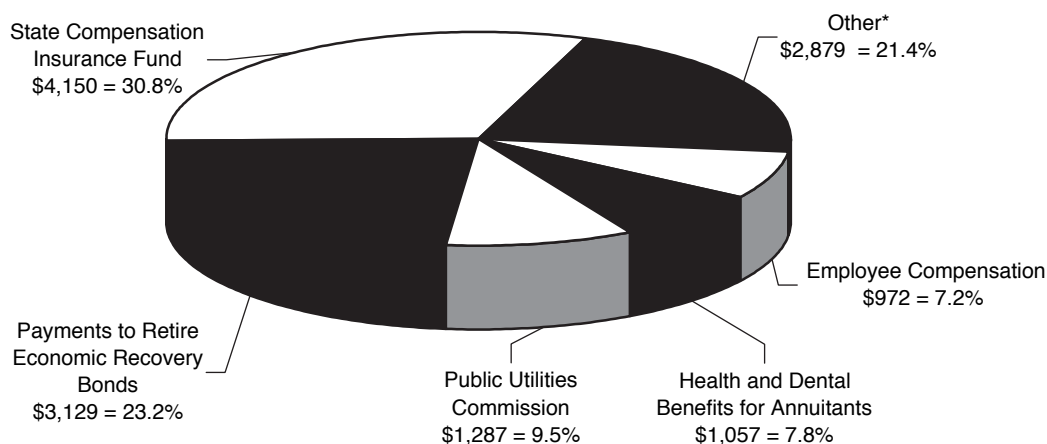


GENERAL GOVERNMENT

The General Government Section of the Governor’s Budget Summary includes multiple departments, commissions, and offices responsible for oversight and specific activities not included in other areas. This section of the Governor’s Budget Summary highlights several significant issues addressed in the Governor’s Budget.

The Budget includes \$13.5 billion (\$3.1 billion General Fund and \$10.4 billion other funds) for these departments, and reflects an increase of \$1.5 billion (\$870.5 million General Fund) or 12.3 percent over the revised 2006-07 Budget. The level of funding proposed for General Government is shown in Figure GEN-01. Notable funding changes are described below.

Figure GEN-01
Proposed General Government Expenditures for 2007-08 All Funds
 (Dollars in Millions)



* To see the departments that comprise the Other portion, please see the General Government section of the Proposed Budget Detail.

MAJOR ACCOMPLISHMENTS IN 2006-07

Initiatives implemented in 2006-07 and continued in the 2007-08 Budget include the following:

California Solar Initiative—On August 21, 2006, the Governor signed legislation (SB 1) to implement the Governor’s Million Solar Roofs Initiative, which will make California a world leader for solar energy. SB 1, in combination with the California Solar Initiative adopted by the Public Utilities Commission (PUC) on January 12, 2006, will provide \$3.4 billion in incentives for solar energy installations over the next 10 years. The goal of this program is to make solar energy a competitive alternative without the need for ongoing subsidies. Funding is sufficient to provide 3,000 megawatts of solar energy installations over the life of the program, which is the equivalent of six new natural gas power plants. Program subsidies begin at \$2.50/watt and decline over the life of the program. The funding, which will be provided by the utilities, includes:

- \$400 million to subsidize solar energy installations on new residential construction,
- \$2.2 billion to provide rebates for solar energy projects on commercial and existing residential buildings, and
- \$784 million for municipal utilities to fund similar solar energy programs.

Video Competition Act—The Digital Infrastructure and Video Competition Act of 2006 (AB 2987) appoints the PUC as the sole video franchising authority in the state. Prior to this legislation, a company seeking a new video franchise would have had to acquire a separate franchise from each local government entity where it wanted to provide service. Consequently, a cable or telephone company would have needed over 500 franchise agreements to provide service statewide. This cumbersome process slowed the deployment of advanced services to Californians. In streamlining the application process by establishing the PUC as the sole video franchising authority, AB 2987 will improve advanced services and lower prices through increased competition. Local governments receive franchise fees from video companies to whom they grant franchises, and AB 2987 does not affect this local government revenue source.

