

California's Budget -- from Crisis to Opportunity

by Michael C. Genest

July 23, 2010

Rigs to Reefs?
Options for Platform Decommissioning



First, A Preview

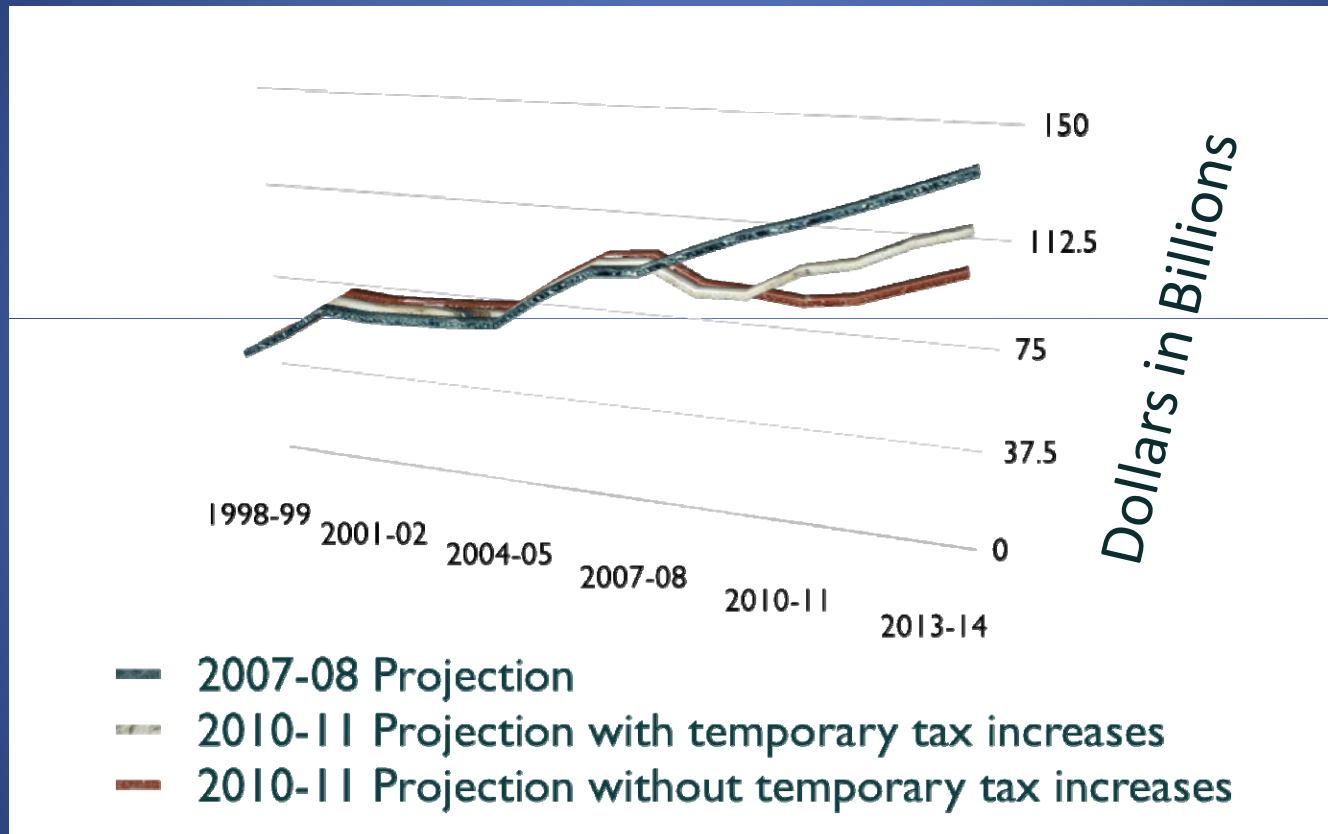


Rigs to Reefs?

