>              |
| <b>TOTALS, ALL CHARACTERS</b>            | <b>\$6,899,990</b>                                | <b>\$6,463,417</b>                   | <b>\$436,571</b>              | <b>\$7,106,993</b>                                   | <b>\$6,657,321</b>                   | <b>\$449,672</b>              | <b>\$7,320,203</b>                                   | <b>\$6,857,040</b>                   | <b>\$463,163</b>              |

<sup>1/</sup> Information per the State Controller's Office.

<sup>2/</sup> 2016-17 and 2017-18 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 2015-16 FISCAL YEAR CASH FLOW**  
**GENERAL FUND**  
(Dollars in Millions)

|   | JUL             | AUG             | SEP             | OCT             | NOV             | DEC             | JAN             | FEB             | MAR             | APR             | MAY             | JUN             | TOTAL            |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|------------------|
| <b>BEGINNING CASH BALANCE</b>                         | <b>\$2,529</b>  | <b>\$0</b>      | <b>\$0</b>      | <b>\$0</b>      | <b>\$0</b>      | <b>\$0</b>      | <b>\$0</b>      | <b>\$0</b>      | <b>\$0</b>      | <b>\$0</b>      | <b>\$0</b>      | <b>\$0</b>      | <b>\$2,529</b>   |
| <b>RECEIPTS:</b>                                      |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                  |
| Alcoholic Beverage Excise Tax                         | \$38            | \$11            | \$40            | \$33            | \$29            | \$37            | \$28            | \$31            | \$33            | \$31            | \$22            | \$33            | \$366            |
| Corporation Tax                                       | 291             | 159             | 837             | 178             | 89              | 1,714           | 363             | 189             | 1,713           | 1,976           | -281            | 2,463           | 9,690            |
| Cigarette Tax   | 7               | 8               | 2               | 13              | 2               | 12              | 8               | 2               | 10              | 7               | 7               | 7               | 85               |
| Inheritance, Gift and Estate Taxes                    | 0               | 0               | 0               | 0               | 0               | 0               | 0               | 1               | 0               | 0               | 1               | 0               | 2                |
| Insurance Tax   | 23              | 298             | 284             | 18              | 199             | 392             | 16              | 25              | 262             | 501             | 219             | 330             | 2,567            |
| Personal Income Tax                                   | 4,460           | 4,170           | 6,682           | 5,145           | 3,782           | 9,484           | 11,736          | 2,878           | 3,490           | 13,401          | 3,884           | 10,327          | 79,438           |
| Retail Sales and Use Tax                              | 859             | 3,089           | 1,695           | 935             | 3,001           | 2,372           | 738             | 3,665           | 1,794           | 816             | 3,471           | 2,354           | 24,789           |
| Income from Pooled Money Investments                  | 1               | 1               | 3               | 1               | 2               | 3               | 4               | 2               | 6               | 2               | 4               | 5               | 34               |
| Transfer from Special Fund for Economic Uncertainties | 0               | 0               | 0               | 0               | 55              | 83              | 0               | 0               | 0               | 0               | 0               | 0               | 138              |
| Other   | 222             | 564             | 84              | 108             | 373             | 179             | 173             | 296             | 190             | 60              | 318             | 741             | 3,307            |
| <b>TOTAL, Receipts</b>                                | <b>\$5,901</b>  | <b>\$8,301</b>  | <b>\$9,626</b>  | <b>\$6,431</b>  | <b>\$7,532</b>  | <b>\$14,276</b> | <b>\$13,065</b> | <b>\$7,088</b>  | <b>\$7,498</b>  | <b>\$16,795</b> | <b>\$7,644</b>  | <b>\$16,260</b> | <b>\$120,417</b> |
| <b>DISBURSEMENTS:</b>                                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                  |
| State Operations:                                     |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                  |
| University of California                              | \$293           | \$238           | \$238           | \$263           | \$238           | \$442           | \$238           | \$238           | \$238           | \$238           | \$574           | \$24            | \$3,259          |
| Debt Service  | 113             | 150             | 600             | 869             | 729             | -302            | -110            | 576             | 775             | 1,245           | 246             | 87              | 4,977            |
| Other State Operations                                | 2,441           | 1,777           | 1,953           | 2,318           | 1,669           | 2,235           | 794             | 1,576           | 1,600           | 2,105           | 1,544           | 1,230           | 22,232           |
| Social Services                                       | 969             | 103             | 602             | 1,155           | 810             | 425             | 794             | 627             | 435             | 542             | 497             | 560             | 7,518            |
| Medi-Cal Assistance for DHCS                          | 3,133           | 1,678           | 1,244           | 1,483           | 880             | 1,542           | 952             | 2,313           | 1,794           | 717             | 1,323           | 705             | 17,765           |
| Other Health and Human Services                       | 621             | 42              | 398             | 487             | 338             | 294             | 339             | 246             | 204             | 277             | 45              | 102             | 3,393            |
| Schools   | 2,510           | 2,712           | 6,860           | 4,124           | 3,962           | 7,760           | 5,394           | 3,612           | 6,299           | 3,797           | 3,363           | 4,993           | 55,386           |
| Teachers' Retirement                                  | 332             | 0               | 0               | 636             | 0               | 332             | 0               | 0               | 0               | 636             | 0               | 0               | 1,935            |
| Transfer to Special Fund for Economic Uncertainties   | 0               | 0               | 0               | 0               | 0               | 0               | 804             | 0               | 0               | 0               | 0               | 0               | 804              |
| Transfer to Budget Stabilization Account              | 0               | 0               | 1,854           | 0               | 0               | 0               | 0               | 0               | 0               | 0               | 0               | 0               | 1,854            |
| Other   | 260             | 502             | 542             | 229             | 148             | 434             | 74              | 45              | 83              | 241             | 100             | 1,813           | 4,470            |
| <b>TOTAL, Disbursements</b>                           | <b>\$10,672</b> | <b>\$7,201</b>  | <b>\$14,289</b> | <b>\$11,563</b> | <b>\$8,774</b>  | <b>\$13,161</b> | <b>\$10,271</b> | <b>\$9,232</b>  | <b>\$11,427</b> | <b>\$9,797</b>  | <b>\$7,692</b>  | <b>\$9,516</b>  | <b>\$123,593</b> |
| <b>EXCESS RECEIPTS/(DEFICIT)</b>                      | <b>-\$4,771</b> | <b>\$1,099</b>  | <b>-\$4,663</b> | <b>-\$5,132</b> | <b>-\$1,242</b> | <b>\$1,115</b>  | <b>\$2,794</b>  | <b>-\$2,143</b> | <b>-\$3,929</b> | <b>\$6,998</b>  | <b>-\$48</b>    | <b>\$6,745</b>  | <b>-\$3,176</b>  |
| <b>NET TEMPORARY LOANS:</b>                           |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                  |
| Special Fund for Economic Uncertainties               | \$450           | \$0             | -\$10           | \$0             | -\$45           | -\$83           | \$804           | \$0             | \$0             | \$0             | \$0             | -\$1,116        | \$0              |
| Budget Stabilization Account                          | 1,606           | -914            | 2,768           | 0               | 0               | 0               | 0               | 0               | 0               | 0               | 0               | -2,814          | 646              |
| Other Internal Sources                                | 185             | -185            | 1,905           | 5,132           | 1,287           | -1,032          | -3,598          | 2,143           | 3,929           | -6,998          | 48              | -2,815          | 0                |
| External Borrowing/RANs                               | 0               | 0               | 0               | 0               | 0               | 0               | 0               | 0               | 0               | 0               | 0               | 0               | 0                |
| <b>TOTAL, Net Temporary Loans</b>                     | <b>\$2,242</b>  | <b>-\$1,099</b> | <b>\$4,663</b>  | <b>\$5,132</b>  | <b>\$1,242</b>  | <b>-\$1,115</b> | <b>-\$2,794</b> | <b>\$2,143</b>  | <b>\$3,929</b>  | <b>-\$6,998</b> | <b>\$48</b>     | <b>-\$6,745</b> | <b>\$646</b>     |
| <b>ENDING CASH BALANCE</b>                            | <b>\$0</b>      | <b>\$0</b>      | <b>\$0</b>      | <b>\$0</b>      | <b>\$0</b>      | <b>\$0</b>      | <b>\$0</b>      | <b>\$0</b>      | <b>\$0</b>      | <b>\$0</b>      | <b>\$0</b>      | <b>\$0</b>      | <b>\$0</b>       |
| <b>AVAILABLE/BORROWABLE RESOURCES:</b>                |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                  |
| Special Fund for Economic Uncertainties               | \$450           | \$450           | \$440           | \$440           | \$395           | \$312           | \$1,116         | \$1,116         | \$1,116         | \$1,116         | \$1,116         | \$1,116         | \$1,116          |
| Budget Stabilization Account                          | 1,606           | 1,606           | 3,460           | 3,460           | 3,460           | 3,460           | 3,460           | 3,460           | 3,460           | 3,460           | 3,460           | 3,460           | 3,460            |
| Other Internal Sources                                | 26,284          | 28,848          | 28,825          | 27,474          | 29,323          | 28,149          | 27,886          | 28,490          | 29,396          | 28,355          | 30,949          | 31,289          | 31,289           |
| External Borrowing/RANs                               | 0               | 0               | 0               | 0               | 0               | 0               | 0               | 0               | 0               | 0               | 0               | 0               | 0                |
| <b>TOTAL, Available/Borrowable Resources</b>          | <b>\$28,340</b> | <b>\$30,904</b> | <b>\$32,725</b> | <b>\$31,374</b> | <b>\$33,178</b> | <b>\$31,921</b> | <b>\$32,462</b> | <b>\$33,066</b> | <b>\$33,972</b> | <b>\$32,931</b> | <b>\$35,525</b> | <b>\$35,865</b> | <b>\$35,865</b>  |
| <b>CUMULATIVE LOAN BALANCES:</b>                      |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                  |
| Special Fund for Economic Uncertainties               | \$450           | \$450           | \$440           | \$440           | \$395           | \$312           | \$1,116         | \$1,116         | \$1,116         | \$1,116         | \$1,116         | \$0             | \$0              |
| Budget Stabilization Account                          | 1,606           | 693             | 3,460           | 3,460           | 3,460           | 3,460           | 3,460           | 3,460           | 3,460           | 3,460           | 3,460           | 646             | 646              |
| Other Internal Sources                                | 185             | 0               | 1,905           | 7,037           | 8,324           | 7,291           | 3,693           | 5,836           | 9,765           | 2,767           | 2,815           | 0               | 0                |
| External Borrowing/RANs                               | 0               | 0               | 0               | 0               | 0               | 0               | 0               | 0               | 0               | 0               | 0               | 0               | 0                |
| <b>TOTAL, Cumulative Loan Balances</b>                | <b>\$2,242</b>  | <b>\$1,142</b>  | <b>\$5,805</b>  | <b>\$10,937</b> | <b>\$12,179</b> | <b>\$11,064</b> | <b>\$8,269</b>  | <b>\$10,412</b> | <b>\$14,341</b> | <b>\$7,343</b>  | <b>\$7,391</b>  | <b>\$646</b>    | <b>\$646</b>     |
| <b>UNUSED BORROWABLE RESOURCES</b>                    | <b>\$26,099</b> | <b>\$29,762</b> | <b>\$26,920</b> | <b>\$20,437</b> | <b>\$20,999</b> | <b>\$20,858</b> | <b>\$24,192</b> | <b>\$22,654</b> | <b>\$19,631</b> | <b>\$25,588</b> | <b>\$28,134</b> | <b>\$35,219</b> | <b>\$35,219</b>  |
| <b>CASH AND UNUSED BORROWABLE RESOURCES</b>           | <b>\$26,099</b> | <b>\$29,762</b> | <b>\$26,920</b> | <b>\$20,437</b> | <b>\$20,999</b> | <b>\$20,858</b> | <b>\$24,192</b> | <b>\$22,654</b> | <b>\$19,631</b> | <b>\$25,588</b> | <b>\$28,134</b> | <b>\$35,219</b> | <b>\$35,219</b>  |

Note: Numbers may not add due to rounding.

Source: State Controller's Office

**SCHEDULE 5C**  
**ESTIMATED 2016-17 FISCAL YEAR CASHFLOW**  
**GENERAL FUND**  
(Dollars in Millions)

|   | JUL             | AUG             | SEP             | OCT             | NOV             | DEC             | JAN             | FEB             | MAR             | APR             | MAY             | JUN             | TOTAL            |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|------------------|
| <b>BEGINNING CASH BALANCE</b>                         | \$0             | \$0             | \$0             | \$0             | \$0             | \$0             | \$0             | \$0             | \$0             | \$0             | \$0             | \$0             | \$0              |
| <b>RECEIPTS:</b>                                      |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                  |
| Alcoholic Beverage Excise Tax                         | \$43            | \$28            | \$31            | \$32            | \$32            | \$35            | \$26            | \$29            | \$31            | \$30            | \$21            | \$32            | \$370            |
| Corporation Tax                                       | 227             | 73              | 1,023           | 240             | -105            | 1,768           | 214             | 259             | 1,063           | 2,290           | 407             | 2,693           | 10,152           |
| Cigarette Tax   | 7               | 2               | 13              | 2               | 12              | 12              | 8               | 2               | 9               | 6               | 4               | 3               | 80               |
| Inheritance, Gift and Estate Taxes                    | 0               | 0               | 0               | 0               | 0               | 0               | 0               | 0               | 0               | 0               | 0               | 0               | 0                |
| Insurance Tax   | 17              | 295             | 321             | 15              | 271             | 292             | 17              | 20              | 197             | 405             | 207             | 252             | 2,309            |
| Personal Income Tax                                   | 4,388           | 4,792           | 7,139           | 5,135           | 4,551           | 9,298           | 13,034          | 3,126           | 2,844           | 13,484          | 4,381           | 11,130          | 83,282           |
| Retail Sales and Use Tax                              | 694             | 3,239           | 2,004           | 883             | 3,101           | 2,419           | 795             | 3,773           | 1,732           | 803             | 3,355           | 2,273           | 25,071           |
| Income from Pooled Money Investments                  | 3               | 3               | 6               | 6               | 4               | 5               | 5               | 3               | 8               | 3               | 5               | 9               | 60               |
| Transfer from Special Fund for Economic Uncertainties | 0               | 0               | 0               | 0               | 0               | 0               | 0               | 0               | 0               | 0               | 0               | 0               | 0                |
| Other   | 62              | 196             | 131             | 50              | 157             | 31              | 202             | 103             | 39              | 49              | 86              | 570             | 1,676            |
| <b>TOTAL, Receipts</b>                                | <b>\$5,441</b>  | <b>\$8,628</b>  | <b>\$10,668</b> | <b>\$6,363</b>  | <b>\$8,023</b>  | <b>\$13,860</b> | <b>\$14,301</b> | <b>\$7,315</b>  | <b>\$5,923</b>  | <b>\$17,050</b> | <b>\$8,466</b>  | <b>\$16,963</b> | <b>\$123,000</b> |
| <b>DISBURSEMENTS:</b>                                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                  |
| State Operations:                                     |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                  |
| University of California                              | \$258           | \$429           | \$258           | \$258           | \$258           | \$475           | \$297           | \$258           | \$258           | \$258           | \$533           | \$1             | \$3,541          |
| Debt Service  | -41             | 545             | 769             | 1,013           | 629             | -419            | -81             | 486             | 628             | 989             | 313             | -23             | 4,808            |
| Other State Operations                                | 2,516           | 1,871           | 1,911           | 2,466           | 1,541           | 2,330           | 1,873           | 1,327           | 1,662           | 2,488           | 1,925           | 1,521           | 23,431           |
| Social Services                                       | 1,110           | 155             | 805             | 761             | 700             | 801             | 578             | 578             | 781             | 811             | 642             | 762             | 8,309            |
| Medi-Cal Assistance for DHCS                          | 2,311           | 1,588           | 2,209           | 1,329           | 385             | 3,324           | 1,318           | 1,172           | 1,394           | 1,724           | 1,682           | 1,028           | 19,464           |
| Other Health and Human Services                       | 531             | 187             | 377             | 698             | 396             | 332             | 255             | 200             | 187             | 374             | 325             | 212             | 4,074            |
| Schools   | 2,665           | 3,375           | 6,461           | 3,872           | 4,436           | 6,573           | 4,354           | 4,460           | 6,225           | 3,756           | 3,829           | 4,415           | 54,421           |
| Teachers' Retirement                                  | 456             | 0               | 0               | 780             | 0               | 456             | 0               | 0               | 0               | 780             | 0               | 1               | 2,473            |
| Transfer to Special Fund for Economic Uncertainties   | 0               | 0               | 0               | 0               | 0               | 0               | 635             | 0               | 0               | 0               | 0               | 0               | 635              |
| Transfer to Budget Stabilization Account              | 0               | 0               | 1,294           | 0               | 0               | 0               | 0               | 0               | 0               | 0               | 1,840           | 0               | 3,134            |
| Other   | 616             | 457             | 1,506           | 396             | 166             | 499             | 127             | 116             | 66              | 248             | 211             | 955             | 5,364            |
| <b>TOTAL, Disbursements</b>                           | <b>\$10,422</b> | <b>\$8,607</b>  | <b>\$15,590</b> | <b>\$11,573</b> | <b>\$8,511</b>  | <b>\$13,973</b> | <b>\$9,579</b>  | <b>\$8,597</b>  | <b>\$11,201</b> | <b>\$11,428</b> | <b>\$11,300</b> | <b>\$8,872</b>  | <b>\$129,654</b> |
| <b>EXCESS RECEIPTS/(DEFICIT)</b>                      | <b>-\$4,981</b> | <b>\$21</b>     | <b>-\$4,923</b> | <b>-\$5,210</b> | <b>-\$489</b>   | <b>-\$113</b>   | <b>\$4,722</b>  | <b>-\$1,282</b> | <b>-\$5,278</b> | <b>\$5,621</b>  | <b>-\$2,834</b> | <b>\$8,091</b>  | <b>-\$6,655</b>  |
| <b>NET TEMPORARY LOANS:</b>                           |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                  |
| Special Fund for Economic Uncertainties               | \$1,116         | \$0             | \$0             | \$0             | \$0             | \$0             | \$635           | \$0             | \$0             | \$0             | \$0             | \$0             | \$1,750          |
| Budget Stabilization Account                          | 3,460           | 0               | 1,254           | -646            | 0               | 0               | 0               | 0               | 0               | 0               | 1,840           | -1,004          | 4,904            |
| Other Internal Sources                                | 405             | -21             | 3,669           | 5,856           | 489             | 113             | -5,356          | 1,282           | 5,278           | -5,621          | 994             | -7,087          | 0                |
| External Borrowing                                    | 0               | 0               | 0               | 0               | 0               | 0               | 0               | 0               | 0               | 0               | 0               | 0               | 0                |
| <b>TOTAL, Net Temporary Loans</b>                     | <b>\$4,981</b>  | <b>-\$21</b>    | <b>\$4,923</b>  | <b>\$5,210</b>  | <b>\$489</b>    | <b>\$113</b>    | <b>-\$4,721</b> | <b>\$1,282</b>  | <b>\$5,278</b>  | <b>-\$5,621</b> | <b>\$2,834</b>  | <b>-\$8,091</b> | <b>\$6,654</b>   |
| <b>ENDING CASH BALANCE</b>                            | <b>\$0</b>      | <b>\$0</b>      | <b>\$0</b>      | <b>\$0</b>      | <b>\$0</b>      | <b>\$0</b>      | <b>\$0</b>      | <b>\$0</b>      | <b>\$0</b>      | <b>\$0</b>      | <b>\$0</b>      | <b>\$0</b>      | <b>\$0</b>       |
| <b>AVAILABLE/BORROWABLE RESOURCES:</b>                |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                  |
| Special Fund for Economic Uncertainties               | \$1,116         | \$1,116         | \$1,116         | \$1,116         | \$1,116         | \$1,116         | \$1,750         | \$1,750         | \$1,750         | \$1,750         | \$1,750         | \$1,750         | \$1,750          |
| Budget Stabilization Account                          | 3,460           | 3,460           | 4,714           | 4,714           | 4,714           | 4,714           | 4,714           | 4,714           | 4,714           | 4,714           | 6,554           | 6,554           | 6,554            |
| Other Internal Sources                                | 31,421          | 31,997          | 33,214          | 32,387          | 33,357          | 30,720          | 29,736          | 30,608          | 30,690          | 29,649          | 31,759          | 31,530          | 31,530           |
| External Borrowing                                    | 0               | 0               | 0               | 0               | 0               | 0               | 0               | 0               | 0               | 0               | 0               | 0               | 0                |
| <b>TOTAL, Available/Borrowable Resources</b>          | <b>\$35,997</b> | <b>\$36,574</b> | <b>\$39,044</b> | <b>\$38,217</b> | <b>\$39,188</b> | <b>\$36,550</b> | <b>\$36,201</b> | <b>\$37,073</b> | <b>\$37,155</b> | <b>\$36,114</b> | <b>\$40,064</b> | <b>\$39,834</b> | <b>\$39,834</b>  |
| <b>CUMULATIVE LOAN BALANCES:</b>                      |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                  |
| Special Fund for Economic Uncertainties               | \$1,116         | \$1,116         | \$1,116         | \$1,116         | \$1,116         | \$1,116         | \$1,750         | \$1,750         | \$1,750         | \$1,750         | \$1,750         | \$1,750         | \$1,750          |
| Budget Stabilization Account                          | 3,460           | 3,460           | 4,714           | 4,714           | 4,714           | 4,714           | 4,714           | 4,714           | 4,714           | 4,714           | 6,554           | 5,550           | 5,550            |
| Other Internal Sources                                | 1,051           | 1,030           | 4,699           | 9,909           | 10,398          | 10,510          | 5,154           | 6,436           | 11,714          | 6,093           | 7,087           | 0               | 0                |
| External Borrowing                                    | 0               | 0               | 0               | 0               | 0               | 0               | 0               | 0               | 0               | 0               | 0               | 0               | 0                |
| <b>TOTAL, Cumulative Loan Balances</b>                | <b>\$5,627</b>  | <b>\$5,606</b>  | <b>\$10,529</b> | <b>\$15,739</b> | <b>\$16,228</b> | <b>\$16,341</b> | <b>\$11,619</b> | <b>\$12,901</b> | <b>\$18,179</b> | <b>\$12,558</b> | <b>\$15,392</b> | <b>\$7,301</b>  | <b>\$7,301</b>   |
| <b>UNUSED BORROWABLE RESOURCES</b>                    | <b>\$30,370</b> | <b>\$30,967</b> | <b>\$28,515</b> | <b>\$22,478</b> | <b>\$22,960</b> | <b>\$20,210</b> | <b>\$24,582</b> | <b>\$24,172</b> | <b>\$18,976</b> | <b>\$23,556</b> | <b>\$24,672</b> | <b>\$32,534</b> | <b>\$32,534</b>  |
| <b>Cash and Unused Borrowable Resources</b>           | <b>\$30,370</b> | <b>\$30,967</b> | <b>\$28,515</b> | <b>\$22,478</b> | <b>\$22,960</b> | <b>\$20,210</b> | <b>\$24,582</b> | <b>\$24,172</b> | <b>\$18,976</b> | <b>\$23,556</b> | <b>\$24,672</b> | <b>\$32,534</b> | <b>\$32,534</b>  |

Note: Numbers may not add due to rounding.

**SCHEDULE 5D**  
**ESTIMATED 2017-18 FISCAL YEAR CASHFLOW**  
**GENERAL FUND**  
(Dollars in Millions)

|   | JUL             | AUG             | SEP             | OCT             | NOV             | DEC             | JAN             | FEB             | MAR             | APR             | MAY             | JUN             | TOTAL            |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|------------------|
| <b>BEGINNING CASH BALANCE</b>                         |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                  |
| <b>RECEIPTS:</b>                                      |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                  |
| Alcoholic Beverage Excise Tax                         | \$43            | \$28            | \$31            | \$32            | \$32            | \$35            | \$26            | \$29            | \$31            | \$30            | \$22            | \$33            | \$372            |
| Corporation Tax                                       | 369             | 31              | 979             | 339             | -11             | 1,724           | 371             | 155             | 782             | 2,882           | 400             | 2,856           | 10,877           |
| Cigarette Tax   | 6               | 6               | 2               | 9               | 2               | 9               | 6               | 2               | 6               | 5               | 5               | 7               | 65               |
| Inheritance, Gift and Estate Taxes                    | 0               | 0               | 0               | 0               | 0               | 0               | 0               | 0               | 0               | 0               | 0               | 0               | 0                |
| Insurance Tax   | 17              | 303             | 307             | 15              | 278             | 300             | 17              | 20              | 227             | 412             | 213             | 259             | 2,368            |
| Personal Income Tax                                   | 4,680           | 5,192           | 7,156           | 5,733           | 5,045           | 9,378           | 13,034          | 3,223           | 2,777           | 13,877          | 4,479           | 11,507          | 86,081           |
| Retail Sales and Use Tax                              | 684             | 3,196           | 1,960           | 759             | 3,020           | 2,261           | 768             | 3,828           | 1,825           | 840             | 3,550           | 2,392           | 25,083           |
| Income from Pooled Money Investments                  | 4               | 5               | 10              | 9               | 6               | 8               | 9               | 5               | 13              | 5               | 9               | 14              | 97               |
| Transfer from Special Fund for Economic Uncertainties | 0               | 0               | 0               | 0               | 0               | 0               | 196             | 0               | 0               | 0               | 0               | 0               | 196              |
| Other   | 39              | 97              | 216             | 53              | 70              | 44              | 217             | 70              | 57              | 60              | 69              | 584             | 1,576            |
| <b>TOTAL, Receipts</b>                                | <b>\$5,842</b>  | <b>\$8,858</b>  | <b>\$10,661</b> | <b>\$6,949</b>  | <b>\$8,442</b>  | <b>\$13,759</b> | <b>\$14,644</b> | <b>\$7,332</b>  | <b>\$5,718</b>  | <b>\$18,111</b> | <b>\$8,747</b>  | <b>\$17,652</b> | <b>\$126,715</b> |
| <b>DISBURSEMENTS:</b>                                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                  |
| State Operations:                                     |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                  |
| University of California                              | \$434           | \$265           | \$265           | \$265           | \$265           | \$443           | \$265           | \$265           | \$265           | \$265           | \$527           | \$7             | \$3,531          |
| Debt Service  | -82             | 368             | 645             | 839             | 606             | -195            | -82             | 587             | 805             | 1,263           | 268             | -150            | 4,872            |
| Other State Operations                                | 2,707           | 2,031           | 2,083           | 2,642           | 1,392           | 1,397           | 1,861           | 1,397           | 1,673           | 2,399           | 1,908           | 1,274           | 23,844           |
| Social Services                                       | 1,336           | 132             | 601             | 688             | 814             | 330             | 682             | 515             | 757             | 770             | 428             | 781             | 7,834            |
| Medi-Cal Assistance for DHCS                          | 2,812           | 1,766           | 2,512           | 1,581           | 1,712           | 1,335           | 1,664           | 1,473           | 1,708           | 558             | 1,184           | 772             | 19,077           |
| Other Health and Human Services                       | 443             | 69              | 158             | 923             | 511             | 414             | 253             | 226             | 299             | 312             | 216             | 19              | 3,845            |
| Schools   | 3,163           | 3,300           | 5,648           | 3,676           | 4,398           | 5,859           | 4,066           | 4,784           | 6,350           | 3,677           | 3,881           | 5,561           | 54,363           |
| Teachers' Retirement                                  | 523             | 0               | 0               | 870             | 0               | 523             | 0               | 0               | 0               | 870             | 0               | 1               | 2,787            |
| 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              | 0               | 0               | 1,315           | 0               | 0               | 354             | 267             | 96              | 0               | 191             | 144             | 1,045           | 1,315            |
| Other   | 545             | 486             | 471             | 302             | 97              | 0               | 0               | 0               | 0               | 0               | 0               | 0               | 4,027            |
| <b>TOTAL, Disbursements</b>                           | <b>\$11,881</b> | <b>\$8,417</b>  | <b>\$13,698</b> | <b>\$11,786</b> | <b>\$9,795</b>  | <b>\$11,540</b> | <b>\$8,976</b>  | <b>\$9,343</b>  | <b>\$11,889</b> | <b>\$10,305</b> | <b>\$8,556</b>  | <b>\$9,310</b>  | <b>\$125,495</b> |
| <b>EXCESS RECEIPTS/(DEFICIT)</b>                      | <b>-\$6,040</b> | <b>\$441</b>    | <b>-\$3,036</b> | <b>-\$4,837</b> | <b>-\$1,352</b> | <b>\$2,219</b>  | <b>\$5,668</b>  | <b>-\$2,012</b> | <b>-\$6,170</b> | <b>\$7,806</b>  | <b>\$191</b>    | <b>\$8,342</b>  | <b>\$1,220</b>   |
| <b>NET TEMPORARY LOANS:</b>                           |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                  |
| Special Fund for Economic Uncertainties               | \$0             | \$0             | \$0             | \$0             | \$0             | \$0             | -\$196          | \$0             | \$0             | \$0             | \$0             | \$0             | -\$196           |
| Budget Stabilization Account                          | 1,004           | 0               | 1,315           | 0               | 0               | 0               | 0               | 0               | 0               | 0               | 0               | -3,343          | -1,024           |
| Other Internal Sources                                | 5,036           | -441            | 1,721           | 4,837           | 1,352           | -2,219          | -5,472          | 2,012           | 6,170           | -7,806          | -191            | -4,999          | 0                |
| External Borrowing                                    | 0               | 0               | 0               | 0               | 0               | 0               | 0               | 0               | 0               | 0               | 0               | 0               | 0                |
| <b>TOTAL, Net Temporary Loans</b>                     | <b>\$6,040</b>  | <b>-\$441</b>   | <b>\$3,036</b>  | <b>\$4,837</b>  | <b>\$1,352</b>  | <b>-\$2,219</b> | <b>-\$5,668</b> | <b>\$2,012</b>  | <b>\$6,170</b>  | <b>-\$7,806</b> | <b>-\$191</b>   | <b>-\$8,342</b> | <b>-\$1,220</b>  |
| <b>ENDING CASH BALANCE</b>                            | <b>\$0</b>      | <b>\$0</b>      | <b>\$0</b>      | <b>\$0</b>      | <b>\$0</b>      | <b>\$0</b>      | <b>\$0</b>      | <b>\$0</b>      | <b>\$0</b>      | <b>\$0</b>      | <b>\$0</b>      | <b>\$0</b>      | <b>\$0</b>       |
| <b>AVAILABLE/BORROWABLE RESOURCES:</b>                |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                  |
| Special Fund for Economic Uncertainties               | \$1,750         | \$1,750         | \$1,750         | \$1,750         | \$1,750         | \$1,750         | \$1,554         | \$1,554         | \$1,554         | \$1,554         | \$1,554         | \$1,554         | \$1,554          |
| Budget Stabilization Account                          | 6,554           | 6,554           | 7,869           | 7,869           | 7,869           | 7,869           | 7,869           | 7,869           | 7,869           | 7,869           | 7,869           | 7,869           | 7,869            |
| Other Internal Sources                                | 31,292          | 32,161          | 32,059          | 31,580          | 32,050          | 30,580          | 28,008          | 30,395          | 30,583          | 29,681          | 30,373          | 31,570          | 31,570           |
| External Borrowing                                    | 0               | 0               | 0               | 0               | 0               | 0               | 0               | 0               | 0               | 0               | 0               | 0               | 0                |
| <b>TOTAL, Available/Borrowable Resources</b>          | <b>\$39,597</b> | <b>\$40,466</b> | <b>\$41,679</b> | <b>\$41,200</b> | <b>\$41,669</b> | <b>\$40,200</b> | <b>\$37,432</b> | <b>\$39,819</b> | <b>\$40,007</b> | <b>\$39,105</b> | <b>\$39,797</b> | <b>\$40,994</b> | <b>\$40,994</b>  |
| <b>CUMULATIVE LOAN BALANCES:</b>                      |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                  |
| Special Fund for Economic Uncertainties               | \$1,750         | \$1,750         | \$1,750         | \$1,750         | \$1,750         | \$1,750         | \$1,554         | \$1,554         | \$1,554         | \$1,554         | \$1,554         | \$1,554         | \$1,554          |
| Budget Stabilization Account                          | 6,554           | 6,554           | 7,869           | 7,869           | 7,869           | 7,869           | 7,869           | 7,869           | 7,869           | 7,869           | 7,869           | 7,869           | 7,869            |
| Other Internal Sources                                | 5,036           | 4,594           | 6,315           | 11,152          | 12,505          | 10,286          | 4,814           | 6,826           | 12,996          | 5,190           | 4,999           | 0               | 4,526            |
| External Borrowing                                    | 0               | 0               | 0               | 0               | 0               | 0               | 0               | 0               | 0               | 0               | 0               | 0               | 0                |
| <b>TOTAL, Cumulative Loan Balances</b>                | <b>\$13,340</b> | <b>\$12,899</b> | <b>\$15,935</b> | <b>\$20,772</b> | <b>\$22,125</b> | <b>\$19,906</b> | <b>\$14,238</b> | <b>\$16,250</b> | <b>\$22,420</b> | <b>\$14,614</b> | <b>\$14,423</b> | <b>\$6,081</b>  | <b>\$6,081</b>   |
| <b>UNUSED BORROWABLE RESOURCES</b>                    | <b>\$26,257</b> | <b>\$27,567</b> | <b>\$25,743</b> | <b>\$20,428</b> | <b>\$19,545</b> | <b>\$20,294</b> | <b>\$23,194</b> | <b>\$23,570</b> | <b>\$17,587</b> | <b>\$24,490</b> | <b>\$25,374</b> | <b>\$34,913</b> | <b>\$34,913</b>  |
| <b>Cash and Unused Borrowable Resources</b>           | <b>\$26,257</b> | <b>\$27,567</b> | <b>\$25,743</b> | <b>\$20,428</b> | <b>\$19,545</b> | <b>\$20,294</b> | <b>\$23,194</b> | <b>\$23,570</b> | <b>\$17,587</b> | <b>\$24,490</b> | <b>\$25,374</b> | <b>\$34,913</b> | <b>\$34,913</b>  |

Note: Numbers may not add due to rounding.

**SCHEDULE 6**  
**SUMMARY OF STATE POPULATION, EMPLOYEES, AND EXPENDITURES AT 2017-18 GOVERNOR'S BUDGET**

| Year    | Population <sup>1/</sup><br>(Thousands) | Employees <sup>2/</sup> | Employees<br>per 1,000<br>Population | Personal<br>Income<br>(Billions) <sup>3/</sup> | Revenue            |            | Expenditures                     |                     | Expenditures per<br>Capita |                     | Expenditures per<br>\$100 of Personal<br>Income |                     |
|---------|---|-------------------------|--------------------------------------|--|--------------------|------------|----------------------------------|---------------------|----------------------------|---------------------|---|---------------------|
|         |   |                         |                                      |  | General            | Total      | General                          | Total <sup>5/</sup> | General <sup>4/</sup>      | Total <sup>5/</sup> | General <sup>4/</sup>                           | Total <sup>5/</sup> |
|         |   |                         |                                      |  | Fund<br>(Millions) | (Millions) | Fund <sup>4/</sup><br>(Millions) | (Millions)          | Fund <sup>4/</sup>         | Total <sup>5/</sup> | Fund <sup>4/</sup>                              | Total <sup>5/</sup> |
| 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 | 37,339                                  | 371,959                 | 10.0                                 | 1,579.1  | 93,443             | 122,463    | 91,549                           | 130,981             | 2,451.83                   | 3,507.89            | 5.80  | 8.29                |
| 2011-12 | 37,676                                  | 356,808                 | 9.5                                  | 1,683.2  | 86,786             | 118,792    | 86,404                           | 126,361             | 2,293.34                   | 3,353.89            | 5.13  | 7.51                |
| 2012-13 | 38,038                                  | 346,321                 | 9.1                                  | 1,805.2  | 99,915             | 137,242    | 96,562                           | 141,001             | 2,538.57                   | 3,706.85            | 5.35  | 7.81                |
| 2013-14 | 38,370                                  | 353,979                 | 9.2                                  | 1,856.6  | 103,375            | 142,860    | 100,005                          | 142,810             | 2,606.33                   | 3,721.92            | 5.39  | 7.69                |
| 2014-15 | 38,729                                  | 360,859                 | 9.3                                  | 1,939.5  | 111,789            | 157,875    | 113,448                          | 160,294             | 2,929.28                   | 4,138.86            | 5.85  | 8.26                |
| 2015-16 | 39,060                                  | 350,680                 | 9.0                                  | 2,103.7  | 115,500            | 161,428    | 113,984                          | 159,922             | 2,918.18                   | 4,094.27            | 5.42  | 7.60                |
| 2016-17 | 39,354                                  | 361,747                 | 9.2                                  | 2,190.5  | 118,765            | 170,305    | 122,761                          | 177,500             | 3,119.40                   | 4,510.34            | 5.60  | 8.10                |
| 2017-18 | 39,695                                  | 362,690                 | 9.1                                  | 2,287.6  | 124,027            | 175,715    | 122,520                          | 179,450             | 3,086.53                   | 4,520.72            | 5.36  | 7.84                |

<sup>1/</sup>Population as of July 1, the beginning of the fiscal year.

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

<sup>3/</sup>Only the last three fiscal years have been updated.

<sup>4/</sup>Includes Special Accounts in General Fund from 1973-74 to 1976-77.

<sup>5/</sup>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  | Actuals 2015-16      |                     |                      | Estimated 2016-17    |                     |                      | Estimated 2017-18    |                     |                      |
|--|----------------------|---------------------|----------------------|----------------------|---------------------|----------------------|----------------------|---------------------|----------------------|
|  | General Fund         | Special Funds       | Total                | General Fund         | Special Funds       | Total                | General Fund         | Special Funds       | Total                |
| <b>MAJOR TAXES AND LICENSES</b>                          |                      |                     |                      |                      |                     |                      |                      |                     |                      |
| 4110200-Excise Tax - Beer and Wine                       | \$170,853            | --                  | \$170,853            | \$170,227            | --                  | \$170,227            | \$169,668            | --                  | \$169,668            |
| 4110250-Excise Tax - Spirits                             | 197,846              | --                  | 197,846              | 200,132              | --                  | 200,132              | 202,455              | --                  | 202,455              |
| 4110400-Cigarette Tax                                    | 85,344               | 754,690             | 840,034              | 79,297               | 1,077,384           | 1,156,681            | 64,790               | 2,026,162           | 2,090,952            |
| 4110800-Corporation Tax                                  | 9,902,185            | --                  | 9,902,185            | 10,388,788           | --                  | 10,388,788           | 10,877,671           | --                  | 10,877,671           |
| 4113000-Identification Card Fees                         | --                   | 34,820              | 34,820               | --                   | 35,493              | 35,493               | --                   | 35,845              | 35,845               |
| 4113400-Insurance Gross Premiums Tax                     | 2,561,932            | --                  | 2,561,932            | 2,308,534            | --                  | 2,308,534            | 2,368,374            | --                  | 2,368,374            |
| 4113600-Jet Fuel Tax                                     | --                   | 2,778               | 2,778                | --                   | 2,778               | 2,778                | --                   | 2,778               | 2,778                |
| 4113800-Lien Sale Application Fees                       | --                   | 796                 | 796                  | --                   | 796                 | 796                  | --                   | 796                 | 796                  |
| 4114000-Mobilehome In-Lieu Tax                           | 791                  | 1,888               | 2,679                | 716                  | 1,888               | 2,604                | 641                  | 1,888               | 2,529                |
| 4115000-Motor Vehicles - Driver's License Fees           | --                   | 296,160             | 296,160              | --                   | 232,544             | 232,544              | --                   | 300,318             | 300,318              |
| 4115100-Motor Vehicles - Fuel Tax (Diesel)               | --                   | 441,002             | 441,002              | --                   | 523,500             | 523,500              | --                   | 534,368             | 534,368              |
| 4115200-Motor Vehicles - Fuel Tax (Gasoline)             | --                   | 4,559,537           | 4,559,537            | --                   | 4,280,403           | 4,280,403            | --                   | 4,576,132           | 4,576,132            |
| 4115300-Motor Vehicles - License (In-Lieu) Fees          | 23                   | 2,480,524           | 2,480,547            | --                   | 2,589,963           | 2,589,963            | --                   | 2,657,195           | 2,657,195            |
| 4115400-Motor Vehicles - Registration Fees               | --                   | 3,793,190           | 3,793,190            | --                   | 3,960,177           | 3,960,177            | --                   | 4,277,257           | 4,277,257            |
| 4115450-Motor Vehicles - Road Improvement Charge         | --                   | --                  | --                   | --                   | --                  | --                   | --                   | 1,066,000           | 1,066,000            |
| 4115600-Motor Vehicles - Other Fees                      | --                   | 202,103             | 202,103              | --                   | 202,813             | 202,813              | --                   | 200,019             | 200,019              |
| 4116200-Personal Income Tax                              | 78,947,387           | 1,805,958           | 80,753,345           | 83,135,898           | 1,863,048           | 84,998,946           | 85,865,730           | 1,887,584           | 87,753,314           |
| 4117000-Retail Sales and Use Tax                         | 24,890,193           | 464,607             | 25,354,800           | 24,994,096           | 417,141             | 25,411,237           | 25,179,134           | 466,495             | 25,645,629           |
| 4117200-Retail Sales and Use Tax - Fiscal Recovery       | --                   | 964,645             | 964,645              | --                   | --                  | --                   | --                   | --                  | --                   |
| 4117400-Retail Sales and Use Tax - 2011 Realignment      | --                   | 6,403,539           | 6,403,539            | --                   | 6,621,849           | 6,621,849            | --                   | 6,901,470           | 6,901,470            |
| 4117600-Retail Sales and Use Tax - 1991 Realignment      | --                   | 3,232,789           | 3,232,789            | --                   | 3,315,674           | 3,315,674            | --                   | 3,460,023           | 3,460,023            |
| 4117800-Retail Sales and Use Tax - Medi-Cal Managed Care | --                   | 1,632,354           | 1,632,354            | --                   | --                  | --                   | --                   | --                  | --                   |
| <b>TOTALS, MAJOR TAXES AND LICENSES</b>                  | <b>\$116,756,554</b> | <b>\$27,071,380</b> | <b>\$143,827,934</b> | <b>\$121,277,688</b> | <b>\$25,125,451</b> | <b>\$146,403,139</b> | <b>\$124,728,463</b> | <b>\$28,394,330</b> | <b>\$153,122,793</b> |

**MINOR REVENUES**

**REGULATORY TAXES AND LICENSES**

|  |     |           |           |    |           |           |     |           |           |
|--|-----|-----------|-----------|----|-----------|-----------|-----|-----------|-----------|
| 4120000-Beverage Container Redemption Fees                         | --  | 1,275,137 | 1,275,137 | -- | 1,298,165 | 1,298,165 | --  | 1,315,866 | 1,315,866 |
| 4120400-Building Construction Filing Fees (Physically Handicapped) | --  | 11,119    | 11,119    | -- | 11,114    | 11,114    | --  | 11,283    | 11,283    |
| 4120600-Candidate Filing Fee                                       | 820 | --        | 820       | 52 | --        | 52        | 980 | --        | 980       |
| 4120800-Corporation Fees - Domestic Corporations                   | --  | 10,194    | 10,194    | -- | 10,500    | 10,500    | --  | 9,500     | 9,500     |
| 4121000-Corporation Fees - Foreign Corporations                    | --  | 1,245     | 1,245     | -- | 1,070     | 1,070     | --  | 1,070     | 1,070     |
| 4121200-Delinquent Fees  | 2   | 7,524     | 7,526     | 2  | 7,652     | 7,654     | 2   | 8,004     | 8,006     |
| 4121600-Elevator and Boiler Inspection Fees                        | --  | 19,039    | 19,039    | -- | 18,824    | 18,824    | --  | 24,824    | 24,824    |
| 4121800-Employment Agency Filing Fees                              | 226 | --        | 226       | -- | 227       | 227       | --  | 227       | 227       |
| 4122000-Employment Agency License Fees                             | 923 | 4,306     | 5,229     | -- | 5,479     | 5,479     | --  | 5,555     | 5,555     |
| 4122200-Energy Resources Surcharge                                 | --  | 589,699   | 589,699   | -- | 733,133   | 733,133   | --  | 733,133   | 733,133   |
| 4122400-Environmental and Hazardous Waste Fees                     | --  | 51,787    | 51,787    | -- | 51,628    | 51,628    | --  | 52,934    | 52,934    |
| 4122800-Filing Financing Statements                                | --  | 2,494     | 2,494     | -- | 2,200     | 2,200     | --  | 2,200     | 2,200     |

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

| Sources  | Actuals 2015-16 |                    |                    | Estimated 2016-17 |                     |                     | Estimated 2017-18 |                     |                     |
|--|-----------------|--------------------|--------------------|-------------------|---------------------|---------------------|-------------------|---------------------|---------------------|
|  | General Fund    | Special Funds      | Total              | General Fund      | Special Funds       | Total               | General Fund      | Special Funds       | Total               |
| 4123000-Fish and Game - Licenses, Tags, and Permits                              | --              | 104,228            | 104,228            | --                | 109,334             | 109,334             | --                | 107,983             | 107,983             |
| 4123200-Fish and Game - Taxes  | --              | 470                | 470                | --                | 625                 | 625                 | --                | 14,117              | 14,117              |
| 4123400-Genetic Disease Testing Fees   | --              | 123,226            | 123,226            | --                | 134,824             | 134,824             | --                | 135,671             | 135,671             |
| 4123600-Highway Carriers Uniform Business License Tax                            | 218             | --                 | 218                | 218               | --                  | 218                 | 218               | --                  | 218                 |
| 4123720-Horse Racing Licenses  | 880             | 13,657             | 14,537             | 987               | 14,362              | 15,349              | 987               | 14,362              | 15,349              |
| 4123740-Horse Racing Miscellaneous   | 2               | --                 | 2                  | 5                 | --                  | 5                   | 5                 | --                  | 5                   |
| 4123800-Industrial Homework Fees   | 1               | --                 | 1                  | --                | 1                   | 1                   | --                | 1                   | 1                   |
| 4124000-Insurance Company - Examination Fees                                     | --              | 24,029             | 24,029             | --                | 24,499              | 24,499              | --                | 27,050              | 27,050              |
| 4124200-Insurance Company - License Fees and Penalties                           | --              | 54,102             | 54,102             | --                | 55,829              | 55,829              | --                | 59,243              | 59,243              |
| 4124400-Insurance Company - General Fees   | --              | 33,416             | 33,416             | --                | 33,890              | 33,890              | --                | 35,675              | 35,675              |
| 4124600-Insurance Company - Proposition 103 Fees                                 | --              | 30,211             | 30,211             | --                | 31,770              | 31,770              | --                | 34,273              | 34,273              |
| 4124800-Insurance Fraud Assessment - Automobile                                  | --              | 50,945             | 50,945             | --                | 52,473              | 52,473              | --                | 54,047              | 54,047              |
| 4125000-Insurance Fraud Assessment - General                                     | --              | 13,596             | 13,596             | --                | 12,910              | 12,910              | --                | 13,149              | 13,149              |
| 4125200-Insurance Fraud Assessment - Workers Compensation                        | --              | 59,469             | 59,469             | --                | 58,652              | 58,652              | --                | 59,050              | 59,050              |
| 4125400-Liquor License Fees  | --              | 57,406             | 57,406             | --                | 58,542              | 58,542              | --                | 61,315              | 61,315              |
| 4125600-New Motor Vehicle Dealer License Fee                                     | --              | 1,798              | 1,798              | --                | 1,690               | 1,690               | --                | 1,690               | 1,690               |
| 4125800-Notary Public License Fees   | --              | 891                | 891                | --                | 890                 | 890                 | --                | 890                 | 890                 |
| 4126000-Off Highway Vehicle Fees   | --              | 22,949             | 22,949             | --                | 23,015              | 23,015              | --                | 23,015              | 23,015              |
| 4126200-Private Rail Car Tax   | 9,868           | --                 | 9,868              | 8,925             | --                  | 8,925               | 8,925             | --                  | 8,925               |
| 4126400-Processing Fee   | --              | 410                | 410                | --                | 368                 | 368                 | --                | 368                 | 368                 |
| 4126600-Public Utilities Commission - Quarterly Fees                             | --              | 124,919            | 124,919            | --                | 140,473             | 140,473             | --                | 166,011             | 166,011             |
| 4126800-Public Utilities Commission - Penalties on Quarterly Fees                | --              | 5                  | 5                  | --                | 5                   | 5                   | --                | 5                   | 5                   |
| 4127000-Real Estate - Examination Fees   | --              | 4,010              | 4,010              | --                | 4,191               | 4,191               | --                | 4,379               | 4,379               |
| 4127200-Real Estate - License Fees   | --              | 38,783             | 38,783             | --                | 40,232              | 40,232              | --                | 41,585              | 41,585              |
| 4127300-Refinery Fees  | --              | 4,425              | 4,425              | --                | 5,143               | 5,143               | --                | 5,143               | 5,143               |
| 4127400-Renewal Fees   | --              | 275,271            | 275,271            | --                | 281,712             | 281,712             | --                | 304,622             | 304,622             |
| 4128000-Subdivision Filing Fees  | --              | 8,388              | 8,388              | --                | 7,279               | 7,279               | --                | 7,497               | 7,497               |
| 4128400-Teacher Credential Fees  | --              | 23,454             | 23,454             | --                | 23,594              | 23,594              | --                | 23,594              | 23,594              |
| 4128600-Teacher Examination Fees   | --              | 4,905              | 4,905              | --                | 4,905               | 4,905               | --                | 4,905               | 4,905               |
| 4128740-Trailer Coach License (In Lieu) Fees                                     | 22,742          | --                 | 22,742             | 23,197            | --                  | 23,197              | 23,660            | --                  | 23,660              |
| 4129000-Other Fees and Licenses  | --              | 1,861              | 1,861              | --                | 1,821               | 1,821               | --                | 13,583              | 13,583              |
| 4129200-Other Regulatory Fees  | 1,080           | 6,082,016          | 6,083,096          | 1,138             | 10,141,988          | 10,143,126          | 1,138             | 8,610,014           | 8,611,152           |
| 4129400-Other Regulatory Licenses and Permits                                    | 5,224           | 593,325            | 598,549            | 4,510             | 652,285             | 656,795             | 4,365             | 690,390             | 694,775             |
| 4129410-Other Regulatory Licenses and Permits - Motor Vehicle Fuel Tax License D | --              | 196                | 196                | --                | --                  | --                  | --                | --                  | --                  |
| 4129600-Other Regulatory Taxes   | --              | 106,757            | 106,757            | --                | 155,725             | 155,725             | --                | 193,672             | 193,672             |
| <b>Totals, REGULATORY TAXES AND LICENSES</b>                                     | <b>\$41,986</b> | <b>\$9,831,662</b> | <b>\$9,873,648</b> | <b>\$39,034</b>   | <b>\$14,213,019</b> | <b>\$14,252,053</b> | <b>\$40,300</b>   | <b>\$12,871,895</b> | <b>\$12,912,195</b> |

|   |    |        |
|---|----|--------|
| <b>REVENUE FROM LOCAL AGENCIES</b>        |    |        |
| 4130000-Architecture Public Building Fees | -- | 40,698 |
| 4131000-Crimes of Public Offense Fines    | 59 | 10,053 |
| 4131500-Felony Conviction Penalties       | -- | 50,000 |

