

# **Bond Case Briefs**

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## **S&P: California's Structural Balance Hinges On The State's Ability To Restrain Ongoing Expenses**

### **Key Takeaways**

- California's adopted fiscal 2023 budget projects long-term structural balance by using an expected multibillion-dollar surge in one-time revenues primarily for one-time expenditures.
- The state's multiyear forecast anticipates maintaining what we view as very strong reserves.
- Worry that the Gann expenditure limitation would hamstring state budget balance is temporarily alleviated by statutory definition changes as to what the limit includes and recent high inflation, which provides greater cap room under the formula.
- The state's true financial picture is somewhat obscured by lack of a fiscal 2021 financial audit.

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