Military Youth Challenge Program—The 2006-07 Budget includes \$3.9 million (\$900,000 General Fund) for the Military to establish a second Youth Challenge Program to serve an additional 200 at-risk high school students who have dropped out or who are in danger of dropping out of school.

Private Vehicle Inspections—The 2006-07 Budget provides the Department of Food and Agriculture \$380,000 General Fund and 4.8 positions for a one-year pilot project to inspect private vehicles at the Needles Inspection Station. The Department of Food and Agriculture collects data related to the frequency of private vehicles carrying pests into California.

Weed Management Areas Program—The 2006-07 Budget provides \$1.5 million General Fund for Weed Management Areas to leverage local and federal funds for activities to control the spread and impact of invasive weeds.

High-Risk Pest Exclusion—The 2006-07 Budget provides \$3 million General Fund for County Agricultural Commissioners for activities to detect and exclude new pests and diseases from California's agriculture and natural environment.

Veterans Benefits Outreach Programs—The 2006 Budget provides the Department of Veterans Affairs \$250,000 General Fund and 0.9 positions for an outreach campaign to increase the number of veterans receiving compensation and pensions from the United States Department of Veterans' Affairs. This program helps educate California veterans on federal benefits they are entitled to receive. To increase the number of veterans receiving benefits, the Budget includes \$250,000 for County Veterans' Services Offices for new and expanded outreach efforts and \$50,000 to provide outreach and benefits training and materials to local Veterans Services Offices.

PROPOSED GENERAL GOVERNMENT SPENDING FOR 2007-08

Change Table GEN-01 illustrates the major changes proposed in General Government spending in the Governor's Budget.

Major workload adjustments for 2007-08 include the following:

- Military Funeral Honors—The Governor's Budget includes \$1.8 million General Fund and 22.1 positions to provide the additional resources needed to meet the increased demand for military funeral honors ceremonies in California.
- Greater Los Angeles and Ventura Counties (GLAVC) Veterans Homes Construction and Start Up—The Governor's Budget includes \$995,000 and 7.6 positions for support activities associated with the initial construction and pre-activation phases of the GLAVC project.

Change Table GEN-01

General Government - Changes by Broad Categories

	2006-07			2007-08		
	General Fund	Other Funds	Positions	General Fund	Other Funds	Positions
2006 Budget Act	\$2,292,118	\$10,289,236	15,762.9	\$1,986,638	\$9,905,626	15,762.9
Workload Adjustments						
AB 2987: Video Competition Act of 2006	--	--	--	--	950	10.3
AB 32: Global Warming Solutions	--	--	--	--	1,272	2.9
GLAVC Veterans Homes - Initial Construction and Pre-Activation Phase	--	--	--	995	--	7.6
Military Funeral Honors Program	--	--	--	1,754	--	22.1
Office of Technology Review, Oversight and Security Reduction	--	--	--	-3,258	--	-27.7
SB 1: California Solar Initiative	--	--	--	--	2,460	2.9
Employee Compensation/Retirement	13,795	13,079	--	12,728	12,464	--
Expiring Programs or Positions	--	-2,870	-1.9	-394	-13,899	-15.4
One-Time Cost Reductions	--	--	--	-13,630	-23,813	--
Full-Year Cost of New Programs	--	--	--	463	99	--
Other Workload Adjustments	-101,295	-607,694	-1,483.1	520,225	460,920	-2,655.3
Totals, Workload Adjustments	-\$87,500	-\$597,485	-1,485.0	\$518,883	\$440,453	-2,652.6
Policy Adjustments						
Economic Recovery Bonds: Pre-Payment	--	--	--	595,000	--	--
Enterprise Wide - Veterans Home Information System	--	--	--	10,340	--	20.9
Financial Information System for California (FI\$Cal--formerly BIS)	--	--	--	35,657	--	148.4
Savings per Control Section 4.05	--	--	--	-100,000	--	--
Tuition Assistance Program	--	--	--	1,669	--	--
Veterans Home at Barstow - 40 Skilled Nursing Facility beds	--	--	--	2,076	245	18.0
Other Policy Adjustments	--	--	--	22,191	5,526	36.2
Totals, Policy Adjustments	\$0	\$0	--	\$566,933	\$5,771	223.5
Infrastructure Adjustments	\$1,865	\$96,228	--	\$4,508	\$45,742	--
Total Adjustments	-\$85,635	-\$501,257	-1,485.0	\$1,090,324	\$491,966	-2,429.1
Governor's Budget	\$2,206,483	\$9,787,979	14,277.9	\$3,076,962	\$10,397,592	13,333.8

