

California's Economy & State Revenues

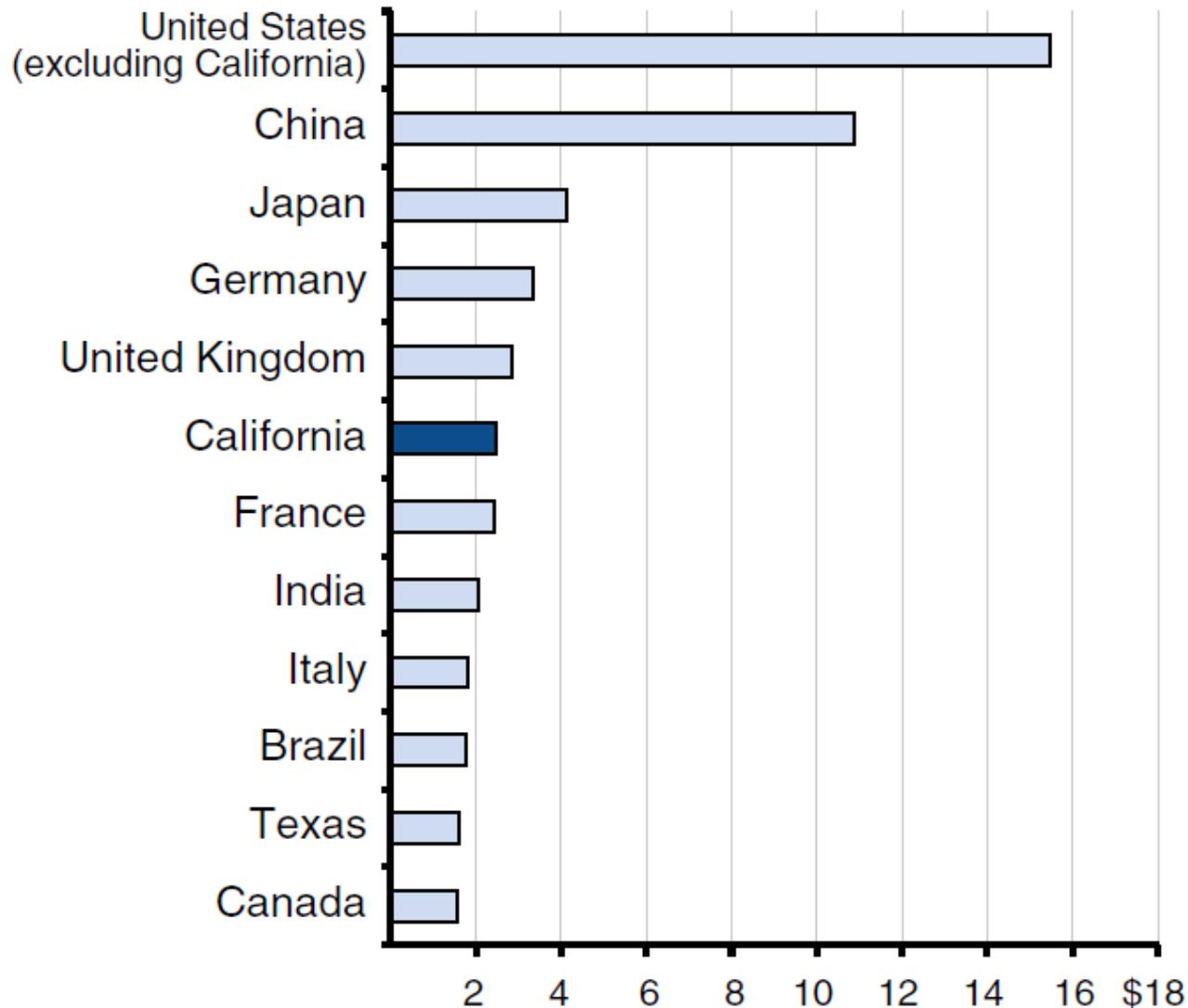
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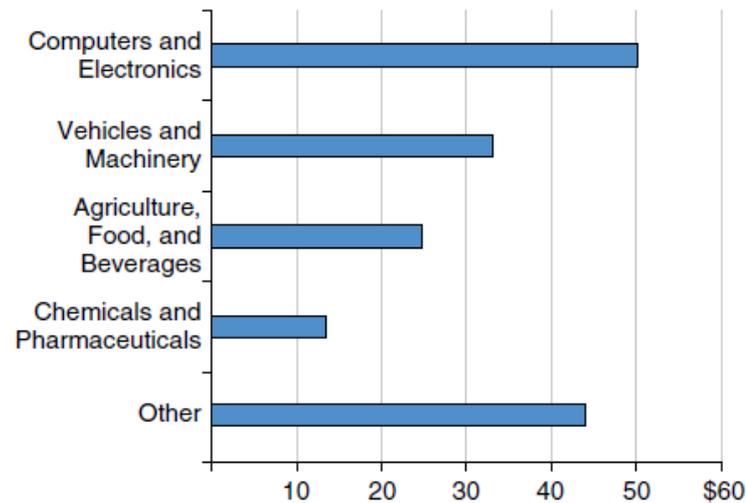
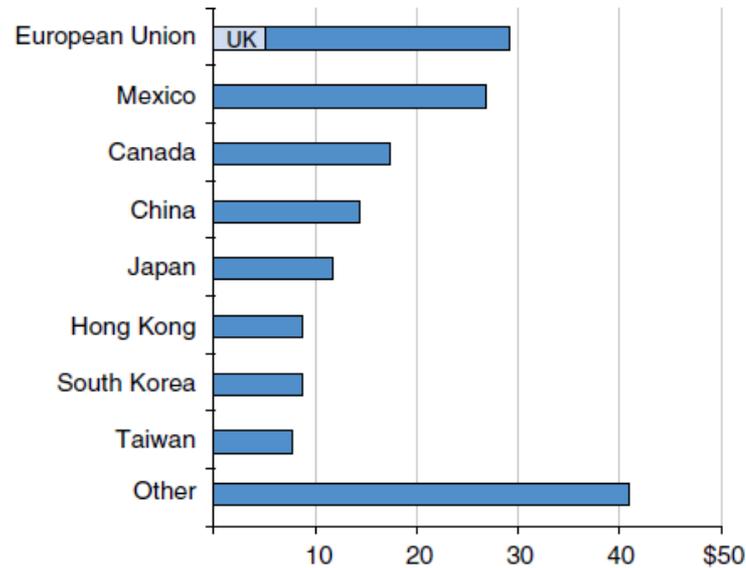
California's Economy...It's Big!

