



May 18, 2012

Members of the California Citizens Compensation Commission

2011-12 Certification of a Negative Balance in the Special Fund for Economic Uncertainties

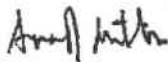
Section 8 of Article III of the State Constitution calls for the Director of Finance to certify to the California Citizens Compensation Commission the estimated balance in the Special Fund for Economic Uncertainties for the current fiscal year by June 1.

I hereby certify that on June 30, 2012, there will be a negative balance in the Special Fund for Economic Uncertainties for the current fiscal year in an amount equal to, or greater than, 1 percent of estimated General Fund revenues. The basis for this certification is the 2012-13 May Revision, which is the latest information available.

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|---|---------------------------|
| Estimated Special Fund for Economic Uncertainties (SFEU) as of June 30, 2012 | (in millions) -\$3,254 |
| Estimated 2011-12 General Fund Revenues | \$85,024 |
| Estimated SFEU Deficit as a Percent of Estimated General Fund Revenues | -3.83% |

As reported in the May Revision, as a result of the spending reductions adopted by the Legislature last year, the state's structural gap between revenues and expenditures has been reduced from about \$20 billion a year ago to an estimated \$8 billion. The May Revision would eliminate the remaining gap next year and into the future.

Sincerely,


ANA J. MATOSANTOS
Director