* Dollars in Thousands

- Global Warming Solutions—The Budget proposes \$1.3 million and 2.9 positions for the PUC greenhouse gas emissions reduction efforts. These resources will enable the PUC to conduct climate change proceedings to implement emission reduction strategies, evaluate various electric and natural gas sector greenhouse gas emission cap scenarios, and develop protocols to measure and verify actual emissions reductions.
- California Solar Initiative—The Budget proposes \$2.5 million and 2.9 positions for the PUC to implement this initiative. This proposal will provide necessary staff for PUC proceedings, enable the PUC to develop a pricing structure that provides an incentive to generate solar energy during peak-demand hours, and fund an independent program evaluation.
- Video Competition Act—The Budget proposes \$950,000 and 10.3 positions for the PUC to implement the Video Competition Act. These resources will enable the PUC to ensure that cable service is non-discriminatory, review applications and issue state franchises, and report annually to the Legislature.
- Transfer of Technology Oversight—The technology review function is being transferred from the Department of Finance to the newly created Office of Chief Information Officer.

The major policy adjustments included in the Budget are discussed in Program Enhancements and Other Budget Adjustments.

PROGRAM ENHANCEMENTS AND OTHER BUDGET ADJUSTMENTS

The 2007-08 Governor's Budget proposes significant changes for the departments within General Government. Notable funding changes are further described below.

PUBLIC UTILITIES COMMISSION

The California Public Utilities Commission (PUC) regulates electricity, natural gas, water, telecommunications, and transportation industries, such as railroads and household goods carriers. The PUC implements three major programs:

- Regulation of Utilities—Californians spend more than \$38 billion annually for services from industries regulated by the PUC. This includes 11 electricity utilities (80 percent of electric load in California), 1,821 telecommunications carriers, 156 water and sewer

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utilities, and 6 natural gas utilities. The objective of this program is to ensure that customers have safe, reliable utility service at reasonable rates.

- **Universal Service Telephone Programs**—The PUC oversees \$885 million in telecommunications programs that provide services to state consumers. These programs provide affordable basic telephone service to low-income residents, minimize rate disparities between rural and metropolitan areas, provide discounts to schools, libraries, and non-profit community-based organizations, provide services for the deaf and disabled, and ensure the availability of payphones for public safety.
- **Regulation of Transportation**—The PUC Transportation Program oversees the safety of all railroads, six major rail transit agencies, five smaller transit systems, and more than 16,000 public and private railroad crossings. It oversees passenger transportation companies and household goods carriers, regulates rates and services, issues certificates and other licenses, and enforces safety standards and insurance requirements.

The Governor's Budget includes \$1.3 billion special funds for the PUC, which reflects a decrease of \$4.8 million below the revised 2006-07 Budget.

GLOBAL WARMING SOLUTIONS—AB 32

The Budget proposes \$1,272,000 and 2.9 positions for the PUC's greenhouse gas emissions reduction efforts. These resources will enable the PUC to conduct climate change proceedings to implement emission reduction strategies, evaluate various electric and natural gas sector greenhouse gas emission cap scenarios, and develop protocols to measure and verify actual emissions reductions. (For additional information, see the Global Warming Solutions discussion in the Environmental Protection Chapter.)

