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.

STATE CAPITOL • SACRAMENTO, CALIFORNIA 95814 • (916) 445–2841

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.

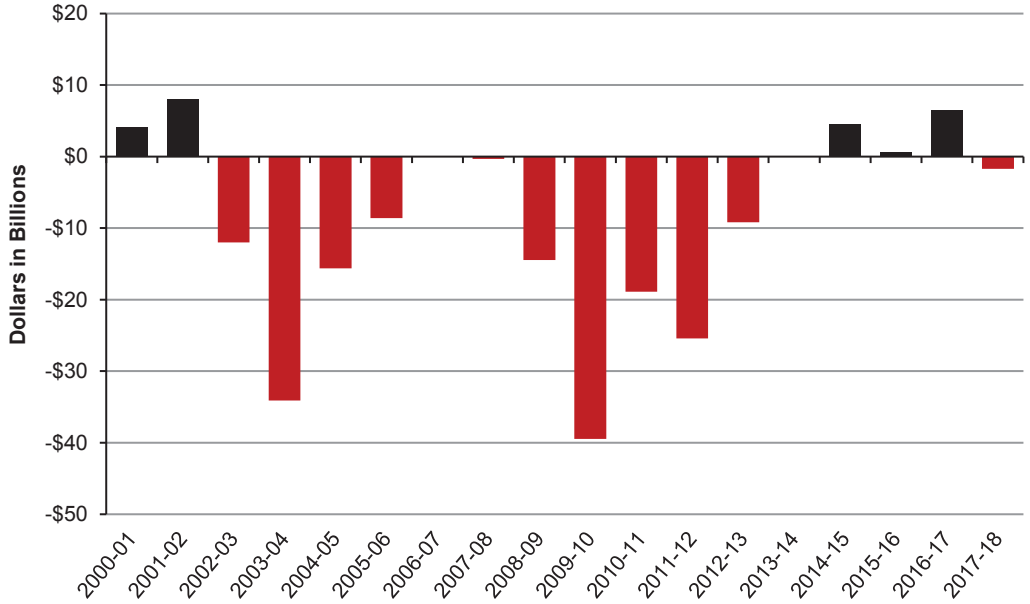
While rebalancing the budget is the immediate task at hand, the state must continue to plan for and save for the next recession. By the time the budget is enacted in June, the economy will have finished its eighth year of expansion, three years longer than the

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.

Figure INT-01
Balanced Budgets Have Been Quickly Followed by Huge Deficits[1/]



[1/] Budget shortfalls or surplus, measured by the annual Governor's Budget.

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

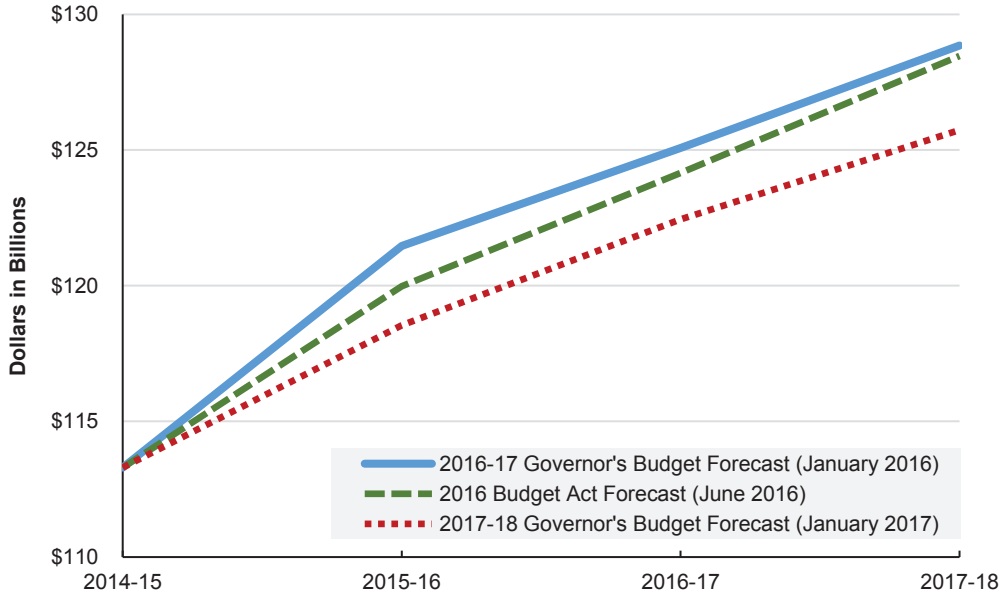
budget would face a deficit of $1.6 billion, or 1.3 percent of annual spending. Without action, the state would face annual deficits into the future of about $1 to $2 billion.

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.

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.

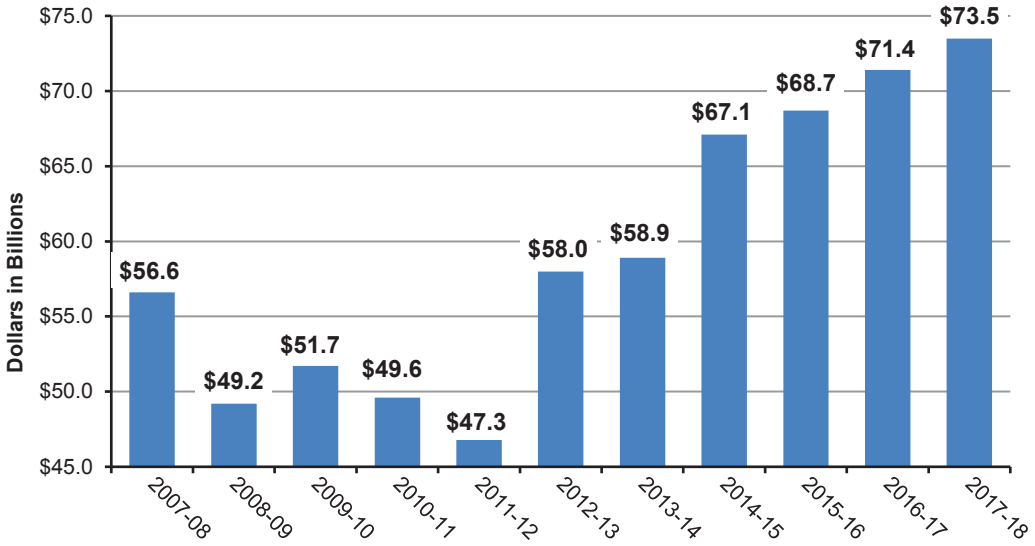
Preserving Core Achievements

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,

Figure INT-03
Proposition 98 Funding
2007-08 to 2017-18



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.

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 Amount at Start of 2017-18	Proposed Use of 2017-18 Pay Down
Budgetary Borrowing		
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
State Retirement Liabilities		
State Retiree Health	74,103	100
State Employee Pensions	49,592	0
Teachers' Pensions[1/]	72,626	0
Judges' Pensions	3,279	0
Deferred payments to CalPERS	627	0
University of California Retirement Liabilities		
University of California Employee Pensions	15,141	169
University of California Retiree Health	21,087	0
Total	**$239,552**	**$1,156**

[1/]The state portion of the unfunded liability for teachers' pensions is $14 billion.

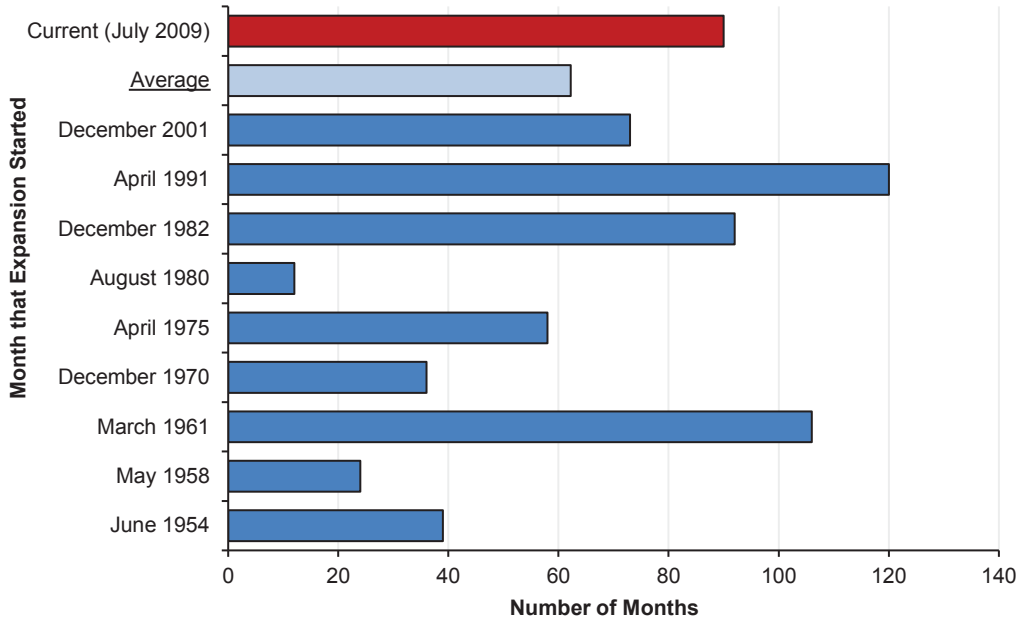
For 15 years, Proposition 2 provides a dedicated funding source to help address these debts, but that funding alone will not eliminate the liabilities. In December, the CalPERS

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.

Figure INT-05
Current Recovery Is Approaching Three Years Longer than Average



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

Figure SUM-02

General Fund Expenditures by Agency

(Dollars in Millions)

	2016-17	2017-18	Change from 2016-17 Dollar Change	Percent 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%
Total	**$122,761**	**$122,520**	**-$241**	**-0.2%**

Note: Numbers may not add due to rounding.

Figure SUM-03

2017-18

General Fund Expenditures

(Dollars in Millions)

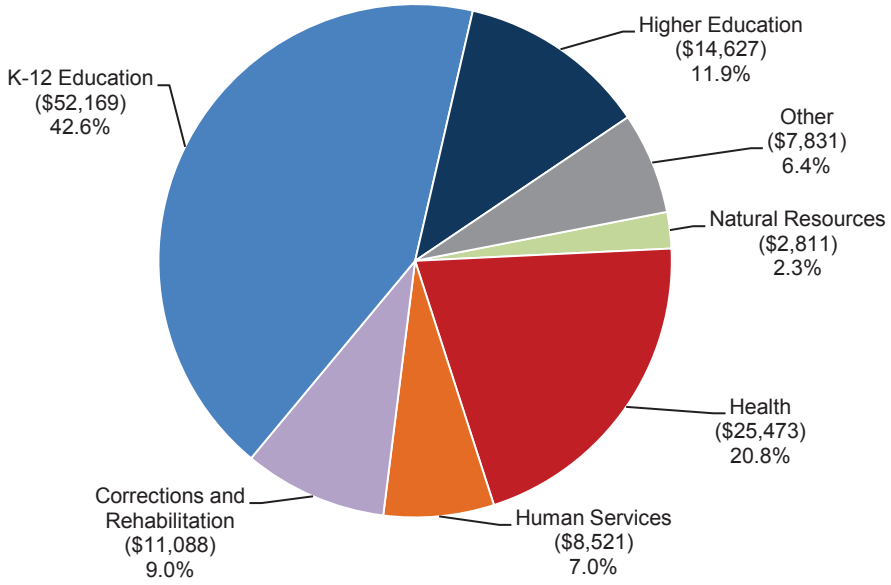


Figure SUM-04

General Fund Revenue Sources

(Dollars in Millions)

	2016-17	2017-18	Change from 2016-17 Dollar Change	Change from 2016-17 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%
Subtotal	**$121,949**	**$125,183**	**$3,234**	**2.7%**
Transfer to the Budget Stabilization Account/Rainy Day Fund	-3,184	-1,156	2,028	-63.7%
Total	**$118,765**	**$124,027**	**$5,262**	**4.4%**

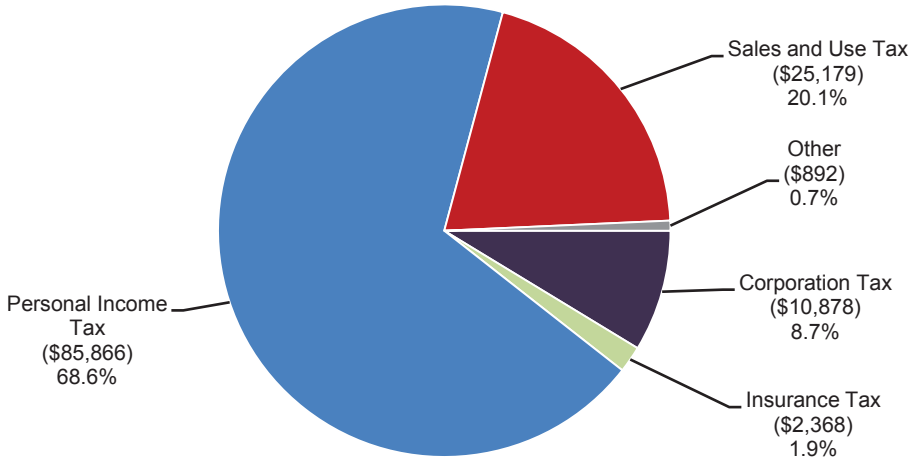
Note: Numbers may not add due to rounding.

Figure SUM-05

2017-18

General Fund Revenues and Transfers[1/]

(Dollars in Millions)



[1/] 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
Total	**$122,520**	**$54,573**	**$2,357**	**$179,450**

Note: Numbers may not add due to rounding.

Figure SUM-07

2017-18

Total State Expenditures

(Including Selected Bond Funds)

(Dollars in Millions)

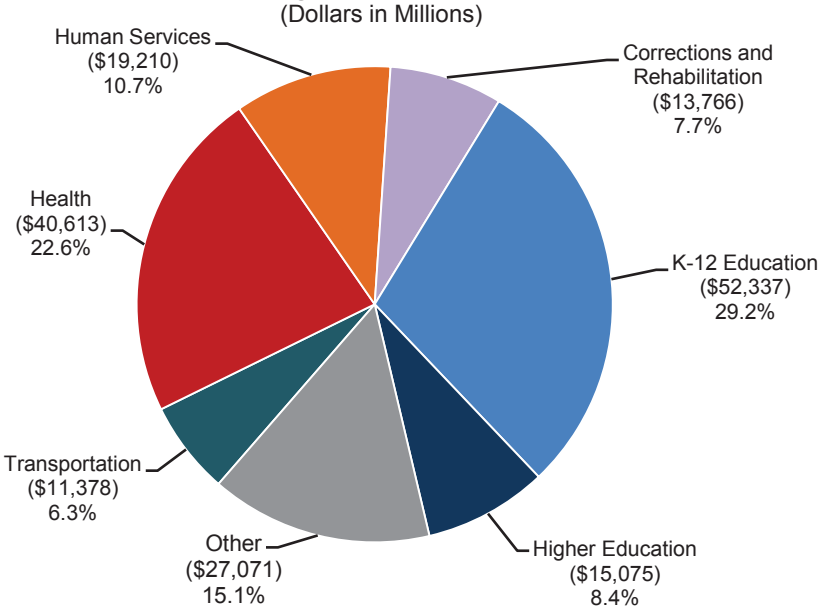


Figure SUM-08

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
Subtotal	**$125,183**	**$50,532**	**$175,715**	**$5,410**
Transfer to the Budget Stabilization Account/Rainy Day Fund	-1,156	1,156	0	0
Total	**$124,027**	**$51,688**	**$175,715**	**$5,410**

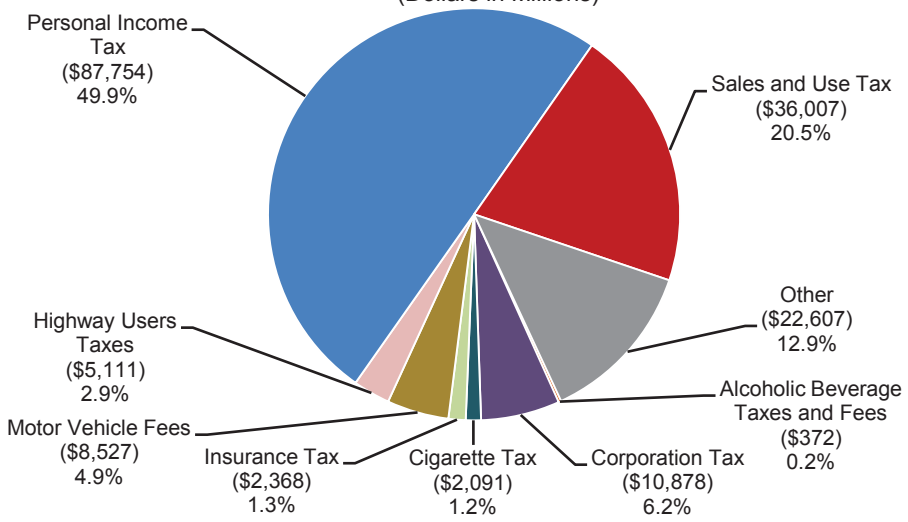
Note: Numbers may not add due to rounding.

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

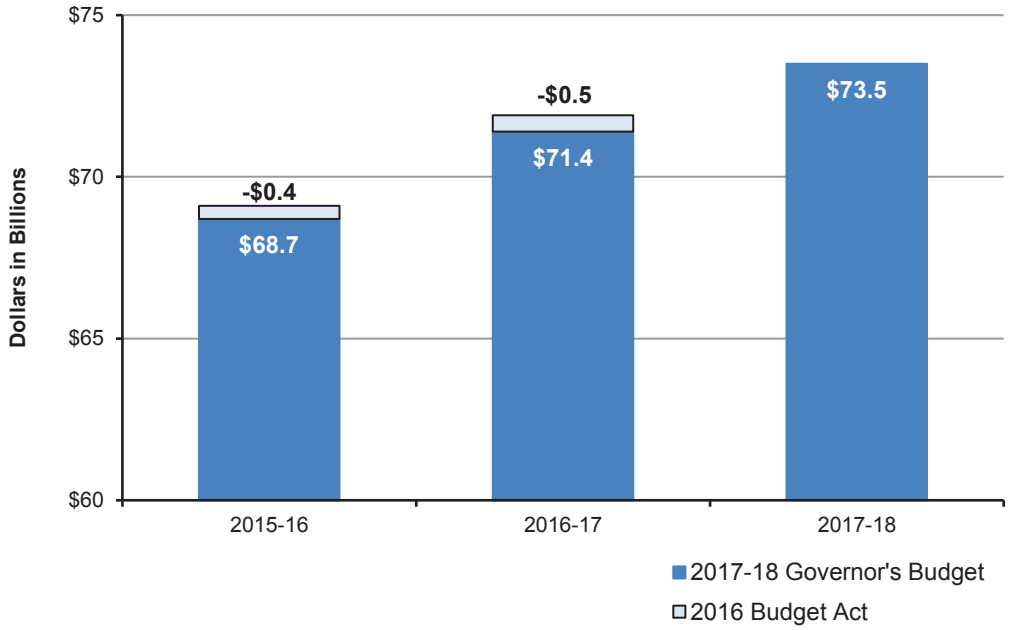
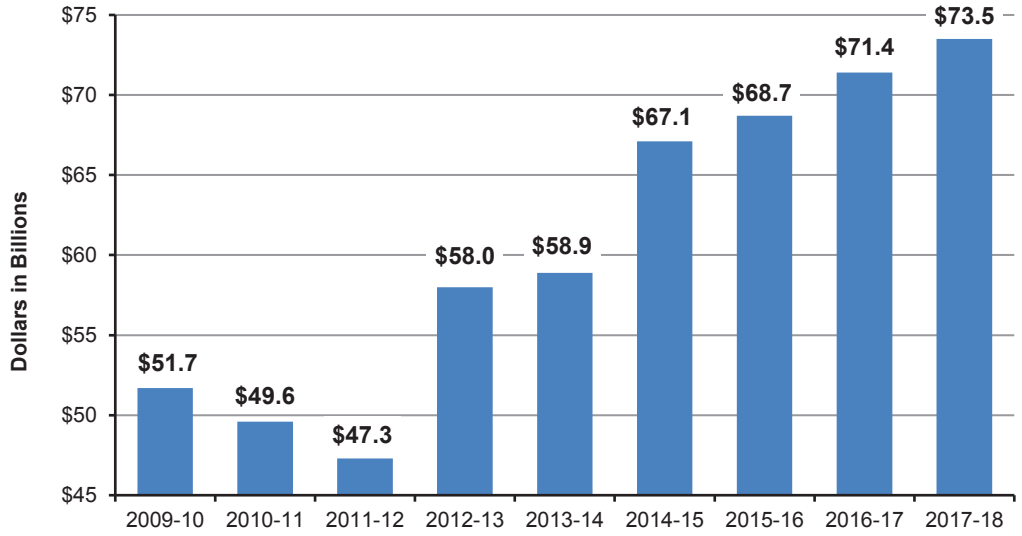


Figure K12-02
Proposition 98 Funding
2009-10 to 2017-18

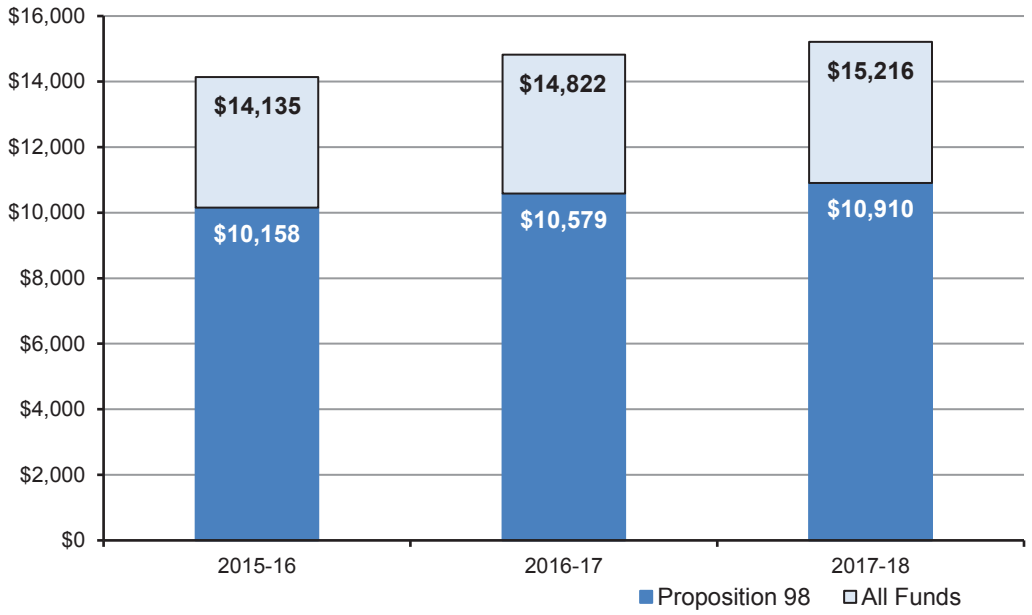


To maintain core investments and existing programmatic spending levels, the Budget proposes one-time cost adjustments in the 2015-16 and 2016-17 fiscal years, as discussed in more detail in the K-12 Major Budget Adjustments section. The fiscal effect of these one-time adjustments is that expenses originally 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

Figure K12-03
K-12 Education Spending Per Pupil



$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.