Gross Domestic Product (In Trillions)



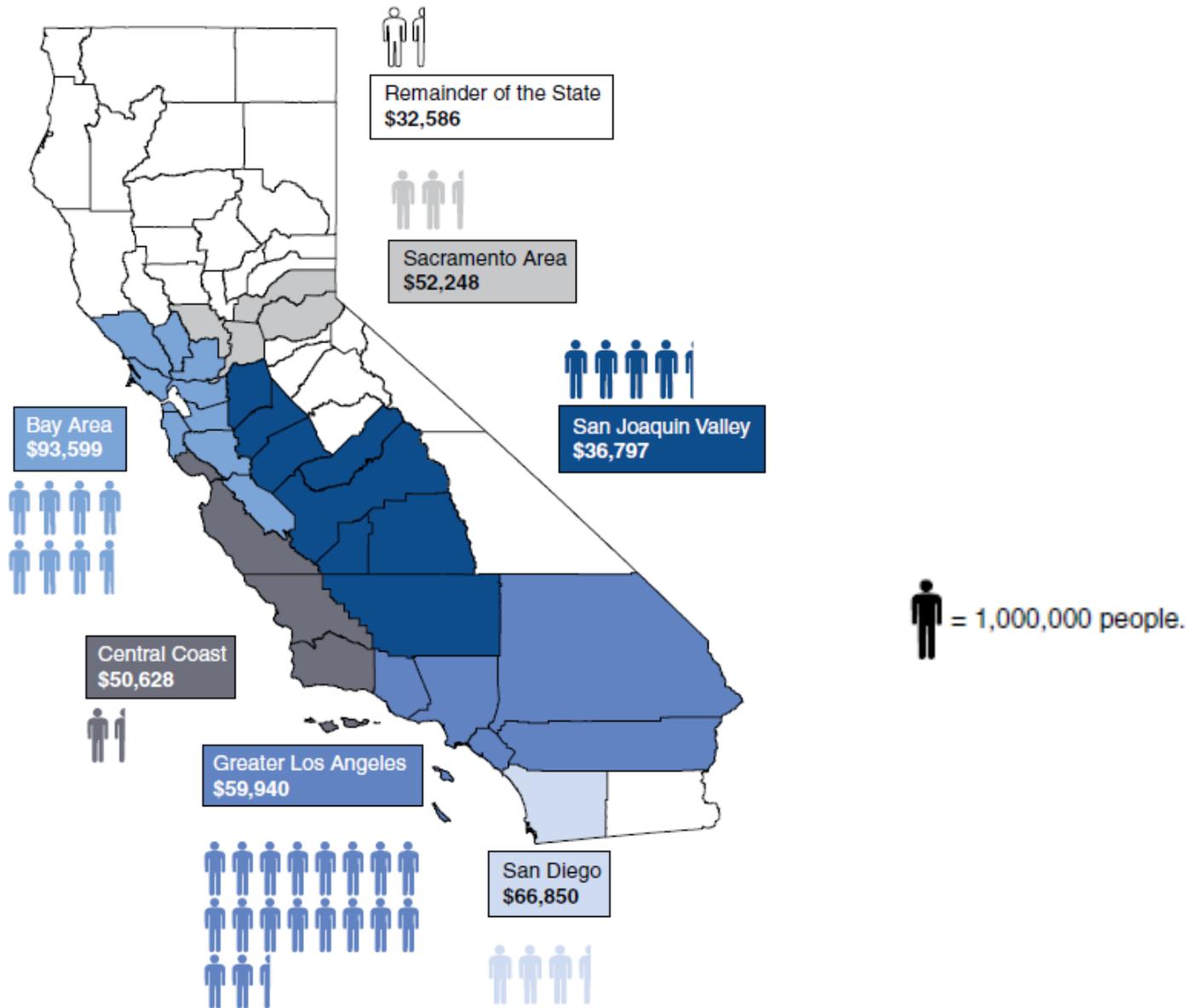
Economy is Connected Globally

2015 International Goods Exports (In Billions)

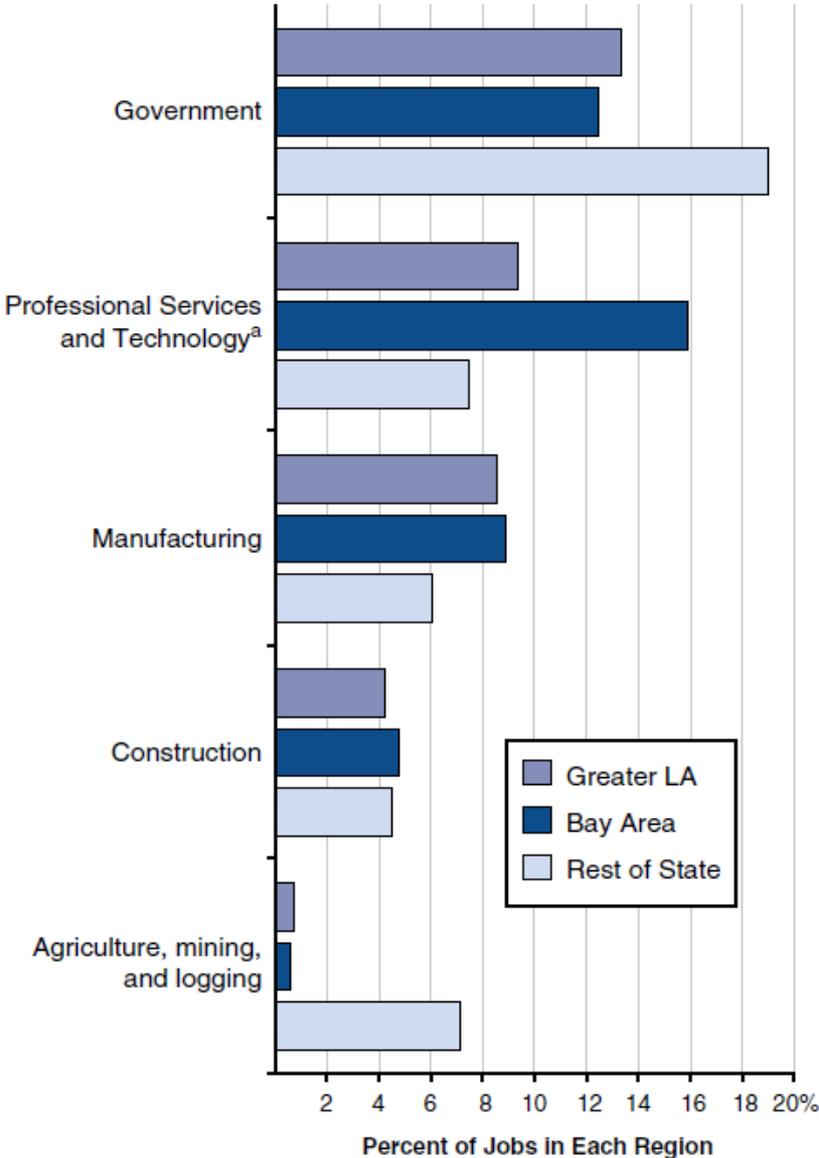


Output Varies Throughout State

