With the failure of most of the May 19 ballot measures, Governor Arnold Schwarzenegger has released additional proposed revisions to the current year (2008–09) and budget year (2009–10) state spending plans. The Governor and Legislature adopted an 18-month spending plan in late February, but that budget now has a $24 billion deficit.

The Legislature has convened the Budget Conference Committee to discuss proposed changes to the February-adopted budget and reconcile planned spending with anticipated revenues. The Conference Committee expects to complete its work by mid-June.

**Major Components of the Governor’s Proposed Budget Revision — June 4, 2009**

- **Reduce overall K-12 funding, reduce Prop 98 K-12 funding without violating the federal stimulus Maintenance of Effort (MOE) requirements, and other adjustments to Prop 98.**

- **Reduce UC and CSU funding, without violating the federal stimulus MOE requirements. Includes eliminations of academic prep programs and other unallocated reductions.**

- **Reduce community college funding, without violating the federal stimulus MOE requirements. No backfill for property tax shortfalls and other unallocated reductions.**

- **Cal Grant program reductions and phase-out.**

- **Eliminate California Work Opportunity and Responsibility to Kids Program (CalWORKs)**
  Estimated savings: $1.3 billion in 2009–10, $1.8 billion in 2010–11, and future savings.

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<table>
<thead>
<tr>
<th>Total savings and new revenues in the Governor’s proposals</th>
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<tr>
<td>$3.1 billion for 2008–09 and prior years</td>
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<tr>
<td>$20.9 billion in 2009–10</td>
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<tr>
<td>$18.6 billion in 2010–11</td>
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Components of the Governor’s Proposed Budget Revision — continued

- Cuts in health and assistive services programs. Includes Medi-Cal, Healthy Families, developmental services, services to functionally impaired individuals, and foster care services. Estimated savings: $4.9 billion in 2009–10, and future savings.

- Corrections and Rehabilitation program
  Estimated savings: $1.2 billion in 2009–10, $1.6 billion in 2010–11.

- Borrowing. Suspend Proposition 1A of 2004 and borrow 8% of property tax revenues from local government.

- Revenues and fees, including increasing income tax withholding, and use of transportation funds revenues.
  Other revenue measures include leasing some state lands, selling part of the State Compensation Insurance Fund, and other special fund shifts. Estimated revenues: $5.2 billion in 2009–10, $1.9 billion in 2010–11, and future savings.

- Agency reorganizations, employee furloughs, layoffs, salary and benefit reductions, and other cash flow solutions.