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

|  | Actuals 2015-16  |                    |                    | Estimated 2016-17 |                    |                    | Estimated 2017-18 |                    |                    |
|--|------------------|--------------------|--------------------|-------------------|--------------------|--------------------|-------------------|--------------------|--------------------|
|  | General Fund     | Special Funds      | Total              | General Fund      | Special Funds      | Total              | General Fund      | Special Funds      | Total              |
| <b>Sources</b>   |                  |                    |                    |                   |                    |                    |                   |                    |                    |
| 4132000-Fingerprint Identification Card Fees                         | --               | 82,495             | 82,495             | --                | 83,317             | 83,317             | --                | 83,317             | 83,317             |
| 4132500-Fish and Game Fines  | --               | 910                | 910                | --                | 520                | 520                | --                | 503                | 503                |
| 4133000-Fish and Game Fines - Additional Assessments                 | --               | 72                 | 72                 | --                | 4                  | 4                  | --                | 4                  | 4                  |
| 4134000-Local Agencies - Interest on Loans                           | 1,303            | 667                | 1,970              | 1,303             | 560                | 1,863              | 1,303             | 479                | 1,782              |
| 4134500-Local Agencies - Cost Recoveries                             | 25,845           | 9,506              | 35,351             | 23,328            | 9,606              | 32,934             | 26,736            | 9,606              | 36,342             |
| 4135000-Local Agencies - Miscellaneous Revenue                       | 171,453          | 983,179            | 1,154,632          | 170,670           | 1,978,557          | 2,149,227          | 167,441           | 1,433,589          | 1,601,030          |
| 4135500-Narcotic Fines   | 1,336            | --                 | 1,336              | 1,000             | --                 | 1,000              | 1,000             | --                 | 1,000              |
| 4136000-Open Space Cancellation Fee                                  | 192              | 2,854              | 3,046              | 192               | 3,280              | 3,472              | --                | 3,280              | 3,280              |
| 4136500-Traffic Violation Penalties                                  | --               | 65,112             | 65,112             | --                | 56,033             | 56,033             | --                | --                 | --                 |
| <b>Totals, REVENUE FROM LOCAL AGENCIES</b>                           | <b>\$200,188</b> | <b>\$1,242,787</b> | <b>\$1,442,975</b> | <b>\$196,546</b>  | <b>\$2,232,576</b> | <b>\$2,429,122</b> | <b>\$196,533</b>  | <b>\$1,635,012</b> | <b>\$1,831,545</b> |
| <b>SERVICES TO THE PUBLIC</b>  |                  |                    |                    |                   |                    |                    |                   |                    |                    |
| 4140000-Document Sales   | 139              | 4,626              | 4,765              | 100               | 5,345              | 5,445              | 100               | 5,310              | 5,410              |
| 4140500-Emergency Telephone User's Surcharge                         | --               | 81,605             | 81,605             | --                | 91,505             | 91,505             | --                | 91,505             | 91,505             |
| 4142500-License Plate Fees - Personalized Plates                     | --               | 56,048             | 56,048             | --                | 54,385             | 54,385             | --                | 54,258             | 54,258             |
| 4143000-Medicare Receipts - Federal Government                       | 9,132            | --                 | 9,132              | 8,379             | --                 | 8,379              | 8,379             | --                 | 8,379              |
| 4143500-Miscellaneous Services to the Public                         | 1,539            | 182,917            | 184,456            | 1,477             | 189,250            | 190,727            | 1,486             | 192,434            | 193,920            |
| 4144000-Parental Fees  | --               | 2,363              | 2,363              | --                | 4,647              | 4,647              | --                | 4,875              | 4,875              |
| 4144500-Parking Lot Revenues   | --               | 10,814             | 10,814             | --                | 12,592             | 12,592             | --                | 12,662             | 12,662             |
| 4145000-Pay Patients Board Charges                                   | 8,656            | --                 | 8,656              | 7,347             | --                 | 7,347              | 6,180             | --                 | 6,180              |
| 4145500-Secretary of State - Fees                                    | 62               | 32,929             | 32,991             | 154               | 34,372             | 34,526             | 153               | 32,574             | 32,727             |
| 4146000-State Beach and Park Service Fees                            | --               | 110,958            | 110,958            | --                | 111,000            | 111,000            | --                | 113,000            | 113,000            |
| <b>Totals, SERVICES TO THE PUBLIC</b>                                | <b>\$19,528</b>  | <b>\$482,260</b>   | <b>\$501,788</b>   | <b>\$17,457</b>   | <b>\$503,096</b>   | <b>\$520,553</b>   | <b>\$16,298</b>   | <b>\$506,618</b>   | <b>\$522,916</b>   |
| <b>USE OF PROPERTY AND MONEY</b>                                     |                  |                    |                    |                   |                    |                    |                   |                    |                    |
| 4150000-Geothermal Resources Well Fees                               | --               | 3,919              | 3,919              | --                | 3,950              | 3,950              | --                | 3,950              | 3,950              |
| 4150500-Interest Income - Interfund Loans                            | 1                | 38,713             | 38,714             | 1                 | 3,376              | 3,377              | 1                 | 132                | 133                |
| 4151000-Interest Income - Other Loans                                | 4,485            | 3,091              | 7,576              | 4,171             | 3,653              | 7,824              | 1,049             | 3,933              | 4,982              |
| 4151500-Miscellaneous Revenue - Use of Property and Money            | 1,752            | 22,236             | 23,988             | 1,340             | 20,316             | 21,656             | 1,285             | 20,272             | 21,557             |
| 4152000-Oil and Gas Leases - 1 Percent Revenue, Cities, and Counties | 207              | --                 | 207                | 150               | --                 | 150                | 100               | --                 | 100                |
| 4152500-Rental of State Property                                     | 18,927           | 66,415             | 85,342             | 19,474            | 61,270             | 80,744             | 19,253            | 61,563             | 80,816             |
| 4154000-Royalties - Federal Land                                     | --               | 35,858             | 35,858             | --                | 36,032             | 36,032             | --                | 36,281             | 36,281             |
| 4154500-Royalties - School Land                                      | --               | --                 | --                 | --                | 50                 | 50                 | --                | 50                 | 50                 |
| 4155000-Royalties - State Lands                                      | 73,904           | --                 | 73,904             | 54,965            | --                 | 54,965             | 38,165            | --                 | 38,165             |
| <b>Totals, USE OF PROPERTY AND MONEY</b>                             | <b>\$99,276</b>  | <b>\$170,232</b>   | <b>\$269,508</b>   | <b>\$80,101</b>   | <b>\$128,647</b>   | <b>\$208,748</b>   | <b>\$59,853</b>   | <b>\$126,181</b>   | <b>\$186,034</b>   |
| <b>INVESTMENT INCOME</b>   |                  |                    |                    |                   |                    |                    |                   |                    |                    |
| 4160000-Investment Income - Condemnation Deposits Fund               | --               | 412                | 412                | --                | 94                 | 94                 | --                | 78                 | 78                 |
| 4161000-Investment Income - Other                                    | --               | 75                 | 75                 | --                | --                 | --                 | --                | 75                 | 75                 |
| 4162000-Investment Income - Pooled Money Investments                 | 40,769           | 331                | 41,100             | 60,139            | 263                | 60,402             | 96,883            | 261                | 97,144             |
| 4163000-Investment Income - Surplus Money Investments                | 4,334            | 58,954             | 63,288             | 4,945             | 49,444             | 54,389             | 4,945             | 46,887             | 51,832             |

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

| Sources  | Actuals 2015-16      |                     |                      | Estimated 2016-17    |                     |                      | Estimated 2017-18    |                     |                      |
|--|----------------------|---------------------|----------------------|----------------------|---------------------|----------------------|----------------------|---------------------|----------------------|
|  | General Fund         | Special Funds       | Total                | General Fund         | Special Funds       | Total                | General Fund         | Special Funds       | Total                |
| <b>Totals, INVESTMENT INCOME</b>   | <b>\$45,103</b>      | <b>\$59,772</b>     | <b>\$104,875</b>     | <b>\$65,084</b>      | <b>\$49,801</b>     | <b>\$114,885</b>     | <b>\$101,828</b>     | <b>\$47,301</b>     | <b>\$149,129</b>     |
| <b>MISCELLANEOUS</b>   |                      |                     |                      |                      |                     |                      |                      |                     |                      |
| 4170100-Abandoned Property Revenue   | 405,946              | --                  | 405,946              | 370,737              | --                  | 370,737              | 377,929              | --                  | 377,929              |
| 4170400-Capital Asset Sales Proceeds   | 601                  | 1,729               | 2,330                | --                   | 1,620               | 1,620                | --                   | 1,620               | 1,620                |
| 4170600-Carbon Allowances Auction Proceeds                                       | --                   | 1,829,135           | 1,829,135            | --                   | 1,000,000           | 1,000,000            | --                   | 1,500,000           | 1,500,000            |
| 4170700-Civil and Criminal Violation Assessment                                  | 558                  | 153,515             | 154,073              | 300                  | 154,043             | 154,343              | 300                  | 189,286             | 189,586              |
| 4170800-Confiscated Property Sales   | 6,985                | 13                  | 6,998                | 6,868                | 27                  | 6,895                | 6,868                | 27                  | 6,895                |
| 4171000-Cost Recoveries - Delinquent Receivables                                 | 1                    | 328                 | 329                  | 11,768               | 273                 | 12,041               | 11,768               | 152                 | 11,920               |
| 4171100-Cost Recoveries - Other  | 44,917               | 138,644             | 183,561              | 39,854               | 134,072             | 173,926              | 42,698               | 137,943             | 180,641              |
| 4171200-Court Filing Fees and Surcharges   | --                   | 536,050             | 536,050              | --                   | 511,665             | 511,665              | --                   | 531,663             | 531,663              |
| 4171300-Donations  | 5                    | 14,848              | 14,853               | 1                    | 20,686              | 20,687               | 1                    | 20,700              | 20,701               |
| 4171400-Escheat - Unclaimed Checks, Warrants, Bonds, and Coupons                 | 49,806               | 8,933               | 58,739               | 38,598               | 15,332              | 53,930               | 38,598               | 13,488              | 52,086               |
| 4171500-Escheat - Unclaimed Property   | --                   | 18                  | 18                   | --                   | --                  | --                   | --                   | --                  | --                   |
| 4171600-External Revenue - Federal Government                                    | --                   | 1,537               | 1,537                | --                   | --                  | --                   | --                   | --                  | --                   |
| 4172000-Fines and Forfeitures  | 2,346                | 194,117             | 196,463              | 2,387                | 188,023             | 190,410              | 2,387                | 191,347             | 193,734              |
| 4172200-Fine and Penalties - Horse Racing  | 205                  | --                  | 205                  | 229                  | --                  | 229                  | 229                  | --                  | 229                  |
| 4172500-Miscellaneous Revenue  | 120,829              | 637,694             | 758,523              | 52,627               | 622,833             | 675,460              | 52,801               | 704,276             | 757,077              |
| 4172600-Miscellaneous Tax Revenue  | --                   | --                  | --                   | --                   | 2,283,263           | 2,283,263            | --                   | 2,428,921           | 2,428,921            |
| 4172800-Parking Violations   | 12,814               | 1,422               | 14,236               | 13,474               | 1,620               | 15,094               | 13,474               | 1,630               | 15,104               |
| 4172900-Penalty Assessments - Criminal Fines                                     | --                   | 196,134             | 196,134              | --                   | 171,397             | 171,397              | --                   | 194,882             | 194,882              |
| 4173000-Penalty Assessments - Other  | 408,233              | 310,732             | 718,965              | 32,136               | 254,480             | 286,616              | 32,136               | 207,850             | 239,986              |
| 4173100-Personal Income Tax - Penalties and Interest                             | --                   | 26,023              | 26,023               | --                   | 23,598              | 23,598               | --                   | 23,598              | 23,598               |
| 4173200-Proceeds from Estates of Deceased Persons                                | 2,233                | --                  | 2,233                | 1,675                | --                  | 1,675                | 1,675                | --                  | 1,675                |
| 4173400-Settlements and Judgments - Anti-Trust Actions (Attorney General)        | 1                    | 2,356               | 2,357                | --                   | 2,400               | 2,400                | --                   | 2,400               | 2,400                |
| 4173500-Settlements and Judgments - Other  | 43,280               | 25,612              | 68,892               | 2,008                | 30,125              | 32,133               | 2,008                | 26,215              | 28,223               |
| 4173600-State Public Land Sales  | --                   | 56,979              | 56,979               | --                   | 13,181              | 13,181               | --                   | 13,181              | 13,181               |
| 4173800-Traffic Violations   | --                   | 32,980              | 32,980               | --                   | 31,662              | 31,662               | --                   | 32,163              | 32,163               |
| 4173900-Tribal Gaming Revenues   | 276,006              | 51,302              | 327,308              | 191,839              | 46,000              | 237,839              | 11,039               | 46,000              | 57,039               |
| 4174100-Unemployment and Disability Insurance Contributions - Penalties and Inte | --                   | 122,968             | 122,968              | --                   | 134,606             | 134,606              | --                   | 136,145             | 136,145              |
| 4174200-Uninsured Motorist Fees  | 764                  | 231                 | 995                  | 739                  | 231                 | 970                  | 739                  | 231                 | 970                  |
| 4180000-Cash Adjustment for Transportation Funds (SAL I)                         | --                   | -30,277             | -30,277              | --                   | --                  | --                   | --                   | --                  | --                   |
| 4180050-Cash Adjustment for Transportation Funds (SAL E)                         | --                   | 57,500              | 57,500               | --                   | --                  | --                   | --                   | --                  | --                   |
| 4180100-Prior Year Revenue Adjustments   | --                   | --                  | --                   | --                   | 93,939              | 93,939               | --                   | --                  | --                   |
| 4524000-Other Receipts   | --                   | 114                 | 114                  | --                   | --                  | --                   | --                   | --                  | --                   |
| <b>Totals, MISCELLANEOUS</b>   | <b>\$1,375,530</b>   | <b>\$4,370,637</b>  | <b>\$5,746,167</b>   | <b>\$765,240</b>     | <b>\$5,735,076</b>  | <b>\$6,500,316</b>   | <b>\$594,650</b>     | <b>\$6,403,718</b>  | <b>\$6,998,368</b>   |
| <b>TOTALS, MINOR REVENUES</b>  | <b>\$1,781,611</b>   | <b>\$16,157,350</b> | <b>\$17,938,961</b>  | <b>\$1,163,462</b>   | <b>\$22,862,214</b> | <b>\$24,025,676</b>  | <b>\$1,009,462</b>   | <b>\$21,590,725</b> | <b>\$22,600,187</b>  |
| <b>TOTALS, REVENUES</b>  | <b>\$118,538,165</b> | <b>\$43,228,730</b> | <b>\$161,766,895</b> | <b>\$122,441,150</b> | <b>\$47,987,665</b> | <b>\$170,428,815</b> | <b>\$125,737,925</b> | <b>\$49,985,055</b> | <b>\$175,722,980</b> |

|                            |            |           |         |            |           |        |          |         |         |
|----------------------------|------------|-----------|---------|------------|-----------|--------|----------|---------|---------|
| <b>TRANSFERS AND LOANS</b> |            |           |         |            |           |        |          |         |         |
| Revenue Transfers          | -1,676,953 | 1,641,174 | -35,779 | -3,056,447 | 3,088,068 | 31,621 | -945,105 | 929,645 | -15,460 |

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

|                                       | Actuals 2015-16 |               |               | Estimated 2016-17 |               |               | Estimated 2017-18 |               |               |
|---------------------------------------|-----------------|---------------|---------------|-------------------|---------------|---------------|-------------------|---------------|---------------|
|                                       | General Fund    | Special Funds | Total         | General Fund      | Special Funds | Total         | General Fund      | Special Funds | Total         |
| Loans                                 | -1,361,359      | 1,057,834     | -303,525      | -619,870          | 464,326       | -155,544      | -765,681          | 772,834       | 7,153         |
| TOTALS, TRANSFERS AND LOANS           | - \$3,038,312   | \$2,699,008   | - \$339,304   | - \$3,676,317     | \$3,552,394   | - \$123,923   | - \$1,710,786     | \$1,702,479   | - \$8,307     |
| TOTALS, REVENUES, TRANSFERS AND LOANS | \$115,499,853   | \$45,927,738  | \$161,427,591 | \$118,764,833     | \$51,540,059  | \$170,304,892 | \$124,027,139     | \$51,687,534  | \$175,714,673 |

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

|  | Actual 2015-16 |               |                     |              | Estimated 2016-17 |              |               |                     | Estimated 2017-18 |               |              |               |                     |              |               |
|--|----------------|---------------|---------------------|--------------|-------------------|--------------|---------------|---------------------|-------------------|---------------|--------------|---------------|---------------------|--------------|---------------|
|  | General Fund   | Special Funds | Selected Bond Funds | Budget Total | Federal Fund      | General Fund | Special Funds | Selected Bond Funds | Budget Total      | Federal Funds | General Fund | Special Funds | Selected Bond Funds | Budget Total | Federal Funds |
| 0110-Senate  |                |               |                     |              |                   |              |               |                     |                   |               |              |               |                     |              |               |
| State Operations                                   | 121,536        | --            | --                  | 121,536      | --                | 128,779      | --            | --                  | 128,779           | --            | 128,779      | --            | --                  | 128,779      | --            |
| Totals,0110-Senate                                 | \$121,536      | --            | --                  | \$121,536    | --                | \$128,779    | --            | --                  | \$128,779         | --            | \$128,779    | --            | --                  | \$128,779    | --            |
| 0120-Assembly                                      |                |               |                     |              |                   |              |               |                     |                   |               |              |               |                     |              |               |
| State Operations                                   | 160,139        | --            | --                  | 160,139      | --                | 169,683      | --            | --                  | 169,683           | --            | 169,683      | --            | --                  | 169,683      | --            |
| Totals,0120-Assembly                               | \$160,139      | --            | --                  | \$160,139    | --                | \$169,683    | --            | --                  | \$169,683         | --            | \$169,683    | --            | --                  | \$169,683    | --            |
| 0160-Legislative Counsel Bureau                    |                |               |                     |              |                   |              |               |                     |                   |               |              |               |                     |              |               |
| State Operations                                   | 80,253         | --            | --                  | 80,253       | --                | 81,496       | --            | --                  | 81,496            | --            | 81,655       | --            | --                  | 81,655       | --            |
| \$80,253   | \$80,253       | --            | --                  | \$80,253     | --                | \$81,496     | --            | --                  | \$81,496          | --            | \$81,655     | --            | --                  | \$81,655     | --            |
| Legislative  |                |               |                     |              |                   |              |               |                     |                   |               |              |               |                     |              |               |
| State Operations                                   | 361,928        | --            | --                  | 361,928      | --                | 379,958      | --            | --                  | 379,958           | --            | 380,117      | --            | --                  | 380,117      | --            |
| \$361,928  | \$361,928      | --            | --                  | \$361,928    | --                | \$379,958    | --            | --                  | \$379,958         | --            | \$380,117    | --            | --                  | \$380,117    | --            |
| 0250-Judicial Branch                               |                |               |                     |              |                   |              |               |                     |                   |               |              |               |                     |              |               |
| State Operations                                   | 364,959        | 377,509       | --                  | 742,459      | 2,728             | 447,787      | 398,646       | --                  | 846,433           | 4,381         | 402,691      | 440,487       | --                  | 843,178      | 4,369         |
| Local Assistance                                   | 1,219,562      | 1,343,397     | --                  | 2,562,959    | 1,602             | 1,325,130    | 1,350,875     | --                  | 2,676,005         | 2,275         | 1,251,696    | 1,440,611     | --                  | 2,692,307    | 2,275         |
| Capital Outlay                                     | --             | 22,559        | --                  | 22,559       | --                | --           | 22,630        | --                  | 22,630            | --            | --           | --            | --                  | --           | --            |
| \$1,584,512  | \$1,743,465    | --            | --                  | \$3,327,977  | \$4,330           | \$1,772,917  | \$1,772,151   | --                  | \$3,545,068       | \$6,656       | \$1,654,387  | \$1,881,098   | --                  | \$3,535,485  | \$6,644       |
| 0280-Commission on Judicial Performance            |                |               |                     |              |                   |              |               |                     |                   |               |              |               |                     |              |               |
| State Operations                                   | 4,318          | --            | --                  | 4,318        | --                | 4,895        | --            | --                  | 4,895             | --            | 4,965        | --            | --                  | 4,965        | --            |
| \$4,318  | --             | --            | --                  | \$4,318      | --                | \$4,895      | --            | --                  | \$4,895           | --            | \$4,965      | --            | --                  | \$4,965      | --            |
| Totals,0280-Commission on Judicial Performance     |                |               |                     |              |                   |              |               |                     |                   |               |              |               |                     |              |               |
| 0390-Judges Retirement System Contributions        |                |               |                     |              |                   |              |               |                     |                   |               |              |               |                     |              |               |
| State Operations                                   | 4,173          | --            | --                  | 4,173        | --                | 4,116        | --            | --                  | 4,116             | --            | 4,103        | --            | --                  | 4,103        | --            |
| Local Assistance                                   | 252,177        | --            | --                  | 252,177      | --                | 264,465      | --            | --                  | 264,465           | --            | 259,868      | --            | --                  | 259,868      | --            |
| \$256,350  | --             | --            | --                  | \$256,350    | --                | \$268,581    | --            | --                  | \$268,581         | --            | \$263,971    | --            | --                  | \$263,971    | --            |
| Totals,0390-Judges Retirement System Contributions |                |               |                     |              |                   |              |               |                     |                   |               |              |               |                     |              |               |
| Judicial   |                |               |                     |              |                   |              |               |                     |                   |               |              |               |                     |              |               |
| State Operations                                   | 373,441        | 377,509       | --                  | 750,950      | 2,728             | 456,798      | 398,646       | --                  | 855,444           | 4,381         | 411,759      | 440,487       | --                  | 852,246      | 4,369         |
| Local Assistance                                   | 1,471,739      | 1,343,397     | --                  | 2,815,136    | 1,602             | 1,589,595    | 1,350,875     | --                  | 2,940,470         | 2,275         | 1,511,564    | 1,440,611     | --                  | 2,952,175    | 2,275         |
| Capital Outlay                                     | --             | 22,559        | --                  | 22,559       | --                | --           | 22,630        | --                  | 22,630            | --            | --           | --            | --                  | --           | --            |
| \$1,845,180  | \$1,743,465    | --            | --                  | \$3,588,645  | \$4,330           | \$2,046,393  | \$1,772,151   | --                  | \$3,818,544       | \$6,656       | \$1,923,323  | \$1,881,098   | --                  | \$3,804,421  | \$6,644       |
| Totals, Judicial                                   |                |               |                     |              |                   |              |               |                     |                   |               |              |               |                     |              |               |
| 0500-Governors Office                              |                |               |                     |              |                   |              |               |                     |                   |               |              |               |                     |              |               |
| State Operations                                   | 11,482         | --            | --                  | 11,482       | --                | 12,247       | --            | --                  | 12,247            | --            | 13,217       | --            | --                  | 13,217       | --            |
| \$11,482   | --             | --            | --                  | \$11,482     | --                | \$12,247     | --            | --                  | \$12,247          | --            | \$13,217     | --            | --                  | \$13,217     | --            |
| Totals,0500-Governors Office                       |                |               |                     |              |                   |              |               |                     |                   |               |              |               |                     |              |               |
| 0509-Governors Office of Bus. Econ Developm        |                |               |                     |              |                   |              |               |                     |                   |               |              |               |                     |              |               |
| State Operations                                   | 12,508         | 120           | --                  | 12,628       | --                | 11,874       | 121           | --                  | 11,995            | --            | 11,634       | 348           | --                  | 11,982       | --            |
| \$12,508   | \$120          | --            | --                  | \$12,628     | --                | \$11,874     | \$121         | --                  | \$11,995          | --            | \$11,634     | \$348         | --                  | \$11,982     | --            |
| Totals,0509-Governors Office of Bus, Econ Developm |                |               |                     |              |                   |              |               |                     |                   |               |              |               |                     |              |               |
| 0511-Government Operations, Secretary              |                |               |                     |              |                   |              |               |                     |                   |               |              |               |                     |              |               |
| State Operations                                   | 1,089          | --            | --                  | 1,089        | --                | 1,308        | --            | --                  | 1,308             | --            | 1,316        | --            | --                  | 1,316        | --            |
| \$1,089  | --             | --            | --                  | \$1,089      | --                | \$1,308      | --            | --                  | \$1,308           | --            | \$1,316      | --            | --                  | \$1,316      | --            |
| Totals,0511-Government Operations, Secretary       |                |               |                     |              |                   |              |               |                     |                   |               |              |               |                     |              |               |
| 0515-Business, Consumer Svcs, Housing, Scty        |                |               |                     |              |                   |              |               |                     |                   |               |              |               |                     |              |               |
| State Operations                                   | 102            | 779           | --                  | 881          | --                | 123          | 622           | --                  | 745               | --            | 124          | 624           | --                  | 748          | --            |
| \$102  | \$779          | --            | --                  | \$881        | --                | \$123        | \$622         | --                  | \$745             | --            | \$124        | \$624         | --                  | \$748        | --            |
| Totals,0515-Business, Consumer Svcs, Housing, Scty |                |               |                     |              |                   |              |               |                     |                   |               |              |               |                     |              |               |
| 0521-Transportation, Secy                          |                |               |                     |              |                   |              |               |                     |                   |               |              |               |                     |              |               |
| State Operations                                   | --             | 2,373         | --                  | 2,373        | 49,163            | --           | 2,972         | --                  | 2,972             | 68,570        | --           | 2,972         | --                  | 2,972        | 69,784        |
| Local Assistance                                   | --             | --            | --                  | --           | 46,291            | --           | 425,952       | --                  | 425,952           | 49,827        | --           | 234,480       | --                  | 234,480      | 36,793        |
| \$2,373  | \$2,373        | --            | --                  | \$2,373      | \$95,454          | --           | \$428,924     | --                  | \$428,924         | \$118,397     | --           | \$237,452     | --                  | \$237,452    | \$96,577      |
| Totals,0521-Transportation, Secy                   |                |               |                     |              |                   |              |               |                     |                   |               |              |               |                     |              |               |
| 0530-Health, Human Services Agency, Secy           |                |               |                     |              |                   |              |               |                     |                   |               |              |               |                     |              |               |
| State Operations                                   | 5,297          | 1,955         | --                  | 7,252        | 1,277             | 4,042        | 2,063         | --                  | 6,105             | 3,000         | 3,814        | 2,063         | --                  | 5,877        | 3,000         |
| \$5,297  | \$1,955        | --            | --                  | \$7,252      | \$1,277           | \$4,042      | \$2,063       | --                  | \$6,105           | \$3,000       | \$3,814      | \$2,063       | --                  | \$5,877      | \$3,000       |
| Totals,0530-Health, Human Services Agency, Secy    |                |               |                     |              |                   |              |               |                     |                   |               |              |               |                     |              |               |
| 0540-Natural Resources Agency, Secy                |                |               |                     |              |                   |              |               |                     |                   |               |              |               |                     |              |               |
| State Operations                                   | 2,655          | 7,287         | 2,929               | 12,871       | 589               | 5,089        | 6,404         | 361,120             | 372,623           | 9,213         | 2,599        | 7,289         | 10,288              | 20,177       | 9,213         |
| Local Assistance                                   | --             | 12,664        | 1,235               | 13,899       | --                | --           | 94,598        | 28,821              | 123,419           | --            | --           | 6,700         | 23,000              | 29,700       | --            |
| \$2,655  | \$19,951       | \$4,164       | \$26,770            | \$589        | \$5,089           | \$101,002    | \$389,941     | \$496,042           | \$9,213           | \$2,599       | \$13,989     | \$33,289      | \$49,877            | \$9,213      | \$9,213       |
| Totals,0540-Natural Resources Agency, Secy         |                |               |                     |              |                   |              |               |                     |                   |               |              |               |                     |              |               |

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

|  | Actual 2015-16   |                  |                     |                  | Estimated 2016-17 |                  |                  |                     | Estimated 2017-18 |                    |                  |                  |                     |                  |                  |
|--|------------------|------------------|---------------------|------------------|-------------------|------------------|------------------|---------------------|-------------------|--------------------|------------------|------------------|---------------------|------------------|------------------|
|  | General Fund     | Special Funds    | Selected Bond Funds | Budget Total     | Federal Fund      | General Fund     | Special Funds    | Selected Bond Funds | Budget Total      | Federal Funds      | General Fund     | Special Funds    | Selected Bond Funds | Budget Total     | Federal Funds    |
| 0552-Office of the Inspector General<br>State Operations       | 21,123           | --               | --                  | 21,123           | --                | 22,488           | --               | --                  | 22,488            | --                 | 22,547           | --               | --                  | 22,547           | --               |
| <b>Totals,0552-Office of the Inspector General</b>             | <b>\$21,123</b>  | --               | --                  | <b>\$21,123</b>  | --                | <b>\$22,488</b>  | --               | --                  | <b>\$22,488</b>   | --                 | <b>\$22,547</b>  | --               | --                  | <b>\$22,547</b>  | --               |
| 0555-Environmental Protection, Secy<br>State Operations        | 1,931            | 11,271           | --                  | 13,202           | 67                | 1,949            | 12,515           | --                  | 14,464            | 1,888              | 1,949            | 12,443           | --                  | 14,392           | 1,888            |
| <b>Totals,0555-Environmental Protection, Secy</b>              | <b>\$1,931</b>   | <b>\$11,271</b>  | --                  | <b>\$13,202</b>  | <b>\$67</b>       | <b>\$1,949</b>   | <b>\$12,515</b>  | --                  | <b>\$14,464</b>   | <b>\$1,888</b>     | <b>\$1,949</b>   | <b>\$12,443</b>  | --                  | <b>\$14,392</b>  | <b>\$1,888</b>   |
| 0559-Labor and Workforce Development, Secy<br>State Operations | 120              | 322              | --                  | 442              | --                | 154              | 420              | --                  | 574               | --                 | --               | 412              | --                  | 412              | --               |
| <b>Totals,0559-Labor and Workforce Development, Secy</b>       | <b>\$120</b>     | <b>\$322</b>     | --                  | <b>\$442</b>     | --                | <b>\$154</b>     | <b>\$420</b>     | --                  | <b>\$574</b>      | --                 | --               | <b>\$412</b>     | --                  | <b>\$412</b>     | --               |
| 0650-Office of Planning and Research<br>State Operations       | 3,716            | 1,833            | --                  | 5,549            | 1,348             | 13,499           | 3,090            | --                  | 16,589            | 1,988              | 3,343            | 1,090            | --                  | 4,433            | 1,916            |
| Local Assistance   | 5,000            | --               | --                  | 5,000            | 25,980            | --               | 338,647          | --                  | 338,647           | 26,000             | --               | 298,646          | --                  | 298,646          | 26,000           |
| <b>Totals,0650-Office of Planning and Research</b>             | <b>\$8,716</b>   | <b>\$1,833</b>   | --                  | <b>\$10,549</b>  | <b>\$27,328</b>   | <b>\$13,499</b>  | <b>\$341,737</b> | --                  | <b>\$355,236</b>  | <b>\$27,988</b>    | <b>\$3,343</b>   | <b>\$299,736</b> | --                  | <b>\$303,079</b> | <b>\$27,916</b>  |
| 0690-Office of Emergency Services<br>State Operations          | 47,200           | 13,252           | 701                 | 61,153           | 44,221            | 80,932           | 15,957           | 2,738               | 99,627            | 73,699             | 58,395           | 5,232            | 2,738               | 66,365           | 69,485           |
| Local Assistance   | 76,782           | 125,725          | 99,981              | 302,488          | 616,184           | 123,997          | 129,007          | 80,000              | 333,004           | 929,166            | 114,997          | 110,639          | --                  | 225,636          | 929,166          |
| Capital Outlay   | 48               | --               | --                  | 48               | --                | 453              | --               | --                  | 453               | --                 | 8,688            | --               | --                  | 8,688            | --               |
| <b>Totals,0690-Office of Emergency Services</b>                | <b>\$124,030</b> | <b>\$138,977</b> | <b>\$100,682</b>    | <b>\$363,689</b> | <b>\$660,405</b>  | <b>\$205,382</b> | <b>\$144,964</b> | <b>\$82,738</b>     | <b>\$433,084</b>  | <b>\$1,002,865</b> | <b>\$182,080</b> | <b>\$115,871</b> | <b>\$2,738</b>      | <b>\$300,689</b> | <b>\$998,651</b> |
| 0750-Office of the Lieutenant Governor<br>State Operations     | 910              | --               | --                  | 910              | --                | 1,406            | --               | --                  | 1,406             | --                 | 1,406            | --               | --                  | 1,406            | --               |
| <b>Totals,0750-Office of the Lieutenant Governor</b>           | <b>\$910</b>     | --               | --                  | <b>\$910</b>     | --                | <b>\$1,406</b>   | --               | --                  | <b>\$1,406</b>    | --                 | <b>\$1,406</b>   | --               | --                  | <b>\$1,406</b>   | --               |
| 0820-Department of Justice<br>State Operations                 | 198,139          | 270,648          | --                  | 468,787          | 30,465            | 221,530          | 289,073          | --                  | 510,603           | 42,869             | 215,255          | 296,767          | --                  | 512,022          | 42,059           |
| Local Assistance   | --               | 4,883            | --                  | 4,883            | --                | --               | 9,883            | --                  | 9,883             | --                 | --               | 37,528           | --                  | 37,528           | --               |
| <b>Totals,0820-Department of Justice</b>                       | <b>\$198,139</b> | <b>\$275,531</b> | --                  | <b>\$473,670</b> | <b>\$30,465</b>   | <b>\$221,530</b> | <b>\$298,956</b> | --                  | <b>\$520,486</b>  | <b>\$42,869</b>    | <b>\$215,255</b> | <b>\$334,295</b> | --                  | <b>\$549,550</b> | <b>\$42,059</b>  |
| 0840-State Controller<br>State Operations                      | 53,687           | 15,930           | 1,443               | 71,060           | 1,075             | 52,188           | 10,573           | 2,211               | 64,972            | 1,273              | 59,062           | 9,218            | 1,101               | 69,381           | 1,299            |
| Local Assistance   | 43               | --               | --                  | 43               | --                | --               | --               | --                  | --                | --                 | --               | --               | --                  | --               | --               |
| <b>Totals,0840-State Controller</b>                            | <b>\$53,644</b>  | <b>\$15,930</b>  | <b>\$1,443</b>      | <b>\$71,017</b>  | <b>\$1,075</b>    | <b>\$52,188</b>  | <b>\$10,573</b>  | <b>\$2,211</b>      | <b>\$64,972</b>   | <b>\$1,273</b>     | <b>\$59,062</b>  | <b>\$9,218</b>   | <b>\$1,101</b>      | <b>\$69,381</b>  | <b>\$1,299</b>   |
| 0845-Department of Insurance<br>State Operations               | 7,955            | 186,093          | --                  | 194,048          | 1,076             | 10,094           | 192,629          | --                  | 202,723           | 1,164              | 5,437            | 196,590          | --                  | 202,027          | 18               |
| Local Assistance   | 1,000            | 62,516           | --                  | 63,516           | --                | 1,000            | 64,618           | --                  | 65,618            | --                 | 1,000            | 66,365           | --                  | 67,365           | --               |
| <b>Totals,0845-Department of Insurance</b>                     | <b>\$8,955</b>   | <b>\$248,609</b> | --                  | <b>\$257,564</b> | <b>\$1,076</b>    | <b>\$11,094</b>  | <b>\$257,247</b> | --                  | <b>\$268,341</b>  | <b>\$1,164</b>     | <b>\$6,437</b>   | <b>\$262,955</b> | --                  | <b>\$269,392</b> | <b>\$18</b>      |
| 0855-Gambling Control Commission<br>State Operations           | --               | 6,723            | --                  | 6,723            | --                | --               | 6,481            | --                  | 6,481             | --                 | --               | 6,808            | --                  | 6,808            | --               |
| <b>Totals,0855-Gambling Control Commission</b>                 | --               | <b>\$6,723</b>   | --                  | <b>\$6,723</b>   | --                | --               | <b>\$6,481</b>   | --                  | <b>\$6,481</b>    | --                 | --               | <b>\$6,808</b>   | --                  | <b>\$6,808</b>   | --               |
| 0860-State Board of Equalization<br>State Operations           | 288,879          | 82,152           | --                  | 371,031          | 82                | 330,803          | 88,249           | --                  | 419,052           | 437                | 338,465          | 97,569           | --                  | 436,034          | 433              |
| Local Assistance   | --               | 4,489            | --                  | 4,489            | --                | --               | 32,707           | --                  | 32,707            | --                 | --               | 32,702           | --                  | 32,702           | --               |
| <b>Totals,0860-State Board of Equalization</b>                 | <b>\$288,879</b> | <b>\$86,641</b>  | --                  | <b>\$375,520</b> | <b>\$82</b>       | <b>\$330,803</b> | <b>\$120,956</b> | --                  | <b>\$451,759</b>  | <b>\$437</b>       | <b>\$338,465</b> | <b>\$130,271</b> | --                  | <b>\$468,736</b> | <b>\$433</b>     |
| 0890-Secretary of State<br>State Operations                    | 28,375           | 52,200           | --                  | 80,575           | 30,177            | 38,361           | 54,489           | --                  | 92,850            | 11,089             | 36,501           | 53,317           | --                  | 89,818           | 8,245            |
| Local Assistance   | 16,288           | --               | --                  | 16,288           | 3,918             | --               | --               | --                  | 51,000            | --                 | --               | --               | --                  | --               | 3,128            |
| <b>Totals,0890-Secretary of State</b>                          | <b>\$44,663</b>  | <b>\$52,200</b>  | --                  | <b>\$96,863</b>  | <b>\$34,095</b>   | <b>\$38,361</b>  | <b>\$54,489</b>  | --                  | <b>\$92,850</b>   | <b>\$62,089</b>    | <b>\$36,501</b>  | <b>\$53,317</b>  | --                  | <b>\$89,818</b>  | <b>\$11,373</b>  |
| 0911-Citizens Redistricting Initiative<br>State Operations     | 88               | --               | --                  | 88               | --                | 91               | --               | --                  | 91                | --                 | 91               | --               | --                  | 91               | --               |
| <b>Totals,0911-Citizens Redistricting Initiative</b>           | <b>\$88</b>      | --               | --                  | <b>\$88</b>      | --                | <b>\$91</b>      | --               | --                  | <b>\$91</b>       | --                 | <b>\$91</b>      | --               | --                  | <b>\$91</b>      | --               |
| 0950-State Treasurer<br>State Operations                       | 3,692            | --               | --                  | 3,692            | --                | 4,744            | --               | 975                 | 5,719             | --                 | 5,206            | --               | --                  | 5,206            | --               |
| <b>Totals,0950-State Treasurer</b>                             | <b>\$3,692</b>   | --               | --                  | <b>\$3,692</b>   | --                | <b>\$4,744</b>   | --               | <b>\$975</b>        | <b>\$5,719</b>    | --                 | <b>\$5,206</b>   | --               | --                  | <b>\$5,206</b>   | --               |
| 0954-Scholarshare Investment Board<br>State Operations         | 239              | --               | --                  | 239              | --                | 365              | --               | --                  | 365               | --                 | 365              | --               | --                  | 365              | --               |
| Local Assistance   | --               | --               | --                  | --               | --                | --               | 236              | --                  | 236               | --                 | --               | --               | --                  | --               | --               |

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

|  | Actual 2015-16 |               |                     |              | Estimated 2016-17 |              |               |                     | Estimated 2017-18 |               |              |               |                     |              |               |
|--|----------------|---------------|---------------------|--------------|-------------------|--------------|---------------|---------------------|-------------------|---------------|--------------|---------------|---------------------|--------------|---------------|
|  | General Fund   | Special Funds | Selected Bond Funds | Budget Total | Federal Fund      | General Fund | Special Funds | Selected Bond Funds | Budget Total      | Federal Funds | General Fund | Special Funds | Selected Bond Funds | Budget Total | Federal Funds |
| Totals,0954-Scholarshare Investment Board                        | \$239          | --            | --                  | \$239        | --                | --           | \$365         | \$236               | --                | \$601         | --           | \$365         | --                  | --           | \$365         |
| 0956-Debt Investment Advisory Commission<br>State Operations     | --             | 3,167         | --                  | 3,167        | --                | --           | --            | 3,157               | --                | 3,157         | --           | --            | 3,496               | --           | 3,496         |
| Totals,0956-Debt Investment Advisory Commission                  | --             | \$3,167       | --                  | \$3,167      | --                | --           | --            | \$3,157             | --                | \$3,157       | --           | --            | \$3,496             | --           | \$3,496       |
| 0959-Debt Limit Allocation Committee<br>State Operations         | --             | 1,346         | --                  | 1,346        | --                | --           | --            | 1,531               | --                | 1,531         | --           | --            | 1,525               | --           | 1,525         |
| Totals,0959-Debt Limit Allocation Committee                      | --             | \$1,346       | --                  | \$1,346      | --                | --           | --            | \$1,531             | --                | \$1,531       | --           | --            | \$1,525             | --           | \$1,525       |
| 0965-Industrial Dvmt Financing Advisory Comm<br>State Operations | --             | 89            | --                  | 89           | --                | --           | --            | 40                  | --                | 40            | --           | --            | 40                  | --           | 40            |
| Totals,0965-Industrial Dvmt Financing Advisory Comm              | --             | \$89          | --                  | \$89         | --                | --           | --            | \$40                | --                | \$40          | --           | --            | \$40                | --           | \$40          |
| 0968-Tax Credit Allocation Committee<br>State Operations         | --             | 6,840         | --                  | 6,840        | --                | --           | --            | 7,804               | --                | 7,804         | --           | --            | 7,871               | --           | 7,871         |
| Local Assistance   | --             | 260           | --                  | 260          | --                | --           | --            | 190                 | --                | 190           | --           | --            | 190                 | --           | 190           |
| Totals,0968-Tax Credit Allocation Committee                      | --             | \$7,100       | --                  | \$7,100      | --                | --           | --            | \$7,994             | --                | \$7,994       | --           | --            | \$8,061             | --           | \$8,061       |
| 0971-Alt Energy, Advanced Trans Fin Auth<br>State Operations     | --             | 416           | --                  | 416          | --                | --           | --            | 491                 | --                | 491           | --           | --            | 491                 | --           | 491           |
| Totals,0971-Alt Energy, Advanced Trans Fin Auth                  | --             | \$416         | --                  | \$416        | --                | --           | --            | \$491               | --                | \$491         | --           | --            | \$491               | --           | \$491         |
| 0974-Pollution Control Financing Authority<br>Local Assistance   | 10,000         | --            | --                  | 10,000       | 28,842            | 10,000       | --            | --                  | 10,000            | --            | --           | --            | --                  | --           | --            |
| Totals,0974-Pollution Control Financing Authority                | \$10,000       | --            | --                  | \$10,000     | \$28,842          | \$10,000     | --            | --                  | \$10,000          | --            | --           | --            | --                  | --           | --            |
| 0977-Health Facilities Financing Authority<br>State Operations   | 21             | --            | 422                 | 443          | --                | --           | --            | 185                 | 537               | 722           | --           | --            | 717                 | --           | 717           |
| Local Assistance   | 44,723         | 3,999         | 167,149             | 215,871      | --                | --           | --            | 14,815              | 115,000           | 129,815       | --           | --            | 4,000               | 115,000      | 119,000       |
| Totals,0977-Health Facilities Financing Authority                | \$44,744       | \$3,999       | \$167,571           | \$216,314    | --                | --           | --            | \$15,000            | \$115,537         | \$130,537     | --           | --            | \$4,000             | \$115,717    | \$119,717     |
| 0985-School Finance Authority<br>State Operations                | 332            | --            | 844                 | 1,176        | 182               | 534          | --            | --                  | 1,208             | 1,742         | 405          | 524           | --                  | 1,228        | 1,752         |
| Local Assistance   | 109,292        | --            | --                  | 109,292      | 19,670            | 112,031      | --            | --                  | --                | 112,031       | 20,000       | 112,031       | --                  | --           | 20,000        |
| Totals,0985-School Finance Authority                             | \$109,624      | --            | \$844               | \$110,468    | \$19,852          | \$112,565    | --            | --                  | \$1,208           | \$113,773     | \$20,405     | \$112,555     | --                  | \$1,228      | \$113,783     |
| 0989-Educational Facilities Authority<br>State Operations        | --             | 39            | --                  | 39           | --                | --           | --            | 239                 | --                | 239           | --           | --            | 132                 | --           | 132           |
| Totals,0989-Educational Facilities Authority                     | --             | \$39          | --                  | \$39         | --                | --           | --            | \$239               | --                | \$239         | --           | --            | \$132               | --           | \$132         |
| 0996-General Obligation Bonds-LJE<br>State Operations            | 18,371         | --            | --                  | 18,371       | --                | 12,125       | --            | --                  | 12,125            | --            | --           | 793           | --                  | --           | 793           |
| Totals,0996-General Obligation Bonds-LJE                         | \$18,371       | --            | --                  | \$18,371     | --                | \$12,125     | --            | --                  | \$12,125          | --            | --           | \$793         | --                  | --           | \$793         |
| Executive  | 707,911        | 664,835       | 6,339               | 1,379,085    | 159,722           | 825,956      | 699,105       | 368,789             | 1,893,850         | 215,595       | 782,043      | 706,297       | 16,073              | 1,504,413    | 197,760       |
| State Operations   | 263,042        | 214,536       | 268,365             | 745,943      | 740,885           | 247,028      | 1,110,653     | 223,821             | 1,581,502         | 1,075,993     | 228,028      | 791,250       | 138,000             | 1,157,278    | 1,015,087     |
| Capital Outlay   | 48             | --            | --                  | 48           | --                | 453          | --            | --                  | 453               | --            | 8,688        | --            | --                  | 8,688        | --            |
| Totals, Executive  | \$971,001      | \$879,371     | \$274,704           | \$2,125,076  | \$900,607         | \$1,073,437  | \$1,809,758   | \$592,610           | \$3,475,805       | \$1,291,588   | \$1,018,759  | \$1,497,547   | \$154,073           | \$2,670,379  | \$1,212,847   |
| TOTALS, LEGISLATIVE, JUDICIAL, AND EXECUTIVE                     | \$3,178,109    | \$2,622,836   | \$274,704           | \$6,075,649  | \$904,937         | \$3,499,788  | \$3,581,909   | \$592,610           | \$7,674,307       | \$1,298,244   | \$3,322,199  | \$3,378,645   | \$154,073           | \$6,854,917  | \$1,219,491   |
| State Operations   | 1,443,280      | 1,042,344     | 6,339               | 2,491,963    | 162,450           | 1,662,712    | 1,097,751     | 368,789             | 3,129,252         | 219,976       | 1,573,919    | 1,146,784     | 16,073              | 2,736,776    | 202,129       |
| Local Assistance   | 1,734,781      | 1,557,933     | 268,365             | 3,561,079    | 742,487           | 1,836,623    | 2,461,528     | 223,821             | 4,521,972         | 1,078,268     | 1,739,592    | 2,231,861     | 138,000             | 4,109,453    | 1,017,362     |
| Capital Outlay   | 48             | 22,559        | --                  | 22,607       | --                | 453          | 22,630        | --                  | 23,083            | --            | 8,688        | --            | --                  | 8,688        | --            |
| BUSINESS, CONSUMER SERVICES, & HOUSING                           |                |               |                     |              |                   |              |               |                     |                   |               |              |               |                     |              |               |
| 1110-Department of Consumer Affairs, Boards<br>State Operations  | --             | 309,350       | --                  | 309,350      | --                | --           | --            | --                  | --                | --            | --           | --            | --                  | --           | --            |
| Local Assistance   | --             | 47            | --                  | 47           | --                | --           | --            | --                  | --                | --            | --           | --            | --                  | --           | --            |
| Totals,1110-Department of Consumer Affairs, Boards               | --             | \$309,397     | --                  | \$309,397    | --                | --           | --            | --                  | --                | --            | --           | --            | --                  | --           | --            |
| 1111-Department of Consumer Affairs<br>State Operations          | --             | 267,301       | --                  | 267,301      | --                | --           | 630,417       | --                  | 630,417           | --            | --           | 647,886       | --                  | 647,886      | --            |
| Local Assistance   | --             | --            | --                  | --           | --                | --           | 150           | --                  | 150               | --            | --           | 150           | --                  | 150          | --            |