Population and Per Capita Gross Domestic Product



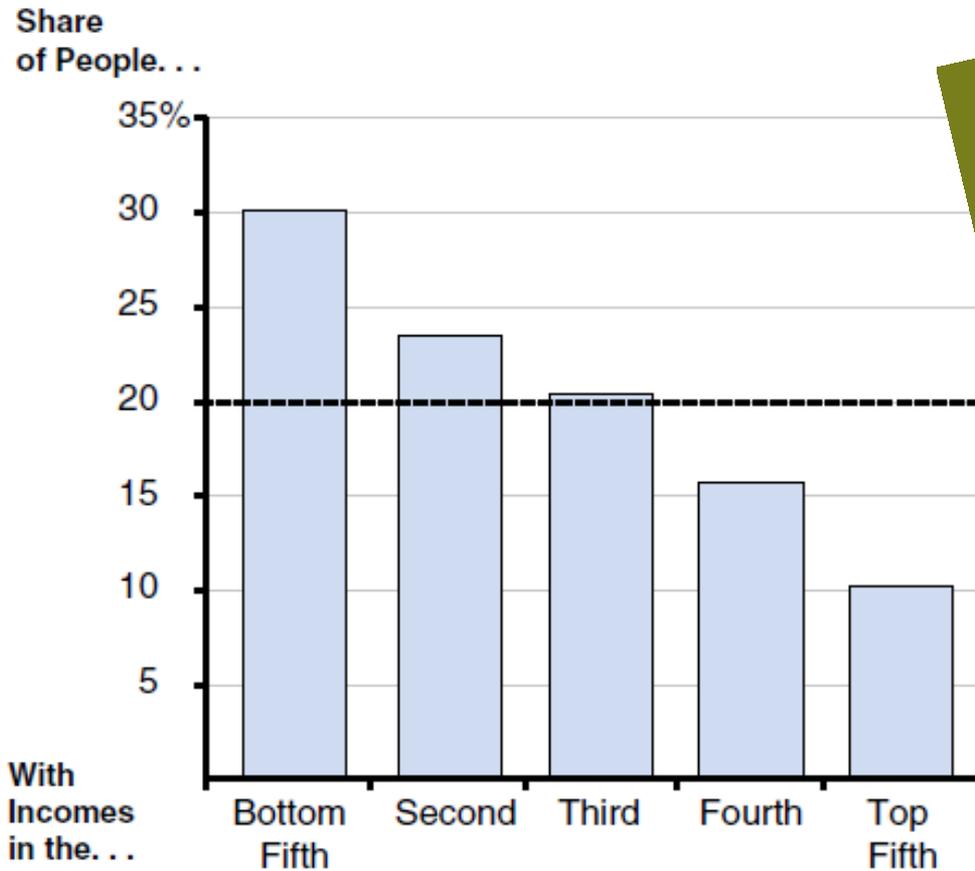
Job Mix Varies Throughout State



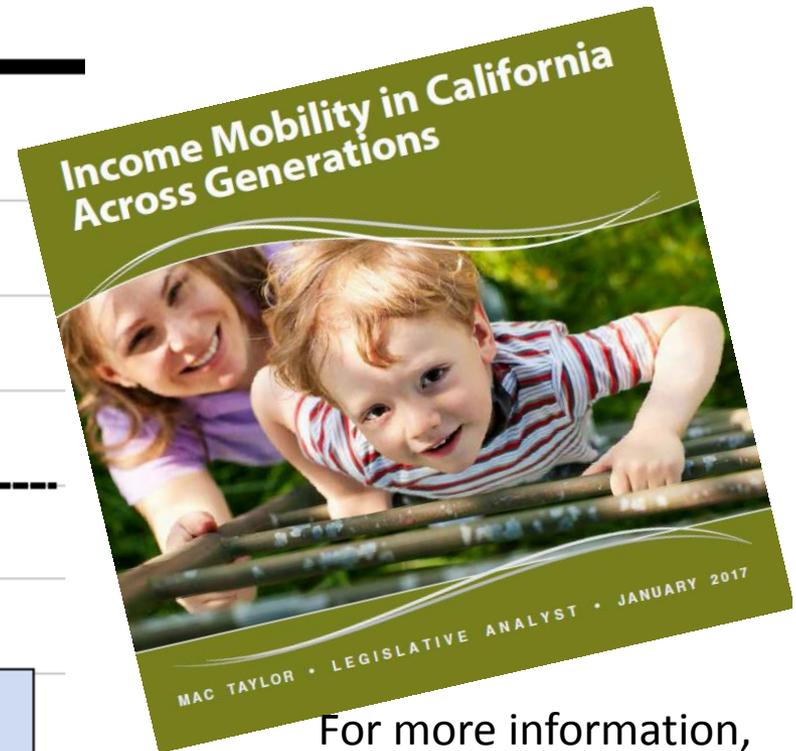
^a Includes information sector and professional, scientific, and technical services sector.

Income Mobility