IMPLEMENTATION OF THE CALIFORNIA SOLAR INITIATIVE

The California Solar Initiative will provide 3,000 megawatts of solar energy when the program is fully implemented and reduce annual carbon dioxide emissions by 3 million tons. Solar energy provides significant benefits to the state's congested electric transmission and distribution system. Since solar projects generate energy on site, electricity does not need to be distributed through the electrical grid.

The Budget proposes \$2,460,000 and 2.9 positions to implement this initiative. This proposal will provide necessary staff for PUC proceedings, enable the PUC to develop a pricing structure that provides an incentive to generate solar energy during peak-demand hours, and fund an independent program evaluation.

IMPLEMENTATION OF THE VIDEO COMPETITION ACT

The Budget proposes \$950,000 and 10.3 positions to implement the Video Competition Act. These resources will enable the PUC to ensure that video service is non-discriminatory, review applications and issue state franchises, and report annually to the Legislature. This proposal includes one position for the Division of Ratepayer Advocates to promote service and quality standards on behalf of ratepayers.

DEPARTMENT OF FOOD AND AGRICULTURE

The objectives of the Department of Food and Agriculture (CDFA) include: serving the diverse citizenry of California by maintaining an abundant, affordable, safe, and nutritious food supply; providing leadership, innovation, and oversight over the production and marketing of agricultural products; preventing or eradicating plant and animal diseases and exotic and invasive species harmful to people, commerce, and the environment; developing and enforcing weights and measures standards for all types of products at all levels of commerce; and, supporting fairs and expositions in the state for their societal and economic service values.

The Governor's Budget includes \$294.5 million (\$99.3 million General Fund), which reflects a decrease of \$33.2 million (\$2.4 million General Fund) below the revised 2006-07 Budget.

EMERGENCE TOWER SYSTEM FOR FRUIT FLY REARING EFFICIENCY

The Governor's Budget includes \$658,000 General Fund to purchase and implement a tower system for rearing Mediterranean Fruit Fly (Medfly) and other fruit flies for the Preventive Release Program (PRP). This new system will increase the number of sterile flies produced for release by 50 percent while requiring less space. The new system reduces repetitive motion injuries and, in time, will require fewer staff. The tower system will also allow CDFA to rear Mediterranean and Mexican fruit flies simultaneously.

CONTINUATION OF THE ALL VEHICLE INSPECTION PILOT PROGRAM

The Governor's Budget includes \$407,000 and 4.7 positions to continue the All Vehicle Inspection Pilot Program located at the Inspection Station in Needles, California for a second year. The program has been fully implemented and early data supports continuing inspection of private vehicles for fruits, vegetables, and plants hosting pests that are not native to California, which if established, would cause direct economic and environmental impacts to the state.

FAIR POLITICAL PRACTICES COMMISSION

The Fair Political Practices Commission has primary responsibility for the impartial administration, implementation, and enforcement of the Political Reform Act of 1974, as amended by the voters and Legislature. The objectives of the Political Reform Act include: ensuring election campaign expenditure data is fully and accurately disclosed, allowing voters to be fully informed and to inhibit improper financial practices; regulating the activities of lobbyists and disclosure of their finances to prevent any improper influencing of public officials; providing for the disclosure of assets and income of public officials, which may affect their official actions, to avoid any conflicts of interest; ensuring the state ballot pamphlet contains useful and adequate information so voters will not be dependent upon paid advertising for information concerning state measures; eliminating laws and practices unfairly favoring incumbents to provide for fair elections; and, providing adequate mechanisms to public officials and to private citizens to ensure vigorous enforcement of the Act.

The Governor’s Budget includes \$8 million General Fund, which reflects an increase of \$606,000 above the revised 2006-07 Budget.

