

# Jerry Brown says California's budget deficit has disappeared

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## BUDGET HIGHLIGHTS

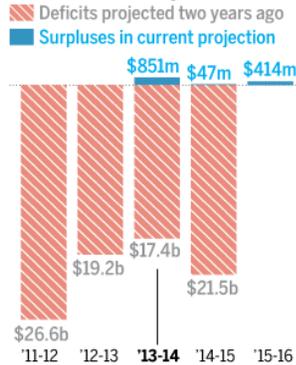
Here are highlights of Gov. Jerry Brown's proposed budget for the fiscal year that begins July 1:

- Taxes: Includes an extra \$15 billion in revenue through June 2014 due to voter approval of Proposition 30, which increased [income taxes](#) on high earners and raised [sales taxes](#). The [tax increases](#) allowed schools to avoid deep trigger cuts in December.
- K-12 schools: Provides \$56.2 billion for the year, a \$2.7 billion increase over the current year. Budget includes additional money for smaller [class sizes](#) in K-3, but doesn't require districts to use the money for that. Shifts adult education to [community colleges](#).
- School energy: Provides half of Proposition 39 funding – \$450 million this year – to school energy efficiency projects outlined in the ballot measure that closed a tax loophole for out-of-state companies.
- Courts: Proposes a \$200 million cut that will delay additional courthouse construction projects for up to a year.

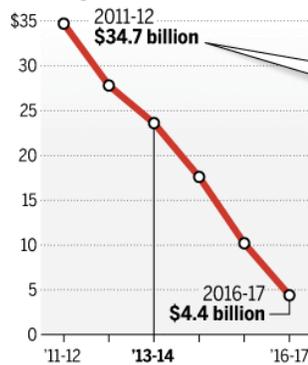
- State workers: Assumes size of state workforce will remain flat, but includes money for previously approved salary increases. No new salary increases or furlough days are anticipated.
- **Child care:** Proposes no new funds for various subsidized child-care programs, but calls for a study group to recommend streamlining of various programs.
- Higher education: Proposes an average 10 percent general fund increase to CSU, UC and **community colleges**. Calls for efficiencies at three systems, including a cap on the number of hours a student can take at the lower resident tuition rate. No fee increases are envisioned.
- Medi-Cal: Proposes to permanently extend the tax on managed care plans. Estimates that federal changes to Medicaid will cost the state \$350 million extra in 2013-14.
- Welfare: Continues major changes from last year that created a two-year **time limit** for adults to get cash grants and work assistance, but provides an extra \$142 million to expand county-run employment services and case management.
- SSI-SSP: Assumes cost-of-living increases in monthly grants for low-income aged, blind and disabled that will amount to \$20 a month for individuals and \$30 for couples.
- In-home care: Proposes a 4.9 percent increase, in part to lift a previously approved 3.6 percent reduction in in-home recipient hours. Budget assumes state will prevail in court and implement a separate 20 percent reduction in hours on Nov. 1 for \$113 million in savings.
- Mandates: Eliminates requirement that local governments perform certain activities, including taking police reports for identity theft cases.

**BALANCING ACT** With a balanced 2013-14 budget projected, Gov. Jerry Brown expects the state to begin paying down previously deferred expenses.

**Balanced, but barely**



**Reducing the "wall of debt"**



**Breakdown of the \$34.7 billion:**

Deferred payments to schools	\$10.4
Economic recovery bonds	7.1
Loans from special funds	5.1
Unpaid costs to local govts. for state mandates	4.3
Underfunding of Proposition 98	3.0
Borrowing from local government	1.9
Deferred Medi-Cal costs	1.2
Deferral of state payroll from June to July	0.8
Deferred payments to CalPERS	0.5
Borrowing from transportation funds	0.4

**STILL LOOMING: \$181.2 billion in unfunded retirement costs**

Teacher pensions	\$64.5	State retiree health	\$62.1	State employee pensions	\$38.5	Other	\$16.1
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