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

|   | Actual 2015-16 |               |                     |              | Estimated 2016-17 |              |               |                     | Estimated 2017-18 |               |              |               |                     |              |               |
|---|----------------|---------------|---------------------|--------------|-------------------|--------------|---------------|---------------------|-------------------|---------------|--------------|---------------|---------------------|--------------|---------------|
|   | General Fund   | Special Funds | Selected Bond Funds | Budget Total | Federal Fund      | General Fund | Special Funds | Selected Bond Funds | Budget Total      | Federal Funds | General Fund | Special Funds | Selected Bond Funds | Budget Total | Federal Funds |
| <b>Totals,1111-Department of Consumer Affairs</b>           |                |               |                     |              |                   |              |               |                     |                   |               |              |               |                     |              |               |
| 1690-Seismic Safety Commission, A. E. Alquist               | --             | \$267,301     | --                  | \$267,301    | --                | --           | \$630,567     | --                  | \$630,567         | --            | --           | \$648,036     | --                  | \$648,036    | --            |
| State Operations  | --             | 1,395         | --                  | 1,395        | --                | --           | 1,238         | --                  | 1,238             | --            | --           | 1,266         | --                  | 1,266        | --            |
| <b>Totals,1690-Seismic Safety Commission, A. E. Alquist</b> | --             | \$1,395       | --                  | \$1,395      | --                | --           | \$1,238       | --                  | \$1,238           | --            | --           | \$1,266       | --                  | \$1,266      | --            |
| <b>Totals,1700-Department of Fair Employment, Housing</b>   |                |               |                     |              |                   |              |               |                     |                   |               |              |               |                     |              |               |
| 17486   | 17,486         | --            | --                  | 17,486       | 4,521             | 22,614       | 1,450         | --                  | 24,064            | 5,697         | 21,993       | --            | --                  | 21,993       | 5,689         |
| State Operations  | --             | --            | --                  | --           | --                | --           | --            | --                  | --                | --            | --           | --            | --                  | --           | --            |
| <b>Totals,1700-Department of Fair Employment, Housing</b>   | \$17,486       | --            | --                  | \$17,486     | \$4,521           | \$22,614     | \$1,450       | --                  | \$24,064          | \$5,697       | \$21,993     | --            | --                  | \$21,993     | \$5,689       |
| <b>Totals,1701-Department of Business Oversight</b>         |                |               |                     |              |                   |              |               |                     |                   |               |              |               |                     |              |               |
| State Operations  | --             | 81,639        | --                  | 81,639       | --                | --           | 87,771        | --                  | 87,771            | --            | --           | 90,657        | --                  | 90,657       | --            |
| <b>Totals,1701-Department of Business Oversight</b>         | --             | \$81,639      | --                  | \$81,639     | --                | --           | \$87,771      | --                  | \$87,771          | --            | --           | \$90,657      | --                  | \$90,657     | --            |
| <b>Totals,1750-Horse Racing Board</b>                       |                |               |                     |              |                   |              |               |                     |                   |               |              |               |                     |              |               |
| State Operations  | --             | 13,183        | --                  | 13,183       | --                | --           | 13,205        | --                  | 13,205            | --            | --           | 13,214        | --                  | 13,214       | --            |
| <b>Totals,1750-Horse Racing Board</b>                       | --             | \$13,183      | --                  | \$13,183     | --                | --           | \$13,205      | --                  | \$13,205          | --            | --           | \$13,214      | --                  | \$13,214     | --            |
| <b>Totals,1996-General Obligation Bonds-BCH</b>             |                |               |                     |              |                   |              |               |                     |                   |               |              |               |                     |              |               |
| State Operations  | 602,091        | --            | --                  | 602,091      | --                | 415,467      | --            | --                  | 415,467           | --            | 357,916      | --            | --                  | 357,916      | --            |
| <b>Totals,1996-General Obligation Bonds-BCH</b>             | \$602,091      | --            | --                  | \$602,091    | --                | \$415,467    | --            | --                  | \$415,467         | --            | \$357,916    | --            | --                  | \$357,916    | --            |
| <b>Totals,2100-Department of Alcoholic Beverage Control</b> |                |               |                     |              |                   |              |               |                     |                   |               |              |               |                     |              |               |
| State Operations  | --             | 57,152        | --                  | 57,152       | --                | --           | 61,678        | --                  | 61,678            | --            | --           | 63,373        | --                  | 63,373       | --            |
| Local Assistance  | --             | 2,663         | --                  | 2,663        | --                | --           | 3,000         | --                  | 3,000             | --            | --           | 3,000         | --                  | 3,000        | --            |
| <b>Totals,2100-Department of Alcoholic Beverage Control</b> | --             | \$59,815      | --                  | \$59,815     | --                | --           | \$64,678      | --                  | \$64,678          | --            | --           | \$66,373      | --                  | \$66,373     | --            |
| <b>Totals,2120-Alcoholic Beverage Control Appeals Board</b> |                |               |                     |              |                   |              |               |                     |                   |               |              |               |                     |              |               |
| State Operations  | --             | 869           | --                  | 869          | --                | --           | 1,018         | --                  | 1,018             | --            | --           | 1,127         | --                  | 1,127        | --            |
| <b>Totals,2120-Alcoholic Beverage Control Appeals Board</b> | --             | \$869         | --                  | \$869        | --                | --           | \$1,018       | --                  | \$1,018           | --            | --           | \$1,127       | --                  | \$1,127      | --            |
| <b>Totals,2240-Dept of Housing, Community Development</b>   |                |               |                     |              |                   |              |               |                     |                   |               |              |               |                     |              |               |
| State Operations  | 4,058          | 32,533        | 8,831               | 45,422       | 5,439             | 4,201        | 32,368        | 15,723              | 52,292            | 9,309         | 2,893        | 31,187        | 13,939              | 48,019       | 9,649         |
| Local Assistance  | 15,129         | 32,461        | 143,762             | 191,352      | 80,030            | 50,629       | 295,640       | 377,314             | 723,583           | 111,570       | 5,629        | --            | 369,525             | 375,154      | 121,570       |
| <b>Totals,2240-Dept of Housing, Community Development</b>   | \$19,187       | \$64,994      | \$152,593           | \$236,774    | \$85,469          | \$54,830     | \$328,008     | \$393,037           | \$775,875         | \$120,879     | \$8,522      | \$31,187      | \$383,464           | \$423,173    | \$131,219     |
| <b>TOTALS, BUSINESS, CONSUMER SERVICES, &amp; HOUSING</b>   |                |               |                     |              |                   |              |               |                     |                   |               |              |               |                     |              |               |
| State Operations  | 623,635        | 763,422       | 8,831               | 1,395,888    | 9,960             | 442,282      | 829,145       | 15,723              | 1,287,150         | 15,006        | 382,802      | 848,710       | 13,939              | 1,245,451    | 15,338        |
| Local Assistance  | 15,129         | 35,171        | 143,762             | 194,062      | 80,030            | 50,629       | 298,790       | 377,314             | 726,733           | 111,570       | 5,629        | 3,150         | 369,525             | 378,304      | 121,570       |
| TRANSPORTATION  |                |               |                     |              |                   |              |               |                     |                   |               |              |               |                     |              |               |
| 2600-California Transportation Commission                   |                |               |                     |              |                   |              |               |                     |                   |               |              |               |                     |              |               |
| State Operations  | --             | 2,777         | 74                  | 2,851        | --                | --           | 3,505         | 118                 | 3,623             | --            | --           | 4,007         | 118                 | 4,125        | --            |
| Local Assistance  | --             | --            | 4,861               | 4,861        | --                | --           | --            | 25,000              | 25,000            | --            | --           | --            | 25,000              | 25,000       | --            |
| <b>Totals,2600-California Transportation Commission</b>     | --             | \$2,777       | \$4,935             | \$7,712      | --                | --           | \$3,505       | \$25,118            | \$28,623          | --            | --           | \$4,007       | \$25,118            | \$29,125     | --            |
| 2640-State Transit Assistance                               |                |               |                     |              |                   |              |               |                     |                   |               |              |               |                     |              |               |
| Local Assistance  | --             | 367,075       | 118,641             | 485,716      | --                | --           | 328,810       | 54,522              | 383,332           | --            | --           | 368,566       | 24,967              | 393,533      | --            |
| <b>Totals,2640-State Transit Assistance</b>                 | --             | \$367,075     | \$118,641           | \$485,716    | --                | --           | \$328,810     | \$54,522            | \$383,332         | --            | --           | \$368,566     | \$24,967            | \$393,533    | --            |
| 2660-Department of Transportation                           |                |               |                     |              |                   |              |               |                     |                   |               |              |               |                     |              |               |
| State Operations  | --             | 2,959,837     | 52,392              | 3,012,229    | 1,031,043         | --           | 2,630,313     | 30,964              | 2,661,277         | 1,224,069     | --           | 2,757,127     | 30,653              | 2,787,780    | 1,223,161     |
| Local Assistance  | --             | 269,375       | 10,555              | 279,930      | 1,108,099         | --           | 316,556       | 71,204              | 387,760           | 1,897,301     | --           | 587,403       | 34,258              | 621,661      | 2,028,947     |
| Capital Outlay  | --             | 456,728       | 173,613             | 630,341      | 2,384,336         | --           | 576,853       | 83,960              | 660,813           | 1,723,807     | --           | 1,165,106     | 145,714             | 1,310,820    | 1,700,448     |
| Unclassified  | 83,416         | -83,416       | --                  | --           | 133               | --           | --            | --                  | --                | 5,000         | --           | --            | --                  | --           | 5,000         |
| <b>Totals,2660-Department of Transportation</b>             | \$83,416       | \$3,602,524   | \$236,560           | \$3,922,500  | \$4,523,611       | --           | \$3,523,722   | \$186,128           | \$3,709,850       | \$4,850,177   | --           | \$4,509,636   | \$210,625           | \$4,720,261  | \$4,957,556   |
| 2685-High-Speed Rail Authority                              |                |               |                     |              |                   |              |               |                     |                   |               |              |               |                     |              |               |
| State Operations  | --             | --            | 35,793              | 35,793       | --                | --           | 103           | 42,783              | 42,886            | --            | --           | 103           | 42,800              | 42,903       | --            |
| Local Assistance  | --             | --            | --                  | --           | --                | --           | --            | 600,000             | 600,000           | 32,000        | --           | --            | 500,000             | 500,000      | --            |
| Capital Outlay  | --             | 69,729        | 958,998             | 1,028,727    | 46,774            | --           | 652,839       | -234,356            | 418,483           | 104,279       | --           | 474,897       | 77,010              | 551,907      | --            |
| <b>Totals,2685-High-Speed Rail Authority</b>                | --             | \$69,729      | \$994,791           | \$1,064,520  | \$46,774          | --           | \$652,942     | \$408,427           | \$1,061,369       | \$136,279     | --           | \$475,000     | \$619,810           | \$1,094,810  | --            |
| 2670-Board of Pilot Commissioners                           |                |               |                     |              |                   |              |               |                     |                   |               |              |               |                     |              |               |
| State Operations  | --             | --            | --                  | 2,306        | --                | --           | 2,494         | --                  | 2,494             | --            | --           | --            | --                  | 2,438        | --            |

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

|   | Actual 2015-16 |               |                     |              | Estimated 2016-17 |              |               |                     | Estimated 2017-18 |               |              |               |                     |              |               |
|---|----------------|---------------|---------------------|--------------|-------------------|--------------|---------------|---------------------|-------------------|---------------|--------------|---------------|---------------------|--------------|---------------|
|   | General Fund   | Special Funds | Selected Bond Funds | Budget Total | Federal Fund      | General Fund | Special Funds | Selected Bond Funds | Budget Total      | Federal Funds | General Fund | Special Funds | Selected Bond Funds | Budget Total | Federal Funds |
| Totals,2670-Board of Pilot Commissioners            |                |               |                     |              |                   |              |               |                     |                   |               |              |               |                     |              |               |
| 2720-Dept of the California Highway Patrol          | --             | 2,162,511     | --                  | 2,162,511    | 16,374            | --           | 2,173,549     | --                  | 2,173,549         | 20,776        | --           | 2,165,507     | --                  | 2,165,507    | 20,761        |
| State Operations                                    | --             | 54,800        | --                  | 54,800       | --                | --           | 76,192        | --                  | 76,192            | --            | --           | 168,729       | --                  | 168,729      | --            |
| Capital Outlay                                      | --             | --            | --                  | --           | --                | --           | --            | --                  | --                | --            | --           | --            | --                  | --           | --            |
| Totals,2720-Dept of the California Highway Patrol   |                |               |                     |              |                   |              |               |                     |                   |               |              |               |                     |              |               |
| 2740-Department of Motor Vehicles                   | --             | \$2,217,311   | --                  | \$2,217,311  | \$16,374          | --           | \$2,249,741   | --                  | \$2,249,741       | \$20,776      | --           | \$2,334,236   | --                  | \$2,334,236  | \$20,761      |
| State Operations                                    | --             | 1,097,016     | --                  | 1,097,016    | 954               | 3,888        | 1,028,968     | --                  | 1,032,856         | 2,875         | --           | 1,011,097     | --                  | 1,011,097    | 2,810         |
| Capital Outlay                                      | --             | 8,855         | --                  | 8,855        | --                | --           | 6,803         | --                  | 6,803             | --            | --           | 25,659        | --                  | 25,659       | --            |
| Totals,2740-Department of Motor Vehicles            |                |               |                     |              |                   |              |               |                     |                   |               |              |               |                     |              |               |
| 2830-General Obligation Bonds-Transportation        | --             | \$1,105,871   | --                  | \$1,105,871  | \$954             | \$3,888      | \$1,035,771   | --                  | \$1,039,659       | \$2,875       | --           | \$1,036,756   | --                  | \$1,036,756  | \$2,810       |
| State Operations                                    | 178,929        | 1,077,754     | --                  | 1,256,683    | --                | 221,075      | 1,232,420     | --                  | 1,453,495         | --            | 242,873      | 1,523,449     | --                  | 1,766,322    | --            |
| Totals,2830-General Obligation Bonds-Transportation |                |               |                     |              |                   |              |               |                     |                   |               |              |               |                     |              |               |
| TOTALS, TRANSPORTATION                              | \$262,345      | \$8,445,347   | \$1,354,927         | \$10,062,619 | \$4,587,713       | \$224,963    | \$9,029,405   | \$674,195           | \$9,928,563       | \$5,010,107   | \$242,873    | \$10,254,088  | \$880,520           | \$11,377,481 | \$4,981,127   |
| State Operations                                    | 178,929        | 7,302,201     | 88,259              | 7,569,389    | 1,048,371         | 224,963      | 7,071,352     | 73,865              | 7,370,180         | 1,247,720     | 242,873      | 7,463,728     | 73,571              | 7,780,172    | 1,246,732     |
| Local Assistance                                    | --             | 636,450       | 134,057             | 770,507      | 1,108,099         | --           | 645,366       | 750,726             | 1,396,092         | 1,929,301     | --           | 955,969       | 584,225             | 1,540,194    | 2,028,947     |
| Capital Outlay                                      | --             | 590,112       | 1,132,611           | 1,722,723    | 2,431,110         | --           | 1,312,687     | -150,396            | 1,162,291         | 1,828,086     | --           | 1,834,391     | 222,724             | 2,057,115    | 1,700,448     |
| Unclassified  | 83,416         | -83,416       | --                  | --           | 133               | --           | --            | --                  | --                | 5,000         | --           | --            | --                  | --           | 5,000         |
| NATURAL RESOURCES                                   |                |               |                     |              |                   |              |               |                     |                   |               |              |               |                     |              |               |
| 3100-Science Center                                 |                |               |                     |              |                   |              |               |                     |                   |               |              |               |                     |              |               |
| State Operations                                    | 21,542         | 9,017         | --                  | 30,559       | --                | 28,519       | 10,418        | --                  | 38,937            | --            | 21,550       | 10,617        | --                  | 32,167       | --            |
| Totals,3100-Science Center                          |                |               |                     |              |                   |              |               |                     |                   |               |              |               |                     |              |               |
| 3110-Special Resources Programs                     | \$21,542       | \$9,017       | --                  | \$30,559     | --                | \$28,519     | \$10,418      | --                  | \$38,937          | --            | \$21,550     | \$10,617      | --                  | \$32,167     | --            |
| State Operations                                    | --             | 533           | --                  | 533          | --                | --           | 200           | --                  | 200               | --            | --           | 200           | --                  | 200          | --            |
| Local Assistance                                    | --             | 4,731         | --                  | 4,731        | --                | 3,998        | 840           | --                  | 4,838             | --            | 3,998        | 840           | --                  | 4,838        | --            |
| Totals,3110-Special Resources Programs              |                |               |                     |              |                   |              |               |                     |                   |               |              |               |                     |              |               |
| 3125-Tahoe Conservancy                              | \$178,929      | \$5,264       | --                  | \$5,264      | --                | \$3,998      | \$1,040       | --                  | \$5,038           | --            | \$3,998      | \$1,040       | --                  | \$5,038      | --            |
| State Operations                                    | --             | 4,685         | 212                 | 4,897        | 251               | --           | 4,566         | 248                 | 4,814             | 237           | --           | 4,626         | 248                 | 4,874        | 329           |
| Local Assistance                                    | --             | --            | 13,950              | 13,950       | --                | --           | --            | --                  | --                | --            | --           | 450           | 1,257               | 1,707        | 2,318         |
| Capital Outlay                                      | --             | 1,987         | 5,977               | 7,964        | 3,500             | --           | 981           | 4,376               | 5,357             | 2,000         | --           | 481           | 1,382               | 1,863        | 900           |
| Totals,3125-Tahoe Conservancy                       |                |               |                     |              |                   |              |               |                     |                   |               |              |               |                     |              |               |
| 3340-California Conservation Corps                  | \$44,815       | \$49,834      | \$275               | \$94,924     | \$3,751           | --           | \$5,547       | \$4,624             | \$10,171          | \$2,237       | --           | \$5,557       | \$2,887             | \$8,444      | \$3,547       |
| State Operations                                    | 43,457         | 49,834        | --                  | 93,291       | --                | 43,446       | 49,986        | --                  | 93,432            | --            | 44,045       | 53,431        | --                  | 97,476       | --            |
| Local Assistance                                    | --             | --            | 275                 | 275          | --                | --           | --            | --                  | --                | --            | --           | --            | --                  | --           | --            |
| Capital Outlay                                      | 1,358          | --            | --                  | 1,358        | --                | 1,697        | --            | --                  | 1,697             | --            | 21,500       | --            | --                  | 21,500       | --            |
| Totals,3340-California Conservation Corps           |                |               |                     |              |                   |              |               |                     |                   |               |              |               |                     |              |               |
| 3360-Energy Resource Conservation, Dvmt Comm        | \$44,815       | \$49,834      | \$275               | \$94,924     | --                | \$45,143     | \$49,986      | --                  | \$95,129          | --            | \$65,545     | \$53,431      | --                  | \$118,976    | --            |
| State Operations                                    | --             | 248,202       | --                  | 248,202      | 4,633             | 15,000       | 397,200       | --                  | 412,200           | 11,161        | --           | 343,000       | --                  | 343,000      | 16,822        |
| Local Assistance                                    | --             | 181,782       | --                  | 181,782      | 1,685             | --           | 223,839       | --                  | 223,839           | 13,500        | --           | 126,203       | --                  | 126,203      | 2,500         |
| Totals,3360-Energy Resource Conservation, Dvmt Comm |                |               |                     |              |                   |              |               |                     |                   |               |              |               |                     |              |               |
| 3370-Renewable Resources Investment Program         | --             | \$429,984     | --                  | \$429,984    | \$6,318           | \$15,000     | \$621,039     | --                  | \$636,039         | \$24,661      | --           | \$469,203     | --                  | \$469,203    | \$19,322      |
| State Operations                                    | --             | 1,181         | --                  | 1,181        | --                | --           | --            | --                  | --                | --            | --           | --            | --                  | --           | --            |
| Totals,3370-Renewable Resources Investment Program  |                |               |                     |              |                   |              |               |                     |                   |               |              |               |                     |              |               |
| 3480-Department of Conservation                     | --             | \$1,181       | --                  | \$1,181      | --                | --           | --            | --                  | --                | --            | --           | --            | --                  | --           | --            |
| State Operations                                    | 3,163          | 76,019        | 964                 | 82,146       | 887               | 5,910        | 98,762        | 2,279               | 106,951           | 2,807         | 3,410        | 108,415       | 1,563               | 113,388      | 2,835         |
| Local Assistance                                    | --             | 3,451         | 859                 | 4,310        | --                | --           | 38,132        | 3,239               | 41,371            | --            | --           | 2,000         | --                  | 2,000        | --            |
| Totals,3480-Department of Conservation              |                |               |                     |              |                   |              |               |                     |                   |               |              |               |                     |              |               |
| 3540-Department of Forestry, Fire Protection        | \$3,163        | \$81,470      | \$1,823             | \$86,456     | \$887             | \$5,910      | \$136,894     | \$5,518             | \$148,322         | \$2,807       | \$3,410      | \$110,415     | \$1,563             | \$115,388    | \$2,835       |
| State Operations                                    | 1,180,351      | 113,574       | --                  | 1,293,925    | 7,529             | 1,349,222    | 170,417       | --                  | 1,519,639         | 20,387        | 1,272,026    | 118,806       | --                  | 1,390,832    | 20,750        |
| Local Assistance                                    | --             | 2,950         | --                  | 2,950        | --                | --           | 3,465         | --                  | 3,465             | --            | --           | 3,465         | --                  | 3,465        | --            |
| Capital Outlay                                      | 1,381          | --            | --                  | 1,381        | --                | 4,844        | --            | --                  | 4,844             | --            | 7,706        | --            | --                  | 7,706        | --            |
| Totals,3540-Department of Forestry, Fire Protection |                |               |                     |              |                   |              |               |                     |                   |               |              |               |                     |              |               |
| 3560-State Lands Commission                         | \$1,181,732    | \$116,524     | --                  | \$1,298,256  | \$7,529           | \$1,354,066  | \$173,882     | --                  | \$1,527,948       | \$20,387      | \$1,279,732  | \$122,271     | --                  | \$1,402,003  | \$20,750      |

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

|   | Actual 2015-16 |               |                     |              | Estimated 2016-17 |              |               |                     | Estimated 2017-18 |               |              |               |                     |              |               |
|---|----------------|---------------|---------------------|--------------|-------------------|--------------|---------------|---------------------|-------------------|---------------|--------------|---------------|---------------------|--------------|---------------|
|   | General Fund   | Special Funds | Selected Bond Funds | Budget Total | Federal Fund      | General Fund | Special Funds | Selected Bond Funds | Budget Total      | Federal Funds | General Fund | Special Funds | Selected Bond Funds | Budget Total | Federal Funds |
| State Operations                                    | 11,371         | 16,387        | --                  | 27,758       | --                | 12,646       | 17,751        | --                  | 30,397            | --            | 14,671       | 18,649        | --                  | 33,320       | --            |
| Totals,3560-State Lands Commission                  | \$11,371       | \$16,387      | --                  | \$27,758     | --                | \$12,646     | \$17,751      | --                  | \$30,397          | --            | \$14,671     | \$18,649      | --                  | \$33,320     | --            |
| 3600-Department of Fish and Wildlife                | 84,280         | 202,077       | 28,342              | 314,699      | 54,719            | 114,151      | 203,396       | 35,486              | 353,033           | 59,546        | 88,714       | 204,724       | 16,201              | 309,639      | 59,960        |
| State Operations                                    | 1,238          | 3,475         | 18,667              | 23,380       | 13,886            | 576          | 3,341         | 56,812              | 60,729            | 20,000        | 576          | 3,481         | 48,490              | 52,547       | 20,000        |
| Local Assistance                                    | --             | 2,246         | --                  | 2,246        | --                | --           | 108           | --                  | 108               | --            | --           | 246           | --                  | 246          | --            |
| Capital Outlay                                      | --             | --            | --                  | --           | --                | --           | --            | --                  | --                | --            | --           | --            | --                  | --           | --            |
| Totals,3600-Department of Fish and Wildlife         | \$85,518       | \$207,798     | \$47,009            | \$340,325    | \$68,605          | \$114,727    | \$206,845     | \$92,298            | \$413,870         | \$79,546      | \$89,290     | \$208,451     | \$64,691            | \$382,432    | \$79,960      |
| 3640-Wildlife Conservation Board                    | --             | 1,197         | 2,460               | 3,657        | --                | --           | 2,271         | 2,872               | 5,143             | --            | --           | 2,267         | 2,954               | 5,221        | --            |
| State Operations                                    | --             | 11,440        | 46,951              | 58,391       | --                | --           | --            | 62,695              | 62,695            | --            | --           | --            | 41,400              | 41,400       | --            |
| Local Assistance                                    | 16,618         | -10,886       | 33,101              | 38,833       | 15,347            | 18,559       | 12,392        | 368,627             | 399,578           | 35,000        | 19,201       | 2,462         | 20,531              | 42,194       | 35,000        |
| Capital Outlay                                      | --             | --            | --                  | --           | --                | --           | --            | --                  | --                | --            | --           | --            | --                  | --           | --            |
| Totals,3640-Wildlife Conservation Board             | \$16,618       | \$1,751       | \$82,512            | \$100,881    | \$15,347          | \$18,559     | \$14,663      | \$434,194           | \$467,416         | \$35,000      | \$19,201     | \$4,729       | \$64,885            | \$88,815     | \$35,000      |
| 3720-Coastal Commission                             | 12,038         | 4,338         | --                  | 16,376       | 2,643             | 15,729       | 1,399         | --                  | 17,128            | 2,652         | 15,708       | 1,409         | --                  | 17,117       | 2,653         |
| State Operations                                    | --             | 503           | --                  | 503          | --                | --           | 503           | --                  | 503               | --            | --           | 503           | --                  | 503          | --            |
| Local Assistance                                    | --             | --            | --                  | --           | --                | --           | --            | --                  | --                | --            | --           | --            | --                  | --           | --            |
| Totals,3720-Coastal Commission                      | \$12,038       | \$4,841       | --                  | \$16,879     | \$2,643           | \$15,729     | \$1,902       | --                  | \$17,631          | \$2,652       | \$15,708     | \$1,912       | --                  | \$17,620     | \$2,653       |
| 3760-State Coastal Conservancy                      | 183            | 1,500         | 5,769               | 7,452        | 265               | 182          | 292           | 6,596               | 7,070             | 283           | --           | 635           | 5,946               | 6,581        | 521           |
| State Operations                                    | --             | 1,321         | 12,032              | 13,353       | 1,527             | 1,000        | 1,373         | 94,190              | 96,563            | 15,282        | --           | 539           | 35,657              | 36,196       | 8,000         |
| Local Assistance                                    | 4,000          | -5,863        | 22,267              | 20,404       | 948               | --           | 13,367        | 10,336              | 23,703            | --            | --           | 3,800         | --                  | 3,800        | --            |
| Capital Outlay                                      | --             | --            | --                  | --           | --                | --           | --            | --                  | --                | --            | --           | --            | --                  | --           | --            |
| Totals,3760-State Coastal Conservancy               | \$4,183        | -\$3,042      | \$40,068            | \$41,209     | \$2,740           | \$1,182      | \$15,032      | \$111,122           | \$127,336         | \$15,565      | --           | \$4,974       | \$41,603            | \$46,577     | \$8,521       |
| 3780-Native American Heritage Commission            | 1,634          | --            | --                  | 1,634        | --                | 2,543        | --            | --                  | 2,543             | --            | 1,545        | --            | --                  | 1,545        | --            |
| State Operations                                    | --             | --            | --                  | --           | --                | --           | --            | --                  | --                | --            | --           | --            | --                  | --           | --            |
| Totals,3780-Native American Heritage Commission     | \$1,634        | --            | --                  | \$1,634      | --                | \$2,543      | --            | --                  | \$2,543           | --            | \$1,545      | --            | --                  | \$1,545      | --            |
| 3790-Department of Parks, Recreation                | 119,137        | 249,333       | 17,828              | 386,298      | 8,581             | 194,060      | 262,714       | 25,623              | 482,397           | 15,735        | 136,819      | 264,318       | 15,312              | 416,449      | 16,225        |
| State Operations                                    | 2,000          | 33,838        | --                  | 35,838       | 21,161            | 2,000        | 42,065        | 2,471               | 46,536            | 85,301        | 2,000        | 37,689        | 26,000              | 65,689       | 85,700        |
| Local Assistance                                    | --             | --            | --                  | --           | --                | --           | --            | --                  | --                | --            | --           | --            | --                  | --           | --            |
| Capital Outlay                                      | --             | 3,415         | 10,592              | 14,007       | 400               | 3,652        | 15,686        | 30,966              | 50,304            | 546           | --           | 9,124         | 27,837              | 36,961       | --            |
| Totals,3790-Department of Parks, Recreation         | \$121,137      | \$286,586     | \$28,420            | \$436,143    | \$30,142          | \$199,712    | \$320,465     | \$59,060            | \$579,237         | \$101,582     | \$138,819    | \$311,131     | \$69,149            | \$519,099    | \$101,925     |
| 3810-Santa Monica Mountains Conservancy             | --             | 266           | 392                 | 658          | --                | --           | 439           | 288                 | 727               | --            | --           | 485           | 950                 | 1,435        | --            |
| State Operations                                    | --             | --            | 4,367               | 4,367        | --                | --           | --            | 17,217              | 17,217            | --            | --           | 20            | 2,275               | 2,295        | --            |
| Local Assistance                                    | --             | --            | --                  | --           | --                | --           | --            | --                  | --                | --            | --           | --            | --                  | --           | --            |
| Capital Outlay                                      | --             | --            | 4,647               | 4,647        | --                | --           | --            | 4,530               | 4,530             | --            | --           | --            | --                  | --           | --            |
| Totals,3810-Santa Monica Mountains Conservancy      | --             | \$266         | \$9,406             | \$9,672      | --                | --           | \$439         | \$22,035            | \$22,474          | --            | --           | \$505         | \$3,225             | \$3,730      | --            |
| 3820-SF Bay Conservation, Development Comm          | 5,074          | --            | --                  | 5,074        | 106               | 5,948        | --            | --                  | 5,948             | --            | 5,609        | --            | --                  | 5,609        | --            |
| State Operations                                    | --             | --            | --                  | --           | --                | --           | --            | --                  | --                | --            | --           | --            | --                  | --           | --            |
| Totals,3820-SF Bay Conservation, Development Comm   | \$5,074        | --            | --                  | \$5,074      | \$106             | \$5,948      | --            | --                  | \$5,948           | --            | \$5,609      | --            | --                  | \$5,609      | --            |
| 3825-San Gabriel/Lower LA River,Mtns Consrvy        | --             | 373           | 625                 | 998          | --                | --           | 422           | 1,390               | 1,812             | --            | --           | 463           | 615                 | 1,078        | --            |
| State Operations                                    | --             | --            | --                  | --           | --                | --           | --            | --                  | --                | --            | --           | --            | --                  | --           | --            |
| Local Assistance                                    | --             | --            | 10,000              | 10,000       | --                | --           | --            | 7,143               | 7,143             | --            | --           | --            | 10,000              | 10,000       | --            |
| Capital Outlay                                      | --             | --            | 11,866              | 11,866       | --                | --           | --            | --                  | --                | --            | --           | --            | --                  | --           | --            |
| Totals,3825-San Gabriel/Lower LA River,Mtns Consrvy | --             | \$373         | \$22,491            | \$22,864     | --                | --           | \$422         | \$8,533             | \$8,955           | --            | --           | \$463         | \$10,615            | \$11,078     | --            |
| 3830-San Joaquin River Conservancy                  | --             | 397           | 169                 | 566          | --                | 200          | 411           | 246                 | 857               | --            | --           | 441           | 246                 | 687          | --            |
| State Operations                                    | --             | --            | --                  | --           | --                | --           | --            | --                  | --                | --            | --           | --            | --                  | --           | --            |
| Totals,3830-San Joaquin River Conservancy           | --             | \$397         | \$169               | \$566        | --                | \$200        | \$411         | \$246               | \$857             | --            | --           | \$441         | \$246               | \$687        | --            |
| 3835-Baldwin Hills Conservancy                      | --             | 365           | 192                 | 557          | --                | --           | 353           | 356                 | 709               | --            | --           | 353           | 356                 | 709          | --            |
| State Operations                                    | --             | --            | --                  | --           | --                | --           | --            | --                  | --                | --            | --           | --            | --                  | --           | --            |
| Local Assistance                                    | --             | --            | --                  | --           | --                | --           | --            | 10,025              | 10,025            | --            | --           | --            | 2,000               | 2,000        | --            |
| Capital Outlay                                      | --             | --            | 6,249               | 6,249        | --                | --           | --            | 6,207               | 6,207             | --            | --           | --            | 2,628               | 2,628        | --            |
| Totals,3835-Baldwin Hills Conservancy               | --             | \$365         | \$6,441             | \$6,806      | --                | --           | \$353         | \$16,588            | \$16,941          | --            | --           | \$353         | \$4,984             | \$5,337      | --            |
| 3840-Delta Protection Commission                    | --             | 1,031         | --                  | 1,031        | --                | 150          | 1,091         | --                  | 1,241             | --            | --           | 1,182         | --                  | 1,182        | --            |
| State Operations                                    | --             | --            | --                  | --           | --                | --           | --            | --                  | --                | --            | --           | --            | --                  | --           | --            |
| Totals,3840-Delta Protection Commission             | --             | \$1,031       | --                  | \$1,031      | --                | \$150        | \$1,091       | --                  | \$1,241           | --            | --           | \$1,182       | --                  | \$1,182      | --            |

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

|  | Actual 2015-16 |               |                     |              | Estimated 2016-17 |              |               |                     | Estimated 2017-18 |               |              |               |                     |              |               |
|--|----------------|---------------|---------------------|--------------|-------------------|--------------|---------------|---------------------|-------------------|---------------|--------------|---------------|---------------------|--------------|---------------|
|  | General Fund   | Special Funds | Selected Bond Funds | Budget Total | Federal Fund      | General Fund | Special Funds | Selected Bond Funds | Budget Total      | Federal Funds | General Fund | Special Funds | Selected Bond Funds | Budget Total | Federal Funds |
| 3845-San Diego River Conservancy                     | --             | 379           | 76                  | 455          | --                | --           | --            | 369                 | 107               | 476           | --           | --            | 388                 | 107          | 495           |
| State Operations                                     | --             | --            | 544                 | 544          | --                | --           | --            | --                  | 6,456             | 6,456         | --           | --            | --                  | --           | --            |
| Local Assistance                                     | --             | --            | --                  | --           | --                | --           | --            | --                  | --                | --            | --           | --            | --                  | --           | --            |
| Totals,3845-San Diego River Conservancy              | --             | \$379         | \$620               | \$999        | --                | --           | --            | \$369               | \$6,563           | \$6,932       | --           | --            | \$388               | \$107        | \$495         |
| 3850-Coachella Valley Mountains Conservancy          | --             | 313           | 100                 | 413          | --                | --           | --            | 280                 | 131               | 411           | --           | --            | 315                 | 151          | 466           |
| State Operations                                     | --             | --            | --                  | --           | --                | --           | --            | --                  | 4,450             | 4,450         | --           | --            | --                  | 2,300        | 2,300         |
| Local Assistance                                     | --             | --            | --                  | --           | --                | --           | --            | --                  | --                | --            | --           | --            | --                  | --           | --            |
| Capital Outlay                                       | --             | --            | 377                 | 377          | --                | --           | --            | --                  | 9,041             | 9,041         | --           | --            | --                  | --           | --            |
| Totals,3850-Coachella Valley Mountains Conservancy   | --             | \$313         | \$477               | \$790        | --                | --           | --            | \$280               | \$13,622          | \$13,902      | --           | --            | \$315               | \$2,451      | \$2,766       |
| 3855-Sierra Nevada Conservancy                       | --             | 4,476         | 357                 | 4,833        | --                | --           | --            | 4,324               | 336               | 4,660         | --           | --            | 4,353               | 442          | 4,795         |
| State Operations                                     | --             | --            | 11,223              | 11,223       | --                | --           | --            | --                  | 403               | 403           | --           | --            | --                  | 8,000        | 8,000         |
| Local Assistance                                     | --             | --            | --                  | --           | --                | --           | --            | --                  | --                | --            | --           | --            | --                  | --           | --            |
| Totals,3855-Sierra Nevada Conservancy                | --             | \$4,476       | \$11,580            | \$16,056     | --                | --           | --            | \$4,324             | \$739             | \$5,063       | --           | --            | \$4,353             | \$8,442      | \$12,795      |
| 3860-Department of Water Resources                   | 98,400         | 22,480        | 73,670              | 194,550      | 3,867             | 217,053      | 34,790        | 341,333             | 593,176           | 13,719        | 124,586      | 28,154        | 28,373              | 181,113      | 12,232        |
| State Operations                                     | 4,984          | 27,810        | 460,170             | 492,964      | --                | 20,000       | 19,000        | 612,393             | 651,393           | --            | 5,000        | --            | 250,715             | 255,715      | --            |
| Local Assistance                                     | --             | 9,762         | 215,255             | 225,017      | --                | --           | --            | 8,210               | 738,590           | 746,790       | --           | --            | --                  | --           | --            |
| Capital Outlay                                       | --             | --            | --                  | --           | --                | --           | --            | --                  | --                | --            | --           | --            | --                  | --           | --            |
| Totals,3860-Department of Water Resources            | \$103,384      | \$60,052      | \$745,095           | \$912,531    | \$3,867           | \$237,053    | \$62,000      | \$1,692,306         | \$1,991,359       | \$13,719      | \$129,586    | \$28,154      | \$279,088           | \$436,828    | \$12,232      |
| 3875-Sacramento-San Joaquin Delta Conservancy        | 1,188          | 77            | 518                 | 1,783        | 1,221             | 1,341        | 71            | 434                 | 1,846             | 691           | 1,328        | 71            | 434                 | 1,833        | 720           |
| State Operations                                     | --             | --            | 9,363               | 9,363        | --                | --           | --            | --                  | 9,301             | 9,301         | --           | --            | --                  | 9,300        | 9,300         |
| Local Assistance                                     | --             | --            | --                  | --           | --                | --           | --            | --                  | --                | --            | --           | --            | --                  | --           | --            |
| Totals,3875-Sacramento-San Joaquin Delta Conservancy | \$1,188        | \$77          | \$9,881             | \$11,146     | \$1,221           | \$1,341      | \$71          | \$9,735             | \$11,147          | \$691         | \$1,328      | \$71          | \$9,734             | \$11,133     | \$720         |
| 3882-General Obligation Bonds-Natural Res            | 969,678        | --            | --                  | 969,678      | --                | 1,028,774    | --            | --                  | 1,028,774         | --            | 1,001,799    | --            | --                  | 1,001,799    | --            |
| State Operations                                     | \$969,678      | --            | --                  | \$969,678    | --                | \$1,028,774  | --            | --                  | \$1,028,774       | --            | \$1,001,799  | --            | --                  | \$1,001,799  | --            |
| Totals,3882-General Obligation Bonds-Natural Res     | 17,233         | 809           | --                  | 18,042       | 2,749             | 19,011       | 790           | --                  | 19,801            | 2,785         | 19,063       | 790           | --                  | 19,853       | 2,760         |
| 3885-Delta Stewardship Council                       | \$17,233       | \$809         | --                  | \$18,042     | \$2,749           | \$19,011     | \$790         | --                  | \$19,801          | \$2,785       | \$19,063     | \$790         | --                  | \$19,853     | \$2,760       |
| Totals,3885-Delta Stewardship Council                | \$2,600,308    | \$1,282,805   | \$1,030,406         | \$4,913,519  | \$145,905         | \$3,110,211  | \$1,646,014   | \$2,477,183         | \$7,233,408       | \$301,632     | \$2,810,854  | \$1,359,395   | \$563,670           | \$4,733,919  | \$290,225     |
| TOTALS, NATURAL RESOURCES                            | 2,568,729      | 1,010,843     | 131,674             | 3,711,246    | 87,451            | 3,053,885    | 1,262,712     | 417,725             | 4,734,322         | 130,003       | 2,750,873    | 1,168,092     | 73,898              | 3,992,863    | 135,807       |
| State Operations                                     | 8,222          | 271,301       | 588,401             | 867,924      | 38,259            | 27,574       | 332,558       | 886,795             | 1,246,927         | 134,083       | 11,574       | 175,190       | 437,394             | 624,158      | 118,518       |
| Local Assistance                                     | 23,357         | 661           | 310,331             | 334,349      | 20,195            | 28,752       | 50,744        | 1,172,663           | 1,252,159         | 37,546        | 48,407       | 16,113        | 52,378              | 116,898      | 35,900        |
| Capital Outlay                                       | --             | --            | --                  | --           | --                | --           | --            | --                  | --                | --            | --           | --            | --                  | --           | --            |
| ENVIRONMENTAL PROTECTION                             |                |               |                     |              |                   |              |               |                     |                   |               |              |               |                     |              |               |
| 3900-Air Resources Board                             | --             | 247,778       | 214,753             | 462,531      | 9,464             | --           | 270,382       | 22,764              | 293,146           | 17,132        | --           | 271,799       | 374                 | 272,173      | 17,252        |
| State Operations                                     | --             | 219,356       | --                  | 219,356      | --                | --           | 533,397       | --                  | 533,397           | --            | --           | 111,233       | --                  | 111,233      | --            |
| Local Assistance                                     | --             | 6,365         | --                  | 6,365        | --                | --           | --            | --                  | --                | --            | --           | --            | --                  | --           | --            |
| Capital Outlay                                       | --             | --            | --                  | --           | --                | --           | --            | --                  | --                | --            | --           | --            | --                  | --           | --            |
| Totals,3900-Air Resources Board                      | --             | \$473,499     | \$214,753           | \$688,252    | \$9,464           | --           | \$803,779     | \$22,764            | \$826,543         | \$17,132      | --           | \$383,032     | \$374               | \$383,406    | \$17,252      |
| 3930-Department of Pesticide Regulation              | --             | 62,510        | --                  | 62,510       | 2,233             | 750          | 69,106        | --                  | 69,856            | 2,006         | --           | 65,799        | --                  | 65,799       | 2,366         |
| State Operations                                     | --             | 26,664        | --                  | 26,664       | --                | --           | 26,957        | --                  | 26,957            | --            | --           | 27,588        | --                  | 27,588       | --            |
| Local Assistance                                     | --             | --            | --                  | --           | --                | --           | --            | --                  | --                | --            | --           | --            | --                  | --           | --            |
| Totals,3930-Department of Pesticide Regulation       | --             | \$89,174      | --                  | \$89,174     | \$2,233           | \$750        | \$96,063      | --                  | \$96,813          | \$2,006       | --           | --            | --                  | \$93,387     | \$2,366       |
| 3940-State Water Resources Control Board             | 35,609         | 353,027       | 10,255              | 398,891      | 66,736            | 50,636       | 472,156       | 14,163              | 536,955           | 97,143        | 48,892       | 477,389       | 11,838              | 538,119      | 97,331        |
| State Operations                                     | 2,101          | 33,045        | 171,156             | 206,302      | 224,894           | --           | 176,510       | 1,899,452           | 2,075,962         | 233,093       | --           | 55,667        | 10,666              | 66,333       | 232,693       |
| Local Assistance                                     | --             | --            | --                  | --           | --                | --           | --            | --                  | --                | --            | --           | --            | --                  | --           | --            |
| Totals,3940-State Water Resources Control Board      | \$37,710       | \$386,072     | \$181,411           | \$605,193    | \$291,630         | \$50,636     | \$648,666     | \$1,913,615         | \$2,612,917       | \$330,236     | \$48,892     | \$533,056     | \$22,504            | \$604,452    | \$330,024     |
| 3960-Department of Toxic Substances Control          | 27,379         | 159,217       | --                  | 185,596      | 30,499            | 44,090       | 188,636       | --                  | 212,726           | 31,414        | 32,087       | 205,038       | --                  | 237,125      | 31,144        |
| State Operations                                     | --             | 1,000         | --                  | 1,000        | 3,062             | --           | 1,000         | --                  | 1,000             | 3,027         | --           | 1,000         | --                  | 1,000        | 3,027         |
| Local Assistance                                     | --             | --            | --                  | --           | --                | --           | --            | --                  | --                | --            | --           | --            | --                  | --           | --            |
| Totals,3960-Department of Toxic Substances Control   | \$27,379       | \$159,217     | --                  | \$186,596    | \$33,561          | \$44,090     | \$189,636     | --                  | \$213,726         | \$34,441      | \$32,087     | \$206,038     | --                  | \$238,125    | \$34,171      |
| 3970-Resources Recycling and Recovery                | 151,845        | 198,202       | --                  | 350,047      | --                | -14,500      | 232,921       | --                  | 218,421           | --            | --           | 235,491       | --                  | 235,491      | --            |
| State Operations                                     | --             | --            | --                  | --           | --                | --           | --            | --                  | --                | --            | --           | --            | --                  | --           | --            |

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

|   | Actual 2015-16      |                    |                     |                     |                     | Estimated 2016-17   |                     |                     |                     |                     | Estimated 2017-18   |                     |                     |                     |                     |
|---|---------------------|--------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
|   | General Fund        | Special Funds      | Selected Bond Funds | Budget Total        | Federal Fund        | General Fund        | Special Funds       | Selected Bond Funds | Budget Total        | Federal Funds       | General Fund        | Special Funds       | Selected Bond Funds | Budget Total        | Federal Funds       |
| Local Assistance  | --                  | 1,336,636          | --                  | 1,336,636           | --                  | --                  | --                  | 1,380,957           | 1,380,957           | --                  | --                  | --                  | 1,327,563           | 1,327,563           | --                  |
| <b>Totals,3970-Resources Recycling and Recovery</b>         | <b>\$151,845</b>    | <b>\$1,534,838</b> | --                  | <b>\$1,686,683</b>  | --                  | --                  | --                  | <b>\$1,613,878</b>  | --                  | --                  | --                  | --                  | <b>\$1,563,054</b>  | --                  | --                  |
| 3980-Environmental Health Hazard Assessment                 | 4,691               | 12,811             | --                  | 17,502              | --                  | 5,254               | 14,959              | 20,213              | 20,213              | 414                 | 5,004               | 16,207              | --                  | 21,211              | 414                 |
| <b>Totals,3980-Environmental Health Hazard Assessment</b>   | <b>\$4,691</b>      | <b>\$12,811</b>    | --                  | <b>\$17,502</b>     | --                  | <b>\$5,254</b>      | <b>\$14,959</b>     | --                  | <b>\$20,213</b>     | <b>\$414</b>        | <b>\$5,004</b>      | <b>\$16,207</b>     | --                  | <b>\$21,211</b>     | <b>\$414</b>        |
| 3996-General Obligation Bonds-Environmental                 | 3,173               | --                 | --                  | 3,173               | --                  | 3,484               | --                  | --                  | 3,484               | --                  | 3,355               | --                  | --                  | 3,355               | --                  |
| <b>Totals,3996-General Obligation Bonds-Environmental</b>   | <b>\$3,173</b>      | --                 | --                  | <b>\$3,173</b>      | --                  | <b>\$3,484</b>      | --                  | --                  | <b>\$3,484</b>      | --                  | <b>\$3,355</b>      | --                  | --                  | <b>\$3,355</b>      | --                  |
| <b>TOTALS, ENVIRONMENTAL PROTECTION</b>                     | <b>\$224,798</b>    | <b>\$2,655,611</b> | <b>\$396,164</b>    | <b>\$3,276,573</b>  | <b>\$336,888</b>    | <b>\$99,714</b>     | <b>\$3,346,981</b>  | <b>\$1,936,379</b>  | <b>\$5,373,074</b>  | <b>\$384,229</b>    | <b>\$89,338</b>     | <b>\$2,794,774</b>  | <b>\$22,878</b>     | <b>\$2,906,990</b>  | <b>\$384,227</b>    |
| State Operations  | 222,697             | 1,032,545          | 225,008             | 1,480,250           | 108,932             | 89,714              | 1,228,160           | 36,927              | 1,354,801           | 148,109             | 89,338              | 1,271,723           | 12,212              | 1,373,273           | 148,507             |
| Local Assistance  | 2,101               | 1,616,701          | 171,156             | 1,789,958           | 227,956             | --                  | 2,118,821           | 1,899,452           | 4,018,273           | 236,120             | --                  | 1,523,051           | 10,666              | 1,533,717           | 235,720             |
| Capital Outlay  | --                  | 6,365              | --                  | 6,365               | --                  | --                  | --                  | --                  | --                  | --                  | --                  | --                  | --                  | --                  | --                  |
| <b>HEALTH AND HUMAN SERVICES</b>                            |                     |                    |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| 4100-State Council-Developmental Disabilities               | --                  | --                 | --                  | --                  | 6,493               | --                  | --                  | --                  | --                  | 6,965               | --                  | --                  | --                  | --                  | 6,958               |
| <b>Totals,4100-State Council-Developmental Disabilities</b> | --                  | --                 | --                  | --                  | <b>\$6,493</b>      | --                  | --                  | --                  | --                  | <b>\$6,965</b>      | --                  | --                  | --                  | --                  | <b>\$6,958</b>      |
| 4120-Emergency Medical Services Authority                   | 1,863               | 3,908              | --                  | 5,771               | 3,273               | 1,888               | 3,509               | --                  | 5,397               | 3,418               | 1,928               | 4,057               | --                  | 5,985               | 3,545               |
| Local Assistance  | 6,619               | 300                | --                  | 6,919               | 2,671               | 6,865               | 300                 | --                  | 7,165               | 2,671               | 6,865               | 300                 | --                  | 7,165               | 2,671               |
| <b>Totals,4120-Emergency Medical Services Authority</b>     | <b>\$8,482</b>      | <b>\$4,208</b>     | --                  | <b>\$12,690</b>     | <b>\$5,944</b>      | <b>\$8,753</b>      | <b>\$3,809</b>      | --                  | <b>\$12,562</b>     | <b>\$6,089</b>      | <b>\$8,793</b>      | <b>\$4,357</b>      | --                  | <b>\$13,150</b>     | <b>\$6,216</b>      |
| 4140-Statewide Health Planning, Development                 | --                  | --                 | --                  | --                  | --                  | --                  | --                  | --                  | --                  | --                  | --                  | --                  | --                  | --                  | --                  |
| Local Assistance  | --                  | 94,361             | --                  | 94,361              | 444                 | --                  | 106,004             | --                  | 106,004             | 554                 | --                  | 101,680             | --                  | 101,680             | 447                 |
| State Operations  | --                  | 24,303             | --                  | 24,303              | 1,000               | --                  | 42,715              | --                  | 42,715              | 1,000               | --                  | 19,306              | --                  | 19,306              | 1,000               |
| <b>Totals,4140-Statewide Health Planning, Development</b>   | --                  | <b>\$118,664</b>   | --                  | <b>\$118,664</b>    | <b>\$1,444</b>      | --                  | <b>\$148,719</b>    | --                  | <b>\$148,719</b>    | <b>\$1,554</b>      | --                  | <b>\$120,986</b>    | --                  | <b>\$120,986</b>    | <b>\$1,447</b>      |
| 4150-Department of Managed Health Care                      | --                  | 60,863             | --                  | 60,863              | 560                 | --                  | 73,549              | --                  | 73,549              | 100                 | --                  | 76,753              | --                  | 76,753              | --                  |
| <b>Totals,4150-Department of Managed Health Care</b>        | --                  | <b>\$60,863</b>    | --                  | <b>\$60,863</b>     | <b>\$560</b>        | --                  | <b>\$73,549</b>     | --                  | <b>\$73,549</b>     | <b>\$100</b>        | --                  | <b>\$76,753</b>     | --                  | <b>\$76,753</b>     | --                  |
| 4170-Department of Aging                                    | 3,087               | 250                | --                  | 3,337               | 6,186               | 4,241               | 239                 | --                  | 4,480               | 7,965               | 4,241               | 239                 | --                  | 4,480               | 7,842               |
| Local Assistance  | 29,536              | 4,491              | --                  | 34,027              | 140,169             | 31,538              | 4,546               | --                  | 36,084              | 143,597             | 29,538              | 4,546               | --                  | 34,084              | 142,670             |
| <b>Totals,4170-Department of Aging</b>                      | <b>\$32,623</b>     | <b>\$4,741</b>     | --                  | <b>\$37,364</b>     | <b>\$146,355</b>    | <b>\$35,779</b>     | <b>\$4,785</b>      | --                  | <b>\$40,564</b>     | <b>\$151,562</b>    | <b>\$33,779</b>     | <b>\$4,785</b>      | --                  | <b>\$38,564</b>     | <b>\$150,512</b>    |
| 4180-Commission on Aging                                    | --                  | --                 | --                  | --                  | 421                 | --                  | --                  | --                  | --                  | 444                 | --                  | --                  | --                  | --                  | 446                 |
| <b>Totals,4180-Commission on Aging</b>                      | --                  | --                 | --                  | --                  | <b>\$421</b>        | --                  | --                  | --                  | --                  | <b>\$444</b>        | --                  | --                  | --                  | --                  | <b>\$446</b>        |
| 4185-California Senior Legislature                          | --                  | --                 | --                  | --                  | --                  | 250                 | --                  | --                  | 250                 | --                  | 250                 | --                  | --                  | 250                 | --                  |
| <b>Totals,4185-California Senior Legislature</b>            | --                  | --                 | --                  | --                  | --                  | <b>\$250</b>        | --                  | --                  | <b>\$250</b>        | --                  | <b>\$250</b>        | --                  | --                  | <b>\$250</b>        | --                  |
| 4250-Children and Families Commission                       | --                  | 7,041              | --                  | 7,041               | --                  | --                  | 5,936               | --                  | 5,936               | --                  | --                  | 5,936               | --                  | 5,936               | --                  |
| Local Assistance  | --                  | 417,907            | --                  | 417,907             | --                  | --                  | 405,183             | --                  | 405,183             | --                  | --                  | 334,756             | --                  | 334,756             | --                  |
| <b>Totals,4250-Children and Families Commission</b>         | --                  | <b>\$424,948</b>   | --                  | <b>\$424,948</b>    | --                  | --                  | <b>\$411,119</b>    | --                  | <b>\$411,119</b>    | --                  | --                  | <b>\$340,692</b>    | --                  | <b>\$340,692</b>    | --                  |
| 4260-Department of Health Care Services                     | 176,186             | 21,264             | --                  | 197,450             | 301,977             | 203,591             | 32,471              | --                  | 236,062             | 374,560             | 202,958             | 28,076              | --                  | 231,034             | 373,879             |
| Local Assistance  | 17,917,490          | 7,030,113          | --                  | 24,947,603          | 55,445,670          | 19,939,167          | 10,632,915          | --                  | 30,572,082          | 67,133,809          | 19,410,746          | 13,833,360          | --                  | 33,244,106          | 67,069,323          |
| <b>Totals,4260-Department of Health Care Services</b>       | <b>\$18,093,676</b> | <b>\$7,051,377</b> | --                  | <b>\$25,145,053</b> | <b>\$55,747,647</b> | <b>\$20,142,758</b> | <b>\$10,665,386</b> | --                  | <b>\$30,808,144</b> | <b>\$67,508,369</b> | <b>\$19,613,704</b> | <b>\$13,861,436</b> | --                  | <b>\$33,475,140</b> | <b>\$67,443,202</b> |
| 4285-Department of Public Health                            | 84,002              | 294,639            | --                  | 378,641             | 258,102             | 88,229              | 347,015             | --                  | 435,244             | 287,309             | 87,019              | 401,125             | --                  | 488,144             | 314,288             |
| Local Assistance  | 44,328              | 304,959            | --                  | 349,287             | 1,334,770           | 59,982              | 391,939             | --                  | 451,921             | 1,406,798           | 46,202              | 625,690             | --                  | 670,892             | 1,413,570           |
| Capital Outlay  | 534                 | --                 | --                  | 534                 | --                  | 3,799               | --                  | --                  | 3,799               | --                  | --                  | --                  | --                  | --                  | --                  |
| <b>Totals,4285-Department of Public Health</b>              | <b>\$128,864</b>    | <b>\$599,598</b>   | --                  | <b>\$728,462</b>    | <b>\$1,592,872</b>  | <b>\$152,010</b>    | <b>\$738,954</b>    | --                  | <b>\$890,964</b>    | <b>\$1,696,107</b>  | <b>\$132,221</b>    | <b>\$1,026,815</b>  | --                  | <b>\$1,159,036</b>  | <b>\$1,727,858</b>  |
| 4300-Department of Developmental Services                   | --                  | --                 | --                  | --                  | --                  | --                  | --                  | --                  | --                  | --                  | --                  | --                  | --                  | --                  | --                  |