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.

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.

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.

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

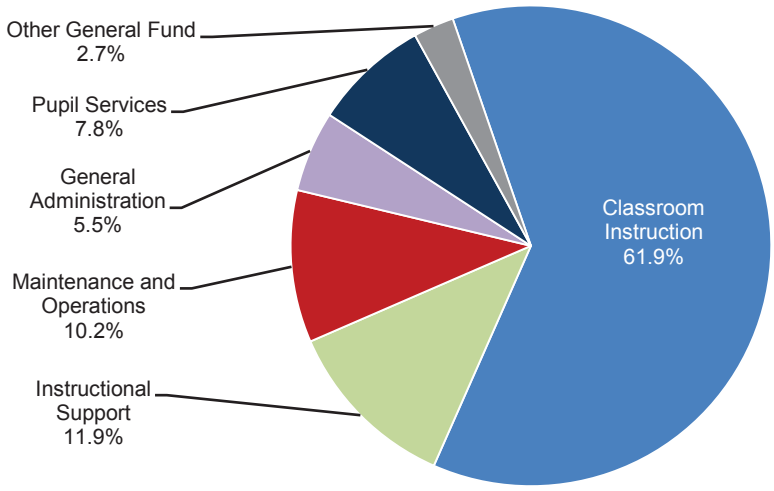
How School Districts Spend Their Money

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

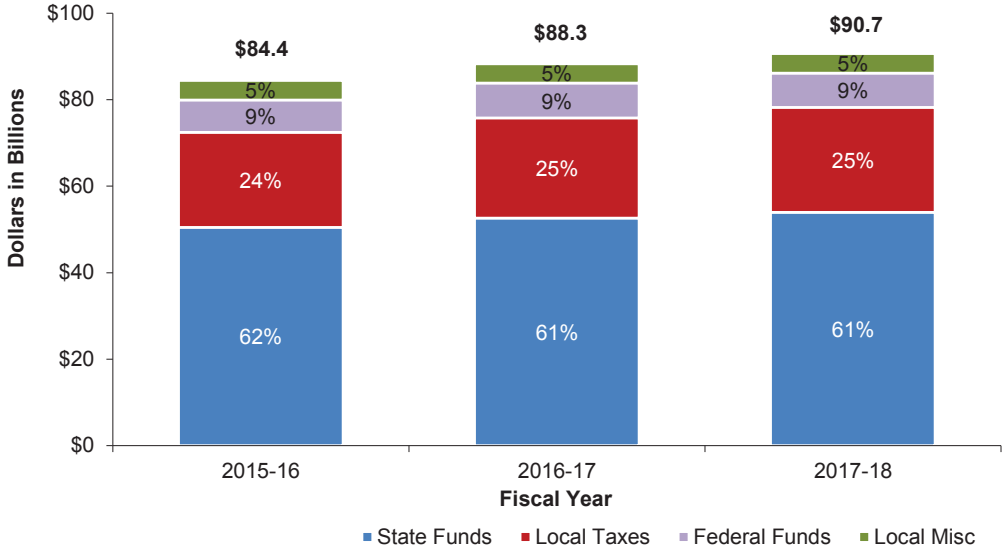
Public school attendance grew in 2013-14 and declined in 2014-15. Attendance grew in 2015-16 but is projected to decline in 2016-17 and again slightly in 2017-18. For 2015-16, K-12 average daily attendance is reported to be 5,971,343, an increase of 11,458 from 2014-15. 2016-17 K-12 average daily attendance 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[1/]



Classroom Instruction includes general education, special education, teacher compensation, and special projects.
General Administration includes superintendent and board, district and other administration and centralized electronic data processing.
Instructional Support includes research, curriculum development and staff development that benefits and supports student instruction.
Maintenance and Operations includes utilities, janitorial and groundskeeping staff, and routine repair and maintenance.
Pupil Services includes counselors, school psychologists, nurses, child welfare, and attendance staff.
Other General Fund includes spending for ancillary services, contracts with other agencies, and transfers to and from other district funds.
[1/] Based on 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.

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.

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 75th 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 75th 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 2016-17 Dollars	Change from 2016-17 Percent
University of California					
Total Funds [1/]	$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 [1/]	$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 [2/]	1,479.0	1,130.1	1,152.8	22.8	2.0%
Other Higher Education [3/]					
Total Funds	$55.2	$89.6	$64.8	-$24.8	-27.7%
General Fund	12.1	40.3	13.7	-26.6	-65.9%
Total Funds	**$30,213.6**	**$31,672.1**	**$31,916.2**	**$244.2**	**0.8%**
General Fund	**$16,602.2**	**$17,301.8**	**$17,486.1**	**$184.3**	**1.1%**

[1/] These totals include tuition and fee revenues and other funds the universities report as discretionary.

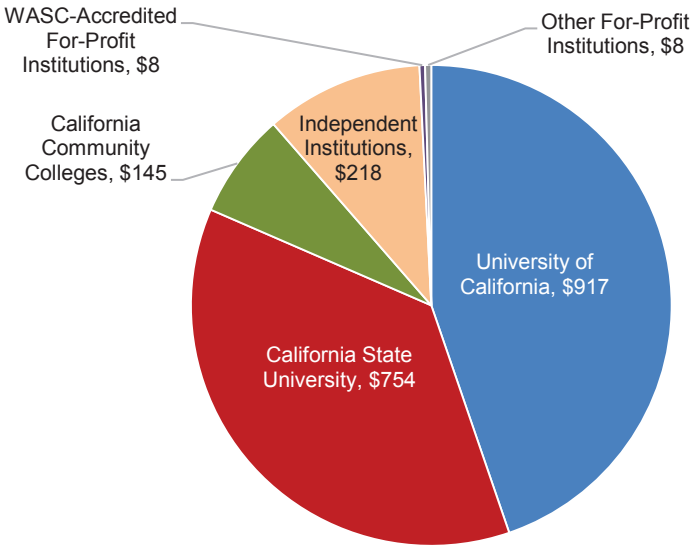
[2/] General Fund expenditures for the Cal Grant program are offset by reimbursements, including federal Temporary Assistance for Needy Families (TANF) funds received through an agreement with the Department of Social Services. TANF reimbursements are $520.9 million in 2015-16 and $925.7 million in 2016-17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

[3/] 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.

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.

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.

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.

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.

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.

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.

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.

Significant Adjustments

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

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.

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.

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.

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.

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.

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.

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.

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.

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.

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.

Department of Industrial Relations

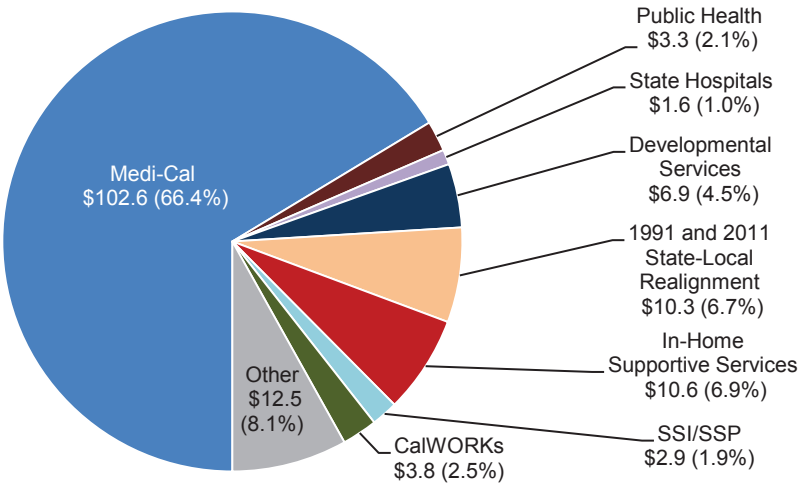
Within the Labor Agency, the Department of Industrial Relations continues its mission to improve working conditions; enforce laws related to wages, hours, conditions of employment, and workers' compensation; and adjudicate workers' compensation claims. The Division of Apprenticeship Standards creates 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[1/]
All Funds
(Dollars in Billions)



[1/] 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 Revised	2017-18 Estimate	Change
Medi-Cal	14,025,500	14,281,900	256,400
California Children's Services (CCS)[1/]	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[2/]	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[3/]	6,342	6,369	27
Developmental Centers[4/]	963	760	-203
Vocational Rehabilitation	28,069	28,069	0

[1/] Represents unduplicated quarterly caseload in the CCS Program. Does not include Medi-Cal CCS clients.
[2/] 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.
[3/] Represents the year-end population, excluding psychiatric programs.
[4/] 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.

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.

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)

Investment Category	*Department*	*Program*	*2017-18 Amount* [1/]
Enforcement	Department of Justice	Local Law Enforcement Grants[2/]	$37.5
	Department of Justice	Distribution and Retail Sale Enforcement[2/]	$7.5
	Board of Equalization	Distribution and Retail Sales Tax Enforcement[2/]	$5.8
	Department of Public Health	Law Enforcement[2/]	$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[2/]	$50.0
	Department of Public Health	State Dental Program[2/]	$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**

[1/] 2017-18 figures include one quarter of 2016-17 revenue and four quarters of 2017-18 revenue.

[2/] 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 Growth	2016-17	2016-17 Growth	2017-18	2017-18 Growth
Law Enforcement Services	**$2,289.1**		**$2,361.2**		**$2,440.1**	
Trial Court Security Subaccount	532.5	7.2	539.7	7.9	547.6	10.0
Enhancing Law Enforcement Activities Subaccount[1/]	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)*
Growth, Law Enforcement Services		**188.1**		**233.5**		**254.2**
Mental Health[2/]	**1,120.6**	6.7	**1,120.6**	7.3	**1,120.6**	9.3
Support Services	**3,277.6**		**3,404.9**		**3,543.8**	
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)*	-
Growth, Support Services		**134.0**		**146.2**		**186.5**
Account Total and Growth	**$7,009.4**		**$7,266.4**		**$7,545.2**	
Revenue						
1.0625% Sales Tax	$6,403.5		$6,621.8		$6,901.5	
Motor Vehicle License Fee	605.9		644.6		643.7	
Revenue Total	**$7,009.4**		**$7,266.4**		**$7,545.2**	

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

[1/] Base Allocation is capped at $489.9 million. Growth does not add to the base.

[2/] 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.

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.

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.

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.

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
Total Average Daily Population Projection	**129,015**	**128,159**

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.

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 26th 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.

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.

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.

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.

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 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[1/]	450
	Total	$90,405

[1/]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).

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)

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

[1/] Excludes one-time loan repayments totaling $706 million.

[2/] Provides up to $250 million per year beginning in 2018-19.

[3/] The 2017-18 totals include anticipated loan repayments.

[4/] 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
Pavement (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
Bridges (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
Culverts (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
Traffic Management Systems (TMS) (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
Maintenance (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.

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.

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)

Investment Category	*Department*	*Program*	*Amount*
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
	Total		**$3,378**

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)

Investment Category	*Department*	*Program*	*Amount*
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	
	Total		**$2,155**

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.

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.

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)

Investment Category	*Department*	*Program*	*Amount*
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
Total			**$178.7**

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.

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.

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.

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.

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.

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.

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.

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.

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.

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.

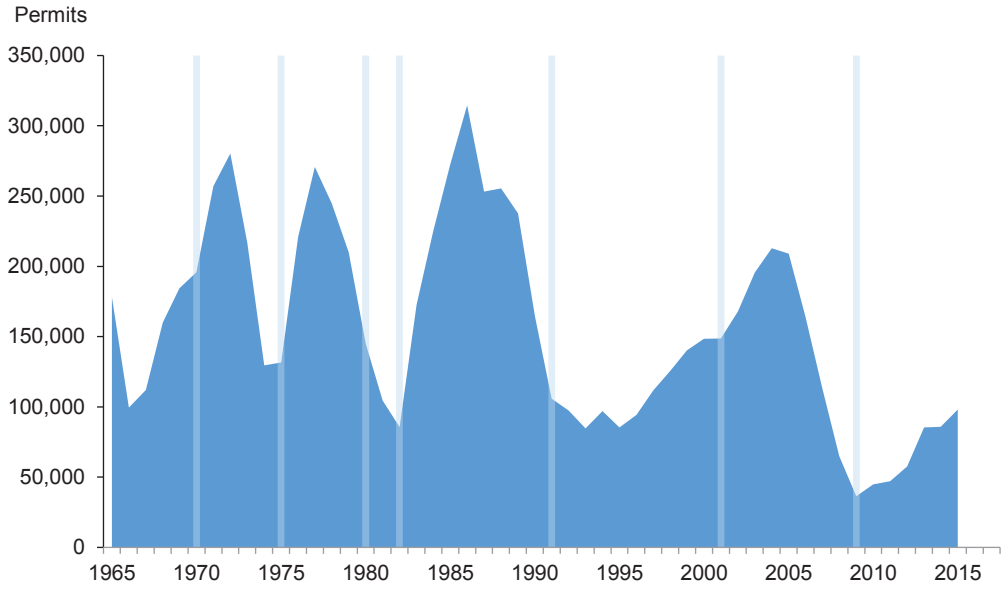
Housing in California

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.

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.

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 Constructed[1/]	Cost Per Affordable Unit[2/]
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[3/]	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[3/]	29%	269
Kings & Tulare	28%	207
Butte, Glenn, Sutter & Yuba	27%	256
Colusa & Lake	19%	261
Shasta[3/]	17%	255
Madera, Merced & Stanislaus	14%	244
Monterey & San Benito	9%	310
STATEWIDE	**47%**	**$332**

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

[2/] 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.

[3/] 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)

Department	*Program*	*Amount*
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[1/]	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 [2/]
Strategic Growth Council[3/]	Affordable Housing and Sustainable Communities	TBD
	Transformative Climate Communities	TBD
Tax Credit Allocation Committee	Low Income Housing Tax Credits (Federal)	$241 [4/]
	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 [5/]
	CalWORKS Family Stabilization, Housing Component	$12 [5/]
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 [6/]
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 [6/]
Total		**$3,189**

[1/] Amounts are the estimated lending activities from 2016-17 trends.

[2/] This amount represents a voluntary allocation of Proposition 63 funds from 16 participating counties.

[3/] 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.

[4/] 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.

[5/] This amount represents an estimate of the portion of the program associated with housing and homelessness activities.

[6/] 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.

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.

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.

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.

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.

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.

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.

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 [1/]

(Dollars in Millions)

	CalPERS[2/]	CSU CalPERS	CalSTRS	JRS	JRS II	LRS	Active Health & Dental[3/]	Retiree Health & Dental	CSU Retiree Health	Employer OPEB Prefunding[4/]
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 [5/]	$449 [5/]	1,303	160	51		2,567	1,365 [5/]	$222 [5/]	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[6/]	4,754	621	2,473	202	68	1	3,101	1,647	273	323 [7/]
2017-18[6/]	5,278	672	2,787	197	67	1	3,250	1,783	295	189

[1/] The chart does not include contributions for University of California pension or retiree health care costs.

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

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

[4/] Amount reflects the employer contribution to pay down the OPEB unfunded liability.

[5/] Beginning in 2012-13, CSU pension and health care costs are displayed separately.

[6/] 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.

[7/] 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.

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.

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.

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.

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.

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.

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.

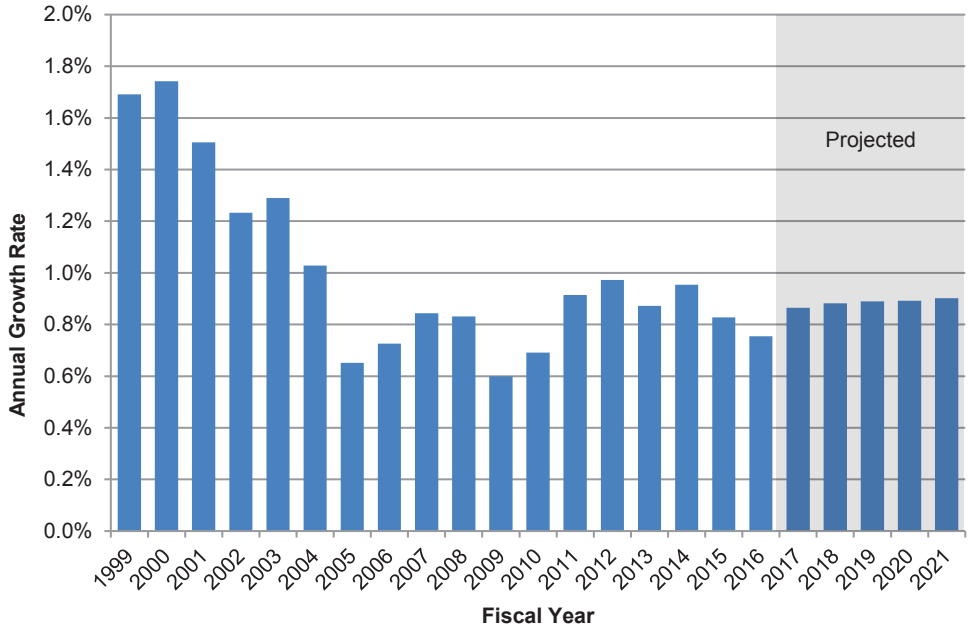
Demographic Outlook

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

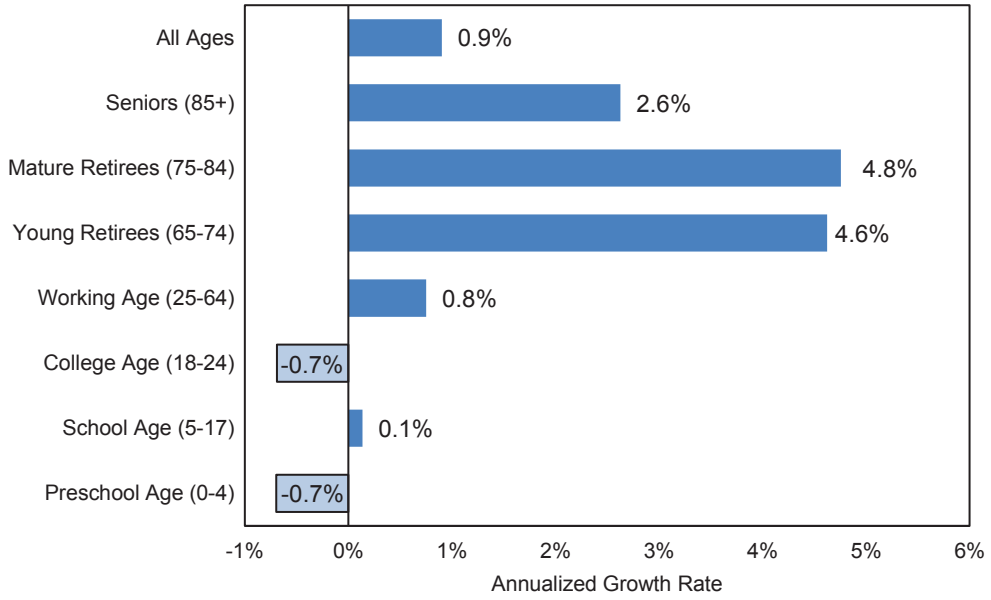


Population Change

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)

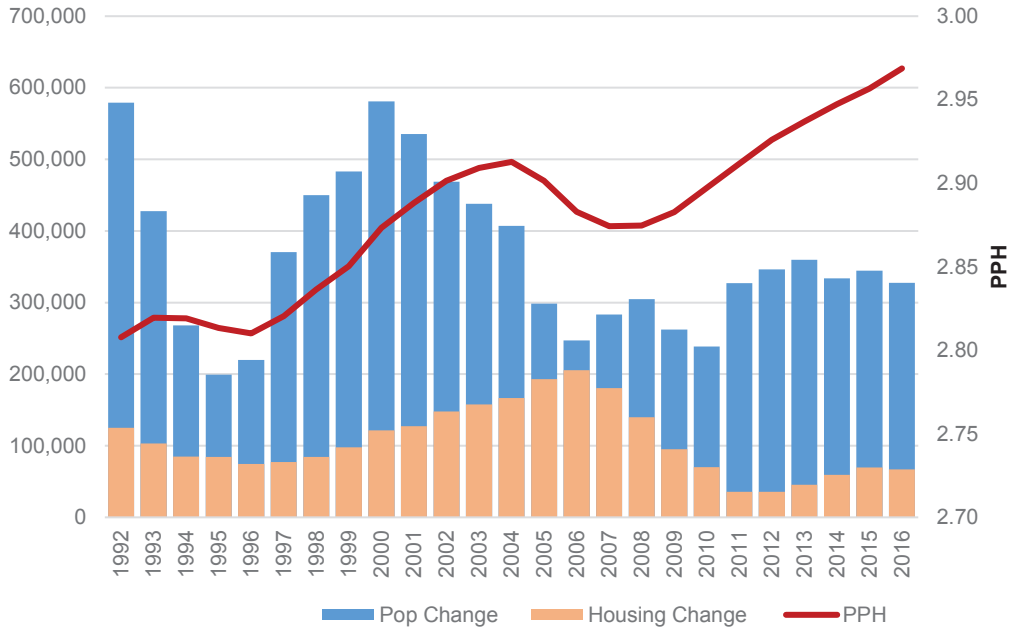


Housing Challenges

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.

