

California State Budget

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*Data from Next10.org

Current State Budget Situation*

- * This year the Governor released his January budget proposal for balancing a \$26.6 billion budget shortfall, \$9.4 billion in the current budget year and \$17.2 billion projected for the 2011-12 budget year. The Governor's proposal included extending the temporary 1% Sales Tax increase and the .5% Vehicle License Fee increase, both of which were put into place in February 2009 and are set to expire on July 30, 2011.
- * The Governor proposed that we fill the \$26.6 shortfall with an equal balance of cuts and extension of current tax rates.

*As of Friday, June 10th

Current State Budget Situation

- * The proposal also shifted responsibility for a select group of services along with funding from the tax extensions to counties, and cutting spending to nearly every program of the state budget. **In March, the legislature acted on spending cuts totaling \$11 billion**, reducing the projected budget gap. These budget solutions included cuts to Community Colleges, the UC and CSU, Medi-Cal, the elimination of Adult Day Health Care, cuts to the Supplemental Security Income program, In-Home Supportive Services, CalWORKs, and negotiating higher contributions toward pensions benefits for the bargaining units that had not yet negotiated new contracts.

Governor's May Revision

- * The Governor's May Revision showed an increase in forecasted revenues of \$6.6 billion, but even with the March cuts and these additional revenues, a **\$10.8 billion shortfall remains**, and will be addressed by the legislature when they work adopt a balanced budget before the June 15 constitutional deadline to pass the budget.

How does California's budget compare to other states?

- * California represents the eighth-largest economy in the world and its 37 million residents give it the largest population in the United States. California is not alone in its fiscal challenges; so far, **45 states** are expecting a budget shortfall in 2012. California's deficit represents 29.3% of its total budget and some other states are experiencing even bigger problems on a percentage basis, such as Illinois, New Jersey, Nevada and Texas (according to the Center on Budget and Policy Priorities).
- * **California ranks 15th** in taxes and fees compared to other states.

Spending Comparison

- * California spends more for public services than other states largely due to its population size so per person (or "per capita") comparisons are the most useful. California's total education spending is among the highest in the nation, but ranked 44th in per pupil spending for 2007-08 school year.
- * On the other hand California spends more per capita than other states on higher education, public safety and some social services.

State Budget Facts

- * Average pension paid to a retired state employee?
- * \$25,000
- * California's ranking in state employees per capita?
- * 46th
- * To close state budget gap of \$25 billion by eliminating state employees, what percentage would need to be fired?
- * 100% and then some

Questions?