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

|   | Actual 2015-16      |                     |              |                     | Estimated 2016-17   |                     |                     |                     | Estimated 2017-18   |                     |                     |                     |
|---|---------------------|---------------------|--------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
|   | General Fund        | Special Funds       | Budget Total | Federal Fund        | General Fund        | Special Funds       | Selected Bond Funds | Budget Total        | Federal Funds       | General Fund        | Special Funds       | Selected Bond Funds |
| State Operations  | 373,072             | 839                 | --           | 373,911             | 2,669               | 436,206             | 705                 | 436,911             | 2,836               | 364,413             | 709                 | --                  |
| Local Assistance  | 3,115,829           | 2,930               | --           | 3,118,759           | 51,398              | 3,558,449           | 3,427               | 3,561,976           | 53,707              | 3,638,895           | 3,427               | --                  |
| Capital Outlay  | 802                 | --                  | --           | 802                 | --                  | 6,512               | --                  | 6,512               | --                  | 3,655               | --                  | --                  |
| <b>Totals, 4300-Department of Developmental Services</b>    | <b>\$3,489,703</b>  | <b>\$3,769</b>      | <b>--</b>    | <b>\$3,493,472</b>  | <b>\$54,067</b>     | <b>\$4,001,167</b>  | <b>\$4,132</b>      | <b>\$4,005,299</b>  | <b>\$56,543</b>     | <b>\$4,206,963</b>  | <b>\$4,136</b>      | <b>--</b>           |
| <b>4440-Department of State Hospitals</b>                   |                     |                     |              |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| State Operations  | 1,606,390           | --                  | --           | 1,606,390           | --                  | 1,727,968           | --                  | 1,727,968           | --                  | 1,443,593           | --                  | --                  |
| Local Assistance  | 10,575              | --                  | --           | 10,575              | --                  | 40,193              | --                  | 40,193              | --                  | 32,463              | --                  | --                  |
| Capital Outlay  | --                  | --                  | --           | --                  | --                  | --                  | --                  | --                  | --                  | --                  | --                  | --                  |
| <b>Totals, 4440-Department of State Hospitals</b>           | <b>\$1,616,965</b>  | <b>--</b>           | <b>--</b>    | <b>\$1,616,965</b>  | <b>--</b>           | <b>\$1,768,161</b>  | <b>--</b>           | <b>\$1,768,161</b>  | <b>--</b>           | <b>\$1,476,056</b>  | <b>--</b>           | <b>--</b>           |
| <b>4560-Mental Hlt Svcs Orvst and Acntblty Comm</b>         |                     |                     |              |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| State Operations  | --                  | 48,002              | --           | 48,002              | --                  | --                  | 56,344              | 56,344              | --                  | --                  | 45,146              | --                  |
| Local Assistance  | --                  | --                  | --           | --                  | --                  | --                  | --                  | --                  | --                  | --                  | --                  | --                  |
| <b>Totals, 4560-Mental Hlt Svcs Orvst and Acntblty Comm</b> | <b>\$48,002</b>     | <b>\$48,002</b>     | <b>--</b>    | <b>\$48,002</b>     | <b>--</b>           | <b>\$56,344</b>     | <b>--</b>           | <b>\$56,344</b>     | <b>--</b>           | <b>\$45,146</b>     | <b>--</b>           | <b>--</b>           |
| <b>4700-Dept of Community Services, Development</b>         |                     |                     |              |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| State Operations  | --                  | 4,172               | --           | 4,172               | 14,592              | --                  | 3,802               | 3,802               | 25,476              | --                  | --                  | --                  |
| Local Assistance  | 7,500               | 44,892              | --           | 52,392              | 225,875             | 7,500               | 81,636              | 89,136              | 279,171             | --                  | --                  | --                  |
| <b>Totals, 4700-Dept of Community Services, Development</b> | <b>\$7,500</b>      | <b>\$49,064</b>     | <b>--</b>    | <b>\$56,564</b>     | <b>\$240,467</b>    | <b>\$7,500</b>      | <b>\$85,438</b>     | <b>\$92,938</b>     | <b>\$304,647</b>    | <b>--</b>           | <b>--</b>           | <b>--</b>           |
| <b>4800-California Health Benefit Exchange</b>              |                     |                     |              |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| State Operations  | --                  | --                  | --           | 60,064              | --                  | --                  | --                  | --                  | --                  | --                  | --                  | --                  |
| Local Assistance  | --                  | --                  | --           | --                  | --                  | --                  | --                  | --                  | --                  | --                  | --                  | --                  |
| <b>Totals, 4800-California Health Benefit Exchange</b>      | <b>\$60,064</b>     | <b>--</b>           | <b>--</b>    | <b>\$60,064</b>     | <b>--</b>           | <b>--</b>           | <b>--</b>           | <b>--</b>           | <b>--</b>           | <b>--</b>           | <b>--</b>           | <b>--</b>           |
| <b>5160-Department of Rehabilitation</b>                    |                     |                     |              |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| State Operations  | 59,782              | 841                 | --           | 60,623              | 352,554             | 60,751              | 1,062               | 61,813              | 358,353             | 61,531              | 1,114               | --                  |
| Local Assistance  | --                  | --                  | --           | 15,736              | 705                 | --                  | --                  | 705                 | 15,736              | --                  | --                  | --                  |
| <b>Totals, 5160-Department of Rehabilitation</b>            | <b>\$59,782</b>     | <b>\$841</b>        | <b>--</b>    | <b>\$60,623</b>     | <b>\$368,290</b>    | <b>\$61,456</b>     | <b>\$1,062</b>      | <b>\$62,518</b>     | <b>\$374,089</b>    | <b>\$61,531</b>     | <b>\$1,114</b>      | <b>--</b>           |
| <b>5170-State Independent Living Council</b>                |                     |                     |              |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| State Operations  | --                  | --                  | --           | 112                 | --                  | --                  | --                  | --                  | --                  | --                  | --                  | --                  |
| Local Assistance  | --                  | --                  | --           | --                  | --                  | --                  | --                  | --                  | --                  | --                  | --                  | --                  |
| <b>Totals, 5170-State Independent Living Council</b>        | <b>\$112</b>        | <b>--</b>           | <b>--</b>    | <b>\$112</b>        | <b>--</b>           | <b>--</b>           | <b>--</b>           | <b>--</b>           | <b>--</b>           | <b>--</b>           | <b>--</b>           | <b>--</b>           |
| <b>5175-Department of Child Support Services</b>            |                     |                     |              |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| State Operations  | 50,309              | --                  | --           | 50,309              | 113,603             | 52,895              | --                  | 52,895              | 120,304             | 52,905              | --                  | --                  |
| Local Assistance  | 262,752             | --                  | --           | 262,752             | 376,796             | 261,515             | --                  | 261,515             | 400,751             | 261,216             | --                  | --                  |
| <b>Totals, 5175-Department of Child Support Services</b>    | <b>\$313,061</b>    | <b>--</b>           | <b>--</b>    | <b>\$313,061</b>    | <b>\$490,399</b>    | <b>\$314,410</b>    | <b>--</b>           | <b>\$314,410</b>    | <b>\$521,055</b>    | <b>\$314,121</b>    | <b>--</b>           | <b>--</b>           |
| <b>5180-Department of Social Services</b>                   |                     |                     |              |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| State Operations  | 143,812             | 34,325              | --           | 178,137             | 363,954             | 167,415             | 36,026              | 203,441             | 396,580             | 165,418             | 38,197              | --                  |
| Local Assistance  | 7,219,663           | 1,422               | --           | 7,221,085           | 6,661,036           | 8,469,944           | 1,398               | 8,461,342           | 7,157,067           | 7,910,343           | 1,399               | --                  |
| <b>Totals, 5180-Department of Social Services</b>           | <b>\$7,363,475</b>  | <b>\$35,747</b>     | <b>--</b>    | <b>\$7,399,222</b>  | <b>\$7,024,990</b>  | <b>\$8,627,359</b>  | <b>\$37,424</b>     | <b>\$8,664,783</b>  | <b>\$7,553,647</b>  | <b>\$8,075,761</b>  | <b>\$39,596</b>     | <b>--</b>           |
| <b>5195-State-Local Realignment, 1991</b>                   |                     |                     |              |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Local Assistance  | --                  | 5,125,181           | --           | 5,125,181           | --                  | --                  | 5,295,009           | 5,295,009           | --                  | --                  | 5,452,443           | --                  |
| <b>Totals, 5195-State-Local Realignment, 1991</b>           | <b>\$5,125,181</b>  | <b>--</b>           | <b>--</b>    | <b>\$5,125,181</b>  | <b>--</b>           | <b>\$5,295,009</b>  | <b>--</b>           | <b>\$5,295,009</b>  | <b>--</b>           | <b>\$5,452,443</b>  | <b>--</b>           | <b>--</b>           |
| <b>5196-State-Local Realignment, 2011</b>                   |                     |                     |              |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Local Assistance  | --                  | 4,532,106           | --           | 4,532,106           | --                  | --                  | 4,671,665           | 4,671,665           | --                  | --                  | 4,850,859           | --                  |
| <b>Totals, 5196-State-Local Realignment, 2011</b>           | <b>\$4,532,106</b>  | <b>--</b>           | <b>--</b>    | <b>\$4,532,106</b>  | <b>--</b>           | <b>\$4,671,665</b>  | <b>--</b>           | <b>\$4,671,665</b>  | <b>--</b>           | <b>\$4,850,859</b>  | <b>--</b>           | <b>--</b>           |
| <b>5206-General Obligation Bonds-HHS</b>                    |                     |                     |              |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| State Operations  | 73,158              | --                  | --           | 73,158              | --                  | 143,649             | --                  | 143,649             | --                  | 70,433              | --                  | --                  |
| <b>Totals, 5206-General Obligation Bonds-HHS</b>            | <b>\$73,158</b>     | <b>--</b>           | <b>--</b>    | <b>\$73,158</b>     | <b>--</b>           | <b>\$143,649</b>    | <b>--</b>           | <b>\$143,649</b>    | <b>--</b>           | <b>\$70,433</b>     | <b>--</b>           | <b>--</b>           |
| <b>TOTALS, HEALTH AND HUMAN SERVICES</b>                    | <b>\$31,187,289</b> | <b>\$18,059,109</b> | <b>--</b>    | <b>\$49,246,398</b> | <b>\$65,740,125</b> | <b>\$35,263,252</b> | <b>\$22,197,395</b> | <b>\$57,460,647</b> | <b>\$78,181,171</b> | <b>\$33,993,612</b> | <b>\$25,829,118</b> | <b>--</b>           |
| State Operations  | 2,571,661           | 570,505             | --           | 3,142,166           | 1,485,004           | 2,887,083           | 666,662             | 3,553,745           | 1,584,864           | 2,454,689           | 703,032             | --                  |
| Local Assistance  | 28,603,717          | 17,488,604          | --           | 46,092,321          | 64,255,121          | 32,325,665          | 21,530,733          | 53,856,398          | 76,596,307          | 31,502,805          | 25,126,086          | --                  |
| Capital Outlay  | 11,911              | --                  | --           | 11,911              | --                  | 50,504              | --                  | 50,504              | --                  | 36,118              | --                  | --                  |
| <b>CORRECTIONS AND REHABILITATION</b>                       |                     |                     |              |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| <b>5225-Corrections and Rehabilitation</b>                  |                     |                     |              |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| State Operations  | 9,873,940           | 18,960              | --           | 9,892,900           | 1,560               | 10,511,669          | 233                 | 10,511,902          | 1,184               | 10,823,589          | 229                 | --                  |
| Local Assistance  | 147,328             | -1,000              | --           | 146,328             | --                  | 152,995             | -1,000              | 151,995             | --                  | 140,821             | -1,000              | --                  |
| Capital Outlay  | 19,241              | --                  | --           | 19,241              | --                  | 104,278             | --                  | 104,278             | --                  | 80,493              | --                  | --                  |
| <b>Totals, 5225-Corrections and Rehabilitation</b>          | <b>\$10,040,509</b> | <b>\$17,960</b>     | <b>--</b>    | <b>\$10,058,469</b> | <b>\$1,560</b>      | <b>\$10,668,872</b> | <b>\$229</b>        | <b>\$10,668,872</b> | <b>\$1,184</b>      | <b>\$10,944,910</b> | <b>\$229</b>        | <b>--</b>           |
| <b>5235-Corrections and Rehabilitation</b>                  |                     |                     |              |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| State Operations  | --                  | --                  | --           | --                  | --                  | --                  | --                  | --                  | --                  | --                  | --                  | --                  |
| Local Assistance  | --                  | --                  | --           | --                  | --                  | --                  | --                  | --                  | --                  | --                  | --                  | --                  |
| Capital Outlay  | --                  | --                  | --           | --                  | --                  | --                  | --                  | --                  | --                  | --                  | --                  | --                  |
| <b>Totals, 5235-Corrections and Rehabilitation</b>          | <b>--</b>           | <b>--</b>           | <b>--</b>    | <b>--</b>           | <b>--</b>           | <b>--</b>           | <b>--</b>           | <b>--</b>           | <b>--</b>           | <b>--</b>           | <b>--</b>           | <b>--</b>           |
| <b>5245-Corrections and Rehabilitation</b>                  |                     |                     |              |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| State Operations  | --                  | --                  | --           | --                  | --                  | --                  | --                  | --                  | --                  | --                  | --                  | --                  |
| Local Assistance  | --                  | --                  | --           | --                  | --                  | --                  | --                  | --                  | --                  | --                  | --                  | --                  |
| Capital Outlay  | --                  | --                  | --           | --                  | --                  | --                  | --                  | --                  | --                  | --                  | --                  | --                  |
| <b>Totals, 5245-Corrections and Rehabilitation</b>          | <b>--</b>           | <b>--</b>           | <b>--</b>    | <b>--</b>           | <b>--</b>           | <b>--</b>           | <b>--</b>           | <b>--</b>           | <b>--</b>           | <b>--</b>           | <b>--</b>           | <b>--</b>           |
| <b>5255-Corrections and Rehabilitation</b>                  |                     |                     |              |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| State Operations  | --                  | --                  | --           | --                  | --                  | --                  | --                  | --                  | --                  | --                  | --                  | --                  |
| Local Assistance  | --                  | --                  | --           | --                  | --                  | --                  | --                  | --                  | --                  | --                  | --                  | --                  |
| Capital Outlay  | --                  | --                  | --           | --                  | --                  | --                  | --                  | --                  | --                  | --                  | --                  | --                  |
| <b>Totals, 5255-Corrections and Rehabilitation</b>          | <b>--</b>           | <b>--</b>           | <b>--</b>    | <b>--</b>           | <b>--</b>           | <b>--</b>           | <b>--</b>           | <b>--</b>           | <b>--</b>           | <b>--</b>           | <b>--</b>           | <b>--</b>           |
| <b>5265-Corrections and Rehabilitation</b>                  |                     |                     |              |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| State Operations  | --                  | --                  | --           | --                  | --                  | --                  | --                  | --                  | --                  | --                  | --                  | --                  |
| Local Assistance  | --                  | --                  | --           | --                  | --                  | --                  | --                  | --                  | --                  | --                  | --                  | --                  |
| Capital Outlay  | --                  | --                  | --           | --                  | --                  | --                  | --                  | --                  | --                  | --                  | --                  | --                  |
| <b>Totals, 5265-Corrections and Rehabilitation</b>          | <b>--</b>           | <b>--</b>           | <b>--</b>    | <b>--</b>           | <b>--</b>           | <b>--</b>           | <b>--</b>           | <b>--</b>           | <b>--</b>           | <b>--</b>           | <b>--</b>           | <b>--</b>           |
| <b>5275-Corrections and Rehabilitation</b>                  |                     |                     |              |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| State Operations  | --                  | --                  | --           | --                  | --                  | --                  | --                  | --                  | --                  | --                  | --                  | --                  |
| Local Assistance  | --                  | --                  | --           | --                  | --                  | --                  | --                  | --                  | --                  | --                  | --                  | --                  |
| Capital Outlay  | --                  | --                  | --           | --                  | --                  | --                  | --                  | --                  | --                  | --                  | --                  | --                  |
| <b>Totals, 5275-Corrections and Rehabilitation</b>          | <b>--</b>           | <b>--</b>           | <b>--</b>    | <b>--</b>           | <b>--</b>           | <b>--</b>           | <b>--</b>           | <b>--</b>           | <b>--</b>           | <b>--</b>           | <b>--</b>           | <b>--</b>           |
| <b>5285-Corrections and Rehabilitation</b>                  |                     |                     |              |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| State Operations  | --                  | --                  | --           | --                  | --                  | --                  | --                  | --                  | --                  | --                  | --                  | --                  |
| Local Assistance  | --                  | --                  | --           | --                  | --                  | --                  | --                  | --                  | --                  | --                  | --                  | --                  |
| Capital Outlay  | --                  | --                  | --           | --                  | --                  | --                  | --                  | --                  | --                  | --                  | --                  | --                  |
| <b>Totals, 5285-Corrections and Rehabilitation</b>          | <b>--</b>           | <b>--</b>           | <b>--</b>    | <b>--</b>           | <b>--</b>           | <b>--</b>           | <b>--</b>           | <b>--</b>           | <b>--</b>           | <b>--</b>           | <b>--</b>           | <b>--</b>           |
| <b>5295-Corrections and Rehabilitation</b>                  |                     |                     |              |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| State Operations  | --                  | --                  | --           | --                  | --                  | --                  | --                  | --                  | --                  | --                  | --                  | --                  |
| Local Assistance  | --                  | --                  | --           | --                  | --                  | --                  | --                  | --                  | --                  | --                  | --                  | --                  |
| Capital Outlay  | --                  | --                  | --           | --                  | --                  | --                  | --                  | --                  | --                  | --                  | --                  | --                  |
| <b>Totals, 5295-Corrections and Rehabilitation</b>          | <b>--</b>           | <b>--</b>           | <b>--</b>    | <b>--</b>           | <b>--</b>           | <b>--</b>           | <b>--</b>           | <b>--</b>           | <b>--</b>           | <b>--</b>           | <b>--</b>           | <b>--</b>           |
| <b>5305-Corrections and Rehabilitation</b>                  |                     |                     |              |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| State Operations  | --                  | --                  | --           | --                  | --                  | --                  | --                  | --                  | --                  | --                  | --                  | --                  |
| Local Assistance  | --                  | --                  | --           | --                  | --                  | --                  | --                  | --                  | --                  | --                  | --                  | --                  |
| Capital Outlay  | --                  | --                  | --           | --                  | --                  | --                  | --                  | --                  | --                  | --                  | --                  | --                  |
| <b>Totals, 5305-Corrections and Rehabilitation</b>          | <b>--</b>           | <b>--</b>           | <b>--</b>    | <b>--</b>           | <b>--</b>           | <b>--</b>           | <b>--</b>           | <b>--</b>           | <b>--</b>           | <b>--</b>           | <b>--</b>           | <b>--</b>           |
| <b>5315-Corrections and Rehabilitation</b>                  |                     |                     |              |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| State Operations  | --                  | --                  | --           | --                  | --                  | --                  | --                  | --                  | --                  | --                  | --                  | --                  |
| Local Assistance  | --                  | --                  | --           | --                  | --                  | --                  | --                  | --                  | --                  | --                  | --                  | --                  |
| Capital Outlay  | --                  | --                  | --           | --                  | --                  | --                  | --                  | --                  | --                  | --                  | --                  | --                  |
| <b>Totals, 5315-Corrections and Rehabilitation</b>          | <b>--</b>           | <b>--</b>           | <b>--</b>    | <b>--</b>           | <b>--</b>           | <b>--</b>           | <b>--</b>           | <b>--</b>           | <b>--</b>           | <b>--</b>           | <b>--</b>           | <b>--</b>           |
| <b>5325-Corrections and Rehabilitation</b>                  |                     |                     |              |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| State Operations  | --                  | --                  | --           | --                  | --                  | --                  | --                  | --                  | --                  | --                  | --                  | --                  |
| Local Assistance  | --                  | --                  | --           | --                  | --                  | --                  | --                  | --                  | --                  | --                  | --                  | --                  |
| Capital Outlay  | --                  | --                  | --           | --                  | --                  | --                  | --                  | --                  | --                  | --                  | --                  | --                  |
| <b>Totals, 5325-Corrections and Rehabilitation</b>          | <b>--</b>           | <b>--</b>           | <b>--</b>    | <b>--</b>           | <b>--</b>           | <b>--</b>           | <b>--</b>           | <b>--</b>           | <b>--</b>           | <b>--</b>           | <b>--</b>           | <b>--</b>           |
| <b>5335-Corrections and Rehabilitation</b>                  |                     |                     |              |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| State Operations  | --                  | --                  | --           | --                  | --                  | --                  | --                  | --                  | --                  | --                  | --                  | --                  |
| Local Assistance  | --                  | --                  | --           | --                  | --                  | --                  | --                  | --                  | --                  | --                  | --                  | --                  |
| Capital Outlay  | --                  | --                  | --           | --                  | --                  | --                  | --                  | --                  | --                  | --                  | --                  | --                  |
| <b>Totals, 5335-Corrections and Rehabilitation</b>          | <b>--</b>           | <b>--</b>           | <b>--</b>    | <b>--</b>           | <b>--</b>           | <b>--</b>           | <b>--</b>           | <b>--</b>           | <b>--</b>           | <b>--</b>           | <b>--</b>           | <b>--</b>           |
| <b>5345-Corrections and Rehabilitation</b>                  |                     |                     |              |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| State Operations  | --                  | --                  | --           | --                  | --                  | --                  | --                  | --                  | --                  | --                  | --                  | --                  |
| Local Assistance  | --                  | --                  | --           | --                  | --                  | --                  | --                  | --                  | --                  | --                  | --                  | --                  |
| Capital Outlay  | --                  | --                  | --           | --                  | --                  | --                  | --                  | --                  | --                  | --                  | --                  | --                  |
| <b>Totals, 5345-Corrections and Rehabilitation</b>          | <b>--</b>           | <b>--</b>           | <b>--</b>    | <b>--</b>           | <b>--</b>           | <b>--</b>           | <b>--</b>           | <b>--</b>           | <b>--</b>           | <b>--</b>           | <b>--</b>           | <b>--</b>           |
| <b>5355-Corrections and Rehabilitation</b>                  |                     |                     |              |                     |                     |                     |                     |                     |                     |                     |                     |                     |

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

|  | Actual 2015-16 |               |                     |              | Estimated 2016-17 |              |               |                     | Estimated 2017-18 |               |              |               |                     |              |               |
|--|----------------|---------------|---------------------|--------------|-------------------|--------------|---------------|---------------------|-------------------|---------------|--------------|---------------|---------------------|--------------|---------------|
|  | General Fund   | Special Funds | Selected Bond Funds | Budget Total | Federal Fund      | General Fund | Special Funds | Selected Bond Funds | Budget Total      | Federal Funds | General Fund | Special Funds | Selected Bond Funds | Budget Total | Federal Funds |
| Totals,5225-Corrections and Rehabilitation           | \$10,040,509   | \$17,960      | --                  | \$10,058,469 | \$1,560           | \$10,768,942 | - \$767       | --                  | \$10,768,175      | \$1,184       | \$11,044,903 | - \$771       | --                  | \$11,044,132 | \$2,041       |
| 5227-Board of State and Community Corrections        |                |               |                     |              |                   |              |               |                     |                   |               |              |               |                     |              |               |
| State Operations                                     | 9,499          | 2,963         | --                  | 12,462       | 3,712             | 9,714        | 2,696         | --                  | 12,410            | 3,703         | 9,709        | --            | --                  | 9,709        | 3,756         |
| Local Assistance                                     | 58,350         | 56,065        | --                  | 114,415      | 53,598            | 102,173      | 50,715        | --                  | 152,888           | 53,598        | 19,693       | 27,652        | --                  | 47,345       | 43,598        |
| Totals,5227-Board of State and Community Corrections | \$67,849       | \$59,028      | --                  | \$126,877    | \$57,310          | \$111,887    | \$53,411      | --                  | \$165,298         | \$57,301      | \$29,402     | \$27,652      | --                  | \$57,054     | \$47,354      |
| 5228-Safe Neighborhoods and Schools Act              |                |               |                     |              |                   |              |               |                     |                   |               |              |               |                     |              |               |
| Local Assistance                                     | --             | --            | --                  | --           | --                | 39,449       | -39,449       | --                  | --                | --            | 42,930       | -42,930       | --                  | --           | --            |
| Totals,5228-Safe Neighborhoods and Schools Act       | --             | --            | --                  | --           | --                | \$39,449     | -\$39,449     | --                  | --                | --            | \$42,930     | -\$42,930     | --                  | --           | --            |
| 5296-Enhancing Law Enforcement Activities            |                |               |                     |              |                   |              |               |                     |                   |               |              |               |                     |              |               |
| 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    | --            |
| 5396-Trial Court Security 2011 Realignment           |                |               |                     |              |                   |              |               |                     |                   |               |              |               |                     |              |               |
| Local Assistance                                     | --             | 539,747       | --                  | 539,747      | --                | --           | 547,622       | --                  | 547,622           | --            | --           | 557,666       | --                  | 557,666      | --            |
| Totals,5396-Trial Court Security 2011 Realignment    | --             | \$539,747     | --                  | \$539,747    | --                | --           | \$547,622     | --                  | \$547,622         | --            | --           | \$557,666     | --                  | \$557,666    | --            |
| 5496-Local Community Corrections                     |                |               |                     |              |                   |              |               |                     |                   |               |              |               |                     |              |               |
| Local Assistance                                     | --             | 1,161,616     | --                  | 1,161,616    | --                | --           | 1,220,679     | --                  | 1,220,679         | --            | --           | 1,295,999     | --                  | 1,295,999    | --            |
| Totals,5496-Local Community Corrections              | --             | \$1,161,616   | --                  | \$1,161,616  | --                | --           | \$1,220,679   | --                  | \$1,220,679       | --            | --           | \$1,295,999   | --                  | \$1,295,999  | --            |
| 5596-Dist Attorney and Public Defender Svcs          |                |               |                     |              |                   |              |               |                     |                   |               |              |               |                     |              |               |
| Local Assistance                                     | --             | 27,948        | --                  | 27,948       | --                | --           | 31,886        | --                  | 31,886            | --            | --           | 36,906        | --                  | 36,906       | --            |
| Totals,5596-Dist Attorney and Public Defender Svcs   | --             | \$27,948      | --                  | \$27,948     | --                | --           | \$31,886      | --                  | \$31,886          | --            | --           | \$36,906      | --                  | \$36,906     | --            |
| 5696-Juvenile Justice Programs                       |                |               |                     |              |                   |              |               |                     |                   |               |              |               |                     |              |               |
| Local Assistance                                     | --             | 142,122       | --                  | 142,122      | --                | --           | 149,997       | --                  | 149,997           | --            | --           | 160,040       | --                  | 160,040      | --            |
| Totals,5696-Juvenile Justice Programs                | --             | \$142,122     | --                  | \$142,122    | --                | --           | \$149,997     | --                  | \$149,997         | --            | --           | \$160,040     | --                  | \$160,040    | --            |
| 5796-Enhancing Law Enforcement Act Growth            |                |               |                     |              |                   |              |               |                     |                   |               |              |               |                     |              |               |
| Local Assistance                                     | --             | 115,974       | --                  | 115,974      | --                | --           | 154,690       | --                  | 154,690           | --            | --           | 153,839       | --                  | 153,839      | --            |
| Totals,5796-Enhancing Law Enforcement Act Growth     | --             | \$115,974     | --                  | \$115,974    | --                | --           | \$154,690     | --                  | \$154,690         | --            | --           | \$153,839     | --                  | \$153,839    | --            |
| 5990-Federal Immigration Funding-Incarceratn         |                |               |                     |              |                   |              |               |                     |                   |               |              |               |                     |              |               |
| State Operations                                     | -44,192        | --            | --                  | -44,192      | 44,192            | -50,600      | --            | --                  | -50,600           | 50,600        | -50,600      | --            | --                  | -50,600      | 50,600        |
| Totals,5990-Federal Immigration Funding-Incarceratn  | -\$44,192      | --            | --                  | -\$44,192    | \$44,192          | -\$50,600    | --            | --                  | -\$50,600         | \$50,600      | -\$50,600    | --            | --                  | -\$50,600    | \$50,600      |
| 5996-General Obligation Bonds-DCR                    |                |               |                     |              |                   |              |               |                     |                   |               |              |               |                     |              |               |
| State Operations                                     | 21,010         | --            | --                  | 21,010       | --                | 18,884       | --            | --                  | 18,884            | --            | 21,209       | --            | --                  | 21,209       | --            |
| Totals,5996-General Obligation Bonds-DCR             | \$21,010       | --            | --                  | \$21,010     | --                | \$18,884     | --            | --                  | \$18,884          | --            | \$21,209     | --            | --                  | \$21,209     | --            |
| TOTALS, CORRECTIONS AND REHABILITATION               | \$10,085,176   | \$2,554,295   | --                  | \$12,639,471 | \$103,062         | \$10,888,562 | \$2,607,969   | --                  | \$13,496,531      | \$109,085     | \$11,087,844 | \$2,678,301   | --                  | \$13,766,145 | \$99,995      |
| State Operations                                     | 9,860,257      | 21,923        | --                  | 9,882,180    | 49,464            | 10,489,667   | 2,929         | --                  | 10,492,596        | 55,487        | 10,803,907   | 229           | --                  | 10,804,136   | 56,397        |
| Local Assistance                                     | 205,678        | 2,532,372     | --                  | 2,738,050    | 53,598            | 294,617      | 2,605,040     | --                  | 2,899,657         | 53,598        | 203,444      | 2,678,072     | --                  | 2,881,516    | 43,598        |
| Capital Outlay                                       | 19,241         | --            | --                  | 19,241       | --                | 104,278      | --            | --                  | 104,278           | --            | 80,493       | --            | --                  | 80,493       | --            |
| EDUCATION  |                |               |                     |              |                   |              |               |                     |                   |               |              |               |                     |              |               |
| 6100-Department of Education                         |                |               |                     |              |                   |              |               |                     |                   |               |              |               |                     |              |               |
| State Operations                                     | 152,125        | 2,826         | 2,238               | 157,189      | 149,985           | 162,056      | 3,286         | 2,991               | 168,333           | 163,321       | 156,967      | 3,316         | 2,991               | 163,274      | 160,678       |
| Local Assistance                                     | 44,582,497     | 28,830        | --                  | 44,611,327   | 6,830,430         | 45,784,680   | 446,331       | --                  | 46,231,011        | 7,411,974     | 46,825,562   | 73,201        | --                  | 46,898,763   | 73,493,329    |
| Capital Outlay                                       | --             | --            | --                  | --           | --                | 1,749        | --            | --                  | 1,749             | --            | --           | --            | --                  | --           | --            |
| Totals, 6100-Department of Education                 | \$44,734,622   | \$31,656      | \$2,238             | \$44,768,516 | \$6,980,415       | \$45,948,485 | \$449,617     | \$2,991             | \$46,401,093      | \$7,575,295   | \$46,982,529 | \$76,517      | \$2,991             | \$47,062,037 | \$75,10,007   |
| 6120-State Library                                   |                |               |                     |              |                   |              |               |                     |                   |               |              |               |                     |              |               |
| State Operations                                     | 17,267         | 406           | --                  | 17,673       | 6,788             | 17,366       | 372           | --                  | 17,738            | 6,845         | 16,935       | 349           | --                  | 17,284       | 6,852         |
| Local Assistance                                     | 14,175         | 552           | --                  | 14,727       | 11,266            | 15,925       | 552           | --                  | 16,477            | 11,266        | 10,925       | 552           | --                  | 11,477       | 11,266        |
| Totals, 6120-State Library                           | \$31,442       | \$958         | --                  | \$32,400     | \$18,054          | \$33,291     | \$924         | --                  | \$34,215          | \$18,111      | \$27,860     | \$901         | --                  | \$28,761     | \$18,118      |
| 6125-Education Audit Appeals Panel                   |                |               |                     |              |                   |              |               |                     |                   |               |              |               |                     |              |               |
| State Operations                                     | 683            | --            | --                  | 683          | --                | 1,166        | --            | --                  | 1,166             | --            | 1,168        | --            | --                  | 1,168        | --            |
| Totals, 6125-Education Audit Appeals Panel           | \$683          | --            | --                  | \$683        | --                | \$1,166      | --            | --                  | \$1,166           | --            | \$1,168      | --            | --                  | \$1,168      | --            |
| 6255-Summer School for the Arts                      |                |               |                     |              |                   |              |               |                     |                   |               |              |               |                     |              |               |
| State Operations                                     | 1,415          | --            | --                  | 1,415        | --                | 1,421        | --            | --                  | 1,421             | --            | 1,421        | --            | --                  | 1,421        | --            |

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

|   | Actual 2015-16 |               |              |              | Estimated 2016-17 |               |                     |              | Estimated 2017-18 |              |               |                     |
|---|----------------|---------------|--------------|--------------|-------------------|---------------|---------------------|--------------|-------------------|--------------|---------------|---------------------|
|   | General Fund   | Special Funds | Budget Total | Federal Fund | General Fund      | Special Funds | Selected Bond Funds | Budget Total | Federal Funds     | General Fund | Special Funds | Selected Bond Funds |
| Totals, 6255-Summer School for the Arts               | \$1,415        | -             | \$1,415      | -            | -                 | \$1,421       | -                   | \$1,421      | -                 | \$1,421      | -             | -                   |
| 6300-Teachers Retirement System Contributions         | 1,935,287      | -             | 1,935,287    | -            | 2,472,993         | -             | -                   | 2,472,993    | -                 | 2,786,742    | -             | -                   |
| Local Assistance                                      | \$1,935,287    | -             | \$1,935,287  | -            | \$2,472,993       | -             | -                   | \$2,472,993  | -                 | \$2,786,742  | -             | -                   |
| Totals, 6300-Teachers Retirement System Contributions | \$1,935,287    | -             | \$1,935,287  | -            | \$2,472,993       | -             | -                   | \$2,472,993  | -                 | \$2,786,742  | -             | -                   |
| 6305-Retirement Costs for Community Colleges          | -152,856       | -             | -152,856     | -            | -191,665          | -             | -                   | -191,665     | -                 | -214,626     | -             | -                   |
| Local Assistance                                      | -152,856       | -             | -152,856     | -            | -191,665          | -             | -                   | -191,665     | -                 | -214,626     | -             | -                   |
| Totals, 6305-Retirement Costs for Community Colleges  | -152,856       | -             | -152,856     | -            | -191,665          | -             | -                   | -191,665     | -                 | -214,626     | -             | -                   |
| 6350-School Facilities Aid Program                    | -              | -             | -            | -            | -                 | -             | -                   | -            | -                 | -            | -             | -                   |
| Local Assistance                                      | -              | -             | -            | -            | -                 | -             | -                   | -            | -                 | -            | -             | -                   |
| Totals, 6350-School Facilities Aid Program            | -              | -             | -            | -            | -                 | -             | -                   | -            | -                 | -            | -             | -                   |
| 6360-Commission on Teacher Credentialing              | 6,757          | 23,220        | 29,977       | -            | 12,533            | 27,664        | -                   | 40,197       | -                 | -            | 26,061        | -                   |
| State Operations                                      | 6,757          | 23,220        | 29,977       | -            | 12,533            | 27,664        | -                   | 40,197       | -                 | -            | 26,061        | -                   |
| Local Assistance                                      | 20,000         | -             | 20,000       | -            | -                 | -             | -                   | -            | -                 | -            | -             | -                   |
| Totals, 6360-Commission on Teacher Credentialing      | \$26,757       | \$23,220      | \$49,977     | -            | \$12,533          | \$27,664      | -                   | \$40,197     | -                 | -            | \$26,061      | -                   |
| 6396-General Obligation Bonds-K-12                    | 2,233,619      | -             | 2,233,619    | -            | 2,311,019         | -             | -                   | 2,311,019    | -                 | 2,593,887    | -             | -                   |
| State Operations                                      | 2,233,619      | -             | 2,233,619    | -            | 2,311,019         | -             | -                   | 2,311,019    | -                 | 2,593,887    | -             | -                   |
| Totals, 6396-General Obligation Bonds-K-12            | \$2,233,619    | -             | \$2,233,619  | -            | \$2,311,019       | -             | -                   | \$2,311,019  | -                 | \$2,593,887  | -             | -                   |
| K-12 Education  | 2,411,866      | 26,452        | 2,440,556    | 156,773      | 2,505,561         | 31,322        | 2,991               | 2,539,874    | 170,166           | 2,760,378    | 28,726        | 2,991               |
| State Operations                                      | 2,411,866      | 26,452        | 2,440,556    | 156,773      | 2,505,561         | 31,322        | 2,991               | 2,539,874    | 170,166           | 2,760,378    | 28,726        | 2,991               |
| Local Assistance                                      | 46,399,103     | 18,005        | 46,681,179   | 6,841,696    | 48,081,933        | 447,418       | 187,120             | 48,716,471   | 7,423,240         | 49,408,603   | 73,836        | 61,109              |
| Capital Outlay  | -              | -             | -            | -            | 1,749             | -             | -                   | 1,749        | -                 | -            | -             | -                   |
| Totals, K-12 Education                                | \$48,810,969   | \$44,457      | \$49,121,735 | \$6,998,469  | \$50,589,243      | \$478,740     | \$190,111           | \$51,258,094 | \$7,593,406       | \$52,166,981 | \$103,562     | \$64,100            |
| 6440-University of California                         | 3,258,993      | 25,780        | 3,284,773    | 3,706,233    | 3,540,644         | 57,609        | -                   | 3,598,253    | 3,779,924         | 3,531,135    | 154,960       | -                   |
| State Operations                                      | 3,258,993      | 25,780        | 3,284,773    | 3,706,233    | 3,540,644         | 57,609        | -                   | 3,598,253    | 3,779,924         | 3,531,135    | 154,960       | -                   |
| Totals, 6440-University of California                 | \$3,258,993    | \$25,780      | \$3,284,773  | \$3,706,233  | \$3,540,644       | \$57,609      | -                   | \$3,598,253  | \$3,779,924       | \$3,531,135  | \$154,960     | -                   |
| 6445-Institute for Regenerative Medicine              | -              | -             | -            | -            | -                 | -             | -                   | -            | -                 | -            | -             | -                   |
| State Operations                                      | -              | -             | -            | -            | -                 | -             | -                   | -            | -                 | -            | -             | -                   |
| Local Assistance                                      | -              | -             | -            | -            | -                 | -             | -                   | -            | -                 | -            | -             | -                   |
| Totals, 6445-Institute for Regenerative Medicine      | -              | -             | -            | -            | -                 | -             | -                   | -            | -                 | -            | -             | -                   |
| 6600-Hastings College of the Law                      | 10,644         | -             | 10,644       | -            | 13,659            | -             | -                   | 13,659       | -                 | 12,726       | -             | -                   |
| State Operations                                      | 10,644         | -             | 10,644       | -            | 13,659            | -             | -                   | 13,659       | -                 | 12,726       | -             | -                   |
| Totals, 6600-Hastings College of the Law              | \$10,644       | -             | \$10,644     | -            | \$13,659          | -             | -                   | \$13,659     | -                 | \$12,726     | -             | -                   |
| 6610-California State University                      | 3,012,397      | -             | 3,012,397    | 1,255,910    | 3,315,810         | -             | -                   | 3,315,810    | 1,384,723         | 3,369,564    | -             | -                   |
| State Operations                                      | 3,012,397      | -             | 3,012,397    | 1,255,910    | 3,315,810         | -             | -                   | 3,315,810    | 1,384,723         | 3,369,564    | -             | -                   |
| Capital Outlay  | -              | -             | -            | -            | -                 | -             | -                   | -            | -                 | -            | -             | -                   |
| Totals, 6610-California State University              | \$3,012,397    | -             | \$3,012,397  | \$1,255,910  | \$3,315,810       | -             | -                   | \$3,315,810  | \$1,384,723       | \$3,369,564  | -             | -                   |
| 6645-CSU Health Benefits, Retired Annuitants          | 263,459        | -             | 263,459      | -            | 272,695           | -             | -                   | 272,695      | -                 | 295,283      | -             | -                   |
| State Operations                                      | 263,459        | -             | 263,459      | -            | 272,695           | -             | -                   | 272,695      | -                 | 295,283      | -             | -                   |
| Totals, 6645-CSU Health Benefits, Retired Annuitants  | \$263,459      | -             | \$263,459    | -            | \$272,695         | -             | -                   | \$272,695    | -                 | \$295,283    | -             | -                   |
| 6870-Board of Governors of Community Colleges         | 11,751         | 85            | 13,770       | -            | 15,735            | 89            | 2,216               | 18,040       | -                 | 13,625       | 89            | 2,219               |
| State Operations                                      | 11,751         | 85            | 13,770       | -            | 15,735            | 89            | 2,216               | 18,040       | -                 | 13,625       | 89            | 2,219               |
| Local Assistance                                      | 5,301,627      | -4,790        | 5,296,837    | 647          | 5,423,621         | 14,528        | -                   | 5,438,149    | -                 | 5,464,287    | 4,760         | -                   |
| Capital Outlay  | -              | -             | -            | -            | -                 | -             | -                   | -            | -                 | -            | -             | -                   |
| Totals, 6870-Board of Governors of Community Colleges | \$5,313,378    | -\$4,705      | \$5,323,743  | \$647        | \$5,439,356       | \$14,617      | \$101,806           | \$5,555,779  | -                 | \$5,477,912  | \$4,849       | \$2,219             |
| 6874-General Obligation Bonds-HI Ed-CC                | 272,636        | -             | 272,636      | -            | 309,282           | -             | -                   | 309,282      | -                 | 245,085      | -             | -                   |
| State Operations                                      | 272,636        | -             | 272,636      | -            | 309,282           | -             | -                   | 309,282      | -                 | 245,085      | -             | -                   |
| Totals, 6874-General Obligation Bonds-HI Ed-CC        | \$272,636      | -             | \$272,636    | -            | \$309,282         | -             | -                   | \$309,282    | -                 | \$245,085    | -             | -                   |
| 6878-Retirement Costs-HI Ed-CC                        | 152,856        | -             | 152,856      | -            | 191,665           | -             | -                   | 191,665      | -                 | 214,626      | -             | -                   |
| Local Assistance                                      | 152,856        | -             | 152,856      | -            | 191,665           | -             | -                   | 191,665      | -                 | 214,626      | -             | -                   |
| Totals, 6878-Retirement Costs-HI Ed-CC                | \$152,856      | -             | \$152,856    | -            | \$191,665         | -             | -                   | \$191,665    | -                 | \$214,626    | -             | -                   |
| 6910-Awards for Innovation in Higher Ed               | -              | -             | -            | -            | 25,000            | -             | -                   | 25,000       | -                 | -            | -             | -                   |
| Local Assistance                                      | -              | -             | -            | -            | 25,000            | -             | -                   | 25,000       | -                 | -            | -             | -                   |
| Totals, 6910-Awards for Innovation in Higher Ed       | -              | -             | -            | -            | \$25,000          | -             | -                   | \$25,000     | -                 | -            | -             | -                   |

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

|  | Actual 2015-16      |                  |                     |                     | Estimated 2016-17   |                  |                     |                     | Estimated 2017-18   |                     |                  |                     |
|--|---------------------|------------------|---------------------|---------------------|---------------------|------------------|---------------------|---------------------|---------------------|---------------------|------------------|---------------------|
|  | General Fund        | Special Funds    | Budget Total        | Federal Fund        | General Fund        | Special Funds    | Selected Bond Funds | Budget Total        | Federal Funds       | General Fund        | Special Funds    | Selected Bond Funds |
| 6980-Student Aid Commission                            |                     |                  |                     |                     |                     |                  |                     |                     |                     |                     |                  |                     |
| State Operations                                       | 13,549              | --               | 13,549              | --                  | 15,585              | --               | --                  | 15,585              | --                  | 13,743              | --               | 13,743              |
| Local Assistance                                       | 1,465,467           | 1,466            | 1,466,923           | --                  | 1,114,497           | 5,102            | --                  | 1,119,599           | --                  | 1,139,089           | 11,160           | 1,150,249           |
| <b>Totals, 6980-Student Aid Commission</b>             | <b>\$1,479,016</b>  | <b>\$1,466</b>   | <b>\$1,480,472</b>  | <b>--</b>           | <b>\$1,130,082</b>  | <b>\$5,102</b>   | <b>--</b>           | <b>\$1,135,184</b>  | <b>--</b>           | <b>\$1,152,832</b>  | <b>\$11,160</b>  | <b>--</b>           |
| 7996-General Obligation Bonds-Hi Ed                    |                     |                  |                     |                     |                     |                  |                     |                     |                     |                     |                  |                     |
| State Operations                                       | 370,058             | --               | 370,058             | --                  | 289,135             | --               | --                  | 289,135             | --                  | 327,453             | --               | 327,453             |
| <b>Totals, 7996-General Obligation Bonds-Hi Ed</b>     | <b>\$370,058</b>    | <b>--</b>        | <b>\$370,058</b>    | <b>--</b>           | <b>\$289,135</b>    | <b>--</b>        | <b>--</b>           | <b>\$289,135</b>    | <b>--</b>           | <b>\$327,453</b>    | <b>--</b>        | <b>--</b>           |
| Higher Education                                       |                     |                  |                     |                     |                     |                  |                     |                     |                     |                     |                  |                     |
| State Operations                                       | 7,213,487           | 25,865           | 7,260,004           | 4,962,143           | 7,772,545           | 57,698           | 21,122              | 7,851,365           | 5,164,647           | 7,808,614           | 155,049          | 21,125              |
| Local Assistance                                       | 6,919,950           | -3,334           | 7,126,616           | 647                 | 6,754,783           | 19,630           | 250,000             | 7,024,413           | --                  | 6,816,002           | 15,920           | 250,000             |
| Capital Outlay   | --                  | --               | 13,136              | --                  | --                  | --               | --                  | 99,590              | --                  | --                  | --               | 5,592               |
| <b>Totals, Higher Education</b>                        | <b>\$14,133,437</b> | <b>\$22,531</b>  | <b>\$14,399,756</b> | <b>\$4,962,790</b>  | <b>\$14,527,328</b> | <b>\$77,328</b>  | <b>\$77,328</b>     | <b>\$14,975,368</b> | <b>\$5,164,647</b>  | <b>\$14,626,616</b> | <b>\$170,969</b> | <b>\$276,717</b>    |
| <b>TOTALS, EDUCATION</b>                               | <b>\$62,944,406</b> | <b>\$66,988</b>  | <b>\$63,521,491</b> | <b>\$11,961,259</b> | <b>\$65,116,571</b> | <b>\$556,068</b> | <b>\$560,823</b>    | <b>\$66,233,462</b> | <b>\$12,758,053</b> | <b>\$66,795,597</b> | <b>\$274,531</b> | <b>\$340,817</b>    |
| State Operations                                       | 9,625,353           | 52,317           | 9,700,560           | 5,118,916           | 10,278,106          | 89,020           | 24,113              | 10,391,239          | 5,334,813           | 10,566,992          | 184,775          | 24,116              |
| Local Assistance                                       | 53,319,053          | 14,671           | 53,807,795          | 6,842,343           | 54,836,716          | 467,048          | 437,120             | 55,740,884          | 7,423,240           | 56,228,605          | 88,756           | 311,109             |
| Capital Outlay   | --                  | --               | 13,136              | --                  | 1,749               | --               | --                  | 99,590              | --                  | --                  | --               | 5,592               |
| <b>Totals, 7100-Employment Development Department</b>  | <b>\$194,483</b>    | <b>\$184,770</b> | <b>\$379,253</b>    | <b>\$6,334,829</b>  | <b>\$157,809</b>    | <b>\$109,160</b> | <b>--</b>           | <b>\$326,969</b>    | <b>\$6,717,393</b>  | <b>\$103,150</b>    | <b>\$169,643</b> | <b>--</b>           |
| 7120-Workforce Development Board                       |                     |                  |                     |                     |                     |                  |                     |                     |                     |                     |                  |                     |
| State Operations                                       | --                  | 4,499            | 4,499               | 2,822               | --                  | 3,000            | --                  | 3,000               | 3,571               | --                  | 3,000            | --                  |
| <b>Totals, 7120-Workforce Development Board</b>        | <b>--</b>           | <b>\$4,499</b>   | <b>\$4,499</b>      | <b>\$2,822</b>      | <b>--</b>           | <b>\$3,000</b>   | <b>--</b>           | <b>\$3,000</b>      | <b>\$3,571</b>      | <b>--</b>           | <b>\$3,000</b>   | <b>--</b>           |
| 7300-Agricultural Labor Relations Board                |                     |                  |                     |                     |                     |                  |                     |                     |                     |                     |                  |                     |
| State Operations                                       | 7,985               | 830              | 8,815               | --                  | 8,648               | 1,129            | --                  | 9,777               | --                  | 8,638               | 1,129            | --                  |
| <b>Totals, 7300-Agricultural Labor Relations Board</b> | <b>\$7,985</b>      | <b>\$830</b>     | <b>\$8,815</b>      | <b>--</b>           | <b>\$8,648</b>      | <b>\$1,129</b>   | <b>--</b>           | <b>\$9,777</b>      | <b>--</b>           | <b>\$8,638</b>      | <b>\$1,129</b>   | <b>--</b>           |
| 7320-Public Employment Relations Board                 |                     |                  |                     |                     |                     |                  |                     |                     |                     |                     |                  |                     |
| State Operations                                       | 8,847               | --               | 8,847               | --                  | 10,448              | --               | --                  | 10,448              | --                  | 10,381              | --               | --                  |
| <b>Totals, 7320-Public Employment Relations Board</b>  | <b>\$8,847</b>      | <b>--</b>        | <b>\$8,847</b>      | <b>--</b>           | <b>\$10,448</b>     | <b>--</b>        | <b>--</b>           | <b>\$10,448</b>     | <b>--</b>           | <b>\$10,381</b>     | <b>--</b>        | <b>--</b>           |
| 7350-Department of Industrial Relations                |                     |                  |                     |                     |                     |                  |                     |                     |                     |                     |                  |                     |
| State Operations                                       | --                  | 409,925          | 409,925             | 34,739              | --                  | 513,782          | --                  | 513,782             | 37,456              | --                  | 523,126          | --                  |
| <b>Totals, 7350-Department of Industrial Relations</b> | <b>--</b>           | <b>\$409,925</b> | <b>\$409,925</b>    | <b>\$34,739</b>     | <b>--</b>           | <b>\$513,782</b> | <b>--</b>           | <b>\$513,782</b>    | <b>\$37,456</b>     | <b>--</b>           | <b>\$523,126</b> | <b>--</b>           |
| <b>TOTALS, LABOR AND WORKFORCE DEVELOPMENT</b>         | <b>\$217,315</b>    | <b>\$600,024</b> | <b>\$811,339</b>    | <b>\$6,372,390</b>  | <b>\$176,905</b>    | <b>\$687,071</b> | <b>--</b>           | <b>\$863,976</b>    | <b>\$6,758,420</b>  | <b>\$122,169</b>    | <b>\$696,898</b> | <b>--</b>           |
| State Operations                                       | 211,315             | 600,024          | 811,339             | 654,815             | 176,904             | 687,071          | --                  | 863,975             | 749,896             | 122,169             | 696,898          | --                  |
| Local Assistance                                       | --                  | --               | --                  | 5,717,575           | --                  | --               | --                  | --                  | 6,008,524           | --                  | --               | --                  |
| Capital Outlay   | --                  | --               | --                  | --                  | 1                   | --               | --                  | 1                   | --                  | --                  | --               | --                  |
| <b>Totals, 7500-Department of Technology</b>           | <b>\$1,048</b>      | <b>--</b>        | <b>\$1,048</b>      | <b>--</b>           | <b>\$1,236</b>      | <b>--</b>        | <b>--</b>           | <b>\$1,236</b>      | <b>--</b>           | <b>\$1,234</b>      | <b>--</b>        | <b>--</b>           |
| 7503-State Personnel Board                             |                     |                  |                     |                     |                     |                  |                     |                     |                     |                     |                  |                     |
| State Operations                                       | --                  | --               | --                  | --                  | --                  | --               | --                  | --                  | --                  | --                  | --               | --                  |
| <b>Totals, 7503-State Personnel Board</b>              | <b>\$1,048</b>      | <b>--</b>        | <b>\$1,048</b>      | <b>--</b>           | <b>\$1,236</b>      | <b>--</b>        | <b>--</b>           | <b>\$1,236</b>      | <b>--</b>           | <b>\$1,234</b>      | <b>--</b>        | <b>--</b>           |
| 7730-Franchise Tax Board                               |                     |                  |                     |                     |                     |                  |                     |                     |                     |                     |                  |                     |
| State Operations                                       | 700,178             | 19,291           | 719,469             | --                  | 733,561             | 20,267           | --                  | 753,828             | --                  | 712,762             | 21,203           | --                  |
| <b>Totals, 7730-Franchise Tax Board</b>                | <b>\$700,178</b>    | <b>\$19,291</b>  | <b>\$719,469</b>    | <b>--</b>           | <b>\$733,561</b>    | <b>\$20,267</b>  | <b>--</b>           | <b>\$753,828</b>    | <b>--</b>           | <b>\$712,762</b>    | <b>\$21,203</b>  | <b>--</b>           |
| <b>TOTALS, GOVERNMENT OPERATIONS</b>                   | <b>\$7,545</b>      | <b>\$16</b>      | <b>\$7,561</b>      | <b>--</b>           | <b>\$9,312</b>      | <b>\$75</b>      | <b>--</b>           | <b>\$9,387</b>      | <b>--</b>           | <b>\$7,710</b>      | <b>\$75</b>      | <b>--</b>           |
| 7501-Department of Human Resources                     |                     |                  |                     |                     |                     |                  |                     |                     |                     |                     |                  |                     |
| State Operations                                       | --                  | --               | --                  | --                  | --                  | --               | --                  | --                  | --                  | --                  | --               | --                  |
| <b>Totals, 7501-Department of Human Resources</b>      | <b>\$7,545</b>      | <b>\$16</b>      | <b>\$7,561</b>      | <b>--</b>           | <b>\$9,312</b>      | <b>\$75</b>      | <b>--</b>           | <b>\$9,387</b>      | <b>--</b>           | <b>\$7,710</b>      | <b>\$75</b>      | <b>--</b>           |
| 7502-Department of Technology                          |                     |                  |                     |                     |                     |                  |                     |                     |                     |                     |                  |                     |
| State Operations                                       | 4,910               | --               | 4,910               | --                  | 4,573               | --               | --                  | 4,573               | --                  | 4,574               | --               | --                  |
| <b>Totals, 7502-Department of Technology</b>           | <b>\$4,910</b>      | <b>--</b>        | <b>\$4,910</b>      | <b>--</b>           | <b>\$4,573</b>      | <b>--</b>        | <b>--</b>           | <b>\$4,573</b>      | <b>--</b>           | <b>\$4,574</b>      | <b>--</b>        | <b>--</b>           |
| 7503-State Personnel Board                             |                     |                  |                     |                     |                     |                  |                     |                     |                     |                     |                  |                     |
| State Operations                                       | --                  | --               | --                  | --                  | --                  | --               | --                  | --                  | --                  | --                  | --               | --                  |
| <b>Totals, 7503-State Personnel Board</b>              | <b>\$1,048</b>      | <b>--</b>        | <b>\$1,048</b>      | <b>--</b>           | <b>\$1,236</b>      | <b>--</b>        | <b>--</b>           | <b>\$1,236</b>      | <b>--</b>           | <b>\$1,234</b>      | <b>--</b>        | <b>--</b>           |
| 7730-Franchise Tax Board                               |                     |                  |                     |                     |                     |                  |                     |                     |                     |                     |                  |                     |
| State Operations                                       | --                  | --               | --                  | --                  | --                  | --               | --                  | --                  | --                  | --                  | --               | --                  |
| <b>Totals, 7730-Franchise Tax Board</b>                | <b>\$700,178</b>    | <b>\$19,291</b>  | <b>\$719,469</b>    | <b>--</b>           | <b>\$733,561</b>    | <b>\$20,267</b>  | <b>--</b>           | <b>\$753,828</b>    | <b>--</b>           | <b>\$712,762</b>    | <b>\$21,203</b>  | <b>--</b>           |