Figure DEM-03
Housing, Population Change and Persons per Household (PPH)

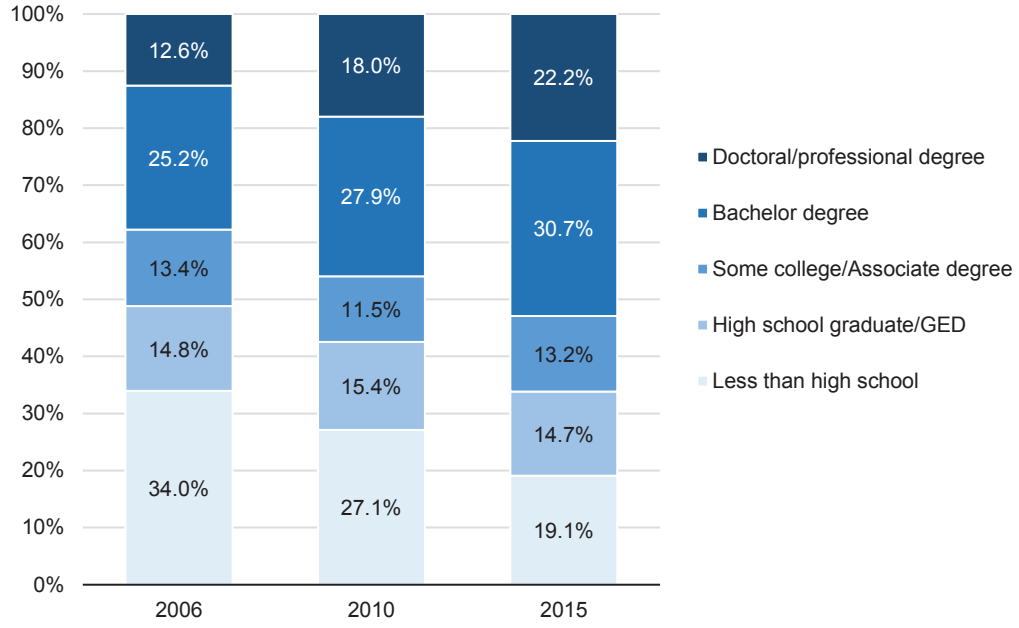


Immigration

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.

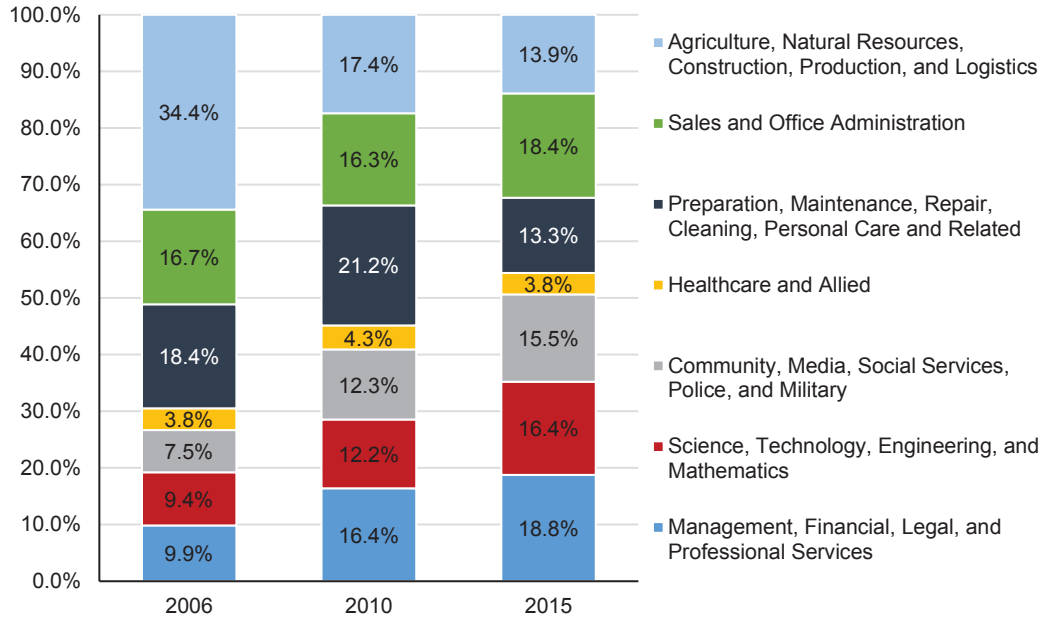
Educational attainment of immigrants to California has been rising over time (Figure DEM-04). For those immigrants with a college degree, California posted significant gains (7.1 percent) between 2010 and 2015 in those with majors in Technology, Engineering, and Math. All other degree types held relatively 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.

Figure DEM-04
Changing Educational Attainment of California Immigrants (Age 25 and Older)



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).

Figure DEM-05
Occupations of California Immigrants (Age 16 and Older)



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.

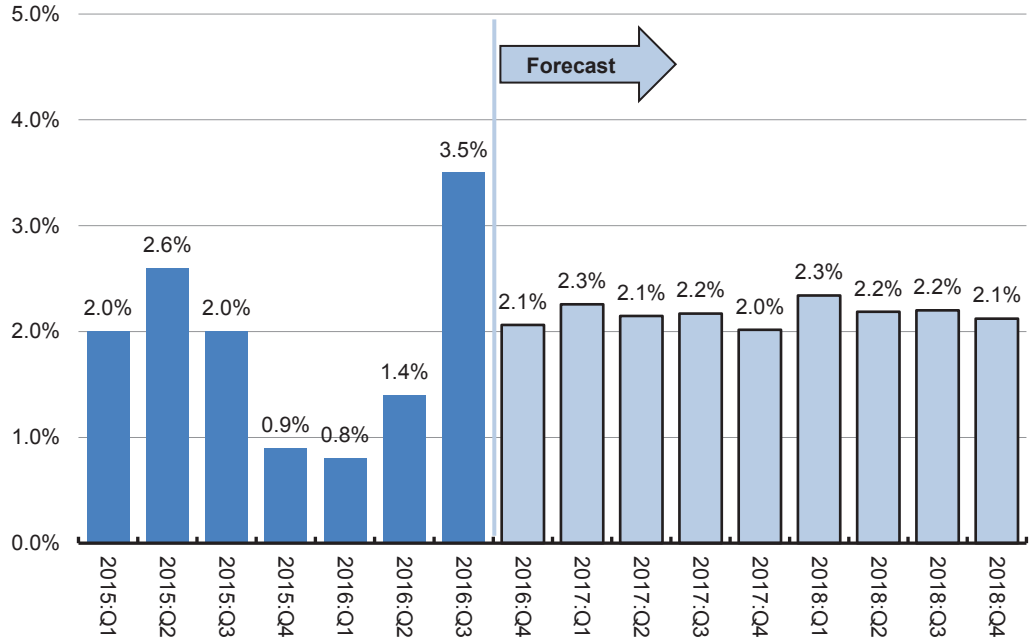
The U.S. economy grew slowly in 2016, with consumption growth compensating somewhat for low investment and exports. The outlook assumes moderate growth throughout the forecast period, although the length of the current expansion would exceed that of the previous record if growth continues past 2018. 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.

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.)

Figure ECO-01
U.S. Real Gross Domestic Product
Quarter-to-Quarter Growth, Annualized



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

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 6th largest economy in the world in 2015. California's unemployment rate fell to 5.5 percent in February 2016 and is

Figure ECO-02

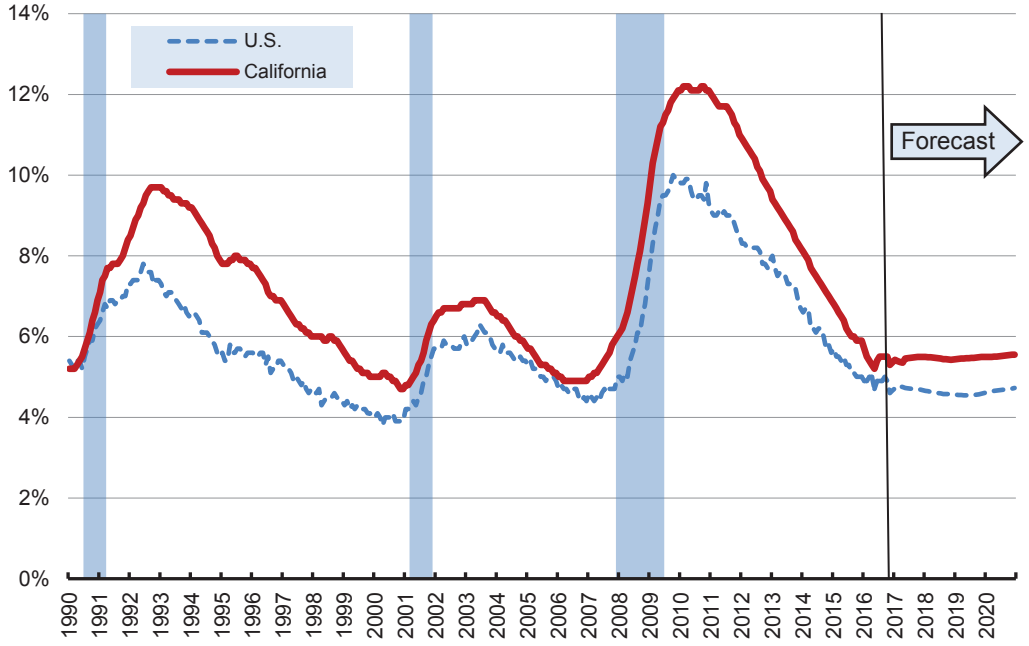
Selected Economic Indicators

United States	2012	2013	2014	2015	2016 Estimated	2017 Projected	2018 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%
Contributions to real GDP growth							
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
California							
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
Percent of total nonfarm employment							
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.

Figure ECO-03
U.S. and California Unemployment Rate

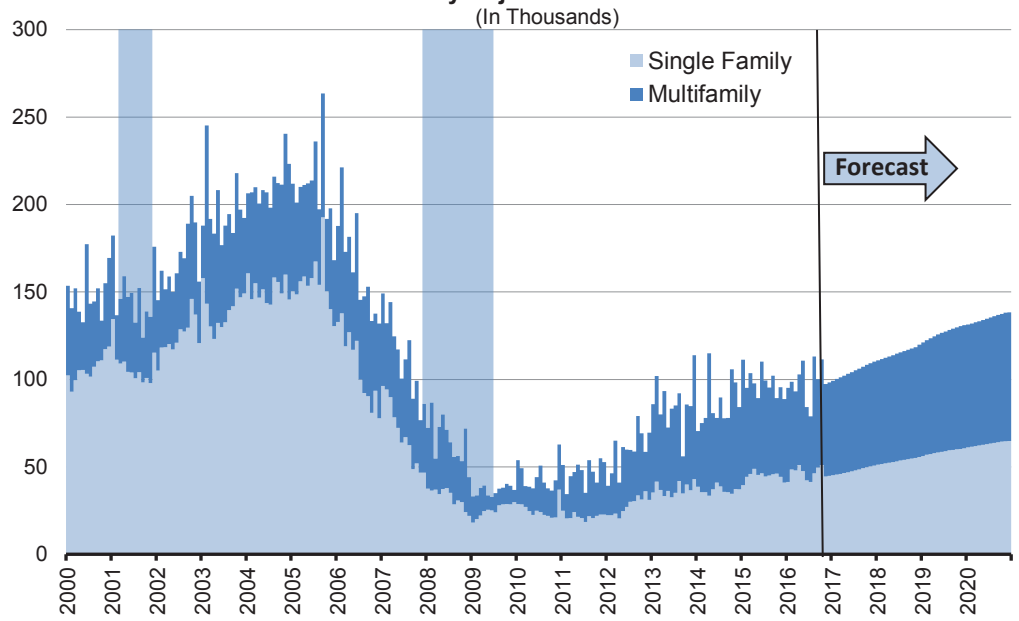


Shaded areas indicate U.S. recessions.
Source: U.S. Bureau of Labor Statistics; CA Employment Development Department, Labor Market Information Division; CA Department of Finance Governor's Budget Forecast.

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.

Figure ECO-04
California Residential Construction Permits
Seasonally Adjusted at Annual Rates
(In Thousands)



Shaded areas indicate U.S. recessions.
Source: CA Construction Industry Research Board; CA Homebuilding Foundation; CA Department of Finance Governor's Budget Forecast.

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.

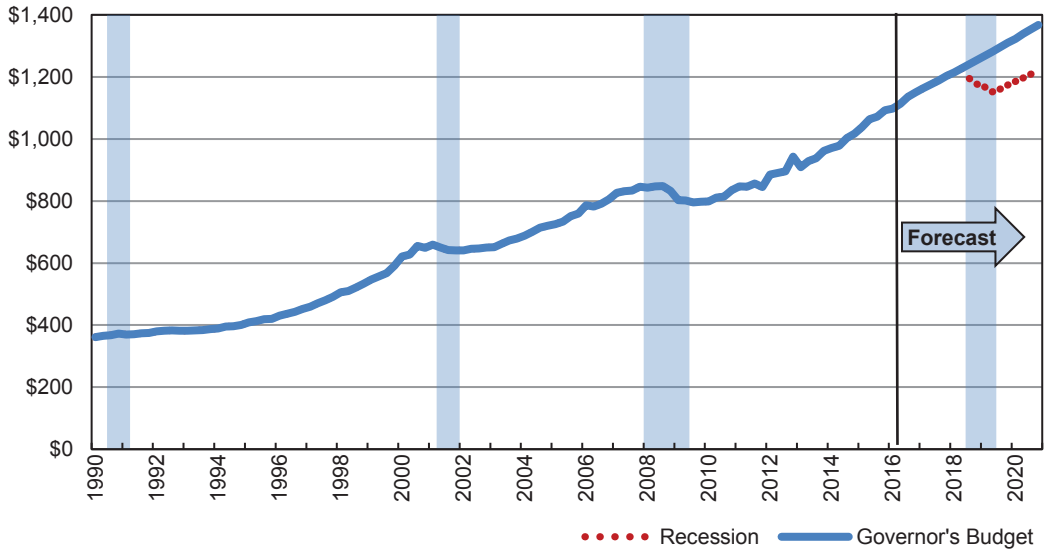
Stock Market

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).

Figure ECO-05
California Wages and Salaries Would Drop Below the Forecast During a Recession
(Dollars in Billions)



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 Budget Act	Governor's Budget	Change From Budget Act Forecast	
Fiscal 2015-16: Preliminary				
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%
Subtotal	$119,976	$118,538	-$1,438	-1.2%
Transfers[1/]	-2,974	-3,038	-64	2.2%
Total	**$117,001**	**$115,500**	**-$1,501**	-1.3%
Fiscal 2016-17				
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%
Subtotal	$124,159	$122,441	-$1,718	-1.4%
Transfers[1/]	-3,850	-3,676	174	-4.5%
Total	**$120,310**	**$118,766**	**-$1,544**	-1.3%
Fiscal 2017-18				
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%
Subtotal	$128,468	$125,738	-$2,730	-2.1%
Transfers[1/]	-1,707	-1,711	-4	0.2%
Total	**$126,762**	**$124,027**	**-$2,734**	-2.2%
Three-Year Total			**-$5,779**	

Totals may not add because of rounding.

[1/]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.

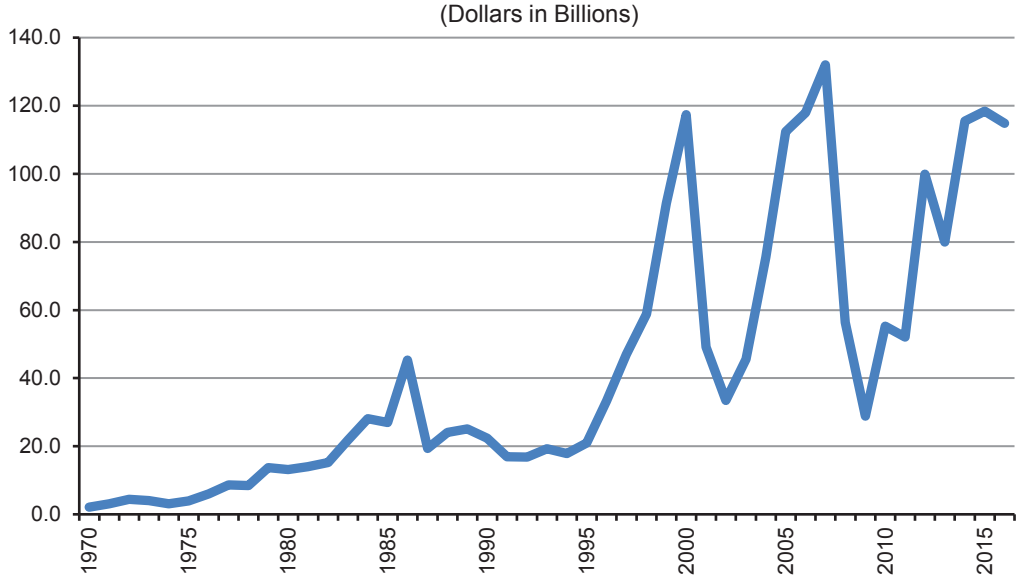
Figure REV-02
Capital Gains Revenue
As a Percent of General Fund Tax Revenues
(Dollars in Billions)

Annual Values	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015[e/]	2016[e/]	2017[e/]
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
Fiscal Year Values	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%

[e/]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.

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



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.

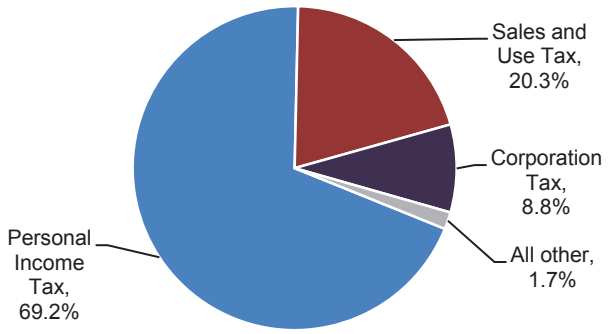
The highest-income Californians pay a large share of the state's personal income tax. For the 2014 tax year, the top 1 percent of income earners paid 48 percent of personal income taxes. This percentage has been greater than 40 percent for ten of the past eleven years. The share of total adjusted gross 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.

Figure REV-04
2017-18 General Fund Revenues and Transfers = $124 Billion



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%
Total	**$113.7**	**$118.5**	**$121.9**	**$126.7**	**$132.3**	**$138.1**	4.0%
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.

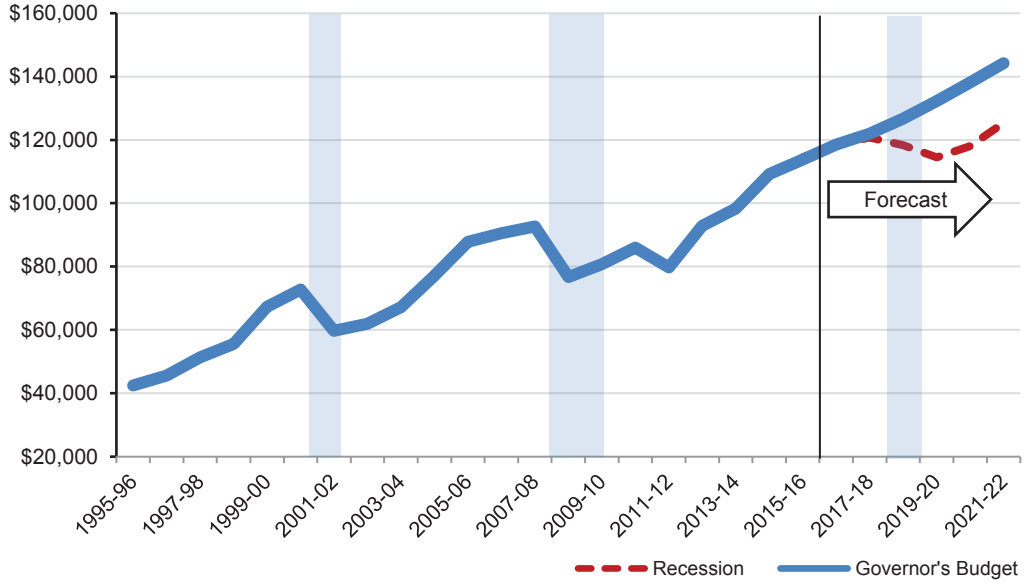
The economic forecast reflects slow but steady growth through 2020. The projected average growth rate in real Gross Domestic Product over this period is around 2.2 percent. The long-term revenue forecast reflects the sunset of the 0.25-cent Proposition 30 sales tax increase halfway through 2016-17. It 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.