Outcomes Among California Children Born Into Bottom Fifth of Incomes



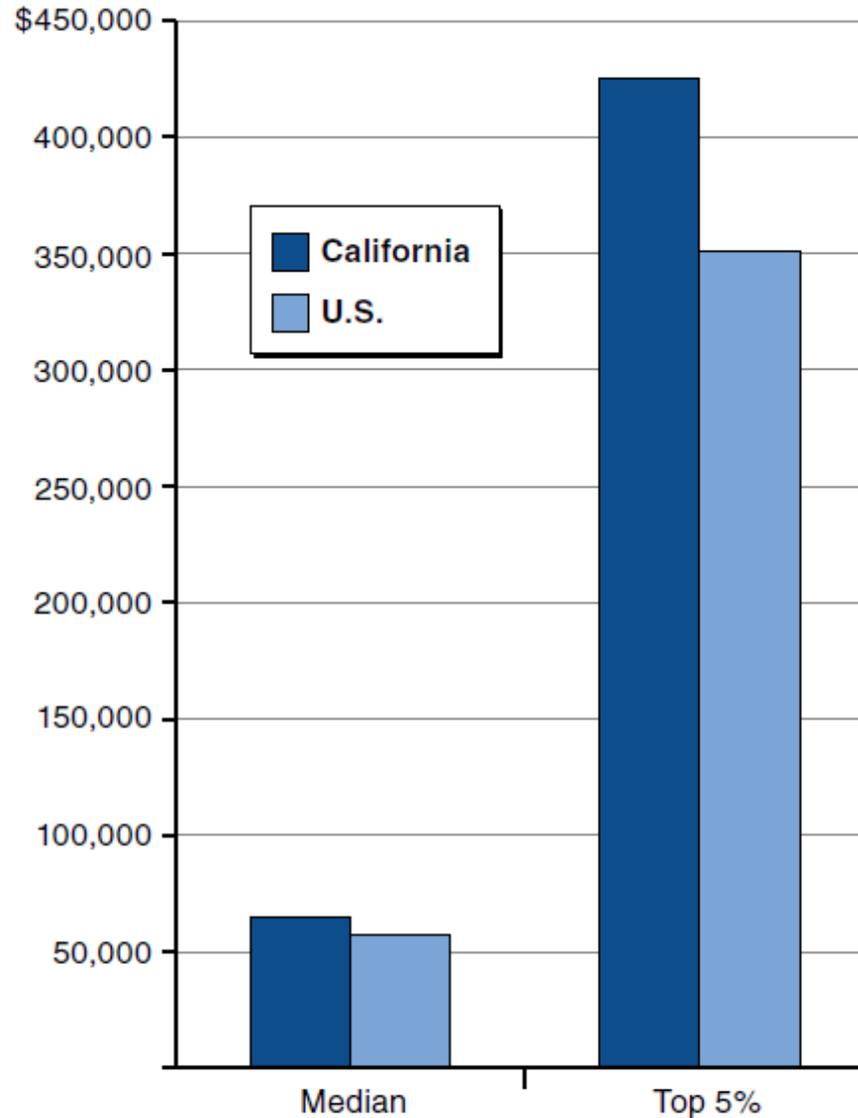
Note: If each child had an equal chance of ending up anywhere in the income distribution, each of these five bars would be 20 percent.