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

|  | Actual 2015-16 |               |                     |              | Estimated 2016-17 |              |               |                     | Estimated 2017-18 |               |              |               |                     |              |               |
|--|----------------|---------------|---------------------|--------------|-------------------|--------------|---------------|---------------------|-------------------|---------------|--------------|---------------|---------------------|--------------|---------------|
|  | General Fund   | Special Funds | Selected Bond Funds | Budget Total | Federal Fund      | General Fund | Special Funds | Selected Bond Funds | Budget Total      | Federal Funds | General Fund | Special Funds | Selected Bond Funds | Budget Total | Federal Funds |
| <b>Totals, 7730-Franchise Tax Board</b>                    | \$700,178      | \$19,291      | --                  | \$719,469    | --                | \$733,561    | \$20,267      | --                  | \$753,828         | --            | \$712,762    | \$21,203      | --                  | \$733,965    | --            |
| <b>7760-Department of General Services</b>                 | 31,263         | 103,656       | 5,083               | 140,002      | --                | 21,511       | 107,044       | 5,696               | 134,251           | --            | 11,933       | 109,260       | 6,406               | 127,599      | --            |
| State Operations   | --             | --            | --                  | --           | --                | 1,000,000    | -977,028      | --                  | 22,972            | --            | 910          | --            | --                  | 910          | --            |
| Capital Outlay   | --             | --            | --                  | --           | --                | --           | --            | --                  | --                | --            | --           | --            | --                  | --           | --            |
| <b>Totals, 7760-Department of General Services</b>         | \$31,263       | \$103,656     | \$5,083             | \$140,002    | --                | \$1,021,511  | - \$869,984   | \$5,696             | \$157,223         | --            | \$12,843     | \$109,260     | \$6,406             | \$128,509    | --            |
| <b>7870-California Victim Compensation Board</b>           | --             | 33,657        | --                  | 33,657       | 1,814             | 121          | 32,067        | --                  | 32,188            | 1,789         | 121          | 32,078        | --                  | 32,199       | 1,854         |
| State Operations   | --             | 62,671        | --                  | 62,671       | 23,000            | --           | 67,323        | --                  | 67,323            | 23,000        | --           | 67,632        | --                  | 67,632       | 23,000        |
| Local Assistance   | --             | --            | --                  | --           | --                | --           | --            | --                  | --                | --            | --           | --            | --                  | --           | --            |
| Capital Outlay   | --             | --            | --                  | --           | --                | 1,000,000    | -977,028      | --                  | 22,972            | --            | 910          | --            | --                  | 910          | --            |
| <b>Totals, 7870-California Victim Compensation Board</b>   | --             | \$96,328      | --                  | \$96,328     | \$24,814          | \$121        | \$99,390      | --                  | \$99,511          | \$24,789      | \$121        | \$99,710      | --                  | \$99,831     | \$24,854      |
| <b>7910-Office of Administrative Law</b>                   | 1,790          | --            | --                  | 1,790        | --                | 1,986        | --            | --                  | 1,986             | --            | 2,098        | --            | --                  | 2,098        | --            |
| State Operations   | --             | --            | --                  | --           | --                | --           | --            | --                  | --                | --            | --           | --            | --                  | --           | --            |
| <b>Totals, 7910-Office of Administrative Law</b>           | \$1,790        | --            | --                  | \$1,790      | --                | \$1,986      | --            | --                  | \$1,986           | --            | \$2,098      | --            | --                  | \$2,098      | --            |
| <b>TOTALS, GOVERNMENT OPERATIONS</b>                       | \$746,734      | \$219,291     | \$5,083             | \$971,108    | \$24,814          | \$1,772,300  | - \$750,252   | \$5,696             | \$1,027,744       | \$24,789      | \$741,342    | \$230,248     | \$6,406             | \$977,996    | \$24,854      |
| State Operations   | 746,734        | 156,620       | 5,083               | 908,437      | 1,814             | 772,300      | 159,453       | 5,696               | 937,449           | 1,789         | 740,432      | 162,616       | 6,406               | 909,454      | 1,854         |
| Local Assistance   | --             | 62,671        | --                  | 62,671       | 23,000            | --           | 67,323        | --                  | 67,323            | 23,000        | --           | 67,632        | --                  | 67,632       | 23,000        |
| Capital Outlay   | --             | --            | --                  | --           | --                | 1,000,000    | -977,028      | --                  | 22,972            | --            | 910          | --            | --                  | 910          | --            |
| <b>GENERAL GOVERNMENT</b>                                  |                |               |                     |              |                   |              |               |                     |                   |               |              |               |                     |              |               |
| <b>8120-Peace Officer Standards, Training Comm</b>         | --             | 34,310        | --                  | 34,310       | --                | 16,500       | 20,304        | --                  | 36,804            | --            | --           | 1,828         | --                  | 1,828        | --            |
| State Operations   | --             | 13,023        | --                  | 13,023       | --                | 5,000        | 19,103        | --                  | 24,103            | --            | --           | --            | --                  | --           | --            |
| Local Assistance   | --             | --            | --                  | --           | --                | --           | --            | --                  | --                | --            | --           | --            | --                  | --           | --            |
| <b>Totals, 8120-Peace Officer Standards, Training Comm</b> | --             | \$47,333      | --                  | \$47,333     | --                | \$21,500     | \$39,407      | --                  | \$60,907          | --            | --           | \$1,828       | --                  | \$1,828      | --            |
| <b>8140-State Public Defender</b>                          | 11,558         | --            | --                  | 11,558       | --                | 12,999       | --            | --                  | 12,999            | --            | 13,090       | --            | --                  | 13,090       | --            |
| State Operations   | --             | --            | --                  | --           | --                | --           | --            | --                  | --                | --            | --           | --            | --                  | --           | --            |
| <b>Totals, 8140-State Public Defender</b>                  | \$11,558       | --            | --                  | \$11,558     | --                | \$12,999     | --            | --                  | \$12,999          | --            | \$13,090     | --            | --                  | \$13,090     | --            |
| <b>8260-Arts Council</b>                                   | 1,256          | 672           | --                  | 1,928        | 944               | 1,589        | 804           | --                  | 2,393             | 1,037         | 1,389        | 804           | --                  | 2,193        | 1,035         |
| State Operations   | 6,610          | 1,353         | --                  | 7,963        | 100               | 13,550       | 1,405         | --                  | 14,955            | 100           | 6,950        | 1,405         | --                  | 8,355        | 100           |
| Local Assistance   | --             | --            | --                  | --           | --                | --           | --            | --                  | --                | --            | --           | --            | --                  | --           | --            |
| <b>Totals, 8260-Arts Council</b>                           | \$7,866        | \$2,025       | --                  | \$9,891      | \$1,044           | \$15,139     | \$2,209       | --                  | \$17,348          | \$1,137       | \$8,339      | \$2,209       | --                  | \$10,548     | \$1,135       |
| <b>8385-Citizens Compensation Commission</b>               | 1              | --            | --                  | 1            | --                | 10           | --            | --                  | 10                | --            | 10           | --            | --                  | 10           | --            |
| State Operations   | --             | --            | --                  | --           | --                | --           | --            | --                  | --                | --            | --           | --            | --                  | --           | --            |
| <b>Totals, 8385-Citizens Compensation Commission</b>       | \$1            | --            | --                  | \$1          | --                | \$10         | --            | --                  | \$10              | --            | \$10         | --            | --                  | \$10         | --            |
| <b>8570-Department of Food and Agriculture</b>             | 70,009         | 155,794       | 28                  | 225,831      | 87,446            | 87,639       | 167,486       | 1,178               | 256,303           | 91,786        | 80,197       | 156,874       | 1,178               | 238,249      | 102,732       |
| State Operations   | 9,010          | 33,559        | --                  | 42,569       | --                | 9,010        | 92,975        | --                  | 101,985           | --            | 9,010        | 34,075        | --                  | 43,085       | --            |
| Local Assistance   | --             | --            | --                  | --           | --                | --           | --            | --                  | --                | --            | 3,088        | --            | --                  | 3,088        | --            |
| Capital Outlay   | --             | --            | --                  | --           | --                | --           | --            | --                  | --                | --            | --           | --            | --                  | --           | --            |
| <b>Totals, 8570-Department of Food and Agriculture</b>     | \$79,019       | \$189,353     | \$28                | \$268,400    | \$87,446          | \$96,649     | \$260,461     | \$1,178             | \$358,288         | \$91,786      | \$92,295     | \$190,949     | \$1,178             | \$284,422    | \$102,732     |
| <b>8620-Fair Political Practices Commission</b>            | 10,501         | --            | --                  | 10,501       | --                | 11,453       | --            | --                  | 11,453            | --            | 11,036       | --            | --                  | 11,036       | --            |
| State Operations   | --             | --            | --                  | --           | --                | --           | --            | --                  | --                | --            | --           | --            | --                  | --           | --            |
| <b>Totals, 8620-Fair Political Practices Commission</b>    | \$10,501       | --            | --                  | \$10,501     | --                | \$11,453     | --            | --                  | \$11,453          | --            | \$11,036     | --            | --                  | \$11,036     | --            |
| <b>8640-Political Reform Act of 1974</b>                   | --             | --            | --                  | --           | --                | --           | --            | --                  | --                | --            | 2,648        | --            | --                  | 2,648        | --            |
| State Operations   | --             | --            | --                  | --           | --                | --           | --            | --                  | --                | --            | --           | --            | --                  | --           | --            |
| <b>Totals, 8640-Political Reform Act of 1974</b>           | --             | --            | --                  | --           | --                | --           | --            | --                  | --                | --            | \$2,648      | --            | --                  | \$2,648      | --            |
| <b>8660-Public Utilities Commission</b>                    | --             | 229,347       | --                  | 229,347      | 6,580             | --           | 282,132       | --                  | 282,132           | 5,882         | --           | 292,545       | --                  | 292,545      | 5,914         |
| State Operations   | --             | 1,131,338     | --                  | 1,131,338    | --                | --           | 1,343,574     | --                  | 1,343,574         | --            | --           | 1,453,404     | --                  | 1,453,404    | --            |
| Local Assistance   | --             | --            | --                  | --           | --                | --           | --            | --                  | --                | --            | --           | --            | --                  | --           | --            |
| <b>Totals, 8660-Public Utilities Commission</b>            | --             | \$1,360,685   | --                  | \$1,360,685  | \$6,580           | --           | \$1,625,706   | --                  | \$1,625,706       | \$5,882       | --           | \$1,745,949   | --                  | \$1,745,949  | \$5,914       |
| <b>8780-Milton Marks Little Hoover Commission</b>          | 969            | --            | --                  | 969          | --                | 1,022        | --            | --                  | 1,022             | --            | 1,026        | --            | --                  | 1,026        | --            |
| State Operations   | --             | --            | --                  | --           | --                | --           | --            | --                  | --                | --            | --           | --            | --                  | --           | --            |
| <b>Totals, 8780-Milton Marks Little Hoover Commission</b>  | \$969          | --            | --                  | \$969        | --                | \$1,022      | --            | --                  | \$1,022           | --            | \$1,026      | --            | --                  | \$1,026      | --            |
| <b>8790-CA Commission on Disability Access</b>             | 530            | --            | --                  | 530          | --                | 644          | --            | --                  | 644               | --            | --           | --            | --                  | --           | --            |
| State Operations   | --             | --            | --                  | --           | --                | --           | --            | --                  | --                | --            | --           | --            | --                  | --           | --            |
| <b>Totals, 8790-CA Commission on Disability Access</b>     | \$530          | --            | --                  | \$530        | --                | \$644        | --            | --                  | \$644             | --            | --           | --            | --                  | --           | --            |

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

|  | Actual 2015-16 |               |                     |              | Estimated 2016-17 |              |               |                     | Estimated 2017-18 |               |              |               |                     |              |               |
|--|----------------|---------------|---------------------|--------------|-------------------|--------------|---------------|---------------------|-------------------|---------------|--------------|---------------|---------------------|--------------|---------------|
|  | General Fund   | Special Funds | Selected Bond Funds | Budget Total | Federal Fund      | General Fund | Special Funds | Selected Bond Funds | Budget Total      | Federal Funds | General Fund | Special Funds | Selected Bond Funds | Budget Total | Federal Funds |
| 8820-Comm on the Status of Women and Girls           |                |               |                     |              |                   |              |               |                     |                   |               |              |               |                     |              |               |
| State Operations                                     | 470            | --            | --                  | 470          | --                | 517          | --            | --                  | 517               | --            | 526          | --            | --                  | 526          | --            |
| Totals, 8820-Comm on the Status of Women and Girls   | \$470          | --            | --                  | \$470        | --                | \$517        | --            | --                  | \$517             | --            | \$526        | --            | --                  | \$526        | --            |
| 8855-California State Auditor's Office               |                |               |                     |              |                   |              |               |                     |                   |               |              |               |                     |              |               |
| State Operations                                     | 13,453         | -1,512        | --                  | 11,941       | --                | 18,614       | --            | --                  | 18,614            | --            | 19,050       | --            | --                  | 19,050       | --            |
| Totals, 8855-California State Auditor's Office       | \$13,453       | -\$1,512      | --                  | \$11,941     | --                | \$18,614     | --            | --                  | \$18,614          | --            | \$19,050     | --            | --                  | \$19,050     | --            |
| 8860-Department of Finance                           |                |               |                     |              |                   |              |               |                     |                   |               |              |               |                     |              |               |
| State Operations                                     | 32,572         | 596           | 35                  | 33,203       | --                | 38,170       | --            | --                  | 38,170            | --            | 36,564       | --            | --                  | 36,564       | --            |
| Totals, 8860-Department of Finance                   | \$32,572       | \$596         | \$35                | \$33,203     | --                | \$38,170     | --            | --                  | \$38,170          | --            | \$36,564     | --            | --                  | \$36,564     | --            |
| 8880-Financial Information System for CA             |                |               |                     |              |                   |              |               |                     |                   |               |              |               |                     |              |               |
| State Operations                                     | 103,715        | 19,515        | --                  | 123,230      | --                | 96,560       | 13,825        | --                  | 110,385           | --            | 86,066       | 14,505        | --                  | 100,571      | --            |
| Totals, 8880-Financial Information System for CA     | \$103,715      | \$19,515      | --                  | \$123,230    | --                | \$96,560     | \$13,825      | --                  | \$110,385         | --            | \$86,066     | \$14,505      | --                  | \$100,571    | --            |
| 8885-Commission on State Mandates                    |                |               |                     |              |                   |              |               |                     |                   |               |              |               |                     |              |               |
| State Operations                                     | 1,989          | --            | --                  | 1,989        | --                | 2,091        | --            | --                  | 2,091             | --            | 2,192        | --            | --                  | 2,192        | --            |
| Local Assistance                                     | 43,308         | 2,294         | --                  | 45,602       | --                | 46,181       | 2,411         | --                  | 48,592            | --            | 34,510       | 2,417         | --                  | 36,927       | --            |
| Totals, 8885-Commission on State Mandates            | \$45,297       | \$2,294       | --                  | \$47,591     | --                | \$48,272     | \$2,411       | --                  | \$50,683          | --            | \$36,702     | \$2,417       | --                  | \$39,119     | --            |
| 8940-Military Department                             |                |               |                     |              |                   |              |               |                     |                   |               |              |               |                     |              |               |
| State Operations                                     | 50,075         | 1,491         | --                  | 51,566       | 112,422           | 65,558       | 1,501         | --                  | 67,059            | 122,441       | 49,570       | 1,501         | --                  | 51,071       | 108,606       |
| Local Assistance                                     | --             | --            | --                  | --           | --                | 60           | --            | --                  | 60                | --            | 60           | --            | --                  | 60           | --            |
| Capital Outlay                                       | 9,915          | --            | --                  | 9,915        | 1,084             | 15,588       | --            | --                  | 15,588            | 6,845         | 8,418        | --            | --                  | 8,418        | 8,418         |
| Totals, 8940-Military Department                     | \$59,990       | \$1,491       | --                  | \$61,481     | \$113,506         | \$81,206     | \$1,501       | --                  | \$82,707          | \$129,286     | \$58,048     | \$1,501       | --                  | \$59,549     | \$117,024     |
| 8951-Federal Per Diem for Veterans Housing           |                |               |                     |              |                   |              |               |                     |                   |               |              |               |                     |              |               |
| State Operations                                     | -54,282        | --            | --                  | -54,282      | 54,282            | -67,963      | --            | --                  | -67,963           | 67,963        | -69,773      | --            | --                  | -69,773      | 69,773        |
| Totals, 8951-Federal Per Diem for Veterans Housing   | -\$54,282      | --            | --                  | -\$54,282    | \$54,282          | -\$67,963    | --            | --                  | -\$67,963         | \$67,963      | -\$69,773    | --            | --                  | -\$69,773    | \$69,773      |
| 8955-Department of Veterans Affairs                  |                |               |                     |              |                   |              |               |                     |                   |               |              |               |                     |              |               |
| State Operations                                     | 320,470        | 595           | --                  | 321,065      | 1,894             | 391,080      | 378           | 409                 | 391,967           | 2,608         | 372,034      | 389           | 387                 | 372,810      | 2,613         |
| Local Assistance                                     | 5,600          | 1,104         | --                  | 6,704        | --                | 5,600        | 1,104         | --                  | 6,704             | --            | 5,600        | 1,139         | --                  | 6,739        | --            |
| Capital Outlay                                       | 525            | --            | --                  | 525          | -7,760            | --           | --            | --                  | 1,695             | 18,603        | --           | --            | 3,428               | 3,428        | 3,082         |
| Totals, 8955-Department of Veterans Affairs          | \$326,595      | \$1,699       | --                  | \$328,294    | -\$5,866          | \$396,680    | \$1,482       | \$2,104             | \$400,266         | \$21,211      | \$377,634    | \$1,528       | \$3,815             | \$382,977    | \$5,695       |
| 8998-General Obligation Bonds-Gen Govt               |                |               |                     |              |                   |              |               |                     |                   |               |              |               |                     |              |               |
| State Operations                                     | 16,115         | --            | --                  | 16,115       | --                | 15,681       | --            | --                  | 15,681            | --            | 17,288       | --            | --                  | 17,288       | --            |
| Totals, 8998-General Obligation Bonds-Gen Govt       | \$16,115       | --            | --                  | \$16,115     | --                | \$15,681     | --            | --                  | \$15,681          | --            | \$17,288     | --            | --                  | \$17,288     | --            |
| Non-Agency Departments                               |                |               |                     |              |                   |              |               |                     |                   |               |              |               |                     |              |               |
| State Operations                                     | 579,401        | 440,808       | 63                  | 1,020,272    | 263,568           | 692,164      | 486,430       | 1,587               | 1,180,181         | 291,717       | 622,913      | 468,446       | 1,565               | 1,092,924    | 290,673       |
| Local Assistance                                     | 64,528         | 1,182,671     | --                  | 1,247,199    | 100               | 79,401       | 1,460,572     | --                  | 1,539,973         | 100           | 56,130       | 1,492,440     | --                  | 1,548,570    | 100           |
| Capital Outlay                                       | 10,440         | --            | --                  | 10,440       | -6,676            | 15,588       | --            | --                  | 17,283            | 25,448        | 11,506       | --            | 3,428               | 14,934       | 11,500        |
| Totals, Non-Agency Departments                       | \$654,369      | \$1,623,479   | \$63                | \$2,277,911  | \$256,992         | \$787,153    | \$1,947,002   | \$3,282             | \$2,737,437       | \$317,265     | \$690,549    | \$1,960,886   | \$4,993             | \$2,656,428  | \$302,273     |
| 9100-Tax Relief                                      |                |               |                     |              |                   |              |               |                     |                   |               |              |               |                     |              |               |
| Local Assistance                                     | 413,953        | -5,188        | --                  | 408,765      | --                | 420,001      | -7,200        | --                  | 412,801           | --            | 427,001      | -6,400        | --                  | 420,601      | --            |
| Totals, 9100-Tax Relief                              | \$413,953      | -\$5,188      | --                  | \$408,765    | --                | \$420,001    | -\$7,200      | --                  | \$412,801         | --            | \$427,001    | -\$6,400      | --                  | \$420,601    | --            |
| 9210-Local Government Financing                      |                |               |                     |              |                   |              |               |                     |                   |               |              |               |                     |              |               |
| Local Assistance                                     | 10,560         | 798,619       | --                  | 809,179      | --                | 31,708       | --            | --                  | 31,708            | --            | 138          | --            | --                  | 138          | --            |
| Totals, 9210-Local Government Financing              | \$10,560       | \$798,619     | --                  | \$809,179    | --                | \$31,708     | --            | --                  | \$31,708          | --            | \$138        | --            | --                  | \$138        | --            |
| 9285-Trial Court Security-Court Construction         |                |               |                     |              |                   |              |               |                     |                   |               |              |               |                     |              |               |
| Local Assistance                                     | 1,949          | --            | --                  | 1,949        | --                | 7,000        | --            | --                  | 7,000             | --            | 7,000        | --            | --                  | 7,000        | --            |
| Totals, 9285-Trial Court Security-Court Construction | \$1,949        | --            | --                  | \$1,949      | --                | \$7,000      | --            | --                  | \$7,000           | --            | \$7,000      | --            | --                  | \$7,000      | --            |
| 9286-Trial Court Security - Judgeships               |                |               |                     |              |                   |              |               |                     |                   |               |              |               |                     |              |               |
| Local Assistance                                     | --             | --            | --                  | --           | --                | --           | --            | --                  | --                | --            | 280          | --            | --                  | 280          | --            |
| Totals, 9286-Trial Court Security - Judgeships       | --             | --            | --                  | --           | --                | --           | --            | --                  | --                | --            | \$280        | --            | --                  | \$280        | --            |
| 9300-Payment to Counties for Homicide Trials         |                |               |                     |              |                   |              |               |                     |                   |               |              |               |                     |              |               |
| Local Assistance                                     | 9              | --            | --                  | 9            | --                | 1            | --            | --                  | 1                 | --            | 1            | --            | --                  | 1            | --            |
| Totals, 9300-Payment to Counties for Homicide Trials | \$9            | --            | --                  | \$9          | --                | \$1          | --            | --                  | \$1               | --            | \$1          | --            | --                  | \$1          | --            |

## SCHEDULE 9

Actual 2015-16

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

|  | Actual 2015-16       |                     |                     |                      | Estimated 2016-17   |                      |                     |                     | Estimated 2017-18    |                      |                      |                     |                     |                      |                      |
|--|----------------------|---------------------|---------------------|----------------------|---------------------|----------------------|---------------------|---------------------|----------------------|----------------------|----------------------|---------------------|---------------------|----------------------|----------------------|
|  | General Fund         | Special Funds       | Selected Bond Funds | Budget Total         | Federal Fund        | General Fund         | Special Funds       | Selected Bond Funds | Budget Total         | Federal Funds        | General Fund         | Special Funds       | Selected Bond Funds | Budget Total         | Federal Funds        |
| Totals, 9898-PERS General Fund Deferral Payment      | \$591,192            | --                  | --                  | \$591,192            | --                  | \$570,355            | --                  | --                  | \$570,355            | --                   | \$626,570            | --                  | --                  | \$626,570            | --                   |
| 9900-Statewide General Admin Exp (Pro Rata)          | -671,175             | 18                  | --                  | -671,157             | --                  | -676,647             | 584,895             | --                  | -91,752              | --                   | -710,124             | 603,503             | --                  | -106,621             | --                   |
| Totals, 9900-Statewide General Admin Exp (Pro Rata)  | <b>-\$671,175</b>    | <b>\$18</b>         | <b>--</b>           | <b>-\$671,157</b>    | <b>--</b>           | <b>-\$676,647</b>    | <b>\$584,895</b>    | <b>--</b>           | <b>-\$91,752</b>     | <b>--</b>            | <b>-\$710,124</b>    | <b>\$603,503</b>    | <b>--</b>           | <b>-\$106,621</b>    | <b>--</b>            |
| 9901-Various Departments                             | 200                  | --                  | --                  | 200                  | --                  | --                   | --                  | --                  | --                   | --                   | --                   | --                  | --                  | --                   | --                   |
| State Operations                                     | --                   | 91,513              | --                  | 91,513               | --                  | --                   | 86,121              | --                  | 86,121               | --                   | --                   | 1,344,347           | --                  | 1,344,347            | --                   |
| Local Assistance                                     | --                   | --                  | --                  | --                   | --                  | --                   | --                  | --                  | --                   | --                   | --                   | --                  | --                  | --                   | --                   |
| Totals, 9901-Various Departments                     | <b>\$200</b>         | <b>\$91,513</b>     | <b>--</b>           | <b>\$91,713</b>      | <b>--</b>           | <b>--</b>            | <b>\$86,121</b>     | <b>--</b>           | <b>\$86,121</b>      | <b>--</b>            | <b>--</b>            | <b>\$1,344,347</b>  | <b>--</b>           | <b>\$1,344,347</b>   | <b>--</b>            |
| 9910-General Fund Credits from Federal Funds         | -148,980             | --                  | --                  | -148,980             | --                  | -164,689             | --                  | --                  | -164,689             | --                   | -166,342             | --                  | --                  | -166,342             | --                   |
| State Operations                                     | --                   | --                  | --                  | --                   | --                  | <b>-\$164,689</b>    | --                  | --                  | <b>-\$164,689</b>    | <b>--</b>            | <b>-\$166,342</b>    | --                  | --                  | <b>-\$166,342</b>    | <b>--</b>            |
| Totals, 9910-General Fund Credits from Federal Funds | <b>-\$148,980</b>    | <b>--</b>           | <b>--</b>           | <b>-\$148,980</b>    | <b>--</b>           | <b>-\$164,689</b>    | <b>--</b>           | <b>--</b>           | <b>-\$164,689</b>    | <b>--</b>            | <b>-\$166,342</b>    | <b>--</b>           | <b>--</b>           | <b>-\$166,342</b>    | <b>--</b>            |
| 9935-PERS Deferral                                   | -570,355             | --                  | --                  | -570,355             | --                  | -626,569             | --                  | --                  | -626,569             | --                   | -695,872             | --                  | --                  | -695,872             | --                   |
| State Operations                                     | --                   | --                  | --                  | --                   | --                  | <b>-\$626,569</b>    | --                  | --                  | <b>-\$626,569</b>    | <b>--</b>            | <b>-\$695,872</b>    | --                  | --                  | <b>-\$695,872</b>    | <b>--</b>            |
| Totals, 9935-PERS Deferral                           | <b>-\$570,355</b>    | <b>--</b>           | <b>--</b>           | <b>-\$570,355</b>    | <b>--</b>           | <b>-\$626,569</b>    | <b>--</b>           | <b>--</b>           | <b>-\$626,569</b>    | <b>--</b>            | <b>-\$695,872</b>    | <b>--</b>           | <b>--</b>           | <b>-\$695,872</b>    | <b>--</b>            |
| Statewide Expenditures                               | 988,060              | -24,206             | 2,611               | 966,465              | --                  | 1,035,659            | 736,638             | --                  | 1,772,297            | --                   | 2,000,486            | 1,307,429           | --                  | 3,307,915            | --                   |
| State Operations                                     | -151,964             | 91,513              | --                  | -60,451              | --                  | -156,989             | 86,121              | --                  | -70,868              | --                   | -201,042             | 1,344,347           | --                  | 1,143,305            | --                   |
| Local Assistance                                     | 1,000                | --                  | --                  | 1,000                | --                  | 1,000                | --                  | --                  | 1,000                | --                   | 1,000                | --                  | --                  | 1,000                | --                   |
| Capital Outlay                                       | --                   | --                  | --                  | --                   | --                  | --                   | --                  | --                  | --                   | --                   | --                   | --                  | --                  | --                   | --                   |
| Unclassified   | -13,457              | 997,246             | --                  | 983,789              | --                  | --                   | --                  | --                  | --                   | --                   | --                   | --                  | --                  | --                   | --                   |
| Totals, Statewide Expenditures                       | <b>\$823,639</b>     | <b>\$1,064,553</b>  | <b>\$2,611</b>      | <b>\$1,890,803</b>   | <b>--</b>           | <b>\$879,670</b>     | <b>\$822,759</b>    | <b>--</b>           | <b>\$1,702,429</b>   | <b>--</b>            | <b>\$1,800,444</b>   | <b>\$2,651,776</b>  | <b>--</b>           | <b>\$4,452,220</b>   | <b>--</b>            |
| TOTALS, GENERAL GOVERNMENT                           | <b>\$1,904,686</b>   | <b>\$4,906,899</b>  | <b>\$2,674</b>      | <b>\$6,814,259</b>   | <b>\$293,598</b>    | <b>\$2,126,025</b>   | <b>\$4,065,028</b>  | <b>\$3,282</b>      | <b>\$6,194,335</b>   | <b>\$352,204</b>     | <b>\$2,925,905</b>   | <b>\$6,225,258</b>  | <b>\$4,993</b>      | <b>\$9,156,156</b>   | <b>\$337,212</b>     |
| State Operations                                     | \$1,567,461          | \$416,602           | \$2,674             | \$1,986,737          | \$263,568           | \$1,727,823          | \$1,223,068         | \$1,587             | \$2,952,478          | \$291,717            | \$2,623,399          | \$1,775,875         | \$1,565             | \$4,400,839          | \$290,673            |
| Local Assistance                                     | \$339,242            | \$3,493,051         | --                  | \$3,832,293          | \$36,706            | \$381,614            | \$2,841,960         | --                  | \$3,223,574          | \$35,039             | \$290,000            | \$4,449,383         | --                  | \$4,739,383          | \$35,039             |
| Capital Outlay                                       | \$11,440             | --                  | --                  | \$11,440             | -\$6,676            | \$16,588             | --                  | \$1,695             | \$18,283             | \$25,448             | \$12,506             | --                  | \$3,428             | \$15,934             | \$11,500             |
| Unclassified   | -\$13,457            | \$997,246           | --                  | \$983,789            | --                  | --                   | --                  | --                  | --                   | --                   | --                   | --                  | --                  | --                   | --                   |
| GRAND TOTAL  | <b>\$113,983,930</b> | <b>\$42,211,798</b> | <b>\$3,726,648</b>  | <b>\$159,922,376</b> | <b>\$90,560,681</b> | <b>\$122,761,202</b> | <b>\$48,095,523</b> | <b>\$6,643,205</b>  | <b>\$177,499,930</b> | <b>\$105,304,510</b> | <b>\$122,520,164</b> | <b>\$54,573,116</b> | <b>\$2,356,821</b>  | <b>\$179,450,101</b> | <b>\$105,005,481</b> |
| State Operations                                     | \$29,620,051         | \$12,969,346        | \$490,758           | \$43,080,155         | \$9,900,745         | \$31,805,439         | \$14,317,323        | \$944,425           | \$47,067,187         | \$9,779,380          | \$32,353,393         | \$15,422,462        | \$221,780           | \$47,997,635         | \$9,760,737          |
| Local Assistance                                     | \$84,227,923         | \$27,708,925        | \$1,779,812         | \$113,716,660        | \$79,125,174        | \$89,753,438         | \$33,369,167        | \$4,575,228         | \$127,697,833        | \$93,629,050         | \$89,979,649         | \$37,300,150        | \$1,850,919         | \$129,130,718        | \$93,491,896         |
| Capital Outlay                                       | \$65,997             | \$919,697           | \$1,456,078         | \$2,141,772          | \$2,444,629         | \$1,202,325          | \$409,033           | \$1,123,552         | \$2,734,910          | \$1,891,080          | \$187,122            | \$1,850,504         | \$284,122           | \$2,321,748          | \$1,747,848          |
| Unclassified   | \$69,959             | \$913,830           | --                  | \$983,789            | \$133               | --                   | --                  | --                  | --                   | \$5,000              | --                   | --                  | --                  | --                   | \$5,000              |

Note: Numbers may not add due to rounding

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

| Fund   | Beginning Reserve 2015-16 | Revenues 2015-16   | Expenditures 2015-16 | Beginning Reserve 2016-17 | Revenues 2016-17   | Expenditures 2016-17 | Beginning Reserve 2017-18 | Revenues 2017-18   | Expenditures 2017-18 | Ending Reserve 2017-18 |
|--|---------------------------|--------------------|----------------------|---------------------------|--------------------|----------------------|---------------------------|--------------------|----------------------|------------------------|
| <b>GENERAL FUND</b>                                      | <b>3,507,759</b>          | <b>115,499,853</b> | <b>113,983,930</b>   | <b>5,023,682</b>          | <b>118,764,833</b> | <b>122,761,202</b>   | <b>1,027,313</b>          | <b>124,027,139</b> | <b>122,520,164</b>   | <b>2,534,288</b>       |
| <b>SPECIAL FUNDS</b>                                     |                           |                    |                      |                           |                    |                      |                           |                    |                      |                        |
| 0002-Property Acquisition Law Money Account              | 592                       | 4,312              | 3,096                | 1,808                     | 4,135              | 3,864                | 2,079                     | 4,213              | 6,018                | 274                    |
| 0003-Motor Vehicle Parking Facilities Moneys Account     | 2,419                     | 3,625              | 3,379                | 2,665                     | 3,619              | 3,495                | 2,789                     | 3,619              | 3,513                | 2,895                  |
| 0004-Breast Cancer Fund                                  | 73                        | 774                | 771                  | 76                        | 718                | 724                  | 70                        | 1,502              | 745                  | 827                    |
| 0006-Disability Access Account                           | 8,475                     | 11,132             | 7,723                | 11,884                    | 11,116             | 9,292                | 13,708                    | 11,285             | 9,326                | 15,667                 |
| 0007-Breast Cancer Research Account, Breast Cancer Fund  | 9,685                     | 10,011             | 10,972               | 8,724                     | 9,476              | 16,988               | 1,212                     | 8,051              | 6,235                | 3,028                  |
| 0009-Breast Cancer Control Account, Breast Cancer Fund   | 11,141                    | 8,782              | 8,936                | 10,987                    | 9,518              | 11,862               | 8,643                     | 8,092              | 11,751               | 4,984                  |
| 0012-Attorney General Antitrust Account                  | 859                       | 2,204              | 2,430                | 633                       | 2,401              | 2,601                | 433                       | 2,401              | 2,619                | 215                    |
| 0014-Hazardous Waste Control Account                     | 25,815                    | 68,024             | 63,970               | 29,869                    | 55,186             | 69,088               | 15,967                    | 58,101             | 66,374               | 7,694                  |
| 0017-Fingerprint Fees Account                            | 36,489                    | 83,071             | 70,912               | 48,648                    | 83,869             | 73,846               | 58,671                    | 83,869             | 79,058               | 63,482                 |
| 0018-Site Remediation Account                            | 621                       | 10,636             | 11,047               | 210                       | 10,761             | 10,503               | 468                       | 10,915             | 9,626                | 1,757                  |
| 0020-California State Law Library Special Account        | 85                        | 361                | 407                  | 39                        | 361                | 390                  | 10                        | 361                | 361                  | 10                     |
| 0022-State Emergency Telephone Number Account            | 72,374                    | 81,606             | 100,529              | 53,451                    | 92,787             | 116,895              | 29,343                    | 91,506             | 117,071              | 3,778                  |
| 0023-Farmworker Remedial Account                         | 148                       | 327                | 236                  | 239                       | 285                | 291                  | 233                       | 285                | 291                  | 227                    |
| 0024-State Board of Guide Dogs for the Blind Fund        | 88                        | 153                | 161                  | 80                        | 153                | 158                  | 75                        | 153                | 224                  | 4                      |
| 0025-Leaking Underground Storage Tank Cost Recovery Fund | 94                        | --                 | --                   | 94                        | --                 | --                   | 94                        | --                 | --                   | 94                     |
| 0026-State Motor Vehicle Insurance Account               | 42,443                    | 26,552             | 37,848               | 31,147                    | 28,329             | 34,793               | 24,683                    | 28,329             | 35,862               | 17,150                 |
| 0028-Unified Program Account                             | 6,848                     | 4,902              | 7,617                | 4,133                     | 6,667              | 8,481                | 2,319                     | 6,667              | 8,710                | 276                    |
| 0029-Nuclear Planning Assessment Special Account         | -287                      | 3,595              | 3,295                | 13                        | 4,530              | 4,229                | 314                       | 4,317              | 4,254                | 377                    |
| 0032-Firearm Safety Account                              | 3,522                     | 766                | 259                  | 4,029                     | 904                | 348                  | 4,585                     | 904                | 350                  | 5,139                  |
| 0033-State Energy Conservation Assistance Account        | 30,440                    | 2,287              | 23,901               | 8,826                     | 2,275              | 2,541                | 8,560                     | 2,275              | 2,326                | 8,509                  |
| 0034-Geothermal Resources Development Account            | 4                         | 2,752              | 2,756                | --                        | 1,600              | 1,575                | 25                        | 1,615              | 1,575                | 65                     |
| 0035-Surface Mining and Reclamation Account              | 929                       | 4,127              | 3,592                | 1,464                     | 4,300              | 4,444                | 1,320                     | 4,549              | 4,547                | 1,322                  |
| 0041-Aeronautics Account, State Transportation Fund      | 6,569                     | 7,282              | 8,211                | 5,640                     | 5,846              | 8,821                | 2,665                     | 5,843              | 7,878                | 630                    |
| 0042-State Highway Account, State Transportation Fund    | 2,192,998                 | 3,516,546          | 3,443,670            | 2,265,874                 | 3,230,651          | 3,374,196            | 2,122,329                 | 3,722,528          | 3,692,752            | 2,152,105              |
| 0044-Motor Vehicle Account, State Transportation Fund    | 355,837                   | 3,706,410          | 3,406,533            | 655,714                   | 3,303,605          | 3,570,647            | 388,672                   | 3,657,333          | 3,663,958            | 382,047                |

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

| Fund  | Beginning Reserve 2015-16 | Revenues 2015-16 | Expenditures 2015-16 | Beginning Reserve 2016-17 | Revenues 2016-17 | Expenditures 2016-17 | Beginning Reserve 2017-18 | Revenues 2017-18 | Expenditures 2017-18 | Ending Reserve 2017-18 |
|---|---------------------------|------------------|----------------------|---------------------------|------------------|----------------------|---------------------------|------------------|----------------------|------------------------|
| 0046-Public Transportation Account, State Transportation Fund                 | 553,220                   | 569,368          | 551,707              | 570,881                   | 451,917          | 563,515              | 459,283                   | 577,271          | 652,050              | 384,504                |
| 0052-Local Airport Loan Account   | 18,460                    | 8,481            | -1,718               | 28,659                    | 685              | -415                 | 29,759                    | 608              | -150                 | 30,517                 |
| 0054-New Motor Vehicle Board Account  | 1,053                     | 1,802            | 1,415                | 1,440                     | 1,695            | 1,730                | 1,405                     | 1,695            | 1,735                | 1,365                  |
| 0055-Mass Transit Revolving Account, State Transportation Fund                | 1,000                     | --               | --                   | 1,000                     | --               | --                   | 1,000                     | --               | --                   | 1,000                  |
| 0058-Rail Accident Prevention Response Fund                                   | 7                         | --               | --                   | 7                         | --               | --                   | 7                         | --               | --                   | 7                      |
| 0061-Motor Vehicle Fuel Account, Transportation Tax Fund                      | 21,764                    | 10,448           | 32,212               | --                        | 36,374           | 36,374               | --                        | 37,003           | 37,003               | --                     |
| 0062-Highway Users Tax Account, Transportation Tax Fund                       | 55,687                    | 1,367,817        | 1,423,504            | --                        | 1,300,183        | 1,300,183            | --                        | 1,410,475        | 1,410,475            | --                     |
| 0064-Motor Vehicle License Fee Account, Transportation Tax Fund               | 20,280                    | 15,150           | 20,002               | 15,428                    | 5,659            | 21,087               | --                        | 23,385           | 23,342               | 43                     |
| 0065-Illegal Drug Lab Cleanup Account   | 2,181                     | 1,014            | 811                  | 2,384                     | 3                | 829                  | 1,558                     | 3                | 849                  | 712                    |
| 0066-Sale of Tobacco to Minors Control Account                                | 1,694                     | 149              | 270                  | 1,573                     | 177              | 454                  | 1,296                     | 177              | 1,103                | 370                    |
| 0067-State Corporations Fund  | 54,201                    | 55,896           | 46,381               | 63,716                    | 49,432           | 52,937               | 60,211                    | 49,432           | 54,770               | 54,873                 |
| 0069-Barbering and Cosmetology Contingent Fund                                | 19,717                    | 23,129           | 24,125               | 18,721                    | 23,590           | 23,132               | 19,179                    | 23,874           | 23,591               | 19,462                 |
| 0070-Occupational Lead Poisoning Prevention Account                           | 2,873                     | 3,387            | 3,378                | 2,882                     | 3,387            | 4,600                | 1,669                     | 2,976            | 4,417                | 228                    |
| 0071-Yosemite Foundation Account, California Environmental License Plate Fund | 18                        | 734              | 733                  | 19                        | 900              | 840                  | 79                        | 900              | 840                  | 139                    |
| 0072-California Collegiate License Plate Fund                                 | 13                        | 33               | 30                   | 16                        | 38               | 38                   | 16                        | 38               | 38                   | 16                     |
| 0074-Medical Waste Management Fund  | 2,874                     | 2,144            | 2,459                | 2,559                     | 2,307            | 2,911                | 1,955                     | 2,307            | 2,710                | 1,552                  |
| 0075-Radiation Control Fund   | 7,353                     | 23,453           | 25,439               | 5,367                     | 23,639           | 25,789               | 3,217                     | 23,639           | 26,568               | 288                    |
| 0076-Tissue Bank License Fund   | 2,532                     | 800              | 571                  | 2,761                     | 859              | 603                  | 3,017                     | 859              | 617                  | 3,259                  |
| 0078-Graphic Design License Plate Account                                     | 1,073                     | 1,876            | 2,026                | 923                       | 2,204            | 2,273                | 854                       | 2,204            | 2,315                | 743                    |
| 0080-Childhood Lead Poisoning Prevention Fund                                 | 77,956                    | 20,990           | 21,714               | 77,232                    | 20,926           | 33,874               | 64,284                    | 20,926           | 33,659               | 51,551                 |
| 0082-Export Document Program Fund   | 1,942                     | 426              | 517                  | 1,851                     | 450              | 730                  | 1,571                     | 450              | 733                  | 1,288                  |
| 0083-Veterans Service Office Fund   | 1,397                     | 1,129            | 883                  | 1,643                     | 1,156            | 889                  | 1,910                     | 1,156            | 925                  | 2,141                  |
| 0093-Construction Management Education Account (CMEA)                         | 84                        | 77               | --                   | 161                       | 85               | 100                  | 146                       | 94               | 107                  | 133                    |
| 0098-Clinical Laboratory Improvement Fund                                     | 20,971                    | 12,133           | 11,080               | 22,024                    | 11,882           | 11,247               | 22,659                    | 11,882           | 12,247               | 22,294                 |
| 0099-Health Statistics Special Fund   | 5,302                     | 26,129           | 25,315               | 6,116                     | 24,910           | 26,493               | 4,533                     | 24,910           | 26,950               | 2,493                  |
| 0100-California Used Oil Recycling Fund                                       | 27,041                    | 18,308           | 25,955               | 19,394                    | 24,315           | 29,000               | 14,709                    | 24,315           | 28,010               | 11,014                 |
| 0102-State Fire Marshal Licensing and Certification Fund                      | 2,727                     | 2,293            | 2,637                | 2,383                     | 2,322            | 4,076                | 629                       | 4,550            | 4,184                | 995                    |