FUNDING FOR WORKLOAD GROWTH

The Governor’s Budget includes \$604,000 General Fund and 4.7 positions to support workload growth. Over several years, the scope of work performed by the Fair Political Practices Commission (FPPC) and the magnitude of legislation impacting FPPC workload has resulted in significant backlogs in investigations, responses to inquiries, issuance of legal opinions, and other activities. The FPPC has embarked on a multi-year plan to acquire sufficient staff to meet mandatory workload demands.

DEPARTMENT OF FINANCE

By statute, the Director of Finance serves as the Governor’s chief fiscal policy advisor with emphasis on the financial integrity of the state and maintenance of a fiscally sound and responsible Administration. The objectives of the Department of Finance are: To prepare, present, and support the annual financial plan for the state, to assure responsible and responsive state resource allocation within resources available. To foster efficient and effective state structure, processes, programs, and performance, to ensure integrity in state fiscal databases and systems.

The Governor’s Budget includes \$84.4 million (\$68.8 General Fund), which reflects an increase of \$33 million (\$31.6 General Fund) above the revised 2006-07 Budget.

STATEWIDE INTEGRATED FINANCIAL INFORMATION SYSTEM FOR CALIFORNIA (FI\$CAL)

For the state to operate like a business, it must be able to perform analysis and reporting at all levels in a timely manner. The state currently has too many different business systems that are aging out that cannot and do not provide the information needed to manage the state effectively. These systems severely restrict the state's ability to manage and report accurately on business operations and distribute resources in real time. State financial managers agree the state needs to modernize and standardize its office systems to efficiently manage the state's \$294 billion enterprise. The "Next Generation" of business systems will combine business processes in a single system.

The state must also prepare its workforce to manage the state as a dynamic enterprise. These changes require a financial management system that integrates and automates diverse business practices and operations. As the technology is modernized, the workforce must be transformed. The project, known as the Financial Information System for California (FI\$Cal), will be based on Enterprise Resource Planning (ERP) software. FI\$Cal will become the required standard for all agencies and departments and will play a major role in succession planning for the changing financial management workforce.

The Governor's Budget includes \$35.7 million and 225.8 positions in several departments to support the initial activities of the FI\$Cal Project. A partnership of the Department of Finance, the State Controller's Office, the State Treasurer's Office, and the Department of General Services will prepare the state systems and workforce to function in a single statewide financial management system environment. This effort will ensure best business practices by rethinking and changing the state's business processes including the management of resources and dollars in the areas of budgeting, accounting, procurement, cash management, financial management, financial reporting, cost accounting, asset management, project accounting, grant management, and human resources management.

OTROS TRANSFER FROM DOF

The Office of Technology Review, Oversight, and Security (OTROS) will be moving from the Department of Finance, with the project oversight and review function moving to the newly created Office of the Chief Information Officer (OCIO), and the remainder moving to the State and Consumer Services Agency. These moves are precipitated by the recent enactment of Chapter 533, Statutes of 2006, which created the OCIO. Twenty-six positions will be moving to the new Office of the Chief Information Officer to continue the project oversight and review activities that have previously been provided by the Department of Finance. By transferring these functions and the associated staff to the OCIO, the State Chief

GENERAL GOVERNMENT

Information Office will be able to ensure that project-specific activities are coordinated with and reflect the policies and direction for the state's information technology development.

The remaining three positions from OTROS will be moving to the California Office of Information Security and Protection in the State and Consumer Services Agency. The California Office of Information Security and Protection will combine functions from the Department of Consumer Affairs and the Department of Finance in a single office under the direction of the State and Consumer Services Agency. Transferring the security activities to SCSA will provide the appropriate separation between the State CIO directing IT activities and the State Information Security Officer who will be focused on security issues, risk issues, and breaches.

MILITARY DEPARTMENT

The Military Department (Military) is responsible for the command, leadership and management of the California Army and Air National Guard and related programs. The California National Guard (CNG) provides military service in support of the state and the nation. The Military provides resources, including personnel and equipment, to support the response efforts of other state agencies to various emergencies throughout the state. Missions typically include providing air support for wildfire and search/rescue efforts, specialized interoperable communications capabilities, and support for counter-drug operations.