For more information, go to www.lao.ca.gov and search for “Income Mobility in California Across Generations.”

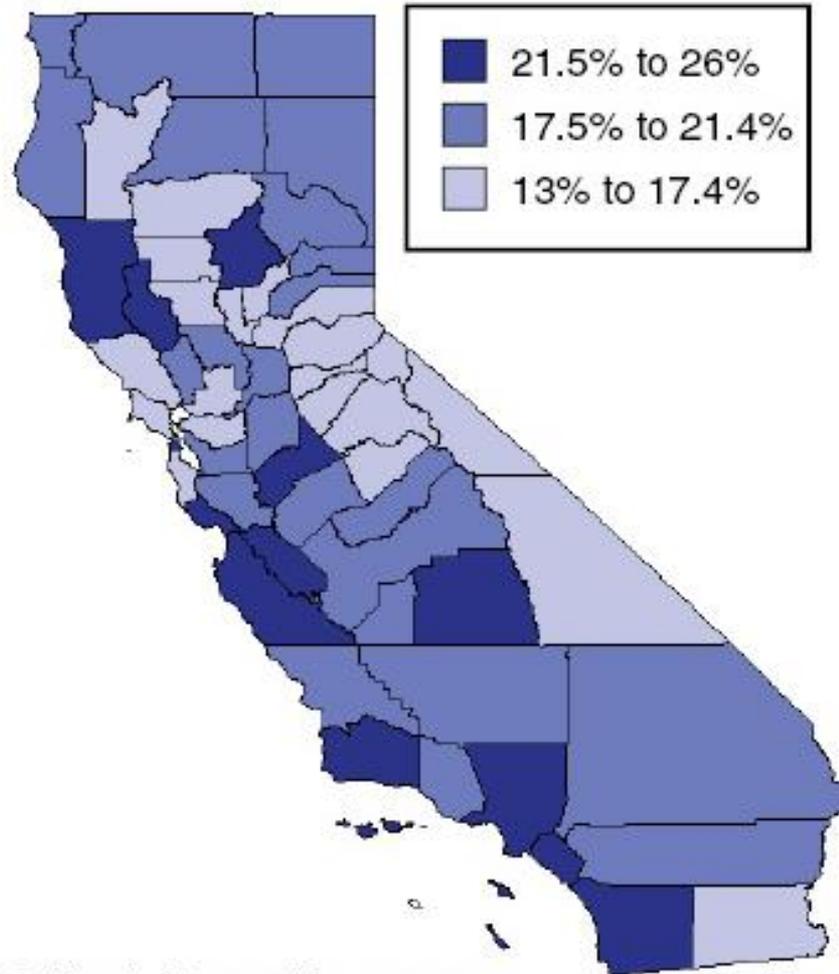
Top Incomes Higher Than Elsewhere...

2015 Household Incomes



...With Significant Poverty...

Poverty Rate^a, 2011 Through 2013



^a California Poverty Measure rates.

Source: Public Policy Institute of California and
Stanford Center on Poverty and Inequality.