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

| Fund  | Beginning Reserve 2015-16 | Revenues 2015-16 | Expenditures 2015-16 | Beginning Reserve 2016-17 | Revenues 2016-17 | Expenditures 2016-17 | Beginning Reserve 2017-18 | Revenues 2017-18 | Expenditures 2017-18 | Ending Reserve 2017-18 |
|---|---------------------------|------------------|----------------------|---------------------------|------------------|----------------------|---------------------------|------------------|----------------------|------------------------|
| 0104-San Joaquin River Conservancy Fund   | 1,734                     | 298              | 111                  | 1,921                     | 124              | 121                  | 1,924                     | 65               | 138                  | 1,851                  |
| 0106-Department of Pesticide Regulation Fund                                      | 15,780                    | 94,494           | 92,221               | 18,053                    | 95,594           | 102,597              | 11,050                    | 97,119           | 100,612              | 7,557                  |
| 0108-Acupuncture Fund   | 1,936                     | 2,613            | 3,210                | 1,339                     | 6,804            | 3,875                | 4,268                     | 2,763            | 3,482                | 3,549                  |
| 0111-Department of Agriculture Account, Department of Food and Agriculture Fund   | 92,204                    | 142,392          | 136,153              | 98,443                    | 137,538          | 152,646              | 83,335                    | 141,253          | 151,053              | 73,535                 |
| 0113-Missing Children Reward Fund   | 3                         | -3               | --                   | --                        | --               | --                   | --                        | --               | --                   | --                     |
| 0115-Air Pollution Control Fund   | 103,407                   | 143,135          | 115,102              | 131,440                   | 133,791          | 138,107              | 127,124                   | 133,791          | 127,842              | 133,073                |
| 0116-Wine Safety Fund   | --                        | --               | --                   | --                        | --               | --                   | --                        | --               | --                   | --                     |
| 0117-Alcoholic Beverage Control Appeals Fund                                      | 3,229                     | 1,330            | 871                  | 3,688                     | 1,291            | 1,091                | 3,888                     | 1,304            | 1,220                | 3,972                  |
| 0120-California Mexican American Veterans Memorial Beautification and Enhancement | 183                       | 39               | 222                  | --                        | --               | --                   | --                        | --               | --                   | --                     |
| 0121-Hospital Building Fund   | 42,725                    | 128,171          | 53,402               | 117,494                   | 88,090           | 62,719               | 142,865                   | 70,090           | 64,388               | 148,567                |
| 0122-Emergency Food Assistance Program Fund                                       | 357                       | 504              | 498                  | 363                       | 518              | 503                  | 378                       | 532              | 517                  | 393                    |
| 0124-California Agricultural Export Promotion Account                             | 45                        | --               | 2                    | 43                        | 10               | 10                   | 43                        | 10               | 10                   | 43                     |
| 0125-Assembly Operating Fund  | 144                       | --               | --                   | 144                       | --               | --                   | 144                       | --               | --                   | 144                    |
| 0126-State Audit Fund   | 8,544                     | --               | -1,512               | 10,056                    | --               | --                   | 10,056                    | 400              | --                   | 10,456                 |
| 0129-Water Device Certification Special Account                                   | 1,002                     | 217              | 128                  | 1,091                     | 192              | 404                  | 879                       | 192              | 421                  | 650                    |
| 0131-Foster Family Home and Small Family Home Insurance Fund                      | 1,071                     | --               | 2                    | 1,069                     | --               | --                   | 1,069                     | --               | --                   | 1,069                  |
| 0132-Workers Compensation Managed Care Fund                                       | 589                       | 10               | 6                    | 593                       | 7                | 78                   | 522                       | 7                | 78                   | 451                    |
| 0133-California Beverage Container Recycling Fund                                 | 301,183                   | 1,170,186        | 1,229,921            | 241,448                   | 1,180,419        | 1,228,391            | 193,476                   | 1,196,000        | 1,219,966            | 169,510                |
| 0139-Driving Under-the-Influence Program Licensing Trust Fund                     | 618                       | 1,931            | 1,351                | 1,198                     | 1,274            | 1,802                | 670                       | 1,279            | 1,910                | 39                     |
| 0140-California Environmental License Plate Fund                                  | -531                      | 41,503           | 35,294               | 5,678                     | 39,723           | 37,815               | 7,586                     | 46,396           | 43,180               | 10,802                 |
| 0141-Soil Conservation Fund   | 4,412                     | 2,873            | 2,170                | 5,115                     | 3,280            | 3,280                | 5,115                     | 3,280            | 5,459                | 2,936                  |
| 0142-Department of Justice Sexual Habitual Offender Fund                          | 2,039                     | 2,367            | 2,054                | 2,352                     | 2,317            | 2,613                | 2,056                     | 2,317            | 2,627                | 1,746                  |
| 0143-California Health Data and Planning Fund                                     | 11,825                    | 42,988           | 31,484               | 23,329                    | 30,106           | 37,052               | 16,383                    | 30,700           | 31,788               | 15,295                 |
| 0144-California Water Fund  | --                        | --               | --                   | --                        | --               | --                   | --                        | 1,100            | --                   | 1,100                  |
| 0152-State Board of Chiropractic Examiners Fund                                   | 3,438                     | 2,210            | 3,369                | 2,279                     | 3,456            | 4,140                | 1,595                     | 3,362            | 4,328                | 629                    |
| 0156-California Heritage Fund   | 53                        | --               | --                   | 53                        | --               | --                   | 53                        | --               | --                   | 53                     |
| 0158-Travel Seller Fund   | 1,980                     | 736              | 733                  | 1,983                     | 709              | 1,459                | 1,233                     | 709              | 1,462                | 480                    |

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

| Fund   | Beginning Reserve 2015-16 | Revenues 2015-16 | Expenditures 2015-16 | Beginning Reserve 2016-17 | Revenues 2016-17 | Expenditures 2016-17 | Beginning Reserve 2017-18 | Revenues 2017-18 | Expenditures 2017-18 | Ending Reserve 2017-18 |
|--|---------------------------|------------------|----------------------|---------------------------|------------------|----------------------|---------------------------|------------------|----------------------|------------------------|
| 0159-State Trial Court Improvement and Modernization Fund                        | 10,008                    | 19,478           | 22,530               | 6,956                     | 13,284           | 15,842               | 4,398                     | 16,585           | 20,483               | 500                    |
| 0160-Operating Funds of the Assembly and Senate                                  | 27                        | --               | --                   | 27                        | --               | --                   | 27                        | --               | --                   | 27                     |
| 0163-Continuing Care Provider Fee Fund   | 2,216                     | 1,420            | 1,284                | 2,352                     | 1,451            | 1,406                | 2,397                     | 1,766            | 1,405                | 2,758                  |
| 0166-Certification Account, Consumer Affairs Fund                                | 1,129                     | 1,218            | 1,187                | 1,160                     | 1,241            | 1,263                | 1,138                     | 1,241            | 1,286                | 1,093                  |
| 0168-Structural Pest Control Research Fund                                       | 588                       | 150              | --                   | 738                       | 150              | 3                    | 885                       | 150              | 3                    | 1,032                  |
| 0169-California Debt Limit Allocation Committee Fund                             | 2,633                     | 4,182            | 1,348                | 5,467                     | 1,831            | 1,571                | 5,727                     | 1,672            | 1,653                | 5,746                  |
| 0170-Corrections Training Fund   | 3,934                     | 18,550           | 21,374               | 1,110                     | 17,418           | 18,252               | 276                       | --               | 276                  | --                     |
| 0171-California Debt and Investment Advisory Commission Fund                     | 3,419                     | 5,007            | 3,172                | 5,254                     | 2,974            | 3,351                | 4,877                     | 3,291            | 3,719                | 4,449                  |
| 0172-Developmental Disabilities Program Development Fund                         | 1,910                     | 2,368            | 2,548                | 1,730                     | 4,649            | 2,870                | 3,509                     | 4,877            | 2,850                | 5,536                  |
| 0175-Dispensing Opticians Fund   | 172                       | 190              | 204                  | 158                       | 158              | 314                  | 2                         | 462              | 400                  | 64                     |
| 0177-Food Safety Fund  | 12,734                    | 8,707            | 9,668                | 11,773                    | 8,754            | 10,504               | 10,023                    | 8,754            | 10,609               | 8,168                  |
| 0178-Driver Training Penalty Assessment Fund                                     | 1,172                     | 807              | 1,522                | 457                       | 1,364            | 1,773                | 48                        | --               | --                   | 48                     |
| 0179-Environmental Laboratory Improvement Fund                                   | 225                       | 2,186            | 2,258                | 153                       | 3,412            | 3,306                | 259                       | 3,412            | 3,671                | --                     |
| 0180-Northern California Veterans Cemetery Master Development Fund               | 123                       | --               | --                   | 123                       | --               | --                   | 123                       | --               | --                   | 123                    |
| 0181-Registered Nurse Education Fund   | 2,546                     | 1,913            | 2,085                | 2,374                     | 2,069            | 2,191                | 2,252                     | 2,069            | 2,195                | 2,126                  |
| 0183-Environmental Enhancement and Mitigation Program Fund                       | 37,212                    | 7,235            | 12,941               | 31,506                    | 7,814            | 14,930               | 24,390                    | 7,814            | 7,030                | 25,174                 |
| 0184-Employment Development Department Benefit Audit Fund                        | 27,832                    | 25,166           | 40,525               | 12,473                    | 24,013           | 22,872               | 13,614                    | 23,503           | 28,083               | 9,034                  |
| 0185-Employment Development Department Contingent Fund                           | 45,016                    | 126,122          | 140,186              | 30,952                    | 137,163          | 150,796              | 17,319                    | 137,968          | 147,010              | 8,277                  |
| 0186-Energy Resources Surcharge Fund   | --                        | --               | --                   | --                        | --               | --                   | --                        | --               | --                   | --                     |
| 0191-Fair and Exposition Fund  | 5,607                     | 543              | 988                  | 5,162                     | 300              | 1,761                | 3,701                     | 300              | 1,719                | 2,282                  |
| 0193-Waste Discharge Permit Fund   | 22,343                    | 118,495          | 120,867              | 19,971                    | 126,507          | 134,152              | 12,326                    | 132,353          | 133,212              | 11,467                 |
| 0194-Emergency Medical Services Training Program Approval Fund                   | 6                         | 222              | 209                  | 19                        | 222              | 205                  | 36                        | 222              | 216                  | 42                     |
| 0198-California Fire and Arson Training Fund                                     | 1,287                     | 2,470            | 3,090                | 667                       | 3,103            | 3,461                | 309                       | 3,170            | 3,462                | 17                     |
| 0200-Fish and Game Preservation Fund   | 90,693                    | 94,728           | 124,424              | 60,997                    | 101,077          | 125,206              | 36,868                    | 124,099          | 130,325              | 30,642                 |
| 0203-Genetic Disease Testing Fund  | 15,999                    | 119,913          | 114,995              | 20,917                    | 131,611          | 134,071              | 18,457                    | 132,438          | 138,403              | 12,492                 |
| 0205-Geology and Geophysics Account, Professional Engineers and Land Surveyors F | 1,188                     | 1,083            | 1,139                | 1,132                     | -672             | --                   | 460                       | --               | --                   | 460                    |
| 0207-Fish and Wildlife Pollution Account   | 51                        | 838              | 391                  | 498                       | 269              | 340                  | 427                       | 176              | 321                  | 282                    |

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

| Fund   | Beginning Reserve 2015-16 | Revenues 2015-16 | Expenditures 2015-16 | Beginning Reserve 2016-17 | Revenues 2016-17 | Expenditures 2016-17 | Beginning Reserve 2017-18 | Revenues 2017-18 | Expenditures 2017-18 | Ending Reserve 2017-18 |
|--|---------------------------|------------------|----------------------|---------------------------|------------------|----------------------|---------------------------|------------------|----------------------|------------------------|
| 0209-California Hazardous Liquid Pipeline Safety Fund                            | 10,045                    | 2,620            | 3,013                | 9,652                     | 3,433            | 5,066                | 8,019                     | 3,433            | 4,681                | 6,771                  |
| 0210-Outpatient Setting Fund of the Medical Board of California                  | 334                       | 1                | 1                    | 334                       | 100              | 27                   | 407                       | --               | 28                   | 379                    |
| 0211-California Waterfowl Habitat Preservation Account, Fish and Game Preservati | 2,306                     | 10               | 31                   | 2,285                     | 5                | 220                  | 2,070                     | 5                | 222                  | 1,853                  |
| 0212-Marine Invasive Species Control Fund  | 4,471                     | 4,462            | 4,687                | 4,246                     | 4,500            | 6,160                | 2,586                     | 4,300            | 6,136                | 750                    |
| 0213-Native Species Conservation and Enhancement Account, Fish and Game Preserva | 562                       | 82               | --                   | 644                       | 71               | 270                  | 445                       | 71               | 189                  | 327                    |
| 0214-Restitution Fund  | 85,756                    | 96,437           | 122,092              | 60,101                    | 92,463           | 117,794              | 34,770                    | 70,687           | 98,356               | 7,101                  |
| 0215-Industrial Development Fund   | 122                       | 13               | 89                   | 46                        | 60               | 40                   | 66                        | 60               | 40                   | 86                     |
| 0217-Insurance Fund  | 16,398                    | 265,978          | 250,338              | 32,038                    | 269,348          | 269,120              | 32,266                    | 280,600          | 277,245              | 35,621                 |
| 0219-Lifetime License Trust Account, Fish and Game Preservation Fund             | 10,127                    | 567              | --                   | 10,694                    | 910              | --                   | 11,604                    | -11,604          | --                   | --                     |
| 0223-Workers Compensation Administration Revolving Fund                          | 352,415                   | 240,413          | 232,149              | 360,679                   | 180,959          | 320,062              | 221,576                   | 324,605          | 323,875              | 222,306                |
| 0225-Environmental Protection Trust Fund   | --                        | --               | --                   | --                        | --               | --                   | --                        | --               | --                   | --                     |
| 0226-California Tire Recycling Management Fund                                   | 66,156                    | 67,363           | 44,373               | 89,146                    | 35,208           | 47,803               | 76,551                    | 35,118           | 46,131               | 65,538                 |
| 0228-Secretary of States Business Fees Fund                                      | 3,440                     | 48,031           | 50,470               | 1,001                     | 51,595           | 51,596               | 1,000                     | 51,712           | 51,712               | 1,000                  |
| 0230-Cigarette and Tobacco Products Surtax Fund                                  | 1,046                     | 8,519            | 9,562                | 3                         | 8,140            | 8,140                | 3                         | 8,165            | 8,159                | 9                      |
| 0231-Health Education Account, Cigarette and Tobacco Products Surtax Fund        | 15,369                    | 63,857           | 61,344               | 17,882                    | 60,389           | 70,339               | 7,932                     | 55,136           | 59,460               | 3,608                  |
| 0232-Hospital Services Account, Cigarette and Tobacco Products Surtax Fund       | 22,708                    | 93,906           | 54,647               | 61,967                    | 88,588           | 112,172              | 38,383                    | 79,591           | 112,075              | 5,899                  |
| 0233-Physician Services Account, Cigarette and Tobacco Products Surtax Fund      | 7,075                     | 21,808           | 5,874                | 23,009                    | 25,303           | 28,463               | 19,849                    | 22,733           | 36,802               | 5,780                  |
| 0234-Research Account, Cigarette and Tobacco Products Surtax Fund                | 3,206                     | 15,972           | 14,229               | 4,949                     | 15,074           | 18,413               | 1,610                     | 13,788           | 14,517               | 881                    |
| 0235-Public Resources Account, Cigarette and Tobacco Products Surtax Fund        | 2,412                     | 10,334           | 9,306                | 3,440                     | 7,547            | 9,487                | 1,500                     | 6,261            | 7,311                | 450                    |
| 0236-Unallocated Account, Cigarette and Tobacco Products Surtax Fund             | 29,411                    | 55,379           | 35,697               | 49,093                    | 56,948           | 77,775               | 28,266                    | 51,164           | 75,455               | 3,975                  |
| 0238-Northern California Veterans Cemetery Perpetual Maintenance Fund            | 269                       | 78               | 38                   | 309                       | 81               | 69                   | 321                       | 81               | 72                   | 330                    |
| 0239-Private Security Services Fund  | 7,134                     | 19,808           | 12,192               | 14,750                    | 10,992           | 16,021               | 9,721                     | 11,306           | 15,343               | 5,684                  |
| 0240-Local Agency Deposit Security Fund  | 208                       | 386              | 406                  | 188                       | 497              | 542                  | 143                       | 497              | 542                  | 98                     |
| 0241-Local Public Prosecutors and Public Defenders Training Fund                 | 1,129                     | 855              | 854                  | 1,130                     | 853              | 884                  | 1,099                     | --               | 7                    | 1,092                  |

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

| Fund   | Beginning Reserve 2015-16 | Revenues 2015-16 | Expenditures 2015-16 | Beginning Reserve 2016-17 | Revenues 2016-17 | Expenditures 2016-17 | Beginning Reserve 2017-18 | Revenues 2017-18 | Expenditures 2017-18 | Ending Reserve 2017-18 |
|--|---------------------------|------------------|----------------------|---------------------------|------------------|----------------------|---------------------------|------------------|----------------------|------------------------|
| 0242-Court Collection Account  | 1,082                     | 102,794          | 102,878              | 998                       | 102,601          | 98,404               | 5,195                     | 106,449          | 102,673              | 8,971                  |
| 0243-Narcotic Treatment Program Licensing Trust Fund                               | 1,987                     | 1,866            | 1,537                | 2,316                     | 1,922            | 1,579                | 2,659                     | 1,935            | 1,829                | 2,765                  |
| 0244-Environmental Water Fund  | --                        | --               | --                   | --                        | --               | --                   | --                        | 2,400            | --                   | 2,400                  |
| 0245-Mobilehome Parks and Special Occupancy Parks Revolving Fund                   | 3,141                     | 8,346            | 7,725                | 3,762                     | 8,172            | 9,325                | 2,609                     | 7,388            | 9,079                | 918                    |
| 0247-Drinking Water Operator Certification Special Account                         | 3,801                     | 1,637            | 1,649                | 3,789                     | 1,709            | 1,755                | 3,743                     | 1,759            | 1,834                | 3,668                  |
| 0256-Sexual Predator Public Information Account                                    | 289                       | 122              | 79                   | 332                       | 101              | 184                  | 249                       | 101              | 185                  | 165                    |
| 0257-Earthquake Emergency Investigations Account, Disaster Assistance Fund         | 35                        | --               | --                   | 35                        | --               | --                   | 35                        | --               | --                   | 35                     |
| 0260-Nursing Home Administrators State License Examining Fund                      | 799                       | --               | --                   | 799                       | --               | --                   | 799                       | --               | --                   | 799                    |
| 0261-Off Highway License Fee Fund  | 3                         | 2,042            | 2,045                | --                        | 2,400            | 2,400                | --                        | 2,400            | 2,400                | --                     |
| 0262-Habitat Conservation Fund   | 14,569                    | 9,785            | -716                 | 25,070                    | 11,441           | 29,303               | 7,208                     | 10,799           | 9,814                | 8,193                  |
| 0263-Off-Highway Vehicle Trust Fund  | 93,492                    | 90,039           | 90,852               | 92,679                    | 159,756          | 107,493              | 144,942                   | 78,705           | 109,003              | 114,644                |
| 0264-Osteopathic Medical Board of California Contingent Fund                       | 3,088                     | 1,807            | 1,838                | 3,057                     | 2,015            | 2,307                | 2,765                     | 2,086            | 2,394                | 2,457                  |
| 0266-Inland Wetlands Conservation Fund, Wildlife Restoration Fund                  | 1,130                     | 5                | --                   | 1,135                     | 5                | --                   | 1,140                     | 5                | --                   | 1,145                  |
| 0267-Exposition Park Improvement Fund  | 4,432                     | 9,472            | 9,030                | 4,874                     | 11,478           | 10,800               | 5,552                     | 11,646           | 11,154               | 6,044                  |
| 0268-Peace Officers Training Fund  | 14,902                    | 41,311           | 47,333               | 8,880                     | 32,529           | 40,090               | 1,319                     | --               | 1,319                | --                     |
| 0269-Glass Processing Fee Account, California Beverage Container Recycling Fund    | 10,152                    | 58,601           | 61,162               | 7,591                     | 71,179           | 65,595               | 13,175                    | 71,472           | 65,781               | 18,866                 |
| 0270-Technical Assistance Fund   | 7,995                     | 24,398           | 22,747               | 9,646                     | 24,462           | 22,977               | 11,131                    | 24,393           | 26,191               | 9,333                  |
| 0271-Certification Fund  | 3,804                     | 1,613            | 2,160                | 3,257                     | 1,600            | 2,249                | 2,608                     | 1,700            | 2,243                | 2,065                  |
| 0272-Infant Botulism Treatment and Prevention Fund                                 | 10,186                    | 6,883            | 7,341                | 9,728                     | 5,479            | 6,621                | 8,586                     | 5,479            | 6,637                | 7,428                  |
| 0275-Hazardous and Idle-Deserted Well Abatement Fund                               | 870                       | 294              | 378                  | 786                       | 351              | 217                  | 920                       | 351              | 221                  | 1,050                  |
| 0276-Penalty Account, California Beverage Container Recycling Fund                 | 5,655                     | 1,732            | 755                  | 6,632                     | 230              | 809                  | 6,053                     | 230              | 81                   | 6,202                  |
| 0277-Bi-metal Processing Fee Account, California Beverage Container Recycling Fund | 17,523                    | 1,539            | 96                   | 18,966                    | 1,044            | 451                  | 19,559                    | 1,044            | 451                  | 20,152                 |
| 0278-PET Processing Fee Account, California Beverage Container Recycling Fund      | 2,377                     | 48,933           | 40,677               | 10,633                    | 48,196           | 45,987               | 12,842                    | 50,023           | 45,983               | 16,882                 |
| 0279-Child Health and Safety Fund  | 6,522                     | 4,426            | 5,174                | 5,774                     | 4,523            | 5,856                | 4,441                     | 4,457            | 5,696                | 3,202                  |
| 0280-Physician Assistant Fund  | 1,739                     | 1,668            | 1,654                | 1,753                     | 1,678            | 1,678                | 1,753                     | 1,776            | 1,736                | 1,793                  |

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

| Fund   | Beginning Reserve 2015-16 | Revenues 2015-16 | Expenditures 2015-16 | Beginning Reserve 2016-17 | Revenues 2016-17 | Expenditures 2016-17 | Beginning Reserve 2017-18 | Revenues 2017-18 | Expenditures 2017-18 | Ending Reserve 2017-18 |
|--|---------------------------|------------------|----------------------|---------------------------|------------------|----------------------|---------------------------|------------------|----------------------|------------------------|
| 0281-Recycling Market Development  | 16,218                    | 1,000            | 5,599                | 11,619                    | 957              | 7,545                | 5,031                     | 1,240            | 2,103                | 4,168                  |
| Revolving Loan Subaccount, Integrated Waste Ma                                   |                           |                  |                      |                           |                  |                      |                           |                  |                      |                        |
| 0286-Lake Tahoe Conservancy Account  | 4,099                     | 991              | 1,847                | 3,243                     | 997              | 1,342                | 2,898                     | 997              | 1,455                | 2,440                  |
| 0288-The Registry of International Student Exchange Visitor Placement Organizati | 97                        | 11               | --                   | 108                       | 11               | --                   | 119                       | 11               | --                   | 130                    |
| 0289-State HICAP Fund  | 3,095                     | 3,647            | 2,496                | 4,246                     | 3,659            | 2,506                | 5,399                     | 3,659            | 2,515                | 6,543                  |
| 0290-Board of Pilot Commissioners Special Fund                                   | 4,529                     | 1,209            | 2,310                | 3,428                     | 2,032            | 2,568                | 2,892                     | 2,207            | 2,442                | 2,657                  |
| 0293-Motor Carriers Safety Improvement Fund                                      | 1,749                     | 1,797            | 2,398                | 1,148                     | 1,829            | 2,237                | 740                       | 1,829            | 2,241                | 328                    |
| 0294-Removal and Remedial Action Account   | 5,156                     | 3,200            | 3,351                | 5,005                     | 3,400            | 3,318                | 5,087                     | 3,400            | 3,353                | 5,134                  |
| 0295-Board of Podiatric Medicine Fund  | 1,009                     | 989              | 1,003                | 995                       | 919              | 1,315                | 599                       | 987              | 1,563                | 23                     |
| 0296-Coachella Valley Mountains Conservancy Fund                                 | 5                         | --               | 2                    | 3                         | --               | 1                    | 2                         | --               | --                   | 2                      |
| 0298-Financial Institutions Fund   | 10,890                    | 68,493           | 27,140               | 52,243                    | 26,440           | 29,533               | 49,150                    | 26,440           | 30,789               | 44,801                 |
| 0299-Credit Union Fund   | 4,648                     | 7,758            | 8,343                | 4,063                     | 8,833            | 10,249               | 2,647                     | 8,833            | 10,249               | 1,231                  |
| 0300-Professional Forester Registration Fund                                     | 365                       | 26               | 156                  | 235                       | 123              | 226                  | 132                       | 123              | 221                  | 34                     |
| 0305-Private Postsecondary Education Administration Fund                         | 9,517                     | 10,034           | 12,667               | 6,884                     | 14,920           | 16,180               | 5,624                     | 16,258           | 17,873               | 4,009                  |
| 0306-Safe Drinking Water Account   | 6,780                     | 16,146           | 16,067               | 6,859                     | 23,800           | 24,816               | 5,843                     | 24,985           | 25,108               | 5,720                  |
| 0308-Earthquake Risk Reduction Fund of 1996                                      | 341                       | --               | 252                  | 89                        | --               | 89                   | --                        | --               | --                   | --                     |
| 0309-Perinatal Insurance Fund  | 50,191                    | 12,887           | 16,186               | 46,892                    | 2,542            | 18,091               | 31,343                    | 2,542            | 13,153               | 20,732                 |
| 0310-Psychology Fund   | 5,237                     | 4,150            | 4,666                | 4,721                     | 3,941            | 4,996                | 3,666                     | 3,941            | 5,275                | 2,332                  |
| 0311-Traumatic Brain Injury Fund   | 501                       | 718              | 841                  | 378                       | 998              | 1,062                | 314                       | 800              | 1,114                | --                     |
| 0312-Emergency Medical Services Personnel Fund                                   | 2,440                     | 2,462            | 2,412                | 2,490                     | 2,561            | 2,317                | 2,734                     | 2,561            | 2,973                | 2,322                  |
| 0313-Major Risk Medical Insurance Fund   | 76,309                    | 8,541            | 9,029                | 75,821                    | 3,404            | 10,267               | 68,958                    | -68,866          | 92                   | --                     |
| 0314-Diesel Emission Reduction Fund  | 3,957                     | 94               | --                   | 4,051                     | 85               | --                   | 4,136                     | 85               | --                   | 4,221                  |
| 0317-Real Estate Fund  | 44,106                    | 51,527           | 51,285               | 44,348                    | 51,786           | 55,277               | 40,857                    | 53,600           | 55,066               | 39,391                 |
| 0318-Collins-Dugan Calif Conservation Corps Reimbursement Acct                   | 20,884                    | 33,393           | 37,581               | 16,696                    | 36,974           | 39,243               | 14,427                    | 39,308           | 42,325               | 11,410                 |
| 0319-Respiratory Care Fund   | 2,496                     | 2,711            | 3,405                | 1,802                     | 2,725            | 3,408                | 1,119                     | 2,762            | 3,853                | 28                     |
| 0320-Oil Spill Prevention and Administration Fund                                | 22,673                    | 52,074           | 43,601               | 31,146                    | 52,610           | 55,583               | 28,173                    | 50,796           | 54,341               | 24,628                 |
| 0321-Oil Spill Response Trust Fund   | 7,513                     | 4,754            | 3,580                | 8,687                     | 2,104            | 87                   | 10,704                    | 539              | 322                  | 10,921                 |
| 0322-Environmental Enhancement Fund  | 1,321                     | 9                | 414                  | 916                       | 177              | 537                  | 556                       | 112              | 668                  | --                     |
| 0325-Electronic and Appliance Repair Fund  | 2,056                     | 2,554            | 2,175                | 2,435                     | 2,478            | 3,135                | 1,778                     | 2,498            | 2,772                | 1,504                  |
| 0326-Athletic Commission Fund  | 593                       | 1,919            | 1,466                | 1,046                     | 1,986            | 1,677                | 1,355                     | 1,986            | 1,748                | 1,593                  |
| 0327-Court Interpreters Fund   | 562                       | 236              | 162                  | 636                       | 220              | 164                  | 692                       | 219              | 655                  | 256                    |

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

| Fund   | Beginning Reserve 2015-16 | Revenues 2015-16 | Expenditures 2015-16 | Beginning Reserve 2016-17 | Revenues 2016-17 | Expenditures 2016-17 | Beginning Reserve 2017-18 | Revenues 2017-18 | Expenditures 2017-18 | Ending Reserve 2017-18 |
|--|---------------------------|------------------|----------------------|---------------------------|------------------|----------------------|---------------------------|------------------|----------------------|------------------------|
| 0328-Public School Planning, Design, and Construction Review Revolving Fund      | 19,682                    | 38,211           | 48,390               | 9,503                     | 45,699           | 54,080               | 1,122                     | 56,235           | 55,969               | 1,388                  |
| 0329-Vehicle License Collection Account, Local Revenue Fund                      | --                        | 14,000           | 14,000               | --                        | 14,000           | 14,000               | --                        | 14,000           | 14,000               | --                     |
| 0330-Local Revenue Fund  | --                        | 802              | 802                  | --                        | 802              | 802                  | --                        | 819              | 819                  | --                     |
| 0331-Sales Tax Account, Local Revenue Fund                                       | --                        | --               | --                   | --                        | --               | --                   | --                        | --               | --                   | --                     |
| 0332-Vehicle License Fee Account, Local Revenue Fund                             | --                        | --               | --                   | --                        | --               | --                   | --                        | --               | --                   | --                     |
| 0333-Sales Tax Growth Account, Local Revenue Fund                                | --                        | --               | --                   | --                        | --               | --                   | --                        | --               | --                   | --                     |
| 0334-Vehicle License Fee Growth Account  | --                        | --               | --                   | --                        | --               | --                   | --                        | --               | --                   | --                     |
| 0335-Registered Environmental Health Specialist Fund                             | 471                       | 298              | 394                  | 375                       | 303              | 411                  | 267                       | 303              | 418                  | 152                    |
| 0336-Mine Reclamation Account  | 1,588                     | 3,581            | 3,852                | 1,317                     | 3,693            | 3,984                | 1,026                     | 4,041            | 4,004                | 1,063                  |
| 0338-Strong-Motion Instrumentation and Seismic Hazards Mapping Fund              | 7,997                     | 11,610           | 9,900                | 9,707                     | 12,016           | 11,962               | 9,761                     | 12,016           | 12,241               | 9,536                  |
| 0342-State School Fund   | 2,658                     | 31,734           | 31,745               | 2,647                     | 31,734           | 31,734               | 2,647                     | 31,734           | 31,734               | 2,647                  |
| 0347-School Land Bank Fund   | 2,362                     | 817              | 561                  | 2,618                     | 59,015           | 1,177                | 60,456                    | 15               | 1,219                | 59,252                 |
| 0348-Senate Operating Fund   | 12                        | --               | --                   | 12                        | --               | --                   | 12                        | --               | --                   | 12                     |
| 0349-Educational Telecommunication Fund  | 1,324                     | --               | --                   | 1,324                     | --               | --                   | 1,324                     | --               | --                   | 1,324                  |
| 0351-Mental Health Subaccount, Sales Tax Account                                 | --                        | 1,161,214        | 1,161,214            | --                        | 1,161,831        | 1,161,831            | --                        | 1,168,337        | 1,168,337            | --                     |
| 0352-Social Services Subaccount, Sales Tax Account                               | --                        | 1,856,413        | 1,856,413            | --                        | 1,913,801        | 1,913,801            | --                        | 1,981,545        | 1,981,545            | --                     |
| 0353-Health Subaccount, Sales Tax Account  | --                        | --               | --                   | --                        | --               | --                   | --                        | --               | --                   | --                     |
| 0354-Caseload Subaccount, Sales Tax Growth Account                               | --                        | 57,388           | 57,388               | --                        | 67,743           | 67,743               | --                        | 72,100           | 72,100               | --                     |
| 0361-General Growth Subaccount, Sales Tax Growth Account                         | --                        | --               | --                   | --                        | 6,672            | 6,672                | --                        | 37,554           | 37,554               | --                     |
| 0365-Historic Property Maintenance Fund  | 1,380                     | 738              | 1,021                | 1,097                     | 741              | 1,137                | 701                       | 739              | 1,137                | 303                    |
| 0367-Indian Gaming Special Distribution Fund                                     | 17,533                    | 30,554           | 30,588               | 17,499                    | 21,054           | 32,688               | 5,865                     | 31,054           | 32,709               | 4,210                  |
| 0368-Asbestos Consultant Certification Account, Asbestos Training and Consultant | 1,379                     | 585              | 371                  | 1,593                     | -1,593           | --                   | --                        | --               | --                   | --                     |
| 0369-Asbestos Training Approval Account, Asbestos Training and Consultant Certif | 730                       | 177              | 143                  | 764                       | -764             | --                   | --                        | --               | --                   | --                     |
| 0371-California Beach and Coastal Enhancement Account, California Environmental  | 1,374                     | 1,491            | 1,946                | 919                       | 1,442            | 2,037                | 324                       | 1,442            | 1,434                | 332                    |
| 0375-Disaster Response-Emergency Operations Account, Special Fund for Economic U | 23                        | --               | --                   | 23                        | --               | --                   | 23                        | --               | --                   | 23                     |

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

| Fund  | Beginning Reserve 2015-16 | Revenues 2015-16 | Expenditures 2015-16 | Beginning Reserve 2016-17 | Revenues 2016-17 | Expenditures 2016-17 | Beginning Reserve 2017-18 | Revenues 2017-18 | Expenditures 2017-18 | Ending Reserve 2017-18 |
|---|---------------------------|------------------|----------------------|---------------------------|------------------|----------------------|---------------------------|------------------|----------------------|------------------------|
| 0376-Speech-Language Pathology and Audiology and Hearing Aid Dispensers Fund    | 1,547                     | 2,416            | 2,103                | 1,860                     | 1,917            | 2,029                | 1,748                     | 1,910            | 2,068                | 1,590                  |
| 0378-False Claims Act Fund  | 1,236                     | 12,076           | 12,200               | 1,112                     | 15,011           | 15,416               | 707                       | 27,711           | 15,226               | 13,192                 |
| 0381-Public Interest Research, Development, and Demonstration Fund              | 24,719                    | -9,856           | 1,328                | 13,535                    | 80               | 1,740                | 11,875                    | 80               | 735                  | 11,220                 |
| 0382-Renewable Resource Trust Fund  | 85,227                    | 721              | 26,122               | 59,826                    | 21,025           | 49,430               | 31,421                    | 97,183           | 100,138              | 28,466                 |
| 0384-The Salmon and Steelhead Trout Restoration Account                         | 145                       | --               | --                   | 145                       | --               | --                   | 145                       | --               | 140                  | 5                      |
| 0386-Solid Waste Disposal Site Cleanup Trust Fund                               | 3,124                     | 5,106            | 2,298                | 5,932                     | 5,047            | 5,759                | 5,220                     | 847              | 5,777                | 290                    |
| 0387-Integrated Waste Management Account, Integrated Waste Management Fund      | 25,684                    | 43,419           | 41,030               | 28,073                    | 43,106           | 49,262               | 21,917                    | 47,303           | 53,013               | 16,207                 |
| 0392-State Parks and Recreation Fund  | 61,777                    | 156,009          | 176,333              | 41,453                    | 174,250          | 186,371              | 29,332                    | 156,133          | 180,913              | 4,552                  |
| 0396-Self-Insurance Plans Fund  | 4,188                     | 2,268            | 3,183                | 3,273                     | 2,440            | 4,035                | 1,678                     | 3,695            | 4,136                | 1,237                  |
| 0399-Structural Pest Control Education and Enforcement Fund                     | 674                       | 477              | 406                  | 745                       | 417              | 396                  | 766                       | 417              | 403                  | 780                    |
| 0400-Real Estate Appraisers Regulation Fund                                     | 7,732                     | 6,212            | 5,311                | 8,633                     | 5,692            | 6,023                | 8,302                     | 2,645            | 5,928                | 5,019                  |
| 0407-Teacher Credentials Fund   | 2,003                     | 24,338           | 18,583               | 7,758                     | 24,484           | 24,888               | 7,354                     | 24,484           | 22,759               | 9,079                  |
| 0408-Test Development and Administration Account, Teacher Credentials Fund      | 2,981                     | 4,925            | 4,673                | 3,233                     | 4,931            | 4,511                | 3,653                     | 4,931            | 4,533                | 4,051                  |
| 0410-Transcript Reimbursement Fund  | 124                       | 1                | 20                   | 105                       | 101              | 100                  | 106                       | 1                | 86                   | 21                     |
| 0412-Transportation Rate Fund   | 259                       | 2,454            | 2,422                | 291                       | 2,456            | 2,520                | 227                       | 2,456            | 2,467                | 216                    |
| 0421-Vehicle Inspection and Repair Fund   | 38,709                    | 175,554          | 118,256              | 96,007                    | 136,796          | 133,662              | 99,141                    | 127,607          | 133,226              | 93,522                 |
| 0425-Victim - Witness Assistance Fund   | 6,300                     | 13,807           | 18,655               | 1,452                     | 12,511           | 13,825               | 138                       | --               | 109                  | 29                     |
| 0429-Local Jurisdiction Energy Assistance Account                               | 1,312                     | -1,047           | --                   | 265                       | 1                | --                   | 266                       | 1                | --                   | 267                    |
| 0434-Air Toxics Inventory and Assessment Account                                | 816                       | 547              | 622                  | 741                       | 601              | 1,014                | 328                       | 601              | 661                  | 268                    |
| 0436-Underground Storage Tank Tester Account                                    | 50                        | 18               | 64                   | 4                         | 23               | 28                   | -1                        | 20               | 19                   | --                     |
| 0437-State Assistance For Fire Equipment Account                                | 1,279                     | 150              | 3                    | 1,426                     | 100              | 100                  | 1,426                     | 100              | 100                  | 1,426                  |
| 0439-Underground Storage Tank Cleanup Fund                                      | 458,770                   | 233,375          | 204,388              | 487,757                   | 323,162          | 300,768              | 510,151                   | 320,912          | 304,609              | 526,454                |
| 0442-California Olympic Training Account  | -2                        | 2                | --                   | --                        | --               | --                   | --                        | --               | --                   | --                     |
| 0447-Wildlife Restoration Fund  | 3,108                     | 3,837            | 2,706                | 4,239                     | 3,957            | 5,684                | 2,512                     | 11,156           | 5,645                | 8,023                  |
| 0448-Occupancy Compliance Monitoring Account, Tax Credit Allocation Fee Account | 22,780                    | 6,820            | 4,617                | 24,983                    | 6,956            | 5,132                | 26,807                    | 7,095            | 5,206                | 28,696                 |
| 0449-Winter Recreation Fund   | 667                       | 228              | 345                  | 550                       | 172              | 399                  | 323                       | 172              | 423                  | 72                     |
| 0452-Elevator Safety Account  | 43,922                    | 19,274           | 23,714               | 39,482                    | 16,200           | 25,795               | 29,887                    | 21,200           | 26,300               | 24,787                 |
| 0453-Pressure Vessel Account  | -127                      | 4,199            | 3,899                | 173                       | 4,550            | 4,333                | 390                       | 5,580            | 5,550                | 420                    |

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

| Fund   | Beginning Reserve 2015-16 | Revenues 2015-16 | Expenditures 2015-16 | Beginning Reserve 2016-17 | Revenues 2016-17 | Expenditures 2016-17 | Beginning Reserve 2017-18 | Revenues 2017-18 | Expenditures 2017-18 | Ending Reserve 2017-18 |
|--|---------------------------|------------------|----------------------|---------------------------|------------------|----------------------|---------------------------|------------------|----------------------|------------------------|
| 0456-Expedited Site Remediation Trust Fund                                       | 2,768                     | 657              | 1,810                | 1,615                     | --               | --                   | 1,615                     | -1,295           | 320                  | --                     |
| 0457-Tax Credit Allocation Fee Account   | 14,862                    | 6,985            | 2,494                | 19,353                    | 20,397           | 3,196                | 36,554                    | 7,251            | 3,198                | 40,607                 |
| 0458-Site Operation and Maintenance Account, Hazardous Substances Account        | 214                       | 201              | 408                  | 7                         | 399              | 404                  | 2                         | 411              | 408                  | 5                      |
| 0459-Telephone Medical Advice Services Fund                                      | 972                       | 286              | 163                  | 1,095                     | 55               | 118                  | 1,032                     | --               | 10                   | 1,022                  |
| 0460-Dealers Record of Sale Special Account                                      | 2,078                     | 26,667           | 28,479               | 266                       | 22,043           | 21,083               | 1,226                     | 25,999           | 23,274               | 3,951                  |
| 0461-Public Utilities Commission Transportation Reimbursement Account            | 12,249                    | 16,528           | 13,892               | 14,885                    | 17,909           | 17,004               | 15,790                    | 18,471           | 16,794               | 17,467                 |
| 0462-Public Utilities Commission Utilities Reimbursement Account                 | 62,792                    | 83,828           | 91,449               | 55,171                    | 94,911           | 130,778              | 19,304                    | 117,141          | 128,432              | 8,013                  |
| 0464-California High-Cost Fund-A Administrative Committee Fund                   | 21,387                    | 43,254           | 34,602               | 30,039                    | 42,098           | 43,076               | 29,061                    | 42,090           | 49,185               | 21,966                 |
| 0465-Energy Resources Programs Account   | 42,742                    | 75,601           | 77,311               | 41,032                    | 75,560           | 97,520               | 19,072                    | 75,560           | 83,679               | 10,953                 |
| 0467-State Notes Expense Account   | 250                       | --               | --                   | 250                       | --               | --                   | 250                       | --               | --                   | 250                    |
| 0470-California High-Cost Fund-B Administrative Committee Fund                   | 106,364                   | -8,206           | 14,644               | 83,514                    | 10,338           | 22,301               | 71,551                    | 2,871            | 22,308               | 52,114                 |
| 0471-Universal Lifeline Telephone Service Trust Administrative Committee Fund    | 9,652                     | 597,071          | 345,701              | 261,022                   | 551,900          | 505,520              | 307,402                   | 524,325          | 634,804              | 196,923                |
| 0475-Underground Storage Tank Fund   | 106                       | --               | --                   | 106                       | --               | --                   | 106                       | --               | --                   | 106                    |
| 0478-Vectorborne Disease Account   | 265                       | 114              | 144                  | 235                       | 120              | 184                  | 171                       | 120              | 186                  | 105                    |
| 0479-Energy Technologies Research, Development and Demonstration Account         | 2,908                     | 3                | --                   | 2,911                     | 1                | --                   | 2,912                     | 1                | --                   | 2,913                  |
| 0481-Garment Manufacturers Special Account                                       | 60                        | 277              | 261                  | 76                        | 424              | 500                  | --                        | 500              | 500                  | --                     |
| 0483-Deaf and Disabled Telecommunications Program Administrative Committee Fund  | 27,080                    | 60,817           | 57,266               | 30,631                    | 55,302           | 68,643               | 17,290                    | 55,227           | 69,100               | 3,417                  |
| 0485-Armory Discretionary Improvement Account                                    | 551                       | 40               | 24                   | 567                       | 82               | 171                  | 478                       | 82               | 170                  | 390                    |
| 0487-Financial Responsibility Penalty Account                                    | 869                       | 102              | --                   | 971                       | -156             | --                   | 815                       | --               | --                   | 815                    |
| 0492-State Athletic Commission Neurological Examination Account                  | 633                       | 9                | 21                   | 621                       | 15               | 61                   | 575                       | 15               | 55                   | 535                    |
| 0493-California Teleconnect Fund Administrative Committee Fund                   | 32,465                    | 130,755          | 97,766               | 65,454                    | 143,323          | 147,591              | 61,186                    | 143,323          | 152,873              | 51,636                 |
| 0494-Other - Unallocated Special Funds   | 58,553                    | --               | -17,447              | 76,000                    | --               | 151,469              | -75,469                   | --               | 702,926              | -778,395               |
| 0496-Developmental Disabilities Services Account                                 | 149                       | --               | --                   | 149                       | 150              | 150                  | 149                       | 150              | 150                  | 149                    |
| 0497-Local Government Geothermal Resources Revolving Subaccount, Geothermal Reso | 4,935                     | 1,192            | 314                  | 5,813                     | 1,210            | 5,225                | 1,798                     | 1,210            | 1,530                | 1,478                  |
| 0557-Toxic Substances Control Account  | 42,818                    | 57,343           | 76,659               | 23,502                    | 78,783           | 85,704               | 16,581                    | 124,010          | 127,374              | 13,217                 |

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

| Fund   | Beginning Reserve 2015-16 | Revenues 2015-16 | Expenditures 2015-16 | Beginning Reserve 2016-17 | Revenues 2016-17 | Expenditures 2016-17 | Beginning Reserve 2017-18 | Revenues 2017-18 | Expenditures 2017-18 | Ending Reserve 2017-18 |
|--|---------------------------|------------------|----------------------|---------------------------|------------------|----------------------|---------------------------|------------------|----------------------|------------------------|
| 0558-Farm and Ranch Solid Waste Cleanup and Abatement Account                    | 1,936                     | 3                | 750                  | 1,189                     | 1,000            | 1,199                | 990                       | 1,000            | 1,172                | 818                    |
| 0566-Department of Justice Child Abuse Fund                                      | 1,742                     | 281              | 367                  | 1,656                     | 251              | 421                  | 1,486                     | 251              | 423                  | 1,314                  |
| 0567-Gambling Control Fund   | 39,040                    | 21,873           | 13,580               | 47,333                    | 21,833           | 18,640               | 50,526                    | 21,833           | 19,238               | 53,121                 |
| 0569-Gambling Control Fines and Penalties Account                                | 4,543                     | 79               | 39                   | 4,583                     | 1,831            | 251                  | 6,163                     | --               | 252                  | 5,911                  |
| 0577-Abandoned Watercraft Abatement Fund   | 529                       | 1,750            | 1,750                | 529                       | 1,750            | 1,750                | 529                       | 1,750            | 1,750                | 529                    |
| 0582-High Polluter Repair or Removal Account                                     | 28,902                    | 44,449           | 35,862               | 37,489                    | 44,630           | 40,842               | 41,277                    | 44,873           | 40,528               | 45,622                 |
| 0585-Counties Children and Families Account, California Children and Families Tr | 30,886                    | 343,182          | 343,128              | 30,940                    | 320,047          | 319,993              | 30,994                    | 262,995          | 262,941              | 31,048                 |
| 0587-Family Law Trust Fund   | 4,186                     | 2,103            | 1,206                | 5,083                     | 1,566            | 1,736                | 4,913                     | 1,398            | 1,762                | 4,549                  |
| 0593-Coastal Access Account, State Coastal Conservancy Fund                      | 3,088                     | 554              | 1,267                | 2,375                     | 554              | 700                  | 2,229                     | 554              | 550                  | 2,233                  |
| 0623-California Children and Families First Trust Fund                           | 533                       | 16,535           | 16,945               | 123                       | 17,462           | 15,569               | 2,016                     | 37,198           | 16,040               | 23,174                 |
| 0631-Mass Media Communications Account, California Children and Families Trust F | 24,103                    | 26,327           | 34,212               | 16,218                    | 24,591           | 30,345               | 10,464                    | 20,313           | 16,970               | 13,807                 |
| 0634-Education Account, California Children and Families Trust Fund              | 48,262                    | 21,870           | 16,642               | 53,490                    | 20,425           | 21,352               | 52,563                    | 16,859           | 21,352               | 48,070                 |
| 0636-Child Care Account, California Children and Families Trust Fund             | 32,057                    | 13,024           | 12,087               | 32,994                    | 12,157           | 11,002               | 34,149                    | 10,017           | 11,002               | 33,164                 |
| 0637-Research and Development Account, California Children and Families Trust Fu | 33,508                    | 13,030           | 4,314                | 42,224                    | 12,163           | 16,239               | 38,148                    | 10,023           | 16,239               | 31,932                 |
| 0638-Administration Account, California Children and Families Trust Fund         | 19,640                    | 5,034            | 7,049                | 17,625                    | 4,296            | 6,499                | 15,422                    | 3,439            | 7,238                | 11,623                 |
| 0639-Unallocated Account, California Children and Families Trust Fund            | 13,725                    | 8,626            | 7,524                | 14,827                    | 8,048            | 6,252                | 16,623                    | 6,622            | 6,252                | 16,993                 |
| 0642-Domestic Violence Training and Education Fund                               | 253                       | 651              | 511                  | 393                       | 627              | 613                  | 407                       | 627              | 633                  | 401                    |
| 0643-Upper Newport Bay Ecological Reserve Maintenance and Preservation Fund      | 3                         | --               | 1                    | 2                         | --               | 2                    | --                        | --               | --                   | --                     |
| 0648-Mobilehome-Manufactured Home Revolving Fund                                 | 10,359                    | 19,978           | 21,253               | 9,084                     | 20,788           | 23,478               | 6,394                     | 19,838           | 22,508               | 3,724                  |
| 0704-Accountancy Fund, Professions and Vocations Fund                            | 6,992                     | 18,314           | 12,714               | 12,592                    | 34,095           | 14,584               | 32,103                    | 10,411           | 14,102               | 28,412                 |
| 0706-California Architects Board Fund  | 4,886                     | 4,288            | 3,523                | 5,651                     | 2,968            | 3,801                | 4,818                     | 4,272            | 3,914                | 5,176                  |
| 0717-Cemetery and Funeral Fund   | 2,966                     | 2,476            | 2,037                | 3,405                     | 4,770            | 4,529                | 3,646                     | 4,015            | 4,587                | 3,074                  |
| 0735-Contractors License Fund  | 24,052                    | 56,030           | 61,041               | 19,041                    | 57,807           | 66,071               | 10,777                    | 62,804           | 68,147               | 5,434                  |
| 0741-State Dentistry Fund  | 5,566                     | 11,444           | 10,683               | 6,327                     | 10,699           | 13,283               | 3,743                     | 10,961           | 13,939               | 765                    |

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

| Fund   | Beginning Reserve 2015-16 | Revenues 2015-16 | Expenditures 2015-16 | Beginning Reserve 2016-17 | Revenues 2016-17 | Expenditures 2016-17 | Beginning Reserve 2017-18 | Revenues 2017-18 | Expenditures 2017-18 | Ending Reserve 2017-18 |
|--|---------------------------|------------------|----------------------|---------------------------|------------------|----------------------|---------------------------|------------------|----------------------|------------------------|
| 0750-State Funeral Directors and Embalmers Fund                                      | 1,528                     | 1,293            | 1,310                | 1,511                     | -911             | 3                    | 597                       | --               | --                   | 597                    |
| 0752-Home Furnishings and Thermal Insulation Fund                                    | 2,606                     | 4,711            | 4,441                | 2,876                     | 4,782            | 5,197                | 2,461                     | 5,242            | 5,089                | 2,614                  |
| 0755-Licensed Midwifery Fund   | 298                       | 46               | --                   | 344                       | 43               | 14                   | 373                       | 43               | 15                   | 401                    |
| 0757-California Board of Architectural Examiners - Landscape Architects Fund         | 2,521                     | 540              | 751                  | 2,310                     | 498              | 1,020                | 1,788                     | 496              | 1,036                | 1,248                  |
| 0758-Contingent Fund of the Medical Board of California                              | 28,372                    | 56,816           | 58,184               | 27,004                    | 61,556           | 64,884               | 23,676                    | 65,527           | 64,106               | 25,097                 |
| 0759-Physical Therapy Fund   | 304                       | 5,191            | 4,042                | 1,453                     | 5,635            | 5,327                | 1,761                     | 5,649            | 5,098                | 2,312                  |
| 0761-Board of Registered Nursing Fund, Professions and Vocations Fund                | 7,288                     | 44,955           | 42,469               | 9,774                     | 40,492           | 43,313               | 6,953                     | 53,236           | 42,767               | 17,422                 |
| 0763-State Optometry Fund, Professions and Vocations Fund                            | 1,479                     | 1,896            | 1,472                | 1,903                     | 2,837            | 1,902                | 2,838                     | 1,846            | 2,213                | 2,471                  |
| 0767-Pharmacy Board Contingent Fund, Professions and Vocations Fund                  | 11,768                    | 18,835           | 20,085               | 10,518                    | 17,862           | 20,655               | 7,725                     | 25,416           | 23,048               | 10,093                 |
| 0769-Private Investigator Fund   | 620                       | 684              | 835                  | 469                       | 1,446            | 1,119                | 796                       | 772              | 1,120                | 448                    |
| 0770-Professional Engineer's, Land Surveyor's, and Geologist's Fund                  | 7,019                     | 8,994            | 7,750                | 8,263                     | 13,037           | 11,977               | 9,323                     | 9,834            | 12,452               | 6,705                  |
| 0771-Court Reporters Fund  | 1,140                     | 938              | 944                  | 1,134                     | 814              | 1,192                | 756                       | 908              | 1,218                | 446                    |
| 0773-Behavioral Science Examiners Fund, Professions and Vocations Fund               | 4,044                     | 13,781           | 10,134               | 7,691                     | 9,309            | 12,828               | 4,172                     | 15,657           | 11,945               | 7,884                  |
| 0775-Structural Pest Control Fund  | 2,275                     | 4,615            | 4,849                | 2,041                     | 4,502            | 4,940                | 1,603                     | 4,502            | 5,194                | 911                    |
| 0777-Veterinary Medical Board Contingent Fund  | 3,608                     | 3,844            | 4,578                | 2,874                     | 4,221            | 5,052                | 2,043                     | 4,534            | 4,910                | 1,667                  |
| 0779-Vocational Nursing and Psychiatric Technicians Fund                             | 11,334                    | 10,945           | 9,655                | 12,624                    | 12,975           | 13,486               | 12,113                    | 12,597           | 16,033               | 8,677                  |
| 0780-Psychiatric Technicians Account, Vocational Nursing and Psychiatric Technicians | 1,264                     | 1,730            | 1,951                | 1,043                     | -659             | 3                    | 381                       | --               | --                   | 381                    |
| 0932-Trial Court Trust Fund  | 13,842                    | 1,314,062        | 1,293,075            | 34,829                    | 1,293,370        | 1,291,988            | 36,211                    | 1,351,021        | 1,383,776            | 3,456                  |
| 0933-Managed Care Fund   | 16,907                    | 63,012           | 60,967               | 18,952                    | 71,476           | 76,770               | 13,658                    | 71,447           | 80,992               | 4,113                  |
| 1003-Cleanup Loans and Environmental Assistance to Neighborhoods Account             | 3,685                     | -40              | 1,000                | 2,645                     | -40              | 1,000                | 1,605                     | -40              | 1,000                | 565                    |
| 1006-Rural CUPA Reimbursement Account  | 1,684                     | --               | -55                  | 1,739                     | --               | --                   | 1,739                     | --               | --                   | 1,739                  |
| 1008-Firearms Safety and Enforcement Special Fund                                    | 15,809                    | 9,218            | 4,156                | 20,871                    | 9,907            | 14,807               | 15,971                    | 10,851           | 9,816                | 17,006                 |
| 1011-Budget Stabilization Account  | 1,606,422                 | 1,923,000        | --                   | 3,529,422                 | 3,184,000        | --                   | 6,713,422                 | 1,156,000        | --                   | 7,869,422              |
| 1017-Umbilical Cord Blood Collection Program Fund                                    | 7,132                     | 2,834            | --                   | 9,966                     | 2,834            | 5,000                | 7,800                     | 2,834            | 2,500                | 8,134                  |
| 1018-Lake Tahoe Science and Lake Improvement Account, General Fund                   | 1,027                     | 1,164            | 734                  | 1,457                     | 1,005            | 1,100                | 1,362                     | 1,005            | 1,021                | 1,346                  |
| 2500-Pedestrian Safety Account, State Transportation Fund                            | 1,961                     | -1,961           | --                   | --                        | --               | --                   | --                        | --               | --                   | --                     |
| 2501-Local Transportation Loan Account, State Highway Account, State Transportation  | 4,022                     | 17               | --                   | 4,039                     | 17               | --                   | 4,056                     | 17               | --                   | 4,073                  |

