

The Attorney General of California has prepared the following title and summary of the chief purpose and points of the proposed measure:

**STATE AND LOCAL SPENDING. INITIATIVE CONSTITUTIONAL AMENDMENT.**

Changes how the state spending limit is calculated and places a total limit on spending. Reduces annual cost of living adjustment to spending limit. Allocates excess state revenue to repayment of bonds and closing of education funding gap, a new reserve account, and a new school and roadway construction fund, rather than to schools and reducing tax rates. Caps sale of certain state bonds. Allows state to spread out mandated payments to local agencies. Suspends protections for local government employees and retirees if unfunded by state. Prohibits local government expenditures from exceeding revenues. Summary of estimate by Legislative Analyst and Director of Finance of fiscal impact on state and local government: **Revised spending limit likely would constrain state spending below levels that otherwise would have occurred. Also, over time the percentage of the state budget devoted to education expenses likely would increase, and the percentage devoted to most other areas likely would decrease. The measure would also likely increase the level of state resources going to the state reserves, payment of certain debts, infrastructure spending, and tax rebates. Possible reduction in the amount of new bond debt that could be sold to fund infrastructure projects, particularly in the short-term.** (11-0006.)