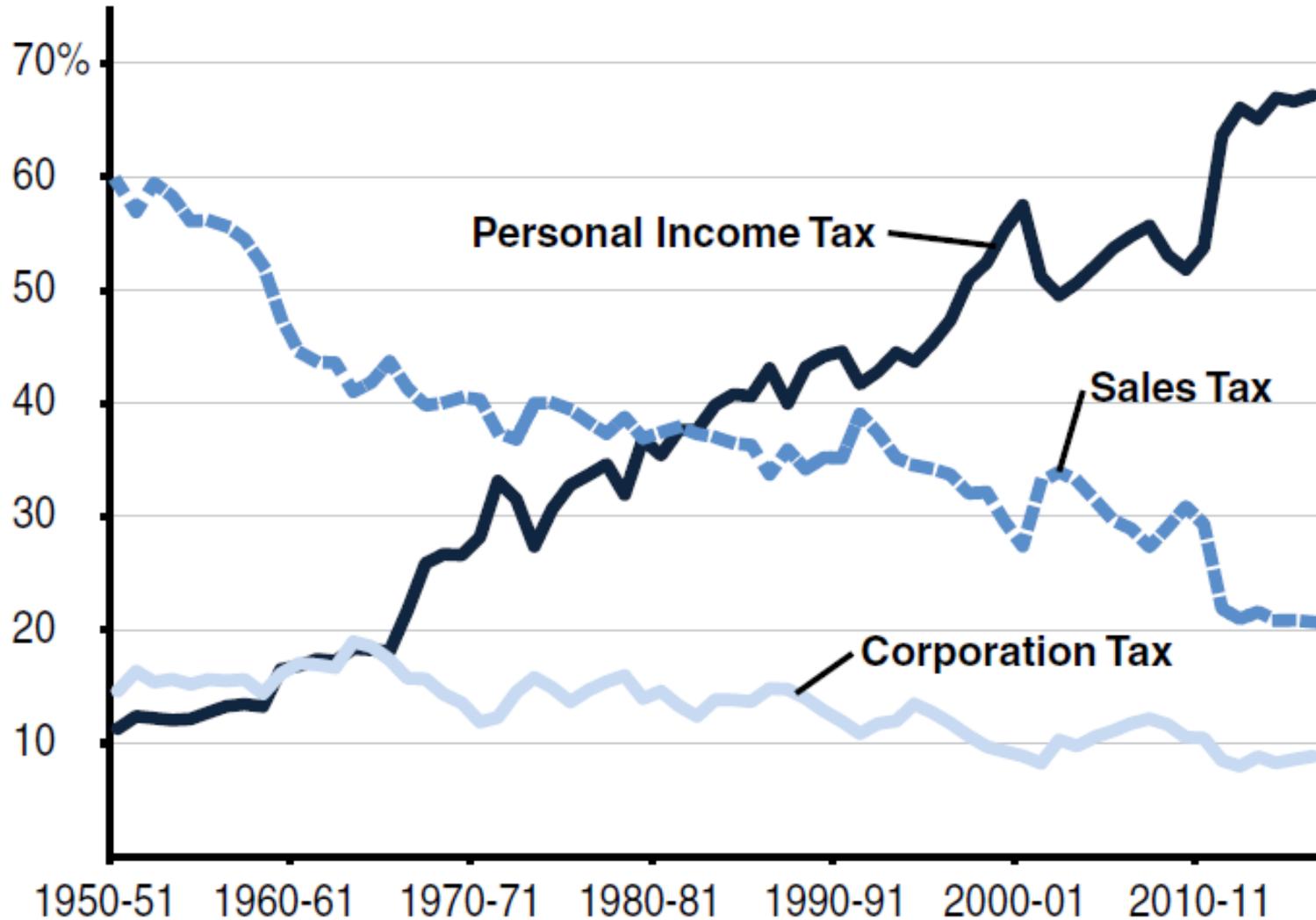
...and Widely Varying Jobless Rates



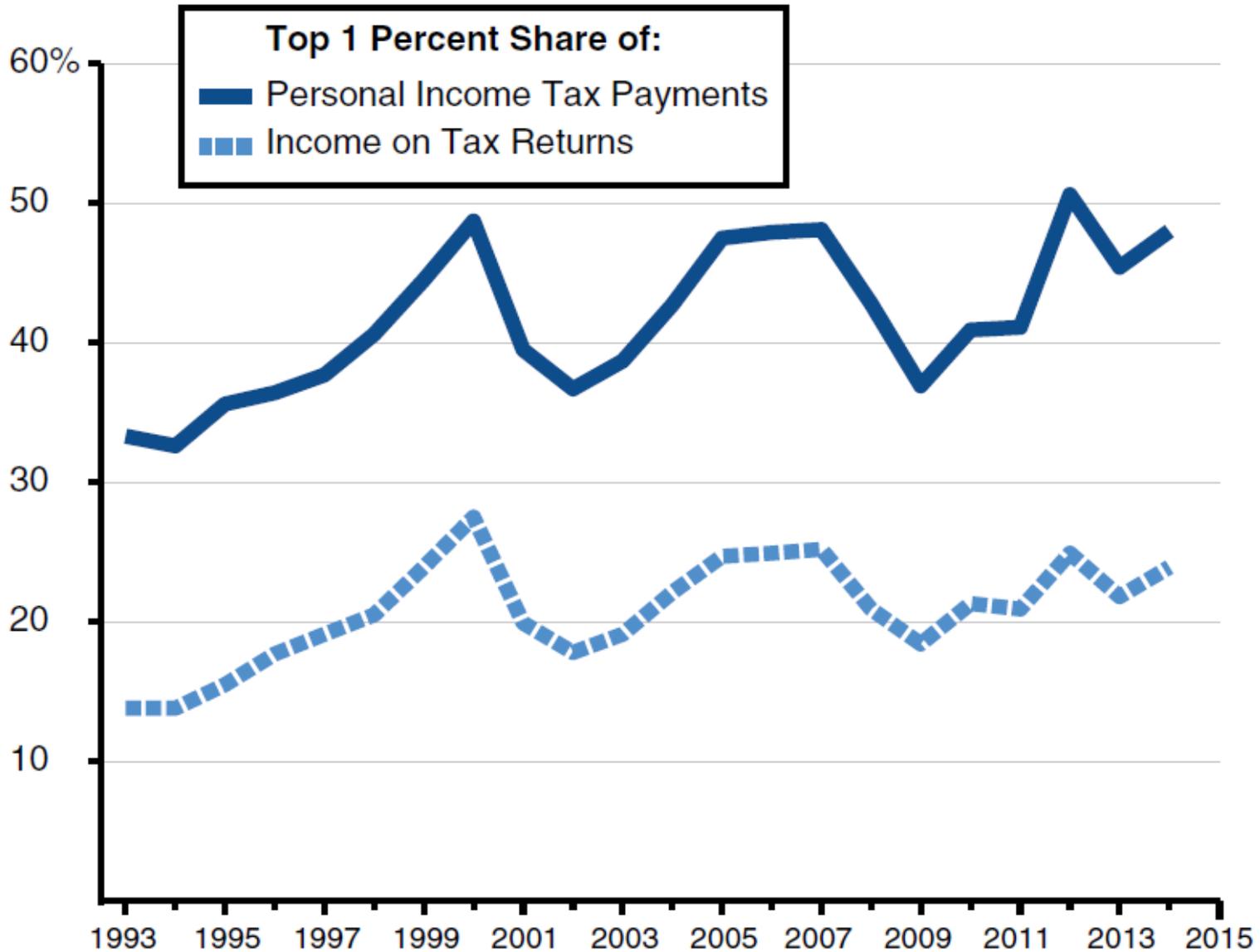
Note: Average unemployment rate in 2015 in Colusa and Imperial counties was 15.5 percent and 24 percent, respectively.

State Government's Key Revenues

Share of General Fund Revenues



Top 1% Pay Up to 1/2 of Income Tax



Bay Area Pays Big Share of Income Tax

2014 Resident Tax Returns

County	2014 Population		Adjusted Gross Income		Personal Income Tax Assessed		
	Number (Millions)	Percent of Statewide Total	Amount (Billions)	Percent of Statewide Total	Amount (Billions)	Percent of Statewide Total	Per Capita (\$)
San Francisco/Oakland/ San Jose MSAs	6.5	16.8%	\$346.2	29.1%	\$22.6	37.0%	\$3,474
Orange County	3.1	8.1	107.3	9.0	5.7	9.3	1,821
Ventura County	0.8	2.2	26.4	2.2	1.2	2.0	1,439
Los Angeles County	10.1	26.1	282.9	23.8	14.5	23.7	1,434
San Diego County	3.2	8.4	97.0	8.2	4.6	7.6	1,425
Central Coast ^a	1.4	3.7	39.1	3.3	1.8	3.0	1,282
Napa, Solano, and Sonoma Counties	1.1	2.7	31.4	2.6	1.3	2.2	1,267
Sacramento MSA	2.2	5.8	58.8	4.9	2.4	3.9	1,063
North State ^b	1.2	3.2	22.4	1.9	0.7	1.2	612
San Joaquin Valley ^c	4.1	10.7	72.1	6.1	2.4	4.0	593
Riverside and San Bernardino Counties	4.4	11.4	81.2	6.8	2.5	4.0	559
Other residents ^d	0.4	1.0	23.5	2.0	1.3	2.1	3,498
Totals	38.7	100.0%	\$1,188.2	100.0%	\$61.2	100.0%	\$1,581^e

^a Includes Monterey, San Luis Obispo, Santa Barbara, and Santa Cruz Counties.

^b Includes all counties north of San Francisco, Napa, Sonoma, Vallejo-Fairfield, and Sacramento MSAs.