Options for Platform Decommissioning



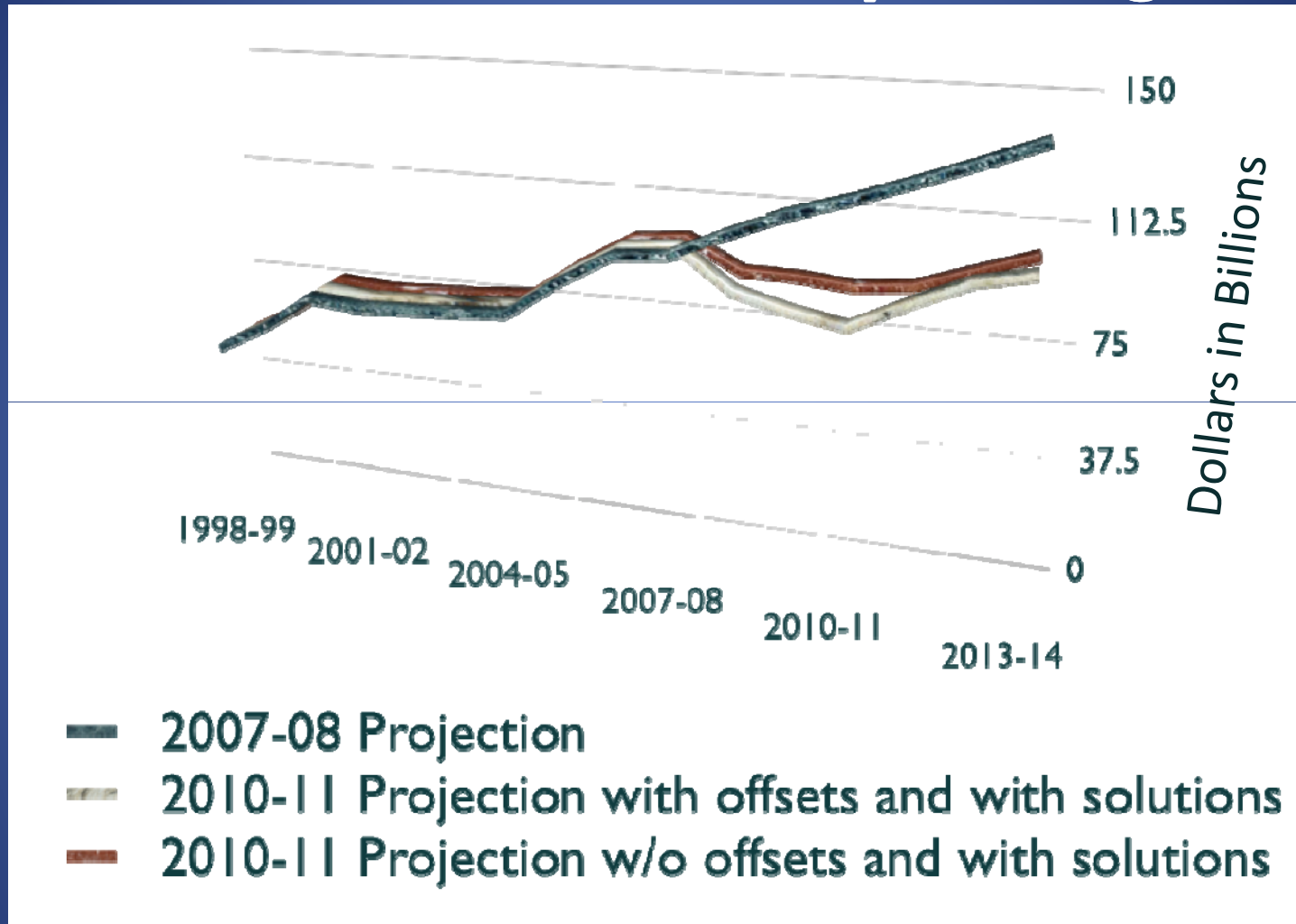
Recession Cut General Fund Revenue Expectations