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)

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

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 Preliminary	2016-17 Forecast	2017-18 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[1/]	964,645	-	-
Public Transportation Account	464,607	417,141	466,495
Total	**$35,955,773**	**$35,348,759**	**$36,007,122**

[1/]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)

State Rates		
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.
Local Uniform Rates[1/]		
Bradley-Burns	1.00%	Imposed by city and county ordinance for general purpose use.[2/]
Transportation Rate	0.25%	Dedicated for county transportation purposes.
Local Public Safety Fund	0.50%	Dedicated to cities and counties for public safety purposes by Proposition 172.
Local Add-on Rates[3/]		
Transactions and Use Taxes	up to 2.00%	May be levied in 0.125% or 0.25% increments[4/] up to a combined maximum of 2.00% in any county.[5/] Any ordinance authorizing a transactions and use tax requires approval by the local governing board and local voters.

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

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

[3/]These taxes may be imposed by voters in cities, counties, or special districts. The revenues are collected by the state for each jurisdiction and are not included in the state's revenue totals.

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

[5/]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
Alameda	9.25%
Albany, Hayward, San Leandro, Union City	9.75%
Alpine	7.25%
Amador	7.75%
Butte	7.25%
Paradise	7.75%
Calaveras	7.25%
Colusa	7.25%
Williams	7.75%
Contra Costa	8.25%
Antioch, Concord, Hercules, Orinda, Pittsburg	8.75%
San Pablo	9.00%
Moraga, Pinole, Richmond	9.25%
El Cerrito	9.75%
Del Norte	7.50%
El Dorado	7.25%
Placerville, South Lake Tahoe	7.75%
Fresno	7.975%
Reedley, Selma	8.475%
Sanger	8.725%
Huron	8.975%
Glenn	7.25%
Humboldt	7.75%
Arcata, Eureka, Trinidad	8.50%
Rio Dell	8.75%
Imperial	7.75%
Calexico	8.25%
Inyo	7.75%
Kern	7.25%
Ridgecrest	8.00%
Arvin, Delano	8.25%
Kings	7.25%
Lake	7.25%
Clearlake, Lakeport	7.75%
Lassen	7.25%
Los Angeles	8.75%
Avalon, Commerce, Culver City, El Monte, Inglewood, San Fernando, Santa Monica, South El Monte	9.25%
Compton, La Mirada, Long Beach, Pico Rivera, South Gate	9.75%
Madera	7.75%
Marin	8.25%
Novato	8.50%
Corte Madera, Fairfax, Larkspur, San Anselmo, Sausalito	8.75%
San Rafael	9.00%
Mariposa	7.75%
Mendocino	7.375%
Point Arena, Ukiah, Willits	7.875%
Fort Bragg	8.375%
Merced	7.25%
Atwater, Gustine	7.75%
Los Banos, Merced	
Modoc	7.25%
Mono	7.25%
Mammoth Lakes	7.75%
Monterey	7.375%
Gonzales, King City	7.875%
Carmel-by-the-Sea, Marina, Monterey, Pacific Grove, Sand City, Seaside, Soledad	8.375%
Del Rey Oaks, Salinas	8.875%
Greenfield	9.125%
Napa	7.75%
Nevada	7.375%
Grass Valley	7.875%
Truckee	8.125%
Nevada City	8.25%
Orange	7.75%
La Habra	8.25%
Stanton	8.75%
Placer	7.25%
Plumas	7.25%
Riverside	7.75%
Cathedral City, Coachella, Palm Springs	8.75%
Sacramento	7.75%
Galt, Isleton, Rancho Cordova, Sacramento	8.25%
San Benito	7.25%
San Juan Bautista	8.00%
Hollister	8.25%
San Bernardino	7.75%
Montclair, San Bernardino	8.00%
San Diego	7.75%
El Cajon, Vista	8.25%
La Mesa	8.50%
National City	8.75%
San Francisco	8.50%
San Joaquin	7.75%
Manteca	8.25%
Lathrop, Stockton	8.75%
San Luis Obispo	7.25%
Arroyo Grande, Atascadero, Grover Beach, Morro Bay, Paso Robles, Pismo Beach, San Luis Obispo	7.75%
San Mateo	8.75%
San Mateo	9.00%
South San Francisco	9.25%
Santa Barbara	7.75%
Guadalupe, Santa Maria	8.00%
Santa Clara	8.50%
Campbell, San Jose	8.75%
Santa Cruz	8.00%
Capitola, Santa Cruz, Scotts Valley	8.50%
Watsonville	8.75%
Shasta	7.25%
Anderson	7.75%
Sierra	7.25%
Siskiyou	7.25%
Mount Shasta, Weed	7.50%
Dunsmuir	7.75%
Solano	7.375%
Vacaville	7.625%
Rio Vista	8.125%
Benecia, Fairfield, Vallejo	8.375%
Sonoma	8.00%
Healdsburg, Rohnert Park, Santa Rosa, Sonoma	8.50%
Sebastopol	8.75%
Cotati	9.00%
Stanislaus	7.375%
Ceres, Oakdale	7.875%
Sutter	7.25%
Tehama	7.25%
Red Bluff	7.50%
Corning	7.75%
Trinity	7.25%
Tulare	7.75%
Visalia	8.00%
Farmersville, Porterville, Tulare	8.25%
Dinuba	8.50%
Tuolumne	7.25%
Sonora	7.75%
Ventura	7.25%
Oxnard, Port Hueneme	7.75%
Yolo	7.25%
West Sacramento	7.75%
Woodland	8.00%
Davis	8.25%
Yuba	7.25%
Wheatland	7.75%
Marysville	8.25%

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.

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.

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.

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.

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

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)

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

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 Preliminary	2016-17 Forecast	2017-18 Forecast
Gasoline[1/]	$4,559,537	$4,280,403	$4,576,132
Diesel	441,002	523,500	534,368
Total	**$5,000,539**	**$4,803,903**	**$5,110,500**

[1/]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.

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
Alcoholic Beverage Excise Taxes				
Beer	Gallon	$0.20	Equalization	General
Distilled Spirits	Gallon	$3.30	Equalization	General
Dry Wine/Sweet Wine	Gallon	$0.20	Equalization	General
Sparkling Wine	Gallon	$0.30	Equalization	General
Hard Cider	Gallon	$0.20	Equalization	General
Corporation				
General Corporation	Net income	8.84%[1/]	Franchise	General
Bank and Financial Corp.	Net income	10.84%	Franchise	General
Alternative Minimum Tax	Alt. Taxable Income	6.65%	Franchise	General
Tobacco				
Cigarette	Package	$2.87[2/]	Equalization	See below[2/]
Other Tobacco Products	Wholesale cost	27.3%[3/]	Equalization	See below[3/]
Insurance				
Insurers	Gross Premiums	2.35%[4/]	Insurance Dept.	General
Managed Care Organization Tax	Number of enrollees	Various[5/]	Health Care Services	Health and Human Services Special Fund
Motor Vehicle				
Vehicle License Fees (VLF)	Market value	0.65%	DMV	VLF, Local Revenue[6/]
Fuel—Gasoline	Gallon	$0.278[7/]	Equalization	Motor Vehicle Fuel[7/]
Fuel—Diesel	Gallon	$0.16[9/]	Equalization	Motor Vehicle Fuel
Registration Fees	Vehicle	$80.00	DMV	Motor Vehicle[10/]
Weight Fees	Gross Vehicle Wt.	Various	DMV	State Highway
Personal Income	Taxable income	12.3%[11/]	Franchise	General
Proposition 63 Surcharge	Taxable income > $1 million	1.0%	Franchise	Mental Health Services
Alternative Minimum Tax	Alt. Taxable Income	7.0%	Franchise	General
Retail Sales and Use	Sales or lease of taxable items	7.25%[12/]	Equalization	See below[12/]

[1/]Minimum Tax is $800 per year for existing corporations. New corporations are exempt for their first taxable year.

[2/]This tax is levied at the combined rate of 10 cents/pack of 20 cigarettes for the General Fund, 25 cents/pack for the Cigarette and Tobacco Products Surtax Fund, 2 cents/pack for the Breast Cancer Fund, 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.

[3/]The surtax rate is determined annually by the BOE and is equivalent to the combined rate of tax applied to cigarettes, with funding for the Cigarette and Tobacco Products Surtax Fund and California Children and Families First Trust Fund. Effective July 1, 2016, through June 30, 2017, the rate is 27.3 percent of the wholesale cost.

[4/]Ocean marine insurance is taxed at the rate of 5 percent of underwriting profit attributable to California business. Special rates also apply to certain pension and profit sharing plans, surplus lines, certain health insurance, and nonadmitted insurance.

[5/]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.

[6/]For return to cities and counties. Trailer coach license fees are deposited in the General Fund.

[7/]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.

[8/]For administrative expenses and apportionment to State, counties and cities for highways, airports, and small craft harbors.

[9/]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.

[10/]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.

[11/]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.

[12/]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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Executive Office

Michael Cohen
Director of Finance
(916) 445-4141

Amy Costa
Chief Deputy Director, Budget
(916) 445-9862

Eraina Ortega
Chief Deputy Director, Policy
(916) 445-8582

Todd Jerue
Chief Operating Officer
(916) 445-4923

Kari Krogseng
Chief Counsel
(916) 322-0971

H.D. Palmer
Deputy Director, External Affairs
(916) 323-0648

Jacqueline Wong-Hernandez
Legislative Director
(916) 445-8610

Diane Cummins
Special Advisor to the Governor,
State and Local Realignment
(916) 445-4141

Budget Program Areas

Audits and Evaluations, Departmental Administration, Employee Compensation, Information Services, IT Fiscal Oversight, Local Government, Housing, and State Pension Systems	**Justyn Howard,** *PBM** . . . . . (916) 445-3274
Budget Planning and Preparation, Cash Management, Statewide Budget Issues, and Statewide Accounting Policies and Training	**Veronica Chung-Ng,** *PBM*. . . . (916) 445-5332
Corrections and Rehabilitation, Judicial, Justice, General Government, and Business and Consumer Services	**Chris Ryan,** *PBM* . . . . . (916) 445-8913
Education	**Jeff Bell,** *PBM*. . . . . (916) 445-0328
Health and Human Services	**Kristin Shelton,** *PBM*. . . . . (916) 445-6423
Labor and Transportation	**Mark Monroe,** *Assistant PBM* (916) 322-2263
Natural Resources, Energy, Environment, and Capital Outlay	**Karen Finn,** *PBM* . . . . . (916) 324-0043
Revenue Forecasting, Economic Projections, and Demographic Data	**Irena Asmundson,** *Chief Economist and PBM* . . (916) 322-2263

*Program Budget Manager

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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.

Title	Purpose	Prepared/Issued by	When
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*****—***S*tate 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[1/]
AT 2017-18 GOVERNOR'S BUDGET
(In Thousands)

	Reference to Schedule	General Fund	Special Funds	Selected Bond Fund Expenditures	Expenditure Totals
2015-16					
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		
Reserve for Liquidation of Encumbrances [2/]		*979,901*	--		
Reserves for Economic Uncertainties [3/]		--	*19,601,288*		
Special Fund for Economic Uncertainties [3/]		*4,043,781*	--		
Budget Stabilization Account/Rainy Day Fund		*3,529,422*			
2016-17					
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		
Reserve for Liquidation of Encumbrances [2/]		*979,901*	--		
Reserves for Economic Uncertainties [3/]		--	*23,045,824*		
Special Fund for Economic Uncertainties [3/]		*47,412*	--		
Budget Stabilization Account/Rainy Day Fund		*6,713,422*	--		
2017-18					
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		
Reserve for Liquidation of Encumbrances [2/]		*979,901*	--		
Reserves for Economic Uncertainties [3/]		--	*20,160,242*		
Special Fund for Economic Uncertainties [3/]		*1,554,387*	--		
Budget Stabilization Account/Rainy Day Fund		*7,869,422*	--		

[1/]The General Budget Summary includes the revenues and expenditures of all state funds that reflect the cost of state government and selected bond fund expenditures. The transactions involving other nongovernmental cost funds are excluded. The amounts included in this schedule for expenditures and revenues may not agree with those shown in Schedules 8, 9, and 10 due to rounding.

[2/]The Reserve for Liquidation of Encumbrances represents an amount which will be expended in the future for state obligations for which goods and services have not been received at the end of the fiscal year. This reserve treatment is consistent with accounting methodology prescribed by Generally Accepted Accounting Principles (GAAP) and Government Code Sections 13306 and 13307.

[3/]The Special Fund for Economic Uncertainties and the Reserves for Economic Uncertainties are reserve accounts for the General and special funds as provided by Section 5 of Article XIIIB of the California Constitution.

SCHEDULE 2
SUMMARY OF STATE TAX COLLECTIONS
(Excludes Departmental, Interest, and Miscellaneous Revenue)

Fiscal Year Beginning	Per Capita Personal Income[1/, 2/]	State Tax Collections (Dollars in Millions) General Fund	Total	Taxes per Capita[1/] General Fund	Total	Taxes per $100 of Personal Income[3/] General Fund	Total
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[p/]	53,858	116,757	143,828	2,989.17	3,682.25	5.55	6.84
2016[e/]	55,662	121,278	146,403	3,081.68	3,720.12	5.54	6.68
2017[e/]	57,629	124,728	153,123	3,142.21	3,857.53	5.45	6.69

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

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

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

[p/]Preliminary.

[e/]Estimated.

SCHEDULE 3
COMPARATIVE YIELD OF STATE TAXES, 1970-71 THROUGH 2017-18
Includes both General and Special Funds

(Dollars in Thousands)

Fiscal Year Beginning	Sales and Use[1/]	Personal Income[2/]	Corporation[3/]	Tobacco[4/]	Estate Inheritance and Gift[5/]	Insurance[6/]	Alcoholic Beverage[7/]	Motor Vehicle Fuel[8/]	Vehicle Fees[9/]
1970	$1,808,052	$1,264,383	$532,091	$239,721	$185,699	$158,423	$106,556	$674,635	$513,202
1971	2,015,993	1,785,618	662,522	247,424	220,192	170,179	112,091	712,426	547,845
1972	2,198,523	1,884,058	866,117	253,602	260,119	179,674	114,884	746,196	596,922
1973	2,675,738	1,829,385	1,057,191	258,921	231,934	201,697	119,312	742,702	644,448
1974	3,376,078	2,579,676	1,253,673	261,975	242,627	202,991	120,749	752,234	664,453
1975	3,742,524	3,086,611	1,286,515	268,610	316,648	241,224	125,313	766,555	749,936
1976	4,314,201	3,761,356	1,641,500	269,384	367,964	322,476	127,485	810,321	807,782
1977	5,030,438	4,667,887	2,082,208	273,658	365,092	387,560	132,060	850,181	924,410
1978	5,780,919	4,761,571	2,381,223	268,816	416,955	420,184	140,059	896,591	1,021,856
1979	6,623,521	6,506,015	2,510,039	290,043	465,611	446,228	138,940	852,752	1,096,640
1980	7,131,429	6,628,694	2,730,624	278,161	530,185	460,926	142,860	839,994	1,127,293
1981	7,689,023	7,483,007	2,648,735	276,824	482,300	454,984	139,523	833,446	1,373,354
1982	7,795,488	7,701,099	2,536,011	271,621	517,875	736,929	136,209	928,633	1,614,993
1983	8,797,865	9,290,279	3,231,281	263,231	236,452	457,490	137,433	1,213,167	1,906,290
1984	9,797,564	10,807,706	3,664,593	262,868	296,805	643,139	135,786	1,159,637	2,137,326
1985	10,317,930	11,413,040	3,843,024	258,141	252,810	839,939	132,262	1,194,172	2,515,295
1986	10,904,022	13,924,527	4,800,843	255,076	273,089	1,008,804	131,288	1,245,881	2,692,835
1987	11,650,531	12,950,346	4,776,388	250,572	304,148	1,158,321	128,734	1,293,254	2,966,334
1988	12,650,893	15,889,179	5,138,009	559,617	335,091	1,317,630	128,264	1,320,512	3,142,484
1989	13,917,771	16,906,568	4,965,389	787,076	388,527	1,167,684	128,524	1,349,146	3,305,711
1990	13,839,573	16,852,079	4,544,783	745,074	498,774	1,287,152	129,640	1,999,771	3,513,159
1991	17,458,521	17,242,816	4,538,451	726,064	446,696	1,167,307	321,352	2,457,229	4,369,862
1992	16,598,863	17,358,751	4,659,950	677,846	458,433	1,188,181	292,107	2,412,574	4,470,321
1993	16,857,369	17,402,976	4,809,273	664,322	552,139	1,196,921	275,797	2,547,633	4,518,795
1994	16,273,800	18,608,181	5,685,618	674,727	595,238	998,868	268,957	2,685,731	4,749,594
1995	17,466,584	20,877,687	5,862,420	666,779	659,338	1,131,737	269,227	2,757,289	5,009,319
1996	18,424,355	23,275,990	5,788,414	665,415	599,255	1,199,554	271,065	2,824,589	5,260,355
1997	19,548,574	27,927,940	5,836,881	644,297	780,197	1,221,285	270,947	2,853,846	5,660,574
1998	21,013,674	30,894,865	5,724,237	976,513	890,489	1,253,972	273,112	3,025,226	5,610,374
1999	23,451,570	39,578,237	6,638,898	1,216,651	928,146	1,299,777	282,166	3,069,694	5,263,245
2000	24,287,928	44,618,532	6,899,322	1,150,869	934,709	1,496,556	288,450	3,142,142	5,286,542
2001	23,816,406	33,046,665	5,333,036	1,102,807	915,627	1,596,002	292,627	3,295,903	3,836,904
2002	24,899,025	32,709,761	6,803,559	1,055,505	647,372	1,879,784	290,564	3,202,512	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[p/]	35,955,773	80,753,345	9,902,185	840,034	0	2,561,932	368,699	5,003,317	6,833,037
2016[e/]	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[e/]	36,007,122	87,753,314	10,877,671	2,090,952	0	2,368,374	372,123	5,113,278	8,563,619

[1/] Includes the 0.5 percent Local Revenue Fund, the 1.0625 percent Local Revenue Fund 2011, and the state sales tax rate of 6 percent from April 1, 2009 to June 30, 2011. Includes the 0.25 percent sales tax, effective July 1, 2004 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.

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

[3/] Includes the corporation tax, corporation income tax, LLC fees, and minimum franchise tax for corporations, partnerships, LLCs, and LLPs. From 1989 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.

[4/] Proposition 99 (November 1988) increased the cigarette tax to $0.35 per pack and added an equivalent tax to other tobacco products. The Breast Cancer Act added $0.02 per pack effective 1/1/94. Proposition 10 (November 1998) increased the cigarette tax to $0.87 per pack and added the equivalent of $1.00 tax 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.

[5/] Proposition 6, an initiative measure adopted by the voters in June 1982, repealed the inheritance and gift taxes and imposed instead an estate tax known as "the pick-up tax," because it is designed to pick up the maximum credit allowed against the federal estate tax. The federal estate tax has undergone many changes since 2001. It was reinstated in January 2013 for deaths on and after January 1, 2013. The new federal tax operates in such a way to effectively eliminate the state pick-up estate tax.

[6/] Includes insurance gross premiums tax on Medi-Cal managed care plans through June 30, 2013, to provide interim funding for the Healthy Families and Medi-Cal programs. Includes an annual $280 million reduction for the managed care organizations tax in 2016-17 and 2017-18.

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

[8/] 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.

[9/] 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.

[p/] Preliminary.

[e/] Estimated.

SCHEDULE 4
POSITIONS AND SALARY COST ESTIMATES AT 2017-18 GOVERNOR'S BUDGET

(Excludes Staff Benefits[1/])
(Dollars in Thousands)

	Positions			Dollars		
	Actuals 2015-16*	Estimated 2016-17*	Proposed 2017-18*	Actuals 2015-16*	Estimated 2016-17*	Proposed 2017-18*
Executive						
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
SUBTOTAL, EXECUTIVE	**204,469.8**	**207,601.2**	**208,542.3**	**$15,894,796**	**$16,991,134**	**$18,013,197**
Higher Education						
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
SUBTOTAL, HIGHER EDUCATION	**143,725.9**	**151,657.9**	**151,657.9**	**$11,602,237**	**$12,623,153**	**$12,623,547**
Legislative [1/]	750.0	750.0	750.0	$63,610	$65,049	$65,194
Judicial	1,733.8	1,737.8	1,739.8	183,436	208,472	207,006
GRAND TOTALS	**350,679.5**	**361,746.9**	**362,690.0**	**$27,744,079**	**$29,887,808**	**$30,908,944**

[1/] The numbers of positions include 120 legislators and staff at the Legislative Counsel Bureau. They do not include the Legislature's staff and Legislative Analyst's Office. 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 [1/]			Estimated 2016-17 Fiscal Year Accruals [2/]			Estimated 2017-18 Fiscal Year Accruals [2/]		
	Accounts payable June 30, 2016	*Accounts receivable June 30, 2016*	*Net accruals June 30, 2016*	*Accounts payable June 30, 2017*	*Accounts receivable June 30, 2017*	*Net accruals June 30, 2017*	*Accounts payable June 30, 2018*	*Accounts receivable June 30, 2018*	*Net accruals June 30, 2018*
STATE OPERATIONS									
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	25,880	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
Totals, State Operations	**$3,290,653**	**$3,709,190**	**-$418,538**	**$3,389,375**	**$3,820,467**	**-$431,092**	**$3,491,056**	**$3,935,081**	**-$444,025**
LOCAL ASSISTANCE									
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-Medi-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
Totals, Local Assistance	**$3,609,337**	**$2,754,227**	**$855,109**	**$3,717,618**	**$2,836,854**	**$880,764**	**$3,829,147**	**$2,921,959**	**$907,188**
TOTALS, ALL CHARACTERS	**$6,899,990**	**$6,463,417**	**$436,571**	**$7,106,993**	**$6,657,321**	**$449,672**	**$7,320,203**	**$6,857,040**	**$463,163**

[1/] Information per the State Controller's Office.

