

PROPOSITION

# 1A

STATE BUDGET. CHANGES CALIFORNIA BUDGET PROCESS. LIMITS STATE SPENDING. INCREASES “RAINY DAY” BUDGET STABILIZATION FUND.

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OFFICIAL TITLE AND SUMMARY

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**STATE BUDGET. CHANGES CALIFORNIA BUDGET PROCESS. LIMITS STATE SPENDING. INCREASES “RAINY DAY” BUDGET STABILIZATION FUND.**

- Increases size of state “rainy day” fund from 5% to 12.5% of the General Fund.
- A portion of the annual deposits into that fund would be dedicated to savings for future economic downturns, and the remainder would be available to fund education, infrastructure, and debt repayment, or for use in a declared emergency.
- Requires additional revenue above historic trends to be deposited into state “rainy day” fund, limiting spending.

**Summary of Legislative Analyst’s Estimate of Net State and Local Government Fiscal Impact:**

- Higher state tax revenues of roughly \$16 billion from 2010—11 through 2012—13 to help balance the state budget.
- In many years, increased amounts of money in state “rainy day” reserve fund.
- Potentially less ups and downs in state spending over time.
- Possible greater state spending on repaying budgetary borrowing and debt, infrastructure projects, and temporary tax relief. In some cases, this would mean less money available for ongoing spending.

PROPOSITION

# 1B

EDUCATION FUNDING. PAYMENT PLAN.

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OFFICIAL TITLE AND SUMMARY

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**EDUCATION FUNDING. PAYMENT PLAN.**

- Requires supplemental payments to local school districts and community colleges to address recent budget cuts.
- Annual payments begin in 2011–12.
- Payments are funded from the state’s Budget Stabilization Fund until the total amount has been paid.
- Payments to local school districts will be allocated in proportion to average daily attendance and may be used for classroom instruction, textbooks and other local educational programs.

**Summary of Legislative Analyst’s Estimate of Net State and Local Government Fiscal Impact:**

- Fiscal impact would depend on how current constitutional provisions would otherwise be interpreted.
- Potential state savings of up to several billion dollars in 2009–10 and 2010–11.
- Potential state costs of billions of dollars annually thereafter.

PROPOSITION

# 1C

LOTTERY MODERNIZATION ACT.

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OFFICIAL TITLE AND SUMMARY

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**LOTTERY MODERNIZATION ACT.**

- Allows the state lottery to be modernized to improve its performance with increased payouts, improved marketing, and effective management.
- Requires the state to maintain ownership of the lottery and authorizes additional accountability measures.
- Protects funding levels for schools currently provided by lottery revenues.
- Increased lottery revenues will be used to address current budget deficit and reduce the need for additional tax increases and cuts to state programs.

**Summary of Legislative Analyst's Estimate of Net State and Local Government Fiscal Impact:**

- Impact on 2009–10 State Budget: Allows \$5 billion of borrowing from future lottery profits to help balance the 2009–10 state budget.
- Impact on Future State Budgets: Debt-service payments on the lottery borrowing and higher payments to education would likely make it more difficult to balance future state budgets. This impact would be lessened by potentially higher lottery profits. Additional lottery borrowing would be allowed.

PROPOSITION

# 1D

PROTECTS CHILDREN'S SERVICES FUNDING.  
HELPS BALANCE STATE BUDGET.

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OFFICIAL TITLE AND SUMMARY

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**PROTECTS CHILDREN'S SERVICES FUNDING. HELPS BALANCE STATE BUDGET.**

- Provides more than \$600 million to protect children's programs in difficult economic times.
- Redirects existing tobacco tax money to protect health and human services for children, including services for at-risk families, services for children with disabilities, and services for foster children.
- Temporarily allows the redirection of existing money to fund health and human service programs for children 5 years old and under.
- Ensures counties retain funding for local priorities.
- Helps balance state budget.

**Summary of Legislative Analyst's Estimate of Net State and Local Government Fiscal Impact:**

- State General Fund savings of up to \$608 million in 2009–10 and \$268 million annually from 2010–11 through 2013–14, from temporarily redirecting a portion of funds from the California Children and Families Program in place of state General Fund support of health and human services programs for children up to age five.
- Corresponding reductions in funding for early childhood development programs provided by the California Children and Families Program.

PROPOSITION

# 1E

MENTAL HEALTH SERVICES FUNDING.  
TEMPORARY REALLOCATION. HELPS BALANCE STATE BUDGET.

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OFFICIAL TITLE AND SUMMARY

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**MENTAL HEALTH SERVICES FUNDING. TEMPORARY  
REALLOCATION. HELPS BALANCE STATE BUDGET.**

- Amends Mental Health Services Act (Proposition 63 of 2004) to transfer funds, for a two-year period, from mental health programs under that act to pay for mental health services for children and young adults provided through the Early and Periodic Screening, Diagnosis, and Treatment Program.
- Provides more than \$225 million in flexible funding for mental health programs.
- Helps balance state budget during this difficult economic time.

**Summary of Legislative Analyst's Estimate of Net State and Local  
Government Fiscal Impact:**

- State General Fund savings of about \$230 million annually for two years (2009–10 and 2010–11) from redirecting a portion of Proposition 63 funds to an existing state program in place of state General Fund support.
- Corresponding reduction in funding available for Proposition 63 community mental health programs.

PROPOSITION

# 1F

ELECTED OFFICIALS' SALARIES.  
PREVENTS PAY INCREASES DURING BUDGET DEFICIT YEARS.

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OFFICIAL TITLE AND SUMMARY

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**ELECTED OFFICIALS' SALARIES.  
PREVENTS PAY INCREASES DURING BUDGET DEFICIT YEARS.**

- Encourages balanced state budgets by preventing elected Members of the Legislature and statewide constitutional officers, including the Governor, from receiving pay raises in years when the state is running a deficit.
- Directs the Director of Finance to determine whether a given year is a deficit year.
- Prevents the Citizens Compensation Commission from increasing elected officials' salaries in years when the state Special Fund for Economic Uncertainties is in the negative by an amount equal to or greater than one percent of the General Fund.

**Summary of Legislative Analyst's Estimate of Net State and Local Government Fiscal Impact:**

- Minor state savings related to elected state officials' salaries in some cases when the state is expected to end the year with a budget deficit.