Rigs to Reefs?
Options for Platform Decommissioning



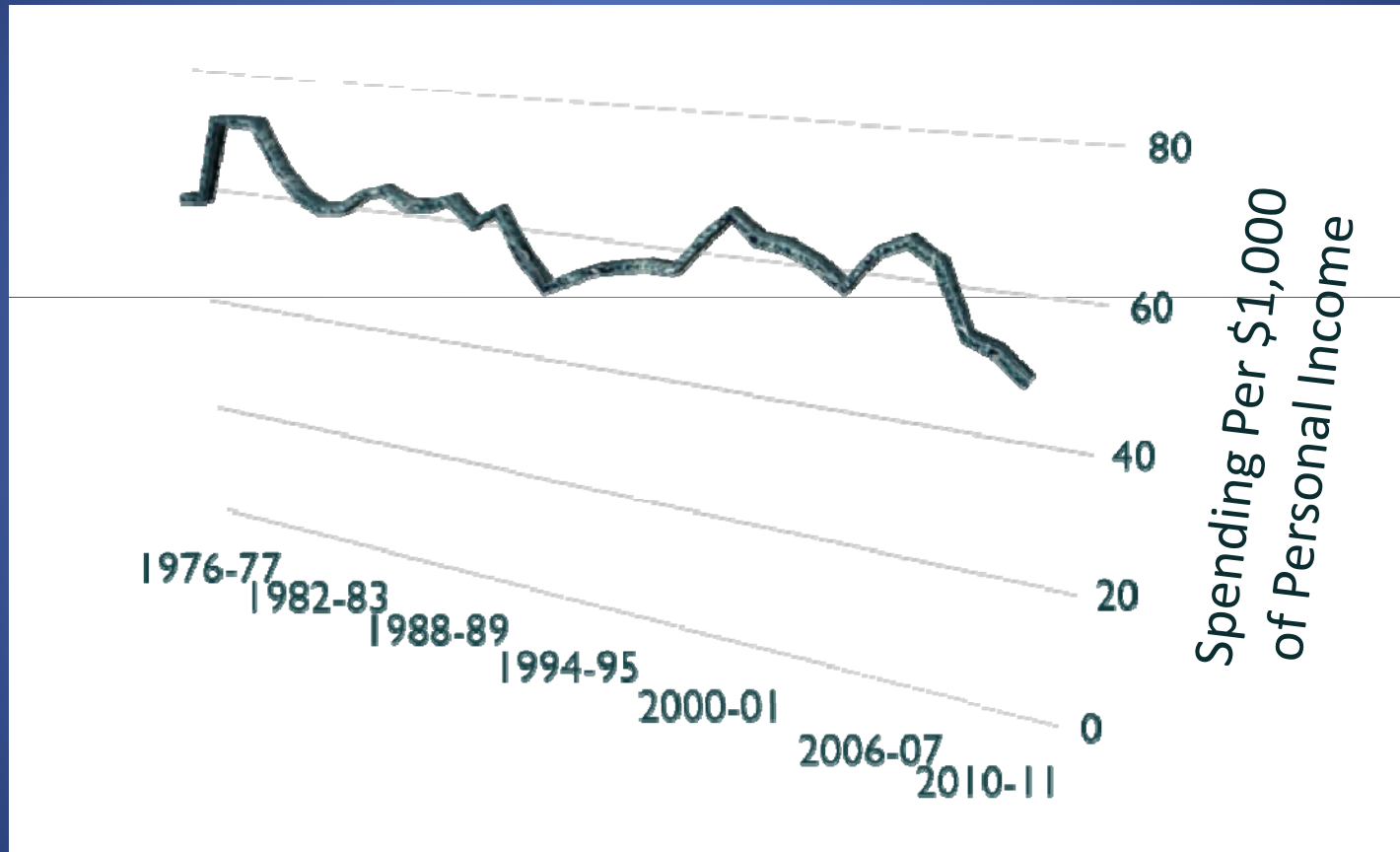
Revenue Loss Forced Spending Cuts



Rigs to Reefs?
Options for Platform Decommissioning



Recession Drives General Fund Spending to Record Low Share of State's Economy



Rigs to Reefs?