[2/] 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
BEGINNING CASH BALANCE	**$2,529**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$2,529**
RECEIPTS:													
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
TOTAL, Receipts	**$5,901**	**$8,301**	**$9,626**	**$6,431**	**$7,532**	**$14,276**	**$13,065**	**$7,088**	**$7,498**	**$16,795**	**$7,644**	**$16,260**	**$120,417**
DISBURSEMENTS:													
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	1,784	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
TOTAL, Disbursements	**$10,672**	**$7,201**	**$14,289**	**$11,563**	**$8,774**	**$13,161**	**$10,271**	**$9,232**	**$11,427**	**$9,797**	**$7,692**	**$9,516**	**$123,593**
EXCESS RECEIPTS/(DEFICIT)	**-$4,771**	**$1,099**	**-$4,663**	**-$5,132**	**-$1,242**	**$1,115**	**$2,794**	**-$2,143**	**-$3,929**	**$6,998**	**-$48**	**$6,745**	**-$3,176**
NET TEMPORARY LOANS:													
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
TOTAL, Net Temporary Loans	**$2,242**	**-$1,099**	**$4,663**	**$5,132**	**$1,242**	**-$1,115**	**-$2,794**	**$2,143**	**$3,929**	**-$6,998**	**$48**	**-$6,745**	**$646**
ENDING CASH BALANCE	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
AVAILABLE/BORROWABLE RESOURCES:													
Special Fund for Economic Uncertainties	$450	$450	$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
TOTAL, Available/Borrowable Resources	**$28,340**	**$30,904**	**$32,725**	**$31,374**	**$33,178**	**$31,921**	**$32,462**	**$33,066**	**$33,972**	**$32,931**	**$35,525**	**$35,865**	**$35,865**
CUMULATIVE LOAN BALANCES:													
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
TOTAL, Cumulative Loan Balances	**$2,242**	**$1,142**	**$5,805**	**$10,937**	**$12,179**	**$11,064**	**$8,269**	**$10,412**	**$14,341**	**$7,343**	**$7,391**	**$646**	**$646**
UNUSED BORROWABLE RESOURCES	**$26,099**	**$29,762**	**$26,920**	**$20,437**	**$20,999**	**$20,858**	**$24,192**	**$22,654**	**$19,631**	**$25,588**	**$28,134**	**$35,219**	**$35,219**
CASH AND UNUSED BORROWABLE RESOURCES	**$26,099**	**$29,762**	**$26,920**	**$20,437**	**$20,999**	**$20,858**	**$24,192**	**$22,654**	**$19,631**	**$25,588**	**$28,134**	**$35,219**	**$35,219**

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
BEGINNING CASH BALANCE	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
RECEIPTS:													
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	13,464	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
TOTAL, Receipts	**$5,441**	**$8,628**	**$10,668**	**$6,363**	**$8,023**	**$13,860**	**$14,301**	**$7,315**	**$5,923**	**$17,050**	**$8,466**	**$16,963**	**$123,000**
DISBURSEMENTS:													
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	403	801	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
TOTAL, Disbursements	**$10,422**	**$8,607**	**$15,590**	**$11,573**	**$8,511**	**$13,973**	**$9,579**	**$8,597**	**$11,201**	**$11,428**	**$11,300**	**$8,872**	**$129,654**
EXCESS RECEIPTS/(DEFICIT)	**-$4,981**	**$21**	**-$4,923**	**-$5,210**	**-$489**	**-$113**	**$4,722**	**-$1,282**	**-$5,278**	**$5,621**	**-$2,834**	**$8,091**	**-$6,655**
NET TEMPORARY LOANS:													
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
TOTAL, Net Temporary Loans	**$4,981**	**-$21**	**$4,923**	**$5,210**	**$489**	**$113**	**-$4,721**	**$1,282**	**$5,278**	**-$5,621**	**$2,834**	**-$8,091**	**$6,654**
ENDING CASH BALANCE	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
AVAILABLE/BORROWABLE RESOURCES:													
Special Fund for Economic Uncertainties	$1,116	$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
TOTAL, Available/Borrowable Resources	**$35,997**	**$36,574**	**$39,044**	**$38,217**	**$39,188**	**$36,550**	**$36,201**	**$37,073**	**$37,155**	**$36,114**	**$40,064**	**$39,834**	**$39,834**
CUMULATIVE LOAN BALANCES:													
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
TOTAL, Cumulative Loan Balances	**$5,627**	**$5,606**	**$10,529**	**$15,739**	**$16,228**	**$16,341**	**$11,619**	**$12,901**	**$18,179**	**$12,558**	**$15,392**	**$7,301**	**$7,301**
UNUSED BORROWABLE RESOURCES	**$30,370**	**$30,967**	**$28,515**	**$22,478**	**$22,960**	**$20,210**	**$24,582**	**$24,172**	**$18,976**	**$23,556**	**$24,672**	**$32,534**	**$32,534**
Cash and Unused Borrowable Resources	**$30,370**	**$30,967**	**$28,515**	**$22,478**	**$22,960**	**$20,210**	**$24,582**	**$24,172**	**$18,976**	**$23,556**	**$24,672**	**$32,534**	**$32,534**

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
BEGINNING CASH BALANCE	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
RECEIPTS:													
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
TOTAL, Receipts	**$5,842**	**$8,858**	**$10,661**	**$6,949**	**$8,442**	**$13,759**	**$14,644**	**$7,332**	**$5,718**	**$18,111**	**$8,747**	**$17,652**	**$126,715**
DISBURSEMENTS:													
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	2,477	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	0	0	0	0	0	0	0	1,315
Other	545	486	471	302	97	354	267	96	32	191	144	1,045	4,027
TOTAL, Disbursements	**$11,881**	**$8,417**	**$13,698**	**$11,786**	**$9,795**	**$11,540**	**$8,976**	**$9,343**	**$11,889**	**$10,305**	**$8,556**	**$9,310**	**$125,495**
EXCESS RECEIPTS/(DEFICIT)	**-$6,040**	**$441**	**-$3,036**	**-$4,837**	**-$1,352**	**$2,219**	**$5,668**	**-$2,012**	**-$6,170**	**$7,806**	**$191**	**$8,342**	**$1,220**
NET TEMPORARY LOANS:													
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
TOTAL, Net Temporary Loans	**$6,040**	**-$441**	**$3,036**	**$4,837**	**$1,352**	**-$2,219**	**-$5,668**	**$2,012**	**$6,170**	**-$7,806**	**-$191**	**-$8,342**	**-$1,220**
ENDING CASH BALANCE	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
AVAILABLE/BORROWABLE RESOURCES:													
Special Fund for Economic Uncertainties	$1,750	$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
TOTAL, Available/Borrowable Resources	**$39,597**	**$40,466**	**$41,679**	**$41,200**	**$41,669**	**$40,200**	**$37,432**	**$39,819**	**$40,007**	**$39,105**	**$39,797**	**$40,994**	**$40,994**
CUMULATIVE LOAN BALANCES:													
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	4,526	4,526
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	0
External Borrowing	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL, Cumulative Loan Balances	**$13,340**	**$12,899**	**$15,935**	**$20,772**	**$22,125**	**$19,906**	**$14,238**	**$16,250**	**$22,420**	**$14,614**	**$14,423**	**$6,081**	**$6,081**
UNUSED BORROWABLE RESOURCES	**$26,257**	**$27,567**	**$25,743**	**$20,428**	**$19,545**	**$20,294**	**$23,194**	**$23,570**	**$17,587**	**$24,490**	**$25,374**	**$34,913**	**$34,913**
Cash and Unused Borrowable Resources	**$26,257**	**$27,567**	**$25,743**	**$20,428**	**$19,545**	**$20,294**	**$23,194**	**$23,570**	**$17,587**	**$24,490**	**$25,374**	**$34,913**	**$34,913**

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[1/] (Thousands)	Employees[2/]	Employees per 1,000 Population	Personal Income (Billions)[3/]	Revenue: General Fund (Millions)	Revenue: Total (Millions)	Expenditures: General Fund[4/] (Millions)	Expenditures: Total[5/] (Millions)	Expenditures per Capita: General Fund[4/]	Expenditures per Capita: Total[5/]	Expenditures per $100 of Personal Income: General Fund[4/]	Expenditures per $100 of Personal Income: Total[5/]
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

[1/] Population as of July 1, the beginning of the fiscal year.

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

[3/] Only the last three fiscal years have been updated.

[4/] Includes Special Accounts in General Fund from 1973-74 to 1976-77.

[5/] 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 General Fund	Actuals 2015-16 Special Funds	Actuals 2015-16 Total	Estimated 2016-17 General Fund	Estimated 2016-17 Special Funds	Estimated 2016-17 Total	Estimated 2017-18 General Fund	Estimated 2017-18 Special Funds	Estimated 2017-18 Total
MAJOR TAXES AND LICENSES									
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	--	--	--	--	--	--
TOTALS, MAJOR TAXES AND LICENSES	**$116,756,554**	**$27,071,380**	**$143,827,934**	**$121,277,688**	**$25,125,451**	**$146,403,139**	**$124,728,463**	**$28,394,330**	**$153,122,793**
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)

	Actuals 2015-16			Estimated 2016-17			Estimated 2017-18		
Sources	**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	4,385	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
Totals, REGULATORY TAXES AND LICENSES	**$41,986**	**$9,831,662**	**$9,873,648**	**$39,034**	**$14,213,019**	**$14,252,053**	**$40,300**	**$12,871,895**	**$12,912,195**
REVENUE FROM LOCAL AGENCIES									
4130000-Architecture Public Building Fees	--	37,991	37,991	--	40,698	40,698	--	44,234	44,234
4131000-Crimes of Public Offense Fines	59	10,000	10,059	53	10,000	10,053	53	10,000	10,053
4131500-Felony Conviction Penalties	--	50,001	50,001	--	50,001	50,001	--	50,000	50,000

SCHEDULE 8
COMPARATIVE STATEMENT OF REVENUES
(Dollars in Thousands)

Sources	Actuals 2015-16 General Fund	Actuals 2015-16 Special Funds	Actuals 2015-16 Total	Estimated 2016-17 General Fund	Estimated 2016-17 Special Funds	Estimated 2016-17 Total	Estimated 2017-18 General Fund	Estimated 2017-18 Special Funds	Estimated 2017-18 Total
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 Deferred Taxes	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	--	--	--
Totals, REVENUE FROM LOCAL AGENCIES	**$200,188**	**$1,242,787**	**$1,442,975**	**$196,546**	**$2,232,576**	**$2,429,122**	**$196,533**	**$1,635,012**	**$1,831,545**
SERVICES TO THE PUBLIC									
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
Totals, SERVICES TO THE PUBLIC	**$19,528**	**$482,260**	**$501,788**	**$17,457**	**$503,096**	**$520,553**	**$16,298**	**$506,618**	**$522,916**
USE OF PROPERTY AND MONEY									
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
Totals, USE OF PROPERTY AND MONEY	**$99,276**	**$170,232**	**$269,508**	**$80,101**	**$128,647**	**$208,748**	**$59,853**	**$126,181**	**$186,034**
INVESTMENT INCOME									
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 General Fund	Actuals 2015-16 Special Funds	Actuals 2015-16 Total	Estimated 2016-17 General Fund	Estimated 2016-17 Special Funds	Estimated 2016-17 Total	Estimated 2017-18 General Fund	Estimated 2017-18 Special Funds	Estimated 2017-18 Total
Totals, INVESTMENT INCOME	**$45,103**	**$59,772**	**$104,875**	**$65,084**	**$49,801**	**$114,885**	**$101,828**	**$47,301**	**$149,129**
MISCELLANEOUS									
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	--	--	--	--	--	--
Totals, MISCELLANEOUS	**$1,375,530**	**$4,370,637**	**$5,746,167**	**$765,240**	**$5,735,076**	**$6,500,316**	**$594,650**	**$6,403,718**	**$6,998,368**
TOTALS, MINOR REVENUES	**$1,781,611**	**$16,157,350**	**$17,938,961**	**$1,163,462**	**$22,862,214**	**$24,025,676**	**$1,009,462**	**$21,590,725**	**$22,600,187**
TOTALS, REVENUES	**$118,538,165**	**$43,228,730**	**$161,766,895**	**$122,441,150**	**$47,987,665**	**$170,428,815**	**$125,737,925**	**$49,985,055**	**$175,722,980**
TRANSFERS AND LOANS									
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		
Sources	**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
LEGISLATIVE, JUDICIAL, AND EXECUTIVE															
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	--
Totals,0160-Legislative Counsel Bureau	**$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	--
Totals, Legislative	**$361,928**	**--**	**--**	**$361,928**	**--**	**$379,958**	**--**	**--**	**$379,958**	**--**	**$380,117**	**--**	**--**	**$380,117**	**--**
0250-Judicial Branch															
State Operations	364,950	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	--	--	--	--	--	--
Totals,0250-Judicial Branch	**$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	--
Totals,0280-Commission on Judicial Performance	**$4,318**	**--**	**--**	**$4,318**	**--**	**$4,895**	**--**	**--**	**$4,895**	**--**	**$4,965**	**--**	**--**	**$4,965**	**--**
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	--
Totals,0390-Judges Retirement System Contributions	**$256,350**	**--**	**--**	**$256,350**	**--**	**$268,581**	**--**	**--**	**$268,581**	**--**	**$263,971**	**--**	**--**	**$263,971**	**--**
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	--	--	--	--	--	--
Totals, Judicial	**$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**
0500-Governors Office															
State Operations	11,482	--	--	11,482	--	12,247	--	--	12,247	--	13,217	--	--	13,217	--
Totals,0500-Governors Office	**$11,482**	**--**	**--**	**$11,482**	**--**	**$12,247**	**--**	**--**	**$12,247**	**--**	**$13,217**	**--**	**--**	**$13,217**	**--**
0509-Governors Office of Bus, Econ Developm															
State Operations	12,508	120	--	12,628	--	11,874	121	--	11,995	--	11,634	348	--	11,982	--
Totals,0509-Governors Office of Bus, Econ Developm	**$12,508**	**$120**	**--**	**$12,628**	**--**	**$11,874**	**$121**	**--**	**$11,995**	**--**	**$11,634**	**$348**	**--**	**$11,982**	**--**
0511-Government Operations, Secretary															
State Operations	1,089	--	--	1,089	--	1,308	--	--	1,308	--	1,316	--	--	1,316	--
Totals,0511-Government Operations, Secretary	**$1,089**	**--**	**--**	**$1,089**	**--**	**$1,308**	**--**	**--**	**$1,308**	**--**	**$1,316**	**--**	**--**	**$1,316**	**--**
0515-Business, Consumer Svcs, Housing, Scty															
State Operations	102	779	--	881	--	123	622	--	745	--	124	624	--	748	--
Totals,0515-Business, Consumer Svcs, Housing, Scty	**$102**	**$779**	**--**	**$881**	**--**	**$123**	**$622**	**--**	**$745**	**--**	**$124**	**$624**	**--**	**$748**	**--**
0521-Transportation, Secy															
State Operations	--	2,373	--	2,373	49,163	--	2,972	--	2,972	68,570	--	2,972	--	2,972	59,784
Local Assistance	--	--	--	--	46,291	--	425,952	--	425,952	49,827	--	234,480	--	234,480	36,793
Totals,0521-Transportation, Secy	**--**	**$2,373**	**--**	**$2,373**	**$95,454**	**--**	**$428,924**	**--**	**$428,924**	**$118,397**	**--**	**$237,452**	**--**	**$237,452**	**$96,577**
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
Totals,0530-Health, Human Services Agency, Secy	**$5,297**	**$1,955**	**--**	**$7,252**	**$1,277**	**$4,042**	**$2,063**	**--**	**$6,105**	**$3,000**	**$3,814**	**$2,063**	**--**	**$5,877**	**$3,000**
0540-Natural Resources Agency, Secy															
State Operations	2,655	7,287	2,929	12,871	589	5,099	6,404	361,120	372,623	9,213	2,599	7,289	10,289	20,177	9,213
Local Assistance	--	12,664	1,235	13,899	--	--	94,598	28,821	123,419	--	--	6,700	23,000	29,700	--
Totals,0540-Natural Resources Agency, Secy	**$2,655**	**$19,951**	**$4,164**	**$26,770**	**$589**	**$5,099**	**$101,002**	**$389,941**	**$496,042**	**$9,213**	**$2,599**	**$13,989**	**$33,289**	**$49,877**	**$9,213**