Under contract with the Office of Homeland Security, the Military helps prepare the state for potential terrorist attacks by coordinating weapons of mass destruction (WMD) and other homeland security-related training, exercises, and evaluations. The Military is responsible for implementing the California National Guard Homeland Security Strategy and supporting the State Homeland Security Assessment and Strategy to ensure California's public safety agencies are prepared to respond to potential terrorist threats.

The Governor's Budget includes \$131.8 million (\$45.0 million General Fund), which reflects a decrease of \$19.4 million (\$4.1 million General Fund) below the revised 2006-07 Budget.

TUITION ASSISTANCE PROGRAM

The Governor's Budget proposes \$1.7 million to establish a tuition assistance program for members of the CNG to improve retention of CNG members and their respective skill sets, thereby providing a more experienced, effective reserve force. Fifty-one other states and territories offer tuition assistance, which has proven to be an effective recruitment and retention tool for National Guard membership.

ARMORY MAINTENANCE AND REPAIRS

The Governor's Budget includes \$4.5 million (\$3 million General Fund) for armory maintenance and repairs. The proposed funding will allow the Military to continue to address its most critical facility needs by making needed repairs, modernizing its armory infrastructure, and ensuring compliance with environmental laws and building codes on a priority basis.

MILITARY FUNERAL HONORS

The Governor's Budget includes \$1.8 million General Fund and 22.1 positions to provide the additional resources needed to meet the increased demand for military funeral honors ceremonies in California. Federal regulations require the CNG to serve as the primary provider of these ceremonies for veterans who request, or whose families request, funeral services in California with military honors.

DEPARTMENT OF VETERANS AFFAIRS

The California Department of Veterans Affairs serves California veterans and their families. It assists in presenting claims for veterans' benefits under federal law, provides veterans with opportunities to acquire farms and homes through direct low-cost loans, and offers aged or disabled veterans rehabilitative, residential, medical care, and services in a home-like environment at the California Veterans Homes.

The Governor's Budget includes \$394.6 million (\$113.2 million General Fund), which reflects a decrease of \$165.8 million (\$24.7 million General Fund increase) from the revised 2006-07 Budget.

BARSTOW 40 SKILLED NURSING FACILITY BEDS

The Governor's Budget includes \$2.3 million (\$2.1 million General Fund and \$245,000 federal and other funds) and 18 positions to reopen 40 Skilled Nursing Facility (SNF) beds at the Barstow Veterans Home. The activation of the unit will occur over two fiscal years. The opening of the SNF unit will provide needed care for Veterans and allow for greater utilization of the Barstow Home.

ENTERPRISE-WIDE INFORMATION SYSTEM

The Governor's Budget includes \$10.3 million General Fund (\$7 million one-time) and 20.9 positions to procure and implement a statewide Veterans Home Information System. This system will be implemented in existing homes and homes proposed for construction. The current system is outdated and can no longer be appropriately supported. The new

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system, based upon the federal veterans' health care information system, will improve health care tracking and enhance the continuum of care provided to veterans.

GREATER LOS ANGELES AND VENTURA COUNTY VETERANS HOMES CONSTRUCTION

The Governor's Budget includes \$995,000 General Fund and 7.6 positions for the initial construction and pre-activation phases of the Greater Los Angeles and Ventura County Veterans Homes project. At completion, the new facilities will bring Adult Day Health Care, assisted living and Skilled Nursing Facility care to the greater Los Angeles area.

MEDICARE PART D

On January 1, 2006, the federal government began the Medicare Part D program, through which the state will receive money from the federal government to offset state General Fund money spent on retiree health care for Medicare-eligible retirees and their dependants (see 9650 in the Governor's Budget). The California Public Employees' Retirement System administers retiree health care programs, including the Medicare Part D program. Federal reimbursements for Medicare Part D will be deposited into the Special Deposit Fund then transferred to the Contingency Reserve Fund (see 1900 in the Governor's Budget). These funds will be used to offset the state's General Fund costs for retiree health coverage. A portion of the Special Deposit fund is appropriated by the Legislature to the California Public Employees' Retirement System for administration of the Medicare Part D program.