Options for Platform Decommissioning

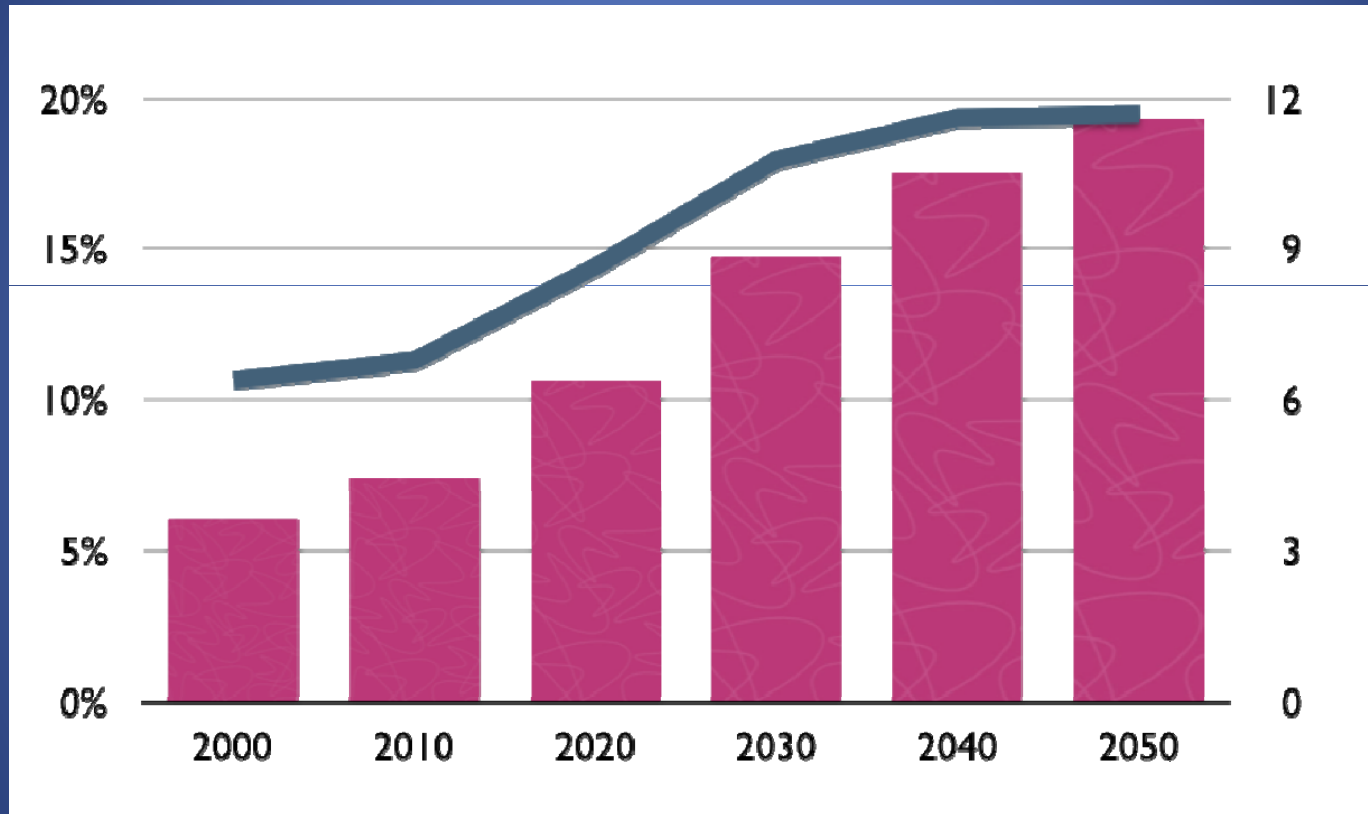


Even If This Year's Deficit Is Major Challenges Loom for Decades

- The GAO projects aggregate US state and local operating deficits, absent major policy changes, will steadily grow from about 0.2 percent of US GDP now to over 5 percent in 2060.
- The forecast shows state and local tax revenues remaining fairly constant as a percent of US GDP.
- Thus, the negative fiscal outlook is mostly due to spending pressures, especially for Medicaid, pensions and retiree health care.



The Biggest Cost Driver: California's Aging Population



Millions of Californians Over 65

Over Sixty-Five Population Growing in Number and
as a Percent of the State's Total Population

Rigs to Reefs?
Options for Platform Decommissioning



Crisis Breeds Opportunity

- Pension deals
- Sales tax/excise tax swap
- Parks initiative
- Public/Private Partnerships
- Rigs to Reefs?

Rigs to Reefs?
Options for Platform Decommissioning



So, Why Not Rigs to Reefs?



Rigs to Reefs?
Options for Platform Decommissioning