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															
State Operations	21,123	--	--	21,123	--	22,488	--	--	22,488	--	22,547	--	--	22,547	--
Totals,0552-Office of the Inspector General	**$21,123**	**--**	**--**	**$21,123**	**--**	**$22,488**	**--**	**--**	**$22,488**	**--**	**$22,547**	**--**	**--**	**$22,547**	**--**
0555-Environmental Protection, Secy															
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
Totals,0555-Environmental Protection, Secy	**$1,931**	**$11,271**	**--**	**$13,202**	**$67**	**$1,949**	**$12,515**	**--**	**$14,464**	**$1,888**	**$1,949**	**$12,443**	**--**	**$14,392**	**$1,888**
0559-Labor and Workforce Development, Secy															
State Operations	120	322	--	442	--	154	420	--	574	--	--	412	--	412	--
Totals,0559-Labor and Workforce Development, Secy	**$120**	**$322**	**--**	**$442**	**--**	**$154**	**$420**	**--**	**$574**	**--**	**--**	**$412**	**--**	**$412**	**--**
0650-Office of Planning and Research															
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
Totals,0650-Office of Planning and Research	**$8,716**	**$1,833**	**--**	**$10,549**	**$27,328**	**$13,499**	**$341,737**	**--**	**$355,236**	**$27,988**	**$3,343**	**$299,736**	**--**	**$303,079**	**$27,916**
0690-Office of Emergency Services															
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	--
Totals,0690-Office of Emergency Services	**$124,030**	**$138,977**	**$100,682**	**$363,689**	**$660,405**	**$205,382**	**$144,964**	**$82,738**	**$433,084**	**$1,002,865**	**$182,080**	**$115,871**	**$2,738**	**$300,689**	**$998,651**
0750-Office of the Lieutenant Governor															
State Operations	910	--	--	910	--	1,406	--	--	1,406	--	1,406	--	--	1,406	--
Totals,0750-Office of the Lieutenant Governor	**$910**	**--**	**--**	**$910**	**--**	**$1,406**	**--**	**--**	**$1,406**	**--**	**$1,406**	**--**	**--**	**$1,406**	**--**
0820-Department of Justice															
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	--
Totals,0820-Department of Justice	**$198,139**	**$275,531**	**--**	**$473,670**	**$30,465**	**$221,530**	**$298,956**	**--**	**$520,486**	**$42,869**	**$215,255**	**$334,295**	**--**	**$549,550**	**$42,059**
0840-State Controller															
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	--	--	--	--	--	--	--	--	--	--	--
Totals,0840-State Controller	**$53,644**	**$15,930**	**$1,443**	**$71,017**	**$1,075**	**$52,188**	**$10,573**	**$2,211**	**$64,972**	**$1,273**	**$59,062**	**$9,218**	**$1,101**	**$69,381**	**$1,299**
0845-Department of Insurance															
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	--
Totals,0845-Department of Insurance	**$8,955**	**$248,609**	**--**	**$257,564**	**$1,076**	**$11,094**	**$257,247**	**--**	**$268,341**	**$1,164**	**$6,437**	**$262,955**	**--**	**$269,392**	**$18**
0855-Gambling Control Commission															
State Operations	--	6,723	--	6,723	--	--	6,481	--	6,481	--	--	6,808	--	6,808	--
Totals,0855-Gambling Control Commission	**--**	**$6,723**	**--**	**$6,723**	**--**	**--**	**$6,481**	**--**	**$6,481**	**--**	**--**	**$6,808**	**--**	**$6,808**	**--**
0860-State Board of Equalization															
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	--
Totals,0860-State Board of Equalization	**$288,879**	**$86,641**	**--**	**$375,520**	**$82**	**$330,803**	**$120,956**	**--**	**$451,759**	**$437**	**$338,465**	**$130,271**	**--**	**$468,736**	**$433**
0890-Secretary of State															
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
Totals,0890-Secretary of State	**$44,663**	**$52,200**	**--**	**$96,863**	**$34,095**	**$38,361**	**$54,489**	**--**	**$92,850**	**$62,089**	**$36,501**	**$53,317**	**--**	**$89,818**	**$11,373**
0911-Citizens Redistricting Initiative															
State Operations	88	--	--	88	--	91	--	--	91	--	91	--	--	91	--
Totals,0911-Citizens Redistricting Initiative	**$88**	**--**	**--**	**$88**	**--**	**$91**	**--**	**--**	**$91**	**--**	**$91**	**--**	**--**	**$91**	**--**
0950-State Treasurer															
State Operations	3,692	--	--	3,692	--	4,744	--	975	5,719	--	5,206	--	--	5,206	--
Totals,0950-State Treasurer	**$3,692**	**--**	**--**	**$3,692**	**--**	**$4,744**	**--**	**$975**	**$5,719**	**--**	**$5,206**	**--**	**--**	**$5,206**	**--**
0954-Scholarshare Investment Board															
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															
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															
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 Dvlmt Financing Advisory Comm															
State Operations	--	89	--	89	--	--	40	--	40	--	--	40	--	40	--
Totals,0965-Industrial Dvlmt Financing Advisory Comm	**--**	**$89**	**--**	**$89**	**--**	**--**	**$40**	**--**	**$40**	**--**	**--**	**$40**	**--**	**$40**	**--**
0968-Tax Credit Allocation Committee															
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															
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															
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															
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															
State Operations	332	--	844	1,176	182	534	--	1,208	1,742	405	524	--	1,228	1,752	420
Local Assistance	109,292	--	--	109,292	19,670	112,031	--	--	112,031	20,000	112,031	--	--	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**	**$20,420**
0989-Educational Facilities Authority															
State Operations	--	39	--	39	--	--	239	--	239	--	--	132	--	132	--
Totals,0989-Educational Facilities Authority	**--**	**$39**	**--**	**$39**	**--**	**--**	**$239**	**--**	**$239**	**--**	**--**	**$132**	**--**	**$132**	**--**
0996-General Obligation Bonds-LJE															
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															
State Operations	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
Local Assistance	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															
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															
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
Totals,1111-Department of Consumer Affairs	**--**	**$267,301**	**--**	**$267,301**	**--**	**--**	**$630,567**	**--**	**$630,567**	**--**	**--**	**$648,036**	**--**	**$648,036**	**--**
1690-Seismic Safety Commission, A. E. Alquist															
State Operations	--	1,395	--	1,395	--	--	1,238	--	1,238	--	--	1,266	--	1,266	--
Totals,1690-Seismic Safety Commission, A. E. Alquist	**--**	**$1,395**	**--**	**$1,395**	**--**	**--**	**$1,238**	**--**	**$1,238**	**--**	**--**	**$1,266**	**--**	**$1,266**	**--**
1700-Department of Fair Employment, Housing															
State Operations	17,486	--	--	17,486	4,521	22,614	1,450	--	24,064	5,697	21,993	--	--	21,993	5,689
Totals,1700-Department of Fair Employment, Housing	**$17,486**	**--**	**--**	**$17,486**	**$4,521**	**$22,614**	**$1,450**	**--**	**$24,064**	**$5,697**	**$21,993**	**--**	**--**	**$21,993**	**$5,689**
1701-Department of Business Oversight															
State Operations	--	81,639	--	81,639	--	--	87,771	--	87,771	--	--	90,657	--	90,657	--
Totals,1701-Department of Business Oversight	**--**	**$81,639**	**--**	**$81,639**	**--**	**--**	**$87,771**	**--**	**$87,771**	**--**	**--**	**$90,657**	**--**	**$90,657**	**--**
1750-Horse Racing Board															
State Operations	--	13,183	--	13,183	--	--	13,205	--	13,205	--	--	13,214	--	13,214	--
Totals,1750-Horse Racing Board	**--**	**$13,183**	**--**	**$13,183**	**--**	**--**	**$13,205**	**--**	**$13,205**	**--**	**--**	**$13,214**	**--**	**$13,214**	**--**
1996-General Obligation Bonds-BCH															
State Operations	602,091	--	--	602,091	--	415,467	--	--	415,467	--	357,916	--	--	357,916	--
Totals,1996-General Obligation Bonds-BCH	**$602,091**	**--**	**--**	**$602,091**	**--**	**$415,467**	**--**	**--**	**$415,467**	**--**	**$357,916**	**--**	**--**	**$357,916**	**--**
2100-Department of Alcoholic Beverage Control															
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	--
Totals,2100-Department of Alcoholic Beverage Control	**--**	**$59,815**	**--**	**$59,815**	**--**	**--**	**$64,678**	**--**	**$64,678**	**--**	**--**	**$66,373**	**--**	**$66,373**	**--**
2120-Alcoholic Beverage Control Appeals Board															
State Operations	--	869	--	869	--	--	1,018	--	1,018	--	--	1,127	--	1,127	--
Totals,2120-Alcoholic Beverage Control Appeals Board	**--**	**$869**	**--**	**$869**	**--**	**--**	**$1,018**	**--**	**$1,018**	**--**	**--**	**$1,127**	**--**	**$1,127**	**--**
2240-Dept of Housing, Community Development															
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
Totals,2240-Dept of Housing, Community Development	**$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**
TOTALS, BUSINESS, CONSUMER SERVICES, & HOUSING	**$638,764**	**$798,593**	**$152,593**	**$1,589,950**	**$89,990**	**$492,911**	**$1,127,935**	**$393,037**	**$2,013,883**	**$126,576**	**$388,431**	**$851,860**	**$383,464**	**$1,623,755**	**$136,908**
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	--
Totals,2600-California Transportation Commission	**--**	**$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	--
Totals,2640-State Transit Assistance	**--**	**$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
Totals,2660-Department of Transportation	**$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**
2665-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	--
Totals,2665-High-Speed Rail Authority	**--**	**$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	--	2,306	--	--	2,494	--	2,494	--	--	2,438	--	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	**--**	**$2,306**	**--**	**$2,306**	**--**	**--**	**$2,494**	**--**	**$2,494**	**--**	**--**	**$2,438**	**--**	**$2,438**	**--**
2720-Dept of the California Highway Patrol															
State Operations	--	2,162,511	--	2,162,511	16,374	--	2,173,549	--	2,173,549	20,776	--	2,165,507	--	2,165,507	20,761
Capital Outlay	--	54,800	--	54,800	--	--	76,192	--	76,192	--	--	168,729	--	168,729	--
Totals,2720-Dept of the California Highway Patrol	**--**	**$2,217,311**	**--**	**$2,217,311**	**$16,374**	**--**	**$2,249,741**	**--**	**$2,249,741**	**$20,776**	**--**	**$2,334,236**	**--**	**$2,334,236**	**$20,761**
2740-Department of Motor Vehicles															
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	**--**	**$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**
2830-General Obligation Bonds-Transportation															
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	**$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, 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	**$21,542**	**$9,017**	**--**	**$30,559**	**--**	**$28,519**	**$10,418**	**--**	**$38,937**	**--**	**$21,550**	**$10,617**	**--**	**$32,167**	**--**
3110-Special Resources Programs															
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	**--**	**$5,264**	**--**	**$5,264**	**--**	**$3,998**	**$1,040**	**--**	**$5,038**	**--**	**$3,998**	**$1,040**	**--**	**$5,038**	**--**
3125-Tahoe Conservancy															
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	**--**	**$6,672**	**$20,139**	**$26,811**	**$3,751**	**--**	**$5,547**	**$4,624**	**$10,171**	**$2,237**	**--**	**$5,557**	**$2,887**	**$8,444**	**$3,547**
3340-California Conservation Corps															
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	**$44,815**	**$49,834**	**$275**	**$94,924**	**--**	**$45,143**	**$49,986**	**--**	**$95,129**	**--**	**$65,545**	**$53,431**	**--**	**$118,976**	**--**
3360-Energy Resource Conservation, Dvlmt Comm															
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, Dvlmt Comm	**--**	**$429,984**	**--**	**$429,984**	**$6,318**	**$15,000**	**$621,039**	**--**	**$636,039**	**$24,661**	**--**	**$469,203**	**--**	**$469,203**	**$19,322**
3370-Renewable Resources Investment Program															
State Operations	--	1,181	--	1,181	--	--	--	--	--	--	--	--	--	--	--
Totals,3370-Renewable Resources Investment Program	**--**	**$1,181**	**--**	**$1,181**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**
3480-Department of Conservation															
State Operations	3,163	78,019	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	**$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**
3540-Department of Forestry, Fire Protection															
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	**$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**
3560-State Lands Commission															

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															
State Operations	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
Local Assistance	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
Capital Outlay	--	2,246	--	2,246	--	--	108	--	108	--	--	246	--	246	--
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**	**$362,432**	**$79,960**
3640-Wildlife Conservation Board															
State Operations	--	1,197	2,460	3,657	--	--	2,271	2,872	5,143	--	--	2,267	2,954	5,221	--
Local Assistance	--	11,440	46,951	58,391	--	--	--	62,695	62,695	--	--	--	41,400	41,400	--
Capital Outlay	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
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															
State Operations	12,038	4,338	--	16,376	2,643	15,729	1,399	--	17,128	2,652	15,708	1,409	--	17,117	2,653
Local Assistance	--	503	--	503	--	--	503	--	503	--	--	503	--	503	--
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															
State Operations	183	1,500	5,769	7,452	265	182	292	6,596	7,070	283	--	635	5,946	6,581	521
Local Assistance	--	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
Capital Outlay	4,000	-5,863	22,267	20,404	948	--	13,367	10,336	23,703	--	--	3,800	--	3,800	--
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															
State Operations	1,634	--	--	1,634	--	2,543	--	--	2,543	--	1,545	--	--	1,545	--
Totals,3780-Native American Heritage Commission	**$1,634**	**--**	**--**	**$1,634**	**--**	**$2,543**	**--**	**--**	**$2,543**	**--**	**$1,545**	**--**	**--**	**$1,545**	**--**
3790-Department of Parks, Recreation															
State Operations	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
Local Assistance	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
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															
State Operations	--	266	392	658	--	--	439	288	727	--	--	485	950	1,435	--
Local Assistance	--	--	4,367	4,367	--	--	--	17,217	17,217	--	--	20	2,275	2,295	--
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															
State Operations	5,074	--	--	5,074	106	5,948	--	--	5,948	--	5,609	--	--	5,609	--
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 Consvcy															
State Operations	--	373	625	998	--	--	422	1,390	1,812	--	--	463	615	1,078	--
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 Consvcy	**--**	**$373**	**$22,491**	**$22,864**	**--**	**--**	**$422**	**$8,533**	**$8,955**	**--**	**--**	**$463**	**$10,615**	**$11,078**	**--**
3830-San Joaquin River Conservancy															
State Operations	--	397	169	566	--	200	411	246	857	--	--	441	246	687	--
Totals,3830-San Joaquin River Conservancy	**--**	**$397**	**$169**	**$566**	**--**	**$200**	**$411**	**$246**	**$857**	**--**	**--**	**$441**	**$246**	**$687**	**--**
3835-Baldwin Hills Conservancy															
State Operations	--	365	192	557	--	--	353	356	709	--	--	353	356	709	--
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															
State Operations	--	1,031	--	1,031	--	150	1,091	--	1,241	--	--	1,182	--	1,182	--
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															
State Operations	--	379	76	455	--	--	369	107	476	--	--	388	107	495	--
Local Assistance	--	--	544	544	--	--	--	6,456	6,456	--	--	--	--	--	--
Totals,3845-San Diego River Conservancy	**--**	**$379**	**$620**	**$999**	**--**	**--**	**$369**	**$6,563**	**$6,932**	**--**	**--**	**$388**	**$107**	**$495**	**--**
3850-Coachella Valley Mountains Conservancy															
State Operations	--	313	100	413	--	--	280	131	411	--	--	315	151	466	--
Local Assistance	--	--	--	--	--	--	--	4,450	4,450	--	--	--	2,300	2,300	--
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															
State Operations	--	4,476	357	4,833	--	--	4,324	336	4,660	--	--	4,353	442	4,795	--
Local Assistance	--	--	11,223	11,223	--	--	--	403	403	--	--	--	8,000	8,000	--
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															
State Operations	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
Local Assistance	4,984	27,810	460,170	492,964	--	20,000	19,000	612,393	651,393	--	5,000	--	250,715	255,715	--
Capital Outlay	--	9,762	215,255	225,017	--	--	8,210	738,580	746,790	--	--	--	--	--	--
Totals,3860-Department of Water Resources	**$103,384**	**$60,052**	**$749,095**	**$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															
State Operations	1,188	77	518	1,783	1,221	1,341	71	434	1,846	691	1,328	71	434	1,833	720
Local Assistance	--	--	9,363	9,363	--	--	--	9,301	9,301	--	--	--	9,300	9,300	--
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															
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	**$969,678**	**--**	**--**	**$969,678**	**--**	**$1,028,774**	**--**	**--**	**$1,028,774**	**--**	**$1,001,799**	**--**	**--**	**$1,001,799**	**--**
3885-Delta Stewardship Council															
State Operations	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	**$17,233**	**$809**	**--**	**$18,042**	**$2,749**	**$19,011**	**$790**	**--**	**$19,801**	**$2,785**	**$19,063**	**$790**	**--**	**$19,853**	**$2,760**
TOTALS, NATURAL RESOURCES	**$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**
State Operations	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
Local Assistance	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
Capital Outlay	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
ENVIRONMENTAL PROTECTION															
3900-Air Resources Board															
State Operations	--	247,778	214,753	462,531	9,464	--	270,382	22,764	293,146	17,132	--	271,799	374	272,173	17,252
Local Assistance	--	219,356	--	219,356	--	--	533,397	--	533,397	--	--	111,233	--	111,233	--
Capital Outlay	--	6,365	--	6,365	--	--	--	--	--	--	--	--	--	--	--
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															
State Operations	--	62,510	--	62,510	2,233	750	69,106	--	69,856	2,006	--	65,799	--	65,799	2,366
Local Assistance	--	26,664	--	26,664	--	--	26,957	--	26,957	--	--	27,588	--	27,588	--
Totals,3930-Department of Pesticide Regulation	**--**	**$89,174**	**--**	**$89,174**	**$2,233**	**$750**	**$96,063**	**--**	**$96,813**	**$2,006**	**--**	**$93,387**	**--**	**$93,387**	**$2,366**
3940-State Water Resources Control Board															
State Operations	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
Local Assistance	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
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															
State Operations	27,379	158,217	--	185,596	30,499	44,090	168,636	--	212,726	31,414	32,087	205,038	--	237,125	31,144
Local Assistance	--	1,000	--	1,000	3,062	--	1,000	--	1,000	3,027	--	1,000	--	1,000	3,027
Totals,3960-Department of Toxic Substances Control	**$27,379**	**$159,217**	**--**	**$186,596**	**$33,561**	**$44,090**	**$169,636**	**--**	**$213,726**	**$34,441**	**$32,087**	**$206,038**	**--**	**$238,125**	**$34,171**
3970-Resources Recycling and Recovery															
State Operations	151,845	198,202	--	350,047	--	-14,500	232,921	--	218,421	--	--	235,491	--	235,491	--

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	--
Totals,3970-Resources Recycling and Recovery	**$151,845**	**$1,534,838**	**--**	**$1,686,683**	**--**	**- $14,500**	**$1,613,878**	**--**	**$1,599,378**	**--**	**--**	**$1,563,054**	**--**	**$1,563,054**	**--**
3980-Environmental Health Hazard Assessment															
State Operations	4,691	12,811	--	17,502	--	5,254	14,959	--	20,213	414	5,004	16,207	--	21,211	414
Totals,3980-Environmental Health Hazard Assessment	**$4,691**	**$12,811**	**--**	**$17,502**	**--**	**$5,254**	**$14,959**	**--**	**$20,213**	**$414**	**$5,004**	**$16,207**	**--**	**$21,211**	**$414**
3996-General Obligation Bonds-Environmental															
State Operations	3,173	--	--	3,173	--	3,484	--	--	3,484	--	3,355	--	--	3,355	--
Totals,3996-General Obligation Bonds-Environmental	**$3,173**	**--**	**--**	**$3,173**	**--**	**$3,484**	**--**	**--**	**$3,484**	**--**	**$3,355**	**--**	**--**	**$3,355**	**--**
TOTALS, ENVIRONMENTAL PROTECTION	**$224,798**	**$2,655,611**	**$396,164**	**$3,276,573**	**$336,888**	**$89,714**	**$3,346,981**	**$1,936,379**	**$5,373,074**	**$384,229**	**$89,338**	**$2,794,774**	**$22,878**	**$2,906,990**	**$384,227**
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	--	--	--	--	--	--	--	--	--	--	--
HEALTH AND HUMAN SERVICES															
4100-State Council-Developmental Disabilities															
State Operations	--	--	--	--	6,493	--	--	--	--	6,965	--	--	--	--	6,958
Totals,4100-State Council-Developmental Disabilities	**--**	**--**	**--**	**--**	**$6,493**	**--**	**--**	**--**	**--**	**$6,965**	**--**	**--**	**--**	**--**	**$6,958**
4120-Emergency Medical Services Authority															
State Operations	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
Totals,4120-Emergency Medical Services Authority	**$8,482**	**$4,208**	**--**	**$12,690**	**$5,944**	**$8,753**	**$3,809**	**--**	**$12,562**	**$6,089**	**$8,793**	**$4,357**	**--**	**$13,150**	**$6,216**
4140-Statewide Health Planning, Development															
State Operations	--	94,361	--	94,361	444	--	106,004	--	106,004	554	--	101,680	--	101,680	447
Local Assistance	--	24,303	--	24,303	1,000	--	42,715	--	42,715	1,000	--	19,306	--	19,306	1,000
Totals,4140-Statewide Health Planning, Development	**--**	**$118,664**	**--**	**$118,664**	**$1,444**	**--**	**$148,719**	**--**	**$148,719**	**$1,554**	**--**	**$120,986**	**--**	**$120,986**	**$1,447**
4150-Department of Managed Health Care															
State Operations	--	60,863	--	60,863	560	--	73,549	--	73,549	100	--	76,753	--	76,753	--
Totals,4150-Department of Managed Health Care	**--**	**$60,863**	**--**	**$60,863**	**$560**	**--**	**$73,549**	**--**	**$73,549**	**$100**	**--**	**$76,753**	**--**	**$76,753**	**--**
4170-Department of Aging															
State Operations	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
Totals,4170-Department of Aging	**$32,623**	**$4,741**	**--**	**$37,364**	**$146,355**	**$35,779**	**$4,785**	**--**	**$40,564**	**$151,562**	**$33,779**	**$4,785**	**--**	**$38,564**	**$150,512**
4180-Commission on Aging															
State Operations	--	--	--	--	421	--	--	--	--	444	--	--	--	--	446
Totals,4180-Commission on Aging	**--**	**--**	**--**	**--**	**$421**	**--**	**--**	**--**	**--**	**$444**	**--**	**--**	**--**	**--**	**$446**
4185-California Senior Legislature															
State Operations	--	--	--	--	--	250	--	--	250	--	250	--	--	250	--
Totals,4185-California Senior Legislature	**--**	**--**	**--**	**--**	**--**	**$250**	**--**	**--**	**$250**	**--**	**$250**	**--**	**--**	**$250**	**--**
4250-Children and Families Commission															
State Operations	--	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	--
Totals,4250-Children and Families Commission	**--**	**$424,948**	**--**	**$424,948**	**--**	**--**	**$411,119**	**--**	**$411,119**	**--**	**--**	**$340,692**	**--**	**$340,692**	**--**
4260-Department of Health Care Services															
State Operations	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
Totals,4260-Department of Health Care Services	**$18,093,676**	**$7,051,377**	**--**	**$25,145,053**	**$55,747,647**	**$20,142,758**	**$10,665,386**	**--**	**$30,808,144**	**$67,508,369**	**$19,613,704**	**$13,861,436**	**--**	**$33,475,140**	**$67,443,202**
4265-Department of Public Health															
State Operations	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	1,408,798	45,202	625,690	--	670,892	1,413,570
Capital Outlay	534	--	--	534	--	3,799	--	--	3,799	--	--	--	--	--	--
Totals,4265-Department of Public Health	**$128,864**	**$599,598**	**--**	**$728,462**	**$1,592,872**	**$152,010**	**$738,954**	**--**	**$890,964**	**$1,696,107**	**$132,221**	**$1,026,815**	**--**	**$1,159,036**	**$1,727,858**
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	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	373,072	839	--	373,911	2,669	436,206	705	--	436,911	2,836	364,413	709	--	365,122	2,556
Local Assistance	3,115,829	2,930	--	3,118,759	51,398	3,558,449	3,427	--	3,561,876	53,707	3,838,895	3,427	--	3,842,322	54,087
Capital Outlay	802	--	--	802	--	6,512	--	--	6,512	--	3,655	--	--	3,655	--
Totals,4300-Department of Developmental Services	**$3,489,703**	**$3,769**	**--**	**$3,493,472**	**$54,067**	**$4,001,167**	**$4,132**	**--**	**$4,005,299**	**$56,543**	**$4,206,963**	**$4,136**	**--**	**$4,211,099**	**$56,643**
4440-Department of State Hospitals															
State Operations	1,606,390	--	--	1,606,390	--	1,727,968	--	--	1,727,968	--	1,443,593	--	--	1,443,593	--
Capital Outlay	10,575	--	--	10,575	--	40,193	--	--	40,193	--	32,463	--	--	32,463	--
Totals,4440-Department of State Hospitals	**$1,616,965**	**--**	**--**	**$1,616,965**	**--**	**$1,768,161**	**--**	**--**	**$1,768,161**	**--**	**$1,476,056**	**--**	**--**	**$1,476,056**	**--**
4560-Mental Hlth Svcs Ovrst and Acntblty Comm															
State Operations	--	48,002	--	48,002	--	--	56,344	--	56,344	--	--	45,146	--	45,146	--
Totals,4560-Mental Hlth Svcs Ovrst and Acntblty Comm	**--**	**$48,002**	**--**	**$48,002**	**--**	**--**	**$56,344**	**--**	**$56,344**	**--**	**--**	**$45,146**	**--**	**$45,146**	**--**
4700-Dept of Community Services, Development															
State Operations	--	4,172	--	4,172	14,592	--	3,802	--	3,802	25,476	--	--	--	--	25,595
Local Assistance	7,500	44,892	--	52,392	225,875	7,500	81,636	--	89,136	279,171	--	--	--	--	227,163
Totals,4700-Dept of Community Services, Development	**$7,500**	**$49,064**	**--**	**$56,564**	**$240,467**	**$7,500**	**$85,438**	**--**	**$92,938**	**$304,647**	**--**	**--**	**--**	**--**	**$252,758**
4800-California Health Benefit Exchange															
State Operations	--	--	--	--	60,064	--	--	--	--	--	--	--	--	--	--
Totals,4800-California Health Benefit Exchange	**--**	**--**	**--**	**--**	**$60,064**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**
5160-Department of Rehabilitation															
State Operations	59,782	841	--	60,623	352,554	60,751	1,062	--	61,813	358,353	61,531	1,114	--	62,645	358,229
Local Assistance	--	--	--	--	15,736	705	--	--	705	15,736	--	--	--	--	15,736
Totals,5160-Department of Rehabilitation	**$59,782**	**$841**	**--**	**$60,623**	**$368,290**	**$61,456**	**$1,062**	**--**	**$62,518**	**$374,089**	**$61,531**	**$1,114**	**--**	**$62,645**	**$373,965**
5170-State Independent Living Council															
State Operations	--	--	--	--	112	--	--	--	--	--	--	--	--	--	--
Totals,5170-State Independent Living Council	**--**	**--**	**--**	**--**	**$112**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**
5175-Department of Child Support Services															
State Operations	50,309	--	--	50,309	113,603	52,895	--	--	52,895	120,304	52,905	--	--	52,905	120,936
Local Assistance	262,752	--	--	262,752	376,796	261,515	--	--	261,515	400,751	261,216	--	--	261,216	404,091
Totals,5175-Department of Child Support Services	**$313,061**	**--**	**--**	**$313,061**	**$490,399**	**$314,410**	**--**	**--**	**$314,410**	**$521,055**	**$314,121**	**--**	**--**	**$314,121**	**$525,027**
5180-Department of Social Services															
State Operations	143,812	34,325	--	178,137	363,954	167,415	36,026	--	203,441	396,580	165,418	38,197	--	203,615	396,091
Local Assistance	7,219,663	1,422	--	7,221,085	6,661,036	8,459,944	1,398	--	8,461,342	7,157,067	7,910,343	1,399	--	7,911,742	7,117,552
Totals,5180-Department of Social Services	**$7,363,475**	**$35,747**	**--**	**$7,399,222**	**$7,024,990**	**$8,627,359**	**$37,424**	**--**	**$8,664,783**	**$7,553,647**	**$8,075,761**	**$39,596**	**--**	**$8,115,357**	**$7,513,643**
5195-State-Local Realignment, 1991															
Local Assistance	--	5,125,181	--	5,125,181	--	--	5,295,009	--	5,295,009	--	--	5,452,443	--	5,452,443	--
Totals,5195-State-Local Realignment, 1991	**--**	**$5,125,181**	**--**	**$5,125,181**	**--**	**--**	**$5,295,009**	**--**	**$5,295,009**	**--**	**--**	**$5,452,443**	**--**	**$5,452,443**	**--**
5196-State-Local Realignment, 2011															
Local Assistance	--	4,532,106	--	4,532,106	--	--	4,671,665	--	4,671,665	--	--	4,850,859	--	4,850,859	--
Totals,5196-State-Local Realignment, 2011	**--**	**$4,532,106**	**--**	**$4,532,106**	**--**	**--**	**$4,671,665**	**--**	**$4,671,665**	**--**	**--**	**$4,850,859**	**--**	**$4,850,859**	**--**
5206-General Obligation Bonds-HHS															
State Operations	73,158	--	--	73,158	--	143,649	--	--	143,649	--	70,433	--	--	70,433	--
Totals,5206-General Obligation Bonds-HHS	**$73,158**	**--**	**--**	**$73,158**	**--**	**$143,649**	**--**	**--**	**$143,649**	**--**	**$70,433**	**--**	**--**	**$70,433**	**--**
TOTALS, HEALTH AND HUMAN SERVICES	**$31,187,289**	**$18,059,109**	**--**	**$49,246,398**	**$65,740,125**	**$35,263,252**	**$22,197,395**	**--**	**$57,460,647**	**$78,181,171**	**$33,993,612**	**$25,829,118**	**--**	**$59,822,730**	**$78,058,675**
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	--	3,157,721	1,610,812
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	--	56,628,891	76,447,863
Capital Outlay	11,911	--	--	11,911	--	50,504	--	--	50,504	--	36,118	--	--	36,118	--
CORRECTIONS AND REHABILITATION															
5225-Corrections and Rehabilitation															
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	--	10,823,818	2,041
Local Assistance	147,328	-1,000	--	146,328	--	152,995	-1,000	--	151,995	--	140,821	-1,000	--	139,821	--
Capital Outlay	19,241	--	--	19,241	--	104,278	--	--	104,278	--	80,493	--	--	80,493	--

