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**Governor Brown Proposes 2014-15 Budget**

**SACRAMENTO** – Vowing to keep the state on a path to long-term fiscal stability, Governor Edmund G. Brown Jr. today proposed a balanced budget that pays off more than \$11 billion in debt and builds a lasting rainy day fund while continuing to invest in public schools and expand health care coverage for millions.

“With a decade of intractable deficits behind us, California is poised to take advantage of the recovering economy and the tens of thousands of jobs now being created each month,” said Governor Brown. “But given the vagaries of the business cycle, we must be ever vigilant in the commitment of public funds. Wisdom and prudence should be the order of the day.”

When Governor Brown took office, the state faced a massive \$26.6 billion budget deficit and estimated annual shortfalls of roughly \$20 billion. On Governor Brown’s watch, the state eliminated these deficits with billions of dollars in cuts and new temporary revenue approved by California voters.

*Significant details of the 2014-15 State Budget:*

**Maintaining Long-Term Fiscal Stability**

The Budget maintains the state’s fiscal stability by strengthening and investing in the state’s Rainy Day Fund and continuing to pay down the “Wall of Debt” – the most immediate liability constraining the ability of the state to emerge from its fiscal troubles. Specifically, the Budget makes a \$1.6 billion payment into the state’s Rainy Day Fund – the Budget Stabilization Account – which marks the first deposit since 2007, and also directs \$967 million to a Special Fund for Economic Uncertainties. And in lieu of Proposition 58 and ACA 4, the Budget proposes a constitutional amendment to bolster the state’s Rainy Day Fund. The Budget also continues to address the \$25 billion Wall of Debt, directing more than \$11 billion to pay off past budgetary borrowing. This debt, which totaled \$34.7 billion in 2011, will be eliminated entirely by 2017-18 under this Budget.

**Investing in Education**

The Budget provides an infusion of \$10 billion in new Proposition 98 funding this year. For K-12 schools, funding levels will increase by \$3,410 per student through 2017-18, including an increase of more than \$2,188 per student in 2014-15 over 2011-12 levels. This reinvestment provides the opportunity to correct historical inequities in school district funding with continued implementation of the Local Control Funding Formula, which directs additional resources to students who need the most support – English language learners, low-income students and foster youth.

The Budget also provides the second year of guaranteed increases in funding of \$142.2 million each for the University of California and the California State University systems – predicated on a continued freeze on increases in student tuition and fees.

**Addressing Climate Change and Water Sustainability**

The Budget proposes to invest \$850 million of Cap and Trade auction proceeds to support efforts to reduce greenhouse gases, with an emphasis on assisting disadvantaged communities. To advance the Governor's Water Action Plan, the Budget also proposes \$619 million to help expand water storage capacity, improve drinking water in communities where available supplies are substandard, increase flood protection and increase regional self-reliance.

**Implementing Federal Health Care Reform**

The Budget invests \$670 million in new General Fund dollars to expand MediCal benefits, including mental health, substance use disorder, adult dental and specialized nutrition services.

The full summary of the Governor's Budget Proposal can be viewed at [E-Budget](#)

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