STATE EMPLOYEE COMPENSATION

Of the twenty-one collective bargaining units that represent state employees, twenty have negotiated new contracts. Of the twenty new contracts, one expires on June 30, 2007, seventeen expire on June 30, 2008, one expires on July 2, 2008, and one expires on July 2, 2010. The Corrections Bargaining Unit is the only bargaining unit without a contract. The Department of Personnel Administration is continuing to negotiate with the exclusive representative, California Correctional Peace Officers Association, and will be negotiating in the spring for the contract that expires on June 30, 2007. When a contract expires, the terms of that contract remain in effect.

The state anticipates spending \$447.4 million in 2007-08 for employee compensation increases in the current contracts and for employees excluded from collective bargaining (managers, supervisors, and confidential employees). In addition to the ongoing costs associated with salary and benefit increases effective in 2006-07, the majority of the new

contracts provide for a 2-to 4-percent cost-of-living adjustment for 2007-08. The budget assumes this adjustment will be 3.3 percent based on current estimates.

GENERAL FUND UNALLOCATED REDUCTIONS

The Governor's Budget proposes to reduce General Fund spending by a total of \$100 million in 2007-08.

The Administration has been successful in meeting the unallocated reduction saving targets in the last few years. We have achieved General Fund spending reductions of \$100 million in 2006-07 as required by Control Section 4.05 of the 2006 Budget Act. Details of these reductions have been reported to the Legislature.

Using the same approach, the Department of Finance will continue to work with Agency Secretaries and other cabinet members to achieve one-time General Fund savings of \$100 million in 2007-08.

ECONOMIC RECOVERY BOND PRE-PAYMENT

On March 2, 2004, voters approved Proposition 57 (the Economic Recovery Bond Act) and Proposition 58 (the California Balanced Budget Act). Prop 57 authorized the issuance of the Economic Recovery Bonds (ERBs) of up to \$15 billion in net bond proceeds to retire the accumulated budget deficit. To date, a total of \$10.9 billion in ERBs have been issued (\$11.3 billion in net proceeds), with \$3.7 billion remaining un-issued. To ensure the repayment of the ERBs, Prop 57 also authorized the "Triple Flip," which consists of three major provisions regarding the distribution of sales and use taxes and other revenues to schools and local governments as follows:

- The ¼ percent local sales tax rate was replaced with a new ¼ percent statewide sales tax rate to fund ERB repayment.
- Property tax previously allocated to local schools was shifted to cities and counties to backfill revenues now used to repay ERBs.
- The General Fund now repays the local schools to backfill the previously allocated property tax

Prop 58, requires a special reserve, the Budget Stabilization Account (BSA), to be established in the state's General Fund, part of which would repay the ERBs authorized by Prop 57. The amount of BSA funds used to repay ERBs is capped at \$5 billion.

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As a result of aggressive repayment efforts and the fact that the remaining ERBs have not been issued, the originally scheduled ERB retirement date (July 2023) has been significantly reduced to January 2010, as of the enactment of the 2006 Budget Act. The Governor's Budget proposes an additional \$595 million General Fund to further accelerate the payment of the ERBs, and will result in nearly half of the original amount being retired by June 2008. Combined with modest changes to other revenues dedicated to the repayment of the ERBs, it is now estimated that this additional pre-payment will enable the ERBs to be effectively paid off by August 1, 2009, five months ahead of the previous projection. In addition, it is estimated that the pre-payment of the ERBs will result in almost \$90.9 million in simple interest savings and make available an additional \$701 million General Fund in 2009-10 that would have otherwise been used to reimburse local governments for the Triple Flip.