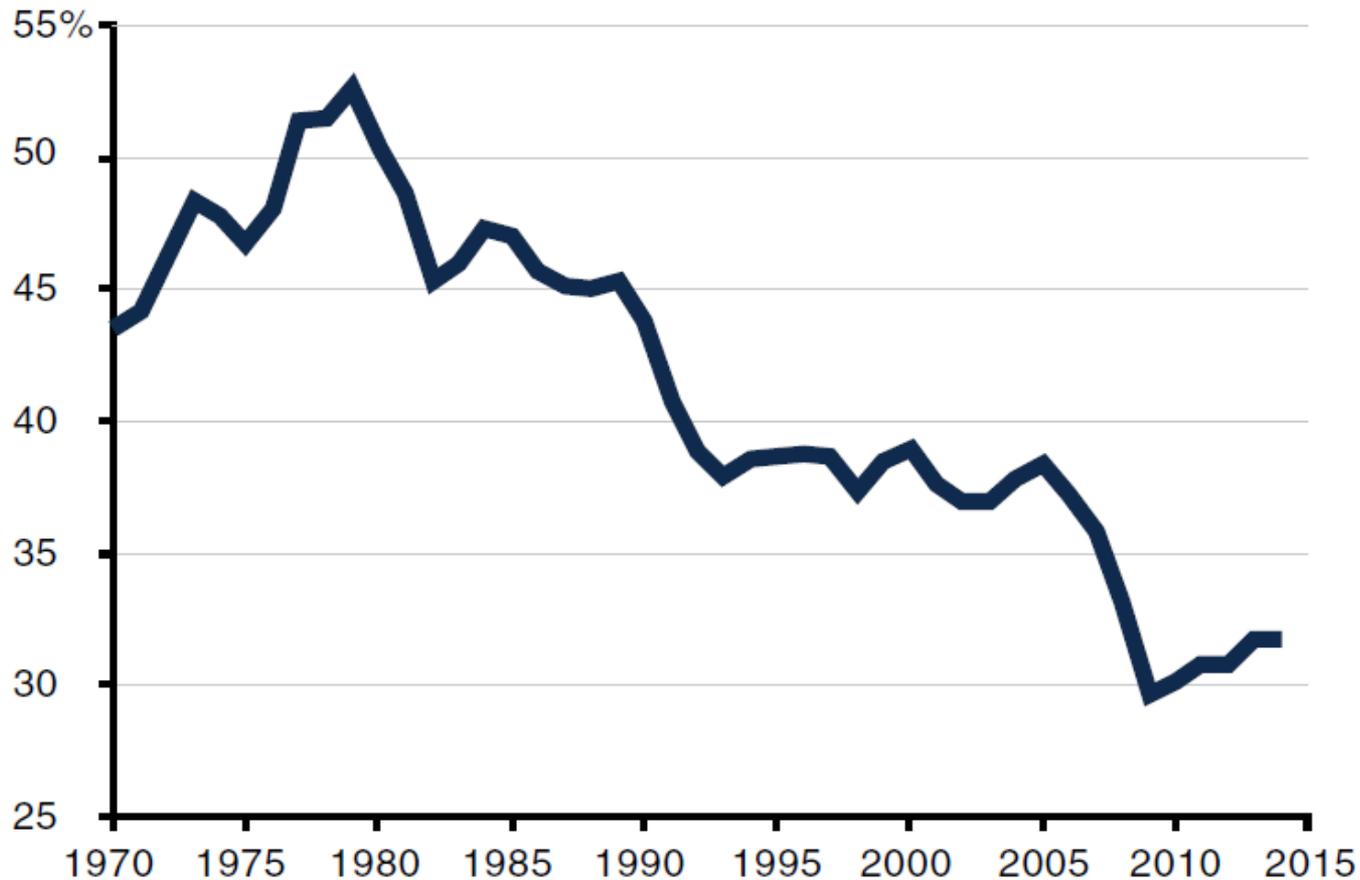
^c Includes Fresno, Kern, Kings, Madera, Merced, San Joaquin, Stanislaus, and Tulare Counties.

^d Includes California resident tax returns with (1) an address in another California county or (2) an out-of-state address. Returns with out-of-state addresses collectively had \$1.1 billion of tax assessed, the vast majority of the total shown on this line. Excludes nonresident tax returns, which collectively had \$2.5 billion of tax assessed.

^e Statewide average.

Sales Tax Excludes Services

Consumers Are Spending a Declining Share of Income on Taxable Goods



Income Tax Volatile...

Percent Change From Prior Fiscal Year



...Partly Addressed by New Reserve Requirements

Proposition **2** State Budget. Budget Stabilization Account. Legislative Constitutional Amendment.

Prepared by the Attorney General

- Official Title and Summary
- State Budget. Budget Stabilization Account. Legislative Constitutional Amendment.**
- Requires annual transfer of 1.5% of general fund revenues to state budget stabilization account.
 - Requires additional transfer of personal capital gains tax revenues exceeding 8% of general fund revenues to budget stabilization account and, under certain conditions, a dedicated K-14 school reserve fund.
 - Requires that half the budget stabilization account revenues be used to repay state debts and unfunded liabilities.
 - Allows limited use of funds in case of emergency or if there is a state budget deficit.

Governor's Budget: General Fund Condition

(In Millions)

	2015-16 Revised	2016-17 Revised	2017-18 Proposed
Prior-year fund balance	\$3,508	\$5,024	\$1,028
Revenues and transfers	115,500	118,765	124,027
Expenditures	113,983	122,761	122,520
Ending fund balance	\$5,024	\$1,028	\$2,535
Encumbrances	980	980	980
SFEU balance	4,044	48	1,555
Reserves			
SFEU balance	\$4,044	\$48	\$1,555
BSA balance	3,529	6,713	7,869
Total Reserves	\$7,574	\$6,761	\$9,424

SFEU = Special Fund for Economic Uncertainties (the General Fund's traditional budget reserve) and BSA = Budget Stabilization Account.

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