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	7,349,329
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**	**$7,510,007**
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	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, 6255-Summer School for the Arts	**$1,415**	**--**	**--**	**$1,415**	**--**	**$1,421**	**--**	**--**	**$1,421**	**--**	**$1,421**	**--**	**--**	**$1,421**	**--**
6300-Teachers Retirement System Contributions															
Local Assistance	1,935,287	--	--	1,935,287	--	2,472,993	--	--	2,472,993	--	2,786,742	--	--	2,786,742	--
Totals, 6300-Teachers Retirement System Contributions	**$1,935,287**	**--**	**--**	**$1,935,287**	**--**	**$2,472,993**	**--**	**--**	**$2,472,993**	**--**	**$2,786,742**	**--**	**--**	**$2,786,742**	**--**
6305-Retirement Costs for Community Colleges															
Local Assistance	-152,856	--	--	-152,856	--	-191,665	--	--	-191,665	--	-214,626	--	--	-214,626	--
Totals, 6305-Retirement Costs for Community Colleges	**- $152,856**	**--**	**--**	**- $152,856**	**--**	**- $191,665**	**--**	**--**	**- $191,665**	**--**	**- $214,626**	**--**	**--**	**- $214,626**	**--**
6350-School Facilities Aid Program															
Local Assistance	--	-11,377	264,071	252,694	--	--	535	187,120	187,655	--	--	83	61,109	61,192	--
Totals, 6350-School Facilities Aid Program	**--**	**- $11,377**	**$264,071**	**$252,694**	**--**	**--**	**$535**	**$187,120**	**$187,655**	**--**	**--**	**$83**	**$61,109**	**$61,192**	**--**
6360-Commission on Teacher Credentialing															
State Operations	6,757	23,220	--	29,977	--	12,533	27,664	--	40,197	--	--	26,061	--	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**	**--**	**$26,061**	**--**
6396-General Obligation Bonds-K-12															
State Operations	2,233,619	--	--	2,233,619	--	2,311,019	--	--	2,311,019	--	2,583,887	--	--	2,583,887	--
Totals, 6396-General Obligation Bonds-K-12	**$2,233,619**	**--**	**--**	**$2,233,619**	**--**	**$2,311,019**	**--**	**--**	**$2,311,019**	**--**	**$2,583,887**	**--**	**--**	**$2,583,887**	**--**
K-12 Education															
State Operations	2,411,866	26,452	2,238	2,440,556	156,773	2,505,561	31,322	2,991	2,539,874	170,166	2,760,378	29,726	2,991	2,793,095	167,530
Local Assistance	46,399,103	18,005	264,071	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	49,543,548	7,360,595
Capital Outlay	--	--	--	--	--	1,749	--	--	1,749	--	--	--	--	--	--
Totals, K-12 Education	**$48,810,969**	**$44,457**	**$266,309**	**$49,121,735**	**$6,998,469**	**$50,589,243**	**$478,740**	**$190,111**	**$51,258,094**	**$7,593,406**	**$52,168,981**	**$103,562**	**$64,100**	**$52,336,643**	**$7,528,125**
6440-University of California															
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	--	3,686,095	3,773,924
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**	**--**	**$3,686,095**	**$3,773,924**
6445-Institute for Regenerative Medicine															
State Operations	--	--	18,718	18,718	--	--	--	18,906	18,906	--	--	--	18,906	18,906	--
Local Assistance	--	--	210,000	210,000	--	--	--	250,000	250,000	--	--	--	250,000	250,000	--
Totals, 6445-Institute for Regenerative Medicine	**--**	**--**	**$228,718**	**$228,718**	**--**	**--**	**--**	**$268,906**	**$268,906**	**--**	**--**	**--**	**$268,906**	**$268,906**	**--**
6600-Hastings College of the Law															
State Operations	10,644	--	--	10,644	--	13,659	--	--	13,659	--	12,726	--	--	12,726	--
Totals, 6600-Hastings College of the Law	**$10,644**	**--**	**--**	**$10,644**	**--**	**$13,659**	**--**	**--**	**$13,659**	**--**	**$12,726**	**--**	**--**	**$12,726**	**--**
6610-California State University															
State Operations	3,012,397	--	--	3,012,397	1,255,910	3,315,810	--	--	3,315,810	1,384,723	3,369,564	--	--	3,369,564	1,384,723
Capital Outlay	--	--	--	--	--	--	--	--	--	--	--	--	5,592	5,592	--
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**	**--**	**$5,592**	**$3,375,156**	**$1,384,723**
6645-CSU Health Benefits, Retired Annuitants															
State Operations	263,459	--	--	263,459	--	272,695	--	--	272,695	--	295,283	--	--	295,283	--
Totals, 6645-CSU Health Benefits, Retired Annuitants	**$263,459**	**--**	**--**	**$263,459**	**--**	**$272,695**	**--**	**--**	**$272,695**	**--**	**$295,283**	**--**	**--**	**$295,283**	**--**
6870-Board of Governors of Community Colleges															
State Operations	11,751	85	1,934	13,770	--	15,735	89	2,216	18,040	--	13,625	89	2,219	15,933	--
Local Assistance	5,301,627	-4,790	--	5,296,837	647	5,423,621	14,528	--	5,438,149	--	5,464,287	4,760	--	5,469,047	--
Capital Outlay	--	--	13,136	13,136	--	--	--	99,590	99,590	--	--	--	--	--	--
Totals, 6870-Board of Governors of Community Colleges	**$5,313,378**	**- $4,705**	**$15,070**	**$5,323,743**	**$647**	**$5,439,356**	**$14,617**	**$101,806**	**$5,555,779**	**--**	**$5,477,912**	**$4,849**	**$2,219**	**$5,484,980**	**--**
6874-General Obligation Bonds-Hi Ed-CC															
State Operations	272,636	--	--	272,636	--	309,282	--	--	309,282	--	245,085	--	--	245,085	--
Totals, 6874-General Obligation Bonds-Hi Ed-CC	**$272,636**	**--**	**--**	**$272,636**	**--**	**$309,282**	**--**	**--**	**$309,282**	**--**	**$245,085**	**--**	**--**	**$245,085**	**--**
6878-Retirement Costs-Hi Ed-CC															
Local Assistance	152,856	--	--	152,856	--	191,665	--	--	191,665	--	214,626	--	--	214,626	--
Totals, 6878-Retirement Costs-Hi Ed-CC	**$152,856**	**--**	**--**	**$152,856**	**--**	**$191,665**	**--**	**--**	**$191,665**	**--**	**$214,626**	**--**	**--**	**$214,626**	**--**
6910-Awards for Innovation in Higher Ed															
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	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
6980-Student Aid Commission															
State Operations	13,549	--	--	13,549	--	15,585	--	--	15,585	--	13,743	--	--	13,743	--
Local Assistance	1,465,467	1,456	--	1,466,923	--	1,114,497	5,102	--	1,119,599	--	1,139,089	11,160	--	1,150,249	--
Totals, 6980-Student Aid Commission	**$1,479,016**	**$1,456**	**--**	**$1,480,472**	**--**	**$1,130,082**	**$5,102**	**--**	**$1,135,184**	**--**	**$1,152,832**	**$11,160**	**--**	**$1,163,992**	**--**
7996-General Obligation Bonds-Hi Ed															
State Operations	370,058	--	--	370,058	--	289,135	--	--	289,135	--	327,453	--	--	327,453	--
Totals, 7996-General Obligation Bonds-Hi Ed	**$370,058**	**--**	**--**	**$370,058**	**--**	**$289,135**	**--**	**--**	**$289,135**	**--**	**$327,453**	**--**	**--**	**$327,453**	**--**
Higher Education															
State Operations	7,213,487	25,865	20,652	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	7,984,788	5,158,647
Local Assistance	6,919,950	-3,334	210,000	7,126,616	647	6,754,783	19,630	250,000	7,024,413	--	6,818,002	15,920	250,000	7,083,922	--
Capital Outlay	--	--	13,136	13,136	--	--	--	99,590	99,590	--	--	--	5,592	5,592	--
Totals, Higher Education	**$14,133,437**	**$22,531**	**$243,788**	**$14,399,756**	**$4,962,790**	**$14,527,328**	**$77,328**	**$370,712**	**$14,975,368**	**$5,164,647**	**$14,626,616**	**$170,969**	**$276,717**	**$15,074,302**	**$5,158,647**
TOTALS, EDUCATION	**$62,944,406**	**$66,988**	**$510,097**	**$63,521,491**	**$11,961,259**	**$65,116,571**	**$556,068**	**$560,823**	**$66,233,462**	**$12,758,053**	**$66,795,597**	**$274,531**	**$340,817**	**$67,410,945**	**$12,686,772**
State Operations	9,625,353	52,317	22,890	9,700,560	5,118,916	10,278,106	89,020	24,113	10,391,239	5,334,813	10,568,992	184,775	24,116	10,777,883	5,326,177
Local Assistance	53,319,053	14,671	474,071	53,807,795	6,842,343	54,836,716	467,048	437,120	55,740,884	7,423,240	56,226,605	89,756	311,109	56,627,470	7,360,595
Capital Outlay	--	--	13,136	13,136	--	1,749	--	99,590	101,339	--	--	--	5,592	5,592	--
LABOR AND WORKFORCE DEVELOPMENT															
7100-Employment Development Department															
State Operations	194,483	184,770	--	379,253	617,254	157,808	169,160	--	326,968	708,869	103,150	169,643	--	272,793	685,181
Local Assistance	--	--	--	--	5,717,575	--	--	--	--	6,008,524	--	--	--	--	6,059,684
Capital Outlay	--	--	--	--	--	1	--	--	1	--	--	--	--	--	--
Totals,7100-Employment Development Department	**$194,483**	**$184,770**	**--**	**$379,253**	**$6,334,829**	**$157,809**	**$169,160**	**--**	**$326,969**	**$6,717,393**	**$103,150**	**$169,643**	**--**	**$272,793**	**$6,744,865**
7120-Workforce Development Board															
State Operations	--	4,499	--	4,499	2,822	--	3,000	--	3,000	3,571	--	3,000	--	3,000	3,577
Totals,7120-Workforce Development Board	**--**	**$4,499**	**--**	**$4,499**	**$2,822**	**--**	**$3,000**	**--**	**$3,000**	**$3,571**	**--**	**$3,000**	**--**	**$3,000**	**$3,577**
7300-Agricultural Labor Relations Board															
State Operations	7,985	830	--	8,815	--	8,648	1,129	--	9,777	--	8,638	1,129	--	9,767	--
Totals,7300-Agricultural Labor Relations Board	**$7,985**	**$830**	**--**	**$8,815**	**--**	**$8,648**	**$1,129**	**--**	**$9,777**	**--**	**$8,638**	**$1,129**	**--**	**$9,767**	**--**
7320-Public Employment Relations Board															
State Operations	8,847	--	--	8,847	--	10,448	--	--	10,448	--	10,381	--	--	10,381	--
Totals,7320-Public Employment Relations Board	**$8,847**	**--**	**--**	**$8,847**	**--**	**$10,448**	**--**	**--**	**$10,448**	**--**	**$10,381**	**--**	**--**	**$10,381**	**--**
7350-Department of Industrial Relations															
State Operations	--	409,925	--	409,925	34,739	--	513,782	--	513,782	37,456	--	523,126	--	523,126	37,553
Totals,7350-Department of Industrial Relations	**--**	**$409,925**	**--**	**$409,925**	**$34,739**	**--**	**$513,782**	**--**	**$513,782**	**$37,456**	**--**	**$523,126**	**--**	**$523,126**	**$37,553**
TOTALS, LABOR AND WORKFORCE DEVELOPMENT	**$211,315**	**$600,024**	**--**	**$811,339**	**$6,372,390**	**$176,905**	**$687,071**	**--**	**$863,976**	**$6,758,420**	**$122,169**	**$696,898**	**--**	**$819,067**	**$6,785,995**
State Operations	211,315	600,024	--	811,339	654,815	176,904	687,071	--	863,975	749,896	122,169	696,898	--	819,067	726,311
Local Assistance	--	--	--	--	5,717,575	--	--	--	--	6,008,524	--	--	--	--	6,059,684
Capital Outlay	--	--	--	--	--	1	--	--	1	--	--	--	--	--	--
GOVERNMENT OPERATIONS															
7501-Department of Human Resources															
State Operations	7,545	16	--	7,561	--	9,312	75	--	9,387	--	7,710	75	--	7,785	--
Totals,7501-Department of Human Resources	**$7,545**	**$16**	**--**	**$7,561**	**--**	**$9,312**	**$75**	**--**	**$9,387**	**--**	**$7,710**	**$75**	**--**	**$7,785**	**--**
7502-Department of Technology															
State Operations	4,910	--	--	4,910	--	4,573	--	--	4,573	--	4,574	--	--	4,574	--
Totals,7502-Department of Technology	**$4,910**	**--**	**--**	**$4,910**	**--**	**$4,573**	**--**	**--**	**$4,573**	**--**	**$4,574**	**--**	**--**	**$4,574**	**--**
7503-State Personnel Board															
State Operations	1,048	--	--	1,048	--	1,236	--	--	1,236	--	1,234	--	--	1,234	--
Totals,7503-State Personnel Board	**$1,048**	**--**	**--**	**$1,048**	**--**	**$1,236**	**--**	**--**	**$1,236**	**--**	**$1,234**	**--**	**--**	**$1,234**	**--**
7730-Franchise Tax Board															
State Operations	700,178	19,291	--	719,469	--	733,561	20,267	--	753,828	--	712,762	21,203	--	733,965	--

