

SUMMARY OF MAJOR SOLUTIONS BY CATEGORY

BORROWING

Major new contingency proposal:

- \$1.982 billion—Borrowing from **Local Government**. The May Revision contingency plan proposes to borrow eight percent of the property tax revenues received by cities, counties, and special districts in 2008-09 as authorized in Article XIII of Section 25.5 of the Constitution. Repayment must be made within the next three years. Legislation also is proposed to create a joint powers authority to allow local agencies to borrow against the state repayment as a group.
- -\$500 million—**Reduce Size of Registered Reimbursement Warrants (RAWs)**. The contingency proposals include borrowing from the local governments from Proposition 1A. To limit the size of overall borrowing in the budget package in recognition of the loss of revenues in 2010-11, the overall contingency proposals will assume \$5.5 billion of RAWs rather than \$6.0 billion.

In the event Propositions 1A, 1B, 1C, 1D, and 1E fail on May 19, the above contingency proposals would become necessary to offset the additional budgetary loss. Figure MPA-04 is a budget summary with these additional proposals. Together with the primary May Revision proposals, the contingency plan would provide a reserve at approximately \$2 billion.

Figure MPA-05 displays all solutions for 2008-09 and 2009-10 as proposed in May Revision and the additional solutions in Contingency Proposals.

Figure MPA-04
2009-10 May Revision Contingency Proposals
General Fund Budget Summary
With All Budget Solutions
(Dollars in Millions)

	<u>2008-09</u>	<u>2009-10</u>
Prior Year Balance	\$2,308	-\$3,631
Revenues and Transfers	<u>\$85,947</u>	<u>\$92,218</u>
Total Resources Available	\$88,255	\$88,587
Non-Proposition 98 Expenditures	\$58,195	\$48,804
Proposition 98 Expenditures	<u>\$33,691</u>	<u>\$36,652</u>
Total Expenditures	\$91,886	\$85,456
Fund Balance	-\$3,631	\$3,131
Reserve for Liquidation of Encumbrances	\$1,079	\$1,079
Special Fund for Economic Uncertainties	-\$4,710	\$2,052

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Figure MPA-05
Recap by Category of all May Revision and Contingency Proposals
 (Dollars in Millions)

	2008-09 and Prior	2009-10	Two-Year	Percent to Total
Reorganization/Consolidation	\$0.0	\$50.0	\$50.0	0.2%
Program Savings	2,637.0	6,362.4	8,999.4	42.2%
Cuts Requiring Federal Waivers	0.0	750.0	750.0	3.5%
Revenue Accelerations/Fees	0.0	2,765.4	2,765.4	13.0%
Fund Shifts	12.5	92.9	105.4	0.5%
Other	0.0	1,178.3	1,178.3	5.5%
Borrowing	0.0	7,482.0	7,482.0	35.1%
Total	\$2,649.5	\$18,681.1	\$21,330.6	100.0%
Change in Reserve (from \$2 billion)		-52.0	-52.0	
Total with Change in Reserve	\$2,649.5	\$18,629.1	\$21,278.6	