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

| Fund   | Beginning Reserve 2015-16 | Revenues 2015-16 | Expenditures 2015-16 | Beginning Reserve 2016-17 | Revenues 2016-17 | Expenditures 2016-17 | Beginning Reserve 2017-18 | Revenues 2017-18 | Expenditures 2017-18 | Ending Reserve 2017-18 |
|--|---------------------------|------------------|----------------------|---------------------------|------------------|----------------------|---------------------------|------------------|----------------------|------------------------|
| 3001-Public Beach Restoration Fund   | 2,479                     | 4,849            | 1,210                | 6,118                     | 8,790            | 8,790                | 6,118                     | 2,439            | 2,439                | 6,118                  |
| 3002-Electrician Certification Fund  | 7,476                     | 2,393            | 2,754                | 7,115                     | 2,020            | 2,727                | 6,408                     | 2,020            | 2,907                | 5,521                  |
| 3004-Garment Industry Regulations Fund   | 4,112                     | 2,677            | 3,036                | 3,753                     | 2,910            | 3,244                | 3,419                     | 2,910            | 3,285                | 3,044                  |
| 3007-Traffic Congestion Relief Fund  | 193,838                   | 83,416           | 60,999               | 216,255                   | 148,000          | 85,095               | 279,160                   | --               | 93,295               | 185,865                |
| 3008-Transportation Investment Fund  | 130,300                   | -129,625         | 675                  | --                        | --               | --                   | --                        | --               | --                   | --                     |
| 3010-Pierces Disease Management Account  | 13,194                    | 2,193            | 5,273                | 10,114                    | 2,773            | 3,303                | 9,584                     | 2,773            | 3,282                | 9,075                  |
| 3013-California Central Coast State Veterans Cemetery at Fort Ord Operations Fun | --                        | 52               | 50                   | 2                         | 25               | 25                   | 2                         | 43               | 43                   | 2                      |
| 3015-Gas Consumption Surcharge Fund  | 137,375                   | 494,905          | 624,184              | 8,096                     | 634,123          | 563,130              | 79,089                    | 634,483          | 563,093              | 150,479                |
| 3016-Missing Persons DNA Data Base Fund  | 2,469                     | 5,946            | 2,910                | 5,505                     | 2,893            | 3,611                | 4,787                     | 2,893            | 3,619                | 4,061                  |
| 3017-Occupational Therapy Fund   | 2,982                     | 1,305            | 1,285                | 3,002                     | 1,371            | 2,338                | 2,035                     | 1,411            | 2,304                | 1,142                  |
| 3018-Drug and Device Safety Fund   | 3,587                     | 4,268            | 6,011                | 1,844                     | 5,611            | 5,869                | 1,586                     | 5,611            | 7,167                | 30                     |
| 3019-Substance Abuse Treatment Trust Fund  | 278                       | --               | --                   | 278                       | --               | --                   | 278                       | --               | --                   | 278                    |
| 3020-Tobacco Settlement Fund   | 2,264                     | --               | --                   | 2,264                     | --               | 600                  | 1,664                     | --               | 600                  | 1,064                  |
| 3022-Apprenticeship Training Contribution Fund                                   | 17,963                    | 11,923           | 10,811               | 19,075                    | 11,044           | 11,683               | 18,436                    | 11,044           | 11,933               | 17,547                 |
| 3024-Rigid Container Account   | 156                       | --               | 14                   | 142                       | 162              | 163                  | 141                       | 162              | 162                  | 141                    |
| 3025-Abandoned Mine Reclamation and Minerals Fund Subaccount, Mine Reclamation A | 3,367                     | 736              | 988                  | 3,115                     | 803              | 2,187                | 1,731                     | 803              | 1,244                | 1,290                  |
| 3027-Trauma Care Fund  | 46                        | --               | --                   | 46                        | --               | --                   | 46                        | --               | --                   | 46                     |
| 3030-Workers Occupational Safety and Health Education Fund                       | 992                       | 991              | 689                  | 1,294                     | 1,004            | 1,158                | 1,140                     | 1,015            | 1,177                | 978                    |
| 3033-California Memorial Scholarship Fund  | 16                        | 329              | --                   | 345                       | --               | 236                  | 109                       | -109             | --                   | --                     |
| 3034-Antiterrorism Fund  | 1,642                     | 1,847            | 3,133                | 356                       | 2,675            | 1,765                | 1,266                     | 658              | 1,370                | 554                    |
| 3035-Environmental Quality Assessment Fund                                       | 178                       | --               | --                   | 178                       | --               | --                   | 178                       | --               | --                   | 178                    |
| 3036-Alcohol Beverages Control Fund  | 34,878                    | 57,118           | 60,160               | 31,836                    | 58,197           | 64,997               | 25,036                    | 60,970           | 66,697               | 19,309                 |
| 3037-State Court Facilities Construction Fund                                    | 247,145                   | 314,014          | 137,508              | 423,651                   | 81,109           | 135,198              | 369,562                   | 78,987           | 137,781              | 310,768                |
| 3039-Dentally Underserved Account, State Dentistry Fund                          | 1,686                     | 7                | 141                  | 1,552                     | --               | 132                  | 1,420                     | --               | 134                  | 1,286                  |
| 3042-Victims of Corporate Fraud Compensation Fund                                | 11,366                    | 1,746            | 1,217                | 11,895                    | 1,544            | 1,572                | 11,867                    | 1,544            | 1,578                | 11,833                 |
| 3046-Oil, Gas, and Geothermal Administrative Fund                                | 7,057                     | 70,936           | 67,046               | 10,947                    | 84,392           | 88,882               | 6,457                     | 101,558          | 102,504              | 5,511                  |
| 3053-Public Rights Law Enforcement Special Fund                                  | 1,878                     | 5,961            | 4,978                | 2,861                     | 14,517           | 13,314               | 4,064                     | 10,007           | 13,392               | 679                    |
| 3054-Health Care Benefits Fund   | 1,000                     | 2,000            | 1,240                | 1,760                     | 2,000            | 2,760                | 1,000                     | 2,000            | 2,000                | 1,000                  |
| 3056-Safe Drinking Water and Toxic Enforcement Fund                              | 6,089                     | 3,817            | 2,630                | 7,276                     | 2,020            | 3,840                | 5,456                     | 2,020            | 4,659                | 2,817                  |

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

| Fund  | Beginning Reserve 2015-16 | Revenues 2015-16 | Expenditures 2015-16 | Beginning Reserve 2016-17 | Revenues 2016-17 | Expenditures 2016-17 | Beginning Reserve 2017-18 | Revenues 2017-18 | Expenditures 2017-18 | Ending Reserve 2017-18 |
|---|---------------------------|------------------|----------------------|---------------------------|------------------|----------------------|---------------------------|------------------|----------------------|------------------------|
| 3057-Dam Safety Fund  | 1,881                     | 13,180           | 13,246               | 1,815                     | 13,800           | 13,728               | 1,887                     | 13,800           | 14,057               | 1,630                  |
| 3058-Water Rights Fund  | 4,578                     | 16,780           | 16,551               | 4,807                     | 18,916           | 20,485               | 3,238                     | 22,052           | 23,332               | 1,958                  |
| 3059-Fiscal Recovery Fund   | 996,586                   | 967,873          | 1,794,270            | 170,189                   | 1,311            | --                   | 171,500                   | -171,500         | --                   | --                     |
| 3060-Appellate Court Trust Fund   | 7,739                     | 5,718            | 4,945                | 8,512                     | 5,668            | 6,728                | 7,452                     | 5,628            | 6,801                | 6,279                  |
| 3062-Energy Facility License and Compliance Fund                                  | 10,728                    | 3,858            | 3,510                | 11,076                    | 3,960            | 3,562                | 11,474                    | 3,960            | 3,597                | 11,837                 |
| 3063-State Responsibility Area Fire Prevention Fund                               | 70,250                    | 78,728           | 93,232               | 55,746                    | 81,323           | 100,343              | 36,726                    | 78,728           | 89,659               | 25,795                 |
| 3064-Mental Health Practitioner Education Fund                                    | 172                       | 368              | 391                  | 149                       | 367              | 400                  | 116                       | 367              | 399                  | 84                     |
| 3065-Electronic Waste Recovery and Recycling Account, Integrated Waste Management | 40,361                    | 172,167          | 93,217               | 119,311                   | 71,209           | 113,156              | 77,364                    | 98,105           | 111,249              | 64,220                 |
| 3066-Court Facilities Trust Fund  | 16,163                    | 106,280          | 109,111              | 13,332                    | 104,442          | 113,591              | 4,183                     | 99,169           | 103,130              | 222                    |
| 3067-Cigarette and Tobacco Products Compliance Fund                               | 8,847                     | 1,879            | 2,245                | 8,481                     | 1,839            | 7,611                | 2,709                     | 13,601           | 7,539                | 8,771                  |
| 3068-Vocational Nurse Education Fund  | 689                       | 233              | 218                  | 704                       | 238              | 233                  | 709                       | 238              | 228                  | 719                    |
| 3069-Naturopathic Doctors Fund  | 588                       | 295              | 373                  | 510                       | 227              | 337                  | 400                       | 243              | 430                  | 213                    |
| 3070-Nontoxic Dry Cleaning Incentive Trust Fund                                   | 801                       | 84               | 150                  | 735                       | 180              | 420                  | 495                       | 180              | 430                  | 245                    |
| 3071-Car Wash Worker Restitution Fund   | 1,091                     | 654              | 57                   | 1,688                     | 525              | 421                  | 1,792                     | 525              | 421                  | 1,896                  |
| 3072-Car Wash Worker Fund   | 3,790                     | 724              | 203                  | 4,311                     | 650              | 731                  | 4,230                     | 650              | 711                  | 4,169                  |
| 3074-Medical Marijuana Program Fund   | 103                       | 376              | 113                  | 366                       | 360              | 203                  | 523                       | 360              | 189                  | 694                    |
| 3075-Unlawful Sales Reduction Fund  | 85                        | --               | --                   | 85                        | 1                | --                   | 86                        | 1                | --                   | 87                     |
| 3078-Labor and Workforce Development Fund   | 14,037                    | 13,531           | 5,494                | 22,074                    | 12,000           | 7,806                | 26,268                    | 12,000           | 8,511                | 29,757                 |
| 3079-Childrens Medical Services Rebate Fund                                       | 28,693                    | 23,142           | 23,470               | 28,365                    | 16,064           | 36,000               | 8,429                     | 16,064           | 16,000               | 8,493                  |
| 3080-AIDS Drug Assistance Program Rebate Fund                                     | 125,641                   | 276,408          | 181,011              | 221,038                   | 302,629          | 242,854              | 280,813                   | 304,982          | 267,495              | 318,300                |
| 3081-Cannery Inspection Fund  | 2,080                     | 2,726            | 2,547                | 2,259                     | 2,305            | 2,732                | 1,832                     | 2,305            | 2,740                | 1,397                  |
| 3082-School Facilities Emergency Repair Account                                   | 1,570                     | 83               | -11,314              | 12,967                    | --               | 618                  | 12,349                    | --               | 166                  | 12,183                 |
| 3083-Welcome Center Fund  | 54                        | 100              | 110                  | 44                        | 100              | 111                  | 33                        | 100              | 122                  | 11                     |
| 3084-State Certified Unified Program Agency Account                               | 1,008                     | 1,734            | 2,730                | 12                        | 2,774            | 2,738                | 48                        | 2,774            | 2,791                | 31                     |
| 3085-Mental Health Services Fund  | 678,088                   | 1,807,154        | 1,523,995            | 961,247                   | 1,864,244        | 1,513,676            | 1,311,815                 | 1,888,780        | 1,482,193            | 1,718,402              |
| 3086-DNA Identification Fund  | 20,595                    | 57,665           | 70,171               | 8,089                     | 58,868           | 65,757               | 1,200                     | 58,868           | 59,000               | 1,068                  |
| 3087-Unfair Competition Law Fund  | 5,455                     | 23,670           | 11,188               | 17,937                    | 16,010           | 22,592               | 11,355                    | 13,010           | 22,725               | 1,640                  |
| 3088-Registry of Charitable Trusts Fund   | 5,467                     | 4,174            | 3,604                | 6,037                     | 4,010            | 5,705                | 4,342                     | 6,710            | 5,544                | 5,508                  |
| 3089-Public Utilities Commission Ratepayer Advocate Account                       | 5,586                     | 27,012           | 26,379               | 6,219                     | 30,530           | 31,176               | 5,573                     | 33,339           | 33,287               | 5,625                  |
| 3090-Deficit Recovery Bond Retirement Sinking Fund Subaccount, Budget Stabilizat  | 1,595                     | --               | 1,595                | --                        | --               | --                   | --                        | --               | --                   | --                     |

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

| Fund   | Beginning Reserve 2015-16 | Revenues 2015-16 | Expenditures 2015-16 | Beginning Reserve 2016-17 | Revenues 2016-17 | Expenditures 2016-17 | Beginning Reserve 2017-18 | Revenues 2017-18 | Expenditures 2017-18 | Ending Reserve 2017-18 |
|--|---------------------------|------------------|----------------------|---------------------------|------------------|----------------------|---------------------------|------------------|----------------------|------------------------|
| 3091-Certified Access Specialist Fund  | 1,413                     | 480              | 295                  | 1,598                     | 415              | 298                  | 1,715                     | 415              | 394                  | 1,736                  |
| 3093-Transportation Deferred Investment Fund                                     | 54,782                    | -80,916          | -78,906              | 52,772                    | --               | 10,728               | 42,044                    | --               | 16,109               | 25,935                 |
| 3095-Film Promotion and Marketing Fund   | 24                        | 10               | 10                   | 24                        | 10               | 10                   | 24                        | 10               | 10                   | 24                     |
| 3096-Nondesignated Public Hospital Supplemental Fund                             | 454                       | 7                | --                   | 461                       | 134              | --                   | 595                       | 10               | 127                  | 478                    |
| 3097-Private Hospital Supplemental Fund  | 10,063                    | 3,753            | -31,873              | 45,689                    | 36,684           | 63,775               | 18,598                    | 9,307            | 27,400               | 505                    |
| 3098-State Department of Public Health Licensing and Certification Program Fund  | 65,345                    | 91,685           | 115,374              | 41,656                    | 123,059          | 147,402              | 17,313                    | 140,940          | 153,497              | 4,756                  |
| 3099-Mental Health Facility Licensing Fund                                       | 305                       | 406              | 27                   | 684                       | 398              | 409                  | 673                       | 398              | 400                  | 671                    |
| 3101-Analytical Laboratory Account, Department of Food and Agriculture Fund      | 2,590                     | 417              | 387                  | 2,620                     | 351              | 516                  | 2,455                     | 351              | 518                  | 2,288                  |
| 3102-Acute Orphan Well Account, Oil, Gas, and Geothermal Administrative Fund     | 356                       | 1                | 251                  | 106                       | --               | 54                   | 52                        | --               | --                   | 52                     |
| 3103-Hatchery and Inland Fisheries Fund  | 9,664                     | 21,033           | 22,966               | 7,731                     | 21,262           | 23,704               | 5,289                     | 23,168           | 21,531               | 6,926                  |
| 3107-Transportation Debt Service Fund  | --                        | 1,077,754        | 1,077,754            | --                        | 1,232,420        | 1,232,420            | --                        | 1,523,449        | 1,523,449            | --                     |
| 3108-Professional Fiduciary Fund   | 318                       | 534              | 636                  | 216                       | 552              | 549                  | 219                       | 583              | 554                  | 248                    |
| 3109-Natural Gas Subaccount, Public Interest Research, Development, and Demonstr | 33,948                    | 19,855           | 22,278               | 31,525                    | 24,300           | 48,835               | 6,990                     | 24,300           | 29,076               | 2,214                  |
| 3110-Gambling Addiction Program Fund   | 794                       | 274              | 137                  | 931                       | 279              | 157                  | 1,053                     | 279              | 162                  | 1,170                  |
| 3111-Retail Food Safety and Defense Fund   | 46                        | 14               | --                   | 60                        | 14               | --                   | 74                        | 14               | --                   | 88                     |
| 3112-Equality in Prevention and Services for Domestic Abuse Fund                 | 52                        | 23               | 71                   | 4                         | --               | --                   | 4                         | --               | --                   | 4                      |
| 3113-Residential and Outpatient Program Licensing Fund                           | 4,250                     | 6,844            | 5,437                | 5,657                     | 6,630            | 6,178                | 6,109                     | 6,891            | 7,118                | 5,882                  |
| 3114-Birth Defects Monitoring Program Fund                                       | 3,091                     | 3,344            | 4,413                | 2,022                     | 3,245            | 3,669                | 1,598                     | 3,265            | 4,781                | 82                     |
| 3117-Alternative and Renewable Fuel and Vehicle Technology Fund                  | 116,367                   | 114,924          | 86,083               | 145,208                   | 101,200          | 176,986              | 69,422                    | 101,200          | 106,724              | 63,898                 |
| 3119-Air Quality Improvement Fund  | 1,930                     | 38,413           | 24,172               | 16,171                    | 38,051           | 31,856               | 22,366                    | 38,051           | 31,919               | 28,498                 |
| 3120-State Fire Marshal Fireworks Enforcement and Disposal Fund                  | 2                         | 2                | 1                    | 3                         | --               | --                   | 3                         | --               | --                   | 3                      |
| 3121-Occupational Safety and Health Fund   | 50,185                    | 63,635           | 69,198               | 44,622                    | 76,352           | 80,561               | 40,413                    | 85,522           | 84,481               | 41,454                 |
| 3122-Enhanced Fleet Modernization Subaccount, High Polluter Repair or Removal Ac | 13,775                    | 53,175           | 36,765               | 30,185                    | 42,852           | 45,222               | 27,815                    | 33,181           | 40,725               | 20,271                 |
| 3123-Coastal Act Services Fund   | 3,019                     | 2,279            | 2,675                | 2,623                     | 1,246            | 947                  | 2,922                     | 1,246            | 1,032                | 3,136                  |
| 3131-California Bingo Fund   | 679                       | 25               | 7                    | 697                       | 25               | 55                   | 667                       | --               | 3                    | 664                    |
| 3132-Charity Bingo Mitigation Fund   | 1                         | 8                | 6                    | 3                         | 5                | --                   | 8                         | 5                | --                   | 13                     |
| 3133-Managed Care Administrative Fines and Penalties Fund                        | 9,001                     | -4,979           | --                   | 4,022                     | 2,608            | --                   | 6,630                     | 12               | --                   | 6,642                  |
| 3134-School District Account, Underground Storage Tank Cleanup Fund              | 4,746                     | 39               | 364                  | 4,421                     | 32               | 2,697                | 1,756                     | 32               | --                   | 1,788                  |

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

| Fund   | Beginning Reserve 2015-16 | Revenues 2015-16 | Expenditures 2015-16 | Beginning Reserve 2016-17 | Revenues 2016-17 | Expenditures 2016-17 | Beginning Reserve 2017-18 | Revenues 2017-18 | Expenditures 2017-18 | Ending Reserve 2017-18 |
|--|---------------------------|------------------|----------------------|---------------------------|------------------|----------------------|---------------------------|------------------|----------------------|------------------------|
| 3136-Foreclosure Consultant Regulation Fund                                      | 12                        | --               | --                   | 12                        | --               | --                   | 12                        | --               | --                   | 12                     |
| 3137-Emergency Medical Technician Certification Fund                             | 646                       | 1,511            | 1,594                | 563                       | 1,511            | 1,602                | 472                       | 1,511            | 1,652                | 331                    |
| 3138-Immediate and Critical Needs Account, State Court Facilities Construction F | 153,899                   | 226,399          | 164,666              | 215,632                   | 220,228          | 210,486              | 225,374                   | 352,801          | 231,090              | 347,085                |
| 3139-Specialized License Plate Fund  | 571                       | 583              | 337                  | 817                       | 755              | 642                  | 930                       | 755              | 432                  | 1,253                  |
| 3140-State Dental Hygiene Fund   | 1,285                     | 1,870            | 1,311                | 1,844                     | 1,593            | 2,051                | 1,386                     | 1,594            | 2,113                | 867                    |
| 3141-California Advanced Services Fund   | 151,168                   | 56,893           | 45,358               | 162,703                   | 23,946           | 97,724               | 88,925                    | 199              | 77,003               | 12,121                 |
| 3142-State Dental Assistant Fund   | 2,831                     | 1,871            | 2,068                | 2,634                     | 1,638            | 2,677                | 1,595                     | 1,719            | 2,675                | 639                    |
| 3144-Building Standards Administration Special Revolving Fund                    | 3,865                     | 2,928            | 1,726                | 5,067                     | 2,800            | 2,297                | 5,570                     | 2,500            | 2,569                | 5,501                  |
| 3145-Underground Storage Tank Petroleum Contamination Orphan Site Cleanup Fund   | 20,758                    | 89               | 2,552                | 18,295                    | 76               | 11,600               | 6,771                     | 76               | 6,834                | 13                     |
| 3147-State Water Pollution Control Revolving Fund Small Community Grant Fund     | 12,730                    | 11,211           | 80                   | 23,861                    | 11,211           | 19,980               | 15,092                    | 11,211           | 8,000                | 18,303                 |
| 3149-Local Safety and Protection Account, Transportation Tax Fund                | 68                        | --               | --                   | 68                        | --               | --                   | 68                        | --               | --                   | 68                     |
| 3150-State Public Works Enforcement Fund   | 5,608                     | 10,079           | 9,447                | 6,240                     | 10,065           | 13,028               | 3,277                     | 10,065           | 9,874                | 3,468                  |
| 3151-Internal Health Information Integrity Quality Improvement Account           | 2                         | --               | --                   | 2                         | --               | --                   | 2                         | --               | --                   | 2                      |
| 3152-Labor Enforcement and Compliance Fund                                       | 36,820                    | 43,802           | 46,084               | 34,538                    | 50,830           | 56,973               | 28,395                    | 72,666           | 66,545               | 34,516                 |
| 3153-Horse Racing Fund   | 2,211                     | 13,268           | 13,258               | 2,221                     | 13,318           | 13,725               | 1,814                     | 13,318           | 13,853               | 1,279                  |
| 3155-Lead-Related Construction Fund  | 1,104                     | 507              | 584                  | 1,027                     | 500              | 648                  | 879                       | 500              | 658                  | 721                    |
| 3156-Childrens Health and Human Services Special Fund                            | 485,433                   | 1,634,297        | 1,481,081            | 638,649                   | --               | 302,009              | 336,640                   | --               | --                   | 336,640                |
| 3157-Recreational Health Fund  | 522                       | 2                | --                   | 524                       | --               | --                   | 524                       | --               | --                   | 524                    |
| 3158-Hospital Quality Assurance Revenue Fund                                     | 684,097                   | 2,878,159        | 3,211,148            | 351,108                   | 6,792,807        | 5,029,454            | 2,114,461                 | 5,152,957        | 7,218,725            | 48,693                 |
| 3160-Wastewater Operator Certification Fund                                      | 2,505                     | 1,316            | 925                  | 2,896                     | 1,505            | 1,489                | 2,912                     | 1,505            | 1,479                | 2,938                  |
| 3164-Renewable Energy Resources Development Fee Trust Fund                       | 287                       | 1                | -2                   | 290                       | -161             | --                   | 129                       | --               | --                   | 129                    |
| 3165-Enterprise Zone Fund  | 6,148                     | 25               | 414                  | 5,759                     | 25               | 280                  | 5,504                     | 25               | 420                  | 5,109                  |
| 3167-Skilled Nursing Facility Quality and Accountability Fund                    | 1,881                     | 213              | 1,884                | 210                       | 213              | -2,162               | 2,585                     | 213              | -2,161               | 4,959                  |
| 3168-Emergency Medical Air Transportation Act Fund                               | 12,438                    | 6,523            | 11,670               | 7,291                     | 8,036            | 8,691                | 6,636                     | 6,027            | 7,038                | 5,625                  |
| 3170-Heritage Enrichment Resource Fund   | 172                       | 94               | 6                    | 260                       | 94               | 46                   | 308                       | 94               | 45                   | 357                    |
| 3171-Local Revenue Fund 2011   | --                        | --               | --                   | --                        | --               | --                   | --                        | --               | --                   | --                     |

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

| Fund  | Beginning Reserve 2015-16 | Revenues 2015-16 | Expenditures 2015-16 | Beginning Reserve 2016-17 | Revenues 2016-17 | Expenditures 2016-17 | Beginning Reserve 2017-18 | Revenues 2017-18 | Expenditures 2017-18 | Ending Reserve 2017-18 |
|---|---------------------------|------------------|----------------------|---------------------------|------------------|----------------------|---------------------------|------------------|----------------------|------------------------|
| 3172-Public Hospital Investment, Improvement, and Incentive Fund                  | --                        | 364,338          | 364,338              | --                        | 1,313,419        | 1,313,419            | --                        | 800,000          | 800,000              | --                     |
| 3179-Mental Health Account, Local Revenue Fund 2011                               | --                        | --               | --                   | --                        | --               | --                   | --                        | --               | --                   | --                     |
| 3195-Carpet Stewardship Account, Integrated Waste Management Fund                 | 460                       | 274              | 234                  | 500                       | 275              | 368                  | 407                       | 275              | 369                  | 313                    |
| 3200-CalWORKs Maintenance of Effort Subaccount, Sales Tax Account                 | --                        | 752,887          | 752,887              | --                        | 752,887          | 752,887              | --                        | 752,887          | 752,887              | --                     |
| 3201-Low Income Health Program MCE Out-of- Network Emergency Care Services Fund   | 12,211                    | 51               | --                   | 12,262                    | 116,301          | 116,250              | 12,313                    | 51               | --                   | 12,364                 |
| 3202-Architectural Paint Stewardship Account, Integrated Waste Management Fund    | 553                       | 345              | 285                  | 613                       | 277              | 371                  | 519                       | 277              | 372                  | 424                    |
| 3204-Entertainment Work Permit Fund   | 123                       | 127              | --                   | 250                       | -250             | --                   | --                        | --               | --                   | --                     |
| 3205-Appliance Efficiency Enforcement Subaccount, Energy Resources Programs Acct  | --                        | 1,113            | --                   | 1,113                     | 1,205            | 284                  | 2,034                     | 1,805            | 942                  | 2,897                  |
| 3207-Education Protection Account   | --                        | --               | --                   | --                        | --               | --                   | --                        | --               | --                   | --                     |
| 3209-Office of Patient Advocate Trust Fund  | 1,295                     | 2,098            | 1,955                | 1,438                     | 2,086            | 2,087                | 1,437                     | 2,072            | 2,072                | 1,437                  |
| 3210-Davis-Dolwig Account, California Water Resources Development Bond Fund       | 5                         | 10,000           | 5,003                | 5,002                     | 10,000           | 15,002               | --                        | 10,000           | 10,000               | --                     |
| 3211-Electric Program Investment Charge Fund                                      | 15,918                    | 222,896          | 194,595              | 44,219                    | 233,733          | 239,783              | 38,169                    | 139,794          | 140,139              | 37,824                 |
| 3212-Timber Regulation and Forest Restoration Fund                                | 28,041                    | 39,777           | 39,882               | 27,936                    | 40,000           | 46,115               | 21,821                    | 40,000           | 55,456               | 6,365                  |
| 3213-Long-Term Care Quality Assurance Fund  | 52,756                    | 411,316          | 426,646              | 37,426                    | 599,020          | 466,897              | 169,549                   | 619,893          | 484,587              | 304,855                |
| 3214-Support Services Account, Local Revenue Fund 2011                            | --                        | --               | --                   | --                        | --               | --                   | --                        | --               | --                   | --                     |
| 3215-Law Enforcement Services Account, Local Revenue Fund 2011                    | --                        | --               | --                   | --                        | --               | --                   | --                        | --               | --                   | --                     |
| 3216-Protective Services Subaccount, Support Services Account                     | --                        | 2,109,233        | 2,109,233            | --                        | 2,169,501        | 2,169,501            | --                        | 2,235,315        | 2,235,315            | --                     |
| 3217-Behavioral Health Subaccount, Support Services Account                       | --                        | 1,163,291        | 1,163,291            | --                        | 1,230,254        | 1,230,254            | --                        | 1,303,382        | 1,303,382            | --                     |
| 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            | --                        | 532,536          | 532,536              | --                        | 539,747          | 539,747              | --                        | 547,623          | 547,623              | --                     |

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

| Fund   | Beginning Reserve 2015-16 | Revenues 2015-16 | Expenditures 2015-16 | Beginning Reserve 2016-17 | Revenues 2016-17 | Expenditures 2016-17 | Beginning Reserve 2017-18 | Revenues 2017-18 | Expenditures 2017-18 | Ending Reserve 2017-18 |
|--|---------------------------|------------------|----------------------|---------------------------|------------------|----------------------|---------------------------|------------------|----------------------|------------------------|
| 3222-Enhancing Law Enforcement Activities Subaccount, Law Enforcement Services A   | --                        | 489,900          | 489,900              | --                        | 489,900          | 489,900              | --                        | 489,900          | 489,900              | --                     |
| 3223-Community Corrections Subaccount, Law Enforcement Services Account            | --                        | 1,107,529        | 1,107,529            | --                        | 1,161,615        | 1,161,615            | --                        | 1,220,679        | 1,220,679            | --                     |
| 3224-District Attorney and Public Defender Subaccount, Law Enforcement Services    | --                        | 24,342           | 24,342               | --                        | 27,948           | 27,948               | --                        | 31,885           | 31,885               | --                     |
| 3225-Juvenile Justice Subaccount, Law Enforcement Services Account                 | --                        | --               | --                   | --                        | --               | --                   | --                        | --               | --                   | --                     |
| 3226-Juvenile Reentry Grant Special Account, Juvenile Justice Subaccount           | --                        | 7,446            | 7,446                | --                        | 7,844            | 7,844                | --                        | 8,278            | 8,278                | --                     |
| 3227-Youthful Offender Block Grant Special Account, Juvenile Justice Subaccount    | --                        | 127,465          | 127,465              | --                        | 134,278          | 134,278              | --                        | 141,719          | 141,719              | --                     |
| 3228-Greenhouse Gas Reduction Fund   | 1,156,902                 | 1,834,033        | 465,274              | 2,525,661                 | 1,009,000        | 2,638,026            | 896,635                   | 1,609,000        | 2,286,880            | 218,755                |
| 3229-Sales and Use Tax Growth Account, Local Revenue Fund 2011                     | --                        | --               | --                   | --                        | --               | --                   | --                        | --               | --                   | --                     |
| 3230-Juvenile Justice Growth Special Account, Law Enforcement Services Growth Su   | --                        | 7,211            | 7,211                | --                        | 7,875            | 7,875                | --                        | 10,043           | 10,043               | --                     |
| 3231-Enhancing Law Enforcement Activities Growth Special Account, Enhancing Law    | --                        | 115,974          | 115,974              | --                        | 154,690          | 154,690              | --                        | 153,839          | 153,839              | --                     |
| 3232-District Attorney and Public Defender Growth Special Account, Law Enforcement | --                        | 3,606            | 3,606                | --                        | 3,938            | 3,938                | --                        | 5,021            | 5,021                | --                     |
| 3233-Community Corrections Growth Special Account, Law Enforcement Services Grow   | --                        | 54,087           | 54,087               | --                        | 59,064           | 59,064               | --                        | 75,320           | 75,320               | --                     |
| 3234-Trial Court Security Growth Special Account, Law Enforcement Services Growth  | --                        | 7,211            | 7,211                | --                        | 7,875            | 7,875                | --                        | 10,043           | 10,043               | --                     |
| 3235-Behavioral Health Services Growth Special Account, Support Services Growth    | --                        | 66,964           | 66,964               | --                        | 73,127           | 73,127               | --                        | 93,254           | 93,254               | --                     |
| 3236-Protective Services Growth Special Account, Support Services Growth Subacco   | --                        | 60,267           | 60,267               | --                        | 65,815           | 65,815               | --                        | 83,928           | 83,928               | --                     |
| 3237-Cost of Implementation Account, Air Pollution Control Fund                    | 3,907                     | 52,772           | 47,790               | 8,889                     | 62,128           | 53,710               | 17,307                    | 67,128           | 66,902               | 17,533                 |
| 3238-State Parks Revenue Incentive Subaccount, State Parks and Recreation Fund     | 12,581                    | 4,340            | 5,465                | 11,456                    | 15,223           | 4,642                | 22,037                    | 4,340            | 8,842                | 17,535                 |
| 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   | 2,241                     | 717              | 516                  | 2,442                     | 717              | 673                  | 2,486                     | 717              | 628                  | 2,575                  |
| 3242-Child Performer Services Permit Fund  | 82                        | 28               | 108                  | 2                         | -2               | --                   | --                        | --               | --                   | --                     |

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

| Fund   | Beginning Reserve 2015-16 | Revenues 2015-16 | Expenditures 2015-16 | Beginning Reserve 2016-17 | Revenues 2016-17 | Expenditures 2016-17 | Beginning Reserve 2017-18 | Revenues 2017-18 | Expenditures 2017-18 | Ending Reserve 2017-18 |
|--|---------------------------|------------------|----------------------|---------------------------|------------------|----------------------|---------------------------|------------------|----------------------|------------------------|
| 3244-Political Disclosure, Accountability, Transparency, and Access Fund         | 1,402                     | 616              | 89                   | 1,929                     | 504              | 1,846                | 587                       | 504              | 88                   | 1,003                  |
| 3245-Disability Access and Education Revolving Fund                              | 440                       | 695              | 605                  | 530                       | 705              | 705                  | 530                       | 712              | 711                  | 531                    |
| 3246-Fair Employment and Housing Enforcement and Litigation Fund                 | 1,248                     | 285              | --                   | 1,533                     | 100              | 1,450                | 183                       | 100              | 2                    | 281                    |
| 3248-Family Support Subaccount, Sales Tax Account                                | --                        | 443,909          | 443,909              | --                        | 443,909          | 443,909              | --                        | 449,425          | 449,425              | --                     |
| 3249-Child Poverty and Family Supplemental Support Subaccount, Sales Tax Account | 69,480                    | 88,224           | 120,449              | 37,255                    | 93,356           | 130,611              | --                        | 122,237          | 122,237              | --                     |
| 3251-Prepaid Mobile Telephony Services Surcharge Fund                            | 13                        | 2,085            | 2,021                | 77                        | 2,024            | 2,101                | --                        | 1,551            | 1,551                | --                     |
| 3252-CURES Fund  | 1,864                     | 1,632            | 1,112                | 2,384                     | 1,820            | 1,613                | 2,591                     | 1,820            | 1,733                | 2,678                  |
| 3254-Business Programs Modernization Fund  | 2,205                     | 1,710            | 518                  | 3,397                     | 1,510            | 2,040                | 2,867                     | 1,510            | 2,514                | 1,863                  |
| 3255-Home Care Fund  | 350                       | 13,160           | 4,432                | 9,078                     | 2,517            | 5,580                | 6,015                     | 7,700            | 4,550                | 9,165                  |
| 3256-Specialized First Aid Training Program Approval Fund                        | 1                         | --               | --                   | 1                         | --               | --                   | 1                         | --               | --                   | 1                      |
| 3257-Used Mattress Recycling Fund  | 1,598                     | --               | --                   | 1,598                     | --               | --                   | 1,598                     | --               | --                   | 1,598                  |
| 3259-Recidivism Reduction Fund   | 76,269                    | --               | 59,572               | 16,697                    | --               | 6,948                | 9,749                     | --               | --                   | 9,749                  |
| 3260-Regional Railroad Accident Preparedness and Immediate Response Fund         | 934                       | 10,000           | 7,064                | 3,870                     | 10,000           | 10,580               | 3,290                     | 10,000           | 1,433                | 11,857                 |
| 3261-Vessel Operator Certification Account, Harbors and Watercraft Revolving Fun | 1                         | 1,000            | 172                  | 829                       | 3,000            | 503                  | 3,326                     | --               | 1,110                | 2,216                  |
| 3262-Expedited Claim Account, Underground Storage Tank Cleanup Fund              | --                        | 100,000          | --                   | 100,000                   | 290              | 100,000              | 290                       | 290              | --                   | 580                    |
| 3263-College Access Tax Credit Fund  | 2,452                     | 6,721            | 1,495                | 7,678                     | 9,000            | 5,341                | 11,337                    | 10,000           | 11,337               | 10,000                 |
| 3264-Site Cleanup Subaccount   | 1                         | 26,357           | 2,463                | 23,895                    | 19,750           | 20,235               | 23,410                    | 19,750           | 20,243               | 22,917                 |
| 3265-Prepaid MTS PUC Account   | --                        | --               | --                   | --                        | --               | --                   | --                        | --               | --                   | --                     |
| 3266-Prepaid MTS 911 Account   | --                        | 1,281            | --                   | 1,281                     | 170              | --                   | 1,451                     | 1,486            | --                   | 2,937                  |
| 3268-Senior Citizens and Disabled Citizens Property Tax Postponement Fund        | 10,173                    | 2,956            | -3,489               | 16,618                    | --               | -4,891               | 21,509                    | --               | -4,319               | 25,828                 |
| 3270-Local Charges for Prepaid Mobile Telephony Service Fund                     | 14                        | 5,047            | 5,061                | --                        | 34,483           | 34,483               | --                        | 34,524           | 34,524               | --                     |
| 3272-California Domestic Violence Prevention Fund                                | -1                        | --               | --                   | -1                        | --               | --                   | -1                        | --               | --                   | -1                     |
| 3273-Employment Opportunity Fund   | --                        | --               | -2,333               | 2,333                     | --               | 2,333                | --                        | --               | --                   | --                     |
| 3274-Social Services Subaccount, Vehicle License Fee Account                     | --                        | 58,142           | 58,142               | --                        | 58,142           | 58,142               | --                        | 58,142           | 58,142               | --                     |
| 3275-County Medical Services Program Subaccount, Vehicle License Fee Account     | --                        | 25,190           | 25,190               | --                        | 8,847            | 8,847                | --                        | 72,089           | 72,089               | --                     |

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

| Fund   | Beginning Reserve<br>2015-16 | Revenues<br>2015-16 | Expenditures<br>2015-16 | Beginning Reserve<br>2016-17 | Revenues<br>2016-17 | Expenditures<br>2016-17 | Beginning Reserve<br>2017-18 | Revenues<br>2017-18 | Expenditures<br>2017-18 | Ending Reserve<br>2017-18 |
|--|------------------------------|---------------------|-------------------------|------------------------------|---------------------|-------------------------|------------------------------|---------------------|-------------------------|---------------------------|
| 3276-CalWORKs Maintenance of Effort Subaccount, Vehicle License Fee Account      | --                           | 367,663             | 367,663                 | --                           | 367,663             | 367,663                 | --                           | 367,663             | 367,663                 | --                        |
| 3277-County Medical Services Program Growth Subaccount, Vehicle License Fee Grow | --                           | 19,115              | 19,115                  | --                           | 18,056              | 18,056                  | --                           | 4,050               | 4,050                   | --                        |
| 3278-Mental Health Subaccount, Vehicle License Fee Account                       | --                           | 48,754              | 48,754                  | --                           | 94,870              | 94,870                  | --                           | 119,182             | 119,182                 | --                        |
| 3279-Health Subaccount, Vehicle License Fee Account                              | --                           | 795,782             | 795,782                 | --                           | 1,014,202           | 1,014,202               | --                           | 1,025,987           | 1,025,987               | --                        |
| 3280-General Growth Subaccount, Vehicle License Fee Growth Account               | --                           | 125,325             | 125,325                 | --                           | 63,857              | 63,857                  | --                           | 46,290              | 46,290                  | --                        |
| 3281-Family Support Subaccount, Vehicle License Fee Account                      | --                           | 301,812             | 301,812                 | --                           | 141,979             | 141,979                 | --                           | 96,793              | 96,793                  | --                        |
| 3282-Child Poverty and Family Supplemental Support Subaccount, Vehicle License F | --                           | 104,385             | 104,385                 | --                           | 160,465             | 160,465                 | --                           | 188,225             | 188,225                 | --                        |
| 3283-County Medical Services Program Subaccount, Sales Tax Account               | --                           | --                  | --                      | --                           | --                  | --                      | --                           | --                  | --                      | --                        |
| 3284-County Medical Services Program Growth Subaccount, Sales Tax Growth Account | --                           | --                  | --                      | --                           | 3,338               | 3,338                   | --                           | 5,813               | 5,813                   | --                        |
| 3285-Electronic Recording Authorization Fund                                     | 191                          | 136                 | 226                     | 101                          | 301                 | 300                     | 102                          | 301                 | 300                     | 103                       |
| 3286-Safe Neighborhoods and Schools Fund   | --                           | --                  | --                      | --                           | -25,642             | -25,642                 | --                           | -27,652             | -27,652                 | --                        |
| 3287-Second Chance Fund  | --                           | --                  | --                      | --                           | 25,642              | 25,642                  | --                           | 27,652              | 27,652                  | --                        |
| 3288-Marijuana Control Fund  | --                           | 10,000              | 3,122                   | 6,878                        | 35,500              | 24,847                  | 17,531                       | 89,784              | 62,707                  | 44,608                    |
| 3290-Road Maintenance and Rehabilitation Account, State Transportation Fund      | --                           | --                  | --                      | --                           | --                  | --                      | --                           | 506,993             | 506,993                 | --                        |
| 3291-Trade Corridor Enhancement Account, State Transportation Fund               | --                           | --                  | --                      | --                           | --                  | --                      | --                           | 358,000             | 358,000                 | --                        |
| 3292-State Project Infrastructure Fund   | --                           | --                  | --                      | --                           | --                  | -976,028                | 976,028                      | --                  | 2                       | 976,026                   |
| 3293-Health and Human Services Special Fund                                      | --                           | --                  | --                      | --                           | 2,284,277           | 1,712,447               | 571,830                      | 2,430,000           | 2,392,507               | 609,323                   |
| 3297-Major League Sporting Event Raffle Fund                                     | --                           | --                  | --                      | --                           | 335                 | 335                     | --                           | 335                 | 335                     | --                        |
| 3299-Oil and Gas Environmental Remediation Account                               | --                           | --                  | --                      | --                           | --                  | --                      | --                           | 60                  | 54                      | 6                         |
| 3301-Lead-Acid Battery Cleanup Fund  | --                           | --                  | --                      | --                           | 6,500               | 1,235                   | 5,265                        | 16,000              | 1,458                   | 19,807                    |
| 3302-Safe Energy Infrastructure and Excavation Fund                              | --                           | --                  | --                      | --                           | --                  | --                      | --                           | 7,406               | 3,843                   | 3,563                     |
| 3304-California Healthcare, Research and Prevention Tobacco Tax Act of 2016 Fund | --                           | --                  | --                      | --                           | --                  | --                      | --                           | 1,087               | 1,087                   | --                        |
| 3305-Healthcare Treatment Fund   | --                           | --                  | --                      | --                           | 277,492             | --                      | 277,492                      | 1,046,784           | 1,237,393               | 86,883                    |

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

| Fund   | Beginning Reserve 2015-16 | Revenues 2015-16     | Expenditures 2015-16 | Beginning Reserve 2016-17 | Revenues 2016-17     | Expenditures 2016-17 | Beginning Reserve 2017-18 | Revenues 2017-18     | Expenditures 2017-18 | Ending Reserve 2017-18 |
|--|---------------------------|----------------------|----------------------|---------------------------|----------------------|----------------------|---------------------------|----------------------|----------------------|------------------------|
| 3306-Graduate Medical Education Account, California Healthcare, Research and Pre | --                        | --                   | --                   | --                        | 10,000               | --                   | 10,000                    | 40,000               | 50,000               | --                     |
| 3307-State Dental Program Account, California Healthcare, Research and Preventio | --                        | --                   | --                   | --                        | 7,500                | --                   | 7,500                     | 30,000               | 37,500               | --                     |
| 3308-Tobacco Law Enforcement Account, California Healthcare, Research and Preven | --                        | --                   | --                   | --                        | 12,000               | --                   | 12,000                    | 48,000               | 58,271               | 1,729                  |
| 3309-Tobacco Prevention and Control Programs Account, California Healthcare, Res | --                        | --                   | --                   | --                        | 43,993               | --                   | 43,993                    | 165,954              | 209,947              | --                     |
| 3310-Medical Research Program Account, California Healthcare, Research and Preve | --                        | --                   | --                   | --                        | 16,920               | --                   | 16,920                    | 63,828               | 80,748               | --                     |
| 3311-Health Care Services Plans Fines and Penalties Fund                         | --                        | --                   | --                   | --                        | --                   | --                   | --                        | 74,866               | 74,864               | 2                      |
| 8059-State Community Corrections Performance Incentive Fund                      | 295                       | --                   | -1                   | 296                       | --                   | 276                  | 20                        | --                   | --                   | 20                     |
| 8080-Clean Energy Job Creation Fund  | 397,263                   | --                   | -11,900              | 409,163                   | --                   | 408,094              | 1,069                     | --                   | -149                 | 1,218                  |
| <b>Totals, Special Funds</b>   | <b>\$15,885,348</b>       | <b>\$45,927,738</b>  | <b>\$42,211,798</b>  | <b>\$19,601,288</b>       | <b>\$51,540,059</b>  | <b>\$48,095,523</b>  | <b>\$23,045,824</b>       | <b>\$51,687,534</b>  | <b>\$54,573,116</b>  | <b>\$20,160,242</b>    |
| <b>GRAND TOTALS</b>  | <b>\$19,393,107</b>       | <b>\$161,427,591</b> | <b>\$156,195,728</b> | <b>\$24,624,970</b>       | <b>\$170,304,892</b> | <b>\$170,856,725</b> | <b>\$24,073,137</b>       | <b>\$175,714,673</b> | <b>\$177,093,280</b> | <b>\$22,694,530</b>    |

