

### State Budget Status (preliminary)

- An agreement on a final state budget was reached yesterday evening to close the \$26.3 billion budget gap for FY 09/10
- The deal will include approximately \$15.5 billion in cuts and \$10.8 billion in borrowing and fund transfers; with no new tax increases
- There are broad reductions to state government services, borrowing funds from local governments, and shifting costs into the future
- State leaders believe that the plan will provide sufficient assurance to financial market so that the state can issue short-term debt in order to repay IOUs and meet all of its cash obligations
- Proposition 98 was not suspended and the deal includes \$9.5 billion repayment to education once the State economy rebounds.
- State budget remains structurally out of balance
  - Repay education \$9.5 billion
  - Repay local government \$2 billion
  - Repay internal cash borrowing

### Other State Program Impacts

- Corrections is reduced \$1.2 billion
- State furlough 3 days per month to save \$1.3 billion
- Sale of State Compensation Insurance Fund for \$1 billion

### Local Impacts

- Local government impacts include:
- \$2 billion for Proposition 1A (local property taxes)
  - OC General Fund \$36.6 million
  - OC Parks \$4.1 million
  - OC Libraries \$3.1 million
  - OC Flood \$5.3 million
- \$1.7 billion take from local transportation funds (Highway User Tax Account and Prop. 42 local transportation fund)
  - HUTA \$15 - \$18 million impact to Orange County [since the Board presentation we have learned that the HUTA take is for FY 09/10 and FY 10/11]
  - Prop. 42 \$16 - \$17 million impact to Orange County (\$7 million pass through to cities) [since the Board presentation we have learned that this is not a part of the proposed State budget package]
- \$1.7 billion in Redevelopment tax increment
  - \$6.9 million impact to Orange County in FY 09/10
  - \$1.8 million impact to Orange County FY 10/11
- CalWORKs – \$528 million statewide
- IHSS - \$211 million statewide
- Medi-Cal \$1.3 billion statewide
- Healthy Families \$226 million statewide