

SUBJECT: STATE BUDGET REPORT

RECOMMENDATION: Accept Report

On December 31, 2008, Governor Schwarzenegger released his Proposed State Budget for Fiscal Year 2009-10. The proposal projects a \$14.8 billion deficit in the current fiscal year which, if unaddressed, is estimated to grow to \$41.6 billion by the end of next fiscal year. Much of the proposed budget incorporates ideas from previous proposals by the Governor and Legislators. The proposal includes \$14.3 billion in tax increases and other new revenue, and \$17.4 billion in spending cuts.

A verbal update on the status of the Legislature's review of the proposed State Budget will be provided to the Committee.