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, 2016  | Unissued     | Outstanding  | Redeemed    | Jan-Jun 2017 | Proposed Sales Jul-Dec 2017 | As of December 31, 2016 Resolution Authorization | Total Outstanding |
| <b>LEGISLATIVE, JUDICIAL, EXECUTIVE</b>          |   |                |                          |              |              |             |              |                             |  |                   |
| 6032   | Voting Modernization (2002)                                     | 2018           | \$200,000                | \$64,495     | \$11,665     | \$123,840   | \$7,580      | \$7,580                     | \$64,495   | \$0               |
|  | Total, Legislative, Judicial, Executive                         |                | \$200,000                | \$64,495     | \$11,665     | \$123,840   | \$7,580      | \$7,580                     | \$64,495   | \$0               |
| <b>BUSINESS, CONSUMER SERVICES &amp; HOUSING</b> |   |                |                          |              |              |             |              |                             |  |                   |
| 0714   | Housing & Homeless (1990)                                       | 2022           | 150,000                  | -            | 1,170        | 148,830     | \$0          | \$0                         | \$0  | \$0               |
| 6037   | Housing and Emergency Shelter (2002)                            | 2040           | 2,100,000                | 76,995       | 402,165      | 1,620,840   | 3,688        | 4,784                       | 69,995   | 8,820             |
| 6066   | Housing and Emergency Shelter (2006)                            | 2044           | 2,850,000                | 733,135      | 1,403,275    | 713,590     | 143,464      | 91,356                      | 663,935  | 103,430           |
| 6082   | Veterans Housing and Homeless Prevention (2014)                 | 2025           | 600,000                  | 596,290      | 2,240        | 1,470       | 15,650       | 60,343                      | 8,455  | 1,535             |
|  | Total, Business, Consumer Services & Housing                    |                | \$5,700,000              | \$1,406,420  | \$1,808,850  | \$2,484,730 | \$162,802    | \$156,483                   | \$742,385  | \$113,785         |
| <b>TRANSPORTATION</b>                            |   |                |                          |              |              |             |              |                             |  |                   |
| 0703   | Clean Air & Transp Improv (1990)                                | 2040           | \$1,990,000              | \$4,985      | \$674,090    | \$1,310,925 | \$4,985      | \$0                         | \$4,985  | \$0               |
| 6053   | Highway Safe, Traffic Red, Air Qual, Port Sec (2006)            | 2046           | 19,925,000               | 1,851,240    | 16,624,150   | 1,449,610   | 360,075      | \$61,174                    | 1,023,835  | 139,425           |
| 0756   | Passenger Rail & Clean Air (1990)                               | 2022           | 1,000,000                | -            | 26,265       | 973,735     | -            | -                           | -  | -                 |
| 6043   | Safe, Reliable High-Speed Passenger Train Bond Act (2008)       | 2045           | 9,950,000                | 8,791,730    | 788,430      | 369,840     | 1,445,186    | 1,095,186                   | 8,791,730  | -                 |
| 0653   | Seismic Retrofit (1996)   | 2039           | 2,000,000                | -            | 1,039,255    | 960,745     | -            | -                           | -  | -                 |
|  | Total, Transportation   |                | \$34,865,000             | \$10,647,955 | \$19,152,190 | \$5,064,855 | \$1,810,246  | \$1,156,360                 | \$9,820,550                                      | \$139,425         |
| <b>NATURAL RESOURCES</b>                         |   |                |                          |              |              |             |              |                             |  |                   |
| 0722   | Ca Park & Recreational Facil (1984) <sup>1/</sup>               | 2027           | \$368,900                | \$0          | \$10,225     | \$358,675   | \$0          | \$0                         | \$0  | \$0               |
| 0721   | Ca Parklands (1980)   | 2024           | 285,000                  | -            | 2,030        | 282,970     | -            | -                           | -  | -                 |
| 0707   | Ca Safe Drinking Water (1976) <sup>1/</sup>                     | 2027           | 172,500                  | -            | 2,580        | 169,920     | -            | -                           | -  | -                 |
| 0707   | Ca Safe Drinking Water (1984)                                   | 2027           | 75,000                   | -            | 1,555        | 73,445      | -            | -                           | -  | -                 |
| 0707   | Ca Safe Drinking Water (1986)                                   | 2030           | 100,000                  | -            | 19,140       | 80,860      | -            | -                           | -  | -                 |
| 0793   | Ca Safe Drinking Water (1988)                                   | 2040           | 75,000                   | -            | 24,550       | 50,450      | -            | -                           | -  | -                 |
| 6001   | Ca Safe Drinking Water (2000) <sup>2/</sup>                     | 2040           | 1,884,000                | 43,346       | 1,304,210    | 536,444     | -            | -                           | 43,346   | -                 |
| 6051   | Ca Safe Drinking Water (2006) <sup>2/</sup>                     | 2040           | 5,283,000                | 2,005,875    | 2,763,615    | 513,510     | 238,691      | -                           | 336,160  | 284,485           |
| 0786   | Ca Wildlife, Coast, & Park Land Cons (1988) <sup>1/</sup>       | 2032           | 768,670                  | -            | 98,325       | 670,345     | -            | -                           | -  | -                 |
| 0740   | Clean Water (1984)  | 2024           | 325,000                  | -            | 8,660        | 316,340     | -            | -                           | -  | -                 |
| 6029   | Clean Water, Clean Air, and Parks (2002)                        | 2040           | 2,600,000                | 216,410      | 1,981,220    | 402,370     | 18,202       | 11,080                      | 186,293  | 27,010            |
| 0716   | Community Parklands (1986)                                      | 2022           | 100,000                  | -            | 2,115        | 97,885      | -            | -                           | -  | -                 |
| 6052   | Disaster Prep and Flood Prevent (2006) <sup>2/</sup>            | 2041           | 3,990,000                | 1,690,097    | 2,215,880    | 84,023      | 172,538      | 278,058                     | 620,127  | 35,100            |
| 0748   | Fish & Wildlife Habitat Enhance (1984)                          | 2033           | 85,000                   | -            | 4,555        | 80,445      | -            | -                           | -  | -                 |
| 0720   | Lake Tahoe Acquisitions (1982)                                  | 2017           | 85,000                   | -            | 50           | 84,950      | -            | -                           | -  | -                 |
| 0402   | Safe, Clean, Reliable Water Supply (1996) <sup>2/</sup>         | 2040           | 969,500                  | 62,915       | 488,615      | 417,970     | -            | -                           | 62,915   | -                 |
| 0005   | Safe Neighborhood Parks (2000)                                  | 2040           | 2,100,000                | 73,820       | 1,348,235    | 677,945     | 15,257       | 11,362                      | 30,065   | -                 |
| 0742   | State, Urban & Coastal Park (1976)                              | 2029           | 280,000                  | -            | 3,305        | 276,695     | -            | -                           | -  | -                 |
| 0744   | Water Conserv & Water Quality (1986) <sup>2/</sup>              | 2031           | 136,500                  | 230          | 23,220       | 113,050     | -            | -                           | 230  | -                 |
| 0790   | Water Conserv (1988)  | 2036           | 60,000                   | 5,235        | 19,490       | 35,275      | -            | -                           | 5,235  | -                 |
| 6031   | Water Security, Coastal & Beach Protection (2002) <sup>2/</sup> | 2043           | 3,345,000                | 309,574      | 2,968,150    | 467,276     | 29,227       | 35,699                      | 103,664  | 1,425             |
| 6083   | Water Quality, Supply, and Infrastructure Improvement (2014)    | 2035           | 7,545,000                | 7,408,035    | 40,320       | 96,645      | 218,817      | 228,645                     | 467,360  | 103,700           |
|  | Total, Natural Resources  |                | \$30,633,070             | \$11,815,537 | \$12,930,045 | \$5,887,488 | \$692,732    | \$564,844                   | \$1,855,395                                      | \$451,720         |
| <b>ENVIRONMENTAL PROTECTION</b>                  |   |                |                          |              |              |             |              |                             |  |                   |
| 0737   | Clean Water & Water Conserv (1978)                              | 2028           | \$375,000                | \$0          | \$3,740      | \$371,260   | \$0          | \$0                         | \$0  | \$0               |
| 0764   | Clean Water & Water Reclam (1988)                               | 2029           | 65,000                   | -            | 16,695       | 48,305      | -            | -                           | -  | -                 |
|  | Total, Environmental Protection                                 |                | \$440,000                | \$0          | \$20,435     | \$419,565   | \$0          | \$0                         | \$0  | \$0               |

**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, 2016  |              | Proposed Sales |              | As of December 31, 2016 |                  |                          |                   |
|                                     |   |                | Authorized               | Unissued     | Outstanding    | Redeemed     | Jan-Jun 2017            | Jul-Dec 2017     | Resolution Authorization | Total Outstanding |
| <b>HEALTH AND HUMAN SERVICES</b>    |   |                |                          |              |                |              |                         |                  |                          |                   |
| 6046                                | Children's Hospital Projects (2004)                 | 2040           | \$750,000                | \$46,795     | \$614,550      | \$88,655     | \$175                   | \$175            | \$46,795                 | \$250             |
| 6079                                | Children's Hospital Projects (2008)                 | 2045           | 980,000                  | 304,455      | 657,800        | 17,745       | 69,376                  | 45,337           | 190,400                  | 385               |
|                                     | Total, Health and Human Services                    |                | \$1,730,000              | \$351,250    | \$1,272,350    | \$106,400    | \$69,551                | \$45,512         | \$237,195                | \$635             |
| <b>YOUTH AND ADULT CORRECTIONAL</b> |   |                |                          |              |                |              |                         |                  |                          |                   |
| 0711                                | Co Corr Facil Cap Expend (1986)                     | 2022           | \$495,000                | \$0          | \$11,625       | \$483,375    | \$0                     | \$0              | -                        | \$0               |
| 0796                                | Co Corr Facil Cap Expend & Youth Facil (1988)       | 2029           | 500,000                  | -            | 55,320         | 444,680      | -                       | -                | -                        | -                 |
| 0746                                | New Prison Construction (1986)                      | 2034           | 500,000                  | -            | 1,030          | 498,970      | -                       | -                | -                        | -                 |
| 0747                                | New Prison Construction (1988)                      | 2030           | 817,000                  | 1,965        | 9,330          | 805,705      | -                       | -                | 1,965                    | 200               |
| 0751                                | New Prison Construction (1990)                      | 2029           | 450,000                  | 605          | 11,670         | 437,725      | -                       | -                | 307                      | -                 |
|                                     | Total, Youth and Adult Correctional                 |                | \$2,762,000              | \$2,570      | \$88,975       | \$2,670,455  | \$0                     | \$0              | \$2,272                  | \$200             |
| <b>EDUCATION--K-12</b>              |   |                |                          |              |                |              |                         |                  |                          |                   |
| 0794                                | Ca Library Constr & Renov (1988) <sup>iv</sup>      | 2030           | \$72,405                 | \$0          | \$10,555       | \$61,850     | \$0                     | \$0              | \$0                      | \$0               |
| 6000                                | Ca Library Constr & Renov (2000)                    | 2040           | 350,000                  | 5,040        | 228,860        | 116,100      | -                       | -                | 5,040                    | -                 |
| 0119                                | Class Size Reduction K-U Pub. Ed. Facil (1998) K-12 | 2033           | 6,700,000                | 11,400       | 3,378,855      | 3,309,745    | -                       | -                | 11,400                   | -                 |
| 0657                                | Public Education Facil (1996) K-12 <sup>iv</sup>    | 2034           | 2,012,035                | -            | 734,270        | 1,277,765    | -                       | -                | -                        | -                 |
| 6036                                | Public Education Facil (2002) K-12                  | 2042           | 11,400,000               | 33,040       | 8,797,815      | 2,569,145    | 10,221                  | -                | 33,040                   | 24,420            |
| 6044                                | Public Education Facil (2004) K-12                  | 2043           | 10,000,000               | 51,690       | 8,117,245      | 1,831,065    | 18,715                  | -                | 51,690                   | 39,610            |
| 6057                                | Public Education Facil (2006) K-12                  | 2045           | 7,329,000                | 317,485      | 6,584,605      | 426,910      | 163,098                 | 7,807            | 317,485                  | 34,145            |
| 6086                                | Public Education Facil (2016) K-12                  |                | 7,000,000                | 7,000,000    | 0              | 0            | -                       | 296,862          | -                        | -                 |
| 0739                                | School Bldg & Earthquake (1974)                     | 2026           | 150,000                  | -            | 13,300         | 136,700      | -                       | -                | -                        | -                 |
| 0708                                | School Facilities (1990)                            | 2033           | 800,000                  | -            | 114,865        | 685,135      | -                       | -                | -                        | -                 |
| 0745                                | School Facilities (1992)                            | 2036           | 1,900,000                | 10,280       | 421,150        | 1,468,570    | -                       | -                | 10,280                   | -                 |
| 0776                                | 1988 School Facil Bond Act (Nov) <sup>iv</sup>      | 2032           | 797,745                  | -            | 35,200         | 762,545      | -                       | -                | -                        | -                 |
| 0774                                | 1990 School Facil Bond Act (Jun) <sup>iv</sup>      | 2032           | 797,875                  | -            | 72,700         | 725,175      | -                       | -                | -                        | -                 |
| 0765                                | 1992 School Facil Bond Act (Nov) <sup>iv</sup>      | 2035           | 898,211                  | -            | 199,250        | 698,961      | -                       | -                | -                        | -                 |
|                                     | Total, Education--K-12                              |                | \$50,207,271             | \$7,428,935  | \$28,708,670   | \$14,069,666 | \$192,034               | \$304,669        | \$428,935                | \$98,175          |
| <b>HIGHER EDUCATION</b>             |   |                |                          |              |                |              |                         |                  |                          |                   |
| 0574                                | Class Size Reduction K-U Pub. Ed. Facil (1998) H-Ed | 2039           | \$2,500,000              | \$0          | \$1,585,690    | \$914,310    | \$0                     | \$0              | \$0                      | \$0               |
| 0785                                | Higher Education Facil (1988)                       | 2032           | 600,000                  | -            | 20,265         | 579,735      | -                       | -                | -                        | -                 |
| 0791                                | Higher Education Facil (Jun 1990)                   | 2040           | 450,000                  | 540          | 40,360         | 409,100      | -                       | -                | 540                      | -                 |
| 0705                                | Higher Education Facil (Jun 1992)                   | 2040           | 900,000                  | -            | 255,680        | 644,320      | -                       | -                | -                        | -                 |
| 0658                                | Public Education Facil (1996) H-Ed                  | 2032           | 975,000                  | 4,650        | 436,555        | 533,795      | -                       | -                | 4,650                    | 1,725             |
| 6028                                | Public Education Facil (2002) H-Ed                  | 2039           | 1,650,000                | -            | 1,250,060      | 399,940      | -                       | -                | -                        | -                 |
| 6041                                | Public Education Facil (2004) H-Ed                  | 2040           | 2,300,000                | 58,019       | 1,925,800      | 316,181      | -                       | -                | 58,019                   | 100               |
| 6048                                | Public Education Facil (2006) H-Ed                  | 2043           | 3,087,000                | 38,775       | 2,959,720      | 88,505       | -                       | -                | 38,775                   | 1,810             |
| 6087                                | Public Education Facil (2016) CCC                   |                | 2,000,000                | 2,000,000    | 0              | 0            | -                       | 84,818           | -                        | -                 |
| 6047                                | Stem Cell Research and Cures (2004)                 | 2039           | 3,000,000                | 970,650      | 1,165,565      | 863,785      | 130,000                 | 130,000          | 145,175                  | 81,945            |
|                                     | Total, Higher Education                             |                | \$17,462,000             | \$3,072,634  | \$9,639,695    | \$4,749,671  | \$130,000               | \$214,818        | \$247,159                | \$85,580          |
| <b>GENERAL GOVERNMENT</b>           |   |                |                          |              |                |              |                         |                  |                          |                   |
| 0768                                | Earthquake Safety & Public Bldg. Rehab (1990)       | 2029           | \$300,000                | \$7,490      | \$55,670       | \$236,840    | \$0                     | \$0              | \$7,490                  | \$635             |
| 0701                                | Veterans' Homes (2000)                              | 2039           | 50,000                   | 975          | 33,685         | 15,340       | -                       | -                | 975                      | -                 |
|                                     | Total, General Government                           |                | \$350,000                | \$8,465      | \$89,355       | \$252,180    | \$0                     | \$0              | \$8,465                  | \$635             |
|                                     | Total, All Agencies                                 |                | \$144,349,341            | \$34,798,261 | \$73,722,230   | \$35,828,851 | \$3,064,945             | \$2,450,266      | \$13,406,851             | \$890,155         |

**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, 2016  | Unissued            | Outstanding         | Redeemed            | Proposed Sales<br>Jan-Jun 2017<br>Jul-Dec 2017 | As of December 31, 2016<br>Resolution<br>Authorization | Total<br>Outstanding |
|  |          |                                      | Authorized               |                     |                     |                     |  |  |                      |
| <b>SELF-LIQUIDATING BONDS<sup>3/</sup></b> |          |                                      |                          |                     |                     |                     |  |  |                      |
|  |          | 2024                                 | \$1,750,000              | \$167,600           | \$108,560           | \$1,473,840         | \$0  | \$0  | \$0                  |
|  |          | 2046                                 | 2,960,000                | 200,260             | 642,975             | 2,116,765           | -  | 200,260  | -                    |
|  |          |                                      | \$4,710,000              | \$367,860           | \$751,535           | \$3,590,605         | \$0  | \$200,260  | \$0                  |
|  |          | <b>Total, Self-Liquidating Bonds</b> | <b>\$149,059,341</b>     | <b>\$35,166,121</b> | <b>\$74,473,765</b> | <b>\$39,419,455</b> | <b>\$3,064,945</b>                             | <b>\$13,607,111</b>                                    | <b>\$890,155</b>     |
|  |          | <b>Total</b>                         |                          |                     |                     |                     | <b>\$2,450,286</b>                             |  |                      |

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

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

<sup>3/</sup> 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

<sup>4/</sup> Chapter 727, Statutes of 2013 (AB 639), reallocated the voter authorized amount

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

|   | 2015-16          |                 |                  | 2016-17          |                 |                  | 2017-18          |                 |                  |
|---|------------------|-----------------|------------------|------------------|-----------------|------------------|------------------|-----------------|------------------|
|   | General Fund     | Special Funds   | Total            | General Fund     | Special Funds   | Total            | General Fund     | Special Funds   | Total            |
| <b>Schedule 8</b>                                 |                  |                 |                  |                  |                 |                  |                  |                 |                  |
| Revenues and Transfers                            | \$115,500        | \$45,928        | \$161,428        | \$118,765        | \$51,540        | \$170,305        | \$124,027        | \$51,688        | \$175,715        |
| Less/Add: Transfers                               | 3,038            | -2,699          | 339              | 3,676            | -3,552          | 124              | 1,711            | -1,702          | 9                |
| <b>Schedule 12B</b>                               |                  |                 |                  |                  |                 |                  |                  |                 |                  |
| Less: Revenues to Excluded Funds                  | -                | -16,648         | -16,648          | -                | -21,410         | -21,410          | -                | -20,920         | -20,920          |
| <b>Schedule 12C</b>                               |                  |                 |                  |                  |                 |                  |                  |                 |                  |
| Less: Non-Tax Revenues to Included Funds          | -1,698           | -725            | -2,423           | -1,061           | -634            | -1,695           | -873             | -1,792          | -2,665           |
| <b>Schedule 12D</b>                               |                  |                 |                  |                  |                 |                  |                  |                 |                  |
| Add: Transfers from Other Funds to Included Funds | 219              | -183            | 36               | 213              | -174            | 39               | 420              | -387            | 33               |
| <b>TOTAL, SAL REVENUES AND TRANSFERS</b>          | <b>\$117,059</b> | <b>\$25,673</b> | <b>\$142,732</b> | <b>\$121,593</b> | <b>\$25,770</b> | <b>\$147,363</b> | <b>\$125,285</b> | <b>\$26,887</b> | <b>\$152,172</b> |
| <b>Schedule 12E</b>                               |                  |                 |                  |                  |                 |                  |                  |                 |                  |
| Less: Exclusions                                  | -66,620          | -6,961          | -73,581          | -68,311          | -6,250          | -74,561          | -67,222          | -6,718          | -73,940          |
| <b>TOTAL, SAL APPROPRIATIONS</b>                  |                  |                 | <b>\$69,151</b>  |                  |                 | <b>\$72,802</b>  |                  |                 | <b>\$78,232</b>  |
| <b>CALCULATION OF LIMIT ROOM</b>                  |                  |                 |                  |                  |                 |                  |                  |                 |                  |
| Appropriations Limit (Sec. 12.00)                 |                  |                 | \$94,042         |                  |                 | \$99,787         |                  |                 | \$102,991        |
| Less: Total SAL Appropriations                    |                  |                 | 69,151           |                  |                 | 72,802           |                  |                 | 78,232           |
| Appropriation Limit Room/(Surplus)                |                  |                 | <b>\$24,891</b>  |                  |                 | <b>\$26,985</b>  |                  |                 | <b>\$24,759</b>  |

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

|  | Actual 2015-16     | Estimated 2016-17   | Estimated 2017-18   |
|--|--------------------|---------------------|---------------------|
| <b>MAJOR REVENUES:</b>   |                    |                     |                     |
| 4110400-Cigarette Tax  | \$737,705          | \$1,061,525         | \$2,013,204         |
| 4113000-Identification Card Fees   | 375                | 360                 | 360                 |
| 4114000-Mobilehome In-Lieu Tax   | 1,888              | 1,888               | 1,888               |
| 4115600-Motor Vehicles - Other Fees  | 135,280            | 135,322             | 135,651             |
| <b>Total, MAJOR TAXES AND LICENSES</b>   | <b>\$875,248</b>   | <b>\$1,199,095</b>  | <b>\$2,151,103</b>  |
| <b>MINOR REVENUES:</b>   |                    |                     |                     |
| <b>REGULATORY TAXES AND LICENSES:</b>  |                    |                     |                     |
| 4120000-Beverage Container Redemption Fees   | 1,275,137          | 1,298,165           | 1,315,866           |
| 4120400-Building Construction Filing Fees - Physically Handicapped                   | 11,119             | 11,114              | 11,283              |
| 4120800-Corporation Fees - Domestic Corporations                                     | 10,194             | 10,500              | 9,500               |
| 4121000-Corporation Fees - Foreign Corporations                                      | 1,245              | 1,070               | 1,070               |
| 4121200-Delinquent Fees  | 7,524              | 7,652               | 8,004               |
| 4121600-Elevator and Boiler Inspection Fees  | 19,039             | 18,824              | 24,824              |
| 4121800-Employment Agency Filing Fees  | --                 | 227                 | 227                 |
| 4122000-Employment Agency License Fees   | 4,306              | 5,479               | 5,555               |
| 4122200-Energy Resources Surcharge   | 589,699            | 733,133             | 733,133             |
| 4122800-Filing Financing Statements  | 2,494              | 2,200               | 2,200               |
| 4123000-Fish and Game - Licenses, Tags, and Permits                                  | 103,163            | 108,483             | 107,132             |
| 4123200-Fish and Game - Taxes  | 470                | 625                 | 14,117              |
| 4123400-Genetic Disease Testing Fees   | 123,226            | 134,824             | 135,671             |
| 4123720-Horse Racing Licenses  | 13,657             | 13,612              | 13,612              |
| 4123800-Industrial Homework Fees   | --                 | 1                   | 1                   |
| 4124000-Insurance Company - Examination Fees   | 24,029             | 24,499              | 27,050              |
| 4124200-Insurance Company - License Fees and Penalties                               | 54,102             | 55,829              | 59,243              |
| 4124400-Insurance Company - General Fees   | 33,416             | 33,890              | 35,675              |
| 4124600-Insurance Company - Proposition 103 Fees                                     | 30,211             | 31,770              | 34,273              |
| 4124800-Insurance Fraud Assessment - Automobile                                      | 50,945             | 52,473              | 54,047              |
| 4125000-Insurance Fraud Assessment - General   | 13,596             | 12,910              | 13,149              |
| 4125200-Insurance Fraud Assessment - Workers Compensation                            | 59,469             | 58,652              | 59,050              |
| 4125400-Liquor License Fees  | 56,967             | 58,109              | 60,882              |
| 4125600-New Motor Vehicle Dealer License Fee   | 1,798              | 1,690               | 1,690               |
| 4125800-Notary Public License Fees   | 891                | 890                 | 890                 |
| 4126000-Off Highway Vehicle Fees   | 16,934             | 17,000              | 17,000              |
| 4126400-Processing Fee   | 410                | 368                 | 368                 |
| 4126600-Public Utilities Commission - Quarterly Fees                                 | 124,919            | 140,473             | 166,011             |
| 4126800-Public Utilities Commission - Penalties on Quarterly Fees                    | 5                  | 5                   | 5                   |
| 4127000-Real Estate - Examination Fees   | 4,010              | 4,191               | 4,379               |
| 4127200-Real Estate - License Fees   | 38,783             | 40,232              | 41,585              |
| 4127300-Refinery Fees  | 4,425              | 5,143               | 5,143               |
| 4127400-Renewal Fees   | 275,271            | 281,712             | 304,622             |
| 4128000-Subdivision Filing Fees  | 8,388              | 7,279               | 7,497               |
| 4128400-Teacher Credential Fees  | 23,454             | 23,594              | 23,594              |
| 4128600-Teacher Examination Fees   | 4,905              | 4,905               | 4,905               |
| 4129000-Other Fees and Licenses  | 1,861              | 1,821               | 13,583              |
| 4129200-Other Regulatory Fees  | 6,034,944          | 10,094,638          | 8,562,591           |
| 4129400-Other Regulatory Licenses and Permits  | 554,777            | 612,713             | 649,852             |
| 4129410-Other Regulatory Licenses and Permits - Motor Vehicle Fuel Tax License Decal | 196                | --                  | --                  |
| 4129600-Other Regulatory Taxes   | 106,757            | 149,225             | 167,672             |
| <b>Total, REGULATORY TAXES AND LICENSES</b>  | <b>\$9,686,736</b> | <b>\$14,059,920</b> | <b>\$12,696,951</b> |
| <b>REVENUE FROM LOCAL AGENCIES:</b>  |                    |                     |                     |

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

|   | Actual 2015-16     | Estimated 2016-17  | Estimated 2017-18  |
|---|--------------------|--------------------|--------------------|
| 4130000-Architecture Public Building Fees                                 | 37,991             | 40,698             | 44,234             |
| 4131000-Crimes of Public Offense Fines                                    | 10,000             | 10,000             | 10,000             |
| 4131500-Felony Conviction Penalties                                       | 50,001             | 50,001             | 50,000             |
| 4132000-Fingerprint Identification Card Fees                              | 82,495             | 83,317             | 83,317             |
| 4132500-Fish and Game Fines   | 910                | 520                | 503                |
| 4133000-Fish and Game Fines - Additional Assessments                      | 72                 | 4                  | 4                  |
| 4134500-Local Agencies - Cost Recoveries                                  | --                 | 100                | 100                |
| 4135000-Local Agencies - Miscellaneous Revenue                            | 983,159            | 1,978,537          | 1,433,569          |
| 4136500-Traffic Violation Penalties                                       | 65,112             | 56,033             | --                 |
| <b>Total, REVENUE FROM LOCAL AGENCIES</b>                                 | <b>\$1,229,740</b> | <b>\$2,219,210</b> | <b>\$1,621,727</b> |
| <b>SERVICES TO THE PUBLIC:</b>  |                    |                    |                    |
| 4140000-Document Sales  | 861                | 821                | 800                |
| 4140500-Emergency Telephone User's Surcharge                              | 81,605             | 91,505             | 91,505             |
| 4142500-License Plate Fees - Personalized Plates                          | 56,045             | 54,382             | 54,255             |
| 4143500-Miscellaneous Services to the Public                              | 103,797            | 109,339            | 111,723            |
| 4144000-Parental Fees   | 2,363              | 4,647              | 4,875              |
| 4144500-Parking Lot Revenues  | 10,311             | 12,089             | 12,159             |
| 4145500-Secretary of State - Fees   | 32,929             | 34,372             | 32,574             |
| 4146000-State Beach and Park Service Fees                                 | 110,958            | 111,000            | 113,000            |
| <b>Total, SERVICES TO THE PUBLIC</b>                                      | <b>\$398,869</b>   | <b>\$418,155</b>   | <b>\$420,891</b>   |
| <b>USE OF PROPERTY AND MONEY:</b>   |                    |                    |                    |
| 4150000-Geothermal Resources Well Fees                                    | 3,919              | 3,950              | 3,950              |
| 4150500-Interest Income - Interfund Loans                                 | 27,276             | 3,376              | 132                |
| 4151000-Interest Income - Other Loans                                     | 3,091              | 3,653              | 3,933              |
| 4151500-Miscellaneous Revenue - Use of Property and Money                 | 21,645             | 19,870             | 19,826             |
| 4152500-Rental of State Property  | 15,033             | 14,934             | 15,227             |
| 4154000-Royalties - Federal Land  | 35,858             | 36,032             | 36,281             |
| 4154500-Royalties - School Land   | --                 | 50                 | 50                 |
| 4160000-Investment Income - Condemnation Deposits Fund                    | 262                | --                 | --                 |
| 4161000-Investment Income - Other   | 75                 | --                 | 75                 |
| 4162000-Investment Income - Pooled Money Investments                      | 331                | 263                | 261                |
| 4163000-Investment Income - Surplus Money Investments                     | 37,728             | 35,352             | 35,394             |
| <b>Total, USE OF PROPERTY AND MONEY</b>                                   | <b>\$145,218</b>   | <b>\$117,480</b>   | <b>\$115,129</b>   |
| <b>MISCELLANEOUS:</b>   |                    |                    |                    |
| 4170400-Capital Asset Sales Proceeds                                      | 1,729              | 1,620              | 1,620              |
| 4170600-Carbon Allowances Auction Proceeds                                | 1,829,135          | 1,000,000          | 1,500,000          |
| 4170700-Civil and Criminal Violation Assessment                           | 149,257            | 149,785            | 185,028            |
| 4170800-Confiscated Property Sales  | 13                 | 27                 | 27                 |
| 4171000-Cost Recoveries - Delinquent Receivables                          | 317                | 244                | 123                |
| 4171100-Cost Recoveries - Other   | 130,343            | 123,871            | 127,742            |
| 4171200-Court Filing Fees and Surcharges                                  | 535,689            | 511,304            | 531,302            |
| 4171300-Donations   | 14,848             | 20,686             | 20,700             |
| 4171400-Escheat - Unclaimed Checks, Warrants, Bonds, and Coupons          | 7,001              | 6,001              | 5,911              |
| 4171500-Escheat - Unclaimed Property                                      | 18                 | --                 | --                 |
| 4172000-Fines and Forfeitures   | 194,117            | 188,023            | 191,347            |
| 4172500-Miscellaneous Revenue   | 634,010            | 617,071            | 691,315            |
| 4172800-Parking Violations  | 1,422              | 1,620              | 1,630              |
| 4172900-Penalty Assessments - Criminal Fines                              | 196,134            | 171,397            | 194,882            |
| 4173000-Penalty Assessments - Other                                       | 308,279            | 252,240            | 205,610            |
| 4173100-Personal Income Tax - Penalties and Interest                      | 26,023             | 23,598             | 23,598             |
| 4173400-Settlements and Judgments - Anti-Trust Actions - Attorney General | 2,356              | 2,400              | 2,400              |

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

|  | Actual 2015-16      | Estimated 2016-17   | Estimated 2017-18   |
|--|---------------------|---------------------|---------------------|
| 4173500-Settlements and Judgments - Other  | 25,612              | 30,125              | 26,215              |
| 4173600-State Public Land Sales  | 807                 | --                  | --                  |
| 4173800-Traffic Violations   | 23,183              | 21,865              | 22,366              |
| 4173900-Tribal Gaming Revenues   | 51,302              | 46,000              | 46,000              |
| 4174100-Unemployment and Disability Insurance Contributions - Penalties and Interest | 122,968             | 134,606             | 136,145             |
| 4180050-Cash Adjustment for Transportation Funds                                     | 57,500              | --                  | --                  |
| 4180100-Prior Year Revenue Adjustments   | --                  | 93,939              | --                  |
| 4524000-Other Receipts   | 114                 | --                  | --                  |
| <b>Total, MISCELLANEOUS</b>  | <b>\$4,312,177</b>  | <b>\$3,396,422</b>  | <b>\$3,913,961</b>  |
| <b>TOTAL, MINOR REVENUES</b>   | <b>\$15,772,740</b> | <b>\$20,211,186</b> | <b>\$18,768,659</b> |
| <b>TOTALS, Revenue to Excluded Funds (MAJOR and MINOR)</b>                           | <b>\$16,647,988</b> | <b>\$21,410,281</b> | <b>\$20,919,762</b> |

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

|   | Actual 2015-16   |                  |  | Estimated 2016-17 |                  |  | Estimated 2017-18 |                    |  |
|---|------------------|------------------|--|-------------------|------------------|--|-------------------|--------------------|--|
|   | General Fund     | Special Funds    |  | General Fund      | Special Funds    |  | General Fund      | Special Funds      |  |
| <b>MAJOR REVENUES:</b>                                |                  |                  |  |                   |                  |  |                   |                    |  |
| 4113000-Identification Card Fees                      | --               | \$34,445         |  | --                | \$35,133         |  | --                | \$35,485           |  |
| 4113800-Lien Sale Application Fees                    | --               | 796              |  | --                | 796              |  | --                | 796                |  |
| 4115000-Motor Vehicles - Driver's License Fees        | --               | 296,160          |  | --                | 232,544          |  | --                | 300,318            |  |
| 4115450-Motor Vehicles - Road Improvement Charge      | --               | --               |  | --                | --               |  | --                | 1,066,000          |  |
| 4115600-Motor Vehicles - Other Fees                   | --               | 66,823           |  | --                | 67,491           |  | --                | 64,368             |  |
| <b>Total, MAJOR TAXES AND LICENSES</b>                | --               | <b>\$398,224</b> |  | --                | <b>\$335,964</b> |  | --                | <b>\$1,466,967</b> |  |
| <b>MINOR REVENUES:</b>                                |                  |                  |  |                   |                  |  |                   |                    |  |
| <b>REGULATORY TAXES AND LICENSES:</b>                 |                  |                  |  |                   |                  |  |                   |                    |  |
| 4120600-Candidate Filing Fee                          | 820              | --               |  | 52                | --               |  | 980               | --                 |  |
| 4121200-Delinquent Fees                               | 2                | --               |  | 2                 | --               |  | 2                 | --                 |  |
| 4121800-Employment Agency Filing Fees                 | 226              | --               |  | --                | --               |  | --                | --                 |  |
| 4122000-Employment Agency License Fees                | 923              | --               |  | --                | --               |  | --                | --                 |  |
| 4123000-Fish and Game - Licenses, Tags, and Permits   | --               | 1,065            |  | --                | 851              |  | --                | 851                |  |
| 4123600-Highway Carriers Uniform Business License Tax | 218              | --               |  | 218               | --               |  | 218               | --                 |  |
| 4123720-Horse Racing Licenses                         | 880              | --               |  | 987               | 750              |  | 987               | 750                |  |
| 4123740-Horse Racing Miscellaneous                    | 2                | --               |  | 5                 | --               |  | 5                 | --                 |  |
| 4123800-Industrial Homework Fees                      | 1                | --               |  | --                | --               |  | --                | --                 |  |
| 4125400-Liquor License Fees                           | --               | 439              |  | --                | 433              |  | --                | 433                |  |
| 4126000-Off Highway Vehicle Fees                      | --               | 6,015            |  | --                | 6,015            |  | --                | 6,015              |  |
| 4129200-Other Regulatory Fees                         | 1,080            | 47,072           |  | 1,138             | 47,350           |  | 1,138             | 47,423             |  |
| 4129400-Other Regulatory Licenses and Permits         | 5,224            | 38,548           |  | 4,510             | 39,572           |  | 4,385             | 40,538             |  |
| 4129600-Other Regulatory Taxes                        | --               | --               |  | --                | 6,500            |  | --                | 26,000             |  |
| <b>Total, REGULATORY TAXES AND LICENSES</b>           | <b>\$9,376</b>   | <b>\$93,139</b>  |  | <b>\$6,912</b>    | <b>\$101,471</b> |  | <b>\$7,715</b>    | <b>\$122,010</b>   |  |
| <b>REVENUE FROM LOCAL AGENCIES:</b>                   |                  |                  |  |                   |                  |  |                   |                    |  |
| 4131000-Crimes of Public Offense Fines                | 59               | --               |  | 53                | --               |  | 53                | --                 |  |
| 4134500-Local Agencies - Cost Recoveries              | 25,845           | 9,506            |  | 23,328            | 9,506            |  | 26,736            | 9,506              |  |
| 4135000-Local Agencies - Miscellaneous Revenue        | 171,453          | 20               |  | 170,670           | 20               |  | 167,441           | 20                 |  |
| 4135500-Narcotic Fines                                | 1,336            | --               |  | 1,000             | --               |  | 1,000             | --                 |  |
| <b>Total, REVENUE FROM LOCAL AGENCIES</b>             | <b>\$198,693</b> | <b>\$9,526</b>   |  | <b>\$195,051</b>  | <b>\$9,526</b>   |  | <b>\$195,230</b>  | <b>\$9,526</b>     |  |
| <b>SERVICES TO THE PUBLIC:</b>                        |                  |                  |  |                   |                  |  |                   |                    |  |
| 4140000-Document Sales                                | 139              | 3,765            |  | 100               | 4,524            |  | 100               | 4,510              |  |
| 4142500-License Plate Fees - Personalized Plates      | --               | 3                |  | --                | 3                |  | --                | 3                  |  |

## SCHEDULE 12C

### NON-TAX REVENUES IN FUNDS SUBJECT TO LIMIT

(Dollars in Thousands)

|   | Actual 2015-16  |                 | Estimated 2016-17 |                 | Estimated 2017-18 |                 |
|---|-----------------|-----------------|-------------------|-----------------|-------------------|-----------------|
|   | General Fund    | Special Funds   | General Fund      | Special Funds   | General Fund      | Special Funds   |
| 4143000-Medicare Receipts - Federal Government                            | 9,132           | --              | 8,379             | --              | 8,379             | --              |
| 4143500-Miscellaneous Services to the Public                              | 1,539           | 79,120          | 1,477             | 79,911          | 1,486             | 80,711          |
| 4144500-Parking Lot Revenues  | --              | 503             | --                | 503             | --                | 503             |
| 4145000-Pay Patients Board Charges  | 8,656           | --              | 7,347             | --              | 6,180             | --              |
| 4145500-Secretary of State - Fees   | 62              | --              | 154               | --              | 153               | --              |
| <b>Total, SERVICES TO THE PUBLIC</b>                                      | <b>\$19,528</b> | <b>\$83,391</b> | <b>\$17,457</b>   | <b>\$84,941</b> | <b>\$16,298</b>   | <b>\$85,727</b> |
| <b>USE OF PROPERTY AND MONEY</b>  |                 |                 |                   |                 |                   |                 |
| 4151500-Miscellaneous Revenue - Use of Property and Money                 | 1,752           | 591             | 1,340             | 446             | 1,285             | 446             |
| 4152000-Oil and Gas Leases - 1 Percent Revenue, Cities, and Counties      | 207             | --              | 150               | --              | 100               | --              |
| 4152500-Rental of State Property  | 18,927          | 51,382          | 19,474            | 46,336          | 19,253            | 46,336          |
| 4155000-Royalties - State Lands   | 73,904          | --              | 54,965            | --              | 38,165            | --              |
| <b>Total, USE OF PROPERTY AND MONEY</b>                                   | <b>\$94,790</b> | <b>\$51,973</b> | <b>\$75,929</b>   | <b>\$46,782</b> | <b>\$58,803</b>   | <b>\$46,782</b> |
| <b>MISCELLANEOUS:</b>   |                 |                 |                   |                 |                   |                 |
| 4170100-Abandoned Property Revenue  | 405,946         | --              | 370,737           | --              | 377,929           | --              |
| 4170400-Capital Asset Sales Proceeds                                      | 601             | --              | --                | --              | --                | --              |
| 4170700-Civil and Criminal Violation Assessment                           | 558             | 4,258           | 300               | 4,258           | 300               | 4,258           |
| 4170800-Confiscated Property Sales  | 6,985           | --              | 6,868             | --              | 6,868             | --              |
| 4171000-Cost Recoveries - Delinquent Receivables                          | 1               | 11              | 11,768            | 29              | 11,768            | 29              |
| 4171100-Cost Recoveries - Other   | 44,917          | 8,301           | 39,854            | 10,201          | 42,698            | 10,201          |
| 4171200-Court Filing Fees and Surcharges                                  | --              | 361             | --                | 361             | --                | 361             |
| 4171300-Donations   | 5               | --              | 1                 | --              | 1                 | --              |
| 4171400-Escheat - Unclaimed Checks, Warrants, Bonds, and Coupons          | 49,806          | 1,932           | 38,598            | 9,331           | 38,598            | 7,577           |
| 4171600-External Revenue - Federal Government                             | --              | 1,537           | --                | --              | --                | --              |
| 4172000-Fines and Forfeitures   | 2,346           | --              | 2,387             | --              | 2,387             | --              |
| 4172200-Fine and Penalties - Horse Racing                                 | 205             | --              | 229               | --              | 229               | --              |
| 4172500-Miscellaneous Revenue   | 120,829         | 3,684           | 52,627            | 5,762           | 52,801            | 12,961          |
| 4172800-Parking Violations  | 12,814          | --              | 13,474            | --              | 13,474            | --              |
| 4173000-Penalty Assessments - Other                                       | 408,233         | 2,453           | 32,136            | 2,240           | 32,136            | 2,240           |
| 4173200-Proceeds from Estates of Deceased Persons                         | 2,233           | --              | 1,675             | --              | 1,675             | --              |
| 4173400-Settlements and Judgments - Anti-Trust Actions - Attorney General | 1               | --              | --                | --              | --                | --              |
| 4173500-Settlements and Judgments - Other                                 | 43,280          | --              | 2,008             | --              | 2,008             | --              |
| 4173600-State Public Land Sales   | --              | 56,172          | --                | 13,181          | --                | 13,181          |
| 4173800-Traffic Violations  | --              | 9,797           | --                | 9,797           | --                | 9,797           |

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

|   | Actual 2015-16     |                  | Estimated 2016-17  |                  | Estimated 2017-18 |                    |
|---|--------------------|------------------|--------------------|------------------|-------------------|--------------------|
|   | General Fund       | Special Funds    | General Fund       | Special Funds    | General Fund      | Special Funds      |
| 4173900-Tribal Gaming Revenues                    | 276,006            | --               | 191,839            | --               | 11,039            | --                 |
| 4174200-Uninsured Motorist Fees                   | 764                | 231              | 739                | 231              | 739               | 231                |
| <b>Total, MISCELLANEOUS</b>                       | <b>\$1,375,530</b> | <b>\$88,737</b>  | <b>\$765,240</b>   | <b>\$55,391</b>  | <b>\$594,650</b>  | <b>\$60,836</b>    |
| <b>TOTAL, MINOR REVENUES</b>                      | <b>\$1,697,917</b> | <b>\$326,766</b> | <b>\$1,060,589</b> | <b>\$298,111</b> | <b>\$872,696</b>  | <b>\$324,881</b>   |
| <b>TOTALS, Non-Tax Revenues (MAJOR AND MINOR)</b> | <b>\$1,697,917</b> | <b>\$724,990</b> | <b>\$1,060,589</b> | <b>\$634,075</b> | <b>\$872,696</b>  | <b>\$1,791,848</b> |

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

|  | Actual 2015-16   |                   | Estimated 2016-17 |                   | Estimated 2017-18 |                   |
|--|------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
|  | General Fund     | Special Funds     | General Fund      | Special Funds     | General Funds     | Special Funds     |
| Revenue Transfer from California Environmental License Plate Fund (0140) to Motor Vehicle Account, State Transportation Fund (0044) per Public Resources Code Section 21191            | 0                | 2,409             | 0                 | 2,797             | 0                 | 2,424             |
| 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)                                   | 8,231            | 0                 | 11,000            | 0                 | 10,000            | 0                 |
| Revenue Transfer from Fiscal Recovery Fund (3059) to General Fund (0001) per Pending Legislation   | 0                | 0                 | 0                 | 0                 | 171,500           | -171,500          |
| Revenue Transfer from Motor Vehicle Account, State Transportation Fund (0044) to General Fund (0001) per Government Code Section 16475   | 6                | -6                | 3                 | -3                | 3                 | -3                |
| Revenue Transfer from Motor Vehicle Account, State Transportation Fund (0044) to General Fund (0001) per Item 2740-011-0044, Budget Acts   | 72,862           | -72,862           | 78,592            | -78,592           | 84,044            | -84,044           |
| Revenue Transfer from Motor Vehicle Fuel Account, Transportation Tax Fund (0061) to General Fund (0001) per Revenue and Taxation Code Section 8352.4(b)                                | 15,756           | -15,756           | 13,345            | -13,345           | 23,149            | -23,149           |
| Revenue Transfer from Motor Vehicle Fuel Account, Transportation Tax Fund (0061) to General Fund (0001) per Revenue and Taxation Code Section 8352.5(b)                                | 38,883           | -38,883           | 38,883            | -38,883           | 38,883            | -38,883           |
| 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)                             | 48,365           | -48,365           | 36,424            | -36,424           | 63,184            | -63,184           |
| 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 the Business Fees Fund (0228) to the General Fund (0001) Per Government Code Section 12176.  | 25,010           | 0                 | 25,080            | 0                 | 19,165            | 0                 |
| Revenue Transfer from the California Olympic Training Account (0442) to the General Fund (0001) per Government Code Section 7592   | 61               | 0                 | 61                | 0                 | 61                | 0                 |
| Revenue transfer from Site Operation and Maintenance Account, Hazardous Substance Account (0458) to Toxic Substances Control Account (0557) per Item 3960-011-0458, Annual Budget Act. | 0                | 150               | 0                 | 150               | 0                 | 140               |
| Revenue transfer from the Expedited Site Remediation Trust Fund (0456) to the Toxic Substances Control Account (0557) per Item 3960-011-0456, Budget Act of 2017                       | 0                | 0                 | 0                 | 0                 | 0                 | 1,295             |
| <b>TOTAL TRANSFERS:</b>  | <b>\$219,170</b> | <b>\$-183,309</b> | <b>\$213,384</b>  | <b>\$-174,296</b> | <b>\$419,985</b>  | <b>\$-386,900</b> |

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

|   | <b>Fund</b> | <b>Actual<br/>2015-16</b> | <b>Estimated<br/>2016-17</b> | <b>Estimated<br/>2017-18</b> |
|---|-------------|---------------------------|------------------------------|------------------------------|
| <b>DEBT SERVICE:</b>  |             |                           |                              |                              |
| 9600 Bond Interest and Redemption<br>(9600-510-0001)                    | General     | \$5,161                   | \$5,195                      | \$5,222                      |
| (9600-510-3107)   | Special     | 1,078                     | 1,232                        | 1,523                        |
| 9618 Economic Recovery Bond Debt Service                                | Special     | 997                       | 0                            | 0                            |
| <b>TOTAL -- DEBT SERVICE</b>  |             | <b>\$7,236</b>            | <b>\$6,427</b>               | <b>\$6,745</b>               |
| <b>QUALIFIED CAPITAL OUTLAY:</b>  |             |                           |                              |                              |
| Various (Ch. 3 Except DOT)  | General     | \$66                      | \$1,202                      | \$187                        |
| Various (Ch. 3 Except DOT)  | Special     | 68                        | 84                           | 195                          |
| Various Qualified Capital Outlay  | General     | 162                       | 765                          | 176                          |
| Various Qualified Capital Outlay  | Special     | 69                        | 69                           | 60                           |
| Lease-Revenue Bonds (Capital Outlay)                                    | General     | 690                       | 636                          | 682                          |
| Lease-Revenue Bonds (Capital Outlay)                                    | Special     | 12                        | 8                            | 7                            |
| <b>TOTAL -- CAPITAL OUTLAY</b>  |             | <b>\$1,067</b>            | <b>\$2,764</b>               | <b>\$1,307</b>               |
| <b>SUBVENTIONS:</b>   |             |                           |                              |                              |
| 6100 K-12 / LCFF Apportionments   | General     | \$29,670                  | \$31,312                     | \$33,532                     |
| 6100 K-12 Education Protection Account                                  | General     | 7,202                     | 6,661                        | 6,071                        |
| 6100 County Offices of Education Apportionments                         | General     | 427                       | 402                          | 377                          |
| 6100 K-12 Categoricals  | General     | 5,933                     | 5,837                        | 5,536                        |
| 6100 K-12 Mandate Debt Payments   | General     | 3,205                     | 1,281                        | 287                          |
| 6870 Community Colleges Mandate Debt Payments                           | General     | 632                       | 106                          | 0                            |
| 6870 Community Colleges Apportionments                                  | General     | 2,447                     | 2,428                        | 2,533                        |
| 6870 Community Colleges Education Protection Account                    | General     | 890                       | 823                          | 750                          |
| 6870 Community Colleges Categoricals                                    | General     | 1,740                     | 2,141                        | 2,150                        |
| <b>SUBVENTIONS -- EDUCATION</b>   |             | <b>\$52,146</b>           | <b>\$50,991</b>              | <b>\$51,236</b>              |
| 5195 1991 State-Local Realignment<br>Vehicle License Collection Account | Special     | \$14                      | \$14                         | \$14                         |
| Vehicle License Fees  | Special     | 1,856                     | 1,926                        | 1,976                        |
| 5196 2011 State-Local Realignment<br>Vehicle License Fees               | Special     | 627                       | 650                          | 667                          |
| 9100 Tax Relief (9100-101-0001)   | General     | 414                       | 420                          | 420                          |
| <b>SUBVENTIONS -- OTHER</b>   |             | <b>\$2,911</b>            | <b>\$3,010</b>               | <b>\$3,077</b>               |
| <b>COURT AND FEDERAL MANDATES:</b>                                      |             |                           |                              |                              |
| Various Court and Federal Mandates (HHS)                                | General     | \$4,690                   | \$5,596                      | \$5,749                      |
| Various Court and Federal Mandates                                      | General     | 3,291                     | 3,506                        | 3,550                        |
| Various Court and Federal Mandates                                      | Special     | 231                       | 238                          | 242                          |
| <b>TOTAL -- MANDATES</b>  |             | <b>\$8,212</b>            | <b>\$9,340</b>               | <b>\$9,541</b>               |
| <b>PROPOSITION 111:</b>   |             |                           |                              |                              |
| Motor Vehicle Fuel Tax: Gasoline  | Special     | \$1,376                   | \$1,386                      | \$1,384                      |
| Motor Vehicle Fuel Tax: Diesel  | Special     | 282                       | 287                          | 288                          |
| Weight Fee Revenue  | Special     | 351                       | 356                          | 362                          |
| <b>TOTAL -- PROPOSITION 111</b>   |             | <b>\$2,009</b>            | <b>\$2,029</b>               | <b>\$2,034</b>               |
| <b>TOTAL EXCLUSIONS:</b>  |             | <b>\$73,581</b>           | <b>\$74,561</b>              | <b>\$73,940</b>              |
| <i>General Fund</i>   |             | <i>\$66,620</i>           | <i>\$68,311</i>              | <i>\$67,222</i>              |
| <i>Special Funds</i>  |             | <i>\$6,961</i>            | <i>\$6,250</i>               | <i>\$6,718</i>               |

# 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 reports. 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 appropriation 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 reports 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. 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 the State Controller's Office to implement the increase .

**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**

In the Salaries and Wages publication, the past year total authorized positions represent the number of actual positions filled for that year as reported by the State Controller's Office. For current year, total authorized positions include all regular ongoing positions approved in the Budget Act for that year, adjustments to limited-term positions, and positions authorized through 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 Position Transparency and Expenditure by Category Redistribution**

Pursuant to the Budget Act of 2015, Control Section 4.11 was amended to increase overall budget accuracy, transparency, and accountability. On a biennial basis beginning in 2015-16, the salaries and wages associated with historically vacant positions have been reallocated to expenditure categories where resources are actually being expended in the current and budget year. Reductions in Regular Ongoing Positions as a result of this process are for display purposes only and do not impact departments' ability to hire up to the legislatively authorized staffing level.

Budget Position Transparency represents a department's historically vacant positions and associated salaries and wages expenditures that are being reallocated.

Expenditure by Category Redistribution represents the reallocation of the salaries and wages dollars to staff benefits and/or operating expenses and equipment.

### **Budget Request**

A 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 budget request is a way for each department to submit incremental requests for, or to make adjustments to, funding.

### **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. Departments using CALSTARS will transition to FI\$Cal. (*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. Claims against the state for which there is no provision for payment (e.g. no appropriation available for payment), will be submitted to the Department of General Services. (SAM 7340)

**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.)

**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.

**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.
- Maintain the California State Accounting and Reporting System (CALSTARS).
- Train and support departmental accounting.
- 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 Adjustments**—See “Employee Compensation/Retirement.”
- **Budget Position Transparency**—See “Budget Position Transparency and Expenditure by Category Redistribution”
- **Expenditure by Category Redistribution**—See “Budget Position Transparency and Expenditure by Category Redistribution.”
- **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.
- **Issue Specific Adjustments**—Identifies large dollar amounts that would otherwise be categorized as Miscellaneous Baseline Adjustments or combined within another workload budget adjustment type. These will be individually shown in the Detailed Budget Adjustments table in the Governor’s Budget.

#### **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.

#### **Enactment Year (ENY)**

See Year of Appropriation (YOA).

**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 reports 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 2017 means the period beginning October 1, 2016 and ending September 30, 2017.

**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 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.)

**FI\$Cal**

The acronym for the Financial Information System for California, the state's integrated financial management system. Departments using CALSTARS will transition to FI\$Cal. (GC 11850.)

**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 2016-17, this is the time period beginning July 1, 2016 and ending June 30, 2017. (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.")

**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 rulemaking action adopting, amending, or repealing a 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 sections 11346-11348 of Article 5, Chapter 3.5, 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 \$656,000 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 of 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 11270-11275, 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 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/to be 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 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. The Section also authorizes Finance to make certain technical corrections related to the implementation of and conversion into FI\$Cal.

**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 grants departments the authority to administratively establish or reclassify positions. This section states that administratively establishing positions outside of the budget process requires Finance approval and legislative notification. Administratively established positions are to be temporary and expire June 30 unless extended by Finance and the Legislature during the following budget cycle. Additionally, Section 31.00 requires Finance to review all reclassification requests involving a position with a maximum salary equal to, or above, that of a Staff Services Manager II.

**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 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, and 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. The UCM does not yet include certain codes currently used in FISCAL.

**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*.)

**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. Also referred to as Enactment Year, or ENY. (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>               |