

9658 Budget Stabilization Account

Proposition 58, as approved by the voters in March of 2004, established the Budget Stabilization Account (BSA), and requires the State Controller to transfer a specified percentage of estimated General Fund revenues from the General Fund to the BSA. The Legislature may transfer, by statute, amounts in excess of the specified percentage to the BSA. In addition, the Governor, by executive order, may suspend the transfer to the BSA. Half of the funds transferred to the BSA will be used to retire Economic Recovery Bonds authorized in Proposition 57 (March 2004).

LEGAL CITATIONS AND AUTHORITY

PROGRAM AUTHORITY

Section 20, Article XVI of the Constitution of the State of California.

Control Section 35.50, Budget Act.

Control Section 35.60, Budget Act.

MAJOR PROGRAM CHANGES

- Similar to the past three years, given the condition of the General Fund, the 2011-12 Governor's Budget proposes to suspend the transfer to the Budget Stabilization Account.

PROGRAM DESCRIPTIONS

10 - Proposition 58, as passed by the voters March 2, 2004, established the Budget Stabilization Account (BSA) and requires the Controller to transfer a specified percentage of General Fund revenues, no later than each September 30, from the General Fund to the BSA as follows:

- For fiscal year 2006-07, one percent of estimated General Fund revenues.
- For fiscal year 2007-08, two percent of estimated General Fund revenues.
- Annually thereafter, three percent of estimated General Fund revenues.

Additionally, the Legislature may, by statute, direct the Controller to transfer into the BSA amounts in excess of the specified percentages. The Constitution also authorizes the Governor to reduce or suspend this transfer for any fiscal year by executive order prior to June 1 of the preceding fiscal year. The transfer of moneys is not required in any fiscal year to the extent that the balance in the BSA would exceed five percent of the General Fund revenues estimate set forth in the budget bill for that fiscal year, as enacted, or eight billion dollars (\$8,000,000,000), whichever is greater. In each fiscal year, 50 percent of the funds transferred to the BSA, up to \$5,000,000,000 in the aggregate, is to be deposited in the Deficit Recovery Bond Retirement Sinking Fund Subaccount and continuously appropriated to the Treasurer to supplement the retirement of Economic Recovery Bonds approved by the voters at the same election. Other funds in the BSA may be transferred back to the General Fund by statute.

DETAIL OF APPROPRIATIONS AND ADJUSTMENTS

	2009-10*	2010-11*	2011-12*
4 UNCLASSIFIED			
0001 General Fund			
APPROPRIATIONS			
Proposition 58, 2004 Article XVI, Section 20 (Transfer to Budget Stabilization Account)	0	0	0
TOTALS, EXPENDITURES	\$-	\$-	\$-
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APPROPRIATIONS			
Less Funding Provided by the General Fund	0	0	0
TOTALS, EXPENDITURES	\$-	\$-	\$-
TOTALS, EXPENDITURES, ALL FUNDS (Unclassified)	\$-	\$-	\$-

* Dollars in thousands, except in Salary Range.