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,7730-Franchise Tax Board	**$700,178**	**$19,291**	**--**	**$719,469**	**--**	**$733,561**	**$20,267**	**--**	**$753,828**	**--**	**$712,762**	**$21,203**	**--**	**$733,965**	**--**
7760-Department of General Services															
State Operations	31,263	103,656	5,083	140,002	--	21,511	107,044	5,696	134,251	--	11,933	109,260	6,406	127,599	--
Capital Outlay	--	--	--	--	--	1,000,000	-977,028	--	22,972	--	910	--	--	910	--
Totals,7760-Department of General Services	**$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**	**--**
7870-California Victim Compensation Board															
State Operations	--	33,657	--	33,657	1,814	121	32,067	--	32,188	1,789	121	32,078	--	32,199	1,854
Local Assistance	--	62,671	--	62,671	23,000	--	67,323	--	67,323	23,000	--	67,632	--	67,632	23,000
Totals,7870-California Victim Compensation Board	**--**	**$96,328**	**--**	**$96,328**	**$24,814**	**$121**	**$99,390**	**--**	**$99,511**	**$24,789**	**$121**	**$99,710**	**--**	**$99,831**	**$24,854**
7910-Office of Administrative Law															
State Operations	1,790	--	--	1,790	--	1,986	--	--	1,986	--	2,098	--	--	2,098	--
Totals,7910-Office of Administrative Law	**$1,790**	**--**	**--**	**$1,790**	**--**	**$1,986**	**--**	**--**	**$1,986**	**--**	**$2,098**	**--**	**--**	**$2,098**	**--**
TOTALS, GOVERNMENT OPERATIONS	**$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	--
GENERAL GOVERNMENT															
8120-Peace Officer Standards, Training Comm															
State Operations	--	34,310	--	34,310	--	16,500	20,304	--	36,804	--	--	1,828	--	1,828	--
Local Assistance	--	13,023	--	13,023	--	5,000	19,103	--	24,103	--	--	--	--	--	--
Totals, 8120-Peace Officer Standards, Training Comm	**--**	**$47,333**	**--**	**$47,333**	**--**	**$21,500**	**$39,407**	**--**	**$60,907**	**--**	**--**	**$1,828**	**--**	**$1,828**	**--**
8140-State Public Defender															
State Operations	11,558	--	--	11,558	--	12,999	--	--	12,999	--	13,090	--	--	13,090	--
Totals, 8140-State Public Defender	**$11,558**	**--**	**--**	**$11,558**	**--**	**$12,999**	**--**	**--**	**$12,999**	**--**	**$13,090**	**--**	**--**	**$13,090**	**--**
8260-Arts Council															
State Operations	1,256	672	--	1,928	944	1,589	804	--	2,393	1,037	1,389	804	--	2,193	1,035
Local Assistance	6,610	1,353	--	7,963	100	13,550	1,405	--	14,955	100	6,950	1,405	--	8,355	100
Totals, 8260-Arts Council	**$7,866**	**$2,025**	**--**	**$9,891**	**$1,044**	**$15,139**	**$2,209**	**--**	**$17,348**	**$1,137**	**$8,339**	**$2,209**	**--**	**$10,548**	**$1,135**
8385-Citizens Compensation Commission															
State Operations	1	--	--	1	--	10	--	--	10	--	10	--	--	10	--
Totals, 8385-Citizens Compensation Commission	**$1**	**--**	**--**	**$1**	**--**	**$10**	**--**	**--**	**$10**	**--**	**$10**	**--**	**--**	**$10**	**--**
8570-Department of Food and Agriculture															
State Operations	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
Local Assistance	9,010	33,559	--	42,569	--	9,010	92,975	--	101,985	--	9,010	34,075	--	43,085	--
Capital Outlay	--	--	--	--	--	--	--	--	--	--	3,088	--	--	3,088	--
Totals, 8570-Department of Food and Agriculture	**$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**
8620-Fair Political Practices Commission															
State Operations	10,501	--	--	10,501	--	11,453	--	--	11,453	--	11,036	--	--	11,036	--
Totals, 8620-Fair Political Practices Commission	**$10,501**	**--**	**--**	**$10,501**	**--**	**$11,453**	**--**	**--**	**$11,453**	**--**	**$11,036**	**--**	**--**	**$11,036**	**--**
8640-Political Reform Act of 1974															
State Operations	--	--	--	--	--	--	--	--	--	--	2,648	--	--	2,648	--
Totals, 8640-Political Reform Act of 1974	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**$2,648**	**--**	**--**	**$2,648**	**--**
8660-Public Utilities Commission															
State Operations	--	229,347	--	229,347	6,580	--	282,132	--	282,132	5,882	--	292,545	--	292,545	5,914
Local Assistance	--	1,131,338	--	1,131,338	--	--	1,343,574	--	1,343,574	--	--	1,453,404	--	1,453,404	--
Totals, 8660-Public Utilities Commission	**--**	**$1,360,685**	**--**	**$1,360,685**	**$6,580**	**--**	**$1,625,706**	**--**	**$1,625,706**	**$5,882**	**--**	**$1,745,949**	**--**	**$1,745,949**	**$5,914**
8780-Milton Marks Little Hoover Commission															
State Operations	969	--	--	969	--	1,022	--	--	1,022	--	1,026	--	--	1,026	--
Totals, 8780-Milton Marks Little Hoover Commission	**$969**	**--**	**--**	**$969**	**--**	**$1,022**	**--**	**--**	**$1,022**	**--**	**$1,026**	**--**	**--**	**$1,026**	**--**
8790-CA Commission on Disability Access															
State Operations	530	--	--	530	--	644	--	--	644	--	--	--	--	--	--
Totals, 8790-CA Commission on Disability Access	**$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	391,867	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	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	--	1,695	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
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
9350-Shared Revenues															
Local Assistance	207	1,425,436	--	1,425,643	36,606	492	1,302,467	--	1,302,959	34,939	492	1,618,996	--	1,619,488	34,939
Totals, 9350-Shared Revenues	**$207**	**$1,425,436**	**--**	**$1,425,643**	**$36,606**	**$492**	**$1,302,467**	**--**	**$1,302,959**	**$34,939**	**$492**	**$1,618,996**	**--**	**$1,619,488**	**$34,939**
Tax Relief-Local Gov															
Local Assistance	426,678	2,218,867	--	2,645,545	36,606	459,202	1,295,267	--	1,754,469	34,939	434,912	1,612,596	--	2,047,508	34,939
Totals, Tax Relief-Local Gov	**$426,678**	**$2,218,867**	**--**	**$2,645,545**	**$36,606**	**$459,202**	**$1,295,267**	**--**	**$1,754,469**	**$34,939**	**$434,912**	**$1,612,596**	**--**	**$2,047,508**	**$34,939**
9612-Enhanced Tobacco Asset-Backed Bonds															
State Operations	--	--	--	--	--	--	--	--	--	--	1	--	--	1	--
Totals, 9612-Enhanced Tobacco Asset-Backed Bonds	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**$1**	**--**	**--**	**$1**	**--**
9618-Economic Recovery Financing Committee															
Unclassified	--	997,246	--	997,246	--	--	--	--	--	--	--	--	--	--	--
Totals, 9618-Economic Recovery Financing Committee	**--**	**$997,246**	**--**	**$997,246**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**
9620-Cash Management and Budgetary Loans															
State Operations	48,405	--	--	48,405	--	51,274	--	--	51,274	--	47,501	--	--	47,501	--
Totals, 9620-Cash Management and Budgetary Loans	**$48,405**	**--**	**--**	**$48,405**	**--**	**$51,274**	**--**	**--**	**$51,274**	**--**	**$47,501**	**--**	**--**	**$47,501**	**--**
9625-Interest Payments to the Federal Govt															
State Operations	172	13	--	185	--	3,000	1,001	--	4,001	--	5,000	1,001	--	6,001	--
Totals, 9625-Interest Payments to the Federal Govt	**$172**	**$13**	**--**	**$185**	**--**	**$3,000**	**$1,001**	**--**	**$4,001**	**--**	**$5,000**	**$1,001**	**--**	**$6,001**	**--**
9650-Health, Dental Benefits for Annuitants															
State Operations	1,551,749	--	--	1,551,749	--	1,642,229	--	--	1,642,229	--	1,778,518	--	--	1,778,518	--
Totals, 9650-Health, Dental Benefits for Annuitants	**$1,551,749**	**--**	**--**	**$1,551,749**	**--**	**$1,642,229**	**--**	**--**	**$1,642,229**	**--**	**$1,778,518**	**--**	**--**	**$1,778,518**	**--**
9651-Prefunding Hlth-Dental Bens Annuitants															
State Operations	240,000	--	--	240,000	--	--	--	--	--	--	--	--	--	--	--
Totals, 9651-Prefunding Hlth-Dental Bens Annuitants	**$240,000**	**--**	**--**	**$240,000**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**
9670-Victim Compensation Government Claims Bd															
State Operations	3,551	476	2,611	6,638	--	53,339	563	--	53,902	--	--	--	--	--	--
Totals, 9670-Victim Compensation Government Claims Bd	**$3,551**	**$476**	**$2,611**	**$6,638**	**--**	**$53,339**	**$563**	**--**	**$53,902**	**--**	**--**	**--**	**--**	**--**	**--**
9800-Augmentation for Employee Compensation															
State Operations	--	--	--	--	--	196,926	151,280	--	348,206	--	799,255	530,234	--	1,329,489	--
Totals, 9800-Augmentation for Employee Compensation	**--**	**--**	**--**	**--**	**--**	**$196,926**	**$151,280**	**--**	**$348,206**	**--**	**$799,255**	**$530,234**	**--**	**$1,329,489**	**--**
9802-June to July Payroll Deferral															
State Operations	-56,699	-24,713	--	-81,412	--	-32,468	-16,101	--	-48,569	--	-33,442	-16,584	--	-50,026	--
Totals, 9802-June to July Payroll Deferral	**- $56,699**	**- $24,713**	**--**	**- $81,412**	**--**	**- $32,468**	**- $16,101**	**--**	**- $48,569**	**--**	**- $33,442**	**- $16,584**	**--**	**- $50,026**	**--**
9804-Contracts Impacted by Minimum Wage															
State Operations	--	--	--	--	--	--	--	--	--	--	2,172	2,000	--	4,172	--
Totals, 9804-Contracts Impacted by Minimum Wage	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**$2,172**	**$2,000**	**--**	**$4,172**	**--**
9840-Contingencies-Emergencies Augmentation															
State Operations	--	--	--	--	--	18,909	15,000	--	33,909	--	20,000	15,000	--	35,000	--
Totals, 9840-Contingencies-Emergencies Augmentation	**--**	**--**	**--**	**--**	**--**	**$18,909**	**$15,000**	**--**	**$33,909**	**--**	**$20,000**	**$15,000**	**--**	**$35,000**	**--**
9860-Capital Outlay Planning, Studies															
Capital Outlay	1,000	--	--	1,000	--	1,000	--	--	1,000	--	1,000	--	--	1,000	--
Totals, 9860-Capital Outlay Planning, Studies	**$1,000**	**--**	**--**	**$1,000**	**--**	**$1,000**	**--**	**--**	**$1,000**	**--**	**$1,000**	**--**	**--**	**$1,000**	**--**
9885-Reserve for Liquidation of Encumbrances															
Unclassified	-13,457	--	--	-13,457	--	--	--	--	--	--	--	--	--	--	--
Totals, 9885-Reserve for Liquidation of Encumbrances	**- $13,457**	**--**	**--**	**- $13,457**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**
9894-Statewide Proposition 98 Reconciliation															
Local Assistance	-151,964	--	--	-151,964	--	-156,989	--	--	-156,989	--	-201,042	--	--	-201,042	--
Totals, 9894-Statewide Proposition 98 Reconciliation	**- $151,964**	**--**	**--**	**- $151,964**	**--**	**- $156,989**	**--**	**--**	**- $156,989**	**--**	**- $201,042**	**--**	**--**	**- $201,042**	**--**
9897-Section 3.60 Rate Adjustments															
State Operations	--	--	--	--	--	--	--	--	--	--	327,249	172,275	--	499,524	--
Totals, 9897-Section 3.60 Rate Adjustments	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**$327,249**	**$172,275**	**--**	**$499,524**	**--**
9898-PERS General Fund Deferral Payment															
State Operations	591,192	--	--	591,192	--	570,355	--	--	570,355	--	626,570	--	--	626,570	--

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)															
State Operations	-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)	**- $671,175**	**$18**	**--**	**- $671,157**	**--**	**- $676,647**	**$584,895**	**--**	**- $91,752**	**--**	**- $710,124**	**$603,503**	**--**	**- $106,621**	**--**
9901-Various Departments															
State Operations	200	--	--	200	--	--	--	--	--	--	--	--	--	--	--
Local Assistance	--	91,513	--	91,513	--	--	86,121	--	86,121	--	--	1,344,347	--	1,344,347	--
Totals, 9901-Various Departments	**$200**	**$91,513**	**--**	**$91,713**	**--**	**--**	**$86,121**	**--**	**$86,121**	**--**	**--**	**$1,344,347**	**--**	**$1,344,347**	**--**
9910-General Fund Credits from Federal Funds															
State Operations	-148,980	--	--	-148,980	--	-164,689	--	--	-164,689	--	-166,342	--	--	-166,342	--
Totals, 9910-General Fund Credits from Federal Funds	**- $148,980**	**--**	**--**	**- $148,980**	**--**	**- $164,689**	**--**	**--**	**- $164,689**	**--**	**- $166,342**	**--**	**--**	**- $166,342**	**--**
9935-PERS Deferral															
State Operations	-570,355	--	--	-570,355	--	-626,569	--	--	-626,569	--	-695,872	--	--	-695,872	--
Totals, 9935-PERS Deferral	**- $570,355**	**--**	**--**	**- $570,355**	**--**	**- $626,569**	**--**	**--**	**- $626,569**	**--**	**- $695,872**	**--**	**--**	**- $695,872**	**--**
Statewide Expenditures															
State Operations	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	--
Local Assistance	-151,964	91,513	--	-60,451	--	-156,989	86,121	--	-70,868	--	-201,042	1,344,347	--	1,143,305	--
Capital Outlay	1,000	--	--	1,000	--	1,000	--	--	1,000	--	1,000	--	--	1,000	--
Unclassified	-13,457	997,246	--	983,789	--	--	--	--	--	--	--	--	--	--	--
Totals, Statewide Expenditures	**$823,639**	**$1,064,553**	**$2,611**	**$1,890,803**	**--**	**$879,670**	**$822,759**	**--**	**$1,702,429**	**--**	**$1,800,444**	**$2,651,776**	**--**	**$4,452,220**	**--**
TOTALS, GENERAL GOVERNMENT	**$1,904,686**	**$4,906,899**	**$2,674**	**$6,814,259**	**$293,598**	**$2,126,025**	**$4,065,028**	**$3,282**	**$6,194,335**	**$352,204**	**$2,925,905**	**$6,225,258**	**$4,993**	**$9,156,156**	**$337,212**
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	**$113,983,930**	**$42,211,798**	**$3,726,648**	**$159,922,376**	**$90,560,681**	**$122,761,202**	**$48,095,523**	**$6,643,205**	**$177,499,930**	**$105,304,510**	**$122,520,164**	**$54,573,116**	**$2,356,821**	**$179,450,101**	**$105,005,481**
State Operations	$29,620,051	$12,969,346	$490,758	$43,080,155	$8,990,745	$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	$619,697	$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
GENERAL FUND	**3,507,759**	**115,499,853**	**113,983,930**	**5,023,682**	**118,764,833**	**122,761,202**	**1,027,313**	**124,027,139**	**122,520,164**	**2,534,288**
SPECIAL FUNDS										
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 Enhancemen	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

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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

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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

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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 Fu	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

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0281-Recycling Market Development Revolving Loan Subaccount, Integrated Waste Ma	16,218	1,000	5,599	11,619	957	7,545	5,031	1,240	2,103	4,168
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

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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

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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

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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

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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

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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 Technic	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 Transportat	4,022	17	--	4,039	17	--	4,056	17	--	4,073

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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

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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 Managemen	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	--	--	--	--	--	--	--

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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 Acco	--	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 Accoun	--	--	--	--	--	--	--	--	--	--
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 Enforceme	--	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 Growt	--	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 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
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
Totals, Special Funds	**$15,885,348**	**$45,927,738**	**$42,211,798**	**$19,601,288**	**$51,540,059**	**$48,095,523**	**$23,045,824**	**$51,687,534**	**$54,573,116**	**$20,160,242**
GRAND TOTALS	**$19,393,107**	**$161,427,591**	**$156,195,728**	**$24,624,970**	**$170,304,892**	**$170,856,725**	**$24,073,137**	**$175,714,673**	**$177,093,280**	**$22,694,530**

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)

			General Obligation Bonds						Commercial Paper	
			As of December 31, 2016				Proposed Sales		As of December 31, 2016	
Fund	Bond Act	Final Maturity	Authorized	Unissued	Outstanding	Redeemed	Jan-Jun 2017	Jul-Dec 2017	Resolution Authorization	Total Outstanding
	LEGISLATIVE, JUDICIAL, EXECUTIVE									
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
	BUSINESS, CONSUMER SERVIICES & HOUSING									
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
	TRANSPORTATION									
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
	NATURAL RESOURCES									
0722	Ca Park & Recreational Facil (1984)[1/]	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)[1/]	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)[2/]	2040	1,884,000	43,346	1,304,210	536,444	-	-	43,346	-
6051	Ca Safe Drinking Water (2006)[2/]	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)[1/]	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)[2/]	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)[2/]	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)[2/]	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)[2/]	2043	3,345,000	309,574	2,568,150	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
	ENVIRONMENTAL PROTECTION									
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)

			General Obligation Bonds						Commercial Paper	
			As of December 31, 2016				Proposed Sales		As of December 31, 2016	
Fund	Bond Act	Final Maturity	Authorized	Unissued	Outstanding	Redeemed	Jan-Jun 2017	Jul-Dec 2017	Resolution Authorization	Total Outstanding
	HEALTH AND HUMAN SERVICES									
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
	YOUTH AND ADULT CORRECTIONAL									
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
	EDUCATION--K-12									
0794	Ca Library Constr & Renov (1988)[1/]	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[1/]	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)[1/]	2032	797,745	-	35,200	762,545	-	-	-	-
0774	1990 School Facil Bond Act (Jun)[1/]	2032	797,875	-	72,700	725,175	-	-	-	-
0765	1992 School Facil Bond Act (Nov)[1/]	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
	HIGHER EDUCATION									
0574	Class Size Reduction K-U Pub. Ed. Facil (1998) Hi-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) Hi-Ed	2032	975,000	4,650	436,555	533,795		-	4,650	1,725
6028	Public Education Facil (2002) Hi-Ed	2039	1,650,000	-	1,250,060	399,940	-	-	-	-
6041	Public Education Facil (2004) Hi-Ed	2040	2,300,000	58,019	1,925,800	316,181		-	58,019	100
6048	Public Education Facil (2006) Hi-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
	GENERAL GOVERNMENT									
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	$35,828,850	$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)

			General Obligation Bonds						Commercial Paper	
			As of December 31, 2016				Proposed Sales		As of December 31, 2016	
Fund	Bond Act	Final Maturity	Authorized	Unissued	Outstanding	Redeemed	Jan-Jun 2017	Jul-Dec 2017	Resolution Authorization	Total Outstanding
	SELF-LIQUIDATING BONDS[3/]									
	Ca Water Resources Dev (1959)	2024	$1,750,000	$167,600	$108,560	$1,473,840	$0	$0	$0	$0
	Veterans Bonds[4/]	2046	2,960,000	200,260	642,975	2,116,765	-	-	200,260	-
	Total, Self-Liquidating Bonds		$4,710,000	$367,860	$751,535	$3,590,605	$0	$0	$200,260	$0
	Total		**$149,059,341**	**$35,166,121**	**$74,473,765**	**$39,419,455**	**$3,064,945**	**$2,450,266**	**$13,607,111**	**$890,155**

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

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

[3/] 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

[4/] 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
Schedule 8									
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
Schedule 12B									
Less: Revenues to Excluded Funds	-	-16,648	-16,648	-	-21,410	-21,410	-	-20,920	-20,920
Schedule 12C									
Less: Non-Tax Revenues to Included Funds	-1,698	-725	-2,423	-1,061	-634	-1,695	-873	-1,792	-2,665
Schedule 12D									
Add: Transfers from Other Funds to Included Funds	219	-183	36	213	-174	39	420	-387	33
TOTAL, SAL REVENUES AND TRANSFERS	**$117,059**	**$25,673**	**$142,732**	**$121,593**	**$25,770**	**$147,363**	**$125,285**	**$26,887**	**$152,172**
Schedule 12E									
Less: Exclusions	-66,620	-6,961	-73,581	-68,311	-6,250	-74,561	-67,222	-6,718	-73,940
TOTAL, SAL APPROPRIATIONS			**$69,151**			**$72,802**			**$78,232**
CALCULATION OF LIMIT ROOM									
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)			**$24,891**			**$26,985**			**$24,759**

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

	Actual 2015-16	Estimated 2016-17	Estimated 2017-18
MAJOR REVENUES:			
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
Total, MAJOR TAXES AND LICENSES	**$875,248**	**$1,199,095**	**$2,151,103**
MINOR REVENUES:			
REGULATORY TAXES AND LICENSES:			
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
Total, REGULATORY TAXES AND LICENSES	**$9,686,736**	**$14,059,920**	**$12,696,951**
REVENUE FROM LOCAL AGENCIES:			

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	--
Total, REVENUE FROM LOCAL AGENCIES	**$1,229,740**	**$2,219,210**	**$1,621,727**
SERVICES TO THE PUBLIC:			
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
Total, SERVICES TO THE PUBLIC	**$398,869**	**$418,155**	**$420,891**
USE OF PROPERTY AND MONEY:			
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
Total, USE OF PROPERTY AND MONEY	**$145,218**	**$117,480**	**$115,129**
MISCELLANEOUS:			
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	--	--
Total, MISCELLANEOUS	**$4,312,177**	**$3,396,422**	**$3,913,961**
TOTAL, MINOR REVENUES	**$15,772,740**	**$20,211,186**	**$18,768,659**
TOTALS, Revenue to Excluded Funds (MAJOR and MINOR)	**$16,647,988**	**$21,410,281**	**$20,919,762**

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
MAJOR REVENUES:						
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
Total, MAJOR TAXES AND LICENSES	**--**	**$398,224**	**--**	**$335,964**	**--**	**$1,466,967**
MINOR REVENUES:						
REGULATORY TAXES AND LICENSES:						
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
Total, REGULATORY TAXES AND LICENSES	**$9,376**	**$93,139**	**$6,912**	**$101,471**	**$7,715**	**$122,010**
REVENUE FROM LOCAL AGENCIES:						
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	--
Total, REVENUE FROM LOCAL AGENCIES	**$198,693**	**$9,526**	**$195,051**	**$9,526**	**$195,230**	**$9,526**
SERVICES TO THE PUBLIC:						
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	--
Total, SERVICES TO THE PUBLIC	**$19,528**	**$83,391**	**$17,457**	**$84,941**	**$16,298**	**$85,727**
USE OF PROPERTY AND MONEY						
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	--
Total, USE OF PROPERTY AND MONEY	**$94,790**	**$51,973**	**$75,929**	**$46,782**	**$58,803**	**$46,782**
MISCELLANEOUS:						
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
Total, MISCELLANEOUS	**$1,375,530**	**$88,737**	**$765,240**	**$55,391**	**$594,650**	**$60,836**
TOTAL, MINOR REVENUES	**$1,697,917**	**$326,766**	**$1,060,589**	**$298,111**	**$872,696**	**$324,881**
TOTALS, Non-Tax Revenues (MAJOR AND MINOR)	**$1,697,917**	**$724,990**	**$1,060,589**	**$634,075**	**$872,696**	**$1,791,848**

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
TOTAL TRANSFERS:	**$219,170**	**$-183,309**	**$213,384**	**$-174,296**	**$419,985**	**$-386,900**

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

	Fund	Actual 2015-16	Estimated 2016-17	Estimated 2017-18
DEBT SERVICE:				
9600 Bond Interest and Redemption				
(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
TOTAL -- DEBT SERVICE		$7,236	$6,427	$6,745
QUALIFIED CAPITAL OUTLAY:				
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
TOTAL -- CAPITAL OUTLAY		$1,067	$2,764	$1,307
SUBVENTIONS:				
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
SUBVENTIONS -- EDUCATION		$52,146	$50,991	$51,236
5195 1991 State-Local Realignment				
Vehicle License Collection Account	Special	$14	$14	$14
Vehicle License Fees	Special	1,856	1,926	1,976
5196 2011 State-Local Realignment				
Vehicle License Fees	Special	627	650	667
9100 Tax Relief (9100-101-0001)	General	414	420	420
SUBVENTIONS -- OTHER		$2,911	$3,010	$3,077
COURT AND FEDERAL MANDATES:				
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
TOTAL -- MANDATES		$8,212	$9,340	$9,541
PROPOSITION 111:				
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
TOTAL -- PROPOSITION 111		$2,009	$2,029	$2,034
TOTAL EXCLUSIONS:		**$73,581**	**$74,561**	**$73,940**
General Fund		*$66,620*	*$68,311*	*$67,222*
Special Funds		*$6,961*	*$6,250*	*$6,718*

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 FI$Cal.

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:*

Article	*Article of California Constitution*
BA	*Budget Act*
CS	*Control Section of Budget Act*
GC	*Government Code*
SAM	*State Administrative Manual*
UCM	*Uniform Codes Manual*